GOLDEN STAR RESOURCES LTD.

FORM 10-Q
(Quarterly Report)

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SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2007

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 1-12284

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 No.)**
10901 West Toller Drive, Suite 300 **Littleton, Colorado** **(Address of Principal Executive Office)**	**80127-6312** **(Zip Code)**

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

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

Title of Each Class	Name of each exchange on which registered
Common Shares	**American Stock Exchange**

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. (See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act). (Check one):

Large accelerated filer: ☒ Accelerated filer: ☐ Non-accelerated filer: ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Number of Common Shares outstanding as at November 6, 2007: 233,545,281

REPORTING CURRENCY, FINANCIAL AND OTHER INFORMATION

All amounts in this report are expressed in United States ("US") dollars, unless otherwise indicated. Canadian currency is denoted as "Cdn$."

Financial information is presented in accordance with accounting principles generally accepted in Canada ("Cdn GAAP" or "Canadian GAAP"). Differences between accounting principles generally accepted in the US ("US GAAP") and those applied in Canada, as applicable to Golden Star Resources Ltd., are explained in Note 24 to the Consolidated Financial Statements.

References to "Golden Star," the "Company," "we," "our," and "us" mean Golden Star Resources Ltd., its predecessors and consolidated subsidiaries, or any one or more of them, as the context requires.

NON-GAAP FINANCIAL MEASURES

In this Form 10-Q, we use the terms "total cash cost per ounce" and "cash operating cost per ounce" which are considered Non-GAAP financial measures as defined in SEC Regulation S-K Item 10 and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with Cdn or US GAAP. See Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations for a definition of these measures as used in this Form 10-Q.

STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This Form 10-Q contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended, with respect to our financial condition, results of operations, business prospects, plans, objectives, goals, strategies, future events, capital expenditures, and exploration and development efforts. Words such as "anticipates," "expects," "intends," "forecasts," "plans," "believes," "seeks," "estimates," "may," "will," and similar expressions identify forward-looking statements.

Although we believe that our plans, intentions and expectations reflected in these forward-looking statements are reasonable, we cannot be certain that these plans, intentions or expectations will be achieved. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained in this Form 10-Q.

These statements include comments regarding: the achievement of anticipated metallurgical recoveries at the Bogoso sulfide expansion project; estimated 2007 gold production and cash operating costs at Bogoso/Prestea and Wassa; anticipated commencement dates of mining and production and development costs with respect to the HBB properties; production capacity, production rates, and production costs; cash operating costs; gold sales; mining operations and recovery rates; ore delivery; ore processing; potential mine life; permitting; establishment and estimates of mineral reserves and resources; geological, environmental, and engineering studies; timing and results of feasibility studies; exploration efforts and activities; expected capital expenditures in 2007; ore grades; reclamation work; identification of acquisition and growth opportunities; power costs, the ability to meet total power requirements and the operation and access to the new power station in Ghana; retention of earnings from our operations; sources of and adequacy of liquidity to meet capital and other needs in 2007; anticipated closing date and use of proceeds from the offering of convertible debentures; and completion of the listing on the Ghana stock exchange and the related offering.

The following, in addition to the factors described under "Risk Factors" in Item 1 of our December 31, 2006 Form 10-K as amended, are among the factors that could cause actual results to differ materially from the forward-looking statements:

- significant increases or decreases in gold prices;
- unexpected changes in business and economic conditions;
- inaccuracies in mineral reserves and non-reserves estimates;
- availability and adequacy of power supplies from public sources;
- changes in interest and currency exchange rates;
- timing and amount of gold production;
- unanticipated variations in ore grade, tonnes mined and crushed or milled;
- unanticipated recovery or production problems;
- effects of illegal mining on our properties;

- changes in mining and processing costs, including changes to costs of raw materials, supplies, services and personnel;
- changes in metallurgy and processing;
- availability of skilled personnel, contractors, materials, equipment, supplies, power and water;
- changes in project parameters or mine plans;
- costs and timing of development of new mineral reserves;
- weather, including insufficient or excess rain fall in West Africa;
- climate change and its impact on rainfall patterns;
- results of current and future exploration activities;
- results of pending and future feasibility studies;
- acquisitions and joint venture relationships;
- political or economic instability, either globally or in the countries in which we operate;
- changes in regulations affecting our operations, particularly in Ghana, where our principal producing properties are located;
- local and community impacts and issues;
- availability and cost of replacing mineral reserves;
- timing of receipt and maintenance of government approvals and permits;
- unanticipated transportation costs and shipping incidents and losses;
- accidents, labor disputes and other operational hazards;
- environmental costs and risks;
- unanticipated title issues;
- competitive factors, including competition for property acquisitions;
- possible litigation; and
- availability of capital at reasonable rates or at all.

These factors are not intended to represent a complete list of the general or specific factors that could affect us. We undertake no obligation to update forward-looking statements.

ITEM 1. FINANCIAL STATEMENTS

GOLDEN STAR RESOURCES LTD.
CONSOLIDATED BALANCE SHEETS
(Stated in thousands of US dollars except shares issued and outstanding)
(Unaudited)

	As of September 30, 2007	As of December 31, 2006
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 20,764	$ 27,108
Accounts receivable	5,701	8,820
Inventories (Note 3)	53,948	45,475
Future tax assets	809	—
Deposits (Note 4)	8,819	7,673
Prepaids and other	895	1,458
Total Current Assets	90,936	90,534
RESTRICTED CASH	1,519	1,581
AVAILABLE-FOR-SALE INVESTMENTS (Note 5)	3,817	1,457
DEFERRED EXPLORATION AND DEVELOPMENT COSTS (Note 6)	27,064	167,983
PROPERTY, PLANT AND EQUIPMENT (Note 7)	287,419	93,058
MINING PROPERTIES (Note 8)	318,990	136,775
CONSTRUCTION IN PROGRESS (Note 9)	—	165,155
FUTURE TAX ASSETS	15,563	6,657
OTHER ASSETS	1	574
Total Assets	$ 745,309	$ 663,774
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 25,291	$ 19,012
Accrued liabilities	31,530	25,516
Fair value of derivatives (Note 11)	404	685
Asset retirement obligations (Note 12)	2,217	3,064
Current portion of future tax liability	—	1,450
Current debt (Note 10)	18,547	12,549
Total Current Liabilities	77,989	62,276
LONG TERM DEBT (Note 10)	69,701	73,786
ASSET RETIREMENT OBLIGATIONS (Note 12)	17,153	16,034
FUTURE TAX LIABILITY	42,115	42,154
Total Liabilities	206,958	194,250
MINORITY INTEREST	6,297	7,424
COMMITMENTS AND CONTINGENCIES (Note 13)	—	—
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 14)		
First preferred shares, without par value, unlimited shares authorized. No shares issued and outstanding.	—	—
Common shares, without par value, unlimited shares authorized. Shares issued and outstanding: 233,222,324 at September 30, 2007 207,891,358 at December 31, 2006	608,711	524,619
CONTRIBUTED SURPLUS	12,273	10,040
EQUITY COMPONENT OF CONVERTIBLE NOTES	2,857	2,857
ACCUMULATED OTHER COMPREHENSIVE INCOME (Note 17)	2,192	—
DEFICIT	(93,979)	(75,416)
Total Shareholders' Equity	532,054	462,100
Total Liabilities and Shareholders' Equity	$ 745,309	$ 663,774

The accompanying notes are an integral part of the consolidated financial statements

GOLDEN STAR RESOURCES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Stated in thousands of US dollars except per share data)
(Unaudited)

	Three months ended, September 30, 2007	Three months ended, September 30, 2006 (Restated)	Nine months ended, September 30, 2007	Nine months ended, September 30, 2006 (Restated)
REVENUE				
Gold sales	$ 47,752	$ 35,996	$ 105,731	$ 89,607
PRODUCTION EXPENSES				
Mining operations	49,577	24,724	99,971	70,816
Depreciation, depletion and amortization	10,443	5,142	23,440	15,946
Accretion of asset retirement obligation (Note 12)	258	190	829	544
Mine operating costs	60,278	30,056	124,240	87,306
Mine operating margin/(loss)	(12,526)	5,940	(18,509)	2,301
OTHER EXPENSES, (GAINS) AND LOSSES				
Exploration expense	547	414	1,617	1,004
General and administrative expense	2,623	1,887	9,995	7,040
Abandonment and impairment of mineral properties (Note 6)	1,869	1,849	1,957	1.849
Derivative mark-to-market (gain)/loss (Note 11)	(23)	(1,382)	443	9,346
Foreign exchange (gain)/loss	144	1,118	363	(2,339)
Interest expense	2,018	487	2,870	1,448
Interest and other income	(295)	(372)	(1,560)	(1,833)
Royalty income	—	(186)	—	(4,026)
Loss/(gain) on sale of investments	242	—	(3,301)	(51,234)
Income/(loss) before minority interest	(19,651)	2,125	(30,893)	41,046
Minority interest	904	(515)	1,126	(443)
Net income/(loss) before income tax	(18,747)	1,610	(29,767)	40,603
Income tax (expense)/benefit (Note 18)	6,038	(77)	11,240	(6,663)
Net income/(loss)	**$ (12,709)**	**$ 1,533**	**$ (18,563)**	**$ 33,940**
OTHER COMPREHENSIVE INCOME				
Unrealized loss on available-for-sale investments	(2,405)	—	(2,956)	—
Comprehensive income /(loss)	**$ (15,114)**	**$ 1,533**	**$ (21,519)**	**$ 33,940**
Deficit, beginning of period	(81,270)	(107,698)	(75,416)	(140,105)
Deficit, end of period	$ (93,979)	$ (106,165)	$ (93,979)	$ (106,165)
Net income/(loss) per common share - basic (Note 19)	$ (0.054)	$ 0.007	$ (0.082)	$ 0.164
Net income/(loss) per common share - diluted (Note 19)	$ (0.054)	$ 0.007	$ (0.082)	$ 0.162
Weighted average shares outstanding (millions)	233.2	207.3	227.6	207.4

The accompanying notes are an integral part of the consolidated financial statements

GOLDEN STAR RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in thousands of US dollars)
(Unaudited)

	Three months ended,		Nine months ended,	
	September 30, 2007	September 30, 2006 (Restated)	September 30, 2007	September 30, 2006 (Restated)
OPERATING ACTIVITIES:				
Net income/(loss)	$ (12,709)	$ 1,533	$ (18,563)	$ 33,940
Reconciliation of net income to net cash provided by operating activities:				
Depreciation, depletion and amortization	10,467	5,163	23,513	15,998
Amortization of loan acquisition cost	92	27	254	171
Deferred stripping	—	516	—	1,548
Abandonment and impairment of properties	1,869	1,849	1,957	1,849
Gain/(loss) on sale of investment	242	—	(3,301)	(51,234)
Non-cash employee compensation	270	522	2,492	1,583
Income tax expense/(benefit)	(6,038)	77	(11,204)	6,971
Reclamation expenditures	(244)	(434)	(557)	(957)
Fair value of derivatives	(23)	(1,900)	(350)	3,971
Accretion of convertible debt	180	177	537	529
Accretion of asset retirement obligations	258	190	829	544
Minority interests	(904)	515	(1,126)	443
	(6,540)	8,235	(5,519)	15,356
Changes in assets and liabilities:				
Accounts receivable	2,777	1,169	3,119	(1,441)
Inventories	1,806	(5,870)	(8,182)	(16,949)
Deposits	(645)	1,832	(963)	(838)
Accounts payable and accrued liabilities	10,816	2,485	15,312	4,286
Other	177	(528)	631	(334)
Net cash provided by operating activities	8,391	7,323	4,398	80
INVESTING ACTIVITIES:				
Expenditures on deferred exploration and development	(1,735)	(1,543)	(3,753)	(6,340)
Expenditures on mining properties	(13,164)	(4,164)	(21,479)	(11,926)
Expenditures on property, plant and equipment	(9,524)	(7,929)	(18,925)	(10,104)
Expenditures on mine construction in progress	(5,983)	(32,172)	(55,229)	(101,574)
Cash invested in short term investments	—	—	(47,000)	(21,080)
Cash provided by short term investments	22,381	21,080	47,000	21,080
Decrease in restricted cash	2	3,521	62	3,870
Proceeds from sale of investments	(242)	—	3,301	40,535
Investment in long term investments	—	—	(169)	—
Deposits on capital purchases	4,938	(2,291)	(183)	(4,073)
Other	773	(396)	—	(760)
Net cash used in investing activities	(2,554)	(23,894)	(96,375)	(90,372)
FINANCING ACTIVITIES:				
Issuance of share capital, net of issue costs	(3)	115	83,833	3,392
Debt repayments (Note 10)	(3,833)	(1,361)	(9,821)	(5,050)
Issuance of debt (Note 10)	2,634	6,978	11,621	12,431
Other	—	—	—	(149)
Net cash provided by/(used in) financing activities	(1,202)	5,732	85,633	10,624
Increase/(decrease) in cash and cash equivalents	4,635	(10,839)	(6,344)	(79,666)
Cash and cash equivalents, beginning of period	16,129	20,882	27,108	89,709
Cash and cash equivalents end of period	$ 20,764	$ 10,043	$ 20,764	$ 10,043

(See Note 20 for supplemental cash flow information)

The accompanying notes are an integral part of the consolidated financial statements

GOLDEN STAR RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in tables are in thousands of US dollars unless noted otherwise)
(Unaudited)

The consolidated financial statements and the accompanying notes for the periods ended September 30, 2007 and 2006 are unaudited and should be read in conjunction with the audited consolidated financial statements and related notes thereto included in our annual report on Form 10-K for the year ended December 31, 2006, as amended on file with Securities and Exchange Commission and with the Canadian securities commissions. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada ("Cdn GAAP"). For reconciliation to accounting principles generally accepted in the United States ("US GAAP"), see Note 24 to the consolidated financial statements. The December 31, 2006 year-end balance sheet data was derived from audited financial statements but does not include all disclosures required by Cdn GAAP.

In early 2007, errors were discovered related to the computation of ore stockpile and in-process inventory balances and associated "Mining operations" costs as found on the statement of operations. The corrections also impacted the minority interest account and various tax accounts on the balance sheets and in the statement of operations as well as our non-GAAP measures cash and operating costs per ounce and total cash cost per ounce. As a result we restated our interim consolidated financial statements for the quarters ended March 31, June 30 and September 30, 2006. In addition, the US GAAP footnotes in our March 31, June 30 and September 30, 2006 Forms 10-Q were restated to correct errors in accounting for warrants denominated in Cdn dollars. Specifically, these warrants had been treated as equity instruments in our Form 10-Qs but were restated to recognize that these warrants are derivative instruments. In this Form 10-Q, comparative amounts from the three and nine month periods ended September 30, 2006 reflect these restatements.

In management's opinion, the unaudited consolidated financial statements for the nine months ended September 30, 2007 contained herein reflect all adjustments, consisting solely of normal recurring items, which are necessary for the fair presentation of financial position, results of operations and cash flows on a basis consistent with that of our prior audited consolidated financial statements except for the change in accounting policy from January 1, 2007 as discussed in Note 2 below.

All financial amounts are in thousands of US dollars unless noted otherwise.

1. Description of Business

Through our subsidiaries we own a controlling interest in four significant gold properties in southern Ghana in West Africa:

- The Bogoso/Prestea property, which is comprised of the adjoining Bogoso and Prestea surface mining leases ("Bogoso/Prestea"),
- The Wassa property ("Wassa"),
- The Prestea Underground property ("Prestea Underground"), and
- The Hwini-Butre and Benso concessions ("HBB Properties").

In addition to these gold properties, we hold various other exploration rights and interests and are actively exploring in a variety of locations in West Africa and South America.

Bogoso/Prestea is owned by our 90% owned subsidiary Golden Star (Bogoso/Prestea) Limited ("GSBPL") (formerly Bogoso Gold Limited) which was acquired in 1999.

Through another 90% owned subsidiary, Golden Star (Wassa) Limited ("GSWL") (formerly Wexford Goldfields Limited), we own the Wassa gold mine located some 35 kilometers east of Bogoso/Prestea.

The Prestea Underground is located on the Prestea property and consists of a currently inactive underground gold mine and associated support facilities. GSBPL owns a 90% operating interest in the Prestea Underground. We are currently reconditioning certain shafts to allow better access to the underground workings. We are also conducting exploration and engineering studies to determine if the underground mine or portions of it can be reactivated on a profitable basis.

Through our 100% owned subsidiary, St. Jude Resources Ltd. ("St. Jude"), we own the HBB Properties in southwest Ghana. The HBB Properties consist of the Hwini-Butre and Benso concessions, which together cover an area of 201 square kilometers.

Board approval to develop these ore bodies was received in May 2007. The Hwini-Butre and Benso concessions are located approximately 70 and 40 kilometers south of Wassa, respectively.

We hold interests in several gold exploration projects in Ghana and elsewhere in West Africa including Sierra Leone, Burkina Faso, Niger and Cote d'Ivoire. We also hold and manage exploration properties in Suriname and French Guiana in South America. We hold indirect interests in gold exploration properties in Peru, Argentina and Chile through an equity investment in Minera IRL (formerly known as Goldmin Consolidated Holdings).

Our administrative offices are located in Littleton, Colorado, USA and we also maintain a regional corporate office in Accra, Ghana.

2. Changes in accounting policy – Financial Instruments

Effective January 1, 2007, we adopted CICA Handbook Section 3855 Financial Instruments — Recognition and Measurement, Section 3865 Hedges and Section 1530 Comprehensive Income (the "Financial Instrument Standards"). The adoption of these new standards had no impact on our financial statements on or before December 31, 2006 as the standards require adjustments to the carrying value of financial assets and liabilities to be recorded within retained earnings or, in the case of available-for-sale assets, accumulated other comprehensive income on transition.

All financial assets classified as "held-for-trading" or as "available-for-sale", and derivative financial instruments, are measured at fair value.

Gains and losses associated with financial assets designated as held-for-trading are recorded in the income statement, separate from any interest or dividends earned on these investments. Gains and losses on derivative financial instruments are also recorded in the statement of operations in the period in which they arise. Gains and losses associated with financial assets classified as available-for-sale are separately recorded as unrealized within other comprehensive income until such time the investment is disposed of or incurs a decline in fair value that is on an other-than-temporary basis, at which time any gains or losses are then realized and reclassified as a component of net income.

Financial liabilities are measured initially at fair value including any directly attributable transaction costs. After initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method.

We currently do not apply hedge accounting to our derivative instruments and accordingly are currently not impacted by CICA 3865 Hedges.

Upon adoption of the Financial Instrument Standards, all regular-way purchases of financial assets are accounted for at the settlement date. Transaction costs on financial assets and liabilities classified other than as held for trading are treated as part of the initial fair value.

Effective January 1, 2008, the Company will be required to adopt the accounting standards of the Canadian Institute of Chartered Accountants Handbook Section 3031, Inventories; Section 3862, Financial Instruments — Disclosures and Section 3863, Financial Instruments — Presentation (which replaces Section 3861, Financial Instruments — Disclosures and Presentation). These new standards are effective beginning January 1, 2008. We are currently reviewing the implications of adopting this new standard but do not expect them to have a significant impact on the financial statements.

3. Inventories

	As of September 30, 2007	As of December 31, 2006
Stockpiled ore	$ 13,419	$ 18,244
In-process	15,133	4,596
Materials and supplies	25,396	22,635
Total	$ 53,948	$ 45,475

4. Deposits

Amounts represent cash advances and payments for equipment and materials purchases by GSWL and GSBPL which are not yet delivered on-site.

5. Available-for-sale investments

	As of September 30, 2007		As of December 31, 2006	
	Shares	Fair value	Shares	Cost
Minera IRL common shares	5,012,800	$ 1,827	4,820,000	$1,457
EURO Ressources common shares	1,206,277	1,990	3,009,679	—
Total		$ 3,817		$1,457

Investment in Minera IRL

We hold an equity interest in Minera IRL, a gold exploration company which operates in South America. During the year ended December 31, 2006, Minera IRL was privately held and we accounted for our investment on the cost basis at $1.5 million. In late March 2007, Minera IRL completed their initial public offering and listed on the Alternative Investment Market in London in early April 2007. Since January 1, 2007 we have accounted for our investment in Minera IRL at fair value as required by CICA 3855 – Financial Instruments (effective for fiscal years beginning after October 1, 2006). The increase in the fair value from January 1, 2007 to September 30, 2007 of $0.4 million was recorded as other comprehensive income.

Investment in EURO Ressources S.A. ("EURO")

During the year ended December 31, 2006 we sold approximately 22 million shares in EURO, which decreased our holding in EURO from 53% to approximately 6% at December 31, 2006. During the quarter ended March 31, 2007 we sold an additional 1,753,402 EURO shares in a number of public transactions. The sale resulted in net proceeds of $2.8 million to Golden Star yielding a gain of $2.8 million and reduced our holding to approximately 2% of EURO's outstanding shares.

Since our investment in EURO was diluted to less than 20% in December 2006, we accounted for the investment on the cost basis at zero carrying value at December 31, 2006. The market value of the remaining EURO common shares was $5.7 million at December 31, 2006 based on EURO's closing share price as of that date. Since January 1, 2007 we have accounted for our investment in EURO at fair value as required by CICA 3855 – Financial Instruments (effective for fiscal years beginning after October 1, 2006). The decrease in the fair value from January 1, 2007 to September 30, 2007 of $0.4 million was recorded as other comprehensive loss.

6. Deferred Exploration and Development Costs

Consolidated property expenditures on our exploration projects for the nine months ended September 30, 2007 were as follows:

	Deferred exploration & development costs as of 12/31/06	Capitalized exploration expenditures	Impairments	Transfer to mining properties	Deferred exploration & development costs as of 9/30/07
AFRICAN PROJECTS					
Akropong trend and other Ghana	$ 833	$ 408	$ (88)	$ —	$ 1,153
Hwini-Butre and Benso—Ghana	142,715	489	—	(143,204)	—
Mano River—Sierra Leone	2,015	1,171	(1,869)	—	1,317
Afema—Ivory Coast	1,512	19	—	—	1,531
Goulagou—Burkina Faso	18,789	342	—	—	19,131
Other Africa	1,082	248	—	—	1,330
SOUTH AMERICAN PROJECTS					
Saramacca—Suriname	781	—	—	—	781
Other South America	256	1,565	—	—	1,821
Total	$ 167,983	$ 4,242	$ (1,957)	$(143,204)	$ 27,064

7. Property, Plant and Equipment

	As of September 30, 2007			As of December 31, 2006		
	Property, Plant and Equipment at Cost	Accumulated Depreciation	Property, Plant and Equipment Net Book Value	Property, Plant and Equipment at Cost	Accumulated Depreciation	Property, Plant and Equipment, Net Book Value
Bogoso/Prestea	$ 264,185	$ 19,558	$244,627	$ 57,392	$ 13,263	$ 44,129
Prestea Underground	238	—	238	236	—	236
Wassa	54,961	12,869	42,092	55,785	7,618	48,167
Corporate & Other	784	322	462	924	398	526
Total	$ 320,168	$ 32,749	$287,419	$114,337	$ 21,279	$ 93,058

8. Mining Properties

	As of September 30, 2007			As of December 31, 2006		
	Mining Properties at Cost	Accumulated Amortization	Mining Properties, Net Book Value	Mining Properties at Cost	Accumulated Amortization	Mining Properties, Net Book Value
Bogoso/Prestea	$ 51,995	$ 33,456	$ 18,539	$ 51,868	$ 33,241	$ 18,627
Prestea Underground	31,876	—	31,876	28,891	—	28,891
Bogoso Sulfide	48,912	430	48,482	13,352	—	13,352
Mampon	15,856	—	15,856	15,721	—	15,721
Wassa	65,467	21,230	44,237	58,578	11,234	47,344
Hwini-Butre and Benso	144,541	—	144,541	—	—	—
Other	16,684	1,225	15,459	12,839	—	12,839
Total	$ 375,331	$ 56,341	$318,990	$181,249	$ 44,475	$136,774

9. Construction-in-progress

At December 31, 2006, mine construction-in-progress represents costs incurred for the Bogoso sulfide expansion project since the beginning of 2005. Included in the total are costs of development drilling, plant equipment purchases, materials and construction costs, payments to the construction contractors, mining equipment costs, capitalized interest and pre-production stripping costs. The Bogoso sulfide expansion project was placed in commercial service on July 1, 2007 and construction-in-progress costs were reclassified as Property, Plant and Equipment or Mining Property as of September 30, 2007.

10. Debt

	As of September 30, 2007	As of December 31, 2006
Current debt:		
Debt facility (Note a)	$ 7,401	$ 6,875
Over-draft facility (Note d)	2,634	0
Equipment financing loans (Note b)	8,512	5,674
Total current debt	18,547	12,549
Long term debt:		
Debt facility (Note a)	2,500	8,125
Equipment financing loans (Note b)	18,616	17,288
Convertible notes (Note c)	48,585	48,373
Total long term debt	$ 69,701	$ 73,786

(a) Debt facility – On October 11, 2006, GSBPL entered into an agreement for a $15.0 million debt facility with two Ghana-based banks. The $15.0 million was drawn down in October and November 2006 and is repayable over a term of 24 months starting 3 months after draw-down at an interest rate of US prime (7.75% at September 30, 2007) plus 1%. Loan fees totaled one percent of the facility amount. The debt is secured by the non-mobile assets of the Bogoso sulfide processing plant and proceeds were used for construction costs of the Bogoso sulfide expansion project. There are no hedging requirements or equity-type incentives required under the facility. A total of $1.0 million of interest on the debt facility has been capitalized to the Bogoso sulfide expansion project. Loan fees totaling approximately $0.3 million were deducted from the liability in arriving at amortized cost and are being amortized using the effective interest rate method. As of December 31, 2006 the unamortized loan fees of $0.2 million were included in other assets. Since January 1, 2007, in accordance with CICA 3855- Financial instruments the unamortized portion of the loan fees are deducted from the value of the notes.

(b) Equipment financing credit facility – We maintain an equipment financing facility between Caterpillar Financial Services Corporation, GSBPL and GSWL, with Golden Star as the guarantor of all amounts borrowed. The facility provides credit for new and used mining equipment. Amounts drawn under this facility are repayable over five years for new equipment and over two years for used equipment. The interest rate for each drawdown is fixed at the date of the draw–down using the Federal Reserve Bank 2–year or 5–year swap rate or LIBOR plus 2.38%. During the second quarter we increased the equipment financing facility from $25.0 million to $40.0 million and as of September 30, 2007, we have $12.9 million available to draw down in the future. The average interest rate on the outstanding loans is approximately 5.9%.

(c) Convertible notes – We sold $50 million of senior unsecured convertible notes to a private investment fund on April 15, 2005. These notes were issued at par and bear interest at 6.85%. They are convertible at any time at the option of the holder at a conversion price of $4.50 per common share. At the maturity date, April 15, 2009, we have the option to repay the outstanding notes with cash, common shares, or a combination of cash and common shares. For any notes repaid in common shares the number of shares will be determined by dividing the loan balance by an amount equal to 95% of the average price over the 20 trading day period ended five days before the notes are due. Approximately $47.1 million of the note balance was initially classified as a liability and $2.9 million was classified as equity. Periodic accretion will increase the liability to the full $50 million amount due (after adjustments, if any, for converted notes) by the end of the note term. The periodic accretion is included in interest expense. A total of $8.5 million of interest on the convertible notes has been capitalized to the Bogoso sulfide expansion project. Loan fees totaling approximately $0.8 million were capitalized and are being amortized over the term of the notes. As of December 31 2006, the unamortized loan fees of $0.5 million were included in other assets. Since January 1, 2007, in accordance with CICA 3855—Financial Instruments, the unamortized portion of the loan fees are deducted from the value of the notes. Certain covenants of the convertible notes were amended in April of 2007, which did not increase our covenanted borrowing limit but give us more flexibility over the types of borrowing allowed within the covenant limit. See Subsequent Events Note 25 below for additional developments regarding these notes.

(d) Bank over-draft facility – A one-year over-draft facility expiring June 2008. It carries an interest rate of US prime plus 1%. As of September 30, 2007 the balance is at 2.6 million.

11. Derivatives

EURO Options – During the first quarter of 2007 we renegotiated sections of certain prior agreements with EURO including the timing and amounts of possible future royalty payments and the amount and timing of certain commitments under exploration property earn-ins. In addition, and as part of these renegotiations, we have agreed to make an additional number of our remaining EURO shares available to EURO to deliver against certain options EURO has granted or plans to grant to its directors. This brings the number of our shares in EURO that are subject to option agreements to 540,000.

As a result of this agreement we recorded a derivative liability to recognize the cost of the EURO shares that we may give up in the future to members of EURO's management who hold the options. At the end of September 2007 the derivative liability was $0.4 million based on the fair value of the outstanding options.

South African Rand Forward Contracts – During the third quarter of 2007 we entered into $5.1 million of contracts to purchase South African Rand ("Rand"). These contracts are to insure known US Dollar costs of purchase contracts stated in Rand. These forward contracts will mature ratably between October 28, 2007 and April 25, 2008 at rates between 6.994 and 7.184 Rand to the US Dollar. As of September 30, 2007, the value of these contracts was $68 thousand.

12. Asset Retirement Obligations

Our Asset Retirement Obligations ("ARO") are equal to the present value of all estimated future closure costs associated with reclamation, demolition and stabilization of our Bogoso/Prestea and Wassa mining and ore processing properties. Included in this liability are the costs of mine and waste-rock dump closure and reclamation, processing plant and infrastructure demolition, tailings stabilization and reclamation and environmental monitoring. While the majority of these costs will be incurred near the end of the mines' lives, it is expected that certain on-going reclamation costs will be incurred prior to mine closure. These costs are recorded against the current ARO provision as incurred.

The changes in the carrying amount of the ARO were as follows:

Balance at December 31, 2006	$ 19,098
Accretion expense	829
Cost of reclamation work performed	(557)
Balance at September 30, 2007	$ 19,370
Current portion	$ 2,217
Long term portion	$ 17,153

13. Commitments and Contingencies

Our commitments and contingencies include the following items:

Environmental Regulations – Our mining, processing and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. As such we cannot predict the full amount of our future expenditure to comply with these laws and regulations. We conduct our operations to minimize our effect on the environment and believe our operations are in compliance with applicable laws and regulations in all material respects.

Environmental Bonding in Ghana – In 2005, pursuant to a reclamation bonding agreement between the Ghana Environmental Protection Agency ("EPA") and GSWL, we bonded $3.0 million to cover future reclamation obligations at Wassa. To meet the bonding requirements, we established a $2.85 million letter of credit and deposited $0.15 million of cash with the EPA. In addition, pursuant to a bonding agreement between the EPA and GSBPL we bonded $9.5 million in early 2006 to cover our future obligations at Bogoso/Prestea. To meet these requirements we deposited $0.9 million of cash with the EPA with the balance covered by a letter of credit. The cash deposits are recorded in Restricted Cash in our balance sheet.

Royalties –

- Dunkwa Properties: As part of the acquisition of the Dunkwa properties in August 2003, we agreed to pay the seller a net smelter return royalty on future gold production from the Mansiso and Asikuma properties. As per the acquisition agreement, there will be no royalty due on the first 200,000 ounces produced from Mampon which is located on the Asikuma property. The amount of the royalty is based on a sliding scale which ranges from 2% of net smelter return at gold prices at or below $300 per ounce up to 3.5% for gold prices in excess of $400 per ounce.
- Government of Ghana: Under the laws of Ghana, a holder of a mining lease is required to pay an annual royalty of not less than 3% and not more than 6% of the total revenues earned from the lease area. The royalty is payable on a quarterly basis. We currently pay a 3% annual royalty on gold production from Bogoso/Prestea and Wassa.
- Benso: Benso is subject to a 1.5% net smelter return royalty and a $1.00 per ounce gold production royalty. The smelter return royalty may be purchased for $4.0 million (or $6.0 million if a feasibility study indicates more than 3.5 million ounces of recoverable gold) and the gold production royalty may be purchased for $0.5 million.
- Pampe: Portions of the Pampe deposit are subject to a 7.5% net smelter return royalty.
- Prestea Underground – The Prestea Underground is subject to a 2.5% net profits interest on future income. Ownership of the 2.5% net profit interest is currently held by the bankruptcy trustee overseeing liquidation of Prestea Gold Resources Limited, our former joint venture partner in the Prestea Underground.

Afema Project – On March 29, 2005 we entered into an agreement with Société d'Etat pour le Development Minier de la Cote d'Ivoire ("SO.DE.MI."), the Cote d'Ivoire state mining and exploration company, to acquire its 90% interest in the Afema gold property in south–east Cote d'Ivoire. Golden Star has the right to complete the transaction to acquire 100% of SO.DE.MI.'s rights in the Afema property for $1.5 million. If we exercise the option, we would, in addition to the acquisition payment, pay SO.DE.MI. a royalty on any future gold production from the Afema property. The royalty is indexed to the gold price and ranges from 2% of net smelter returns at gold prices below $300 per ounce to 3.5% of net smelter returns for gold prices exceeding $525 per ounce.

Hwini-Butre – As part of the agreement for the purchase of the HBB properties, Golden Star agreed to pay B.D. Goldfields Ltd $1.0 million upon receipt of all the necessary licenses, permits, approvals and consents required to mine the Hwini-Butre concession. Furthermore, we will pay BD Goldfields an additional $1.0 million if at least one million ounces of gold are produced and recovered in the first five years of production from the area covered by the Hwini-Butre prospecting license.

Obuom – In October 2007, we entered into agreement with AMI Resources Inc. ("AMI"), which gives AMI the right to earn our 54% ownership position in the Obuom property in Ghana. Should AMI eventually obtain full rights to our position on the property and develop a gold mining operation at Obuom, we would receive from AMI a 2% net smelter return royalty on 54% of the property's gold production.

Goulagou and Rounga – In October 2007, we entered into an option agreement with Riverstone Resources Inc. ("Riverstone") whereby Riverstone will have the right to acquire our 90% interest in our Goulagou and Rounga properties in Burkina Faso. To exercise the option, Riverstone is required to spend Cdn$4 million on exploration programs on the Goulagou and Rounga properties over the next four years, and may then purchase our interest for $18.6 million in cash or Riverstone common shares. In addition, we will receive up to two million shares of Riverstone over the term of the option and will receive two million common share purchase warrants of Riverstone at exercise prices of Cdn$0.30 to Cdn$0.45. We will also retain a production-related net smelter return royalty of up to 2%.

Paul Isnard – In December 2004 we reached agreement with EURO and its subsidiary to acquire rights to EURO's Paul Isnard property in French Guiana. The December 2004 agreement was amended in March 2007. The agreement, as amended, requires us to, among other things, prepare a feasibility study on the Paul Isnard property and spend at least €1.2 million, inclusive of expenditures made previously, on the property by November 21, 2007 as required by the French government authorities which granted the Paul Isnard prospecting permit to EURO. The feasibility study is now underway and we plan to spend approximately $3.7 million at Paul Isnard over the next 24 months on geophysics, geology, drilling and engineering studies to fulfill our commitment. In addition, we have agreed to pay a royalty to EURO on all future gold production, if any, from the Paul Isnard property up to 5.0 million ounces. Gold production in excess of 5.0 million ounces will not be subject to the royalty. The royalty varies from ten percent (10%) of the difference between the market price of gold per ounce and $400, for all gold sales up to 2.0 million ounces and five percent (5%) of the same for gold sales between 2.0 million and 5.0 million ounces. Furthermore, we have agreed, subject to completion of a positive feasibility study, to pay an annual $1.0 million advance royalty to EURO beginning September 2010 and continuing until such time as the Paul Isnard property begins mining and selling gold. The total advanced royalty payments will be deducted from royalties payable during the production period on the first 2.0 million ounces.

Amendment of Convertible Notes – On October 23, 2007, we entered into amendment agreements with the holders of our outstanding $50 million aggregate principal amount 6.85% senior convertible notes due April 15, 2009. The agreements provide for the amendment of the notes to require the early redemption of all of the notes by us for an aggregate of $61.76 million together with all accrued and unpaid interest thereon. Our redemption obligation is conditional on the completion of an issuance and sale of securities for proceeds sufficient to redeem all of the notes. The amendments to the notes will become effective upon the announcement of definitive terms of the proposed offering of up to $125 million in Convertible Senior Unsecured Debentures, discussed below.

EURO Rights Offering – In September 2007, agreement was reached with EURO which committed us to participate in EURO's rights offering scheduled in November 2007. Under this agreement, we agreed to subscribe for and purchase up to an aggregate of $5,000,000 in EURO common shares in the rights offering to the extent that such shares are not otherwise purchased by EURO's shareholders. In addition, we agreed to exercise our rights to purchase EURO shares attaching to the shares of EURO presently owned by us, which would require payment of approximately $0.2 million.

The rights offering circular for EURO's rights offering states that the use of proceeds will include: 1.) settlement of outstanding indebtedness to Golden Star Resources and 2.) settlement of contingent payment obligations to Golden Star. We expect these transactions to close in 2008.

Bogoso Power Plant – In August 2007 we entered into an agreement with Genser Power Ghana Ltd ("Genser") under which Genser will construct, operate and maintain a 20 megawatt rated power plant at our Bogoso plant site. We have agreed to purchase electric power from Genser's plant per the following formula: in months where our average monthly demand is equal to or less than 10 megawatts, we will pay Genser $295,200 per month plus the cost of fuel regardless of the amount of power used. In months where our average monthly demand exceeds 10 megawatts, we will pay Genser $0.030/kilowatt hour for amounts in excess of 10 megawatts plus fuel costs.

We have agreed to provide Genser with a letter of credit. The amount will be $2.0 million initially and will increase each month after initiation of construction reaching a maximum of approximately $7.0 million in the seventh month. The letter of credit will then become progressively smaller over the subsequent months until it reaches nil at the end of the 30 months following the initiation of construction. At any point in the first 30 months we can terminate the contract by making a payment to Genser equal to the remaining balance on the letter of credit. If such payment is made, Genser will return the letter of credit and the title to the power plant will be transferred to us. If the contract is terminated after 30 months, title to the plant will transfer to us for no consideration.

Litigation – As reported in 2006, most of our holdings of EURO shares were liquidated in a series of public and private sales transaction. One group of purchasers has failed to deliver contingent consideration due to us upon their subsequent resale of the shares purchased from us. Following negotiations in August and September we have filed suit asking for the approximately $1.5 million owed to us per the agreement that governed this sale. We are also engaged in routine litigation incidental to our business. No other material legal proceedings other than the one disclosed above, involving us or our business are pending, or, to our knowledge, contemplated, by any governmental authority. We are not aware of any material events of non–compliance with environmental laws and regulations.

14. Share Capital

Changes in share capital during the nine months ended September 30, 2007 were:

	Shares	Amount
Balance as of December 31, 2006	207,891,358	$524,619
Common shares issued:		
Equity offering (net)	24,150,000	82,329
Option exercises	1,067,500	1,334
Warrants exercised	62,783	254
Bonus shares and other	50,683	175
Balance as of September 30, 2007	233,222,324	$608,711

Ghana Share Listing – Efforts are underway to achieve listing of our common shares on the Ghana Stock Exchange in Accra before the end of 2007. It is expected that the Ghana listing will be supported by the sale of between $5 and $10 million of Golden Star common shares to investors in Ghana, subject to applicable regulatory approval. We intend to take appropriate steps to ensure that all shares issued in Ghana will be immediately and freely tradable on the Toronto Stock Exchange and the American Stock Exchange as well as on the Ghana Stock Exchange.

15. Warrants

On February 14, 2007, 8,401,031 share purchase warrants expired unexercised. They were issued in conjunction with an equity offering in 2003 at a strike price of Cdn$4.60. As of September 30, 2007, we have 3,224,520 warrants outstanding which were issued as part of the St. Jude acquisition in December 2005. These warrants expire on November 20, 2008 and have a strike price of Cdn$4.17.

16. Stock Based Compensation

Stock Options – We have one stock option plan, the Second Amended and Restated 1997 Stock Option Plan (the "Plan"), and options are granted under this plan from time to time at the discretion of the Compensation Committee. Options granted are non-assignable and are exercisable for a period of ten years or such other period as stipulated in a stock option agreement between Golden Star and the optionee. Under the Plan, we may grant options to employees, consultants and directors of the Company or its subsidiaries for up to 15,000,000 shares of common stock. Under the Plan, we reserved an aggregate of 15,000,000 shares of common stock for issuance pursuant to the exercise of options of which 4,558,796 are available for grant at September 30, 2007. Options take the form of non-qualified stock options, and the exercise price of each option is not less than the fair market value of our stock on the date of grant. Options typically vest over periods ranging from immediately to four years from the date of grant. Vesting periods are determined at the discretion of the Compensation Committee.

In addition to options issued under the Plan, 2,533,176 options were issued to various employees of St. Jude in exchange for St. Jude options in late 2005 of which 720,000 remain unexercised as of September 30, 2007. All of the remaining unexercised options held by St. Jude employees are vested. All figures shown below include the options issued to St. Jude employees.

Non-cash employee compensation expense recognized in the statements of operations with respect to the Plan are as follows:

	Nine months ended September 30,	
	2007	2006
Total cost during the period	$ 2,317	$ 1,568

We granted 1,141,023 and 850,650 options during the nine months ended September 30, 2007 and 2006, respectively. The Company recognized $2.3 million and $1.6 million of non-cash compensation expense in the nine months ended September 30, 2007 and 2006, respectively. We do not receive a tax deduction for the issuance of options. As a result we did not recognize any income tax benefit related to the stock compensation expense during the nine months ended September 30, 2007 and 2006.

The fair value of options granted during the first nine months of 2007 and 2006 were estimated at the grant dates using the Black-Scholes option-pricing model based on the assumptions noted in the following table:

	Nine months ended September 30,	
	2007	2006
Expected volatility	48.68% to 67.13%	63.7% to 103.4%
Risk-free interest rate	3.92% to 4.58%	4.00% to 4.09%
Expected lives	4 to 7 years	4 to 7 years
Dividend yield	0%	0%

Expected volatilities are based on the mean reversion tendency of the volatility of Golden Star's shares and its peer group. Golden Star uses historical data to estimate share option exercise and employee departure behavior used in the Black–Scholes model; groups of employees that have dissimilar historical behavior are considered separately for valuation purposes. The expected term of the options granted represents the period of time that the options granted are expected to be outstanding; the range given above results from certain groups of employees exhibiting different post–vesting behaviors. The risk–free rate for periods within the contractual term of the option is based on the Canadian Chartered Bank Administered Interest rates in effect at the time of the grant.

A summary of option activity under the Plan as of September 30, 2007 and changes during the nine months then ended is presented below:

	Options (000')	Weighted-Average Exercise price (Cdn$)	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (Cdn$000)
Outstanding as of December 31, 2006	6,556	2.98	5.70	$ 3,583
Granted	1,141	3.97	9.42	—
Exercised	(1,068)	1.38	—	3,766
Forfeited	(53)	3.95		
Outstanding as of September 30, 2007	6,576	3.41	6.00	$ 6,529

Stock Bonus Plan - In December 1992, we established an Employees' Stock Bonus Plan (the "Bonus Plan") for any full-time or part-time employee (whether or not a director) of the Company or any of our subsidiaries who has rendered meritorious services which contributed to the success of the Company or any of its subsidiaries. The Bonus Plan provides that a specifically designated committee of the Board of Directors may grant bonus common shares on terms that it might determine, within the limitations of the Bonus Plan and subject to the rules of applicable regulatory authorities. The Bonus Plan, as amended, provides for the issuance of 900,000 common shares of bonus stock of which 542,261 common shares had been issued as of September 30, 2007. During the nine months ended September 30, 2007 and 2006 we issued 50,863 and 4,000 common shares, respectively, to employees under the Bonus Plan. The cost of the shares grants was $0.2 million and nil in 2007 and 2006, respectively.

17. Accumulated other comprehensive income

Balance at December 31, 2006	$ —
Transition adjustment on change in accounting policy on January 1, 2007	8,479
Realized gain from the partial sale of investment in EURO	(3,331)
Unrealized loss on available-for-sale investments	(2,956)
Balance at September 30, 2007	$ 2,192

18. Income Taxes

Income tax benefit attributable to net income before income taxes consists of:

	Three months ended September 30, 2007	Three months ended September 30, 2006	Nine months ended September 30, 2007	Nine months ended September 30, 2006
Current				
Canada	$ —	$ —	$ —	$ (4,926)
Foreign	—	—	—	—
Future				
Canada	—	61	—	3,179
Foreign	6,038	(138)	11,240	(4,916)
Total	$ 6,038	$ (77)	$ 11,240	$ (6,663)

The future tax benefit recorded in the quarter and nine months ended September 30, 2007 relates primarily to operational losses incurred at Bogoso/Prestea. Golden Star records a valuation allowance against any portion of its remaining future income tax assets that it believes will, more likely than not, fail to be realized.

19. Earnings per Common Share

The following table provides a reconciliation between basic and diluted earnings per common share:

	Three months ended September 30, 2007	Three months ended September 30, 2006	Nine months ended September 30, 2007	Nine months ended September 30, 2006
Net income/(loss)	$ (12,709)	$ 1,533	$ (18,563)	$ 33,940
Weighted average number of common shares (millions)	233.3	207.3	227.6	207.4
Dilutive securities:				
Options	1.5	1.9	1.8	2.0
Convertible notes	—	—	—	—
Warrants	—	—	—	—
Weighted average number of diluted shares	234.8	209.2	229.4	209.4
Basic earnings/(loss) per share	$ (0.054)	$ 0.007	$ (0.082)	$ 0.164
Diluted earnings/(loss) per share	$ (0.054)	$ 0.007	$ (0.082)	$ 0.162

20. Supplemental Cash Flow Information

No cash income taxes were paid during the nine months ended September 30, 2007 and 2006. Cash paid for interest was $4.5 million and $2.9 million for the nine months ended September 30, 2007 and 2006, respectively. A total of $98,000 and $53,000 of depreciation was included in general and administrative costs, or was capitalized into projects, for the nine months ended September 30, 2007 and 2006, respectively. During the nine months ended September 30, 2007 we made a $0.3 million non-cash depreciation adjustment to Stockpile ore and In-process inventory.

21. Operations by Segment and Geographic Area

The following segment and geographic data includes revenues based on product shipment origin and long-lived assets based on physical location. The corporate entity is incorporated in Canada and located in the United States.

	Africa					
As of and for the three months ended September 30,	**Bogoso/ Prestea**	**Wassa**	**Other**	**South America**	**Corporate**	**Total**
2007						
Gold sales	$ 27,625	$ 20,128	$ —	$ —	$ —	$ 47,752
Net income/(loss)	(7,227)	424	(2,302)	(166)	(3,438)	(12,709)
Total assets	446,962	108,666	169,161	9,359	11,161	745,309
2006						
Gold sales	$ 21,478	$ 14,518	$ —	$ —	$ —	$ 35,996
Net income/(loss)	5,510	321	(204)	(164)	(3,930)	1,533
Total assets	289,551	107,028	196,184	7,849	3,812	604,424

	Africa					
As of and for the nine months ended September 30,	**Bogoso/ Prestea**	**Wassa**	**Other**	**South America**	**Corporate**	**Total**
2007						
Gold sales	$ 48,475	$ 57,256	$ —	$ —	$ —	$105,731
Net income/(loss)	(8,865)	67	(2,859)	(420)	(6,450)	(18,563)
Total assets	446,962	108,666	169,161	9,359	11,161	745,309
2006						
Gold sales	$ 47,816	$ 41,791	$ —	$ —	$ —	$ 89,607
Net income/(loss)	5,327	(1,930)	2,820	(3,936)	31,659	33,940
Total assets	289,551	107,028	196,184	7,849	3,812	604,424

22. Related Parties

We obtained legal services from a legal firm to which our Chairman of the Board is of counsel. The total value of all services purchased from this law firm during the first nine months of 2007 was $0.7 million. Our Chairman did not personally perform any legal services for us during the period nor did he benefit directly or indirectly from payments for the services performed by the firm.

23. Financial Instruments

Fair Value - Our financial instruments are comprised of cash, short term investments, accounts receivable, restricted cash, accounts payable, accrued liabilities, accrued wages, payroll taxes, derivatives and debt. The fair value of cash and short term investments, derivatives, accounts receivable, accounts payable, accrued liabilities and accrued wages, payroll taxes and current debt equals their carrying value due to the short term nature of these items. The fair value of restricted cash is equal to the carrying value as the cash is invested in short term, high-quality instruments. Management also estimates that the fair value of the non-current portion of the debt facility and the equipment financing facility approximates their carrying value. The fair value of the convertible notes is estimated to be $61.8 million, or $11.8 million greater than its $50.0 million face amount. Fair value of the conversion factor is responsible for the increase in the value.

24. Generally Accepted Accounting Principles in the United States

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada, which differ from US GAAP. The effect of applying US GAAP to our financial statements is shown below.

(a) Consolidated Balance Sheets in US GAAP

	As of September 30, 2007	As of December 31, 2006
ASSETS		
Current assets		
Cash and cash equivalents	$ 20,764	$ 27,108
Accounts receivable	5,701	8,820
Inventories	53,948	45,475
Future tax assets	809	—
Deposits	8,819	7,673
Other current assets	895	1,458
Total current assets	90,936	90,534
Restricted cash	1,519	1,581
Available-for-sale and long term investments	3,817	5,718
Deferred exploration and development costs (Notes d1)	—	—
Property, plant and equipment (Note d1, d2 and d3)	286,705	92,345
Mine construction in progress	—	165,155
Mining properties (Notes d2)	279,716	243,532
Future tax asset (Note d7)	28,044	6,657
Other assets	1	573
Total assets	$ 690,738	$ 606,095
LIABILITIES		
Current liabilities	$ 77,989	$ 62,276
Long term debt (Note d4)	70,792	75,414
Asset retirement obligations (long term portion)	17,153	16,034
Future tax liability (Note d7)	42,115	42,154
Fair value of long term derivatives (Note d5)	2,981	2,897
Total liabilities	211,030	198,775
Minority interest	1,772	2,902
Commitments and contingencies	—	—
SHAREHOLDERS' EQUITY		
Share capital (Note d6)	608,345	524,239
Contributed surplus (Notes d5 and d6)	11,281	9,048
Accumulated comprehensive income and other (Note d8)	4,965	7,034
Deficit	(146,655)	(135,903)
Total shareholders' equity	477,936	404,418
Total liabilities and shareholders' equity	$ 690,738	$ 606,095

(b) Consolidated Statements of Operations under US GAAP

	Three months ended September 30 2007	Three months ended September 30 2006 (Restated)	Nine months ended September 30 2007	Nine months ended September 30 2006 (Restated)
Net income/(loss) under Cdn GAAP	$(12,709)	$ 1,533	$(18,563)	$33,940
Deferred exploration expenditures expensed per US GAAP (Note d1 and d2)	(2,880)	(475)	(7,517)	(8,308)
Depreciation and amortization differences – Wassa (Note d3)	(170)	(314)	999	1,423
Derivative gain/(loss) (Note d5)	483	2,572	(98)	2,448
Write-off of deferred exploration properties (Note d3)	1,869	—	1,957	—
Other (Notes d4)	(6)	(524)	(13)	(19)
Net income/(loss) before minority interest under US GAAP	(13,413)	2,792	(23,235)	29,484
Minority interest, as adjusted	2	(82)	2	(144)
Net income/(loss) before income tax under US GAAP	(13,415)	2,710	(23,233)	29,340
Income tax benefit, as adjusted (Note d7)	305	—	12,481	—
Net income under US GAAP	(13,110)	2,710	(10,752)	29,340
Other comprehensive income – gain on marketable securities (Note d8)	(2,405)	—	(2,070)	—
Comprehensive income/(loss) under US GAAP	(15,515)	2,710	(12,822)	29,340
Basic net income/(loss) per share under US GAAP before cumulative effect of change in accounting method	$ (0.056)	$ 0.013	$ (0.048)	$ 0.141
Diluted net income/(loss) per share under US GAAP before cumulative effect of change in accounting method	$ (0.056)	$ 0.013	$ (0.048)	$ 0.140

(c) Consolidated Statements of Cash Flows under US GAAP

	Three months ended September 30 2007	Three months ended September 30 2006	Nine months ended September 30 2007	Nine months ended September 30 2006
Cash provided by/(used in):				
Operating activities	$ 5,511	$ 1,269	$ (3,119)	$(12,138)
Investing activities	326	(17,840)	(88,858)	(78,152)
Financing activities	(1,202)	5,732	85,633	10,624
Increase/(decrease) in cash and cash equivalents	4,635	(10,839)	(6,344)	(79,666)
Cash and cash equivalent beginning of period	16,129	20,882	27,108	89,709
Cash and cash equivalents end of period	$20,764	$ 10,043	$ 20,764	$ 10,043

(d) Notes:

(1) Under US GAAP, exploration, acquisition (except for property purchase costs), and general and administrative costs related to exploration projects are charged to expense as incurred. Under Cdn GAAP, exploration, acquisition and direct general and administrative costs related to exploration projects are capitalized. In each subsequent period, the exploration, engineering, financial and market information for each exploration project is reviewed by management to determine if any of the capitalized costs are impaired. If found impaired, the asset's cost basis is reduced in accordance with Cdn GAAP provisions.

(2) Under US GAAP, the initial purchase cost of mining properties is capitalized. Pre-acquisition costs and subsequent development costs incurred, until a final feasibility study is completed, are expensed in the period incurred. Under Cdn GAAP, the purchase costs of new mining properties as well as all development costs incurred after acquisition are capitalized and subsequently reviewed each period for impairment. If found impaired, the asset's cost basis is reduced in accordance with Cdn GAAP provisions.

(3) Under US GAAP new production facilities are placed in service once the facility has been constructed and fully tested to the point where it is available for regular and sustained use. Under Cdn GAAP, new production facilities are placed in service when output reaches a significant portion of the facility's design capacity.

(4) For US GAAP purposes, the $50.0 million of convertible notes issued (net of loan fees) in the second quarter of 2005 was classified as a liability. Under Cdn GAAP, the fair value of the conversion feature is classified as equity and the balance is classified as a liability. Under Cdn GAAP, the liability portion is accreted each period in amounts which will increase the liability to its full amount as of the maturity date and the accretion is recorded as interest expense.

(5) Under US GAAP the fair value of warrants denominated in currencies other than the company's functional currency are treated as a derivative liability. The derivative liability of such warrants is market to market at the end of each period and the change in fair value is recorded in the statement of operations. Under Cdn GAAP the issue-date fair values of all warrants is treated as a component of shareholders' equity and are recorded as contributed surplus and are not subsequently marked to their fair value. The comparative prior periods in this US GAAP footnote have been restated to take effect of the differences between Cdn and US GAAP.

(6) Numerous transactions since the Company's organization in 1992 have contributed to the difference in share capital versus the Cdn GAAP balance, including: (i) under US GAAP, compensation expense was recorded for the difference between quoted market prices and the strike price of options granted to employees and directors under stock option plans while under Cdn GAAP, recognition of compensation expense was not required; (ii) in May 1992 our accumulated deficit was eliminated through an amalgamation (defined as a quasi-reorganization under US GAAP) - under US GAAP the cumulative deficit was greater than the deficit under Cdn GAAP due to the past write-offs of certain deferred exploration costs; and (iii) gains recognized in Cdn GAAP upon issuances of subsidiaries' shares are not allowed under US GAAP.

(7) While tax accounting rules are essentially the same under both US and Cdn GAAP, tax account differences can arise from differing treatment of various assets and liabilities. For example, most exploration expenditures and certain mine developments cost are capitalized under Cdn GAAP and expensed under US GAAP, as explained in notes 1 and 2 above. An analysis of these differences indicates that there are larger potential tax benefits under US GAAP than under Cdn GAAP. As of September 30, 2007 we released the incremental valuation allowance for US GAAP purposes. We believe that it is more likely than not that we will be able to utilize the additional deferred tax assets under US GAAP, because we believe that the Bogoso sulfide processing plant will operate at levels that will generate future taxable income.

(8) US GAAP recognized accumulated comprehensive income prior to 2007. Cdn GAAP recognized accumulated comprehensive income only from January 1, 2007.

(9) In July 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109" ("FIN 48") which prescribes a recognition threshold and measurement attribute, as well as criteria for subsequently recognizing, derecognizing and measuring uncertain tax positions for financial statement purposes. FIN 48 also requires expanded disclosure with respect to the uncertainty in income taxes assets and liabilities. FIN 48 is effective for fiscal years beginning after December 15, 2006 and is required to be recognized as a change in accounting principle through a cumulative-effect adjustment to retained earnings as of the beginning of the year of adoption. During the quarter we have reviewed the tax positions taken in each of our tax jurisdictions and did not identify any uncertain tax positions that would require disclosure under FIN 48.

(10) In December 2006, the FASB issued FSP EITF 00-19-2, "Accounting for Registration Payment Arrangements" (FSP EITF 00-19-2). The FSP specifies the contingent obligation to make future payments or otherwise transfer consideration under a registration payment arrangement, whether issued as a separate agreement or included as a provision of a financial instrument or other agreement, should be recognized and measured separately in accordance with FASB SFAS No. 5, "Accounting for Contingencies" and related literature. FSP EITF 00-19-2 further clarifies that a financial instrument subject to a registration payment arrangement should be accounted for in accordance with other applicable generally accepted accounting principles without regard to the contingent obligation to transfer consideration. The FSP applies immediately to registration payment arrangements and the financial instruments subject to those arrangements that are entered into or modified subsequent to December 21, 2006. Whereas, for registration payment arrangements and the financial instruments subject to those arrangements entered into prior to its issuance, the FSP applies to our financial statements for the fiscal year beginning in 2007. We adopted the provisions of FSP EITF 00-19-2 beginning in January 2007 with no impact on our Consolidated Financial Statements.

(11) In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosure about fair value measurements. This statement does not require any new fair value measurements; rather, it applies to other accounting pronouncements that require or permit fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. We do not believe the adoption of SFAS No. 157 will have an impact on our financial position, cash flows or results of operations.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115" ("SFAS No. 159"). SFAS No. 159 allows measurement at fair value of eligible financial assets and liabilities that are not otherwise measured at fair value. If the fair value option for an eligible item is elected, unrealized gains and losses for that item are reported in current earnings at each subsequent reporting date. SFAS No. 159 also establishes presentation and disclosure requirements designed to draw comparisons between the different measurement attributes that we elect for similar types of assets and liabilities. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. We do not believe the adoption of SFAS No. 159 will have an impact on our financial position, cash flows or results of operations.

25. Subsequent events

Goulagou/Rounga – In mid-October 2007 we entered into an option agreement with Riverstone Resources Inc. ("Riverstone") whereby Riverstone will have the right to acquire our 90% interest in our Goulagou and Rounga properties in Burkina Faso. To exercise the option, Riverstone is required to spend Cdn$4 million on exploration programs on the Goulagou and Rounga properties over the next four years, and may then purchase our interest for $18.6 million in cash or Riverstone common shares. In addition, we will receive up to two million shares of

Riverstone over the term of the option and will receive two million common share purchase warrants of Riverstone at exercise prices of Cdn$0.30 to Cdn$0.45. We will also retain a production-related net smelter return royalty of up to 2%. The Goulagou and Rounga properties were acquired through our December 2005 merger with St. Jude Resources Limited.

A local Burkina Faso partner owns a 10% participating interest. Upon the granting of a mining permit, the Government of Burkina Faso will receive a statutory 10% carried interest.

EURO Rights Offering – In September 2007, agreement was reached with EURO which committed us to participate in EURO's rights offering scheduled in November 2007. Under this agreement, we agreed to subscribe for and purchase up to an aggregate of $5,000,000 in EURO common shares in the rights offering, to the extent that such shares are not otherwise purchased by EURO's shareholders. In addition, Golden Star agreed to exercise all rights to purchase EURO shares attaching to the shares of EURO presently owned by it, which would require payment of approximately $0.2 million.

The rights offering circular for EURO's rights offering states that the use of proceeds will include: 1.) settlement of outstanding indebtedness to Golden Star Resources and 2.) settlement of contingent payment obligations to Golden Star. We expect these transactions to close in 2008.

Amendment of Convertible Notes – On October 23, 2007, we entered into amendment agreements with the holders of our outstanding $50 million aggregate principal amount 6.85% senior convertible notes due April 15, 2009. The agreements amend the notes to require the early redemption of all of the notes by us for an aggregate of $61.76 million together with all accrued and unpaid interest thereon. Our redemption obligation is conditional on the completion of an issuance and sale of securities for proceeds sufficient to redeem all of the notes, such as the proposed offering of up to $125 million in Convertible Senior Unsecured Debentures, discussed below.

Announcement of Proposed Offering – On October 23, 2007, we announced a proposed offering of an aggregate principal amount of up to $125 million of 4.0% Convertible Senior Unsecured Debentures due November 30, 2012. The sale of the debentures is expected to close on or about November 8, 2007.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the accompanying unaudited consolidated financial statements and related notes. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada ("Cdn GAAP"). For reconciliation to accounting principles generally accepted in the United States ("US GAAP"), see Note 24 to the consolidated financial statements. This Management's Discussion and Analysis of Financial Condition and Results of Operations includes information available to November 6, 2007. All financial amounts are in thousands of US dollars unless stated otherwise.

RESTATED PRIOR PERIOD BALANCES

Computational errors in determining the value of ore stockpiles during 2006 were discovered at the end of 2006. As a result the first, second and third quarters of 2006 have been restated to correct these errors.

OUR BUSINESS

Through our subsidiaries we own a controlling interest in four significant gold properties in southern Ghana, West Africa:

- Bogoso/Prestea property, which is comprised of the adjoining Bogoso and Prestea surface mining leases ("Bogoso/Prestea"),
- Wassa property ("Wassa"),
- Prestea Underground property ("Prestea Underground"), and
- Hwini-Butre and Benso concessions ("HBB Properties").

In addition to these gold properties, we hold various other exploration rights and interests and are actively exploring in a variety of locations in West Africa and South America.

Bogoso/Prestea is owned by our 90% owned subsidiary Golden Star (Bogoso/Prestea) Limited ("GSBPL") (formerly Bogoso Gold Limited) which was acquired in 1999. Bogoso/Prestea has produced and sold 72,149 ounces of gold in the first nine months of 2007.

Through another 90% owned subsidiary, Golden Star (Wassa) Limited (“GSWL”) (formerly Wexford Goldfields Limited), we own the Wassa gold mine located some 35 kilometers east of Bogoso/Prestea. Wassa has produced and sold 86,114 ounces of gold in the first nine months of 2007.

The Prestea Underground is located on the Prestea property and consists of a currently inactive underground gold mine and associated support facilities. GSBPL owns a 90% operating interest in the Prestea Underground. We are currently reconditioning certain shafts to allow better access to the underground workings. We are also conducting exploration and engineering studies to determine if the underground mine can be reactivated on a profitable basis.

Through our 100% owned subsidiary, St. Jude Resources Ltd. (“St. Jude”), we own the HBB Properties in southwest Ghana. The HBB Properties consist of the Hwini-Butre and Benso concessions, which together cover an area of 201 square kilometers. Combined, both concessions contain Mineral Reserves totaling 577,000 ounces of contained gold. In April 2007, we completed a feasibility study for the development and mining of HBB Properties for processing at Wassa and development activities are currently being initiated. The Hwini-Butre and Benso concessions are located approximately 70 and 40 kilometers south of Wassa, respectively.

We hold interests in several gold exploration projects in Ghana and elsewhere in West Africa including Sierra Leone, Burkina Faso, Niger and Cote d’Ivoire. We also hold and manage exploration properties in Suriname and French Guiana in South America. We hold indirect interests in gold exploration properties in Peru, Argentina and Chile through an equity investment in Minera IRL (formerly known as Goldmin Consolidated Holdings). In November 2005, we entered into a joint venture with a subsidiary of Newmont Mining Corporation pursuant to which Newmont may earn up to a 51% participating interest in our Saramacca property in Suriname by spending $6 million by the fifth anniversary of the agreement (November 2011).

Our administrative offices are located in Littleton, Colorado, USA and we maintain a regional corporate office in Accra, Ghana.

NON-GAAP FINANCIAL MEASURES

In this Form 10-Q, we use the terms “total operating cost per ounce,” “total cash cost per ounce” and “cash operating cost per ounce.”

Total operating cost per ounce is equal to “Mine operating costs” for the period, as found on our consolidated statements of operations, divided by the ounces of gold sold in the period. Mine operating costs include all mine-site operating costs, including the costs of mining, processing, maintenance, work-in-process inventory changes, mine-site overhead, production taxes and royalties, mine site depreciation, depletion, amortization, asset retirement obligations and by-product credits but does not include exploration costs, corporate general and administrative expenses, impairment charges, corporate business development costs, gains and losses on asset sales, interest expense, mark-to-market gains and losses on derivatives, foreign currency gains and losses, gains and losses on investments and income tax.

Total cash cost per ounce for a period is equal to “Mining operations” costs for the period, as found on our consolidated statements of operations, divided by the number of ounces of gold sold during the period.

Cash operating cost per ounce for a period is equal to “total cash costs” for the period less production royalties and production taxes, divided by the number of ounces of gold sold during the period.

The calculations of total cash cost per ounce and cash operating cost per ounce are in compliance with an industry standard for such measures established in 1996 by the Gold Institute, a non-profit industry group.

The following table shows the derivation of these measures and a reconciliation of “total cash cost per ounce” and “cash operating cost per ounce.”

Derivation of Cost per Ounce Measures

	For the nine months ended September 30, 2007		
	Wassa	Bogoso/Prestea	Combined
Mining operations	$ 42,284	$ 57,687	$ 99,971
Mining related depreciation and amortization	13,875	9,565	23,440
Accretion of asset retirement obligations	253	576	829
Mine operating costs	**$ 56,412**	**$ 67,828**	**$ 124,240**
Ounces sold	**86,114**	**72,149**	**158,263**
Derivation of cost per ounce:			
Total operating costs - GAAP ($/oz)	$ 655	$ 940	$ 785
Less depreciation and amortization ($/oz)	161	133	148
Less accretion of asset retirement obligations ($/oz)	3	8	5
Total cash cost ($/oz)	491	799	632
Less royalties and production taxes ($/oz)	20	20	20
Cash operating cost per ounce ($/oz)	**$ 471**	**$ 779**	**$ 612**

	For the nine months ended September 30, 2006		
	Wassa	Bogoso/Prestea Restated	Combined Restated
Mining operations	$ 34,406	$ 36,410	$ 70,816
Mining related depreciation and amortization	8,539	7,407	15,946
Accretion of asset retirement obligations	160	384	544
Mine operating costs	**$ 43,105**	**$ 44,201**	**$ 87,306**
Ounces sold	**69,262**	**78,739**	**148,001**
Derivation of cost per ounce:			
Total operating costs - GAAP ($/oz)	$ 622	$ 561	$ 590
Less depreciation and amortization ($/oz)	123	94	108
Less accretion of asset retirement obligations ($/oz)	2	5	4
Total cash cost ($/oz)	497	462	478
Less royalties and production taxes ($/oz)	18	18	17
Cash operating cost per ounce ($/oz)	**$ 479**	**$ 444**	**$ 461**

	For the three months ended September 30, 2007		
	Wassa	Bogoso/Prestea	Combined
Mining operations	$ 14,613	$ 34,964	$ 49,577
Mining related depreciation and amortization	4,761	5,682	10,443
Accretion of asset retirement obligations	83	175	258
Mine operating costs	**$ 19,457**	**$ 40,821**	**$ 60,278**
Ounces sold	**29,626**	**40,518**	**70,144**
Derivation of cost per ounce:			
Total operating costs - GAAP ($/oz)	$ 657	$ 1,007	$ 859
Less depreciation and amortization ($/oz)	161	140	149
Less accretion of asset retirement obligations ($/oz)	3	4	4
Total cash cost ($/oz)	493	863	707
Less royalties and production taxes ($/oz)	20	20	20
Cash operating cost per ounce ($/oz)	**$ 473**	**$ 843**	**$ 687**

	For the three months ended September 30, 2006		
	Wassa	Bogoso/Prestea Restated	Combined Restated
Mining operations	$ 11,225	$ 13,499	$ 24,724
Mining related depreciation and amortization	2,764	2,378	5,142
Accretion of asset retirement obligations	58	132	190
Mine operating costs	**$ 14,047**	**$ 16,009**	**$ 30,056**
Ounces sold	**23,244**	**34,611**	**57,855**
Derivation of cost per ounce:			
Total operating costs - GAAP ($/oz)	$ 604	$ 463	$ 520
Less depreciation and amortization ($/oz)	119	69	89
Less accretion of asset retirement obligations ($/oz)	2	4	3
Total cash cost ($/oz)	483	390	428
Less royalties and production taxes ($/oz)	19	18	18
Cash operating cost per ounce ($/oz)	**$ 464**	**$ 372**	**$ 410**

Total cash cost per ounce and cash operating cost per ounce should be considered as non-GAAP financial measures as defined in SEC Regulation S-K Item 10 and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. There are material limitations associated with the use of such non-GAAP measures. Since these measures do not incorporate revenues, changes in working capital and non-operating cash costs, they are not necessarily indicative of operating profit or cash flow from operations as determined under GAAP. Changes in numerous factors including, but not limited to, mining rates, milling rates, gold grade, gold recovery, costs of labor, consumables and mine site general and administrative activities can cause these measures to increase or decrease. We believe that these measures are the same as, or similar to the measures of other gold mining companies, but may not be comparable to similarly titled measures in every instance.

Ownership - All figures and amounts in this Item 2 are shown on a 100% basis, which represents our current beneficial interest in gold production and revenues. The Government of Ghana would receive 10% of the dividends distributed from the subsidiaries owning the Bogoso/Prestea and Wassa mines once all debts have been prepaid to the parent companies.

BUSINESS STRATEGY AND DEVELOPMENT

Since 1999, our business and development strategy has been focused primarily on the acquisition of producing and development-stage gold properties in Ghana and on the exploration, development and operation of these properties. Since 1999, our exploration efforts have been focused on Ghana, other West African countries and South America.

In line with our business strategy, we acquired Bogoso in 1999 and have operated a carbon-in-leach (“CIL”) processing plant since that time to process oxide and other non-refractory ores (“Bogoso oxide processing plant”). In 2001, we acquired Prestea and mined surface deposits at Prestea from late 2001 to late 2006. In late 2002, we acquired Wassa, and following completion of a feasibility study, constructed a new CIL processing plant at Wassa which began commercial operation in April 2005.

In 2005, we initiated the construction and development of a new nominal 3.5 million tonnes per annum processing facility at Bogoso/Prestea that uses proprietary BIOX ® bio-oxidation technology to treat refractory sulfide ore (“Bogoso sulfide processing plant”). This facility was placed in commercial service on July 1, 2007. The new Bogoso sulfide processing plant achieved design through-put rates by the end of the third quarter of 2007, although gold recovery and gold output were lower than expected. We expect to be at or near design recovery rates by the end of the fourth quarter. Achievement of these targets is subject to numerous risks. See the discussion of Risk Factors in Item 1A of our December 31, 2006 Form 10-K, as amended.

In late 2005, we acquired the HBB Properties. During 2006, we carried out geological, environmental and engineering studies to determine the economic feasibility of developing these gold properties. The HBB feasibility study was completed in April 2007, and development activities are now underway. We expect to begin mining at the HBB Properties in the third quarter of 2008, with the ore being transported to Wassa for processing.

Our overall objective since 1999 has been to grow our business to become a mid-tier gold producer with an annualized production rate of approximately 500,000 ounces. We anticipate reaching this production rate by the end of the fourth quarter of 2007. We continue to evaluate potential acquisition and merger opportunities that could further increase our annual gold production. However, we presently have no agreement or understanding with respect to any specific potential transaction.

In addition to our gold mining and development activities, we are actively exploring for gold in West Africa and South America, investing approximately $15.3 million on such activities during 2006 and $9.0 million in the first nine months of 2007. We are actively conducting regional reconnaissance projects in Ghana, Cote d’Ivoire and Sierra Leone and have drilled more advanced targets in Ghana, Niger and Burkina Faso. We are also evaluating a property in French Guiana and participating in a joint venture in Suriname.

SIGNIFICANT TRENDS AND EVENTS DURING THE FIRST NINE MONTHS OF 2007

Power Restrictions in Ghana

Above-normal rainfall in recent months has raised water levels at the Akosombo reservoir in central Ghana, which has in turn facilitated an increase in power production at the Akosombo hydroelectric plant. In response to this development, the Ghana power authority announced on October 1, that it had suspended all power rationing in Ghana. We have stopped generating power at our Wassa facility and are currently relying on the Ghana national grid for all our needs.

In response to the power shortages of the past 18 months, we, along with three other gold mining companies operating in Ghana, organized a consortium which has purchased and constructed a nominal 100 megawatt power station in Ghana. The new power plant is expected to reliably and continuously generate 80 megawatts. Our share of output from this power station is expected to be approximately 20 megawatts, which will be sufficient to provide up to 50% of our total power requirements, including those of the Bogoso sulfide processing plant.

The total cost to acquire and construct this power station is expected to be approximately $44 million, of which we committed to fund 25%. Construction is now complete and the plant has been commissioned. Negotiations are underway to transfer ownership of the plant to the Ghana power authority which would operate the plant and distribute its power to the national grid. In periods of rationing, the four consortium companies will have the right to take 80 megawatts from the national grid in excess of limits set by any future rationing programs.

Separately, we have entered into a take-or-pay agreement to purchase a minimum of 10 megawatts of power from a power provider who will construct operate and maintain a 20 megawatt power station at the Bogoso plant site as discussed in more detail below. It is expected that construction will begin on this power station in November with completion scheduled in the first quarter of 2008. The plant can be fueled with diesel, residual fuel oil or heavy fuel oil.

While there is currently no power rationing in Ghana, if rationing was to re-occur in the future, we expect that power from the new consortium plant, from our on-site diesel generators at Wassa, from the new plant to be constructed at Bogoso and our rationed share of the national grid power would be adequate to meet our total future power requirements.

Gold Prices

Gold prices have generally trended upward during the last five years, from a low of just under $260 per ounce in early 2001 to a high of $806 per ounce in early November 2007. Much of the price increase during this period appears to be related to the fall in the value of the US dollar against other major foreign currencies. The realized gold price for our shipments during the first nine months of 2007 averaged $668 per ounce, as compared to $605 per ounce in the same period of 2006.

Bogoso Sulfide Expansion Project

While the new Bogoso sulfide processing plant achieved design through-put of 400 tonnes per hour by the end of the third quarter, gold output was lower than expected. Design problems in the sulfide flotation section of the new plant was the major factor contributing to the lower than expected gold production. All other sections of the new plant are now operating within design parameters. Crushing, grinding, conditioning, bio-oxidation, neutralization, CIL and elution have now demonstrated design capability, and the bio-oxidation circuit is achieving expected sulfide oxidation. Overall availability of the grinding circuit was 69% for the third quarter and exhibited an increasing trend. Several issues which negatively affected mill availability have been resolved during the third quarter and we expect the mill to operate at an availability of about 88% in the fourth quarter. Gold recovery at the sulfide processing plant’s CIL circuit regularly exceeded 85% in the quarter.

Mechanical modifications were made to the sulfide flotation circuit in late September that increased gold recovery. Additional modifications are underway which should further contribute to the efficiency of the flotation process. Sulfide flotation is a mature technology which has been widely used in the mining industry for over 50 years. As such we believe that the flotation problems are manageable and we expect that they will be resolved over time.

Pampe and Prestea South

The new Pampe pit delivered approximately 79,400 tonnes per month of oxide ore to the Bogoso oxide processing plant during the third quarter at an average grade of 2.66 g/t. We expect Pampe to produce at an average rate of 2,000 tonnes per day at an average grade of 2.8 g/t during the remainder of 2007, with all of the production shipped to the Bogoso oxide processing plant.

Over the next year, we expect to permit several oxide open pits, collectively known as the Prestea South project, on the southern portion of our Prestea property. An environmental impact statement (“EIS”) has been submitted to the EPA and public consultations have been completed. Subject to the receipt of comments on the EIS from the EPA, ongoing public consultation and the timely receipt of all permits, we expect to commence development of Prestea South in 2008 with mining to commence in the third quarter of 2008. The Prestea South oxide ore will be transported to our Bogoso plant site and processed through the Bogoso oxide processing plant.

Equity Offering

On March 1, 2007, we sold 21 million common shares at a price of $3.60 per share resulting in $75.6 million in gross proceeds. Net proceeds were $72.2 million after deducting underwriting commissions but before deducting offering expenses. On March 9, 2007, the underwriters exercised their option to purchase an additional 3.15 million common shares for additional gross proceeds of $11.3 million. After deducting the underwriter's commission, net proceeds from the additional shares were $10.8 million. We have used or are using the proceeds to purchase an interest in an electric power station in Ghana, for completion and start-up of the Bogoso sulfide expansion project, development of the HBB Properties, and for general corporate and working capital purposes.

Warrants

On February 14, 2007, 8.4 million share purchase warrants expired unexercised. These warrants were originally issued in 2003 in conjunction with an equity offering at a strike price of Cdn$4.60.

Management Changes

On August 1, 2007, Peter Bradford, President and Chief Executive Officer of Golden Star, notified the Company of his intent to resign from his position as an officer and director of the Company, effective on December 31, 2007 or at such other date as the parties agree following the appointment of a successor. A search for a new CEO is underway.

Additionally, Mr. Colin Belshaw, formerly Golden Star's Vice President of Operations, assumed responsibility as General Manager at Bogoso/Prestea. Mr. Mitch Wasel, formerly our Exploration Manager – Africa, has been promoted to serve as Vice President of Exploration, effective September 1, 2007 replacing Mr. Douglas Jones who resigned as Vice President of Exploration on August 31, 2007.

Ghana Stock Exchange Listing and Share Offering

Efforts were initiated in the third quarter to list our common shares on the Ghana Stock Exchange in Accra, Ghana to support the further growth of the Ghana Stock Exchange and to allow our employees and stakeholders in Ghana an opportunity to invest in Golden Star. It is expected that the listing in Ghana will be supported by the issuance of between $5 and $10 million of Golden Star common shares to investors in Ghana, subject to applicable regulatory approval. We intend to take appropriate steps to ensure that all shares issued in Ghana will be immediately and freely tradable on the Toronto Stock Exchange and the American Stock Exchange as well as on the Ghana Stock Exchange.

Paul Isnard – In December 2004 we reached agreement with EURO to acquire rights to EURO's Paul Isnard property in French Guiana. The December 2004 agreement was amended in March 2007. The agreement, as amended, requires us to, among other things, prepare a feasibility study on the Paul Isnard property and spend at least €1.2 million, inclusive of expenditures made previously, on the property by November 21, 2007 as required by the French government authorities which granted the Paul Isnard prospecting permit to EURO. The feasibility study is now underway and we plan to spend approximately $3.7 million at Paul Isnard over the next 24 months on geophysics, geology, drilling and engineering studies to fulfill our commitment. In addition, we have agreed to pay a royalty to EURO on all future gold production, if any, from the Paul Isnard property up to 5.0 million ounces. Gold production in excess of 5.0 million ounces will not be subject to the royalty. The royalty varies from ten percent (10%) of the difference between the market price of gold per ounce and $400, for all gold sales up to 2.0 million ounces and five percent (5%) of the same for gold sales between 2.0 million and 5.0 million ounces. Furthermore, we have agreed, subject to completion of a positive feasibility study, to pay an annual $1.0 million advance royalty to EURO beginning September 2010 and continuing until such time as the Paul Isnard property begins mining and selling gold. The total advanced royalty payments will be deducted from royalties payable during the production period on the first 2.0 million ounces.

Bogoso Power Plant – In August 2007 we entered into an agreement with Genser Power Ghana Ltd ("Genser") under which Genser will construct, operate and maintain a 20 megawatt rated power plant at our Bogoso plant site. We have agreed to purchase electric power from Genser's plant per the following formula: in months where our average monthly demand is equal to or less than 10 megawatts, we will pay Genser $295,200 per month plus the cost of fuel regardless of the amount of power used. In months where our average monthly demand exceeds 10 megawatts, we will pay Genser $0.030/kilowatt hour for amounts in excess of 10 megawatts plus fuel costs.

We have agreed to provide Genser with a letter of credit. The amount will be $2.0 million and will increase each month after initiation of construction reaching a maximum of approximately $7.0 million in the seventh month. The letter of credit will then become progressively smaller over the subsequent months until it reaches nil at the end of the 30 months following the initiation of construction. At any point in the first 30 months we can terminate the contract by making a payment to Genser equal to the remaining balance on the letter of credit. If such payment is made, Genser will release the letter of credit and the title to the power plant will be transferred to us. If the contract is terminated after 30 months, title to the plant will transfer to us for no consideration.

See the Subsequent Events Section below for other recent developments.

CONSOLIDATED RESULTS OF OPERATIONS

Three months ended September 30, 2007 compared to three months ended September 30, 2006

During the three months ended September 30, 2007, we incurred a net loss of $12.7 million or $0.054 per share on revenues of $47.8 million, versus net income of $1.5 million or $0.007 per share on gold revenues of $36.0 million during the three months ended September 30, 2006. While gold output improved over the same quarter in 2006 and realized gold prices were significantly higher in the third quarter of 2007 ($681 per ounce versus $622 a year earlier), increases in operating costs at both Wassa and at the Bogoso oxide processing operation plus the added costs of the new Bogoso sulfide processing operation combined to more than off-set the higher gold price and higher gold output, leaving the consolidated operating margin loss at $12.5 million as compared to a $5.9 million positive operating margin in the third quarter of 2006.

	For the three months ended September 30,		For the nine months ended September 30,	
SUMMARY OF CONSOLIDATED FINANCIAL RESULTS	**2007**	**2006**	**2007**	**2006**
Gold sold (oz)	70,143	57,855	158,263[1]	148,001
Average realized price ($/oz)	681	622	668	605
Gold revenues (in $ thousands)	47,752	35,966	105,731	89,607
Cash flow provided by operations (in $ thousands)	8,391	7,323	4,398	80
Net income/(loss) (in $ thousands)	(12,709)	1,533	(18,563)	33,940
Net income/(loss) per share – basic ($)	(0.054)	0.007	(0.082)	0.164

1. Excludes 7,803 ounces from the new sulfide plant in the first six months of 2007. These ounces are not included in sales revenues.

Nine months ended September 30, 2007 compared to nine months ended September 30, 2006

During the nine months ended September 30, 2007, we incurred a net loss of $18.6 million or $0.082 per share on revenues of $105.7 million, versus net income of $33.9 million or $0.164 per share on gold revenues of $89.6 million during the nine months ended September 30, 2006. The major factors contributing to the better performance in the first nine months of 2006 was a $20.9 million pre-tax gain on sale of our long-term share holdings in EURO, a $30.3 million pre-tax gain on the sale of our investment in Moto Goldmines Ltd, a $2.3 million currency gain and $4.0 million of royalty income. In comparison, during the first nine months of 2007 there were no significant sales of assets or investments, there were no significant currency gains or losses and there was no royalty income since the subsidiary generating the royalty in the prior year, was sold in 2006.

Larger operating margin losses at the mines in the first nine months of 2007 versus a year earlier further contributed to the decline in performance. The consolidated operating margin loss for the nine months ended September 30, 2007 was $18.5 million as compared to a $2.3 million positive operating margin in the same period of 2006. While Wassa and the new Bogoso sulfide processing plant together sold 31,851 more ounces in the first nine months of 2007 than in the same period of 2006, the Bogoso/Prestea oxide processing plant shipped 21,589 fewer ounces. Cash operating costs for all mines for the nine months ended September 30, 2007 were $29.2 million higher than a year earlier, which contributed to the larger operating margin loss. Higher cash operating costs reflect recognition of the Bogoso sulfide processing operation’s operating costs in the third quarter following its July 1, 2007 in-service date as well as increases in the cost of self-generated power and higher overall costs for labor and materials at all three operations. The increase in depreciation expense is predominantly related to higher unit rates at Wassa from revisions to mineral reserves at the end of 2006 and from the commencement of depreciation and amortization at the Bogoso sulfide processing operations during the third quarter.

General and administrative costs increased $2.9 million over the first nine months of 2006. The primary factors responsible for the higher costs were increases in labor costs associated with the strengthened management team, increases in stock compensation expense, increases in tax and accounting consulting fees and legal fees associated with loan negotiations.

BOGOSO/PRESTA OPERATIONS

Three months ended September 30, 2007 compared to three months ended September 30, 2006

Bogoso/Prestea, including the new sulfide operation, incurred a $13.2 million operating margin loss during the third quarter of 2007 on sales of 40,518 ounces of gold, versus a $5.5 million positive operating margin on sales of 34,611 ounces in the same quarter of 2006. While third quarter gold revenues were $6.1 million higher than a year earlier due to higher gold prices and increased gold output from the new Bogoso sulfide processing plant, Bogoso/Prestea's mine operating costs, which increased by $24.8 million from the same period of 2006, more than offset the revenue improvement. More specifically, costs associated with the new sulfide operation were incurred throughout the third quarter, but due to lower than expected recoveries from the sulfide flotation circuit, as discussed below, the increase in operating costs was not offset by a proportional increase in gold output and gold revenues. Improvements in gold recovery are expected during the fourth quarter, which should result in an increase in gold output and revenues in excess of operating costs.

Depreciation expense increased by $3.3 million as compared to the third quarter of 2006. The increase was mostly related to amortization and depreciation at the sulfide operations following its July 1, 2007 start-up.

The Bogoso sulfide processing plant processed an average of 257 tonnes per hour during the third quarter at an average grade of 2.66 g/t. Overall availability of the grinding circuit was 69% for the third quarter and exhibited an increasing trend. Several issues which negatively affected mill availability have been resolved during the third quarter and we expect the mill to operate at an availability of about 88% in the fourth quarter. Gold recovery in the third quarter was below expectations at 40.9%. While the sulfide plant oxidation and CIL systems were operating at design capacity in the third quarter, the sulfide flotation circuit gold recovery was significantly lower than expected which was the major factor contributing to the lower than expected overall gold recovery and gold output. In September, modifications were made to the sulfide flotation circuit which increased overall recovery rates by approximately 25% in recent weeks. Additional sulfide flotation circuit modifications are planned in the fourth quarter and it is expected that overall gold recovery will be at design recovery rates by the end of the fourth quarter.

Most of the ore processed at the Bogoso oxide processing plant in the third quarter of 2007 came from the new Pampe pit, which is easier to process and yields better gold recoveries than did ore from the Plant-North pit processed in the third quarter of 2006, however, the average grade dropped to 2.06 g/t in the current year versus 4.45 g/t in the same period of 2006. As a result the average operating rate rose to 4,217 tonnes per day compared to 3,995 tonnes per day in the same period of 2006 although, with the lower grade, we produced 9,092 less ounces from the Bogoso oxide processing plant than in the third quarter of 2006.

Bogoso/Prestea realized an average gold price of $682 per ounce for the quarter, up from $607 per ounce a year earlier. Cash operating costs rose to $843 per ounce for the quarter, up from $372 per ounce in the third quarter of 2006. Most of the increase was related to the fact that, although the new Bogoso sulfide processing plant incurred expected operating costs during the quarter, the lower gold recoveries resulted in less ounces being produced than expected and hence higher unit costs.

BOGOSO/PRESTEA

OXIDE OPERATING RESULTS	For the three months ended September 30,		For the nine months ended September 30,	
	2007	2006	2007	2006
Ore mined (t)	274,588	398,956	741,409	1,123,275
Waste mined (t)	2,219,026	1,306,948	6,143,935	5,755,883
Ore processed (t)	387,936	367,536	1,236,064	1,073,059
Grade processed (g/t)	2.06	4.45	1.97	3.83
Recovery (%)	78.8	62.3	72.4	59.3
Gold sold (oz)	25,519	34,611	57,150	78,739

SULFIDE PLANT OPERATING RESULTS	For the three months ended September 30		For the nine months ended September 30	
	2007	2006	2007	2006
Ore mined (t)	372,590	—	534,406	—
Waste mined (t)	2,424,175	—	7,038,033	—
Ore processed (t)	567,817	—	876,838	—
Grade processed (g/t)	2.66	—	2.72	—
Recovery (%)	40.9	—	43.9	—
Gold sold (oz) [1.]	14,999	—	14,999	—

1. Excludes 7,803 ounces produced at the new sulfide plant in the first six months of 2007 prior to the sulfide plant in-service date. These ounces are not included in sales revenues.

CONSOLIDATED COST PER OUNCE – BOGOSO/PRESTEA	For the three months ended September 30		For the nine months ended September 30	
	2007	2006	2007	2006
Cash operating cost ($/oz)	**843**	**372**	**780**	**444**

Royalties ($/oz)	20	18	20	18
Total cash cost ($/oz)	863	390	800	462

Nine months ended September 30, 2007 compared to the nine months ended September 30, 2006

The Bogoso/Prestea financial and operating results for the nine months ended September 30, 2007 and 2006, as discussed below excludes revenues and operating costs of the new Bogoso sulfide processing operation for all periods prior to its commercial in-service date of July 1, 2007.

Bogoso/Prestea incurred a $19.4 million operating margin loss during the first nine months of 2007 on sales of 72,149 ounces of gold, versus a positive operating margin of $3.6 million on sales of 78,739 ounces in the same period of 2006. Lower ounces from the Bogoso oxide processing plant in the nine months and lower than expected ounces from the Bogoso sulfide processing plant in the third quarter combined to yield revenues that were only slightly above those of the first nine months of 2006. However, at the same time, operating costs were significantly higher following the sulfide operation's in-service date on July 1, 2007. Lower ore grades and an oxide processing plant maintenance shut-down in May contributed to the drop in oxide gold output. Depreciation expense increased $2.2 million in the nine months mostly due to the impact of the sulfide operation start-up.

Much of the ore processed at the oxide plant in the first nine months of 2007 came from various oxide deposits at Bogoso/Prestea and from the new Pampe pit. The oxide ores are typically softer and yield better gold recovery than the ore from the Plant-North pit processed in the first nine months of 2006, which allowed for higher plant through-put rates. As a result, the average operating rate increased to 4,528 tonnes per day in the first nine months of 2007 compared to 3,931 tonnes per day in the first nine months of 2006. However, the lower grades of the oxide ore processed in 2007 versus the Plant-North ores processed in the first nine months of 2006, (1.97 grams per tonne (g/t) versus 3.83 g/t, respectively) and the plant maintenance shut-down in May, resulted in gold shipments from the oxide plant for the first nine months of 2007 being 21,589 ounces less than in the first nine months of 2006.

During the remainder of 2007, we expect to produce an average of approximately 2,000 tonnes per day of oxide ore from Pampe. This will be supplemented with residual oxide ores encountered in the sulfide pits when available. Given that there will likely be insufficient oxide ore to keep the oxide plant filled to its 5,000 tonne per day capacity, we expect to periodically process sulfide ore through the oxide plant during the remainder of 2007 and in 2008 when there is insufficient oxide ore. The oxide plant will utilize its gravity and sulfide flotation circuits to handle the sulfide ore and the resulting concentrates will be transferred to the new bio-oxidation plant for gold recovery.

Cash operating costs averaged $799 per ounce during the first nine months of 2007. The combination of lower gold output from the oxide plant and low gold recovery and output in the sulfide plant were primarily responsible for the increase in average cash operating cost from $444 per ounce in the first nine months of 2006.

WASSA OPERATIONS

Three months ended September 30, 2007 compared to three months ended September 30, 2006

Wassa generated $0.7 million of operating margin in the three months ended September 30, 2007 on sales of 29,625 ounces of gold, compared to an operating margin of $0.5 million for the three months ended September 30, 2006 on sales of 23,244 ounces. During the three months ended September 30, 2007, the Wassa processing plant treated an average of 10,493 tonnes per day at an average grade of 1.13 grams per tonne with a gold recovery of 93.2%, compared to 9,544 tonnes per day at an average grade of 0.96 grams per tonne with a 90.0% recovery in the same period of 2006. The improvement in operating margin and in ounces shipped was mostly related to the better ore grades, higher plant through-put and better gold recovery. Improved grade-control practices and higher grade ore zones deeper in the Wassa pits were responsible for the improved grade. Increases in crushing and grinding efficiencies allowed processing of more pit ore and less of the lower grade heap leach material which also contributed the better feed-grade.

Even though gold sales were higher, the cash operating cost rose to $473 per ounce in the third quarter, up from $464 per ounce a year earlier. While Wassa sold 6,381 more ounces in the third quarter than in the same period a year ago, cash operating costs increased by $3.4 million to $14.6 million more than offsetting the impact of the higher number of ounces. The increase in cash operating cost in the current quarter was mainly attributable to mining 533,000 more tonnes of ore and waste than in the third quarter of 2006, and to higher costs for labor, fuel, reagents and the cost of self-generated power.

WASSA

	For the three months ended September 30,		For the nine months ended September 30,	
OPERATING RESULTS	**2007**	**2006**	**2007**	**2006**
Ore mined (t)	887,441	581,815	2,309,754	1,858,312
Waste mined (t)	2,025,220	1,796,669	6,331,143	9,033,328
Ore and heap leach materials processed (t)	965,371	869,891	2,852,098	2,804,864
Grade processed (g/t)	1.13	0.96	1.08	0.86
Recovery (%)	93.2	90.0	91.2	88.8
Gold sold (oz)	29,625	23,244	86,114	69,262
Cash operating cost ($/oz)	**473**	**464**	**471**	**479**
Royalties ($/oz)	20	19	20	18
Total cash cost ($/oz)	493	483	491	497

Nine months ended September 30, 2007 compared to nine months ended September 30, 2006

Wassa generated $0.8 million of operating margin in the nine months ended September 30, 2007 on sales of 86,114 ounces of gold, compared to an operating margin loss of $1.3 million in the same period of 2006 on sales of 69,262 ounces. The increase in gold output was the major factor contributing to the improved operating margin. Better ore grades and gold recovery were responsible for the higher gold production. During the first nine months of 2007, the Wassa processing plant treated an average of 10,447 tonnes per day at an average grade of 1.08 grams per tonne with a gold recovery of 91.2% compared to 10,274 tonnes per day at an average grade of 0.86 grams per tonne with an 88.8% recovery in the same period of 2006. The improvement in grade was a function of better grade control and higher grades in the main pit. As with the third quarter, increases in crushing and grinding efficiencies in the full nine months allowed processing of more pit ore and less of the lower grade heap leach material which also contributed the better feed grade.

Wassa's realized gold price averaged $665 per ounce, up from $604 per ounce a year earlier. Cash operating cost dropped to $471 per ounce, down from $479 per ounce a year earlier. Higher gold production was the major factor contributing to the lower unit cost. Cash operating costs were $7.9 million higher than in the first nine months of 2006 in spite of the fact that there were 2.3 million less tonnes mined in the first nine months of 2007 than in the same period of 2006. The cost increase was attributable to increases in costs for labor, fuel, reagents and materials as well as the cost of self generated power.

DEVELOPMENT PROJECTS

Prestea South Properties

Assuming permits are received in a timely manner, oxide ore shipments from Prestea South to the Bogoso oxide processing plant, are scheduled to commence in the third quarter of 2008. Ore from the Prestea South pits will be hauled by truck to the Bogoso oxide processing plant.

HBB Properties

Board approval for the development of the HBB properties was received in early May 2007, following completion of the HBB Properties feasibility study. Based on the feasibility study results, we plan to mine the Hwini-Butre and Benso deposits as satellite sources of ore to feed to our Wassa processing plant. Combining these new ore bodies with the Wassa operation should result in higher processed grade, higher gold output, and an extended life for the combined operation as well as an improvement in the average cash operating cost per ounce.

The HBB properties consist of:

- The Benso concessions located north-northwest of Takoradi and approximately 40 km south-southwest of the Wassa gold mine. The Benso Prospecting License is composed of three land parcels, Subriso, Amantin and Chichiwilli. To date, the Subriso concession has been the most thoroughly explored with four economic deposits being delineated thus far; namely Subriso East, Subriso West, C-Zone and G-Zone.
- The Hwini-Butre concession located 30 km south of the Benso Subriso deposits and east of the town of Mpohor, which is 20 km northwest of Takoradi. Two economic deposits have been delineated; namely Adiokrom and Father Brown.

The four pits at the Benso Subriso concession are expected to be mined first. Construction commenced on the 52 km access road between Benso and Wassa in mid-October following receipt of environmental permits. We expect the road construction to be completed by the third quarter of 2008. Mining should commence in the third quarter of 2008, and we anticipate that the first ore would be hauled to Wassa for processing immediately afterward.

The two higher-grade deposits on the Hwini-Butre concession are scheduled to begin mining in the second quarter of 2009 following the completion of a 30 km access road south from the Benso area.

The total capital expenditure for the development of Hwini-Butre and Benso has been estimated at approximately $50 million. The capital cost for the development phase expected to be is as follows:

Capital Item	$ (millions)
Mining equipment	20.6
Haul road construction	11.9
Wassa processing plant modifications	3.5
Hwini-Butre & Benso infrastructure	5.4
Compensation for haul road and pits	3.1
Ownership payment	1.0
Contingency (approximately 10%)	4.6
Total	$ 50.1

EXPLORATION PROJECTS

Exploration continued on the Saramacca project in Suriname under the Newmont-funded joint venture. It was expected that drilling would commence at this project in the third quarter but late arrival of drills will now push the drilling into the fourth quarter. Drilling is expected to target areas already approved by the joint venture committee and drill pads are being prepared. Reconnaissance geochemical sampling and prospecting continued during the third quarter as did ground geophysical surveys. Newmont has spent approximately $1.1 million towards their initial $2.0 million joint venture commitment. Once Newmont’s spending exceeds $2.0 million, Newmont will have the right to assume management of the project. Under the terms of the joint venture agreement, Newmont may earn a 51% participating interest in the Saramacca project by spending $6 million by the fifth anniversary of the agreement (November 2011).

In Ghana, third quarter exploration focused on drilling to determine inferred mineral resources at Wassa and Benso. The Wassa work was completed during the quarter and the drill was moved to Benso to commence the programs there. Drill results from this drilling program will be used for updating mineral resource estimates for both of these projects. Mineral resource estimation is underway for Wassa and is expected to be completed in the fourth quarter. Benso drilling is expected to be completed during the fourth quarter and an updated mineral resources estimate should be completed early in 2008.

Evaluation of the Chichiwelli and Manso targets continued during the third quarter. Rotary air blast (“RAB”) drilling was done on 400 meter spaced fences at Manso and preliminary reverse circulation (“RC”) drilling commencing at Chichiwelli. Mapping and soil sampling programs continued in the Hwini Butre area and have defined two soil anomalies with strike lengths of approximately two kilometers each. During the fourth quarter, we plan RAB and RC testing at the Chichiwelli and Manso targets as well as initial drill testing of the soil anomalies near Hwini Butre. We plan to carry out ground geophysical surveys during the fourth quarter at Hwini-Butre and on the southern portion of the Manso target to better define drill targets. Initial RC drill results for these targets are expected in early 2008.

At Prestea, previous drilling focused on the Footwall Reef, a quartz reef structure lying 20 to 25 meters to the east in the footwall of the Prestea Main Reef. Further drilling to test this target is scheduled in the fourth quarter and should be completed by year end. The drill results will be incorporated into updated mineral resource estimates to be used in the pre-feasibility study which should be completed early in 2008.

Work on the Pampana concession in Sierra Leone has failed to identify surface or underground mining targets, which in our opinion, would justify additional work. Based on these results, we gave written notice to our joint venture partner that we are terminating our involvement in this project. A $1.9 million impairment loss was recognized in the third quarter. However, we are continuing to explore the Sonfon concessions in Sierra Leone and will resume RAB drilling of the soil anomaly once the seasonal rains have subsided and the water levels in the rivers and streams have dropped. During the third quarter, exploration activities in Sierra Leone have been limited by the heavy rains. We expect to resume exploration early in the fourth quarter.

The Goulagou and Rounga concessions in Burkina Faso have been optioned to a Canadian exploration company who has the option to acquire both properties for $18.6 million after incurring exploration expenditures on the properties totaling Cdn$4 million over the next four years. See Subsequent Events section below for additional details.

Field exploration work on our Niger and Sierra Leone properties this quarter was limited due to heavy rainfall. Compilation of the soil geochemical results collected in the second half was initiated during the quarter with some results still pending at the end of the quarter. In addition to the exploration programs, we have submitted reapplications for both the Deba and Tialkam licenses to the Government of Niger. The license renewal is expected to be granted during the fourth quarter. Once rains subside in the fourth quarter we will commence ground geophysical surveys to located and define drilling targets which could be drilled later in 2007 or in early 2008.

Paul Isnard - The preliminary assessment of the Paul Isnard property in French Guiana is under way with selected portions of the old drill core being re-assayed for gold and copper. The new results will be compared to the initial results and used in the quality assessment of the old data sets in order to place a confidence level on the new resource estimation scheduled for the end of this year. Core samples have also been collected for preliminary metallurgical sampling and specific gravity determinations. An air borne geophysical survey is under way and should be competed in the fourth quarter. Initial results have defined an anomaly over the Montanage D’Or deposit with extensions in strike to the east and west. Infill and step out drilling is expected to commence in the fourth quarter of 2007.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2007, our cash and cash equivalents totaled $20.8 million, down from $27.1 million at the end of 2006. All of our cash equivalents were invested in a fund that holds only US treasury notes and bonds. Operations provided $4.4 million of cash in the first nine months of 2007, compared to nil in the same period of 2006. An increase in inventory was the major factor contributing to cash use by operations in 2006. A $15.3 million increase in payables, offset by a $8.2 million increase in inventories was the major factor contributing to the cash provided year-to-date. Most of the inventory increases in 2007 are related to increases in ore stockpiles and parts and supplies inventory for the Bogoso sulfide processing plant.

Investing activities used approximately $96.4 million of cash in the first nine months of 2007. The Bogoso sulfide expansion project direct costs totaled $55.2 million including $44.3 million of construction costs, $6.4 million for pre-production waste stripping, $1.3 million of mining equipment and $3.2 million of capitalized interest. A total of $18.9 million was spent on other property, plant and equipment at Bogoso and Wassa and $21.4 million on development of various mining properties. Deferred exploration projects used $3.8 million. A total of $3.3 million of cash was received from the sale of EURO Ressources shares. Scheduled periodic payment of principal on the equipment financing facility and short-term bank loans consumed $9.8 million of cash and draw-downs on CAT loans provided $9.0 million of new financing.

On March 1, 2007, we issued 21 million common shares at a price of $3.60 per share resulting in $75.6 million in gross proceeds. Net proceeds were $72.2 million after deducting underwriting commissions but before deducting offering costs. On March 9, 2007, the underwriters exercised their option to purchase an additional 3.15 million common shares for additional gross proceeds of $11.3 million. After deducting the underwriter’s commission, net proceeds from the additional shares were $10.8 million. Proceeds have been or are being used to complete the purchase and installation of a 25% interest in an electric power station in Ghana, for completion and start-up of the Bogoso sulfide expansion project, for development of the HBB Properties, and for general corporate and working capital purposes.

During the second quarter, our convertible note holders agreed to a revision in the convertible note covenants. While the revisions did not increase the overall borrowing limit set by the convertible note covenants, it did provide more flexibility in the types of additional debt allowed. Because of this change, Caterpillar Financial Services agreed to increase our existing equipment facility from $25 million to $40 million. During the first nine months, we drew an additional $9.0 million on the Caterpillar facility bringing the total equipment financing balance to $27.1 million at September 30, 2007 and leaving an un-drawn balance of $12.9 million on the facility.

During 2007, we expect to make payments of principal and interest totaling approximately $7.5 million on the equipment financing facility. In addition, interest and principal on our bank loan is expected to total $8.1 million for the year and we plan to pay approximately $3.6 million of interest on our convertible notes in 2007.

We now expect to invest a total of approximately $112 million in capital projects during 2007 including exploration, construction, mine development and mining equipment, of which $99.6 million was spent in the first nine months. The $112 million total includes approximately $15 million for 2007 development activities at the HBB Properties.

Liquidity Outlook

It is expected that Wassa will continue to generate cash from operations in the last quarter of 2007 and that improvements in gold recovery and plant through-put at the Bogoso sulfide plant will result in improved cash flows. These operational cash flows, along with the $20.8 million of cash and cash equivalents at September 30, 2007 and equipment financing debt facility currently in place, are expected to be sufficient to cover capital and operating needs during the balance of 2007 including costs of the HBB project. Recently, we announced expectations of raising between $5 and $10 million of new equity in conjunction with the Ghana Stock Exchange listing in November.

See SUBSEQUENT EVENTS section below for additional liquidity developments.

LOOKING AHEAD

Our objectives for the remainder of 2007 include:

- consistent maintenance of design through-put rates and achievement of design gold recovery rates at the new Bogoso sulfide processing plant during the fourth quarter of 2007;
- progress permitting of the Prestea South ore bodies to provide oxide ore to the Bogoso oxide processing plant in 2009;
- progress of construction and development of HBB project; and
- optimization of our mining and processing activities and costs at Bogoso/Prestea and Wassa.

We are estimating 2007 gold production of 125,000 to 150,000 ounces at Bogoso/Prestea at an average cash operating cost between $550 and $650 per ounce. We expect Wassa to produce approximately 115,000 to 125,000 ounces during 2007 at an average cash operating cost between $430 and $480 per ounce.

As more fully disclosed in the Risk Factors Item 1A in our December 31, 2006 Form 10-K as amended, numerous factors could cause our estimates and expectations to be wrong or could lead to changes in our plans. Under any of these circumstances, the estimates described above could change materially.

RELATED PARTY TRANSACTIONS

We obtained legal services from a legal firm to which our Chairman of the Board is of counsel. Total value of all services purchased from this law firm was $0.7 million during the first nine months of 2007. Our Chairman did not personally perform any legal services for us during this time nor did he benefit directly or indirectly from payments for the services performed by the firm.

OFF BALANCE SHEET ARRANGEMENTS

We have no off balance sheet arrangements.

OUTSTANDING SHARE DATA

This ITEM 2 includes information available to November 5, 2007. As of November 5, 2007, we had outstanding 233,545,281 common shares, options to acquire 6,253,498 common shares, warrants to acquire 3,224,520 common shares and convertible notes which are convertible into 11,111,111 common shares.

SUBSEQUENT EVENTS

Goulagou/Rounga – In mid-October 2007, we entered into an option agreement with Riverstone Resources Inc. ("Riverstone") whereby Riverstone will have the right to acquire our 90% interest in our Goulagou and Rounga properties in Burkina Faso. To exercise the option, Riverstone is required to spend Cdn$4 million on exploration programs on the Goulagou and Rounga properties over the next four years, and may then purchase our interest for $18.6 million in cash or Riverstone common shares. In addition, we will receive up to two million shares of Riverstone over the term of the option and will receive two million common share purchase warrants of Riverstone at exercise prices of Cdn$0.30 to Cdn$0.45. We will also retain a production-related net smelter return royalty of up to 2%. The Goulagou and Rounga properties were acquired through our December 2005 merger with St. Jude Resources Limited. A local Burkina Faso partner owns a 10% participating interest. Upon the granting of a mining permit, the Government of Burkina Faso will receive a statutory 10% carried interest.

Obuom – In October 2007, we entered into agreement with AMI Resources Inc. ("AMI"), which gives AMI the right to earn our 54% ownership position in the Obuom property in Ghana. Should AMI eventually obtain full rights to our position on the property and develop a gold mining operation at Obuom, we would receive from AMI a 2% net smelter return royalty on 54% of the property's gold production.

EURO Rights Offering – In September 2007, agreement was reached with EURO which committed us to participate in EURO's rights offering scheduled in November 2007. Under this agreement, we agreed to subscribe for and purchase up to an aggregate of $5,000,000 in EURO common shares in the rights offering, to the extent that such shares are not otherwise purchased by EURO's shareholders. In addition, Golden Star agreed to exercise all rights to purchase EURO shares attaching to the shares of EURO presently owned by it, which would require payment of approximately $0.2 million.

The rights offering circular for EURO's rights offering states that the use of proceeds will include: 1.) settlement of outstanding indebtedness to Golden Star Resources and 2.) settlement of contingent payment obligations to Golden Star. We expect these transactions to close in 2008.

Amendment of Convertible Notes – On October 23, 2007, we entered into amendment agreements with the holders of our outstanding $50 million aggregate principal amount 6.85% senior convertible notes due April 15, 2009. The agreements amend the notes to require the early redemption of all of the notes by us for an aggregate of $61.76 million together with all accrued and unpaid interest thereon. Our redemption obligation is conditioned on the completion of an issuance and sale of securities for proceeds sufficient to redeem all of the notes such as the proposed offering of up to $125 million in Convertible Senior Unsecured Debentures, discussed below.

Announcement of Proposed Offering – On October 23, 2007, we announced a proposed offering of an aggregate principal amount of up to $125 million of 4.0% Convertible Senior Unsecured Debentures due November 30, 2012. The sale of the debentures is expected to close on or about November 8, 2007.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk includes, but is not limited to, the following risks: changes in interest rates on our investment portfolio and debt, changes in foreign currency exchange rates, commodity price fluctuations and equity price risk.

Interest Rate Risk

We invest excess cash in high quality, short term debt instruments. The rates received on such investments may fluctuate with changes in economic conditions. As a result, our investment income may fall short of expectations during periods of lower interest rates. We estimate that, given the cash balances expected during the next 12 months a 1% change in interest rates would result in a $0.1 to $0.3 million change in annual interest income.

As of September 30, 2007 we had a variable rate debt with Ecobank Ghana Limited and Cal Bank Limited. This debt has an interest rate of US prime (currently 8.25%) plus 1%. We have not entered into any agreements to hedge against unfavorable changes in interest rates, but may in the future actively manage our exposure to interest rate risk.

Foreign Currency Exchange Rate Risk

While our major operating units transact most of their business in US dollars, many purchases of labor, operating supplies and capital assets are denominated in Euros, British pounds, Australian dollars, South African Rand and Ghanaian Cedis.

As a result, currency exchange fluctuations may affect the costs incurred at our operations. Gold is sold throughout the world based principally on the US dollar price, but portions of our operating expenses and some of our capital purchases are incurred in currencies other than the US dollar. The appreciation of non–US dollar currencies against the US dollar increases production costs and the cost of capital assets in US dollar terms at mines located outside the US, which can adversely impact our net income and cash flows. Conversely, a depreciation of non–US dollar currencies usually decreases production costs and capital asset purchases in US dollar terms.

The value of cash and cash equivalent investments denominated in foreign currencies also fluctuates with changes in currency exchange rates. Appreciation of non–US dollar currencies results in a foreign currency gain on such investments and a decrease in non–US dollar currencies results in a loss.

During 2005 and 2006 we entered into forward purchase contracts for South African Rand and Euros to hedge expected future purchases of capital assets in South Africa and Europe associated mostly with the Bogoso sulfide expansion project. We also hold portions of our cash reserves in non–US dollar currencies. As of September 30, 2007 we had future purchase obligations for approximately $5.1 to buy 36,623,000 Rand. These obligations expire ratably between October 2007 and April 2008.

Commodity Price Risk

Gold is our primary product and, as a result, changes in the price of gold could significantly affect our results of operations and cash flows. According to current estimates, a $10 per ounce change in our average realized price of gold for the next 12 months would result in a $4 to $5 million change in expected pre–tax earnings and cash flows.

During 2005, 2006 and the first quarter of 2007, to reduce the risk of unfavorable gold price fluctuations on our operating cash flows during the construction period of the Bogoso sulfide expansion project, we purchased puts to lock in minimum gold prices for portions of our expected gold sales in 2006 and early 2007. As of September 30, 2007 there were no put options remaining. We also sold gold calls during 2005 to offset a portion of the costs of purchasing the puts. At September 30, 2007, we had no call options remaining.

Equity Price Risk

We have in the past and may in the future seek to acquire additional funding by sale of common shares. Movements in the price of our common shares have been volatile in the past and may also be volatile in the future. As a result, there is a risk that we may not be able to sell new common shares at an acceptable price should the need for new equity funding arise.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

The principal executive officer and principal financial officer have evaluated the effectiveness of Golden Star’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (“the Exchange Act”) as of September 30, 2007. Based on the evaluation, the principal executive officer and the principal financial officer concluded that the disclosure controls and procedures in place are effective to ensure that information required to be disclosed by Golden Star, including consolidated subsidiaries, in reports that Golden Star files or submits under the Exchange Act, is recorded, processed, summarized and reported on a timely basis in accordance with applicable time periods specified by the Securities and Exchange Commission rules and forms.

(b) Change in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during the quarter ended September 30, 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting other than disclosed below. As discussed in the notes to the consolidated financial statements, it was determined that as of December 31, 2006 management did not maintain effective controls over its accounting for inventories, accounting for warrants denominated in Canadian dollars and controls over vendor payments which resulted in unauthorized payments. Specifically, we did not maintain effective controls over the computation and review of our In-Process inventory calculation to ensure that appropriate components were properly reflected in the calculations. Also, management did not maintain effective controls over the accounting for warrants denominated in Canadian dollars using accounting principles generally accepted in the United States (“US GAAP”). As a result, warrants denominated in Canadian dollars were treated as equity instruments rather than as derivative instruments. In addition, management’s assessment found deficiencies in controls over vendor payments which resulted in unauthorized payments and which could have resulted in material amounts of unauthorized disbursements. Because of the existence of these deficiencies at year-end, management concluded that our internal control over financial reporting was ineffective as of December 31, 2006.

During the nine months ended September 30, 2007, management has undertaken remedial action to address the above described material weaknesses by strengthening its controls over computation and review of in-process inventory calculation and has added additional controls to remediate the deficiencies in controls over vendor payments. Based upon statements issued by the Financial Accounting Standards Board, management has remediated the weakness over the accounting for warrants.

Management believes it has completed these remediation efforts; however, management has not engaged its audit firm to perform a stand alone engagement to determine if the material weaknesses continue to exist.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information regarding legal proceedings is contained in Note 14 to the Consolidated Financial Statements contained in the Report .

ITEM 1A. RISK FACTORS

The risk factors for the quarter ended September 30, 2007 are substantially the same as those disclosed and discussed in Item 1A of our December 31, 2006 Form 10–K, as amended.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

10.1 Letter Agreement with EURO Ressources SA, dated September 26, 2007

10.2 Amended and Restated Notice of Resignation for Peter Bradford, dated effective August 1, 2007

10.3 Form of Note Amendment Agreement, dated October 23, 2007

10.4 Letter Agreement, dated October 10, 2007, between Golden Star and Riverstone Resources Inc. with respect to Goulagou and Rounga properties

31.1 Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certificate of Principal Executive Officer pursuant to 18 U.S.C. 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)

32.2 Certificate of Principal Financial Officer pursuant to 18 U.S.C. 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized.

GOLDEN STAR RESOURCES LTD.
Registrant

By: /s/ Peter J. Bradford
Peter J. Bradford
President and Chief Executive Officer

Date: November 6, 2007

By: /s/ Thomas G. Mair
Thomas G. Mair
Senior Vice President and Chief Financial Officer

Date: November 6, 2007

EXHIBIT INDEX

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Exhibit 10.1

September 26, 2007

EURO Ressources SA
23 rue du Roule
75001 Paris
France

Dear Sirs:

Golden Star Resources Ltd. (“Golden Star”) understands that EURO Ressources SA (the “Company”) proposes to complete a rights offering (the “Rights Offering”) pursuant to which the Company will issue to holders of its issued and outstanding common shares (“Shares”) transferable rights (“Rights”) to subscribe for additional Shares (the “Offered Shares”) at a price to be determined based on a discount from the prevailing trading price of the Shares on the Euronext Paris exchange (the “Exercise Price”). The Exercise Price is expected to be €0.75.

Golden Star and the Company agree that this letter agreement supersedes in its entirety the letter agreement made between the parties dated June 15, 2007 regarding Golden Star’s obligations to subscribe for, take-up and pay for Offered Shares.

Each holder of Shares will be entitled to receive one Right for each Share held. Five Rights will entitle the holder to purchase one Offered Share upon payment of the Exercise Price. Any Rights not exercised by 4:00 p.m. (Paris time) on November 7, 2007 (or such earlier or later date as may be determined pursuant to their terms once the Rights have been issued by the Company) (the “Expiry Date”) will be void and of no value. Any holder of Shares who exercises the rights (the “Basic Subscription Right”) to subscribe for all the Offered Shares that can be initially purchased upon exercise of all Rights issued to such holder shall be entitled to subscribe for, at the same price as applicable under the Basic Subscription Right, additional Offered Shares (the “Additional Subscription Privilege”) in the manner to be set forth in the Circular (defined below). Golden Star understands that, as described in the Circular (defined below), the Rights Offering will not be made to shareholders in certain jurisdictions.

As of the date hereof, Golden Star is the beneficial owner of 1,206,277 Shares (the “GSR Owned Shares”).

Upon and subject to the following terms and conditions, Golden Star hereby agrees that it, or a non-US incorporated wholly-owned subsidiary of Golden Star (the “Non-US Subsidiary”), shall subscribe for, take-up and pay for up to such number of Offered Shares not otherwise purchased under the Rights Offering as shall be determined by the Company’s directors following completion of the Basic Subscription Right and Additional Subscription Privilege, provided such number of Offered Shares shall have an aggregate Exercise Price not exceeding US$5,000,000 (the “Standby Commitment”).

As well, Golden Star also agrees that it will exercise all Rights it will receive in respect of the GSR Owned Shares.

Golden Star also confirms that the amount of the Standby Commitment will not be reduced by the value of Offered Shares purchased pursuant to the exercise of any Rights it may receive in respect of the GSR Owned Shares or any Rights that it or its subsidiaries may purchase from other holders.

References herein to purchases by Golden Star under the Standby Commitment shall be deemed to refer to the Non-US Subsidiary if Golden Star elects that the Non US Subsidiary shall make the purchase.

Golden Star hereby acknowledges that the number of Offered Shares that may be available to be issued pursuant to the Standby Commitment cannot be determined with certainty until such time following completion of the Basic Subscription Right and the Additional Subscription Right by the Company and the Company makes no representation to Golden Star as to such number of Offered Shares that may be available to be issued to Golden Star.

The following are the terms and conditions of the agreement between the Company and Golden Star:

1. The closing of the purchase by Golden Star and issue by the Company of Offered Shares under the Standby Commitment shall be completed at the offices of Stehlin & Associes, Paris, France at 4:00 p.m. (Paris time) on the day of determination and approval by the directors of the Company of such number of Offered Shares to be issued to Golden Star pursuant to the Standby Commitment or at such other time and/or on such other date and/or at such other place as the Company and Golden Star may agree upon in writing (the "Time of Closing" and "Closing Date", respectively).

2. At the Time of Closing on the Closing Date, the following documents shall be delivered by the Company to Golden Star against payment by wire transfer to BNP Paribas Securities Services S.A. ("BNP Paribas"), the Company's transfer agent and the agent for the Rights Offering, or as directed by the Company of the aggregate Exercise Price for the Offered Shares to be purchased by Golden Star under the Standby Commitment:

(a) an *"Attestation"*, "holding statement" or other written advice from BNP Paribas confirming that Golden Star is shown on the Company's register maintained by BNP Paribas as the holder of the number of Offered Shares purchased by Golden Star under the Standby Commitment;

(b) a certificate dated the Closing Date, addressed to Golden Star and signed by any two officers of the Company certifying for and on behalf of the Company:

(i) that it has complied in all material respects with all covenants and satisfied all terms and conditions of this agreement on its part to be complied with and satisfied at or prior to the time in question;

(ii) that the representations and warranties of the Company contained herein are true and correct in all material respects as of the Time of closing after giving effect to the transactions contemplated herein; and

(iii) that the representations and warranties of the Company arising by reason of the delivery of the Circular are true and correct in all material respects as of the Time of Closing as if the Circular had been delivered to Golden Star on and dated the Closing Date.

3. The Company represents, warrants, covenants and agrees to and with Golden Star that:

(a) the Company will prepare and file with the securities regulatory authorities in France and each of the Provinces of Canada (together, the “Qualifying Jurisdictions”), the Euronext Paris Exchange and the Toronto Stock Exchange (together, the “Exchanges”) a Canadian rights offering circular (the “Canadian Circular”) and *a Note d’Operation* (the “Note d’Operation”) relating to the proposed distribution of Rights and the Offered Shares issuable upon exercise of the Rights, including the Offered Shares to be issued to Golden Star hereunder and obtain from the regulatory authorities of the Qualifying Jurisdictions and the Exchanges any necessary permissions and consents to proceed with the Rights Offering;

(b) the Company will take all other steps and proceedings that may be necessary in order to qualify for distribution the Rights and the Offered Shares issuable upon exercise of the Rights, including the Offered Shares to be issued to Golden Star hereunder, in each of the Qualifying Jurisdictions pursuant to exemptions from applicable prospectus and registration requirements;

(c) at the respective times of filing and at the Time of Closing, the Circular and Note d’Operation will comply with the requirements of the securities laws, rules and regulations pursuant to which they have been filed and the respective published policies and instruments thereunder and will not contain any misrepresentation;

(d) the Company has promptly informed and will promptly inform Golden Star in writing during the period to the Time of Closing of the full particulars of any adverse material change (actual, anticipated, proposed or prospective) with respect to the Company and its subsidiaries taken as a whole or of any change (actual, anticipated, proposed or prospective) in any material fact contained or referred to in any of the Circular or Note d’Operation, or any amendment thereto, which is, or may be, of such a nature as to render any of the Circular or Note d’Operation untrue, false or misleading in a material respect or result in a misrepresentation, and the Company shall prepare and file promptly with all relevant securities regulatory authorities any amendments to the Circular or Note d’Operation which may be necessary or advisable;

(e) the Company will cause to be delivered to Golden Star forthwith, and in any event within two business days of issuance, without charge a copy of the Circular and the Note d’Operation (and in the event of any amendment, of such amendment). The delivery to Golden Star of the Circular and Note d’Operation shall constitute the Company’s representation and warranty to Golden Star that, at the respective times of such delivery, the information and statements contained therein are true and correct in all material respects and contain no misrepresentation;

(f) other than as has been publicly disclosed prior to the date hereof and except as contemplated herein, there has been no material change with respect to the Company and its subsidiaries taken as a whole since December 31, 2006, and no inquiry, investigation or proceeding has been commenced or threatened against the Company or any of its subsidiaries by any securities regulatory authority or other competent authority in Canada, France or elsewhere;

(g) the Company will take or cause to be taken all steps as may be necessary to ensure that the distribution of the Rights and the Offered Shares issuable upon exercise of the Rights, including the Offered Shares to be issued to Golden Star hereunder pursuant to the Circular complies with the securities laws, rules and regulations of the Qualifying Jurisdictions and the Company will use its best efforts to cause such distribution to the public, as the case may be, to take place in accordance with all such laws, regulations, rules, policies, instruments and notices;

(h) the Company will cause the Rights to be listed on the Euronext Paris Exchange as soon as possible following the time that approval of the Rights Offering has been obtained from securities regulatory authorities in the Qualifying Jurisdictions;

(i) the Company will cause the Offered Shares issuable upon exercise of Rights, including the Offered Shares to be issued to Golden Star hereunder to be listed and posted for trading on the Exchanges as soon as possible following the time that approval of the Rights Offering has been obtained from securities regulatory authorities in the Qualifying Jurisdictions;

(j) upon the exercise of Rights in accordance with the provisions thereof, the Offered Shares issued by the Company in connection therewith will be validly issued and outstanding as fully paid and non-assessable;

(k) the authorized capital of the Company consists of an unlimited number of Shares of which there were, as of the date hereof, 50,442,884 Shares issued and outstanding;

(l) this agreement has been fully authorized, executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company enforceable in accordance with its terms, subject to the qualifications that enforcement may be limited by laws of general application affecting the enforcement of creditors’ rights generally and that equitable remedies are discretionary and may not be available in particular instances; and

(m) the Company will cause its French counsel to deliver legal opinions in form satisfactory to Golden Star, acting reasonably, in respect of the matters contained in 3(g), (j), (k) and (1), insofar as such matters pertain to the laws of France;

(n) the Company agrees that it will assist Golden Star in any reasonable steps to be taken by Golden Star to reconcile Golden Star's ownership of Shares with the master share register maintained by BNP Paribas. The Company's assistance will include instructing BNP Paribas and Equity Transfer & Trust Company to provide all information and transaction reconciliations that Golden Star requests. At the request of Golden Star, the Company will facilitate an audit of the BNP Paribas' records, as they relate to Golden Star's shareholdings. Golden Star will reimburse the Company for any costs and expenses incurred by the Company in connection with such efforts to reconcile the master share register.

4. The company covenants and agrees to protect, indemnify and hold harmless Golden Star for and on behalf of itself and for and on behalf of and in trust for each of their respective directors, officers, employees and agents from and against any and all losses (other than loss of profit), claims, damages, liabilities, costs or expenses caused or incurred:

(a) by reason of or in any way arising, directly or indirectly, out of any misrepresentation or alleged misrepresentation in any of the Circular or the Note d'Operation or any other document relating to the Rights Offering; and/or

(b) by reason of or in any way arising, directly or indirectly, out of any order made or inquiry, investigation or proceeding commenced or threatened by any securities regulatory authority or other competent authority in Canada, France or elsewhere or before or by any court, tribunal or other authority, domestic or foreign, or the Exchanges based upon or relating to the offering of Rights or the issue of Offered Shares to Golden Star hereunder including, without limitation, any actions taken or statements made by the Company or any investment dealer acting on its behalf in connection with the Rights Offering or any statement or omission or alleged statement or omission in any of the Circular or Note d'Operation or any other document relating to the Rights Offering; and/or

(c) by reason of or in any way arising, directly or indirectly, out of any breach or default of or under any representation, warranty, covenant or agreement of the Company contained herein.

5. In the event that any claim, action, suit or proceeding, including, without limitation, any inquiry or investigation (whether formal or informal), is brought or instituted against any of the persons in respect of which indemnification is or might reasonably be considered to be provided for herein, such person or Company (an "indemnified party") shall promptly notify the Company and the Company shall promptly retain counsel who shall be reasonably satisfactory to the indemnified party to represent the indemnified party in such claim, action, suit or proceeding, and the Company shall pay all of the reasonable fees and disbursements of such counsel relating to such claim, action, suit or proceeding.

In any such claim, action, suit or proceeding, the indemnified party shall have the right to retain other counsel to act on his or its behalf; provided that the fees and disbursements of such other counsel shall be paid by the indemnified party unless:

(a) the Company and the indemnified party shall have mutually agreed to the retention of such other counsel; or

(b) the named parties to any such claim, action, suit or proceeding (including any added, third or interpleaded parties) include both the Company and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them (such as the availability of different defences).

It is understood and agreed that the Company shall not, in connection with any such claim, action, suit or proceeding in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate legal firm for all persons in respect of which indemnification is or might reasonably be considered to be provided for herein and such firm shall be designated in writing by Golden Star (on behalf of itself and its directors, officers, employees and agents).

Notwithstanding anything herein contained, none of the Company, Golden Star shall agree to any settlement of any such claim, action, suit or proceeding unless the others have consented in writing thereto, and the Company shall not be liable for any settlement of any such claim, action, suit or proceeding unless it has consented in writing thereto.

6. The following are the conditions to Golden Star’s obligation to purchase Offered Shares under the Standby Commitment:

(a) all documents required to be delivered to Golden Star hereunder on or prior to the Time of Closing will have been so delivered and will be in form and substance satisfactory to Golden Star, acting reasonably;

(b) the representations and warranties of the Company contained herein shall be true and accurate in all material respects as of the Time of Closing if made on and as of such time;

(c) the Company shall have duly fulfilled and complied with all of its covenants contained herein; and

(d) the Company will have made and/or obtained all necessary filings, approvals, orders, rulings and consents of all relevant Canadian and French securities regulatory authorities and other Canadian and French governmental and regulatory bodies required in connection with the Rights Offering and the issue of Offered Shares to Golden Star as contemplated in this agreement (including, without limitation, those relating to the listing on the Euronext Paris Exchange of the Rights and the listing on the Exchanges of the Offered Shares issuable upon exercise of the Rights, including the Offered Shares to be issued to Golden Star hereunder).

7.(a) The Company agrees that the conditions contained in Section 6 will be complied with so far as the same relate to acts to be performed or caused to be performed by the Company, that it will use its best efforts to cause such conditions to be complied with and that, if any of the said conditions are not complied with, Golden Star may give notice to the Company terminating Golden Star's obligations hereunder and in such event the obligations of Golden Star under the Standby Commitment shall be at an end;

(b) The obligations of Golden Star contained in this Agreement may also be terminated by Golden Star in the event that, prior to the Time of Closing:

(i) there should develop, or occur or come into effect, any event of national or international consequence or any accident, governmental law or regulation or other occurrence of any nature whatsoever which, in the opinion of Golden Star, acting reasonably, seriously affects or may seriously affect the financial markets in Canada or France or the business of the Company and its subsidiaries taken as a whole; or

(ii) any order or ruling is made or issued suspending or ceasing trading in the Rights or the Offered Shares of the Company on the Exchanges or otherwise or any order or ruling is made or issued to suspend or cease trading in the Rights or Offered Shares or which prevents or restricts the issuance of Offered Shares to Golden Star as contemplated herein pursuant to any applicable securities legislation in Canada or France or elsewhere or by any regulatory authority or governmental body, domestic or foreign, which has not been rescinded, revoked or withdrawn; or

(iii) any inquiry or investigation (whether formal or informal) in relation to the Company or any of its subsidiaries or any of the directors or officers of the Company or relating to the Rights, the Offered Shares or any other securities of the Company is commenced or threatened by any official or officer of any securities regulatory authority in Canada or France or elsewhere or by any official or officer of any other regulatory authority or governmental body which prevents or restricts or could reasonably be expected to prevent or restrict trading in or distribution of the Rights, the Offered Shares or any other securities of the Company or the exercise of the Rights in accordance with the terms thereof or the issuance of Offered Shares to Golden Star as contemplated herein;

provided that, in the case of any termination by Golden Star of its obligations contained in this agreement pursuant to clause (i) above, Golden Star must deliver written notice to that effect to the Company prior to the Time of Closing;

(c) In the event of any termination by Golden Star of its obligations under this agreement pursuant to subsection 7(b), there shall be no further liability on the part of Golden Star to the Company or on the part of the Company to Golden Star hereunder, other than the liability of the Company to pay the fees and expenses under Section 4 and any liability of the Company which may have arisen or which may thereafter rise under Section 5, all of which shall survive any such termination.

8. All warranties, representations, covenants and agreements of the Company contained herein or contained in any document submitted pursuant to this agreement and in connection with the transaction of purchase and sale herein contemplated shall survive the purchase of Offered Shares by Golden Star and continue in full force and effect for a period of one (1) year after the date hereof notwithstanding any investigation, inquiry or other steps which may be taken by or on behalf of Golden Star. The indemnity provided for in section 4 shall continue in full force and effect in respect of any claim, action, suit or proceeding, including, without limitation, any inquiry or investigation (whether formal or informal) commenced or threatened within a period of two (2) years after the date hereof.

9. All terms and conditions of this agreement shall be construed as conditions, and any material breach or failure to comply with any such term or condition shall, to the extent such term or condition relates to the obligation of Golden Star to purchase Offered Shares, entitle Golden Star to terminate such obligations to purchase the Offered Shares by written notice to that effect given to the Company prior to the Time of Closing. It is understood that Golden Star may expressly waive in whole or in part, or extend the time for, compliance with any of such terms and conditions (including, without limitation, its rights of termination under subsection 7(b) without prejudice to the rights of Golden Star in respect of any other such term or condition or any other or subsequent breach or non-compliance with that or any other term or condition, provided that in order to be binding on Golden Star, any such waiver or extension must be in writing.

10. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be deemed to be validly given or served if delivered or served personally or by telecopier to the party at:

(i) if to Golden Star:

Golden Star Resources Ltd.
Suite 4200
T-D Tower, T-D Centre
66 Wellington Street West
Toronto, Ontario
M5K 1N6

Attention: President and Chief Executive Officer
Fax: (303) 830-9094

(ii) if to Euro

Euro Ressources S.A.
c/o Stehin & Associes
48 avenue Victor Hugo
75116 Paris
France

Attention: Directeur-Général
Fax: (604) 608-3283

With a copy to:

Lawson Lundell LLP
1600 - 925 West Georgia Street
Vancouver, British Columbia
Canada V6C 3L2

Attention: G.R. Chambers
Fax: (604) 669-1620

or such other address or telecopier number of which a party may, from time to time, advise the other party by notice in writing given in accordance with the foregoing. The date of receipt of any such notice shall be deemed to be the date of delivery or sending by telecopier provided that if the date of receipt is not a business day in the jurisdiction of the party receiving such notice, the date of receipt of such notice shall be deemed to be the next following business day in such jurisdiction.

11. Time shall be of the essence hereof.

12. None of the parties hereto shall issue any press release or public announcement relating to matters provided for herein without the approval of the other parties hereto which approval may not be unreasonably withheld.

13. This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

14. For all purposes of this agreement, the terms “material change”, “material fact” and “misrepresentation” shall have the respective meanings ascribed thereto in the *Securities Act* (British Columbia).

15. This agreement shall be governed by and interpreted in accordance with the laws of the Province of British Columbia.

16. For all purposes of this agreement, the term “business day” shall mean any day, other than a Saturday or a Sunday, upon which banks are open for business in Paris, France and Toronto, Ontario.

17. This agreement may be executed in any number of counterparts, each of which shall constitute an original, and all of which shall constitute one and the same agreement.

If this letter accurately reflects the terms of the transactions which we are to enter into and if such terms are agreed to, please communicate acceptance by executing where indicated below and delivering to Golden Star two copies of this letter.

Yours truly,

GOLDEN STAR RESOURCES LTD.

By: /s/ Thomas G. Mair
Authorized Signing Officer

The foregoing accurately reflects the terms of the transaction which we are to enter into and such terms are hereby agreed to and accepted.

DATED this 27 th of September, 2007

EURO RESSOURCES SA

By: /s/ James H. Dunnett
James H. Dunnett
Directeur-Général

Exhibit 10.2

Peter Bradford
C/- 10901 W. Toller Drive, Ste 300
Littleton CO 80127
UNITED STATES

November 1, 2007

Board of Directors
Golden Star Resources Ltd.
10901 W. Toller Drive, Ste 300
Littleton CO 80127
UNITED STATES

Dear Sirs,

AMENDED AND RESTATED NOTICE OF RESIGNATION

Pursuant to the Employment Agreement dated April 30, 2004, as amended, between Peter Bradford (the "Employee") and Golden Star Resources Ltd. ("the "Corporation"), I, the Employee, on August 1, 2007 delivered "Notice of Resignation" as Director, President and Chief Executive Officer of the Corporation and any appointments as a director and/or officer of the Corporation, effective December 31, 2007, or such other date that the parties agree following the appointment of a successor President and Chief Executive Officer (the "Separation Date"). The Employee and the Corporation have determined that it is necessary to amend and restate such Notice of Resignation to better reflect the agreement of the parties, and this Amended and Restated Notice of Resignation hereby amends and restates the original Notice of Resignation in its entirety, effective as of August 1, 2007. The parties hereby agree that the Corporation will be responsible for the following:

1. Payment of salary to the Employee at a rate of US$500,000 per annum on a monthly basis, in arrears, through the Separation Date;
2. Payment of bonus for 2007 to the Employee, in April 2008, in accordance with the Executive Management Bonus Scheme;
3. Payment of all accrued benefits to the Separation Date to the Employee;
4. Immediate vesting of all options granted to the Employee and the extension of the exercise date of such options until the second anniversary of the Separation Date;
5. Provision of medical benefits and insurance, or payment in lieu, to the Employee until the first anniversary of the Separation Date;

6. Storage and shipment of Employee's personal effects in the United States and Ghana to the Employee's future residence in Coffs Harbour, Australia, all at the cost of the Corporation; and

7. The purchase by the Corporation of the Employee's KIA Sorrento in Ghana for US$25,000, payable on December 31, 2001.

In addition, to the above mentioned compensation conditions, which are fixed, irrespective of the date of the Separation Date, the Corporation and the Employee shall execute as of the Separation Date, a mutual comprehensive release of all claims which either may have against the other, except only amounts to be paid by the Corporation to the Employee following the Separation Date as provided above.

The signed acknowledgement, by the Chairman of the Board, shall constitute the Corporation's agreement of the terms and conditions provided above.

/s/ Peter Bradford	November 1, 2007
Peter Bradford	Date

Acknowledged and Agreed:

Golden Star Resources Ltd.

/s/ Ian MacGregor	November 1, 2007
Ian MacGregor (Chairman)	Date

Acknowledged and Agreed:

Caystar Management Holdings

/s/ Thomas Mair	November 1, 2007
Thomas Mair (Director)	Date

Exhibit 10.3

NOTE AMENDMENT AGREEMENT [1]

THIS AGREEMENT is made as of the 23 rd day of October, 2007

BETWEEN :

____

(hereinafter called the " **Noteholder** ")

- and -

GOLDEN STAR RESOURCES LTD. , a corporation incorporated under the laws of Canada

(hereinafter called the " **Company** ")

RECITALS:

A. The Noteholder is the registered holder of US$ ___________aggregate principal amount of 6.85% senior convertible notes due April 15, 2009 (the " **Notes** "), which is part of an issue of Notes originally carried out by the Company on April 15, 2005 (such other Notes being hereinafter called the " **Other Notes** ").

B. The Company desires to redeem the Notes and the Other Notes prior to the maturity date on the terms set forth herein, which terms are not provided for in the redemption provisions currently set out in the Notes and Other Notes, and the Noteholder and the holders of the Other Notes desire to have the Notes and Other Notes so redeemed.

C. Pursuant to section 15 of each Note and Other Note, the consent of each holder of Notes and Other Notes is required to effect any change or amendment to the Notes and Other Notes which would change the maturity date thereof or the amount payable upon the redemption thereof.

NOW THEREFORE , in consideration of the premises, the mutual covenants contained in this Agreement and other consideration (the receipt and sufficiency of which are acknowledged), the parties agree as follows:

1. Definitions

All capitalized terms not otherwise defined herein are used herein with the respective definitions given them in the Notes. All references in this Agreement to sections and subsections shall be deemed, unless the context otherwise requires, to be references to the corresponding sections or subsections of the Notes as from time to time amended, supplemented, modified or changed.

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[1] We entered into Note Amendment Agreements with each of Deutsche Bank Securities Ltd. ("DB"), GLG Partners ("GLG") and UBS AG (Canada Branch) ("UBS"), each of whom is a registered owner of the Notes. Collectively, DB, GLG and UBS own 100% of the outstanding principal amount of the Notes. We also entered into an agreement with Highbridge International LLC ("Highbridge"), which is the beneficial owner of Notes through swap arrangements with DB and UBS.

2. Amendment of Notes to Permit Early Redemption

Each of the Notes is hereby amended, with effect from and as of the Effective Date (as defined below), by adding to it the following provisions as new sections 31 and 32 of each Note:

"(31) Notwithstanding anything to the contrary in this Note, the Company shall redeem this Note, without the need for any further agreement or action by the Holder, by paying to the Holder, or as the Holder may direct in writing, on the Early Redemption Date (as defined below) an amount equal to 123.52% of the outstanding Principal together with all accrued and unpaid Interest on the outstanding Principal as of the Early Redemption Date (the " **Early Redemption Amount** ") by wire transfer of immediately available funds, in full and final satisfaction of all amounts owing to the Holder under this Note. The Company's early redemption obligation under this section 31 is conditional on the completion by the Company of an issue and sale of securities resulting in net proceeds to the Company equal to or greater than the aggregate Early Redemption Amount payable with respect to this Note and the Other Notes (a " **Financing** "). The Early Redemption Date shall be the date on which the Financing is completed but in no event later than November 15, 2007 (the " **Early Redemption Date** "), which determination shall be communicated in writing to the Holder at least three days prior to such date. The Holder shall deliver this Note to the Company for cancellation promptly following the Early Redemption Date. Upon the payment of the Early Redemption Amount to the Holder this Note shall be cancelled, shall cease to have any force and effect, and shall no longer represent an outstanding obligation of the Company.

(32) Notwithstanding any provisions of this Note to the contrary, neither the Early Redemption Amount, the Conversion Amount or the Company Conversion Amount shall be convertible into Common Stock pursuant to any provision of this Note, provided that if the Early Redemption Amount is not paid in full on the Early Redemption Date, then from and after 4:30 p.m. (Denver time) on the Early Redemption Date the Conversion Amount and the Company Conversion Amount shall be convertible into Common Stock in accordance with the provisions of this Note."

3. Redemption

The Company shall not exercise the right of early redemption contemplated in section 2 of this Agreement except to redeem all of the outstanding Notes and Other Notes in full and at the same time. It is understood and acknowledged that each of the Other Notes is being amended on the same terms as are set out in this Agreement.

4. Effective Date

This Agreement shall come into effect on the date (the " **Effective Date** ") on which the Company issues a press release announcing the commencement and definitive terms of a private placement of up to US$125,000,000 senior convertible unsecured debentures of the Company due November 30, 2012 (which private placement is hereby deemed, if completed, to be a Financing); provided that, in any case, the Effective Date shall be deemed not to have taken place unless evidenced by the Company executing the confirmation certificate on the last page of this Agreement.

5. Withdrawal of Registration Statement

The Company and the Noteholder agree that following the payment in full of the Early Redemption Amount on the Early Redemption Date, the Company's reservation of shares of Common Stock issuable on conversion of the Notes shall be cancelled and the Company shall withdraw the registration statement registering the resale of such shares of Common Stock.

6. Participation in Financing [2]

The Company hereby agrees to permit, subject to the consent of the Company's financial advisors, the Noteholder to participate in the Financing up to an investment amount equal to the principal amount of the Notes held by the Noteholder. It is understood and acknowledged that the foregoing covenant shall also be made by the Company to the holders of the Other Notes.

7. Confidentiality

The Noteholder agrees not to disclose the terms of this Agreement until the Effective Date, except to (i) the Noteholder or the holders of the Other Notes, and (ii) its officers and directors and other affiliates and representatives involved in the matters contemplated hereby.

8. Inconsistency

To the extent that there is any inconsistency between the provisions of the Notes and the provisions of this Agreement, the provisions of this Agreement shall prevail.

9. Successors and Assigns

This Agreement shall enure to the benefit of and be binding upon the parties hereto, their respective successors and permitted assigns.

10. Governing Law

This Agreement shall be governed by, and construed with, the laws of the State of New York and shall be treated in all respects as a New York contract.

11. Miscellaneous

This Agreement may be executed in separate counterparts each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

Each of the Notes and this Agreement shall henceforth be read together and shall have effect so far as practicable as though all the provisions thereof and hereof were contained in

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[2] This provision does not appear in the agreement entered into with DB or UBS. The participation right associated with the Notes as to which DB and UBS are registered owners was exercised by Highbridge as beneficial owner of such Notes.

one instrument. Each Note, as amended by this Agreement, shall be and continue in full force and effect and is hereby confirmed.

Each party covenants and agrees that it will at all times after the date hereof, at the expense of the requesting party, promptly execute and deliver all such documents, including, without limitation, all such additional consents and other assurances and do all such other acts and things as the other party, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement.

TO WITNESS THEIR AGREEMENT, the parties have duly executed this Agreement on the date first above written.

GOLDEN STAR RESOURCES LTD.

By: ______________________________
Name:
Title:

____

By: ______________________________
Name:
Title:

____

[Confirmation on next page]

CONFIRMATION CERTIFICATE

The undersigned corporation, by the signature of its duly authorized officer, hereby confirms that, on the date set out below, the Company issued a press release announcing the definitive terms of a private placement of securities of the Company that if completed would constitute a Financing.

CERTIFIED this _______day of October, 2007.

GOLDEN STAR RESOURCES LTD.

By: ____
Name:
Title:

GOLDEN STAR

RESOURCES LTD.

Mr. Michael McInnis
Riverstone Resources Inc.
595 Howe Street, Suite 906
Vancouver, British Columbia
Canada, V6C 2T5

October 10, 2007

Dear Mike:

Letter Agreement - Goulagou/Rounga Properties
and Yatenga Holdings Limited ("Yatenga")

The purpose of this Letter Agreement (the **"LA"**) is to set out the terms pursuant to which Golden Star Resources Ltd. (**"Golden Star"**) has agreed to grant the exclusive option to Riverstone Resources Inc. (**"Riverstone** ") to acquire all of Golden Star's interest in the Goulagou and Rounga properties located in Burkina Faso, described in Annex A attached hereto (the **"Properties"**), which interest in the Properties is held by Yatenga Holdings Limited SA (**"Yatenga"**), a company incorporated under the laws of Burkina Faso. Riverstone agrees that upon the exercise of the Option in accordance with its terms, it shall indirectly acquire all of Golden Star's interest in the Properties, subject to applicable law and the mutual agreement of Riverstone and Golden Star (each acting reasonably), either through (i) the acquisition of all of Golden Star's shareholdings in Yatenga, or (ii) the acquisition of all of Golden Star's shareholdings in a holding company through which Golden Star may indirectly hold all of its shares of Yatenga, in each case on the terms and conditions to be agreed to by the Parties and for the purchase price specified in Section 1 (the **"Yatenga Acquisition** "). Riverstone and Golden Star are collectively referred to as the **"Parties"** .

The Annexes form part of this LA and have the same force and effect as if set out in the body of this LA and any reference to this LA includes the Annexes hereto.

The Parties agree that this LA shall be superseded by a definitive option agreement (the **"Option Agreement"),** that shall incorporate the terms of this LA together with other representations, warranties and covenants of each of Riverstone and Golden Star customarily made or given in agreements of this nature, including agreements relating to the purchase and sale of shares of a corporation (as applicable). Pending the execution of the Option Agreement, this LA shall govern the rights and obligations of the Parties with respect to the matters set out herein.

The Parties agree as follows:

1. **Purchase Option**

Subject to and in consideration of the terms and conditions hereof, Golden Star hereby grants Riverstone the sole, exclusive and irrevocable (subject to the terms hereof) option (the **"Option")** to purchase all of the Golden Star's direct and indirect right, title and interest in and to the Properties indirectly in the form of the Yatenga Acquisition, free and clear of all liens, charges and encumbrances of any nature or kind whatsoever, other than the NSR Royalty (defined below) and any rights of the government of Burkina Faso to acquire or obtain an interest in the Properties and/or Yatenga and other than the rights of Mr. Ouedraogo with respect to the Properties and/or Yatenga pursuant to the Ouedraogo Agreement (as defined below). Riverstone may exercise the Option by giving written notice thereof to Golden Star and paying to Golden Star the amount of US$18.6 million payable, at Riverstone's election, either: (i) in cash; (ii) provided that the common shares of Riverstone are listed and posted for trading on the TSX Venture Exchange (the " **TSXV** ") or the Toronto Stock Exchange (the " **TSX** "), by issuing to Golden Star the equivalent of US$18.6 million in common shares of Riverstone, or (iii) provided that the common shares of Riverstone are listed and posted for trading on the TSXV or TSX, a combination of cash and shares equal to the value of US$18.6 million, the choice of which being Riverstone's. In (ii) or (iii) above, the number of common shares issued to Golden Star shall be determined on the basis of the daily volume weighted average price (the "VWAP") of such common shares for the last 20 trading days on which shares of Riverstone traded on the TSXV or TSX, as applicable, immediately prior to the day of the exercise of the Option.

The exchange rate used to determine the price of Riverstone's common shares in United States dollars shall be the Canadian/US dollar exchange rate as reported by the Bank of Canada at noon on the day prior to the exercise of the Option. Closing of the exercise of the Option shall occur on such date as the Parties may agree and, in any event, no later than 30 days after notice of the exercise thereof is given by Riverstone to Golden Star.

If Riverstone amalgamates with or merges with or into, or participates in a plan of arrangement or other similar transaction with, another corporation, or if the Riverstone common shares are exchanged, substituted, reclassified or converted into shares or other securities of a different class or series or are acquired by a single purchaser or a group of purchasers acting in concert upon payment of, in exchange or conversion into, or otherwise by operation of law substituted for, whether by amalgamation, merger, arrangement, takeover bid or otherwise, securities of another entity of a class that trades on a public exchange, stock market or quotation system acceptable to Golden Star (acting reasonably), then Golden Star agrees to accept in lieu of Riverstone common shares that may become issuable pursuant to the exercise of the Option under this Section 1, the number of shares or other securities of the resulting or successor issuer based on the VWAP of such shares and the exchange rate set forth above; provided that for greater certainty, if the shares or other securities of the resulting or successor issuer do not trade on a public exchange, stock market or quotation system acceptable to Golden Star (acting reasonably), then notwithstanding the other provisions of this Section 1, Golden Star may in its discretion determine that the Option shall only be exercisable for a cash payment of US$18.6 million.

For greater certainty, the amounts payable under this Section 1 are in addition to any amounts payable under Sections 2 and 3 hereof.

The term of the Option **("Option Period")** will be four (4) years from the signing date of the Option Agreement referred to below, subject to adjustment as provided for herein.

2. **Purchase Warrants**

Upon signing this LA and in further consideration of the Option, Riverstone shall issue to Golden Star (or to whichever affiliate it may direct subject to the availability of an exemption from the registration and prospectus requirement) two (2) million Riverstone share purchase warrants **("Warrants")** each exercisable at any time to acquire one Riverstone common share until the date that is four (4) years from the date of issue, at the following exercise prices:

Period	Share Purchase Warrant Exercise Price	
For the first 12 months from the date of this LA	Cdn$	0.30
For the second 12 months from the date of LA this LA	Cdn$	0.35
For the third 12 months from the date of this LA	Cdn$	0.40
For the fourth 12 months from the date of this LA	Cdn$	0.45

Riverstone undertakes to use commercially reasonable best efforts to obtain conditional approval of the TSXV for the issuance of the warrants and listing of the common shares underlying the warrants not later than 30 calendar days after the date of the executed LA and to provide evidence thereof to Golden Star. Riverstone further undertakes to use commercially reasonable best efforts to ensure that its common shares continue to be listed on the TSXV or are listed on the TSX, as applicable, until the fifth anniversary of the signing of this LA. A warrant certificate containing appropriate adjustment provisions and otherwise containing provisions acceptable to Golden Star acting reasonably shall be delivered to Golden Star by Riverstone no later than 30 calendar days after the date of this LA.

Riverstone covenants that upon the signing of this LA, it shall have reserved and allotted for issuance to Golden Star the 2,000,000 common shares issuable on the exercise of the common share purchase warrants set out in the above table.

3. **Purchase Option Payments**

To maintain the Option, Riverstone must make the following payments by the date indicated:

Payment 1	Subject to section 16 hereof, within 30 calendar days of signing of the LA	300,000 Riverstone common shares (as constituted on the date of this LA)
Payment 2	Upon the first anniversary of the LA	400,000 Riverstone common shares (as constituted on the date of this LA)
Payment 3	Upon the second anniversary of the LA	600,000 Riverstone common shares (as constituted on the date of this LA)
Payment 4	Upon the third anniversary of the LA	700,000 Riverstone common shares (as constituted on the date of this LA)

Notwithstanding the above, in the event that the Option Agreement is not signed by October 31, 2007, the date for making Payments 2, 3 and 4 shall be extended by one (1) month for each month that is past October 31, 2007 until the date of the executed Option Agreement.

Riverstone covenants that upon the signing of this LA, it shall have reserved and allotted for issuance to Golden Star the 2,000,000 common shares set out in the above table. Riverstone further represents and warrants that these common shares shall be freely tradable subject only to a four (4) month hold period from the date of issuance or as otherwise provided under applicable securities laws.

The Parties acknowledge that the number of common shares of Riverstone issuable to Golden Star to maintain the Option shall be subject to adjustment as provided in Annex B.

4. **Minimum Work Commitments**

In order to maintain the Option, Riverstone covenants to invest and spend on the Properties aggregate minimum work expenditures of Cdn$4 million in accordance with the following expenditure schedule:

	Payment Date	Expenditure
Payment 1	Prior to the first anniversary of the signing of the Option Agreement	Cdn$ 500,000
Payment 2	Prior to the second anniversary of the signing in of the Option Agreement	Cdn$ 750,000
Payment 3	Prior to the third anniversary of the signing of the Option Agreement	Cdn$1,250,000
Payment 4	Prior to the fourth anniversary of the signing of the Option Agreement	Cdn$1,500,000
	Cumulative Total:	Cdn$4,000,000

Notwithstanding the above, in the event that the Option Agreement is not signed by October 31, 2007 the date for spending the amounts contemplated by Payments 2, 3 and 4 shall be extended by one month for each month that is past October 31, 2007 until the date of the executed Option Agreement.

Riverstone shall provide Golden Star with evidence in writing with reasonable background documentation satisfactory to Golden Star (acting reasonably) of such expenditures within 45 days of each of the dates set out in the table above. For the purposes of this Section 4 and Section 8, “expenditures” shall have the meaning ascribed thereto in Annex C.

Riverstone covenants to comply with all applicable laws (i) in performing any work on or in respect of the Properties and (ii) in order to maintain the mining title(s) under which the interest in the Properties is held in good standing. Riverstone further covenants that it will carry out all work on the Properties to World Bank standards including those pertaining to the standards of health, safety, environmental management and community relations and also in accordance with the applicable local laws.

5. **Indemnification**

Riverstone shall indemnify and save harmless Golden Star and each and every one of its affiliates and their respective directors, officers, employees and agents (each, an **“Indemnified Party”**) from and against all liabilities, claims, actions, suits, proceedings, losses, costs, damages and expenses to which such Indemnified Party may become subject or suffer in any way caused by, or arising directly or indirectly from, or in consequence or as a result of (i) a breach by Riverstone, any affiliate and/or associate and/or any of their respective directors, officers, employees, shareholders, agents, advisors and other representatives (collectively, the **“Riverstone Parties”**) of any laws, regulations, or contractual obligations to which the Properties are subject or in connection with any Riverstone Party performing work on or in respect of the Properties, (ii) any failure by any Riverstone Party, to the extent it is obligated under applicable law to do so, to timely and fully perform all abandonment, restoration, remediation and reclamation required by all governmental authorities having jurisdiction over its activities on or with respect to the Properties, or (iii) any act or action of or by a Riverstone Party which results in a violation of or liability under any present or future applicable environmental laws, statutes, rules, regulations, permits, ordinances, certificates, licenses and other regulatory requirements, policies or guidelines applicable to the Properties. Golden Star represents and warrants to Riverstone that the Properties are not subject to any contractual obligations other than pursuant to this agreement and other than pursuant to an option agreement with Mr. Julien Ouedraogo, dated 15 November 2002, whereby Mr. Ouedraogo retains a 10% interest in the Properties which may be purchased for US$lmillion, exercisable within 12 months from l st production, in which case Mr. Ouedraogo would retain an interest in the Properties in accordance with such Agreement (the **“Ouedraogo Agreement”**).

6. **Royalty**

The Parties agree that following the exercise of the Option in accordance with its terms, Golden Star shall be entitled to a net smelter return royalty **("NSR Royalty")** from the Properties according to the following schedule:

Gold Produced	NSR Royalty
Up to 199,999 ounces of gold produced	0%
200,000 - 500,000 ounces of gold produced	1
Over 500,000 ounces of gold produced	2%

The Parties agree that the NSR Royalty shall survive any subsequent sale or transfer of the Properties or Yatenga, and that any such sale or transfer shall be subject to the transferee entering into an agreement, in form and substance satisfactory to Golden Star, acting reasonably, to assume such royalty obligations. For the purpose of this Section 6, "NSR" shall have the meaning ascribed thereto in Annex C.

7. **Right of First Offer**

Subsequent to Riverstone's exercise of the Option in accordance with its terms, if Riverstone intends to sell or transfer, the Properties or any part thereof, Riverstone will provide Golden Star written notice of its intention to sell and the proposed terms thereof. Golden Star shall have 30 days after receipt of such notice to agree to purchase the Properties or part thereof on such terms, failing which Riverstone shall be entitled, for a period of 120 days after expiry of the aforesaid period, to sell the Properties to a third party purchaser on substantially similar terms as those offered to Golden Star, which terms shall be no more favourable to such third party purchaser than the terms offered to Golden Star. This section shall not apply to a transfer of all or any part of the Properties by Riverstone to an affiliate, provided that in the case of any such transfer, Riverstone shall remain liable for the performance of this LA and the affiliate will execute a document in writing agreeing to be bound by the terms hereof.

8. **Golden Star Representations and Warranties**

(a) Golden Star represents and warrants to Riverstone that, other than pursuant to this LA, Yatenga is and, subject to paragraph 8(c) below, will continue during the term of this LA to be the sole registered, recorded and beneficial owner of the Properties free and clear of all liens, charges, royalty interests or other encumbrances of any nature or kind whatsoever and that no person other than Riverstone has any agreement, option, right or privilege capable of becoming an agreement for the purchase of the Properties or an interest therein, in each case other than any rights of the government of Burkina Faso to acquire or obtain an interest in the Properties and other than the rights of Mr. Ouedraogo pursuant to the Ouedraogo Agreement.

(b) Golden Star represents and warrants to Riverstone that, other than pursuant to this LA, the claims, permits or licenses that comprise the Properties are in good standing and will not expire within 30 days of the date of this LA and, subject to paragraph 8(c) below, Golden Star will be, within 30 days of this LA and thereafter for the remainder of the term of this Option, the direct or indirect registered and beneficial owner of 90% of the issued and outstanding shares of Yatenga free and clear of all liens, charges, royalty interests or other encumbrances of any nature or kind whatsoever, and no person other than Riverstone has any agreement, option, right or privilege capable of becoming an agreement for the purchase of Yatenga or an interest therein, in each case other than any rights of the government of Burkina Faso to acquire or obtain an interest in the Properties and/or Yatenga and other than the rights of Mr. Ouedraogo with respect to the Properties and/or Yatenga pursuant to the Ouedraogo Agreement. For greater certainty, Riverstone acknowledges that as of the date of this LA Golden Star only has a beneficial interest, and not a registered interest, in 90% of the shares of Yatenga.

(c) The representations and warranties of Golden Star and Yatenga in paragraphs 8(a) and 8(b) after the date of this LA are subject to any change or changes in such representations that are caused by or a result of a breach by Riverstone of its obligations under this LA.

9. **Exercise of Option**

Upon exercise of the Option in accordance with the terms hereof Riverstone shall be entitled to all of Golden Star's interest in the Properties, indirectly through the Yatenga Acquisition, and Golden Star shall convey or cause to be conveyed to Riverstone all of Golden Star's interest Properties by way of the Yatenga Acquisition, free and clear of all liens, charges, royalty interests or other encumbrances of any nature or kind whatsoever, subject only to the NSR in favour of Golden Star as contemplated herein and any rights of the government of Burkina Faso to acquire or obtain an interest in the Properties and/or Yatenga and other than the rights of Mr. Ouedraogo with respect to the Properties and/or Yatenga pursuant to the Ouedraogo Agreement. Each Party agrees to co-operate with the other and to do and to cause to be done such acts as may be commercially reasonable in order to give full effect to the Option and this Section 9.

10. Subject to compliance with Section 4 of this Agreement and applicable laws during the term of this LA Riverstone shall have the exclusive possession and control of the Properties and the right by its employees, agents, or contractors to explore, prospect, examine and develop the Properties and in such a manner as the Riverstone in its sole discretion shall determine.

11. Golden Star shall and shall cause its affiliates to keep all information it receives from Riverstone in connection with the Properties or this LA confidential, except in each case as may be required by applicable laws. This Section 11 shall cease to apply if (i) this LA is terminated without an Option Agreement being executed by the Parties or (ii) if this LA is terminated without Riverstone exercising its Option.

12. Riverstone shall and shall cause its affiliates and representatives to keep all information it receives or that becomes known to it in connection with the Properties (including any work performed by it on the Properties) or this LA confidential except in each case as may be required by applicable laws. This Section 12 shall cease to apply if Riverstone exercises the Option in accordance with the terms of this LA.

13. Golden Star and Riverstone agree that this LA is an Option only and may be terminated at any time by:

(a) Riverstone, upon delivery of written notice of termination to Golden Star;

(b) Golden Star, upon delivery of written notice of termination to Riverstone if Golden Star has previously notified Riverstone in writing that it is in default under this LA and has specified the nature of the default with reference to the applicable term of this LA and Riverstone has failed to cure such default within 90 days following the receipt or deemed receipt of such notice;

(c) Golden Star if (i) Riverstone fails to receive and deliver to Golden Star a copy of the TSXV approval for the transactions and the listing of the common shares issuable in connection therewith contemplated by this LA no later than 30 calendar days after the execution of this LA, subject to section 16, or (ii) if at any time during the term of the Option the common shares of Riverstone are de-listed from the TSXV and not listed on the TSX or a successor exchange of the TSXV or the TSX;

(d) by any Party if (i) the Parties fail to execute an Option Agreement by December 31, 2007 (unless such failure is the result of a default of such Party under the terms of this LA), or (ii) the Board of Directors of a Party fail to approve this LA as required by this LA.

Notwithstanding any termination hereof, the obligations of Riverstone under Section 5 (in respect of events or circumstances occurring prior to the date-0f termination) and Section 12 shall survive the termination or expiration of this LA and continue in accordance with their terms and upon termination Riverstone shall provide Golden Star with all technical and other data and information on the Properties and all books and records related thereto forthwith. For greater certainty, upon the exercise of the Option, the covenants and obligations of Riverstone set forth in Section 5, 6 and 7 shall continue and shall also survive any termination or expiration of this LA.

14. During the term of the Option neither party shall transfer, sell, assign, or otherwise dispose of any interest in the Properties or its rights or obligations under this LA without the prior written consent of the other party, such consent not to be unreasonably withheld or delayed.

15. No public announcement or press release concerning this LA shall be made by a party hereto except with the prior written consent of the other party hereto, acting reasonably, or unless a party hereto advises the other party prior to the making of such announcement or the issuing of such release that such announcement or release is required by applicable law, regulation, rule or policy of any authority having jurisdiction, in which event it shall, to the extent practicable or permitted by law, be shown to the other party hereto, prior to being made or issued.

16. **Assistance**

Golden Star agrees to provide Riverstone with all available technical data on the Properties in its possession within 30 days of execution of this LA and to make reasonable efforts to assist Riverstone in advancing the exploration and development of the Properties (which may include acquisition of licenses and permits and other regulatory requirements) and to provide technical advice as may be requested by Riverstone from time to time, provided that Golden Star shall not be required to expend any monies in connection therewith and provided that if this LA is terminated without the Option being exercised, Riverstone shall return all such data to Golden Star. Golden Star's VP Exploration, Mitch Wasel, or such other person as Golden Star may direct, shall receive from Riverstone quarterly reports on the progress of the Properties and the minimum work commitments and shall be kept informed of all work being undertaken by or on behalf of Riverstone on the Properties.

Riverstone agrees that it will in good faith provide Golden Star with reasonable advance written notice of all proposed budgets and work programs relating to the Properties, in order for a representative of Golden Star to provide input with respect thereto. Riverstone further agrees that it will in good faith attempt to accommodate in such budgets and/or work programs any input provided by Golden Star as per the preceding sentence.

Golden Star agrees to provide Riverstone with copies of all arêtes, agreements or other documents or instruments confirming Golden Star's rights in the Properties promptly following execution of this LA. If and to the extent that the foregoing are required in order for Riverstone to obtain TSXV approval of this LA and there is a delay in obtaining TSXV approval attributable to a delay in Golden Star providing such documents, Golden Star agrees to extend the period during which such approval must be obtained for that number of days that is equal to the number of days after the date of this LA that such documents are provided to Riverstone.

17. Golden Star acknowledges and agrees that any securities issued or issuable to it hereunder shall be subject to a four month hold period under applicable securities laws and the policies of the TSXV and may not be traded except in compliance therewith.

18. This LA and the obligations of Riverstone, Golden Star and Yatenga hereunder are conditional upon acceptance of the transaction for filing by and conditional approval of the TSXV. Each of the Parties agrees to act in good faith to settle the terms of and enter into and execute an Option Agreement by October 31, 2007 and in any event not later than December 31, 2007.

19. Any notice, report, payment or other correspondence required or permitted in accordance with this LA will be in writing and sent by courier or facsimile and addressed as follows:

(a) If to Golden Star, to:

Golden Star Resources Limited
10901 West Toller Drive, Suite 300
Littleton, Colorado 80127-6312

Fax: (303) 830-9094
Attention: Bruce Higson-Smith

(b) If to Riverstone, to:

Riverstone Resources Inc.
595 Howe Street, Suite 906
Vancouver, British Columbia V6C 2T5

Fax: (604) 801-6075
Attention: Mike McInnis

or to such other address as any of the parties may designate by notice given to the others.

20. The Parties agree that this LA is a legally binding document in respect of the rights and obligations of the Parties expressed herein.

21. This LA constitutes the entire agreement and understanding of the Parties. All prior discussions, correspondence, understandings and negotiations between the Parties are superseded hereby.

22. This LA may be amended, modified or supplemented only by a written agreement signed by each Party.

23. Nothing in this LA will constitute the Parties a partner or fiduciary of the other.

24. If any term, covenant or condition of this LA or the application thereof to any party or circumstance is invalid or unenforceable to any extent, the remainder of this LA or application of such tern, covenant or condition to a party or circumstance other than those to which it is held invalid or unenforceable is not affected thereby and each remaining term, covenant or condition of this LA is valid and enforceable to the fullest extent permitted by law.

25. This LA may be executed in any number of counterparts. Each executed counterpart shall be deemed to be an original. All executed counterparts taken together shall constitute one agreement. To evidence the fact that it has executed this LA, a Party may send a copy of its executed counterpart to the other Party by facsimile transmission or by e-mail in PDF format. That Party shall be deemed to have executed this LA on the date first written above. In such event, such Party shall forthwith deliver to the other Party the counterpart of this LA executed by such Party.

26. This LA shall be contingent upon receiving the written permission by resolution of the Boards of Directors for both Riverstone and Golden Star, which permission must be received within 5 business days of execution of the LA.

27. This LA shall be construed in accordance with the laws of British Columbia and the federal laws of Canada applicable therein.

The foregoing is understood, agreed to and accepted by the undersigned.

GOLDEN STAR RESOURCES LTD.

Per: /s/ Bruce Higson-Smith
Bruce Higson-Smith
Vice President Corporate Development

RIVERSTONE RESOURCES INC.

Per: /s/ Michael McInnis
Michael McInnis
President

ANNEX A
PROPERTIES

1. Rounga Arrêté No. 2006 06-127/MCE/SG/DGMGC dated November 13, 2006
2. Goulagou Arrêté No. 2006 06-046/MCE/SG/DGMGC dated June 5, 2006

The Parties to the Option Agreement agree that:

(a) **“Properties”** means the mineral permits described above, all exploration or mining permits, licenses, leases and other mining interests derived from any such permits and all Property Rights in respect thereof. Any reference in the Option Agreement to any mineral permit comprised in the Properties includes any mineral permits or other interests into which such mineral permit may be or may have been converted; and

(b) **“Property Rights”** means all mineral rights, surface rights, privileges, licenses, permits, easements, rights-of-way, certificates and other benefits and approvals obtained by either of the Parties either before or after the date of the Option Agreement in respect of the Properties (whether real, personal, tangible or intangible).

ANNEX B
ADJUSTMENTS

Section 1 Adjustment of Number of common shares

The Riverstone common shares required to be issued to maintain the Option pursuant to Section 3 of this LA in effect at any date shall be subject to adjustment from time to time in the following circumstances and manner:

(a) If and whenever at any time before Riverstone becomes obligated to issue any shares to maintain the Option under Section 3 of this LA (an " **Option Maintenance Payment** "), Riverstone shall:

(i) subdivide, redivide or change its outstanding common shares into a greater number of shares;

(ii) reduce, combine or consolidate its outstanding common shares into a smaller number of shares; or

(iii) issue common shares or securities convertible into or exchangeable for Riverstone common shares to the holders of all or substantially all of the outstanding Riverstone common shares by way of a stock dividend or make a distribution to all or substantially all of the holders of Riverstone common shares on its outstanding common shares payable in common shares or securities convertible into or exchangeable for common shares;

then, in each such event, the number of common shares of Riverstone which must be issued to Golden Star to maintain the Option shall be adjusted immediately after the effective date of such subdivision, redivision, change, reduction, combination or consolidation, or the record date for such issue of common shares by way of a stock dividend or distribution, as the case may be, by multiplying the number of common shares which must be issued immediately before such effective date or record date by a fraction:

(A) the numerator of which shall be the total number of common shares outstanding immediately after such date; and

(B) the denominator of which shall be the total number of common shares outstanding immediately prior to such date.

Such adjustment shall be made successively whenever any event referred to in this Section 1(a) shall occur. Any such issue or distribution of common shares or securities convertible into or exchangeable for common shares shall be deemed to have been made on the record date for such issue or distribution for the purpose of calculating the number of outstanding common shares under Section 1(b) and Section 1(c).

(b) If and whenever at any time before an Option Maintenance Payment is due under the LA, Riverstone shall fix a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding common shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase common shares (or securities convertible into or exchangeable for common shares) at a price per share (or having a conversion or exchange price per share) less than 95% of the Current Market Price (as defined below) on such record date, the number of common shares to which Golden Star is entitled shall be adjusted immediately after such record date so that it shall equal the rate determined by multiplying the number of common shares which must be issued to Golden Star to maintain the Option on such record date by a fraction:

(i) the numerator of which shall be the total number of common shares outstanding on such record date plus the total number of additional common shares offered for subscription or purchase or into which the convertible or exchangeable securities so offered are convertible or exchangeable; and

(ii) the denominator of which shall be the total number of common shares outstanding on such record date plus a number of common shares equal to the number arrived at by dividing the aggregate price of the total number of additional common shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered) by such Current Market Price.

Any common shares owned by or held for the account of Riverstone or any affiliate shall be deemed not to be outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such rights, options or warrants are not exercised prior to the expiration thereof, the number of common shares which must be issued to Golden Star to maintain the Option shall be readjusted to the number which would then be in effect if such record date had not been fixed or to the number which would then be in effect based upon the number of common shares (or securities convertible into or exchangeable for common shares) actually issued upon the exercise of such rights, options or warrants, as the case may be. " **Current Market Price** " means at any date the weighted average trading price per common share for 20 consecutive trading days, ending five trading days before such date, on the TSXV, or, if the common shares are not then listed thereon, on such stock exchange on which the common shares are then listed as may be selected for such purpose by the directors of the Company or, if the common shares are not listed on any stock exchange, on the over-the-counter market or, if the common shares are listed on more than one stock exchange, on the stock exchange on which the greater volume of trading of common shares occurred during such period (where, for this purpose, the weighted average trading price per common share is determined by dividing (i) the aggregate sale price of all of the common shares sold on such exchange or market, as the case may be, during such 20 consecutive trading days by (ii) the total number of common shares sold on such exchange or market, as the case may be, during such 20 consecutive trading days. Whenever the Current Market Price is required to be determined hereunder, Riverstone shall deliver to Golden Star a certificate of an officer specifying such Current Market Price and setting out the details of its calculation.

(c) If and whenever at any time before an Option Maintenance Payment is due under the LA, Riverstone shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding common shares of:

(i) shares of Riverstone of any class other than common shares, or other securities of Riverstone;

(ii) rights, options or warrants to acquire common shares (or securities convertible into or exchangeable for common shares) or other securities of Riverstone;

(iii) evidences of its indebtedness; or

(iv) any property or other assets;

(excluding, in each case, any distribution referred to in Section 1(a) or Section 1(b)) then, in each such case, the number of common shares to which Golden Star is entitled shall be adjusted immediately after such record date so that it shall equal the rate determined by multiplying the number of common shares issuable to Golden Star on such record date by a fraction:

(i) the numerator of which will be the product of the number of common shares outstanding on such record date and the Current Market Price on such record date; and

(ii) the denominator of which will be:

(A) the product of the number of common shares outstanding on such record date and the Current Market Price on such record date; less

(B) the aggregate fair market value, as determined by the directors of Riverstone, acting reasonably, (whose determination, absent manifest error, will be conclusive), to the holders of common shares of such shares, other securities, rights, options, warrants, evidences of indebtedness or other property or assets so distributed.

Any common shares owned by or held for the account of Riverstone or any affiliate shall be deemed not to be outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that such distribution is not so made, the number of common shares to which Golden Star is entitled shall be readjusted to the number which would then be in effect if such record date had not been fixed or to the number which would then be in effect based upon such shares, other securities, rights, options, warrants, evidences of indebtedness or other assets actually distributed, as the case may be.

(d) If and whenever at any time before an Option Maintenance Payment is due under the LA, there is a reclassification of the common shares or a capital reorganization of Riverstone (other than as described in Section 1(a), Section 1(b) or Section 1(c)) or an amalgamation, arrangement or merger of Riverstone with or into any other body corporate, trust, partnership or other entity, or a sale or conveyance of the property and assets of Riverstone as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, then Golden Star shall be entitled to receive when an Option Maintenance Payment shall become due and shall accept, in lieu of the number of Riverstone common shares required to be issued to Golden Star to maintain the Option, the kind and number of shares or other securities or property of Riverstone or of the body corporate, trust, partnership or other entity resulting from such reclassification, capital reorganization, amalgamation, arrangement or merger or to which such sale or conveyance may be made, as the case may be, that Golden Star would have been entitled to receive on such reclassification, capital reorganization, amalgamation, arrangement, merger, sale or conveyance, if on the record date or the effective date thereof, as the case may be, Golden Star had been the registered holder of the number of common shares to which immediately before the transaction or event it was entitled. To give effect to or to evidence the provisions of this Section 1(d), Riverstone, its successor, or such purchasing body corporate, partnership, trust or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, capital reorganization, amalgamation, arrangement, merger, sale or conveyance, enter into an agreement which shall provide, to the extent possible, for the application of the provisions set out in this LA with respect to the rights and interests thereafter of Golden Star to the effect that the provisions set out in this LA shall thereafter correspondingly be made applicable, as nearly as may reasonably be possible, with respect to any shares, other securities or property to which Golden Star is entitled thereafter. Any agreement entered into between Riverstone, any successor to Riverstone or such purchasing body corporate, partnership, trust or other entity shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 1 and which shall apply to successive reclassifications, capital reorganizations, amalgamations, arrangements, mergers, sales or conveyances.

(e) In any case in which this Section 1 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein Riverstone shall upon the request of Golden Star promptly deliver to Golden Star an appropriate instrument evidencing Golden Star’s right to receive such additional common shares or other securities or property upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional common shares or other securities or property declared in favour of holders of record of common shares or securities or property on and after the relevant date.

(f) The adjustments provided for in this Section 1 are cumulative and shall be computed to the nearest two decimal places and will apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section 1.

(h) If Riverstone sets a record date to determine the holders of common shares for the purpose of entitling them to receive any dividend or distribution or sets a record date to take any other action and, thereafter and before the distribution to such shareholders of any such dividend or distribution or the taking of any other action, legally abandons its plan to pay or deliver such dividend or distribution or take such other action, then no adjustment shall be made to the number of common shares which must be issued to Golden Star to maintain the Option under the LA.

(i) After any adjustment pursuant to this Section 1, the term “Riverstone common shares” or “common shares” where used in this LA shall be interpreted to mean the number of common shares or other property or securities which must be paid to Golden Star to maintain the Option under the LA as a result of such adjustment and all prior adjustments pursuant to this Section 1.

Section 2 No Adjustment for Stock Options etc.

Notwithstanding anything to the contrary in this Annex C, no adjustment shall be made pursuant to this LA upon or in respect of the grant of any stock option or the issue of common shares pursuant to any stock option, stock purchase plan or long-term incentive plan in force from time to time for officers, directors, employees or consultants of Riverstone or pursuant to any other stock option granted or other convertible security issued by Riverstone prior to the date of this LA.

Section 3 Determination by Company's Auditors

In the event of any question arising with respect to the adjustments provided for in this Annex C, such question shall, absent manifest error, be conclusively determined by Riverstone's auditors, who shall have access to all necessary records of Riverstone, and such determination shall, absent manifest error, be binding upon Riverstone and Golden Star.

Section 4 Proceedings Prior to Any Action Requiring Adjustment

As a condition precedent to the taking of any action which would require an adjustment herein, Riverstone shall take any corporate action which may, in the opinion of counsel to Golden Star, be necessary or desirable to ensure that Riverstone has sufficient authorized capital and that Riverstone may validly and legally issue, as fully paid and non-assessable shares, all of the shares which the Golden Star is entitled to receive in accordance with the provisions of this LA.

Section 5 Action Requiring Adjustment

In case Riverstone, after the date hereof, shall take any action affecting the common shares, other than the actions described in this Schedule, which, in the opinion of the directors of Riverstone would materially adversely affect the rights of Golden Star herein, then the number of common shares which are to be received by Golden Star shall be adjusted in such manner, if any, and at such time as the directors of Riverstone may, in their discretion and acting reasonably and in good faith, determine to be equitable to Golden Star in such circumstances.

Section 6 Certificate of Adjustment

Riverstone shall, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in this Schedule, deliver a certificate of Riverstone to Golden Star specifying the nature of the event requiring such adjustment or readjustment and the amount of the adjustment or readjustment necessitated thereby and setting out in reasonable detail the method of calculation and the facts upon which such calculation is based.

ANNEX C
EXPENDITURES

“expenditures” means all costs, expenses, obligations and liabilities of whatsoever kind or nature, incurred by or on behalf of Riverstone in connection with every kind of work done on or in respect of the Properties or the products derived therefrom by or under the direction of Riverstone, as the case may be, in connection with the exploration and development of the Properties. Without limiting the generality of the foregoing, expenditures are sub-divided into the following categories:

1. Project Internal Costs

Defined as: the work conducted by employees of Riverstone or contractor labour engaged by Riverstone of geological assessment and investigation, geophysical, geochemical and geological surveys, studies and mapping, sampling and sample preparation, designing, examining, improving, surveying, working, and in doing all other work usually considered to be prospecting, exploration and development; in paying wages and salaries of persons engaged in such work and in supplying food, lodging, transportation and other reasonable needs of such persons; in paying insurance premiums and assessments or premiums for worker’s compensation insurance, contributions for unemployment insurance or other pay allowances or benefits customarily paid in the applicable jurisdiction to such persons;

2. Project External Costs

Defined as: the cost of rentals, license renewal fees, taxes and other governmental charges required to keep the Properties in good standing; cost of work conducted by specialist contractors engaged by Riverstone in the areas of assaying, metallurgical testing, drilling; cost of renting or leasing equipment.

3. Capital Items

Defined as: the cost of all capital items such as vehicles, equipment, drills, spare parts, replacement parts, buildings, bridges and other structures, communications equipment.

Riverstone shall have the right to charge the Project a management fee to cover its intangible corporate overheads such as corporate expenses, visits of senior management, accounting, legal and telecommunications costs that arise in the normal course of business. The intent of this fess is that Riverstone shall not make or lose money on the management of the Project. This fee shall be calculated as to 10% of the cost of items in (1.) above plus 5% of the cost of items in (2) above. The cost of items in (3) are excluded from the management fee calculation. Golden Star shall be entitled to review all such costs on an annual basis and both Parties agree to use best efforts to resolve any cost definition disputes. In the event of a dispute Riverstone agrees to provide Golden Star’s auditors with full access to all books and records required in the event of any cost definition disputes. All books and records used and kept by Riverstone to calculate a particular payment will be maintained in accordance with Canadian generally accepted accounting principles. If Golden Star requests an audit of the management fee calculation Golden Star will pay all the costs and expenses of such audit unless it is determined that the management fee calculation was in excess of the amount permitted under the terms of this Annex C by greater than 20%, in which case they will be paid by Riverstone.

During the first quarter of every year for the duration of the Option, the Parties shall review the previous year's management fee and shall have the authority to increase or decrease the amount of the fee, subject to a maximum adjustment either way of $20,000 to reflect the intent of the Parties that Riverstone shall not make or lose money on the management of the Project.

ANNEX D
NSR ROYALTY

ARTICLE 1
PREAMBLE

1.1 The purpose of this Annex D is to provide further details in respect of and the method of calculating and timing of payments in respect of the NSR Royalty referred to in the agreement to which this Annex D is attached, being that certain letter agreement between Golden Star Resources Ltd., Yatenga Holdings Limited and Riverstone Resources Inc. made October 10, 2007 (“ **Option Agreement** ”).

ARTICLE 2
DEFINITIONS

2.1 The terms defined in the Option Agreement when used herein, shall have the same meaning as that described in the Option Agreement. In addition, the terms described in this Article 2 shall have the meaning attributed by this Annex D to them.

2.2 “ **Net Smelter Returns** ” means the actual proceeds received by the Payor from any mill, smelter, refinery or purchaser for the sale of dor6, bullion, metals or concentrates produced from the Properties and sold, after deducting from such proceeds, to the extent that they are not deducted by the purchaser in computing payments made to the Payor, cash costs for smelting, refining, insurance, penalties and the costs of transportation of such dore, bullion, metals or concentrates produced from the claims to any mint, smelter, refinery or other purchaser.

2.3 “ **Payor** ” means the party required to pay the royalty under the Agreement, initially being Riverstone.

2.4 “ **Payee** ” means the party entitled to receive the royalty under the Agreement, initially being Golden Star.

ARTICLE 3
CALCULATION

3.1 **Calculation.** The NSR Royalty payable shall be the applicable percentage (as set out in the Option Agreement) of Net Smelter Returns from the Properties or any of them.

3.2 **Interim Statement.** While the NSR Royalty remains payable, the Payor shall, not later than thirty (30) days after the end of each calendar quarter, render to the Payee an interim statement of account in reasonable detail which statement shall be accompanied by the payment of the NSR Royalty payable, pursuant to this Option Agreement, for the previous calendar quarter. When all mineral products in any calendar year in which a royalty remains payable, have been sold and the revenues and expenditures determined, the Payor shall, within sixty (60) days after the termination of such calendar year, render a final statement of account in reasonable detail together with the payment of the balance, if any, of the NSR Royalty for such previous calendar year to the Payee. If amounts have been paid in excess of those to which the Payee is entitled under the terms of this agreement in any calendar year, the equivalent amount shall be deducted from the next royalty payment or payments.

ARTICLE 4
AUDIT AND DISPUTES

4.1 **Audit.** The Payee may, upon written request to the Payor, audit the records that relate to the calculation of the NSR Royalty within three (3) months after receipt of any NSR Royalty quarter or yearly payment for a particular calendar quarter or year as described in paragraph 3. The Payee shall be deemed to have waived any right it may have had to object to the payment made for any calendar quarter or year unless it notifies the Payor in writing of such objection within 30 days after receipt of the applicable quarterly or yearly payment. The Payor shall provide the Payee and its auditors and legal advisors with full access to all relevant books and records.

4.2 If the NSR Royalty as calculated by the Payor is at least 5% less than the calculation determined by the auditors of the Payee, the Payor shall be responsible for all audit and legal costs incurred by the Payee in the dispute. The Payor shall forthwith pay any amounts that the auditors of the Payee determine are payable to the Payee as a result of the audit under Section 4.1 above, together with costs incurred in accordance with the preceding sentence.

EXHIBIT 31.1

CERTIFICATION

I, Peter J. Bradford, certify that:

1. I have reviewed this report on Form 10-Q of Golden Star Resources Ltd. (“Registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the periods covered by this report based on such evaluation; and

   d) disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting.

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of Registrant’s board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: November 6, 2007

/s/ Peter J. Bradford

Peter J. Bradford
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Thomas G. Mair, certify that:

1. I have reviewed this report on Form 10-Q of Golden Star Resources Ltd. (“Registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting.

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of Registrant’s board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: November 6, 2007

/s/ Thomas G. Mair

Thomas G. Mair
Senior Vice President Finance and Chief Financial Officer

EXHIBIT 32.1

Certification of Principal Executive Officer
Pursuant to 18 U.S.C. 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)

I, Peter J. Bradford, President and Chief Executive Officer of Golden Star Resources Ltd., certify, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the period ended September 30, 2007 of Golden Star Resources Ltd. that:

(1) The Quarterly Report on Form 10-Q fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained and incorporated by reference in the Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Golden Star Resources Ltd.

/s/ Peter J. Bradford
Peter J. Bradford
President and Chief Executive Officer
November 6, 2007

EXHIBIT 32.2

**Certification of Principal Financial Officer
Pursuant to 18 U.S.C. 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)**

I, Thomas G. Mair, Senior Vice President Finance and Chief Financial Officer of Golden Star Resources Ltd., certify, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the period ended September 30, 2007 of Golden Star Resources Ltd. that:

(1) The Quarterly Report on Form 10-Q fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained and incorporated by reference in the Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Golden Star Resources Ltd.

/s/ Thomas G. Mair
Thomas G. Mair
Senior Vice President Finance and Chief Financial Officer
November 6, 2007