

Court File No. S-134749
Vancouver Registry

Great Basin Gold Ltd.

FIRST REPORT OF THE RECEIVER

December 23, 2013

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

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

**FIRST 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. Prior to the appointment of the Receiver, GBGL had been subject to an order under the Companies’ Creditors Arrangement Act R.S.C. 1985, c. C-36 (“**CCAA**”) and Alvarez and Marsal Canada ULC (“**A&M**”) had been appointed to act as chief restructuring officer and chief financial officer of the Company. In addition, subject to the CCAA, KPMG was appointed as monitor (the “**Monitor**”) of the Company.
3. Gowling Lafleur Henderson LLP (“**Gowlings**”) acted as counsel to the Monitor during the CCAA. When the CCAA was terminated and the Receiver was appointed, Gowlings resigned as counsel to the Monitor and, with the consent of the Monitor, was retained by

the Receiver. This was done as an effective means to reduce costs for the estate overall as Gowlings was well versed with the intended realization path for the Company's assets.

4. At the time of the Receivership, 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.
5. The purpose of this, the Receiver's First Report, is to inform the Court of the following:
 - a) the activities of the Receiver since the Appointment Date;
 - b) the Receiver's statement of disbursements and receipts since its appointment to December 13, 2013;
 - c) the Receiver's plan with respect to the anticipated completion of the receivership.

TERMS OF REFERENCE

6. In preparing this report, the Receiver has relied upon unaudited financial information of Great Basin Gold Limited'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;

7. Unless otherwise stated, all monetary amounts contained herein are expressed in U.S. Dollars.
8. Capitalized terms not otherwise defined herein have the meanings set out in the Receivership Order.

ACTIVITIES SINCE THE DATE OF APPOINTMENT

CONTROL OF ASSETS

9. On the Appointment Date, the Receiver took steps to secure possession and control over the assets, undertakings and properties of Great Basin Gold Limited. This included:
 - a. the transfer of funds from the Company's accounts with the Canadian Imperial Bank of Commerce (the "CIBC") to the Receiver's accounts;
 - b. the cancellation of two letters of credit, also held by CIBC;
 - c. the obtaining from A&M of certain company records, a desktop computer and other electronic devices; and
 - d. the obtaining of copies of documentation relating to certain mining rights located in the region of Kirkland Lake, ON.
10. The majority of the Company's records had been placed in storage prior to the appointment of the Receiver and the Company has limited assets located in Canada.
11. In addition, to the assets noted above, the Receiver has collected from the Canada Revenue Agency Input Tax Credits for tax returns filed prior to the Receiver's appointment.

12. The assets identified above represent all of the known assets located in Canada.
13. In addition, the Receiver collected the proceeds from the sale of assets located in Tanzania that were held directly by GBGL.
14. The Company's most significant remaining asset is the Burnstone property, located in Balfour, Mpumalanga, South Africa, (the "**Burnstone Property**"), which is a producing gold mine.
15. The Receiver has established a website at <http://cfcanada.fticonsulting.com/GBGL> (the "**Receiver's Website**") at which the Receiver posts periodic updates on the progress of the receivership, together with copies of court orders, motion materials and reports filed in the receivership.
16. In addition, the Receiver has created a dedicated email address, gbgl@fticonsulting.com, and a dedicated telephone number, 416-649-8047, which creditors, employees, interested parties and other stakeholders can use to contact the Receiver.
17. On July 5, 2013 the Receiver sent notice of the appointment of the Receiver to the Superintendent, and all known creditors in accordance with section 245 of the Bankruptcy and Insolvency Act.
18. There were no employees and no unpaid wages in respect of GBGL at the Appointment Date and therefore no filing was made in respect of the Wage Earner Protection Program Act.
19. On September 16, 2013 the Ontario Securities Commission issued an Order that ceased all trading in the securities of Great Basin Gold Limited. A copy of the Order as well as a notice was posted on the Receiver's Website.

BUSINESS RESCUE PRACTITIONER

20. The Burnstone Property is 100% owned by Southgold Exploration Pty Ltd. (“**Southgold**”), an indirect subsidiary of GBGL.
21. Southgold is subject to business rescue proceedings in South Africa pursuant to Chapter 6 of the Companies Act and Mr. Peter van den Steen has been appointed as the Business Rescue Practitioner of Southgold (the “**BRP**”) overseeing the activities of Southgold, including with respect to the Burnstone Property.
22. The Receiver’s primary mandate is to assist the BRP with the realization of the Burnstone Property for the benefit of the Lenders and, to that end, the Receiver is working alongside the BRP to facilitate the sale transaction of the Burnstone Property to Witwatersrand Consolidated Gold Resources (“**Wits Gold**”).
23. Wits Gold has 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.
24. The activities of Southgold in respect of the Burnstone Property are funded by the Receiver through a funding arrangement established with the Lenders at the time of the Receiver’s appointment (the “**Receivership Funding**”). The Receiver’s activities, the costs associated with GBGL and the costs associated with the BRP are funded with cash obtained from CIBC and the cancelled Letters of Credit and any other recoveries from the sale of available assets that may occur.
25. The Receiver leads bi-weekly calls with the Lenders and the BRP in respect of the Company’s cash flows and any upcoming Receivership draw requests.

CANADA REVENUE AGENCY

26. The Receiver completed and submitted T4 filings for two Directors who worked in the former Canadian office of Great Basin Gold Limited in 2013.
27. The CRA had begun an audit of Great Basin Gold Limited prior to the Receivership Filing Date. The Receiver worked with Ernst & Young to ensure all audit requirements were fulfilled, which included the Receiver filing GST/HST returns for Q1 2013, Q2 2013, and Q3 2013. The audit is now complete and Input Tax Credits owed to the Company was received on December 19, 2013.

DIRECTORS

28. The Receiver appointed Great Basin Gold Ltd. to act as sole director of N6C in order to facilitate the Southgold Sale Transaction.
29. The Receiver, with the consent of the Lenders, approved the appointment of Mr. Brain Craig as sole director of Great Basin Gold RSA, Southgold and Puma Gold Pty following the resignation of former director Mr. Bheki Khumalo.

MINING CLAIMS

30. The Receiver has posted on the Receiver's Website the availability of the mining rights located in the Kirkland Lake region. The Receiver has received a limited number of inquiries to date, none of which has led to an offer. The Receiver has also contacted geological associations to make their members aware of the availability of these rights.

SUMMARY OF RECEIPTS AND DISBURSEMENTS

31. The table below summarizes the receipts and disbursements of the Receiver from June 28, 2013 to December 13, 2013:

Great Basin Gold Limited
Receipts & Disbursements for the period of June 28, 2013 to Dec 13, 2013
(USD 000's)

		Note
Burnstone Cash Inflow		
Gold Receipts	\$ 937	a
Revenue to Copper Eagle	\$ (717)	a
Interest & Other Inflows	\$ 1,173	
Foreign Exchange	\$ 317.31	
Burnstone Total Cash Inflow	\$ 1,709.61	
Burnstone Cash Outflow		
Payroll	\$ (1,443)	b
Mine Suppliers	\$ (2,810)	c
Corporate Suppliers	\$ (9)	
Business Rescue Practitioner/ Professional Fees	\$ (1,256)	d
Insurance	\$ (227)	
Wits Gold Management Fee	\$ (679)	e
Total Burnstone Cash Outflow	\$ (6,424)	
GBGL Cash Inflow		
Interest & Other Inflows	\$ 11	f
Proceeds from Hollister Mine Sale	\$ 145	g
Letters of Credit	\$ 2,067	h
Total GBGL Cash Inflow	\$ 2,223	
GBGL Cash Outflow		
Stratcomm Payroll	\$ (88)	
Corporate Suppliers	\$ (22)	
Professional Fees	\$ (1,836)	i
Total GBGL Cash Outflow	\$ (1,946)	
Net Cumulative Cash Flow	\$ (4,436)	
Opening Cash Balance	\$ 3,729	
Receiver Certificate	\$ 2,966	j
Net Cash Flow	\$ (4,436)	
Ending Cash Balance	\$ 2,259	

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

a) Gold Receipts from the Burnstone mine totaled \$936,519. \$716,695 of these

receipts were reimbursed to Copper Eagle as per the Tolling Treatment arrangement;

- b) Burnstone payroll, including severance packages for terminated employees totaled \$1,442,609;
 - c) Disbursements to mine suppliers, mostly for care and maintenance of the mine totaled \$ 2,810,310;
 - d) Fees for the Business Rescue Practitioner and other Professionals in South Africa totaled \$1,255,648;
 - e) A fee of \$679,417 was disbursed to Wits Gold as per the Management Agreement;
 - f) Shortly after the Appointment Date, \$3,617.11 was transferred from the GBGL accounts at CIBC to the Receiver's accounts;
 - g) Proceeds from the sale of the Tanzania asset totaled \$144,999;
 - h) On the cancellation of the Letters of Credit, \$2,067,205 was transferred from CIBC to the Receiver;
 - i) Receiver and other legal and professional fees total \$1,835,949 to date;
 - j) Pursuant to the Receivership Funding, GBGL has on-lent \$2,996,447 to Southgold, as evidenced by the Receiver's Certificate.
33. As at December 13, 2013, the Receiver holds \$797,495 in funds, \$1,334,960 is held by Southgold and \$126,949 is held by GBGRSA.

PLAN FOR THE COMPLETION OF THE RECEIVERSHIP

34. The Receiver will continue to assist the BRP to facilitate the closing of the Southgold

Sale Transaction with Wits Gold. The closing of this transaction is expected to occur in the first quarter of 2014.

35. The proceeds from the Southgold Sale Transaction will be distributed in accordance with South African law and the Receiver does not expect to receive any such proceeds.
36. The Receiver, under the direction of the BRP, will continue to provide the necessary funding for Southgold in relation to the Burnstone Property until the Southgold Sale Transaction is completed.
37. The Receiver will continue efforts to realize the available mining rights and the limited computer equipment in the Receiver's possession.
38. The Receiver will continue to collect outstanding receivables, make disbursements and take the necessary actions to maintain the group structure of GBGL until the end of the Receivership.

The Receiver respectfully submits to the Court this, its First Report
Dated this 23rd day of December, 2013

FTI Consulting Canada Inc. in
its capacity as receiver of Great
Basin Gold Limited
and not in its personal or corporate capacity



Toni Vanderlaan
Senior Managing Director