GOLDEN STAR RESOURCES LTD.

FORM 8-K
(Current report filing)

Filed 02/02/06 for the Period Ending 02/01/06

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

GOLDEN STAR RESOURCES LTD

FORM 8-K
(Unscheduled Material Events)

Filed 2/2/2006 For Period Ending 2/1/2006

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

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 1, 2006

GOLDEN STAR RESOURCES LTD.
(Exact name of registrant as specified in its charter)

CANADA	**1-12284**	**98-0101955**
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification Number)

10901 West Toller Drive, **Suite 300** **Littleton, Colorado**	**80127-6312**
(Address of principal executive offices)	(Zip Code)

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

No Change
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 2.02. Results of Operations and Financial Condition.

On February 1, 2006, Golden Star Resources Ltd. issued a press release reporting its unaudited financial results for the year and quarter ended December 31, 2005 and a press release updating its mineral reserve and mineral resource estimates as at December 31, 2005. Copies of these press releases are attached hereto as Exhibits 99.1 and 99.2, respectively, and are incorporated by reference herein.

The information in this Form 8-K, including the information set forth in Exhibit 99.1 and 99.2, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

Exhibit No.	Description
99.1	Press release of Golden Star Resources Ltd., dated February 1, 2006, reporting unaudited financial results for the year and fourth quarter ended December 31, 2005.
99.2	Press release of Golden Star Resources Ltd., dated February 1, 2006, reporting updated mineral reserve and mineral resource estimates as at December 31, 2005.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 1, 2006

Golden Star Resources Ltd.

By: /s/ Allan J. Marter
Allan J. Marter
Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

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Exhibit 99.1

TSX: GSC	NEWS RELEASE	AMEX: GSS

GOLDEN STAR REPORTS UNAUDITED FINANCIAL RESULTS
FOR THE FOURTH QUARTER AND 2005 YEAR

Denver, Colorado, February 1, 2006: Golden Star Resources Ltd. (AMEX: GSS; TSX: GSC) today announced its unaudited results for the full year and fourth quarter 2005. (All currency is expressed in U.S. dollars, unless otherwise noted, and all the 2005 results are unaudited at this date.)

2005 RESULTS

- A net loss of $12.1 million, or $0.08 per share
- Increase in revenues of 47% to $96.0 million
- Record gold sales of 200,968 ounces from the Bogoso/Prestea and Wassa mines in Ghana
- Realized gold price of $446 per ounce
- Average cash operating cost of $365 per ounce, before deferred stripping writedown

FOURTH QUARTER RESULTS

- Net loss of $3.9 million, or $0.03 per share
- Revenues of $28.1 million
- Gold sales of 54,196 ounces from the Bogoso/Prestea and Wassa mines

2006 & 2007 FORECASTS

- 2006 production of 300,000 ounces at average cash operating costs of $335 per ounce
- 2007 production of 500,000 ounces at average cash operating costs of $335 per ounce

OVERVIEW

We incurred a net loss of $12.1 million or $0.08 per share on revenues of $96.0 million during 2005 based on our unaudited results versus net income of $2.6 million or $0.02 per share on revenues of $65.0 million during 2004. While total revenues were $31.0 million higher than in 2004, due mostly to nine months' production in 2005 from our new Wassa mine and from higher realized gold prices, operating costs were $48.5 million higher, due mostly to costs from Wassa and higher overall costs for fuel, materials and labor at Wassa and Bogoso/Prestea. Realized gold prices averaged $446 per ounce during 2005, a 9% increase from the $410 per ounce realized in 2004. The major factors contributing to the $14.7 million swing in operating results versus 2004 include a $9.1 million operating loss at Wassa during its early operating phase and a $10.0 million reduction in operating income at Bogoso/Prestea resulting from lower gold production and higher operating costs.

A $2.8 million mark-to-market loss on gold and currency derivatives, a $2.4 million increase in interest expense and a $1.4 million impairment write off of exploration properties were more than offset by a $4.3 million reduction in corporate development costs, a $1.7 million increase in royalty income, and tax provision credits of $4.8 million relating to Bogoso/Prestea and EURO.

Looking forward, the forecast for 2006 total production is 300,000 ounces at an average cash operating cost of $335 an ounce, benefiting from a full year's production at Wassa and the first production from the Bogoso sulfide expansion project. The 2007 forecast of 500,000 ounces at an average cash operating cost of $335 an ounce is based on a full year's production from the Bogoso sulfide expansion project.

We expect to complete the audited consolidated statements for 2005 and to file our Form 10-K with the SEC on or about February 23, 2006.

FINANCIAL SUMMARY

Year ended December 31, 2005
(unaudited)

	2005	2004
Gold sold (ounces)	**200,968**	147,875
Price realized ($ per ounce)	**446**	410
Cash operating cost ($ per ounce) (1)	**383**	250
Royalties ($ per ounce)	**13**	14
Total cash cost ($ per ounce) (1)	**396**	264
Revenues (in thousands $)	**96,011**	65,029
Net (loss)/income (in thousands $)	**(12,052)**	2,642
Net (loss)/income per share ($)	**(0.08)**	0.02
Net (loss)/income per fully diluted share ($)	**(0.08)**	0.02
Average shares outstanding (in millions)	**143.6**	138.3
Average fully diluted shares (in millions)	**146.8**	143.7
Shares outstanding end of year (in millions)	**206.0**	142.2

(1) See note on non-GAAP financial measures below.

Fourth Quarter 2005
(unaudited)

	For the three months ended December 31, 2005	2004
Gold sold (ounces)	**54,196**	31,112
Price realized ($ per ounce)	**486**	437
Cash operating cost ($ per ounce) (1)	**430**	295
Deferred stripping adjustment	**64**	- -
Royalties ($ per ounce)	**15**	14
Total cash cost ($ per ounce) (1)	**509**	309
Revenues (in thousands $)	**28,106**	15,233
Net (loss) income (in thousands $)	**(3,855)**	591
Net (loss) income per share ($)	**(0.03)**	0.00
Average shares outstanding (in millions)	**146.7**	142.0

(1) See note on non-GAAP financial measures below.

OPERATIONAL SUMMARY

Year ended December 31, 2005
(unaudited)

	2005		2004
	Bogoso/Prestea	**Wassa** (2)	**Bogoso/Prestea**
Ore mined (thousands of tonnes)	**1,646**	**2,060**	1,411
Waste mined (thousands of tonnes)	**10,741**	**7,848**	8,066
Tonnes milled (thousands)	**1,558**	**2,692**	1,650
Average grade milled (g/t)	**4.14**	**0.91**	4.09
Mill recovery (%)	**60.7**	**88.7**	67.3
Gold sold	**131,898**	**69,070**	147,875
Cash operating cost ($ per ounce) (1) (3)	**338**	**468**	250
Total cash cost ($ per ounce) (1) (3)	**351**	**482**	264

Fourth Quarter 2005
(unaudited)

	For the three months ended December 31, 2005		2004
	Bogoso/Prestea	**Wassa**	**Bogoso/Prestea**
Ore mined (thousands of tonnes)	**296**	**679**	439
Waste mined (thousands of tonnes)	**2,477**	**3,432**	2,624
Tonnes milled (thousands)	**391**	**915**	341
Average grade milled (g/t)	**3.21**	**0.91**	5.07
Mill recovery (%)	**67.4**	**88.2**	63.1
Cash operating cost ($ per ounce) (1) (3)	**396**	**473**	295
Total cash cost ($ per ounce) (1) (3)	**410**	**488**	309

(1) See note on non-GAAP financial measures below.

(2) Wassa's operating statistics relate to the nine months of commercial production which commenced on April 1.

(3) Before deferred stripping writedown in the fourth quarter 2005 at Bogoso/Prestea .

BOGOSO/PRESTEA

Bogoso/Prestea generated $3.3 million of after-tax operating income during 2005 on sales of 131,898 ounces of gold, down from $13.3 million of after-tax operating income on sales of 147,875 ounces in 2004. The major factors contributing to 2005's lower results were lower gold output and increases in operating costs. Gold production was down 15,977 ounces in 2005 due to a combination of lower plant throughput and lower gold recovery, both resulting from the metallurgical characteristics of the deeper, harder non-refractory sulfide Plant-North pit ores processed in 2005 versus the shallower and softer oxide and non-refractory sulfide ores milled in 2004. The first five months of 2004 had benefited from oxide ores which yielded higher mill throughput rates, better recovery and lower operating costs than the transition and non-refractory sulfide ores processed since mid-2004 and throughout 2005. Milling of low-grade stockpiled ores for more than six weeks in September, October and November during the stoppage at the Plant-North pit, as requested by the EPA, also contributed to the lower gold production.

Mining costs increased $7.1 million at Bogoso/Prestea versus 2004. Increases in fuel and labor accounted for approximately half of this increase. We also saw increased demand and higher costs for services and materials, including explosives, ore haulage contracts, drilling supplies, grinding balls, maintenance and tires, reflecting a general trend in the mining industry, driven in part by higher oil prices.

Bogoso/Prestea generated a loss of $2.3 million in the fourth quarter of 2005 versus income of $2.7 million in the same period of 2004. The major factor contributing to the 2005 fourth quarter loss was a $3.4 million writedown of deferred stripping cost which was required due to a revised mining plan for the Plant-North pit. The new plan, completed in January 2006, which results in an additional 38,000 ounces of gold mined, anticipates a higher stripping ratio during the remaining 10-month life of the pit than did the December 2004 mining plan. This change required that $3.4 million of deferred stripping costs as of December 31, 2005 be written off as it would not be recovered during the pit's life.

In addition, Bogoso/Prestea's fourth quarter 2005 operating costs were adversely impacted by the suspension of mining at the Plant-North pit at the request of the EPA at the end of the third quarter. While mining was suspended for approximately six weeks, the Bogoso/Prestea plant continued to process low-grade and stockpiled ores. Most of the fixed and semi-variable costs continued during the fourth quarter even though mining was shut down at Plant-North. These, along with increases in costs for various materials and services, resulted in a $3.7 million increase in the fourth quarter cash operating costs versus the third quarter of 2005 before the impact of the fourth quarter's deferred stripping adjustment. The higher costs in the fourth quarter were partially offset by higher gold prices and recognition of tax provision credits.

Bogoso/Prestea's forecast for 2006 is production of 180,000 ounces at a cash operating cost of $330 an ounce, with the year benefiting from initial production from the sulfide expansion project in the fourth quarter. In 2007, assuming a full year's operation of the sulfide expansion project, production is forecast at 370,000 ounces, with estimated cash operating costs of $330 an ounce.

WASSA

Wassa commenced commercial production on April 1, 2005, and generated a $9.1 million after-tax operating loss on sales of 69,070 ounces of gold during the nine months of 2005.

Overall, Wassa's operating results were disappointing. We had anticipated higher mill through-put, higher grades, and lower operating costs. Operating costs were adversely impacted early in the year by high power costs from our diesel-fired, on-site power plant. This was remedied by late June when Wassa was connected to the regional power grid. Mining costs were also higher than expected early in the year as we utilized rented mining equipment. By the end of 2005 we had completed the acquisition of our own fleet of new, nominal 100 tonne mining trucks and new hydraulic loaders. The lower power costs and more efficient mining equipment should contribute to lower costs during 2006.

Several design bottlenecks were identified at the processing plant during the year and certain improvements were made, but we are still dealing with frequent plant blockages mostly related to the high clay content of the weathered, near-surface ore. However, by the end of 2005 we had mined to sufficient depth in the pit to access ore that has lower clay content and expect better mill throughput in 2006. We also expect that as we progress deeper into the unweathered ore that the ore grades will improve and result in higher gold recovery.

Wassa generated a $2.8 million loss in the fourth quarter of 2005 on revenues of $11.7 million. As with the previous two quarters since commercial production began in April, fourth quarter results were disappointing. Gold prices were higher than expected but gold shipped and sold was below our plan, while operating costs exceeded plan as in the two earlier quarters. The improvements we experienced during October were not continued later in the quarter. Improvements in mill through-put, feed grade and operating costs are anticipated in 2006 as mining moves to deeper, higher-grade levels in the pits.

In 2006, Wassa is expected to produce 120,000 ounces at a cash operating cost of $340 an ounce, based on a full year's operations. The forecast for 2007 is to produce 130,000 ounces at a cash operating cost of $340 an ounce.

BOGOSO SULFIDE EXPANSION PROJECT

Construction of the Bogoso sulfide expansion project commenced mid-year, following the receipt of environmental permits and Board approvals. The project is designed to expand the existing Bogoso processing plant facility by adding a sulfide processing plant with a nominal capacity of 3.5 million tonnes per year of refractory sulfide ore. The sulfide plant will utilize the BIOX ® bio-oxidation process. Reserves at Bogoso/Prestea are nearly 75% refractory sulfide ore, which cannot be economically processed in the oxide plant.

We estimate the total capital cost of the project, including expansion of the mining fleet, to be approximately $125 million. Ordering of the long lead time items is substantially complete as is the detailed design. The project is currently on time and within budget, and commercial production at the sulfide plant is expected to be achieved in the fourth quarter.

The existing 1.5 million tonnes per year Bogoso oxide processing plant is unaffected by the sulfide expansion project and is providing operating cash flow during the expansion.

MINING SUSPENSION AT BOGOSO/PRESTEA

In mid-September 2005 the Ghana Environmental Protection Agency requested suspension of mining activities at our Plant-North pit until various mitigation measures then underway were completed. The requested measures included completion of: a new Prestea police station to replace the previous police station due to it's proximity to the pit; a fence around portions of the pit; a bypass road to divert traffic away from the southern end of the pit; and sensitization of the communities and vendors adjacent to the area.

All of the EPA's requests were completed by mid-October and, following the EPA's inspection, mining operations at Plant-North recommenced in early November. During the requested suspension, operations continued at the Bogoso processing plant using stockpiled ore and low-grade oxide ore from the newly re-opened Ablifa pit. Operations at the Wassa mine and construction activities on the Bogoso sulfide expansion project continued without interruption during this period.

EXPLORATION IN GHANA

Exploration expenditures for the year totaled $17.1 million, comparable to 2004's $18 million, with $13.2 million being spent at our mining properties and the balance outside our active mining areas.

Exploration around our mines focused on converting resources to reserves, and defining further resources, including:

- Drilling of refractory sulfide mineralization at Chujah and Dumasi, which converted a large portion of the inferred and indicated resources to reserves. These reserves will be processed at the sulfide plant currently being built at Bogoso.
- Drilling of underground targets continued at the Prestea Underground and at year-end we were in the process of commissioning another two drill rigs underground. Underground inferred resources were increased by 4.5 million tonnes to 6.1 million tonnes grading 8.14 grams per tonne, justifying plans for an initial feasibility study in 2006 for the recommencement of underground mining.
- Drilling around the South Akyempim zone at Wassa delineated significant new zones of mineralization at higher grades, providing the basis for an increase in resources and a modest increase in reserves at Wassa.
- Drilling at Pampe on the Akropong Trend west of Bogoso defined a small reserve which can be processed through the Bogoso oxide circuit.
- Drilling at Mampon improved the reserve categories prior to permitting in 2006 for an open pit mine.

ST. JUDE ACQUISITION

On December 21, 2005, we completed the acquisition of St. Jude Resources Ltd. St. Jude was a Canadian gold exploration company with properties in Ghana, Burkina Faso and Niger. Our total cost to acquire St. Jude was approximately $112.8 million through an exchange of shares. The transaction resulted in St. Jude shareholders holding approximately 19% of Golden Star on a fully diluted basis at the close of the transaction.

St. Jude's principal assets are the Hwini-Butre and Benso gold projects at the southeastern end of the Ashanti gold belt. The deposits are 80 km and 60 km, respectively, south of our Wassa Mine where this mineralization could be processed.

FINANCINGS

On April 15, 2005, we sold $50 million of senior unsecured convertible notes maturing April 15, 2009. The notes were issued at par, bear interest at 6.85% and are convertible to common shares at a fixed conversion price of $4.50 per share. On December 30, 2005 we closed a bought-deal equity offering of 31.6 million common shares at Cdn$2.80 per share and realized gross proceeds of Cdn$88.5 million. The net proceeds of the financings are being used to fund the development of the Bogoso sulfide expansion project during 2006, and for general corporate purposes.

PUT AND CALL OPTIONS

We purchased gold put options in two tranches during early 2005, when gold prices were fluctuating between $410 and $420 an ounce, to provide down-side gold price protection of between $400 and $410 an ounce. This action was taken to ensure cash flow for a portion of our gold sales during the Bogoso sulfide expansion project construction in 2006 and early 2007 and the puts were spread evenly over this period. The first tranche of 140,000 ounces was purchased for $1.0 million, whereas the second tranche of 90,000 ounces was purchased by selling a like amount of calls at $525 an ounce. The calls are exercisable at a fixed 5,000 ounces per month between October 2005 and March 2007. In December we bought back 15,000 ounces of calls due to be exercised in December 2005 and January and February 2006.

When gold is above $525 an ounce, our sales for these ounces will be capped at that price for the respective months while the balance of our production will be sold at market price. We therefore expect to receive a maximum of $525 an ounce if the gold price is above that price for 17% of estimated 2006 production and for 3% of estimated 2007 production, with the balance being sold at market price.

Derivative accounting rules require that at the end of each period, the remaining unexpired puts and calls be revalued to their mark-to-market fair value (the price we could sell the puts for or the price at which we could buy back the call options). Losses and gains are recorded in the income statement. For 2005, we recorded a mark-to-market loss on the puts and calls of $3.2 million, which was partially offset by a $1.0 million mark-to-market gain on our forward currency contracts entered into for the Bogoso sulfide expansion project. In addition, there was a $0.5 million expense on EURO's gold forward contracts.

EURO RESSOURCES

On January 8, 2005, EURO Ressources S.A., a 53% owned subsidiary (formerly named Guyanor Ressources S.A.), paid $6.0 million to Golden Star as the first installment for the purchase of the Rosebel royalty on the Rosebel Mine in Suriname. The royalty was purchased from Golden Star for a price of $12.0 million, plus future participation, in December 2004. In September 2005 EURO paid a further $3.0 million to Golden Star and expects to pay the remaining $3.0 million during 2006.

CASH AND OPERATING CASH FLOW

Our cash, cash equivalents and short term investments balance stood at $89.7 million at December 31, 2005, up from $51.7 million at the end of 2004. Operations used a net $1.0 million of cash during the year, compared to $14 million of cash flow generated by operations in 2004. The lower gold output at Bogoso/Prestea and higher than expected costs at both Bogoso/Prestea and Wassa contributed to the reduction in cash flow from operations versus 2004.

SUMMARY FINANCIAL STATEMENTS

The following information is summarized and excerpted from the Company's unaudited consolidated financial statements:

Condensed Consolidated Balance Sheets
as of December 31
(unaudited)

($ in thousands)	**2005**	2004
Cash and short term investments	**$ 89,709**	$ 51,727
Other current assets	**38,154**	27,119
Property, plant and equipment	**84,527**	28,653
Deferred exploration	**167,532**	7,452
Mine properties	**118,088**	74,197
Construction-in-progress	**36,707**	51,159
Other long term assets	**21,805**	11,853
Total assets	**$556,522**	$252,160
Current liabilities	**$ 35,411**	$ 17,480
Long term debt	**64,298**	1,707
Asset retirement obligations	**11,393**	8,660
Deferred income tax payable	**45,072**	—
Minority interest	**6,629**	6,353
Shareholders' equity	**393,719**	217,960
Total liabilities and shareholders' equity	**$556,522**	$252,160

Condensed Consolidated Statements of Operations
for the year ended December 31 (unaudited)

($ in thousands, except per share amounts)	**2005**	2004
Revenues	**$ 96,011**	$65,029
Mining operations expense	**79,599**	39,095
Depreciation, depletion and amortization	**15,983**	8,096
Accretion of asset retirement obligation	**752**	645
General and administrative expenses	**8,631**	8,197
Corporate development expense	**248**	4,504
Abandonment and impairment of properties	**1,413**	470
Foreign exchange loss	**574**	280
Interest expense	**2,416**	—
Derivative mark-to-market adjustments	**2,806**	—
Gain on subsidiary's sale of common shares	**(977)**	—
Other expenses	**1,190**	1,365
Net (loss)/income before minority interest	**(16,624)**	2,377
Minority interest	**(277)**	(1,277)
Income tax benefit	**4,849**	1,542
Net (loss)/income	**$(12,052)**	$ 2,642
Earning/(loss) per share — basic	**$ (0.08)**	$ 0.02
Earnings/(loss) per share — diluted	**$ (0.08)**	$ 0.02

Condensed Consolidated Statements of Cash Flows
for the year ended December 31 (unaudited)

($ in thousands)	**2005**	2004
Cash (used in)/provided by operations	**$ (998)**	$ 13,910
Cash used in investing activities	**(65,474)**	(108,448)
Cash provided by financing activities	**143,304**	17,445
Increase/(decrease) in cash and cash equivalents	**76,832**	(77,093)
Cash and cash equivalents at end of year	**$ 89,709**	$ 12,877

COMPANY PROFILE

Golden Star holds a 90% equity interest in the Bogoso/Prestea and Wassa open-pit gold mines in Ghana. In addition, Golden Star has an 81% interest in the currently inactive Prestea Underground mine in Ghana and various property interests elsewhere in the country, as well as other gold exploration interests in West Africa and in the Guiana Shield of South America. Golden Star's production is expected to increase to 500,000 ounces in 2007, compared to production of about 201,000 ounces in 2005. Golden Star has approximately 206 million common shares outstanding at December 31, 2005.

Statements Regarding Forward-Looking Information: *Some statements contained in this news release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements are inherently uncertain and involve risks and uncertainties that could cause actual results to differ materially. Such statements include comments regarding the total capital cost of the Bogoso sulfide expansion project and the estimated commencement of commercial production, our 2006 and 2007 production estimates for the new Bogoso sulfide plant once completed, use of proceeds for the December 2005 equity offering, the establishment and estimates of mineral reserves and non-reserve mineral resources, the recovery of any mineral reserves, planned operations, anticipated funding, construction cost estimates, construction* *completion dates, equipment requirements, production, production commencement dates, grade, processing capacity, recoveries, potential mine life, results of feasibility and technical studies, development, costs, expenditures, mine re-opening and exploration. Factors that could cause actual results to differ materially include timing of and unexpected events during construction, expansion and start-up; variations in ore grade, tonnes mined, crushed or milled; variations in relative amounts of refractory, non-refractory and transition ores; delay or failure to receive board or government approvals; timing and availability of external financing on acceptable terms; technical, permitting, mining or processing issues, and fluctuations in gold price and costs. There can be no assurance that future developments affecting the Company will be those anticipated by management. Please refer to the discussion of these and other factors in our Form 10-K for 2004. The forecasts contained in this press release constitute management's current estimates, as of the date of this press release, with respect to the matters covered thereby. We expect that these estimates will change as new information is received and that actual results will vary from these estimates, possibly by material amounts. While we may elect to update these estimates at any time, we do not undertake to update any estimate at any particular time or in response to any particular event. Investors and others should not assume that any forecasts in this press release represent management's estimate as of any date other than the date of this press release.*

***Non-GAAP Financial Measures** : In this news release, we use the terms "total production cost per ounce", "total cash cost per ounce" and "cash operating cost per ounce." Total cash cost per ounce is equal to total production costs less depreciation, depletion, amortization and asset retirement obligation accretion divided by the number of ounces of gold sold during the period. Cash operating cost per ounce is equal to total cash costs less production royalties and production taxes, divided by the number of ounces of gold sold during the period. We use total cash cost per ounce and cash operating cost per ounce as key operating indicators. We monitor these measures monthly, comparing each month's values to prior period's values to detect trends that may indicate increases or decreases in operating efficiencies. These measures are also compared against budget to alert management to trends that may cause actual results to deviate from planned operational results. We provide these measures to our investors to allow them to also monitor operational efficiencies of our mines. We calculate these measures for both individual operating units and on a consolidated basis. 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, and the 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 or similar to the measures of other gold mining companies, but may not be comparable to similarly titled measures in every instance.*

For further information, please contact:

GOLDEN STAR RESOURCES LTD. **+1 800 553 8436**
Peter Bradford, President and CEO
Allan Marter, Chief Financial Officer

GOLDEN STAR RESOURCES LTD.

TSX: GSC	NEWS RELEASE	AMEX: GSS

GOLDEN STAR UPDATES MINERAL RESERVES AND MINERAL RESOURCES AT DECEMBER 31, 2005

Denver, Colorado, February 1, 2006: Golden Star Resources Ltd. (AMEX: GSS; TSX: GSC) today announced its Proven and Probable Mineral Reserves, referred to as Mineral Reserves, and its Mineral Resources as at December 31, 2005.

Mineral Reserves in 2005 increased by 660,000 ounces or 17% before mining depletion. Mineral Reserves, after mining depletion, increased by 270,000 ounces or 7% during 2005 to 56.8 million tonnes grading 2.22 g/t for contained gold of 4.05 million ounces at year end. The increase was a result of an increased gold price assumption and a focused drill program around our operating mines to convert and better define our Mineral Resources (as defined below). These gains were offset by increasing cost factors and design changes.

Measured and Indicated Mineral Resources increased to 50.8 million tonnes grading 2.05 g/t of gold while Inferred Mineral Resources decreased to 55.2 million tonnes grading 2.57 g/t of gold.

The Mineral Reserve and Mineral Resource estimates have been calculated by our technical personnel in accordance with definitions and guidelines set out in the Standards on Mineral Resources and Reserves published by the Canadian Institute of Mining, Metallurgy, and Petroleum and as required by Canada’s National Policy Instrument 43-101.

There are numerous uncertainties inherent in estimating proven and probable mineral reserves, including many factors beyond our control. The estimation of reserves is a subjective process, and the accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and individual judgment. Results from drilling, testing and production, as well as material changes in metal prices subsequent to the date of an estimate, may justify revision of such estimates.

We expect to complete and file our Form 10-K which will include the information on Mineral Reserves and Non-Reserve Mineral Resources on or about February 23, 2006.

MINERAL RESERVES

Proven and Probable Mineral Reserves as at December 31, 2005

Property	Proven Tonnes (millions)	Proven Gold Grade (g/t)	Proven Contained Ounces (millions)	Probable Tonnes (millions)	Probable Gold Grade (g/t)	Probable Contained Ounces (millions)	Total Tonnes (millions)	Total Gold Grade (g/t)	Total Contained Ounces (millions)
Bogoso/Prestea									
Non-refractory	1.9	3.82	0.23	7.0	2.26	0.51	8.9	2.59	0.74
Refractory	13.0	3.00	1.25	11.4	2.42	0.89	24.4	2.73	2.14
Total	**14.9**	**3.11**	**1.48**	**18.4**	**2.36**	**1.40**	**33.3**	**2.69**	**2.88**
Wassa									
Non-refractory	—	—	—	21.9	1.34	0.94	21.9	1.34	0.94
Total	**—**	**—**	**—**	**21.9**	**1.34**	**0.94**	**21.9**	**1.34**	**0.94**
Mampon									
Non-refractory	—	—	—	1.0	3.54	0.12	1.0	3.54	0.12
Refractory	—	—	—	0.5	6.37	0.11	0.5	6.37	0.11
Total	**—**	**—**	**—**	**1.5**	**4.53**	**0.23**	**1.5**	**4.53**	**0.23**
Totals									
Non-refractory	1.9	3.82	0.23	30.0	2.26	1.57	31.9	2.59	1.80
Refractory	13.0	3.00	1.25	11.9	2.42	1.00	24.9	2.73	2.25
Total 2005	**14.9**	**3.11**	**1.48**	**41.9**	**1.90**	**2.57**	**56.8**	**2.22**	**4.05**
Total 2004	14.5	3.23	1.51	36.6	1.94	2.28	51.1	2.30	3.78

(1) The Mineral Reserves were estimated in accordance with the definitions and requirements of Canada's National Instrument 43-101 using a gold price of $400 per ounce, which approximately equates to the three-year rolling average gold price. A gold price of $360 per ounce was used to determine Mineral Reserves in 2004.

(2) The Qualified Person for the estimation of the Mineral Reserves is Bill Tanaka, our Group Reserves Manager.

(3) The terms "non-refractory" and "refractory" refer to the ore type. We plan to process the refractory ore in our BIOX ® bio-oxidation plant that is currently being constructed at Bogoso and to process the non-refractory ore using our more traditional gravity, flotation and/or cyanidation techniques.

(4) The modifying factors and assumptions used in the determination of the Mineral Reserves are tabulated later in this press release.

(5) Mineral Reserves are expressed on a 100% basis. Golden Star's share of the Mineral Reserves is subject to the Government of Ghana's 10% carried interest which entitles them to a 10% dividend once our capital costs have been recovered.

Reconciliation of Mineral Reserves

The following table sets out the primary factors that impact our Mineral Reserves during 2005.

Reconciliation	Tonnes (millions)	Contained Ounces (millions)	Tonnes (% of Opening)	Contained Ounces (% of Opening)
Opening Mineral Reserves	51.1	3.78	100	100
Gold price	7.4	0.44	15	12
Exploration	11.0	0.77	21	20
Mining depletion	(6.4)	(0.39)	(13)	(10)
Operating cost increases	(5.4)	(0.50)	(10)	(13)
Design changes	(0.9)	(0.10)	(2)	(2)
Closing Mineral Reserves	**56.8**	**4.05**	111	107

(1) Depletion represents contained ounces of Mineral Reserves processed during 2005 before considering recovery losses and therefore does not equal 2005 actual gold production.

(2) Increases and decreases in Mineral Reserves can result from the discovery of new mineralization, conversion of Non-Reserve Mineral Resources to Mineral Reserves, and changes in price assumptions, unit costs and recoveries or any combination of these factors. The increases in Mineral Reserves during 2005 were due primarily to the exploration successes at Bogoso/Prestea and Wassa, and an increase to $400 per ounce from $360 per ounce in the estimated gold price used to calculate Mineral Reserves.

Modifying Factors Used For Mineral Reserve Estimation

In addition to our gold price assumption, we have relied on certain assumptions for costs, mining dilution and loss and metallurgical recovery. The assumptions that we have relied upon to estimate the 2005 Mineral Reserves for each of our properties are as follows:

	Bogoso/Prestea (1)		Wassa
Assumption	**Non-refractory**	**Refractory**	**Non-refractory**
Operating Costs			
Waste Mining ($/t-mined) (3)	1.0	1.2	1.2
Ore Mining ($/t-milled) (3)	1.2	1.4	1.4
Haulage Costs ($/t-milled)	0.4-2.8	0.4-2.8	Inc Above
Process Cost ($/t-milled)	5.9	11.0	4.3
G&A Cost ($/t-milled)	0.0 (2)	2.0	1.0
Mining & Processing Factors			
Mining Recovery (%)	98%	98%	100%
Dilution (%)	5%	5%	15%
Metallurgical Recovery (%)	80-85%	60-86%	92%
Royalty (%)	3%	3%	3%

(1) Includes all Bogoso/Prestea deposits including Mampon and Pampe.

(2) Post the commissioning of the BIOX ® plant all G&A costs are assumed to be borne by the BIOX ® processing plant and zero G&A costs are allocated to the non-refractory processing plant. A G&A cost of $4.25 per tonne has been assumed for any non-refractory ore processed prior to the commissioning of the BIOX ® processing plant.

(3) The term “$/t-mined” means US dollars per tonne of material mined and the term “$/t-milled” means US dollars per tonne of material processed.

NON-RESERVE MINERAL RESOURCES

Cautionary Note to US Investors concerning estimates of Measured and Indicated Mineral Resources

This section uses the terms "measured mineral resources" and "indicated mineral resources". We advise US investors that while those terms are recognized and required by Canadian regulations, the US Securities and Exchange Commission does not recognize them. **US investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into mineral reserves.**

Cautionary Note to US Investors concerning estimates of Inferred Mineral Resources

This section uses the term "inferred mineral resources". We advise US investors that while this term is recognized and required by Canadian regulations, the US Securities and Exchange Commission does not recognize it. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. In accordance with Canadian rules, estimates of inferred mineral resources cannot form the basis of feasibility or other economic studies. **US investors are cautioned not to assume that part or all of the inferred mineral resource exists, or is economically or legally mineable.**

Measured and Indicated Mineral Resources and
Inferred Mineral Resources as at December 31, 2005

	Measured		Indicated		Measured & Indicated		Inferred	
Property	Tonnes (millions)	Gold Grade (g/t)	Tonnes (millions)	Gold Grade (g/t)	Tonnes (millions)	Gold Grade (g/t)	Tonnes (millions)	Gold Grade (g/t)
Bogoso/Prestea	4.8	2.05	29.2	2.07	34.0	2.07	24.5	2.1
Wassa	—	—	11.3	0.76	11.3	0.76	10.1	1.2
Prestea Underground	—	—	—	—	—	—	6.1	8.1
Pampe	—	—	0.2	4.4	0.2	4.4	0.8	3.8
Benso	—	—	2.6	3.8	2.6	3.8	0.9	3.6
Hwini Butre	—	—	2.7	5.3	2.7	5.3	0.2	3.2
Goulagou	—	—	—	—	—	—	4.4	1.6
Paul Isnard	—	—	—	—	—	—	8.2	1.8
Total 2005	**4.8**	**2.05**	**46.0**	**2.05**	**50.8**	**2.05**	**55.2**	**2.57**
Total 2004	7.8	1.55	27.8	2.14	35.6	2.01	62.2	2.2

(1) The Mineral Resources were estimated in accordance with the definitions and requirements of Canada's National Instrument 43-101 and cut off grades derived from a \$480 per ounce gold price. In 2004 we used a \$430 per ounce gold price.

(2) The Mineral Resources are in addition to the Mineral Reserves described above .

(3) The Qualified Person for the estimation of the Mineral Resources, other than the Paul Isnard Mineral Resource, is S. Mitchel Wasel, our Exploration Manager.

(4) The Qualified Person for the estimation of the Mineral Resources for Paul Isnard is Colin Jones, Partner and Manager (Audits) of RSG Global Pty. Ltd.

(5) Tables may not add to the total due to rounding errors.

(6) Mineral Resources are shown on a 100% basis. Golden Star's share of the Mineral Resources is subject to the Government of Ghana's 10% carried interest which entitles them to a 10% dividend once our capital costs have been recovered, in the case of Bogoso/Prestea and Wassa, and subject to the Government of Ghana's 19% minority interest in the Prestea Underground where Golden Star currently has an 81% beneficial interest.

(7) The Paul Isnard property is owned by EURO Ressources S.A., our 53% owned subsidiary and Golden Star has a joint venture with Guyanor to earn a 100% interest in the property.

Constrained Mineral Resources

The following table sets out that portion of the above Mineral Resources, which either (i) fall within a Whittle 4-D optimized shell at a gold price of $480 per ounce using the same modifying factors and assumptions as used for the determination of the Mineral Reserves, or (ii) report to an underground resource model after applying a cut-off grade commensurate with underground mining.

All other Mineral Resources, not included in the following table, fall outside the $480 per ounce optimized shell and are based on a cut off grade determined using a gold price of $480 per ounce but are constrained to a maximum vertical depth. In 2004 we used a $430 per ounce optimized shell.

Portion of Measured and Indicated Mineral Resources and Inferred Mineral Resources as at December 31, 2005 Contained within $480 per ounce Optimized Shell

	Measured		Indicated		Measured & Indicated		Inferred	
Property	**Tonnes (millions)**	**Gold Grade (g/t)**	**Tonnes (millions)**	**Gold Grade (g/t)**	**Tonnes (millions)**	**Gold Grade (g/t)**	**Tonnes (millions)**	**Gold Grade (g/t)**
Bogoso/Prestea	3.5	2.20	17.1	2.18	20.7	2.18	3.3	2.19
Wassa	—	—	11.3	0.76	11.3	0.76	10.1	1.2
Prestea Underground	—	—	—	—	—	—	6.1	8.14
Pampe	—	—	0.2	4.38	0.2	4.38	0.8	3.76
Benso	**—**	**—**	**2.6**	**3.77**	**2.6**	**3.77**	**0.9**	**3.57**
Hwini Butre	**—**	**—**	**2.7**	**5.27**	**2.7**	**5.27**	**0.2**	**3.21**
Goulagou	**—**	**—**	**—**	**—**	**—**	**—**	**4.4**	**1.55**
Paul Isnard	**—**	**—**	**—**	**—**	**—**	**—**	**8.2**	**1.78**
Total 2005	**3.5**	**2.20**	**33.9**	**2.09**	**37.4**	**2.10**	**34.0**	**2.86**
Total 2004	1.1	2.62	19.5	1.53	20.7	1.59	31.0	2.19

COMPANY PROFILE

Golden Star holds a 90% equity interest in the Bogoso/Prestea and Wassa open-pit gold mines in Ghana. In addition, Golden Star has an 81% interest in the currently inactive Prestea Underground mine and various other property interests in Ghana as well as gold exploration interests elsewhere in West Africa and in the Guiana Shield of South America. Golden Star's production is expected to increase to 500,000 ounces in 2007, compared to production of about 201,000 ounces in 2005. Golden Star has approximately 206 million common shares outstanding as of December 31, 2005.

Statements Regarding Forward-Looking Information: *Some statements contained in this news release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements are inherently uncertain and involve risks and uncertainties that could cause actual results to differ materially. Such statements include comments regarding the establishment and estimates of mineral reserves and non-reserve mineral resources, the recovery of any mineral reserves, recoveries, and operating cost factors. Factors that could cause actual results to differ materially include variations in ore* *grade; variations in relative amounts of refractory and non-refractory ores; failure to receive government approvals; technical, permitting, mining or processing issues, and fluctuations in gold price and costs. There can be no assurance that future developments affecting the Company will be those anticipated by management. Please refer to the discussion of these and other factors in our Form 10-K for 2004. The forecasts contained in this press release constitute management's current estimates, as of the date of this press release, with respect to the matters covered thereby. We expect that these estimates will change as new information is received and that actual results will vary from these estimates, possibly by material amounts. While we may elect to update these estimates at any time, we do not undertake to update any estimate at any particular time or in response to any particular event. Investors and others should not assume that any forecasts in this press release represent management's estimate as of any date other than the date of this press release.*

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