GOLDEN STAR RESOURCES LTD.

FORM 10-K/A
(Amended Annual Report)

Filed 07/10/00 for the Period Ending 12/31/99

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SIC Code	1040 - Gold And Silver Ores
Industry	Gold & Silver
Sector	Basic Materials
Fiscal Year	12/31

GOLDEN STAR RESOURCES LTD

FORM 10-K/A
(Amended Annual Report)

Filed 7/10/2000 For Period Ending 12/31/1999

Address	10901 WEST TOLLER DRIVE SUITE 300
	LITTLETON, Colorado 80127
Telephone	303-830-9000
CIK	0000903571
Industry	Gold & Silver
Sector	Basic Materials
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K/A-1

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year ended December 31, 1999

Commission file number 1-12284

GOLDEN STAR RESOURCES LTD.

(Exact Name of Registrant as Specified in Its Charter)

Canada	98-0101955
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
1660 Lincoln Street, Suite 3000 Denver, Colorado	80264-3001
(Address of Principal Executive Office)	(Zip Code)

(303) 830-9000
(Registrant's telephone number, including area code)

Securities registered or to be registered pursuant to Section 12 (b) of the Act:

Title of Each Class	Name of Exchange on which Registered
Common Shares	American Stock Exchange Toronto Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:
NONE

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form l0-K. ______

The aggregate market value of the voting stock held by non-affiliates of the Registrant was approximately $52 million as of March 1, 2000, based on the closing price of the shares on the American Stock Exchange of $1.44 per share.

Number of Common Shares outstanding as at March 1, 2000: 37,123,131

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The Registrant will furnish a copy of any exhibit filed as part of this report to any shareholder of record upon receipt of a written request from such person and payment of the Registrant's reasonable expenses for furnishing such exhibit. Requests should be made to the Secretary of the Registrant at the address set forth on the cover page of this report.

REPORTING CURRENCY AND FINANCIAL INFORMATION All amounts in this Report are expressed in United States dollars, unless otherwise indicated. References to (i) "Cdn" are to Canadian dollars, (ii) "FF" are to French francs, (iii) "Cedi" or "Cedis" are to Ghanaian cedis, and (iv) "Aus" are to Australian dollars.

Financial information is presented in accordance with accounting principles generally accepted in Canada. Differences between accounting principles generally accepted in the United States and those applied in Canada, as applicable to the Company, are explained in Note 17 to the Consolidated Financial Statements.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-K contains "forward-looking statements" within the meaning of the U.S. securities laws. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events, capital expenditure, exploration efforts, financial needs, and other information that is not historical information. The Company's forward-looking statements are based on the Company's current expectations and various assumptions as of the date such statements are made. The Company cannot give assurance that such statements will prove to be correct. These forward-looking statements include statements regarding:

. the impact of our shift in business strategy

. the impact that the Bogoso mine may have on our future liquidity, cash flows, financial requirements, operating results and capital resources

. the operational and financial performance of the Bogoso mine

. targets for gold production

. cash operating costs and expenses

. percentage increases and decreases in production from our mines

. schedules for completion of feasibility studies

. potential increases in reserves and production

. the timing and scope of future drilling and other exploration activities

. expectations regarding receipt of permits and commencement of mining or production

. anticipated recovery rates, and

. potential acquisitions or increases in property interests in the region of the Bogoso mine.

Factors that could cause our actual results to differ materially from these statements include changes in gold prices, unanticipated grade changes, unanticipated recovery problems, mining and milling costs, geology, metallurgy, processing, access, transportation of supplies, water availability or other problems, results of current and future exploration activities, results of pending and future feasibility studies, changes in project parameters as plans continue to be refined, political, economic and operational risks of foreign operations, joint venture relationships, availability of materials and equipment, the timing of receipt of governmental approvals for new permits or renewal of permits, capitalization and commercial viability, the failure of plant, equipment or processes to operate in accordance with specifications or expectations, accidents, labor disputes, delays in start-up dates, environmental costs and risks, local and community impacts and issues, and general domestic and international economic and political conditions. See the factors set forth under the caption "Risk Factors" in Item 1 of this Form 10-K.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

Overview

Golden Star Resources Ltd. ("Golden Star" or the "Company" or "we") is an international mining and exploration company with a diverse portfolio of projects. The Company's core focus is on the acquisition, discovery, exploration, development and operation of gold and diamond projects and, where appropriate, the execution of partnership arrangements with major mining companies to develop and operate mines.

As at March 1, 2000, the Company's interest in gold production was in the form of (i) a 70% equity interest in Bogoso Gold Limited, a company incorporated under the laws of Ghana ("BGL") and the owner and operator of the Bogoso gold mine in Ghana (the "Bogoso Mine") (see "Item 2. Description of Properties - The Bogoso Gold Mine") and (ii) a 30% common share equity interest in Omai Gold Mines Limited, a company incorporated under the laws of Guyana ("OGML") and the owner and operator of the Omai gold mine in Guyana (the "Omai Mine"). (See "Item
2. Description of Properties - The Omai Gold Mine").

The Company's other projects are in the exploration stage and the development of these projects is not certain. The Company's exploration efforts are concentrated in geologic domains knows as greenstone belts, which are ancient volcano/sedimentary rock assemblages. Greenstone belts are known to be favorable geologic environments for gold mineralization and account for a significant proportion of the world's historical gold production. The Company began its exploration activities in 1985 in the tropical, Proterozoic greenstone belts of the Guiana Shield, and extended its activities in the 1990's to other geologically related greenstone belts elsewhere in South America and Africa.

Business Strategy

Faced with a continuing low gold price environment and the difficulty in raising funds from the equity markets for pure exploration companies, management abandoned or suspended its activities on several of its projects during 1998 and 1999 to focus its resources on its most promising prospects. Management also decided in 1999 to change its business strategy from a pure exploration company to a production, development and advanced stage exploration company. The first step in the implementation of this new strategy was the acquisition in September 1999 of the Bogoso Mine in Ghana. The Bogoso acquisition was intended to provide the Company with a source of internally generated cash flow from oxide operations at least through the end of the year 2000. One of the Company's main objectives in the short term is, therefore, to acquire additional sources of oxide ore to extend Bogoso's mine life. In the long term, however, gold price permitting, the Company intends to develop a sulfide operation at the Bogoso Mine to treat the already identified sulfide mineralization located in and around the property. For this purpose, the Company is currently conducting a feasibility study to assess the potential of a sulfide operation at Bogoso. The results of the study are expected before year-end. If the results of the feasibility study are positive, the Company would begin construction of a sulfide treatment plant at the end of 2000, with the aim of commencing commercial production sometime during the course of 2001.

In addition to Bogoso, the Company is evaluating other potential mining opportunities, such as the development of its Gross Rosebel project in Suriname which is held in a 50/50 joint venture with Cambior Inc. of Canada or through the acquisition of mining assets from other companies in its geographical areas of expertise. The Company and Cambior have budgeted $0.5 million for the year 2000 to conduct additional studies to evaluate low cost processing and development alternatives for the Gross Rosebel project. Results are expected during 2000 and will serve as the basis for a development decision.

Gold and diamond exploration is still an important element of the Company's strategy although it has not been management's top priority over the last two years due to the difficulty of raising funds, at attractive prices, solely for exploration. The Company's exploration strategy is to focus on its skills in gold and diamond exploration in specific tropical geological environments and its ability to conclude advantageous property acquisitions in developing and less developed countries, with the ultimate goal of holding significant interests in gold and diamond mines. In the future, as part of its new strategy of being a producer, the Company intends to act more often as operator of its own discoveries although it may still decide, given the nature and size of a project and its mineralized material, to joint venture projects to larger mining companies.

The Company's business strategy is dependent on availability of adequate capital
(see "Risk Factors - We currently have limited liquidity and capital resources")
and is comprised of the following elements:

. Production and Development Strategy. The Company believes that in the current low gold price environment, only companies with the ability to generate cash from operations will survive. The Company currently receives cash only from the operation of the Bogoso Mine. For this reason, the Company intends in the short term to become a medium size producer by either acquiring operating mines or developing some of its most advanced exploration stage projects. The funds so generated will then be used partly to finance its further business development strategy, therefore lessening the need to raise capital from the equity markets at inauspicious times.

. Exploration Strategy. The Company still believes that the greatest potential increase in shareholder value in the gold and diamond sector comes from the discovery and development of new mineral deposits. The Company generally intends to concentrate its exploration efforts in its areas of expertise, gold and diamond exploration, in the tropical greenstone belts of the Guiana Shield and the West African Shield.

. Concentrate on current portfolio of properties. The Company intends to focus its efforts on advancing the most promising projects within its portfolio of properties to the feasibility stage. To preserve cash, our early and intermediate stage projects were abandoned or placed on care and maintenance awaiting a more favorable environment for gold exploration and development. The Company continues to pursue new opportunities and may, if warranted, make selective additional acquisitions of promising properties.

. Corporate Transactions. In view of the current gold market environment, the Company intends to continue to focus on corporate transactions that offer the potential to provide cash flow to fund exploration and development. Various transactions that may be considered include mergers with, and acquisitions of, other companies.

. Partner with major mining companies. The Company intends to continue to leverage its exploration capital by entering into partnership arrangements with major mining companies that have the technical skills and financial resources to develop and operate large modern mining operations. Under this strategy, the Company may transfer a portion of the business and financial risks associated with exploration and development to its partners and, therefore, utilize a greater portion of its funds to explore and develop additional projects.

. Maintain a strong local presence in the countries where the Company operates. The Company intends to continue its practice of locating offices, the majority of its employees and certain of its executives in countries where the Company has exploration, development and mining interests. Many of the Company's employees are from countries in which the Company operates. The Company believes that its local presence and hiring practices support its exploration efforts by enabling the Company to establish and maintain good communications with local government officials and business leaders. In addition, the Company believes that its decentralized local management structure enables it to make more efficient exploration and management decisions.

Incorporation

The Company was established under the Canada Business Corporations Act on May 15, 1992 as a result of the amalgamation of South American Goldfields Inc., a corporation incorporated under the federal laws of Canada, and Golden Star Resources Ltd., a corporation originally incorporated under the provisions of the Alberta Business Corporations Act on March 7, 1984 as Southern Star Resources Ltd. Concurrent with the amalgamation, the common shares of the Company were consolidated on a one-for-two basis. All references to "common shares" in this document mean the common shares of the Company after the amalgamation and the share consolidation. The fiscal year of the Company ends on December 31 of each year.

The head office of the Company is located at 1660 Lincoln Street, Suite 3000, Denver, Colorado 80264-3001, and the registered and records office is located at 19th Floor, 885 West Georgia Street, Vancouver, British Columbia, Canada V6C 3H4.

Employee Relations

As at March 1, 2000, the Company and its subsidiaries had a total of approximately 634 full-time employees and contractors. Eleven employees are based at the headquarters in Denver. Approximately 365 full-time employees and 140 full-time contractors are working for BGL in Ghana. The BGL employees are currently not members of a union but they are entitled to join one. (See "Item 1. Risk Factors - Certain employees' rights at BGL could have an adverse effect on our financial condition and results of operation.") As at March 1, 2000, Guyanor employed 39 full-time employees in French Guiana. The other employees are located in South America and Africa where the Company and its subsidiaries carry on exploration.

Reserves

The following table presents current reported reserves for the Bogoso mine. Reserves for Bogoso have been estimated by BGL. See "Item 2. Description of Properties" for a description of the Bogoso Gold Mine and "Risk Factors" for a discussion of factors that could affect the following reserve estimate.

RESERVES (Proven and Probable)

Project	Tonnes (100%)	Gold Grade g/t	Contained Ounces (100%)	Contained Ounces (Golden Star 's share)
Bogoso Mine (1)	3,263,000	2.2	229,300	160,500
Total	3,263,000	2.2	229,300	160,500

(1) This estimation has assumed a $290/oz gold price. Results reported by BGL as of December 31, 1999.

(2) The Company has not included reserve details with respect to the Omai Mine (30% owned by the Company through its common share equity interest in OGML) as it is considered unlikely that the Company will receive any distribution in connection with its common share equity interest in OGML.

The definitions of Proven and Probable Reserves (see glossary of terms) are those prescribed for use in the United States by the Securities and Exchange Commission and set forth in SEC Industry Guide 7. These definitions are substantially the same as those applied in Canada as set forth in proposed National Instrument 43-101, the proposed successor to National Policy 2-A. National Instrument 43-101 has yet to be adopted by the Canadian securities commissions, but reporting issuers are strongly encouraged to report their reserve estimates in compliance with the proposed policy.

Mineralized Material

The following table presents information with respect to mineralized material by property. Mineralized material has been estimated either by Cambior Inc. or the Company, as indicated below. See "Item 2. Description of Properties" for a description of each property and see "Risk Factors" below for a discussion of factors that could affect the estimates of mineralized material.

Mineralized material does not represent reserves and has not been included in the Proven and Probable Reserve estimates above. Even though drilling and trenching indicate sufficient tonnage and grade to warrant further exploration or development expenditures, the mineralized material does not qualify under the U.S. Securities and Exchange Commission standards as being commercially minable until further drilling, metallurgical work and other economic and technical feasibility factors based upon such work are resolved. However, the Company only reports mineralized material if the potential exists for reclassification to reserves following additional drilling and/or final technical, economic, and legal factors have been determined for the project.

MINERALIZED MATERIAL (1)

Project	Tonnes (100%)	Tonnes (Golden Star 's share)	Gold Grade g/t
Bogoso (oxide and transition) (2)	4,799,000	3,359,000	2.1
Bogoso (sulfide) (2)	11,095,000	7,767,000	3.3
Gross Rosebel (3)	41,350,000	20,675,000	1.6
Yaou (3)	9,280,000	3,294,000	2.4
Dorlin (3)	7,207,000	2,558,000	1.3
Paul Isnard (4)	6,178,000	4,386,000	2.8
Total	79,909,000	42,040,000	2.2

(1) All estimates reflect mineralized material in stock piles or within open pits designed using geologic, economic and design constraints that the Company believes are realistic. See "Item 2. Description of Properties" for more detail information on each project.
(2) Results reported by BGL as of December 31, 1999 and based on a $325 gold price.
(3) Results reported by Cambior as of December 31, 1999 and based on a $325 gold price.
(4) Results estimated by the Company in February 1999 and based on a $325 gold price.

Certain Significant Events in 1999

The Company has seen a number of management changes over the past year. James E. Askew was appointed President and Chief Executive Officer in March 1999, but after his work to re-focus the Company and to acquire the operating Bogoso mine, he resigned in October 1999 to take a position in his native Australia. Mr. Askew continues as a member of the board of directors.

On November 1, 1999, Peter J. Bradford replaced Mr. Askew as our President and Chief Executive Officer. Mr. Bradford was instrumental in bringing the Bogoso acquisition to the Company's attention and served most recently as Managing Director of Anvil Mining NL, the Company's 20% joint venture partner in the Bogoso project. In addition to Mr. Askew, our Chief Financial Officer, our Vice President, Corporate Development, our previous Controller, and a member of our board of directors all resigned since the last meeting of the shareholders of the Company in June 1999. On November 9, 1999, the board of directors of the Company appointed Allan J. Marter as Chief Financial Officer. Mr. Marter, an experienced mining industry executive, together with our new Controller, has assumed responsibility for the financial and accounting matters of the Company whilst Mr. Peloquin, the Company's General Counsel, has taken over the responsibility for Corporate Development.

Following the decision of our board of directors to reduce its size in early 1999, Donald Mazankowski and Robert Minto resigned as directors of the Company. In addition, Pierre Gousseland, Richard Stark and Philip Martin decided not to seek reelection as directors at the 1999 meeting of our shareholders. In September 1999, Dr. Roger Morton, director of the Company since its organization, resigned due to the demands of his principal occupation.

These resignations, with the exception of Mr. Askew, mostly resulted from the reorganization of the Company's management to reduce costs and focus activities during the continuing low gold price period. (See "Risk Factors - We have experienced several, recent management and personnel changes".)

On June 9, 1999, Guyanor Ressources entered into a joint venture agreement with Rio Tinto Mining and Exploration Limited ("Rio Tinto") with respect to diamond exploration and development in French Guiana, including the Dachine property. Under the agreement, Rio Tinto can earn a 70% interest in the joint venture by funding exploration and development expenditures up to a total of US$17 million or by reaching a decision to commence with the development and mining of any diamonds within the area of interest of the joint venture in French Guiana, whichever comes first. (See "Item 2. Description of Properties - Dachine".)

On August 24, 1999, the Company completed a United States offering of $7,616,500 comprised of: (a) $4,155,000 of 7.5% Subordinated Convertible Debentures (the "Debentures"), with interest to be paid semi-annually, together with 200 common share purchase warrants for each $1,000 face value of Debentures issued (each warrant, a "Debenture Warrant"), entitling the holder to purchase one common share of the Company for a four-year term after the closing of the offering at $1.50 during the first two years of the term and at $1.75 during the balance of the term (The Debentures, which mature in 2004, are not redeemable prior to August 2002 and are convertible into Golden Star common shares at a rate of $0.70 per share.); and (b) 6,923,000 units at $0.50 per unit, each unit consisting of one common share and one-half of a common share purchase warrant (each whole warrant, a "Unit Warrant", entitling the holder to purchase one additional common share at $0.70 for a period of 18 months).

On September 30, 1999, the Company completed the acquisition of the Bogoso Mine in Ghana from a consortium of banks represented by the International Finance Corporation and the Deutsche Investitions und Entwicklungsgesellschaft mbH of Germany. As a result of the acquisition, the Company and Anvil Mining NL acquired equity interests of 70% and 20%, respectively in BGL (with the Government of Ghana retaining a 10% equity interest) as well as 78% and 22%, respectively, of the debt owed by BGL to the consortium of banks as of the date of the acquisition. (See "Item 2. Description of Properties - The Bogoso Gold Mine".)

RISK FACTORS

READERS SHOULD CAREFULLY CONSIDER THE RISK FACTORS SET FORTH BELOW.

<u>We currently have limited liquidity and capital resources.</u>

We have limited financial resources. As at December 31, 1999, we held cash and short-term investments of approximately $2.9 million as compared to cash and short-term investments of $7.4 million as at December 31, 1998. The execution of our business strategy going forward will require significant expenditures, including debt service on $4.2 million aggregate principal amount of our 7.5% subordinated convertible debentures. These expenditures may exceed revenues and free cash flows generated by BGL and our other operations and could affect our ability to make distributions on our common shares. We have not, however, made distributions on our common shares since our inception and do not presently intend to make future distributions.

The lagging world market price of gold has adversely affected our ability to obtain financing and therefore our abilities to develop our current portfolio of properties. If these conditions persist for an extended period of time, we may, in the future, be unable to continue our operations and fulfill our obligations under our agreements with our partners or under our permits and licenses. We cannot assure you that in the future we will be able to obtain adequate financing on acceptable terms. If we are unable to obtain additional financing, we may need to delay or indefinitely postpone further exploration and development of our properties. As a result, we may lose our interest in some of our properties and may be forced to sell some of our properties.

The loss of any of our interests in exploration and mining properties would give rise to write-offs, under both U.S. and Canadian GAAP, of any capitalized costs and this would negatively impact the results of operations. The impact would also be shown in reduction of assets in our balance sheet, which in turn may reduce our ability to raise additional funds through equity or debt sources.

<u>Our common shares may be de-listed from the American Stock Exchange.</u>

The American Stock Exchange notified us in July 1999 that our common shares might be de-listed. Specifically, the American Stock Exchange identified the following factors as possible cause to de-list our shares:

. we sustained losses in each of the past five fiscal years accompanied by operating cash outflows

. if we were a U.S. corporation, the report of our auditors would have included an additional explanatory paragraph in the auditors' report since the 1998 financial statements were affected by conditions and events that at the time of their preparation cast substantial doubt about our ability to continue as a going concern.

. our stock price was, at the time, trading below $1.00.

After reviewing our submissions/answers in December 1999, the American Stock Exchange determined to continue our listing pending a review of this Annual Report on Form 10-K. Although we expect the recently completed Bogoso acquisition to have a positive impact on our financial condition, we cannot assure you that the American Stock Exchange will not in the final analysis determine to de-list our shares from the exchange.

We issued 1,500,000 common share purchase warrants to two lenders under a credit facility commitment letter. We are required to list the shares underlying the warrants with at least either the American Stock Exchange, the New York Stock Exchange or the NASDAQ National Market or NASDAQ Smallcap Market. If our common shares were to be de-listed from the American Stock Exchange before the earlier of (1) the sale of all of the shares underlying the warrants or (2) June 9, 2003, we would endeavor to list the shares on one of the other acceptable exchanges. However, if our common shares are not accepted for listing on one of the other exchanges, we would be required to pay a cash penalty to the lender equal to 3% per month of the aggregate value of the shares underlying the lender's warrants. In addition, if we were required to pay this penalty for at least six months, the lender could require us to repurchase its warrants or common shares at a premium over the fair market value of our common shares. If we were required to pay this cash penalty for several months or to repurchase the lenders warrants or common shares, it would have a negative impact on our cash flow and could prevent us from meeting other of our financial obligations.

If our common shares were to be de-listed from the American Stock Exchange and were not accepted for listing on another exchange, trading in our common shares in the U.S., if any, might then be conducted in the over-the-counter market on an electronic bulletin board, or in what are commonly referred to as the "pink sheets". There would likely be a less active trading market for our common shares and you would then find it more difficult to sell, or to quickly and accurately obtain pricing information for, our common shares.

De-listing from the American Stock Exchange would impact the Company, although we would still retain our listing on the Toronto Stock Exchange. We could also continue trading in the over-the-counter market. This would not be expected to have any immediate, direct impact on our financial position, results of operations and liquidity in future periods. In the longer term, however, it might be more difficult to raise funds. However, the failure to have the common shares accepted for listing in the agreed manner would result in penalty interest costs, and these costs would adversely impact our financial condition, results of operations and liquidity. Similarly, if we were required to repurchase the warrants or shares, that cost would immediately result in a less positive financial condition, and the cost of any buy-back would negatively impact both our financial position and liquidity.

If our common shares were deemed to be a "penny stock," the level of trading activity in our common shares could be reduced and its marketability affected.

Broker-dealer practices in connection with transactions in "penny stocks" are regulated by penny stock rules adopted by the Securities and Exchange Commission. Penny stocks generally are equity securities with a price of less than $5.00, other than securities registered on specified national securities exchanges or quoted on the National Association of Securities Dealers Automated Quotation System - American Stock Exchange. Our shares are not presently subject to the penny stock rules because of exceptions relating to registration and the level of our net tangible assets.

The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver to its customer a standardized risk disclosure document that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with the following:

. current bid and offer quotations for the penny stock

. the compensation of the broker-dealer and its salesperson in the transaction

. the broker-dealer must disclose if it is the sole market maker and it's presumed control over the market in this case, and

. monthly account statements showing the market value of each penny stock held in the customer's account.

In addition, broker-dealers who sell these securities to persons other than established customers and "accredited investors" within the meaning of the federal securities laws must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. Consequently, these requirements may have the effect of reducing the level of trading activity, if any, in the secondary market for a security subject to the penny stock rules. Thus, if our common shares were ever to become subject to these rules, a transaction in our securities would subject the broker-dealer to sales practice and disclosure requirements that could make the trading of our common shares more cumbersome, which could in turn materially adversely affect the marketability of our shares.

Declines in the price of gold have an adverse effect on our stock price and business plan.

The price of our common shares and our business plan have been and may in the future be significantly adversely affected by recent or sustained declines in the price of gold. Gold prices often vary widely and are affected by numerous factors beyond our control, such as the sale or purchase of gold by various central banks and financial institutions, inflation or deflationary conditions, fluctuation of the U.S. dollar and foreign currencies, global and regional demand, and the political and economic conditions of major gold-producing countries throughout the world. The following table sets forth for the last ten years the high and low selling prices of gold:

Year	High	Low
1990	$422.40	$346.80
1991	$403.20	$344.30
1992	$359.30	$329.70
1993	$407.00	$326.30
1994	$398.00	$370.60
1995	$395.40	$371.20
1996	$414.70	$368.00
1997	$360.00	$283.00
1998	$314.70	$275.60
1999	$324.50	$253.00

The closing trading price per ounce of gold quoted by the New York Commodities Exchange on March 1, 2000 was $291.50.

We continue to experience substantial losses.

We have reported net losses of approximately $24.4 million in 1999, $22.2 million in 1998, $26.6 million in 1997, $7.8 million in 1996,and $12.2 million in 1995 and may continue to incur losses in the future. Future operating losses may make financing our operations and our business strategy or raising additional capital difficult or impossible, materially and adversely affecting our operations.

We are shifting our business strategy away from mineral exploration toward an emphasis on mining operations.

With the acquisition of the Bogoso Mine in Ghana, we have undertaken a shift in our business strategy toward mining production rather than focusing only on mineral exploration. We are also currently pursuing other mining opportunities. We may not be successful in implementing this shift in strategy. Any business acquired, including the Bogoso Mine, may be difficult to integrate into our existing operations or may not perform as well as expected. If we are unable to successfully implement our business strategy, this could have a material adverse effect on our financial condition and results of operations.

Our shift in business strategy could strain our managerial, financial and other resources. We also cannot assure you that this shift in business strategy will not interfere with our existing operations. The operation of the Bogoso Mine demands substantial management resources and the shifting of our management focus away from other business opportunities.

We may not be able to extend the life of the Bogoso mine beyond existing reserves.

At March 1, 2000, existing oxide and transition reserves at the Bogoso property were expected to be sufficient to continue mining operation until the third quarter of 2000, with processing operations and gold production continuing from stockpiles until mid-2001. There can be no assurance at this time however that the treatment of transition reserves will be as efficient as we anticipate. The potential within the property to discover additional oxide mineralized material and establish reserves is limited. Actual results from mining and processing existing reserves or mill feed may also differ materially from historical production rates and costs. Any of these factors could result in our inability to generate sufficient cash flow to cover our operating and exploration expenses on the Bogoso property, which would adversely affect our financial liquidity and results of operations and our ability to make distributions on our common shares.

Exploration is ongoing at Bogoso to identify reserves to extend the life of the mine and investigations are underway into alternative sources of ore, such as transitional mineralization and lower grade stockpile. In addition, based on the results of an internal pre-feasibility study on the sulfide mineralization at Bogoso, the Company has committed to additional drilling to increase the open pittable sulfide reserves and to prepare a bankable feasibility study. It is currently estimated that the study should be completed by the end of 2000. The Company is also actively pursuing opportunities in the region that could expand the life of the existing oxide operation at Bogoso and has recently concluded an option agreement on a nearby property.

The technology and cost of production of sulfide mineralized material at the Bogoso property may prove infeasible or uneconomic to warrant processing the material.

While sulfide mineralized material exists on the Bogoso property, technology used by previous owners to process sulfide ore proved unsuccessful. While we intend to re-examine the feasibility of processing sulfide mineralized material using other proven technology, there can be no assurance this would become feasible under any circumstances.

If we determine that mining of sulfide mineralized material is feasible, we would need to establish sufficient reserves of sulfide ore to justify establishing a sulfide operation. There is no assurance that sufficient reserves exist, or can be established. Furthermore, mining and processing of sulfide ore would require significant amounts of capital necessary for the design and construction of a sulfide operation. We do not currently have access to this capital and funding may be unavailable, whether from internal or external sources, in the necessary amounts and on acceptable terms, or at all.

Cash flows from operation of the Bogoso property may be insufficient to meet our obligations.

Cash flows from operation of the Bogoso property may be insufficient to cover future operating and exploration costs at the mine and to service our debentures. In addition, operating and exploration costs could be materially higher than previously estimated. Insufficient cash flows at BGL or higher than expected costs could result in a significant deterioration in our ability to conduct mining and exploration activities. We refer you to the discussion under "We may not be able to extend the life of the Bogoso Mine beyond existing reserves" above.

Our obligations may strain our financial position and impede our business strategy.

We have a debt of $4.2 million under our debentures. This indebtedness may have important consequences, including the following:

. increasing our vulnerability to general adverse economic and industry conditions;

. limiting our ability to obtain additional financing to fund future working capital, capital expenditures, operating and exploration costs and other general corporate requirements;

. requiring us to dedicate a significant portion of our cash flow from operations to make debt service payments, which would reduce our ability to fund working capital, capital expenditures, operating and exploration costs and other general corporate requirements;

. limiting our flexibility in planning for, or reacting to, changes in our business and the industry; and

. placing us at a disadvantage when compared to those of our competitors that have less debt relative to their capitalization.

We may have insufficient funds available to service our obligations under our debentures after the anticipated mine life at the Bogoso property expires.

We may experience difficulties in satisfying our obligations under our debentures because the mine life at the Bogoso property is expected to be shorter than the term of the debentures. Currently, we anticipate production from the Bogoso mine to continue until mid-2001, while the term of the debentures is five years, maturing in August 2004. If we are unable to extend the mine life beyond its anticipated usefulness or are not successful in generating sufficient free cash flow from other operations or sources, our ability to repay amounts outstanding under the debentures would be materially and adversely affected.

As a holding company, our operations are dependent on the ability of our subsidiaries and joint ventures to make distributions to us.

We are a holding company that conducts a significant amount of our operations through foreign (African and South American) subsidiaries and joint ventures, and substantially all of our assets consist of equity in such subsidiaries and joint ventures. Accordingly, we are and will be dependent on our ability to obtain funds from our subsidiaries and joint ventures to make distributions to our stockholders.

Ghanaian Tax Implications of the BGL Acquisition could affect our cash flow projections.

We believe that there are no negative Ghanaian tax implications of the acquisition of BGL for the Company, and that the Government of Ghana will come to the same conclusion, but there can be no assurance of this. If we were subject to taxation on the Bogoso acquisition by the Ghanaian government, it could materially and adversely affect our cash flow projections.

Certain employees' rights at BGL could have an adverse effect on our financial condition and results of operation.

In connection with the acquisition of BGL, the junior staff employees, most of whom are Ghanaians and all of whom were members of a union, were terminated. Immediately after the acquisition, BGL rehired approximately 272 junior staff employees. The new employees have completed a probation period and have been entitled since February to become members of a union. As a consequence, BGL anticipates having to negotiate a collective agreement with a union in the next six months. In the event those or other future staff members were to engage in a strike or other work stoppage because of a disagreement over the collective agreement or otherwise, we could experience a significant disruption of our operations at the Bogoso Mine and higher ongoing labor costs, which could have a material adverse effect on our business, financial condition and results of operation.

<u>We are subject to changes in the regulatory environment in Ghana.</u>

Our mining operations and exploration activities in Ghana will be subject to extensive regulation governing various matters, including:

. licensing . development
. production . exports
. taxes . labor standards
. water disposal . occupational health and safety
. toxic substances . environmental protection
. mine safety

Compliance with these regulations increases the costs of the following:

. planning
. designing
. drilling
. developing
. constructing
. operating, and
. mine and other facilities closure.

We believe that our operations and activities are currently in substantial compliance with current laws and regulations. However, these laws and regulations are subject to constant change. For example, the Ghanaian government has recently adopted new, more stringent environmental regulations. Amendments to current laws and regulations governing operations and activities of mining companies or more stringent implementation or interpretation of these laws and regulations could have a material adverse impact on us, cause a reduction in levels of production and delay or prevent the development or expansion of our properties in Ghana.

Government regulations limit the proceeds from gold sales that may be withdrawn from Ghana. Changes in regulations that increase these restrictions would have a material adverse impact on us as the Bogoso property will be our principal source of cash.

We are subject to fluctuations in currency exchange rates.

We conduct all of our exploration and development in countries other than Canada and the United States. Our two most recent equity financing transactions were in U.S. dollars but our funding has historically been through equity financing transactions completed in Canada and in Canadian currency. We currently maintain all or the majority of our working capital in U.S. dollars or U.S. dollar denominated securities and convert funds to foreign currencies as payment obligations become due. In addition, we currently have future obligations which are payable in French francs and receivables collectible in French francs. Finally, a significant portion of the operating costs at the Bogoso property is based on the Ghanaian currency, the Cedi. BGL is required to convert only 20% of the foreign exchange proceeds that BGL receives from selling gold into Ghanaian Cedis, but the Government of Ghana could require BGL to convert a higher percentage of such sales proceeds into Ghanaian Cedis in the future.

We currently do not actively take steps to hedge against currency exchange risks. Accordingly, we are subject to fluctuations in the rates of currency exchange between the U.S. dollar and these currencies, and such fluctuations may materially affect our financial position and results of operations.

The Government of Ghana has the right to participate in the ownership and control of BGL.

The Ghanaian government currently has a 10% carried interest in BGL. The Ghanaian government also has the right to acquire an additional 20% equity interest in BGL for a price to be determined by agreement or arbitration. There can be no assurance that the government will not seek to acquire an additional equity interest in the mine, or as to the purchase price that the Government of Ghana will pay for any additional equity interest. A reduction in our equity interest could reduce our income or cash flows from BGL or the Bogoso property and amounts available for reinvestment or distribution. (See "Item 2. Description of Properties - The Bogoso Gold Mine - Government of Ghana Special Rights".)

We have had to restate estimates of mineralized material in the past.

There are numerous uncertainties inherent in estimating proven and probable reserves and mineralized material, including many factors beyond our control. The estimation of reserves and mineralized material is a subjective process and the accuracy of any such estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates.

In the past, we have had to revise estimates of mineralized material disclosed with respect to two of our projects. During the planning for additional exploration work on these projects, it became apparent that the Company may not have consistently applied industry and reporting standards in arriving at its estimates and that additional controls were required. Consequently, we disclosed new, revised estimates and put controls in place in the third quarter of 1998 to address deficiencies in past estimation methods. These new controls and procedures reflect standards recently adopted by the Toronto Stock Exchange in Canada. The controls call for an internal or external review of all estimates (prepared by the Company) of mineralized material and reserves by a qualified person recognized professionally as competent for this type of review. Under our new policy, it is only after the review that estimates of mineralized material and reserves may be disclosed. These controls are aimed at insuring that our estimates of mineralized material and reserves are made in accordance with the best practices in the industry. We cannot, however, guarantee that revisions to our estimates will not be required in the future.

Other things being equal, declining gold prices reduce our preexisting estimates of mineralized material and reserves and can result in delays in development until we can make new estimates using lower gold prices and determine new potential economic development options under the lower gold price assumptions.

Over the past few years, there has been a continued decline in world gold prices. Accordingly, over the last year, we have reduced the estimates of our mineralized material and reserves on various properties. These reductions reflect our decision to re-estimate our mineralized material and reserves using significantly lower gold prices. If gold prices continue at current levels or decline further we may initiate additional significant write-downs of these mineralized material and reserves.

In addition, because of lagging gold prices we have postponed development of the Gross Rosebel project in Suriname. Should gold prices remain at their current levels or decline further for an extended period, we may further postpone development at Gross Rosebel until such time as alternative development options involving other technologies or smaller scale operations can be defined and determined by both the Company and its joint venture partner to be feasible under lower gold price assumptions.

Recent low gold prices may require a hedging program against gold production at the Bogoso property.

BGL is constantly reviewing whether or not, in light of recent low gold prices, it would be appropriate to establish a hedging program against the production of gold to protect the Company against further gold price decreases, but to date, BGL and the Company have not decided to implement such a program. The implementation of any hedging program may not, however, serve to protect adequately against declines in the price of gold. In addition, if unsuccessful, the costs of any hedging program may further deplete BGL financial resources.

Although a hedging program may protect us from a decline in the price of gold, it may also prevent us from benefiting fully from price increases. For example, as part of a hedging program, we may be obligated to sell gold at a price lower than the then-current market price. This result may adversely affect our ability to generate sufficient cash flow at a specified price level in order to pay any top-up payments described below.

The price of gold may impact the purchase price for the Bogoso property.

Our company and Anvil Mining NL, the other party to the Bogoso acquisition, will be required to pay the consortium of banks that formerly owned BGL an amount in U.S. dollars equal to the product of 183,333 multiplied by the amount by which the average daily price of gold, also expressed in U.S. dollars, between the date of the Bogoso acquisition and the top-up payment date (the second anniversary of the acquisition date) exceeds $255 per ounce, up to a maximum of $10 million (the "Top-Up Payment"). Our company has agreed to fund any Top-Up Payment that may become payable. We are required to make a non-refundable payment equal to 50% of the estimated Top-Up Payment one year after the date of the Bogoso acquisition based on the average daily gold price for the prior year. If the average price of gold decreases substantially after that date, we will have paid more money for the Bogoso property than we might have otherwise paid if the Top-Up Payment were made in full on the second anniversary of the date of the Bogoso acquisition, when the remainder of this payment is due.

Certain of our mineral rights are subject to governmental approvals.

Guyanor currently holds ten type "B" permits, two of the Yaou permits initially granted having expired in February 1998. Applications for the renewal of the ten permits were filed within the legal deadline in 1996 and 1997 and are still pending. The period of validity of the permits are, by law, extended until the French administration takes a decision on the application. If renewed, the permits would be valid for two years. The Company also filed two applications for type "A" permits in 1997. One application covers the Yaou project and the other covers the Dorlin project. The applications have been approved by the DRIRE and were submitted to the Ministry of Mines for final approval. The type "A" permits, if granted, would replace the type "B" permits. It is currently contemplated that the type "A" permits will be granted directly to Societe Miniere Yaou-Dorlin ("SMYD"), a French company, created by Cambior and Guyanor to hold the Yaou and Dorlin mineral rights. Cambior and Guyanor will each hold 50% of the shares of SMYD. The applications are currently under review. It is the Company's understanding that they could be granted by the end of March 2000.

In addition, French Guiana has no history or tradition of large-scale commercial mining. Regulatory risk may increase as projects become more advanced and applications are made for all of the various permits required to develop a modern mining operation. This risk includes regulatory-related delays and/or failures to receive required permits.

At Gross Rosebel, our Right of Exploration was scheduled to expire on March 21, 1997. The Government of Suriname has not yet approved the application for renewal. Under the Mining Decree (Article 31), an existing right of exploration remains legally in force until a decision on the application for renewal of the right of exploration has been taken.

On May 7, 1997, Cambior and our company submitted a feasibility study and an executive summary of the environmental impact study to the Government of Suriname. The Government of Suriname has not yet approved the Feasibility Study and EIS.