



EQUITY OFFERING

Great Basin Gold is a company under transition, from exploration to a mid-tier gold producer and we do believe our shareholders gain value as we bring our development projects into production. To achieve this, we have had to raise either debt or equity. The last public offering by Great Basin Gold was nearly 2 years ago in April 2007 when funds were raised to purchase and develop the Hollister project in Nevada, US. All the funds raised at the time were used for this purpose. Today Hollister is a great mine in the making.

This equity offering priced on 4 March, 2009 was again project specific to fund the development of the Burnstone project in South Africa.

Funding the development of Burnstone was always planned to be a combination of debt and equity. The development schedule required co-funding by the debt providers as well as the Company as we developed an aggressive schedule to ensure we bring the mine to commercial production in the shortest possible time which is mid June 2010. The Global credit crisis impacted on the banks we were dealing with at the time's ability to fund their portion of the development prior to the Company funding its portion. Instead of a program of co-funding, Great Basin Gold now has to fund its US\$60 million portion of the capital required to develop the mine before the banks spend their portion which is US\$60 million. This change in terms by the banks necessitated the company to raise the required funding in the market. The banks also required an additional amount of US\$26 million standby equity to be available to ensure we are able to fund any potential cost overruns and that the project is completed. This brought the total funding required to US\$86 million.

Burnstone Mine is making good progress with production of approximately 40 000 ounces expected to be mined in 2009. These tonnages will be stockpiled and used to commission the metallurgical plant in mid 2010 that required a mark-up capital. This was the reason why a total of US\$ 100 million was required and raised in the market.

The markets are volatile, difficult, and we now have a fully funded project. We don't need to come back to raise money in the market again. The company will soon be in a position to generate cash flow which will ensure a strong balance sheet.