

# GOLDEN STAR RESOURCES LTD.

## FORM S-3/A

(Securities Registration Statement (simplified form))

Filed 11/06/96

Telephone	416 583 3800
CIK	0000903571
Symbol	GSS
SIC Code	1040 - Gold And Silver Ores
Industry	Gold & Silver
Sector	Basic Materials
Fiscal Year	12/31

# GOLDEN STAR RESOURCES LTD

## FORM S-3/A

(Securities Registration Statement (simplified form))

Filed 11/6/1996

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, D.C. 20549

AMENDMENT NO. 1  
TO  
**FORM S-3**  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

## **GOLDEN STAR RESOURCES LTD.**

(Exact name of registrant as specified in its charter)

CANADA  
(State or other jurisdiction of  
incorporation or organization)

98-0101955  
(I.R.S. Employer  
Identification Number)

ONE NORWEST CENTER

**1700 LINCOLN STREET, SUITE 1950  
DENVER, COLORADO 80203**  
(303) 830-9000

(Address, including zip code, and telephone number, including area code, of  
registrant's principal  
executive offices)

**DAVID A. FENNELL  
GOLDEN STAR RESOURCES LTD.  
ONE NORWEST CENTER  
1700 LINCOLN STREET, SUITE 1950  
DENVER, COLORADO 80203**  
(303) 830-9000

(Name, address, including zip code, and telephone number, including area code,  
of agent for service)

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time to time after the effective date of this  
Registration Statement, as determined by the Registrant.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the  
following box. [ ]

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the  
Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

[x] If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following  
box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ] If this Form

is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. [ ]

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

**Subject to Completion, Dated November 5, 1996**

**GOLDEN STAR RESOURCES LTD.**

**COMMON SHARES  
PREFERRED SHARES  
CONVERTIBLE DEBT SECURITIES  
WARRANTS**

Golden Star Resources Ltd. (the "Company" or "Golden Star") may offer from time to time (i) common shares without par value (the "Common Shares"), (ii) first preferred shares (the "Preferred Shares") in one or more series, (iii) convertible debt securities (the "Convertible Debt Securities"), consisting of debentures, notes and/or other evidences of indebtedness representing unsecured obligations of the Company convertible into Common Shares and (iv) warrants (the "Warrants") to purchase Common Shares, Preferred Shares or Convertible Debt Securities. The foregoing securities are collectively referred to as the "Securities." Any Securities may be offered with other Securities or separately. Securities may be sold for U.S. dollars, foreign currency or currency units, including the European Currency Unit; amounts payable with respect to any Convertible Debt Securities may likewise be payable in U.S. dollars, foreign currency or currency units, including the European Currency Unit, in each case, as the Company specifically designates. The amounts payable by the Company in respect of Convertible Debt Securities may be calculated by reference to the value, rate or price of one or more specified commodities, currencies or indices as set forth in an accompanying Prospectus Supplement. The Securities will be offered at an aggregate initial offering price not to exceed U.S. \$75,000,000 or the equivalent (based on the applicable exchange rate at the time of sale) if Convertible Debt Securities of the Company are issued in principal amounts denominated in one or more foreign currencies or currency units as shall be designated by the Company.

**SEE "RISK FACTORS" COMMENCING ON PAGE 9 FOR CERTAIN CONSIDERATIONS RELEVANT**

**TO AN INVESTMENT IN THE SECURITIES.**

This Prospectus will be supplemented by one or more accompanying Prospectus Supplements, which will set forth with regard to the particular Securities in respect of which this Prospectus is being delivered (i) in the case of Common Shares, the number of Common Shares and the terms of the offering thereof,

(ii) in the case of Preferred Shares, the designation, aggregate principal amount and stated value and liquidation preference per share, initial public offering price, dividend rate (or method of calculation), dates on which dividends shall be payable, any redemption or sinking fund provisions, any conversion or exchange rights, whether the Company has elected to offer the Preferred Shares as depositary shares, any listing of such Preferred Shares on a securities exchange, and any other terms in connection with the offering and sale of such Preferred Shares, (iii) in the case of Convertible Debt Securities, title, aggregate principal amount, currency of denomination, maturity, interest rate, if any (which may be fixed or variable), or method of calculation thereof, time of payment of any interest, any terms for redemption at the option of the Company or the holder, any terms for sinking fund payments, any index or other method used to determine the amounts payable, the ranking of such Convertible Debt Securities (whether senior, senior subordinated or subordinated), any conversion rights, at the option of the Company or the holder, any listing on a securities exchange, the initial public offering price and any other terms in connection with the offering and sale of such Convertible Debt Securities, and (iv) in the case of Warrants, the number and terms thereof, the number of shares of Common Shares or Preferred Shares or amount of Convertible Debt Securities issuable upon their exercise, the exercise price, the periods during which the Warrants are exercisable, any listing of such Warrants on a securities exchange and any other terms in connection with the offering, sale and exercise of such Warrants. The Prospectus Supplement will also contain information, as applicable, about certain United States and Canadian Federal income tax considerations relating to the Securities in respect of which this Prospectus is being delivered.

The Company's Common Shares are traded on the American Stock Exchange under the symbol "GSR" and The Toronto Stock Exchange under the symbol "GSC." Each Prospectus Supplement will indicate if the Securities offered thereby will be listed on any securities exchange.

The Company may sell Securities to or through one or more underwriters, and may also sell Securities directly to other purchasers or through agents. See "Plan of Distribution." Each Prospectus Supplement will set forth the names of any underwriters, dealers or agents involved in the sale of the Securities in respect of which this Prospectus is being delivered, the principal amount, if any, to be purchased by any such Underwriters, and any applicable fee, commission or discount arrangements with them.

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED  
BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE  
SECURITIES COMMISSION NOR HAS THE SECURITIES AND  
EXCHANGE COMMISSION OR ANY STATE SECURITIES  
COMMISSION PASSED UPON THE ACCURACY  
OR ADEQUACY OF THIS PROSPECTUS. ANY  
REPRESENTATION TO THE CONTRARY  
IS A CRIMINAL OFFENSE.**

This Prospectus may not be used to consummate sales of Securities unless accompanied by a Prospectus Supplement.

The date of this Prospectus is , 1996.

No dealer, salesman, or other person has been authorized to give any information or to make any representations other than those contained in or incorporated by reference in this Prospectus or in the Prospectus Supplement and, if given or made, such information or representation must not be relied upon as having been authorized by the Company or any underwriter, agent or dealer. Neither the delivery of this Prospectus or the accompanying Prospectus Supplement nor any sale made hereunder shall create, under any circumstances, an implication that there has been no change in the facts set forth in this Prospectus or the accompanying Prospectus Supplement, or in the affairs of the Company since such date. Neither this Prospectus nor the accompanying Prospectus Supplement constitutes an offer to sell or a solicitation of an offer to buy any securities other than the securities offered hereby, nor do they constitute an offer to sell or solicitation of an offer to buy any of the securities offered hereby in any jurisdiction in which such offer or sale is unlawful or not authorized or in any jurisdiction in which the person making such offer or solicitation is not qualified to do so.

### **AVAILABLE INFORMATION**

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and in accordance therewith files, reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information can be inspected and copied at the public reference facilities of the Commission at 450 Fifth Street N.W., Washington, D.C. 20549; and at its regional offices located at Suite 1400, 500 West Madison Street, Chicago, Illinois 60661-2511; and 13th Floor, 7 World Trade Center, New York, New York 10048. Copies of such material can be obtained by mail from the Public Reference Section of the Commission at 450 Fifth Street N.W., Washington, D.C. 20549, at prescribed rates. The Company also is subject to the information and reporting requirements of the securities regulatory authorities of certain provinces of Canada and files similar reports, proxy statements and other information with such authorities. Such reports, proxy statements and other information concerning the Company also can be inspected and copied at the offices of the American Stock Exchange, 86 Trinity Place, New York, New York 10006 and the offices of The Toronto Stock Exchange, 2 First Canadian Place, Toronto Ontario, Canada M5X 1J2. The Commission maintains a Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. The address of the Commission's Web site is <http://www.sec.gov>.

The Company has filed with the Commission a Registration Statement on Form S-3 (herein, together with all amendments and exhibits, referred to as the "Registration Statement") under the Securities Act of 1933 (the "Securities Act") with respect of the Securities covered by this Prospectus. This Prospectus, which forms part of the Registration Statement, does not contain all of the information set forth in the Registration Statement, certain parts of which have been omitted in accordance with the rules and regulations of the Commission. For further information with respect to the Company and such securities, reference is hereby made to such Registration Statement, including the exhibits filed therewith. The Registration Statement and the exhibits thereto can be obtained by mail from or inspected and copied at the public reference facilities maintained by the Commission as provided in the prior paragraph.

## **ENFORCEMENT OF CERTAIN CIVIL LIABILITIES**

Golden Star Resources Ltd. is a corporation subsisting under the laws of Canada and certain of its directors and officers, as well as certain of the experts named herein, are neither citizens nor residents of the United States. A substantial part of the assets of several of such persons and of the Company are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon such persons or to enforce against them or the Company within the United States judgment of courts of the United States predicated upon the civil liability provisions of the federal securities laws of the United States. There is doubt as to the enforceability against such persons and Golden Star Resources Ltd. in Canada, in original actions or in actions to enforce judgments of United States courts, of liabilities predicated solely upon the federal securities laws of the United States.

## **INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The following documents filed by the Company with the Commission are incorporated by reference in this Prospectus:

- (1) Annual Report on Form 10-K for the year ended December 31, 1995, filed with the Commission on March 29, 1996, as amended by Amendment to Annual Report on Form 10-K/A, filed with the Commission on April 30, 1996.
- (2) Current Reports on Form 8-K, filed with the Commission on January 10, 1996, February 7, 1996, March 4, 1996, April 2, 1996 and May 8, 1996.
- (3) Quarterly Reports on Form 10-Q, filed with the Commission on May 15, 1996 and August 14, 1996.
- (4) 1996 Proxy Statement and Information Circular for the 1996 Annual Meeting of Shareholders, filed with the Commission on May 16, 1996.
- (5) The description of the Common Shares contained in the Company's Articles (incorporated by reference to Exhibit 1.1 to the Company's Registration Statement on Form 20-F, filed on May 10, 1993).
- (6) The Company's Shareholder Rights Plan included in the Company's Current Report on Form 8-K, filed with the Commission on May 8, 1996.

All documents subsequently filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of the Offering of the Securities offered hereby shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company will provide without charge to each person to whom a copy of this Prospectus is delivered, on the oral or written request of such person, a copy of any or all of the documents incorporated herein by reference (other than exhibits, unless such exhibits are specifically incorporated by reference in such documents). Requests for such copies should be directed to the Secretary, Golden Star Resources Ltd., One Norwest Center, 1700 Lincoln Street, Suite 1950, Denver, Colorado 80203, (303) 830-9000.



References in this Prospectus to the term "Golden Star" or to the term "Company" refer to Golden Star Resources Ltd. and its consolidated subsidiaries, including, without limitation, Guyanor Ressources S.A. ("Guyanor") and Pan African Resources Corporation ("PARC"), unless the context otherwise requires. Certain terms and measurements used herein are defined in "Glossary of Terms" included in this Prospectus.

The information in this Prospectus is qualified in its entirety by the more detailed information and consolidated financial statements and notes thereto appearing in this Prospectus or incorporated by reference herein.

### **CANADIAN PROSPECTUSES**

The Company is filing with certain Canadian securities regulatory authorities a shelf prospectus relating to the potential offering in Canada of up to 5,000,000 common shares (including the Common Shares offered hereunder) and a shelf prospectus relating to the potential offering in Canada of convertible debt securities at an aggregate initial offering price of up to U.S. \$75,000,000 (including the Convertible Debt Securities offered hereunder). Canadian securities laws do not permit the use of an unallocated (as between common shares and debt securities) shelf prospectus.

### **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements in this Prospectus and any Prospectus Supplement constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Such forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements express or implied by such forward-looking statements. Such factors include, among others, gold and diamond exploration and development costs and results, fluctuation of gold prices, foreign operations and foreign government regulation, competition, uninsured risks, recovery of reserves, capitalization and commercial viability and requirements for obtaining permits and licenses. See "Risk Factors" and "Business and Properties."

### **REPORTING CURRENCY AND FINANCIAL INFORMATION**

For the periods prior to May 15, 1992, the Company's reporting currency was the Canadian dollar. In addition, the Company historically has raised most of its equity capital in Canadian dollars. The Company's current reporting currency is the United States dollar.

All amounts in this Prospectus and any Prospectus Supplement or incorporated herein by reference are expressed in United States dollars, unless otherwise indicated. References to (i) "Cdn" are to Canadian dollars, (ii) "FF" are to French francs and (iii) "R" are to Brazilian reals.

Financial information is presented in accordance with generally accepted accounting principles in Canada ("Canadian GAAP"). Differences between generally accepted accounting principles in the United States ("U.S. GAAP") and Canadian GAAP as applicable to the Company, are explained in Note 14 to the Company's Consolidated Financial Statements incorporated by reference herein.

**GOLD PRICES**

The following table sets forth for the last ten years the high and low selling prices of gold, as provided by the New York Commodities Exchange ("COMEX"):

YEAR	HIGH	LOW
1986	\$441.10	\$327.00
1987	\$497.10	\$392.10
1988	\$487.00	\$394.00
1989	\$418.90	\$358.10
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

The closing trading price per ounce of gold quoted by COMEX on November 4, 1996 was \$379.60.

**EXCHANGE RATES**

The following table sets forth certain exchange rates based on the noon buying rate in New York City for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate"). Such rates are set forth as United States dollars per Cdn. \$1.00 and are the inverse of rates quoted by the Federal Reserve Bank of New York for Canadian dollars per U.S. \$1.00.

	Six months ENDED JUNE 30,		YEARS ENDED DECEMBER 31,				
	1996	1995	1995	1994	1993	1992	1991
			(U.S. \$ per Cdn. \$1.00)				
High for period	.7391	.7396	.7527	.7632	.8046	.8757	.8926
Low for period	.7235	.7023	.7023	.7103	.7439	.7761	.8587
End of period	.7322	.7279	.7323	.7128	.7544	.7865	.8652
Average for period (1)	.7310	.7224	.7305	.7300	.7729	.8235	.8726

(1) The average of the exchange rates on the last day of each month in the applicable period.

On November 4, 1996, the inverse of the Noon Buying Rate was Cdn. \$1.00 = U.S. \$0.7485.

Golden Star is an international gold and diamond exploration company with a diverse portfolio of active exploration and development projects and operating mines in approximately ten countries on two continents. The Company's core focus is on the acquisition, discovery and development of gold and diamond projects. Once it identifies such projects, Golden Star's business strategy is, if appropriate, to enter into partnership arrangements with major mining companies to develop and operate mines. The Company currently has properties in various stages of development in Guyana, French Guiana (through its approximately 69% owned publicly traded subsidiary, Guyanor), Suriname, Brazil and Bolivia in South America and Eritrea, Ethiopia, Gabon, Ivory Coast and Mali in Africa (through its approximately 60% owned publicly traded subsidiary, PARC).

Golden Star is a substantial mining exploration organization, with over 50 professional geologists on staff and over 600 individuals in the field. The Company's estimated exploration spending for 1996, including funding provided by its partners, is approximately \$35.4 million. The Company's efforts are concentrated in a geologic domain known as greenstone belts, which are ancient volcanic-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 historic gold production. The Company began its exploration activities in 1985 in the tropical, Proterozoic greenstone belts of the Guiana Shield and more recently extended its activities to the geologically related greenstone belts of the Brazilian Shield and the West African Shield and finally to the greenstone belts of eastern Africa.

Golden Star was one of the first North American gold companies to become actively involved in the search for gold and diamonds in Guyana, French Guiana and Suriname in South America and Eritrea, Ethiopia and Ivory Coast in Africa. As a result, the Company has built a significant portfolio of prospective exploration acreage on a cost effective basis. In recognition of the Company's exploration expertise and in competition with some of the world's major mining companies, Golden Star was one of the first foreign companies to be awarded exploration rights in Ethiopia and Eritrea and was the first foreign company awarded the right to earn a 50% interest in a gold project owned by the Brazilian state mining company, Companhia Vale do Rio Doce ("CVRD").

Exploration requires a different set of skills from those required for mine operation. Therefore, Golden Star's business strategy is to focus exclusively on its core skills of gold and diamond exploration and property acquisition, with the ultimate goal of holding significant ownership interests in large scale gold and diamond mines. The Company believes that it can achieve the greatest increase in shareholder value from the discovery and development, rather than from the exploitation, of mineral resources. By entering into partnership arrangements with major mining companies that have the technical skills and financial resources to develop and operate major mines, the Company also seeks to profit from the exploitation of the mineral resources that it discovers. To date, the Company has funded its activities through the issuance of equity securities and partner contributions and expects that these will be its primary means of funding for the next several years. However, the Company's long-term objective is to fund additional exploration and the development of new projects with the cash flow from its mining interests.

Golden Star's initial exploration success in 1986 resulted in the development of the Omai Gold Mine in Guyana, which commenced commercial production in January 1993. The Omai Mine, in which the Company holds a 30% equity interest, is one of South America's largest operating gold mines, with proven and probable reserves of approximately 3.3 million ounces as of December 31, 1995, after production of over 630,000 ounces. The Omai's Mine's anticipated 1997 production is in excess of 300,000 ounces. In early 1997, the Company expects to complete a final feasibility study on its second major project, Gross Rosebel, located in Suriname. The Company currently estimates

total proven and probable reserves at Gross Rosebel to be approximately 1.1 million ounces and a substantial drilling program is underway to attempt to delineate additional reserves. In September 1996, Guyanor and Golden Star announced probable reserves at the Yaou project in French Guiana of approximately 10.3 million tonnes grading 2.7 g Au/t, representing approximately 876,000 ounces of gold IN SITU, which is part of total mineralization of approximately 13 million tonnes grading 2.5 g Au/t. Cambior Inc. ("Cambior") is a partner in each of these three projects.

Golden Star's partnership arrangements at Omai and Gross Rosebel are illustrative of the Company's partnership strategy. Golden Star's partners currently include ASARCO Incorporated ("ASARCO"), Broken Hill Proprietary Co. Ltd. ("BHP"), Cambior, CVRD and LaSource Developpement S.A. ("LaSource"). Under a typical partnership arrangement with a major mining company, Golden Star's partner funds a portion of the exploration to earn an interest in a given project, prepares a feasibility study and manages the tasks and risks involved in engineering, building and operating any mine which warrants development. Certain of the Company's agreements also require its partner to use its best efforts to provide debt financing for construction capital. This strategy enables Golden Star to transfer a portion of the financial risks associated with exploration and development to its partner, provides a means to meet the majority of the financing requirements for project development and allows the project to be built and managed by a company experienced in mine development and operation. The Company's capital and its human resources then can be focused on obtaining and advancing exploration on new properties, thereby diversifying the Company's interests among a wide range of properties at different stages of exploration and development.

Golden Star believes it is poised to rapidly advance a number of projects by the end of 1997. The Company's objectives during this period include

(i) the completion of a final feasibility study at Gross Rosebel in Suriname and, if positive, the commencement of mine construction, (ii) the commencement of intensive exploration at Andorinhas in Brazil, (iii) the continuation of drilling on the Yaou, Dorlin, St-Elie and Paul-Isnard gold projects in French Guiana, at Dioulafoundou in Mali and at Dul Mountain in Ethiopia and (iv) the continuation of bulk sampling at the Dachine diamond project in French Guiana.

The head office of the Company is located at One Norwest Center, 1700 Lincoln Street, Suite 1950, Denver, Colorado 80203; its telephone number is

(303) 830-9000. The Company's registered and records office is located at 19th Floor, 885 West Georgia Street, Vancouver, British Columbia V6C 3H4; its telephone number is (604) 891-3688.

## **RISK FACTORS**

PROSPECTIVE PURCHASERS OF SECURITIES SHOULD CAREFULLY READ THIS PROSPECTUS, ANY PROSPECTUS SUPPLEMENT DELIVERED HERewith, AND THE DOCUMENTS INCORPORATED BY REFERENCE HEREIN AND THEREIN. OWNERSHIP OF SECURITIES INVOLVES CERTAIN RISKS. IN DETERMINING WHETHER TO PURCHASE SECURITIES, PROSPECTIVE INVESTORS SHOULD

CONSIDER CAREFULLY THE FOLLOWING RISK FACTORS AND THE OTHER INFORMATION

CONTAINED IN THIS PROSPECTUS, AS WELL AS THE OTHER RISK FACTORS AND INFORMATION SET FORTH IN ANY PROSPECTUS SUPPLEMENT DELIVERED HERewith.

### **RISKS OF EXPLORATION AND DEVELOPMENT**

Mineral exploration and development involves a high degree of risk and few properties which are explored ultimately are developed into commercially producing mines. The long-term success of the Company's operations will be substantially and directly related to the cost and success of its exploration programs. The risks associated with the exploration for new mineralization include the identification of potential gold mineralization based on surficial analysis, the attraction and retention of experienced geologists and drilling personnel, the quality and availability of third party assaying, sampling errors, geological, geophysical, geochemical and other technical analyses and other factors. Substantial early stage expenditures are required to outline mineralized prospects and establish ore reserves through, among other things, drilling and the preparation of feasibility studies and mine plans, and to develop and construct the mining and processing facilities at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that (i) minerals will be discovered in sufficient quantities and/or grades to constitute reserves or justify commercial operations, (ii) the Company will be successful in partnering with companies to develop and operate those properties that are commercially attractive on acceptable or attractive terms or (iii) the funds required for development can be obtained by the Company or any of its partners on a timely or commercially reasonable basis. Further, even if reserves are delineated, it may require a number of years and significant expenditures until production is possible, during which time the economic feasibility of a property may change. Additionally, the Company will be reliant on its partners in each project for technical expertise in the development and operation phases of the project, and, in certain instances, for financing, until cash flow is generated from the property for the Company's account. Finally, to the extent the Company's mineral reserves are produced and sold, the Company must continually acquire new mineral prospects and explore for and develop new mineral reserves to replace such reserves.

### **UNCERTAINTY OF RESERVE AND OTHER MINERALIZATION ESTIMATES**

There are numerous uncertainties inherent in estimating proven and probable reserves and other mineralization, including many factors beyond the control of the Company. The estimation of reserves and other mineralization is a subjective process and the accuracy of any such estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. 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. No assurance can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated. Assumptions about prices are subject to great uncertainty and gold prices have fluctuated widely in the past. Declines in the market price of gold or other precious metals also may render reserves or other mineralization containing relatively lower grades of mineralization or requiring more extensive processing uneconomic to exploit. If the price realized by the Company for its gold bullion were to decline substantially below the price at which ore reserves were calculated for a sustained period of time, the Company potentially could experience reductions in reserves and asset write-downs. Under

such circumstances, the Company may discontinue the development of a project or mining at one or more of its properties. Further, changes in operating and capital costs and other factors, including but not limited to short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may materially and adversely affect reserves.

## **FLUCTUATION OF PRICES**

To the extent that the Company has any revenues from operations, such revenues are expected to be in large part derived from the mining and sale of gold. The price of gold can fluctuate, and in the past has fluctuated, widely and is affected by numerous factors beyond the Company's control, including international economic and political trends, inflation expectations, interest rates, central bank sales and purchases, global or regional consumptive patterns (such as the development of gold coin programs), speculative activities and increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of gold cannot be accurately predicted.

The current demand for, and supply of, gold affect gold prices but not necessarily in the same manner as current demand and supply affect the prices of other commodities. The potential supply of gold consists of new mine production plus existing stocks of bullion and fabricated gold held by governments, financial institutions, industrial organizations and individuals. Since mine production in any single year constitutes a very small portion of the total potential supply of gold, normal variations in current production do not necessarily have a significant effect on the supply of gold or on its price. If gold prices should decline below the Company's cash costs of production and remain at such levels for any sustained period, the Company could determine that it is not economically feasible to continue commercial production at any or all of its mines.

Moreover, on a given date, the prices used in estimating the Company's ore reserves are based on the price of gold on such date. If the Company were to determine that its reserves and future cash flows should be calculated at significantly lower gold prices than those used on the measurement date, there would likely be a material reduction in the amount of its gold reserves. Should such reductions occur, material write-downs of the Company's investment in mining properties may be required. See "Gold Prices."

## **CAPITALIZATION AND COMMERCIAL VIABILITY**

The Company has limited financial resources. To date, and for the reasonably foreseeable future, its exploration and development activities have not generated and are not expected to generate substantial revenues, which has caused, and is expected to continue for the reasonably foreseeable future to cause, the Company to incur losses. In addition, the Company historically has incurred significant expenditures in connection with its exploration activities and contemplates doing so for the foreseeable future. There can be no assurance that additional funding will be available to the Company for further exploration or development of its properties or to fulfill its obligations under any applicable agreements with its partners or the nations in which the Company is operating. Although the Company has been successful in the past in obtaining financing through the sale of equity securities and through partnership arrangements involving several of the Company's properties, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable, or that such partnership arrangements will continue to be available for the Company's properties on acceptable terms. Failure to obtain such additional financing could

result in delay or indefinite postponement of further exploration and development of the Company's properties with the possible loss of the Company's interest in such properties.

If the Company proceeds to production on a particular property, commercial viability will be affected by certain factors that are beyond the Company's control, including the specific attributes of the deposit (such as mineral grade and stripping ratio), the fluctuation in metal prices, the costs of constructing and operating a mine in a specific environment, processing and refining facilities, the availability of economic sources of energy, adequacy of water supply, adequate access, government regulations including regulations relating to prices, royalties, duties, taxes, restrictions on production, quotas on exportation of minerals, as well as the costs of protection of the environment and agricultural lands. The occurrence of any such factors may materially and adversely affect the Company's business, financial condition, results of operations and cash flow.

### **MARKETABILITY OF DIAMONDS**

The marketability of diamonds which may result from projects advanced by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of diamonds and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. The price for diamonds is, among other things, based on the size, cut, color and quality of individual diamonds sold and, to a lesser extent, the market supply and demand for diamonds in general.

### **RISKS OF FOREIGN OPERATIONS**

In certain countries in which the Company has mineral rights (whether held directly or indirectly), there are certain laws, regulations and statutory provisions which, as currently written, could have a material negative impact on the ability of the Company to develop a commercial mine in such countries. The range and diversity of such laws and regulations are such that the Company could not adequately summarize them in this document. Through, among other things, the negotiation of mineral agreements with the governments of these countries, management of the Company intends to seek variances or otherwise to be exempted from the provisions of these laws, regulations and/or statutory provisions. There can be no assurance, however, that the Company will be successful in obtaining such mineral agreements, that any such variances or exemptions can be obtained on commercially acceptable terms or that such agreements will be enforceable in accordance with their terms.

Further, many of the mineral rights and interests of the Company are subject to government approvals, licenses and permits. Such approvals, licenses and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that the Company will be successful in obtaining any or all of such approvals, licenses and permits, will obtain them in a timely fashion or will be able to maintain them in full force and effect without modification or revocation.

The Company's assets and operations are subject to various political, economic and other uncertainties, including, among other things, the risks of war or civil unrest, expropriation, nationalization, renegotiation or nullification of existing concessions, licenses, permits, approvals and contracts, taxation policies, foreign exchange and repatriation restrictions, changing political conditions, international monetary fluctuations, currency controls and foreign governmental

regulations that favor or require the awarding of drilling contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in the United States or Canada. The Company also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. The Company has suspended its operations in Sierra Leone due to the unstable political situation there and has invoked the force majeure provisions of the contracts pertaining to its Sierra Leone operations. Currently, it is not possible for the Company to accurately predict such developments or changes of law or policy and which, if any, of such developments or changes may have a material adverse impact on the Company's operations.

#### **REQUIREMENT FOR PERMITS AND LICENSES**

The operations of the Company require licenses and permits from various governmental authorities. Except as otherwise described in "Business and Properties" herein or in documents incorporated by reference in this Prospectus, management believes that the Company presently holds substantially all necessary licenses and permits to carry on the activities which it currently is conducting or expects to conduct in the near term under applicable laws and regulations in respect of its properties, and also believes the Company is presently complying in all material respects with the terms of such laws, regulations, licenses and permits, although the Company is in breach of certain provisions of such laws, regulations, licenses and permits from time to time. Such licenses and permits are subject to modification or revocation as discussed above in "Risks of Foreign Operations," as well as changes in regulations and in various operating circumstances. While the Company does not believe that any such breaches will have a material adverse effect on its operations, there can be no assurance that the Company will be able to obtain or maintain in force all necessary licenses and permits that may be required for it to conduct further exploration or commence construction or operation of mining facilities at properties under exploration or to maintain continued operations at economically justifiable costs.

#### **DEPENDENCE ON KEY PERSONNEL**

The Company is dependent on the services of certain key officers and employees, including its Chief Executive Officer, its Chief Financial Officer, its General Counsel and certain of its geologists. Competition in the mining exploration industry for qualified individuals is intense, and the loss of any of these key officers or employees if not replaced could have a material adverse effect on the Company's business and its operations. The Company has entered into agreements with certain of its officers which provide for payments upon termination without cause or, in certain cases, upon a change in control of the Company.

#### **OPERATIONAL HAZARDS AND RESPONSIBILITIES**

The business of gold mining is generally subject to a number of risks and hazards, including environmental hazards, the discharge of pollutants or hazardous chemicals, industrial accidents, labor disputes, encountering unusual or unexpected geological or operating conditions, slope failures, cave-ins, failure of pit walls or dams and fire, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes, as well as other hazards. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. The Company or its subsidiaries or partnership arrangements to which they



are parties also may incur liability as a result of pollution and other casualties. The Company may not be able to insure fully or at all against such risks, due to political or other reasons, or the Company may decide not to insure against such risks as a result of high premiums or for other reasons. Such occurrences, against which it cannot insure, or may elect not to insure, may delay production, increase production costs or result in liability. Paying compensation for obligations resulting from such liability may entail significant costs for the Company and may have an adverse effect on the Company's financial position. Furthermore, insurance against certain risks (including certain liabilities for environmental pollution or other hazards as result of exploration and production) is not generally available to the Company or to other companies within the industry.

## **MINING AND PROCESSING**

The Company's business operations are subject to risks and hazards inherent in the mining industry, including but not limited to unanticipated grade and other geological problems, water conditions, surface or underground conditions, metallurgical and other processing problems and mechanical equipment performance problems, the unavailability of materials and equipment, accidents, labor force and force majeure factors, unanticipated transportation costs and weather conditions, and prices and production levels of by-products, any of which can materially and adversely affect, among other things, the development of properties, production quantities and rates, costs and expenditures and production commencement dates. In addition, the Company relies upon its partners to manage the development and operating stages of the projects in which it has an interest and, therefore, has less control over such matters than would be the case if the Company were the operator.

In the case of the Company's exploration properties, there generally is no operating history upon which to base estimates of future operating costs and capital requirements. The economic feasibility of any individual project is based upon, among other things, the interpretation of geological data obtained from drill holes and other sampling techniques, feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of metals from the ore, comparable facility and equipment costs, anticipated climatic conditions, estimates of labor productivity and other factors. Such exploration properties also are subject to the successful completion of final feasibility studies, issuance of necessary permits and receipt of adequate financing. Accordingly, uncertainties related to operations are magnified in the case of exploration properties.

As a result of the foregoing risks, expenditures on any and all projects, actual production quantities and rates and cash operating costs, among other things, may be materially and adversely affected and may differ materially from anticipated expenditures, production quantities and rates, and costs, just as estimated production dates may be delayed materially, in each case, especially to the extent exploration properties are involved. Any such events can materially and adversely affect the Company's business, financial condition, results of operations and cash flows.

## **COMPETITION**

The Company competes with major mining companies and other natural resource companies in the acquisition, exploration, financing and development of new properties and projects. Many of these companies are more experienced, larger, and better capitalized than the Company. The Company's competitive position will depend upon its ability to successfully and economically explore, acquire and develop new and existing mineral resource properties or projects. Factors which allow producers to remain competitive in the market over the long term are the quality and size of the ore



(1) The Company's projects are in the exploration or development stages. As a result, the Company has reported net losses for each of the periods presented, except for the six months ended June 30, 1996 for which it reported a gain due to the issuance of common shares by PARC. The Company has not had any material fixed charge obligations for each of the periods presented. Therefore, the ratio of earnings to fixed charges for the Company is not meaningful ("N/M") under both U.S. GAAP and Canadian GAAP.

## **BUSINESS AND PROPERTIES**

CERTAIN STATEMENTS IN "BUSINESS AND PROPERTIES" CONSTITUTE "FORWARD-LOOKING STATEMENTS" UNDER THE REFORM ACT. ACTUAL RESULTS AND THE TIMING OF CERTAIN EVENTS COULD DIFFER MATERIALLY FROM THOSE PROJECTED IN THE FORWARD-LOOKING STATEMENTS DUE TO A NUMBER OF FACTORS, INCLUDING THOSE SET FORTH UNDER "RISK FACTORS" AND ELSEWHERE IN THIS PROSPECTUS. SEE "SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS" IN THIS PROSPECTUS. THE INFORMATION CONTAINED IN THIS PROSPECTUS IS QUALIFIED IN ITS ENTIRETY BY THE MORE DETAILED INFORMATION, DESCRIPTIONS AND CONSOLIDATED FINANCIAL STATEMENTS AND NOTES THERETO APPEARING OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS.

### **GENERAL**

Golden Star is an international gold and diamond exploration company with a diverse portfolio of active exploration and development projects and operating mines in ten countries on two continents. The Company's core focus is on the acquisition, discovery and development of gold and diamond projects. Once it identifies such projects, Golden Star's business strategy is, if appropriate, to enter into partnership arrangements with major mining companies to develop and operate mines. The Company currently has properties in various stages of development in Guyana, French Guiana (through its approximately 69% owned publicly traded subsidiary, Guyanor), Suriname, Brazil and Bolivia in South America and Eritrea, Ethiopia, Gabon, Ivory Coast and Mali in Africa (through its approximately 60% owned publicly traded subsidiary, PARC).

Golden Star is a substantial mining exploration organization, with over 50 professional geologists on staff and over 600 individuals in the field. The Company's estimated exploration spending for 1996, including funding provided by its partners, is approximately \$35.4 million. The Company's efforts are concentrated in a geologic domain known as greenstone belts, which are ancient volcanic-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 historic gold production. The Company began its exploration activities in 1985 in the tropical, Proterozoic greenstone belts of the Guiana Shield and more recently extended its activities to the geologically related greenstone belts of the Brazilian Shield and the West African Shield and finally to the greenstone belts of eastern Africa.

Golden Star's initial exploration success in 1986 resulted in the development of the Omai Gold Mine in Guyana, which commenced commercial production in January 1993. The Omai Mine, in which the Company holds a 30% equity interest, is one of South America's largest operating gold mines, with proven and probable reserves of approximately 3.3 million ounces as of December 31, 1995, after production of over 630,000 ounces. The Omai Mine's anticipated 1997 production is in excess of 300,000 ounces. In early 1997, the Company expects to complete a final feasibility study on its second major project, Gross Rosebel, located in Suriname. The Company currently estimates total proven and provable reserves at Gross Rosebel to be approximately 1.1 million ounces and a substantial drilling program is underway to delineate additional reserves. In September 1996, Guyanor and Golden Star announced probable reserves at the Yaou project in French Guiana of approximately 10.3 million tonnes grading 2.7 g Au/t, representing approximately 876,000 ounces of gold IN SITU, which is part of total mineralization of approximately 13 million tonnes grading 2.5 g Au/t. Cambior is a partner in each of these three projects.

Golden Star believes it is poised to rapidly advance a number of projects by the end of 1997. The Company's objectives during this period include

(i) the completion of a final feasibility study at Gross Rosebel in Suriname and, if positive, the commencement of mine construction, (ii) the

commencement of intensive exploration in Andorinhas in Brazil, (iii) the continuation of drilling on the Yaou, Dorlin, St-Elie and Paul Isnard gold projects in French Guiana, at Dioulafoundou in Mali and at Dul Mountain in Ethiopia, and (iv) the continuation of bulk sampling at the Dachine diamond project in French Guiana.

Golden Star also has created two publicly traded subsidiaries. Guyanor is approximately 69% owned by Golden Star and is incorporated under the laws of France. Guyanor was established in order to comply with French Guiana law requiring a mining company to be a French company. Guyanor's Class B common shares are listed on The Toronto Stock Exchange under the symbol "GRL.B" and were listed on the Nouveau Marche in France on October 30, 1996. PARC is approximately 60% owned by Golden Star and was created in recognition of the unique risk profile of establishing exploration projects across Africa. PARC's common shares are quoted on the Canadian Dealing Network under the symbol "PARC."

## **BUSINESS STRATEGY**

Golden Star's business strategy is to focus on its core skills of gold and diamond exploration and property acquisition with the ultimate goal of holding significant interests in large scale gold and diamond mines. Golden Star's business strategy is comprised of the following elements:

**FOCUS ON EXPLORATION.** Golden Star believes that the greatest increase in shareholder value in the gold and diamond mining sector comes from the discovery of mineral deposits. The Company intends to continue to concentrate its exploration efforts in its areas of expertise, gold and diamond exploration in the tropical greenstone belts of the Guiana Shield, the Brazilian Shield, the West African Shield and the greenstone belts of eastern Africa.

**CONCENTRATE ON CURRENT PORTFOLIO OF PROPERTIES.** Golden Star intends to focus its efforts on advancing the most promising projects within its current portfolio of properties to the feasibility stage. The Company continues to pursue new opportunities and may make selective additional acquisitions of promising properties.

**PARTNER WITH MAJOR MINING COMPANIES.** Golden Star 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. This strategy enables the Company to transfer a portion of the financial risks associated with exploration and development to its partners and to utilize a greater portion of its funds to explore and develop additional projects.

**MAINTAIN A STRONG LOCAL PRESENCE IN THE COUNTRIES WHERE GOLDEN STAR OPERATES.** Golden Star intends to continue its practice of locating offices, the majority of its employees and certain of its executives in the countries where Golden Star has exploration, development and mining interests. Many of the Company's employees are from the countries in which Golden Star operates. The Company believes that its local presence and hiring practices support its exploration efforts by enabling the Company to establish and maintain relationships with local government officials and business leaders. In addition, Golden Star believes that its decentralized local management structure permits it to make better informed exploration and management decisions.

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**[MAP OF CERTAIN SOUTH AMERICAN PROJECT  
LOCATIONS OF GOLDEN STAR RESOURCES LTD. AND  
GUYANOR RESSOURCES S.A.]**

**[MAP OF CERTAIN AFRICAN PROJECT LOCATIONS OF  
PAN AFRICAN RESOURCES CORPORATION]**

The following table is a guide to Golden Star's current portfolio of mineral properties. The nature of the exploration business is such that this information changes continually as new properties are identified and acquired, and existing ones mature for development, are sold or are released.

COUNTRY	Property (PERCENT OWNED){(1)}	Area (HECTARES)	STATUS{(2)}	1996 Estimated Expenditures (\$ MILLIONS){(3)}
<b>SOUTH AMERICA</b>				
Guyana{(4)}	Omai (30%)	5,200	Producing mine	N/A
	Other (100%)	108,000	Exploration - early and intermediate stages	\$5.2
Suriname{(4)}	Gross Rosebel (40-50%)	17,000	Prefeasibility study completed;	\$7.5
	Other (75-100%)	380,273	final feasibility study in process Exploration - early stage	\$3.2
French Guiana{(5)}	Yaou (50%)	15,000	Prefeasibility study in process	\$1.5
	Dorlin (50%)	15,000	Exploration - advanced stage	\$1.5
	St-Elie (50%)	9,900	Exploration - advanced stage	\$1.6
	Paul-Isnard (37.5%)	25,100	Exploration - advanced stage	\$1.4
	Dachine (31.5-49%)	2,500	Exploration - intermediate stage	\$1.1
	Other	2,500	Exploration - early and intermediate stages	\$0.3
Brazil{(4)}	Andorinhas (50%)	25,000	Exploration - advanced stage	\$3.3
	Other	30,000	Exploration - early stage	\$1.3
Other South America{(4)}	Bolivia	14,600	Exploration - early stage	\$1.1
<b>AFRICA</b>				
Ethiopia{(6)}	Dul Mountain (100%)	180,100	Exploration - advanced stage	\$1.8
Mali{(6)}	Dioulafoundou (85%)	3,400	Exploration - advanced stage	\$0.8
	Other	22,000	Exploration - early stage	\$0.0

Other Africa{(6)}	Other{(7)}	790,000	Exploration - early and intermediate stages	\$3.8
			TOTAL	=====
				\$35.4

(1) Percentages identified are the percentages Golden Star would own assuming either the Company or each of its partners achieves the maximum percentage ownership permissible under the applicable partnership arrangement. Percentages currently owned by Golden Star may be higher or lower. See "-Properties" and the Company's Annual Report on Form 10-K and other documents incorporated by reference herein for a discussion of such potential changes and for additional information on the Company's properties and the ownership interests.

(2) See "Glossary of Terms."

(3) Estimated aggregate expenditures by the Company and its partners.

(4) Properties in this country are owned by Golden Star Resources Ltd. or a wholly owned subsidiary of Golden Star Resources Ltd.

(5) Properties in this country are owned by Guyanor, which is approximately 69% owned by Golden Star Resources Ltd.

(6) Properties in these countries are owned by Golden Star or by PARC, which is approximately 60% owned by Golden Star Resources Ltd. Certain properties have been transferred from Golden Star Resources Ltd. to PARC, subject to the approval of the applicable government.

(7) Includes properties located in Eritrea (30,000 hectares), Gabon (363,000 hectares), Ivory Coast (375,000 hectares) and Mali (22,000 hectares).

## PROPERTIES

The following is a description of the Company's significant gold and diamond interests. For more information about these properties and the Company's other mineral property interests, including with respect to the ownership interests and funding obligations of third parties, see the Company's 1995 Annual Report on Form 10-K and Quarterly Reports on Form 10-Q for the first and second quarters of 1996 incorporated by reference herein.

## PRODUCING PROPERTIES

### OMAI MINE, GUYANA

The Company owns a 30% common share equity interest in Omai Gold Mines Ltd. ("OGML"), a company incorporated under the laws of Guyana which owns and operates the Omai Mine. The mine is located on a 5,200 hectare mining license on the Essequibo River approximately 160 kilometers southwest of Georgetown, Guyana. The mine is operated as an equity joint venture between the Government of Guyana, the Company and Cambior, the operator.

Cambior and the Government of Guyana own 65% and 5% of the common shares of OGML, respectively. The Company and Cambior each has granted the Government of Guyana options to acquire from them up to an additional 13.5% of the common shares of OGML at capital market values, beginning in 2003.

Golden Star currently receives cash flow from the Omai Mine at the rate of 10% of the after tax cash flow from the Omai Mine through the redemption of Class I preferred shares in OGML. The Company received \$1.2 million in 1995 through the redemption of Class I preferred shares and, as of June 30, 1996, held approximately \$8.4 million of Class I preferred shares. The Company does not expect to receive dividends from its common share holdings in OGML until debt owed by OGML and guaranteed by Cambior is repaid and Class II and III preferred shares held by Cambior are redeemed. As of June 30, 1996, OGML had \$184.2 million in debt outstanding and a total of \$53.1 million in Class II and III preferred shares outstanding.

The Omai Mine was brought into commercial production in January 1993 and currently is the Company's only significant producing property. Gold production for 1993, 1994, 1995 and the first six months of 1996 totaled 206,537 ounces, 250,642 ounces, 175,080 ounces and 85,191 ounces, respectively. Gold production in 1995 was significantly lower than the originally expected amount of 250,000 ounces due primarily to the August 1995 tailings dam failure and resulting lack of production for the remainder of 1995. Quarterly gold production at the Omai Mine for 1995 and the first six months of 1996 was as follows:

	1996 First Quarter (1)	1995 Second Quarter	First Quarter	Second Quarter	Third Quarter (1)	Fourth Quarter(1)	Total 1995 (1)
Ore milled (mt)	725,203	1,160,413	1,169,535	1,216,002	655,674	-	3,041,211
Rate (mt/day)	13,185	12,752	12,995	13,363	7,127	-	13,165
Grade (g Au/mt)	1.6	1.8	1.9	2.0	1.9	-	1.9
Recovery (%)	85	89	90	91	91	-	91
Gold production (oz)	27,204	57,987	64,435	70,005	40,640	-	175,080
Cash cost of production (2) (\$/oz)	\$294	\$281	\$234	\$220	\$215	-	\$224

(1) There was no production at the Omai Mine from August 19, 1995 to February 4, 1996 due to the Omai dam failure.

(2) Cash cost of production includes mining and milling costs, power generation and general services charges.

Ore reserves at the Omai Mine are derived from four sources: the Fennell pit, the Wenot Lake pit, the alluvial deposits and from above-ground stockpiles. In 1995, ore was processed from each of these sources. The average mined waste to ore ratio for 1995 was 1.98. At December 31, 1995, the stockpiles held 10,094,000 tonnes grading 0.9 g Au/mt. Cash costs of production at the Omai Mine for 1994 and 1995 amounted to \$244 per ounce and \$224 per ounce, respectively.

The surface infrastructure at the Omai Mine includes a milling facility equipped with crushing, semi-autogenous grinding, a gravity recovery circuit, carbon-in-pulp cyanide leaching and electro-winning, together with camp facilities, administrative offices, a warehouse, a maintenance shop and a laboratory. Electric power currently is supplied by 15 diesel generators having a total installed capacity of 47 megawatts. The mine site also includes a tailings pond allowing the natural degradation of the cyanide and decanting and recirculation of the water used in milling with discharge of treated process waters into the Omai River.



The 1996 production target for the Omai Mine is 255,000 ounces. The mill currently is processing stockpiled ore and lower grade soft rock ore from the Wenot pit. Mining of hard rock ore resumed in the Fennell pit upon completion of dewatering during the second quarter. The Omai Mine expanded its rated mill capacity from 12,000 to 18,000 tonnes per day through incremental additions in grinding and power generating capacity which were completed in July 1996. As a result of the \$54 million expansion program, annual production rates at the Omai Mine in excess of 300,000 ounces are expected, beginning in 1997.

The Omai Mine has registered an increase in reserves every year since operations began, exclusive of the gold that has been mined. Total reserves have grown from 2.3 million ounces at year end 1992 to 3.3 million ounces at year end 1995, after production of over 630,000 ounces. The increase in minable gold reserves for 1995 was the greatest year on year increase to date, representing a 24% increase over year end 1994, exclusive of production during 1996. Importantly, the overall grade of the reserves at both the Fennell and Wenot pit registered improvements. Drilling is continuing in 1996 in the East Wenot pit section on a geochemical anomaly more than 1.2 kilometers long, with the intention of further increasing reserves during 1996. The reserves at year-end 1995 and 1994 were estimated as follows:

	December 31, 1995			December 31, 1994		
	Proven and Probable Reserves (mt)	Grade (g Au/mt)	Contained Gold (oz)	Proven and Probable Reserves (mt)	Grade (g Au/mt)	Contained Gold (oz)
Fennell Pit	43,450,000	1.6	2,217,800	39,977,000	1.5	1,937,000
Wenot Lake Pit	14,127,000	1.6	708,100	6,905,000	1.4	309,300
Alluvials	1,237,000	0.9	38,100	3,946,000	1.1	138,600
Stockpiles	10,094,000	0.9	296,600	7,805,000	1.0	240,900
TOTAL	68,908,000	1.5	3,260,600	58,633,000	1.4	2,625,800

(1) Reserves are calculated using a gold price of \$425 per ounce with a cutoff grade of 0.35 g Au/t for soft rock reserves and 0.70 g Au/t for hard rock reserves. Recovery rates range between 85% and 90%, depending on grade.

On August 19, 1995, a failure occurred in the main section of the tailings dam at the Omai Mine. The failure resulted in the discharge of effluent- contaminated water into the Omai River, which in turn flowed into the Essequibo River. The discharge began on August 19, 1995 and continued until the leakage was controlled by Omai personnel on August 24, 1995. To minimize environmental damage, a portion of the discharged water was diverted into the Fennell Pit, the main source of ore at the Omai Mine. Production at the Omai Mine was suspended from August 19, 1995 until February 4, 1996.

In October 1995, the Government of Guyana appointed a Commission of Inquiry to examine various matters arising from the dam failure. Its report stated that the Commission of Inquiry could see no justifiable reason for OGML not being permitted to resume production at the Omai Mine. The Commission of Inquiry also made a number of recommendations in its report relating to, among other things, the construction of the new tailings pond, the treatment of water before its release into

receiving waters, the reclamation and closure of the former tailings pond and the implementation of other environmental safeguards. Operations at the Omai Mine resumed on February 4, 1996.

## **OTHER PRODUCING PROPERTIES**

The Company currently has alluvial mining operations at the Paul-Isnard project in French Guiana. See "- Development Properties - Paul-Isnard."

## **DEVELOPMENT PROPERTIES**

### **GROSS ROSEBEL, SURINAME**

The Gross Rosebel project covers 17,000 hectares and is located 80 kilometers south of the capital city of Paramaribo, Suriname. As of December 31, 1995, a total of \$12.9 million, including capitalized acquisition costs, had been spent at Gross Rosebel since the Company's involvement with the project, of which \$6.6 million was funded by Cambior. The Company anticipates that \$7.5 million will be spent on the Gross Rosebel project in 1996, with Cambior expected to fund \$5.0 million of this amount.

Golden Star and Cambior each owns 50% of the Gross Rosebel project. Cambior is obligated to use its best efforts to arrange debt financing for 65% of mine construction and related costs, with Golden Star and Cambior each contributing 50% of the remainder of such costs. In addition, Grassalco, a mining company owned and operated by the government of Suriname, has the right to purchase up to a 20% minority interest from Golden Star and Cambior (on a pro rata basis) in the production company that will operate the mine, in which case Grassalco will be obligated to fund its pro rata portion of mine construction and related costs.

Gross Rosebel is composed of two contiguous areas known as the Northern and Southern blocks. Geologically, the area is underlain by Proterozoic metasedimentary and metavolcanic greenstone rocks which have been intruded by a large tonalitic stock near the southern boundary of the project.

As part of a prefeasibility study completed in April 1996, Cambior calculated proven and probable gold reserves of approximately 24 million tonnes grading 1.4 g Au/t, representing 1.1 million ounces IN SITU. These reserves lie in the South block, containing the Royal Hill, Mayo and Rosebel deposits, and the North block, containing the Pay Caro and Koolhoven deposits.

The 1996 exploration work is focused on drilling to better define and expand the reserve and mineralization base within the five areas where reserves have been established, as well as to identify potential new zones. During the first six months of 1996, an additional 16,585 meters of drilling in 113 holes and 13,312 linear meters of trenching has been completed on the North block of the project. Mineralization was extended along strike on the Pay Caro and East Pay Caro zones by approximately 450 meters, allowing existing open pit plans to be widened and deepened. Results from this core drilling exhibited average widths of mineralization of 8.1 meters with a weighted average grade of 2.4 g Au/t at Pay Caro and average widths of 9.6 meters with a weighted average grade of 2.2 g Au/t at the East Pay Caro zone. Wide spaced, step out drilling along the Koolhoven and Bigi Asanjangmoni trends has been successful, although additional closer spaced drilling will be required to bring this mineralization into the reserve category. Metallurgical test work conducted during the prefeasibility study has indicated recoveries in excess of 90% using conventional gravity and cyanide leaching recovery methods.

An additional 18,691 meters of drilling within the North block and the South block of the Gross Rosebel project are budgeted for the remainder of 1996 with the objective of significantly increasing open pit reserves for the final feasibility study. The Company expects the final feasibility study at Gross Rosebel to illustrate economics that would justify a development decision at current gold prices, given the nature of the bulk of the ore body, simple metallurgy and good infrastructure for mine development, including nearby port facilities and road access.

## **EXPLORATION PROPERTIES**

### **YAOU, FRENCH GUIANA**

The Yaou project, owned through Guyanor, covers a total area of 15,000 hectares and is located approximately 210 kilometers southwest of Cayenne, French Guiana. Yaou is the most advanced of Guyanor's exploration projects and a significant amount of exploration work has been conducted on the property. As of December 31, 1995, a total of \$10.3 million, including capitalized acquisition costs, had been spent at Yaou since the Company's involvement with the project, of which \$3.3 million was funded by Cambior. The Company anticipates that \$1.5 million will be spent on the Yaou project in 1996, all of which is expected to be funded by Cambior.

The Yaou project is underlain by a typical greenstone sequence of the Paramaca Formation. Within these rocks are two distinct units that host gold mineralization generally associated with pyrite and quartz-carbonate veins and veinlets.

During the first six months of 1996, an evaluation was completed using all exploration data gathered at Yaou by both Guyanor and the previous owners, the French Bureau de Recherches Géologiques et Minières ("BRGM") and BHP, with the purpose of developing a new geologic model of the known mineralized area. On September 11, 1996, Guyanor and Golden Star announced the results of this work. A reserve estimation was completed on the Yaou Central and Chaina zones based on results from 130 drill holes for a total of 24,416 meters, approximately 40,000 meters of augering and approximately 10 kilometers of trenching. The estimation calculated a probable reserve of approximately 10.3 million tonnes grading 2.7 g Au/t, representing approximately 876,000 ounces of gold IN SITU. The probable reserve is part of total mineralization of approximately 13 million tonnes grading 2.5 g Au/t.

The exploration program for the remainder of 1996 is focused on establishing proven mining reserves based upon the above mentioned probable reserves and mineralized inventory, as well as establishing new zones of mineralization. Some 4,300 meters of drilling is scheduled to be completed during the remainder of 1996 on both Yaou Central and Chaina for infill drilling and testing lateral and depth extensions as well on additional targets to the northeast of Yaou Central (Zones I, J and K) to identify new mineralization minable by open pit. Guyanor also plans to conduct additional exploration over the project area, with an initial focus on the Bois Blanc target approximately 10 kilometers to the north of Yaou Central. In addition to the Bois Blanc target, there are two other known zones of gold mineralization which warrant follow-up work, Yaou Nord and Tomantoni. To date, less than 15% of the Yaou project area has been evaluated.

The Yaou and Dorlin gold projects are being advanced under an agreement with Cambior, pursuant to which Cambior must fund in the aggregate \$11.0 million on the two properties by June 30, 1998 in order to earn a 50% interest in each project. Cambior also is obligated to use its best efforts to arrange debt financing for 65% of mine financing costs, with Guyanor and Cambior each contributing 50% of the remainder of such costs. Guyanor is to manage the exploration of the

properties and Cambior is to prepare a feasibility study on the properties and to manage the development and operation of future mining operations.

#### DORLIN, FRENCH GUIANA

The Dorlin project, owned through Guyanor, covers a total area of 15,000 hectares and is located approximately 180 kilometers southwest of Cayenne, French Guiana. As of December 31, 1995, a total of \$1.6 million, including capitalized acquisition costs, had been spent at Dorlin since the Company's involvement with the project, of which \$1.0 million was funded by Cambior. The Company anticipates that \$1.5 million will be spent on the Dorlin project in 1996, all of which is expected to be funded by Cambior.

The Dorlin project is underlain by a volcano-sedimentary sequence of the Paramaca Formation and is intruded by younger granitic intrusive rocks.

In August 1996, Guyanor announced the results of approximately 2,000 meters of drilling in 31 holes as well as the recompilation and integration of results from 19 holes totaling 4,323 meters drilled by the BRGM and BHP in 1986. Guyanor's drilling focused on the Sud Nivre zone on a prominent ridge known as Montagne Nivre while the BRGM-BHP drilling focused on the West Nivre zone to the north of Sud Nivre and on the west flank of Montagne

Nivre. Guyanor established two zones of mineralization approximately 40 to 50 meters wide over a strike length of approximately 750 meters. Mineralization was encountered in approximately 74% of the core holes drilled by Guyanor, exhibiting average widths of 9.8 meters at a weighted average grade of 1.9 g Au/t. Drilling conducted by the BRGM and BHP on the West Nivre zone and across the northern extension of the zones drilled by Guyanor encountered mineralization in approximately 79% of the core holes drilled, exhibiting average widths of 9.9 meters at a weighted average grade of 1.9 g Au/t. Current and past drilling results have indicated mineralization over a strike length of approximately 1.5 kilometers on the far southern end of a major hydrothermal breccia system which has been identified continuously over five kilometers and discontinuously over an additional 4 kilometers.

During the second half of 1996, Guyanor plans to mobilize a second, larger drill rig to test the Sud Nivre zone at greater depth, test the extension of the system to the north and conduct infill drilling on the zones drilled by the BRGM and BHP.

#### ANDORINHAS, BRAZIL

The Andorinhas project covers approximately 25,000 hectares and is located in the state of Pará in the eastern Amazon area, approximately 670 kilometers south- southwest of the city of Belem, Brazil. Andorinhas is the single largest item in Golden Star's 1996 exploration budget, with planned expenditures of \$3.3 million.

In December 1995, CVRD, the largest individual producer of gold in Latin America, awarded the Company the right to associate with CVRD for the possible future development and exploitation of the Andorinhas gold property in Brazil. The Andorinhas tender represented CVRD's first effort to secure outside partners to assist in the development of CVRD's gold resource potential in Brazil. Under the agreement with CVRD and subject to final approval of the Brazilian government, the Company must match CVRD's previous exploration expenditures of approximately \$5.5 million, as well as pay 50% of any additional costs required to complete a positive feasibility study, in order to earn a 50% interest in the Andorinhas project. The Andorinhas project is comprised of three exploration concessions, each of which has expired. It has been represented to the Company

that the title

holders in each case (CVRD or its subsidiary) have timely applied for renewals or successor mineral rights with respect to each of the concessions, which applications currently are pending. The Company believes that the title holders will obtain the renewals or successor rights as applicable; however, no assurance can be given that such rights will in fact be granted.

Andorinhas is an advanced stage exploration project. Gold mineralization was discovered at Andorinhas in the late 1970s by Rio Doce Geologia e Mineracao S.A., CVRD's exploration subsidiary. The geologic setting and mineralization of discoveries in the area share the same characteristics of many of the notable underground mines in the Abitibi mineral province in Canada, such as the Campbell Red Lake mine, with high grade gold-quartz vein mineralization occurring in multiple zones. Surface work and approximately 15,000 meters of drilling by CVRD in the late 1970s identified three primary zones of interest, Mamao and Babacu along a 14 kilometer shear zone trending northeast-southwest through the southern leg of the property and Lagoa Seca on a parallel 8 kilometer shear zone to the north. The results averaged 2.7 meters at 17.1 g Au/t from 11 holes at the Mamao prospect, 19.8 meters at 4.7 g Au/t from 9 holes at the Lagoa Seca prospect and 2 meters at 8.1 g Au/t from 6 holes at Babacu.

In the early 1980s, the Andorinhas area experienced a significant influx of garimpeiros (illegal miners) who mined multiple surface zones of enriched mineralization along the shear zones. Garimpeiro mining ceased in the mid 1980s as the price of gold fell and pits from the surface mining of gold bearing material began to encounter the water table. One of the few garimpeiros who remained developed an underground decline 240 meters down plunge to exploit the primary structure on the Mamao zone. Sampling by the Company consisted of a carefully cut series of 675 samples in 78 channels systematically distributed throughout the 27 levels of the existing underground workings. The sampling evaluated a mineralized zone whose minimum dimensions, as defined by the mined out workings, extend from surface down plunge for 270 meters, with a width of up to 150 meters, and a thickness of 2.5 to 7.0 meters. Encouraging results have been received from the sampling with an uncut weighted average grade of all samples of 20.0 g Au/t. The cut weighted average grade (cut at the 98th percentile of 125.0 g Au/t) is 13.7 g Au/t. Mineralization appears to remain open on strike and at depth in the Mamao zone.

In October 1996, the Company and CVRD announced the commencement of core drilling at the Andorinhas project. The first phase of the core drilling program involves two drills and is scheduled to consist of 18 holes totaling approximately 3,000 meters. Drilling will be distributed to test for the existence of additional ore shoots in the vicinity of the Mamao zone where garimpeiro workings and/or outcrop of the mineralized structures are evident.

The Company is the manager of an aggressive 30-month program at Andorinhas to expand the known mineralized zones and delineate new ones. The objective of the 30-month program is to delineate a high grade gold mineralization of at least one million ounces as rapidly as possible, while evaluating the potential for similar targets over the extent of major shears zones which have not been explored. CVRD has the right to act as the operator of any mine that may result from the exploration efforts. Detailed underground and surface geologic mapping and geochemical sampling have been completed on the principal prospects, while surface sampling and mapping continues over the remainder of the property to identify new targets. An airborne aeromagnetic, EM and radiometric survey on 100 meter line spacing is in progress over the entire property.

## **ST-ELIE, FRENCH GUIANA**

The St-Elie project, owned through Guyanor, covers a rectangular area of 9,900 hectares located in north central French Guiana, 110 kilometers west of Cayenne, French Guiana. As of December 31, 1995, a total of \$3.2 million, including capitalized acquisition costs, had been spent at St. Elie since the Company's involvement with the project, of which \$1.2 million was funded by ASARCO. The Company anticipates that \$1.6 million will be spent on the St-Elie project in 1996, all of which is expected to be funded by ASARCO.

ASARCO has a 50% equity interest in the St-Elie project, subject to its spending \$10 million for development of the property, including the completion of a feasibility study, by February 2000. ASARCO, at Guyanor's request, is obligated to use its best efforts to obtain financing on a project finance basis for 80% of project development costs, with Guyanor and ASARCO each contributing 50% of the remainder of such costs. ASARCO may decide at any time to terminate its obligations under the agreements with Guyanor and stop funding the St-Elie project, which will result in the forfeiture of its interest in St-Elie. Guyanor will be the operator of the exploration effort at St-Elie prior to the completion of the final feasibility study, at which time ASARCO has the right to assume the position of operator.

The first gold discoveries in the St-Elie region were made in 1873, and between 1878 and 1923 more than 600,000 ounces of gold reportedly were mined from alluvial and eluvial deposits, using mainly hydraulic methods. From 1956 to 1993, mining activities on the project were intermittent and consisted only of local, small scale alluvial operations.

To the Company's knowledge, gold extracted to date from the St-Elie, Michel and Devis sectors of the project was from both alluvials and weathered bedrock. Other sources of gold which have been identified include recent and ancient alluvial deposits, re-worked lateritic deposits, eluvial and surficial deposits and mining residues. However, on the basis of present knowledge of the areas, bedrock sources appear to be the most promising and the most recommended for exploration.

Extensive exploration work began at St-Elie in late October 1995. Geological, geochemical and geophysical work completed in 1995 identified nine primary drill targets on the property. During the first half of 1996, 34 holes were drilled, totalling 4,982 meters, on the Devis and Michel zones of the property. In May 1996, Guyanor completed 23 holes for 3,202 meters in the Devis zone. Mineralization was encountered in approximately 57% of the core holes drilled, illustrating a mineralized zone approximately 550 meters in length by 200 meters wide and exhibiting average intersection widths of 8.5 meters at a weighted average grade of 2.6 g Au/t. In July 1996, Guyanor completed an initial 11 hole, 1,780 meter drilling campaign in the Michel zone over an area of mineralization approximately 1.2 kilometers in length by 200 meters wide. At the Michel zone, mineralization was encountered in approximately 82% of the core holes drilled, with average intersection widths of 4.3 meters at a weighted average grade of 3.9 g Au/t. For the remainder of 1996, Guyanor expects to focus

work at St-Elie on continued surface mapping, preparation of 80-90 drill sites for 1997 drilling and improvements to road access.

## **PAUL-ISNARD, FRENCH GUIANA**

The Paul-Isnard project area, which includes both the Paul-Isnard and Eau-Blanche projects, is owned through Guyanor. The Paul-Isnard project area is located in the western part of French Guiana, approximately 250 kilometers west of Cayenne, and covers 25,000 hectares. Guyanor's interest in the Paul-Isnard project area is held by its subsidiary, Sociéte de Travaux Publics et de Mines Aurifères en Guyane ("SOTRAPMAG"), a société à responsabilité limitée incorporated under the laws of France and based in French Guiana. As of December 31, 1995, a total of \$5.5 million, including capitalized acquisition costs of \$4.0 for both the alluvial mining project and the hard rock mineral projects, had been spent at the Paul-Isnard project area, of which \$1.4 million was funded by ASARCO. The Company anticipates that \$0.7 million will be spent on the Paul-Isnard project area in 1996, all of which is expected to be funded by ASARCO and LaSource.

Guyanor has entered into a joint venture agreement to give LaSource a 25% participating interest in the exploration and exploitation of primary gold deposits on the Paul-Isnard and Eau-Blanche projects. Pursuant to the same joint venture agreement, ASARCO has two separate options to acquire a 50% interest in Guyanor's remaining interest in the primary deposits on each of the Paul-Isnard and Eau-Blanche projects. In order to acquire its interests in one of these projects, ASARCO is obligated, by June 2001, to complete a feasibility study on the project and to spend at least \$10 million on such project, or to combine the Paul-Isnard and Eau-Blanche projects into a single joint venture and spend a combined \$20 million. ASARCO also is obligated to use its best efforts to obtain financing on a project finance basis for 80% of project development costs, with Guyanor and ASARCO each contributing 37.5% and LaSource contributing 25% of the remainder of such costs. Guyanor will act as project manager for the exploration phase at the Paul-Isnard project area, while ASARCO, once vested, has the right to act as the manager of any resulting feasibility study and exploitation.

There are two prominent mountain chains bordering the Paul-Isnard project area which form the edges of a basin in which alluvial gold deposits have accumulated. The Company believes that this alluvial gold originated from gold-bearing rocks from Decou-Decou and Lucifer mountains and was transported downward by high-energy streams, concentrating the gold in the gravel beds of streams in the Paul-Isnard project area. The alluvial gold deposits of the Paul-Isnard project area have been known for almost a century and gold panning was reported on a number of creeks which traverse the property. Mechanized alluvial mining started in about 1910, with recorded production of over three tons of gold.

The Company, through SOTRAPMAG, currently has three plants of various configurations operating on the Paul-Isnard property, one of which is a fixed plant located at Barthélemy and two of which are mobile plants currently located at Petit Lézard and Reine Creek. In late 1995, the Company began an aggressive alluvial exploration program to identify target areas and commenced prospecting activities to quantify the potential for alluvial mining reserves. The program is scheduled to be completed in 1996. Ore reserves are not stated for the current alluvial operations at the Paul-Isnard project area as the data for reserve estimation are not currently considered adequate to support the calculation of ore reserves.

SOTRAPMAG's alluvial operations have experienced operating losses in 1996 as a result of a labor strike, the re-deployment of certain equipment for construction of a new plant and heavy rainfall. Guyanor has retained outside consultants to analyze SOTRAPMAG's operations and make recommendations on how to render the operation profitable. There can be no assurance, however, that it will be possible to return SOTRAPMAG's operations to profitability or that management will not decide to close the alluvial operations.

To the Company's knowledge, little systematic exploration has been conducted at the Paul-Isnard project area in search of primary gold. Management believes that there are at least two virtually unexplored occurrences which may constitute possible sources of alluvial gold on the property. An airborne radiometric and magnetometric geophysical survey over the property was carried out recently by Guyanor as part of a survey of all of Guyanor's French Guiana properties.

Surface sampling from approximately 900 outcrop channel samples has indicated a zone in excess of two kilometers in length with widths varying between 100 and 400 meters and average gold grades of 1.5 to 2.0 g Au/t, and as high as 13 g Au/t. In June 1996, Guyanor initiated drilling on the Paul-Isnard project area and has completed 18 holes totaling approximately 3,300 meters on the Montagne d'Or zone on the north flank of Decou-Decou Mountain, part of an initial 6,000 meter drilling program. The objective of the drilling campaign is to test the depth continuity of mineralization identified through surface sampling. In October 1996, the Company, Guyanor and LaSource announced results from the initial phase of core drilling at Montagne d'Or. Mineralization encountered within the felsic volcanic unit at depth over the 1.1 kilometer strike length drilled appeared to be consistent with a massive sulfide (VMS) type of mineralization which the Company currently believes is similar to deposits currently being mined along the Cadillac Break in Quebec. Polymetallic assays on semi-massive to massive sulfide mineralization intersected in one hole between 82.6 and 99.6 meters yielded weighted average metal grades of 3.7 g Au/t, 17.0 g/t silver, approximately 0.3% copper and trace zinc values. The Company plans to continue to compile and interpret the data from the first 18 holes prior to planning the completion of the 6,000 meter campaign, the success of which will determine further drilling programs.

#### **DACHINE, FRENCH GUIANA**

The Dachine project, owned through Guyanor, covers a 2,500 hectare area in southwest French Guiana approximately 200 kilometers southwest of Cayenne that was previously known as the Inini diamond occurrence. As of December 31, 1995, a total of \$0.8 million, including capitalized acquisition costs, has been spent at Dachine since the Company's involvement with the project, of which \$0.4 million was funded by BHP. The Company anticipates that \$1.1 million will be spent on the Dachine project in 1996, all of which is expected to be funded by BHP.

In December 1995, Guyanor entered into an agreement with BHP pursuant to which BHP would earn a 51% interest in the Dachine project by spending \$3.5 million by May 31, 1998. Depending upon options available to both companies, Guyanor's ultimate interest in the property could vary between 31.5% and 49%. BHP may elect to terminate the agreement and stop funding the Dachine project at any time.



On March 1, 1996, the Company and Guyanor reported the discovery within the Dachine permit area of a metamorphosed ultramafic structure that can be traced over a minimum dimension of approximately 3.5 kilometers in length and 0.5 kilometers in width. Final results from the initial exploration program, announced on May 22, 1996, exhibited significant diamond counts from microdiamond analysis on auger and core drill holes that intersected the main body with a total of 8,970 stones recovered from approximately 1,164 kilograms of core and auger samples. Additionally, a total of 976 stones were recovered from microdiamond analysis on approximately 387 kilograms of outcrop and soil samples collected during the initial exploration program.

These results led to the decision to proceed with an initial small bulk sample at Dachine during second half of 1996. This program calls for the collection of 200 to 250 tonnes of material from several near surface pits along the length of the Dachine body. This material will be processed at the Dachine site to produce a heavy mineral concentrate which will be shipped to North America for macrodiamond analysis. Results of this initial bulk sample will serve as the basis for future exploration programs at Dachine. To secure its land position, Guyanor has applied for a 33,700 hectare "A" Permit around the existing Dachine "B" Permit area.

## **DUL MOUNTAIN, ETHIOPIA**

The Company believes it was the first foreign company to be awarded exploration licenses in Ethiopia. Golden Star has acquired an interest in 90 exclusive exploration licenses to explore for gold at the Dul Mountain project located in western Ethiopia, approximately 500 kilometers west-northwest of Addis Ababa, Ethiopia. As of December 31, 1995, a total of \$2.6 million, including capitalized acquisition costs, had been spent at Dul Mountain since the Company's involvement with the project. The Company anticipates that \$1.8 million will be spent on the Dul Mountain project in 1996. The Company has transferred its interest in the Dul Mountain project to PARC, subject to governmental approval.

The area covered by the Dul Mountain project lies within the western Ethiopian Shield which is part of the north-south trending Pan-African-Mozambique Precambrian belt that extends along the east coast of Africa. There are records of small-scale alluvial gold production on the Dul Mountain property for most of this century, with unrecorded production by local miners continuing today. Previous exploration has identified three gold prospects on the property: Ashashire, Azale-Akendeyu and Dul Mountain. The Company has ceased activity on the latter prospect.

Trenching at the Ashashire prospect over an anomaly 1.6 kilometers in length and 200 meters in width provided encouragement with mineralized sections of 4.1 g Au/t over 24.6 meters and 3.3 g Au/t over 14.8 meters. Ashashire and a second target, Belaute, are both prospects in the western half of the Dul Mountain project area which warrant follow-up work, although difficult terrain makes mobilization costly.

In late 1995, the reconnaissance work over the eastern half of the Dul Mountain project area resulted in the discovery of the previously unknown Menghi area on the northern portion of the most eastern of three greenstone belts on the project. The main zone of interest on the 4 by 5 kilometer Menghi prospect is a north striking quartz ridge approximately 600 meters long. During the first half of 1996, PARC moved its primary camp at Dul Mountain to a location near the Menghi prospect and conducted soil geochemical and ground geophysical surveys as well as trenching. Trenching completed to date over a strike length of approximately 400 meters along the mineralized zone identified average widths of mineralization within the trenches of 27 meters with a weighted average grade of 2.9 g Au/t.

In July 1996, an initial seven hole, 1,100 meter core drilling campaign was initiated in the south of the zone identified by trenching to test the depth continuity of mineralization along strike to the north. Poor drilling conditions early in the program and heavy rains slowed the drilling as well as additional trenching to the south testing for possible extensions of the system. PARC plans to compile and interpret the results from the initial drilling campaign and additional trenching data prior to recommencing drilling at the Menghi prospect.

PARC has not complied with certain of the terms of its license agreement with the Ethiopian government in which PARC agreed to a specified work program and a certain level of expenditures at the Dul Mountain project. PARC and the government have agreed to a revised work program and lower required expenditures for the Dul Mountain project and PARC intends to use its best efforts to resolve any additional outstanding issues with respect to the license agreement. Although the Company currently has no reason to believe that its licenses for the Dul Mountain project will be revoked, there can be no assurance that the Ethiopian government will not revoke the licenses as a result of noncompliance with certain of the original terms of the license agreement, as discussed above.

## **DIOULAFOUNDOU, MALI**

The Company's exploration activity in Mali to date has concentrated on the Dioulafoundou project near the Mali- Senegal border in the Kenieba district, approximately 400 kilometers west of the capital of Bamako. The project consists of four authorizations aggregating 2,800 hectares. As of December 31, 1995, a total of \$1.9 million, including capitalized acquisition costs, had been spent at Dioulafoundou since the Company's involvement with the project. The Company anticipates that \$0.8 million will be spent on the Dioulafoundou project in 1996.

The Company, through PARC, has an 85% interest on one authorization, subject to divestment, while the other three authorizations have been acquired, subject to divestment, from Mali parties who retain the right to a 5% participating interest and a royalty of 0.3% from any mine development.

The region in which the Dioulafoundou project lies is part of the West African Shield. The project area lies within the exposed early Proterozoic Kenieba inlier that straddles the Mali-Senegal border and is composed primarily of thick Birimian volcanic and sedimentary formations that trend generally north-south and northeast-southwest. Local miners have long produced unknown quantities of gold from alluvial deposits in the Kenieba district.

The main objective of PARC's work completed to date at the Dioulafoundou project has been to establish the presence of economically attractive gold mineralization within the prospect area. During 1995, PARC completed an initial 1,137 meter core drilling campaign, encountering significant mineralization in six of eight holes. Mineralized intersections from the initial core drilling campaign in 1995 averaged 11 to 15 meters at 2.5 to 3.0 g Au/t.

During the first half of 1996, PARC completed a mechanical augering program for geochemical analysis consisting of 355 holes totaling 4,548 meters over the whole of the Dioulafoundou project. A 65 hole, 4,200 meter reverse circulation ("RC") drilling program was completed in July, 1996. This RC program confirmed the north-south striking mineralization identified by previous core drilling with near surface mineralized intersections with an average width of 2.9 meters and a weighted average grade of 2.4 g Au/t. Gold mineralization also was encountered on the Bah permit which comprises the south and southeast border of the Diaoulafoundou project.

These mineralized zones are characterized as near surface, narrow zones with gold grades ranging from 1.3 to 3.2 g Au/t. An early and intense rainy season caused postponement of RC drilling near the extensive Kerekou artisanal working on the Magassa permit.

PARC intends to continue evaluating the entire Diaoulafoundou project. PARC expects to resume core drilling during the fourth quarter of 1996 to test extension of the mineralized zone on the AFC permit, core drilling the more significant mineralized zones on the Bah permit and, as previously planned, test targets near the Kerekou workings on the Magassa permit.

PARC's exploration activities at the Diaoulafoundou project are partly conducted under an exploitation authorization issued by the government of Mali which requires the authorization holder to conduct exploitation activities within the authorization area. Although PARC intends to commence exploitation activities within the perimeter of the authorization if warranted, there can be no assurance that it will do so or that, even if such activities are commenced, PARC's exploitation authorization for the Diaoulafoundou project will not be revoked because of its failure to comply with the requirement to conduct exploitation activities. The Company currently has no reason to believe that its exploitation authorization for the Diaoulafoundou project will be revoked.

## **OTHER PROPERTIES**

Golden Star and its subsidiaries also hold a significant portfolio of other early and intermediate stage gold and diamond projects in Guyana, French Guiana, Suriname, Brazil and Bolivia in South America and Eritrea, Ethiopia, Gabon, Ivory Coast and Mali in Africa that are in various stages of development. Excluding the properties specifically mentioned above, the Company anticipates spending \$14.9 million on these other projects in 1996, of which \$1.9 million is anticipated to be funded by various partners and through the recovery of performance bonds.

In October 1996, Golden Star commenced a 26 hole, 2,600 meter core drilling program on the Antino project covering an area of approximately 3,700 hectares located within the South Benzdorp area in southeastern Suriname on the French Guiana border. Golden Star has the right to earn a 100% interest in the Right of Exploration granted to a local Surinamese company with respect to the Antino project. The objective of the core drilling program at Antino is to test the depth potential of high grade root zones identified through deep augering on the Upper Antino central and middle zones. To date, less than half of the anomalous ground, principally the northwest and northeast zones, on the Upper Antino target has been covered by deep augering. Mechanized deep augering is planned on these zones in addition to the core drilling now underway on the central and middle zones.

In addition to the exploration projects described above, Golden Star initiated core drilling on the Fish Creek project in northwest Guyana during the fourth quarter of 1996. PARC intends to commence and complete initial core drilling campaigns at the Adi Rassi and Torat prospects in Eritrea throughout the remainder of the year.

In 1994, the Company established a diamond exploration group based in Georgetown, Guyana to evaluate the potential for primary diamond sources on exploration reconnaissance areas in Guyana, as well as to identify other high priority diamond exploration prospects across the Guiana Shield. This work has led to the identification of multiple diamond exploration projects in Guyana, Suriname and French Guiana. In 1996, the Company made the decision to proceed with the next level of evaluation on these targets, as well as on new potential targets which have been identified on permits held by

PARC in Ivory Coast. The Company intends to continue its diamond exploration efforts by committing up to \$2.5 million of its 1997 annual exploration budget to the advancement of existing and any future diamond exploration projects.

The Company acquires and disposes of mineral exploration properties in the ordinary course of its business and intends to make selective additional acquisitions of promising properties in South America, Africa and other parts of the world.

## **RECENT DEVELOPMENTS**

On October 31, 1996, PARC announced that the expiration date of its Series A warrants issued on February 5, 1996 had been extended to January 31, 1997.

On November 5, 1996, Guyanor completed an offering in France and certain other countries of 1.0 million of its Class B common shares for net proceeds of FF 45.5 million or US\$ 8.92 million in conjunction with the listing of its Class B common shares on the Nouveau Marche in France on October 30, 1996. The Class B common shares sold in the offering were not offered for sale in Canada or in the United States. As a result of the offering, the Company's interest in Guyanor decreased from approximately 70% to approximately 69%.

## **DESCRIPTION OF SHARE CAPITAL**

The Company's Articles currently authorize the issuance of an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series. As of June 30, 1996, 25,716,303 Common Shares and no Preferred Shares were outstanding.

### **COMMON SHARES**

The holders of Commons Shares are entitled to receive dividends as, when and if declared by the Board of Directors of the Company out of funds legally available therefor, provided that if any Preferred Shares are at the time outstanding, the payment of dividends on Common Shares or other distributions (including purchases of Common Shares) will be subject to any preferential rights attaching to any other class or series of shares of the Company

The holders of Common Shares are entitled to one vote for each share on all matters voted on by shareholders, including elections of directors. The holders of Common Shares do not have any conversion, redemption or preemptive rights. In the event of the dissolution, liquidation or winding up of the Company, holders of Common Shares are entitled to share ratably in any assets remaining after the satisfaction in full of the prior rights of creditors, including holders of the Company's indebtedness, and the aggregate liquidation preference of any other class or series of shares then outstanding.

On June 11, 1996, the shareholders of the Company confirmed the adoption of a Shareholder Rights Plan (the "Rights Plan"). Pursuant to the Rights Plan, the Company issued one right (a "Right") for each Common Share outstanding on April 24, 1996 and will issue one Right for each Common Share issued in the future. The terms of the Rights Plan are set forth in the Rights Agreement (the "Rights Agreement") dated as of April 24, 1996 between the Company and The R-M Trust Company as Rights Agent. For additional information on the Rights Plan and the Rights Agreement, see the Company's Current Report on Form 8-K filed with the Commission on May 8, 1996, incorporated by reference herein.

Any material United States or Canadian federal income tax consequences with respect to any offered Common Shares will be described in the Prospectus Supplement relating to the offering and sale of such Common Shares.

All outstanding Common Shares are, and the Common Shares offered hereby will be, issued as fully paid and non-assessable.

The registrar and transfer agent for the Common Shares is The R-M Trust Company. ChaseMellon Shareholder Services, L.L.C. acts as co-registrar and co-transfer agent for the Common Shares in the United States.

## **PREFERRED SHARES**

The following is a description of certain general terms and provisions of the Preferred Shares. The particular terms of any series of Preferred Shares will be described in the applicable Prospectus Supplement. If so indicated in a Prospectus Supplement, the terms of any such series may differ from the terms set forth below.

The summary of the terms of the Company's Preferred Shares contained in this Prospectus does not purport to be complete and is subject to, and qualified in its entirety by, the provisions of the Company's Articles relating to each series of Preferred Shares, which will be filed as an exhibit to or incorporated by reference in this Prospectus at or prior to the time of issuance of any such series of the Preferred Shares.

The Board of Directors of the Company is authorized to approve the issuance of one or more series of Preferred Shares without further authorization of the shareholders of the Company and to fix the number of shares, the designations, rights, privileges, restrictions and conditions of any such series.

The applicable Prospectus Supplement will set forth the number of shares, particular designation, relative rights and preferences and the limitations of any series of Preferred Shares in respect of which this Prospectus is delivered. The particular terms of any such series will include the following:

- (i) The maximum number of shares to constitute the series and the designation thereof;
- (ii) The annual dividend rate, if any, on shares of the series, whether such rate is fixed or variable or both, the date or dates from which dividends will begin to accrue or accumulate, whether dividends will be cumulative and whether such dividends shall be paid in cash, Common Shares or otherwise;
- (iii) Whether the shares of the series will be redeemable and, if so, the price at and the terms and conditions on which the shares of the series may be redeemed, including the time during which shares of the series may be redeemed and any accumulated dividends thereon that the holders of shares of the series shall be entitled to receive upon the redemption thereof;
- (iv) The liquidation preference, if any, applicable to shares of the series;
- (v) Whether the shares of the series will be subject to operation of a retirement or sinking fund and, if so, the extent and manner in which any such fund shall be applied to the purchase or

redemption of the shares of

the series for retirement or for other corporate purposes, and the terms and provisions relating to the operation of such fund;

(vi) The terms and conditions, if any, on which the shares of the series shall be convertible into, or exchangeable for, shares of any other class or classes of capital stock of the Company or any series of any other class or classes, or of any other series of the same class, including the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same;

(vii) The voting rights, if any, of the shares of the series;

(viii) The currency or units based on or relating to currencies in which such series is denominated and/or in which payments will or may be payable;

(ix) The methods by which amounts payable in respect of such series may be calculated and any commodities, currencies or indices, or price, rate or value, relevant to such calculation;

(x) Any listing of the shares of the series on a securities exchange; and

(xi) Any other preferences and relative, participating, optional or other rights or qualifications, limitations or restrictions thereof.

Any material United States or Canadian federal income tax consequences and other special considerations with respect to any offered Preferred Shares will be described in the Prospectus Supplement relating to the offering and sale of such Preferred Shares.

### **DESCRIPTION OF WARRANTS**

The Company may issue Warrants to purchase Common Shares, Preferred Shares or Convertible Debt Securities. Warrants may be issued, subject to regulatory approvals, independently or together with any Common Shares, Preferred Shares or Convertible Debt Securities, as the case may be and may be attached to or separate from such Common Shares, Preferred Shares or Convertible Debt Securities. Each series of Warrants will be issued under a separate warrant agreement (each, a "Warrant Agreement") to be entered into between the Company and a warrant agent (each, a "Warrant Agent"). The Warrant Agent will act solely as an agent of the Company in connection with the Warrants of such series and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of Warrants. The following sets forth certain general terms and provisions of the Warrants offered hereby. Further terms of the Warrants and the applicable Warrant Agreement will be set forth in the applicable Prospectus Supplement.

The applicable Prospectus Supplement will describe the following terms of any Warrants in respect of which this Prospectus is being delivered; (1) the title of such Warrants; (2) the securities (which may include Common Shares, Preferred Shares or Convertible Debt Securities) for which such Warrants are exercisable; (3) the price or prices at which such Warrants will be issued; (4) the periods during which the Warrants are exercisable; (5) the number of Common Shares, Preferred Shares or amount of Convertible Debt Securities for which each Warrant is exercisable; (6) the exercise price for such Warrants, including any changes to or adjustments in the exercise price; (7) the currency or currencies, including composite currencies, in which the exercise price of such Warrants may be payable; (8) if applicable, the designation and terms of the Preferred Shares with which such Warrants are issued; (9) if applicable, the terms of the Convertible Debt Securities with which such Warrants

are issued; (10) the number of Warrants issued with each Common Share or Preferred Share or the Convertible Debt Securities; (11), if applicable, the date on and after which such Warrants and the related Common Shares, Preferred Shares or Convertible Debt Securities will be separately transferable; (12) any listing of the Warrants on a securities exchange; (13) if applicable, a discussion of material United States or Canadian federal income tax consequences and other special considerations with respect to any Warrants; and (14) any other terms of such Warrants, including terms, procedures and limitations relating to the exchange and exercise of such Warrants.

### **DESCRIPTION OF CONVERTIBLE DEBT SECURITIES**

The Convertible Debt Securities may be issued from time to time in one or more series under an indenture among the Company, as issuer, and the trustee specified in the applicable Prospectus Supplement. The following statements with respect to the Convertible Debt Securities are subject to the detailed provisions of the indenture, the form of which is filed as an exhibit to the Registration Statement. Parenthetical references below are to the indenture (or the form of security contained therein if so specified) and, whenever any particular provision of the indenture or any term used therein is referred to, such provision or term is incorporated by reference as a part of the statement in connection with which such reference is made, and the statement in connection with which such reference is made is qualified in its entirety by such reference.

The Convertible Debt Securities will constitute either indebtedness designated as Senior Indebtedness ("Senior Debt Securities"), indebtedness designated as Senior Subordinated Indebtedness ("Senior Subordinated Debt Securities") or indebtedness designated as Subordinated Indebtedness ("Subordinated Debt Securities"). Senior Debt Securities, Senior Subordinated Debt Securities and Subordinated Debt Securities will each be issued under a separate indenture (individually an "Indenture" and collectively the "Indentures") to be entered into prior to the issuance of such Convertible Debt Securities. The Indentures will be substantially identical, except for provisions relating to subordination. See "Subordination of Senior Subordinated Debt Securities and Subordinated Debt Securities". There will be a separate Trustee (individually a "Trustee" and collectively the "Trustees") under each Indenture. Information regarding the Trustee under an Indenture will be included in any Prospectus Supplement relating to the Convertible Debt Securities issued thereunder.

The particular terms of each series of Convertible Debt Securities, as well as any modification or addition to the general terms of the Convertible Debt Securities as herein described, which may be applicable to a particular series of Convertible Debt Securities, are described in the Prospectus Supplement relating to such series of Convertible Debt Securities and will be set forth in a filing with the Commission. Accordingly, for a description of the terms of a particular series of Convertible Debt Securities, reference must be made to both the Prospectus Supplement relating to such series and to the description of Convertible Debt Securities set forth in this Prospectus.

**GENERAL**

The Convertible Debt Securities offered pursuant to this Prospectus will be limited to \$75,000,000 aggregate principal amount (or (i) its equivalent (based on the applicable exchange rate at the time of sale), if Convertible Debt Securities are issued with principal amounts denominated in one or more foreign currencies, composite currencies or currency units as shall be designated by the Company, or (ii) such greater amount, if Convertible Debt Securities are issued at an original issue discount, as shall result in aggregate proceeds of \$75,000,000 to the Company). The Indenture provides that additional convertible debt securities may be issued thereunder up to the aggregate principal amount, which is not limited by the Indenture, authorized from time to time by the Company's Board of Directors or any duly authorized committee thereof. So long as a single Trustee is acting for the benefit of the holders of all the Convertible Debt Securities offered hereby and any such additional convertible debt securities issued under the Indenture, the Convertible Debt Securities and any such additional convertible debt securities are herein collectively referred to as the "Indenture Securities." The Indenture also provides that there may be more than one Trustee under the Indenture, each with respect to one or more different series of Indenture Securities. At any time when two or more Trustees are acting, each with respect to only certain series, the term "Indenture Securities" as used herein shall mean the one or more series with respect to which each respective Trustee is acting and the powers and the trust obligations of each such Trustee as described herein shall extend only to the one or more series of Indenture Securities for which it is acting as trustee. The effect of the provisions contemplating that there might be more than one Trustee acting for different series of Indenture Securities is that, in that event, those Indenture Securities (whether of one or more than one series) for which each Trustee is acting would be treated as if issued under a separate Indenture.

The applicable Prospectus Supplement will set forth a description of the particular series of Convertible Debt Securities being offered thereby, including but not limited to: (1) the designation or title of such Convertible Debt Securities; (2) the aggregate principal amount of such Convertible Debt Securities; (3) the percentage of their principal amount at which such Convertible Debt Securities will be offered; (4) the date or dates on which the principal of such Convertible Debt Securities will be payable and on which such Convertible Debt Securities will mature; (5) the rate or rates (which may be fixed or variable) at which such Convertible Debt Securities shall bear interest, or the method of determination of such rate or rates at which such Convertible Debt Securities shall bear interest, if any; (6) the date or dates from which interest will accrue or the method of determination of such date or dates, and the date or dates on which any such interest shall be payable; (7) the currencies or currency units in which such Convertible Debt Securities are issued or payable; (8) the terms for redemption, extension or early repayment of such Convertible Debt Securities, if any; (9) if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which such Convertible Debt Securities are authorized to be issued; (10) the terms and conditions upon which conversion will be effected, including the conversion price, the conversion period and other conversion provisions; (11) the provisions for a sinking fund, if any; (12) whether such Convertible Debt Securities are issuable as a Global Security or Securities; (13) any index or formula to be used to determine the amount of payments of principal, premium, if any, and interest on such Convertible Debt Securities, and any commodities, currencies, currency units or indices, or value, rate or price, relevant to such determination; (14) if the principal of, premium, if any, or interest on such Convertible Debt Securities is to be payable, at the election of the Company or a Holder thereof, in one or more currencies or currency units other than that or those in which such Convertible Debt Securities are stated to be payable, the currencies or currency units in which payment of the principal of, premium, if any, and interest on such Convertible Debt Securities as to which election is made shall be payable, and the periods within which and the terms and conditions upon which such election



is to be made; (15) if other than the principal amount thereof, the portion of the principal amount of such Convertible Debt Securities of the series which will be payable upon acceleration of the Maturity thereof; (16) whether such Convertible Debt Securities are subordinate in right of payment to any Senior Indebtedness of the Company and, if so, the terms and conditions of such subordination and the aggregate principal amount of such Senior Indebtedness outstanding as of a recent date; (17) any covenants to which the Company may be subject with respect to such Convertible Debt Securities; (18) the applicability of the provisions described under "Defeasance" below; (19) United States and Canadian Federal income tax consequences, if any; (20) the provisions for the payment of additional amounts with respect to any Canadian withholding taxes in certain cases; (21) any term or provision relating to such Convertible Debt Securities which is not inconsistent with the provisions of the Indenture; (22) the Trustee; and (23) any other special terms pertaining to such Convertible Debt Securities. Unless otherwise specified in the applicable Prospectus Supplement, the Convertible Debt Securities will not be listed on any securities exchange.

One or more series of Convertible Debt Securities may be sold at a substantial discount below their stated principal amount, bearing no interest or interest at a rate which at the time of issuance is below market rates. Any material United States or Canadian federal income tax consequences and other special considerations with respect to any series of Convertible Debt Securities will be described in the Prospectus Supplement relating to any such series of Convertible Debt Securities.

If the purchase price of any series of Convertible Debt Securities is denominated in a foreign currency or currencies or a foreign currency unit or units or if the principal of, premium, if any, and interest on any series of Convertible Debt Securities are payable in a foreign currency or currencies or a foreign currency unit or units, the restrictions, elections, general tax considerations, specific terms and other information with respect to such series of Convertible Debt Securities will be set forth in the applicable Prospectus Supplement.

Convertible Debt Securities may be issued from time to time with payment terms which are calculated by reference to the value, rate or price of one or more commodities, currencies, currency units or indices. Holders of such Convertible Debt Securities may receive a principal amount (including premium, if any) on any principal payment date, or a payment of interest on any interest payment date, that is greater than or less than the amount of principal (including premium, if any) or interest otherwise payable on such dates, depending upon the value, rate or price on the applicable dates of the applicable currency, currency unit, commodity or index. Information as to the methods for determining the amount of principal, premium, if any, or interest payable on any date, the currencies, currency units, commodities or indices to which the amount payable on such date is linked and any additional tax considerations will be set forth in the applicable Prospectus Supplement.

Except as may be set forth in the applicable Prospectus Supplement, Holders of Convertible Debt Securities will not have the benefit of any specific covenants or provisions in the applicable Indenture or such Convertible Debt Securities in the event that the Company engages in or becomes the subject of a highly leveraged transaction, other than the limitations on mergers, consolidations and transfers of substantially all of the Company's properties and assets as an entirety to any person as described below under "Consolidation, Merger and Sale of Assets".

The Convertible Debt Securities will be general unsecured obligations of the Company.

Except as otherwise provided in the applicable Prospectus Supplement, principal, premium, if any, and interest, if any, will be payable at an office or agency to be maintained by the Company

in \_\_\_\_\_, except that at the option of the Company interest may be paid by check mailed to the person entitled thereto.

The Convertible Debt Securities will be issued only in fully registered form without coupons and may be presented for the registration of transfer or exchange at the corporate trust office of the Trustee. Not all Convertible Debt Securities of any one series need be issued at the same time, and, unless otherwise provided, a series may be reopened for issuances of additional Convertible Debt Securities of such series.

### **SENIOR DEBT SECURITIES**

The Senior Debt Securities will rank PARI PASSU with all other unsecured and unsubordinated debt of the Company and senior to the Senior Subordinated Debt Securities and Subordinated Debt Securities.

### **SUBORDINATION OF SENIOR SUBORDINATED DEBT SECURITIES AND SUBORDINATED DEBT SECURITIES**

The payment of the principal of, premium, if any, and interest on the Senior Subordinated Debt Securities and the Subordinated Debt Securities will, to the extent set forth in the respective Indentures and Indenture Supplements governing such Senior Subordinated Debt Securities and Subordinated Debt Securities, be subordinated in right of payment to the prior payment in full of all Senior Indebtedness. Upon any payment or distribution of assets to creditors upon any liquidation, dissolution, winding up, reorganization, assignment for the benefit of creditors, marshalling of assets or any bankruptcy, insolvency or similar proceedings of the Company, the holders of all Senior Indebtedness will be entitled to receive payment in full of all amounts due or to become due thereon before the Holders of the Senior Subordinated Debt Securities or the Subordinated Debt Securities will be entitled to receive any payment in respect of the principal of, premium, if any, or interest on such Senior Subordinated Debt Securities or Subordinated Debt Securities, as the case may be. In the event of the acceleration of the maturity of any Senior Subordinated Debt Securities or Subordinated Debt Securities, the holders of all Senior Indebtedness will be entitled to receive payment in full of all amounts due or to become due thereon before the Holders of the Senior Subordinated Debt Securities or Subordinated Debt Securities, as the case may be, will be entitled to receive any payment upon the principal of, premium, if any, or interest on such Senior Subordinated Debt Securities or Subordinated Debt Securities, as the case may be. No payments on account of principal, premium, if any, or interest in respect of the Senior Subordinated Debt Securities or Subordinated Debt Securities may be made if there shall have occurred and be continuing in a default in the payment of principal of (or premium, if any) or interest on any Senior Indebtedness beyond any applicable grace period, or a default with respect to any Senior Indebtedness permitting the holders thereof to accelerate the maturity thereof, or if any judicial proceedings shall be pending with respect to any such default. For purposes of the subordination provisions, the payment, issuance or delivery of cash, property or securities (other than stock, and certain subordinated securities, of the Company) upon conversion or exchange or a Senior Subordinated Debt Security or Subordinated Debt Security will be deemed to constitute payment on account of the principal of such Senior Subordinated Debt Security or Subordinated Debt Security, as the case may be.

By reason of such provisions, in the event of insolvency, holders of Senior Subordinated Debt Securities and Subordinated Debt Securities may recover less, ratably, than holders of Senior Indebtedness with respect thereto.

The term "Senior Indebtedness", when used with respect to any series of Senior Subordinated Debt Securities or Subordinated Debt Securities, is defined to include all amounts due on and obligations in connection with any of the following, whether outstanding at the date of execution of the Indenture or thereafter incurred, assumed, guaranteed or otherwise created (including, without limitation, interest accruing on or after a bankruptcy or other similar event, whether or not an allowed claim therein):

- (a) indebtedness, obligations and other liabilities (contingent or otherwise) of the Company for money borrowed or evidenced by bonds, debentures, notes or similar instruments;
- (b) reimbursement obligations and other liabilities (contingent or otherwise) of the Company with respect to letters of credit or bankers' acceptances issued for the account of the Company and interest rate protection agreements and currency exchange or purchase agreements;
- (c) obligations and liabilities (contingent or otherwise) of the Company related to capitalized lease obligations;
- (d) indebtedness, obligations and other liabilities (contingent or otherwise) of the Company related to agreements or arrangements designed to protect the Company against fluctuations in commodity prices, including without limitation, commodity futures contracts or similar hedging instruments;
- (e) indebtedness of others of the kinds described in the preceding clauses (a) through (d) that the Company has assumed, guaranteed or otherwise assured the payment of, directly or indirectly;
- (f) indebtedness of another Person of the type described in the preceding clauses (a) through (e) secured by any mortgage, pledge, lien or other encumbrance on property owned or held by the Company; and
- (g) deferrals, renewals, extensions and refundings of, or amendments, modifications or supplements to, any indebtedness, obligation or liability described in the preceding clauses (a) through (f) whether or not there is any notice to or consent of the Holders of such series of Senior Subordinated Debt Securities or Subordinated Debt Securities, as the case may be;

except that, with respect to the Senior Subordinated Debt Securities, any particular indebtedness, obligation, liability, guaranty, assumption, deferral, renewal, extension or refunding shall not constitute "Senior Indebtedness" if it is expressly stated in the governing terms, or in the assumption or guarantee, thereof that the indebtedness involved is not senior in right of payment to the Senior Subordinated Debt Securities or that such indebtedness is PARI PASSU with or junior to the Senior Subordinated Debt Securities and, with respect to Subordinated Debt Securities, any particular indebtedness, obligation, liability, guaranty, assumption, deferral, renewal, extension or refunding shall not constitute "Senior Indebtedness" if it is expressly stated in the governing terms, or in the assumption or guarantee, thereof that the indebtedness involved is not senior in right of payment to the Subordinated Debt Securities or that such indebtedness is PARI PASSU with or junior to the Subordinated Debt Securities.

In certain circumstances, such as the bankruptcy or insolvency of the Company, Canadian or U.S. bankruptcy or insolvency legislation may be applicable and the application of such legislation may lead to different results with respect to, for example, payments to be made to Holders of Convertible Debt Securities, or priorities between Holders of the Convertible Debt Securities and holders of Senior Indebtedness, than those provided for in the applicable Indenture.

If this Prospectus is being delivered in connection with a series of Senior Subordinated Debt Securities or Subordinated Debt Securities, the accompanying Prospectus Supplement or the information incorporated herein by reference will set forth the approximate amount of Senior Indebtedness outstanding as of the end of the Company's most recent fiscal quarter.

## **FORM, EXCHANGE, REGISTRATION, CONVERSION, TRANSFER AND PAYMENT**

Unless otherwise indicated in the applicable Prospectus Supplement, the Convertible Debt Securities will be issued only in fully registered form in denominations of U.S. \$1,000 or integral multiples thereof. Unless otherwise indicated in the applicable Prospectus Supplement, payment of principal, premium, if any, and interest on the Convertible Debt Securities will be payable, and the exchange, conversion and transfer of Convertible Debt Securities will be registerable, at the office or agency of the Company maintained for such purposes. No service charge will be made for any registration of a transfer or exchange of the Convertible Debt Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge imposed in connection therewith.

All monies paid by the Company to a Paying Agent for the payment of principal of, premium, if any, or interest on any Convertible Debt Security which remain unclaimed for two years after such principal, premium or interest has become due and payable may be repaid to the Company and thereafter the holder of such Convertible Debt Security may look only to the Company for payment thereof.

## **EVENTS OF DEFAULT**

The following will be Events of Default under the Indenture with respect to Convertible Debt Securities of any series: (a) failure to pay principal (or premium, if any) on any Convertible Debt Security of that series at its maturity, whether or not such failure is a result of the subordination provisions of the Indenture with respect to such series; (b) failure to pay any interest on any Convertible Debt Security of that series when due, continued for 30 days, whether or not such failure is a result of the subordination provisions of the Indenture with respect to such series; (c) failure to make any sinking fund payment, when due, in respect of any Convertible Debt Security of that series; (d) failure to perform any other covenant of the Company in the applicable Indenture or any other covenant to which the Company may be subject with respect to Convertible Debt Securities of that series (other than a covenant solely for the benefit of a series of Convertible Debt Securities other than that series), continued for 90 days after written notice as provided in the applicable Indenture; (e) failure to pay when due on final maturity (after the expiration of any applicable grace period), or upon acceleration, any indebtedness for money borrowed by the Company in excess of U.S. \$10 million; (f) certain events of bankruptcy, insolvency or reorganization; and (g) any other Event of Default provided with respect to Convertible Debt Securities of that series.

If an Event of Default with respect to outstanding Convertible Debt Securities of any series shall occur and be continuing, either the Trustee or the Holders of at least 25% in principal amount

of the outstanding Convertible Debt Securities of that series, by notice as provided in the applicable Indenture, may declare the principal amount (or, if the Convertible Debt Securities of that series are original issue discount securities, such portion of the principal amount as may be specified in the terms of that series) of all Convertible Debt Securities of that series to be due and payable immediately, except that upon the occurrence of an Event of Default specified in (f) above, the principal amount (or in the case of original issue discount securities, such portion) of all Convertible Debt Securities shall be immediately due and payable without notice. However, at any time after a declaration of acceleration with respect to Convertible Debt Securities of any series has been made, but before judgment or decree based on such acceleration has been obtained, the Holders of a majority in principal amount of the outstanding Convertible Debt Securities of that series may, under certain circumstances, rescind and annul such acceleration. For information as to waiver of defaults, see "Modification and Waiver" below.

The Indentures will provide that, subject to the duty of the respective Trustees thereunder during an Event of Default to act with the required standard of care, each such Trustee will be under no obligation to exercise any of its rights or powers under the respective Indentures at the request or direction of any of the Holders, unless such Holders shall have offered to such Trustee reasonable security or indemnity. Subject to certain provisions, including those requiring security or indemnification of the applicable Trustee, the Holders of a majority in principal amount of the outstanding Convertible Debt Securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to such Trustee, or to exercise any trust or power conferred on such Trustee, with respect to the Convertible Debt Securities of that series.

No Holder of a Convertible Debt Security of any series will have any right to institute any proceeding with respect to the applicable Indenture or for any remedy thereunder, unless such Holder shall have previously given to the applicable Trustee written notice of a continuing Event of Default and unless also the Holders of at least 25% in aggregate principal amount of the outstanding Convertible Debt Securities of the same series shall have made written requests, and offered reasonable indemnity, to such Trustee to institute such proceeding as trustee, and the Trustee shall not have received from the Holders of a majority in aggregate principal amount of the outstanding Convertible Debt Securities of the same series a direction inconsistent with such request and shall have failed to institute such proceeding within 60 days. However, such limitations do not apply to a suit instituted by a Holder of a Convertible Debt Security for enforcement of payment of the principal of and interest on such Convertible Debt Security on or after the respective due dates expressed in such Convertible Debt Security.

The Company will be required to furnish to the Trustees annually a statement as to the performance by the Company of its obligations under the respective Indentures and as to any default in such performance.

## **MODIFICATION AND WAIVER**

Without the consent of any Holder of outstanding Convertible Debt Securities, the Company and the Trustees may amend or supplement the Indentures or the Convertible Debt Securities to cure any ambiguity, defect or inconsistency, or to make any change that does not adversely affect the rights of any Holder of Convertible Debt Securities. Other modifications and amendments of the respective Indentures may be made by the Company and the applicable Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Convertible Debt Securities of each series affected thereby; provided, however, that no such modification or amendment may, without the consent of the Holder of each outstanding Convertible Debt Security affected thereby: (a) change the stated maturity of the principal of, or any installment of principal of, or premium, if any, or interest on any Convertible Debt Security; (b) reduce the principal amount of, the rate of interest on, or the premium, if any, payable upon the redemption of, any Convertible Debt Security; (c) reduce the amount of principal of an original issue discount security payable upon acceleration of the maturity thereof; (d) change the place or currency of payment of principal of, premium, if any, or interest on any Convertible Debt Security; (e) impair the right to institute suit for the enforcement of any payment on or with respect to any Convertible Debt Security on or after the stated maturity or redemption date thereof; (f) modify the conversion provisions in a manner adverse to the holders thereof; (g) modify the subordination provisions applicable to Senior Subordinated Debt Securities or Subordinated Debt Securities in a manner adverse to the Holders thereof; (h) reduce the percentage in principal amount of outstanding Convertible Debt Securities of any series, the consent of the Holders of which is required for modification or amendment of the applicable Indenture or for waiver of compliance with certain provisions of the applicable Indenture or for waiver of certain defaults or (i) modify any of the provisions of certain sections as specified in the Indenture including the provisions summarized in this paragraph, except to increase any such percentage or to designate additional provisions of the Indenture, which, with respect to such series, cannot be modified or waived without the consent of the Holder of each outstanding Convertible Debt Security affected thereby.

The Holders of at least a majority in principal amount of the outstanding Convertible Debt Securities of any series may on behalf of the Holders of all Convertible Debt Securities of that series waive, insofar as that series is concerned, compliance by the Company with certain covenants of the applicable Indenture. The Holders of not less than a majority in principal amount of the outstanding Convertible Debt Securities of any series may, on behalf of the Holders of all Convertible Debt Securities of that series, waive any past default under the applicable Indenture with respect to that series, except a default in the payment of the principal of, premium, if any, or interest on, any Convertible Debt Security of that series or in respect of a provision which under the applicable Indenture cannot be modified or amended without the consent of the Holder of each outstanding Convertible Debt Security of that series affected.

## **CONSOLIDATION, MERGER AND SALE OF ASSETS**

The Company, without the consent of any Holders of any series of outstanding Convertible Debt Securities, may consolidate with or merge into, or transfer or lease its assets substantially as an entirety (treating the Company and each of its Subsidiaries as a single consolidated entity) to, any corporation, and any other corporation may consolidate with or merge into, or transfer or lease its assets substantially as an entirety to, the Company, provided that the corporation (if other than the Company) formed by such consolidation or into which the Company is merged or which acquires or leases the assets of the Company substantially as an entirety is organized and existing under the laws of the United States of America or Canada or any political subdivision of either, and assumes the

Company's obligations under each series of outstanding Convertible Debt Securities and the Indentures applicable thereto and that the Trustee is satisfied that the transaction will not result in the successor being required to make any deduction or withholding on account of certain Canadian taxes from any payments in respect of the Securities, and that, after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, and the delivery of an officer's certificate and an opinion of counsel with respect to compliance with the foregoing requirements.

## **DEFEASANCE**

If so indicated in the applicable Prospectus Supplement with respect to the Convertible Debt Securities of a series, the Company at its option will be released from its obligations to comply with certain covenants specified in the applicable Prospectus Supplement with respect to the Convertible Debt Securities of such series, and the occurrence of an event described in clause (d) under "Events of Default" above with respect to any defeased covenants, and clauses (e) and (g) under "Events of Default" above shall no longer be an Event of Default, if the Company irrevocably deposits with the applicable Trustee, in trust, money, government obligations of the government issuing the currency in which the Convertible Debt Securities of the relevant series are denominated, or a combination thereof that through the payment of interest thereon and principal thereof in accordance with the terms will provide money in an amount sufficient to pay all the principal of and premium, if any, and interest on the Securities of such series on the dates such payments are due (up to the stated maturity date, or the redemption date, as the case may be) in accordance with the terms of such Convertible Debt Securities. Such a trust may only be established if, among other things, (a) no Event of Default described under "Events of Default" above or event that, after notice or lapse of time, or both, would become an Event of Default under the applicable Indenture, shall have occurred and be continuing on the date of such deposit, or, with regard to an Event of Default described under clause (f) under "Events of Default" above or an event that, after notice or lapse of time, or both, would become an Event of Default described under such clause (f), shall have occurred and be continuing at any time during the period ending on the 123rd day following such date of deposit, (b) the Company shall have delivered an opinion of counsel to the effect that the Holders of the Convertible Debt Securities will not recognize gain or loss for United States Federal income tax purposes as a result of such deposit or defeasance and will be subject to United States Federal income tax in the same manner as if such defeasance had not occurred, and (c) such covenant defeasance will not result in the trust being in violation of the Investment Company Act of 1940. In the event the Company omits to comply with its remaining obligations under the applicable Indenture after a defeasance of such Indenture with respect to the Convertible Debt Securities of any series as described above and the Convertible Debt Securities of such series are declared due and payable because of the occurrence of any undefeased Event of Default, the amount of money and government obligations on deposit with the applicable Trustee may be insufficient to pay amounts due on the Convertible Debt Securities of such series at the time of the acceleration resulting from such Event of Default. However, the Company will remain liable in respect to such payments.

Notwithstanding the description set forth under "Subordination of Senior Subordinated Debt Securities and Subordinated Debt Securities" above, in the event that the Company deposits money or government obligations in compliance with the Indenture that governs any Senior Subordinated Debt Securities or Subordinated Debt Securities, as the case may be, in order to defease all or certain of its obligations with respect to the applicable series of Convertible Debt Securities, the money or government obligations so deposited will not be subject to the subordination provisions of the applicable Indenture and the indebtedness evidenced by such series of Convertible Debt Securities will

not be subordinated in right of payment to the holders of applicable Senior Indebtedness to the extent of the money or government obligations so deposited.

## **GOVERNING LAW**

The Indentures and the Convertible Debt Securities will be governed by, and construed in accordance with, the laws of the State of New York.

## **REGARDING THE TRUSTEES**

The Indenture contains certain limitations on the right of each Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases, or to realize for its own account on certain property received in respect of any such claim as security or otherwise. Each Trustee will be permitted to engage in certain other transactions with the Company; however, if it acquires any conflicting interest and there is a default under the Convertible Debt Securities issued under the applicable Indenture, it must eliminate such conflict or resign.

## **BOOK-ENTRY SYSTEM**

The Convertible Debt Securities of a Series may be issued in the form of one or more global certificates representing the Convertible Debt Securities (the "Global Securities") that will be deposited with a depository (the "Depository") or with a nominee for the Depository identified in the applicable Prospectus supplement and will be registered in the name of the Depository or a nominee thereof. In such a case one or more Global Securities will be issued in a denomination or aggregate denominations equal to the portion of the aggregate principal amount of outstanding Convertible Debt Securities of the series to be represented by such Global Security or Securities. Unless and until it is exchanged in whole or in part for Convertible Debt Securities in definitive certificated form, a Global Security may be transferred, in whole but not in part, only to another nominee of the Depository for such series, or to a successor Depository for such series selected or approved by the Company, or to a nominee of such successor Depository.

The specific depository arrangement with respect to any series of Convertible Debt Securities to be represented by a Global Security will be described in the applicable Prospectus Supplement. The Company expects that the following provisions will apply to depository arrangements.

Upon the issuance of any Global Security, and the deposit of such Global Security with or on behalf of the Depository for such Global Security, the Depository will credit, on its book-entry registration and transfer system, the respective principal amounts of the Convertible Debt Securities represented by such Global Security to the accounts of institutions ("participants") that have accounts with the Depository or its nominee. The accounts to be credited will be designated by the underwriters or agents engaging in the distribution of such Convertible Debt Securities or by the Company, if such Convertible Debt Securities are offered and sold directly by the Company. Ownership of beneficial interests in a Global Security will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests by participants in such Global Security will be shown on, and the transfer of such beneficial interests will be effected only through, records maintained by the Depository for such Global Security or by its nominee. Ownership of beneficial interests in such Global Security by persons that hold through participants will be shown on, and the transfer of such beneficial interests within such participants will be effected only through, records maintained by such participants. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in certificated form. The foregoing



limitations and such laws may impair the ability to own, pledge or transfer beneficial interests in such Global Securities.

So long as the Depository for a Global Security, or its nominee, is the registered owner of such Global Security, such Depository or such nominee, as the case may be, will be considered the sole owner or holder of the Convertible Debt Securities represented by such Global Security for all purposes under the Indenture. Unless otherwise specified in the applicable Prospectus Supplement and except as specified below, owners of beneficial interests in such Global Security will not be entitled to have Convertible Debt Securities of the series represented by such Global Security registered in their names, will not receive or be entitled to receive physical delivery of Convertible Debt Securities of such series in certificated form and will not be considered the holders thereof for any purposes under the Indenture. Accordingly, each person owning a beneficial interest in such Global Security must rely on the procedures of the Depository and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the Indenture. The Company understands that, under existing industry practices, if the Company requests any action of holders or an owner of a beneficial interest in such Global Security desires to give any notice or take any action a holder is entitled to give or take under the Indenture, the Depository would authorize the participants to give such notice or take such action, and participants would authorize beneficial owners owning through such participants to give such notice or take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Unless otherwise specified in the applicable Prospectus Supplement, payments with respect to principal, premium, if any, and interest, if any, on Convertible Debt Securities represented by a Global Security registered in the name of a Depository or its nominee will be made to such Depository or its nominee, as the case may be, as the registered owner of such Global Security.

The Company expects that the Depository for any Convertible Debt Securities represented by a Global Security, upon receipt of any payment of principal, premium or interest in respect of such Global Security, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Security as shown on the records of such Depository. The Company also expects that payments by participants to owners of beneficial interests in such Global Security held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in "street names," and will be the responsibility of such participants. None of the Company, the Trustee or any agent of the Company or the Trustee shall have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Global Security, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

If the Depository for any Convertible Debt Securities represented by a Global Security is at any time unwilling or unable to continue as Depository or ceases to be registered or in good standing under the Securities Exchange Act of 1934, as amended, and a successor Depository is not appointed by the Company within 90 days after the Company receives notice or becomes aware of such condition, the Company will issue such Convertible Debt Securities in definitive certificated form in exchange for such Global Security. In addition, the Company may at any time and in its sole discretion determine not to have any of the Convertible Debt Securities of a series represented by one or more Global Securities and, in such event, will issue Convertible Debt Securities of such series in definitive

certificated form in exchange for all of the Global Security or Securities representing such Convertible Debt Securities.

### **PLAN OF DISTRIBUTION**

The Company may offer and sell the Securities to or through underwriters or dealers, and also may offer and sell Securities directly to other purchasers or through agents.

Each Prospectus Supplement will set forth the terms of the offering of the particular series of Securities to which the Prospectus Supplement relates, including the name or names of any underwriters, dealers or agents, the purchase price or prices of the Securities, the proceeds to the Company from the sale of such series of Securities, the use of such proceeds, any initial public offering price or purchase price of such series of Securities, any underwriting discount or commission, any discounts, concessions or commissions allowed or reallocated or paid by any underwriters to other dealers, any commissions paid to any agents and the securities exchanges, if any, on which such Securities will be listed. Any initial public offering price or purchase price and any discounts, concessions or commissions allowed or reallocated or paid by any underwriter to other dealers may be changed from time to time.

Sales of Common Shares or Preferred Shares offered pursuant to any Prospectus Supplement may be effected from time to time in one or more transactions on the American Stock Exchange or, in appropriate circumstances, The Toronto Stock Exchange, or in negotiated transactions or any combination of such methods of sale, at market prices prevailing at the time of sale, at prices related to such prevailing market prices, or at other negotiated prices.

In connection with the sale of Securities, underwriters or agents may receive compensation from the Company or from purchasers of Securities for whom they may act as agents in the form of discounts, concessions or commissions. Underwriters may sell Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of Securities may be deemed to be underwriters, and any discounts or commissions received by them from the Company and any profit on the resale of Securities by them may be deemed to be underwriting discounts and commissions under the Securities Act. Any such underwriter or agent will be identified, and any such compensation received from the Company will be described, in the applicable Prospectus Supplement.

Under agreements which may be entered into by the Company, underwriters and agents who participate in the distribution of Securities may be entitled to indemnification by the Company against certain liabilities, including liabilities under Canadian and United States securities legislation.

The Company may grant underwriters who participate in the distribution of Securities an option to purchase additional Securities to cover over-allotments, if any.

The place and date of delivery for the Securities in respect of which this Prospectus is being delivered will be set forth in the applicable Prospectus Supplement.

Unless otherwise indicated in the applicable Prospectus Supplement, the Securities in respect of which this Prospectus is being delivered (other than Common Shares) will be a new issue of securities, will not have an established trading market when issued and will not be listed on any

securities exchange. Any underwriters or agents to or through whom such Securities are sold by the Company for public offering and sale may make a market in such Securities, but such underwriters or agents will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of the trading market for any such Securities.

Certain of the underwriters and their affiliates may from time to time perform various commercial banking and investment banking services for the Company, for which customary compensation is received.

### **EXPERTS**

The consolidated financial statements of the Company, included in its Annual Report on Form 10-K for the year ended December 31, 1995, have been audited by Coopers & Lybrand, independent chartered accountants, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements are, and audited financial statements to be included in subsequently filed documents will be, incorporated herein by reference in reliance upon the reports of Coopers & Lybrand pertaining to such financial statements (to the extent covered by consents filed with the Securities and Exchange Commission) given upon the authority of such firm as experts in accounting and auditing.

### **LEGAL MATTERS**

Certain legal matters relating to the validity of the Securities will be passed upon for the Company by Paul, Weiss, Rifkind, Wharton & Garrison, New York, New York, and by Koffman Birnie & Kalef, Vancouver, British Columbia. Certain legal matters will be passed upon for the underwriters, if any, by Davis, Graham & Stubbs LLP, Denver, Colorado, and by Stikeman, Elliott, Toronto, Ontario, or by the counsel named in the applicable Prospectus Supplement.

## GLOSSARY OF TERMS

### GLOSSARY

The definitions of proven and probable reserves (ore) set forth below are substantially the same as those used in Canada by certain provincial securities regulatory authorities and are set forth in National Policy No. 2-A (of Canada).

These definitions are substantially the same as those applied in the United States by the Commission and those accepted by the United States Bureau of Mines and the United States Geological Survey.

PROVEN RESERVES	that material for which tonnage is computed from dimensions revealed in outcrops or trenches or underground workings or drill holes and for which the grade is computed from the results of adequate sampling, and for which the sites for inspection, sampling and measurement are so spaced and the geological character so well defined that the size, shape and mineral content are established and for which the computed tonnage and grade are judged to be accurate within limits which shall be stated and for which it shall be stated whether the tonnage and grade of proven ore or measured ore are "in situ" or extractable, with dilution factors shown, and reasons for the use of these dilution factors clearly explained
PROBABLE RESERVES	that material for which tonnage and grade are computed partly from specific measurements, samples or production data, and partly from projection for a reasonable distance on geological evidence, and for which the sites available for inspection, measurement and sampling are too widely or otherwise inappropriately spaced to outline the material completely or to establish its grade throughout.

The following definitions of the stages of the exploration and development process are used by Golden Star. There can be no assurance that the terminology used by Golden Star is consistent with the terminology used by other companies in the mining industry or by industry analysts.

early stage	an early stage exploration project typically involves one or more targets within an area which have been determined to merit further follow-up work based on a combination of geological, geochemical and geophysical analysis. The objective of an early stage project typically is to better define targets that have the potential to be advanced to the next stage of exploration and level of financial commitment.
INTERMEDIATE STAGE	an intermediate stage exploration project typically involves establishing near surface mineralization through such techniques as deep augering and trenching. Depending on spacing, drilling (both reverse circulation ("RC") and core) may be an intermediate stage exploration tool. The objective of the intermediate exploration stage is to advance a project by identifying a well defined zone of mineralization that suggests the potential of mineralization continuing to depth.
ADVANCED STAGE	an advanced exploration stage project typically involves testing targets at depth and generating the information necessary to develop a three dimensional geologic model of the mineralized zone, which may be used to demonstrate mineralized materials and/or reserves. This typically is accomplished by both core and RC drilling, although reserves also can be established through trenching.
PREFEASIBILITY STAGE	a prefeasibility stage project typically involves a target for which sufficient geologic information exists about the mineralized zone to determine the reserves. During the prefeasibility stage, drilling often is done to infill the information set on the mineralized zone in order to increase the certainty of calculated reserves. Wider spaced step-out drilling also is conducted to extend upon known mineralized zones or to test for additional zones. The objective of the prefeasibility stage is to prove sufficient reserves to allow for a rate of production over a sufficient period of time to justify the investment of capital to extract the reserves, based on various economic and financial assumptions.

FEASIBILITY STAGE	during the feasibility stage, exploration continues in order to better define known reserves of a project while attempting to further expand them. During this stage, management of the project often is transferred to the operating partner which develops the necessary engineering and costing for mining, processing, power and infrastructure, as well as the designs for the plant and equipment required to construct and operate a modern mining operation.
MINE	mining is the process of transforming a valuable mineral reserve or deposit into benefits for its owners (debt, equity and employees), governments and communities. Exploration continues during the mining process and, in many cases, reserves are expanded during the early years of mine operations as the exploration potential of the deposit is realized.

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**ALLUVIUM, ALLUVIALS** a general term for clay, silt, sand, gravel or other material deposited by a body of water usually during recent geological time

**ANOMALY** a deviation from uniformity or regularity in geophysical quantities

**ASSAY** to analyze the proportions of metals in an ore

**BRECCIA** a coarse-grained rock composed of large angular pieces of broken rock

**CARBONATE** a mineral compound characterized by a fundamental structure of carbon and oxygen

**DEGRADATION** the wearing down or away, and the general lowering or reduction of the Earth's surface by the natural processes of weathering and erosion

**DIAMOND DRILLING** a variety of rotary drilling in which diamond bits are used as the rock-cutting tool to produce a recoverable core of rock for observation and assay

**DIP** the angle that a structural surface, a bedding or fault plane, makes with the horizontal, measured perpendicular to the strike of the structure

**ELUVIAL** an incoherent ore deposit resulting from decomposition or disintegration of rock in place

**FAULT** a surface or zone of rock fracture along which there has been displacement

**FORMATION** the basic rock-stratigraphic unit in the local

classification of rocks

**GEOCHEMISTRY** the study of the distribution and amounts of the chemical elements in minerals, ores, rocks, solids, water, and the atmosphere

**GEOPHYSICS** the study of the Earth as a planet with three areas of study: solid-earth, atmosphere and hydrosphere, and magnetosphere

**GREENSTONE** ancient volcanic-sedimentary rock assemblages

**HORIZON** a plane of stratification assumed to have been once horizontal and continuous

**HYDROTHERMAL** the products of the actions of heated water, such as a mineral deposit precipitated from a hot solution

**INTRUSION** the process of replacement of magma (naturally occurring mobile rock material generated within the Earth) in pre-existing rock

**MAFIC** an igneous rock composed mostly of one or more ferromagnesian, dark-colored minerals in its mode; also, said of those minerals

**MASSIVE** said of a mineral deposit, especially sulfides, characterized by a great concentration of ore in one place, as opposed to a disseminated or veinlike deposit

**METALLURGY** the science and art of separating metals from their ores by mechanical and chemical processes

**METAMORPHOSED** the mineralogical and structural adjustment of solid rocks to physical and chemical conditions which have been imposed at depth below the surface zones of weathering and cementation

**METASEDIMENT** a sediment or sedimentary rock which shows evidence of having been subjected to metamorphism

**METAVOLCANIC** a volcanic rock which shows evidence of having been subjected to metamorphism

**MINERAL** a naturally formed chemical element or compound having a definite chemical composition and, usually, a characteristic crystal form

**MINERALIZATION** a natural occurrence in rocks or soil of one or more metalliferous minerals

**OUTCROP** that part of a geologic formation or structure that appears at the surface of the earth; also, bedrock that is covered only by surficial deposits such as alluvium

**OVERBURDEN** barren rock material overlying a mineral deposit

**PAN CONCENTRATE** a small proportion, generally of heavy minerals, typically of a weathered rock or stream sediment, obtained by manual use of a "gold pan."

**PLUNGE** the inclination of a fold axis or other geological structure, measured by its departure from the horizontal

**PRECAMBRIAN** all rocks formed before Cambrian time, or more than 600 million years ago

**PROTEROZOIC** the more recent division of the Precambrian

**PYRITE** a common, pale-bronze or brass-yellow, isometric iron sulfide mineral

**QUARTZ** crystalline silica; silicon dioxide

**RADIOMETRIC SURVEY** survey using a radiation-measuring instrument, usually to detect specific elements in the ground

**REVERSE CIRCULATION DRILLING** a drilling method used in geological appraisals whereby the drilling fluid passes inside the drill stem to a down-the-hole precision bit and returns to the surface outside the drill stem carrying chips of rock

**SAPROLITE** a soft, earthy, clay-rich and thoroughly decomposed rock formed in place by chemical weathering of igneous, sedimentary or metamorphic rocks which retains the original structure of the unweathered rock

**SHEAR** a strain resulting from stresses that cause or tend to cause contiguous parts of a body of rock to slide relatively to each other in a direction parallel to their plane of contact

**SHEAR ZONE** a tabular zone of rock that has been crushed and brecciated by many parallel fractures due to shear strain

**SHIELD** a large area of exposed basement rocks in a craton commonly with a very gently convex surface, surrounded by sediment-covered platforms

**STOCK** an igneous intrusion that is less than 100 square kilometers in surface exposure



**STRIKE** the direction or trend that a structural surface, e.g. a bedding or fault plane, takes as it intersects the horizontal

**SURFICIAL** situated, formed or occurring on the Earth's surface

**ULTRAMAFIC** an igneous rock composed chiefly of mafic minerals

**VEIN** a thin, sheetlike igneous intrusion into a crevice

**WEATHERING** the destructive process constituting that part of erosion whereby earthy and rocky materials on exposure to atmospheric agents at or near the Earth's surface are changed in character with little or no transport of the loosened or altered material

### CONVERSION FACTORS AND ABBREVIATIONS

For ease of reference, the following conversion factors are provided:

1 acre	= 0.4047 hectare
1 foot	= 0.3048 meter
1 gram per tonne	= 0.0292 ounce per ton
1 ton (2000 pounds)	= 0.9072 tonne
1 metric tonne	= 1,000 kg or 2,204.6 pounds
1 kilogram	= 2.2 pounds or 32.151 oz
1 mile	= 1.6093 kilometers
1 troy ounce	= 31.1035 grams
1 square mile	= 2.59 square kilometers
1 square kilometer	= 100 hectares
1 kilometer	= 0.6214 miles
1 meter	= 1.0936 yards or 3.2808 feet
1 hectare	= 2.4710 acres

The following abbreviations of measurements are used herein:

Au	= gold	m(2)	= square meter
ct	= carats	m(3)	= cubic meter
ct/m(2)	= carats per square meter	mg	= milligrams
gm	= grams]	mg/m(3)	= milligrams per cubic meter
g/t	= grams per tonne	mt	= metric tonne
ha	= hectares	oz	= troy ounces
km	= kilometers	oz/t	= troy ounces per ton
km(2)	= square kilometers	t	= ton (2,000 pounds)
kg	= kilogram	ppb	= parts per billion
m	= meter		

## PART II

## INFORMATION NOT REQUIRED IN PROSPECTUS

## ITEM 14 - OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following sets forth expenses, other than underwriting fees and commissions, expected to be borne by the Registrant in connection with the distribution of the securities being registered:

Securities and Exchange Commission registration fee	U.S. \$ 25,863
Blue Sky fees and expenses	15,000
Stock exchange listing fees	17,500
NASD filing fee	8,000
Rating Agency fees	50,000
Transfer Agent fees	25,000
Legal	260,000
Printing	250,000
Accounting	20,000
Miscellaneous	28,637
TOTAL	U.S. \$700,000

All amounts listed above, except for the registration fee and the NASD filing fee, are estimates.

## ITEM 15 - INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 124 of the Canada Business Corporations Act ("CBCA") provides for the indemnification of directors and officers of the Company. Under these provisions, the Company may indemnify a director or officer, or former director or officer or a person who acts or acted at the Company's request as a director or officer of a body corporate of which the Company is or was a shareholder or creditor and the heirs and legal representatives of such a person against all costs, charges and expenses, including amounts paid to settle an action or satisfy a judgment, reasonably incurred by such director or officer in respect to any civil, criminal or administrative action or proceeding (other than in respect of an action by or on behalf of the Company to procure a judgment in its favor) to which such director or officer, former director or officer or person who acts or acted at the Company's request as a director or officer is made a party by reason of his position with the Company, if he fulfills the following two conditions: (a) he acted honestly and in good faith with a view to the best interests of the Company and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful. In respect of an action by or on behalf of the Company to procure a judgment in its favor, the Company, with the approval of a court, may indemnify a director or officer, as a director or officer, former director or officer or person who acts or acted at the Company's request as a

director or officer against all costs, charges and expenses reasonably incurred by him in connection with such action if he fulfills the conditions set out in clauses (a) and

(b) of the previous sentence. Notwithstanding the foregoing, a director or officer, former director or officer or person who acts or acted at the Company's request as a director or officer is entitled to indemnification from the Company in respect of all costs, charges and expenses reasonably incurred by him in connection with the defense of any civil, criminal or administrative action or proceeding to which he is made a party by reason of his position with the Company if he was substantially successful on the merits in his defense of the action or proceeding and he fulfills the conditions in clause (a) and (b) of the second sentence of this paragraph.

Subject to the provisions of the CBCA, the By-laws of the Company provide that the Company shall indemnify a director or officer, a former director or officer, or a person who acts or acted at the Company's request as a director or officer of a corporation in which the Company is or was a shareholder or creditor against all losses and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative proceeding to which he was made a party by reason of being or having been a director or officer of the Company or other corporation if he acted honestly and in good faith with a view to the best interests of the Company or, in the case of a criminal or administrative action or proceeding that is enforced by monetary penalty, he had reasonable grounds in believing that his conduct was lawful. In addition, the By-laws provide that the Company also shall indemnify any such person in such other circumstance as the CBCA or law permits or requires. The Company has entered into agreements with its directors and officers indemnifying such directors and officers to the extent permitted by the CBCA and the Company's By-laws.

Reference is made to the form of Underwriting Agreement filed as an exhibit to this Registration Statement pursuant to which the underwriters will agree to indemnify the Company and its directors and officers against certain liabilities, including liabilities under the Securities Act.

A directors' and officers' liability insurance policy is maintained by the Company which insures directors and officers for losses as a result of claims based upon the acts or omissions as directors and officers of the Company, including liabilities arising under the Securities Act of 1933, and also reimburses the Company for payments made pursuant to the indemnity provisions under the CBCA.

#### ITEM 16 - EXHIBITS

Exhibit NUMBER	DESCRIPTION
1.1**	Form of Underwriting Agreement
3.1***	Articles of the Company (incorporated by reference to Exhibit 1.1 to the Company's Registration Statement on Form 20-F, filed on May 10, 1993), Articles of the Company (incorporated by reference to Exhibit 2.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1994) and Certificate of Amendment to the Articles of the Company, dated July 29, 1996 (incorporated by reference to Exhibit (a)(3)(i) to the Company's Quarterly Report on Form 10-Q, filed on August 14, 1996)
3.2**	Amendment to the Articles of the Company with respect to the Preferred Shares.

3.3***	By-laws of the Company (incorporated by reference to Exhibit 1.2 to the Company's Registration Statement on Form 20-F, filed on May 10, 1993 and to Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995)
4.1	Form of Indenture for the Convertible Debt Securities
4.2	Form of Convertible Debt Security (included in Exhibit 4.1)
4.3**	Form of Common Shares Warrant Agreement
4.4**	Form of Common Shares Warrant Certificate (included in Exhibit 4.3)
4.5**	Form of Preferred Shares Warrant Agreement
4.6**	Form of Preferred Shares Warrant Certificate (included in Exhibit 4.5)
4.7**	Form of Convertible Debt Securities Warrant Agreement
4.8**	Form of Convertible Debt Securities Warrant Certificate (included in Exhibit 4.7)
4.9	Form of Common Share Certificate
4.10**	Description of Preferred Shares (included in Exhibit 3.2)
4.11**	Form of Preferred Share Certificate
5.1	Opinion of Paul, Weiss, Rifkind, Wharton & Garrison
5.2	Opinion of Koffman Birnie & Kalef
12.1	Statements re Computation of Ratios
23.1	Consent of Coopers & Lybrand
23.2	Consent of Paul, Weiss, Rifkind, Wharton & Garrison (included in Exhibit 5.1)
23.3	Consent of Koffman Birnie & Kalef (included in Exhibit 5.2)
24.1***	Powers of Attorney (included on signature pages)
25.1**	Statement of Eligibility of Trustee on Form T-1

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\*\*Subsequent to the effective date of this Registration Statement, to be filed by amendment or incorporated herein by reference.  
\*\*\*Previously filed or incorporated by reference herein.

**ITEM 17 - UNDERTAKINGS**

The Registrant hereby undertakes that, for the purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in this Registration Statement shall be deemed to be a new Registration Statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned Registrant hereby undertakes:

(a) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement; notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of the prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement.

PROVIDED, HOWEVER, that paragraphs (a)(i) and (a)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Securities and Exchange Act of 1934, that are incorporated by reference in the Registration Statement.

(b) That for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of a Registration Statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(c) That for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed

to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(d) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes to file an application for the purpose of determining the eligibility of the Trustee to act under subsection (a) of Section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the Commission under Section 305(b)(2) of the Trust Indenture Act.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has duly caused this Amendment to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Denver, Colorado on November 5, 1996.

**GOLDEN STAR RESOURCES**

**LTD.**

A. FENNELL  
Fennell  
Executive Officer

By: /S/ DAVID  
David A.  
President and Chief

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment to the Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

NAME	TITLE	Date
/S/ DAVID K. FAGIN David K. Fagin	Chairman of the Board	November 5, 1996
/S/ DAVID A. FENNELL David A. Fennell	President, Chief Executive Officer and Director (Principal Executive Officer)	November 5, 1996
/S/ PIERRE GOUSSELAND Pierre Gousseland	Director	November 5, 1996
/S/ JEAN-PIERRE LEFEBVRE Jean-Pierre Lefebvre	Director	November 5, 1996
/S/ DONALD F. MAZANKOWSKI Donald F. Mazankowski	Director	November 5, 1996
/S/ ERNEST C. MERCIER Ernest C. Mercier	Director	November 5, 1996
/S/ ROGER D. MORTON Roger D. Morton	Director	November 5, 1996
/S/ ROBERT MINTO Robert Minto	Director	November 5, 1996
/S/ RICHARD A. STARK Richard A. Stark	Director	November 5, 1996
/S/ GORDON J. BELL Gordon J. Bell	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	November 5, 1996



## INDEX TO EXHIBITS

Exhibit NUMBER	DESCRIPTION
1.1**	Form of Underwriting Agreement
3.1***	Articles of the Company (incorporated by reference to Exhibit 1.1 to the Company's Registration Statement on Form 20-F, filed on May 10, 1993), Articles of the Company (incorporated by reference to Exhibit 2.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1994) and Certificate of Amendment to the Articles of the Company, dated July 29, 1996 (incorporated by reference to Exhibit (a)(3)(i) to the Company's Quarterly Report on Form 10-Q, filed on August 14, 1996)
3.2**	Amendment to the Articles of the Company with respect to the Preferred Shares
3.3***	By-laws of the Company (incorporated by reference to Exhibit 1.2 to the Company's Registration Statement on Form 20-F, filed on May 10, 1993 and to Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995)
4.1	Form of Indenture for the Convertible Debt Securities
4.2	Form of Convertible Debt Security (included in Exhibit 4.1)
4.3**	Form of Common Shares Warrant Agreement
4.4**	Form of Common Shares Warrant Certificate (included in Exhibit 4.3)
4.5**	Form of Preferred Shares Warrant Agreement
4.6**	Form of Preferred Shares Warrant Certificate (included in Exhibit 4.5)
4.7**	Form of Convertible Debt Securities Warrant Agreement
4.8**	Form of Convertible Debt Securities Warrant Certificate (included in Exhibit 4.7)
4.9	Form of Common Share Certificate
4.10**	Description of Preferred Shares (included in Exhibit 3.2)
4.11**	Form of Preferred Share Certificate
5.1	Opinion of Paul, Weiss, Rifkind, Wharton & Garrison
5.2	Opinion of Koffman Birnie & Kalef
12.1	Statements re Computation of Ratios.
23.1	Consent of Coopers & Lybrand
23.2	Consent of Paul, Weiss, Rifkind, Wharton & Garrison (included in Exhibit 5.1)
23.3	Consent of Koffman Birnie & Kalef (included in Exhibit 5.2)
24.1***	Powers of Attorney (included on signature pages)
25.1**	Statement of Eligibility of Trustee on Form T-1

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\*\*Subsequent to the effective date of this Registration Statement, to be filed by amendment or incorporated herein by reference. \*\*\*Previously filed or incorporated by reference herein.

**DRAFT**

**GOLDEN STAR RESOURCES LTD.**

**ISSUER**

**TO**

---

**TRUSTEE**

**INDENTURE**

**DATED AS OF , 199**

**Convertible Debt Securities**

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INDENTURE, dated as of \_\_\_\_\_ 199\_\_\_\_, between GOLDEN STAR RESOURCES LTD., a corporation duly incorporated and existing under the laws of Canada, having its registered office at 885 West Georgia Street, 19th Floor, Vancouver, British Columbia V6C 3H4 (herein called the "Company"), and \_\_\_\_\_, a \_\_\_\_\_ corporation, as Trustee hereunder (herein called the "Trustee").

## **RECITALS**

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of convertible unsecured debentures, notes or other evidences of indebtedness (herein called the "Securities") to be issued by the Company, unlimited as to principal amount, to bear such rates of interest, to mature at such time or times, to be issued in one or more series and to have such other provisions as shall be fixed as hereinafter provided.

All things necessary to make this Indenture a valid agreement of the Company in accordance with its terms, have been done.

## **NOW, THEREFORE, THIS INDENTURE WITNESSETH:**

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually agreed, for the equal and proportionate benefit of all Holders of the Securities or of a series thereof, as follows:

## **ARTICLE 1**

### **DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION**

#### **1.1 DEFINITIONS**

For all purposes of this Indenture and of any indenture supplemental hereto, except as otherwise expressly provided or unless the context otherwise requires:

- (a) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;
- (b) all other terms used herein which are defined in the TRUST INDENTURE ACT, either directly or by reference herein, have the meanings assigned to them therein;
- (c) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting

principles in Canada, and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted in Canada at the date of such computation; and

(d) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

"ACT", when used with respect to any Holder, has the meaning specified in Section 1.4.

"AFFILIATE" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"APPLICABLE LEGISLATION" means, with respect to any series of Securities which was required to be registered under the SECURITIES ACT, the TRUST INDENTURE ACT, and with respect to any series of Securities which was distributed pursuant to a prospectus filed with the Ontario Securities Commission, the BUSINESS CORPORATIONS ACT, and with respect to each series of Securities, the CANADA BUSINESS CORPORATIONS ACT, unless the Company has received an exemption with respect to a particular series of Securities pursuant to subsection 82(3) of the CANADA BUSINESS CORPORATIONS ACT.

"AUTHENTICATING AGENT" means any Person authorized by the Trustee pursuant to Section 6.14 to act on behalf of the Trustee to authenticate Securities of one or more series.

"BOARD OF DIRECTORS" means, when used with reference to the Company, the board of directors of the Company or any committee of the board of directors of the Company empowered to act for the Company with respect to this Indenture.

"BOARD RESOLUTION" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"BUSINESS CORPORATIONS ACT" means the BUSINESS CORPORATIONS ACT (ONTARIO) as in force at the date as of which this instrument was executed; PROVIDED, HOWEVER, that in the event the Business Corporations Act (Ontario) is amended after such date, "BUSINESS CORPORATIONS ACT" means, to the extent required by any such amendments, the Business Corporations Act (Ontario) as so amended.

"BUSINESS DAY" means, when used with respect to any Place of Payment, each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in that Place of Payment are authorized or obligated by law or executive order to close, except as may otherwise be provided in the form of Securities of any particular series pursuant to the provisions of this Indenture.

"CANADA BUSINESS CORPORATIONS ACT" means the CANADA BUSINESS CORPORATIONS ACT as in force at the date as of which this instrument was executed; PROVIDED, HOWEVER, that in the event the Canada Business Corporations Act is amended after such date, "CANADA BUSINESS CORPORATIONS ACT" means, to the extent required by any such amendments, the Canada Business Corporations Act as so amended.

"COMMISSION" means the Securities and Exchange Commission, as from time to time constituted, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the TRUST INDENTURE ACT, then the body performing such duties at such time.

"COMMON SHARES" or "COMMON SHARES OF THE COMPANY" means the Common Shares of the Company and the shares of any other class of the Company which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and which is not subject to redemption by the Company. However, subject to the provisions of 3.1(s) and Section 14.11, shares issuable on conversion of Securities shall include only shares of the class designated as Common Shares in the articles of the Company at the date of this instrument or shares of any class or classes resulting from any reclassification or reclassifications thereof and which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and which are not subject to redemption by the Company; PROVIDED, HOWEVER, that if at any time there shall be more than one such resulting class, the shares of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"COMPANY" means the Person named as the "Company" in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture and thereafter "Company" shall mean such successor Person.

"COMPANY REQUEST" or "COMPANY ORDER" means a written request or order signed in the name of the Company by its Chairman of the Board, President or a Vice President, and by its Treasurer, Assistant Treasurer, Controller, Secretary or Assistant Secretary, and delivered to the Trustee.

"CORPORATE TRUST OFFICE" means the principal office of the Trustee in , at which at any particular time its corporate trust business shall be conducted.



"CORPORATION" means a corporation, association, company, joint-stock company, business trust or similar organization.

"COVENANT DEFEASANCE" has the meaning specified in Section 13.2.

"DEFAULTED INTEREST" has the meaning specified in Section 3.7.

"DEFEASIBLE SERIES" has the meaning specified in Section 13.1.

"DEPOSITARY" means, with respect to Securities of any series issuable in whole or in part in the form of one or more Global Securities, a clearing agency designated to act as Depositary for such Securities as contemplated by Section 3.1, that is registered under the EXCHANGE ACT if the Securities of such series were required to be registered under the EXCHANGE ACT, and that has been designated as a recognized clearing agency under applicable Canadian securities legislation if the Securities of such series were distributed by the Company pursuant to a prospectus filed with Canadian securities regulatory authorities.

"EVENT OF DEFAULT" has the meaning specified in Section 5.1.

"EXCHANGE ACT" means the United States SECURITIES EXCHANGE ACT of 1934, as amended from time to time, and any statute successor thereto.

"GLOBAL SECURITY" means a Security that evidences all or part of the Securities of any series and is authenticated and delivered to, and registered in the name of, the Depositary for such Securities or a nominee thereof.

"GOVERNMENT OBLIGATIONS" means securities which are (i) direct full faith and credit obligations of the government which issued the currency in which the Securities of a particular series are denominated and in which payment of principal and interest are to be made or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of such government, the payment of which is unconditionally guaranteed as a full faith and credit obligation by such government, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the United States SECURITIES ACT of 1933, as amended) as custodian with respect to any such Government Obligation or a specific payment of principal of or interest on account of the holder of such depository receipt from any amount received by the custodian in respect of such Government Obligation or the specific payment of principal of or interest on such Government Obligation evidenced by such depository receipt.

"HOLDER" means a Person in whose name a Security is registered in the Security Register.

"INCOME TAX ACT" means the Income Tax Act (Canada) as in force as at the date as of which this instrument was executed; PROVIDED, HOWEVER, that in the event the Income Tax Act (Canada) is

amended after such date, "INCOME TAX ACT" means, to the extent required by such amendment, the Income Tax Act (Canada), as so amended.

"INDENTURE" means this instrument as originally executed, as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, including, for all purposes of this instrument and any such supplemental indenture, the provisions of the TRUST INDENTURE ACT that are deemed to be a part of and govern this instrument and any such supplemental indenture, respectively. The term "Indenture" shall also include the terms of any particular series of Securities established as contemplated by Section 3.1.

"INTEREST PAYMENT DATE" means, when used with respect to any Security, the Stated Maturity of an instalment of interest on such Security.

"MATURITY" means, when used with respect to any Security, the date on which the principal of such Security or an instalment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"NOTICE OF DEFAULT" means a written notice of the kind specified in Section 5.1(d).

"OFFICERS' CERTIFICATE" means, when used with reference to the Company, a certificate signed on behalf of the Company by any one of the Chairman of the Board, the President or any Vice President of the Company, and by any one of the Treasurer, the Assistant Treasurer, the Controller, the Secretary or an Assistant Secretary of the Company, and delivered to the Trustee. One of the officers signing an Officers' Certificate given pursuant to Section 10.4 shall be the principal executive, chief financial or principal accounting officer of the Company.

"OPINION OF COUNSEL" means a written opinion of counsel (who may be counsel for the Company and who may be an employee of the Company, except as otherwise expressly provided in this Indenture) and who shall be acceptable to the Trustee.

"ORIGINAL ISSUE DISCOUNT SECURITY" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 5.2.

"OUTSTANDING", when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, EXCEPT:

(a) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Securities, or portions thereof, for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and

segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities; PROVIDED THAT, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(c) Securities as to which Defeasance has been effected pursuant to Section 13.2; and

(d) Securities which have been replaced pursuant to Section 3.6 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company;

PROVIDED, HOWEVER, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder or are present at a meeting of Holders for quorum purposes, (i) the principal amount of an Original Issue Discount Security that shall be deemed to be Outstanding shall be the amount of the principal thereof (excluding premium or penalty, if any) that would be due and payable as of the date of such determination upon acceleration of the Maturity thereof pursuant to Section 5.2, (ii) the principal amount of a Security denominated in one or more foreign currencies or currency units shall be the U.S. dollar equivalent, determined in the manner provided as contemplated by Section 3.1 on the date of original issuance of such Security, of the principal amount (or, in the case of an Original Issue Discount Security, the U.S. dollar equivalent on the date of original issuance of such Security of the amount determined as provided in (i) above) of such Security, (iii) if the principal amount payable at Stated Maturity of any Security is not determinable upon original issuance, the principal amount of such Security that shall be deemed to be Outstanding shall be the amount as specified or determined as contemplated by Section 3.1, and (iv) Securities owned by the Company, or any other obligor upon the Securities or any Affiliate of the Company, or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver or upon any such determination as to the presence of a quorum, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company, or any other obligor upon the Securities or any Affiliate of the Company, or of such other obligor.

"PAYING AGENT" means any Person authorized by the Company to pay the principal of or any premium or interest on any Securities on behalf of the Company.

"PERSON" means any individual, corporation, partnership, joint venture, trust, association, company, joint-stock company, business trust, unincorporated organization or government or any agency or political subdivision thereof.

"PLACE OF PAYMENT" means, when used with respect to the Securities of any series, the place or places where the principal of and any premium and interest on the Securities of that series are payable as specified as contemplated by Section 3.1.

"PREDECESSOR SECURITY" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 3.6 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

[IF APPLICABLE, INSERT -- "PROCEEDING" has the meaning specified in Section 15.2].

"REDEMPTION DATE" means, when used with respect to any Security to be redeemed, the date fixed for such redemption by or pursuant to this Indenture;

"REDEMPTION PRICE" means, when used with respect to any Security to be redeemed, the price at which it is to be redeemed pursuant to this Indenture.

"REGULAR RECORD DATE" for the interest payable on any Interest Payment Date on the Securities of any series means the date specified for that purpose as contemplated by Section 3.1.

"RESPONSIBLE OFFICER" means, when used with respect to the Trustee, the chairman, or any vice-chairman of the board of directors, the chairman or any vice-chairman of the executive committee of the board of directors, the chairman of the trust committee, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller or any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"SECURITIES ACT" means the United States SECURITIES ACT of 1933 as in force at the date as of which this instrument was executed; PROVIDED, HOWEVER, that in the event the United States Securities Act of 1933 is amended after such date, "SECURITIES ACT" means, to the extent required by any such amendments, the United States Securities Act of 1933, as so amended.

[IF APPLICABLE, INSERT -- "SECURITIES PAYMENT" has the meaning specified in Section 15.2].

"SECURITY" or "SECURITIES" has the meaning stated in the first recital of this Indenture and more particularly means any Security or Securities authenticated and delivered under this Indenture.

"SECURITY REGISTER" and "SECURITY REGISTRAR" have the respective meanings specified in Section 3.5.

[IF APPLICABLE, INSERT -- "SENIOR INDEBTEDNESS" means, unless otherwise defined in the applicable indenture supplement, all amounts due on and obligations in connection with any of the following, whether outstanding at the date of execution of the Indenture, or thereafter incurred, assumed, guaranteed or otherwise created (including, without limitation, interest accruing on or after a bankruptcy or other similar event, whether or not an allowed claim therein): (a) indebtedness, obligations and other liabilities (contingent or otherwise) of the Company for money borrowed, or evidenced by bonds, debentures, notes or similar instruments; (b) reimbursement obligations and other liabilities (contingent or otherwise) of the Company with respect to letters of credit or banker's acceptances issued for the account of the Company and interest rate protection agreements and currency exchange or purchase agreements; (c) obligations and liabilities (contingent or otherwise) related to capitalized lease obligations; (d) indebtedness, obligations and other liabilities (contingent or otherwise) of the Company related to agreements or arrangements designed to protect the Company or any of its Subsidiaries against fluctuations in commodity prices, including, without limitation, commodity futures contracts or similar hedging instruments; (e) indebtedness of others of kinds described in the preceding clauses (a) through (d) that the Company has assumed, guaranteed or otherwise assured the payment of directly or indirectly; (f) any indebtedness of another Person of the type described in the preceding clauses (a) through (e) secured by any mortgage, pledge, lien or other encumbrance on property owned or held by the Company; and (g) any and all deferrals, renewals, extensions and refundings of, or amendments, modifications or supplements to, any indebtedness, obligation or liability described in clauses (a) through (f) whether or not there is any notice to or consent of the Holders of such series of Securities; unless, in any case, in the instrument creating or evidencing such indebtedness, obligation, liability, guaranty, assumption, deferral, renewal, extension or refunding, it is expressly stated that such indebtedness, obligation, liability, guarantee, assumption, deferral, renewal, extension or refunding is not senior in right of payment to the Securities or that such indebtedness is PARI PASSU with or junior to the Securities; [IF SUBORDINATED INDEBTEDNESS, INSERT -- PROVIDED, HOWEVER, that any series of Securities designated as Senior Subordinated Indebtedness shall constitute Senior Indebtedness to any series of Securities designated as Subordinated Indebtedness].

**[IF APPLICABLE, INSERT -- "SENIOR SUBORDINATED INDEBTEDNESS" means the** Securities and any other indebtedness, guarantee or obligation of the Company that specifically provides that such indebtedness, guarantee or obligation is to rank PARI PASSU with other Senior Subordinated Indebtedness of the Company and is not subordinated by its terms to any indebtedness, guarantee or obligation of the Company which is not Senior Indebtedness.]

**[IF APPLICABLE, INSERT -- "SUBORDINATED INDEBTEDNESS" means the Securities** and any other indebtedness, guarantee or obligation of the Company that specifically provides that such indebtedness, guarantee or obligation is to rank PARI PASSU with other Subordinated Indebtedness of the Company and is not subordinated by its terms to any indebtedness, guarantee or obligation of the Company which is not Senior Indebtedness or Senior Subordinated Indebtedness].

"SIGNIFICANT SUBSIDIARY" shall mean Southern Star Resources Ltd., Guyanor Ressources S.A., Pan African Resources Corporation and Societe de Travaux Publics et de Mines Auriferes en Guyane, or such other or different Subsidiary as shall be designated a Significant Subsidiary pursuant to the provisions of Section 3.1(y).

"SPECIAL RECORD DATE" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 3.7.

"STATED MATURITY" means, when used with respect to any Security or any instalment of principal thereof or interest thereon, the date specified in such Security as the fixed date on which the principal of such Security or such instalment of principal or interest is due and payable.

"SUBSIDIARY" means any corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries. For the purposes of this definition, "voting stock" means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

"TRUST INDENTURE ACT" means the United States TRUST INDENTURE ACT of 1939 as in force at the date as of which this instrument was executed; PROVIDED, HOWEVER, that in the event the Trust Indenture Act of 1939 is amended after such date, "TRUST INDENTURE ACT" means, to the extent required by any such amendment, the Trust Indenture Act of 1939, as so amended.

"TRUSTEE" means the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to Securities of that series.

"VICE PRESIDENT" means, when used with respect to the Company or the Trustee, any vice president, whether or not designated by a number or a word or words added before or after the title "vice president".

## 1.2 COMPLIANCE CERTIFICATES AND OPINIONS

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and, where required or if requested, an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (including certificates provided for in Section 10.4) shall include:

- (a) a statement that each individual signing such certificate or opinion has read and understood such covenant or condition and the definitions herein related thereto;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (c) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- (d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

### 1.3 FORM OF DOCUMENTS DELIVERED TO TRUSTEE

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion of counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters has been provided by the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

### 1.4 ACTS OF HOLDERS; RECORD DATES

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.1) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The ownership of Securities shall be proved by the Security Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

(e) The Company may, in the circumstances permitted by the TRUST INDENTURE ACT, where the series of Securities was required to be registered under the SECURITIES ACT, and in the circumstances permitted by the securities legislation of the provinces of Canada and the policies of Canadian securities regulatory authorities, where the series of Securities was distributed pursuant to a prospectus filed with Canadian securities regulatory authorities, fix any day as the record date for the purpose of determining the Holders of Outstanding Securities of any series entitled to



give or take any request, demand, authorization, direction, notice, consent, waiver or other action, or to vote on any action, authorized or permitted to be given or taken by Holders of Securities of such series. If not set by the Company prior to the first solicitation of a Holder of Securities of such series made by any Person in respect of any such action, or, in the case of any such vote, prior to such vote, the record date for any such action or vote shall be the 30th day (or, if later, the date of the most recent list of Holders required to be provided pursuant to Section 7.1) prior to such first solicitation or vote, as the case may be. With regard to any record date for action to be taken by the Holders of one or more series of Securities, only the Holders of Securities of such series on such date (or their duly designated proxies) shall be entitled to give or take, or vote on, the relevant action. With regard to any record date set pursuant to this paragraph, the Holders of Outstanding Securities of the relevant series on such record date (or their duly appointed agents), and only such Persons, shall be entitled to give or take the relevant action, whether or not such Holders remain Holders after such record date. With regard to any action that may be given or taken hereunder by Holders of a requisite principal amount of Outstanding Securities of any series (or their duly appointed agents) and for which a record date is set pursuant to this paragraph, the Company may, at its option, set an expiration date after which no such action purported to be given or taken by any Holder shall be effective hereunder unless given or taken on or prior to such expiration date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date (or their duly appointed agents). On or prior to any expiration date set pursuant to this paragraph, the Company may, on one or more occasions at its option, extend such date to any later date. Nothing in this paragraph shall prevent any Holder (or any duly appointed agent thereof) from giving or taking, after any expiration date, any action identical to, or, at any time, contrary to or different from, any action given or taken, or purported to have been given or taken, hereunder by a Holder on or prior to such date, in which event the Company may set a record date in respect thereof pursuant to this paragraph. Notwithstanding the foregoing, the TRUST INDENTURE ACT or the securities legislation of the provinces of Canada and the policies of Canadian securities regulatory authorities, the Company shall not set a record date for, and the provisions of this paragraph shall not apply with respect to, any action to be given or taken by Holders pursuant to Sections 5.1, 5.2 or 5.12.

(f) Without limiting the foregoing, a Holder entitled hereunder to give or take any action hereunder with regard to any particular Security may do so with regard to all or any part of the principal amount of such Security or by one or more duly appointed agents each of which may do so pursuant to such

appointment with regard to all or any different part of such principal amount.

#### 1.5 NOTICES, ETC., TO TRUSTEE AND COMPANY

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with:

(a) the Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office, Attention: \_\_\_\_\_; or

(b) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company, addressed to it at the address of its principal office specified in the first paragraph of this instrument or at any other address previously furnished in writing to the Trustee by the Company.

#### 1.6 NOTICE TO HOLDERS: WAIVER

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his address as it appears in the Security Register, not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

## 1.7 CONFLICT WITH APPLICABLE LEGISLATION

If any provision hereof limits, qualifies or conflicts with a provision of any Applicable Legislation that is required under such legislation to be a part of and govern this Indenture, the latter provision shall control. If any provision of this Indenture modifies or excludes any provision of any Applicable Legislation that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

## 1.8 EFFECT OF HEADINGS AND TABLE OF CONTENTS

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

## 1.9 SUCCESSORS AND ASSIGNS

All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

## 1.10 SEPARABILITY CLAUSE

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

## 1.11 BENEFITS OF INDENTURE

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any Authenticating Agent, Paying Agent, Security Registrar and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

## 1.12 GOVERNING LAW

This Indenture and the Securities shall be governed by and construed in accordance with the laws of the State of New York, but without regard to principles of conflicts of laws.

## 1.13 LEGAL HOLIDAYS

In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or the Securities (other than a provision of the Securities of any series which specifically states that such provision shall apply in lieu of this Section)) payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such

date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date or Redemption Date, or at the Stated Maturity, PROVIDED THAT no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be.

## ARTICLE 2

### SECURITY FORMS

#### 2.1 FORMS GENERALLY

The Securities of each series shall be in substantially the form set forth in this Article, or in such other form as shall be established by or pursuant to Board Resolutions of the Board of Directors of the Company or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of the Securities. If the form of Securities of any series is established by action taken pursuant to such Board Resolutions, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 3.3 for the authentication and delivery of such Securities.

The definitive Securities shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

#### 2.2 FORM OF FACE OF SECURITY

[INSERT ANY LEGEND REQUIRED BY THE INTERNAL REVENUE CODE AND THE

REGULATIONS THEREUNDER.]

**GOLDEN STAR RESOURCES LTD.**

---

No. \_\_\_\_\_ U.S. \$ \_\_\_\_\_

GOLDEN STAR RESOURCES LTD., a corporation duly incorporated and existing under the laws of Canada (herein called the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of \_\_\_\_\_ [United States] Dollars on

\_\_\_\_\_ [IF THE SECURITY IS TO BEAR INTEREST PRIOR TO MATURITY, INSERT -- , and to pay interest thereon from \_\_\_\_\_ or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on \_\_\_\_\_ and \_\_\_\_\_ in each year, commencing \_\_\_\_\_, at the rate of \_\_\_\_\_% per annum, until the principal hereof is paid or made available for payment [IF APPLICABLE, INSERT -- , and (to the extent that the payment of such interest shall be legally enforceable) at the rate of \_\_\_\_\_% per annum on any overdue principal and premium and on any overdue instalment of interest], from the dates such amounts are due until they are paid or made available for payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the \_\_\_\_\_ or \_\_\_\_\_ (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.]

**[IF THE SECURITY IS NOT TO BEAR INTEREST PRIOR TO MATURITY, INSERT**

-- The principal of this Security shall not bear interest except in the case of a default in payment of principal upon acceleration, upon redemption or at Stated Maturity and in such case the overdue principal of this Security shall bear interest at the rate of \_\_\_\_\_% per annum (to the extent that the payment of such interest shall be legally enforceable), which shall accrue from the date of such default in payment to the date payment of such principal has been made or duly provided for. Interest on any overdue principal shall be payable on demand. Any such interest on any overdue principal that is not so paid on demand shall bear interest at the rate of \_\_\_\_\_% per annum (to the extent that the payment of such interest shall be legally enforceable), which shall accrue from the date of such demand for payment to the date payment of such interest has been made or duly provided for, and such interest shall also be payable on demand.]

Payment of principal of (and premium, if any) and [IF APPLICABLE, INSERT -- any such] interest on this Security will be made at the office or agency of the Company maintained for that purpose in \_\_\_\_\_, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts [IF APPLICABLE, INSERT

--]; PROVIDED, HOWEVER, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.]

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereof has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated:

**GOLDEN STAR RESOURCES LTD.**

By:

**Attest:**

### 2.3 FORM OF REVERSE OF SECURITY

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of \_\_\_\_\_, 199\_\_ (herein called the "Indenture"), among the Company and \_\_\_\_\_, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof [, limited in aggregate amount to U.S. \$\_\_\_\_\_].

Subject to and upon compliance with the provisions of the Indenture, the Holder of this Security is entitled, at his option, at any time on or before the close of business on

, or in case

this Security or a portion hereof is called for redemption, then in respect of this Security or such portion hereof until and including, but (unless the Company defaults in making the payment due upon redemption) not after, the close of business on the 10th calendar day before the Redemption Date, to convert this Security (or any portion of the principal amount hereof which is U.S. \$1,000 or an integral multiple thereof), at the principal amount hereof, or of such portion, into fully paid and non-assessable Common Shares (calculated as to each conversion to the nearest 1/100 of a share) at an initial Conversion Price per Common Share equal to U.S. \$\_\_\_\_\_ per each Common Share (or at the current adjusted Conversion Price if an adjustment has been made as provided in the Indenture) by surrender of this Security, duly endorsed or assigned to the Company or in blank, to the Company at its office or agency in \_\_\_\_\_, accompanied by written notice to the Company that the Holder hereof elects to convert this Security, or if less than the entire principal amount hereof is to be converted, the portion hereof to be converted, and, in such case such surrender shall be made during the period from the close of business on any Regular Record Date next preceding any Interest Payment Date (unless this Security or the portion thereof being converted has been called for redemption on a Redemption Date within such period), also accompanied by payment in New York Clearing House or other funds acceptable to the Company of an amount equal to the interest payable on such Interest Payment Date on the principal amount of this Security then being converted. Subject to the aforesaid requirement for payment and, in the case of a conversion after the Regular Record Date next preceding any Interest Payment Date and on or before such Interest Payment Date, to the right of the Holder of this Security (or any Predecessor Security) of record at such Regular Record Date to receive an instalment of interest (with certain exceptions provided in the Indenture), no payment or adjustment is to be made on conversion for interest accrued hereon or for dividends on the Common Shares issued on conversion. No fractions or shares or scrip representing fractions of shares will be issued on conversion, but instead of any fractional interest the Company shall pay a cash adjustment as provided in the Indenture. The Conversion Price is subject to adjustment as provided in the Indenture. In addition, the Indenture provides that in case of certain consolidations or mergers to which the Company is a party or the transfer of substantially all of the assets of the Company, the Indenture shall be amended, without the consent of any Holders of Securities, so that this Security, if then outstanding, will be convertible thereafter, during the period this Security shall be convertible as specified above, only into the kind and amount of securities, cash and other property receivable upon the consolidation, merger or transfer by a holder of the number of Common Shares into which this Security might have been converted immediately prior to such consolidation, merger or transfer (assuming such holder of Common Shares failed to exercise any rights of election and received per share the kind and amount received per share by a plurality of non-electing shares). Adjustments in the Conversion Price of less than one percent of such price will not be required, but any adjustment that would otherwise be required to be made will be carried forward and taken into account in the computation of any subsequent adjustment.

[IF APPLICABLE, INSERT -- The Securities of this series are subject to redemption upon not less than 30 days' notice by mail, [IF APPLICABLE, INSERT -- (1) on \_\_\_\_\_ in any year commencing with the year \_\_\_\_\_ and ending with the year \_\_\_\_\_ through operation of the sinking fund for this series at a Redemption Price equal to 100% of the principal amount, and (2)] at any

time [IF APPLICABLE, INSERT -- on or after \_\_\_\_\_, 199\_\_], as a whole or in part, at the election of the Company, at the following Redemption Prices (expressed as percentages of the principal amount): if redeemed [IF APPLICABLE, INSERT -- on or before \_\_\_\_\_, \_\_%, and if redeemed] during the 12 month period beginning \_\_\_\_\_ of the years indicated,

Year	Redemption Price	Year	Redemption Price
------	------------------	------	------------------

and thereafter at a Redemption Price equal to \_\_\_% of the principal amount, together in the case of any such redemption [IF APPLICABLE, INSERT -- (whether through operation of the sinking fund or otherwise)] with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant record dates referred to on the face hereof, all as provided in the Indenture.]

[IF APPLICABLE, INSERT -- The Securities of this series are subject to redemption upon not less than 30 days' notice by mail, (1) on \_\_\_\_\_ in any year commencing with the year \_\_\_\_\_ and ending with the year \_\_\_\_\_ through operation of the sinking fund for this series at the Redemption Prices for redemption through operation of the sinking fund (expressed as percentages of the principal amount) set forth in the table below, and (2) at any time [IF APPLICABLE, INSERT -- on or after \_\_\_\_\_], as a whole or in part, at the election of the Company, at the Redemption Prices for redemption otherwise than through operation of the sinking fund (expressed as percentages of the principal amount) set forth in the table below: if redeemed during the 12-month period beginning \_\_\_\_\_ of the years indicated,

Year	Redemption Price for Redemption Through Operation of the Sinking Fund	Redemption Price for Redemption Otherwise Than Through Operation of the Sinking Fund
------	---	--

and thereafter at a Redemption Price equal to \_\_\_% of the principal amount, together in the case of any such redemption (whether through operation of the sinking fund or otherwise) with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such securities, or one or more Predecessor securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.]

[IF APPLICABLE, INSERT -- The sinking fund for this series provides for the redemption on \_\_\_\_\_ in each year beginning with the year \_\_\_\_\_ and ending with the year \_\_\_\_\_ of [IF APPLICABLE, INSERT -- not less than U.S. \$\_\_\_\_\_ ("mandatory sinking fund") and not more than] U.S. \$\_\_\_\_\_ aggregate principal amount of Securities of this series. Securities of this series acquired or redeemed by the Company otherwise than through [IF APPLICABLE, INSERT -- mandatory] sinking fund payments may be credited against subsequent [IF APPLICABLE, INSERT -- mandatory] sinking fund payments otherwise required to be made [IF APPLICABLE, INSERT -- in the inverse order in which they become due].]

**[IF THE SECURITY IS SUBJECT TO REDEMPTION OF ANY KIND, INSERT --**

In the event of redemption or conversion of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed or unconverted portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.]

[IF SENIOR INDEBTEDNESS, INSERT -- The indebtedness evidenced by this Security has been designated as Senior Indebtedness, and, to the extent provided in the Indenture, is PARI PASSU with all other Senior Indebtedness].

**[IF SENIOR SUBORDINATED INDEBTEDNESS, INSERT -- The indebtedness**

evidenced by this Security is, to the extent provided in the Indenture,

(i) subordinate and subject in right of payment to the prior payment in full of all Senior Indebtedness and (ii) PARI PASSU with all other Senior Subordinated Indebtedness, and this Security is issued subject to the provisions of the Indenture with respect thereto. Each Holder of this Security, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee on his behalf to take action as may be necessary or appropriate to effectuate the subordination so provided and (c) appoints the Trustee his attorney-in-fact for any and all such purposes.]

**[IF SUBORDINATED INDEBTEDNESS, INSERT -- The indebtedness**

evidenced by this Security is, to the extent provided in the Indenture,

(i) subordinate and subject in right of payment to the prior payment in full of all Senior Indebtedness and (ii) PARI PASSU with all other Subordinated



Indebtedness, and this Security is issued subject to the provisions of the Indenture with respect thereto. Each Holder of this Security, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee on his behalf to take action as may be necessary or appropriate to effectuate the subordination so provided and (c) appoints the Trustee his attorney-in-fact for any and all such purposes.]

[IF APPLICABLE, INSERT -- The Indenture contains provisions for defeasance at any time of certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.]

**[IF THE SECURITY IS NOT AN ORIGINAL ISSUE DISCOUNT SECURITY,**

INSERT -- If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.]

**[IF THE SECURITY IS AN ORIGINAL ISSUE DISCOUNT SECURITY, INSERT --**

If an Event of Default with respect to Securities of this series shall occur and be continuing, an amount of principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture. Such amount shall be equal to -- INSERT FORMULA FOR DETERMINING THE AMOUNT. Upon payment (i) of the amount of principal so declared due and payable and (ii) of interest on any overdue principal and overdue interest (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Company's obligations in respect of the payment of the principal of and interest, if any, on the Securities of this series shall terminate.]

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of Securities of such series, to waive compliance by the Company with certain past provisions of the Indenture and certain defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to

institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

**[IF THE SECURITY IS ISSUED ON A SUBORDINATED OR SENIOR**

**SUBORDINATED BASIS, INSERT --** Subject to the rights of holders of Senior Indebtedness, as set forth in the Indenture, no other reference herein to the Indenture and no other provision of this Security or of the Indenture shall alter or impair the obligations of the Company, which are unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin and currency, herein prescribed or to convert this Security as so provided in the Indenture.]

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons in denominations of U.S. \$1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company, or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

**[FORM OF CONVERSION NOTICE]**

**To: GOLDEN STAR RESOURCES LTD.**

The undersigned owner of this Security hereby irrevocably exercises the option to convert this Security, or the portion hereof (which is U.S. \$1,000 or an integral multiple thereof) below designated, into Common Shares of Golden Star Resources Ltd., in accordance with the terms of the Indenture referred to in this Security, and directs that the shares issuable and deliverable upon the conversion, together with any check in payment for fractional shares and any Securities, representing any unconverted principal amount hereof, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto. Any amount required to be paid by the undersigned on account of interest accompanies this Security.

Dated:

Fill in for registration of Common Shares  
and Securities if to be issued otherwise than  
to the registered holder.

Name

Address

(Please print name and address, including  
zip/postal code number)  
SOCIAL SECURITY OR OTHER TAXPAYER IDENTIFYING  
NUMBER

Principal Amount to be converted (in an integral  
multiple of U.S. \$1,000, if less than all):  
U.S. \$

Signature

[SIGNATURE GUARANTEED -- required only if Common  
Shares and Securities are to be issued and  
delivered to other than the registered holder]

**2.4 FORM OF LEGEND FOR GLOBAL SECURITIES**

Unless otherwise specified as contemplated by Section 3.1 for the Securities evidenced thereby, every Global Security authenticated and delivered hereunder shall bear a legend in substantially the following form:

This Security is a Global Security within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depository or a nominee thereof. This Security may not be transferred to, or

registered or exchanged for Securities registered in the name of, any Person other than the Depository or a nominee thereof and no such transfer may be registered, except in the limited circumstances described in the Indenture. Every Security authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, this Security shall be a Global Security subject to the foregoing, except in such limited circumstances.

## 2.5 FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION

The Trustee's certificates of authentication shall be in substantially the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

**As Trustee**

By:  
Authorized Officer

## ARTICLE 3

### THE SECURITIES

#### 3.1 AMOUNT UNLIMITED; ISSUABLE IN SERIES

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued from time to time in one or more series. All Securities of each series under this Indenture shall in all respects be equally and ratably entitled to the benefits hereof with respect to such series without preference, priority or distinction on account of the actual time of the authentication and delivery or Stated Maturity of the Securities of such series. There shall be established in or pursuant to Board Resolutions of the Company and, subject to Section 3.3, set forth, or determined in the manner provided, in an Officers' Certificate of the Company, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series:

(a) the title of the Securities of the series (which shall distinguish the Securities of the series from Securities of any other series);

(b) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to section 3.4, 3.5, 3.6, 9.6 or 11.7 and except for any Securities which, pursuant to section 3.3, are deemed never to have been authenticated and delivered hereunder);

(c) if the Securities will be issuable at a premium over or discount from their stated principal amount, specification of such premium or discount, as applicable;

(d) whether any Securities of the series are to be listed for trading on a securities exchange or otherwise;

(e) the Person to whom any interest on a Security of the series shall be payable, if other than the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest;

(f) the date or dates on which the principal of the Securities of the series is payable and on which the Securities will mature;

(g) the rate or rates (which may be fixed or variable) at which the Securities of the series shall bear interest, if any, or the method by which such rate or rates are determined, the date or dates from which such interest shall accrue or the method of determination of such date or dates, the Interest Payment Dates on which any such interest shall be payable on any Securities and the Regular Record Date for any interest payable on any Interest Payment Date, and the basis upon which interest shall be calculated if other than that of a 360-day year of twelve 30-day months;

(h) the place or places where the principal of and any premium and interest on the Securities of the series shall be payable;

(i) the period or periods within which, the price or prices at which, and the terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Company and, if other than by a Board Resolution, the manner in which any election by the Company to redeem the Securities shall be evidenced;

(j) the obligation, if any, of the Company to redeem or purchase Securities of the series pursuant to any sinking fund, purchase fund or analogous obligation or at the option of a Holder thereof and the period or periods

within which, the price or prices at which and the terms and conditions upon which Securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(k)if other than denominations of U.S. \$1,000 and any integral multiple thereof, the denominations in which Securities of the series shall be issuable;

(l)the currency, currencies or currency unit or units in which the Securities of such series shall be denominated and in which payment of the principal of and any premium and interest on any Securities of such series shall be payable if other than the currency of the United States of America and the manner of determining the equivalent thereof in the currency of the United States of America for purposes of the definition of "Outstanding" in Section 1.1;

(m)if the amount of payments of principal of or any premium or interest on any Securities of the series may be determined by reference to an index, formula or other method, including, without limitation, such method based on (i) currency, currencies or currency units other than that in which the Securities of such series are payable, (ii) changes in the price of one or more other securities or groups or indices of securities, or (iii) changes in the prices of one or more commodities or groups or indexes of commodities or any combination of the foregoing, the manner in which such amounts shall be determined and any commodities, currencies, currency units or indices, value, rate or price relevant to such determination;

(n)if the principal of or any premium or interest on any Securities of the series are to be payable, at the election of the Company or a Holder thereof, in one or more currencies or currency units other than that or those in which the Securities are stated to be payable, the currency, currencies or currency units in which payment of the principal of and any premium and interest on Securities of such series as to which such election is made shall be payable, and the period or periods within which, and the terms and conditions upon which, such election is to be made and the amount so payable for the manner in which such amount shall be determined;

(o)if other than the principal amount thereof, the portion of the principal amount of Securities of the series which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 5.2;

(p)if the principal amount payable at the Stated Maturity of any Securities of the series is not determinable upon original issuance thereof, the amount which shall be deemed to be the principal amount of such Securities for any

other purpose

hereunder, including the principal amount thereof which shall be due and payable upon any Maturity other than the Stated Maturity or which shall be deemed to be Outstanding as of any date (or, in any such case, the manner in which such principal amount shall be determined);

(q)if applicable, that the Securities of the series shall be subject to Covenant Defeasance as provided in Article 13;

(r)if and as applicable, that the Securities of the series shall be issuable in whole or in part in the form of one or more Global Securities and, in such case, the respective Depositories for such Global Securities, the form of any legend or legends which shall be borne by any such Global Security in addition to or in lieu of that set forth in Section 2.4 and any circumstances other than those set forth in Section 3.5 in which any such Global Security may be transferred to, and registered and exchanged for Securities registered in the name of, a Person other than the Depository for such Global Security or a nominee thereof and in which any such transfer may be registered;

(s)the terms and conditions pursuant to which the Securities are convertible into or exchangeable at the option of the Holders thereof or the Company, for or into new Securities of a different series, other Securities of the same series of the same aggregate principal amount of a different kind or different authorized denomination or denominations, or other securities or other property, including shares in the capital of the Company or any subsidiaries of the Company or securities directly or indirectly convertible into or exchangeable for such shares;

(t)if applicable, any covenants in addition to those set forth in Article 10 to which the Company may be subject with respect to Securities of such series; or any other additions, deletions or changes to the provisions of Article 10 or any definitions relating to such Article that shall be applicable to the Securities of the series (including a provision making any Section of such Article inapplicable to the Securities of such series);

(u)any Event of Default with respect to the Securities of such series, if not set forth herein, and any additions, deletions or other changes to the Events of Default set forth herein that shall be applicable to the Securities of such series (including a provision making any Event of Default set forth herein inapplicable to the Securities of that series);

(v)provisions, if any, regarding the appointment by the Trustee of an Authenticating Agent in one or more places other than the location of the office of the Trustee with power to act on behalf of the Trustee and subject

to its direction in the authentication and delivery of the Securities of any one or more series in connection with such transactions as shall be specified in the provisions of this Indenture or in or pursuant to the Board Resolution or other supplemental indenture creating such series;

(w)the provisions for the payment of any additional amounts, to the extent not set forth herein;

(x)designation of the series of Securities as Senior Indebtedness, Senior Subordinated Indebtedness or Subordinated Indebtedness, and any additions, deletions or changes to the provisions of Article 15 or any definition relating to such Article that shall be applicable to the Securities of the series defining the rights of holders of Senior Indebtedness in respect of the Securities of such series;

(y)any addition to or deletion from the definition of Significant Subsidiary; and

(z)any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture, except as permitted by Section 9.1).

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to the Board Resolutions of the Company referred to above and (subject to Section 3.3) set forth, or determined in the manner provided, in the Officers' Certificate referred to above or in any such indenture supplemental hereto. All Securities of any one series need not be issued at the same time and, unless otherwise provided, a series may be reopened for issuances of additional Securities of such series.

If any of the terms of the series are established by action taken pursuant to Board Resolutions of the Company, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Officers' Certificates setting forth the terms of the series.

### 3.2 DENOMINATIONS

The Securities of each series shall be issuable in registered form without coupons in such denominations and in such currencies as shall be specified as contemplated by Section 3.1. In the absence of any such provisions with respect to the Securities of any series, the Securities of such series shall be issuable in denominations of U.S. \$1,000 and any integral multiple thereof.

### 3.3 EXECUTION, AUTHENTICATION, DELIVERY AND DATING



The Securities shall be executed on behalf of the Company by its President, one of its Vice Presidents or its Treasurer, under its corporate seal reproduced thereon attested by its Secretary. The signature of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities, and the Trustee in accordance with the Company Order (which may provide that Securities that are the subject thereof will be authenticated and delivered by the Trustee upon the telephonic or written order of Persons designated in said Company Order and that such Persons are authorized to determine such terms and conditions of said Securities as are specified in the Company Order) shall authenticate and deliver such Securities. If the form or terms of the Securities of the series have been established in or pursuant to one or more Board Resolutions of the Company as permitted by Sections 2.1 and 3.1, in authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Section 6.1) shall be fully protected in relying upon, an Opinion of Counsel stating:

(a) if the form of such Securities has been established by or pursuant to Board Resolutions of the Company as permitted by Section 2.1, that such form has been established in conformity with the provisions of this Indenture;

(b) if the terms of such Securities have been established by or pursuant to Board Resolutions of the Company as permitted by Section 3.1, that such terms have been established in conformity with the provisions of this Indenture; and

(c) that such Securities, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles and to such other matters as counsel may specify.

If such form or terms have been so established, the Trustee shall not be required to authenticate such Securities if the issue of such Securities pursuant to this Indenture will affect the Trustee's

own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.

Notwithstanding the provisions of Section 3.1 and of the preceding paragraph, if all Securities of a series are not to be originally issued at one time, it shall not be necessary to deliver the Officers' Certificate otherwise required pursuant to Section 3.1 or the Company Order and Opinion of Counsel otherwise required pursuant to such preceding paragraph at or prior to the time of authentication of each Security of such series if such documents are delivered at or prior to the authentication upon original issuance of the first Security of such series to be issued and contemplate issuance of all Securities of such series.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Security to the Trustee for cancellation as provided in Section 3.9, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

### 3.4 TEMPORARY SECURITIES

Pending the preparation of definitive Securities of any series, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities, which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities.

If temporary Securities of any series are issued, the Company will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Company maintained pursuant to Section 10.2 in a Place of Payment for that series for the purpose of exchanges of Securities of such series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor one or more definitive Securities of the same series, of any authorized denominations and of a like aggregate principal amount and tenor. Until so exchanged the temporary Securities of any series

shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series and tenor.

### 3.5 REGISTRATION, REGISTRATION OF TRANSFER AND EXCHANGE

The Company shall cause to be kept at the Corporate Trust Office of the Trustee a register (the register maintained in such office and in any other office or agency of the Company in a Place of Payment being herein sometimes collectively referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Securities and of transfers of Securities. The Trustee is hereby appointed "Security Registrar" for the purpose of registering Securities and transfers of Securities as herein provided.

Upon surrender for registration of transfer of any Security or of any series at the office or agency in a Place of Payment for that series, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of the same series, of any authorized denominations and of a like aggregate principal amount and tenor.

At the option of the Holder, Securities of any series may be exchanged for other Securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer or exchange shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 3.4, 9.6 or 11.7 not involving any transfer.

The Company shall not be required to (a) issue or register the transfer or exchange of Securities of any series during a period beginning at the opening of business 15 days before the

day of the mailing of a

notice of redemption of Securities of that series selected for redemption under Section 11.3 and ending at the close of business on the day of such mailing, or (b) register the transfer or exchange of any Security so selected for redemption in whole or in part, except in the case of any Security to be redeemed in part, the portion thereof not to be redeemed.

Notwithstanding any other provision in this Indenture, no Global Security may be transferred to, or registered or exchanged for Securities registered in the name of, any Person other than the Depositary for such Global Security or any nominee thereof, and no such transfer may be registered, unless (a) such Depositary (i) notifies the Company and the Trustee that it is unwilling or unable to continue as Depositary for such Global Security or (ii) ceases to be a clearing agency registered under the Exchange Act and a successor Depositary is not appointed by the Company within 90 days after the Company receives the notice referred to in subclause (i) or becomes aware of the condition specified in subclause

(ii), (b) the Company executes and delivers to the Trustee a Company Order that such Global Security shall be so transferable, registrable and exchangeable, and such transfers shall be registrable, (c) there shall have occurred and be continuing an Event of Default with respect to the Securities evidenced by such Global Security or (d) there shall exist such other circumstances, if any, as have been specified for this purpose as contemplated by Section 3.1. Notwithstanding any other provision in this Indenture, a Global Security to which the restriction set forth in the preceding sentence shall have ceased to apply may be transferred only to, and may be registered and exchanged for Securities registered only in the name or names of, such Person or Persons as the Depositary for such Global Security shall have directed and no transfer thereof other than such a transfer may be registered.

Every Security authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, a Global Security to which the restriction set forth in the first sentence of the preceding paragraph shall apply, whether pursuant to this Section, Sections 3.4, 3.6, 9.6 or 11.7 or otherwise, shall be authenticated and delivered in the form of, and shall be, a Global Security.

### 3.6 MUTILATED, DESTROYED, LOST AND STOLEN SECURITIES

If any mutilated Security is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and the Trustee (a) evidence to their satisfaction of the destruction, loss or theft of any Security and (b) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and the Trustee shall authenticate and deliver in lieu of any such destroyed, lost or stolen Security, a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion, may, instead of issuing a new Security and subject to the above provisions regarding security or indemnity, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any series issued pursuant to this Section in exchange for any mutilated Security or in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the mutilated, destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series duly issued hereunder.

The provisions of this Section 3.6 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

### 3.7 PAYMENT OF INTEREST: INTEREST RIGHTS PRESERVED

Except as otherwise provided as contemplated by Section 3.1 with respect to any series of Securities, interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

In the case of Securities represented by a Global Security registered in the name of or held by a Depositary or its nominee, unless otherwise specified by Section 3.1, payment of principal, premium, if any, and interest, if any, will be made to the Depositary or its nominee, as the case may be, as the registered owner or Holder of such Global Security. None of the Company, the Trustee, any Paying Agent, any Authenticating Agent nor the Security Registrar for such Securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interest in a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

Any interest on any Security of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, on such date, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (a) or (b) below:

(a)The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special

Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Securities of such series at his address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (b).

(b)The Company may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice is given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

At the option of the Company, interest on Securities of any series that bear interest may be paid by mailing a check to the address of the Person entitled thereto as such address shall appear in the Security Register.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

### 3.8 PERSONS DEEMED OWNERS

Prior to due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee shall treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of and any premium and (except as otherwise specified as contemplated by Section 3.1(e) and subject to Section 3.7) any interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

In the case of a Global Security, so long as the Depositary for such Global Security, or its nominee, is the registered owner of such Global Security, such Depositary or such nominee, as the case may be, will be considered the sole owner or Holder of the Securities represented by such Global Security for all purposes under this Indenture. Except as provided in Section 3.5, owners of beneficial interests in a Global Security will not be entitled to have Securities that are

represented by

such Global Security registered in their names, will not receive or be entitled to receive physical delivery of such Securities in definitive form and will not be considered the owners or Holders thereof under this Indenture.

Notwithstanding the foregoing, with respect to any Global Security, nothing herein shall (a) prevent the Company, the Trustee, or any agent of the Company or the Trustee, from giving effect to any written certification, proxy or other authorization furnished by a Depository or (b) impair, as between a Depository and holders of beneficial interests in any Global Security, the operation of customary practices governing the exercise of the rights of the Depository as Holder of such Global Security.

### 3.9 CANCELLATION

All Securities surrendered for payment, redemption, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Securities previously authenticated hereunder which the Company has not issued and sold, and all Securities so delivered shall be promptly cancelled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Securities held by the Trustee shall be disposed of as directed by a Company Order.

### 3.10 COMPUTATION OF INTEREST

Except as otherwise specified as contemplated by Section 3.1 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

### 3.11 PAYMENT OF ADDITIONAL AMOUNTS

All payments made by the Company under or with respect to the Securities will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge imposed or levied by or on behalf of the Government of Canada or of any province or territory thereof or by any authority or agency therein or thereof having power to tax (hereinafter "Taxes"), unless the Company is required to withhold or deduct Taxes by law or by the interpretation or administration thereof. If the Company is so required to withhold or deduct any amount for or on account of Taxes from any payment made under or with respect to the Securities, the Company will pay such additional amounts ("Additional Amounts") as may be necessary so that the net amount received by each Holder (including Additional Amounts) after such withholding or deduction will not be less than the amount the Holder would have received if such Taxes had not been withheld or deducted;



PROVIDED THAT no Additional Amounts will be payable with respect to a payment made to a Holder (an "Excluded Holder") (i) with which the Company does not deal at arm's length (within the meaning of the INCOME TAX ACT) at the time of making such payment or (ii) which is subject to such Taxes by reason of its being connected with Canada or any province or territory thereof otherwise than by the mere holding of Securities or the receipt of payments thereunder. The Company will also (i) make such withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law. The Company will furnish to the Holders of the Securities, within 30 days after the date the payment of any Taxes is due pursuant to applicable law, certified copies of tax receipts evidencing such payment by the Company. The Company will indemnify and hold harmless each Holder (other than an Excluded Holder) and upon written request reimburse each such Holder for the amount of (i) any Taxes so levied or imposed and paid by such Holder as a result of payments made under or with respect to the Securities, (ii) any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, and (iii) any Taxes imposed with respect to any reimbursement under (i) or (ii), but excluding any such Taxes on such Holders' net income.

At least 30 days prior to each date on which any payment under or with respect to the Securities is due and payable, if the Company will be obligated to pay Additional Amounts with respect to such payment, the Company will deliver to the Trustee an Officers' Certificate stating the fact that such Additional Amounts will be payable, stating the amounts so payable and setting forth such other information as is necessary to enable the Trustee to pay such Additional Amounts to Holders on the payment date. Whenever in this Indenture there is mentioned, in any context, the payment of principal (and premium, if any), Redemption Price, interest or any other amount payable under or with respect to any Security, such mention shall be deemed to include mention of the payment of Additional Amounts provided for in this Section to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to the provisions of this Section and express mention of the payment of Additional Amounts (if applicable) in any provisions hereof shall not be construed as excluding Additional Amounts in those provisions hereof where such express mention is not made (if applicable).

The obligations of the Company under this Section 3.11 survive the termination of the Indenture and the payment of all amounts under or with respect to the Securities.

## **ARTICLE 4**

### **SATISFACTION AND DISCHARGE**

#### **4.1 SATISFACTION AND DISCHARGE OF INDENTURE**

This Indenture shall, upon Company Request, cease to be of further effect (except as to any surviving rights or registration of transfer or exchange of Securities herein expressly provided for) and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when:

(a) either,

(i) all Securities theretofore authenticated and delivered (other than (i) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 3.6 and (ii) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 10.3) have been delivered to the Trustee for cancellation, or

(ii) all such Securities not theretofore delivered to the Trustee for cancellation

(A) have become due and payable, or

(B) will become due and payable at their Stated Maturity within one year, or

(C) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of (A), (B) or (C) above, has deposited or caused to be deposited with the Trustee, as trust funds in trust for the purpose, money in the currency in which the Securities of such series are denominated or Government Obligations of the government issuing the currency in which the Securities of such series are denominated which through the payment of interest and principal in respect thereof in accordance with their terms will provide lawful money not later than one day before the due dates of principal (and premium, if any) or interest, or any combination thereof, in an amount sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal and any premium and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(b) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(c) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

In the event there are Securities of two or more series hereunder, the Trustee shall be required to execute an instrument acknowledging satisfaction and discharge of this Indenture only if requested to do so with respect to the Securities of all series to which it is Trustee and if the other conditions thereto are met. In the event there are two or more Trustees hereunder, then the effectiveness of any such instrument shall be conditioned upon receipt of such instruments from all Trustees hereunder.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 6.7, the obligations of the Trustee to any Authenticating Agent under Section 6.14 and, if money shall have been deposited with the Trustee pursuant to subclause (ii) of clause (a) of this Section, and the obligations of the Trustee under Section 4.2 and the last paragraph of Section 10.3 shall survive.

#### 4.2 APPLICATION OF TRUST MONEY

Subject to the provisions of the penultimate paragraph of Section 10.3, all money deposited with the Trustee pursuant to Section 4.1 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal and any premium and interest for whose payment such money has been deposited with the Trustee. [IF APPLICABLE, INSERT -- any shall not be subject to the claims of the holders of Senior Indebtedness].

### **ARTICLE 5**

#### **REMEDIES**

##### 5.1 EVENTS OF DEFAULT

"Event of Default", wherever used herein with respect to Securities of any series, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body), unless such event is either inapplicable to a particular series or it is specifically deleted or modified in the Board Resolutions or supplemental indenture creating such series of Securities or in the form of Security for such series:

(a) default in the payment of any interest upon any Security of that series when it becomes due and payable, and continuance of such default for a period of 30 days (whether or not such failure is a result of the subordination provisions relating to such series); or

(b) default in the payment of the principal of (or premium, if any, on) any Security of that series at its Maturity (whether or not such failure is a result of the subordination provisions relating to such series); or

(c) default in the deposit of any sinking fund payment, when and as due by the terms of a Security of that series; or

(d) default in the performance, or breach of any covenant or warranty of the Company in this Indenture or of any other covenant to which the Company or any Significant Subsidiary is subject with respect to such series of Securities by virtue of Section 3.1(t) (other than a covenant or warranty a default in whose performance or whose breach is specifically dealt with elsewhere in this Section or which has expressly been included in this Indenture or in the applicable Board Resolutions or supplemental indenture with respect to such series of Securities solely for the benefit of a series of Securities other than that series or which has been included in this Indenture or in the applicable Board Resolutions or supplemental indenture with respect to such series of Securities but not made applicable to the Securities of such series) and continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of that series, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(e) a default under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company or any Significant Subsidiary (including a default with respect to Securities of any series other than that series) having an aggregate principal amount outstanding of at least U.S. \$10,000,000 or under any mortgage, indenture or instrument (including this Indenture) under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Company or any Significant Subsidiary having an aggregate principal amount outstanding of at least U.S. \$10,000,000, whether such indebtedness now exists or shall hereafter be created, after the expiration of any applicable grace period with respect thereto; or

(f) the entry by a court having jurisdiction in the premises of (i) a decree or order for relief in respect of the Company or any Significant Subsidiary in an involuntary case or proceeding under the COMPANIES' CREDITORS ARRANGEMENT ACT (Canada), the BANKRUPTCY AND INSOLVENCY ACT (Canada) or the WINDING-UP ACT (Canada) or any other bankruptcy, insolvency, reorganization or similar law, or  
(ii) a decree or order adjudging the

Company or any Significant

Subsidiary bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company or any Significant Subsidiary under any applicable Canadian or provincial law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or any Significant Subsidiary or of any substantial part of its respective property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief specified in this clause (ii) unstayed and in effect for a period of 60 consecutive days; or

(g) the commencement by the Company or any Significant Subsidiary of a voluntary case or proceeding under the COMPANIES' CREDITORS ARRANGEMENT ACT (Canada), the BANKRUPTCY AND INSOLVENCY ACT (Canada) or the WINDING-UP ACT (Canada) or any other bankruptcy, insolvency, reorganization or similar law, or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by the Company or any Significant Subsidiary to the entry of a decree or order for relief in respect of the Company or any Significant Subsidiary in an involuntary case or proceeding under the COMPANIES' CREDITORS ARRANGEMENT ACT (Canada), the BANKRUPTCY AND INSOLVENCY ACT (Canada) or the WINDING-UP ACT (Canada) or any other bankruptcy, insolvency, reorganization or similar law, or to the commencement of any bankruptcy or insolvency case or proceeding against the Company or any Significant Subsidiary or the filing by the Company or any Significant Subsidiary of a petition or answer or consent seeking reorganization or relief under any applicable Canadian or provincial law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignees, trustee, sequestrator or other similar official of the Company or any Significant Subsidiary or of any substantial part of its property, or the making by the Company or any Significant Subsidiary of an assignment for the benefit of creditors, or the admission by the Company or any Significant Subsidiary in writing its inability to pay its debts generally as they become due, or the taking of corporate action by the Company or any Significant Subsidiary in furtherance of any such action; or

(h) any other Event of Default provided in the supplemental indenture or Board Resolution of the Company under which such series of Securities is issued or in the form of Security for such series.

## 5.2 ACCELERATION OF MATURITY; RESCISSION AND ANNULMENT

(a) If an Event of Default with respect to Securities of any series at the time Outstanding occurs and is continuing, then in every such case, the Trustee

or the Holders of not less than 25% in principal amount of the Outstanding Securities of that series may declare the principal amount (or, if any of the Securities of that series are Original Issue Discount Securities, such portion of the principal amount of such Securities as may be specified in the terms thereof) of all of the Securities of that series to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders) and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable, except that if the Event of Default is an event described in clause 5.1(f) or 5.1(g) above, the principal amount (or in the case of Original Issue Discount Securities, such portion thereof) of all Securities shall become due and payable immediately, without notice of further action of any kind whatsoever.

(b) At any time after such a declaration of acceleration with respect to Securities of any series has been made, but before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Outstanding Securities of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if:

(i) the Company has paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue interest on all Securities of that series,

(B) the principal of (and premium, if any, on) any Securities of that series which have become due otherwise than by such declaration of acceleration and any interest thereon at the rate or rates prescribed therefore in such Securities, to the extent that payment of such interest is lawful,

(C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such Securities, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(ii) all Events of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 5.13.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

### 5.3 SUITS FOR ENFORCEMENT BY TRUSTEE

The Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of any sums due and unpaid as a consequence of the action set forth in Section 5.2(a), and may prosecute such proceedings to judgment or final decrees, and may enforce the same against the Company or any other obligor upon the Securities of such series and collect the money adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Securities, wherever situated.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

### 5.4 TRUSTEE MAY FILE PROOFS OF CLAIM

In case of any judicial proceeding relative to the Company or any other obligor upon the Securities, its property or its creditors, the Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise, to take any and all actions authorized under Applicable Legislation in order to have claims of the Holders and the Trustee allowed in any such proceeding. In particular, the Trustee shall be authorized to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 6.7.

No provision of this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

### 5.5 TRUSTEE MAY ENFORCE CLAIMS WITHOUT POSSESSION OF SECURITIES

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the

Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

## 5.6 APPLICATION OF MONEY COLLECTED

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or any premium or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) first, to the payment of all amounts due the Trustee under Section 6.7;

(b) second, to the payment of the amounts then due and unpaid for principal of and any premium and interest on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal and any premium and interest, respectively; and

(c) third, the balance, if any, to the Company or any other Person or Persons entitled thereto.

## 5.7 LIMITATION ON SUITS

No Holder of any Security of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that series;

(b) the Holders of not less than 25% in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(c) such Holder or Holders have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request;

(d) the Trustee for 60 days after receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and



(e)no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

#### 5.8 UNCONDITIONAL RIGHT OF HOLDERS TO RECEIVE PRINCIPAL, PREMIUM AND INTEREST

Notwithstanding any other provision of this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of, any premium and (except as specified as contemplated by Section 3.1(e) and subject to Section 3.7) any interest on such Security on the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment and such rights shall not be impaired without the consent of such Holder.

#### 5.9 RESTORATION OF RIGHTS AND REMEDIES

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

#### 5.10 RIGHTS AND REMEDIES CUMULATIVE

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 3.6, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

#### 5.11 DELAY OR OMISSION NOT WAIVER

No delay or omission of the Trustee or of any Holder of any Securities to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy

or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

## 5.12 CONTROL BY HOLDERS

The Holders of a majority in principal amount of the Outstanding Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or to exercise any trust or power conferred on the Trustee, with respect to the Securities of such series, PROVIDED THAT:

(a) such direction shall not be in conflict with any rule of law or with this Indenture;

(b) the Trustee shall not determine that the action so directed would be unjustly prejudicial to Holders of Securities of that series, or any other series not taking part in such direction; and

(c) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

## 5.13 WAIVER OF PAST DEFAULTS

The Holders of not less than a majority in principal amount of the

Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past default hereunder with respect to such series and its consequences, except a default:

(a) in the payment of the principal of or any premium or interest on any Security of such series; or

(b) in respect of a covenant or provision hereof which under Article 9 cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

## 5.14 UNDERTAKING FOR COSTS

All parties to this Indenture agree, and each Holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit

for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorney's fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; PROVIDED THAT this Section shall not be deemed to authorize any court to require such an undertaking or to make such an assessment in any suit instituted by the Company, or to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Securities of any series.

#### 5.15 WAIVER OF STAY OR EXTENSION LAWS

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company hereby expressly waives (to the extent that it may lawfully do so) all benefit or advantage of any such law and each covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

#### 5.16 WAIVER OF CERTAIN COVENANTS

The Company may omit in any particular instance to comply with any term, provision or condition to which the Company is subject with respect to the Securities of any series by virtue of Section 3.1(t), or any covenant provided pursuant to Section 9.1(b) for the benefit of Holders of such series, if before the time for such compliance the Holders of at least a majority in principal amount of the Outstanding Securities of such series shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

### **ARTICLE 6**

#### **THE TRUSTEE**

#### 6.1 CERTAIN DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Trustee shall be as provided by Applicable Legislation. Notwithstanding the foregoing (but subject to Section 1.7), no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial

liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

## 6.2 NOTICE OF DEFAULTS

If a default occurs hereunder with respect to Securities of any series, the Trustee shall give the Holders of Securities of such series notice of such default as and to the extent provided by Applicable Legislation and in the manner provided in Section 1.6. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

## 6.3 CERTAIN RIGHTS OF TRUSTEE

Subject to the provisions of Section 6.1:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order (unless other evidence in respect thereof be herein specifically prescribed) and any resolution of the Board of Directors of the Company may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(d) the Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney; and

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

#### 6.4 NOT RESPONSIBLE FOR RECITALS OR ISSUANCE OF SECURITIES

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and the Trustee or any Authenticating Agent assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities, except that the Trustee represents that it is duly authorized to execute and deliver this Indenture, authenticate the Securities and perform its obligations hereunder and, if the series of Securities was required to be registered under the SECURITIES ACT, that the statements made by it in a Statement of Eligibility on Form T-1 supplied to the Company are true and accurate, subject to the qualifications set forth therein. The Trustee or any Authenticating Agent shall not be accountable for the use or application by the Company of Securities or the proceeds thereof.

#### 6.5 MAY HOLD SECURITIES

The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Company, or the Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 6.8 and 6.13, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

## 6.6 MONEY HELD IN TRUST

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Company in writing.

## 6.7 COMPENSATION AND REIMBURSEMENT

The Company covenants and agrees:

(a) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(b) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except to the extent any such expense, disbursement or advance may be attributable to its negligence or bad faith; and

(c) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such expense, disbursement or advance may be attributable to its negligence or bad faith.

"Trustee", for purposes of this Section 6.7, includes any predecessor Trustee, PROVIDED THAT the negligence or bad faith of any Trustee shall not affect the rights under this Section 6.7 of any other Trustee.

## 6.8 DISQUALIFICATION; CONFLICTING INTERESTS

If the Trustee has or shall acquire a conflicting interest within the meaning of Applicable Legislation, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, Applicable Legislation and this Indenture, and the Company shall take prompt action to have a successor Trustee appointed in the manner provided herein. To the extent permitted by such legislation, the Trustee shall not be deemed to have a conflicting interest by virtue of being a trustee under [LIST ANY PRIOR INDENTURES

**BETWEEN THE**

COMPANY AND THE TRUSTEE THAT HAVE NOT BEEN SATISFIED AND DISCHARGED AND THAT MAY BE EXCLUDED BY THE PROVISIO TO SECTION 310(B)(1) OF THE TRUST INDENTURE ACT.]

**6.9 CORPORATE TRUSTEE REQUIRED; ELIGIBILITY**

There shall at all times be a Trustee hereunder with respect to the Securities of each series and the Trustee shall be a Person that is eligible pursuant to the CANADA BUSINESS CORPORATIONS ACT to act as such, unless the Company has obtained an exemption with respect to any particular series of Securities pursuant to subsection 82(3) of the CANADA BUSINESS CORPORATIONS ACT. Where the Securities of such series was required to be registered under the SECURITIES ACT, the Trustee shall be a Person that is eligible pursuant to the TRUST INDENTURE ACT to act as such, has a combined capital and surplus of at least U.S. \$50,000,000 and is subject to supervision or examination by United States Federal, Territorial, District of Columbia or State authority. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then, for the purposes of this Section and to the extent permitted by the TRUST INDENTURE ACT, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Where the Securities of such series are distributed pursuant to a prospectus filed with the Ontario Securities Commission, the Trustee shall be a person that is eligible pursuant to the BUSINESS CORPORATIONS ACT. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

**6.10 RESIGNATION AND REMOVAL; APPOINTMENT OF SUCCESSOR**

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 6.11.

(b) The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 6.11 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(c) The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series, delivered to the Trustee and the Company.

(d) If at any time:

- (i) the Trustee shall fail to comply with Section 6.8 after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months; or
- (ii) the Trustee shall cease to be eligible under Section 6.9 and shall fail to resign after written request therefor by the Company or by any such Holder; or
- (iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation of liquidation,

then, in any such case, (A) the Company by a Board Resolution, may remove the Trustee with respect to all Securities, or (B) subject to Section 5.14, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Company, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 6.11. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 6.11, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Company or the Holders and accepted appointment in the manner required by Section 6.11, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the



appointment of a successor Trustee with respect to the Securities of such series.

(f)The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each

appointment of a successor Trustee with respect to the Securities of any series to all Holders of Securities of such series in the manner provided in Section 1.6. Each

notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

6.11 ACCEPTANCE OF APPOINTMENT BY SUCCESSOR

(a) In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (i) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (ii) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (iii) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture the

resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

(c) Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in paragraph (a) or (b) of this Section, as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

#### 6.12 MERGER, CONVERSION, CONSOLIDATION OR SUCCESSION TO BUSINESS

Any corporation into which the Trustee may be merged or converted

or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities. In the event any Securities shall not have been authenticated by such predecessor Trustee, any such successor Trustee may authenticate and deliver such Securities, in either its own name or that of its predecessor Trustee, with the full force and effect which this Indenture provides for the certificate of authentication of the Trustee.

#### 6.13 PREFERENTIAL COLLECTION OF CLAIMS AGAINST COMPANY

If and when the Trustee with respect to any series of Securities which was required to be registered under the EXCHANGE ACT shall be or become a creditor of the Company (or any other obligor upon the Securities), the Trustee shall be subject to the provisions of the TRUST INDENTURE ACT regarding the collection of claims against the Company (or any such other obligor).

## 6.14 APPOINTMENT OF AUTHENTICATING AGENT

The Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon original issue and upon exchange, registration of transfer or partial redemption thereof or pursuant to Section 3.6, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and, if such Authenticating Agent is appointed with respect to any series of Securities which was required to be registered under the EXCHANGE ACT, shall at all times be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to act as an Authenticating Agent, having a combined capital and surplus of not less than U.S. \$50,000,000 and subject to supervision or examination by Federal or State authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then, for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall mail written notice of such appointment by first-class mail, postage prepaid, to all Holders of Securities of the series with respect to which such Authenticating Agent will serve, as their names and addresses appear in the Security Register. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if

originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Trustee agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section, and the Trustee shall be entitled to be reimbursed for such payments, subject to the provisions of Section 6.7.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternative certificate of authentication in the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

**As Trustee**

By:  
As Authenticating Agent

By:  
Authorized Officer

**ARTICLE 7**

**HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY**

**7.1 COMPANY TO FURNISH TRUSTEE NAMES AND ADDRESSES OF HOLDERS**

The Company will furnish or cause to be furnished to the Trustee:

(a) semi-annually, not later than 15 days after the Regular Record Date for each series of Securities, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders of Securities as of such Regular Record Date, or if there is no Regular Record Date for interest for such series of Securities, semi-annually, upon such dates as are set forth in the Board Resolution or indenture supplemental hereto authorizing such series; and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished;

PROVIDED, HOWEVER, that so long as the Trustee is the Security Registrar, no such list shall be required to be furnished.

## 7.2 PRESERVATION OF INFORMATION; COMMUNICATIONS TO HOLDERS

(a)The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders of Securities (i) contained in the most recent list furnished to the Trustee for each series as provided in Section 7.1 and (ii) received by the Trustee for each series in the capacity as Security Registrar if the Trustee is acting in such capacity. The Trustee may destroy any list furnished to it as provided in Section 7.1 upon receipt of a new list so furnished.

(b)The rights of Holders to communicate with other Holders with respect to their rights under this Indenture or under the Securities, and the corresponding rights and privileges of the Trustee, shall be as provided by Applicable Legislation and any other relevant provisions of United States and Canadian securities laws.

(c)Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either of them shall be held accountable by reason of any disclosure of information as to names and addresses of Holders made pursuant to Applicable Legislation.

## 7.3 REPORTS BY TRUSTEE

(a)The Trustee shall transmit to Holders of Securities, as their names and addresses appear in the Security Register, such reports concerning the Trustee and its actions under this Indenture as may be required pursuant to Applicable Legislation at the times and in the manner provided pursuant thereto.

(b)A copy of such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange upon which any Securities are listed, with the Commission and with the Company. The Company will notify the Trustee when any Securities are listed on any stock exchange.

## 7.4 REPORTS BY COMPANY

The Company shall file with the Trustee and the Commission, and transmit to Holders, such information, documents and other reports, and such summaries thereof, as may be required pursuant to the TRUST INDENTURE ACT at the times and in the manner provided pursuant to such Act; PROVIDED THAT any such information, documents or reports required to be filed with the

Commission pursuant to Section 13 or 15(d) of the Exchange Act shall be filed with the Trustee within 15 days after the same is so required to be filed with the Commission. The provisions of this section shall not require the Company to make any filing with the Commission with respect to any series of Securities to which the EXCHANGE ACT and the TRUST INDENTURE ACT are not applicable.

## ARTICLE 8

### CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

#### 8.1 COMPANY MAY CONSOLIDATE, ETC., ONLY ON CERTAIN TERMS

The Company shall not consolidate with or merge into any other corporation (other than a wholly-owned Subsidiary of the Company) or convey, transfer, sell or lease its properties and assets substantially as an entirety (treating the Company and each Subsidiary of the Company as a single consolidated entity and treating any sale by a Subsidiary or of a Subsidiary (including by merger) as a sale by the Company for such purpose) to any corporation (other than a wholly-owned Subsidiary of the Company), and the Company shall not permit any corporation (other than a wholly owned Subsidiary of the Company) to consolidate with or merge into the Company or convey, transfer or lease its properties and assets substantially as an entirety to the Company, unless:

(a) the Company shall consolidate with or merge into another corporation or convey, transfer or lease its properties and assets substantially as an entirety (treating the Company and each Subsidiary or of a Subsidiary (including by merger)) of the Company as a single consolidated entity and treating any sale by a Subsidiary or of a Subsidiary (including by merger) as a sale by the Company for such purpose) to any corporation, where the corporation formed by such consolidation or into which the Company is merged or the corporation which acquires by conveyance or transfer, or which leases, the properties and assets of the Company substantially as an entirety (treating the Company and each Subsidiary of the Company as a single consolidated entity and treating any sale by a Subsidiary or of a Subsidiary (including by merger) as a sale by the Company for such purpose), shall be organized and existing under the laws of the United States of America or a state thereof or the District of Columbia, or the laws of Canada or a province thereof, and such corporation shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of and any premium and interest on all the Securities and the performance or observance of every covenant of this Indenture on the part of the Company to be performed or observed;

(b)the Trustee shall have received an Opinion of Counsel to the effect that the transaction will not result in the successor being required to make any deduction or withholding on account of any present or future tax, duty, levy, impost, assessment or other governmental charge imposed or levied by or on behalf of the Government of Canada or of any province or territory thereof or by any authority or agency therein or thereof having power to tax from any payments in respect of the Securities, which deduction or withholding is greater than any deduction or withholding to which the Company was subject prior to the transaction;

(c)immediately after giving effect to such transaction and treating any indebtedness which becomes an obligation of the Company, or any Subsidiary, as a result of such transaction as having been incurred by the Company, or such Subsidiary, at the time of such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing; and

(d)the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture, comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

## 8.2 SUCCESSOR SUBSTITUTED

Upon any consolidation of the Company with, or merger of the Company into, any other corporation or any conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety in accordance with Section 8.1, the successor corporation formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor corporation had been named as the Company herein, and thereafter the predecessor corporation shall be relieved of all obligations and covenants under this Indenture and the Securities.

## ARTICLE 9

### SUPPLEMENTAL INDENTURES

#### 9.1 SUPPLEMENTAL INDENTURES WITHOUT CONSENT OF HOLDERS

Without the consent of any Holders, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more



indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

- (a) to evidence the succession of another corporation to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities; or
- (b) to add to the covenants of the Company or to surrender any right or power herein conferred upon the Company for the benefit of the Holders of all or any series of Securities (and if such covenants or the surrender of such right or power are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series); or
- (c) to add any additional Events of Default with respect to the Securities of any or all series (and if such additional Events of Default are to be for the benefit of less than all series of Securities, stating that such additional Events of Default are expressly being included solely for the benefit of one or more specified series); or
- (d) to add or change any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons, or to permit or facilitate the issuance of Securities in uncertificated form; or
- (e) to add, change or eliminate any of the provisions of this Indenture in respect of one or more series of Securities, PROVIDED THAT any such addition, change or elimination (i) shall neither (A) apply to any Security of any series created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor (B) modify the rights of the Holder of any such Security with respect to such provision or (ii) shall become effective only when there is no such Security Outstanding of such series; or
- (f) to secure the Securities; or
- (g) to establish the form or terms of Securities of any series as permitted by Sections 2.1 and 3.1; or
- (h) to evidence and provide for the acceptance of appointment hereunder by another corporation as a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration

of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 6.11(b); or

(i) to comply with the requirements of the Commission in connection with the qualification of this Indenture under the TRUST INDENTURE ACT; or

(j) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture, PROVIDED THAT such action pursuant to this clause 9.1(j) shall not adversely affect the interests of the Holders of Outstanding Securities of any series.

## 9.2 SUPPLEMENTAL INDENTURES WITH CONSENT OF HOLDERS

With the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of each series affected by such supplemental indenture or indentures, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities of each such series under this Indenture; PROVIDED, HOWEVER, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby,

(a) change the Maturity or the Stated Maturity of the principal of, or any instalment of principal of or interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 5.2, or change the method of computing the amount of principal thereof or interest thereon on any date, or change any Place of Payment where, or the coin or currency in which, any Security or any premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Maturity or the Stated Maturity, as the case may be, thereof (or, in the case of redemption, on or after the Redemption Date); or

(b) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences, provided for in this Indenture;

or

(c) modify any of the provisions of this Section, Section 5.13 or Section 5.16, except to increase any such percentage, or to designate, in any supplemental indenture, additional provisions of this Indenture which, with respect to such series, cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby; PROVIDED, HOWEVER, that this clause shall not be deemed to require the consent of any Holder with respect to changes in the references to "the Trustee" and concomitant changes in this Section and Section 5.16, or the deletion of this proviso, in accordance with the requirements of Sections 6.11(b) and 9.1(h); or

(d) modify the provisions of Article 14 hereof relating to conversion of Securities of a series in a manner adverse to the Holders of Securities of such series; or

(e) [IF APPLICABLE, INSERT -- modify the provisions of Article 15 hereof as it relates to Outstanding Securities of a series in a manner adverse to the Holders of Securities of such series;]

A supplemental indenture which changes or eliminates any covenants or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

### 9.3 EXECUTION OF SUPPLEMENTAL INDENTURES

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 6.1) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustees's own rights, duties or immunities under this Indenture or otherwise.

### 9.4 EFFECT OF SUPPLEMENTAL INDENTURES

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of

this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby to the extent provided therein.

## 9.5 CONFORMITY WITH APPLICABLE LEGISLATION

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of Applicable Legislation.

## 9.6 REFERENCE IN SECURITIES TO SUPPLEMENTAL INDENTURES

Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Company and the Trustee, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

## ARTICLE 10

### COVENANTS

#### 10.1 PAYMENT OF PRINCIPAL, PREMIUM AND INTEREST

The Company covenants and agrees for the benefit of each series of

Securities that it will duly and punctually pay the principal of and any premium and interest on the Securities of such series in accordance with the terms of the Securities and this Indenture and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture for the benefit of, the Securities of such series.

#### 10.2 MAINTENANCE OF OFFICE OR AGENCY

The Company will maintain in each Place of Payment for any series of Securities an office or agency where Securities of such series may be presented or surrendered for payment, where Securities of such series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities of such series and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, Attention: Corporate Trust Department, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; PROVIDED, HOWEVER, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each Place of Payment for Securities of any series for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

### 10.3 MONEY FOR SECURITIES PAYMENTS TO BE HELD IN TRUST

If the Company shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of, or any premium or interest on, any of the Securities of such series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and any premium and interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and the Company will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any series of Securities, it will, prior to each due date of the principal of, or any premium or interest on, any Securities of such series, deposit with any such Paying Agent a sum sufficient to pay such principal, premium (if any) or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium (if any) or interest thereon and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent for any series of Securities, other than the Trustee, to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will: (a) hold all sums held by it for the payment of the principal of (and premium, if any) or interest on Securities in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided; (b) give the Trustee notice of any default by the Company (or any other obligor upon the Securities) in the making of any payment of principal (and premium, if any) or interest on the Securities of such series; and (c) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent for payment in respect of such series.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any series of Securities or for any other purpose, pay, or the Company may by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, or any premium or interest on, any Security of any series and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Company on Company Request (including interest income accrued on such funds, if any), or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; PROVIDED, HOWEVER, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once in the WALL STREET JOURNAL and once in the national edition of THE GLOBE AND MAIL or other daily newspapers of national circulation in each of the United States and Canada or mail to each Holder of the Securities for which the money to be repaid is held in trust, as their names and addresses appear in the Security Register, a notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication or mailing, any unclaimed balance of such money then remaining will be repaid to the Company.

The Company initially authorizes the Trustee to act as Paying Agent for the Securities on its behalf. The Company may at any time and from time to time authorize one or more Persons to act as Paying Agent in addition to or in place of the Trustee with respect to any series of Securities issued under this Indenture.

#### 10.4 STATEMENT BY OFFICERS AS TO DEFAULT

The Company will deliver to the Trustee, within 120 days after the end of each fiscal year of the Company ending after the date hereof, an Officers' Certificate, stating whether or not to the best knowledge of the signers thereof the Company, is in default in the performance and observance of any of the terms, provisions and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and, if the Company shall so be in default, specifying all such defaults and the nature and status thereof of which they may have knowledge. Such statement need not include reference to any default which has been fully cured prior to the date as of which such statement speaks.

#### 10.5 EXISTENCE

Subject to Article 8, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory) and franchises; PROVIDED, HOWEVER, that the Company shall not be required to preserve any such right or franchise if the Board of Directors of the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the Holders.

## 10.6 MAINTENANCE OF PROPERTIES

The Company will cause all material properties used or useful in the conduct of its business or the business of any Subsidiary to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as (and to the extent) in the judgment of the Company may be necessary or appropriate in connection with its business; PROVIDED, HOWEVER, that nothing in this Section shall prevent the Company from discontinuing the operation or maintenance of any such properties if such discontinuance is, in the judgment of the Company, desirable in the conduct of its business or the business of any Subsidiary and not disadvantageous in any material respect to the Holders.

## 10.7 PAYMENT OF TAXES AND OTHER CLAIMS

The Company will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (a) all material taxes, assessments and governmental charges levied or imposed upon the Company or any Subsidiary or upon the income, profits or property of the Company or any Subsidiary, and (b) all lawful claims for labour, materials and supplies which, if unpaid, might by law become a material lien upon the property of the Company or any Subsidiary; PROVIDED, HOWEVER, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

### **[IF, PURSUANT TO A BOARD RESOLUTION, THE SECURITIES ARE DESIGNATED**

**AS SENIOR SUBORDINATED INDEBTEDNESS, THE FOLLOWING COVENANT SHOULD BE INSERTED.]**

## 10.8 LIMITATION ON SUBORDINATED INDEBTEDNESS

The Company shall not issue, assume, guarantee, incur or otherwise become liable, directly or indirectly, for any indebtedness which is subordinate or junior in right of payment to any Senior Indebtedness unless such indebtedness constitutes Securities or is PARI PASSU or expressly subordinated in right of payment to any Securities.

### ARTICLE 11

#### REDEMPTION OF SECURITIES

##### 11.1 APPLICABILITY OF ARTICLE

Securities of any series which are redeemable before their Stated

Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 3.1 for Securities of any series) in accordance with this Article.

## 11.2 ELECTION TO REDEEM; NOTICE TO TRUSTEE

The election of the Company to redeem any Securities shall be evidenced by a Board Resolution or in another manner specified as contemplated by Section 3.1 for such Securities. In case of any redemption at the election of the Company of less than all the Securities of any series of the same tenor, the Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date and of the principal amount of Securities of such series to be redeemed and, if applicable, of the tenor of the Securities to be redeemed, which notice shall be irrevocable. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction.

## 11.3 SELECTION BY TRUSTEE OF SECURITIES TO BE REDEEMED

If less than all the Securities of any series are to be redeemed (unless all of the Securities of such series and of a specified tenor are to be redeemed), the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to the minimum authorized denomination for Securities of that series or any integral multiple thereof) of the principal amount of Securities of such series of a denomination larger than the minimum authorized denomination for Securities of that series. Unless otherwise provided in the terms of a particular series of Securities, the portions of the principal of Securities so selected for partial redemption shall be equal to the minimum authorized denomination of the Securities of such series, or an integral multiple thereof, and the principal amount which remains outstanding shall not be less than the minimum authorized denomination for Securities of such series.

If any convertible or exchangeable Security selected for partial redemption is converted in part before the termination of the conversion or exchange right with respect to the portion of the Security so selected, the converted or exchanged portion of such Security shall be deemed (so far as may be) to be the portion selected for redemption.

Upon any redemption of fewer than all of the Securities of any given series, the Company and the Trustee may treat as Outstanding any Securities surrendered for conversion or exchange during the period of 15 days next preceding the mailing of a notice of redemption, and need not treat as Outstanding any Security authenticated and delivered during such period in exchange for the unconverted portion of any Security converted in part during such period.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part to the portion of the principal amount of such Securities which has been or is to be redeemed.



#### 11.4 NOTICE OF REDEMPTION

Notice of redemption shall be given by first-class mail, postage prepared, mailed not less than 30 nor more than 60 days prior to the Redemption Date, unless a shorter period is specified in the Securities to be redeemed, to each Holder of Securities to be redeemed, at his address appearing in the Security Register.

Any notice that is mailed to the Holder of any Securities in the manner herein provided shall be conclusively presumed to have been duly given, whether or not such Holder receives the notice.

All notices of redemption shall state:

(a) the Redemption Date;

(b) the Redemption Price and the amount of accrued interest, if any, to be paid;

(c) if less than all the Outstanding Securities of any series are to be redeemed, the identification (and, in the case of partial redemption of any Securities, the principal amounts) of the particular Securities to be redeemed;

(d) in case any Security is to be redeemed in part only, the notice which relates to such Security shall state that on and after the Redemption Date, upon surrender of such Security, the Holder of such Security will receive, without charge, a new Security or Securities of authorized denominations for the principal amount thereof remaining unredeemed;

(e) that on the Redemption Date, the Redemption Price will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date;

(f) in the case of any Securities that are convertible pursuant to Article 14, the Conversion Price, the date on which the right to convert the principal of the Securities to be redeemed will terminate and the place or places where such Securities may be surrendered for conversion;

(g) the place or places where such Securities are to be surrendered for payment of the Redemption Price; and

(h) that the redemption is for a sinking or purchase fund or other analogous obligation, if such is the case.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company and shall be irrevocable.

#### 11.5 DEPOSIT OF REDEMPTION PRICE

On or prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 10.3) an amount of money in same day funds (or New York Clearing House funds if such deposit is made prior to the applicable Redemption Date) sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities which are to be redeemed on that date.

#### 11.6 SECURITIES PAYABLE ON REDEMPTION DATE

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price, together with accrued interest to the Redemption Date; PROVIDED, HOWEVER, that, unless otherwise specified as contemplated by Section 3.1, installments of interest whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant record dates according to their terms and the provisions of Section 3.7.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal and any premium shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Security and each Security shall remain convertible into Common Shares until the principal of such Security shall have been paid or fully provided for.

#### 11.7 SECURITIES REDEEMED IN PART

Any Security which is to be redeemed only in part shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities of the same series and of like tenor, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

ARTICLE 12

SINKING FUNDS

12.1 APPLICABILITY OF ARTICLE

The provisions of this Article shall be applicable to any sinking

fund for the retirement of Securities of a series except as otherwise specified as contemplated by Section 3.1 for Securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "optional sinking fund payment". If provided for by the terms of Securities of any series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 12.2. Each sinking fund payment shall be applied to the redemption of Securities of any series as provided for by the terms of Securities of such series.

12.2 SATISFACTION OF SINKING FUND PAYMENTS WITH SECURITIES

The Company (a) may deliver Outstanding Securities of a series (other than any previously called for redemption) and (b) may apply as a credit Securities of a series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any sinking fund payment with respect to the Securities of such series required to be made pursuant to the terms of such Securities as provided for by the terms of such Series; PROVIDED THAT such Securities have not been previously so credited. Such Securities shall be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly.

12.3 REDEMPTION OF SECURITIES FOR SINKING FUND

Not less than 60 days prior to each sinking fund payment date for any series of Securities, the Company will deliver to the Trustee an Officers' Certificate specifying the amount of the next ensuing sinking fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by payment of cash and the portion thereof, if any, which is to be satisfied by delivering the crediting Securities of that series pursuant to Section 12.2 and will also deliver to the Trustee any Securities to be so delivered. Not less than 30 days before each such sinking fund payment date the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 11.3 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the

manner

provided in Section 11.4. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 11.6 and 11.7.

## ARTICLE 13

### COVENANT DEFEASANCE

#### 13.1 COMPANY'S OPTION TO EFFECT COVENANT DEFEASANCE

The Company may elect, at its option by Board Resolution, at any

time, to have Section 13.2 applied to the Outstanding Securities of any series designated pursuant to Section 3.1 as being defeasible pursuant to this Article 13 (hereinafter called a "Defeasible Series"), upon compliance with the conditions set forth below in this Article 13.

#### 13.2 COVENANT DEFEASANCE

Upon the exercise by the Company of the option provided in Section 13.1 to have this Section 13.2 applied to the Outstanding Securities of any Defeasible Series, (a) the Company shall be released from its obligations under Sections 10.5 through 10.8, inclusive, and under any other covenant to which the Company is subject with respect to such series of Securities by virtue of Section 3.1(t) and Article 8 and (b) the occurrence of any event specified in Sections 5.1(d) (with respect to any of Section 10.5 through 10.8 inclusive and any other covenant to which the Company is subject with respect to such series of Securities by virtue of Section 3.1(t) and Article 8), 5.1(e) and 5.1(h) shall be deemed not to be or result in an Event of Default, in each case with respect to the Outstanding Securities of such series as provided in this Section on and after the date the conditions set forth in Section 13.3 are satisfied (hereinafter called "Covenant Defeasance"). For this purpose, such Covenant Defeasance means that the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such specified Section (to the extent so specified in the case of

Section 5.1(d)), whether directly or indirectly by reason of any reference elsewhere herein to any such Section or by reason of any reference in any such Section to any other provision herein or in any other document, but the remainder of this Indenture and the Securities of such series shall be unaffected thereby. [IF APPLICABLE, INSERT -- ; provided, however, that notwithstanding the provisions of Article 15, in the event that the Company deposits money or government obligations in compliance with this Article 13, the money or government obligations so deposited will not be subject to the subordination provisions of Article 15 and the indebtedness evidenced by such Outstanding Securities of any Defeasible Series will not be subordinated in right of payment to the holders of applicable Senior Indebtedness to the extent of the money or government obligations so deposited.]

#### 13.3 CONDITIONS TO COVENANT DEFEASANCE

The following shall be the conditions to application of Section 13.2 to the Outstanding Securities of any Defeasible Series:

(a)The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee that satisfies the requirements contemplated by Section 6.9 and agrees to comply with the provisions of this Article 13 applicable to it) and conveyed all right, title and interest to the Trustee for the benefit of the Holders of the Securities of such series, under the terms of an irrevocable trust agreement in form and substance satisfactory to the Trustee, as trust funds in trust for the purpose of making the following payments, specifically pledged to the Trustee as security for, and dedicated solely to, the benefit of the Holders of Outstanding Securities of such series, (i) an amount in the currency in which the Securities of such series are denominated and in which payments of principal, premium (if any) and interest are to be made, or (ii) the equivalent in Government Obligations denominated in the currency in which the Securities of such series are denominated and in which payments of principal, premium (if any), or interest are to be made, issued by the government that issued such currency, through the scheduled payment of principal and interest in respect thereof in accordance with their terms, not later than one day before the due date of any payment, money in an amount, or (iii) a combination thereof, in each case sufficient, in the opinion of a nationally recognized firm of independent public accountants or chartered accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, without consideration of the reinvestment of such interest and after payment of all federal, state, provincial and local taxes or other charges and assessments in respect thereof payable by the Trustee and which shall be applied by the Trustee (or any such other qualifying trustee) to pay and discharge each instalment of principal (including mandatory sinking fund payments) of, and premium (not relating to optional redemption), if any, and interest on, the Outstanding Securities of such series on the dates such installments of principal of, and premium (not relating to optional redemption), if any, or interest are due up to the Stated Maturity Date, or the Redemption Date, as the case may be (PROVIDED THAT in the case of redemption, before such deposit, the Company must give to the Trustee, in accordance with Section 11.2 hereof, a notice of its election to redeem the Outstanding Securities at a future date in accordance with Article 11 hereof, which notice shall be irrevocable).

(b)In the case of an election under Section 13.2 with respect to any series of Securities required to be registered under the SECURITIES ACT, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of the Outstanding Securities of such series will not recognize income, gain or loss for United States Federal income tax purposes as a result of the deposit and Covenant Defeasance to be effected with respect to the Securities of such series and will be subject to United States Federal income tax on the same amount, in the same manner and at the same times

as would be the case if such deposit and Covenant Defeasance were not to occur.

(c)The Company shall have delivered to the Trustee an Officers' Certificate to the effect that the Securities of such series, if then listed on any securities exchange, will not be delisted as a result of such deposit.

(d)No Event of Default or event that (after notice of lapse of time or both) would become an Event of Default shall have occurred and be continuing at the time of such deposit or, with regard to any Event of Default or any such event specified in Sections 5.1(f) and 5.1(g), at any time on or prior to the 123rd day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until after such 123rd day).

(e)Such Covenant Defeasance shall not cause the Trustee to have a conflicting interest within the meaning of Applicable Legislation (assuming, in the case of the TRUST INDENTURE ACT, that all Securities are in default within the meaning of such Act).

(f)Such Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company is a party or by which it is bound.

(g)The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent with respect to such Covenant Defeasance have been complied with.

(h)With respect to any series of Securities required to be registered under the SECURITIES ACT, such Covenant Defeasance shall not result in the trust arising from such deposit

constituting an investment company within the meaning of the United States INVESTMENT COMPANY ACT of 1940, as amended, unless such trust shall be qualified under such Act or exempt from regulation thereunder.

13.4 DEPOSITED MONEY AND GOVERNMENT OBLIGATIONS TO BE HELD IN TRUST;  
OTHER MISCELLANEOUS PROVISIONS

Subject to the provisions of the last paragraph of Section 10.3,

all money and Government Obligations (including the proceeds thereof) deposited with the Trustee or other qualifying trustee (solely for purposes of this Section and Section 13.5, the Trustee and any such other trustee are referred to collectively as the "Trustee") pursuant to Section 13.3 in respect of the Securities of any Defeasible Series shall be held in trust and applied by the Trustee, in accordance with the provisions of the Securities of such series and this Indenture, to the payment, either directly or through any such Paying Agent (including the Company acting as its own Paying

Agent) as the Trustee may determine, to the Holders of Securities of such series, of all sums due and to become due thereon in respect of principal and any premium and interest, but money so held in trust need not be segregated from other funds except to the extent required by law [IF APPLICABLE, INSERT -- and shall not be subject to the claims of the holders of Senior Indebtedness.]

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to Section 13.3 or the principal and interest received in respect thereof other than any such tax, fee or other charge that by law is for the account of the Holders of Outstanding Securities.

Notwithstanding anything in this Article 13 to the contrary, the Trustee shall deliver or pay to the Company from time to time upon Company Request any money or Government Obligations held by it as provided in Section 13.3 with respect to Securities of any Defeasible Series that, in the opinion of a nationally recognized firm of independent public accountants or chartered accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Covenant Defeasance with respect to the Securities of such series.

### 13.5 REINSTATEMENT

If the Trustee or the Paying Agent is unable to apply any money in accordance with this Article 13 with respect to the Securities of any series by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Securities of such series shall be revived and reinstated as though no deposit had occurred pursuant to this Article 13 with respect to Securities of such series and monies so deposited shall be returned to the Company.

## ARTICLE 14

### CONVERSION OF SECURITIES

#### 14.1 CONVERSION PRIVILEGE AND CONVERSION PRICE

The conversion of Securities of any series into Common Shares of

the Company shall be in accordance with the terms of such Securities and (except as otherwise specified as contemplated by Section 3.1 for Securities of any series) in accordance with this Article.

Subject to and upon compliance with the provisions of this Article, at the option of the Holder thereof, any Security or any portion of the principal amount thereof which is U.S. \$1,000 or an integral multiple of U.S. \$1,000 (unless otherwise specified in a Board Resolution or supplemental indenture with respect to the Securities of the relevant series), may be converted at the principal amount thereof, or of such portion thereof, into fully paid and non-assessable Common Shares (calculated as to each conversion to the nearest 1/100 of a share) of the

Company, at the Conversion Price, determined as hereinafter provided, in effect at the time of conversion. Such conversion right shall expire at the close of business on the date specified for Securities of such series. In case a Security or portion thereof is called for redemption, such conversion right in respect of the Security or portion so called shall expire at the close of business on the Redemption Date, unless the Company defaults in making the payment due upon redemption.

The price at which Common Shares shall be delivered upon conversion (the "Conversion Price") shall initially be the price per Common Share at which the Securities of the relevant series are convertible as set forth in any Board Resolution with respect to such series (or any supplemental indenture with respect thereto). The Conversion Price shall be adjusted in certain instances as provided in Section 14.4.

#### 14.2 EXERCISE OF CONVERSION PRIVILEGE

In order to exercise the conversion privilege, the Holder of any Security to be converted shall surrender such Security, duly endorsed or assigned to the Company or in blank, at any office or agency of the Company maintained for that purpose pursuant to Section 10.2, accompanied by written notice to the Company (which shall be substantially in the form set forth in Section 2.3) at such office or agency or, if applicable, by notice in accordance with the procedures of the Depository, that the Holder elects to convert such Security or, if less than the entire principal amount thereof is to be converted, the portion thereof to be converted. Securities surrendered for conversion during the period from the close of business on any Regular Record Date next preceding any Interest Payment Date to the opening of business on such Interest Payment Date shall (except in the case of Securities or portions thereof which have been called for redemption on a Redemption Date within such period) be accompanied by payment in New York Clearing House funds or other funds acceptable to the Company of an amount equal to the interest payable on such Interest Payment Date on the principal amount of Securities being surrendered for conversion; PROVIDED, HOWEVER, that a Security surrendered for conversion on an Interest Payment Date need not be accompanied by a payment and interest on the principal amount of the Securities being converted will be paid on such Interest Payment Date to the Holder of such Security on the immediately preceding Record Date. Except as provided in the Securities and subject to the last paragraph of Section 3.7, no payment or adjustment shall be made upon any conversion on account of any interest accrued on the Securities surrendered for conversion or on account of any dividends on the Common Shares issued upon conversion.

Securities shall be deemed to have been converted immediately prior to the close of business on the day of surrender of such Securities for conversion in accordance with the foregoing provisions, and at such time the rights of the Holders of such Securities as Holders shall cease, and the Person or Persons entitled to receive the Common Shares issuable upon conversion shall be treated for all purposes as the record holder or holders of such Common Shares at such time. As promptly as practicable on or after the date of conversion, the Company shall issue and shall deliver at such office or agency a certificate or certificates for the number of full Common



Shares issuable upon conversion, together with payment in lieu of any fraction of a share, as provided in Section 14.3.

All Securities converted in accordance with the provisions of this Article 14 are, and shall be deemed to have been, transferred to or for the account of the Company.

In the case of any Security which is converted in part only, upon such conversion, the Company shall execute and the Trustee shall authenticate and deliver to the Holder thereof, at the expense of the Company, a new Security or Securities of authorized denominations in aggregate principal amount equal to the unconverted portion of the principal amount of such Security.

#### 14.3 FRACTIONS OF SHARES

No fractional Common Shares or other such securities shall be issued upon conversion of Securities. If more than one Security shall be surrendered for conversion at one time by the same Holder, the number of full shares which shall be issuable upon conversion thereof shall be computed on the basis of the aggregate principal amount of the Securities (or specified portions thereof) so surrendered. Instead of any fractional Common Share which would otherwise be issuable upon conversion of any Security or Securities (or specified portions thereof), the Company shall pay a cash adjustment in respect of such fraction in an amount equal to the same fraction of the closing price per Common Share at the close of business on the day prior to the day of conversion on the American Stock Exchange or, if the Common Shares are not listed or admitted to trading on such exchange, on the principal (as determined by the Company's Board of Directors) U.S. national or Canadian securities exchange on which the Common Shares are listed or admitted to trading or, if not listed or admitted to trading on any U.S. national or Canadian securities exchange, on the National Association of Securities Dealers Automated Quotations National Market System or, if the Common Shares are not listed or admitted to trading on any U.S. national or Canadian securities exchange or quoted on such National Market System, the average of the closing bid and asked prices in the over-the-counter market as furnished by any New York Stock Exchange member firm selected from time to time by the Company for that purpose.

#### 14.4 ADJUSTMENT OF CONVERSION PRICE

The Conversion Price with respect to any Security which is convertible into for Common Shares shall be subject to adjustment from time to time as follows:

(a) If the Company shall pay or make a dividend or other distribution on any class of equity capital of the Company which is payable in Common Shares, the Conversion Price in effect at the opening of business on the day following the date fixed for the determination of shareholders entitled to receive such dividend or other distribution shall be reduced by multiplying such Conversion Price by a fraction of which (i) the numerator shall be the

number of Common Shares outstanding at the close of business on the date fixed for such determination and (ii) the denominator shall be the sum of such number of shares referred to in the preceding clause and the total number of shares constituting such dividend or other distribution, such reduction to become effective immediately after the opening of business on the day following the date fixed for such determination.

(b) If the Company shall issue rights or warrants to all holders of its Common Shares entitling them to subscribe for or purchase Common Shares at a price per share less than the current market price per Common Share (determined as provided in paragraph 14.4(h)) on the date fixed for the determination of shareholders entitled to receive such rights or warrants, the Conversion Price in effect at the opening of business on the day following the date fixed for such determination shall be reduced by multiplying such Conversion Price by a fraction of which (i) the numerator shall be the number of Common Shares outstanding at the close of business on the date fixed for such determination plus the number of Common Shares which the aggregate of the offering price of the total number of Common Shares so offered for subscription or purchase would purchase at such current market price and (ii) the denominator shall be the number of Common Shares outstanding at the close of business on the date fixed for such determination plus the number of Common Shares so offered for subscription or purchase, such reduction to become effective immediately after the opening of business on the day following the date fixed for such determination.

(c) If outstanding Common Shares shall be subdivided into a greater number of Common Shares, the Conversion Price in effect at the opening of business on the day following the day upon which subdivision becomes effective shall be proportionately reduced, and, conversely, in case outstanding Common Shares shall be consolidated into a smaller number of Common Shares, the Conversion Price in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately increased, such reduction or increase, as the case may be, to become effectively immediately after the opening of business on the day following the day upon which such subdivision or consolidation becomes effective.

(d) If the Company shall, by dividend or otherwise, at any time distribute (other than periodic dividends declared or paid in accordance with the Company's practice as established from time to time) to all holders of its Common Shares cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 14.4(f)) in an aggregate amount that, together with (i) the aggregate amount of any other distribution (other than

periodic dividends declared or paid in accordance with the Company's practice as established from time to time) to all holders of its Common Shares made exclusively in cash within the 12 months preceding the date of payment of such distribution and in respect of which no Conversion Price adjustment pursuant to this paragraph 14.4(d) has been made and (ii) the aggregate of any cash plus the fair market value (as determined by the Board of Directors of the Company, whose determination shall be conclusive and described in a Board Resolution) of consideration payable in respect of any tender offer or other offer to purchase by the Company or any Subsidiary for all or any portion of the Company's Common Shares concluded within the 12 months preceding the date of payment of such distribution and in respect of which no Conversion Price adjustment pursuant to paragraph 14.4(e) has been made, exceeds <circle>% of the Company's Aggregate Market Capitalization (determined as provided in paragraph 14.4(i)), the Conversion Price shall be reduced so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the effectiveness of the Conversion Price reduction contemplated by this paragraph 14.4(d) by a fraction of which (i) the numerator shall be the current market price per Common Share (determined as provided in paragraph 14.4(h)) on such date less the amount of cash so distributed applicable to one Common Share and (ii) the denominator shall be such current market price per Common Share, such reduction to become effective immediately prior to the opening of business on the day following the date fixed for the determination of shareholders entitled to receive such cash dividend; PROVIDED, HOWEVER, that no adjustment shall be made with respect to any distribution of rights to purchase securities of the Company if a Holder of Securities would otherwise be entitled to receive such rights upon conversion or exchange at any time of such Securities into Common Shares or other such securities unless such rights are subsequently redeemed by the Company, in which case such redemption shall be treated for purposes of this Section as a dividend on the Common Shares or other such securities. Such adjustment shall become effective retroactively immediately after the record date for the determination of shareholders or holders of other such securities entitled to receive such distribution; and in the event that such distribution is not so made, the Conversion Price shall again be adjusted to the Conversion Price which would then be in effect if such record date had not been fixed.

(e) If an issuer bid, tender offer or other offer to purchase made by the Company or any Subsidiary for all or any portion of the Common Shares of the Company shall be consummated and such issuer bid, tender offer or other offer to purchase shall involve an aggregate consideration having a fair market value (as determined by the Board of Directors of the Company, whose determination shall be conclusive and described in

a

Board Resolution) on the

last time (the "Expiration Time") tenders may be made pursuant to such bid or offer (as it may be amended) or Common Shares may be deposited pursuant to such other offer to purchase that, together with (i) the aggregate of the cash plus the fair market value (as determined by the Board of Directors of the Company, whose determination shall be conclusive and described in a Board Resolution), as of the Expiration Time, of consideration payable in respect of any issuer bid, tender offer or other offer to purchase by the Company or any Subsidiary for all or any portion of the Common Shares of the Company consummated within the 12 months preceding the Expiration Time and in respect of which no Conversion Price adjustment pursuant to paragraph 14.4(d) or this paragraph 14.4(e) has been made and (ii) the aggregate amount of any distributions (other than periodic dividends declared or paid in accordance with the Company's practice as established from time to time) to all holders of the Common Shares of the Company made exclusively in cash within the 12 months preceding the Expiration Time and in respect of which no Conversion Price adjustment pursuant to paragraph 14.4(d) or this paragraph 14.4(e) has been made, exceeds <circle>% of the product of the current market price per Common Share (determined as provided in paragraph 14.4(h)) on the Expiration Time times the number of Common Shares outstanding (including any tendered or deposited shares) on the Expiration Time, the Conversion Price shall be reduced so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the Expiration Time by a fraction of which the numerator shall be

(i) the product of the current market price per Common Share (determined as provided in paragraph 14.4(h)) on the Expiration Time times the number of Common Shares outstanding (including any tendered or deposited shares) on the Expiration Time minus (ii) the fair market value (determined as aforesaid) of the aggregate consideration payable to shareholders based on the acceptance (up to any maximum specified in the terms of the tender offer or other offer to purchase) of all shares validly tendered or deposited and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and the denominator shall be the product of (i) such current market price per share on the Expiration Time times (ii) such number of outstanding shares on the Expiration Time minus the number of Purchased Shares, such reduction to become effective immediately prior to the opening of business on the day following the Expiration Time.

(f) If the Company shall, by dividend or otherwise, distribute to all holders of its Common Shares evidences of its indebtedness or assets (including securities, but excluding any rights or warrants referred to in paragraph 14.4(b), any cash dividends referred to in paragraph 14.4(d) and any

dividends or

distributions referred to in paragraph 14.4(a)), the Conversion Price shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the close of business on the date fixed for the determination of shareholders entitled to receive such distribution by a fraction of which the numerator shall be the current market price per Common Share (determined as provided in paragraph 14.4(h)) on the date fixed for such determination less the then fair market value (as determined by the Board of Directors of the Company, whose determination shall be conclusive and described in a Board Resolution) of the portion of the assets or evidences of indebtedness so distributed applicable to one Common Share and the denominator shall be such current market price per Common Share, such adjustment to become effective immediately prior to the opening of business on the day following the date fixed for the determination of shareholders entitled to receive such distribution. For the purposes of this paragraph 14.4(f), the distribution of a security which is distributed not only to the holders of the Common Shares on the date fixed for the distribution of such security, but also is distributed with each Common Share delivered to a Holder exercising the conversion privilege subsequent to such distribution date, shall not require an adjustment of the Conversion Price pursuant to this paragraph 14.4(f); PROVIDED THAT on the date, if any, on which a Holder exercising the conversion or exchange privilege would no longer be entitled to receive such security with a Common Share (other than as a result of the termination of all such securities), a distribution of such securities shall be deemed to have occurred and the Conversion Price shall be adjusted as provided in this paragraph 14.4(f) (and such day shall be deemed to be "the date fixed for the determination of the shareholders entitled to receive such distribution" and "the date fixed for such determination" within the meaning of the immediately preceding sentence).

(g)The reclassification of Common Shares into securities including securities other than Common Shares (other than any reclassification upon a consolidation or merger to which Section 14.11 applies) shall be deemed to involve (i) a distribution of such securities other than Common Shares to all holders of Common Shares (and the effective date of such reclassification shall be deemed to be "the date fixed for the determination of shareholders entitled to receive such distribution" and "the date fixed for such determination" within the meaning of paragraph 14.4(f)), and (ii) a subdivision or consolidation, as the case may be, of the number of Common Shares outstanding immediately prior to such reclassification into the number of Common Shares outstanding immediately thereafter (and the effective date of such reclassification shall be deemed to be "the day upon which such subdivision becomes effective" or "the day upon which such combination becomes effective", as the case may be, and "the day

upon

which such subdivision or combination becomes effective" within the meaning of paragraph 14.4(c)).

(h) For the purpose of any computation under paragraphs 14.4(b), 14.4(d), 14.4(e) and 14.4(f), the current market price per Common Share on any date shall be deemed to be the average of the daily closing prices for the 20 trading days before, and ending not later than, the earlier of the day in question and the day before the "ex" date with respect to the issuance or distribution requiring such computation. The closing price for each day shall be the last reported sales price regular way or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way, in either case on the American Stock Exchange or, if the Common Shares are not listed or admitted to trading on such exchange, on the principal (as determined by the Company's Board of Directors) U.S. national or Canadian securities exchange on which the Common Shares are listed or admitted to trading or, if not listed or admitted to trading on any U.S. national or Canadian securities exchange, on the National Association of Securities Dealers Automated Quotations National Market System or, if the Common Shares are not listed or admitted to trading on any U.S. national or Canadian securities exchange or quoted on such National Market System, the average of the closing bid and asked prices in the over-the-counter market as furnished by any New York Stock Exchange member firm selected from time to time by the Company for that purpose. For purposes of this paragraph, the term "ex date", when used with respect to any issuance or distribution, means the first date on which the Common Shares trade regular way on such exchange or in such market without the right to receive such issuance or distribution.

(i) For purposes of any computation under paragraph 14.4(d), the Aggregate Market Capitalization shall be deemed to be the product of (i) the current market price (as determined in paragraph 14.4(h) above) on the most recent date practically obtainable prior to the record date for determining the shareholders entitled to the distribution and (ii) the number of Common Shares outstanding on such date.

(j) The Company may make such reductions in the Conversion Price, in addition to those required by paragraphs 14.4(a) through 14.4(g), as it considers to be advisable in order that any event treated for United States or Canadian federal income tax purposes as a dividend of stock or stock rights shall not be taxable to the recipients. The Company shall have the power to resolve any ambiguity or correct any error in this paragraph 14.4(j) and its actions in so doing shall be final and conclusive.

(k)No adjustment in the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least one percent in such price; PROVIDED, HOWEVER, that any adjustments which by reason of this paragraph 14.4(k) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Article shall be made to the nearest cent or to the nearest one-hundredth of a share, as the case may be.

(l)For the purpose of this Section, each Holder of Securities shall be deemed to have failed to exercise any right to elect the kind or amount of securities receivable upon the payment of any such dividend, subdivision, consolidation or reclassification (PROVIDED THAT if the kind or amount of securities receivable upon such dividend, subdivision, consolidation or reclassification is not the same for each non-electing share, then the kind and amount of securities or other property receivable upon such dividend, subdivision, combination or

reclassification for each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares).

14.5 NOTICE OF ADJUSTMENTS OF CONVERSION PRICE

Whenever the Conversion Price is adjusted as herein provided:

(a)the Company shall compute the adjusted Conversion Price in accordance with Section 14.4 and shall prepare a certificate signed by a responsible officer of the Company setting forth the adjusted Conversion Price and showing in reasonable detail the facts upon which such adjustment is based, and such certificate shall forthwith be filed at the Corporate Trust Office of the Trustee and at each office or agency maintained for the purpose of conversion of Securities pursuant to Section 10.2; and

(b)a notice stating the Conversion Price has been adjusted and setting forth the adjusted Conversion Price shall forthwith be required, and as soon as practicable after it is required, such notice shall be mailed by the Company to all holders at their last addresses as they shall appear in the Security Register.

14.6 NOTICE OF CERTAIN CORPORATION ACTION

In case:

(a)the Company shall declare a dividend (or any other distribution) on its Common Shares; or

(b)the Company shall authorize the granting to the holders of its Common Shares of rights or warrants to subscribe for or purchase any shares of equity capital of any class or of any other rights; or

(c)the Company or any Subsidiary shall commence an issuer bid (other than an issuer bid which is an exempt issuer bid within the meaning of the SECURITIES ACT (Alberta), as amended), tender offer or other offer to purchase any of its Common Shares; or

(d)of any reclassification of the Common Shares of the Company (other than a subdivision or consolidation of its outstanding Common Shares), or of any consolidation or merger to which the Company is a party and for which approval of any shareholders of the Company is required, or of the sale or transfer of all or substantially all of the assets of the Company; or

(e)of the voluntary or involuntary dissolution, liquidation or winding up of the Company,

then the Company shall cause to be filed at the Corporate Trust Office of the Trustee and at each office or agency maintained for the purpose of conversion of Securities pursuant to Section 10.2, and shall cause to be mailed to all Holders at their last addresses as they shall appear in the Security Register, at least 20 days (or 10 days in any case specified in clause (a) or (b) above) prior to the applicable record, effective or expiration date hereinafter specified, a notice stating (i) the date on which a record is to be taken for the purpose of such dividend, distribution, rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Shares of record to be entitled to such dividend, distribution, rights or warrants are to be determined, (ii) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up is expected to become effective, and the date as of which it is expected that holders of Common Shares of record shall be entitled to exchange their Common Shares for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up, or (iii) the date on which such tender offer or other offer to purchase commenced, the date on which such tender offer or other offer to purchase is scheduled to expire unless extended, the consideration offered and the other material terms thereof (or the material terms of any amendment thereto). Neither the failure to give any such notice nor any defect therein shall affect the legality or validity of any action described in clauses (a) through (e) of this Section 14.6.

#### 14.7 COMPANY TO RESERVE COMMON SHARES

The Company shall at all times reserve and keep available, free from preemptive rights, out of its authorized but unissued Common Shares, for the purpose of effecting the conversion of Securities, such number of its duly authorized Common Shares then issuable upon the conversion of all Outstanding Securities; PROVIDED THAT this Section shall not require the



Company to make any reservation of authorized but unissued Common Shares for so long as the Company's authorized share capital includes an unlimited number of Common Shares.

#### 14.8 TAXES ON CONVERSION

The Company will pay any and all taxes that may be payable in respect of the issue or delivery of Common Shares on conversion of Securities pursuant hereto. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of Common Shares in a name other than that of the Holder of the Security or Securities to be converted, and no such issue or delivery shall be made unless and until the Person requesting such issue has paid to the Company the amount of any such tax, or has established to the satisfaction of the Company that such tax has been paid.

#### 14.9 COVENANT AS TO COMMON SHARES

The Company covenants that all Common Shares which may be issued upon conversion of Securities will upon issue be fully paid and non-assessable and, except as provided in Section 14.8, the Company will pay all taxes, liens and charges with respect to the issue thereof.

#### 14.10 CANCELLATION OF CONVERTED SECURITIES

All Securities surrendered for conversion pursuant to Section 14.2 shall be delivered to the Company and shall be cancelled concurrently with such conversion.

#### 14.11 PROVISIONS IN CASE OF CONSOLIDATION, MERGER OR SALE OF ASSETS

In case of any consolidation of the Company with, or merger of the Company into, any other corporation (other than a wholly-owned Subsidiary of the Company), any merger of another corporation (other than a wholly-owned Subsidiary of the Company) into the Company (other than a merger which does not result in any reclassification, conversion, exchange or cancellation of outstanding Common Shares of the Company) or any sale or transfer of all or substantially all of the assets of the Company to any other corporation (other than a wholly-owned Subsidiary of the Company) (treating the Company and each of its Subsidiaries as a single consolidated entity and treating any sale by a Subsidiary as a sale by the Company for such purpose), the corporation formed by such consolidation or resulting from such merger or which acquires such assets, as the case may be, shall execute and deliver to the Trustee a supplemental indenture providing that the Holder of each Security then outstanding shall have the right thereafter, during the period such Security shall be convertible as specified in Section 14.1, to convert such Security only into the kind and amount of securities, cash and other property receivable upon such consolidation, merger, sale or transfer by a holder of the number of Common Shares of the Company into which such Security might have been converted immediately prior to such consolidation, merger, sale or transfer, assuming such holder of Common Shares of the Company (i) is not a Person with which the Company consolidated or into which the Company

merged or which merged

into the Company or to which such sale or transfer was made, as the case may be ("constituent Person"), or an Affiliate of a constituent Person and

(ii) failed to exercise his rights of election, if any, as to the kind or amount of securities, cash and other property receivable upon such consolidation, merger, sale or transfer (PROVIDED THAT if the kind or amount of securities, cash and other property receivable upon such consolidation, merger, sale or transfer is not the same for each Common Share of the Company held immediately prior to such consolidation, merger, sale or transfer by others than a constituent Person or an Affiliate thereof and in respect of which such rights of election shall not have been exercised ("non-electing share"), then for the purpose of this Section the kind and amount of securities, cash and other property receivable upon such consolidation, merger, sale or transfer by each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares). Such supplemental indenture shall provide for adjustments which, for events subsequent to the effective date of such supplemental indenture, shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article. The Trustee shall not be under any responsibility to determine the correctness of any provision contained in such supplemental indenture relating to either the kind or amount of shares, other securities, cash or property receivable by Holders upon the conversion of their Securities after any such consolidation, merger, sale or transfer. The above provisions of this Section shall similarly apply to successive consolidations, mergers, sales or transfers.

#### 14.12 RESPONSIBILITY OF TRUSTEE AND CONVERSION AGENT

Neither the Trustee nor any agent appointed to effect conversions shall at any time be under any duty or responsibility to any Holder of Securities to determine whether any facts exist which may require any adjustment of the Conversion Price, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. Neither the Trustee nor any such conversion agent shall be accountable with respect to the validity or value (or the kind or amount) of any Common Shares or of any securities or property which may at any time be issued or delivered upon the conversion of any Security; and neither the Trustee nor any such conversion agent makes any representation with respect thereto. Neither the Trustee nor any such conversion agent shall be responsible for any failure of the Company to issue, transfer or deliver any Common Shares or stock certificates or other securities or property or to make any cash payment upon the delivery of any Security for the purpose of conversion or to comply with any of the covenants contained in this Article.

### ARTICLE 15

#### SUBORDINATION

**[THIS ARTICLE SHALL BE RESERVED, UNLESS PURSUANT TO A BOARD RESOLUTION WITH RESPECT TO THE SECURITIES OF ANY SERIES, THE SECURITIES OF SUCH SERIES ARE DESIGNATED AS SENIOR SUBORDINATED INDEBTEDNESS OR SUBORDINATED INDEBTEDNESS, IN WHICH CASE THE FOLLOWING PROVISIONS SHOULD BE INSERTED].**

#### 15.1 SECURITIES SUBORDINATE TO SENIOR INDEBTEDNESS

The Company covenants and agrees, and each Holder of Securities of each series, by his acceptance thereof, likewise covenants and agrees, that the indebtedness represented by the Securities of such series, including the principal of (and premium, if any) and interest thereon, shall be subordinate and subject in right of payment, to the extent and in the manner hereinafter set forth, to the prior payment in full of all Senior Indebtedness of the Company with respect thereto, whether outstanding on the date of original issuance of Securities of such series or thereafter incurred; PROVIDED, HOWEVER, that each series of Securities designated as Senior Indebtedness shall in all respects rank PARI PASSU with all other series of Securities designated as Senior Indebtedness; that each series of Securities designated as Senior Subordinated Indebtedness shall in all respects rank PARI PASSU with all other series of Securities designated as Senior Subordinated Indebtedness; and that each series of Securities designated as Subordinated Indebtedness shall in all respects rank PARI PASSU will all other series of Securities designated as Subordinated Indebtedness.

#### 15.2 PAYMENT OVER OF PROCEEDS UPON DISSOLUTION, ETC.

In the event of (a) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to the Company or to its assets, or (b) any liquidation, dissolution or other winding up of the Company, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, or (c) any assignment for the benefit of creditors or any other marshalling of the assets and liabilities of the Company, then and in any such event specified in (a), (b) or (c) above (each such event, if any, herein sometimes referred to as a "Proceeding"), the holders of Senior Indebtedness shall be entitled to receive payment in full of all amounts due or to become due on or in respect of all Senior Indebtedness, or provision shall be made in money or money's worth before the Holders of the Securities are entitled to receive any payment or distribution of assets of the Company, of any kind or character, whether in cash, property or securities, on account of principal of (or premium, if any) or interest on the Securities or on account of any purchase or other acquisition of Securities by the Company or any Subsidiary of the Company (all such payments, distributions, purchases and acquisitions by the Company herein referred to, individually and collectively, as a "Securities Payment"), and to that end the holders of Senior Indebtedness shall be entitled to receive, for application to the payment thereof, any

## Securities

Payment which may be payable or deliverable in respect of the Securities in any such Proceeding.

In the event that, notwithstanding the foregoing provisions of this Section, the Trustee or the Holder of any Security shall have received any Securities Payment before all Senior Indebtedness is paid in full or payment thereof provided for, and if such fact shall, at or prior to the time of such Securities Payment, have been made known to a Responsible Officer of the Trustee or, as the case may be, such Holder, then and in such event such Securities Payment shall be paid over or delivered forthwith to the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee, agent or other Person making payment or distribution of assets of the Company, for application to the payment of all Senior Indebtedness remaining unpaid, to the extent necessary to pay all Senior Indebtedness in full, after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness.

For purposes of this Article only, the words "cash, property or securities" shall not be deemed to include shares or other securities of the Company provided for by a plan or reorganization or readjustment as reorganized or readjusted, or securities of the Company or any other corporation which are subordinated in right of payment to all then outstanding Senior Indebtedness to substantially the same extent as, or to a greater extent than, the Securities are so subordinated as provided in this Article. The consolidation of the Company with, or the merger of the Company into, another corporation or the liquidation or dissolution of the Company following the conveyance, transfer, sale or lease of its properties and assets substantially as an entirety to another corporation upon the terms and conditions set forth in Article 8 shall not be deemed a Proceeding for the purposes of this Section if the corporation formed by such consolidation or into which the Company is merged or the corporation which acquires by conveyance, transfer, sale or lease such properties and assets substantially as an entirety, as the case may be, shall, as a part of such consolidation, merger, conveyance, transfer, sale or lease, comply with the conditions set forth in Article 8.

### 15.3 PRIOR PAYMENT TO SENIOR INDEBTEDNESS UPON ACCELERATION OF SECURITIES

In the event that any Securities are declared due and payable before their Stated Maturity (an "Acceleration of Securities"), the holders of the Senior Indebtedness outstanding at the time of such Acceleration of Securities shall be entitled to receive payment in full of all amounts due or which become due as a result of such Acceleration of Securities on or in respect of all such Senior Indebtedness, or provision shall be made for such payment in money or money's worth, before the Holders of the Securities are entitled to receive any Securities Payment.

In the event that, notwithstanding the foregoing, the Company shall make any Securities Payment to the Trustee or any Holder prohibited by the foregoing provisions of this Section, and if such fact shall, at or prior to the time of such Securities Payment, have been made known to a Responsible Officer of the Trustee or such Holder, as the case may be, then and in such event such Securities Payment shall be paid over and delivered forthwith to the Company, for application to the payment of all Senior Indebtedness remaining unpaid, to the extent necessary

to pay all Senior

Indebtedness in full, after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness.

The provisions of this Section shall not apply to any Securities Payment with respect to which Section 15.2 would be applicable.

#### 15.4 NO PAYMENT WHEN SENIOR INDEBTEDNESS IN DEFAULT

(a) In the event and during the continuation of any default in the payment of principal of (or premium, if any) or interest on or other monetary obligation with respect to any Senior Indebtedness beyond any applicable grace period with respect thereto or, with respect to any series of Securities designated as Subordinated Indebtedness, in the event that any event of default with respect to any Senior Indebtedness shall have occurred and be continuing permitting the holders of such Senior Indebtedness (or a trustee or other representative on behalf of the holders thereof) to declare such Senior Indebtedness due and payable prior to the date on which it would otherwise have become due and payable, unless and until such event of default shall have been cured or waived or shall have ceased to exist and, if any such Senior Indebtedness shall have been accelerated, such acceleration shall have been rescinded or annulled, or

(b) in the event any judicial proceeding shall be pending with respect to any such default, then no Securities Payment shall be made to the Trustee or any Holder in respect of the Securities.

(b) In addition and notwithstanding the foregoing, with respect to any series of Securities designated as Senior Subordinated Indebtedness or Subordinated Indebtedness, during the continuance of any event of default other than the payment of principal of (or premium, if any) or interest on or other monetary obligation with respect to any Senior Indebtedness, no payment may be made by the Company upon or in respect of any series of Securities designated as Senior Subordinated Indebtedness or Subordinated Indebtedness for a payment blockage period ("Payment Blockage Period") commencing on the date the Company shall have received a notice from a holder of Senior Indebtedness or a trustee or other representative thereof and ending 179 days thereafter (unless such event of default shall have been cured or waived or such Payment Blockage Period shall have been terminated by written notice to the Company from such holder, trustee or representative thereof). Notwithstanding anything to the contrary herein, in no event shall any one Payment Blockage Period extend beyond 179 days. Notwithstanding anything to the contrary herein, Payment Blockage Periods aggregating more than 179 days may not be commenced with respect to any series of Securities designated as Senior Subordinated Indebtedness or Subordinated Indebtedness during any period of 360 consecutive days.

(c) In the event that, notwithstanding the foregoing, the Company shall make any Securities Payment to the Trustee or any Holder prohibited by the foregoing provisions of this Section, and if such fact shall, at or prior to the time of such Securities Payment, have been made known to a Responsible Officer of the Trustee or, as the case may be, such Holder then and in such event such Securities Payment shall be paid over and delivered forthwith to the Company for application to the payment of all Senior Indebtedness remaining unpaid, to the extent necessary

to pay all Senior

Indebtedness in full, after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness.

(d) The provisions of this Section 15.4 shall not apply to any Securities Payment with respect to which Section 15.2 would be applicable.

#### 15.5 PAYMENT PERMITTED IF NO DEFAULT

Nothing contained in this Article or elsewhere in this Indenture or in any of the Securities shall prevent (a) the Company at any time except during the pendency of any Proceeding referred to in Section 15.2 or under the conditions described in Section 15.3 or 15.4, from making at any time Securities Payments, or (b) the application by the Trustee of any money deposited with it hereunder to Securities Payments or the retention of such Securities Payment by the Holders, if, at the time of such application by the Trustee, it did not have actual knowledge that such Securities Payment would have been prohibited by the provisions of this Article.

#### 15.6 SUBROGATION TO RIGHTS OF HOLDERS OF SENIOR INDEBTEDNESS

Subject to the payment in full of all Senior Indebtedness, the Holders of the Securities shall be subrogated to the rights of the holders of such Senior Indebtedness to receive payments and distributions of cash, property and securities applicable to the Senior Indebtedness until the principal of (and premium, if any) and interest on the Securities shall be paid in full. For purposes of such subrogation, no payments or distributions to the holder of the Senior Indebtedness of any cash, property or securities to which the Holders of the Securities or the Trustee would be entitled except for the provisions of this Article, and no payments over pursuant to the provisions of this Article to the holders of Senior Indebtedness by Holders of the Securities or the Trustee, shall, as among the Company, creditors other than holders of Senior Indebtedness and the Holders of the Securities, be deemed to be a payment or distribution by the Company to or on account of the Senior Indebtedness.

#### 15.7 PROVISIONS SOLELY TO DEFINE RELATIVE RIGHTS AND SUBJECT TO APPLICABLE LAWS

The provisions of this Article are and are intended solely for the

purpose of defining the relative rights of the Holders of the Securities on the one hand and the holders of Senior Indebtedness on the other hand and are subject to all applicable laws, including, in the case of the bankruptcy or insolvency of the Company, the potential application of Canadian legislation. Nothing contained in this Article or elsewhere in this Indenture or in the Securities is intended to or shall (a) impair, as among the Company, the creditors of the Company, other than holders of Senior Indebtedness and the Holders of the Securities, the obligation of the Company, which is absolute and unconditional, to pay to the Holders of the Securities the principal of and interest on the Securities as and when the same shall become due and payable in accordance with their terms; or

(b) affect the relative rights against the Company of the Holders of the Securities and creditors of the Company, other than the holders of Senior Indebtedness; or (c) prevent the Trustee or the Holder of any Security from exercising all remedies otherwise permitted by applicable law upon

default

under this Indenture, subject to the rights, if any, under this Article of the holders of Senior Indebtedness to receive cash, property and securities otherwise payable or deliverable to the Trustee or such Holder.

#### 15.8 TRUSTEE TO EFFECTUATE SUBORDINATION

Each Holder of a Security, by his acceptance thereof, authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article and appoints the Trustee his attorney-in-fact for any and all such purposes.

#### 15.9 NO WAIVER OF SUBORDINATION PROVISIONS

No right of any present or future holder of any Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company, or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of Senior Indebtedness may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders of the Securities, without incurring responsibility to the Holders of the Securities and without impairing or releasing the subordination provided in this Article or the obligations hereunder of the Holders of the Securities to the holders of Senior Indebtedness, do any one or more of the following: (i) change the manner, place or terms of payment or the time of payment of, or renew or alter Senior Indebtedness, or otherwise amend or supplement in any manner Senior Indebtedness or any instrument evidencing the same or any agreement under which Senior Indebtedness is outstanding;

(ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Indebtedness; (iii) release any Person liable in any manner for the collection of Senior Indebtedness; and

(iv) exercise or refrain from exercising any rights against the Company or any other Person.

#### 15.10 NOTICE TO TRUSTEE

The Company shall give prompt written notice to the Trustee of any fact known to the Company which would prohibit the making of any payment to or by the Trustee in respect of the Securities. Notwithstanding the provisions of this Article or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment to or by the Trustee in respect of the Securities, unless and until the Trustee shall have received written notice thereof from the Company or a holder of Senior Indebtedness or from any trustee therefor or representative thereof, and prior to the receipt of any such written notice, the Trustee, subject to the provisions of Section 6.1, shall be entitled in all respects to assume that no such facts exist; PROVIDED, HOWEVER, that if the Trustee shall not

have

received the notice provided for in this Section at least two Business Days prior to the date upon which by the terms hereof any money may become payable for any purpose (including, without limitation, the payment of the principal of (and premium, if any) or interest on any Security), then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such money and to apply the same to the purpose for which such money was received and shall not be affected by any notice to the contrary which may be received by it within two Business Days prior to the date such amounts may be payable.

Subject to the provisions of Section 6.1, the Trustee shall be entitled to rely on the delivery to it of a written notice, and proof of ownership acceptable to the Trustee, by a Person representing himself to be a holder of Senior Indebtedness (or a trustee therefor or representative thereof) to establish that such notice has been given by a holder of Senior Indebtedness (or a trustee therefor or representative thereof). In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Article, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article, and if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

#### 15.11 RELIANCE ON JUDICIAL ORDER OR CERTIFICATE OF LIQUIDATING AGENT

Upon any payment or distribution of assets of the Company referred to in this Article, the Trustee, subject to the provisions of Section 6.1, and the Holders of the Securities shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such Proceeding is pending, or a certificate of the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee for the benefit of creditors, agent or other Person making such payment or distribution, delivered to the Trustee or to the Holders of Securities for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of the Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article.

#### 15.12 TRUSTEE NOT FIDUCIARY FOR HOLDERS OF SENIOR INDEBTEDNESS

The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness and shall not be liable to any such holders if it shall in good faith and absent gross negligence or willful misconduct, mistakenly pays over or distributes to Holders of Securities or to the Company or to any other Person cash, property or securities to which any holders of Senior Indebtedness shall be entitled by virtue of this Article or otherwise.

15.13 RIGHTS OF TRUSTEE AS HOLDER OF SENIOR INDEBTEDNESS; PRESERVATION  
OF TRUSTEE'S RIGHTS

The Trustee in its individual capacity shall be entitled to all  
the rights set forth in this Article with respect to any Senior

Indebtedness which may at any time be held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture shall deprive the Trustee of any of its rights as such holder.

Nothing in this Article shall apply to claims of, or payments to, the Trustee under or pursuant to Section 6.7.

15.14 ARTICLE APPLICABLE TO PAYING AGENTS

In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article shall in such case (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article in addition to or in place of the Trustee; PROVIDED, HOWEVER, that Sections 15.10 and 15.13 shall not apply to the Company or any Affiliate of the Company if it or such Affiliate acts as Paying Agent.

15.15 SUBSIDIARIES

No payment, distribution of assets or other action may be taken by any Subsidiary of the Company with respect to the Securities if the Company would be prohibited by this Article 15 from taking such action.

15.16 RESCISSION

The provisions of this Article 15 shall continue to be effective or be reinstated, as the case may be, if at any time any payment in respect of any of the Senior Indebtedness is rescinded or must otherwise be returned by the holder thereof upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though such payment had not been made.

15.17 CERTAIN CONVERSIONS OR EXCHANGES DEEMED PAYMENT

For purposes of this Article only, (a) the issuance and delivery of junior securities upon conversion or exchange of Securities in accordance with their terms shall not be deemed to constitute a Securities Payment, and (b) the payment, issuance or delivery of cash, property or securities (other than junior securities) upon conversion or exchange of a Security shall be deemed to constitute a Securities Payment. For the purposes of this Section, the term "junior securities" means (i) shares of any class of the Company and (ii) other securities of the Company which are subordinated in right of payment to all Senior Indebtedness which may be outstanding at the time of issuance or delivery of such securities to substantially the same extent as, or to a greater extent



than, the Securities are so subordinated as provided in this Article. Nothing contained in this Article or elsewhere in this Indenture or in the Securities is intended to or shall impair, as among the Company, its creditors other than holders of Senior Indebtedness and the Holders of the Securities, the right which is absolute and unconditional, of the Holder of any Security to convert or exchange such Security in accordance with its terms.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

**GOLDEN STAR RESOURCES LTD.**

By:  
Name:  
Title:

SEAL  
ATTEST:

Name:  
Title:

, as Trustee

By:  
Name:

Title:  
**SEAL**  
**ATTEST:**

Name:  
Title:

**Number AMALGAMATED (BY ARRANGEMENT) UNDER THE SHARES**

**AC CANADA BUSINESS CORPORATIONS ACT**

**GOLDEN STAR RESOURCES LTD.**

**THIS CERTIFIES THAT CUSIP 381191 10 4**

is the registered holder of

**FULLY PAID AND NON-ASSESSABLE COMMON SHARES  
WITHOUT PAR VALUE IN THE CAPITAL OF  
GOLDEN STAR RESOURCES LTD.**

Registration of the transfer of the shares represented by this certificate may be made only in a securities register of the Corporation upon presentation of this certificate properly endorsed, subject to compliance with the requirements of the laws governing the Corporation and the by-laws of the Corporation.

This certificate shall not be valid until countersigned by the Transfer Agent and Registrar or the Co-Transfer Agent and Co-Registrar of the Corporation.

In Witness Whereof the said Corporation has caused this certificate to be signed by its duly authorized officer.

DATED:

**COUNTERSIGNED AND REGISTERED**

**THE R-M TRUST COMPANY OR MELLON SECURITIES COMPANY  
TRANSFER AGENT AND REGISTRAR CO-TRANSFER AGENT AND CO-REGISTRAR**

*/s/David K. Fagin By: \_\_\_\_\_*  
*Chairman Authorized Officer*

*The Shares represented by this Certificate are transferable at the  
offices of  
The R-M Trust Company in Montreal, Toronto or Vancouver and at the office  
of Mellon Securities Trust Company in New York.*

[REVERSE]

Until the Separation Time (defined in the Rights Agreement referred to below), this certificate evidences rights of the holder described in a Rights Agreement, dated April 24, 1996, as supplemented and amended (the "Rights Agreement"), between Golden Star Resources Ltd. (the "Corporation") and The R-M Trust Company, the terms of which are incorporated herein by reference and a copy of which is on file at the head office of the Corporation. Under certain circumstances set out in the Rights Agreement, the rights may expire, may become null and void or may be evidenced by separate certificates and no longer be evidenced by this certificate. The Corporation will mail or arrange for the mailing of a copy of the Rights Agreement to the holder of this certificate without charge as soon as practicable after the receipt of a written request therefor.

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

**PLEASE INSERT SOCIAL INSURANCE NUMBER OF TRANSFEREE**

<square><square><square> <square><square><square> <square><square><square>

(Name and address of transferee)

\_\_\_\_\_ shares registered in the name of the undersigned on the books of the Corporation named on the face of this certificate and represented hereby, and irrevocably constitutes and appoints.

\_\_\_\_\_ the attorney of the undersigned to transfer the said shares on the register of transfers and books of the Corporation with full power of substitution hereunder.

DATED:

\_\_\_\_\_  
(Signature of Witness) (Signature of Shareholder)

NOTICE: The signature of this assignment must correspond with the name as written upon the face of the certificate in every particular, without alteration or enlargement, or any change whatsoever, and must be guaranteed by a bank, trust company or a member of a recognized stock exchange.

**Signature Guaranteed By:**

[Letterhead of PWRW&G]

(212) 373-3000  
(212) 757-3990

Golden Star Resources Ltd.

Registration Statement on Form S-3  
**REGISTRATION NO. 333-12673**

November 5, 1996

Golden Star Resources Ltd.  
One Norwest Center  
1700 Lincoln Street, Suite 1950  
Denver, Colorado 80203

Ladies and Gentlemen:

In connection with the filing by Golden Star Resources Ltd., a Canadian corporation, of the above-captioned Registration Statement on Form S-3 (the "Registration Statement") with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Act"), and the rules and regulations promulgated thereunder (the "Rules"), we have been requested to furnish our opinion as to the legality of the securities being registered thereunder. The Registration Statement relates to the registration under the Act of the Company's (i) common shares without par value (the "Common Shares"), (ii) first preferred shares in one or more series (the "Preferred Shares"), (iii) convertible debt securities, consisting of

debentures, notes and/or other evidences of indebtedness representing unsecured obligations of the Company convertible into Common Shares (the "Convertible Debt Securities") and (iv) warrants to purchase Common Shares, Preferred Shares or Convertible Debt Securities (the "Warrants and, together with the Common Shares, Preferred Shares and Convertible Debt Securities, the "Securities"). The Securities are being registered for offering and sale from time to time pursuant to Rule 415 under the Act. The aggregate initial public offering price of the Securities will not exceed \$75,000,000 or the equivalent (based on the applicable exchange rate of the time of sale) if Convertible Debt Securities are issued in principal amounts denominated in one or more foreign currencies or currency units as shall be designated by the Company.

The Convertible Debt Securities are to be issued under an indenture (the "Indenture") between the Company, as issuer, and a trustee. The Warrants are to be issued pursuant to one or more warrant agreements (each, a "Warrant Agreement" and collectively, the "Warrant Agreements"), each between the Company, as issuer, and a warrant agent.

In this regard, we have examined originals, or copies certified or otherwise identified to our satisfaction, of the following documents:

1. the Registration Statement

2. the form of Indenture included as Exhibit 4.1 to the Registration Statement, pursuant to which the Convertible Debt Securities are to be issued (the "Indenture");

3. the form of the Convertible Debt Securities which is included as Exhibit 4.2 to the Registration Statement.

In addition, we have examined (i) such corporate records of the Company as we have considered appropriate, including copies of the Company's Articles of Incorporation and By-laws as in effect on the date hereof; and (ii) such other certificates, agreements and documents as we deemed relevant and necessary as a basis for the opinion hereinafter expressed.

In our examination of the aforesaid documents, we have assumed, without independent investigation, the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity of original documents to all documents submitted to us as certified, photostatic, reproduced or conformed copies, the authenticity of all such latter documents and the legal capacity of all individuals who have executed any of the documents. We also have assumed that (i) the Convertible Debt Securities and the Warrants have been duly and validly authorized by the Company for issuance, (ii) the Convertible Debt Securities to be executed and delivered by the Company and the Indenture will be substantially in the respective forms filed as Exhibits to the Registration Statement, (iii) the Warrants to

be executed and delivered by the Company and each Warrant Agreement will be substantially as described in and contemplated by the Registration Statement and (iv) the enforceability of the Indenture and each Warrant Agreement against each party thereto other than the Company.

Based upon the foregoing, and subject to the assumptions, exceptions and qualifications set forth herein, we are of the opinion that:

1. The Convertible Debt Securities, when issued, authenticated and delivered in accordance with the terms of the Indenture and as contemplated by the Registration Statement and upon payment therefore, will be legal, valid and binding obligations of the Company enforceable against the Company in accordance with their terms.
2. The Warrants, when issued, authenticated and delivered in accordance with the terms of a Warrant Agreement and as contemplated by the Registration Statement and upon payment therefore, will legal, valid and binding obligations of the Company enforceable against the Company in accordance with their terms.

The foregoing opinions are subject to the qualification that the enforceability of the Convertible Debt Securities and the Warrants may be (i) subject to bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting creditors' rights generally and (ii) subject to

general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

The opinions expressed above are limited to the laws of the State of New York and the federal laws of the United States. Our opinions are rendered only with respect to the laws, and the rules, regulations and orders thereunder, that are currently in effect, and are strictly limited to the matters stated herein and factual conditions as of the date hereof. For purposes of our opinions, we have assumed that the Convertible Debt Securities, the Warrants, the Indenture and the Warrant Agreements will constitute valid and legally binding obligations of the Company under the federal laws of Canada.

With respect to certain matters of Canadian law, we understand that you are being provided the opinion, dated the date hereof, of Koffman Bernie & Kalef, Canadian counsel to the Company.



We hereby consent to use of this opinion as an exhibit to the  
Registration Statement and to the use of our name under the caption  
"Legal Matters" contained in the prospectus included in the Registration  
Statement. In giving this consent, we do not thereby admit that we come  
within the category of persons whose consent is required by the Act or  
the Rules.

Very truly yours,

*/s/ PAUL, WEISS, RIFKIND, WHARTON & GARRISON*  
*PAUL, WEISS, RIFKIND, WHARTON & GARRISON*

**[LETTERHEAD OF KOFFMAN BIRNIE & KALEF]**

November 5, 1996

Golden Star Resources Ltd.  
One Norwest Center  
1700 Lincoln Street, Suite 1950  
Denver, Colorado 80203

Dear Sirs:

**RE: GOLDEN STAR RESOURCES LTD.  
REGISTRATION STATEMENT ON FORM S-3  
REGISTRATION NO. 333-12673**

We have acted as Canadian counsel for Golden Star Resources Ltd., a Canadian corporation (the "Company"), in connection with the above-captioned Registration Statement on Form S-3, as amended (the "Registration Statement"), filed by the Company with the United States Securities and Exchange Commission under the United States Securities Act of 1933 (the "1933 Act") and have been requested to furnish our opinion as to certain matters relating to the legality of the securities being registered thereunder. The Registration Statement relates to the registration under the 1933 Act of the Company's (i) common shares without par value (the "Common Shares"), (ii) first preferred shares in one or more series (the "Preferred Shares"), (iii) convertible debt securities, consisting of debentures, notes and/or other evidences of indebtedness representing unsecured obligations of the Company convertible into Common Shares ("Convertible Debt Securities"), and (iv) warrants to purchase Common Shares, Preferred Shares or Convertible Debt Securities (the "Warrants") which may be issued by the Company. The Common Shares, Preferred Shares, Convertible Debt Securities and Warrants are collectively referred to herein as the "Securities". We understand that the Securities are being registered for offering and sale from time to time pursuant to Rule 415 under the 1933 Act. The aggregate initial public offering price of the Securities will not exceed U.S.\$75,000,000 or the equivalent (based on the applicable exchange rate at the time of sale) if the Convertible Debt Securities are issued in principal amounts denominated in one or more foreign currencies or currency units as shall be designated by the Company.

The Convertible Debt Securities are to be issued under an indenture (the "Indenture") between the Company, as issuer, and a trustee (the "Trustee"). The Warrants are to be issued pursuant to one or more warrant agreements (each, a "Warrant Agreement" and collectively, the "Warrant Agreements"), each between the Company, as issuer, and a warrant agent (the "Warrant Agent").

We have examined copies of the Registration Statement and the form of the Indenture, filed by the Company as an exhibit to the Registration Statement, pursuant to which the Convertible Debt Securities are to be issued. In addition, we have examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records and other instruments, have made such inquiries as to questions of fact of officers and representatives of the Company and have made such examinations of law as we have deemed necessary or appropriate for purposes of giving the opinion expressed below. In such examination, we have assumed, without independent investigation, the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with the originals of all documents submitted to us as certified, photostatic, reproduced or conformed copies, the authenticity of all such copies, and the legal capacity of all individuals who have executed any of the documents.

We have assumed the following for purposes of this opinion:

(a) that, prior to the issuance of any series of Preferred Shares as contemplated by the Registration Statement, (i) the Company, through its Board of Directors, will have made all necessary amendments to its Articles to fix the number of shares, the designations, rights, privileges, restrictions and conditions of such series of Preferred Shares, and (ii) all necessary Articles of Amendment and other necessary filings with the Director under the Canada Business Corporations Act with respect to the Preferred Shares and any series thereof to be issued have been filed or made or will have been filed or made at the time of issuance of that series of Preferred Shares;

(b)(i) that the Indenture will be substantially in the form filed as an exhibit to the Registration Statement, (ii) that the Indenture will have been duly executed and delivered by the Company at the time of issuance of Convertible Debt Securities, and (iii) that the Indenture will have been duly authorized, executed and delivered by the Trustee at the time of issuance of the Convertible Debt Securities, (iv) the corporate power, authority and legal right of the Trustee under the Indenture to so act as trustee under the Indenture and to execute, deliver and perform its obligations under the Indenture, (v) that the performance of such obligations by the Trustee will not violate its charter or by-laws, (vi) that the Trustee will have the legal ability to exercise its trust powers in all

applicable jurisdictions, and (vii) the form of the Convertible Debt Securities will be substantially in the form provided for in the Indenture;

(c)(i) the Warrants to be executed and delivered by the Company and each Warrant Agreement will be substantially as described in and contemplated by the Registration Statement, (ii) that, prior to the time of issuance of each issue of Warrants as contemplated by the Registration Statement, a Warrant Agreement will have been duly authorized, executed and delivered by the Company and the Warrant Agent, (iii) the corporate power, authority and legal right of the Warrant Agent to so act as warrant agent under each Warrant Agreement and to execute, deliver and perform its obligations under each Warrant Agreement, (iv) that the performance of such obligations by the Warrant Agent will not violate its charter or by-laws, and

(v) that the Warrant Agent has the legal ability to exercise its powers in connection with each Warrant Agreement in all applicable jurisdictions;

(d) that the Board of Directors of the Company has authorized the issuance and sale of the particular security to be sold or will have given such authorization by the time of the issuance of the particular security; and

(e) that the Indenture, the Convertible Debt Securities, each Warrant Agreement and the Warrants will constitute valid and legally binding obligations of the Company under the laws of the State of New York governing such instruments and securities.

The opinion set forth herein applies only insofar as the laws of the Province of British Columbia and the federal laws of Canada may be concerned and insofar as the laws of any other jurisdiction may be relevant to the opinion herein expressed, we express no opinion thereon. With respect to certain matters of New York law which are applicable to the Indenture and the Convertible Debt Securities and to the Warrant Agreements and the Warrants, we understand that you are being provided with the opinion, dated the date hereof, of Paul, Weiss, Rifkind, Wharton & Garrison, of New York, New York.

Based upon and subject to the foregoing, we are of the opinion that:

1. The issuance and sale by the Company of up to U.S.\$75,000,000 (or its equivalent as aforesaid) of Securities, as provided in the Registration Statement, have been duly and validly authorized by all necessary corporate action of the Company.
2. The Common Shares, when issued and sold as provided in the Registration Statement, will be legally issued as fully paid and non-assessable.

3. The Preferred Shares, when issued and sold as provided in the Registration Statement, will be legally issued as fully paid and non-assessable.

We hereby consent to the use of this opinion as an exhibit to the Registration Statement and to the use of our name under the caption "Legal Matters" contained in the prospectus included in the Registration Statement. In giving this consent, we do not thereby admit that we come within the category of persons whose consent is required by the 1933 Act of the Rules made thereunder.

Yours truly,

*/s/ KOFFMAN BIRNIE & KALEF*

*KOFFMAN BIRNIE & KALEF*

**Exhibit 12.1**

## GOLDEN STAR RESOURCES

LTD.

Ratio of Earnings to Fixed Charges

Canadian Generally Accepted Accounting Principles

(in thousands of United States Dollars)

	Six Months Ended June 30,	Twelve Months Ended December 31,			For the Period From May 16, 1992 to December 31, 1992
	1996	1995	1994	1993	1992
<b>EARNINGS</b>					
Pre-tax Income (Loss) - Canadian GAAP	\$121	(\$12,181)	(\$8,785)	(\$1,650)	(\$14,170)
Fixed Charges	\$18	\$21	\$8	\$38	\$78
Less adjustments:					
Minority interest in the losses of subsidiaries	(\$1,102)	(\$4,916)	(\$7)	\$0	\$0
Adjusted Income (Loss)	(\$963)	(\$17,076)	(\$8,784)	(\$1,612)	(\$14,092)
<b>FIXED CHARGES</b>					
Interest portion of rental expense (b)	\$8	\$13	\$8	\$7	\$2
interest expense	\$10	\$8	\$0	\$31	\$76
Total Fixed Charges	\$18	\$21	\$8	\$38	\$78
Ratio of earnings to fixed charges (a)	(53.5)	(813.1)	(1,098.0)	(42.4)	(180.7)
Calculated Deficiency	(\$18)	(\$21)	(\$8)	(\$38)	(\$78)

(a)Earnings for the six months ended June 30, 1996, for the twelve months ended December 31, 1995, 1994 and 1993 and for the period from May 16, 1992 to December 31, 1992 were inadequate to cover fixed charges.

(b)Represents the portion of rental expense which management believes is a reasonable approximation of an interest factor.

GOLDEN STAR RESOURCES LTD.  
Ratio of Earnings to Fixed Charges  
United States Generally Accepted Accounting Principles  
(in thousands of United States Dollars)

	Six Months Ended June 30,	Twelve Months Ended December 31,			For the Period from May 16, 1992 to December 31, 1992
	1996	1995	1994	1993	1992
<b>EARNINGS</b>					
Pre-tax income (Loss) - U.S. GAAP	(\$10,724)	(\$28,330)	(\$16,081)	(\$8,435)	(\$13,299)
Fixed Charges	\$18	\$21	\$8	\$38	\$78
Less adjustments:					
Minority interest in the losses of subsidiaries	(\$1,898)	(\$4,660)	(\$1,498)	\$0	\$0
Adjusted Income (Loss)	(\$12,604)	(\$32,969)	(\$17,571)	(\$8,397)	(\$13,221)
<b>FIXED CHARGES</b>					
Interest portion of rental expense (b)	\$8	\$13	\$8	\$7	\$2
interest expense	\$10	\$8	\$0	\$31	\$76
Total Fixed Changes	\$18	\$21	\$8	\$38	\$78
Ratio of earnings to fixed charges (a)	(700.2)	(1,570.0)	(2,196.4)	(221.0)	(169.5)
Calculated Deficiency	(\$18)	(\$21)	(\$8)	(\$38)	(\$78)

(a)Earnings for the six months ended June 30, 1996, for the twelve months ended December 31, 1995, 1994 and 1993 and for the period from May 16, 1992 to December 31, 1992 were inadequate to cover fixed charges.

(b)Represents the portion of rental expense which management believes is a reasonable approximation of an interest factor.

**Exhibit 23.1**

**CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS**

We consent to the incorporation by reference in the Registration Statement of Golden Star Resources Ltd. on Form S-3 of our report, dated March 22, 1996, on our audits of the consolidated financial statements of Golden Star Resources Ltd., as of December 31, 1995 and 1994, and for the years ended December 31, 1995, 1994 and 1993. We also consent to the reference to our firm under the caption "Experts."

*/s/ Coopers & Lybrand*

*Coopers & Lybrand  
Chartered Accountants  
Calgary, Canada  
November 5, 1996*

---

**End of Filing**

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