

**Court File No. S-134749**  
**Vancouver Registry**

**Great Basin Gold Ltd.**

**THIRD REPORT OF THE RECEIVER**

**December 28, 2014**

**THE SUPREME COURT OF BRITISH  
COLUMBIA  
IN BANKRUPTCY AND  
INSOLVENCY**

**IN THE MATTER OF THE RECEIVERSHIP OF GREAT BASIN GOLD LTD.**

**THIRD REPORT TO THE COURT SUBMITTED BY FTI  
CONSULTING CANADA INC.  
IN ITS CAPACITY AS RECEIVER**

**INTRODUCTION**

1. On June 28, 2013 (the “**Appointment Date**”), FTI Consulting Canada, Inc. was appointed as receiver (the “**Receiver**”) of all of the assets, undertakings and properties of Great Basin Gold Ltd. (“**GBGL**” or the “**Company**”) pursuant to an Order of the Honourable Madam Justice Fitzpatrick of the Supreme Court of British Columbia (the “**Receivership Order**”).
2. The Receiver’s First Report dated December 23, 2013 and its Second Report dated June 26, 2014 are attached to this Third Report as Appendices “A and “B”, respectively.
3. At the time of its appointment, the Receiver was advised that the total debt owing to the Company’s primary secured creditors (the “**Lenders**”) was approximately \$200 million, and the estimated recoveries from the available assets was expected to be significantly less than the amount owing to the Lenders.
4. The Company’s most significant remaining asset was the Burnstone property, located in Balfour, Mpumalanga, South Africa, (the “**Burnstone Property**”), which was a producing gold mine. The Burnstone Property was owned by an indirect subsidiary

company of GBGL, Southgold Exploration (Pty) Ltd., (“**Southgold**”).

5. Southgold was subject to business rescue proceedings in South Africa pursuant to Chapter 6 of the *Companies Act* and Mr. Peter van den Steen was appointed as the Business Rescue Practitioner of Southgold (the “**BRP**”) overseeing the activities of Southgold, including with respect to the Burnstone Property.
6. Wiswatersrand Consolidated Gold Resources (“**Witgold**”) made an offer to purchase the shares of Southgold and certain shareholder claims of N6C Resources Inc. (“**N6C**”) in respect of Southgold (the “**Southgold Sale Transaction**”) in accordance with the business rescue plan that was approved by the requisite holders of creditors’ voting interests on July 11, 2013. The Receiver’s primary mandate has been to work with the BRP to facilitate the Southgold Sale Transaction.
7. Pending the closing of the Southgold Sale Transaction, the infrastructure and management fees associated with the ongoing development of the Burnstone Property were funded by the Receiver through a borrowing arrangement initially established with the Lenders at the time of the Receiver’s appointment (the “**Receivership Funding**”). The Receivership Funding was subsequently increased through additional borrowings by the Receiver as approved by this Court.
8. The purpose of this, the Receiver’s Third Report, is to inform the Court of the following:
  - a) the activities of the Receiver since the date of the last report and the anticipated completion of the receivership; and
  - b) the Receiver’s statement of receipts and disbursements.

## TERMS OF REFERENCE

9. In preparing this report, the Receiver has relied upon unaudited financial information of GBGL's books and records, certain financial information prepared by the Company and discussions with the Company's employees. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information. Accordingly, the Receiver expresses no opinion or other form of assurance on the information contained in this report or relied on in its preparation. Future oriented financial information reported or relied on in preparing this report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
10. Unless otherwise stated, all monetary amounts contained herein are expressed in U.S. Dollars.
11. Capitalized terms not otherwise defined herein have the meanings set out in the Receivership Order.

## ACTIVITIES OF THE RECEIVER

12. The Southgold Sale Transaction was successfully concluded on July 1, 2014. As a result, ownership of the Burnstone Property, being the most significant remaining asset of the Company, was transferred to the purchaser of the Southgold shares. The net proceeds from the Southgold Sale Transaction have been paid over to the Receiver.
13. The primary remaining assets of the Company are the shares it owns in its two Cayman Islands subsidiaries, N6C and N5C Resources Inc. ("**N5C**" and together with N6C, the "**Cayman Subsidiaries**") and its South African subsidiary, Great Basin Gold RSA (Proprietary) Limited ("**GBG RSA**" and collectively with the Cayman Subsidiaries,

the “**Remaining Subsidiaries**”). The Cayman Subsidiaries are holding companies whose only purpose is to own the shares of their respective direct subsidiaries, which in the case of N5C is N6C and in the case of N6C was Southgold. As part of the Southgold Sale Transaction, after settlement with all known creditors of GBG RSA at such time, all assets of GBG RSA were assigned and transferred to Southgold. The Receiver is not anticipating any further recoveries for the estate.

14. Following the closing of the Southgold Sale Transaction, the Receiver has been primarily addressing remaining administrative issues including:
  - a. The closure of the subsidiary offices in South Africa;
  - b. Amendments or Addendums to certain of the Southgold Sale Transaction documents;
  - c. Taxation issues;
  - d. Assessing available options for the wind up or dissolution of the Remaining Subsidiaries; and
  - e. The potential claim of the Lenders against the former officers and directors of the Company.
  
15. The Receiver has been actively involved in the closure of certain corporate entities domiciled in South Africa with the assistance of South African counsel. The process of obtaining the necessary information with respect to the settlement of accounts with existing creditors as well as the appropriate process to comply with statutory requirements has been a lengthy process. However, the Receiver is of the view that these matters are close to being fully resolved or addressed and will be finalized within the next 90 days.

16. Following the closing of the Southgold Sale Transaction, the Receiver was advised that there would be amendments or addendums to certain of the Southgold Sale Transaction agreements. While draft documents have been circulated to and commented upon by the relevant parties (including the Receiver), this matter has not yet been finalized. The extended holiday period in South Africa during December has contributed to the delay in finalizing these additional agreements.
17. The Receiver has received and addressed queries for taxation information from the Canada Revenue Agency.
18. The Receiver has been involved in telephone calls and has responded to requests for information from counsel to the Lenders and counsel to the certain bondholders seeking to file claims against the former directors of GBGL.
19. The Receiver is currently holding \$403,000 and has invoices for accumulated professional and legal fees of approximately \$55,000, excluding unrepresented invoices. The Receiver will make payment of all outstanding invoices and return the balance of any remaining funds to the Lenders at the conclusion of the Receivership.
20. The Receiver is not aware of any further issues that need to be addressed or assets that need to be realized and will be working to resolve each of the issues identified above. The Receiver anticipates that once the above matters are finalized it will respectfully request approval of its activities and fees and to be discharged.

## **SUMMARY OF RECEIPTS AND DISBURSEMENTS**

21. The table below summarizes the receipts and disbursements of the Receiver from June 28, 2013 to December 12, 2014:

<b>Receipts and Disbursements</b>	<b>US \$000's</b>
<b>Receipts</b>	
Receiver's Funding	7,795.6
Cash on hand	4,477.4
Return of Retainer	604.1
Bank interest	10.7
Sale of Assets	175.0
HST Refund	1,379.1
<b>Total Receipts</b>	<b>14,441.9</b>
<b>Disbursements</b>	
Southgold	9,675.9
Storage	12.7
Wages	86.2
Professional Fees	4,301.1
Other	2.8
<b>Total Disbursements</b>	<b>14,078.8</b>
Net Cashflow	363.1
Opening Cash	-
Net Cashflow	363.1
FX Gain/Loss	39.7
<b>Cash Position</b>	<b>402.8</b>

22. The following is a description of the major cash receipts and disbursements in the above table:

- a) Receivers funding is the additional cash provided by the Lenders to fund the Receiver and the operations at Southgold until the sale was completed;
- b) Cash on hand was the funds posted to secure Letters of Credit which were subsequently released to the Receiver;
- c) Return of retainer was the funds that had been held to secure professional and legal fees in the CCAA, that were turned over to the Receiver when the CCAA

was terminated;

- d) Bank interest was from funds held in the Receiver's account;
- e) Sales of Assets include the proceeds from the Southgold Sale Transaction as well as the sale of mining rights in Tanzania and Canada;
- f) HST refund is taxes recovered in respect of payments of professional and legal fees.
- g) The major disbursement of the Receivership was in respect of the Southgold operations;
- h) Storage is the prepayment in respect of storage of records;
- i) Wages were in respect of GBGL employees located in South Africa;
- j) Professional fees includes legal and professional fees associated with the termination of the CCAA and the Receivership and covers fees in multiple jurisdictions;
- k) Other consists primarily of bank fees;
- l) In addition, to receipts and disbursements there has been a foreign exchange gain of approximately \$40 thousand during the course of the Receivership.

The Receiver respectfully submits to the Court this, its Third Report  
Dated this 28<sup>th</sup> day of December, 2014  
FTI Consulting Canada Inc. in  
its capacity as receiver of Great  
Basin Gold Ltd.  
and not in its personal or corporate capacity



Toni Vanderlaan  
Senior Managing Director