Court File No.:[ ]

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF GHANA GOLD CORPORATION, GHANA GOLD INC., COASTAL EXPLORATIONS LIMITED AND ABURI GOLDFIELDS GHANA LTD.

Applicants

REPORT OF THE PROPOSED MONITOR DATED MAY 8, 2013

INTRODUCTION

1. Ernst & Young Inc. ("**EYI**") understands that Ghana Gold Corporation ("**GGC**"), Ghana Gold Inc. ("**GGI**"), Coastal Explorations Limited ("**Coastal**") and Aburi GoldFields Ghana Ltd. ("**Aburi GoldFields**") (collectively, the "**Applicants**") have jointly brought an application (the "**CCAA Application**") before this Court seeking, among other things, commencement of proceedings under the *Companies' Creditors Arrangement Act* ("**CCAA**") in order to restructure the business and affairs of the Applicants.

2. This is the report (the "**Pre-filing Report**") of EYI, the proposed Monitor (the "**Proposed Monitor**") in the Applicants' CCAA proceedings. EYI has consented to act as Monitor (the "**Monitor**") in these CCAA proceedings should this Court grant an Initial Order in the CCAA Application.

PURPOSE

3. The purpose of this Pre-filing Report is to provide information to this Honourable Court on:

   i) the Applicants' background and corporate structure;

ii) the Applicants' decision to commence insolvency proceedings;

iii) the Applicants' request for Debtor-in-Possession ("**DIP**") financing;

iv) an overview of the Applicants' 13 week cash flow forecast;

v) selected financial matters addressed in the proposed Initial Order;

vi) the Applicants' restructuring alternatives and proposed marketing process; and

vii) the Proposed Monitor's conclusions and recommendations.

TERMS OF REFERENCE

4. In preparing this Pre-filing Report and making the comments herein, the Proposed Monitor has been provided with, and has relied upon certain unaudited financial information, the Applicants' books and records, financial information prepared by the Applicants, discussions with management of the Applicants (the "**Management**") and information from other third-party sources (collectively, the "**Information**"). Except as described in this Pre-filing Report;

   i) the Proposed Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants (**"CICA"**) Handbook, and

   ii) some of the information referred to in this Pre-filing Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the CICA Handbook, has not been performed.

5. Future oriented financial information referred to in this Pre-filing Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the

projections, even if the assumptions materialize, and the variations could be significant.

6. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian Dollars.

7. Capitalized terms not defined in this Pre-filing Report are defined in the application filed by GGC in connection with these CCAA proceedings.

8. EYI was retained by GGC on May 1, 2013 to assist it and its other professional advisors to analyse options available to refinance and restructure GGC's operations.

9. EYI does not act as auditor to the Applicants.

BACKGROUND AND CORPORATE STRUCTURE

10. GGC is a privately owned gold mining company. A copy of the organization chart as attached as Exhibit "B" to the affidavit of Tom Griffis, the Chief Executive Officer and the Chairman of the Board of Directors of GGC, filed in connection with GGC's CCAA proceedings (the "**Griffis Affidavit**"), is reproduced as Appendix '**A**' to this Report.

11. The Applicants' core business is the production of gold from its operating gold mine in Ghana, West Africa. The Applicants have two operating gold projects in central Ghana: the Aburi project ("**Aburi**") and the Ofin project ("**Ofin**"), which is located in the same area as Aburi. The Applicants also have a third property located in eastern Ghana near the town of Kibi called the MOS project ("**MOS**"). The Proposed Monitor understands that GGC has approximately 220 employees. Further details with respect to the Applicants' operations including a map showing the locations of the Applicants' mining interests are included in the Griffis Affidavit.

12. As discussed in the Griffis Affidavit, the Applicants received financing of U.S.$5 million from FCMI Parent Co. ("**FCMI**") pursuant to a promissory note dated

October 28, 2011 (the "**Note**"). GGI and Coastal guaranteed the obligations of GGC to FCMI under the Note pursuant to a guarantee dated October 28, 2011 (the "**Guarantee**"). GGC, GGI and Coastal secured their obligations to FCMI under the Note and the Guarantee pursuant to a securities pledge agreement dated October 28, 2011. Pursuant to the terms of the Note, FCMI has the right, on or after December 1, 2012 and prior to all obligations being repaid in full, to convert the whole or any part of the principal amount of the Note into fully-paid and non-assessable common shares at a price of $0.10 per share. The Note was initially set to mature on April 29, 2013, however, the maturity was subsequently extended to May 8, 2013. The terms of the loan to FCMI require the repayment of principal at U.S. $300 per ounce of gold produced from the Applicants' operations. Further details with respect to the Note and the terms of its repayment are described in the Griffis Affidavit. The Proposed Monitor understands that the current outstanding balance on the loan from FCMI is approximately U.S. $4 million.

DECISION TO COMMENCE INSOLVENCY PROCEEDINGS

13. Management has indicated to the Proposed Monitor that GGC generates positive cash flow from its mining operations, and Management expects that GGC's operation will sustain itself under current gold market conditions.

14. The Proposed Monitor understands that GGC's current indebtedness to FCMI is approximately U.S. $4 million. In addition, the Proposed Monitor understands that the Applicants have accounts payable and accruals of approximately U.S. $2.2 million as of May 6, 2013. As described above, GGI and Coastal guaranteed the obligations of GGC to FCMI under the Note. As further discussed above, this indebtedness was due to be paid by GGC to FCMI on April 29, 2013 and extended to today, May 8, 2013. However, GGC cannot repay the amount owing to FCMI at this time, and accordingly, a stay of proceedings is essential for the continued operation of GGC's business. In addition, obtaining an Initial Order is also a condition of the DIP Loan (defined below) agreement that the Applicants entered into in order to obtain temporary DIP financing as described further in this

Pre-filing Report.

15. A stay would provide GGC with the necessary time to conduct a marketing process as described further in this Pre-filing Report. Management is of the view that if it is given the time to complete the marketing process, the FCMI debt can be fully paid or refinanced. Accordingly, GGC believes it is necessary for it to file for CCAA protection.

DIP FINANCING

16. As described above, GGC has experienced positive cash flows in the last few months and Management expects that such positive cash flows will continue under current gold market conditions. However, based on GGC's Cash Flow Forecast (defined below) described in detail below, GGC does not project that it will have sufficient cash to fund principal payments to FCMI based on the formula of U.S. $300 per ounce of gold produced as required in the Note and to fund its restructuring efforts. FCMI Financial Corporation (the "**DIP Lender**"), which the Proposed Monitor understands is an affiliate entity to FCMI, has agreed to provide the Applicants with DIP financing on a short term basis. Certain significant terms included in the DIP Loan (defined below) agreement are as follows. A copy of the DIP Loan agreement is attached as Exhibit "R" to the Griffis Affidavit:

i) the DIP Lender will provide a non-revolving loan with a maximum principal amount of $750,000 (the "**DIP Loan**") to be used by the Applicants to make the payment obligations to FCMI under the Note;

ii) the DIP Loan will be charged interest of 15% per annum on the daily outstanding balance under the DIP Loan;

iii) any outstanding DIP Loan amount including interest, fees and other amounts included in the DIP Loan agreement shall be due on July 31, 2013;

iv) the DIP Loan will be secured by the Initial Order including a first priority charge over all assets of the Applicants (the "**DIP Charge**"), subject only to an Administration Charge (described below) not to exceed $250,000, a general security agreement from the Applicants' if requested by the DIP Lender and certain other documentation;

v) the Applicants shall pay a fee of $25,000 to the DIP Lender and the Applicants are also responsible for certain costs, fees and expenses related to the DIP Loan agreement and these CCAA proceedings; and

vi) the DIP Loan agreement also includes certain ongoing covenants and events of default.

OVERVIEW OF GGC's 13 WEEK CASH FLOW PROJECTION

17. GGC, with the assistance of its financial advisors, has prepared a cash flow forecast for the 13 week period from May 9, 2013 to August 4, 2013 (the "**Cash Flow Forecast**"). A copy of the Cash Flow Forecast is attached to the Griffis Affidavit, and attached as Appendix '**B**' to this Pre-filing Report. The Cash Flow Forecast has been prepared by Management using probable and hypothetical assumptions set out in notes 1 to 12 attached to the Cash Flow Forecast. The Cash Flow Forecast reflects receipts and disbursements to be received or paid over the 13 week projection period in U.S. Dollars.

18. The Proposed Monitor's review consisted of inquiries, analytical procedures and discussion related to information supplied to us by certain of the Management and employees of GGC. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. We have also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the Cash Flow Forecast.

19. Based on the Proposed Monitor's review, nothing has come to our attention that causes us to believe that, in all material respects:

i) the hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;

ii) as at the date of this Pre-filing Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the GGC or do not provide a reasonable basis for the Cash Flow Forecast, given the hypothetical assumptions; or

iii) the Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

20. As described in the Terms of Reference above, since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposed Monitor expresses no assurance as to whether the Cash Flow Forecast will be achieved. In addition, the Proposed Monitor expresses no opinion or other form of assurance with respect to the accuracy of financial information presented in the Cash Flow Forecast, or relied upon by the Proposed Monitor in preparing this Pre-filing Report.

21. The Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

22. The Cash Flow Forecast projects that the Applicants will have sufficient liquidity to operate during the CCAA proceedings.

SELECTED FINANCIAL MATTERS ADDRESSED IN THE PROPOSED INITIAL ORDER

23. The proposed Initial Order provides for a number of charges and thresholds including:

- *Administration Charge*

i) The Administration Charge as described in the proposed Initial Order provides for an Administration Charge in the amount of $250,000 in favour of the Monitor, its counsel and the Applicants' counsel as security for the professional fees and disbursements incurred both before and after the making of the Initial Order in respect of these CCAA proceedings. The Proposed Monitor believes that the Administration Charge is required and reasonable under the circumstances.

- *DIP Charge*

ii) The DIP Charge is described earlier in this Pre-filing Report. The DIP Charge is a priority charge required by the DIP Loan agreement. The DIP Charge ranks second to the Administration Charge. The Proposed Monitor believes that the DIP Charge is required and reasonable under the circumstances.

- *Directors' Charge*

iii) The Directors' Charge as described in the proposed Initial Order provides for a charge in the amount of $50,000 in favour of the Directors and Officers of the Applicants as security for the indemnity provided to them by the Applicants for liabilities that they may incur after the commencement of these CCAA proceedings. The Proposed Monitor believes that the Directors' Charge is required and reasonable under the circumstances.

- *Sale of Assets*

iv) The thresholds established in the proposed Initial Order for the Applicants' rights to dispose of redundant or non material assets without a court order is $25,000 in any one transaction or $100,000 in aggregate, and was established in relation to the size of GGC's operations and value of its assets in order to facilitate the orderly restructuring of the enterprise without adding undue administrative burden that would not add value to the process. In the Proposed Monitor's view, these thresholds are appropriate given the size of GGC's operations.

- *Creditor Notification*

v) The proposed Initial Order contemplates that the Monitor shall, within five days of the date of entry of the Initial Order, send notice of the making of the Initial Order to every known creditor of the Applicants in Canada, other than employees, having a claim of more than $1,000.

24. The proposed Initial Order further contemplates that the Applicants will be entitled, but not required, to pay all obligations to their trade creditors in Ghana incurred in the ordinary course of business, whether or not incurred prior to the date of the Initial Order, if in the opinion of the Applicants, in consultation with the Monitor, such payments are necessary to ensure uninterrupted and ongoing operations.

RESTRUCTURING ALTERNATIVES AND GGC'S PROPOSED MARKETING PROCESS

25. At this stage, it is not possible to present a comprehensive restructuring strategy as GGC will need to continue to analyze its restructuring alternatives and continue discussions that have been ongoing with certain of its stakeholders. Certain preliminary options with respect to GGC's restructuring alternatives are described in the Griffis Affidavit including undertaking a marketing process and addressing its working capital requirements.

26. The CCAA proceedings will contribute a stable environment to enable GGC to operate its business while it restructures its business operations.

27. GGC is proposing to conduct a sale and investment solicitation process (the "**SISP**"). A detailed protocol with respect to the SISP is set out in Schedule "**A**" to the proposed Initial Order. The Proposed Monitor has reviewed the SISP and agrees with the marketing process set out therein.

28. The key dates in the SISP are:

Sale and Investment Solicitation Process	Date
Court Approval of SISP	May 9, 2013
Publish Advertisement	May 14, 2013
Marketing to Interested Parties	May 9 to June 11, 2013
Submission of Letters of Intent	Anytime up to June 11, 2013
Qualifying Offerors	Within 2 Business Days of receipt of Letter of Intent and no later than June 13, 2013
Access to on-line data room and site visits	Immediately upon becoming a Qualified Offeror to date of Submission of Binding Offer
Offer Deadline	July 15, 2013
Clarification of offers and re-bidding, if applicable	between July 15 and July 31, 2013
Execution of Binding Agreement (Financing Agreement, APA, etc.)	between July 15 and July 31, 2013
Court approval of Transaction(s)	between July 15 and July 31, 2013
Closing(s)	July 31, 2013

29. The contemplated Initial Order directs and authorizes GGC and the Monitor to take such steps as they consider necessary or desirable in carrying out the SISP. The Monitor will also oversee the SISP process and report to this Court with respect to the outcome of the SISP process.

CONCLUSIONS AND RECOMMENDATION

30. The Proposed Monitor believes that it is appropriate that the Applicants be granted the benefit of protection under the CCAA, so they are able to stabilize their operations while they undertake the SISP and continue discussions with their stakeholders regarding a restructuring under CCAA supervision in a manner that is in the best interest of the Applicants and their stakeholders.

31. Further to the Proposed Monitor's review of the proposed Initial Order, the Proposed Monitor supports the thresholds in the proposed Initial Order, including:

i) an Administration Charge of $250,000 in favour of the Monitor, its counsel and the Applicants' counsel;

ii) a DIP Charge on all the assets of the Applicants;

iii) a Directors' Charge of $50,000 in favour of the Officers and Directors;

iv) individual asset sales of $25,000 or asset sales of $100,000 in aggregate without the need for further court order; and

v) notices to creditors with claims of $1,000 or more in Canada, other than employees.

All of which is respectfully submitted this 8th day of May, 2013.

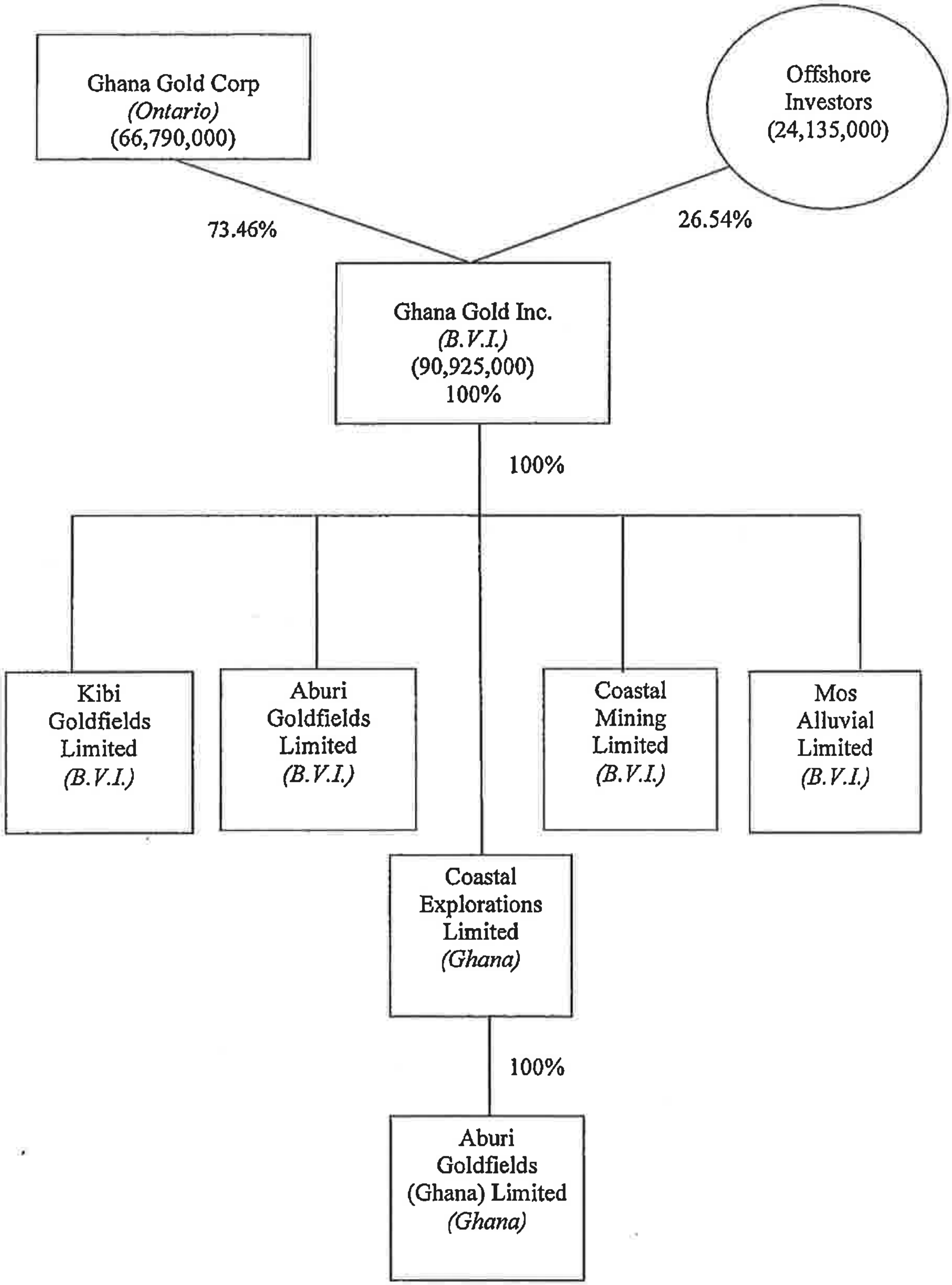
ERNST & YOUNG INC.
in its capacity as the Proposed Monitor of Ghana Gold Corporation, Ghana Gold Inc., Coastal Explorations Limited and Aburi Goldfields Inc.

Per:

Alex Morrison
Senior Vice President

APPENDIX A

GHANA GOLD CORP
At December 31, 2012 & as of to-date



APPENDIX B

Ghana Gold Corporation and Subsidiaries (the "Applicants") Combined Cash Flow Projection
For The Period From May 9, 2013 to August 4, 2013
(In Thousands of US Dollars Unless Noted Otherwise)

		Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	
Period Ending	Notes	12-May-13	19-May-13	26-May-13	2-Jun-13	9-Jun-13	16-Jun-13	23-Jun-13	30-Jun-13	7-Jul-13	14-Jul-13	21-Jul-13	28-Jul-13	4-Aug-13	Total
Opening Bank Balance	1	$ 165	$ 145	$ 135	$ 205	$ 72	$ 93	$ 47	$ 136	$ 11	$ 107	$ 141	$ 246	$ 330	$ 165
Receipts															
Gold sales	2	102	234	234	267	267	267	267	267	329	329	329	329	329	3,550
Total Receipts		102	234	234	267	267	267	267	267	329	329	329	329	329	3,550
Disbursements															
Labour	3	(13)	(30)	(30)	(79)	(35)	(35)	(35)	(85)	(44)	(44)	(44)	(44)	(106)	(625)
Fuel	4	(32)	(56)	(46)	(61)	(51)	(61)	(51)	(61)	(61)	(71)	(61)	(71)	(61)	(741)
Production and maintenance	5	(22)	(45)	(40)	(59)	(64)	(53)	(43)	(94)	(69)	(58)	(48)	(58)	(110)	(766)
Camp support & miscellaneous	6	(5)	(13)	(13)	(60)	(16)	(16)	(16)	(66)	(21)	(21)	(21)	(21)	(83)	(370)
General & Administrative	7	(9)	(19)	(19)	(76)	(21)	(21)	(21)	(76)	(25)	(25)	(25)	(25)	(80)	(443)
Restructuring	8	(40)	(30)	(15)	(15)	(13)	(13)	(13)	(12)	(12)	(25)	(25)	(25)	(13)	(253)
Royalties	9	-	-	-	-	(47)	(115)	-	-	-	-	-	-	-	(162)
EPA payments	10	-	(50)	-	(50)	-	-	-	-	-	(50)	-	-	(100)	(250)
Foreign exchange gain/(loss)	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements		(122)	(244)	(164)	(401)	(246)	(313)	(178)	(393)	(232)	(294)	(224)	(244)	(554)	(3,610)
DIP Repayment	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flows		(20)	(10)	70	(133)	21	(46)	89	(126)	96	34	104	84	(226)	(60)
Ending Bank Balance		**$ 145**	**$ 135**	**$ 205**	**$ 72**	**$ 93**	**$ 47**	**$ 136**	**$ 11**	**$ 107**	**$ 141**	**$ 246**	**$ 330**	**$ 105**	**$ 105**
DIP Facility	12														
Opening balance		$ -	$ (12)	$ (185)	$ (197)	$ (209)	$ (220)	$ (418)	$ (429)	$ (445)	$ (456)	$ (468)	$ (718)	$ (730)	$ -
FMCI loan repayment		-	(137)	-	-	-	(186)	-	-	-	-	(239)	-	-	(562)
DIP Lender's fee		-	(25)	-	-	-	-	-	-	-	-	-	-	-	(25)
Advisors to DIP Lender		(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(150)
Interest accrual		-	-	-	(1)	-	-	-	(4)	-	-	-	-	(6)	(11)
DIP Repayment		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending DIP balance including interest		$ (12)	$ (185)	$ (197)	$ (209)	$ (220)	$ (418)	$ (429)	$ (445)	$ (456)	$ (468)	$ (718)	$ (730)	$ (747)	$ (747)
Gold Production (oz)	1	72	162	162	186	186	186	186	186	228	228	228	228	228	2,466

In the Matter of the CCAA of Ghana Gold Corporation (Canada) and Subsidiaries ("GGC" or the "Applicants")
Notes to the Unaudited Cash Flow Projection
(In U.S. dollars unless otherwise noted)

Disclaimer:

In preparing this cash flow projection (the "**Cash Flow Forecast**"), the Applicants have relied upon unaudited financial information, and the Applicants have not attempted to further verify the accuracy or completeness of such information. Since the Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the forecast period will vary from the Cash Flow Forecast, even if the assumptions materialize, and such variation may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

Overview:

The Cash Flow Forecast reflects projected cash flows from GGC's operations. The Applicants, with the assistance of the Monitor, have prepared the Cash Flow Forecast based primarily on GGC's historical results and current operating plan. Receipts and disbursements are denominated in US dollars. Ghana Cedis and Canadian dollars are converted to US dollars at the exchange rates of GHS₵1.90= US$1.00 and CDN$1.00 = US$1.00, respectively.

The Cash Flow Forecast assumes that GGC will continue its gold production from two alluvial gold mine projects in Ghana: the Aburi project and the Ofin project. Pre-filing payables due to trade vendors are projected to be paid in the normal course of business.

Assumptions:

1) **Opening bank balance:**
   This is the anticipated opening cash balance of CGC at the commencement of the CCAA proceedings period and includes funds held in Ghana Cedis, Canadian dollars and U.S. dollars that were converted into U.S. dollars at the exchange rate noted above. Note that the opening balance also includes the estimated value of CGC's gold bar inventory, which can be turned into cash within a short period of time.

2) **Gold sales:**
   GGC is expected to produce approximately 2,466 ounces of gold during the projection period. Gold sales are based on GGC's estimated weekly gold production volume multiplied by the average spot price of gold expected from licensed local buyers, and receipts are projected to be collected within the same week.

In estimating the gold production volume, GGC has factored in its estimated gravel production capacity, average recovery grade and gold purity.

The average net spot price of gold is projected to be $1,440 per ounce during the projection period.

3) **Labour**
Labour disbursements include salaries, benefits and other compensation payments for all salaried and temporary employees, as well as contractors. While GGC pays salaried employees monthly, certain temporary employees, such as casual or day helpers, get paid weekly or daily.

4) **Fuel**
This represents GGC's estimated fuel purchases for its mining operation, including GGC's production facilities, fleet and mining camp.

5) **Production and maintenance**
This category includes estimated disbursements related to GGC's production, repairs and maintenance, including but not limited to: equipment lease/rental payments, parts, and repairs and maintenance costs.

6) **Camp support and miscellaneous**
This category includes estimated disbursements related to GGC's fully equipped camp and miscellaneous purchases, including petty cash payments.

7) **General and administration**
General and administration payments are based on historical run rate and include primarily: insurance, office rent and supplies and other miscellaneous costs.

8) **Restructuring costs**
Restructuring costs represent primarily costs related to the GGC's counsel and the Monitor and its counsel.

9) **Royalties**
This line item represents quarterly royalty payments to the Government of Ghana, which are calculated as 5% of the gross gold sales based on anticipated due dates.

The Cash Flow Forecast does not reflect any royalty for the land owner during the projection period due to certain balances being owed to GGC.

10) **EPA Payments**
EPA payments represent an environmental levy charged by the Ghana's environmental agency based on acreage of the GGC's mining area. GGC is in the process of working with the environmental agency to finalize the levy amount.

11) Foreign exchange gain or loss:
The cash flow forecast does not reflect any foreign exchange gain or loss during the projection period due to the uncertainty of foreign exchange fluctuations.

12) DIP Loan
The Cash Flow Forecast assumes that a new DIP facility provided by FCMI Financial Corporation ("FCMI") in the maximum amount of CDN$750,000 will be available for GGC to repay its secured debt from FCMI Parent Co. on the basis of $300 per ounce of gold produced and other DIP financing related costs. Further details regarding the DIP facility can be found in the Report of the Proposed Monitor.