

2012

Koza Altın İşletmeleri A. Ş.

Operational Report & Financials

31 MARCH 2012



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 98 koz of gold in the first three months of 2012 and generated revenues of TL 303,6 million.



Our Performance

2012 Jan-Mar

2011 Jan-Mar

Production	98koz of gold (7.27g/t) 41koz of silver (4.35g/t)	62koz of gold (6.54g/t) 17koz of silver (3.56g/t)
Cash Costs	\$308/oz	\$369/oz
Revenue	TL 303.6 million	TL 140,0 million
EBITDA	TL 245.0 million	TL 101.3 million
EBIT	TL 226.3 million	TL 89.3 million



About Us

A leading Turkish Gold producer

We are a leading Turkish gold mining company based on our gold production of approximately 97,729 ounces in the first three months of 2012. As at 31 March 2012, we had 41 operating licenses and 401 exploration licenses throughout Turkey in the Aegean and Marmara regions, the Black Sea region and Central and Eastern Anatolia.

We currently own four 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 and an open pit mine at Kaymaz.



The construction of the third process plant in Kaymaz has been completed and the production has commenced in September 2011.

We have pre-feasibility stage projects, Mollakara and Himmetdede, 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 2011. 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 2012 and 31 March 2012, the price of gold as quoted on the London Bullion Market ranged between a low of \$1,598.00 and a high of \$1,781.00 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 97,729 ounces of gold in the first three months of 2012. 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 greenfield 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

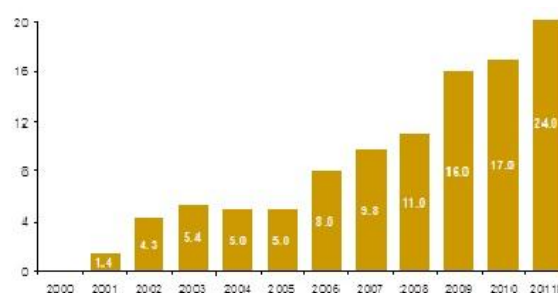
sector has intensified on exploration activities. Koza Gold has been pursuing these two activities in parallel. In next three years, competition will be from domestic and foreign companies and intensify at West Anatolia. In the production areas, competition is expected to be from Eldorado (Tuprag, which 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 tones of gold potential and 650 tones of reserves, Turkey only produces between 10 and 20 tones of gold and 250 -300 tones of gold need to be imported to meet the demand.

Company

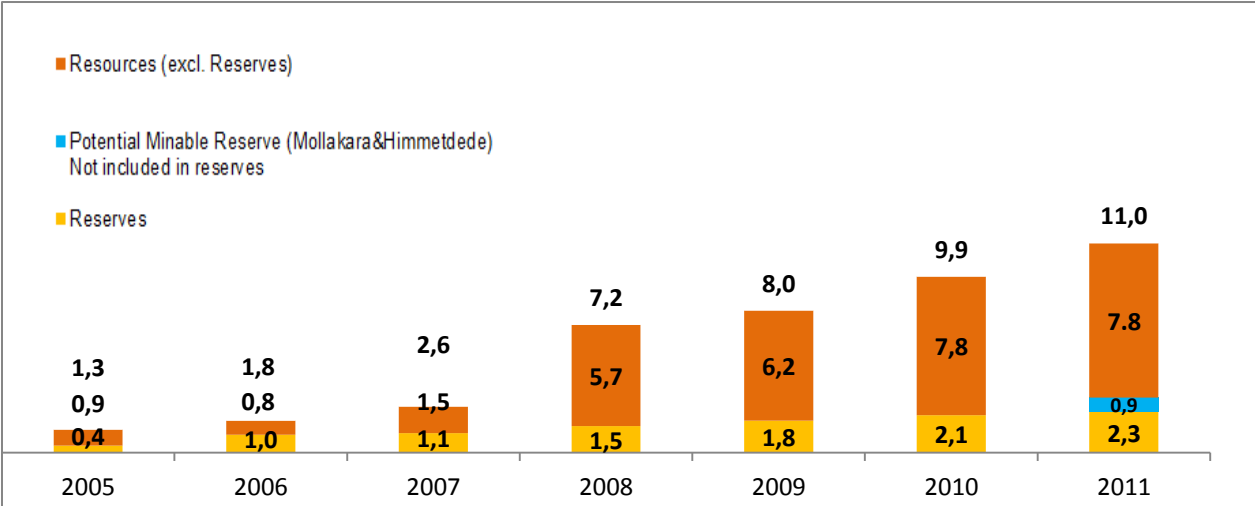
Koza Gold Operations Company is a Turkish company formed by 100% Turkish capital to explore and operate gold mines in our country. ATP Construction and Trade A.Ş. and Koza-Ipek Holding A.Ş. have acquired all the shares of from Normandy Mining A.Ş. and Newmont Mining Corporation Limited in 3 March 2005 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.

GOLD PRODUCTION



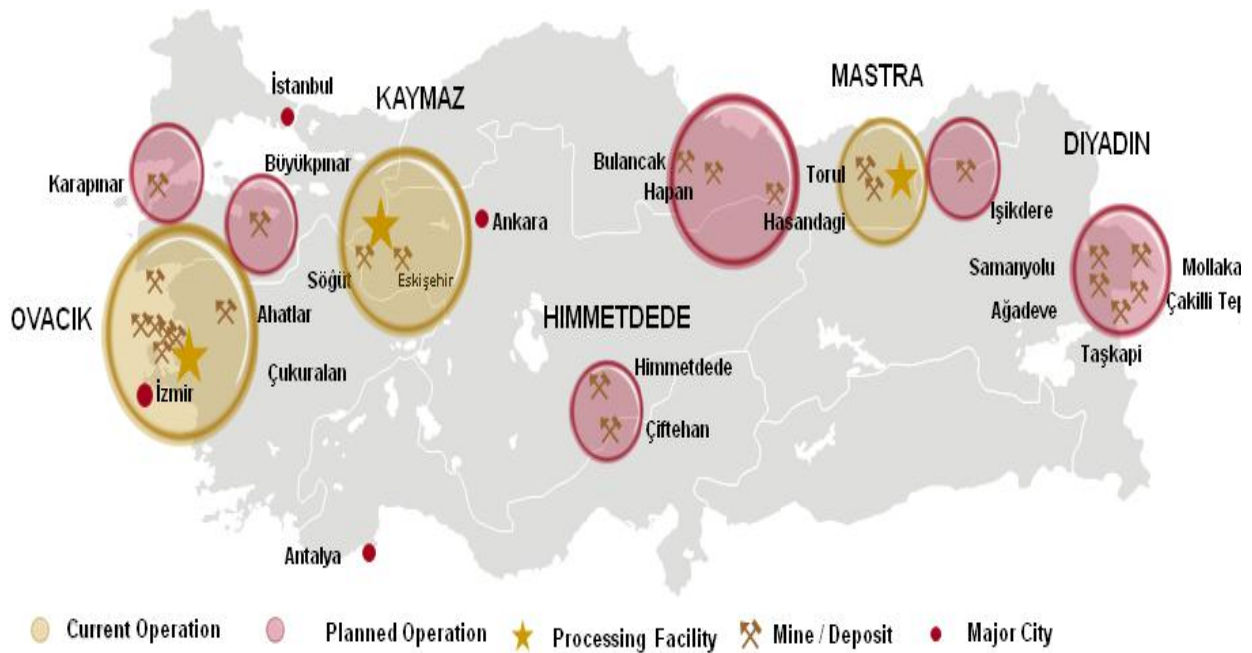
We have a track record of growing production, reserves and resources

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 Ovacik 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. We produced approximately 187,000 ounces of gold in each of 2006 and 2007. In 2008, our production dipped to approximately 167,000 ounces due to the depletion of the open-pit mine at Ovacik in 2007. We produced 228,000 ounces of gold in 2009 and 256,000 ounces in 2010. Open pit operations at Cukuralan, which has 1.45 million ounce of measured and indicated resources commenced the production at the end of 2010 and and development in the underground operations started in February 2011. 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 2010, our total measured, indicated and inferred resource base had increased to 9,95 million ounces of gold from 1.8 million ounces, and our total proven and probable reserve base had increased to 2.1 million ounces of gold from 0.4 million ounces. As of 31 December 2007, 30 September 2009 and 31 December 2010 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 2012.



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 and the construction of our company's third processing plant at Kaymaz has finished and we began production on September 2011.



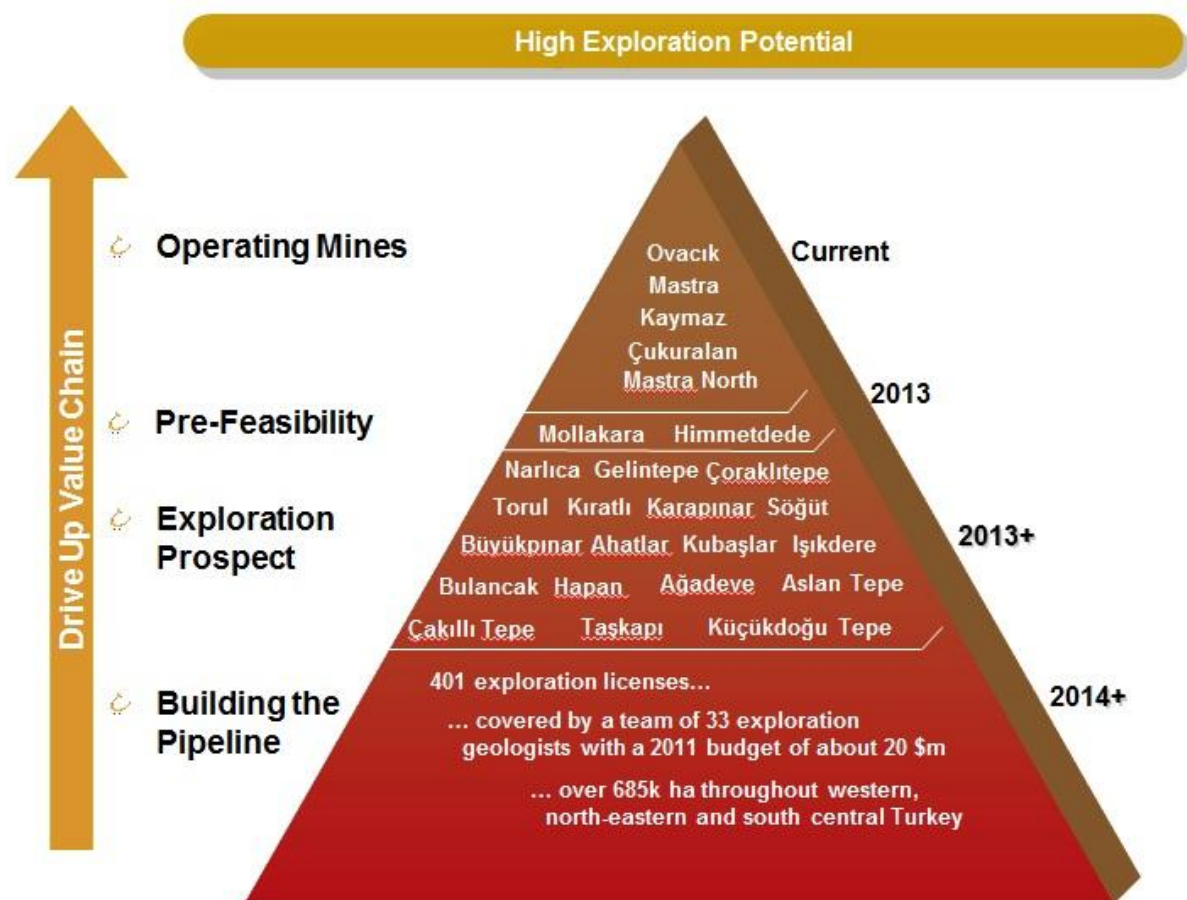
Cash costs

We have enjoyed relatively low cash costs, on an adjusted basis, in part as a result of our use of regional hubs for gold production, our reliance on third party contracting for open-pit mining, low logistics costs and sales of silver by-products. Our unit cash costs derived from our accounts for the first three months of 2012 and the first three months of 2011 amounted to 552 TL (\$308) and 580 TL (\$369) respectively. Compared to the previous year, the reason of this decrease is mainly because of the growth in sales (2012 3M: 99 koz, 2011 3M: 63 koz) and increasing exchange rates (2012 3M: \$/TRY 1,79 – 2011 3M: \$/TRY 1,57).



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.

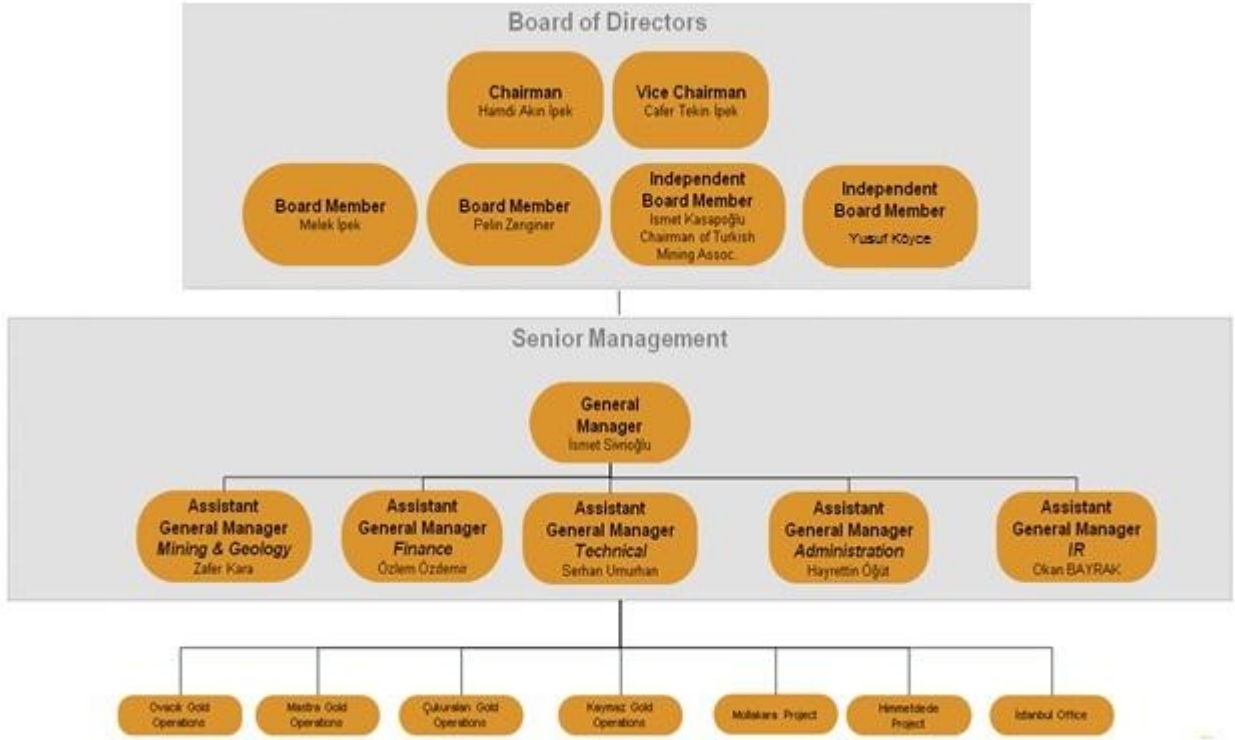
We ensure that our employees and contractors understand and comply with our environmental policies and management plans as well as our high level of commitment to environmental management. Our Environment Department at the same time has been providing training program since March 2007 on environmental 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
Atilla Arman	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 Öğüt	Assistant General Manager-Administration
Okan Bayrak	Assistant General Manager-Investor Relations
Cemalettin Çetin	Assistant General Manager-Security
Hasan Giray	Operation Manager
Feridun Akyol	Operation Manager
Deniz Beşir	Project Manager

Directors

Hamdi Akin İpek

Chairman

He worked as the marketing manager of Koza Anadolu Metal between 1992 and 1996, where he also serves as the chairman of the board of directors. Between 2004 and 2008, Mr. İpek has served as the chairman of the Board of Directors of Koza İpek Gazetecilik. Additionally, Mr. İpek also serves as the chairman of the Board of Directors of Koza Holding, ATP, ATP Havacılık, İpek Matbaacılık and Koza İpek Sigorta. In 1986, Mr. İpek received a Graduate degree in Economics from Harlaxton College, UK (British Campus of the University of Evansville, Indiana, USA) and a Bachelor's degree in Business Administration from Hacettepe University, Ankara, in 1990.

Cafer Tekin İpek

Vice Chairman

He worked as the finance manager for İpek Matbaacılık between 1992 and 1997 and was named its general manager in 1995. Since 2004, Mr. İpek has served on the Board of Directors of Koza Holding, Koza İpek Gazetecilik and Koza İpek Sigorta. Additionally, Mr. İpek is a member of the Board of Directors of Koza Anadolu Metal, ATP, ATP Havacılık and İpek Matbaacılık. In 1990, Mr. İpek received a Bachelor's degree in Economics from Harlaxton College, UK (British Campus of the University of Evansville, Indiana, USA).

Melek İpek

Board Member

Mrs. İpek is a philanthropist and has worked with many charitable organizations such as Hospital Volunteers Foundation and Children's Care. She is the chairman of the Board of Directors of the Turkish charitable organization YOYAV. Mrs İpek also serves as a member of the Board of Directors of Koza Holding, İpek Matbaacılık, Koza Anadolu Metal, ATP and ATP Havacılık.

Pelin Zenginer

Board Member

Mrs. Zenginer is a member of the İpek family. She worked as the manager of foreign trade for İpek Matbaacılık between 1992 and 1997. In addition, starting from 2003, Mrs. Zenginer serves as a member of the Board of Directors of Koza Holding, Koza Anadolu Metal, ATP, ATP Havacılık and İpek Matbaacılık. She is also a board member of ATP. In 1992, Mrs. Zenginer received a Bachelor's degree in Business Administration from Hacettepe University, Turkey.

İsmet Kasapoğlu

Independent Board Member

Mr. Kasapoğlu has more than 40 years of mining experience at a variety of different domestic mining companies. Between 1985 and 2001, he worked as a manager, and later as a board member of Soma Local Operations; between 2001 and 2006, he served as the chairman of the Board of Directors of the trona and natural soda company, Eti Soda A.Ş. He has served as the TOBB (The Union of Chambers and Commodity Exchanges of Turkey) chairman of the Turkish Mining Assembly since 2006, the chairman of the Board of Directors of the Council of Chairmen of the Mining Sector since 1999 and the chairman of the Turkish Miners' Association since 1991. He received a master's degree in mining engineering from the İstanbul Technical University, Mining Faculty in 1963.

Yusuf Köyce

Independent Board Member

He served in finance departments in the Ministry of Internal Affairs between 1977-2002. He was appointed as the procurement commission member and unit manager. He was in charge of finance and audit tasks in several companies since 2003. Mr.Köyce received a Bachelor's degree in Economics from Anadolu University, Eskişehir.

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 increased to 98 koz in the first three months of 2012 by 57.9% when compared to 62 koz in the first three months of 2011.
- Revenue increased to TL 303.6 million in the first three months of 2012 by 116.8% when compared to TL 140.0 million in the first three months of 2011.
- EBIT increased to TL 226.3 million in the first three months of 2012 by 153.5% when compared to TL 89.3 million in the first three months of 2011.

Production

We are a leading Turkish Gold Mining Company based on gold production of approximately 97,729 ounces in the first three months of 2012. As at March 31, 2012 we had 41 operating licences and 401 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 2012 we produced 38,3 koz of gold and 15,1 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 40,000-45,000 tpm. In the first three months of 2012 we produced 34,1 koz of gold and 5,8 koz of silver from Mastra processing plant. We began to test gold production from our third processing plant Kaymaz, of which the construction has completed in September 2011. In the first three months of 2012 we produced 25,3 koz of gold and 19,8 koz of silver from Kaymaz processing plant. We produced 97,7 koz of gold in total in the first three months of 2012 with an increase of 57,9% from 62 koz of gold in the first three months of 2011.

The increase in gold production in 2012 resulted principally from the production startup at Kaymaz processing plant and the processed gold tenor had been at high levels at our Ovacık processing plant (2012 first three months; 5,95 g/t, 2011 first three months; 4,30 g/t).

Revenues

Our revenues increased by TL 163.6 million, or 116.8% to TL 303.6 million for the first three months ended 31 March 2012 from TL 140.0 million for the first three months ended 31 March 2011. We sold 99,392 ounces of gold in the first three months of 2012 compared to 63,068 ounces of gold in the first three months of 2011, a 58% increase. Attributable production of 98koz was higher than the first three months of previous year, 62koz. The average realized price per ounce for gold sold was TL 3,033.37 (\$1,692.33) in the first three months of 2012 compared to TL 2,182.52 (\$1,390.94) in the first three months of 2011. We have generated TL 2 million revenue from by product sales. Furthermore, there is 7 koz of gold available for sale in our stock as of 31 March 2012.

Cost of sales

Our cost of sales increased by TL 17.8 million or 48.0% to TL 54.8 million from TL 37.0 million in the first three months of 2012. Royalty costs increased by TL 2.3 million, to TL 6.1 million in the first three months of 2012 from TL 3.8 million in the first three months of 2011. The increase in the royalty costs resulted basically from the growth of sales figures. Staff costs increased by TL 1.3 million, or 24.7% to TL 6.8 million in the first three months of 2012 from TL 5.5 million in the first three months of 2011. This increase was mainly attributable to additional employees hired by us in connection with the commencement of operations at our Çukuralan open pit, underground mining operations and Kaymaz processing plant and to a lesser extent an overall increase in wages which was generally in line with inflation. Direct material costs increased by TL 2.6 million, or 58.3% to TL 7.2 million in the first three months of 2012 from TL 4.6 million in the first three months of 2011. Maintenance costs increased by TL 1.6 million, or 45.9% to TL 5.0 million in the first three months of 2012 from TL 3.4 million in the first three months of 2011. Utilities increased by TL 1.3 million, or 63.5% to TL 3.4 million in the first three months of 2012 from TL 2.1 million in the first three months of 2011. Increases in the general production, maintenance and energy expenditures have been mainly due to start of production at Çukuralan underground facilities and Kaymaz processing plant in 2011.

Cash cost was 552 TL (US\$308) per ounce in the first three months of 2012, and 580 TL (US \$369) per ounce in the first three months of 2011. The reason of this decrease is mainly because of the growth in sales (2012 3M: 99 koz, 2011 3M: 63 koz) and increasing exchange rates (2012 3M: \$/TRY 1,79 – 2011 3M: \$/TRY 1,57)

Selling and Marketing Costs

Our selling and marketing costs increased by TL 0.26 million or 96.5% to TL 0.53 million from TL 0.27 million in the first three months of 2012. The reason of this increase is mainly because of growth in sales figures.

General Administrative Expenses

Our general administrative expenses increased by TL 3.7 million, or 42.8% to TL 12.4 million in the first three months of 2012 from TL 8.7 million in the first three months of 2011. Our personnel costs increased by TL 1.9 million, or 53.6% to TL 5.6 million in the first three months of 2012 from TL 3.7 million in the first three months of 2011.

The reasons for this increase are that all our gold mines and production facilities continue to expand throughout the Turkey and our head office had to be relocated and restructured in Ankara.

Exploration Costs

Exploration costs increased by TL 2.9 million, or 59.2% to TL 7.8 million in the first three months of 2012 from TL 4.9 million. The increase resulted primarily of higher and intensive exploration activities.

Net Profit for the Period

As a result of the foregoing, our net profit for the first three months of 2012 increased by TL 109.7 million, or 135.9% to TL 190.4 million from TL 80.7 million in the first three months of 2011. Our profit margin for the first three months of 2012 increased to 62.7% from 57.7% in the first three months of 2011. This stemmed from production (2012: 98koz, 2011: 62koz) and gold price increase (2012: \$1,692.33/oz, 2011: \$1,390.94/oz) in 2012.

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. Our mining and non-mining capital expenditures for the first three months of 2012 are as below with comparison the first three months of 2011. As operation has started in Çukuralan there is an increase in the capital expenditure. The construction of Kaymaz processing plant completed in September 2011.

Thousands of TRY	2012 – 1.Q	2011 – 1.Q
Ovacık	5.433	8.632
Mastra	5.288	6.211
Küçükdere	0	85
Kaymaz	5.644	9.085
Çukuralan	11.150	6.562
Gıcık	0	0
Other	1.918	1.047
Total	29.433	31.623

Cash flow

Net cash generated from operating activities increased TL 502,1 million or 197.1% to TL 756,9 million for the first three months ended 31 March 2012 from TL 254,7 million for the first three months ended 31 March 2011. Earnings before tax increased by TL 145,06 million mainly as a result of increased gold sales by increased gold production and gold price. Our corporate tax for the first three months of 2012 has increased to 37.8 M TL from 15.6M TL due to the higher revenue in the first three months of 2012 when compared to the first three months of 2011. The increase resulted from the start-up production in Kaymaz Mine, and high gold prices. (Average gold price for the first three months of 2012 was (TL 3.033,37 - \$1,692.33); average gold price for the first three months of 2011 was TL 2.182,52 (\$1.390,94) Currently we are financing our capital expenditures from cash that we are generating from operations.

RATIOS	31 March 2012	31 March 2011
Net Sales	303,569	139,991
EBIT	226,358	89,305
EBITDA	244,998	101,303
Net profit	190,443	80,715
EBITDA Margin	80,7%	72.4%
Liquidity Ratios		
Current Ratio	3,6	4,8
Quick Ratio	3,4	4,1
Cash ratio	3,2	3,9
Financial Leverage Ratios		
Debt Ratio	0,2	0,2
Debt-to-Equity Ratio	0,3	0,2
Profitability Ratios		
Return On Equity	0,2	0,2
Return On Assets	0,2	0,1
EBIT/Sales	0,7	0,6
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 on 04 May 2012.

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	2007	2008	2009	2010	2011	2012 – 3M
Ovacık Exploration	29	18	51	81	46	0
Ovacık Production	123	158	134	139	116	160
Ovacık Other	183	236	213	207	169	168
Head Office					106	94
Mastra Mine Geology	10	11	21	20	22	21
Mastra Production	27	71	145	131	136	134
Mastra Other	25	101	107	117	119	131
Küçükdere Mine Geology	7	7	8	-	-	-
Küçükdere Production	6	11	14	-	-	-
Küçükdere Other	11	18	18	10	-	-
Kaymaz Mine Geology	-	-	-	10	17	11
Kaymaz Production	-	-	-	4	40	43
Kaymaz Other	-	-	-	22	84	94
Cukuralan Mine Geology	-	-	-	11	18	18
Cukuralan Production	-	-	-	24	79	79
Cukuralan Other	-	-	-	38	72	89
TOTAL	421	631	711	814	1,024	1,042

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. As 10% of the investment has been completed as at 31.12.2010 for investment granted with Incentive Certificate at Gumushane, contribution rate to investment is 60% and corporate tax reduction rate is 90%.

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

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%.

In addition to incentives explained above, mining investments has been included in the scope of priority investments in new investment incentives program announced in April 2012. Priority investments will benefit from terms and rates of the support measures of Region 5 even they are made in Regions 1, 2, 3, 4 with respect to draft investment incentive program.

Events after date of Balance Sheet

Ordinary General Board Meeting of Koza Gold Operations Inc. was held on 4 May 2012, 14:30 at the address of Istanbul Yolu 19.Km No:10 Eryaman-Etimesgut / ANKARA. It was decided by the majority of votes that;

- 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.

Changes in the Articles of Association

It has been decided unanimously to change the Articles of Association in accordance with Capital Market Board Communiqué on the Determination and Implementation of the Corporate Governance Principles on Board of Directors meeting held on March 12, 2012.

As approved by the letter of Capital Market Board dated 10.04.2012 and no: B.02.6.SPK.0.13.00-110.03.02-1023-4021 and permitted by the letter of General Directorate of Internal Trade of the Customs and Trade Ministry of Republic of Turkey dated 10.04.2012 and no:2592, the amendments have been made on the Articles of Association with clauses of 7, 7/B,9,11,13 and 19; clause 7/a was cancelled ; and clauses 7.2 and 7.9 were included.

CONSOLIDATED BALANCE SHEETS
AT 31 MARCH 2012 AND 31 DECEMBER 2011

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

	31 March 2012	31 December 2011
ASSETS		
Current assets:	843.800	667.740
Cash and cash equivalents	756.865	579.356
Trade receivables	8.363	10.151
Trade receivables from related parties	5.757	5.800
Other trade receivables	2.606	4.351
Other receivables	13.496	13.230
Other receivables from related parties	1.639	77
Other receivables	11.857	13.153
Inventories	55.585	56.626
Other current assets	9.491	8.377
Non-current assets:	390.823	394.914
	0	
Property, plant and equipment	372.429	366.196
Intangible assets	657	767
Goodwill	14.017	14.017
Deferred income tax assets	0	9.727
Other non-current assets	3.720	4.207
TOTAL ASSETS	1.234.623	1.062.654

CONSOLIDATED BALANCE SHEETS
AT 31 MARCH 2012 AND 31 DECEMBER 2011

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

	31 March 2012	31 December 2011
LIABILITIES		
Current liabilities:	233.254	130.028
Borrowings	15.762	18.143
Trade payables	22.323	32.220
Trade payables to related parties	1.553	283
Trade payables to other parties	20.770	31.937
Other payables	114.176	1.956
Other payables to related parties	112.246	235
Other payables	1.930	1.721
Current income tax liabilities	37.808	39.808
Provisions	35.473	30.228
Other Current liabilities	7.712	7.673
Non-current liabilities:	53.044	63.174
Borrowings	3.409	7.265
Other Liabilities	24.490	25.127
Other payables to related parties	14.738	14.738
Other payables	9.752	10.389
Provisions	22.212	28.412
Deferred tax liability	259	0
Provision for employment benefits	2.674	2.370
TOTAL LIABILITIES	286.298	193.202

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED 31 MARCH 2012 AND 31 MARCH 2011**

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

	1 January - 31 March 2012	1 January - 31 March 2011
Revenue	303.569	139.991
Cost of sales	(54.795)	(37.031)
Gross profit	248.774	102.960
General administrative expenses	(12.430)	(8.703)
Exploration costs	(7.807)	(4.904)
Selling and marketing costs	(527)	(268)
Other operating income	1.375	227
Other operating expenses	(3.027)	(7)
Operating profit	226.358	89.305
Finance income	28.971	8.287
Finance expense	(17.083)	(4.407)
Profit before taxation on income	238.246	93.185
Taxation on income	(47.803)	(12.470)
Income tax Expense	(37.816)	(15.615)
Deferred Tax Income	(9.987)	3.145
Profit for the year	190.443	80.715
Other comprehensive income for the period/year, net of tax	0	0
Total comprehensive income for the period/year	190.443	80.715
Earnings per share	1,2488	0,5293

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 31 MARCH 2012 AND 31 MARCH 2011**

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

	1 Jan - 31 Mar 2012	1 Jan - 31 Mar 2011
Cash flows from operating activities:		
Profit before taxation on income	238.246	93.185
Adjustments to reconcile profit to net cash generated from operating activities:		
Depreciation and amortisation	16.243	11.998
Interest income	(17.139)	(7.951)
Interest expense	299	572
Provision for employment benefits	374	142
Provision for royalty and state mining right	24.396	5.935
Exploration costs	7.807	4.904
Provision for environmental rehabilitation, reclamation of mining areas and mine closure	449	283
Gain from sales of property, plant and equipment and intangible assets- net	(752)	(22)
Taxes paid	(39.816)	(15.842)
Unrealized foreign exchange expenses	(3.465)	132
Net cash generated before changes in assets and liabilities	226.642	93.336
Changes in assets and liabilities:		
Decrease in trade receivables	1.745	(400)
Increase/ (decrease) in inventories	1.041	5.791
Increase/(decrease) in due from the related parties- trade receivables	43	(1.557)
Increase / (decrease) in other assets and receivables	1.459	(287)
(Decrease)/ increase in trade payables	(12.264)	(539)
Increase / (decrease) in due to the related parties- trade receivables	1.270	(104)
Decrease in other short and long term liabilities	(17.980)	(1.847)
Payment for rehabilitation activities	(34)	0
Payment for exploration activities	(6.710)	(5.685)
Employment benefits paid	(70)	(7)
Foreign exchange (losses)/gains on cash and cash equivalents	(4.074)	(88)
Net cash generated from operating activities	191.068	88.613
Cash flows from investing activities:		
Interest received	15.862	7.405
Purchases of property, plant and equipment and order advances given	(31.539)	(34.486)
Proceeds from sales of property, plant and equipment and intangibles	2.875	34
Proceeds from the related parties- non-trade receivables	(1.562)	(5)
Loans granted to the related parties- non-trade receivables	0	0
Net cash used in investing activities	(14.364)	(27.052)
Cash flows from financing activities:		
Redemption of bank borrowings	(3.375)	(3.064)
Interest paid	(335)	(580)
Increase / (decrease) of loans granted by the related parties- non-trade payables	441	46
Net cash used in financing activities	(3.269)	(3.598)
Net increase in cash and cash equivalents	173.435	57.963
Cash and cash equivalents as of 01 January	579.356	196.692
Foreign exchange gains/ (losses) on cash and cash equivalents	4.074	88
Cash and cash equivalents at the end of year	756.865	254.743

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED 31 MARCH 2012 AND 31 MARCH 2011**

(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	(Accumulated losses)/ Retained earnings	Net Period income	Total Equity
1 January 2011	152.500	3.579	44.335	0	2.654	232.052	435.120
Transfer of prior year net period income to retained earnings	0	0	0	0	232.052	(232.052)	0
Total Comprehensive Income	0	0	0	0	0	80.715	80.715
31 March 2011	152.500	3.579	44.335	0	234.706	80.715	515.835
1 January 2012	152.500	3.579	57.923	(3.647)	198.603	460.494	869.452
Transfer of prior year net period income to accumulated losses	0	0	0	0	460.494	(460.494)	0
Separation of legal reserve	0	0	16.795	0	(16.795)	0	0
Dividend payment	0	0	0	0	(111.570)	0	(111.570)
Total Comprehensive Income	0	0	0	0	0	190.443	190.443
31 March 2012	152.500	3.579	74.718	(3.647)	530.732	190.443	948.325

Operational Review

- 62koz gold production in the first three months of 2011, 98koz gold production in the first three months of 2012.

We currently own four 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. Our mining operations at Küçükdere, an open pit mine located 80 km from the Ovacık Mine, completed in March 2010 and rehabilitation work is continuing. Upon completion of Rehabilitation works, the area has been returned to Ministry of Forestry.

As feasibility projects, we have, Mollakara, a near city of Agri which is in the North east of Turkey and Himmetdede Project. 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, Söğüt, Diyadin and Himmetdede.



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:

	2012 Jan-Mar	2011 Jan-Mar
Ore mined (t)	44,241	60,618
Underground (t)	44,241	60,618
Au average head grade (g/t)	5.08	5.72
Ag average head grade (g/t)	4.33	4.07

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

	2012 Jan - Mar	2011 Jan - Mar
Ore milled (t)	210,801	190,194
Recovery rate, Au %	95.00%	93.03%
Au Grade (g/t)	5.95	4.30
Au poured (oz)	39,287	24,428
Ag poured (oz)	16,146	11,989

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.

Ovacik & Surrounding Properties



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 will be started in 2012.

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

	2012 Jan-Mar	2011 Jan-Mar
Ore mined (t)	42,532	81,489
Open pit (t)	0	27,058
Underground (t)	42,532	54,431
Au average head grade (g/t)	7.12	8.92
Ag average head grade (g/t)	3.04	3.09

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

	2012 Jan-Mar	2011 Jan-Mar
Ore milled (t)	130,355	125,040
Recovery rate, Au %	92.36%	93.87%
Au Grade (g/t)	8.89	9.95
Au poured (oz)	35,888	38,635
Ag poured (oz)	5,589	5,338

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.

	2012 Jan-Mar	2011 Jan-Mar
Ore mined (t)	159,469	85,232
Open pit (t)	127,730	85,232
Underground (t)	31,739	0
Au average head grade (g/t)	5.54	4.82
Ag average head grade (g/t)	2.94	3.02

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).

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. 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 Ovacik 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:

	2012 Jan-Mar	2011 Jan-Mar
Ore mined (t)	72,025	0
Open pit (t)	72,025	0
Au average head grade (g/t)	7.36	0
Ag average head grade (g/t)	6.08	0

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

	2012 Jan-Mar	2011 Jan-Mar
Ore milled (t)	112,754	0
Recovery rate, Au %	88.57%	0
Au Grade (g/t)	7.87	0
Au poured (oz)	24,632	0
Ag poured (oz)	18,924	0

Pre-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. Detailed metallurgical tests and process designing will be conducted by McClelland company in USA. Pre-feasibility of the project will be carried out by SRK Denver Office in America and it is planned to be concluded at the end of 2012.

Himmetdede

The Himmetdede project is a new project found by Koza. The property is identified as thrust related low sulfidation epithermal mineralization. Depending on the grade and mineralogy of the deposit, works are underway for possible methods of ore enrichments to extract gold. In addition, we are also in progress to find the hidden capacities by using geophysics methods.

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 are being conducted by McClelland company in USA. Prefeasibility studies will follow it. The EIA report has been granted in March 2012 and the land acquisitions has been started.

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

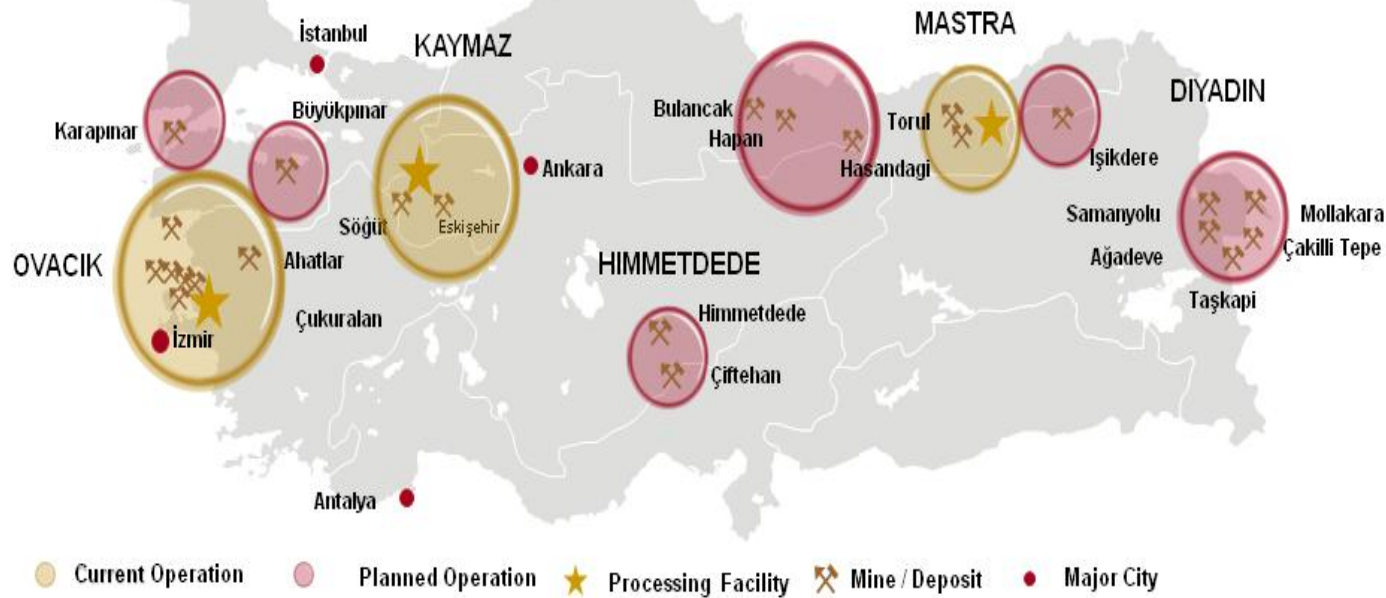
Reserves and Resources

As 31 March 2012, we had 41 operating licences and 401 exploration licences throughout Turkey in the Aegean and Marmara regions, the Black Sea region and Central and Eastern Anatolia.

We have a pre-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 11.0 million ounces from 1.3 million ounces. Over the same period, our total reserve base increased to 2.3 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
 - A second processing plant is in operation at the Mastra Hub
 - The third processing plant at Kaymaz started production on September 2011.
 - 3 other potential areas for hubs have been identified –Diyadin (proposed Mollakara mine, Himmetdede, 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 2011	Tonnage	Grade		Ounces	
Proven Reserve	kt	Au g/t	Ag g/t	(Au Toz)	(Ag Toz)
Ovacık Underground	769	3.79	2.62	94	65
Çukuralan Underground	2,109.50	4.52	1.99	307	135
Open Pit	2,650.00	4.97	2.31	423	197
Mastra Underground	432.8	4.94	3.55	69	49
Open Pit	26.3	10.14	10.8	9	9
Kaymaz	1,872.10	4.86	5.27	293	317
Çoraklık Tepe	41.5	9.4	12.66	13	17
Ovacık Stockpile	37.7	4.91	4.92	6	6
Kaymaz Stockpile	180.4	7.53	6.98	44	40
Mastra Stockpile	201.6	7.84	3.54	51	23
Çukuralan Stockpile	53.2	9.82	5.39	17	9
Ovacık Tesis Stockpile	22.1	4.28	6.21	3	4
Kaymaz Tesis Stockpile	3.9	5.27	20.81	1	3
Mastra Tesis Stockpile	14.3	9.63	4.32	4	2
Total Proven Reserve	8,414.40	4.92	3.24	1,331	877

31 December 2011	Tonnage	Grade		Ounces	
Muhtemel rezerv	kt	Au g/t	Ag g/t	(Au Toz)	(Ag Toz)
Ovacık Underground	208.6	2.66	1.3	18	9
Çukuralan Underground	2480.2	4.52	1.54	360	123
Open Pit	1310.6	5.1	2.21	215	93
Mastra Underground	276.1	5.78	6.05	51	54
Open Pit	103.7	4.13	7.98	14	27
Kaymaz	1565.8	4.71	5.63	237	283
Çoraklık Tepe	109.9	9.21	12.35	33	44
Ovacık LG Stockpile	100.3	1.48	1.54	5	5
Kaymaz LG Stockpile	40.3	0.92	3.51	1	5
Küçükdere LG Stockpile	389.1	1.36	6.28	17	79
Mastra LG Stockpile	222.4	1.13	2.18	8	16
Çukuralan LG Stockpile	171.2	0.83	1.27	5	7
Total Probable Reserve	6,978.20	4.29	3.31	964	743

Total Proven and Probable Reserve	15,392.60	4.64	3.27	2,296	1,619
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Mineral Resources (Inclusive of Reserves)

MINERAL RESOURCES

31 December 2011	Tonnage	Grade		Ounces	
Measured Resources	kt	Au g/t	Ag g/t	(Au Toz)	(Ag Toz)
Ovacik	2,232.70	5.15	3.50	370.00	251.00
Çukuralan Open Pit	5,559.90	4.63	2.24	828.00	401.00
Çukuralan Underground	1,137.30	3.93	1.77	144.00	65.00
Çoraklık Tepe	41.60	9.40	12.65	13.00	17.00
Gelintepe	0.00	0.00	0.00	0.00	0.00
Narlica	0.00	0.00	0.00	0.00	0.00
Kiratli	0.00	0.00	0.00	0.00	0.00
Kubaşlar	0.00	0.00	0.00	0.00	0.00
Kaymaz	2,008.20	4.70	5.15	304.00	333.00
Mastra Open Pit	46.80	7.83	10.79	12.00	16.00
Mastra Underground	669.40	7.32	4.55	158.00	98.00
Mastra North	0.00	0.00	0.00	0.00	0.00
Himmetdede Oxide	7,155.50	0.67	0.00	154.00	0.00
Himmetdede Sulfide	26.90	0.72	0.00	1.00	0.00
Mollakara Oxide	2,941.90	0.80	0.21	76.00	20.00
Mollakara Transition	541.00	1.30	0.38	23.00	7.00
Mollakara Sulfide	9,682.20	1.09	0.18	340.00	55.00
Söğüt	0.00	0.00	0.00	0.00	0.00
Hasandağ (1)	0.00	0.00	0.00	0.00	0.00
Ovacık Rom	37.70	4.91	4.92	6.00	6.00
Çukuralan RoM	53.20	9.82	5.39	17.00	9.00
Mastra Rom	201.60	7.84	3.54	51.00	23.00
Kaymaz Rom	180.40	7.53	6.98	44.00	40.00
Ovacık Mill	22.10	4.28	6.21	3.00	4.00
Mastra Mill	14.30	9.63	4.32	4.00	2.00
Kaymaz Mill	3.90	5.27	20.81	1.00	3.00
Ovacık LG					
Çukuralan LG					
Küçükdere LG					
Mastra LG					
Kaymaz LG					
Total Measured Resources	32,557	2.43	1.29	2,546	1,350

MINERAL RESOURCES

31 December 2011	Tonnage	Grade		Ounces	
Indicated Resources	kt	Au g/t	Ag g/t	(Au Toz)	(Ag Toz)
Ovacik	976.20	3.28	1.89	103.00	59.00
Çukuralan Open Pit	3,797.40	4.62	2.04	564.00	249.00
Çukuralan Underground	2,650.00	4.60	1.74	392.00	148.00
Çoraklık Tepe	110.40	9.21	12.34	33.00	44.00
Gelintepe	0.00	0.00	0.00	0.00	0.00
Narlica	428.40	2.44	10.61	34.00	146.00
Kiratli	0.00	0.00	0.00	0.00	0.00
Kubaşlar	3,121.70	1.45	11.82	146.00	1,186.00
Kaymaz	1,811.00	4.40	5.45	256.00	317.00
Mastra Open Pit	120.00	4.86	13.50	19.00	52.00
Mastra Underground	505.20	6.00	7.44	97.00	121.00
Mastra North	248.80	2.10	5.74	17.00	46.00
Himmetdede Oxide	22,404.90	0.74	0.00	533.00	0.00
Himmetdede Sulfide	2,761.50	1.15	0.00	102.00	0.00
Mollakara Oxide	9,477.60	0.73	0.19	223.00	58.00
Mollakara Transition	2,158.50	0.92	0.23	64.00	16.00
Mollakara Sulfide	35,251.60	0.96	0.21	1,093.00	234.00
Söğüt	1,874.00	8.59	0.97	518.00	58.00
Hasandağ (1)	0.00	0.00	0.00	0.00	0.00
Ovacık Rom	0.00	0.00	0.00	0.00	0.00
Çukuralan RoM	0.00	0.00	0.00	0.00	0.00
Mastra Rom	0.00	0.00	0.00	0.00	0.00
Kaymaz Rom	0.00	0.00	0.00	0.00	0.00
Ovacık Mill	0.00	0.00	0.00	0.00	0.00
Mastra Mill	0.00	0.00	0.00	0.00	0.00
Kaymaz Mill	0.00	0.00	0.00	0.00	0.00
Ovacık LG	100.30	1.48	1.54	5.00	5.00
Çukuralan LG	171.20	0.83	1.27	5.00	7.00
Küçükdere LG	389.10	1.36	6.28	17.00	79.00
Mastra LG	222.40	1.13	2.18	8.00	16.00
Kaymaz LG	40.30	0.92	3.51	1.00	5.00
Total Indicated Resource	88,621	1.48	1.00	4,299	2,847

MINERAL RESOURCES

31 December 2011	Tonnage	Grade		Ounces	
Indicated Resources	kt	Au g/t	Ag g/t	(Au Toz)	(Ag Toz)
Ovacik	296.50	4.34	1.91	41.00	18.00
Çukuralan Open Pit	869.00	6.42	2.46	179.00	69.00
Çukuralan Underground	2,148.40	4.98	1.71	344.00	118.00
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	1,336.00	4.00	4.81	172.00	207.00
Mastra Open Pit	20.60	3.94	19.23	3.00	13.00
Mastra Underground	511.40	6.43	7.03	106.00	116.00
Mastra North	38.00	2.61	5.85	3.00	7.00
Himmetdede Oxide	1,397.10	0.46	0.00	21.00	0.00
Himmetdede Sulfide	222.70	0.69	0.00	5.00	0.00
Mollakara Oxide	7,591.70	0.46	0.10	113.00	24.00
Mollakara Transition	3,918.70	0.72	0.13	91.00	16.00
Mollakara Sulfide	98,438.80	0.81	0.14	2,572.00	450.00
Söğüt	987.80	9.36	1.05	297.00	33.00
Hasandağ (1)	9,933.60	0.39	0.18	124.00	57.00
Toplam Mümkün Kaynaklar	130,403	1.02	0.90	4,263	3,778

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 yatirimciliskileri@kozagold.com and telephone no: 0 312 587 10 00 or fax no: 0 312 587 11 00

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

09.01.2012 15:59:10

Special Event/Events to be disclosed:

A partnership agreement was signed between our Company and Teck Mining Industry and Trade Inc (Teck), a subsidiary of Teck Resources Ltd for the purpose of developing Konakli Project located in Giresun.

Within the abovementioned agreement, Konakli metal Mining A.Ş was formed to develop the Konakli Project. Koza Group's participation has been 60% and Teck's has been 40%.

Konakli Copper Project rights of Koza Gold Operations A.Ş.was transferred to our Company. Furthermore, of the shares of Konakli Metal Mining A.S. with a capital of 50.000 TL part of 29.500 TL nominal value was transferred from Koza Gold Operations A.S.. to our Company. In return to this transfer, in the event of production commences at Konakli Project, 4% of the gross for our company's share will be given Koza Gold Operations as income share

Our Company will be the operator of Konakli Project.

10.01.2012 11:48:21

Acquisition of the Financial Fixed Asset

Date of Board of Director's Decision for Acquisition	:	09.01.2012
Title of Acquired Financial Fixed Asset	:	KONAKLI METAL MINING INDUSTRY AND TRADE INC.
Subject of Activity of the Acquired Financial Fixed Asset	:	MINING
Capital of Acquired Financial Fixed Asset	:	50.000,00 TL
Method of Acquiring the Financial Fixed Asset	:	CASH
Date of transaction completed/will be completed	:	09.01.2012
Acquisition Conditions	:	CASH
Nominal amount of Acquired Shares	:	29.500,00 TL
Purchasing Price per Share	:	1,00 TL
Total Amount	:	29.500,00 TL
Rate of Acquired Shares to the Capital of Financial Fixed Asset(%)	:	59,00
Rate of Share in the Financial Fixed asset after Acquisition (%)	:	59,00
Rate of Possessed Voting Rights to the Total Voting Rights in the Financial Fixed Asset (%) after acquisition	:	59,00
Rate of Acquired Financial Fixed Asset to the Partnership's total Assets in the Last Financial Statement disclosed to the Public(%)	:	0,01
Partnership's effects to the activities.	:	-,-
Whether or not a Liability has occurred for a Call	:	No
If so, whether or not an application for exemption will be made	:	No
Name/Title of the Seller/Transferor	:	KOZA GOLD OPERATIONS.(28.500,00 TL),HAMDİ AKIN İPEK(495,00 TL),CAFER TEKİN İPEK(495,00 TL)
Nature of Partnership's relationship with the Seller/Transferor	:	AFFILIATED PARTNERSHIP - PARTNER
Method of Determining the Value of Financial Fixed Asset.	:	TRANSFERED ON NOMINAL PRICE.
Whether or not an Assesment Report has been issued	:	NOT ISSUED
If not, the reason for it	:	BELOW THE LEVEL OF SIGNIFIANT CRITERIA
The amount found a result of the Assessment Report	:	-,-
The reason, if the transcation has not been/will not be realized in accordance with the results of Assessment Report	:	-,-

13.01.2012 10:31:46

Special Event/Events to be disclosed:

Our Company announces the results to investors with Statement of Mineral Resources and Mineral Reserves it owns as at 31 December 2011, which has been produced in accordance with the JORC Code. Resource and reserve figures are audited by SRK Consulting USA

In 2011, 120,485 meters of core drilling and other geological works have been carried out and the results were analyzed by the ALS Chemex (Australian Laboratory Service). As at 31.12.2011, our resources have reached 11 million ounces and reserves reached 2.3 million ounces. In addition to that, by completion of 0.86 million ounces of gold as the result of test studies at our current projects by the first half of the year, this will be added to reserves.

At the end of 2010, these figures were 10 million ounces for the resources and 2.1. million ounces for our reserves. When taking into the consideration of 302.000 ounces of record production carried out in 2011, annual increase rate for our resources have been 22% and annual increase rate our reserves have been 23%.

Furthermore, as the result of the works carried out, it is envisaged that there is an approximately 50% increase in potential for the resources we own.

The data for resources, reserves and potential increase disclosed in mentioned report covers 13 licensed areas of the Koza Gold Company. It does not include Company's over 400 licensed areas throughout Turkey.

19.01.2012 16:10:33

Special Event/Events to be disclosed

Two separate cases filed for the cancellation of the process to grant Ovacik Gold Mine "Permit to Open and Operate Workplace" was rejected by 3rd Administrative Court of Izmir.

02.03.2012 11:09:45

Special Event/Events to be disclosed

In pursuant to provisions of the Circular issued by Capital Market Board Serial:X, No: 22 about Independent Auditing Standards in CapitalMarket, the Company's Board of Management backed by auditing committee's opinion has decided to nominate Basaran Nas Auditing and Chartered Accounting and Counselling Company (a member of PricewaterhouseCoopers) to audit our Company's financial charts covering the account period for 2012 and take this nomination to the approval of Ordinary General Board Meeting for the 2011.

05.03.2012 15:10:31

Special Event/Events to be disclosed

Referring to the purchasing of company disclosed on 27. November 2011, financial charts will be sent as consolidated financial charts, which we will prepare for 31. December 2011 and following periods.

We provide this information for the public .

05.03.2012 18:46:28

Special Event/Events to be disclosed

Referring to the purchasing of company disclosed on 27. November 2011, financial charts will be sent as complete consolidated financial charts, which we will prepare for 31. December 2011 and following periods.

We provide this information for the public.

12.03.2012 14:25:37

Special Event/Events to be disclosed

At the meeting of Company's Board of Directors held on 12.03.2012, decision was taken to make following amendments in the Articles of Association;

Article 7 titled: "The Board of Directors and Period Thereof", Article 7/A titled: "Related Party Transactions", Article 7/B titled: "Committees reporting to the Board of Directors, Article 9 titled: "Remuneration for Members of the Board", Article 13 titled: "Announcement", Article 18 titled: " Legal Provisions" to delete Article 10/A and include articles 7.3, 7.4, 11.1, and 11.2.

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 Zenginler	(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.SP.K.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.