



This is the 1st Affidavit of Susan Taylor in this case and it was made on September 19th, 2012

No. S-126583
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF GREAT BASIN GOLD LTD.

PETITIONER

AFFIDAVIT

I, SUSAN TAYLOR, legal administrative assistant, of 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia V6E 4N7, MAKE OATH AND SAY AS FOLLOWS:

1. I am a legal administrative assistant with the firm of McMillan, LLP, solicitors for the Petitioner, Great Basin Gold Ltd., and as such have personal knowledge of the facts and matters hereinafter deposed to, except where the same are stated to be upon information and belief and as to these last-mentioned matters, I verily believe them to be true.

2. Attached hereto as **Exhibit "A"** is a copy of a draft Term Sheet in respect of a Great Basin Gold Debtor-in Possession Loan Facility provided to Petitioner's counsel by Blake, Cassels & Graydon LLP.

SWORN BEFORE ME at the City of Vancouver, British Columbia, this 19th day of September, 2012.

A commissioner for taking affidavits for British Columbia

Jennifer Cockbill
Barrister and Solicitor
McMillan LLP
1500 - 1055 West Georgia Street
PO Box 11117
Vancouver, BC V6E 4N7
1 604.689.9111
1 604.685.7084

SUSAN TAYLOR

This is Exhibit "A" referred to in the
affidavit of SUSAN TAYLOR
sworn before me at VAN COUVER, BC
this 19th day of SEPTEMBER 20 12

**A Commissioner for taking affidavits
Within British Columbia**

GREAT BASIN GOLD DEBTOR-IN- POSSESSION LOAN FACILITY

TERM SHEET

For

FINANCING TERMS AND CONDITIONS

This summary of proposed terms and conditions (this "Term Sheet") does not represent or constitute any commitment to underwrite, arrange, place or provide any financing, or otherwise to extend any credit or make loans to, or on behalf of, Great Basin Gold Ltd. or any of its affiliates or any other person, or enter into negotiations with respect to any of the foregoing. This summary of proposed terms and conditions is not intended as a comprehensive statement of all of the terms and conditions of any financing or extension of credit or loans that may be made under the facilities described herein. Any such financing or extension of credit or loans is subject to satisfactory completion of due diligence, negotiation of documentation, approval by credit committees and senior management, execution of definitive legal documents and delivery of legal opinions, and subject to such other consents and approvals as are determined to be necessary by the Lenders (as defined below) and their respective affiliates and each other entity providing financing, making loans or otherwise extending credit.

DIP Borrower	Great Basin Gold Ltd. (the "DIP Borrower")
DIP Guarantors	Cross guarantees of the DIP Loan Facility by all DIP Borrower subsidiaries, including Rodeo Creek Gold Inc., Antler Peak Gold Inc., Great Basin Gold Inc., Southgold Exploration Proprietary Limited., N5C Resources Inc., N6C Resources Inc., Great Basin Gold RSA Proprietary Limited, and Puma Gold Proprietary Limited (collectively, the "DIP Guarantors").
Administrative Agent	Credit Suisse AG (the "Agent")
Security Agent	Credit Suisse AG
Hedge Providers	Credit Suisse International and Standard Chartered Bank (the "Hedge Providers")
DIP Lenders	Credit Suisse AG, Standard Chartered Bank, and other lenders from time to time party to the DIP Loan Facility (as defined below) (the "DIP Lenders").
Existing Credit Facilities	Some or all of the DIP Lenders are lenders with respect to the credit facilities under (a) that certain Credit Agreement dated as of February 23, 2011, among Rodeo Creek Gold Inc. and Antler Peak Gold Inc., as borrowers, and the lenders (the "Existing Hollister Lenders") from time to time party thereto (as amended, supplemented or otherwise modified, the "Existing Hollister Credit Facility"); and (b) that certain Revised Facility Agreement dated as December 5, 2011 among, among others, Great Basin Gold Ltd., as borrower, and Credit Suisse AG and Standard Chartered Bank (the "Existing Burnstone Lenders" and, together with the Existing Hollister Lenders, the "Existing Lenders" and, together with the DIP Lenders, the "Lenders"), as lenders (as amended, supplemented or otherwise modified, the "Existing Burnstone Credit Facility," and, together with the Existing Hollister Credit Facility and related agreements and instruments, the "Existing Credit Facilities").
Hedge Agreements	The hedging arrangement put into place between (i) Credit Suisse International and the Hollister and Burnstone borrowers; and (ii) Standard Chartered Bank and the Burnstone borrower (the "Hedge Agreements"), pursuant to the ISDA Master Agreement dated

March 8, 2011, upon the termination of which payments (the “**Hedge Termination Obligations**”) may be due to one or both of the Hedge Providers.

DIP Loan Facility

The DIP Loan Facility (the “**DIP Loan Facility**”) shall consist of up to a maximum amount of \$35 million debt facility secured by superpriority liens and claims to be granted by order of the British Columbia Supreme Court (the “**Canadian Court**”) in a proceeding (the “**CCAA Proceeding**”) to be commenced under the Canadian Companies’ Creditors Arrangement Act (the “**CCAA**”). Of the amount available under the DIP Loan Facility, (i) up to \$25 million shall be available for the Burnstone Intragroup Borrower for purposes of paying retrenchment packages, salaries, overdue creditors and other expenses to effect the orderly placing of Burnstone on care and maintenance, pursuant to the Approved Budget (as defined below), secured by first-ranking liens and claims and as agreed to by the Business Rescue Practitioner; and (ii) up to \$10 million shall be available for the Hollister Intragroup Borrowers for purposes of paying overdue creditors and other agreed requirements pursuant to the Approved Budget, secured by second-ranking liens and claims behind the liens and claims granted to the Existing Hollister Lenders under the Existing Hollister Credit Facility;

Intragroup Loan Facilities

Funds advanced to the DIP Borrower under the DIP Loan Facility may be advanced to (i) Southgold Exploration Proprietary Limited (the “**Burnstone Intragroup Borrower**”) pursuant to an intragroup loan facility (the “**Burnstone Intragroup Loan Facility**”) in form and substance satisfactory to the DIP Lenders and as post-commencement financing pursuant to section 135 of the South African Companies Act, 2008, secured, with the consent of the Existing Burnstone Lenders, by priming liens and/or preferred claims as to all South African assets of the Borrower approved in accordance with chapter 6 of the South African Companies Act, 2008, and by the business rescue practitioner appointed in the Business Rescue Proceeding (the “**Business Rescue Practitioner**”) and business rescue plan in a proceeding to be commenced under the South African business rescue proceeding statute (the “**Business Rescue Proceeding**”); and (ii) Rodeo Creek Gold, Inc. and Antler Peak Gold Inc. (the “**Hollister Intragroup Borrowers**,” and together with the Burnstone Intragroup Borrowers, the “**Intragroup Borrowers**”) pursuant to an intragroup loan facility in form and substance satisfactory to the DIP Lenders (the “**Hollister Intragroup Loan Facility**,” and together with the Burnstone Loan Facility, the “**Intragroup Loan Facilities**”) secured, with the consent of the Existing Hollister Lenders, by second-ranking liens and claims as to all Nevada assets of the Borrower, subject to permitted liens.

Interim Funding Under Existing Burnstone Credit Agreement

Pending completion of the definitive documentation with respect to the DIP Loan Facility and the Burnstone Intragroup Loan Facility, the Existing Burnstone Lenders will advance to the DIP Borrower, on an emergency basis on September 21, 2012, up to USD \$10 million (the “**Emergency Burnstone Advance**”) to fund salary and retrenchment costs to be made in connection with the placing of the Burnstone mine on care and maintenance, subject to the entry of the Initial Order and other conditions precedent required by the Existing Burnstone Lenders and the DIP Lenders. The Emergency Burnstone Advance will (i) be made under the Existing Burnstone Credit Facility, as amended to permit the making of such advance; (ii) have the benefit of the DIP Charge (as defined below) approved in the Initial Order and (iii) be repaid, together with all accrued interest thereon, by the DIP Borrower from the first advance under the DIP Loan Facility, and by Southgold to the DIP Borrower under the Burnstone Intragroup Loan Facility on the earlier of: (a) the date of the first advance under the DIP Loan Facility and (b) September 27, 2012. Failure to make the payment as required will constitute an event of default under the Existing Burnstone Credit Facility, the Burnstone Intragroup Loan Facility and this Term Sheet.

Hollister Intragroup

Without limiting the future discretion of their board of directors, the Hollister Intragroup

Borrowers	Borrowers will confirm that it is not their current intention to file for chapter 11 relief in the U.S. The commencement of the CCAA Proceeding and the Business Rescue Proceeding constitute events of default under the Existing Hollister Credit Facility, but the Existing Hollister Lenders will (i) forebear from pursuit of their rights with respect to such defaults; and (ii) waive for the term of the Hollister Intragroup Loan Facility the requirement under the Existing Hollister Credit Facility for replenishment of the Debt Service Reserve Account in exchange for, among other consideration, the (i) the fees and other consideration granted to the DIP Lenders in connection with the DIP Loan Facility; and (ii) the amendment of the Existing Hollister Credit Facility to provide that Great Basin Gold, Inc. (“GBGI”) shall guarantee the obligations of Great Basin Gold Ltd. with respect to the Existing Burnstone Credit Facility (the “GBGI Guarantee”). The GBGI Guarantee shall be secured by first-ranking liens and claims over all assets of GBGI, subject to permitted liens. The Existing Burnstone Lenders shall not be entitled to demand payment under the GBGI Guarantee until the earlier to occur of (i) the sale of the Hollister assets; (ii) March 15, 2013; or (iii) termination of the DIP Loan Facility. GBGI shall satisfy its obligations under the GBGI Guarantee within five (5) business days of demand for payment made in accordance with the preceding sentence. To the extent that the GBGI Guarantee is called, the Existing Burnstone Lenders agree that no payment shall be made with respect to the Existing Burnstone Credit Facility until all debts owed under or to the following have been paid in the following order of priority: (i) the Existing Hollister Credit Facility and any Hedging Termination Obligations related to the Hollister assets, on a <i>pari passu</i> basis; (ii) the Hollister Intragroup Loan Facility; and (iii) the unsecured creditors of the Hollister Intragroup Borrowers. The GBGI Guarantee shall contain a clause deeming the amount guaranteed to be less than the amount that would render GBGI insolvent as a result of granting the guarantee. Such clause would commence to be effective only upon the capitalization of existing shareholder loans made by the DIP Borrower to GBGI which capitalization the DIP Borrower will agree to do if and when necessary and to the extent possible to maintain GBGI solvency.
Limitation of DIP Guarantor Obligations	The DIP Lenders, as the beneficiaries of the cross guarantees provided by Rodeo Creek Gold Inc., Antler Peak Gold Inc., and Great Basin Gold Inc. in their capacities as DIP Guarantors in respect of the DIP Loan Facility, agree that these DIP Guarantors shall not be liable in respect of their guarantees until such time as the Existing Hollister Credit Facility shall be paid in full, after which time such DIP Guarantors shall be liable for the balance of all amounts remaining outstanding on the DIP Loan Facility.
Existing Burnstone Credit Agreement Interest Payment Default	In connection with consummation of the DIP Facility and the Burnstone Intragroup Loan Facility, (i) the Existing Burnstone Lenders have agreed to forebear from the exercise of their rights and remedies with respect to the failure of Great Basin Gold Ltd. to make an interest payment scheduled for September 15, 2012 (the “September Interest Payment”); and (ii) the September Interest Payment shall be included in the Burnstone Intragroup Borrower’s first 13-Week Forecast and paid in full out of the first advance under the Burnstone Intragroup Loan Facility.
Upfront Fee	2% to be paid at Financial Close out of the proceeds of the DIP Loan Facility
Commitment Fee	Payable only in the event of Financial Close, in the amount of 4.0% in total, payable monthly in arrears, with any unpaid portion payable on termination or cancellation of the DIP Credit Facility.
Applicable Margin	LIBOR + 10%
Burnstone Advisory Agreement	The Agent and the Burnstone Intragroup Borrower shall enter into an advisory agreement with respect to sale of the Burnstone assets, pursuant to which the Agent shall receive, for the ratable benefit of the DIP Lenders, a fee equal to 15% of the net proceeds of such sale in excess of the sum of (i) the amount of any advances to the Burnstone Intragroup Borrower under the Burnstone Intragroup Loan Facility; (ii) the amount outstanding

under the Existing Burnstone Credit Facility; and (iii) any costs related to the sale and (iv) any portion of the GBGI Guarantee paid to or realized by the Existing Burnstone Lenders. The Agent and the DIP Borrower shall address any withholding tax issues in the final documentation.

Purpose of Loan Facility	The purpose of the DIP Loan Facility shall be to fund the operations of the DIP Borrower and its subsidiaries during the pendency of the CCAA Proceeding and the Business Rescue Proceeding in order to preserve asset value and achieve completion of ongoing asset divestiture and refinancing/wind-down activities of the Borrower.
Use of DIP Loan Proceeds	General corporate purposes in accordance with the Approved Budget (defined below), together with reasonable and customary permitted variances, as approved by the DIP Lenders, the monitor appointed in the CCAA Proceeding (the “ Monitor ”), and the Canadian Court.
Use of Intragroup Loan Proceeds	General corporate purposes in accordance with the Approved Budget approved by the DIP Lenders and, in the case of the Burnstone Intragroup Loan Facility, the Business Rescue Practitioner.
Availability	From Financial Close (i.e., the satisfaction/waiver of all Conditions Precedent to the first drawdown) to the termination or cancellation of the commitments under the DIP Loan Facility and the Intragroup Loan Facilities.
Tenor	Six (6) months, subject to up to three one-month extensions subject to a 1% extension fee and in the sole discretion of the DIP Lenders.
Drawdowns	Drawdowns under the DIP Loan Facility, if required, shall only occur on a weekly basis in accordance with the Approved Budget. Drawdowns under the Intragroup Loan Facility shall occur weekly in accordance with the Approved Budget.
Repayment	The DIP Loan Facility and the Intragroup Loan Facilities must be repaid in full upon the earliest to occur of (i) maturity of the relevant facility; (ii) breach of any material terms of the relevant facility; and (iii) dismissal or termination of the CCAA Proceeding and/or the Business Rescue Proceeding, as applicable; and (iv) the commencement of any proceedings (a “ BIA Proceeding ”) pursuant to the Bankruptcy and Insolvency Act (Canada) (the “ BIA ”) or the conversion of the CCAA Proceeding to a BIA proceeding.
Fees and Expenses	The DIP Borrower shall pay in full (i) out of the first advance under the DIP Loan Facility the outstanding fees and expenses of all Lenders and their advisors, including but not limited to the fees and expenses of Milbank, Tweed, Hadley & McCloy LLP, special New York counsel to the Agent; FTI Consulting Inc., the financial advisor to the Agent; Blake, Cassels & Graydon LLP, Canadian counsel to the Agent; Bowman Gilfillan and Webber Wentzel, South African counsel to the Agent; Holland and Hart LLP, local Nevada counsel to the Agent; and Maples & Calder, Cayman counsel to the Agent (collectively, the “ Agent’s Advisors ”), for which written invoices have been submitted to the Borrower prior to Financial Close; (ii) pursuant to the Approved Budget, all fees and expenses thereafter incurred by the Agent’s Advisors during the pendency of the CCAA Proceeding and the Business Rescue Proceeding and (iii) all fees and expenses thereafter incurred by the legal and financial advisors of the DIP Borrower and its subsidiaries (whether incurred prior to or during the pendency of the CCAA Proceedings and the Business Rescue Proceedings
Required Financial Close	September 27, 2012 (4 pm SA time)

- Accounts** The DIP Loan Facility and the Intragroup Loan Facilities shall be funded and disbursed pursuant to a security deposit account structure with customary cash control and waterfall provisions.
- Collateral Security** Except as otherwise provided herein, the DIP Loan Facility shall be secured by superpriority priming liens and claims as to all assets of the Borrower to be granted by order of the Canadian Court in the CCAA Proceeding, subject to Permitted Priority Liens, including over the Intragroup Loan Facilities and all security posted in respect thereof and first ranking liens and claims as to all assets of the DIP Guarantors, subject to permitted liens. The Burnstone Intragroup Loan Facility shall be secured, with the consent of the Existing Burnstone Lenders and in accordance with section 135 of the South African Companies Act, 2008, by priming liens and/or preferred claims as to all South African assets of the Burnstone Intragroup Borrower, as approved by the written consent of the Business Rescue Practitioner and by the business rescue plan (if applicable). The Hollister Intragroup Loan Facility shall be secured, with the consent of the Existing Hollister Lenders, by junior subordinated liens and claims as to all Nevada assets of the Hollister Intragroup Borrowers.
- Financing Documents** Financing Documents will include the (i) credit agreements with respect the DIP Loan Facility and the Intragroup Loan Facilities; (ii) guarantees and security documents including the guarantee of GBGI with respect to the existing Burnstone Credit Facility; (iii) waivers and consents from the Existing Lenders as to the subordination of all liens of the Existing Lenders under the Existing Credit Facilities in favor of the DIP Lenders, except as otherwise provided herein, and the entitlement of the Existing Lenders to, and the allocation of, any cash proceeds remaining upon the sale of Hollister and Burnstone assets and repayment of the DIP and the Intragroup Credit Facilities; and (iv) orders approving the relevant priming/superpriority liens and claims from the Canadian Court and the South African Court, as well the written consent of the Business Rescue Practitioner (including in the business rescue plan, if applicable) to such liens and claims.
- Voluntary Prepayment** Voluntary prepayments will be permitted; amounts prepaid will not be available for redraw.
- Mandatory Prepayment** The Hollister Intragroup Borrowers will, immediately upon receipt of any amounts received out of the proceeds of any financing, refinancing, restructuring, equity offering or disposition of any assets of the Hollister Intragroup Borrowers, apply all of such amounts to prepay the following debts in the following order of priority, (i) on a *pari passu* basis, the Existing Hollister Credit Facility and any Hedge Termination Obligations attributable to the Hollister assets; and (ii) the Hollister Intragroup Loan Facility,
- The Burnstone Intragroup Borrower will, immediately upon receipt of (i) the net proceeds of any sale of the Burnstone assets; and (ii) any amounts received out of the proceeds of any financing, refinancing, or equity offering of the Burnstone Intragroup Borrower, apply all such amounts to prepay the following debts in the following order of priority: (i) the Burnstone Intragroup Loan Facility, (ii) on a *pari passu* basis, the Existing Burnstone Credit Facility, and any Hedge Termination Obligations attributable to the Burnstone assets;
- The DIP Borrower and the DIP Guarantors (subject to the limitations set forth above under the heading "Limitation of DIP Guarantor Obligations") will, immediately upon receipt of (i) the net proceeds of any sale of the Burnstone or Hollister assets; and (ii) any amounts received out of the proceeds of any financing, refinancing, or equity offering, apply all such amounts to prepay the DIP Facility.
- Any proceeds received by the DIP Borrower in excess of the amounts required to repay the DIP Loan Facility, the Burnstone Intragroup Loan Facility, and the Hollister Intragroup Loan Facility, shall be applied, to the extent consistent with the relative rights

of the Existing Lenders and other creditors under applicable laws, to repay, on a *pari passu* basis, the Existing Credit Facilities and the Hedge Termination Obligations.

Permitted Priority Liens An administration charge will be granted in favor of all advisors to the DIP Borrower and its subsidiaries, the Monitor, counsel to the Monitor, and the Agent's Advisors, as security for professional fees and expenses (the "**Administration Charge**"); and a directors and officer charge will be granted to secure all of the legal defense costs of the directors and officers of the DIP Borrower and its subsidiaries incurred in their capacity as officers and directors on and after the CCAA filing date, except as a result of their gross negligence or wilful misconduct ("**D&O Charge**"; the D&O Charge and the Administration Charge are collectively referred to as the "**Permitted Priority Liens**"), in each case in such amounts to be agreed to by the DIP Lenders.

Restricted Payments The DIP Borrower may not make distributions or any other payments (other than substantially in accordance with the Approved Budget at any time) ("**Restricted Payments**"), while amounts are outstanding under the DIP Loan Facility.

Conditions Precedent to Emergency Burnstone Advance As agreed between the Existing Burnstone Lenders, DIP Lenders and the Borrower.

Conditions Precedent to Financial Close Standard and customary for a financing of this type, certain of which (as specified in the final documentation) will be mutual, including but not limited to:

- Entry of an order of the Canadian Court commencing proceedings under the CCAA (the "**Initial Order**") in form and substance satisfactory to the DIP Lenders.
- Entry of (i) an order in the CCAA Proceeding approving the terms of the DIP Loan Facility and the Intragroup Loan Facilities and granting to the DIP Lenders a superpriority priming charge over all property of the DIP Borrower, subject to the Permitted Priority Liens (the "**DIP Charge**"), and (ii) orders in the Business Rescue Proceeding and the written consent of the Business Rescue Practitioner (in the business rescue plan, if applicable) approving the terms of the Burnstone Intragroup Loan Facility, each in form and substance satisfactory to the DIP Lenders;
- All material Financing Documents have been signed and are in full force and effect;
- Receipt of share certificates representing 100% of the equity in each of the DIP Guarantors and such other pledged securities as required under the Financing Documents;
- Receipt of share certificates pledged in connection with the Existing Credit Facilities but not previously delivered to the Existing Lenders;
- The Existing Lenders shall be satisfied in their sole discretion that the stay of proceedings granted under the Initial Order does not apply to preclude the exercise of their rights and remedies, including potential voting rights, under the GBG Security Assignments, as defined in the Existing Burnstone Credit Facility.
- Receipt of necessary waivers and amendments from the applicable Existing Lenders under the Existing Credit Facilities;
- Receipt of the Shutdown Plan (defined below);
- The security packages applicable to the DIP Loan Facility and the Intragroup Loan Facilities have been duly created and perfected under U.S. and other applicable law, and to the extent necessary in light of the CCAA Proceeding and the Business

Rescue Proceeding, under Canadian and South African Law, respectively;

- Delivery of customary legal opinions as to the enforceability of the DIP Loan Facility documents and the creation and perfection of security interests, including, without limitation, an opinion by Bowman Gilfillan with respect to the amendment, perfection, and/or enforceability of the Burnstone share pledges and mining and prospecting rights.
- Absence of any pending or threatened litigation, except as to litigation brought or threatened by the parties listed on the annexed Schedule of Pending/Threatened Litigation, annexed hereto as **Exhibit 1**;
- Receipt of all government approvals including exchange control approvals for cross-border loans and approvals from the Reserve Bank if applicable.
- Confirmation from the DIP Borrower that all necessary authorizations, required by law to be obtained at that time have been obtained and continue to be in effect;
- Satisfactory KYC and anti-money-laundering rules and regulations; and
- Appointment of process agents in Canada, UK, and the U.S.;
- Delivery of powers of attorney permitting amendment of Burnstone share pledges and registration of a mortgage in favor of Standard Chartered Bank with respect to the Burnstone mining and prospecting rights.

**Conditions Precedent
to Second and
Subsequent Advances**

- Payment of all outstanding fees and expenses of the Existing Lenders and the Agent's Advisors;
- Receipt of drawdown notice;
- Satisfactory evidence as to the use of proceeds of drawing;
- All representations and warranties of the DIP Borrower to be repeated on each drawdown date are true and correct in all material respects;
- No notice of any bankruptcy or other liquidation proceeding, except for the CCAA proceeding and the Business Rescue Proceeding;
- No Default or Event of Default has occurred and is continuing or would occur as a result of the proposed drawdown that has not been waived by the Existing Lenders, as applicable;
- Receipt of updated 13-Week Forecast on a weekly basis;
- Receipt on a weekly basis of reports relating (i) actual cash receipts and disbursements for the prior week; and (ii) payments to, and amounts unpaid by, vendors with past-due balances; and
- The Milestones (as defined below and as applicable) have been achieved.

Covenants

Standard and customary for a financing of this type, including but not limited to:

- Loan availability subject to satisfaction of the Milestones (as applicable);

- No amendment of the Intragroup Loan Facilities without the consent of the DIP Lenders;
- Payment of (i) all outstanding fees and expenses of the DIP Lenders and the Agent's Advisors to occur within two (2) business days of Financial Close; and (ii) pursuant to the Approved Budget, prompt payment of all fees and expenses thereafter incurred by the Agent's Advisors during the pendency of the CCAA Proceeding and the Business Rescue Proceeding.
- Prohibition on incurring additional indebtedness;
- Prohibition of liens, other than the Priority Permitted Liens;
- Advances from DIP Borrower to subsidiaries and affiliates shall be made as secured advances pursuant to documentation agreed by the DIP Lenders prior to Financial Close;
- Disbursements in compliance with the Approved Budget subject to be agreed permitted variances;
- Limitation on sales and purchase of material assets , except as contemplated in this Term Sheet;
- Limitation on loans and investments , except as contemplated in this Term Sheet;
- Limitation on mergers and acquisitions, except as contemplated in this Term Sheet;
- Limitation on issuance of additional equity, except as contemplated in this Term Sheet;
- Limitation on Change of Control, except as contemplated in this Term Sheet;
- If not terminated and satisfied prior to such time, the obligations under the Hedge Agreements will be restructured on or before November 15, 2012;
- Limitation on changes of line of business;
- Limitations on capital expenditures other than budgeted capital expenditures
- Limitation on sale and leaseback transactions;
- Limitation on transactions with affiliates, except as contemplated in this Term Sheet;
- The board of directors of the DIP Borrower (i) will undertake to manage, in conjunction with the Monitor, the operations, and, if applicable, the sale process of the Hollister assets in an orderly fashion and as expeditiously as reasonably practicable; and (ii) together with the board of directors of the Burnstone Intragroup Borrower will (x) provide all reasonable assistance to the Business Rescue Practitioner in connection with the sale of the Burnstone assets; and (y) undertake to manage, in conjunction with the Business Rescue Practitioner, the shutdown of the Burnstone assets in accordance with the Shutdown Plan;
- Operation of the DIP Borrower and its subsidiaries in accordance with prudent industry practices and to make best efforts to avoid any strikes, labor disputes or any other occurrences that would negatively impact the company;
- Maintenance of existence and limitation on material amendments to constitutive

documents;

- Maintenance of government approvals, permits and consents;
- Prompt access for the DIP Lenders to the site and books & records, including the mine plan, the data room for the sale process, as well as all other materials reasonably requested by the DIP Lenders;
- Prompt access for each DIP Lender (through one representative or an alternative representative) to the DIP Borrower's financial advisor (CIBC), as well as the right to see and comment upon all offers which are received by the DIP Borrower in connection with asset sales and the right to participate, upon reasonable notice to the DIP Borrower, in meetings with any third party with respect to the sale or strategic alternative process. The DIP Lenders will acknowledge no reliance on any advice or work product of CIBC received by the DIP Borrower or its subsidiaries / affiliates;
- Maintenance of first-priority security interests and further assurances;
- Maintenance of property and operation of the Projects in accordance with good industry practice, including care and maintenance of the Burnstone assets in accordance with a plan for shutting down the Burnstone mine reasonably satisfactory to the DIP Lenders (the "Shutdown Plan");
- Delivery to the DIP Lenders of customary information (including financial statements) about the assets and liabilities of the DIP Borrower and its subsidiaries, including notices of defaults, litigation, instigation of any bankruptcy or insolvency proceeding and other material events;
- Limitation on the DIP Borrower's and DIP Guarantor's right to settle claims or proceedings; and
- Subject to any limitations under applicable law, use of commercially reasonable efforts to cause the share pledges and the mortgage on mining and prospecting rights required by the DIP Loan Facility, the Intragroup Loan Facilities, and the Existing Credit Facilities to be fully perfected, including, without limitation, assistance to the DIP Lenders in obtaining the requisite approvals from the South African Department of Mineral Resources;

Events of Default

Standard and customary events of default in respect of the Borrower and Affiliates, including but not limited to the following:

- Failure to satisfy any of the Milestones;
- The entry of an order dismissing or terminating the CCAA Proceeding or the Business Rescue Proceeding or delivery of a notice of termination of the Business Rescue Proceeding by the Business Rescue Practitioner, the commencement of a BIA Proceeding, or the entry of an order converting the CCAA Proceeding into a BIA Proceeding;
- The filing of an involuntary or voluntary liquidation or bankruptcy proceeding as to the DIP Borrower or any of the Intragroup Borrowers in Canada, South Africa, or the U.S.;
- The entry of an order granting any other claim superpriority status or a lien equal or superior to that granted to the Agent for the ratable benefit of the Lenders in the CCAA Proceeding and/or the Business Rescue Proceeding;

- The entry of an order staying, reversing, vacating or otherwise modifying the Initial Order or any of the orders approving the DIP Loan Facility and the Intragroup Loan Facilities without the consent of the DIP Lenders;
- The entry of an order lifting the stay of proceedings granted under the Initial Order or in the Business Rescue Proceeding without the prior written consent of the DIP Lenders, for a purpose that can be reasonably expected to have a material adverse effect on the liens or collateral of the DIP Lenders;
- Any representation or warranty being untrue in any material respect when made or (deemed to be) repeated under any Financing Document;
- Failure to observe or to perform any undertaking pursuant to, or to maintain in effect, any Financing Document;
- Cross default to other material indebtedness;
- Any Financing Document becomes unenforceable, invalidated, terminated or illegal;
- Failure to use commercially reasonable efforts permitted by applicable law to obtain required governmental approvals;
- Abandonment;
- Event of total loss;
- Change of Control, other than as contemplated in this Term Sheet;
- Non-compliance with law; and
- Expropriation.

Cure periods, if any, applicable to the foregoing Event of Defaults shall be agreed prior to closing.

Milestones

Achievement of the following milestones (the “**Milestones**”) on or before the following dates, except as agreed to in writing by the DIP Borrower and the DIP Lenders:

(a) The written consent of the Business Rescue Practitioner to the Burnstone Intragroup Loan Facility shall have been obtained and an order approving the DIP Loan Facility and the DIP Charge shall have been entered by the Canadian Court on or before September 19, 2012;

(b) On or prior to December 15, 2012, the repayment, refinancing, or restructuring of all outstanding debts of the Hollister Intragroup Borrower (including amounts outstanding under the Hollister Intragroup Loan Facility, the Existing Hollister Credit Facility, and Hedge Agreements related to the Hollister assets) shall have been effected (the “**Repayment/Refinancing Milestone**”);

(c) If the Repayment/Refinancing Milestone is not achieved, the sale of the Hollister assets on or before March 15, 2013;

(d) On or prior to December 15, 2012, the DIP Borrower shall have entered into, or cause to be entered into, a definitive agreement, acceptable to the Agent, for the direct or indirect sale of the Burnstone assets; and

(e) On or prior to March 31, 2013, the sale of the Burnstone assets shall have closed.

Monitor and Business Rescue Practitioner	The DIP Borrower shall seek to appoint KPMG LLP as the Monitor and Peter van den Steen as the Business Rescue Practitioner.
Cash Flow Forecast	On or prior to September 27, 2012, and on the Friday of each week thereafter, the DIP Borrower shall, on behalf of itself and each of the Intragroup Borrowers, prepare and deliver to the Agent (for distribution to the Lenders), a 13-week cash flow forecast (the “ 13-Week Forecast ”), in a form and with detail reasonably acceptable to the Agent and reflecting, in separate tabulations with a weekly reconciliation and a monthly roll forward, the Borrower’s and each of the Intragroup Borrowers’ good faith projections of all cash receipts and disbursements in connection with the operation of their respective businesses, which 13-Week Forecast shall be approved or objected to by the DIP Lenders and the Monitor on or before the Wednesday of the following week (if and as approved, the “ Approved Budget ”). Compliance with the Approved Budget by the DIP Borrower shall be subject to an agreed permitted weekly variance.
Permitted Bank Accounts	The DIP Borrower and the Intragroup Borrowers shall not, without the consent of the Agent, (i) open or maintain any bank accounts other than those set forth on a schedule to the Financing Documents (the “ Permitted Bank Accounts ”); or (ii) use amounts held in the Permitted Bank Accounts for any purpose other than as permitted by the Approved Budget.
Approved Cash Disbursements	All advances under the DIP Loan Facility and the Intragroup Loan Facilities and cash receipts received after Financial Close shall be deposited into an account maintained at the Agent (the “ Concentration Accounts ”). The DIP Borrower and the Intragroup Borrowers shall be permitted to request withdrawals and transfers from the Concentration Accounts (each, a “ Disbursement ”) to Permitted Bank Accounts on a weekly basis on the condition that the Agent has received (i) a certificate from the relevant CFO confirming the need for, and purpose of, the Disbursement; and (ii) confirmation from the Monitor or the Business Rescue Practitioner, as applicable, confirming that the Disbursement is in compliance with the Approved Budget.
Representations and Warranties	Standard and customary representations and warranties, including but not limited to the following: <ul style="list-style-type: none"> • DIP Borrower’s organization and powers; • Due authorization, non-contravention and no imposition of non-permitted liens; • Enforceability of the Financing Documents; • Effectiveness of required material governmental approvals; • DIP Borrower’s title to or valid leasehold or other interest in properties, assets and the Site; • Perfection of security interests; • Absence of litigation; • Absence of any default or event of default; • Filing of tax returns and payment of taxes; • Compliance with law; and • All consents, approvals, registrations, notarizations and filings required in connection with the Project have been obtained or made and are in full force and

effect.

Governing Law	U.K., South Africa, or U.S., as applicable.
Submission to Jurisdiction	U.K., South Africa, or U.S. or Canada, as applicable.
Lenders' Counsel	Milbank, Tweed, Hadley & McCloy LLP, Blake, Cassels & Graydon LLP, and Bowman Gilfillan
Borrower's Counsel	McMillan LLP

Exhibit 1

Schedule of Threatened/Pending Litigation