Audit 2014
Volume 9 Hasandağ and Işıkdere Resource Areas
Koza Altın İşletmeleri A.Ş.
Turkey

Report Prepared for

Koza Altın İşletmeleri A.Ş.

Report Prepared by

SRK Consulting (U.S.), Inc.

SRK Project Number 173600.130

January 31, 2015

Audit 2014
Volume 9 Hasandağ and Işıkdere Resource Areas
Koza Altın İşletmeleri A.Ş.
Turkey

Koza Altın İşletmeleri A.Ş.

Istanbul
Yolu 10. Km. No: 310
Batikent – ANKARA

SRK Consulting (U.S.), Inc.
7175 West Jefferson Avenue, Suite 3000
Lakewood, CO 80235

e-mail: denver@srk.com
website: www.srk.com

Tel: +1.303.985.1333
Fax: +1.303.985.9947

SRK Project Number 173600.130

January 31, 2015

Contributors:
Gözde Kaya Akbaş, M.Sc., METU, Consultant GIS Specialist
Nilüfer Gümüş, B.Sc., Consultant Environmental Engineer
Ahmet Oğuz Öztürk, B.SC., Principal Mining Engineer

Endorsed by CPs:
Leah Mach, MSc Geology, CPG
Dorinda Bair, BSc Geology, CPG

Reviewed by:

Cody Bramwell, P.G.

Table of Contents

List of Tables

List of Figures

Disclaimer & Copyright

List of Abbreviations

The metric system has been used throughout this report unless otherwise stated. All currency is in U.S. dollars unless stated otherwise. Market prices are reported in US$ per troy oz of gold and silver. Tonnes are metric of 1,000 kg, or 2,204.6 lb, unless otherwise stated. The following abbreviations are typical to the mining industry and may be used in this report.

Abbreviation	Unit or Term
°	degree
%	percent
AA	atomic absorption
AAS	atomic absorption spectography
Ag	silver
Amsl	above mean sea level
Au	gold
BLEG	Bulk Leach Extractible Gold
BWI	Bond Work Index
C	Celsius
CoG	cutoff grade
CIP	carbon in pulp
cm	centimeter
CP	Competent Person
CPR	Competent Person's Report
CRP	Community Relations Plan
CRM	Certified Reference Material
Cu	copper
dia.	diameter
Eq	equivalent
EIA	Environmental Impact Assessment
F	Fahrenheit
ft	feet/foot
g	gram
g/cm	grams per centimeter
g/t	grams per tonne
ha	hectares
HG	high-grade
hr	hour
ID2	Inverse Distance Squared
ID3	Inverse Distance Cuber
in	inch
IP	Induced Polarization
kg	kilogram
km	kilometer
koz	thousand troy ounce
kt	thousand tonnes
kV	kilovolt
kVA	kilovolt-amps
L	liter
lb	pound
LHD	load haul dump
LG	low-grade
LoM	life of mine

m	meter
M	million
m.a.	million annum
min	minute
mm	millimeter
Mm	million meter
Moz	million ounces
Mt	million tonnes
Mt/y	million tonnes per year
MVA	million volts amperes
NN	Nearest Neighbor
NPV	net present value
OK	Ordinary Kriging
OP	open pit
oz	ounce
ppb	parts per billion
ppm	parts per million
QA/QC	Quality Assurance/Quality Control
RC	reverse circulation
RoM	run of mine
SART	sulfidization, acidification, recycling, and thickening
t	tonne(s)
t/h	tonnes per hour
t/d	tonnes per day
t/m	tonnes per month
t/y	tonnes per year
TEM	Technical Economic Model
µ	micron
UG	underground
V	volt
WAD	weak acid dissociable
Zn	zinc

1 Introduction

SRK Consulting (U.S.), Inc. (SRK) was commissioned by Koza Altın İşletmeleri A.Ş. (Koza) to audit Koza's gold resources and reserves and exploration projects as of the end of December, 2014. Koza's Mining Assets are located in the Ovacık Mining District, Mastra Mining District, and Kaymaz District, including Söğüt, as well as Mollakara in the Diyadin District in Eastern Turkey and Himmetdede in Central Turkey.

This report is Volume 9 Hasandağ and Işıkdere Resource Areas of the following ten volumes reports:

- Volume 1 Executive Summary;
- Volume 2 Ovacık Resources and Reserves;
- Volume 3 Mastra Resources and Reserves;
- Volume 4 Kaymaz Resources and Reserves;
- Volume 5 Söğüt Resources and Reserves
- Volume 6 Himmetdede Resources and Reserves;
- Volume 7 Mollakara Resources and Reserves;
- Volume 8 Technical Economics;
- **Volume 9 Hasandağ and Işıkdere Resource Areas**; and
- Volume 10 Exploration Projects.

This report is prepared using the industry accepted Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012).

Volume I Executive Summary contains the Terms of Reference and Property Descriptions relevant to all volumes of this audit. A map showing the location of Hasandağ and Işıkdere is presented in Figure 1.1.

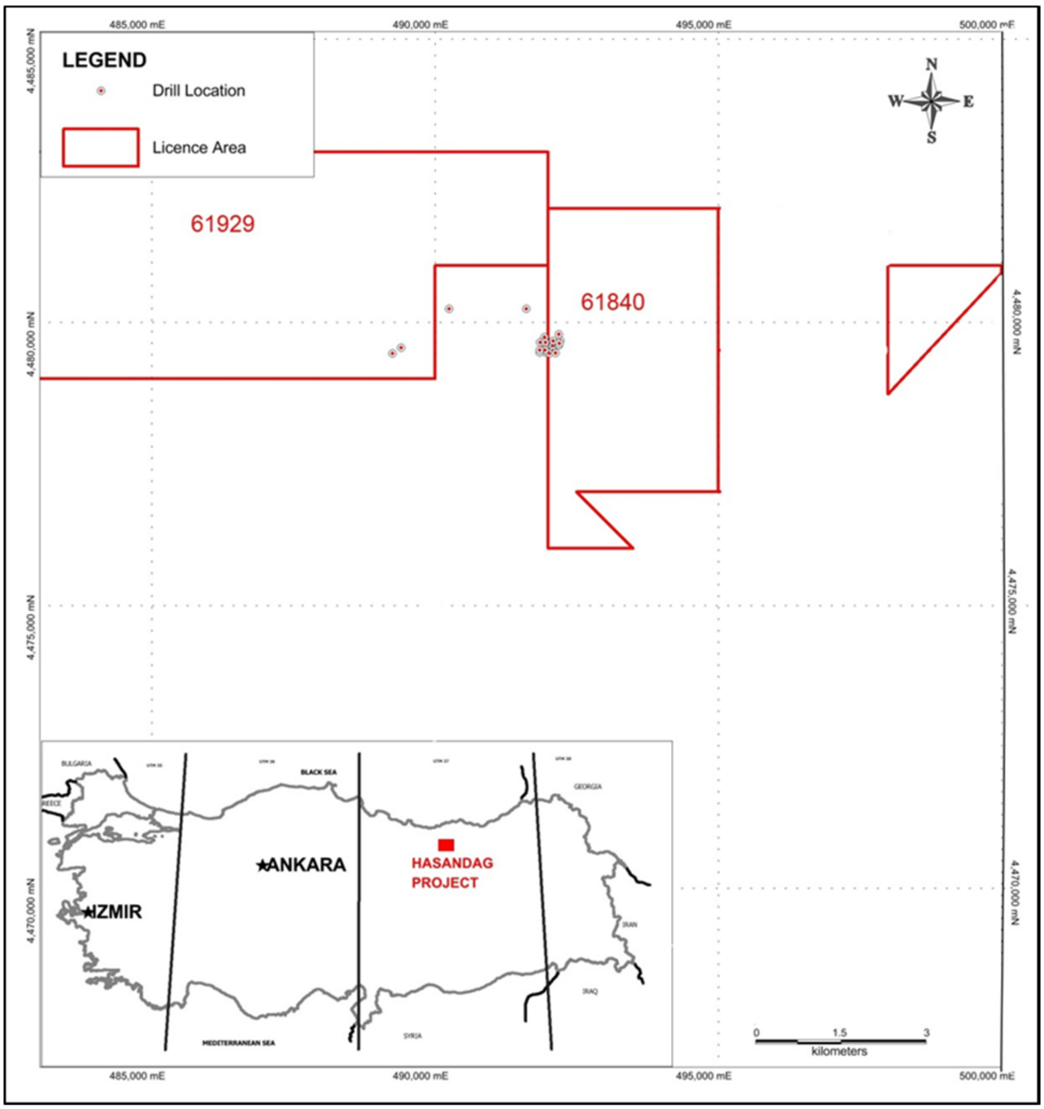
Source: Modified from ESRI Basemap NatGeo_World_Map, 2013

Figure 1.1: Hasandağ and Işıkdere Project Location Map

2 Hasandağ Project

2.1 Property Description and Location

Hasandağ is a Cu-Au-Ag porphyry deposit located in Northeastern Turkey (Eastern Pontides) approximately 67 km SE of Giresun, and 10 km southwest of Kazıkbeli Yaylasi at about 2,700 to 3,000 m amsl on the Hasan Dağ plateau. The area is accessible from either Trabzon or Gümüşhane to Kürtün and then to Kazıkbeli. The road between Kürtün and Kazıkbeli is unpaved. The project is located between UTM coordinates 4500000 N, 465000 E to 4470000 N, 511000 E in ED1950 Zone 37. The project includes two operating licenses. The two operating licenses were purchased by Koza from Newmont and include licenses 61929 and 61840 totaling approximately 4,800 ha. The area is covered by the Giresun H41 and H42 1:25,000 topographic map sheets. The land tenure is shown in Figure 2.1.1.



Source: Koza, 2012

Figure 2.1.1: Hasandağ Location Map

2.2 Climate and Physiography

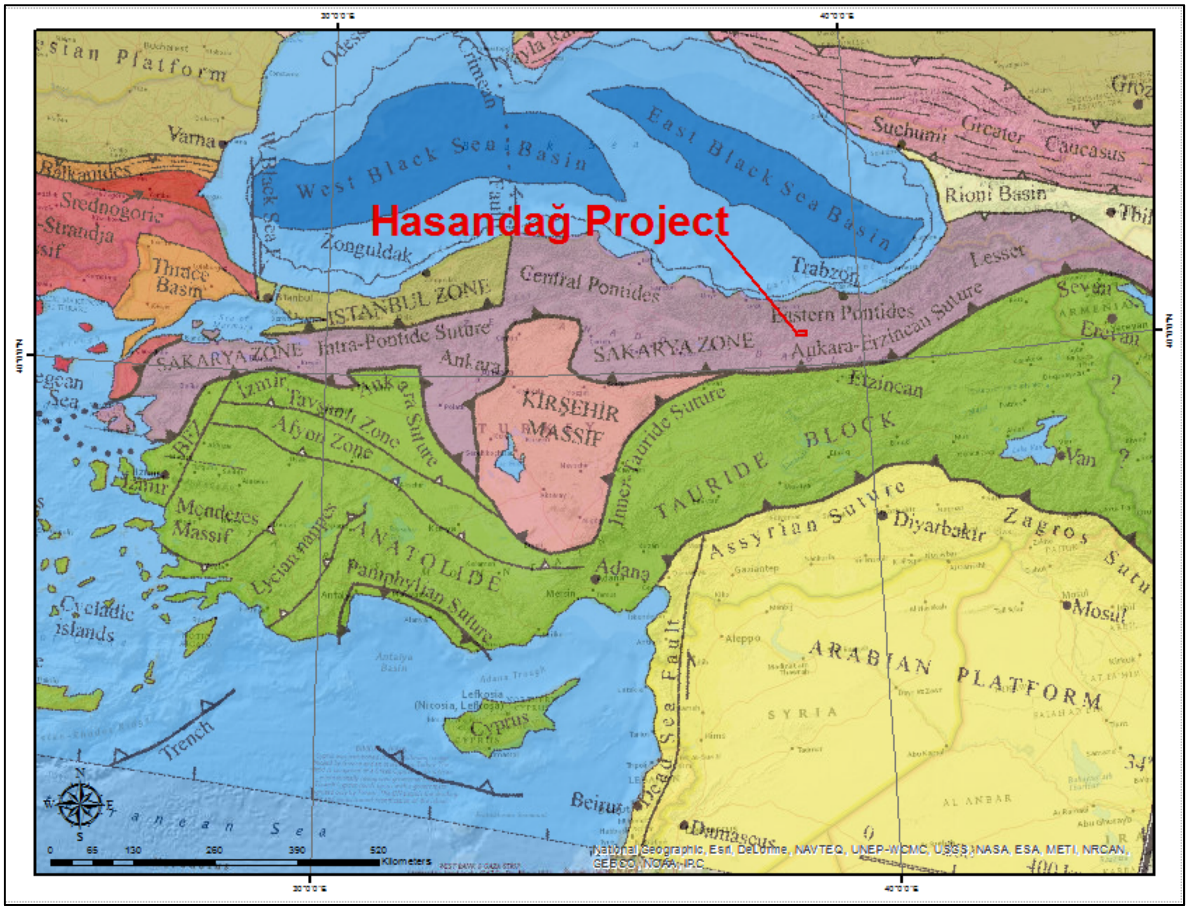
Hasandağ is in a semi-rain shadow, where precipitation from the Black Sea is frequently blocked by the mountain range between Dereli and Giresun. Hasandağ is located on the same side of the mountains as Dereli, but at a higher elevation. During the summer months from June to September, the weather is hot and dry. Temperatures have reached 30°C in August at Dereli with average high temperatures around 18°C. Winters are cold and snowy with average temperatures around -3°C at Dereli. Annual precipitation is reported to be 279.6 mm per year falling as rain in the summer and as snow in winter. The project area is covered by snow for at least six months of the year, generally from November until May. Most of the rainfall occurs in spring from April to June. Topography in the area is rugged with steep slopes dissected by deeply cut drainages. The highest point in the license area is Acembolitepe at 2,937 m. Mineralization outcrops at approximately 2,800 m. Precipitation may be less at elevation, but with greater snow depths. Temperatures are also affected by elevation and will be lower than at Dereli.

2.3 History

The Hasandağ Project straddles two licenses, one of which is owned by Koza. Koza acquired its license covering part of the Hasandağ Project from Newmont in 2009. At the time of acquisition, Newmont had completed regional exploration that included 2,186 rock chip and 730 soil samples. Newmont had also completed an Induced Polarization (IP) geophysical survey totaling 14.2 km in five lines. Drilling by Newmont included 26 diamond drillholes totaling 6,368.55 m, Twenty-four of the holes were drilled in Karacakiltepe and Kuzguntepe and two drilled in Demirlitastepe. From these drillholes, Newmont estimated a mineral inventory for the project that included Indicated, Inferred and Speculative. Koza had previously entered into a joint venture agreement with YAMAS on an adjacent operating license. However, YAMAS has dropped its ownership in that operation license and Koza stated that it intends to acquire that operation license when it becomes available for licensing.

2.4 Geology

The Hasandağ Project is located in northeastern Turkey on the Hasan Dağ plateau. This area is within the Sakarya Terrane north of the Ankara-Erzincan Suture as shown in Figure 2.4.1 (Okay and Göncüoğlu, 2004). The terrane is located in the eastern part of the Pontide Tectonic Belt in the Pontide island arc complex, which formed during subduction of the African Plate under the Eurasian Plate between the Jurassic and Miocene. The project is located on trend with the Konak project and shows similar porphyry and epithermal alteration characteristics identified at Konak. Koza is designating this area as the Hasandağ-Konak trend. This trend includes a number of zones where Bulk Leach Extractible Gold (BLEG) samples and rock samples had anomalous gold. This area shows favorable geologic characteristics consistent with porphyry and transitional-style Au-Cu mineralization of both high and intermediate sulfidation.



Source: Modified from Okay et al., 2010; Basemap = ESRI NatGeo_World_Map, 2013

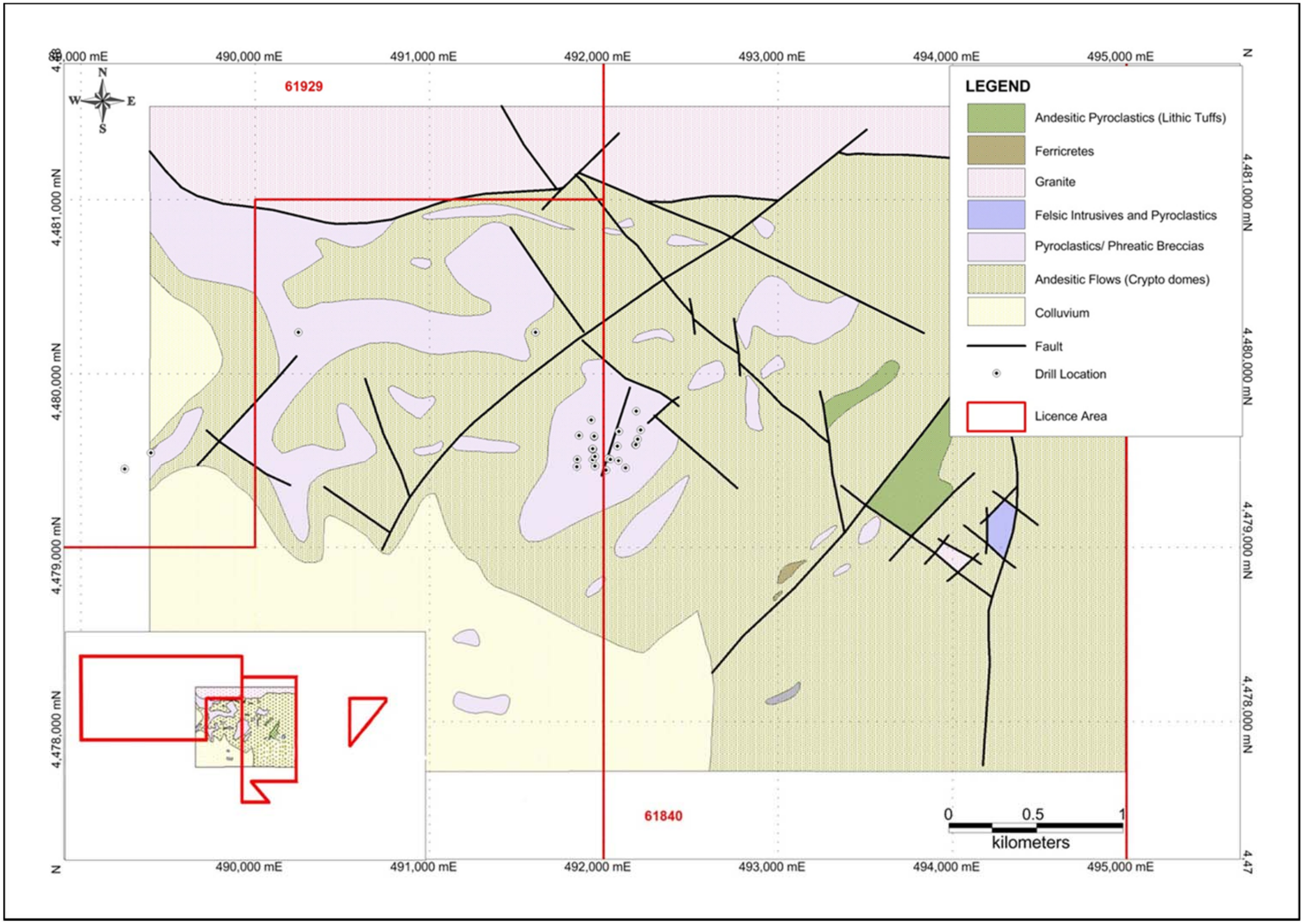
Figure 2.4.1: Location of Hasandağ Project relative the Sarkaya Terrane

The local lithology is characterized by an unaltered basement of early volcanic breccias, flows and tuffs, possibly formed in association with a stratovolcano in a back-arc environment. This is overlain by a layer of mixed marine sediments and volcanic rocks. The Hasandağ sequences consist of the base overlain by andesite flows and breccias and/or ignimbrites. The lower portion of the volcanics is well exposed at Basyurttepe and Demirlitastepe to the west and forms the flat areas east of Karacakiltepe. Where altered, these rocks exhibit clay to silica-alunite mineral assemblages with sharp contacts between altered and fresh rock. These rocks are less permeable than the primary gold host rock and are interpreted by Koza to have acted as a barrier to hydrothermal fluid flow.

Hasandağ is a high sulfidation system, characterized by deeply oxidized mineralization hosted in a phreatomagmatic vent with related crackle breccias. Mineralization is interpreted as being associated with reactivation of volcanism during the Eocene with breccia pipe formation. The breccia pipe is characterized by episodic silicification and associated hydrothermal brecciation with related fluidization textures. Associated with the phreatomagmatic vent is a volcanic pile of layered pyroclastics and surge deposits, which is the primary host of gold mineralization. The present exposure of the dikes suggests some erosion of the mineralized system.

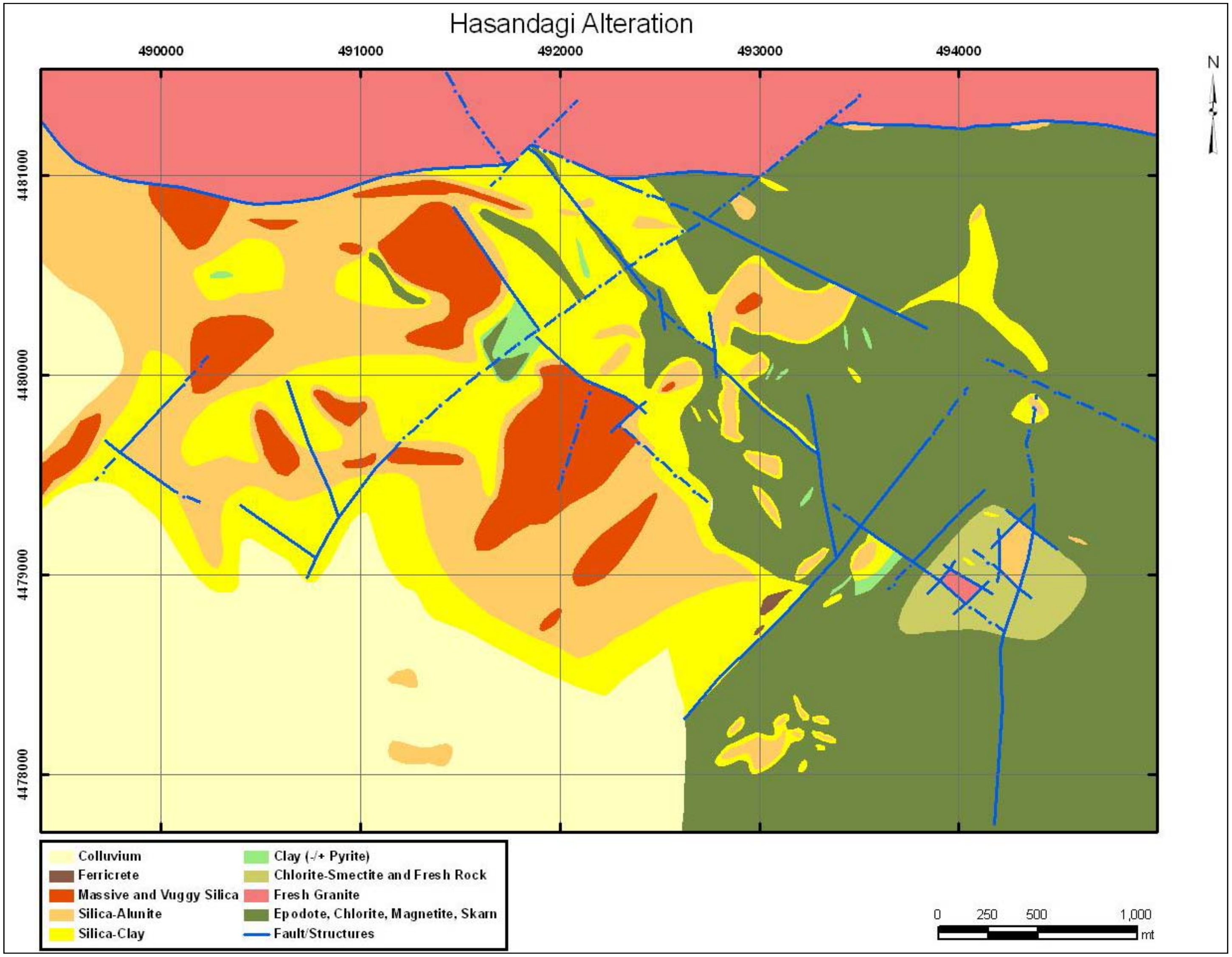
Gold mineralization is hosted by Eocene volcanic rocks, which appear to be preserved in a graben between an older granitic batholith and a basement of folded sedimentary rocks. The volcanic pile developed along a major structural corridor with a bearing of 290°. Most of the mineralization was deposited in breccia pipes or the footwall of dikes and plunges steeply to the northeast. The three target areas at Hasandağ are Karacakiltepe, Demirlitastepe and Kuzguntepe. Mineralization is found in crackle breccias and is characterized by vuggy or granular silica after silica-alunite alteration. Gold was deposited during the silicification event where iron-oxide had filled open space in areas of mechanical brecciation. Vertical extent of the pipe is greater than 200 m. It is interpreted that the flow of gold-bearing hydrothermal fluids was controlled by dikes. Additional mineralized zones are subparallel to the 290° trend. This is also observed in geophysical responses (resistivity/chargeability breaks) and surficial contours of pathfinder elements.

A second gold zone has been identified along the contact between andesite flows and volcanic-breccias. Koza is exploring the lower zones for an underlying Cu-Au porphyry system below approximately 2,600 m. At this elevation, alteration textures characteristic of porphyry mineralization are exposed. Gossanous Cu-rich float and propyliticaly-altered, malachite-coated volcanic rocks are also found at this elevation. Geology is shown in plan view in Figure 2.4.2 and alteration is shown in Figure 2.4.3. A schematic cross section is presented in Figure 2.4.4.



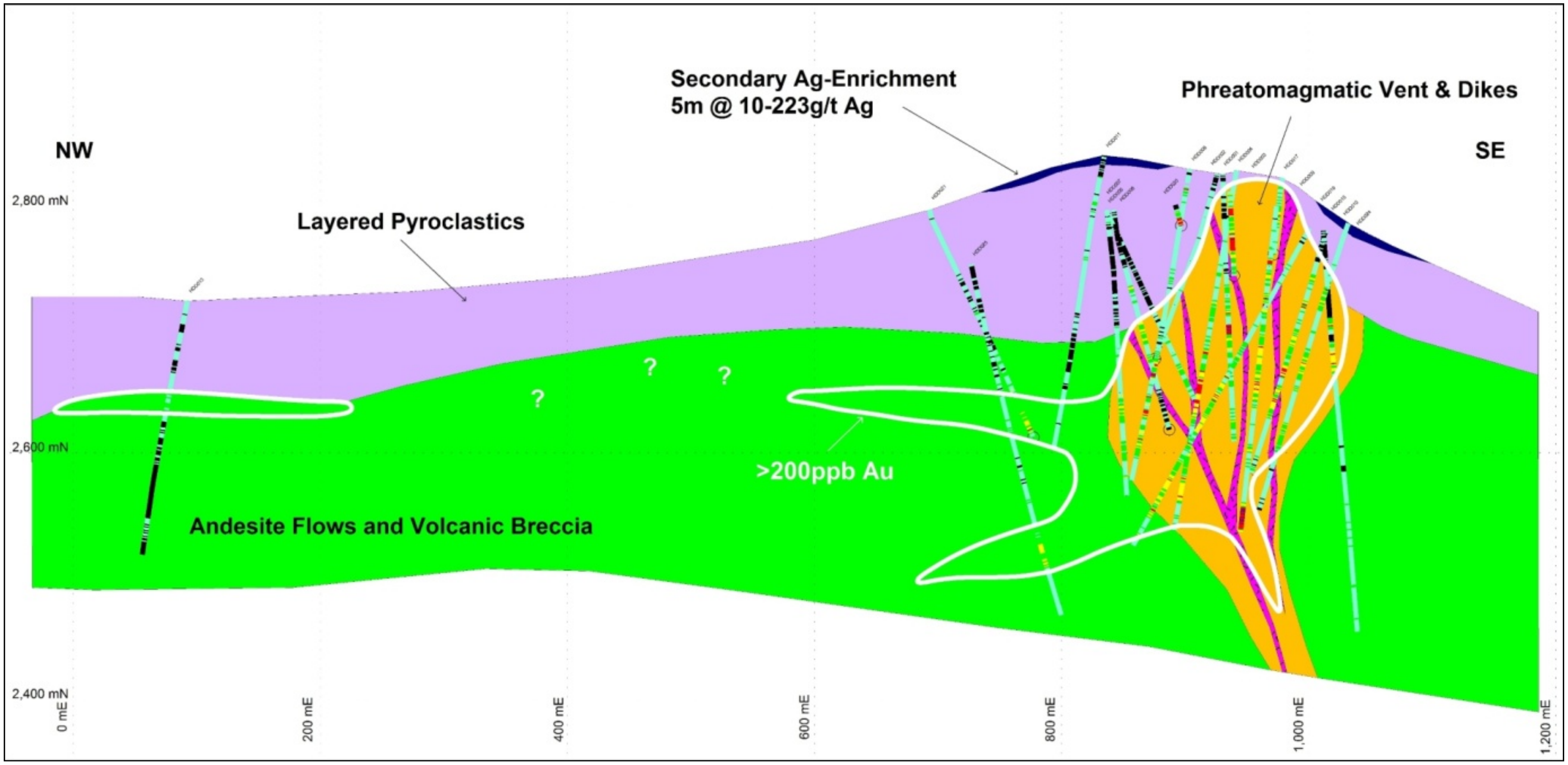
Source: Koza 2012

Figure 2.4.2: Hasandağ Geology Map



Source: Koza 2012

Figure 2.4.3: Hasandağ Alteration Map



Source: Koza, 2012

Figure 2.4.4: Hasandağ Interpretive Cross Section

2.5 Exploration

Koza acquired its license for the Hasandağ Project from Newmont in 2009. Since 2010, Koza has conducted reconnaissance and local level mapping, collected 570 rock chip samples to confirm work completed by Newmont and drilled 37 drill holes. Koza has also completed IP and resistivity geophysical surveys to augment the work completed by Newmont.

2.5.1 Mapping

Koza conducted confirmation mapping of the Newmont work and mapped the project area at a regional scale for lithology and structure. Koza has also completed alteration mapping. The Hasandağ geological map is shown in Figure 2.4.2.

Koza also conducted TerraSpec analysis on approximately 100 outcrop and 2,000 core samples to test for correlations between mineralization and alteration. The results identified correlations between gold and silica with or without dickite and gold and the oxides goethite and hematite. Gold <1 ppm is associated with alunite and pyrophyllite. Silver was associated with pyrophyllite at the soil and bedrock contact. Pyrophylite is indicative of a transition to a porphyry system. Alunite which is indictive of pophryry systems, was also identified at Karacakil Tepe.

2.5.2 Geophysical Surveys

In addition to the work completed by Newmont, Koza has completed an IP and resistivity geophysical survey along 18 lines totaling 30.35 km. The Koza survey has been used to supplement the work completed by Newmont by focusing on more detailed areas giving more target definition.

2.5.3 Sample Collection

Koza collected a total of 570 rock chip samples to confirm sample collection completed by Newmont. Samples were initially collected on 100 m centers. Anomalous areas were infilled with more rock chip samples. Rock chip samples were selective chip samples. Koza typically collects 3 to 4 kg for each sample but notes that at Hasandağ, samples ranged from 1 to 3 kg in weight.

Koza has collected over 2,832 core samples. Core sampling is discussed in drilling (Section 2.5.4).

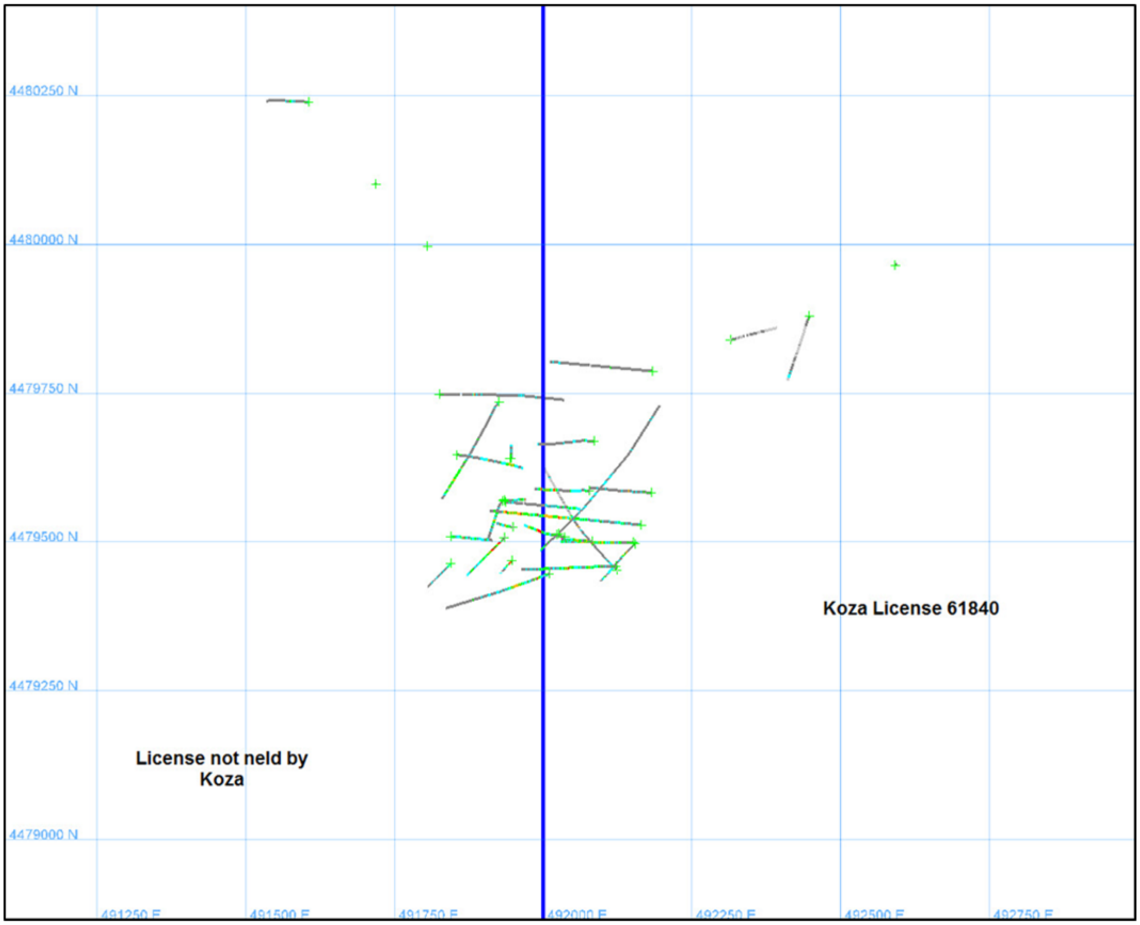
2.5.4 Drilling

There are 37 drillholes in the Hasandağ project area (Figure 2.5.4.1) with a total of 9,979.75 m. Newmont drilled 26 of the holes and Koza drilled 11 drillholes using HQ-sized core. SRK does not have details on Newmont's drilling and sampling procedures, but assumes they would be Newmont's standard procedures. SRK noticed that in the Newmont holes there are frequently five 1 m intervals in sequence that have the same silver grade in the same drillhole. SRK suggests that Koza look at the silver data and perhaps ask Newmont if they had composited pulps for silver assays.

Most of the drillholes in the resource area were oriented either east or west with inclinations of 40° to 75º; some holes are vertical or angled to the northeast or southwest.

The core recovery ranges from 37 to 100 %, with an average of 98%.

Koza logs onto paper and collects recovery, rock quality designation (RQD), fracture counts, fracture orientation, quartz vein density, vein orientation, rock type, alteration and sulfide and oxide percentages. Data is then loaded into the computer for additional analysis. Sample intervals are selected by the geologist and are typically 1 m in length. Samples may be shorter or slightly longer than 1 m to accommodate changes in lithology. The core is cut in half lengthwise with ½ sent for assay and ½ archived for reference or future analysis.



Source: SRK, 2013

Figure 2.5.4.1: Hasandağ Drillhole Location Map

2.5.5 Sample Preparation and Analysis

Koza's drilling and sampling have been conducted according to Koza's standard exploration practices. Core and samples are held in the custody of Koza in a locked core logging facility or at the nearest mine site in a locked building until they are shipped to the laboratory for analysis. Core samples are either delivered to the laboratory by Koza personnel or shipped via commercial trucking. This is industry best practice.

Rock chip and core samples were submitted to ALS in İzmir, Turkey (ALS İzmir) for preparation and analysis. Analysis was conducted at three different laboratories in the ALS Global system. The ALS laboratory in Vancouver, Canada (ALS Vancouver) conducted ICP multi-element analysis, the ALS laboratory in Gura Rosiei, Rosia Montana, Romania (ALS Romania) conducted gold FA analysis and the ALS laboratory in Perth, Australia (ALS Perth) conducted gold and silver by cyanide leach testing. ALS Vancouver and ALS Romania have ISO 17025 accreditation for specific analytical methods through the Standards Council of Canada. ALS Vancouver's accreditation is valid through May 18, 2017 and ALS Romania's is valid through March 27, 2016. ALS Perth has ISO 9001:2008 certification for Quality Management System valid through November 30, 2017.

Once the samples arrived at the laboratory, they were bar coded and entered into the LIMS. All samples were dried to a maximum temperature of 60°C in order to avoid or limit volatilization of elements such as mercury (ALS code DRY-22).

Rock chip and core samples were crushed to 70% passing -2 mm (ALS code CRU-31). For rock chip samples, a 250 g split was collected using a riffle splitter and pulverized to 85% passing 75 microns (ALS code PUL-31). For core samples, a 1,000 g split was collected using the riffle splitter and pulverized to 85% passing 75 microns (ALS code PUL-32). A larger split was taken for pulverization to help mitigate the nugget affect.

Rock chip and core samples were analyzed using ALS code ME-ICP61m, a 33 element package with trace level sensitivity. A minimum sample of 1 g is digested using a four acid digestion and the sample is analyzed using ICP-AES. Gold was analyzed using ALS code Au-AA24, which is gold by FA using a 50 g charge with an Atomic Absorption Spectroscopy (AAS) finish. The samples were also analyzed for mercury using Hg-CV41. By this method, mercury content is determined using aqua regia digestion and cold vapor AAS. Table 2.5.5.1 presents the analytes with upper and lower detection limits for ALS ME-ICP61, Hg-CV41 and Au-AA24.

Table 2.5.5.1: Analytes and Upper and Lower Detection Limits for ALS Codes ME-ICP61m, Hg-CV41 and Au-AA24 in ppm Unless Otherwise Noted

Method	Analyte	Range	Method	Analyte	Range	Method	Analyte	Range
Au-AA24	Au	0.005-10	ME-ICP61	Cu	1-10,000	ME-ICP61	S	0.01-10%
Hg-CV41	Hg	0.01-100	ME-ICP61	Fe	0.01-50%	ME-ICP61	Sb	5-10,000
ME-ICP61	Ag	0.5-100	ME-ICP61	Ga	10-10,000	ME-ICP61	Sc	1-10,000
ME-ICP61	Al	0.01-50%	ME-ICP61	K	0.01-10%	ME-ICP61	Sr	1-10,000
ME-ICP61	As	5-10,000	ME-ICP61	La	10-10,000	ME-ICP61	Th	20-10,000
ME-ICP61	Ba	10-10,000	ME-ICP61	Mg	0.01-50%	ME-ICP61	Ti	0.01-10%
ME-ICP61	Be	0.5-1,000	ME-ICP61	Mn	5-100,000	ME-ICP61	Tl	10-10,000
ME-ICP61	Bi	2-10,000	ME-ICP61	Mo	1-10,000	ME-ICP61	U	10-10,000
ME-ICP61	Ca	0.01-50%	ME-ICP61	Na	0.01-10%	ME-ICP61	V	1-10,000
ME-ICP61	Cd	0.05-1,000	ME-ICP61	Ni	1-10,000	ME-ICP61	W	10-10,000
ME-ICP61	Co	1-10,000	ME-ICP61	P	10-10,000	ME-ICP61	Zn	2-10,000
ME-ICP61	Cr	1-10,000	ME-ICP61	Pb	2-10,000			

Source: ALS Global, 2014

2.5.6 Quality Assurance and Quality Control

A QA/QC program is independent of the testing laboratory. The purpose of a QA/QC program is to ensure that reliable and accurate analyses are obtained from exploration samples for use in resource estimation as part of industry best practice. Correctly implemented, a QA/QC program monitors for, detects and corrects any errors identified at a project.

Koza has a database supervisor and database geologist who are responsible for monitoring all the activities related to QA/QC including:

- Selection and purchase of standards;

- Assistance and oversight in selecting material for development of site specific standards if required;
- Selection of primary and secondary laboratories;
- Graphing results of QA/QC to identify failures;
- Supervision on the insertion of control materials;
- Supervision of core sampling and batch assembly;
- Preparation and Koza Laboratory audit(s);
- Validation of batches and uploading to the database;
- Corrective actions when necessary;
- Database management; and
- QA/QC reporting.

Koza has a QA/QC sample program it uses during all of exploration drilling. Insertion of control samples is generally at the same frequency but is varied depending on the deposit. The QA/QC control samples include a preparation blank, Certified Reference Materials (CRMs) or a site standard, and a preparation duplicate. Should there be a QA/QC sample failure during a drilling program, Koza investigates the failure to determine why it occurred and takes appropriate action. If the failure is due to laboratory error, then Koza requests that the entire batch be reanalyzed.

Locations of the QA/QC samples are determined by the core logging geologist and are inserted into the drill core sequence. The QA/QC samples are bagged and submitted by the core sampler under the direction of the geologist who logged the core. The location of the control samples is noted on the sample log and in the sample database. The QA/QC samples have the same numbering system as the drill core samples. Sample blanks and preparation duplicates are inserted into the sample stream at a rate of one in every 50 samples. CRMs are inserted at a rate of one in every 30 samples.

Certified Reference Materials

Koza has used two CRMs at Hasandağ. These are OxF65 and SE58 purchased from RockLabs in New Zealand. Koza uses a performance range of ±10% when there are a small number of analyses from ALS Chemex and ±2 standard deviations once there is a statistically meaningful population. Table 2.5.6.1 presents the expected mean, standard deviations and summaries of the analyses of the gold CRMs.

Table 2.5.6.1: Results of Au CRM Analyses at Hasandağ

Standard	Number of Samples	Expected (ppm)		Observed (ppm)		% of Expected	Number Failures	% Failure Rate
		Mean	Std Dev	Mean	Std Dev			
OxF65	27	0.805	0.034	0.852	0.028	105.8	21	78
SE58	57	0.607	0.019	0.609	0.020	100.3	0	0
Total	**84**						**21**	**25**

Source: Koza, 2012

There was a 78% failure rate for OxF65, which Koza replaced with SE58. The CRM SE58 is a low grade standard and has performed within the ±2 standard deviation performance range. Because SE58 has had no failures and is within the same grade range as OxF65, it appears that there is a problem with OxF65 and not an analytical accuracy problem with the laboratory. SRK is of the opinion that the CRM results support the use of the database for resource estimation.

SRK recommends that Koza use at least two CRMs but optimally three CRMs during the QA/QC program. The CRMs should be selected to bracket expected mineralization grades. The CRMs should include one near a possible CoG of mineralization, one near the average grade and one at the approximate 80th percentile grades in the sample population. The higher grade CRM should not test the outliers. SRK also recommends that Koza consider the following performance gates for CRMs:

- If one analysis is outside of ±2 standard deviations it is a warning;
- Two or more consecutive analyses outside of ±2 standard deviations is a failure;
- If an analysis is outside ±3 standard deviations it is a failure if ±3 standard deviations does not exceed ±10% of the mean; and
- If the ±3 standard deviations exceed ±10% of the mean, then ±5 to ±10% should be used.

Ore Research & Exploration (OREAS) who manufactures CRMs, recommends using these performance gates and has started printing this information on CRM certificates as part of a guide for use of the CRM. ALS Global uses ±3 standard deviations during analysis as a performance gate for internal CRMs (ALS Global, 2012). Koza is using a more restrictive performance gate that may result in unnecessary failures.

Since Koza is reporting a resource for silver as well as gold, SRK also recommends that Koza add silver standards to its QA/QC program.

Blanks

Sample blanks test for cross contamination during sample preparation as well as assaying and handling errors. Koza inserts 1 sample blank into every sample batch of 50 samples using pulp blanks up until June 2012 and preparation blanks after that. A blank failure is a result greater than five times the detection limit. Koza submitted eight blanks and had no blank failures during the drilling program.

Preparation Duplicates

Preparation duplicates are a split of the coarse fraction of a prepared sample using the same method and collecting the same weight as the original sample. The objective is to determine if:

- Splitting procedures are applied consistently; and
- Changes are required for the crush size.

Koza submitted 861 preparation duplicates to the laboratory for Au analysis, of which 700 were available for QA/QC review. Preparation duplicates should fall within ±20% of the original sample. A summary of the analytical results are presented in Table 2.5.6.2.

Table 2.5.6.2: Summary of Duplicate Au Analysis at Hasandağ

Criteria	Number of Samples	Original>Dup	Dup>Original	Original = Dup	Within +/- 20%
All samples	49	17	26	6	34
		35%	53%	12%	69%

Source: Koza, 2012

Of the 15 duplicates outside the ±20% threshold, one was above the 0.20 g/t Au cutoff grade for resources. The remaining failures do not impact resource estimation at the current cutoff grade. SRK observed that 44 original samples and 45 duplicates samples had grades less than 0.20 g/t Au. SRK recommends that Koza submit duplicates in the grade range of the resource in order to adequately test the precision of the preparation duplicates related to resource estimation.

Pulp Duplicates

Koza does not submit pulp duplicates at this time. Pulp duplicates test the analytical reproducibility or precision of the analysis. SRK recommends that Koza add pulp duplicates to its QA/QC program either by having duplicate pulps prepared and analyzed or monitoring the laboratory's routine duplicates.

Secondary Check Lab Analysis

Koza has not sent any Hasandağ pulps originally assayed by ALS to a secondary laboratory for check assays. SRK recommends that Koza add this type of QA/QC samples to its program. Check samples must be analyzed at the secondary laboratory using the same method as ALS and CRMs must be submitted with the check samples.

SRK is of the opinion that the QA/QC data supports use of the database in resource estimation.

2.5.7 Budget and Exploration Plan

Koza is currently obtaining drilling permits and has a budget of TL480,000 (US$213,000) for exploration during 2015. The budget is adequate for permitting and licensing. Once Koza receives drilling permits it will have to reassess its exploration budget. Drilling and additional geophysical surveys are currently in Koza's exploration work plan for Hasandağ. SRK is of the opinion that this is appropriate for the project.

2.6 Mineral Resources

The resources were estimated by Koza in 2012 (Koza, 2012a). The entire deposit was modeled, although Koza controls only one of the two licenses covering the Hasandağ mineralization. The following sections describe estimation of the entire resource, but only the mineral resources within the Koza license are included in the resource statement.

2.6.1 Geological Modeling

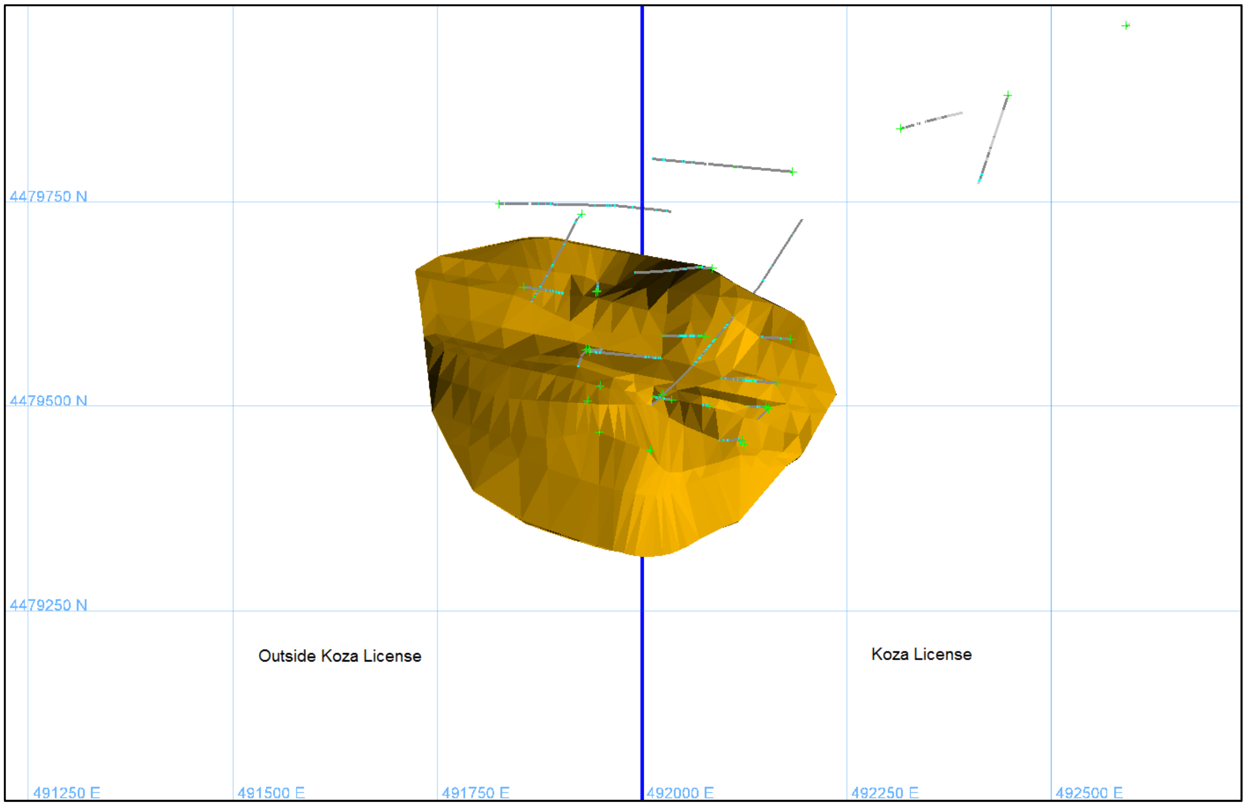
Koza produced the resource estimate for the Hasandağ Project. The drilling is on section lines spaced at about 50 m with one to four drillholes on the section lines. A grade shell solid was constructed at 0.1 g/t Au based on drillhole intercepts. The wireframe is shown in plan view in Figure 2.6.1.1 and an oblique view is shown in Figure 2.6.1.2. Twenty-three drillholes were used to define the wireframe. The wireframe is about 500 m in the east-west direction and 365 m north-south. The wireframe is thickest at the center, up to 200 m thick, and narrows at the edges to less than 10 m.

There are 2,832 gold assays within the Hasandağ grade shell with basic statistics as shown in Table 2.6.1.1. The silver assays show very high variance and CV.

Table 2.6.1.1: Statistics of Assays within the Hasandağ Grade Shell

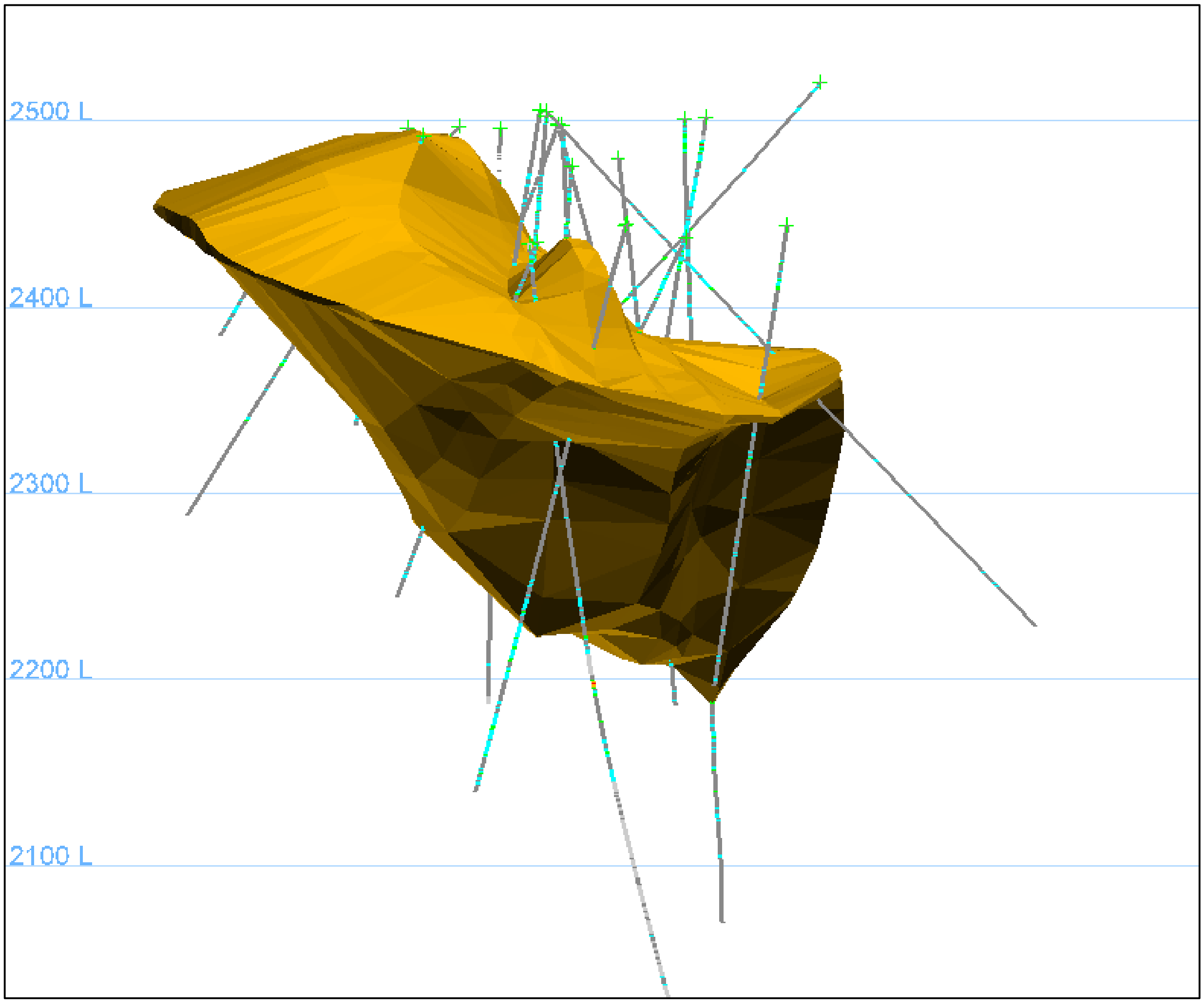
Metal	Count	Min	Max	Mean	Std Dev	Skewness	CV
Au	2832	0.000	9.90	0.35	0.55	8.05	1.58
Ag	2830	0.001	223.00	0.47	8.39	26.34	17.89

Source: Koza, 2012



Source: SRK, 2012

Figure 2.6.1.1: Hasandağ Wireframe in Plan View



Source: SRK, 2012

Figure 2.6.1.2: Oblique View of Hasandağ Wireframe, Looking Northwest

2.6.2 Compositing and Capping

About 98% of the samples are 1 m or less in length and that length was used as the compositing length. The distribution method of compositing was used where the drillhole interval is divided into equal lengths across the wireframe based on a 1 m length. The resulting composite lengths range from 0.9 to 1.5 m. SRK suggests that with this type of mineralization with a composite length of 1 m could be used without the distribution option. The statistics of the composites are shown in Table 2.6.2.1. Because the composites are basically the same as the assayed intervals, there is no change in variance or CV.

Table 2.6.2.1: Statistics of Uncapped Composites within the Hasandağ Grade Shell

Metal	Count	Min	Max	Mean	Std Dev	Skewness	CV
Au	2756	0.01	9.56	0.35	0.55	7.81	1.56
Ag	274	0.001	223.00	0.48	8.51	25.98	17.74

Source: SRK, 2012

Koza performed a quantile analysis to determine the need for capping the gold or silver grades. Gold was capped at 2.49 which is at the 99th percentile and silver was capped at 3.23 which is also in the 99th percentile. SRK notes again that there may be some questions as to whether Newmont composited pulps for silver analysis. Statistics of the capped composites are shown in Table 2.6.2.2. The CV for gold has been reduced by grade capping to 1.16 and the silver CV was reduced significantly, but is still relatively high at 2.95.

Table 2.6.2.2: Statistics of Capped Composites within the Hasandağ Grade Shell

Metal	Count	Min	Max	Mean	Std Dev	CV
Au	2756	0.01	2.49	0.33	0.38	1.16
Ag	2754	0.001	3.23	0.14	0.42	2.95

Source: SRK, 2012

2.6.3 Specific Gravity

Koza measured 158 HQ-sized core samples from 22 drillholes. The samples were grouped by rock type, alteration and degree of breakage. The specific gravity was determined using Archimedes Principle. The core samples were covered with wax and the samples were weighed in air and water. The average specific gravity of the samples is 2.35 and that number was used in the resource estimation. The specific gravity is on a dry tonnage basis.

2.6.4 Grade Estimation

The block model was created with blocks that are 10 m by 10 m in plan and 5 m high. The block size is about 20% of the drill spacing. Sub-blocking was allowed to 5 m in the X and Y direction and 1 m vertically.

Koza used a nested three pass estimation with ID2:

- First: search ellipsoid of 50 m x 50 m x 50 m, with a minimum of 6 and maximum of 12 composites; an octant search was used requiring a minimum of 2 octants with a minimum of 1 sample and a maximum of 4 per octant;
- Second: search ellipsoid of 100 m x 100 m x 100 m, with a minimum of 6 and maximum of 12 composites with the same octant requirement as the first pass; and
- Third: search ellipsoid of 250 m x 250 m x 250 m with a minimum of 3 and maximum of 12 composites with the same octant requirement as the first pass.

A search distance of 250 m is constrained by the wireframe which is generally within 50 m of a drillhole. There is an area to the west where the drillhole spacing is less dense and the estimation could be up to 250 from the closest drillhole.

Estimations were also conducted with ID3 and NN for comparison to the ID2 estimation.

2.6.5 Block Model Validation

Koza validated the block model by comparison of block grades to drillhole grades on section and by comparison of the average block grade to the composite grade. Koza performed ID3 and NN estimations and compared those grades to the ID2 estimation (Table 2.6.5.1). The grades estimated by each method are very close to each other, but are all higher than the composite grades. SRK suggests that Koza review the block model to see why this is happening and change the estimation technique appropriately.

SRK also suggests that Koza produce swath plots as a method of validation.

Table 2.6.5.1: Comparison of Composite and Block Grades within the Hasandağ Block Model

Metal	Composites	ID2	ID3	NN
Au	0.33	0.39	0.39	0.39
Ag	0.14	0.17	0.17	0.16

Source: SRK, 2012

2.6.6 Mineral Resource Classification and Statement

All blocks are classified as Inferred. The resources are stated at a cutoff grade of 0.20 g/t Au based on the assumption that this would be a heap leach operation and the assumptions shown in Table 2.6.6.1. No metallurgical work has been done which would support these assumptions or the cutoff grade. The gold price used in the cutoff grade calculation is US$1450/oz. The cutoff grade of 0.20 g/t Au is based on the assumptions shown in Table 2.6.6.1. The one year rolling average gold price is US$1,266; the two year average is US$1,339; and the three year average is US$1,449.

Table 2.6.6.1: Hasandağ Cutoff Grade Parameters

Prices and Costs	Units	Oxide
Gold Price	US$/oz	1,450
Gold Recovery	%	0.72
Gold Refining	US$/oz	3.44
Government Right	%	1
Process Cost	US$/t	3.50
Mining Cost	US$/t	0.00
G&A Cost	US$/t	1.00
Calculated Cutoff grade	g/t	0.14
Final Cutoff grade	g/t	0.20

Source: Koza, 2014

It is becoming an industry standard to report resources within a pit optimization shell or to use a cutoff grade which would reflect underground mining costs to meet JORC requirements that resources be potentially mineable. A pit optimization was conducted by Koza using the parameters shown in Table 2.6.6.1 on the entire resource. About 90% of the resources attributable to Koza fall within this pit. The resources stated in this report are not constrained to the pit.

Table 2.6.6.2 presents the Mineral Resources for Hasandağ. The tonnage reflects the resource that is located within Koza’s license. If Koza does not obtain the adjacent license, then its ability to mine the resource on its license may be limited.

Table 2.6.6.2: Hasandağ Mineral Resources at December 31, 2014, within Koza License

Classification	kt	g/t Au	g/t Ag	Koz Au	Koz Ag
Inferred	7,799	0.41	0.2	102	59

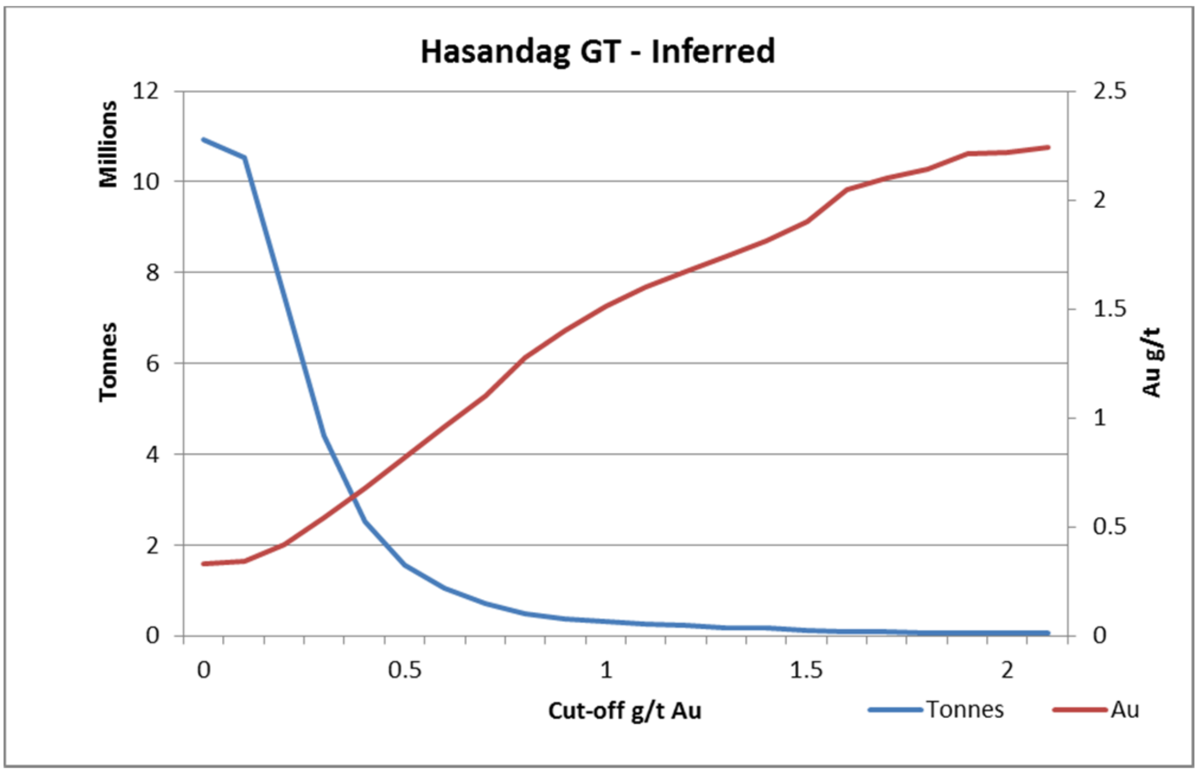
- Source: SRK, 2014
- Tonnages and grade are rounded to reflect approximation;
- Resources are stated at a cutoff grade of 0.2 g/t Au; and
- Resources are contained within grade shells but are not constrained by a pit optimization shell.

2.6.7 Mineral Resource Sensitivity

Grade tonnage curve for the Inferred resources is presented in Figure 2.6.7.1. Cutoff grades for the Hasandağ resource at various gold prices are shown in Table 2.6.7.1.

Table 2.6.7.1: Hasandağ Cut-off Grades vs. Gold Price

Gold Price	Cut-off Grade
1600	0.12
1550	0.13
1500	0.13
1450	0.14
1400	0.14
1350	0.15
1300	0.15
1250	0.16
1200	0.16



Source: SRK, 2013

Figure 2.6.7.1: Grade Tonnage Curve Hasandağ Inferred Resources

2.7 Metallurgical Testing

There has been no metallurgical testwork done on the Hasandağ deposit.

2.8 Environmental

The Hasandağ Project is in Giresun Province. Koza has indicated that they have received the EIA permit for the two operating licenses on July 3, 2012. SRK does not have further information about the environmental studies at these sites.

2.9 Conclusions and Recommendations

2.9.1 Laboratory QA/QC

In regard to Koza's QA/QC samples, SRK recommends adding at least two standards and three if possible that would bracket the grade range of the resource and adding silver CRMs as well since a silver resource is reported for Hasandağ. The CRMs should include one near a possible CoG of mineralization, one near the average grade and one at the approximate 80th percentile of grades in the sample population.

SRK also recommends that Koza consider the following performance gates for CRMs:

- If one analysis is outside of ±2 standard deviations it is a warning;
- Two or more consecutive analyses outside of ±2 standard deviations is a failure;
- If an analysis is outside ±3 standard deviations it is a failure if ±3 standard deviations does not exceed ±10% of the mean; and
- If the ±3 standard deviations exceed ±10% of the mean, then ±5 to ±10% should be used.

SRK also recommends that Koza submit duplicates in the grade range of the resource in order to adequately test the precision of the preparation duplicates. Additional recommendations include adding pulp duplicates and check samples to a secondary laboratory to verify the results from the primary lab.

2.9.2 Resource Estimation

The resource that has been defined to date is very low grade and no metallurgical test work has been performed to support the assumption that this could be processed as a heap leach operation.

SRK recommends the following:

- Koza should continue exploration to define a larger and potentially higher grade resource;
- The Newmont silver grades should be investigated; and
- A resource pit shell should be used to constrain resources.

SRK suggests that Koza use a simple run length compositing routine to standardize the composite length.

Koza should also produce swath plots as another means of model validation.

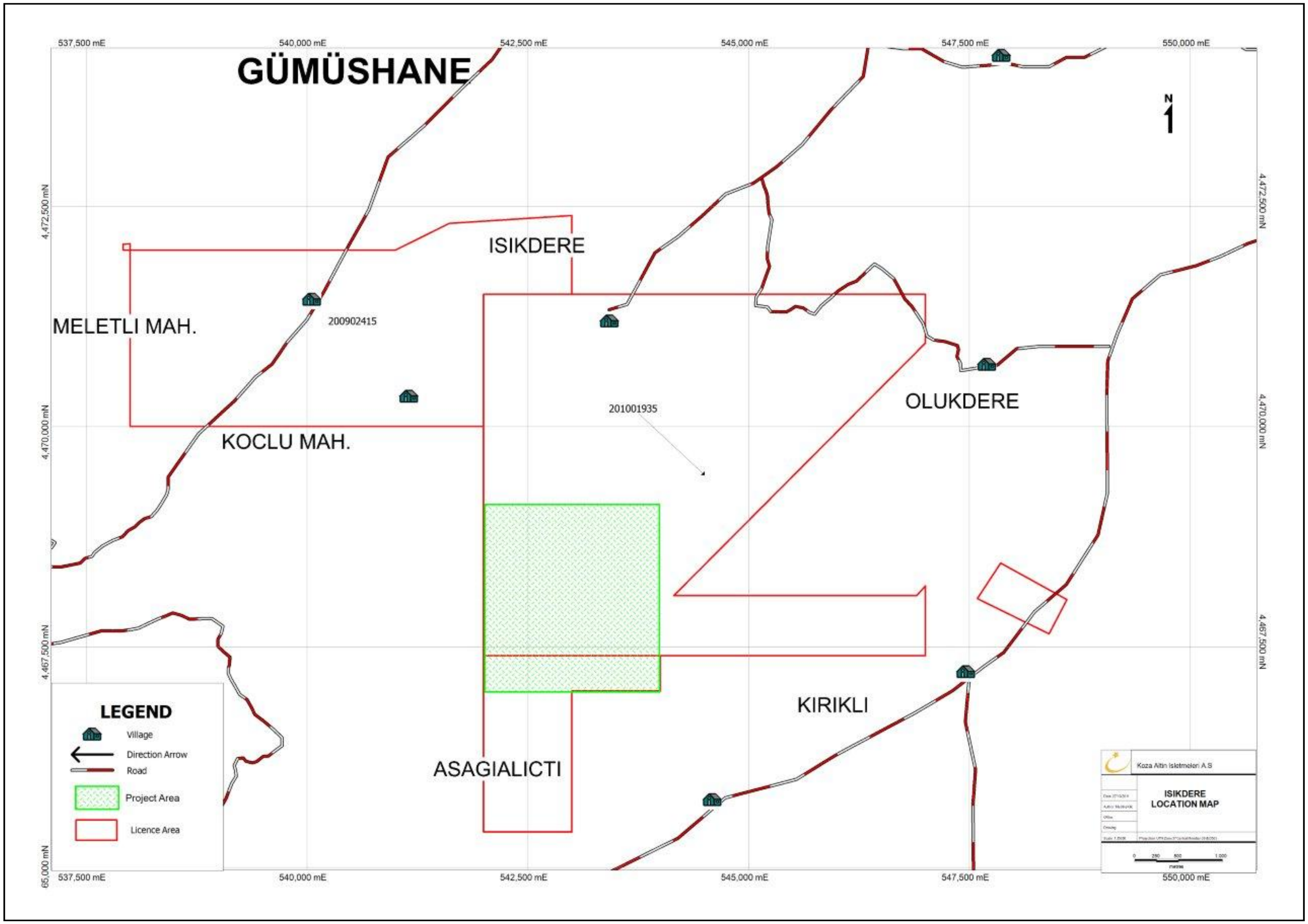
2.9.3 Metallurgical Testwork

SRK recommends that Koza test representative samples from the Hasandağ deposit to determine metallurgical characteristics.

3 Işıkdere Project

3.1 Property Description and Location

The Işıkdere is an Cu-Au-Ag epithermal/shallow mesothermal deposit, located approximately 10 km southeast of Gümüşhane and is accessed by taking international highway E-91 east to state highway O40-02 and then south. The project is west of the state highway along a mountain road. The Işıkdere Project is located between UTM coordinates 4471000 N, 542000 E to 4467000 N, 546000 E in ED1950 Zone 37. Koza has one operation and one exploration license covering this area. The operation license is 201001935 and the exploration license is 200902415. Exploration license 200902415 expired in 2014 and Koza has submitted an application to change this to an operating license. These licenses have a combined total of approximately 2,830 ha. Land Tenure for this project is shown in Figure 3.1.1.



Source: Koza, 2012

Figure 3.1.1: Land Tenure for the Işıkdere Project

3.2 Climate and Physiography

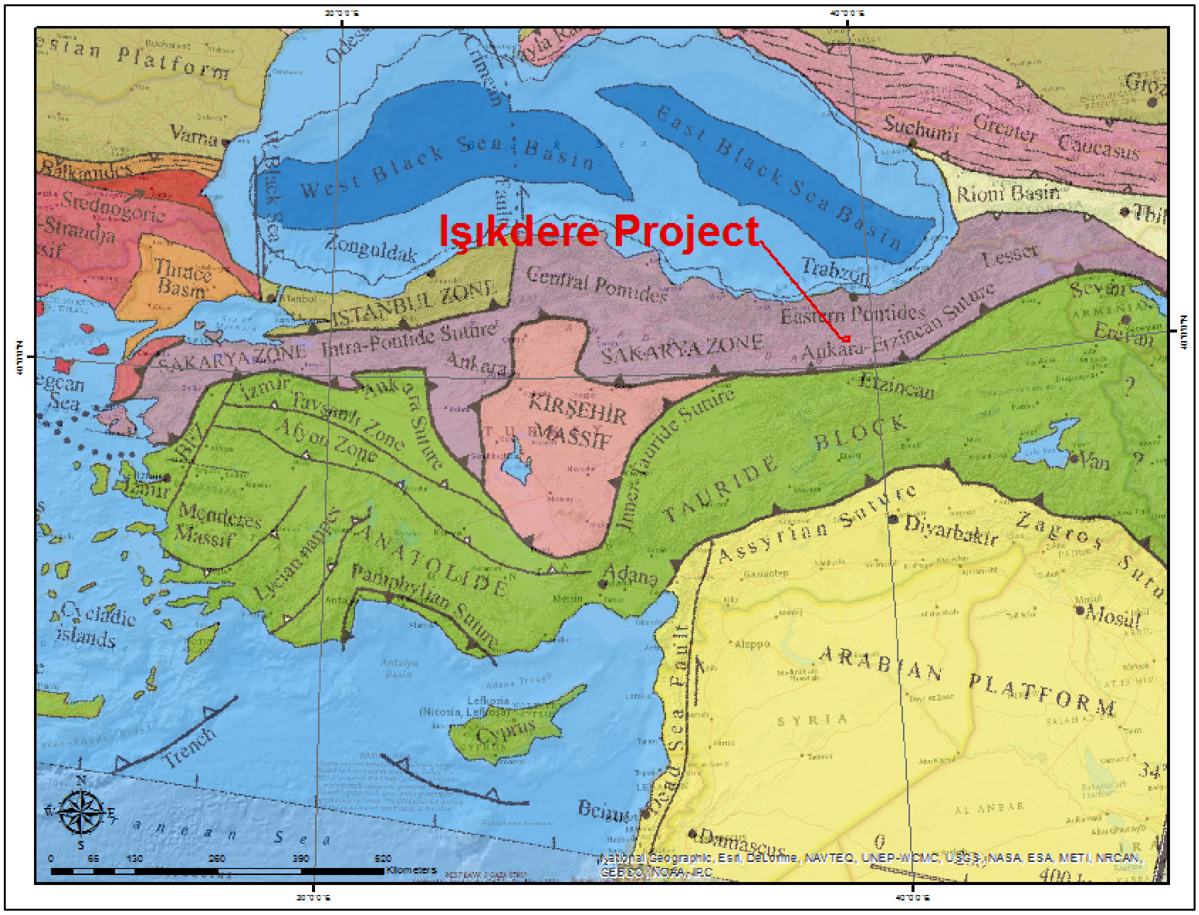
The Işıkdere Project is located near the Mastra Mine and shares the same climate. The Işıkdere Project is located on the leeward side of the mountains and has a typical continental climate. The area is in a semi-rain shadow, where precipitation from the Black Sea is frequently blocked by the mountain range between Gümüşhane and Trabzon. During the summer months from June to September, the weather is hot and dry. Temperatures have reached 36°C in July at Gümüşhane with average temperatures around 20°C. Winters are cold and snowy with average temperatures around -3°C for Gümüşhane. Minimum winter temperatures at the nearby Mastra Mine have been reported at -24°C. Annual precipitation is reported to be 400 mm per year falling as rain in the summer and as snow in winter. Most of the rainfall occurs during March, April and May. The Işıkdere Project is located in areas of steep mountainous topography between 1,000 and 1,500 m amsl. The terrain is steep and rugged with high relief.

3.3 History

Işıkdere is a greenfields exploration project generated by Koza in 2006. The area was targeted based on favorable regional geology supporting Koza's exploration model for Cu-Au-Ag mesothermal and epithermal mineralization. There has been no work by other companies prior to Koza acquiring Işıkdere in 2006.

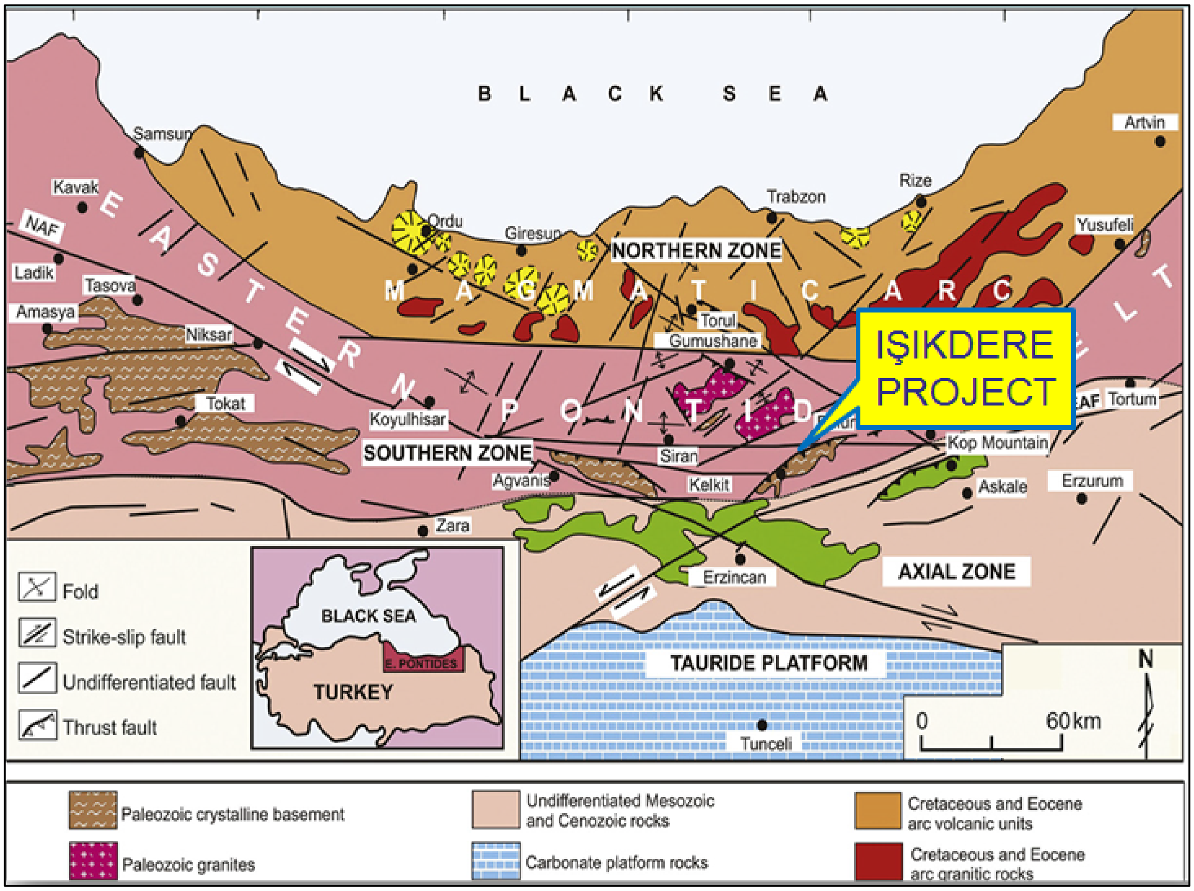
3.4 Geology

The Işıkdere Project is located in northeastern Turkey near the town of Gümüşhane. This area is within the Sakarya Terrane north of the Ankara-Erzincan Suture shown in Figure 3.4.1 and in more detail in Figure 3.4.2 (Okay and Göncüoğlu, 2004). This terrane is located in the eastern part of the Pontide Tectonic Belt in the Pontide island arc complex. This island arc formed during subduction of the African Plate under the Eurasian Plate between the Jurassic and Miocene.



Source: Modified from Okay et al., 2010; Basemap = ESRI NatGeo_World_Map, 2013

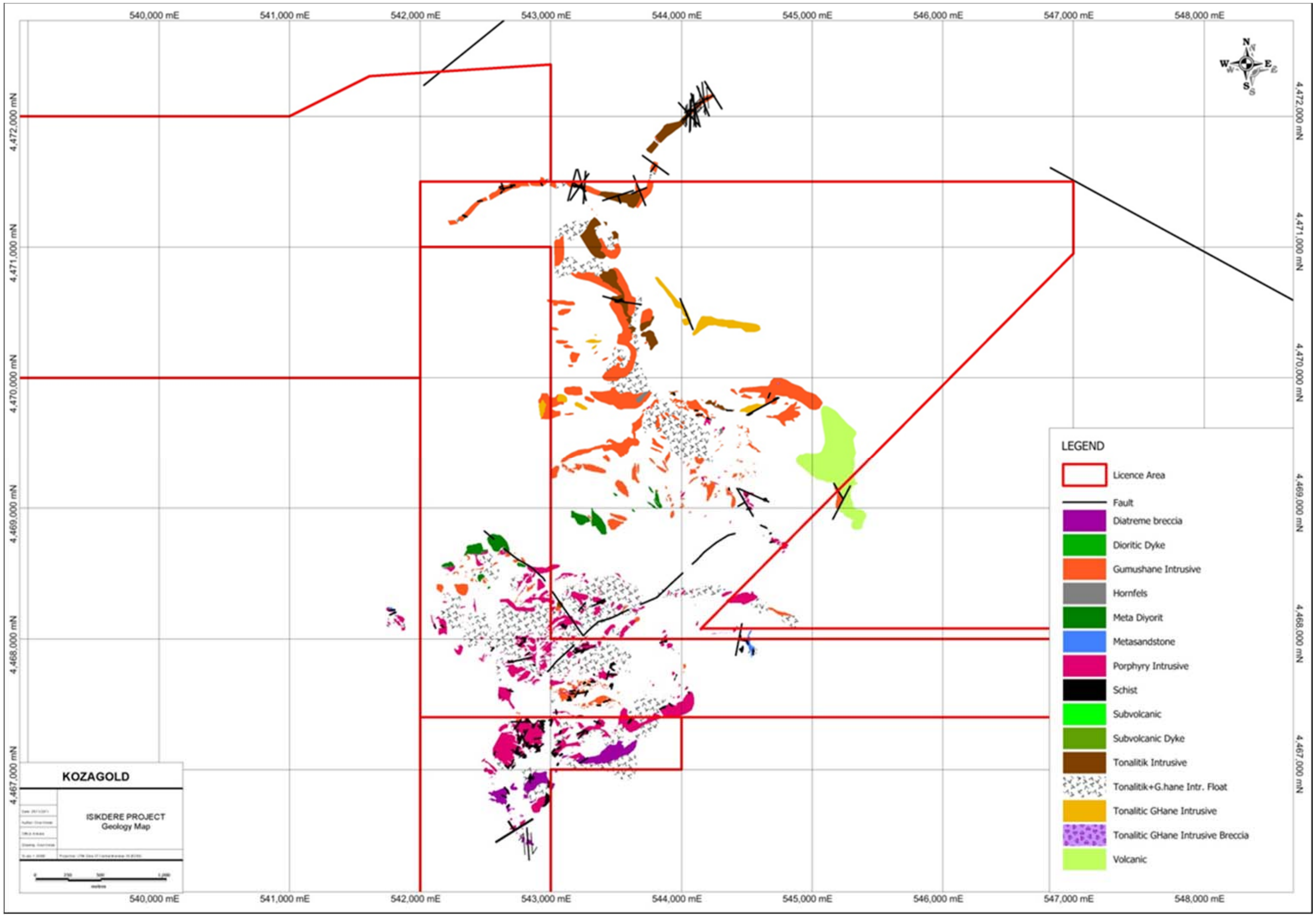
Figure 3.4.1: Location of the Işıkdere Project Relative to the Sakarya Terrane



Source: Koza, 2012

Figure 3.4.2: Işıkdere Project shown in the Eastern Pontide Belt of the Sakarya Terrane

Işıkdere lies in an E-W trending zone of intrusive rocks immediately south of the Gümüşhane granitoid suite in association with the Kurtoğlu Massif (Figure 3.4.3). Copper and gold mineralization was found during follow up work in response to a strongly anomalous stream sediment sample (>1,000 ppb Au). Mineralization is exposed as silicified zones and areas of quartz stockwork hosted in what is interpreted as a tonalite and described as a siliceous fine-grained granitic intrusive rock. The tonalite is overlain by Cretaceous age andesite and pyroclastic material and the hornfels occurs in the contact zones. Alteration associated with mineralization includes argillic and potassic alteration with areas of secondary biotite development. Fine-grained granitic float has been found in association with an east-west ridge. This material is siliceous and commonly contains malachite and azurite after chalcopyrite and other copper minerals. In places, sulfide-bearing sheeted quartz veins have been identified in float. These quartz veins are often associated with porphyry stockworks and are considered "B" type porphyry veins consistent with a high temperature environment. Observed sulfides include chalcopyrite, pyrite, chalcocite and molybdenite. Oxides include malachite and azurite. The strike length of the mineralized zone is up to 550 m with a width of 65 m.



Source: Koza, 2012

Figure 3.4.3: Outcrop Geology of the Işıkdere Project

3.5 Exploration

Koza acquired the Işıkdere Project in 2006 and has collected 149 stream sediment, 96 soil and 168 rock chip samples. The project has been mapped at local and regional scales. In 2009, Koza completed 613 m of trenching collecting 294 trench samples. A geophysical survey was completed in 2009 that included IP chargeability and resistivity in 11 lines totaling 22.8 km as well as ground based magnetics along 18 lines totaling 50 km. From 2010 to 2012, Koza has completed additional ground magnetic surveys covering 20 km in 12 lines. Koza has also completed 547 m of additional trenching and completed 40 drillholes. Total drilling at the Işıkdere Project includes 9,715.5 m in 41 drillholes and 4,327 samples.

3.5.1 Mapping

Koza has mapped the project on a regional and local basis at the following scales: 1:25,000, 1:10,000, 1:5,000, 1:2,000 and 1:1,000. Koza has also trenched at the project and mapped the trenches in detail.

3.5.2 Geophysical Surveys

A geophysical survey was completed in 2009 that included IP chargeability and resistivity in 11 lines totaling 22.8 km as well as ground based magnetics along 18 lines totaling 50 km. From 2010 to 2012, Koza completed additional ground magnetic surveys covering 20 km in 12 lines. Işıkdere has proved challenging to conduct geophysical surveys over because of the steep terrain and loose talus in places. However, Koza has been able to obtain useful data that has aided them in targeting drilling.

3.5.3 Sample Collection

Since acquisition of the license area in 2006, Koza has collected 149 stream sediment, 96 soil and 168 rock chip samples. In 2009, Koza completed 1,160 m in 36 trenches collecting over 300 trench samples and has collected 4,327 core samples from drilling. Core samples are discussed in Section 3.5.4.

Stream sediment samples were collected along master streams above and below the inflow of tributary creeks. Samples were collected to be as representative as possible by collecting a composite sample from the same depositional environment in the stream bed at each sample location. Koza screens stream sediment samples to -80 mesh and typically collects 3 to 4 kg of sample.

Soil samples grids were collected where soil was available. Samples were collected from the B horizon and typically 3 to 4 kg of sample was collected.

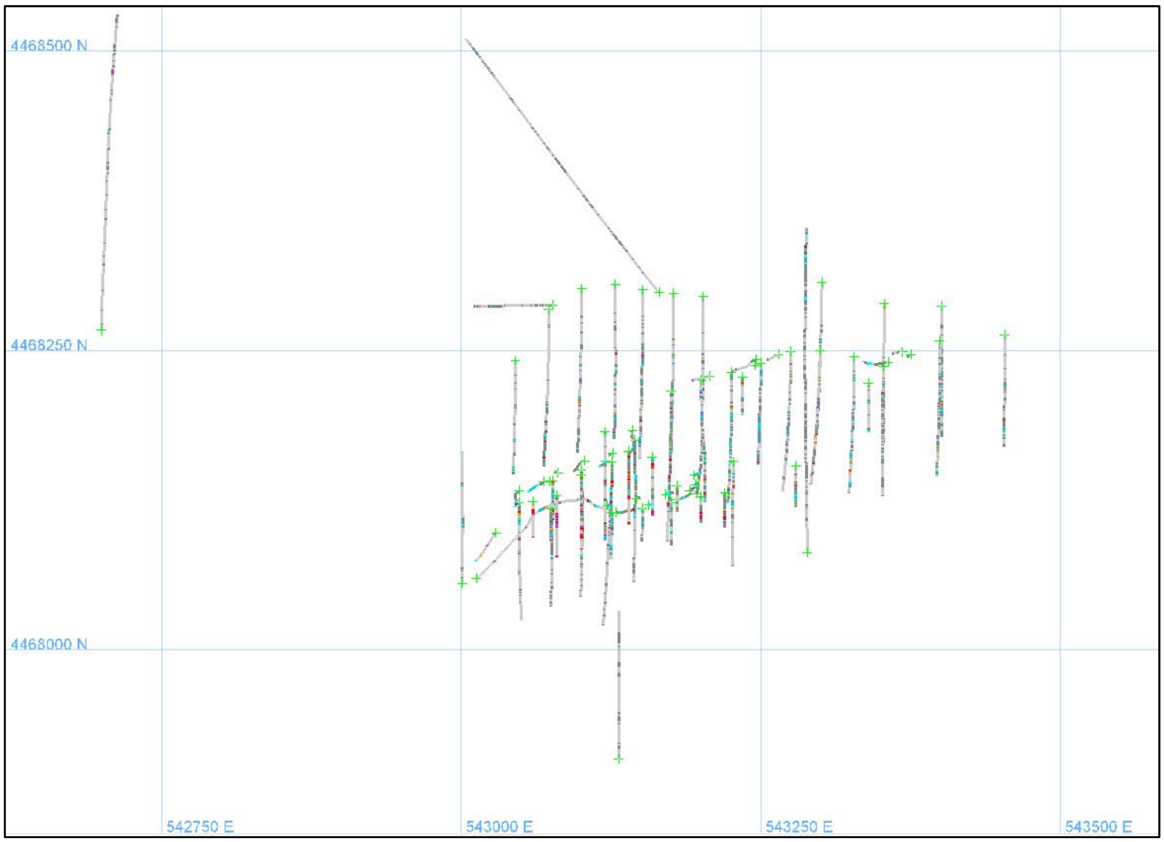
Rock chip samples were selective chip samples collected at locations across the width of the exposed veins and silica zones and were typically 3 to 4 kg in weight. Collection points ranged from 200 to 25 m apart along the veins trend and were selected based on field conditions and accessibility to the vein.

Trench sampling was conducted as continuous chip channel samples. These are collected to be as representative of a cut channel sample as possible. Channel samples are typically 1 m and were typically 3 to 4 kg in weight. Samples may be shorter or slightly longer than 1 m to accommodate changes in lithology.

3.5.4 Drilling

Total drilling at the Işıkdere Project includes 9,715.5 m in 41 HQ-sized drillholes and 4,327 samples. There are also 1,160 m excavated in 36 trenches. Figure 3.5.1.1 shows the locations of the drillholes and the trenches at Isikdere.

Most of the drillholes in the resource area were oriented to the south with inclinations of 60º to intersect the mineralization as close to perpendicular as possible.



Source: SRK, 2012

Figure 3.5.1.1: Location Map of Trenches and Drill Holes at Işıkdere

Koza logs onto paper and collects recovery, rock quality designation (RQD), fracture counts, fracture orientation, quartz vein density, vein orientation, rock type, alteration and sulfide and oxide percentages. Data is then loaded into the computer for additional analysis. Sample intervals are selected by the geologist and are typically 1 m in length. Samples may be shorter or slightly longer than 1 m to accommodate changes in lithology. The core is cut in half lengthwise with ½ sent for assay and ½ archived for reference or future analysis.

Core logging to date suggests that Koza may be exploring near the center of the Gokmusa porphyry system. Koza has also identified another porphyry target, Turplu, approximately 5 km south of Büyükpınar within the license held by Koza. This new target has gold, copper and molybdenum anomalies covering a 400 m x 800 m area.

3.5.5 Sample Preparation and Analysis

Koza's drilling and sampling have been conducted according to Koza's standard exploration practices. All samples preparation is conducted at ALS İzmir. The samples were analyzed at ALS Vancouver by FA and ICP and more recently ALS Romania for FA.

Core and samples are held in the custody of Koza in a locked core logging facility or at the nearest mine site in a locked building until they're shipped to the laboratory for analysis. Core samples are either delivered to the laboratory by Koza personnel or shipped via commercial trucking. This is industry best practice.

Samples were submitted to ALS İzmir for preparation and analysis. Analysis was conducted at two different laboratories in the ALS Global system. ALS Vancouver conducted ICP multi-element analysis and ALS Romania conducted gold FA analysis. ALS Vancouver and ALS Romania have ISO 17025 accreditation for specific analytical methods through the Standards Council of Canada. ALS Vancouver's accreditation is valid through May 18, 2017 and ALS Romania's is valid through March 27, 2016. ALS Perth has ISO 9001:2008 certification for Quality Management System valid through November 30, 2017.

Once the samples arrived at the laboratory, they were bar coded and entered into the Laboratory Information Management System (LIMS). All samples were dried to a maximum temperature of 60°C in order to avoid or limit volatilization of elements such as mercury (ALS code DRY-22). Soil and stream sediment samples were screened to -180 micron (80 mesh) to remove organic matter and large particles. Soil samples were then analyzed. Stream sediment samples were pulverized to 85% passing 75 microns (ALS code PUL-31) prior to digestion and analysis.

Stream sediment and soil samples were analyzed using ALS code ME-MS41, a 51 element package with ultra-trace level sensitivity typically used for rock samples and drill core. In this analysis, a minimum 1 g of sample is digested using aqua regia and finished using both Inductively Coupled Plasma-Atomic Emission Spectroscopy (ICP-AES) and Inductively Coupled Plasma-Mass Spectroscopy (ICP-MS). Because of the sample size, ME-MS41 is considered a semi-quantitative method for gold. Because of this Koza also requested analysis for gold using ALS code Au-ICP22, which is a FA method using a 50 g charge and ICP-AES finish. The aqua regia digestion used in method ME-MS41 may not provide representative results for refractory minerals and elements such as molybdenum (ALS Global, 2014). Table 3.5.5.1 presents the analytes with upper and lower detection limits for ALS ME-MS41 and Au-ICP22.

Table 3.5.5.1: Analytes and Upper and Lower Detection Limits for ALS Codes ME-MS41 and Au-ICP22 in ppm Unless Otherwise Noted

Method	Analyte	Range	Method	Analyte	Range	Method	Analyte	Range
Au-ICP22	Au	0.001-10	ME-MS41	Hf	0.02-500	ME-MS41	Sc	0.1-10,000
ME-MS41	Ag	0.01-100	ME-MS41	Hg	0.01-10,000	ME-MS41	Se	0.2-1,000
ME-MS41	Al	0.01-25%	ME-MS41	In	0.005-500	ME-MS41	Sn	0.2-500
ME-MS41	Au	0.2-25	ME-MS41	K	0.01-10%	ME-MS41	Sr	0.2-10,000
ME-MS41	B	10-10,000	ME-MS41	La	0.2-10,000	ME-MS41	Ta	0.01-500
ME-MS41	Ba	10-10,000	ME-MS41	Li	0.1-10,000	ME-MS41	Te	0.01-500
ME-MS41	Be	0.05-1,000	ME-MS41	Mg	0.01-25%	ME-MS41	Th	0.2-10,000
ME-MS41	Bi	0.01-10,000	ME-MS41	Mn	5-50,000	ME-MS41	Ti	0.005-10%
ME-MS41	Ca	0.01-25%	ME-MS41	Mo	0.05-10,000	ME-MS41	Tl	0.02-10,000
ME-MS41	Cd	0.01-1,000	ME-MS41	Na	0.01-10%	ME-MS41	U	0.05-10,000
ME-MS41	Ce	0.02-500	ME-MS41	Nb	0.05-500	ME-MS41	V	1-10,000
ME-MS41	Co	0.1-10,000	ME-MS41	Ni	0.2-10,000	ME-MS41	W	0.05-10,000
ME-MS41	Cr	1-10,000	ME-MS41	P	10-10,000	ME-MS41	Y	0.05-500
ME-MS41	Cs	0.05-500	ME-MS41	Pb	0.2-10,000	ME-MS41	Zn	2-10,000
ME-MS41	Cu	0.2-10,000	ME-MS41	Rb	0.1-10,000	ME-MS41	Zr	0.5-500
ME-MS41	Fe	0.01-50%	ME-MS41	Re	0.001-50			
ME-MS41	Ga	0.05-10,000	ME-MS41	S	0.01-10%			
ME-MS41	Ge	0.05-500	ME-MS41	Sb	0.05-10,000			

Source: ALS Global, 2014

After drying, rock chip, rock channel and core samples were crushed to 70% passing -2 mm (ALS code CRU-31) and a 1,000 g split was collected using a riffle splitter (ALS code SPL-21). The 1,000 g split was pulverized to 85% passing 75 microns (ALS code PUL-32). Koza requests a larger split pulverized to help mitigate the nugget affect.

Rock chip, chip channel and core samples were analyzed using ALS code ME-ICP61m, a 33 element package with trace level sensitivity. A minimum sample of 1 g is digested using a four acid digestion and the sample is analyzed using ICP-AES. Gold was analyzed using ALS code Au-AA24, which is gold by FA using a 50g charge with an Atomic Absorption Spectroscopy (AAS) finish. The samples were also analyzed for mercury using Hg-CV41. By this method, mercury content is determined using aqua regia digestion and cold vapor AAS. Table 3.5.5.2 presents the analytes with upper and lower detection limits for ALS ME-ICP61m, Hg-CV41 and Au-AA24.

Table 3.5.5.2: Analytes and Upper and Lower Detection Limits for ALS Codes ME-ICP61m, Hg-CV41 and Au-AA24 in ppm Unless Otherwise Noted

Method	Analyte	Range	Method	Analyte	Range	Method	Analyte	Range
Au-AA24	Au	0.005-10	ME-ICP61	Cu	1-10,000	ME-ICP61	S	0.01-10%
Hg-CV41	Hg	0.01-100	ME-ICP61	Fe	0.01-50%	ME-ICP61	Sb	5-10,000
ME-ICP61	Ag	0.5-100	ME-ICP61	Ga	10-10,000	ME-ICP61	Sc	1-10,000
ME-ICP61	Al	0.01-50%	ME-ICP61	K	0.01-10%	ME-ICP61	Sr	1-10,000
ME-ICP61	As	5-10,000	ME-ICP61	La	10-10,000	ME-ICP61	Th	20-10,000
ME-ICP61	Ba	10-10,000	ME-ICP61	Mg	0.01-50%	ME-ICP61	Ti	0.01-10%
ME-ICP61	Be	0.5-1,000	ME-ICP61	Mn	5-100,000	ME-ICP61	Tl	10-10,000
ME-ICP61	Bi	2-10,000	ME-ICP61	Mo	1-10,000	ME-ICP61	U	10-10,000
ME-ICP61	Ca	0.01-50%	ME-ICP61	Na	0.01-10%	ME-ICP61	V	1-10,000
ME-ICP61	Cd	0.05-1,000	ME-ICP61	Ni	1-10,000	ME-ICP61	W	10-10,000
ME-ICP61	Co	1-10,000	ME-ICP61	P	10-10,000	ME-ICP61	Zn	2-10,000
ME-ICP61	Cr	1-10,000	ME-ICP61	Pb	2-10,000			

Source: ALS Global, 2014

3.5.6 Quality Assurance and Quality Control

Koza's QA/QC procedures are discussed in Section 2.5.6. Işıkdere QA/QC results are discussed in the following section.

Standard Reference Materials

Beginning with the 2010 drilling program, Işıkdere has used three different CRMs purchased from RockLabs in New Zealand. Koza uses a performance range of ±10% when there is a small number of analyses from ALS and ±2 standard deviations once there is a statistically meaningful population. Table 3.5.6.1 presents the expected mean, standard deviations and summaries of the analyses of the Au CRMs.

Table 3.5.6.1: Results of Au CRM Analyses at Işıkdere

Standard	Number Samples	Expected (ppm)		Observed (ppm)		% of Expected	Number Failures	% Failure Rate
		Mean	Std Dev	Mean	Std Dev			
OxE74	12	0.615	0.017	0.602	0.015	97.9	0	0.0
SF45	18	0.848	0.028	0.839	0.030	98.9	0	0.0
SE58	85	0.607	0.019	0.592	0.015	97.5	0	0.0
Total	**115**						**0**	**0.0**

Source: SRK, 2012

All of the CRMs are performing low at Işıkdere with observed means ranging from 97.5 to 98.9% of the expected mean. However, all are performing within ±10%. The CRM SE58 has 85 analyses and although these all perform within ±10%, if ±2 standard deviation is used for the performance range there are 13 failures. SRK recommends confirming that the digestion and analysis used for routine samples is the same at the laboratory as were used to certify the CRMs. It may be necessary to replace the standards at Işıkdere with ones that perform closer to the certified mean. SRK also recommends that Koza add two standards that bracket the grade range of the resource at the Işıkdere project. Koza should also add silver standards to the QA/QC program since it is reporting a silver resource for Işıkdere.

Blanks

Sample blanks test for cross contamination during preparation as well as assaying and handling errors. Koza inserts 1 sample blank into every sample batch of 50 samples and has used pulp blanks up until June 2012 and preparation blanks since then. A blank failure is a result greater than five times the detection limit. Koza submitted 67 blank samples and had no blank failures.

Preparation Duplicates

Preparation duplicates are a split of the coarse fraction of a prepared sample using the same method and collecting the same weight as the original sample. The objective is to determine if:

- Splitting procedures are applied consistently; and
- Changes are required for the crush size.

Koza sent 55 preparation duplicates to the laboratory for gold analysis. Failures are those pairs that fall outside a ±20% performance range. A summary of the analytical results are presented in Table 3.5.6.2.

Table 3.5.6.2: Summary of Duplicate Au Analysis at Işıkdere

Criteria	N	Original>Dup	Dup>Original	Original = Dup	Within +/- 20%
All samples	55	9	19	27	44
		16%	35%	49%	80%

Source: SRK, 2012

All but one of the submitted duplicates had analytical results less than the 1.0 g/t Au cutoff grade for resources at Işıkdere and that sample was a failure. However, the majority of samples passed indicating that the preparation is probably adequate for the deposit. SRK notes that Koza investigates QA/QC failures to determine why the failure has occurred and takes action to correct the problem. SRK recommends that Koza continue to submit preparation duplicates with sample selections that are mineralized to test the range of grades in the deposit above the cutoff grade.

Pulp Duplicates

Koza does not submit pulp duplicates at this time. Pulp duplicates test the analytical reproducibility or precision of the analysis. SRK recommends that Koza add pulp duplicates to its QA/QC program by having the lab prepare pulp duplicates or monitoring results of the laboratory's routine pulp duplicates.

Secondary Check Lab Analysis

Koza sent 65 pulps originally assayed by ALS from Işıkdere to SGS Ankara as verification of the ALS analytical results during 2013. Table 3.5.6.3 presents the results of the check samples.

Table 3.5.6.3: Summary of Duplicate Au Analysis at Işıkdere

Criteria	N	ALS>SGS	SGS>ALS	ALS = SGS	Within ±10%
All samples	65	36	29	0	63
		55%	45%	0%	97%

Source: SRK, 2012

The results show good reproducibility between the two laboratories with ALS showing slightly higher results overall. SRK recommends that Koza continue sending check samples to a secondary laboratory using the same method as ALS Chemex with CRMs submitted with the check samples. SRK also recommends that Koza consider the following performance gates for CRMs:

- If one analysis is outside of ±2 standard deviations it is a warning;
- Two or more consecutive analyses outside of ±2 standard deviations is a failure;
- If an analysis is outside ±3 standard deviations it is a failure if ±3 standard deviations does not exceed ±10% of the mean; and
- If the ±3 standard deviations exceed ±10% of the mean, then ±5 to ±10% should be used.

Ore Research & Exploration (OREAS) who manufactures CRMs, recommends using these performance gates and has started printing this information on CRM certificates as part of a guide for use of the CRM. ALS Global uses ±3 standard deviations during analysis as a performance gate for internal CRMs (ALS Global, 2012). Koza is using a more restrictive performance gate that may result in unnecessary failures.

SRK is of the opinion that the QA/QC data supports use of the database in resource estimation.

3.5.7 Budget and Exploration Plan

Koza has budgeted TL211,000 (US$94,000) for the 2015 exploration year and is currently focused on obtaining drilling permits. Koza plans to advance the Işıkdere project through additional drilling. SRK is of the opinion that this is appropriate for the project.

3.6 Mineral Resources

The resources were estimated by Koza in 2012 (Koza, 2012b).

3.6.1 Geological Modeling

Both drillholes and trenches were used in the resource estimation at Isikdere. The drillholes are located on section lines oriented north-south and spaced about 25 m apart. There are between one and four drillholes on the section lines, most often two. The trenches are located on two lines trending west-southwest.

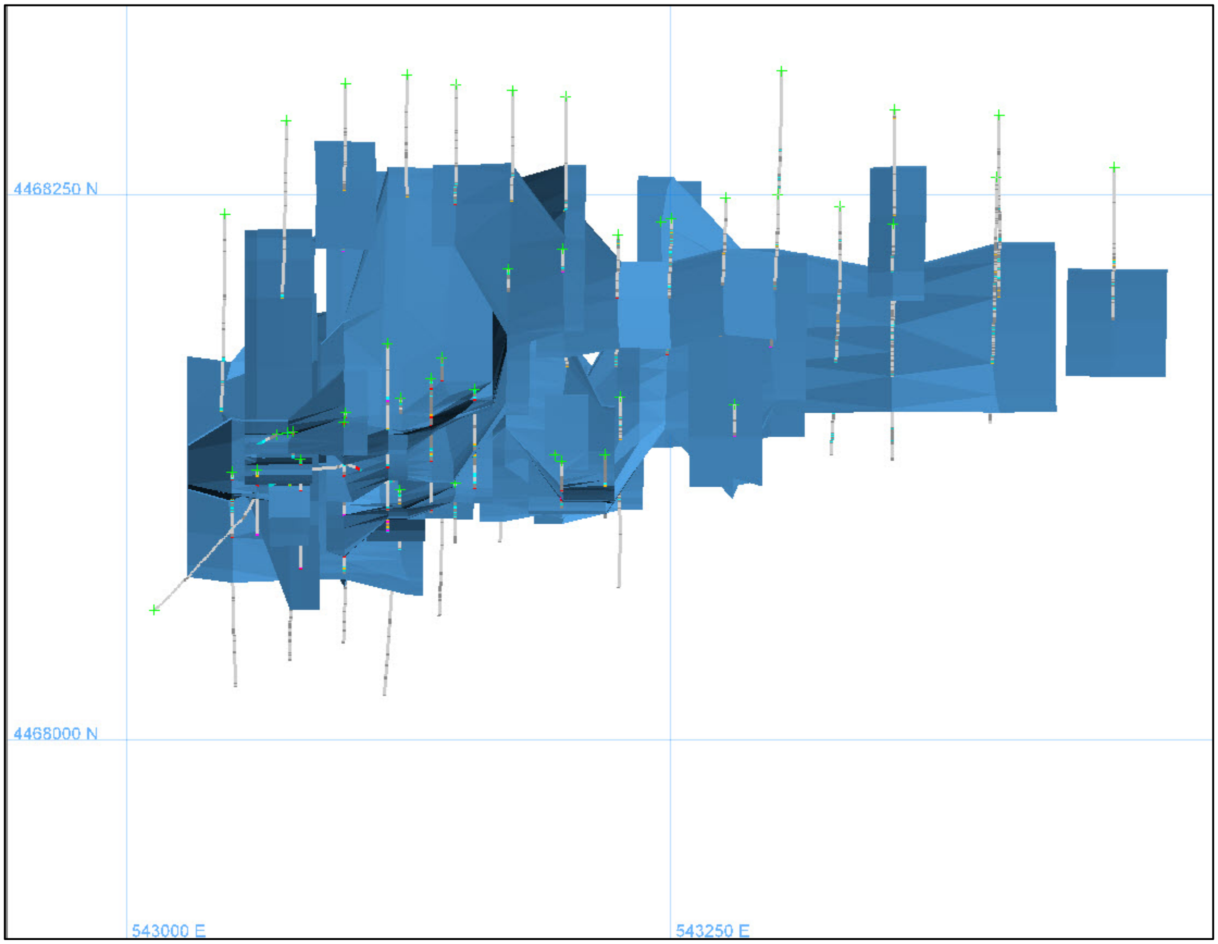
The mineralization occurs in sheeted quartz veins trending east-west and dipping north at about 35°. The quartz veins are thin, from less than 1 m to about 19 m, but average 2 to 3 m in thickness. Over 30 wireframes were constructed at 0.5 g/t Au based on drillhole and trench intercepts. Several of the wireframes are based on intercepts from a single drillhole. The wireframes are shown in plan view in Figure 3.6.1.1 and an oblique view is shown in Figure 3.6.1.2. The wireframes cover an area about 450 m east-west and 150 m north-south.

There are 419 gold assays within the Işıkdere grade shell with basic statistics as shown in Table 3.6.1.1.

Table 3.6.1.1: Statistics of Assays within the Hasandağ Grade Shell

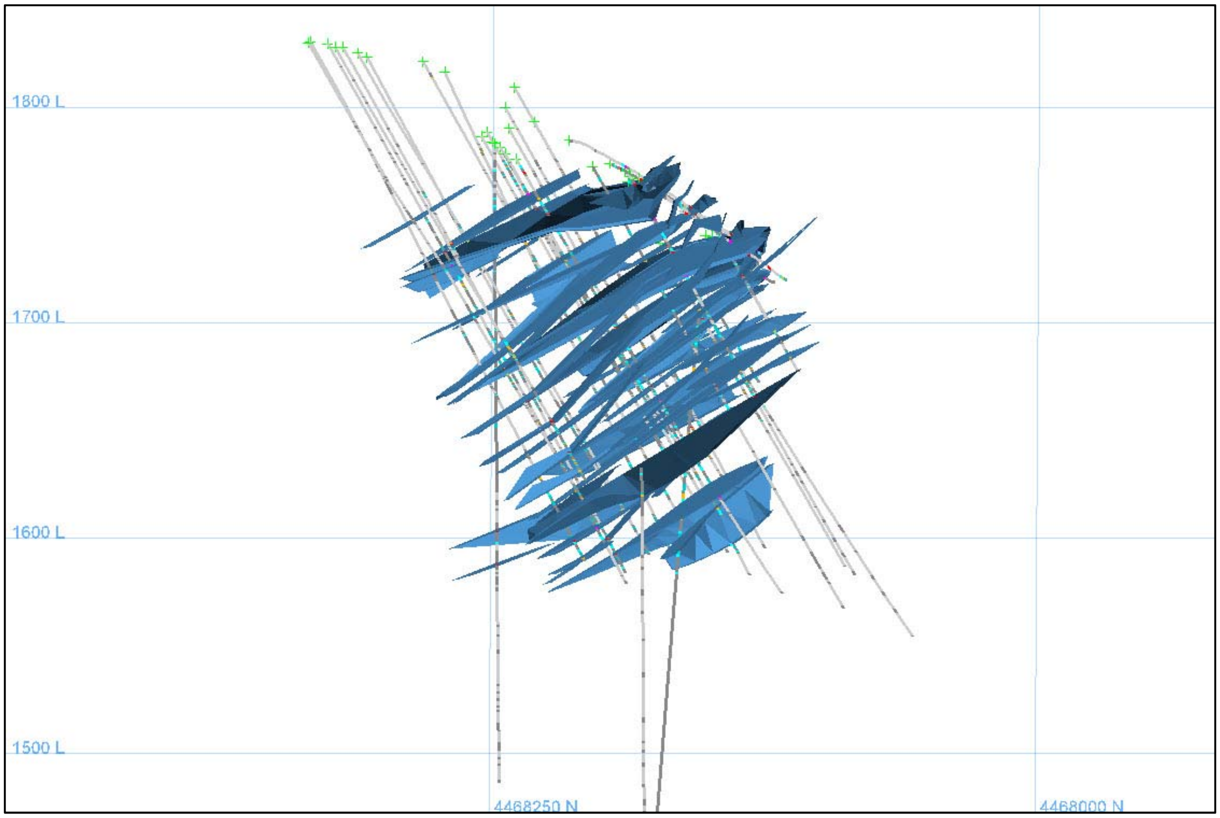
Metal	Count	Min	Max	Mean	Std Dev	Skewness	CV
Au	419	0.01	44.39	1.75	3.09	6.32	1.77
Ag	419	0.03	134.92	7.27	12.85	4.28	1.77

Source: SRK, 2012



Source: SRK, 2012

Figure 3.6.1.1: Işıkdere Wireframe in Plan View



Source: SRK, 2012

Figure 3.6.1.2: Oblique View of Işıkdere Wireframe, Looking East

3.6.2 Compositing and Capping

About 75% of the samples are 1.5 m or less in length and that length was used as the compositing length. Koza used the distribution method of compositing where the drillholes are composited into equal lengths based on 1.5 m, across the geology or, in this case, the wireframe. The composite lengths range from 0.4 to 2.2 m. SRK suggests that 2 m may be a more appropriate length as 25% of the samples are greater than 1.5 m. The statistics of the composites are shown in Table 3.6.2.1. Because the composites are basically the same as the assayed intervals, there is no change in variance or CV.

Table 3.6.2.1: Statistics of Uncapped Composites within the Işıkdere Grade Shell

Metal	Count	Min	Max	Mean	Std Dev	Skewness	CV
Au	306	0.01	16.29	1.74	2.24	3.65	1.29
Ag	306	0.00	64.97	7.24	10.58	3.15	1.46

Source: SRK, 2012

Koza performed a quantile analysis to determine the need for capping the gold or silver grades. Gold was capped at 3.65 which is at the 90th percentile and silver was capped at 25 g/t which is the 95th percentile. The capping affected about 30 gold samples and 16 silver samples. SRK suggests that the gold capping value could be higher at about 6 g/t which would affect 10 samples and is at the

97th percentile. Statistics of the capped composites are shown in Table 3.6.2.2. The CVs for gold and silver have been noticeably reduced by grade capping.

Table 3.6.2.2: Statistics of Capped Composites within the Işıkdere Grade Shell

Metal	Count	Min	Max	Mean	Std Dev	Skewness	CV
Au	306	0.01	3.65	1.41	1.08	0.91	0.76
Ag	306	0.02	25.00	6.27	6.28	1.51	1.13

Source: SRK, 2012

3.6.3 Specific Gravity

Koza measured 52 HQ sized core samples from 24 drillholes. The samples were grouped by rock type, alteration and degree of breakage. The specific gravity was determined using Archimedes Principle. The core samples were covered with wax and the samples were weighted in air and water. The average of the samples is 2.57 and that number was used in the resource estimation. The specific gravity is on a dry tonnage basis.

3.6.4 Grade Estimation

The block model was created with blocks that are 5 m by 5 m in plan and 5 m high. Sub-blocking was allowed to 0.5 m in the X and Y direction and 1 m vertically. The block size is about 25% of the drill spacing, but is suitable for a narrow vein type deposit.

Koza used a nested three pass estimation with ID2:

- First: search ellipsoid of 30 m x 50 m x 5 m, with a minimum of 3 and maximum of 10 composites; an octant search was used requiring a minimum of 2 octants with a minimum of 1 sample and a maximum of 4 per octant;
- Second: search ellipsoid of 60 m x 100 m x 10 m, with a minimum of 3 and maximum of 10 composites with the same octant requirement as the first pass; and
- Third: search ellipsoid of 90 m x 150 m x 15 m with a minimum of 1 and maximum of 10 composites with the same octant requirement as the first pass.

The search was oriented to the south with an inclination of 40°.

3.6.5 Block Model Validation

Koza validated the block model by comparison of block grades to drillhole grades on section and by comparison of the average block grade to the composite grade. (Table 3.6.5.1) The average estimated gold grade is close to the average composite grade, but about 4% lower, which is well within the acceptable range. The average estimated silver grade is about 15% lower than the average composite grade; the block model should be investigated to see the cause of this under-estimation.

Table 3.6.5.1: Comparison of Composites and Block Grades within the Işıkdere Block Model

Metal	Composites	ID2
Au	1.41	1.34
Ag	6.27	5.35

Source: SRK, 2012

Koza also reviewed the block grades and drillhole grades on cross-sections.

SRK suggests that Koza also generate swath plots as a means of block model validation.

3.6.6 Mineral Resource Classification

All blocks were classified as Indicated when estimated with a minimum of three drillholes within half the primary search distance. The remaining blocks were classified as Inferred.

3.6.7 Mineral Resource Statement

The resources are stated at a cutoff grade of 1.15 g/t Au based on the assumption that the Işıkdere material would be mined by open pit methods and shipped to the Mastra mill for processing. The assumed costs are shown in Table 3.6.7.1. The gold price used in the cutoff calculation is US$1450/oz. The one year rolling average gold price is US$1,266; the two year average is US$1,339; and the three year average is US$1,449.

Table 3.6.7.1: Işıkdere Cutoff Grade Parameters

Prices and Costs	Units	Oxide
Gold Price	US$/oz	1,450
Gold Recovery	%	0.93
Gold Refining	US$/oz	3.44
Government Right	%	1
Process Cost	US$/t	25.00
Mining Cost	US$/t	0.00
G&A Cost	US$/t	15.00
Transport Cost	US$/t	8.00
Calculated Cutoff grade	g/t	0.09
Final Cutoff grade	g/t	1.15

Source: Koza, 2014

It is becoming an industry standard to report resources within a pit optimization shell or to use a cutoff grade which would reflect underground mining costs. Koza has not conducted a pit optimization on the Işıkdere resource. The resources stated in this report are global resources within the grade shell wireframes.

Table 3.6.7.2 presents the Mineral Resources for Işıkdere.

Table 3.6.7.2: Işıkdere Mineral Resources at December 31, 2014

Classification	kt	g/t Au	g/t Ag	koz Au	koz Ag
Indicated	88	1.69	9.6	5	27
Inferred	359	1.72	5.8	20	67

- Tonnages and grade are rounded to reflect approximation;
- Resources are stated at a cutoff grade of 1.15 g/t Au; and
- Resources are contained within grade shells but are not constrained by a pit optimization shell.

3.6.8 Mineral Resource Sensitivity

Grade tonnage curve for the Indicated and Inferred resources are presented in Figures 3.6.8.1 and 3.6.8.2, respectively. Cutoff grades for the Işıkdere resource at various gold prices are shown in Table 3.6.8.1.

Table 3.6.8.1: Işıkdere Cut-off Grades vs Gold Price

Gold Price	Cut-off Grade
1600	1.03
1550	1.06
1500	1.09
1450	1.13
1400	1.17
1350	1.22
1300	1.26
1250	1.31
1200	1.37

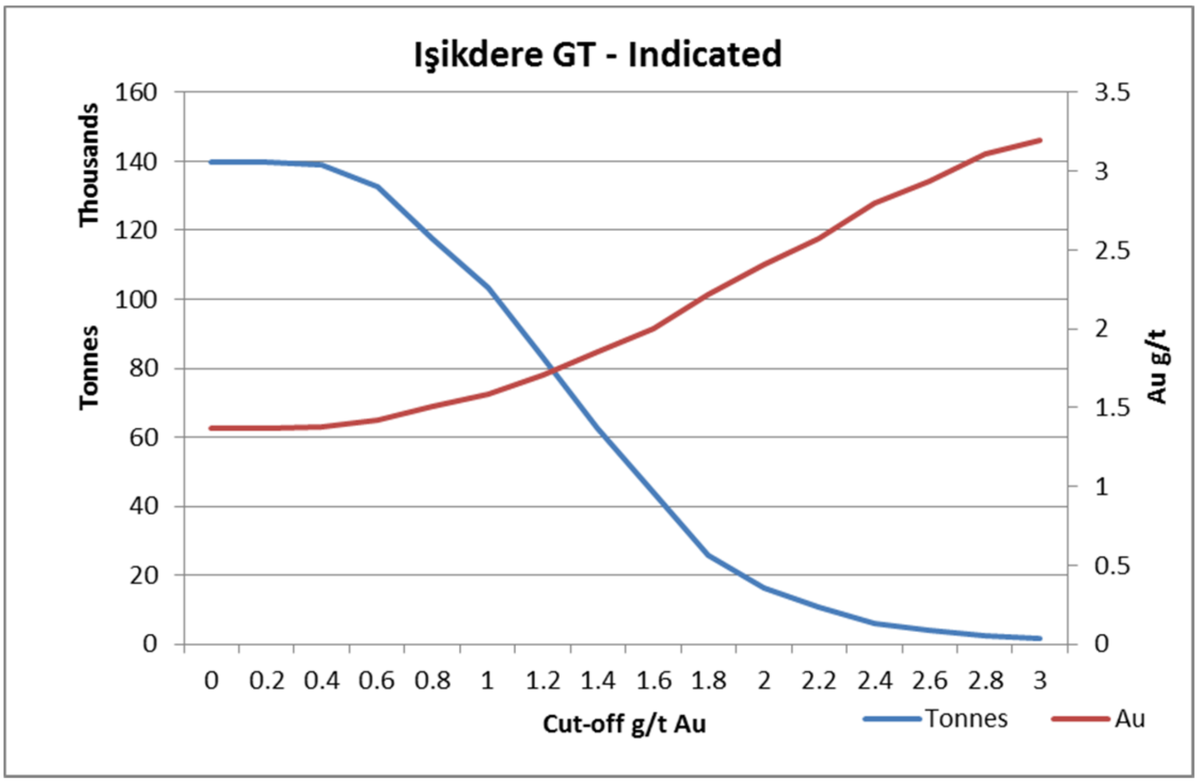


Figure 3.6.8.1: Grade Tonnage Curve Işıkdere Indicated Resources

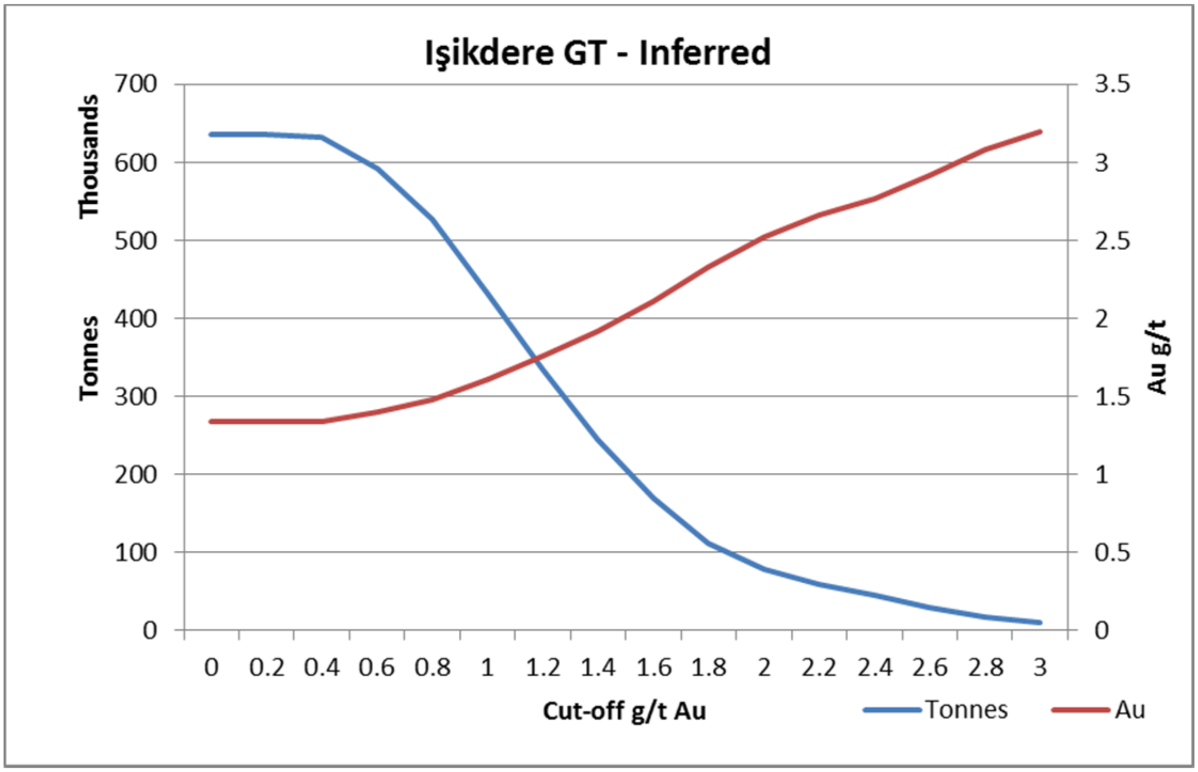


Figure 3.6.8.2: Grade Tonnage Curve Işıkdere Inferred Resources

3.7 Metallurgical Testing

There has been no metallurgical testing on material from Işıkdere.

3.8 Environmental

The Işıkdere Prospect is in Gümüşhane Province, 11 km southeast of Koza's Mastra Gold Mine. Except for forest recreational areas, the license area does not contain areas with special protection status. The closest protection areas are Süleymaniye Winter Sports Tourism Center located 5 km northwest, the Siran-Kuluca Wildlife Development Area and the Artabel Lakes Nature Park located 31 km west of the license area. Ponds and reservoirs in the Project area are for flood protection and erosion control purposes. A map showing the environmentally sensitive and protected areas around the license area is given in Figure 3.8.1.

Koza has indicated that the operation license 201001935 is exempt from the EIA permit (July 20, 2012).

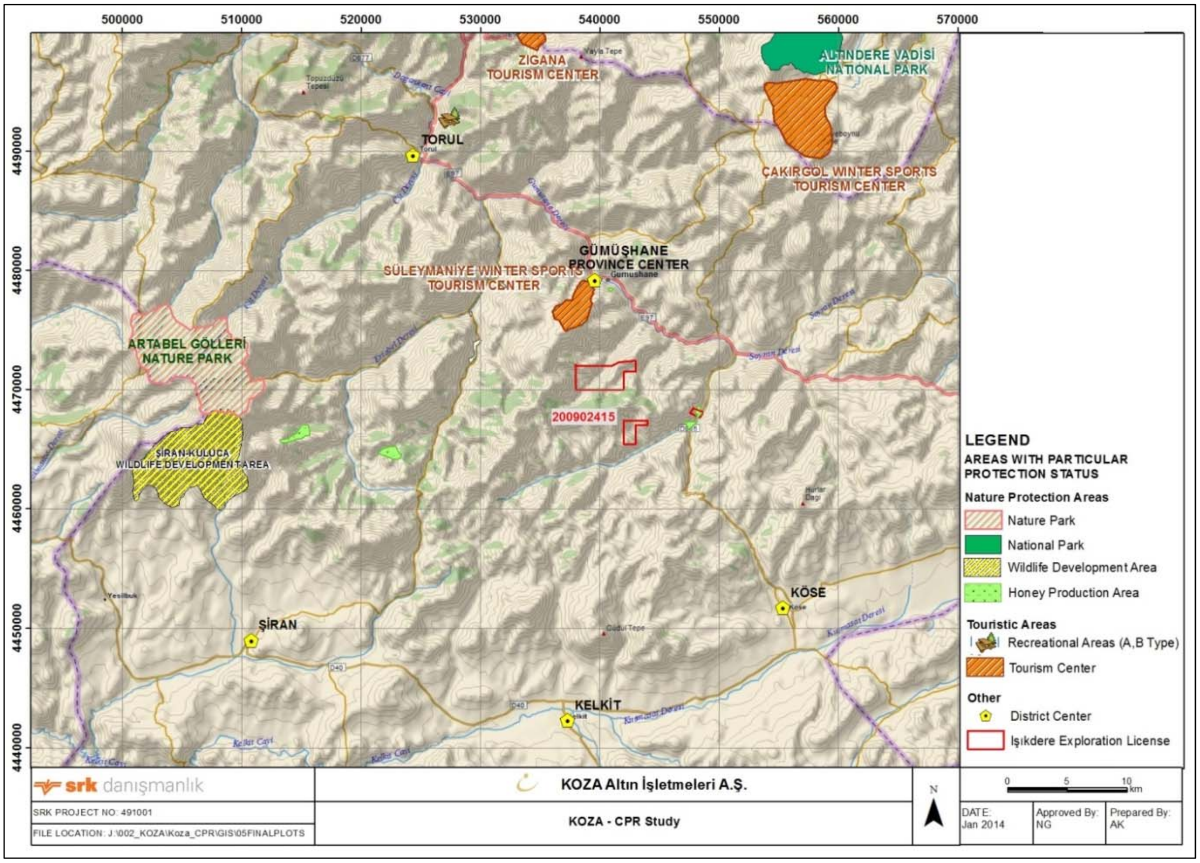


Figure 3.8.1: Environmentally Sensitive and Protected Areas around the License Area

3.9 Conclusions and Recommendations

3.9.1 Laboratory Quality Assurance/Quality Control (QA/QC)

In regard to QA/QC, SRK recommends confirming that the digestion and analysis used for routine samples is the same at the laboratory as were used to certify the CRMs used at Işıkdere. It may be necessary to replace the standards at Işıkdere with ones that perform closer to the certified mean. Koza should add at least two standards and three if possible that bracket the grade range of the resource at the Işıkdere project and should also add silver standards to the QA/QC program since it is reporting a silver resource for Işıkdere. The CRMs should include one near a possible CoG of mineralization, one near the average grade and one at the approximate 80th percentile of grades in the sample population.

SRK also recommends that Koza consider the following performance gates for CRMs:

- If one analysis is outside of ±2 standard deviations it is a warning;
- Two or more consecutive analyses outside of ±2 standard deviations is a failure;
- If an analysis is outside ±3 standard deviations it is a failure if ±3 standard deviations does not exceed ±10% of the mean; and
- If the ±3 standard deviations exceed ±10% of the mean, then ±5 to ±10% should be used.

For duplicates, SRK recommends that Koza continue to submit preparation duplicates with sample selections that are mineralized to test the range of grades in the deposit above the cutoff grade. In addition, SRK recommends that Koza add pulp duplicates or monitor the laboratory's internal pulp duplicates, and add check samples sent to a secondary laboratory to its QA/QC program.

3.9.2 Exploration

SRK recommends that Koza continue drilling at Işıkdere to potentially increase the resource and upgrade the Inferred resources to Indicated.

3.9.3 Resource

SRK suggests the following:

- Koza use pit optimization shells for reporting resources as this has become a standard practice for most mining companies;
- Koza generate swath plots as a means of validating the resource models; and
- Koza conduct metallurgical testwork to justify the recoveries and process costs used in the cutoff grade analysis.

3.9.4 Metallurgical Testwork

SRK recommends that Koza select representative samples from Işıkdere for preliminary testwork to determine metallurgical characteristics.

4 References

ESRI Basemap NatGeo_World_Map, 2013, National Geographic, Esri, DeLorme, NAVTEQ, UNEP-WCMC, USGS, NASA, ESA, METI, NRCAN, GEBCO, NOAA, iPC, Accessed January 2013.

Koza Altın İşletmeleri A.Ş. (2012) GIS Database.

Koza Altın İşletmeleri A.Ş. (2012a), *Mineral Resource Estimate for the Hasandağ Prospect, Turkey.*

Koza Altın İşletmeleri A.Ş. (2012b), *Mineral Resource Estimate for the Işıkdere Project, Turkey.*

Koza Altın İşletmeleri A.Ş. (2012c), *Presentation on Exploration.*

Okay, A.I. and Göncüoğlu, C., 2004, *The Karakaya Complex: A Review of Data and Concepts*, in: Turkish Journal of Earth Sciences, V.13, pp.77-95.

Okay, A.I. and Whitney, D.L., 2010, Blueschists, ophiolites, and suture zones in northwest Turkey, in: Tectonic Crossroads: Evolving Orogens of Eurasia-Africa-Arabia October 4-8, 2010, Ankara, Turkey Conference Paper, 54p.

5 Glossary

5.1 Mineral Resources and Reserves

The JORC Code 2012 was used in this report to define resources and reserves.

A ‘Mineral Resource’ is a concentration or occurrence of material of intrinsic economic interest in or on the Earth’s crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

An ‘Inferred Mineral Resource’ is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes which may be limited or of uncertain quality and reliability.

An ‘Indicated Mineral Resource’ is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

A ‘Measured Mineral Resource’ is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are spaced closely enough to confirm geological and grade continuity.

5.2 Glossary of Terms

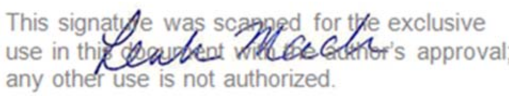
Table 5.2.1: Glossary

Term	Definition
Assay	The chemical analysis of mineral samples to determine the metal content.
Capital Expenditure	All other expenditures not classified as operating costs.
Composite	Combining more than one sample result to give an average result over a larger distance.
Concentrate	A metal-rich product resulting from a mineral enrichment process such as gravity concentration or flotation, in which most of the desired mineral has been separated from the waste material in the ore.
Crushing	Initial process of reducing ore particle size to render it more amenable for further processing.
Cut-off Grade	The grade of mineralized rock, which determines as to whether or not it is economic to recover its gold content by further concentration.
Dilution	Waste, which is unavoidably mined with ore.
Dip	Angle of inclination of a geological feature/rock from the horizontal.
Fault	The surface of a fracture along which movement has occurred.
Flitch	Mining horizon within a bench. Basis of Selective Mining Unit and excavator dig depth.
Footwall	The underlying side of an orebody or stope.
Grade	The measure of concentration of gold within mineralized rock.
Haulage	A horizontal underground excavation which is used to transport mined ore.
Igneous	Primary crystalline rock formed by the solidification of magma.
Kriging	An interpolation method of assigning values from samples to blocks that minimizes the estimation error.
Level	Horizontal tunnel the primary purpose is the transportation of personnel and materials.
Milling	A general term used to describe the process in which the ore is crushed and ground and subjected to physical or chemical treatment to extract the valuable metals to a concentrate or finished product.
Mining Assets	The Material Properties and Significant Exploration Properties.
SAG Mill	Semi-autogenous grinding mill, a rotating mill similar to a ball mill that utilizes the feed rock material as the primary grinding media.
Sedimentary	Pertaining to rocks formed by the accumulation of sediments, formed by the erosion of other rocks.
Sill	A thin, tabular, horizontal to sub-horizontal body of igneous rock formed by the injection of magma into planar zones of weakness.
Smelting	A high temperature pyrometallurgical operation conducted in a furnace, in which the valuable metal is collected to a molten matte or doré phase and separated from the gangue components that accumulate in a less dense molten slag phase.
Spigotted	Tap/valve for controlling the release of tailings.
Stope	Underground void created by mining.
Strike	Direction of line formed by the intersection of strata surfaces with the horizontal plane, always perpendicular to the dip direction.
Sulfide	A sulfur bearing mineral.
Tailings	Finely ground waste rock from which valuable minerals or metals have been extracted.
Thickening	The process of concentrating solid particles in suspension.
Variogram	A statistical representation of the characteristics (usually grade).

6 Date and Signature Page

Signed on this 31st Day of January, 2015.

Endorsed by CPs:



Leah Mach, MSc Geology, CPG

Dorinda Bair, BSc Geology, CPG

Reviewed by:

Cody Bramwell, P.G.

All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted industry practices.

Disclaimer

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (U.S.), Inc. (SRK) by Koza Altın İşletmeleri A.Ş. (Koza). These opinions are provided in response to a specific request from Koza to do so, and are subject to the contractual terms between SRK and Koza. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report.

Copyright