GOLDEN STAR RESOURCES LTD.

FORM 10-Q
(Quarterly Report)

Filed 11/14/97 for the Period Ending 09/30/97

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

GOLDEN STAR RESOURCES LTD

FORM 10-Q
(Quarterly Report)

Filed 11/14/1997 For Period Ending 9/30/1997

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, DC 20549

FORM 10-Q

[X] Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period ended September 30, 1997

or

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from __________ to __________.
Commission file number 0-21708

GOLDEN STAR RESOURCES LTD.

(Exact Name of Registrant as Specified in Its Charter)

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

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

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

Number of Common Shares outstanding as of November 7, 1997: 29,737,136.

GOLDEN STAR RESOURCES LTD.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

GOLDEN STAR RESOURCES LTD.
CONSOLIDATED BALANCE SHEETS
(Stated in thousands of United States Dollars except share amounts)

ASSETS	(Unaudited) As of September 30, 1997	As of December 31, 1996
CURRENT ASSETS		
Cash and short-term investments	$ 21,250	$ 15,663
Accounts receivable	3,026	5,116
Inventories	569	1,027
Other assets	370	376
Total Current Assets	25,215	22,182
RESTRICTED CASH	$ 765	$ 2,015
DEFERRED EXPLORATION	73,574	64,721
INVESTMENT IN OMAI GOLD MINES LIMITED	2,407	3,279
FIXED ASSETS	1,382	3,666
OTHER ASSETS	116	420
Total Assets	$ 103,459	$ 96,283
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 2,899	$ 5,830
Accrued wages and payroll taxes	726	1,065
Total Current Liabilities	$ 3,625	$ 6,895
OTHER LIABILITIES	104	92
Total Liabilities	3,729	6,987
MINORITY INTEREST	8,248	11,202
COMMITMENTS AND CONTINGENCIES (Note 8)		
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Common shares, without par value, unlimited shares authorized. Shares issued and outstanding: September 30, 1997 - 29,690,136; December 31, 1996 - 25,941,103)	157,767	129,954
Stock option loans	(4,011)	(4,012)
DEFICIT	(62,274)	(47,848)
Total Shareholders' Equity	91,482	78,094
Total Liabilities and Shareholders' Equity	$ 103,459	$ 96,283

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

GOLDEN STAR RESOURCES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Stated in thousands of United States Dollars except per share amounts)

(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	1997	1996	1997	1996
REVENUE				
Precious metals sales	$ 4	$ 184	$ 443	$ 1,353
Interest and other	346	249	871	825
	350	433	1,314	2,178
COSTS AND EXPENSES				
Cost of goods sold	9	843	987	3,066
Depreciation	151	291	711	874
General and administrative	2,148	1,806	6,483	6,315
Exploration expense	275	51	754	162
Recovery of abandonment loss	--	--	--	(936)
Abandonment and impairment of mineral properties	3,503	--	9,573	--
Gain on sale of assets	(301)	--	(302)	(58)
Loss on impairment of assets	1,522	--	1,522	--
Interest and bank charges	(6)	--	15	--
Foreign exchange loss	27	37	50	114
	7,328	3,028	19,793	9,537
PROFIT (LOSS) BEFORE THE UNDERNOTED	(6,978)	(2,595)	(18,479)	(7,359)
Gain on subsidiary's issuance of common stock	--	--	--	2,001
Omai Preferred Share Redemptions	151	--	1,050	--
Net profit (loss) before minority interest	(6,827)	(2,595)	(17,429)	(5,358)
Minority interest loss	1,707	588	3,003	1,690
NET PROFIT (LOSS)	$ (5,120)	$ (2,007)	$(14,426)	$ (3,668)
NET PROFIT (LOSS) PER SHARE	$ (0.17)	$ (0.09)	$ (0.50)	$ (0.15)
Weighted Average Shares Outstanding (Millions of shares)	29.7	22.3	28.8	25.1

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

GOLDEN STAR RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in thousands of United States Dollars)

(Unaudited)

	Nine Months Ended September 30, 1997	Nine Months Ended September 30, 1996
OPERATING ACTIVITIES:		
Net loss	$ (14,426)	$ (3,668)
Reconciliation of net loss to net cash used in operations:		
Depreciation	711	874
Premium on Omai Preferred Share Redemptions	(1,050)	--
Recovery of abandonment loss	--	(936)
Gain on sale of assets	(302)	(58)
Loss on impairment of assets	1,522	--
Abandonment and write-down of mineral properties	9,573	--
Gain on issuance of common stock by subsidiary	--	(2,001)
Minority interest	(3,003)	(1,690)
Changes in non-cash operating working capital	(796)	660
Net Cash Flows Used in Operating Activities	(7,771)	(6,819)
INVESTING ACTIVITIES:		
Expenditures on mineral properties, net of joint venture recoveries	(18,426)	(15,670)
Fixed asset purchases	(327)	(1,517)
Depreciation capitalized as deferred exploration	264	--
Proceeds from sale of equipment	486	--
Omai Preferred Share Redemptions	1,922	--
Other assets	10	--
Other assets and investments	41	786
Net Cash Flows Used in Investing Activities	(16,030)	(16,401)
FINANCING ACTIVITIES:		
Restricted cash	1,250	(3,550)
Line of credit	--	5,000
Proceeds from issuance of subsidiary's stock	29	10,545
Offering costs of subsidiary	(25)	(273)
Increase in minority interest	45	274
Issuance of share capital	22,513	12,886
Issuance of share capital under warrants	5,429	3,979
Issuance of share capital under options	140	6,476
Stock option loan receipts (additions)	1	(2,653)
Other	6	16
Net Cash Flows Provided by Financing Activities	29,388	32,700
Increase in cash	5,587	9,480
Cash and short-term investments, beginning of period	15,663	9,498
Cash and short-term investments, end of period	$ 21,250	$ 18,978

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(All tabular amounts in thousands of United States Dollars)

These financial statements and notes thereto should be read in conjunction with the financial statements and related notes included in the annual report on Form 10-K for Golden Star Resources Ltd. (the "Company") for the fiscal year ended December 31, 1996 on file with the Securities and Exchange Commission in the United States and the provincial securities commissions in Canada (hereinafter referred to as "the Company's 1996 10-K"). All amounts are in United States dollars unless otherwise stated.

The unaudited financial statements as of September 30, 1997, and for the nine months ended September 30, 1997 and 1996, reflect all adjustments, consisting solely of normal recurring items, which are necessary for a fair presentation of financial position, results of operations, and cash flows on a basis consistent with that of the prior audited consolidated financial statements.

(1) INVENTORIES

	September 30, 1997	December 31, 1996
Precious Metals Inventory	$ 53	$ 384
Materials and Supplies	516	643
	$ 569	$1,027

In the third quarter of 1997, the Company recorded an impairment reserve for certain materials and supplies inventories at its SOTRAPMAG subsidiary which may have future recoverable values less than recorded amounts. The charge for this write-down was $0.1 million.

(2) FIXED ASSETS

	September 30, 1997	December 31, 1996
Building	$ --	$ 1,833
Machinery & Equipment	3,105	4,676
	3,105	6,509
Accumulated Depreciation	(1,723)	(2,843)
	$ 1,382	$ 3,666

During the second quarter of 1997, SOTRAPMAG initiated a plan to sell certain equipment and machinery from the mine site. Sales of $0.5 million were completed as of September 30, 1997, with gains of $0.3 million recorded on the sales.

In the third quarter of 1997, the Company recorded an impairment reserve for the remaining buildings, machinery, and equipment at SOTRAPMAG which may have future recoverable values less than recorded amounts. The charge for this write-down was $1.4 million.

The Company intends to continue efforts to sell equipment and other fixed assets formerly used at the SOTRAPMAG operations. Any proceeds from such asset sales would be used to offset the impairment charges in future periods.

(All tabular amounts in thousands of United States Dollars)

(3) DEFERRED EXPLORATION

	Deferred Exploration Expenditures as at Dec. 31, 1996	Capitalized Exploration Expenditures	Capitalized Acquisition Expenditures	Joint Venture Recoveries	Property Impairments & Abandonments	Deferred Exploration Expenditures as at September 30, 1997
UYANA						
Eagle Mountain	$ 111	$ 716	$ --	$ --	$ --	$ 827
Quartz Hill	1,347	--	--	--	--	1,347
Upper Potaro Diamond / Amatuk Diamond	1,010	137	8	--	--	1,155
Mazaruni / Upper Mazaruni Diamond	2,729	101	(60)	--	(2,429)	341
Wenamu Gold	512	--	--	--	--	512
Five Stars Gold	5,767	569	(108)	--	(2,308)	3,920
Five Stars Diamond	1,097	776	48	--	(41)	1,880
BHP Gold Projects	151	152	--	--	--	303
Guyana Diamond Permits	27	201	--	(119)	--	109
Other	1,376	(129)	--	--	--	1,247
Sub-total	14,127	2,523	(112)	(119)	(4,778)	11,641
SURINAME						
Benzdorp / Lawa	3,341	3	--	--	--	3,344
Gross Rosebel	9,494	8,043	--	(4,205)	--	13,332
Headley's Right of Exploration	311	--	--	--	--	311
Thunder Mountain	453	--	--	--	--	453
Saramacca	1,569	152	98	(33)	--	1,786
Sara Kreek	155	339	75	4	--	573
Tempati Reconnaissance	161	42	75	7	--	285
Tapanahony Reconnaissance	86	46	75	4	--	211
Kleine Saramacca	104	3	--	--	--	107
Lawa Antino	764	1,273	--	--	--	2,037
Suriname Diamond Projects	310	159	--	--	--	469
Ulemari Reconnaissance	53	195	--	(16)	--	232
Other	252	9	--	--	--	261
Sub-total	17,053	10,264	323	(4,239)	--	23,401
FRENCH GUIANA (GUYANOR RESSOURCES S.A.)						
Dorlin	628	2,476	--	(2,324)	--	780
St-Elie	1,973	1,661	--	(1,661)	--	1,973
Dieu-Merci	382	475	--	(475)	--	382
Yaou	7,087	1,223	--	(1,023)	--	7,287
Paul Isnard / Eau Blanche	3,629	1,081	--	(1,081)	--	3,629
SOTRAPMAG	1,520	333	134	--	--	1,987
Dachine	575	611	2	--	--	1,188
Other	1,331	(25)	--	--	(913)	393
Diamond Projects	204	(1)	--	--	--	203
Sub-total	17,329	7,834	136	(6,564)	(913)	17,822
AFRICA (PAN AFRICAN RESOURCES CORPORATION)						
Ivory Coast / Comoe	3,951	745	--	--	(399)	4,297
Mali / Dioulafoundou	2,763	352	42	--	(2,250)	907
Mali / Melgue	56	63	--	--	--	119
Mali / Other	30	31	--	--	--	61
Eritrea / Galla Valley	1,317	480	4	--	--	1,801
Eritrea / Other	55	--	--	--	--	55
Kenya / Ndori	901	644	--	--	--	1,545
Burkina Faso	--	13	--	--	--	13
Other	53	(18)	--	--	--	35
Sub-total	9,126	2,310	46	--	(2,649)	8,833

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(UNAUDITED)
(All tabular amounts in thousands of United States Dollars)

	Deferred Exploration Expenditures as at Dec. 31, 1996	Capitalized Exploration Expenditures	Capitalized Acquisition Expenditures	Joint Venture Recoveries	Property Impairments & Abandonments	Deferred Exploration Expenditures as at September 30, 1997
LATIN AMERICA (SOUTHERN STAR RESOURCES LTD.)						
Brazil / Andorinhas	3,371	3,433	533	--	--	7,337
Brazil / Abacaxis	1,307	677	7	--	--	1,991
Brazil / Other	869	672	--	--	--	1,541
Bolivia / San Simon	768	20	--	--	(473)	315
Bolivia / Sunsas	198	176	1	--	(338)	37
Bolivia / Other	584	348	24	--	(422)	534
Other	(11)	68	--	--	--	57
Sub-total	7,086	5,394	565	--	(1,233)	11,812
OTHER	--	65	--	--	--	65
TOTAL	$ 64,721	$ 28,390	$ 958	$ (10,922)	$ (9,573)	$ 73,574

The recoverability of amounts shown for deferred exploration is dependent upon the sale or discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition thereof. The amounts deferred represent costs to be charged to operations in the future and do not necessarily reflect the present or future values of the properties.

During the quarter ended June 30, 1997, the Company relinquished five prospecting licenses in the Upper Mazaruni and Five Stars areas in Guyana and, as a consequence, recognized property abandonment losses of $4.8 million during the period.

Also during the second quarter of 1997, Guyanor recorded a property write-down charge of $0.9 million for the Regina Est property as Guyanor relinquished the property in the third quarter of 1997.

In addition, the Company recorded a property write-down charge of $0.3 million for the Sunsas property area in Bolivia during the nine months ended September 30, 1997. The Company relinquished certain portions of the Sunsas property area in the third quarter of 1997. During the third quarter of 1997, the Company recorded property write-down charges for a portion of the San Simon property totaling $0.5 million and write-off of capitalized administrative costs for the Bolivian operations totaling $0.4 million. The Company closed its Bolivia office in the third quarter and suspended its Bolivia operations indefinitely.

The Company, through PARC, recorded property write-down charges of $2.6 million during the third quarter, consisting of $0.4 million for impairment of certain diamond projects in the Ivory Coast and $2.2 million for impairment of a portion of the Dioulafoundou project area in Mali. In September, the Company and PARC were notified that African Selection Mining Corporation ("ASM") would discontinue funding exploration to earn a 50% interest in the Dioulafoundou project. Subsequently, PARC formally terminated its interest in d'Almeida Freres et Compagnie ("AFC") on September 9, 1997. This decision was based on the exploration results obtained by ASM.

(All tabular amounts in thousands of United States Dollars)

(4) INVESTMENT IN OMAI GOLD MINES LIMITED

Details regarding the Company's investment in the common and preferred share equity of Omai Gold Mines Ltd. and its share of equity losses not recorded for the year ended December 31, 1996 and the nine months ended September 30, 1997 are as follows:

	Common Shares	Preferred Shares
December 31, 1996	--	$ 3,279
Less: Preferred Share Redemption	--	(1,014)
Add: Premium on Preferred Share Redemption	$ --	554
March 31, 1997	$	$ 2,819
Less: Preferred Share Redemption	--	(632)
Add: Premium on Preferred Share Redemption	--	345
June 30, 1997	$ --	$ 2,532
Less: Preferred Share Redemptions	--	(276)
Add: Premium on Preferred Share Redemptions	--	151
September 30, 1997	$	$ 2,407

The Company's share of Accumulated Losses at:

December 31, 1996	$(2,713)
September 30, 1997	$(1,299)

The Company recorded proceeds of $1.9 million from redemption of preferred shares during the nine months ended September 30, 1997.

(5) CHANGES TO SHARE CAPITAL

During the nine months ended September 30, 1997, 50,833 common shares were issued by the Company pursuant to exercised options previously granted under the Company's Employees' Stock Option plan for proceeds of $0.1 million. During the nine months ended September 30, 1997, 673,200 shares were issued for the exercise of all of the Company's outstanding Cdn$11.00 common share purchase warrants, providing proceeds of $5.4 million.

On May 5, 1997, the Company sold through a prospectus offering 3,025,000 common shares at $7.50 per share for total proceeds of $22.7 million. The shares were issued under the Company's shelf prospectus in the United States and Canada.

On August 8, 1997, the Company filed with the SEC a shelf registration statement on Form S-3 (the "Registration Statement"), with respect to the proposed issuance by the Company from time to time of up to an additional $47,687,500 of its common shares, preferred shares, convertible debt securities and/or warrants. The Registration Statement also includes $52,312,500 in securities previously registered by the Company pursuant to a Registration Statement declared effective by the SEC on November 8, 1996. The Company filed an Amendment to this Registration Statement on October 2, 1997, and the Registration Statement was declared effective on October 2, 1997.

On August 13, 1997, the Company filed with nine Canadian provincial securities commissions a short-form shelf prospectus, with respect to the proposed issuance by the Company from time to time of up to 12 million common shares and/or 12 million common share purchase warrants and a short-form shelf prospectus with respect to the proposed issuance from time to time of up to $100 million of convertible debt securities. The Canadian prospectuses relate to the same securities being registered with the SEC. The Company filed the final Canadian prospectuses relating to these securities on October 2, 1997, and they became effective on October 7, 1997.

(6) GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CANADA AND THE UNITED STATES

The financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada which differ in certain respects from those principles that the Company would have followed had its financial statements been prepared in accordance with GAAP in the United States. Differences which materially affect these consolidated financial statements are:

(a) For United States GAAP ("U.S. GAAP"), exploration and general and administrative costs related to projects are normally charged to expense as incurred. As such, the majority of costs charged to abandonment and impairment of mineral properties under Canadian GAAP would have been charged to earnings in prior periods under U.S. GAAP. Property acquisition costs are capitalized for both Canadian and U.S. GAAP.

(b) For periods prior to May 15, 1992 (the "Amalgamation"), the Company's reporting currency was the Canadian dollar. Subsequent to the Company's Amalgamation and relocation of its corporate headquarters to the United States, the reporting currency was changed to the U.S. dollar. As such, for the financial statements for periods prior to May 15, 1992, the Company's financial statements were translated into U.S. dollars using a translation of convenience. U.S. GAAP requires translation in accordance with the current rate method.

(c) Under U.S. GAAP, the investment in Omai Gold Mines Limited would have been written off in prior years and, therefore, the entire Omai Preferred Share Redemption would have been included in income. Under Canadian GAAP, a portion of the Omai Preferred Share Redemption is included in income with the remainder reducing the carrying value of the Company's preferred stock investment.

(d) U.S. GAAP requires that compensation expense be recorded for the excess of the quoted market price over the option price granted to employees and directors under stock option plans. Under Canadian GAAP, no compensation expense is recorded for such awards.

(e) Canadian GAAP allows classification of investments which are capable of reasonably prompt liquidation as current assets. As such, all of the Company's investments are included under the caption "short-term investments" on the balance sheet under current assets. U.S. GAAP requires classification as current or long term assets based upon the anticipated maturity date of such instruments.

(f) The gains on subsidiary's issuance of common stock recorded under Canadian GAAP in respect of the Guyanor public offerings in 1995 and 1996 and the PARC private placements in 1995 and 1996 are not appropriate under U.S. GAAP.

(All tabular amounts in thousands of United States Dollars)

(g) The Company eliminated its accumulated deficit through the Amalgamation (defined as a quasi-reorganization under U.S. GAAP) effective May 15, 1992. Under U.S. GAAP, the cumulative deficit was greater than the deficit under Canadian GAAP due to the write-off of certain deferred exploration costs described in (a) above.

(h) Under U.S. GAAP, cash (and cash equivalents) includes bank deposits, money market instruments, and commercial paper with original maturities of three months or less. Canadian GAAP permits the inclusion of temporary investments with maturities greater than 90 days in cash.

(i) Under U.S. GAAP, available-for-sale securities are recorded at fair value and unrealized gains and losses are recorded as a separate component of shareholders' equity. Fair value is determined by quoted market prices.

(j) Under U.S. GAAP, accrued severance and social charges of $1.1 million resulting from suspension of alluvial mining operations at SOTRAPMAG would not have been recorded as of December 31, 1996, as the requirements for accrual under U.S. GAAP were not satisfied. Under U.S. GAAP, such costs and related accruals have been recorded in the first quarter of 1997.

Had the Company followed U.S. GAAP, certain items on the statements of operations and balance sheets would have been reported as follows:

	For the nine months ended	
	September 30, 1997	September 30, 1996
Net loss under Canadian GAAP	$ (14,426)	$ (3,668)
Net effect of the deferred exploration expenditures on loss for the period (a)	(8,253)	(12,770)
Effect of recording compensation expense under stock option plans (d)	(42)	(79)
Record loss for severance accruals (j)	(1,115)	--
Reversal of the gain on subsidiary's issuance of common stock (f)	--	(2,001)
Effect of Omai preferred share redemption (c)	871	--
Loss under U.S. GAAP before minority interest	(22,965)	(18,518)
Adjustment to minority interest	500	1,613
Loss under U.S. GAAP	$ (22,465)	$ (16,905)
Loss per share under U.S. GAAP	$ (0.78)	$ (0.67)

(All tabular amounts in thousands of United States Dollars)

The effect of the differences in accounting under Canadian GAAP and U.S. GAAP on the balance sheets and statements of cash flows are as follows:

BALANCE SHEET

	As of September 30, 1997		As of December 31, 1996	
	Canadian GAAP	U.S. GAAP	Canadian GAAP	U.S. GAAP
Cash (h)	$ 17,635	15,636	$ 9,664	$ 9,664
Short term investments (e)	3,615	1,999	5,999	2,500
Other current assets	3,965	3,965	6,519	6,519
Restricted cash	765	765	2,015	2,015
Deferred exploration (a)	73,574	19,211	64,721	18,611
Investment in Omai Gold Mines Limited (c)	2,407	--	3,279	--
Long-term investments (e)	--	3,615	--	3,499
Other assets	1,498	1,498	4,086	4,087
Total Assets	$ 103,459	$ 46,689	$ 96,283	$ 46,895
Liabilities	3,729	3,729	6,987	5,872
Minority interest (a)	8,248	7,610	11,202	11,064
Share capital, net of stock option loans (g)	153,756	150,924	125,942	123,068
Cumulative translation adjustments (b)	--	1,595	--	1,595
Deficit (a) (c) (d) (f)	(62,274)	(117,169)	(47,848)	(94,704)
Total Liabilities and Shareholders' Equity	$ 103,459	$ 46,689	$ 96,283	$ 46,895

STATEMENTS OF CASH FLOWS

NET CASH PROVIDED BY (USED IN):	OPERATING ACTIVITIES		INVESTING ACTIVITIES		FINANCING ACTIVITIES	
	Canadian GAAP	U.S. GAAP	Canadian GAAP	U.S. GAAP	Canadian GAAP	U.S. GAAP
For the nine months ended September 30, 1997	$ (7,771)	$ (23,722)	$ (16,030)	$ (240)	$ 29,388	$ 29,433
For the nine months ended September 30, 1996	$ (6,819)	$ (19,657)	$ (16,401)	$ (5,847)	$ 32,700	$ 32,766

The statements of cash flows reflect the impact of the previously discussed adjustments (a) (c) (d) (f).

Non-cash transactions impacting the statement of cash flows for the nine months ended September 30, 1997, totaled $0.3 million in financing activities. Non-cash items in investing activities were $0.1 million for the nine months ended September 30, 1996.

(7) TRANSACTIONS WITH SUBSIDIARIES

In May 1997, PARC entered into a demand revolving line of credit with the Company, whereby the Company would loan PARC up to $2.0 million. On June 27, 1997, the principal and interest on outstanding advances due from PARC totaling $2,018,591 were converted into 7,333,328 common shares of PARC at a conversion price of Cdn$0.38 per share. As a result, the Company's interest in PARC was increased to 63.89%.

On October 1, 1997, the Company agreed, subject to regulatory approval, to acquire an additional 1,000,000 Class B common shares of Guyanor. (See Note 9)

(8) COMMITMENTS AND CONTINGENCIES

In June 1997, PARC's performance bond requirements under its Exploration License Agreement with the Government of Eritrea were reduced to $0.7 million. As a result, the bank guarantee and restricted cash collateral supporting the performance bond were reduced by $0.6 million.

In August 1997, the remaining performance bond requirements were released by the Government of Eritrea and the bank guarantee and restricted cash collateral supporting the performance bond were reduced by a further $0.7 million. As of September 30, 1997, the Company had no remaining restricted cash balances relating to Eritrea.

The Company's performance bond of $0.45 million for the benefit of the Ministry of Mines and Energy in Ethiopia guaranteeing the second year exploration program at the Dul project in Ethiopia expired on October 16, 1997.
(See Note 9.)

(9) SUBSEQUENT EVENTS

The Company's Shelf Registration Statement on Form S-3, as amended, filed by the Company with the SEC was declared effective on October 2, 1997. The Company also filed final Canadian prospectuses on October 2, 1997.
(See Note 5)

On October 1, 1997, the Company agreed to acquire an additional 1,000,000 Class B common shares of Guyanor at a price of FF11.57 or Cdn$2.71. The total consideration of FF11,570,000 or Cdn$2,710,000 for the shares will be satisfied by reducing the equivalent amount of funds advanced to Guyanor by the Company. The Class B common shares were issued as of October 1, 1997, and the transaction resulted in an increase in the Company's interest in Guyanor from 68.5% to 69.3%. Guyanor is in the process of having these shares listed on the Nouveau Marche of Paris and the Toronto Stock Exchange. The Company has agreed not to sell or otherwise dispose of these shares for a period of six months.

The Company's performance bond of $0.45 million for the benefit of the Ministry of Mines and Energy in Ethiopia guaranteeing the second year exploration program at the Dul project in Ethiopia expired on October 16, 1997. The letter of credit collateralizing the performance bond expired on October 31, 1997, and the funds held as restricted cash collateral for the letter of credit are expected to be released in November 1997.

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

The following discussion should be read in conjunction with the accompanying consolidated financial statements and related notes. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). For U.S. GAAP reconciliation see attached financial statement Note 6.

CAUTIONARY STATEMENT FOR THE PURPOSES OF THE REFORM ACT

The following contains certain forward-looking statements within the meaning of the Reform Act. Actual results, performance or achievements of the Company could differ materially from those projected in the forward-looking statements due to a number of factors, including those set forth under "Risk Factors" in the Company's Annual Report on Form 10-K. Readers are cautioned not to put undue reliance on forward-looking statements. The Company disclaims any intent or obligation to update publicly these forward-looking statements, whether as a result of new information, future events or otherwise. (See "Special Note Regarding Forward-Looking Statements" above.)

RESULTS OF OPERATIONS

Nine Months Ended September 30, 1997 Compared to the Nine Months Ended September 30, 1996

During the third quarter of 1997, the Company recognized a net loss of $5.1 million or $0.17 per share as compared to a net loss of $2.0 million or $0.09 per share for the third quarter of 1996. During the third quarter of 1997, the Company recorded property abandonment and impairment charges of $3.5 million, including $2.6 million for portions of property areas in the Ivory Coast and Mali and $0.8 million related to property interests in Bolivia. There were no property abandonment or write down charges during the third quarter of 1996.

For the nine months ended September 30, 1997, the Company recognized a net loss of $14.4 million or $0.50 per share, compared to a loss of $3.7 million or $0.15 per share for the first nine months of 1996. The increased loss in the 1997 period is primarily attributable to increased property write-downs in 1997 ($9.6 million) and gains recorded in 1996 which did not recur in 1997 ($0.9 million for recovery of abandonment losses and $2.0 million for gains on sale of subsidiary shares). These increased losses were offset by reduced production losses at Societe de Travaux Publics et de Mines Auriferes en Guyane, a subsidiary of Guyanor Ressources S.A. ("SOTRAPMAG") in 1997 as compared to 1996 ($1.2 million) and redemptions of Omai Gold Mines Ltd. preferred shares in 1997 which did not occur in 1996 ($1.1 million).

During the first quarter of 1997, the Company, through Guyanor Ressources S.A. ("Guyanor"), began implementation of a program to discontinue the alluvial operations conducted at SOTRAPMAG. Mining operations were suspended on April 17, 1997 after receipt of regulatory approvals for SOTRAPMAG's closure plan. Alluvial gold production continued to the date of closure, with operating losses of $0.5 million incurred during the period from January 1 to April 17, 1997. Closure procedures, including land rehabilitation and company-provided outplacement services, were conducted during the quarter and are expected to be substantially complete by year end 1997. During the second quarter of 1997, SOTRAPMAG initiated a plan to sell certain equipment and machinery from the mine site. Sales of $0.5 million were completed as of September 30, 1997 with gains of $0.3 million recorded on the sales.

In the third quarter of 1997, the Company recorded impairment reserves for the remaining inventories and equipment at SOTRAPMAG which may have future recoverable values less than recorded amounts. The charge for this write-down was $1.5 million. The Company intends to continue efforts to sell equipment and other assets formerly used at the SOTRAPMAG operations. Any proceeds from such asset sales would be used to offset the impairment charges in future periods.

As mining operations were discontinued in April 1997, there were no significant mining revenues during the third quarter of 1997 (as compared to $0.2 million for the third quarter of 1996).

General and administrative expenditures of $2.1 million (as compared to $1.8 million in the third quarter of 1996) reflected the Company's continued support of the portfolio of exploration projects in South America and Africa and the cost of maintaining two publicly traded subsidiaries. Depreciation expense in the third quarter of 1997 decreased by $0.1 million as compared to the third quarter of 1996 as a result of the shut down of the SOTRAPMAG mine. Exploration expense of $0.3 million during the third quarter of 1997 (compared to $0.1 million during the third quarter of 1996) resulted primarily from project generation expenditures on potential new areas of interest, as well as additional expenditures on properties previously written-off.

Omai Gold Mines Limited ("OGML"), in which the Company maintains a 30% common share equity interest, reported a net loss of $0.4 million for the third quarter of 1997 and net income of $5.2 million for the nine months ended September 30, 1997, compared to net income of $2.6 million in the third quarter of 1996 and $1.4 million for the nine months ended September 30, 1996. During the nine months ended September 30, 1997, OGML produced 255,430 ounces of gold, compared to 162,117 ounces during the first nine months of 1996. Cash operating costs for the third quarter of 1997 were $257.74 per ounce, compared to $232.83 per ounce for the corresponding period in 1996. Production during the first nine months of 1996 was adversely impacted by the tailings dam failure in August 1995, with production resuming in February 1996 and returning to full capacity in June 1996. The Company recorded Class "I" preferred share redemptions from OGML of $1.1 million for the nine months ended September 30, 1997. There were no redemptions of Class "I" preferred shares during the nine months ended September 30, 1996.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 1997, the Company held cash and short term investments of $21.3 million ($19.0 million as of September 30, 1996 and $15.7 million as of December 31, 1996) and working capital of $21.6 million ($15.1 million as of September 30, 1996, and $15.3 million as of December 31, 1996). The increase in cash resources and working capital since September 30, 1996, resulted from proceeds from the issuance of Guyanor shares in conjunction with the listing of the Nouveau Marche in the fourth quarter of 1996 ($8.9 million), proceeds from the exercises of the Company's Cdn$11.00 warrants in the first quarter of 1997 ($5.4 million) and proceeds from the Company's common share offering in May 1997 ($22.7 million), offset by expenditures on the Company's exploration activities during the period.

Cash used in investing activities of $16.0 million for the nine months ended September 30, 1997 (as compared to $16.4 million for the nine months ended September 30, 1996) consisted primarily of expenditures on exploration projects which totaled $18.4 million (compared to $15.7 million for the nine months ended September 30, 1996), including the Gross Rosebel project in Suriname ($3.8 million net of joint venture recoveries) and the Andorinhas project in Brazil ($4.0 million), offset by Omai preferred share redemptions of $1.9 million.

Cash provided by financing activities of $29.4 million for the nine months ended September 30, 1997 decreased by $3.3 million as compared to $32.7 million for the nine months ended September 30, 1996. The decrease results from offerings by the Company's subsidiaries in the first nine months of 1996 which did not recur in 1997. Share capital increased by $27.8 million for the nine months ended September 30, 1997 compared with $23.3 million during the nine months ended September 30, 1996, reflecting proceeds from warrant exercises and the May 1997 common stock offering.

On August 8, 1997, the Company filed a shelf registration statement on Form S-3 with the SEC (the "Registration Statement"), with respect to the proposed issuance by the Company from time to time of up to an additional $47,687,500 of its common shares, preferred shares, convertible debt securities and/or warrants. The Registration Statement also includes $52,312,500 in securities previously registered by the Company pursuant to a Registration Statement declared effective by the SEC on November 8, 1996. The Company filed an Amendment to this Registration Statement on October 2, 1997, and the Registration Statement was declared effective on October 2, 1997

On August 13, 1997, the Company filed with nine Canadian provincial securities commissions a short-form shelf prospectus, with respect to the proposed issuance by the Company from time to time of up to 12 million common shares and/or 12 million common share purchase warrants and a short-form shelf prospectus with respect to the proposed issuance from time to time of up to $100 million of convertible debt securities. The Canadian prospectuses relate to the same securities being registered with the SEC. The Company filed the final Canadian prospectuses relating to these securities on October 2, 1997, and they became effective on October 7, 1997.

In response to continuing weak gold prices, which could impact the Company's ability to raise capital through the equity markets, management implemented a program in July 1997 to conserve cash by reducing administrative expenses and exploration spending. The Company's exploration efforts continue to focus on advanced stage projects and the higher priority earlier stage projects. Management has assessed and prioritized exploration projects in order to ensure continued progress on the most promising projects in the Company's portfolio over a prolonged period of time should the currently weak gold environment persist. The objective of the revised budgets is to fund those programs that the Company believes offer the greatest potential for meaningful results and that will generate new resources and reserves. As of September 30, 1997, the Company had approximately $22.0 million in cash and restricted cash. The Company's consolidated exploration spending for the fourth quarter of 1997 is budgeted to be $8.0 million, with recoveries from joint venture partners of $3.6 million, resulting in net exploration expenditures totaling $4.4 million. The Company expects that its existing cash resources will be sufficient to fund these expenditures.

The Company's primary efforts for the remainder of 1997 are planned to focus on six projects: Andorinhas in Brazil, Yaou, Dorlin, St-Elie and Paul Isnard in French Guiana, and Eagle Mountain in Guyana. Development of the Gross Rosebel project in Suriname has been deferred pending receipt of the necessary government approvals, resolution of certain issues related to development and improved gold prices. Work is continuing on an update of the feasibility study which is expected to be completed in the fourth quarter of 1997. Work is also expected to continue on gold anomalies established through joint ventures with BHP in Suriname and Guyana, as well as programs recently initiated on the Dachine diamond project in French Guiana and the Five Stars diamond projects in northwestern Guyana. Most other earlier stage projects have been put on care and maintenance while awaiting improved conditions, while seeking joint venture partners where appropriate. Certain early stage projects have been reassessed and those which do not warrant further work abandoned (see Results of Operations).

Africa (Pan African Resources Corporation)

Total exploration and acquisition expenditures in Africa for the third quarter of 1997 amounted to $0.7 million (compared to $1.8 million during the third quarter of 1996) and $2.4 million for the first nine months of 1997 (compared to $4.5 million for the first nine months of 1996). Expenditures in 1997 primarily reflect exploration activities in the Ivory Coast, Kenya and Eritrea. General and administrative expenditures for the third quarter of 1997 totaled $0.2 million (compared to $0.2 million for the third quarter of 1996) and $0.5 million for the first nine months of 1997 (compared to $0.9 million for the nine month period ended September 30, 1996). PARC recorded exploration expense of $0.1 million and $0.5 million during the third quarter and nine months ended September 30, 1997, respectively, (as compared to $46,000 and $0.1 million for the third quarter and nine months ended September 30, 1996, respectively) representing preliminary project reconnaissance and additional expenditures for projects previously written down.

The Company, through PARC, recorded property write-down charges of $2.6 million during the third quarter, consisting of $0.4 million for impairment of certain diamond projects in the Ivory Coast and $2.2 million for impairment of a portion of the Dioulafoundou project area in Mali. In September, the Company and PARC were notified that African Selection Mining Corporation ("ASM") would discontinue funding exploration to earn a 50% interest in the Dioulafoundou project. Subsequently, PARC formally terminated its interest in d'Almeida Freres et Compagnie ("AFC") on September 9, 1997. This decision was based on the exploration results obtained by ASM.

In May 1997, PARC entered into a demand revolving line of credit with the Company, whereby the Company would loan PARC up to $2.0 million. On June 27, 1997, the principal and interest on outstanding advances due from PARC totaling $2,018,591 were converted into 7,333,328 common shares of PARC at a conversion price of Cdn$0.38 per share. As a result, the Company's interest in PARC as of June 30, 1997 was increased to 63.89%.

On June 5, 1997, PARC's performance bond requirements under its Exploration License Agreement with the Government of Eritrea were reduced from $1.3 million to $0.7 million. As a result, the bank guarantee and restricted cash collateral supporting the performance bond were reduced by $0.6 million.

In August 1997, the remaining performance bond requirements were released by the Government of Eritrea and the bank guarantee and restricted cash collateral supporting the performance bond were reduced by a further $0.7 million. As of September 30, 1997, the Company had no remaining restricted cash balances relating to Eritrea.

The Company's performance bond of $0.45 million for the benefit of the Ministry of Mines and Energy in Ethiopia guaranteeing the second year exploration program at the Dul project in Ethiopia expired on October 16, 1997. The letter of credit collateralizing the performance bond expired on October 31, 1997, and the funds held as restricted cash collateral for the letter of credit are expected to be released in November 1997.

French Guiana (Guyanor Ressources S.A.)

Total exploration expenditures by Guyanor for the third quarter of 1997 amounted to $2.9 million, offset by joint venture recoveries of $2.3 million as compared to $2.6 million in expenditures and $1.7 million in joint venture recoveries in the third quarter of 1996. Total exploration expenditures and joint venture recoveries by Guyanor for the nine months ended September 30, 1997 were $8.0 million and $6.6

million, respectively (compared to $6.1 million in expenditures and $5.0 million in joint venture recoveries for the first nine months of 1996). Activities in French Guiana focused primarily on further work at the St-Elie/Dieu-Merci, Paul-Isnard/Eau Blanche and Yaou/Dorlin properties. General and administrative expenditures for Guyanor which were not reimbursed by joint venture partners amounted to $0.5 million and $1.4 million for the quarter and nine months ended September 30, 1997, respectively (compared to $0.4 million and $1.5 million for the three and nine months ended September 30, 1996, respectively).

During the nine months ended September 30, 1997, Guyanor recorded property write-downs of $0.9 million for the Regina Est property as Guyanor relinquished the property in the third quarter of 1997. Guyanor began contributing its 50% share of expenditures at Yaou / Dorlin in September 1997.

On October 9, 1997, the Company and Guyanor announced that the Company has agreed to acquire an additional 1,000,000 Class B common shares of Guyanor at a price of FF11.57 or Cdn$2.71. The total consideration of FF11,570,000 or Cdn$2,710,000 for the shares will be satisfied by reducing the equivalent amount of funds advanced to Guyanor by the Company. The Class B common shares were issued on October 30, 1997, and the transaction resulted in an increase in the Company's interest in Guyanor from 68.5% to 69.3%.

Guyana

Exploration and acquisition expenditures in the third quarter of 1997 in Guyana amounted to $1.1 million (compared to $0.7 million during the third quarter of 1996) and $2.4 million for the nine months ended September 30, 1997 (compared to $2.9 million for the first nine months of 1996). Joint venture recoveries from the Company's BHP projects totaled $1.0 million for the nine months ended September 30, 1997, compared to recoveries of $0.1 million for the period ended September 30, 1996. Activities during 1997 in Guyana have focused primarily on the Five Stars gold and diamond reconnaissance areas and the Eagle Mountain project. During the nine months ended September 30, 1997, the Company relinquished five prospecting licenses in the Upper Mazaruni and Five Stars areas in Guyana and, as a consequence, recognized property abandonment losses of $4.8 million during the period.

Suriname

During 1997, exploration and acquisition expenditures in Suriname have focused principally on the Gross Rosebel gold project in joint venture with Cambior Inc. ("Cambior"). Total spending in Suriname in the third quarter of 1997 of $3.1 million was offset by recoveries from joint venture partners of $2.4 million (compared to $3.5 million in expenditures and $2.3 million in recoveries for the third quarter of 1996), as Cambior has met its earn-in requirements at Gross Rosebel in April 1996 and all subsequent expenditures are shared equally. Exploration expenditures for the first nine months of 1997 of $10.6 million (compared to $8.6 million for the nine months ended September 30, 1996) were offset by $4.2 million in joint venture recoveries (compared to $4.7 million in recoveries for the first nine months of 1996).

Southern Star Resources Ltd.

Exploration and acquisition expenditures by Southern Star for the third quarter of 1997 were $1.5 million ($1.4 million for the third quarter of 1996) and $6.0 million for the first nine months of 1997 (compared to $3.3 for the first nine months of 1996). Exploration work focused primarily on the Andorinhas and Abacaxis properties in Brazil.

The Company recorded a property write-down charge of $0.3 million for the Sunsas property area in Bolivia during the nine months ended September 30, 1997. In the third quarter of 1997, the Company relinquished certain portions of the Sunsas property area. Also in the third quarter of 1997, the Company recorded property write-down charges for a portion of the San Simon property totaling $0.5 million and write-off of capitalized administrative costs for the Bolivian operations totaling $0.4 million. The Company closed its Bolivia office in the third quarter and suspended its Bolivia operations indefinitely.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are currently no material pending legal proceedings to which the Company or any of its subsidiaries is a party or to which any of its properties or those of any of its subsidiaries is subject. The Company and its subsidiaries are, however, engaged in routine litigation incidental to their business. No material legal proceedings involving the Company are pending, or, to the knowledge of the Company, contemplated, by any governmental authority. The Company is not aware of any material events of noncompliance with environmental laws and regulations. The exact nature of environmental control problems, if any, which the Company may encounter in the future cannot be predicted, primarily because of the changing character of environmental regulations that may be enacted within foreign jurisdictions.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit 27 Financial Data Schedule

(b) The Company filed with the Securities and Exchange Commission on September 23, 1997, a Form 8-K concerning recent developments of the Company including (i) drilling results on the Andorinhas gold project in Brazil,
(ii) the completion of an offering of 3,025,000 common shares of the Company, (iii) the increase of the estimated mining reserves at Gross Rosebel in Suriname, (iv) the joint announcement with Pan African Resources Corporation ("PARC"), its approximately 58% owned subsidiary, of the exploration update on the Ndori property in Kenya, (v) the conversion of a US$2 million, plus interest, loan from the Company to PARC into 7,333,328 common shares of PARC, (vi) the resignation of Jean-Pierre Lefebvre as director of the Company, (vii) core drilling results from the St-Elie and Dieu-Merci projects in French Guiana, (viii) the estimated mineralized inventory at the Yaou and Dorlin projects in French Guiana, (ix) the implementation of a program for the second half of 1997 to conserve cash, and (x) the announcement by Guyanor Ressources S.A., the Company's 68% owned public subsidiary, that 10 core holes were completed at the Paul-Isnard project in French Guiana.

SIGNATURE

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

Golden Star Resources Ltd.

By: /s/ David A. Fennell
David A. Fennell
President and Chief Executive Officer

By: /s/ Gordon J. Bell
Gordon J. Bell
Vice President and Chief Financial Officer

Date: November 14, 1997

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
27	FINANCIAL DATA SCHEDULE

ARTICLE 5

MULTIPLIER: 1000

PERIOD TYPE	3 MOS
FISCAL YEAR END	DEC 31 1997
PERIOD START	JUL 01 1997
PERIOD END	SEP 30 1997
CASH	21,250
SECURITIES	0
RECEIVABLES	3,026
ALLOWANCES	0
INVENTORY	569
CURRENT ASSETS	25,215
PP&E	3,105
DEPRECIATION	(1,723)
TOTAL ASSETS	103,459
CURRENT LIABILITIES	3,625
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	157,767
OTHER SE	(4,011)
TOTAL LIABILITY AND EQUITY	103,459
SALES	4
TOTAL REVENUES	350
CGS	9
TOTAL COSTS	7,328
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	0
INCOME PRETAX	(5,120)
INCOME TAX	0
INCOME CONTINUING	(5,120)
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	(5,120)
EPS PRIMARY	(0.17)
EPS DILUTED	0

End of Filing