Court File No.: CV-13-10107-00CL

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

MOTION RECORD OF THE APPLICANTS
(returnable on June 3, 2013)

May 27, 2013

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TAB 1

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Applicants

NOTICE OF MOTION
(Motion for, among other things, a Stay Extension to July 31, 2013)
(returnable on June 3, 2013)

Ghana Gold Corporation, Ghana Gold Inc., Coastal Explorations Limited and Aburi Goldfields (Ghana) Ltd. ("**Aburi Goldfields**" and collectively, the "**Applicants**") will make a motion before a Judge of the Ontario Superior Court of Justice (Commercial List) on Monday, June 3, 2013 at 10:00 o'clock in the morning, or as soon after that time as the motion can be heard, at 330 University Avenue, in the City of Toronto.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. an Order abridging the time of service of the Notice of Motion and the Motion Record herein and dispensing with further service thereof;

2. an Order extending the Stay Period (as defined in the Initial Order of Justice Newbould granted on May 9, 2013 (the "**Initial Order**") pursuant to the *Companies' Creditors*

Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") in these proceedings to July 31, 2013;

3. an Order authorizing the Applicants to enter into non-exclusive placement fee letters, subject to the approval of the Monitor, as described herein;

4. an Order approving the First Report of Ernst & Young Inc., in its capacity as the Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**"), to be filed (the "**Monitor's First Report**") and approving the actions of the Monitor as described therein; and

5. such further and other relief as counsel may request and this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. the Applicants' core business is gold production from its operating alluvial gold mines in Ghana, West Africa;

2. on May 9, 2013, the Applicants made an application under the CCAA seeking court protection from its creditors, which protection was granted pursuant to the Initial Order;

3. on May 17, 2013, Minatura (BVI) Inc. served a motion seeking, among other things, a declaration that Aburi Goldfields did not consent to being an Applicant in this CCAA proceedings and an Order that Aburi Goldfields' application for relief under the CCAA be stayed and/or deemed withdrawn (the "**Minatura Motion**");

4. the Applicants have responded to the Minatura Motion seeking to have the motion dismissed;

5. the Minatura Motion is scheduled to be heard by this Court on June 3, 2013;

6. the Initial Order approved a sale and investment solicitation process (the "**SISP**") to be undertaken by the Applicants, with the assistance of the Monitor, for the purpose of completing a refinancing, recapitalization or sale of the Applicants' business;

7. the SISP timeline contemplates binding offers being received on July 15, 2013 with a closing of a transaction to occur on July 31, 2013;

8. pursuant to paragraph 19 of the Initial Order, the Stay Period currently expires on June 8, 2013;

9. the extension of the Stay Period to and including July 31, 2013 is necessary to provide the Applicants with continued Court protection while they work diligently, with the assistance of the Monitor, on implementing the SISP;

10. the Applicants' cash flow projection, reviewed with the Monitor, projects that the Applicants will have sufficient funding during the extended Stay Period;

11. in connection with the SISP, the Applicants seek the authorization of the Court to execute certain non-exclusive placement fee letters with interested parties in the SISP (the "**Placement Fee Letters**"), which would allow the Applicants to enter into non-exclusive arrangements with a certain agents that may assist the Applicants in seeking equity investments pursuant to the SISP;

12. the proposed Placement Fee Letters will be reviewed and approved by the Monitor, prior to the Applicants executing same;

13. since the issuance of the Initial Order, the Applicants have acted, and continue to act, in good faith and with due diligence, and circumstances exist that make granting an extension of the Stay Period to and including July 31, 2013 appropriate;

14. the Monitor supports the motion to extend the Stay Period and the Applicants are unaware of any creditor that opposes this relief being granted;

15. the Monitor's First Report reports on the Monitor's actions to date in this proceeding;

16. sections 11.02 and 23 of the CCAA and the inherent and equitable jurisdiction of this Court;

17. Rules 1.04, 2.03, 3.02, 16.08 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and

18. such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. the Affidavit of A. Thomas Griffis sworn May 27, 2013 and the exhibits attached thereto;

2. the Monitor's First Report, to be filed; and

3. such further and other material as counsel may advise and this Honourable Court may permit.

May 27, 2013

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TO: **THIS HONOURABLE COURT**

AND TO: **THE ATTACHED SERVICE LIST**

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(AS AT MAY 22, 2013)

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

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Applicants

Court File No.: CV-13-10107-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)

Proceedings commenced at Toronto

NOTICE OF MOTION
(returnable June 3, 2013)

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Lawyers for the Applicants

TAB 2

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ONTARIO
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Applicants

AFFIDAVIT OF A. THOMAS GRIFFIS
(sworn on May 27, 2013)

I, A. THOMAS GRIFFIS, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS**:

1. I am the Chief Executive Officer and the Chairman of the Board of Directors of Ghana Gold Corporation and a Director of Ghana Gold Inc., Coastal Explorations Limited and Aburi Goldfields (Ghana) Ltd. (collectively, "**Ghana Gold Group**" or the "**Applicants**"). As such, I have personal knowledge of the matters to which I herein depose. Where the source of my information or belief is other than my own personal knowledge, I have identified the source and the basis for my information and believe it to be true.

2. All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in my Affidavit sworn on May 8, 2013 (the "**First Affidavit**") sworn in support of an application for an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), in respect of the Applicants, which was granted by Mr. Justice Newbould on May 9, 2013.

A. THE PURPOSE OF THIS AFFIDAVIT

3. This Affidavit is sworn in support of the motion brought by the Applicants seeking, an order, among other things:

(a) extending the Stay Period (as defined in the Initial Order) to and including July 31, 2013;

(b) authorizing the Applicants to enter into non-exclusive placement fee letters, as described herein;

(c) approving the First Report of Ernst & Young Inc., in its capacity as the Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**"), to be filed (the "**Monitor's First Report**") and approving the actions of the Monitor as described therein.

B. BACKGROUND

4. The Applicants' core business is gold production from its operating alluvial gold mines in Ghana, West Africa.

5. On May 9, 2013, the Applicants made an application under the CCAA seeking court protection from its creditors, which protection was granted pursuant to the Initial Order.

6. Pursuant to paragraphs 15 to 18 of the Initial Order, this Court approved a sale and investment solicitation process (the "**SISP**") to be undertaken by the Applicants, with the assistance of the Monitor, for the purpose of completing a refinancing, recapitalization or sale of the Applicants' business.

7. My First Affidavit sets out the background of these CCAA proceedings including the Applicants' business and their financial difficulties, an overview of the Applicants' major stakeholders and the purpose of the SISP. A copy of my First Affidavit (without exhibits) is attached hereto as **Exhibit "A"**.

C. THE STAY PERIOD AND THE SISP

8. Pursuant to paragraph 19 of the Initial Order, the Stay Period expires on June 8, 2013. The Applicants are requesting an extension of the Stay Period to and including July 31, 2013.

9. The extension of the Stay Period to July 31, 2013 is necessary to provide the Applicants with continued Court protection while they work diligently, with the assistance of the Monitor, on implementing the SISP, which contemplates a closing of a transaction on July 31, 2013.

10. The Applicants' cash flow projection to August 4, 2013 which has been reviewed with the Monitor will be attached as an Appendix to the Monitor's First Report. It projects that the Applicants will have sufficient funding during the extended Stay Period.

11. In connection with the SISP, the Applicants seek the authorization of the Court to execute certain non-exclusive placement fee letters with interested parties in the SISP (the "**Placement Fee Letters**"), with the approval of the Monitor. The Placement Fee Letters would allow the Applicants to enter into non-exclusive arrangements with certain agents that may assist the Applicants in seeking equity investments pursuant to the SISP. Prior to the Applicants executing a Placement Fee Letter, it would be reviewed and approved by the Monitor.

12. Since the issuance of the Initial Order, the Applicants have acted and continue to act in good faith and with due diligence, and circumstances exist that make granting an extension of the Stay Period to and including July 31, 2013 appropriate.

13. I understand that the Monitor supports the motion to extend the Stay Period and I am not aware of any creditor that opposes this relief being granted.

14. I swear this Affidavit in support of the Applicants' motion returnable on June 3, 2013, and for no other or improper purpose.

SWORN before me at the City of Toronto, in the Province of Ontario, this 27th day of May, 2013. K Mahar Commissioner for Taking Affidavits	A. Thomas Griffis A. THOMAS GRIFFIS

EXHIBIT "A"

Court File No.:

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Applicants

AFFIDAVIT OF A. THOMAS GRIFFIS
(sworn May 8, 2013)

May 8, 2013

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Applicants

AFFIDAVIT OF A. THOMAS GRIFFIS (sworn May 8, 2013)

I, A. THOMAS GRIFFIS, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am the Chief Executive Officer and the Chairman of the Board of Directors of Ghana Gold Corporation ("**GGC**") and a Director of Ghana Gold Inc. ("**GG BVI**"), Coastal Explorations Limited ("**Coastal**") and Aburi Goldfields (Ghana) Ltd. ("**Aburi Goldfields**" and collectively, "**Ghana Gold Group**" or the "**Applicants**"). As such, I have personal knowledge of the matters to which I herein depose. Where the source of my information or belief is other than my own personal knowledge, I have identified the source and the basis for my information and believe it to be true.

2. All references to currency in this Affidavit are to U.S. Dollars, unless otherwise indicated.

I. RELIEF SOUGHT

3. This Affidavit is sworn in support of an application (the "**Application**") for an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), in respect of the Applicants, among other things:

(a) abridging the time for service of the Notice of Application and dispensing with service on any other person other than those served;

(b) declaring that the Applicants are parties to which the CCAA applies;

(c) appointing Ernst & Young Inc. as Monitor of the Applicants in these proceedings (the "**Proposed Monitor**");

(d) staying all proceedings and remedies taken or that might be taken in respect of the Applicants or any of their property, except as otherwise set forth in the Initial Order or as otherwise permitted by law;

(e) authorizing the Applicants to carry on business in a manner consistent with the preservation of their property and the restructuring proposed and to make certain payments in connection with their business and the proceedings taken herein;

(f) approving the DIP Term Sheet between the Applicants and FCMI Financial Corporation (the "**DIP Lender**") and granting a DIP Charge (defined below);

(g) granting the Administrative Charge (defined below);

(h) granting the Directors' Charge (defined below);

(i) approving a Sale and Investment Solicitation Process ("**SISP**") to be undertaken by the Applicants with the assistance of the Proposed Monitor; and

(j) permitting the Applicants to file with the Court a plan of compromise or arrangement.

II. OVERVIEW, BUSINESS OPERATIONS AND CORPORATE STRUCTURE

4. GGC is a privately-held corporation incorporated pursuant to the Ontario *Business Corporations Act* on March 4, 2010. GGC's registered head office is located at 70 York St., Suite 1410, Toronto, Ontario M5J 1S9 (the "**Head Office**"). A copy of the corporation profile report for GGC obtained from the Ontario Ministry of Government Services is attached hereto as **Exhibit "A"**.

5. The other Applicants are all subsidiaries of GGC. An organization chart of the Ghana Gold Group and other related subsidiaries is attached hereto as **Exhibit "B"**.

6. GGC is owned by 31 shareholders holding an aggregate of 66,790,000 common shares. Management as a group holds approximately 39.6% of the common shares of GGC. I have an equity interest in GGC. FCMI Parent Co. ("**FCMI**"), the Applicants' lender, holds 20,000,000 (29.9%) of GGC's common shares, as described below.

7. GGC owns 66,790,000 common stock of GG BVI, which is incorporated under the laws of the British Virgin Islands, representing 73.46% of GG BVI. A copy of the Memorandum of Association and Articles of Association for GG BVI is attached hereto as **Exhibit "C"**. The balance of 26.54% of the common stock of GG BVI is held by 17 investors. Generally, Canadian and U.S. investors in the Ghana Gold Group invested in GGC and "offshore" investors invested in GG BVI, depending on their tax situation. GG BVI is a subsidiary of GGC and has no employees.

8. In turn, GG BVI owns 100% of the shares of the Ghana Gold Group's operating arm, Coastal, a company incorporated under the laws of the Republic of Ghana ("**Ghana**"). A copy of the Certificate of Incorporation and Regulations for Coastal is attached hereto as **Exhibit "D"**.

9. In turn, Coastal owns 100% of Aburi Goldfields, a company incorporated under the laws of Ghana. A copy of the Certificate of Incorporation and Regulations for Aburi Goldfields is attached hereto as **Exhibit "E"**.

10. In addition to Coastal, GG BVI incorporated four wholly-owned subsidiaries for tax planning purposes. These subsidiaries are set out in the organizational chart attached as Exhibit "B". However, they are not Applicants in this proceeding since they have never been operational.

A. Management of the Applicants

11. As set out above, I am a director of each of the Applicants. In addition to myself, the directors of each of the Applicants are as follows:

(a) GGC: Elia Crespo and Michael Campbell;

(b) GG BVI: Bob Griffis and James Ladner;

(c) Coastal: Bob Griffis, Leo Eduamah; and

(d) Aburi Goldfields: Bob Griffis and Linda Antwi-Donkor.

12. Ghana Gold Group's management team includes the following people based primarily at its Head Office:

(a) myself, Chairman and Chief Executive Officer of GGC ("**CEO**");

(b) Elia Crespo, Chief Financial Officer of GGC ("**CFO**");

(c) Michael Campbell, Secretary of GGC; and

(d) Juliana Yung, Controller of GGC.

13. The only member of Ghana Gold Group's management team based outside of Canada is Bob Griffis, Chief Operating Officer of GGC, who is a Canadian citizen based primarily in Ghana.

14. In addition to GGC's Chief Operating Officer, the following individuals are key to the mining and exploration operations of Ghana Gold Group and are based primarily in Ghana:

(a) Athol Smith, Executive Vice President, Coastal; and

(b) Kofi Agyemang, Acting General Manager, Aburi Goldfields.

15. It is expected that all existing management based in Toronto and all mine operations management based in Ghana will remain in place during the restructuring.

B. Integration of the Applicants and Centre of Main Interest

16. The Applicants are of the view that the restructuring of the Ghana Gold Group as a whole to be undertaken under the CCAA may involve a refinancing, recapitalization or sale of the Applicants' business. The Applicants will explore all options to maximize value for stakeholders and to continue production at the Ghana Gold Group's facilities, described in greater detail below.

17. The Ghana Gold Group's business is fully integrated, including between the Canadian, British Virgin Islands and Ghanaian operations. The restructuring of the Ghana Gold Group can be administered most efficiently through a single, centralized restructuring process. Such a

process will minimize the cost of the restructuring, including the time necessary to effect the refinancing, recapitalization or sale effort and thereby maximize the overall value of the assets and operations for the benefit of all of the Applicants' stakeholders.

18. The Applicants' centre of main interest ("**COMI**") is Ontario. The Applicants' "nerve centre" is the Head Office in Ontario, from which the CEO, CFO, Secretary and Controller of GGC operate. The primary corporate, management, banking, accounting and strategic functions for all Applicants are undertaken from the Head Office in Ontario. The Applicants' lender is located in Ontario and its financing documents are governed by Ontario law.

19. The Applicants contemplate that the CCAA proceeding in Canada will be the primary court supervised process for the restructuring of the Ghana Gold Group. While the restructuring will be undertaken in Canada, the Applicants may determine that it is necessary to have this proceeding recognized as a foreign main proceeding in the British Virgin Islands and/or to have the Initial Order or any future order granted in this proceeding enforced as a foreign order in Ghana in order to facilitate their restructuring.

20. In support of the Applicants' position that the Applicants' COMI is Ontario, the Applicants rely on the following:

(a) all corporate strategic decision-making for the Ghana Gold Group occurs at the Head Office and the CEO, CFO, Secretary and Controller have their primary business office in Ontario;

(b) as CEO of GGC, I am involved, along with other members of the senior management team, in all material decisions regarding the operations of all Applicants, including the approval of all terms and conditions of any material contracts, and all such decisions are directed from, made in or monitored from our offices in Ontario;

(c) budgeting for each of the Applicants is approved at the Head Office in Ontario;

(d) accounting is performed and the books and records are maintained at the Head Office in Ontario;

(e) all treasury management functions, including a centralized cash management system for the Ghana Gold Group, are conducted from the Head Office in Ontario;

(f) financial reporting of the Applicants is done on a consolidated basis (except where separate entity reporting is required by taxing authorities) and the audited financial statements are prepared in Ontario;

(g) the auditor of the Applicants, Collins Barrow, is located in Ontario;

(h) human resource policy and administration, including certain human resource functions such as employee recruitment strategy and the administration of employee benefits, are performed in Ontario;

(i) investor communication functions are undertaken at the Head Office in Ontario;

(j) the corporate minute books for each Applicant are located and maintained in Ontario;

(k) the only financing made available to the Applicants is with FCMI, which manages its financing in Toronto;

(l) the loan documents and security granted in respect of the financing by FCMI are governed by Ontario law; and

(m) the Board of Directors' meetings are customarily held in Ontario.

III. THE APPLICANTS' BUSINESS

A. Core Business and Services

21. The Applicants' core business is gold production from its operating alluvial gold mines in Ghana, West Africa.

22. Alluvial mining is among the simplest forms of gold production. It is essentially the same as panning for gold but on a larger mechanized scale. In Ghana, over the course of the last many thousands of years, gold-bearing rock has been eroded. The gold was carried into the streams and rivers and a considerable amount of gold settled into the stream beds. The Ghana Gold Group has identified a number of areas where gold bearing gravel deposits exist.

23. The Applicants have two operating gold projects in central Ghana: the Aburi project (sometimes referred to as Mpeasem) (the "**Aburi Project**") and the adjacent Ofin project (the "**Ofin Project**"), which is located approximately 500 meters from the Aburi Project. Together, these would be considered a medium-scale alluvial mining operation.

24. In order to produce gold, the Applicants first strip vegetation from the mining area with a bulldozer. Plus or minus one foot of top soil is then removed to expose the gold-bearing gravels. The gravels are typically one to two metres deep above a layer of bedrock. The gravels are removed down to the bedrock and placed in dump trucks using excavators, which then drive a short distance to an alluvial processing plant.

25. The plant uses a number of simple processes to physically separate the free gold from the gravels. No capital-intensive hard rock milling is involved. The waste gravel is then trucked back to the original site, the top soil is returned and vegetation is restored.

26. There are three ore processing plants operating on these two projects, which began gold production in August, 2012: the two smaller Wyoming plants on the Ofin Project (began production in August, 2012) and the IHC plant on the Aburi Project (began production in February, 2013). The Ofin Project is smaller than the Aburi Project in terms of gold resources and daily production potential. The Applicants' mining fleet is currently operating on the Aburi Project. However, the Ofin Project and the two Wyoming plants are operation ready and, prior to the Aburi Project going into operation, the Ofin Project was in production.

27. The Ghana Gold Group also has a third property located in eastern Ghana near the town of Kibi called the MOS project ("**MOS**"). The Applicants have the alluvial mining rights to MOS, but it has not yet established the plant and mining fleet to support production at MOS. The Ghana Gold Group's current intention is to see this project start operations in September 2013. A map showing the locations of the Ghana Gold Group's mining interests is attached hereto as **Exhibit "F"**.

28. In addition to the above land projects, the Ghana Gold Group has also submitted an application for a reconnaissance license, which would allow it to explore certain offshore gold mining opportunities near Ghana's coastline. The Ghana Gold Group expects the reconnaissance license to be granted in 2013. However, it would be several years before a feasibility study is produced on the offshore license and gold production commences from the offshore concession. To date, there has not been a significant amount of capital spent or exploration work conducted on this offshore potential.

B. Facilities and Fleet

29. The Applicants service both the Aburi Project and the Ofin Project with a fully-equipped mining camp with offices, accommodations, mining equipment servicing areas and a gold room where the Applicants create their own dore gold bars of approximately 87% pure gold. These bars are sold to licensed gold buyers in Ghana, which pay for the bars based on the number of fine ounces contained in the bars times London spot price less 2.5%.

30. Generally, the process established for the sale of the dore gold bars is that the buyer pays for the dore gold bar before the bar is released to the buyer, and the buyer takes title at the mining camp. The buyer is responsible for transportation, insurance and refining to 99.99% purity. Refining can take place at a refinery in Ghana or elsewhere, depending on the buyer. Presently, the Applicants' main buyers are AA Minerals and ASAP Vesa, both located in Accra, Ghana.

31. The Applicants have their own mining fleet which they use to operate the two mines and three plants. However, the present mining fleet is mostly comprised of older, used equipment that is not adequate to service both the Aburi Project and the Ofin Project and is not sufficient to meet the capacity of the IHC plant at the Aburi Project. The Applicants currently lease and rent some additional mining fleet to supplement the Applicants' fleet and are planning to rent certain additional equipment to maintain and increase their gold production. The resulting projected revenue from the additional gold production exceeds the rental cost of such equipment. I have discussed this with the Proposed Monitor and it is reflected in the Cash Flow Forecast (defined below).

C. Licenses

32. The Applicants do not hold mining leases directly. Rather, the Applicants have alluvial gold mining agreements with certain parties that hold the relevant mining rights, which allows GGC to exploit the alluvial mining on each site in return for a royalty paid to the mining rights holder. The mining rights holders for each of the Applicants' projects are as follows (collectively, the "**Rights Holders**"):

(a) the Aburi Project: Romex Mining, a hard rock mining exploration company;

(b) the Ofin Project: Demba Resource Enterprise;

(c) MOS: MOS Mining Company (alluvial mining rights granted to Atewa Gold Mines Limited, and further assigned to Coastal).

33. The agreements generally provide for a 5% royalty paid by the relevant Applicant to the relevant Rights Holder, plus an additional 15% net profit interest in the case of MOS.

D. Employees

34. The Applicants have approximately 220 employees. Many are casual or day labourers. None of the Applicants' employees are unionized. The location and number of employees per Applicant is summarized as follows:

(a) GGC: 5 employees in Ontario;

(b) GG BVI: No employees

(c) Coastal: 12 employees in Ghana; and

(d) Aburi Goldfields: 158 full-time and 41 casual employees and 4 consultants in Ghana.

E. Bank Accounts and Cash Management

35. GGC's main bank is Royal Bank of Canada ("**RBC**"), located at Toronto, Ontario, at which it maintains U.S. dollar and Canadian dollar accounts. Coastal and Aburi Goldfields have local bank accounts in U.S. dollars and Ghana Cedis at Standard Chartered Bank and Stanbic Bank Ghana Limited in Accra, Ghana, since RBC does not have bank branches in Ghana.

36. The Applicants manage a centralized cash management system out of the Head Office in Toronto. Cash is loaned by GGC on an inter-company basis to the other Applicants. Revenue after costs is repatriated to GGC.

37. There is no credit or overdraft provided by any of the aforementioned financial institutions and, as such, funds are transferred to the appropriate bank account to cover cheques, wire transfers or direct debits from those bank accounts.

38. In addition to cash loaned by GGC, cash from gold sales is deposited or transferred to the account of Aburi Goldfields by customers.

39. Coastal and Aburi Goldfields each maintain their own payroll account and are responsible for their own payroll obligations.

40. To the extent that funds are needed, inter-company advances are provided between Coastal and Aburi Goldfields. Each Applicant then pays its accounts payable from its own account.

41. It is anticipated that the Applicants will continue to use the existing cash management system and will continue to maintain the bank accounts and arrangements already in place. This approach will minimize any disruption to business operations as the Applicants restructure.

IV. CURRENT STATUS OF THE COMPANY

42. GGC's annual audited financial statements are prepared on a consolidated basis and include all of the Applicants. The most recent audited financial statements are for the fiscal year ended December 31, 2012 (the "**Financial Statements**"), a copy of which is attached hereto as **Exhibit "G"**.

43. The Financial Statements show that the Ghana Gold Group's assets have a book value of approximately $5,115,758 and consist of cash on hand, receivables, inventory, equipment and capital assets, owned facilities, intangible assets, goodwill and other assets. The Financial Statements show that the Ghana Gold Group's liabilities are approximately $6,984,263.

A. Assets

44. As set out above, the Applicants' primary operating asset is the Aburi Project.

45. Ghana Rae Gold Mines Ltd. conducted a Feasibility Study of the Aburi Project in August, 2011 (the "**Feasibility Study**"). The Feasibility Study estimated the gold resources at the Aburi Project at approximately 62,000 fine ounces of gold. To date, approximately 3,000 ounces have been mined by the Applicants.

46. The current price of gold is approximately $1460 per ounce. The Applicants' average mine operating cost of mining gold from the Aburi Project for the first quarter of 2013 was approximately $1,000 per ounce.

47. At current gold prices after taking into account a mine operating cost of $1,000 per ounce, the Aburi Project will produce approximately $27 million of positive cash flow over the lifetime of the project. It is expected that the Applicants' mine operating costs will decrease in

the coming months as the project reaches full production which will result in even greater positive cash flow over the lifetime of this project.

48. The gold price has recently shown considerable volatility. While gold price movements are not predictable, the Applicants are confident that it will generate positive operating cash flow at gold prices in excess of $1,000 per ounce. The Applicants are not aware of any credible published gold price forecast calling for the price of gold to fall below $1,000 per ounce.

B. Secured Indebtedness

49. Before the Applicants began production, GGC received pre-production financing from FCMI, pursuant to a Secured Convertible Grid Promissory Note in the amount of $5,000,000.00 on October 28, 2011 (the "**Note**"). The Note is not interest bearing. A copy of the Note is attached hereto as **Exhibit "H"**.

50. As consideration for the Note, GGC issued to the lender 20,000,000 common shares with an estimated value of $2,000,069 and 20,000,000 share purchase warrants with an exercise price of CDN$0.18 per share which had an estimated value of $1,014,201, based on sales of the shares from the treasury for CDN$0.10 cash per share that had occurred in the same time frame as the financing.

51. Under the terms of the Note, FCMI was granted 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. This right has not been exercised.

52. The Note provides that it is to be repaid monthly at a rate of $300 per ounce of gold sold by the Ghana Gold Group multiplied by GGC's relative interest in the gold produced. GGC has the option of prepaying at any time, all, or from time to time any part of its indebtedness under the Note without penalty. A summary of the monthly repayments made under the Note to date is attached hereto as **Exhibit "I"**. Included in this summary is a prepayment of $200,000 made above the $300 per ounce repayment obligation.

53. The Note balance at the date hereof is $4,013,469.00.

54. The maturity date under the Note was April 29, 2013 (the "**Maturity Date**"). As described in greater detail below, prior to the Maturity Date, FCMI agreed to extend the Maturity Date to May 6, 2013 and then to May 8, 2013. Repayment in full of the Note is due today and the Applicants do not have sufficient liquidity to repay the Note.

55. GG BVI and Coastal guaranteed the obligations of GGC to FCMI under the Note pursuant to a Guarantee dated as of October 28, 2011 (the "**Guarantee**"). A copy of the Guarantee is attached hereto as **Exhibit "J"**.

56. GGC, GG BVI and Coastal secured their obligations to FCMI under the Note and the Guarantee pursuant to a Securities Pledge Agreement dated as of October 28, 2011 (the "**Securities Pledge Agreement**"). A copy of the Securities Pledge Agreement is attached hereto as **Exhibit "K"**.

57. Pursuant to the Securities Pledge Agreement, GGC pledged to FCMI, among other things, all its present and future common shares of GG BVI. GG BVI pledged to FCMI, 100% of the shares of Coastal and Coastal pledged 100% of the shares of Aburi Goldfields.

58. As at May 2, 2013, FCMI is the only party that has a registration against GGC pursuant to the Ontario *Personal Property Security Act*. Certified search results from the Ontario Personal Property Security Registration System conducted against GGC certified as at May 2, 2013 are attached hereto as **Exhibit "L"**.

59. Other than FCMI, the Applicants have no secured creditors.

C. Unsecured Creditors

60. The Ghana Gold Group's unsecured creditors are principally trade creditors and Rights Holders. Collectively, the Applicants' accounts payable are $2,236,600.29 as at May 6, 2013. Included in this amount is $685,379.68 owed by the Applicants to Minatura. Litigation has been commenced between the Applicants and Minatura, the details of which are discussed below.

D. Equity Raises

61. In addition to the FCMI financing in October 2011, GGC completed the following equity raises to fund the Applicants and their development of gold production in Ghana:

(a) CDN$1,700,000 raised at CDN$0.10 per common share in 2011;

(b) CDN$213,750 raised at CDN$0.15 per common share in 2011; and

(c) $500,000 raised at $0.20 per common share in 2012.

E. Immediate Liquidity Issue

62. As described above, GGC's indebtedness to FCMI in the amount of $4,013,469.01 matures today. The Applicants are unable to repay the indebtedness owing to FCMI and are therefore insolvent.

F. Factors Leading to Insolvency

63. While current operations are generating a positive cash flow that would normally be capable of servicing the Applicants' debt load, the development of their cash flow to date has been slower than originally projected. This has led to the Applicants repaying the Note to FCMI more slowly than had been originally projected as discussed below.

64. The Ghana Gold Group's alluvial processing plants expect to process approximately 60,000 cubic metres of gravel in May, 2013 or about 55% of their effective monthly capacity of 108,000 cubic metres. Capacity utilization is constrained primarily by the Ghana Gold Group's ability to excavate and transport gold-bearing gravels to the alluvial plant. This capacity constraint exists because the Ghana Gold Group has insufficient availability of excavators, dump trucks, bulldozers and loaders.

(i) Failure of Minatura Joint Venture

65. Before the Aburi Project was put into production, GGC entered into a Joint Venture Agreement with Minatura (BVI) LTD ("**Minatura**") dated April 27, 2012 (the "**Minatura Agreement**"). A copy of the Minatura Agreement is attached hereto as **Exhibit "M"**.

66. The Minatura Agreement provided that the Aburi Project would be a joint venture between GGC and Minatura. Pursuant to the Minatura Agreement, Minatura was to supply GGC with a new mining fleet with a value of approximately $2.5 million between May and September 2012 and, in any event, no later than December 2012. The intention of the parties was to use the fleet supplied under the Minatura Agreement to ramp up to full production at the Aburi Project.

67. Ultimately, Minatura failed to provide the fleet in accordance with the Minatura Agreement. Minatura's failure to deliver the agreed new equipment on time, as well as delays by

it to fund cash calls when requested under the Minatura Agreement, caused significant delays in the start up of the Aburi Project. These delays, combined with the ultimate failure by Minatura to meet its obligations under the Minatura Agreement, resulted in the termination of the Minatura Agreement and related joint venture by the Applicants in December 2012. A copy of the letter from Coastal terminating the Minatura Agreement is attached hereto as **Exhibit "N"**.

68. Minatura's failure to deliver the full production fleet to the Aburi Project in accordance with the Minatura Agreement coupled with delayed approvals from the Ghana Environment Protection Agency caused a delay in the commencement of production at the Aburi Project. In order to develop the Aburi Project to production, GGC also had to move its older, used mining fleet, which was being used to produce gold at the adjacent Ofin Project, onto the Aburi Project. However, as stated above, this fleet is comprised of the older and used mining equipment with insufficient capacity. As a result, the production on the Aburi Project is not as effective as was projected in the Aburi Project Feasibility Study, which contemplated all new equipment that Minatura was contracted to provide under the Minatura Agreement. To compound matters, since the Ofin Project's fleet was moved to the Aburi Project, the Ofin Project is now idle.

69. On February 12, 2013, Coastal and Aburi Goldfields commenced an action against Minatura in Ontario for, among other things, breach of the Minatura Agreement. A copy of the Statement of Claim issued on February 12, 2013 is attached hereto as **Exhibit "O"**.

70. On April 11, 2013, Minatura commenced an action against Coastal and Aburi Goldfields in Ghana for specific performance, injunctive relief and an accounting. A copy of the Writ of Summons issued in the Superior Court of Judicature in the High Court of Justice Commercial Division, Accra, Ghana on April 11, 2013 is attached hereto as **Exhibit "P"**.

(ii) Indebtedness Due to FCMI

71. As set out above, the delayed start of production, the inadequate equipment that is insufficient to allow the Aburi Project's IHC plant to operate at full capacity and the idling of production at the Ofin Project have resulted in the Applicants having only had effectively six months during the production ramp-up period of the Aburi Project to repay the loan from FCMI. As a result, the Applicants have only repaid approximately $1 million. The full indebtedness is now due and payable and the Applicants do not have the liquidity to repay the Note.

72. The Applicants are seeking the time to refinance the FCMI loan on commercially reasonable terms through a CCAA proceeding.

73. FCMI and the Applicants entered into discussions to determine whether an agreement could be reached between them. On April 25, 2013, FCMI agreed to extend the Maturity Date to May 6, 2013 to enable discussions between the Applicants and FCMI to continue to determine if an agreement could be reached between the parties that would have alleviated the need for the Applicants to seek CCAA protection. The Maturity Date was subsequently extended to May 8, 2013 to allow the parties to continue these discussions and ultimately to negotiate the DIP Term Sheet discussed below.

G. Efforts to Refinance

74. In early April, 2013, Roger Dent, one of GGC's largest shareholders, approached the Applicants and offered to assist the Applicants with their refinancing or recapitalization. Mr. Dent has over 25 years' experience in the Canadian financial services industry, with particular focus on companies with a small market capitalization.

75. In anticipation of FCMI agreeing to extend the Maturity Date of the Note to allow the Applicants sufficient time to repay it, the Applicants prepared a plan to approach investors with a view to refinancing the debt with equity. Mr. Dent began working with the Applicants on a voluntary basis as an adviser and a refinancing plan was developed. The plan was to approach investors to invest in common equity of GGC at a share price of $0.20, being the same price that was most recently paid by investors for treasury shares of GGC in December 2012. From the outset of the process, Mr. Dent indicated a willingness to be a significant investor in an acceptable structure.

76. The Applicants met with FCMI on April 10, 2013. Following this meeting, the Applicants realized that a considerably more urgent refinancing effort was required based on FCMI's confirmation that it was looking to be repaid the outstanding indebtedness under the Note on the Maturity Date. At this time, Mr. Dent became fully engaged in creating and assisting the Applicants in trying to implement a financial restructuring on a very compressed timeline.

77. At the same time, the overall investment context became highly adverse. The London afternoon gold price fixing had been relatively stable for the month leading up to April 10, 2013. On April 10, 2013, the afternoon price fixing was $1,575 per ounce. Thereafter, the price fell sharply in the four following trading days and on April 16, 2013 the afternoon price fixing was $1,380 per ounce. Intra-day trading prices fell even lower. This created a panicky investment climate in the market generally.

78. The price of gold and other factors created a highly negative investment climate for junior Canadian companies during the same time period. This is illustrated by the performance

of the TSX - Venture Exchange Composite Index. On April 10, 2013, this index closed at 1047.74. The index had a turbulent week after that, falling to a low of 923.60 on April 17, 2013. This drop of 12% in the exchange in a single one week period is among the largest such drops in the history of the TSX Venture Exchange.

79. With the change in the investment climate and the need to repay the FCMI indebtedness, the previous plan to refinance with equity investors at $0.20 per common share became unworkable. As a result, the Applicants and Mr. Dent spent a number of days approaching agents and large investors in order to assess what type of transaction might be feasible within the tight time frame. Although the tight time frame precluded proper due diligence, and the volatile and negative prevailing market conditions made it very difficult to get the attention of many serious investors, GGC did obtain a financing term sheet and several additional indications of interest that the Applicants are of the view could have been concluded if the Applicants had sufficient time to do so. In addition, GGC received interest from willing investors that GGC believes can lead to transactions if the Applicants are given time to pursue them.

V. FILING FOR PROTECTION

80. The Applicants cannot repay the amount owing to FCMI under the Note, which is due. For this reason, a stay of proceedings is essential for the continued operation of the Applicants' business. Such a stay would provide the Applicants with the necessary time to undertake a Sale and Investment Solicitation Process ("**SISP**") and continue discussions with its stakeholders with respect to a potential plan of arrangement. Accordingly, the Applicants believe it is necessary to file for CCAA protection and that an order granting same is appropriate in the circumstances.

81. On or about May 8, 2013, the Board of Directors of each of the Applicants passed a resolution approving the commencement of proceedings under the CCAA and authorizing the DIP Term Sheet (defined below).

82. FCMI has indicated to the Applicants that it supports their CCAA Application and a related company to FCMI, the DIP Lender, has agreed to provide debtor-in-possession financing to the Applicants during its CCAA proceeding pursuant to the terms of the DIP Term Sheet.

A. Overview of Restructuring Plan and SISP

83. The paramount goal of the Applicants is to preserve, maximize and realize upon value for the benefit of all of their stakeholders, including FCMI.

84. The immediate objective of the restructuring plan is to secure sufficient funds to repay FCMI in full through the implementation of the SISP.

85. The purpose of the SISP is to identify one or more financers or purchasers of and investors in the Applicants' business with a projected completion date of a transaction or transactions by the end of July, 2013.

86. The SISP will include broad marketing to all potential financiers and investors, including those that have already engaged in talks with the Applicants. The SISP will accommodate offers for proposed financing, or investment in the Applicants' business and the purchase of the Applicants' assets. It will be a fair and transparent process overseen by the Proposed Monitor.

87. A chart summarizing the important dates for the SISP is set out below:

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 25, 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

88. The SISP provides that the Applicants shall have the ability to apply to Court at any time to modify the timelines set out therein and/or terminate the SISP if the Applicants, in consultation with the Monitor, are of the view that a transaction involving a refinancing or investment can be concluded on an expedited timeline.

89. The terms of SISP reflect input of FCMI and the DIP Lender.

90. The Proposed Monitor has advised that it approves the SISP being proposed by the Applicants.

B. Cash Flow Forecast

91. The Applicants have worked with the Proposed Monitor to prepare a 13-week consolidated cash flow forecast for the Applicants (the "**Cash Flow Forecast**"). Attached hereto as **Exhibit "Q"** is a copy of the Cash Flow Forecast. Based on my knowledge of the financial position of the Applicants and the assumptions set out in the Cash Flow Forecast, I believe that it is fair and reasonable.

C. DIP Financing

92. FCMI has advised that it will support the Applicants' CCAA proceeding on the basis that the Applicants continue to repay the principal owed under the Note at $300 per ounce. To allow for this repayment, the DIP Lender has agreed to provide debtor-in-possession financing ("**DIP Financing**") to the Applicants up to the aggregate amount of CDN $750,000.00, subject to the Applicants obtaining an Initial Order in this proceeding on the terms requested granting the DIP Lender a charge over all of the property, assets and undertaking of the Applicants in priority to all creditors to secure the DIP Financing (the "**DIP Charge**"), save and except that the DIP charge shall rank second to the Administration Charge (defined below). A term sheet describing the amount, priority, terms and conditions of the DIP Financing to be provided by the DIP Lender (the "**DIP Term Sheet**") is annexed hereto and marked as **Exhibit "R"**.

93. The DIP Term Sheet provides for a maturity date of July 31, 2013 (the "**DIP Maturity Date**") by which date the Applicants, as borrowers, are to repay the DIP Financing. The Applicants and the Monitor are required to keep the DIP Lender apprised of the Ghana Gold Group's cash flow variances and provide the DIP Lender with revised cash flow projections on a weekly basis.

94. The Monitor has advised that it will provide oversight and will report to the Court with respect to the Applicants' actual results relative to the Cash Flow Forecast and any future forecasts filed during this proceeding.

D. The Initial Order

95. The Applicants request that the Court grant a charge in favour of the Applicants' counsel and in favour of the Monitor and its counsel to secure the payment of fees and expenses incurred in connection with this proceeding (the "**Administration Charge**"). The Applicants seek an Administration Charge in the amount of CDN $250,000 to secure payment of the fees and expenses of the Applicants' counsel and the Monitor and its counsel.

96. The Applicants also request that the Applicants' directors be granted the protection of a directors' charge in the amount of CDN $50,000 (the "**Directors' Charge**") as provided for in the draft Initial Order.

97. The Directors' Charge requested in the Initial Order will be in addition to the existing directors' and officers' insurance policy (the "**D&O Policy**"). The D&O Policy has a limit of liability in the amount of CDN $5,000,000. A copy of the D&O Policy is attached hereto as **Exhibit "S"**.

E. The Monitor

98. The Applicants propose that Ernst & Young Inc. be appointed Monitor for this proceeding. Ernst & Young Inc. is not the auditor for the Applicants. Ernst & Young Inc. has consented to act as Monitor and its written consent is being filed with this Honourable Court.

99. I swear this affidavit in support of the Applicants' request that an Initial Order be granted under the CCAA in the form annexed to the Notice of Application herein, and for no other or improper purpose.

SWORN before me at the City of Toronto, in the Province of Ontario, this 8th day of May, 2013. Commissioner for Taking Affidavits	**A. THOMAS GRIFFIS**

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

Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

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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

Court File No.: CV-13-10107-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

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Court File No.: CV-13-10107-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.	)	MONDAY, THE 3RD
	)	
JUSTICE NEWBOULD	)	DAY OF JUNE, 2013

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.

(the "Applicants")

ORDER
(Stay Extension)

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of A. Thomas Griffis sworn May 27, 2013 and the Exhibits thereto (the "**Griffis Affidavit**"), the First Report of Ernst & Young Inc., in its capacity as Monitor of the Applicants (the "**Monitor**") dated May ►, 2013 (the "**Monitor's First Report**") and on hearing the submissions of counsel for the Applicants, the Monitor, FCMI Parent Co. and FCMI Financial Corporation, no one else appearing although duly served as appears from the affidavit of service of ► sworn on June ►, 2013,

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Monitor's First Report is hereby abridged and validated so that this motion is properly returnable today and this Court hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that the Stay Period, as defined in paragraph 19 of the Initial Order, be and is hereby extended to and including July 31, 2013.

3. **THIS COURT ORDERS** that, subject to approval by the Monitor, the Applicants are authorized to enter into Placement Fee Letters (as defined in the Griffis Affidavit).

4. **THIS COURT ORDERS** that the Monitor's First Report and the actions of the Monitor described therein be and are hereby approved.

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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

Court File No.: CV-13-10107-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

ORDER (Re: Stay Extension to July 31, 2013)

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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

Court File No. CV-13-10107-00CL

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SUPERIOR COURT OF JUSTICE
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MOTION RECORD OF APPLICANTS
(RETURNABLE JUNE 3, 2013)

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