

GOLDEN STAR RESOURCES LTD.

FORM 10-K (Annual Report)

Filed 04/16/01 for the Period Ending 12/31/00

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

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FORM 10-K (Annual Report)

Filed 4/16/2001 For Period Ending 12/31/2000

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

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

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

For the Fiscal Year ended December 31, 2000

Commission file number 1-12284

GOLDEN STAR RESOURCES LTD.

(Exact Name of Registrant as Specified in Its Charter)

Canada (State or other Jurisdiction of Incorporation or Organization)	98-0101955 (I.R.S. Employer Identification No.)
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10579 Bradford Road, Suite 103 Littleton, Colorado (Address of Principal Executive Office)	80127-4247 (Zip Code)
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(303) 830-9000
(Registrant's telephone number, including area code)

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

Title of Each Class -----	Name of Exchange on which Registered -----
Common Shares	Toronto Stock Exchange OTC Bulletin Board

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

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

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

The aggregate market value of the voting stock held by non-affiliates of the Registrant was approximately Cdn \$26.3 million as of April 12, 2001, based on the closing price of the shares on the Toronto Stock Exchange of Cdn. \$0.69 per share.

Number of Common Shares outstanding as at April 12, 2001: 38,088,988

DOCUMENTS INCORPORATED BY REFERENCE

The Registrant's 2001 Proxy Statement and Information Circular for the 2001 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2000 pursuant to Regulation 14A under the Securities Exchange Act of 1934, is incorporated by reference into Part III hereof.

TABLE OF CONTENTS

PART I

- ITEM 1. DESCRIPTION OF BUSINESS
- ITEM 2. DESCRIPTION OF PROPERTIES
- ITEM 3. LEGAL PROCEEDINGS
- ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

PART II

- ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS
- ITEM 6. SELECTED FINANCIAL DATA
- ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
- ITEM 7A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK
- ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
- ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

PART III

- ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT
- ITEM 11. EXECUTIVE COMPENSATION
- ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT
- ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

PART IV

- ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

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

REPORTING CURRENCY AND FINANCIAL INFORMATION

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

Financial information is presented in accordance with accounting principles generally accepted in Canada. Differences between accounting principles generally accepted in the United States and those applied in Canada, as applicable to the Registrant, are explained in Note 15 to the Consolidated Financial Statements.

(i)

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

- . the impact that the Bogoso mine may have on our future liquidity, cash flows, financial requirements, operating results and capital resources
- . the operational and financial performance of the Bogoso mine
- . targets for gold production
- . cash operating costs and expenses
- . percentage increases and decreases in production from the Bogoso mine
- . schedules for completion of feasibility studies
- . potential increases or decreases in reserves and production
- . the timing and scope of future drilling and other exploration activities
- . expectations regarding receipt of permits and commencement of mining or production
- . anticipated recovery rates, and
- . potential acquisitions or increases in property interests.

Factors that could cause our actual results to differ materially from these statements include, but are not limited to, changes in gold prices, the timing and amount of estimated future production, unanticipated grade changes, unanticipated recovery problems, mining and milling costs, determination of reserves, costs and timing of the development of new deposits, metallurgy, processing, access, transportation of supplies, water availability, results of current and future exploration activities, results of pending and future feasibility studies, changes in project parameters as plans continue to be refined, political, economic and operational risks of foreign operations, joint venture relationships, availability of materials and equipment, the timing of receipt of governmental approvals for new permits or renewal of permits, capitalization and commercial viability, the failure of plant, equipment or processes to operate in accordance with specifications or expectations, accidents, labor disputes, delays in start-up dates, environmental costs and risks, local and community impacts and issues, and general domestic and international economic and political conditions. See the factors set forth under the caption "Risk Factors" in Item 1 of this Form 10-K.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

Incorporation

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

The head office of the Company is located at 10579 Bradford Road, Suite 103, Littleton, Colorado 80127-4247, and the registered and records office is located at 19th Floor, 885 West Georgia Street, Vancouver, British Columbia, Canada V6C 3H4.

In this report, unless the context indicates otherwise, the term the "Company" refers to the Company together with all its subsidiaries.

Overview

The Company is an international mining and exploration company with a diverse portfolio of projects. The Company's core focus is on the acquisition, development, operation and, where appropriate, the exploration of gold mining projects.

As at April 2, 2001, the Company's interest in gold production was in the form of (i) a 70% equity interest in Bogoso Gold Limited, a company incorporated under the laws of Ghana ("BGL") and the owner and operator of the Bogoso gold mine in Ghana (the "Bogoso Mine") (see "Item 2. Description of Properties - The Bogoso Gold Mine") and (ii) a 30% common share equity interest in Omai Gold Mines Limited, a company incorporated under the laws of Guyana ("OGML") and the owner and operator of the Omai gold mine in Guyana (the "Omai Mine"). (See "Item 2. Description of Properties - The Omai Gold Mine").

The Company continues to hold several exploration stage gold and diamond projects which were acquired in past years when the Company's main focus was on exploration. While most of these projects are now on a care and maintenance basis, work is continuing on the two most promising properties. The Company is continuing to work on the Gross Rosebel gold project, an advanced stage exploration property in Suriname in South America, although this property was on care and maintenance through 1999 and 2000, and the Company is actively exploring the Paul Isnard gold project in French Guiana, with funding provided by a senior mining company.

Business Strategy

Faced with a continuing low gold price environment and the difficulty in raising funds from the equity markets for pure exploration, management decided in 1999 to change its business strategy from a pure exploration company to a production, development, and advanced stage exploration company. The first step in the implementation of this new strategy was the September 1999 acquisition of the Bogoso Mine. The Bogoso acquisition has provided the Company with a source of internally generated cash flow from the mining and processing of near-surface oxide gold ores.

Since purchasing the Bogoso Mine, the Company's immediate focus has shifted to the acquisition of additional oxide gold reserves in the immediate vicinity of the Bogoso Mine, which could be processed through the Bogoso mill once the Bogoso mine reserves are exhausted in late 2001. Several zones of near-surface, oxide gold mineralization are known to exist within truckable distance of the Bogoso mill and efforts to evaluate and acquire several of these potential resources are currently underway. In addition, we are nearing completion of a feasibility

study to assess the potential of a sulfide gold ore operation to treat the sulfide gold ores located on and around the Bogoso Mine.

On April 4, 2001, the Company announced that it had entered into an agreement to acquire Anvil's 20% equity interest in BGL in return for the issuance of 3,000,000 common shares of Golden Star.

A second objective of the Company's current business plan is to bring Gross Rosebel, our most promising advanced stage exploration project into the development stage. In this regard, the Company and its 50/50 joint venture partner, Cambior Inc., of Canada ("Cambior"), have in 2000, completed a new pre- feasibility study and plan to complete a bankable feasibility study by the end of 2001. Meetings were held with the Government of Suriname in December 2000 to discuss the results of the 2000 pre-feasibility study and the assumptions made in the preparation of the study that are under the Government's control and would ensure an efficient and productive operation. The main element is the availability of sufficient hydro-power at a reasonable price. See "Item 2. Description of Properties" for a more detail description of the Gross Rosebel project.

Gold exploration is still an element of the Company's strategy, although it has not been management's top priority over the last three years due to the difficulty of raising funds, at attractive prices, solely for exploration. While field exploration spending proceeded only at Paul Isnard and Dachine and in areas around the Bogoso Mine during 2000, to preserve cash, most of our early and intermediate stage projects have been placed on care and maintenance awaiting a more favorable environment for gold exploration and development. Other projects have been abandoned. In 2000, the Company terminated its option agreement for the Ndori project in Kenya and our Kenyan office was shut down. Our regional office in Ivory Coast was closed as well although management has decided to maintain title to the mineral rights at the Tortiya and Tanda projects which it will manage from Ghana. We have terminated our option agreements for the acquisition of the Abacaxis and Andorinhas projects in Brazil and our office in Brasilia is scheduled for closure in 2001.

In the future, as part of its new strategy, the Company intends to act more often as operator of its own discoveries although, to improve shareholder benefits, it may still decide, given the nature and size of a project and its mineralized material, to joint venture projects to larger mining companies that have the technical skills and financial resources to develop and operate large modern mining operations. The Company continues to pursue new opportunities and may, if warranted, make selective additional acquisitions of promising properties.

In view of the current gold market environment, the Company intends to continue to focus on transactions that offer the potential to provide cash flow to fund operations, exploration and development. Various transactions that may be considered include acquisitions of production or development stage mining projects, particularly those opportunities which may exist in the Company's geographical areas of expertise. Transactions involving mergers with other mining companies may also be considered. The Company's business strategy is dependent on the availability of adequate capital (see "Risk Factors - We currently have limited liquidity and capital resources".)

Reserves

The following table presents currently reported reserves for the Bogoso Mine. Reserves for the Bogoso Mine have been estimated by BGL. See "Item 2. Description of Properties" for a description of the Bogoso Mine and "Risk Factors" for a discussion of factors that could affect the following reserve estimate. The Company has not included reserve details with respect to the Omai Mine (30% owned by the Company through its common share equity interest in OGML) as it is considered unlikely that the Company will receive any cash distribution in connection with its common share equity interest in OGML.

**BOGOSO MINE RESERVES/1/
at December 31, 2000**

Project	Tonnes (100%)	Gold Grade g/t	Contained Ounces (100%)	Contained Ounces (Golden Star 's share)
Proven Reserves	2,445,000	2.2	170,700	119,500
Probable Reserves	20,000	2.5	1,600	1,100
Total	2,465,000	2.2	172,300	120,600

(1) BGL has reported its Proven and Probable Reserves for year-end 2000 using a \$280 gold price. The reserves are those ore tonnages contained within economically optimized pit envelopes, designed for the oxide and transition resources, and using current and predicted mine operating costs and performance parameters. BGL's Proven and Probable Reserves at December 31, 2000 are compared to Proven and Probable Reserves at December 31, 1999 of 3.26 million tonnes at an average grade of 2.2 g/t, representing approximately 0.229 million ounces of gold.

The definitions of Proven and Probable Reserves (see glossary of terms) are those prescribed for use in the United States by the Securities and Exchange Commission and set forth in SEC Industry Guide 7. These definitions are substantially the same as those applied in Canada as set forth in National Instrument 43-101.

Mineralized Material

Mineralized material has been estimated by the Company or by Cambior, our partner in various properties, as indicated below. See "Item 2. Description of Properties" for a description and report of mineralized material for each property and see "Risk Factors" below for a discussion of factors that could affect the estimates of mineralized material.

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

**MINERALIZED MATERIAL/1/
at December 31, 2000**

Project	Tonnes (100%)	Tonnes (Golden Star 's share)	Gold Grade g/t
Bogoso (oxide and transition)/1/	1,947,000	1,362,900	2.4
Bogoso (sulfide)/1/	11,291,000	7,903,700	3.4
Gross Rosebel/2/	25,166,000	12,583,000	1.7
Yaou and Dorlin/2/	13,800,000	6,900,000	2.1
Paul Isnard/3/	6,178,000	4,485,000	2.8

(1) Estimates reflect mineralized material in stock piles or within open pits designed using a \$300 per ounce gold price and geologic, economic and design constraints that the Company believes are realistic. See "Item 2. Description of Properties" for more detail information on each project.

(2) Results reported by Cambior as of December 31, 2000 and based on a \$300 gold price.

(3) Results estimated by the Company in February 1999 and based on a \$325 gold price

Certain Significant Events and Recent Developments

On August 24, 2000 the Company entered into a Letter of Intent with Barnato Exploration Limited ("Barnex") to acquire their rights to the Prestea Property in Ghana which adjoins the southern boundary of the Bogoso Mine. On October 25, 2000 the Government of Ghana advised Barnex of its decision to abrogate Barnex's rights to the Prestea Property. The letter of intent was subsequently allowed to expire on October 31, 2000. On November 1, 2000 the Government of Ghana granted a mining lease over the Prestea Property to Prestea Gold Resources Limited. Barnex has reserved their rights in the matter and the Company continues to negotiate with Barnex, Prestea Gold Resources Limited and the Government of Ghana to effect an agreement that would give the Company access to mine on the Prestea Property. The mineralized material contained within optimized open pits on the Prestea Property is estimated to be sufficient to provide mill feed for the Bogoso mill for several years into the future.

On October 12, 2000, the Company and Guyanor Ressources S.A., the Company's 73% owned subsidiary, ("Guyanor") announced the results from the bulk sampling program undertaken by Guyanor and its joint venture partner Rio Tinto Mining and Exploration Limited ("Rio Tinto") on the Dachine diamond project in French Guiana. The results were considered disappointing and, as a result, Rio Tinto decided to withdraw from the project and terminate the joint venture (See "Item 2. Description of Properties - Dachine".)

On January 10, 2001, the Company and Guyanor announced that a Heads of Agreement had been concluded between Guyanor and Rio Tinto with respect to the Paul Isnard gold project in French Guiana. Under the terms of the agreement, Rio Tinto can earn a participating interest of up to 70% in a joint venture relating to the Paul Isnard property by spending a total of \$9.0 million on exploration and development on the Paul Isnard property (See "Item 2. Description of Properties- Paul Isnard".)

On January 17, 2001, Rio Tinto purchased by way of private placement 500,000 common shares of Golden Star at a price of \$2.00 per common share for total proceeds of \$1,000,000. The Company has committed to lend the full \$1.0 million to Guyanor. Of the \$1.0 million total, \$0.75 million will be used to fund a work program on the Paul Isnard gold project and the remaining \$250,000 will be used to partially fund the cost of a re-organization of Guyanor aimed at reducing ongoing costs.

The Company's shares were de-listed from the American Stock Exchange (Amex) on January 26, 2001, following several appeals and extended discussions between the Company's management and the Amex. The Amex noted the Company's stock price trading below one dollar per share, continuing losses and total shareholder equity below the Amex minimum, on a U.S GAAP basis, as the reasons for their decision.

The Company continues to trade on the Toronto Stock Exchange under the symbol GSC and also trades on the NASDAQ Over-the-Counter Bulletin Board under the symbol GSRSF.

On April 4, 2001, the Company announced that it had entered into an agreement to acquire Anvil's 20% equity interest in BGL in return for the issuance of 3,000,000 common shares of Golden Star.

Employee Relations

As at April 2, 2001, the Company and its subsidiaries had a total of approximately 573 full-time employees and contractors, a 10% reduction from the 634 people employed at the end of 1999. Seven employees are based at the headquarters in Littleton, Colorado. Approximately 389 full-time employees and 164 full-time contractors are working for BGL in Ghana. Those BGL employees entitled to join a union were organized during the year and a Collective Bargaining Agreement that sets out the conditions of service for the 305 union employees was negotiated and finalized on November 17, 2000. (See "Item 1. Risk Factors - Certain employees' rights at BGL could have an adverse effect on our financial condition and results of operation.") As at April 2, 2001, Guyanor employed 19 full-time employees in French Guiana and the Company employed 42 employees in Suriname.

RISK FACTORS

READERS SHOULD CAREFULLY CONSIDER THE RISK FACTORS SET FORTH BELOW.

We currently have limited liquidity and capital resources.

We have limited financial resources. As at December 31, 2000, we held cash and short-term investments of approximately \$1.0 million as compared to cash and short-term investments of \$2.9 million as at December 31, 1999.

The Company's only internal source of finance is operational cash flows from the Bogoso Mine which is nearing the end of its reserves. Mining activity is now expected to cease by mid-2001. Stockpiled ores will then allow continued operation of the mill into early 2002. The Company's ability to continue as a going concern after 2001 is dependent on its ability to discover or acquire additional ore reserves for the Bogoso Mine. The Company is currently carrying out exploration and is in advanced negotiations to acquire the Prestea Property. Additional funding would be required for the acquisition of the acquisition of the Prestea Property. While the Company is currently engaged in negotiations for the acquisition of the Prestea Property and its financing, there is no assurance that the acquisition will be successful or that funding can be obtained. The current market for gold shares is weak and equity capital is difficult to obtain.

In addition to funds required to acquire additional reserves, the execution of our business strategy going forward will require significant expenditures, including debt service on \$3.9 million aggregate principal amount of our 7.5% subordinated convertible debentures. These expenditures may exceed revenues and free cash flows generated by BGL and our other operations and could affect our ability to make future distributions on our common shares. We have not, however, made distributions on our common shares since our inception and do not presently intend to make future distributions.

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

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

Our common shares have been de-listed from the American Stock Exchange.

The Company's shares were de-listed from the American Stock Exchange (Amex) on January 26, 2001, following several appeals and extended discussions between the Company's management and the Amex. The Amex noted the Company's stock price trading below one dollar per share, continuing losses and total shareholder equity below the Amex minimum, on a U.S. GAAP basis, as the reasons for their decision. Although we have not experienced an immediate, direct impact on our financial position, results of operations and liquidity as a result of the de-listing, we may, in the longer term, have more difficulty to raise funds in the US market. Golden Star stock continues to trade on the Toronto Stock Exchange as well, under the symbol GSC. The Company now trades on the NASDAQ Over-the-Counter Bulletin Board under the symbol GSRSF. Delisting from the Amex has triggered penalties on 1.5 million outstanding warrants. The warrants were issued with the agreement that if our stock was to be delisted from the Amex and not subsequently relisted on either the New York Stock Exchange, the NASDAQ National Market or the NASDAQ Smallcap Market, cash payments and other remedies would be made

available to the holders of the warrants. At this time our stock does not qualify for listing on these three exchanges thus triggering the penalties.

The penalties include cash payments to the warrant holders equal to 3% per month of the aggregate value of the shares underlying the warrants, which would cost approximately \$19,000 per month. We are now in discussions with the warrant holders in an attempt to resolve the penalty situation and as a result the warrant holders have agreed to defer any penalty payments until the end of April 2001.

If we are required to pay this penalty for more than six months, the warrant agreement would then require us to repurchase the warrants (or if the warrant holders elect to exercise the warrants, to repurchase the warrant holders' common stocks at a premium over the fair market value of our common shares). Payment of the penalties and repurchase of the warrants (shares) would adversely impact our financial condition, results of operations and liquidity.

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

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

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

- . current bid and offer quotations for the penny stock
- . the compensation of the broker-dealer and its salesperson in the transaction
- . the broker-dealer must disclose if it is the sole market maker and its presumed control over the market in this case, and
- . monthly account statements showing the market value of each penny stock held in the customer's account.

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

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

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

Year	High	Low
----	----	---
1991	\$403.20	\$344.30
1992	\$359.30	\$329.70
1993	\$407.00	\$326.30
1994	\$398.00	\$370.60
1995	\$395.40	\$371.20
1996	\$414.70	\$368.00
1997	\$360.00	\$283.00
1998	\$314.70	\$275.60
1999	\$324.50	\$253.00
2000	\$312.70	\$263.80

The closing trading price per ounce of gold quoted by the New York Commodities Exchange on April 2, 2001 was \$255.50.

We continue to experience substantial losses.

We have reported net losses of \$14.9 million in 2000, \$24.4 million in 1999, \$22.2 million in 1998, \$26.6 million in 1997, and \$7.8 million in 1996 and may continue to incur losses in the future. Future operating losses may make financing our operations and our business strategy, or raising additional capital, difficult or impossible, materially and adversely affecting our operations.

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

At April 1, 2001, existing oxide and transition reserves at the Bogoso Mine were expected to be sufficient to continue mining operation until the third quarter of 2001, with processing operations and gold production continuing from stockpiles into early 2002. There can be no assurance at this time however that the treatment of transition reserves will be as efficient as we anticipate. While we have extended the mine life during 2000 through the discovery of additional oxide reserves (which are presently being mined), the potential within the property to discover additional oxide mineralized material and establish reserves is limited. Actual results from mining and processing existing reserves or mill feed may also differ materially from historical production rates and costs. Any of these factors could result in our inability to generate sufficient cash flow to cover our operating and exploration expenses on the Bogoso Mine, which would adversely affect our financial liquidity and results of operations and our ability to make distributions on our common shares.

Exploration is ongoing at the Bogoso Mine and in surrounding areas to identify reserves to extend the life of the mine and investigations are underway into alternative sources of ore, such as further transitional mineralization and lower grade stockpile. In addition, based on the results of an internal pre-feasibility study on the sulfide mineralization at the Bogoso Mine, the Company performed additional drilling to increase the open pit sulfide mineralized material and is close to finalizing a bankable-quality feasibility study. It is currently estimated that the study should be completed in the second quarter of 2001. The Company is also actively pursuing opportunities in the region that could expand the life of the existing oxide operation at the Bogoso Mine and has concluded a number of option agreements on nearby properties during 1999 and 2000. Exploration at these properties is ongoing.

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

While sulfide mineralized material exists on the Bogoso Mine, the technology used by previous owners to process sulfide ore proved unsuccessful. While the internal pre-feasibility study was positive and we are in the process of completing a feasibility study of processing sulfide mineralized material using other proven technology, there can be no assurance this would become feasible under any circumstances.

If we determine that mining of sulfide mineralized material is feasible, we would need to confirm sufficient reserves of sulfide ore to justify establishing a sulfide operation. There is no assurance that sufficient reserves exist, or can be established. Furthermore, mining and processing of sulfide ore would require significant amounts of capital

necessary for the design and construction of a sulfide operation. We do not currently have access to this capital and funding may be unavailable, whether from internal or external sources, in the necessary amounts and on acceptable terms, or at all.

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

We have total debts and liabilities as of December 31, 2000 of \$19.0 million, including the amount outstanding under our convertible debentures, amounts payable to financial institutions, the environmental rehabilitation liability and other payables. This indebtedness may have important consequences, including the following:

- . increasing our vulnerability to general adverse economic and industry conditions;
- . limiting our ability to obtain additional financing to fund future working capital, capital expenditures, operating and exploration costs and other general corporate requirements;
- . requiring us to dedicate a significant portion of our cash flow from operations to make debt service payments, which would reduce our ability to fund working capital, capital expenditures, operating and exploration costs and other general corporate requirements;
- . limiting our flexibility in planning for, or reacting to, changes in our business and the industry; and
- . placing us at a disadvantage when compared to our competitors that have less debt relative to their capitalization.

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

We may experience difficulties in satisfying our obligations under our debentures because the mine life at the Bogoso Mine is expected to be shorter than the term of the debentures. Currently, we anticipate production from the Bogoso Mine to continue until early 2002, while the term of the debentures is five years, maturing in August 2004. If we are unable to extend the mine life beyond its anticipated usefulness or are not successful in generating sufficient free cash flow from other operations or sources, our ability to repay amounts outstanding under the debentures would be materially and adversely affected.

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

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

Ghanaian tax implications of the BGL acquisition could affect our cash flow projections.

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

We are subject to changes in the regulatory environment in Ghana.

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

- . licensing . development
- . production . exports

- . taxes . labor standards
- . water disposal . occupational health and safety
- . toxic substances . environmental protection
- . mine safety

Compliance with these regulations increases the costs of the following:

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

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

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

We are subject to fluctuations in currency exchange rates.

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

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

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

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

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

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

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

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

As a result of a continued decline in world gold prices, we have had to reduce the estimates of our mineralized material and reserves on various properties over the last two years. These reductions reflect our decision to re-estimate our mineralized material and reserves using significantly lower gold prices. If gold prices continue at current levels or decline further we may initiate additional significant write-downs of these mineralized material and reserves.

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

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

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

Although a hedging program may protect us from a decline in the price of gold, it may also prevent us from benefiting fully from price increases. For example, as part of a hedging program, we may be obligated to sell gold at a price lower than the then-current market price.

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

As part of the initial cost of the BGL acquisition, the Company and Anvil agreed to make additional future payments to a consortium of banks led by the International Finance Corporation ("IFC") and Deutsche Investitions und Entwicklungsgesellschaft mbH ("DEG"), the sellers of BGL (collectively the "Sellers"). The amount of the future

payments is to be determined by the average price of gold over the two years following the September 30, 1999 acquisition and upon the potential acquisition of reserves in Ghana outside of the region of BGL's mining interests. These additional payments are capped at \$10 million in total.

The gold price related portion of future payments is determined by a formula, which is equal to the product of 183,333 times the amount by which the average price of gold over the two-year period following the acquisition exceeds \$255 per ounce. The average price is based upon the London Bullion Market Association

p.m. gold fix. Payment is due on the earlier of production of gold ceasing or the second anniversary after closing. The Company originally, in the fourth quarter of 1999, accrued \$6.4 million for the future payments, based on its estimate that the gold price would average \$290 per ounce for the remainder of the Bogoso Mine mine-life. The \$6.4 million future payment was included in total BGL acquisition costs.

From September 1999 to December 2000 gold prices averaged less than the original estimate of \$290 per ounce, and continued to trend downward during most of 2000 reaching prices between \$260 and \$265 per ounce by the end of 2000. Given this substantial and protracted decline, the Company reduced the remaining liability to the Sellers at December 31, 2000 to reflect an estimated gold price of \$270 per ounce for the remaining life of the obligation. The revised estimate reduced the future purchase price by \$2.3 million, leaving the December 31, 2000 future payment, including the unpaid portion of the September 30, 2000 payment, at \$2.7 million. If gold prices average more than \$270 per ounce from January 1, 2001 to September 30, 2001 the liability to the Sellers will exceed \$2.7 million and if gold prices average less than \$270 per ounce the liability will be lower than \$2.7 million

Our mineral rights for the Gross Rosebel project are subject to governmental approvals.

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

In May, 1997 we submitted, together with our 50/50 joint venture partner, Cambior Inc. of Canada, a feasibility study and an executive summary of the environmental impact study to the Government of Suriname. The Government of Suriname has not yet approved the feasibility study and EIS. It is anticipated that a revised feasibility study will be completed in 2001, but we cannot assure you that we will be able to obtain the approvals necessary to obtain the licenses and permits required to move to the development stage.

Operational hazards and responsibilities

Our activities are subject to a number of risks and hazards including:

- . environmental hazards
- . discharge of pollutants or hazardous chemicals
- . industrial accidents
- . labor disputes
- . unusual or unexpected geological or operating conditions
- . slope failures
- . cave-ins
- . failure of pit walls or dams
- . fire
- . changes in the regulatory environment
- . natural phenomena such as inclement weather conditions, floods and earthquakes, and
- . other hazards.

These occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. We may incur liability as a result of pollution and other casualties. We may not be able to insure fully or at all against such risks, due to political or other reasons, or we may decide not to insure

against such risks as a result of high premiums or

for other reasons. This can result in delayed production, increase in production costs or liability. Paying compensation for obligations resulting from such liability may be very costly and could have an adverse effect on our financial position. Furthermore, insurance against certain risks (including certain liabilities for environmental pollution or other hazards as result of exploration and production) is not generally available.

Compliance with environmental regulations

We cannot assure you that compliance with existing regulations governing the discharge of materials into the environment, or otherwise relating to environmental protection, in the jurisdictions where we have projects will not have a material adverse effect in the future on our exploration activities, earnings, expenditures or competitive position. New or expanded regulations, if adopted, could affect the exploration or development of our projects or otherwise have a material adverse effect on our operations.

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

Gold exploration is speculative in nature.

Gold exploration involves a high degree of risk and exploration projects are frequently unsuccessful. Few prospects that are explored end up being ultimately developed into producing mines. To the extent that the Company continues to be involved in gold exploration, the long-term success of our operations will be related to the cost and success of our exploration programs. We cannot assure you that our gold exploration efforts will be successful. The risks associated with gold exploration include:

- . the identification of potential gold mineralization based on surficial analysis
- . the quality of our management and our geological and technical expertise, and
- . the capital available for exploration and development.

Substantial expenditures are required to determine if a project has economically minable mineralization. It may take several years to establish proven and probable reserves and to develop and construct mining and processing facilities. As a result of these uncertainties, we cannot assure you that current and future exploration programs will result in the discovery of reserves, the expansion of our existing reserves and the development of mines.

Uncertainty involved in the development and operation of mining projects

Mining projects frequently require a number of years and significant expenditures during the mine development phase before production is possible. Development projects are subject to the completion of successful feasibility studies, issuance of necessary governmental permits and receipt of adequate financing. The economic feasibility of such development projects is based on many factors such as:

- . estimation of reserves
- . metallurgical recoveries
- . future gold prices, and
- . capital and operating costs of such projects.

Exploration and development projects have no operating history upon which to base estimates of future operating costs and capital requirements. Estimates of proven and probable reserves and operating costs determined in the feasibility studies are based on geologic and engineering analyses. As a result, the risks and uncertainties attached to exploration and development activities within a mining company are very high.

We have a 70% equity interest in the Bogoso Mine in Ghana and a 30% equity interest in the Omai Mine in Guyana. To that extent, we are subject to risks and hazards inherent to the mining industry, including:

- . unanticipated changes in grade and tonnage of ore to be mined and processed
- . unanticipated adverse geotechnical conditions
- . costs of constructing and operating a mine in a specific environment
- . processing and refining facilities
- . availability of economic sources of energy
- . adequacy of water supply
- . adequate access to the site, unanticipated transportation costs
- . government regulations (including regulations relating to prices, royalties, duties, taxes, restrictions on production, quotas on exportation of minerals, as well as the costs of protection of the environment and agricultural lands)
- . fluctuations in gold prices, and
- . accidents, labor actions and force majeure factors.

The occurrence of any of these factors could materially and adversely affect the operations or further development of a project and as a result our business, financial condition, results of operations and cash flow. For example, the average recovery rates for transition ores processed at the Bogoso mill have been lower than anticipated. Although we are confident that management can resolve the problems, there can be no assurance that the recovery rates will be as projected.

Risks of exploration, development and operations in foreign countries

Certain laws, regulations and statutory provisions in certain countries in which we have mineral rights could, as they are currently written, have a material negative impact on our ability to develop or operate a commercial mine. The range and diversity of the laws and regulations are such that we cannot adequately summarize them in this document. For countries where we have exploration or development stage projects we would intend to negotiate mineral agreements with the governments of these countries and seek variances or otherwise be exempted from the provisions of these laws, regulations and/or statutory provisions. We cannot assure you, however, that we will be successful in obtaining mineral agreements or variances or exemptions on commercially acceptable terms.

Our assets and operations are affected by various political and economic uncertainties, including:

- . the risks of war or civil unrest;
- . expropriation and nationalization;
- . renegotiation or nullification of existing concessions, licenses, permits, and contracts;
- . illegal mining;
- . changes in taxation policies;
- . restrictions on foreign exchange and repatriation; and
- . changing political conditions, international monetary fluctuations, currency controls and foreign governmental regulations that favor or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

For example, in late 2000, Golden Star was negotiating the acquisition of the rights to a certain mining concession in Ghana, known as the "Prestea Property" (contiguous to the Bogoso Mine) with Barnato Exploration Limited ("Barnex"), the holder of the Prestea Property. The Government of Ghana unexpectedly advised Barnex of its intention to abrogate Barnex's rights to the Prestea Property. As a result of this decision by the Government of Ghana, we were unable to complete the acquisition of the Prestea Property during 2000.

Risks associated with illegal mining

In French Guiana, Suriname and Ghana, artisanal miners have been illegally working on our properties despite the fact that we have hired

security personnel to protect our properties. The issue of these illegal miners could lead to project delays and disputes regarding the development or operation of commercial gold deposits. The work performed by the illegal miners could cause environmental damages for which we could potentially be held responsible.

In the event of a dispute arising at our foreign operations, we may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in the United States or Canada. We may also be hindered or prevented from enforcing our rights with respect to a governmental entity because of the doctrine of sovereign immunity.

Our insurance coverage may be insufficient.

Although we maintain insurance in amounts that we believe to be reasonable, our insurance may not cover all the potential risks associated with our business. We may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to us or to other companies in the industry on acceptable terms. We might also become subject to liability for pollution or other hazards which we cannot insure against or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause us to incur significant costs that could have a material adverse effect upon our financial performance and results of operations.

Competition

We compete with major mining companies and other natural resource companies in the acquisition, exploration, financing and development of new prospects. Many of these companies are more experienced, larger, and better capitalized than us. There is significant competition for the limited number of gold acquisition and exploration opportunities. Our competitive position depends upon our ability to successfully and economically explore, acquire and develop new and existing mineral prospects. Factors which allow producers to remain competitive in the market over the long term are the quality and size of the ore body, cost of operation, and proximity to market. We also compete with other mining companies for skilled mining engineers, mine and mill operators and mechanics, geologists, geophysicists and other technical personnel. This may result in higher turnover and greater labor costs.

You may be subject to adverse tax consequences if we are classified as a Passive Foreign Investment Company.

Under the United States Internal Revenue Code of 1986, we may be classified as a passive foreign investment company (a "PFIC"). United States shareholders of a PFIC are subject to certain adverse tax consequences, as discussed below. The consequences can be mitigated, under certain circumstances, if the United States shareholder makes a timely election to treat our company as a "qualified electing fund".

PricewaterhouseCoopers LLP has advised us that we should not be treated as a PFIC with respect to shares purchased by United States shareholders during the years 1993 through 1999, although we could potentially be a PFIC with respect to shares acquired by United States shareholders prior to 1993. We intend to engage PricewaterhouseCoopers LLP, or any other advisor, in the future to analyze whether we are a PFIC in subsequent years and will continue to notify shareholders of the results of such future analyses.

There can be no assurance as to whether or not PricewaterhouseCoopers LLP, or any other advisor, will conclude that we are a PFIC for such period. Moreover, even if PricewaterhouseCoopers LLP, or any other advisor, concludes that we are not a PFIC, its conclusion is not binding on the United States Internal Revenue Service.

See Item 5. "Market for the Registrant's Common Equity and Related Stockholder Matters--Certain United States Income Tax Considerations".

CONVERSION FACTORS AND ABBREVIATIONS

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

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

The following abbreviations of measurements are used herein:

Au	= gold	m	= meter
Ct	= carat	m ²	= square meter
Ct/m ²	= carats per square meter	m ³	= cubic meter
G	= gram	mg	= milligram
g/t	= grams of gold per tonne	mg/m ³	= milligrams per cubic meter
Ha	= hectare	t	= metric tonne
Km	= kilometer	oz	= troy ounce
Km ²	= square kilometers	ppb	= parts per billion
Kg	= kilogram		

Note: All units in the text are stated in metric measurements unless otherwise noted.

GLOSSARY OF TERMS

Note: The definitions of Proven (Measured) and Probable (Indicated) reserves set forth below are those used in the United States by the Securities and Exchange Commission and are set forth in SEC Industry Guide 7.

These definitions are substantially the same as those applied in Canada as set forth in National Instrument 43-101.

Reserve	That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.
Proven Reserves	Reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth, and mineral content of reserves are well-established.
Probable Reserves	Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

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

early stage	an early stage exploration prospect typically involves one or more targets within an area which have been determined to merit further follow-up work based on a combination of geological, geochemical and geophysical analysis. The objective of an early stage prospect typically is to better define targets that have the potential to be advanced to the next state of exploration and level of financial commitment.
advanced stage	an advanced exploration stage prospect typically involves testing targets at depth and generating the information necessary to develop a three dimensional geologic model of the mineralized zone, which may be used to demonstrate mineralized materials and/or reserves. This typically is accomplished by trenching and drilling.
feasibility stage	during the feasibility stage, exploration continues to further increase confidence in mineralization while attempting to further expand them. During this stage, management of the project is often transferred to the operating partner which develops in detail the necessary engineering and costing for mining, processing, power and infrastructure, as well as the designs for the plant and equipment required to construct and operate a modern mining operation. It is at the end of this stage that mineralization may be categorized as proven and/or probable reserves if a positive mining decision is justified. The feasibility stage normally incorporates several phases of work which involve increasing levels of detail including (i) scoping study, (ii) pre-feasibility study, and (iii) bankable feasibility study.
mine	mining is the process of transforming a reserve into benefits for its owners (debt, equity and employees), governments and communities. Exploration continues during the mining process and, in many cases, reserves are expanded during the life of the mine operations as the exploration potential of the deposit is realized.

alluvium, alluvials a general term for clay, silt, sand, gravel or other

material deposited by a body of water usually during recent geological time

alteration any change in the mineral composition of a rock brought about by physical or chemical means

anomaly a deviation from uniformity or regularity in geochemical or geophysical quantities

assay to analyze the proportions of metals in an ore

basic an igneous rock having a relatively low silica content, sometimes delimited arbitrarily as less than 54%

biooxidation a processing method which uses bacteria to oxidize refractory sulfide ore to make it amenable to normal oxide ore processing techniques such as carbon in leach

BLEG (Bulk Leach Extractable Gold) an analytical method for determining very low levels of gold in material

Birimian a thick and extensive sequence of proterozoic age metamorphosed sediments and volcanics first identified in the Birim region of southern Ghana

carbon in leach (CIL) an ore processing method involving the use of cyanide where activated carbon which has been added to the leach tanks is used to absorb gold containing solutions

caustic digestion a technique involving the application of strong acid to a potentially diamond bearing rock sample so as to dissolve minerals completely which are more susceptible to solution on exposure to acid. The remaining undissolved minerals which are artificially concentrated may be studied to determine the presence of diamonds or diamond indicator minerals

clastic a rock or sediment composed of broken fragments derived from preexisting rocks or minerals

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

dilation deformation by an increase in volume

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

disseminated where minerals occur as scattered particles in the rock

dyke a near vertical fracture in the earth's crust which has been filled by an intrusive rock

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

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

felsic an adjective describing an igneous rock having most light colored minerals and rich in Si, K and Na

fold a curve or bend of a planar structure such as rock strata, bedding planes, foliation, or cleavage

formation a distinct layer of sedimentary rock of similar composition

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

geological mapping the recording of geologic information such as the distribution and nature of rock units and the occurrence of structural features, mineral deposits, and fossil localities

geophysics the study of the earth; in particular the physics of the solid earth, the atmosphere and the earth's magnetosphere

geotechnical the study of ground stability

granite a medium to coarse grained igneous intrusive rock in which quartz constitutes 10 to 50 percent of the felsic components

granodiorite a medium to coarse-grained intrusive igneous rock, intermediate in composition between quartz diorite and quartz monzonite

greenstone assemblages a sequence of usually metamorphosed volcanic-sedimentary rock

heap leach a mineral processing method involving the crushing and stacking of

an ore on an impermeable liner upon which solutions may be sprayed that dissolve metals i.e. gold/copper etc.; the solutions containing the metals are then collected and treated to recover the metals

hydrogeological the study of subsurface water (groundwater)

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

Intrusion; Intrusive molten rock which is intruded (injected) into spaces or fractures created in existing rock; spaces are created by a combination of melting and displacement

Island-Arc Sequence rocks which originally formed adjacent to a continental margin; Island-Arc sequences frequently contain rocks of both volcanic and sedimentary origin

kimberlite an intrusive ultra-mafic rock which has ascended rapidly from the mantle/lower crust margin to the surface of the earth; kimberlites frequently contain diamonds

lamproite lamproites are ultra-mafic intrusive rocks with intrusion mechanisms similar to kimberlites but with distinctly different chemical compositions; lamproites have greater mineralogical and textural variations than kimberlites

laterite highly weathered residual surficial soils and decomposed rocks, rich in iron and aluminum oxides that are characteristically developed in tropical climates

mafic an adjective describing an igneous rock composed mostly of one or more ferromagnesian, dark-colored minerals; also, said of those minerals

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

metasediment to metamorphism a sedimentary rock which shows evidence of having been subjected to metamorphism

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

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

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

Mobile Metal Ion (MMI) a special geochemical method which detects low levels of metals in soil and other surface samples

outcrop that part of a geologic formation or structure that appears at the surface of the earth

polymetallic a deposit containing more than one metal

Proterozoic the more recent time division of the Precambrian; rocks aged between 2500 and 550 million years old

pyritization the in situ alteration of a rock involving the additional of sulfur to the rock mass in fluids which reacts with both iron oxides and mafic minerals resulting in the formation of Iron Sulfide (Pyrite) often referred to as "fools gold"

quartz crystalline silica; silicon dioxide

refractory ore containing gold that cannot be satisfactorily recovered by basic gravity concentration or simple cyanidation

reverse circulation drilling (RC) a drilling method used in geological appraisals whereby the drilling fluid passes inside the drill stem to a down-the-hole precision bit and returns to the surface outside the drill stem carrying chips of rock

rotary air blast drilling (RAB), a drilling method used in geological appraisals whereby air or drilling fluid passes inside the inner tube of a double tube system to a down-the-hole percussion bit and returns to the surface outside the inner tube but inside the outer tube carrying chips of rock

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

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

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

shield a large area of exposed basement rocks often surrounded by younger rocks, e.g. Guyana Shield

silicification the in situ alteration of a rock which involves an increase in the proportion of silica minerals including quartz. The silica is frequently introduced by hydrothermal solutions as for example in hot springs.

sill a near horizontal fracture in the earth's crust which has been filled by an intrusive rock

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

stockwork a mineral deposit in the form of a network of veinlets diffused in

the country rock

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

strip to remove overburden in order to expose ore

sulfide elements a mineral including sulfur (S) and Iron (Fe) as well as other elements

surficial situated, formed, or occurring on or close to the Earth's surface

syncline a concave downward fold, the core of which contains the

stratigraphically younger rocks

Tarkwaian a scattered group of mainly shallow water sedimentary rocks of proterozoic age named after the town of Tarkwa in southern Ghana where they were found to be gold bearing

tourmalinization the in situ alteration of a rock which involves the development of tourmaline type minerals. The alteration is generally medium to high temperature and is frequently accompanied by silicification

tuff volcanic rocks which consist of generally fine grained material ejected from a volcano; particle sizes vary from very fine grained ash to coarser, bean to nut size pebbles which are known as "Lapilli"

ultramafic an igneous rock composed chiefly of mafic minerals with unusually high % of Mg, Ca and Fe

vein a thin, sheetlike crosscutting body of hydrothermal mineralization, principally quartz

volcanic massive sulfide (VMS) mineral deposits formed by volcanic processes and the activities of thermal springs at the bottom of bodies of water

volcanics those originally molten rocks, generally fine grained, that have reached or nearly reached the Earth's surface before solidifying

volcano/sedimentary rocks composed of materials of both volcanic and sedimentary origin

wall rock the rock adjacent to a vein

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

FIGURE 1

MAP - SOUTH AMERICA

Map of "GOLDEN STAR - OPERATIONS IN SOUTH AMERICA," showing specific project locations in Guyana, Suriname and French Guiana.

FIGURE 2

MAP - AFRICA

Map of "GOLDEN STAR - OPERATIONS IN AFRICA," showing specific project locations in Ghana.

ITEM 2. DESCRIPTION OF PROPERTIES

Introduction

As of April 2, 2001, the Company's most significant projects were located in Ghana (Africa), and in Suriname, French Guiana (France) and Guyana in South America, as indicated in Figures 1 and 2 above. Those projects are situated in geologic domains known as greenstone belts, which are ancient volcanic- sedimentary rock assemblages. Greenstone belts are known to be favorable geologic environments for gold mineralization and account for a significant proportion of the world's gold production, (e.g., the greenstone belts of the Canadian Shield in Eastern Canada, the Pilbara and Yilgarn Blocks of Western Australia, the greenstone belts of East and West Africa and the Guiana and Brazilian Shields of South America).

All of the Company's mineral properties are located in developing countries, with the exception of French Guiana, which is legally a part of France. There are certain business and political risks inherent in doing business in developing countries. In particular, the regulatory framework for conducting mining and exploration activities in these countries, including the tax and general fiscal regimes and the manner in which rights and title to mineral properties are established and maintained, are often uncertain, incomplete, in a state of flux or subject to change without notice. Further, in many of the countries in which the Company's projects are located, it may not be economically feasible to develop a commercial mine unless special tax or other fiscal and regulatory concessions are obtained from the applicable governmental and regulatory authorities. Such concessions are typically sought in a mineral agreement (also known as foreign investment agreements and establishment agreements). A mineral agreement thus serves to establish the legal and financial framework pursuant to which mining will take place in countries where such framework might be otherwise unclear, uncertain or not commercially viable. There can be no assurance, however, that the Company will be able to execute or enforce satisfactory mineral agreements or obtain satisfactory political risk insurance on commercially reasonable terms for any or all of its properties. Consequently, the Company may have to abandon or relinquish otherwise valuable mineral rights if it determines that it will not be able to profitably exploit any discovery under existing laws and regulations.

The consolidated property expenditures and abandonment costs for the Company's exploration projects for the fiscal year ended December 31, 2000 under Canadian GAAP were as follows:

	Acquisition, Deferred Exploration and Development Costs as at 12/31/99	Capitalized Exploration Expenditures in 2000	Capitalized Acquisition Expenditures in 2000	Joint Venture Recov- eries in 2000	Property Abandon- ments and Adjustments in 2000	Acquisition, Deferred Exploration and Development Costs as of 12/31/00 (5)
=====						
In Thousands of Dollars						

GUYANA (1)						
Eagle Mountain	\$ 1,364	\$ -	\$ -	\$ -	\$ (1,364)	\$ -
Other	123	-	-	-	(123)	-
Sub-total	1,487	-	-	-	(1,487)	-

SURINAME (1)						
Gross Rosebel	15,860	216	-	(258)	-	15,818
Sub-total	15,860	216	-	(258)	-	15,818

FRENCH GUIANA (2)						
(Guyanor Ressources S.A.)						
Dorlin	2,608	150	-	(75)	(2,683)	-
Yaou	6,968	241	-	(91)	(7,118)	-
Paul Isnard / Eau Blanche	5,376	451	-	-	-	5,827
Paul Isnard Alluvials	1,987	-	-	-	(1,987)	-
Dachine	1,720	708	-	(678)	(1,750)	-
Sub-total	18,659	1,550	-	(844)	(13,538)	5,827

AFRICA						
(Pan African Resources Corporation (3))						
Ivory Coast / Tanda	1,681	-	-	-	(1,681)	-
(Bogoso Gold Limited (4))						
Riyadh	75	164	-	-	-	239
Bogoso Sulfide	160	2,448	-	-	-	2,608
Sub-total	1,916	2,612	-	-	(1,681)	2,847

TOTAL	\$37,922	\$4,378	\$ -	\$(1,102)	\$(16,706)	\$24,492
=====						

(1) A division of the Company.

(2) Approximately 73% owned by the Company.

(3) A wholly-owned subsidiary of the Company.

(4) A 70% owned subsidiary of the Company.

(5) Our holdings include ownership interests, royalty interests, leases, options and joint venture interests in varying percentages.

Property Status Table as of December 31, 2000

Property	Type of Interest	Expiration Date	Renewal	Financial Obligation	Status	Comments
Omai	30% equity interest in OGML	N/A	N/A	N/A	Operating Mine	
Eagle Mountain	30% indirect interest through OGML (1)	N/A	N/A	N/A	Care and maintenance	Exploration stage
Gross Rosebel	Right of Exploration (2)	Application for extension pending	The right of exploration remains legally in force until a decision on the right of exploitation has been made	N/A	Feasibility Underway	Advanced exploration
Dorlin	Type A Exploration Permit (3)	3/1/06	Renewable for up to 10 years	(FF7,000)	Care and maintenance	Advanced exploration
Yaou	Type A Exploration Permit (3)	3/1/06	Renewable for up to 10 years	(FF5,000)	Care and maintenance	Advanced exploration
Paul-Isnard	8 Concessions (4)	12/31/18	Renewable for an additional 25 years	US\$4,765 (FF30,275)	Ongoing exploration supervised and paid for by Rio Tinto Exploration	Advanced exploration
	Type A Permit (4)	12/1/02	Renewable for up to 10 years	US\$2.9M (FF17.3M)	Ongoing exploration supervised and paid for by Rio Tinto Exploration	Advanced exploration
Dachine	Type B Exploration Permit (5)	7/1/99	A renewal application for a 5-year permit was filed and is pending; the type B permit is extended by law until the decision of the French administration	US\$1,023 (FF6,500)	Care and maintenance	Exploration stage
Bogoso	70% equity interest in Bogoso Gold Limited	8/21/17 8/16/18	N/A	N/A	Operating Mine	

(1) The Eagle Mountain interest is owned by OGML.

(2) 50% owned by Golden Star and 50% owned by Cambior Inc.

(3) 50% owned by Guyanor and 50% owned by Cambior Inc.

(4) 100% owned by Guyanor but on which Rio Tinto Exploration may earn up to a 70% interest under a joint venture agreement.

(5) 100% owned by Guyanor.

THE BOGOSO GOLD MINE

Bogoso Gold Limited ("BGL") is the owner of the Bogoso Mine, located on the Ashanti Trend in the Republic of Ghana. Golden Star controls 70% of the common shares of BGL and Anvil Mining NL, a public exploration and development company whose shares are listed on the Australian Stock Exchange ("Anvil"), controls another 20%. The Government of Ghana controls the remaining 10%. The Government of Ghana is entitled at all times to hold a 10% carried interest in all the rights and obligations of BGL. The Government acquired this interest for no consideration and is not required to contribute any funds to pay any BGL expenses.

On April 4, 2001, the Company announced that it had entered into an agreement to acquire Anvil's 20% equity interest in BGL in return for the issuance of 3,000,000 common shares of Golden Star.

Ghana is situated on the West Coast of Africa, approximately 750 kilometers north of the equator on the Gulf of Guinea, and Accra, the capital city of Ghana, is located on the Greenwich Meridian. After a period as a British colony, Ghana achieved independence in 1957 and it is now a republic with a democratically elected government. Ghana has a population of approximately 18 million people, with English being the official and commercial language. The total land area of the country is approximately 238,000 km² and the topography is relatively flat. Ghana has a tropical climate with two rainy seasons and two dry seasons.

The Bogoso Mine comprises an operating gold mine and mill facility on two mining leases, covering an aggregate area of 95 square kilometers. BGL owns the Bogoso Mine, mines ore from several open pits and processes the ore at a processing plant that it built on the property in 1991. The plant uses conventional carbon-in-leach ("CIL") technology to extract gold from the ore and has been producing approximately 100,000 to 110,000 ounces of gold per year since it was built.

The Bogoso Mine is located in western Ghana approximately 35 kilometers northwest of the town of Tarkwa from where it can be reached by accessible roads. A paved road runs down most of the 18.5 kilometers length of the property and connects the town of Bogoso in the northeast with the town of Prestea in the southwest. Another paved road provides access to a sealed airstrip located at the town of Obuasi, some 115 km to the north. The mining areas are connected by gravel haul-roads to the treatment plant.

The Government of Ghana issued a gold prospecting license to BGL on November 7, 1986, granting BGL the right to prospect for gold in a prospecting area of approximately 148 square kilometers for a three-year term commencing on May 12, 1986. On August 21, 1987, the Government of Ghana granted BGL a 30-year mining lease giving BGL the exclusive right to work, develop and produce gold in a mining area of 50 square kilometers within this prospecting area. On August 16, 1988, the Government of Ghana granted BGL a second 30-year gold mining lease covering an additional 45 square kilometers area adjacent to the first mining area. Under the above mining leases (the "Mining Leases"), BGL now holds gold mining rights in a mining area totaling 95 square kilometers, subject to the payment of nominal annual rents.

The Acquisition

On September 30, 1999 the Company and Anvil acquired 70% and 20%, respectively, of the common shares of BGL. The Government of Ghana retained its remaining 10% equity interest in BGL. BGL is the owner of the Bogoso Mine.

The acquisition was completed pursuant to a purchase agreement among the Company and Anvil, the buyers, and the Sellers. The total acquisition cost including initial payments, future payments, financing costs and administrative costs was \$17.0 million. The Sellers received \$6.5 million cash at September 30, 1999 and agreed to receive additional payments in the future as described below. The initial payment of \$6.5 million, was funded using working capital and proceeds from the Company's August 24, 1999 offering of its subordinated convertible debentures, common shares and warrants.

The amount of the future payments due the Sellers is to be determined by the average price of gold over the two years following the September 30, 1999 acquisition and upon the potential acquisition of reserves in Ghana outside of the region of BGL's mining interests. These additional payments are capped at \$10.0 million in total.

The gold price related portion of future payments is determined by a formula, which is equal to the product (in United States dollars) of 183,333 times the amount by which the average price of gold over the two-year period following the acquisition exceeds \$255 per ounce. The average price is based upon the London Bullion Market Association p.m. gold fix. Payment is due on the earlier of production of gold ceasing or the second anniversary after closing. The Company originally, in the fourth quarter of 1999, accrued \$6.4 million for the future payments, based on its estimate that the gold price would average \$290 per ounce for the remainder of the two year period following the acquisition. The \$6.4 million future payment was included in total BGL acquisition costs and is being

amortized on a units of production basis along with other purchase costs. The acquisition of BGL is accounted for under the purchase method of accounting for business combinations

An interim payment was due on the first anniversary of the acquisition, September 30, 2000. The interim payment was equal to one half of 183,333 times the amount by which the average price of gold during the twelve months following the acquisition exceeds \$255 per ounce. The interim payment is non-refundable and will be credited to the liability due on the second anniversary of the acquisition as described above. The Company and Anvil together were scheduled to make the interim payment to the Sellers on September 30, 2000 in the amount of \$2.8 million. On November 9, 2000 the Company paid the Sellers \$1.4 million of the \$2.8 million due, and reached agreement with the Sellers that the balance, plus interest at 10% per annum, was to be paid by December 22, 2000. To date the remaining balance and accrued interest is still unpaid. The Sellers have been kept apprised of the Company's progress with respect to the potential acquisition of the Prestea Property. The Company was required to escrow the interim payment six months after closing and the final payment 18 months after closing. There are no funds in escrow at the current time for the final payment.

From October 1999 to December 2000 gold prices averaged less than the original estimate of \$290 per ounce, and continued to trend downward during most of 2000 reaching prices between \$260 and \$265 per ounce by the end of 2000. Given this substantial and protracted decline, the Company reduced the remaining liability at December 31, 2000 to reflect an estimated gold price of \$270 per ounce for the remaining life of the obligation to the Sellers. The revised estimate reduced the future purchase price by \$2.3 million, leaving the December 31, 2000 future payment, including the unpaid portion of the September 30, 2000 payment at \$2.7 million.

The reserve acquisition linked payment will be triggered if minable reserves equivalent to 50,000 ounces of gold or greater are acquired elsewhere in Ghana for processing at the Bogoso mill, as would be the case if the Company is successful in acquiring the adjoining Prestea property. In this case, Golden Star and Anvil will make an additional payment to the Sellers on the second anniversary of closing of \$2.0 million, irrespective of the gold price, but subject to the \$10 million cap.

The Company is also required to make production related payments to the provider of the credit facility arranged for, but not used to effect, the acquisition of BGL. During the first 72 months following the September 30, 1999 acquisition, the Company is required to pay \$0.25 million for every continuous 12- month period wherein more than 75,000 ounces of gold is produced from the Bogoso mine concession. Such payments are limited to \$1.25 million in total. Based on proven and probable reserves, the Company accrued \$0.5 million for the two years expected production life on the Bogoso mine concession. Also in connection with the credit facility arranged for, but not used, the Company issued three-year warrants to acquire 1.5 million common shares of the Company (see Note 12 to the attached financial statements).

The Company and Anvil will be required to pay the Sellers an additional \$5.0 million on the first anniversary of the commencement of treatment of sulfide ore at the Bogoso Mine. Due to the contingent nature of this consideration, the Company has not recorded any liability as part of the purchase price allocation for the BGL acquisition.

The Company will receive all distributions from BGL until it recovers the Company's initial purchase price plus all associated acquisition and financing costs incurred by it, including any purchase price adjustment for the acquisition of the Bogoso Mine together with Anvil's share of the distributions which will be used to pay down the Anvil note receivable. Based on current gold prices, cash distributions to the Company from BGL are expected to be sufficient to cover the interest on debentures issued on August 1999 as part of a public offering and to fund Golden Star's other operating requirements through 2001.

On April 4, 2001, the Company announced that it had entered into an agreement to acquire Anvil's 20% equity interest in BGL from Anvil in return for the issuance of 3,000,000 common shares of Golden.

Government of Ghana Special Rights

The Government of Ghana is entitled to acquire an additional 20% interest in BGL. If the Government of Ghana wishes to exercise this right, it must give reasonable notice to BGL. It must also pay such purchase price for the additional 20% interest as the Government of Ghana and BGL may agree on at the time. If there is no agreement, the purchase price will be the fair market value of such interest at such time as determined by arbitration conducted by the International Centre for the Settlement of Investment Disputes. The Government of Ghana may also acquire further interests in BGL on terms mutually acceptable to the Government and BGL.

The Government of Ghana is entitled to acquire a special or golden share in any mining company at any time for no consideration or such consideration as the Government of Ghana and BGL may agree. The special share will constitute a separate class of shares with such rights as the Government of Ghana and BGL may agree. In the absence of such agreement, the special share will have the following rights:

- . the special share will carry no voting rights, but the holder will be entitled to receive notice of and attend and speak at any general meeting of the members or any separate meeting of the holders of any class of shares;
- . the special share may only be issued to, held by or transferred to the Government or a person acting on behalf of the Government;
- . the written consent of the holder of such special share must be obtained for all amendments to the organizational documents of the company, the voluntary winding-up or liquidation of the company or the disposal of any mining lease or the whole or any material part of the assets of the company; and
- . the holder of the special share will be entitled to the payment of a nominal sum of 1,000 Ghanaian Cedis in a winding-up or liquidation of the company in priority to any payment to other members and may require the company to redeem the special share at any time for a nominal sum of 1,000 Cedis.

BGL has not issued or been requested to issue to date, any such special share to the Government of Ghana.

The Government of Ghana has a pre-emptive right to purchase all gold and other minerals produced by BGL. The purchase price will be such price as the Government of Ghana and BGL may agree on, or the price established by any gold hedging arrangement between BGL and any third party approved by the Government, or the publicly quoted market price prevailing for the minerals or products as delivered at the mine or plant where the right of preemption was exercised. The purchase price must be paid in foreign exchange. The Government of Ghana has agreed to take no preemptive action pursuant to its right to purchase such gold or other minerals so long as BGL sells gold in accordance with certain procedures for selling gold approved by the Bank of Ghana.

Royalties

Under the laws of Ghana, a holder of a mining lease is required to pay a royalty of not less than 3% and not more than 12% of the total revenues earned from the lease area. The royalty is payable on a quarterly basis. The Government of Ghana levies a royalty on BGL based on the profitability of its mining operations. The royalty is determined by the application of an operating ratio expressed in terms of the percentage that the operating margin bears to the value of gold from mining operations in every year. The total royalty paid in 2000 was \$0.9 million or, 3% of total revenues.

Heads of Agreement with Anvil

The Company entered into a Heads of Agreement with Anvil (the "Anvil Agreement") outlining the key commercial terms and conditions under which the Company and Anvil agreed to associate themselves in a joint venture for the acquisition of BGL. The Company agreed to provide all of the funds for the initial purchase price and other acquisition costs for the acquisition of BGL. The Company provided Anvil initially with a loan of \$2.3 million (the "Anvil Loan") to fund Anvil's share of the BGL acquisition costs. The Company charges Anvil interest at a rate of 15% per year compounded monthly. In addition, Anvil's share of the accrued additional purchase price at

December 31, 2000 was \$0.6 million. All of the cash distributions from BGL, including Anvil's share, will be paid to the Company until all of the acquisition costs, including interest, have been repaid.

Anvil granted the Company a security interest in its share of BGL's shares and the BGL Debt. If Anvil does not repay the Anvil Loan, the Company has certain security interests granted by Anvil but the Company will not have any other rights against Anvil or Anvil's other assets. In consideration for the Anvil Loan, Anvil issued to the Company two options (the "Anvil Options") that entitle the Company to purchase, at any time prior to September 30, 2001, up to 7 million Anvil shares at a price of Aus\$0.10 per share.

If the Company or Anvil fails to pay or cause to pay its share of any approved BGL expense, the other party may advance the required funds on its behalf. The advance will be treated as a demand loan bearing interest at LIBOR plus 3%. If the defaulting party fails to repay that loan within 60 days, its participating interest in BGL will be diluted. The dilution will be a "straight-line" dilution under which the participating interest of the defaulting party will be reduced to the percentage that the total of its BGL contributions bears to the total BGL contributions made by both the defaulting party and the non-defaulting party. The participating interest of the non-defaulting party will be increased by the corresponding amount. If the participating interest of either the Company or Anvil is diluted to less than 10%, the remaining participating interest of that party in BGL will be automatically converted into a right to receive 5% of the net profits received from BGL after Golden Star has recouped all of the Bogoso acquisition costs, plus accrued interest thereon.

So long as the Company holds at least a 50% equity interest, it will have the right to nominate a majority of the members of the board of directors of BGL. It will also have the right to nominate the Chairman of the BGL board as well as the managing director of BGL. Mr. Peter Bradford, President and Chief Executive Officer of the Company is the current Chairman of the BGL board and Mr. Richard Gray, Vice President, Ghana, of the Company, is the Managing Director of BGL.

On April 4, 2001, the Company announced that it had entered into an agreement to acquire Anvil's 20% equity interest in BGL in return for the issuance of 3,000,000 common shares of Golden.

Geology

The Bogoso Mine lies within the West African Precambrian shield, a geological formation that hosts three important Lower Proterozoic volcanic/sedimentary sequences that are particularly important for gold mining: the Lower Birimian, the Upper Birimian and the Tarkwaian. The area is dominated by a major northeast-southwest trending structural feature referred to as the "Ashanti Trend" which extends over 200 kilometers and hosts deposits of the Ghana Gold Belt. This structure is closely aligned with the faulted contact zone between the metasedimentary and metavolcanic units of the Birimian and the clastic rocks of the Tarkwaian.

In the Bogoso area, the faulted contact zone is known as the "Main Crush Zone" and passes through the central part of the Bogoso Mine for its entire 18.5-kilometer length. The Main Crush Zone lies within a structural corridor that varies in width from 1,000 to 2,500 meters. Some 90% of the gold mined to date at the Bogoso Mine has come from the Main Crush Zone with the larger deposits being located at bends and junctions along this major fault. Additional faults and splays in the structural corridor may also be prospective for gold. The oxide ores tend to have fine-grained free gold that has been liberated during the weathering of pre-existing sulfides and oxidation extends from surface down to the approximate elevation of the water table. Below this, a transition zone of up to 20 meters of partially oxidized material directly overlies fresh sulfide mineralization.

Historical Mining Operations

Gold was first commercially mined at the Bogoso Mine in the early 20th century. In 1935, Marlu Gold Mining Areas Ltd. started mining high-grade oxide ore from a series of open pits extending south from Bogoso North to Buesichem, just south of the Bogoso Mine. Marlu also mined a small amount of ore from underground operations at Bogoso North, Marlu and Bogoso South. Marlu was mining the Buesichem pit when it shut down the mine operations in 1955. According to BGL's records, during its 20-year period of operations from 1935 to 1955, Marlu produced over 900,000 ounces of gold at an average recovered grade of 3.73 g/t.

Billiton PLC, then a unit of the Royal Dutch Shell group, took control of the Bogoso Mine in the late 1980's. The initial feasibility study established a minable reserve of 5.96 million tonnes grading 4.0 grams gold per tonne, of which 461,000 tonnes (or less than 8%) comprised oxide ore. The feasibility study forecast gold recoveries of 83% from sulfide ore and 78% from oxide ore and estimated a waste to ore ratio of 5.6:1. Construction of a mining and processing facility was completed in 1991. The facility was designed to process oxide ores by using conventional carbon in leach ("CIL") technology at a design capacity of 1.36 million tonnes per year and to process sulfide ores by using flotation, fluid bed roasting and CIL technology at a design capacity of 0.9 million tonnes per year.

Billiton encountered serious operation difficulties with the fluid bed roaster, which did not function as anticipated because the sulfide level in the concentrate was less than expected and because the clay content of the feed was higher than expected. Mechanical problems also occurred. As a result, Billiton closed the flotation circuit and roaster in early 1994. Following closure of the roaster, Billiton focused the Bogoso operations on oxide ore. The CIL plant has a capacity of approximately two million tonnes of oxide ore per year. However, only a few months of oxide ore were available at that time. Basic exploration has been successful in adding to the available quantity of oxide ore and the mine has operated as an oxide-only operation since 1994. Operating cash flows funded all the exploration costs.

Production and Reserves

Gold production from 1991 through 2000 totaled 1,101,966 ounces. Gold production from January to December 2000 was 108,643 ounces, compared to 130,465 ounces in 1999, 122,585 in 1998 and 108,186 ounces in 1997. The 16.7% decrease in gold production for 2000 compared to 1999 was primarily attributable to lower gold recovery and lower tonnage throughput from transitional ore treatment. The 6.4% increase in production in 1999 was primarily attributable to a higher average head grade of 2.31 g/t compared to 2.19 g/t in 1998 and to 2.05 g/t in 1997. Throughput averaged approximately 5,845 tonnes per day in 2000, 5,958 tonnes per day during 1999, 5,553 tonnes per day during 1998 and 5,229 tonnes per day during 1997. Gold recovery rates were 64.4% in 2000, 81.4% in 1999 and 85.8% in 1998. Cash cost of production, including royalties averaged \$201 per ounce in 2000, \$190 per ounce in 1999 and \$215 per ounce in 1998. Quarterly production statistics for the Bogoso Mine for 1999 and 2000 are as follows:

	2000				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total / Average 2000
Ore milled (T)	510,537	529,701	580,413	518,628	2,139,279
Rate (T/day)	5,610	5,821	6,309	5,637	5,845
Grade (g/t)	2.70	2.84	2.28	2.48	2.56
Recovery (%)	69.4	63.1	64.1	60.0	64.4
Gold Production (oz)	29,942	31,606	27,899	19,195	108,643
Cash cost of production (\$/oz)	188	187	211	236	201
	1999				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total / Average 1999
Ore milled (T)	521,613	533,657	524,131	577,457	2,156,858
Rate (T/day)	5,796	5,864	5,697	6,277	5,958
Grade (g/t)	2.31	2.25	2.20	2.47	2.31
Recovery (%)	89.2	81.7	76.3	78.7	81.4
Gold Production (oz)	34,516	31,555	28,317	36,074	130,465
Cash cost of production (\$/oz)	199	209	206	152	190

The Bogoso Mine is expected to produce approximately 99,000 ounces of gold during 2001 at a total cash cost of approximately \$206 per ounce. Mill throughput is budgeted at approximately 6,000 tonnes per day of ore. Head grades are anticipated to average 2.25 g/t with a budgeted gold recovery, primarily from transitional ores and low grade stockpiles, of 64.2%. During 2001, the stripping of waste is expected to result in a waste to ore ratio of approximately 2.5:1. Mining is scheduled to cease mid-year and it is planned that low-grade stockpile material will be processed during the last four months of the year.

BGL has reported its Proven and Probable Reserves for year-end 2000 using a \$280 gold price. The reserves are those ore tonnages contained within economically optimized pit envelopes, designed for the oxide and transition mineralized material, and using current and predicted mine operating costs and performance parameters. BGL's Proven and Probable Reserves at December 31, 2000 stood at 2.47 million tonnes at an average grade of 2.2 g/t, representing approximately 0.172 million ounces of gold. This is compared to Proven and Probable Reserves at December 31, 1999 of 3.26 million tonnes at an average grade of 2.2 g/t, representing approximately 0.229 million ounces of gold. The qualified person responsible for the estimation of reserves for BGL is Mr. Emmanuel Mensah Aborampah, Projects Superintendent. Mr. Aborampah has a Masters in Mineral Processing and a Bachelor of Science in Mining Engineering, he has 10 years experience in gold mining and is a member of the Mining Metallurgical and Petroleum Society of Ghana.

BGL's reserves are derived from multiple sources, which have been categorized into the Southern pits, Central pits, Northern pits and Stockpiled material. The following tables summarize the reserves from these sources at year-end 2000 and 1999:

TOTAL RESERVES	December 31, 2000			December 31, 1999		
	Proven and Probable Reserves (tonnes)	Grade (g/t)	Contained Gold (oz)	Proven and Probable Reserves (tonnes)	Grade (g/t)	Contained Gold (oz)
Southern Pits	87,000	3.4	9,629	237,000	2.5	19,255
Central Pits	587,000	3.5	65,153	500,000	2.9	45,976
Northern Pits	71,000	4.3	9,816	857,000	3.3	90,666
Stockpiles	1,720,000	1.6	87,765	1,669,000	1.4	73,372
Total	2,465,000	2.2	172,363	3,263,000	2.2	229,269

The Company has estimated its 70% share of BGL's Proven and Probable Reserves, as 1.73 million tonnes grading 2.2 g/t, of which 1.71 million tonnes at 2.2 g/t are classified as Proven and 0.02 million tonnes at 2.5 g/t are classified as Probable.

Mineralized Material

At year-end 2000, BGL had estimated total mineralized material of 13.2 million tonnes grading 3.25 g/t. The Bogoso Mine oxide and transition mineralized material has been estimated using historic mining, processing costs and recoveries with a \$300 per ounce gold price. Sulfide mineralized material utilized preliminary estimates of bio-oxidation processing recoveries and costs, also assuming a \$300 per ounce gold price. Using a 1.0 g/t and 2.1 g/t cut off grade for oxide and transition mineralized material respectively, the combined estimated total is 1.9 million tonnes grading 2.41 g/t. Sulfide mineralized material at a 2.1 g/t cut off grade totals 11.3 million tonnes grading 3.40 g/t. The total mineralized material is exclusive of proven and probable reserves. The Company has estimated its 70% share of BGL's mineralized material at 9.3 million tonnes. The mineralized material estimates correspond with measured and indicated resources as defined by the CIM (Canadian Institute of Mining, Metallurgy and Petroleum) and recognized in the Canadian National Instrument 43-101.

Sulfide and transition exploration drilling programs conducted in 2000 (8,711 and 24,224 meters of RC and diamond drilling for transition and sulfide respectively) delineated additional sulfide mineralized material both along strike and down dip of the previously defined gold mineralization. Mineralized material inventories for transition and oxide was increased in 2000 through better delineation of the weathering surfaces. Transition and oxide mineralization at Bogoso North, Mansahai, Dumase and Chujah Stage 3 was tested with Rotary Air Blast ("RAB")

and Reverse Circulation ("RC") drilling in between the existing 25 meter spaced exploration drilling to bring drill spacing to approximately 12.5 by 25 meter spacing. The close spaced drilling of the oxide and transition enabled better definition of the depth of weathering, which in most instances meant an increase in the volume of mineralized material for these categories. Sulfide mineralized material, which is the basis for the ongoing feasibility study was increased from the December 1999 estimates of 11.1 million tonnes grading 3.3 g/t (estimated using a \$325/ounce gold price), to 11.3 million tonnes grading 3.4 g/t (estimated using a \$300/ounce gold price). Upon completion of the feasibility study, the second quarter of 2001, a portion of this mineralized material will be re-categorized into either proven or probable reserves. The exact portion of mineralized material that will translate to proven and probable reserves has yet to be determined and will depend on mining, metallurgical, and economic parameters that are currently being finalized.

The December 2000 year-end mineralized material estimates at Bogoso are summarized in the following table.

Material	Cut off Grade g/t	Measured		Indicated	
		Tonnes	Gold Grade g/t	Tonnes	Gold Grade g/t
Oxides	greater than 1.0	327,000	1.85	754,000	1.83
Transition	greater than 2.1	434,000	3.08	432,000	3.19
Sulfide	greater than 2.1	6,395,000	3.75	4,896,000	2.94
Totals		7,156,000	3.62	6,082,000	2.82

(1) The mineralized material tabulated above has been estimated using a \$300 per ounce gold price, mining-processing costs of \$8.19, \$9.63, and \$15.91/tonne of oxide, transition and sulfide material respectively. Processing recoveries of 80%, 55% and 86% were used for oxide, transition and sulfide respectively. An overall mining recovery of 95% was also applied for all materials. Processing costs and recoveries for transition and oxide are based on historic numbers achieved with the current mining fleet and existing CIL plant. Sulfide processing costs and recoveries have been based on preliminary estimates for bio-oxidation based on variability and pilot test work conducted on drill core. The resources have been calculated in accordance with the definitions and guidelines adopted by the Canadian Institute of Mining, Metallurgy and Petroleum and NI 43-101.

Mineralized material does not represent reserves and have not been included in the Company's proven and probable reserve estimates. Even though drilling and trenching indicate sufficient tonnage and grade to warrant further exploration or development expenditures. Mineralized materials do not qualify under the U.S. Securities and Exchange Commission standards as being commercially mineable until further drilling, metallurgical work and other economic and technical feasibility factors based upon such work are resolved.

Mineralized Material Estimation Procedures

Procedures for mineralized material estimates at the Bogoso Mine have been modified since its acquisition by the Company. The compilation and validation of the vast data set initiated by SRK in 1999 was continued by BGL personnel through 2000. Existing sulfide drill intersections were confirmed with a recently completed sulfide drilling program. The confirmation of existing drill hole data by the sulfide drilling gives the total sulfide database greater integrity. Once the database was validated geological sections were interpreted and a high grade and low grade mineralized corridor delineated. High-grade gold mineralized corridors were interpreted using the raw assay data with gold tenors approximately greater than 1 g/t; low-grade corridors were delineated with an approximate 0.3 g/t contour. Gold mineralization was found to cross cut lithological units with the majority being associated with graphitic fault structures. The fault structure and associated gold mineralization is very continuous and can be traced over the entire 18 kilometer extent of the Bogoso Mine. Sectional interpretations of both the low-grade and high-grade gold mineralization have been linked together to form two distinct wire mesh solids. In addition to geologic interpretation, the depth of weathering was estimated from drill hole logs with oxide, transition and fresh

wire mesh surfaces being created. The resulting surfaces and solids were used to create a geological block model where grades were interpolated from the validated drill hole databases.

After drill hole validation the raw assay data was composited at two-meter lengths. The two-meter assay composites were assigned identifiers to distinguish between high-grade, low-grade, waste and degree of weathering. In areas of poor sample recovery, missing intervals were given an "insufficient sample" identifier and if the missing interval accounted for greater than half the composite interval they were excluded from the composite data. Two-meter composite data was extracted from the database and geo-statistical analysis performed on the individual data sets to determine sample variability. Through the geo-statistical analysis it became clear that high grade and low-grade material should be modeled separately and oxide material should be modeled apart from transition and sulfide material, which could be grouped together. Using the two-meter composites Log probability plots for high-grade and low-grade mineralization were produced to determine where outlier values should be cut. High-grade cut off grades varied from deposit to deposit but generally the high- grade zone upper cut was between 18 to 25 g/t whereas the low-grade upper cut was between 2 and 8 g/t.

The sulfide models were divided into a number of different structural domains based on variations in orientation of gold mineralized corridors. Two-meter composite assay data was filtered to correspond with each individual domain and semi-variogram modeling was conducted. Semi-variogram modeling indicated nugget effects in the order 40 to 45 %, grade correlation distances of approximately 18 to 25 meters along strike, approximately 25 to 50 meters down dip and 10 to 15 meters perpendicular to strike.

Upon completion of the geological block model and semi-variogram modeling, gold grades were interpolated into mineralized blocks with dimensions of 5 meters east - west (perpendicular to strike), 6 meters vertical and 12.5 meters north - south (along strike). Grade interpolation utilized the two-meter composite assay data from drill holes spaced approximately 25 by 25 meters. Gold grades were interpolated into blocks using search parameters defined from the semi-variogram modeling. Mineralized blocks not interpolated during the first pass were filled with grade using a wider search ellipse during a second pass. Grades interpolated during this second pass estimation are classified as either indicated or inferred resources. Two different grade interpolation algorithms were used during block modeling, the Chujah - Dumase model, estimated by SRK, utilized ordinary kriging. The Chujah - Dumase model accounts for approximately 80% of the total mineralized material (10.5 million tonnes grading 3.23 g/t). The remaining mineralized material estimates were done using inverse distance squared algorithms. Drill hole sections and plans were plotted so that block interpreted grades with corresponding drill hole two meter composite assay data could be checked thoroughly, results showed good correlation. Inverse distance squared models reconcile well with actual mined figures from grade control. Inverse distance squared models are actually conservative and understate tonnes by 15 to 20%, and grade by 5 to 10%.

Geologic and grade block models as well as the transition and oxide surfaces are converted to ascii and DXF files and then submitted to the mining department. The mining engineers apply economic, mining and processing costs and if viable produce a pit design so the mineralized material may be exploited for a profit.

Mineralized material classification for the Company's revised estimation procedures is based on the density of drill data, complexity and continuity of gold mineralized corridors and confidence in drill hole data. Approximately 80% of the mineralized material has been categorized using confidence level parameters estimated by SRK. Mineralized material estimated with inverse distance squared methodologies was classified into measured and indicated resources based on sample density, complexity and continuity of gold bearing structures. Individual blocks which were situated in areas of continuous robust gold mineralization and utilized two or more drill holes for grade interpolation during the restricted first pass search ellipse were allocated as measured resource category. Indicated resources were allocated to individual blocks which utilized one drill hole during the restricted ellipse grade interpolation or utilized two or more holes during the less restrictive second pass. The classification of the mineralized material conforms to definitions by the Canadian Institute of Mining Metallurgy and Petroleum.

As part of the management of the sulfide feasibility study, Dr. John Arthur of SRK is overseeing the mineralized material estimation component of the sulfide project feasibility study of which the reported sulfide mineralized material is an integral part. Mineralized material for Chujah and Dumase were estimated by SRK using the validated drill hole database, geological 3D-solids, weathering and topographic surfaces prepared on site. The

mineralized sulfide material for Chujah - Dumase represents 80% of the total estimated mineralized material, 11.3 million tonnes at 3.4 g/t.

The information in this report that relates to mineralized material is based on information compiled and or validated by Mr. S. Mitchel Wasel an employee of Golden Star, who following the acquisition of the mine in late 1999 has assumed the position of Exploration Manager for BGL. Mr. Wasel qualifies as the competent person responsible for overseeing mineralized material estimates. Mr. Wasel is a qualified geologist who has 13 years of experience in gold and base metal exploration and is a Member of the Australasian Institute of Mining and Metallurgy.

Work Program

Exploration activities during 2000 concentrated on delineating and defining oxide and transition mill feed and increasing the confidence and tonnage of the existing sulfide mineralized material.

Utilizing RAB and RC drill rigs, known oxide and transition mineralized materials were confirmed and, where applicable, were converted to proven and probable reserves. Oxide and transition RC and RAB drilling for 2000, totaled 8,014 and 8,711 meters respectively. Testing of additional oxide and transition targets is ongoing and is continuing into 2001.

An in-house pre-feasibility study conducted late in 1999 indicated that with further work the sulfide mineralized material could be expanded and a feasibility study on the sulfides could be justified. In December 1999, the Sulfide Project Feasibility Study was initiated. A sulfide drilling program was completed in June 2000 with a total of 24,224 meters of RC and diamond drilling being completed (of which 8,298 meters was diamond core drilling and included 1,210 meters of oriented core for geotechnical and hydrogeological modeling). The drilling program validated historical drilling data, filled in gaps between previously drilled holes, tested sulfide mineralization at depth and along strike, better defined depths of weathering surfaces, provided geotechnical and hydrogeological information for pit design and de-watering and collected representative core samples for metallurgical and environmental testing. Mineralized material estimates utilizing the new drilling data has increased sulfide mineralized material from 11.1 million tonnes grading 3.3 g/t to 31.3 million tonnes grading 2.1 g/t.

Universal Drill Rigs were used for the entire sulfide drill program, utilizing RC pre-collars for the top portion of the hole above the zone of interest and then completing the hole with diamond drill core. The majority of the core drilling was approximately 63 millimeters in diameter of which half was taken for analysis. Three 85-millimeter diameter core drill holes were drilled to collect samples for metallurgical comminution test work. RC chip samples were collected using a face-sampling bit and triple tube rods to minimize bore hole contamination. RC samples were split using a riffle splitter and submitted to Performance Laboratory for analysis. Performance Laboratory is a subsidiary of the South African Time Mining Group.

RC chip samples and core samples were logged in detail according to degree of weathering, alteration, recovery, and lithology. Diamond drill core sticks were photographed before being split and sampled. Approximately 500 representative core samples were selected for in house density determinations. The split core samples not utilized for metallurgical test work and representative reverse circulation chip samples remain on site for future reference. Diamond drill core and RC chip samples collected during the sulfide drilling campaign were analyzed at an independent laboratory for gold, carbon, sulfur, iron and arsenic.

A thorough sample validation program was implemented during the entire sulfide drilling program. Sample batches were submitted to the laboratory with four control samples (blank, replicate and 2 standards) for every 20 samples submitted. In addition to control samples approximately 10 % of all samples submitted were renumbered and reanalyzed either at the original laboratory (Performance Laboratory) or at two different independent laboratories (SGS in Tarkwa or ITS Bondar Clegg). Results of the validation indicated that there was good correlation between laboratories and precision and repeatability were excellent.

Quartered diamond drill core and coarse core sample rejects were combined together to produce a representative suite of variability and bulk samples for metallurgical test work. These samples were selected from within a \$325 per ounce optimized pit shell. All mineral types associated with the mineralized material were sampled to ensure that the potential impact of variations along strike, down dip and across the gold mineralized body, as well as the

potential effects of dilution by waste material were well accounted for. A total of 22 variability samples were collected, each comprising a composite of 80 kilograms of drill core. These samples were used for the bench variability testwork program. In addition, one bulk sample of 9.5 tonnes of drill core was selected representing some 80 mineralized drill intersections. The bulk sample was used for the pilot plant testwork. Both sets of sampling (variability and bulk samples) were weighted to represent the mineralized material along strike and at depth.

Various laboratories that specialized in specific portions of the proposed extraction process conducted metallurgical test work. Ammtect Laboratories was used for the physical metallurgical tests and bench flotation test work. Mintek Laboratories was used for the pilot plant flotation test work. Lakefield Laboratories was used for the bench bio-oxidation test work. Goldfields BIOX was used for the bio-oxidation pilot plant test work and will also be supplying the bio-oxidation technology and design package. The metallurgical test work program consisted of four main elements:

- (i) Physical metallurgy testwork, which determined that the primary sulfide mineralized material could be processed through the existing crushing and grinding circuit at Bogoso at an average rate of 1.3 Mtpa, with a variation depending on depth, which ranged from 1.6 to 1.2 Mtpa. The work index averaged 14.0 kWh/tonne (range 12.0 to 16.8 kWh/tonne).
- (ii) Bench gravity and flotation testwork, which determined that the primary sulfide mineralized material could be upgraded by gravity and flotation methods to a concentrate with an average recovery of 93.3% (range 87.6% and 96.7%). Substantially all of the process equipment to achieve these recoveries is already in place at Bogoso but needs to be supplemented by the addition of flash flotation on the grinding circuit and cleaner flotation in the existing flotation circuit.
- (iii) Bench bio-oxidation work, which determined that the primary sulfide mineralized material is readily oxidized by this process method. Oxidation after six days averaged 98.1% (range 95 to 99%). Optimum oxidation of 93.8% (range 91 to 95%) was found to occur after an average of 4 to 5 days. Cyanide leaching of the bio-oxidized samples indicated an average gold recovery of 93.2% (range 91 to 98%) for the fully oxidized sample and an average gold recovery of 92.7% (range 91 to 94%) for the sample taken to the optimum oxidation point. The overall gold recovery for the bench testwork averaged 86.5% (range 84.5 to 88.5%)
- (iv) Pilot Plant flotation and bio-oxidation testwork, in which a representative sample of 9.5 tonnes was processed in a 200 kilograms per hour pilot plant flotation circuit and then in a 0.25 kilogram per hour pilot plant bio-oxidation circuit. The pilot plant testwork returned an average flotation circuit recovery of 92.8%, an average bio-oxidation of 92.8% (after an average of 5 days) and an average cyanide leach gold recovery of 92.7%. The overall gold recovery from the entire circuit averaged 86.5%.

The Sulfide Project Feasibility Study is expected to be completed in the second quarter of 2001, once proven and probable reserve estimates, mining schedules, capital costs estimates, operating cost estimates and Environmental Impact assessments have been completed and the report collated.

In conjunction with the Sulfide Project Feasibility Study, exploration will be conducted both within the Bogoso Mine as well as within surrounding exploration permits that have been optioned by BGL, to identify additional sources of oxide and transition mineralization.

Environment

BGL has adopted World Bank environmental standards and is in substantial compliance with the environmental requirements imposed by Ghanaian laws and guidelines. BGL completed significant work during 1999 to identify the outstanding reclamation liability and to prepare a rehabilitation work plan. Significant work was completed in 2000 to advance this plan and to reduce the outstanding reclamation liability. Monthly expenditures for ongoing rehabilitation work, including the capping of sulfide material and the contouring and re-vegetation of waste dumps, were approximately \$60,000 per month during 2000. In connection with the acquisition of BGL, the Company and Anvil reviewed the information and reports available and they agreed to restrict \$6 million from BGL's existing cash to be used exclusively to fund environmental rehabilitation work. Based on an independent audit, a total of

\$1.9 million of the total was made available to BGL during 2000 to cover BGL's cash reclamation costs incurred since the acquisition.

Exploration Projects in Ghana

The Company and BGL have entered into four option agreements since the acquisition of BGL in September 1999. Each option agreement entitles BGL to acquire a 100% interest in mineral properties located on the Akropong trend and within approximately 20 to 25 kilometers from the BGL plant. The total surface area of the mineral properties covered in the option agreements is approximately 259 square kilometers. The Company paid an aggregate of \$0.3 million to the owners of these projects in consideration for the grant of the options. The Company's objective is to acquire potential mining opportunities in the immediate vicinity of the Bogoso Mine that may, in the future, provide additional sources of oxide ore to extend BGL's mine life. All these projects are at an early stage of exploration and they do not have and may not have any proven and probable reserves. The four projects are referred to hereinafter as the Akropong projects.

In 2000, BGL's exploration activities on the Akropong projects were limited to the Riyadh and Pampe projects. Preliminary exploration involved compilation of historical data and augering to a depth of four meters (or point of refusal) on a grid of 200 by 50 meters over the anomalous areas previously defined by soil geochemistry. Excluding property payments and geologists time, exploration expenditures totaled approximately \$0.1 million.

BGL's 2001 budget expenditures for the Akropong projects are approximately \$0.7 million. Exploration activities for the Akropong projects will be coordinated as a single exploration program where equipment and manpower will move from property to property during different phases of exploration. Phased exploration work advances only when positive results are generated from early phases of exploration. Expenditures given are estimates and may vary dependent on actual results.

OMAI GOLD MINE

The operating Omai gold mine is located in the Co-operative Republic of Guyana ("Guyana"), a former British colony, which obtained independence in 1966. Guyana has a surface area of 216,000 km² with a population of approximately 800,000. The official language is English and the climate is tropical. Guyana is governed as a democratic republic, and the legal and land title systems are based on the English common law.

Omai Gold Mines Limited ("OGML") is an equity joint venture of the Government of Guyana, the Company and Cambior Inc. ("Cambior"). The Company owns a 30% common share equity interest in OGML. Cambior and the Government of Guyana own 65% and 5% of OGML, respectively. OGML owns the Omai Mining License and the Eagle Mountain, Omai River and Quartz Hill prospecting licenses.

The Omai mine is owned by OGML. Cambior is the manager of all mining and related operations. The Omai mine is located on a 52 km² mining license on the Essequibo River, approximately 160 km southwest of Georgetown, Guyana. Access to the mine is by improved road and ferry or by fixed-wing aircraft to an all-weather airstrip.

The Company and Cambior entered into an agreement with the Guyana Geology and Mines Commission ("GGMC") and the Government of Guyana on August 16, 1991 (the "Omai Mineral Agreement"), whereby, among other things, OGML was granted the right to obtain a mining license (which was granted on December 12, 1991 for a term of 20 years), and to carry out mining operations in accordance with the terms of the Omai Mineral Agreement. In addition, the Omai Mineral Agreement provides for the payment to the Government of Guyana of a 5% in-kind royalty from the Omai Mine. It also provides that capital and profits may be repatriated without restrictions.

Pursuant to the articles of association of OGML, the Government of Guyana has the right to a 5% carried interest in OGML and the subsequent right to acquire from the combined holdings of the Company and Cambior in the common shares of OGML (i) after the expiration of eight years from commencement of commercial production at the Omai Mine (which was achieved in January 1993), but before the expiration of the tenth year, 5% of the common shares of OGML issued and outstanding at such time; and (ii) after the expiration of ten years from commencement of commercial production, but before the expiration of the twelfth year, an additional 22% of the

common shares of OGML issued and outstanding at such time. The purchase price will be the market value of the OGML shares based upon the North American stock market value of common shares of gold mining companies having similar production levels and potential, based upon the average market capitalization of such comparable companies taking into account their relative long term debt position. Should the government decide to exercise the options mentioned above, the Company and Cambior have each agreed to sell and deliver to the Government of Guyana one-half of the total number of common shares of OGML required to give effect to the Government of Guyana's right. If the Government of Guyana were to exercise both of its options as set forth above, the Company's common share equity interest in OGML would be reduced to 16.5%. The exercise of the options by the Government is not likely to affect the Company's financial position, results of operations and liquidity since the Company is not expecting to receive any cash flow from the operations of OGML in the near future. The articles of association contain a right of first refusal as typical in shareholder agreements.

Pursuant to OGML's articles of association, the Company received approximately \$11.0 million of Class I redeemable preferred shares of OGML in recognition of past exploration costs incurred by the Company. Pursuant to their terms, these preferred shares must be redeemed prior to any distribution to the common shareholders of OGML out of 10% of net cash flow from operations of OGML (as defined in the Omai Mineral Agreement). The reimbursements must be calculated and paid quarterly to the Company. During the fiscal year ended December 31, 2000, the Company received \$0.9 million as a result of the redemption of Class I preferred shares, for a total of \$9.6 million in redemption of Class I preferred shares since the beginning of production in 1993. The amount so received and all future redemptions will be applied against the reimbursement of the loan made by OMGL to the Company until it is paid in full. The Company considers it unlikely that it will receive dividends from its common share holdings in OGML. As of December 31, 2000, OGML had \$63 million in debt and a total of \$138 million worth of Class II and III preferred shares outstanding. The Class III preferred shares have past cumulative unpaid dividends totaling \$102 million as of December 31, 2000. (OMGL's financial statements for the year ended December 31, 2000 were prepared by the management of OMGL but the audit thereof is not complete as of the date of this form 10K. Thus, the figures set forth in this paragraph are subject to change.)

On August 19, 1995, a failure occurred in the main section of the tailings dam at the Omai Mine. The failure resulted in the discharge of cyanide-contaminated water into the Omai River, which in turn flowed into the Essequibo River. Production at the Omai Mine was suspended from August 19, 1995, and resumed on February 4, 1996, after the Government of Guyana and OGML had executed an agreement authorizing, under certain conditions, OGML to recommence commercial production at the Omai Mine.

As of December 31, 2000, approximately 1,000 individual claims have been made against OMGL in Guyana in connection with the tailings dam failure, of which 414 have been settled for an aggregate dollar amount of less than \$1 million. Of the claims that remain unsettled, legal proceedings have been instituted against OGML with respect to approximately 300 individual claims and one class action (on behalf of 244 claimants). According to the management of Cambior, as disclosed in their public filings with the Securities and Exchange Commission, these claims are expected to be settled for amounts totaling less than \$1 million, of which \$600,000 has already been funded in advance by an insurance company as part of a settlement with OGML and Cambior.

Another class action (claiming to represent 23,000 claimants) was filed in August 1998 in the High Court of the Supreme Court of Judicature, Civil Jurisdiction in Guyana but was not served on the defendants (OGML, Cambior, two engineering firms and one insurance company) until August 1999. This class action is essentially an outgrowth of a class action initiated in 1997 and later dismissed by a Quebec court. The class action was amended in May 1999 to include Golden Star as defendant and then served on Golden Star in July 1999. The class action claims from the defendants, including Golden Star, \$100 million in damages, allegedly resulting from the tailings dam failure. On March 28, 2000, the proceedings against Golden Star were dismissed.

The three-year limitation period for bringing legal proceedings against OGML and its shareholders in Guyana with respect to the tailings dam failure expired on August 19, 1998.

Geology

The Omai region is underlain by a series of Precambrian mafic to felsic volcanics and clastic sedimentary rocks of the Barama-Mazaruni Supergroup. These strata were intruded by intermediate to felsic plutons of the Younger

Granite Group and mafic dykes of the Younger Basic Group. Prolonged uplift and weathering resulted in the development of thick latosols. Gold mineralization at Omai is hosted within three distinct settings: a) the Omai Intrusive Complex, b) the Wenot Lake zone weathered profile and c) alluvial deposits.

The Omai Intrusive Complex consists of an approximately 400m by 500m lobate, altered quartz diorite pluton that intrudes mafic volcanic rocks. Gold mineralization within quartz diorite is confined to widespread, narrow, regularly spaced and discrete but discontinuous quartz and ferroan calcite and pyrite veins. Alterations associated with gold mineralization include carbonitization, sulphidation and silicification.

The Wenot Lake zone is an elongated lateritic and saprolitic gold deposit developed over a sequence of interbedded mafic to felsic volcanic flows and tuffs. This sequence of rocks underwent weathering under humid, tropical conditions, leading to the formation of a well-developed weathered profile. Primary gold mineralization is found in anastomosing stratabound quartz- carbonate veins filling shears. Secondary gold is found in both the saprolitic and lateritic horizons. Laterites contain the bulk of the mineralization in the Wenot zone.

Alluvial gold deposits at Omai are contained in small drainage systems made up largely of tailings from hydraulic mining of latosols over the Omai Intrusive complex and Wenot Lake Zone.

Production and Reserves of Omai Mine

The Company has not included production and reserve details with respect to the operating Omai Mine as it is considered unlikely that the Company will receive any distribution in connection with its common share equity interest in OGML.

Eagle Mountain

The Eagle Mountain project is located in Central Guyana, 50 km from the Omai Mine. Prior to its sale in December 1998, the Company owned a 100% interest in the Eagle Mountain Prospecting License. The transfer of the Eagle Mountain License by the Company to OGML was approved by the government of Guyana on December 21, 1998. The purchase agreement between the Company, OGML and Cambior Inc. was executed on December 23, 1998 and, in accordance with the agreement, the Company received \$80,000. As a result of the transfer to OGML, the Company now has a 30% indirect interest in the Eagle Mountain project. In consideration for receiving a 5% free carried interest (its interest in OGML), the government of Guyana has accepted to charge a consumption tax of only 5% on fuel used with respect to the Eagle Mountain property. All past capitalized exploration costs associated with the Eagle Mountain project were written off during 2000.

GROSS ROSEBEL

The Gross Rosebel project is located in Suriname, a former Dutch colony that became independent in 1975. Suriname has a surface area of 163,000 km², a tropical climate and a population of approximately 470,000. The official language is Dutch with English spoken as a second, commercial and technical language. Suriname has a democratically elected government.

The Company's operations in Suriname in 2000 consisted primarily of care and maintenance for Gross Rosebel and continued engineering evaluation of the project. During 2000, the Company incurred total expenditures for Gross Rosebel of \$0.5 million, of which \$0.2 million were capitalized and \$0.3 million were expensed. Approximately \$0.3 million was reimbursed by the Company's joint venture partners. Total expenditures during 1999 amounted to \$0.7 million, \$0.4 million of which was reimbursed by the Company's joint venture partners.

Pursuant to a mineral agreement, dated May 8, 1992, as amended and restated on April 7, 1994 (the "Gross Rosebel Agreement"), between the Company, the Government of Suriname and the state mining company, Grasshopper Aluminum Company N.V. ("Grassalco"), Grassalco assigned to the Company its interest in the Gross Rosebel right of exploration, a 170 km² area in north-central Suriname. The National Assembly of Suriname ratified the Gross Rosebel Agreement on March 1, 1994.

The Gross Rosebel Right of Exploration originally transferred to the Company was for a term of three years expiring in March 1995. It was then renewed for an additional term of two years expiring in March 1997. The Company filed an application for the additional two-year extension it is entitled to pursuant to the mining laws of Suriname. The application is still pending. Under the mining laws of Suriname, a right of exploration does not terminate by expiration of its term if the holder has in time applied for prolongation of such right and such application has not been denied. Moreover, under the mining laws of Suriname, an existing right of exploration remains legally in force until a decision on the application for a right of exploitation has been taken.

As partial consideration for the transfer of the Gross Rosebel right of exploration, the Company issued 60,000 common shares to Grassalco on June 28, 1994. Under the terms of the Gross Rosebel Agreement, the Company committed to expend an aggregate of \$8.0 million on exploration activities over a five-year period commencing on May 8, 1992. As of May 8, 1997, the Company had spent approximately \$25.8 million on the Gross Rosebel property and, as a result, fulfilled its expenditure requirement. Of the amounts expended by the Company, Cambior has contributed \$14.1 million by way of joint venture recoveries (see discussion of Cambior Joint Venture below). In addition, in consideration for Grassalco making the Gross Rosebel property available for exploration, the Company paid \$1.0 million to Grassalco pursuant to the terms of the Gross Rosebel Agreement. Under the terms of the Gross Rosebel Agreement, the Company had the obligation to submit to the Republic of Suriname's Minister in charge of mining activities and Grassalco a feasibility study and an environmental impact statement (as these terms are defined in the Gross Rosebel Agreement) on or prior to May 8, 1997. In the event that Golden Star failed to timely submit such feasibility study and environmental impact statement, Golden Star was deemed to have waived its rights resulting from the Gross Rosebel Agreement and was obliged to reassign the Right of Exploration to Grassalco at its demand, whereupon the Gross Rosebel Agreement was to terminate. On May 7, 1997, a feasibility study and an executive summary of the environmental impact statement were submitted to the Government of Suriname. A more detailed environmental impact statement and a revised feasibility study were submitted to the Government of Suriname in June and December 1997, respectively. The Government of Suriname has not yet approved the feasibility study or the environmental impact statement. There can be no assurance that a final feasibility study will be submitted or that the Government of Suriname will approve the feasibility study and grant a right of exploitation to the operating company to be formed by the two joint venture partners.

Upon approval by the Suriname Government of the feasibility study and the environmental impact statement, the Gross Rosebel right of exploration may be converted into a right of exploitation for an initial term of 25 years. The right of exploitation is to be granted to an operating company (the "Operating Company"). Within 30 days of the grant of the right of exploitation, the Company and Cambior will be obligated to pay to Grassalco the total sum of \$2.5 million as compensation for previous exploration expenditures incurred by Grassalco.

Upon the grant of a right of exploitation to the Operating Company, Grassalco will have the option, for a period of 60 days, to purchase an undiluted 20% common share equity interest in the Operating Company by paying 20% of all exploration costs previously incurred by the Company and 20% of all subsequent costs of the Operating Company. Grassalco has a further option to purchase a second undiluted 20% interest in the shares of the Operating Company eight years following the date of commencement of commercial production (as defined in the Gross Rosebel Agreement) in consideration for the payment of a sum equal to 90% of the market value of such shares, as determined in accordance with the terms of the Gross Rosebel Agreement.

The Gross Rosebel Agreement provides that (i) a royalty of two percent of the gold produced from the Gross Rosebel property is payable in kind to Grassalco and (ii) an additional one-quarter of one percent royalty is payable for the life of the project to a charitable fund to promote natural resources development in Suriname. In addition, a royalty of two percent of the proceeds received on any other minerals produced (less transportation and processing costs) is also payable to Grassalco. An advance royalty payment against the above-mentioned royalties of \$6.5 million must be made to Grassalco within 90 days of receipt of the first proceeds from the sale of minerals at Gross Rosebel and a further \$6.5 million must be made 12 months later. Further, in the event the price of gold exceeds \$500 per ounce Grassalco is entitled to an additional 6.5% royalty on that portion of the sales price, which exceeds \$500 per ounce.

The Cambior Joint Venture

The Company and Cambior entered into an agreement on June 7, 1994, pursuant to which Cambior was granted the option to earn an undivided 50% interest in the Company's rights in the Gross Rosebel Agreement and Gross Rosebel property. On January 8, 1996, Cambior announced its decision to exercise its option to acquire 50% of the Company's rights in the Gross Rosebel property after expending \$6.0 million in exploration and development activities on the property, as required by the June 1994 option agreement. As also required under the agreement, Cambior advanced a further \$2.5 million in expenditures to be repaid out of initial project earnings. Since April 1996, when Cambior earned a 50% interest in Gross Rosebel, the Company and Cambior have been contributing equally to programs and budgets with respect to the Gross Rosebel property.

Under the June 1994 option agreement, Cambior must use its best efforts to secure financing for at least 65% of eventual mine development costs from third parties. Cambior assumed managerial responsibility for the preparation of the feasibility study. Cambior has the right to be appointed manager of all subsequent mining and related operations of the project. The option agreement provides for the customary right of first refusal typical found in such agreements.

The Property

The Gross Rosebel right of exploration covers 170 km²/ (17,000 ha.) and is located 80 km south of the capital city of Paramaribo. Access is via a paved highway followed by an all-weather laterite surface road. Gold was reportedly first discovered in the area in 1879 and since then more than half of Suriname's recorded production has been produced from the district by dredging and small artisanal surface and underground workings. Commencing in 1974, Surplacer N.V., a subsidiary of Placer Development, a Canadian mining company (now Placer Dome), conducted an extensive exploration program of trenching, hand augering and rotary drilling over a period of three years. Subsequent field work was conducted by Grassalco over a period of seven years and a feasibility study was prepared and completed in 1984 by a Canadian engineering firm controlled by Grassalco.

Geology

The Gross Rosebel property is underlain by Proterozoic Armina, Paramaca, and Rosebel metasedimentary and metavolcanic greenstone formations. These units are intruded by a large tonalitic stock near the southern boundary of the property, which has resulted in doming of the adjacent Armina rocks and the development of steep reverse faults. The greenstone units are folded into a broad east-west trending and westerly plunging synclinal structure. Gold mineralization associated with at least five generations of hydrothermal quartz veins occur over large areas both in the south and north limbs of the syncline where these are cut by strong west-northwest trending shear zones. Locally, mineralization is controlled by zones of dilation along the shear planes and by drag folding. Intense tropical weathering has developed a residual surface laterite and saprolite profile of up to 50 m thick, overlying bedrock. Gold mineralization has been established by the Company within at least ten separate target areas including Royal Hill, Mayo, Rosebel, Koolhoven, Pay Caro, East Pay Caro, "J" Zone, Bigi Asanjangmoni, Mama Kreek and Spin Zone. All of these target areas are capped by mineralized laterite blankets typically between 3 to 10 m in thickness overlying less continuous shear and/or fold related mineralization in saprolite and bedrock. Both types of deposits are being defined for potential mining.

Mine Development

A formal feasibility study was submitted to the Government of Suriname in May 1997. The study contained a description and analysis of the economic and commercial viability of bringing into production and operating a mine on Gross Rosebel assuming a gold price of between \$380 and \$400 during the life of the mine. Development of the Gross Rosebel project has been deferred by the joint venture partners pending receipt of necessary governmental approvals including approval of the feasibility study, resolution of several development issues, economic concessions from the government and improved gold prices. There can be no assurance that the government of Suriname will approve the May 1997 feasibility study and the environmental impact statement and therefore grant a right of exploitation to the Operating Company until an acceptable feasibility study, based on current gold prices, is produced by the joint venture. Some of the development issues that must be resolved prior to development, include, amongst other things, the structure of the Operating Company, the ability to secure foreign investment insurance,

availability of financing from banks and other financial institutions, and disposition of Nieuw Koffiekamp, a small village located within the concession. Although the Company believes that these issues can be resolved, there can be no assurance that it will be the case. The project will continue to be on care and maintenance until these issues are resolved.

Work Program

The project remained on care and maintenance in 1999 and 2000. Engineering activities performed at Gross Rosebel during 2000, as in 1999, were largely directed at determining development alternatives for the project because of the prevailing depressed gold prices. In August 1999, the Company completed an independent scoping study. This was performed to model the potential benefits of applying a low cost heap leach processing approach to the project. Results of the study supported the Company's belief that the project could be developed at a profit even in a low gold price environment. The outcome of this study prompted serious discussions between the joint venture partners in the early part of 2000 to consider alternative low cost mining and processing methods more suitable to the tropical rain forest conditions existing in Suriname.

As a result of the discussions, a pre-feasibility study based on a more conventional CIL flow sheet was completed during the final quarter of 2000 and presented to the Minister of Natural Resources in early December. This study defines a project that is robust at a project life gold price of \$300 per ounce. This was largely achieved by confining the scope of the project to the softer saprolite and transition mineralized material, which significantly reduces both capital cost and operation cost. The hard primary mineralized material included in the original feasibility study would remain un-mined in this soft rock scenario, but could be exploited at a future date when gold prices are at a level that would make the extraction of the material economic. Allowance was therefore made in the plant design for the future installation of additional crushing and grinding equipment. The pre-feasibility study and the capital cost estimates were prepared by Cambior Projects and Construction, a subsidiary of Cambior Inc.

Meetings were held with the Government of Suriname in December 2000 to discuss the pre-feasibility study results and the assumptions made in the preparation of the study that will require commitments from Government, which include the highly critical supply and price of power from the hydro-electric grid. Once this and other issues have been resolved, Cambior and Golden Star intend to complete a final feasibility study in readiness for a decision on the development of the project by the end of 2001.

Budgeted expenditures in 2001 for Gross Rosebel are \$1.0 million comprised of \$0.6 million of care and maintenance, and \$0.4 million of engineering work to complete an updated feasibility study. The Company's share of these expenditures will be \$0.5 million.

Mineralized Material

The Company's share of the mineralized material for Gross Rosebel, as at December 2000, amounted to 12.5 million tonnes grading 1.7 g/t using a long-term gold price assumption of \$300 per ounce compared to 20.7 million tonnes grading 1.6 g/t at a gold price of \$325 per ounce reported as of December 31, 1999. The mineralized material was calculated by Cambior in accordance with the definitions and guidelines adopted by the Canadian Institute of Mining, Metallurgy and Petroleum on August 20, 2000 and NI 43-101 and only takes into account the softer saprolite and transition material. Cambior reported its 50% share as "Indicated Resources". The qualified person responsible for this calculation is Mr. Francis Clouston. The Company has not independently verified the estimate reported by Cambior.

Mineralized material does not represent reserves and has not been included in the Company's proven and probable reserve estimates. Even though enough drilling and trenching has been completed to indicate sufficient tonnages and grade to warrant further exploration or development expenditures, these mineral deposits do not qualify under the United States Securities and Exchange Commission standards as being commercially minable until further drilling, metallurgical work and other economic and technical feasibility factors based upon such work are resolved.

FRENCH GUIANA PROPERTIES

General

French Guiana is part of the French national territory and has been an overseas "Departement" of France since 1946. The Departement, with an area of 84,000 km² and a population of approximately 130,000, has two representatives in the French National Assembly and one representative in the French Senate. Under the French Constitution, French Guiana is governed by the same laws as metropolitan France, subject to modifications (including those affecting tax and mining laws and regulations) that may be adopted to reflect the historical, cultural, geographical and economic characteristics of French Guiana and provide for regional administration. An appointed Prefect, representing the Government of France, holds governmental and administrative powers locally. A 19-member, locally-elected General Council votes on departmental budget and other local matters.

The mineral rights held by our French subsidiaries are subject to French mining laws applicable in French Guiana, the most important being Decrees no.55-586 of May 20, 1955 and no. 56-1039 of October 5, 1956 (the "1955 and 1956 Decrees"), and the law no. 98-297 of April 21, 1998 (the "1998 Law") that partially extended and adapted the French Mining Code to the French overseas departments (including French Guiana). The 1998 Law provides that all existing permits continue to have full force and effect during their terms and that all applications for extension of existing permits filed before the publication of the 1998 Law remain subject to the 1955 and 1956 Decrees. Permits granted or extended since the publication of the 1998 Law are subject to the French Mining Code.

The grant of mining titles in French Guiana is administered by the Direction Regionale de l'Industrie, de la Recherche et de l'Environnement ("DRIRE"), under the Ministry of Industry. There are two different types of mining titles under French law: permits and concessions. Under the 1955 and 1956 Decrees, two types of exploration permits could be obtained, the A and B types. An exploration permit conveys for a specific area of land the exclusive right of prospecting and exploration for the substances to which it relates. Permits of Type "B" are valid for two years and renewable twice for periods of two years each. The surface of type "B" permits covers a square area of 25 km² each. Type "A" permits are valid for five years and can be renewed at least once for an additional five-year term. The French Mining Code (now partially applicable to French Guiana) provides for only one type of exploration permit called Permis exclusif de recherche ("PER"). PER can be granted for a period of up to five years and can be renewed for two additional periods of up to five years each.

The holder of an exploration permit who can demonstrate the presence of an exploitable mineral deposit within the area covered by the exploration permit and has the financial and technical capacity to bring the project to exploitation can obtain a mineral concession. A mineral concession confers upon its holder an immovable right, which is distinct from the actual ownership of the underlying land for a term of up to 50 years. The 1998 Law provides that all concessions that were granted for an unlimited amount of time under the 1955 and 1956 Decrees will expire on December 31, 2018 subject to being renewed twice for up to 25 additional years. Concessions may be mortgaged, leased, sold or otherwise transferred or inherited, in whole or in part and may be merged or subdivided, subject to authorization for the transaction being granted by a decree issued by the French government after consultation with specific agencies.

Guyanor Ressources S.A.

All of the Company's mineral interests in French Guiana are held through its 73% owned publicly traded subsidiary Guyanor Ressources S.A. Guyanor is a societe anonyme incorporated under the laws of France on April 20, 1993 with its head and registered offices located at Lot. Calimbe 2, Route du Tigre, B.P. 750, 97300 Cayenne, French Guiana.

Guyanor owns mineral rights (either directly or through its subsidiaries) for the Yaou, Dorlin, Paul Isnard, Eau-Blanche and St-Elie gold projects and the Dachine diamond project. All of the properties are in the exploration stage.

During 2000, Guyanor spent \$1.6 million on exploration and in care and maintenance expenditures, of which \$0.8 million was reimbursed by joint venture partners. In 1999, Guyanor had spent \$3.0 million, \$1.4 million of which was reimbursed by joint venture partners. Total budgeted exploration expenditures by Guyanor for 2001 are \$0.9 million. During 2000 it was determined, given the historically low gold prices, lack of funds to continue active exploration and the change in the Company's focus, that all of the Guyanor properties, save Paul Isnard were impaired. Accordingly all of the Guyanor deferred exploration projects were written off, with the exception of portions of the Paul Isnard property. Title to the mineral rights, however, will be retained for all French Guiana properties.

YAOU AND DORLIN

Pursuant to an agreement, dated July 16, 1993, the Company acquired from BHP Minerals International Exploration Inc. ("BHP") for \$4.3 million a 63.3% participating interest in a joint venture between BHP and the Bureau de Recherches Geologiques et minières ("BRGM") with respect to six type "B" exploration permits covering an area known as Yaou and six type "B" exploration permits covering an area known as Dorlin in French Guiana. In August 1993, the Company transferred its 63.3% participating interest in the joint venture to Guyanor at cost. Further to an agreement dated August 3, 1993, between the Company and BRGM and a subsequent agreement, dated September 23, 1993, among the Company, Guyanor and BRGM, Guyanor acquired for \$2.5 million BRGM's 36.7% interest in the joint venture assets owned for the benefit of the joint venture by BRGM. In addition, Guyanor agreed to pay to BRGM a further FF14.0 million (approximately \$2.1 million) as follows: FF7.0 million at the time of completion of a bankable feasibility study on either the Yaou or Dorlin properties and FF7.0 million at the time of commencement of commercial production on either of these properties. The transfer of the Yaou and Dorlin permits from the BRGM to Guyanor was approved by the relevant French regulatory authorities on May 25, 1994. Both BHP and BRGM are arms' length parties to Guyanor and the Company.

Guyanor and the Company entered into an option agreement with Cambior, dated as of May 11, 1994, pursuant to which Cambior was granted the option to acquire a 50% interest in the operating company to hold the Yaou and Dorlin permits in French Guiana. Cambior exercised the option after having spent the \$11.0 million expenditure commitment in September 1997. Since then, Cambior and Guyanor have participated equally in the funding of the joint venture's expenditures. The acquisition by Cambior of any interest in the Yaou and Dorlin permits is subject to French governmental approval. Cambior is responsible for the preparation of a feasibility study on the properties and will, if warranted, manage the development and operation of future mining operations.

A "Memoires Technique" and "Notice d'impact" were prepared and filed with the French administration in March 1999, prior to the expiration of type "B" exploration permit. Since the project was not economic under the then current gold price, Guyanor revived two applications for type "A" exploration permits previously filed in 1997. The two Type "A" permits were granted to Guyanor on January 31, 2001 and will each be valid until March 1, 2006. These permits replace the type "B" permits. On February 21, 2001, the two type "A" permits were transferred to Societe Miniere Yaou-Dorlin ("SMYD"), a French company, created by Cambior and Guyanor to hold the Yaou and Dorlin mineral rights. Cambior and Guyanor each hold 50% of the shares of SMYD.

The Properties

The Yaou Type "A" permit covers an area of 52 km² located some 210 km southwest of Cayenne. Access to the property is by helicopter or four-wheel drive vehicle on 17 km of dirt road from the town of Maripasoula, which is accessible by chartered and daily scheduled fixed-wing aircraft from Cayenne.

The Dorlin Type "A" permit covers an area of 84 km² located some 180 km southwest of Cayenne and 60 km east of Maripasoula. The property is accessible by helicopter and a 500 m airstrip located on the property is suitable for fixed wing aircraft. Access is also available by boat during the rainy season.

Geology

The geology of the Yaou project area consists of a folded and sheared sequence of Lower Proterozoic mafic and ultramafic volcanics and volcanoclastics, with minor intercalations of fine-grained clastic sediments. Prior to folding, these were intruded by dioritic bodies. Two generations of granitic plutons bound the property to the east

and south. A north-north-west striking dolerite dyke of Permo-Triassic age cuts through the property. Exploration has defined three principal zones of gold mineralisation, mainly associated with narrow, deformed felsic intrusive bodies and finely laminated felsic tuffs. These zones, Yaou Central, Chaina and IJK, have been evaluated by intensive deep augering, trenching and core drilling.

The geology of the Dorlin project area consists of sheared and folded greenstone units of Lower Paramaca sequence. Exploration has identified an 11km long zone of soil geochemistry anomalies associated with a radiometric potassium anomaly. Within this anomalous zone one major, N-S trending gold mineralized system, Montagne Nivre, associated with tourmalinization, silicification and pyritization, has been intensively explored by deep auger, trenching and core drilling.

Work Program

In 2000, the Yaou and Dorlin remained on care and maintenance. Among other things, management believes that the price of gold must improve substantially in order to have an economically feasible project.

In 2000, Guyanor's expenditures on Yaou and Dorlin totaled \$0.3 million, \$0.2 million of which was reimbursed by Cambior under the above-mentioned agreement. During 1999, Guyanor spent a total of \$1.2 million on the Yaou project, of which Cambior reimbursed \$0.8 million. Guyanor has budgeted \$0.1 million in 2001 for its shares of expenditures at Yaou and Dorlin. During 2000 the Yaou and Dorlin projects were determined to be impaired and written off.

Mineralized Material

At year-end 2000, Cambior reported its 50% share of mineralized material (indicated resources) for Yaou and Dorlin, using a long-term gold price assumption of \$300/oz (as compared with \$325/oz in 1999), as 6.9 million tonnes grading 2.1g/t. The Company's share of the mineralized material for Yaou and Dorlin is 6.9 million tonnes grading 2.1 g/t compared to 8.2 million tonnes grading at 1.9g/t in 1999. The qualified person responsible for the estimation of mineralized material for the Yaou and Dorlin project is Mr. Francis Clouston, Project Assessment Engineer for Cambior. The Company has not independently verified the estimates reported by Cambior for Yaou and Dorlin.

The Company is reporting these results as mineralized material. Mineralized material does not represent reserves and has not been included in the Company's proven and probable reserve estimates because even though enough drilling and trenching indicate a sufficient amount and grade to warrant further exploration or development expenditures, these mineral deposits do not qualify under the U.S. Securities and Exchange Commission standards as being commercially minable until further drilling, metallurgical work and other economic and technical feasibility factors based upon such work are resolved.

PAUL ISNARD

On October 29, 1994, Guyanor acquired an interest in the Paul Isnard and Eau Blanche projects by way of the acquisition of all of the outstanding shares of Societe de Travaux Publics et de Mines Auriferes en Guyane ("SOTRAPMAG"). SOTRAPMAG held, directly or indirectly, eight mineral concessions (the "Paul Isnard Concessions") and four type "B" exploration permits. Since then, all type "B" permits have expired or were relinquished. The concessions will expire on December 31, 2018 but can be renewed for an additional 25 years. A type "A" permit covering an area of approximately 326 km² was granted to Guyanor on November 30, 1999 for an initial period of three years. The type "A" permit includes most of the area covered by the four type "B" permits as well as a new area adjacent to the Paul Isnard property. In this report, unless the context indicates otherwise, the term the "Paul Isnard" refers to the Paul Isnard and Eau Blanche properties.

Agreement with LaSource

In conjunction with Guyanor's acquisition of SOTRAPMAG, BRGM relinquished its rights under an option from Alcatel Alsthom Compagnie Generale d'Electricite to acquire any primary deposit located within the Paul Isnard Concessions. In consideration therefore, Guyanor paid to BRGM the sum of FF2.5 million (approximately

\$505,000) and LaSource Developpement S.A., a company affiliated to BRGM ("LaSource"), received an initial 25% participating interest in two joint ventures for the exploration and exploitation of primary gold deposits on the Paul Isnard project. LaSource did not contribute its share of the exploration expenditures since 1997. By July 31, 1999, Guyanor's interest in the project had increased to approximately 90.2% and 91.2%, respectively. As a result of LaSource's participating interest having decreased below 10%, LaSource's interest in the joint ventures was automatically converted to a 2.5% of net profits.

Agreement with Rio Tinto

In January 2001, Guyanor and Rio Tinto Mining and Exploration Limited ("Rio Tinto") entered into a Heads of Agreement with respect to the Paul Isnard project. The area covered by the agreement includes the eight concessions held by SOTRAPMAG and the western part of the type "A" permit held by Guyanor, covering a total area of 216 km². The remaining 214 km² in the eastern part of the exploration permit is not included in the joint venture, although Rio Tinto has a preemptive right over the area. Guyanor may continue to explore and develop this portion of the exploration permit in its own right.

Under the terms of the agreement, Rio Tinto can earn a 40% participating interest in the joint venture by incurring expenditures of at least \$2,250,000 on the project on or before the third anniversary of the agreement. In order to maintain its option, Rio Tinto will have to incur, with respect to the Property, annual expenditures for all years, other than the first year of the option, of at least \$500,000. Unless otherwise specified, upon Rio Tinto having acquired its 40% participating interest in the joint venture, the parties will have to contribute to work programs and budgets in accordance with their then participating interests in the joint venture.

Rio Tinto may also acquire an additional 30% participating interest in the joint venture by incurring expenditures, without contribution by Guyanor of at least \$6,750,000 on or before the fifth anniversary of the agreement. Upon receiving notice that Rio Tinto has acquired a 70% participating interest in the joint venture, Guyanor will have the right to elect to retain its then participating interest in the joint venture and fund its pro rata share of all costs of the joint venture or exchange a 10% participating interest in the joint venture in consideration for the obligation of Rio Tinto to fund all costs of the joint venture until commencement of commercial production, such amounts to be repaid out of 80% of Guyanor's share of project cash flow at LIBOR +3%.

The Properties

The Paul Isnard project is located in the western part of French Guiana, some 200 km west of Cayenne. The property is accessible from St-Laurent-du-Maroni, either by air, at a distance of 75 km to the south, or by means of a 115 km-long laterite road. The first 62-km section of this road is maintained by the government and the remaining 53-km section by SOTRAPMAG.

Geology

The Paul Isnard project covers a Lower Proterozoic greenstone belt comprised dominantly of mafic metavolcanic rocks with lesser felsic meta volcanic rocks, metavolcaniclastics and meta sediments. These have been intruded by intermediate granitic rocks of similar age.

The Decou-Decou mountain located to the south of the property is formed of volcanic rocks that, at the summit, are covered by degraded lateritic layers. The Lucifer mountain to the north-east is formed of basic intrusive rocks. The basin between the mountains is underlain by a Proterozoic sequence of mafic to felsic volcanics and clastic sediments of the Paramaca and Orapu groups, cut by ultramafic to felsic intrusives.

At Montagne D'Or the host stratigraphy for mineralization is a +400m thick section of bi-modal felsic and mafic volcanics with lesser volcanoclastics, particularly at the base. The eastern part of the section contains more mafic volcanics than the western section. The section is intruded by a largely post mineral and later deformation swarm of mafic dykes or sills. The section contains at least three unique time stratigraphic horizons marked by chemical sediments and thin lithologically distinctive flows designated as "favorable sequences".

Mineralization consists of two principal types: disseminated zones or stringer mineralization and semi-massive (SMS) mineralization. The SMS occurs mainly within the favorable sequences that can be reasonably correlated between the widely spaced (200m) drill sections. Both contain mainly pyrite with lesser pyrrhotite, chalcopyrite, sphalerite and arsenopyrite. A third more localized mineralization type, "highly chloritic one" has also been identified.

Work Program

During 2000, Guyanor concentrated its activities on the evaluation of the Elysee target. Several trenches, pits and galleries were sampled and the results are considered very encouraging. Guyanor also initiated the systematic geological mapping of the eastern part of the area, locating and sampling rocks from historical alluvial mining areas. A few new gold-mineralized occurrences found by the current alluvial miners were also studied.

Efforts during the first half of 2001 will focus primarily on the identification of additional gold-mineralized targets to supplement what had been previously outlined at Montagne d'Or. Work will include the geochemical evaluation of the area between Montagne d'Or and the Elysee target. Additional work will include the systematic trenching and test drilling of the Elysee area, and the drilling of geophysical targets on Montagne d'Or. A re-evaluation of the Montagne d'Or mineralized material will also be carried out in preparation for additional drilling.

Total expenditures in 2000 were \$0.5 million for Paul Isnard. Total expenditures in 1999 were \$0.8 million. Exploration expenditures for Paul Isnard in 2001 are budgeted to be \$ 0.9million. Golden Star will lend \$750,000 from the private placement proceeds received from Rio Tinto in January to fund the first semester work program on Paul Isnard.

During 2000, \$2.0 million of past capitalized exploration work on the Paul Isnard alluvial areas was impaired and written off.

Mineralized Material

The mineralized material reported by the Company was estimated in February 1999. The Company estimated its 73% share of Paul Isnard, using a \$325 gold price, as 4.4 million tonnes grading 2.8 g/t. This report only reflects mineralized material estimated to be present within the open pits modeled by the Company. The qualified person responsible for the estimation of mineralized material for the Paul Isnard project was Declan Costelloe, former Manager Mining Geology, for the Company.

Mineralized material does not represent reserves and has not been included in the Company's proven and probable reserve estimates because even though enough drilling and trenching indicate a sufficient amount and grade to warrant further exploration or development expenditures, these mineral deposits do not qualify under the United States Securities and Exchange Commission standards as being commercially minable until further drilling, metallurgical work and other economic and technical feasibility factors based upon such work are resolved.

Exploitation Authorization given for alluvial mining titles by third parties

Guyanor has granted the right to twenty-two small scale mining companies or individuals to apply for Exploitation Authorization on specific areas located within the Paul Isnard concessions and the Type A permit. The French government created this new type of mining title in connection with the recent revisions to the Mining Code. This new title, referred to as "AEX", grants to small-scale alluvial miners the right to mine within a specific area of 1 km². The titleholder of an AEX is responsible for all potential environmental damages. The applications for AEX have been submitted to the DRIRE and if the applicants meet the DRIRE requirements, the AEX will be granted for a term of one or two years. Under separate agreements with each applicant, Guyanor is entitled to receive as compensation a certain percentage of the value of the gold extracted.

DACHINE

The Dachine property is accessible only by helicopter or, during the rainy season, by canoe from Maripasoula. Microdiamonds were found for the first time, in 1983, in alluvium/colluvium by BRGM during strategic prospecting

work for the Mineral Inventory of French Guiana. No further exploration was conducted at Dachine until Guyanor, after examining the existing literature and conducting preliminary reconnaissance in the field, was granted a type "B" exploration permit by the French government covering a 25 km²/ area in southwest French Guiana known as Dachine (formerly known as IT-33). An application was filed in December of 1995 for a type "A" permit covering an area of 337 km²/ that would include the current type "B" permit. Given the results obtained under the joint venture with Rio Tinto, Guyanor planned to substantially reduce the area covered by type "A" permit application.

Joint Venture with Rio Tinto

In 1999, Guyanor entered into a Heads of Agreement with Rio Tinto Mining and Exploration Limited ("Rio Tinto") with respect to the exploration, the development, and mining of diamonds within the whole territory of French Guiana excluding the St-Elie, Paul Isnard and Yaou-Dorlin properties. The Heads of Agreement gave Rio Tinto the right to earn a 70% participating interest in a Joint Venture between Guyanor and Rio Tinto. A program was designed to sample a large volume of material from various zones of the Dachine ultramafic body to yield a parcel of diamonds in order to confirm the presence of gem quality stones. Diamonds were found in 18 out of 23 samples processed. Using a cut-off size of 1 mm, grades varied from 0.06 to 10.48 carats per hundred tonnes. The largest stones were found in the 1.7 to 2.36 mm size range, with an average weight of 0.066 carats. However, the majority of the stones occurs in the ranges of 1 to 1.18 mm and 1.18 to 1.70 mm. Stone colors varied from white to light brown and rarely greenish/yellow. Stones are translucent to transparent, but often masked by large quantities of inclusions. The dominant shapes are irregular, with small quantities of cubic and octahedral stones. Stones are often intensely reabsorbed.

These results were considered disappointing. In October 2000, Rio Tinto decided to withdraw from the project and terminate the joint venture. Management determined that the Dachine project was impaired and capitalized exploration costs were written off during 2000.

Geology

The diamond occurrence at Dachine is hosted in a volcanoclastic komatiite - an unusual type of volcanic rock which differs from more well-known diamond host rocks such as kimberlite and lamproite. These komatiites once formed part of an island-arc sequence, a tectonic setting distinct from all other currently exploited diamond deposits.

Work Program

No work program is planned for 2001. The project will remain on care and maintenance. In 2000, \$0.7 million was spent on exploration program for Dachine, of which \$0.7million was reimbursed by Rio Tinto. During 1999, \$0.8 million was spent on exploration and care and maintenance work for Dachine, of which \$0.5 million was reimbursed by Rio Tinto.

ITEM 3. 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 non-compliance 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 requirements that may be enacted within foreign jurisdictions. For a description of the type of legal and regulatory environment in which the Company does business, see "Item 1. Description of Business - Risk Factors" and "Item 2. Description of Properties - General".

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

No matters were submitted to a vote of security holders during the fourth quarter of 2000.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED

STOCKHOLDER MATTERS

During 2000 the Company's common shares were listed on the Toronto Stock Exchange ("TSE") under the trading symbol "GSC" and on the American Stock Exchange ("Amex") under the trading symbol "GSR". The Company's shares were de-listed from the Amex on January 26, 2001, and immediately began trading on the OTC Bulletin Board. As of April 2, 2001, 38,088,988 common shares were outstanding and the Company had 837 shareholders of record. On April 2, 2001, the closing price per share for the Company's common shares, as reported by the TSE was Cdn\$0.49 and as reported by the OTC Bulletin Board was \$0.30.

The following table sets forth, for the periods indicated, the high and low market closing prices per share of the Company's common shares as reported by the TSE and the AMEX.

	Toronto Stock Exchange		American Stock Exchange	
	Cdn\$ High ----	Cdn\$ Low ----	\$ High ----	\$ Low ----
2000:				
First Quarter	2.35	1.17	1.63	0.81
Second Quarter	1.80	1.22	1.19	0.81
Third Quarter	1.35	0.85	0.94	0.56
Fourth Quarter	1.15	0.62	0.75	0.38
1999:				
First Quarter	1.85	1.00	1.31	0.69
Second Quarter	1.50	0.86	1.00	0.63
Third Quarter	1.10	0.57	0.69	0.38
Fourth Quarter	2.70	1.03	1.87	0.69

The Company has not declared or paid cash dividends on its common shares since its inception. The Company's dividend policy is reviewed from time to time by its Board of Directors. Future dividend decisions will consider then current business results, cash requirements and the financial condition of the Company.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summarizes the principal Canadian federal income tax considerations applicable to the holding and disposition of a common share of the Company (a "Common Share") by a holder (the "Holder") of one or more Common Shares who is resident in the United States of America and holds the Common Shares as capital property. This summary is based on the current provisions of the Canada-United States Income Tax Convention (1980) (the "Treaty"), Income Tax Act (Canada) (the "Tax Act"), the regulations thereunder and all amendments to the Tax Act publicly proposed by the government of Canada to the date hereof. It is assumed that each such amendment will be enacted as proposed and there is no other relevant change in any governing law, although no assurance can be given in these respects.

Every Holder is liable to pay a withholding tax on every dividend that is or is deemed to be paid or credited to him on his Common Shares. Under the Treaty, the rate of withholding tax is 5% of the gross amount of the dividend where the Holder is a company that owns at least 10% of the voting stock of the Company and beneficially owns the dividend, and 15% in any other case.

Under the Tax Act, a Holder will not be subject to Canadian tax on any capital gain realized on an actual or deemed disposition of a Common Share, including a deemed disposition at death, provided that he did not hold the Common Share as capital property used in carrying on a business in Canada, and that neither he nor persons with whom he did

not deal at arm's length alone or together owned 25% or more of the issued shares of any class of the Company at any time in the five years immediately preceding the disposition.

A Holder who is liable under the Tax Act for Canadian tax in respect of a capital gain realized on an actual or deemed disposition of a Common Share will be relieved under the Treaty from such liability unless

(a) the Common Share formed part of the business property of a permanent establishment or fixed base in Canada that the Holder has or had within the twelve-month period preceding the disposition, or

(b) the Holder

(i) was resident in Canada for 120 months during any period of 20 consecutive years preceding the disposition, and

(ii) was resident in Canada at any time during the ten years immediately preceding the disposition, and

(iii) owned the Common Share when he ceased to be a resident of Canada.

This summary is of a general nature and is not intended, nor should it be construed, to be legal or tax advice to any particular Shareholder. SHAREHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE INCOME AND OTHER TAX CONSEQUENCES ARISING IN THEIR PARTICULAR CIRCUMSTANCES.

CERTAIN UNITED STATES INCOME TAX CONSIDERATIONS

Passive Foreign Investment Company Rules

Under the United States Internal Revenue Code of 1986, as amended (the "Code"), the Company may be classified as a passive foreign investment company (a "PFIC"). United States shareholders of a PFIC are subject to certain adverse tax consequences. These consequences can be mitigated, under certain circumstances, if the United States shareholder makes a timely election to treat the Company as a "qualified electing fund" (a "QEF"). ALL UNITED STATES SHAREHOLDERS ARE THEREFORE URGED TO CONSULT THEIR OWN TAX ADVISORS ABOUT THE ADVISABILITY OF MAKING A QEF ELECTION WITH RESPECT TO THE COMPANY. ALL UNITED STATES SHAREHOLDERS ARE ALSO URGED TO CONSULT THEIR OWN TAX ADVISERS ABOUT THE POSSIBILITY OF CREDITING CANADIAN TAXES PAID AGAINST UNITED STATES TAX PAYABLE.

Definition of a PFIC

A PFIC is a corporation not formed in the United States (a "Non-United States Corporation") and either (i) 75% or more of its gross income is passive income or (ii) 50% or more of the average value of its assets produce, or are held for the production of, passive income. Passive income for these purposes includes interest, dividends, and certain rents and royalties. For purposes of the foregoing tests, if a Non-United States Corporation owns at least 25% by value of the stock of another corporation, it is treated as if it instead owned its proportionate share of the other corporation's assets and received directly its proportionate share of the other corporation's income.

The Company has been advised by PricewaterhouseCoopers LLP that it should not be treated as a PFIC with respect to shares purchased by United States shareholders during the years 1993 through 1999, although it could potentially be a PFIC with respect to shares acquired by United States shareholders prior to 1993. The Company also intends to engage PricewaterhouseCoopers LLP in the future to analyze whether it is a PFIC in 2000 and subsequent years and will continue to notify shareholders of the results of such future analyses. The PFIC analysis involves a complex analysis of many factors, including, among other things, the price of gold, production and cash flow from BGL and the cash flow of OGML.

Consequence of PFIC Classification if No QEF Election Made

If the Company is classified as a PFIC, United States shareholders who do not make timely QEF Elections (as discussed below) will be subject to a number of special adverse tax rules. For example, gain recognized on disposition of PFIC stock or the receipt of an "excess distribution" from a PFIC is (i) treated as if it were ordinary income earned ratably on each day in the taxpayer's holding period for the stock at the highest marginal rate in effect during the period in which it was deemed earned and (ii) subject to an interest charge as if the resulting tax had actually been due in such earlier year or years. (An excess distribution is the amount of any distribution received by the United States shareholder during the taxable year that exceeds 125% of the immediately preceding three year average of distributions received from the corporation, subject to certain adjustments.) Proposed United States Treasury Regulations broadly define a disposition to include any transaction or event that constitutes an actual or deemed transfer of property for any purpose under the Code, including (but not limited to) a sale, exchange, gift, transfer at death, and the pledging of PFIC stock to secure a loan. If the tax described above is not imposed on a transfer at death, the recipient of the PFIC stock receives a basis in the transferred stock equal to the lesser of the fair market value or the adjusted basis of the stock in the hands of the shareholder immediately before death. Finally, the foregoing rules will continue to apply with respect to a United States shareholder who held the stock of the Company while the Company met the definition of a PFIC even if the Company ceases to meet the definition of a PFIC.

The proposed PFIC regulations herein were proposed to be effective in April 1992 and may apply to all post-1986 years. However, there can be no assurance that such regulations will be adopted in their present form.

Consequences of PFIC Classification if QEF Election Made

Most of the foregoing adverse tax consequences can be avoided if (i) the United States shareholder makes a timely election to treat the Company as a QEF (a "QEF Election") for the first year of the shareholder's holding period in which the Company is a PFIC (or in a year for which the Shareholder also makes the "Deemed Sale Election" described below) and (ii) the Company provides the United States shareholder with a "PFIC Annual Information Statement" pursuant to Temporary Regulations issued by the Internal Revenue Service. United States shareholders of a PFIC who make a QEF Election, however, will be taxable currently on their pro rata share of the PFIC's ordinary earnings and net capital gain, unless they make a further election to defer payments of tax on amounts included in income for which no distribution has been received (subject to an interest charge). Special adjustments are provided to prevent inappropriate double taxation of amounts so included in a United States shareholder's income upon a subsequent distribution or disposition of the stock.

A United States shareholder makes a QEF Election by filing a Form 8621 with its tax return. In the case of stock owned through a United States entity, the election generally must be made at the entity level. A QEF Election must be filed by the due date (taking into account extensions) for filing the United States shareholder's income tax return for the taxable year for which the election is made. Once made, the election is effective for the shareholder's taxable year for which it is made and all subsequent taxable years, and may not be revoked without consent of the Secretary of the Treasury. A QEF election is required to be made for each corporation. Thus, to totally purge any PFIC taint, a separate election would be required for the non-United States subsidiaries of the Company. If a United States shareholder wishes to make a QEF Election subsequent to the first year of his holding period for stock of a Non-United States Corporation that is a PFIC, the United States shareholder may further elect to recognize gain (the "Deemed Sale Election") as if it had sold the QEF stock on the first day of the taxable year in which the QEF election is made if

(i) the United States shareholder holds stock in the PFIC on that day and (ii) the shareholder can establish the fair market value of such stock on that day.

In the event that the Company is classified as a PFIC, the Company intends to comply with the reporting requirements prescribed by Temporary Treasury regulations. In particular, the Company will maintain information so that the ordinary earnings and net capital gains of the Company may be determined. However, future regulations may contain reporting and record-keeping requirements that are so onerous that it would not be practicable for the Company to comply. If, after review of the requirements, the Company determines that it would not be practicable to comply, it will so notify its shareholders.

Mark to Market Election

Under the Taxpayer Relief Act of 1997, a United States holder of "marketable stock" under the PFIC rules may be able to avoid the imposition of the special tax and interest charge by making a "mark-to-market election". Generally, pursuant to this election, such United States holder would include in ordinary income, for each taxable year during which such stock is held, an amount equal to the increase in value of the stock, which increase will be determined by reference to the value of such stock at the end of the current taxable year as compared with its value as of the end of the prior taxable year. Special rules should be considered in determining the ordinary income created by the election. United States holders desiring to make the mark-to-market election should consult their tax advisors with respect to the application and effect of making such election.

Taxation of Dividends on the Company's Stock

Subject to the PFIC rules described above for United States Federal income tax purposes, dividends paid by the Company (including any Canadian tax withheld thereon) will constitute ordinary dividend income to the extent of the Company's current or accumulated earnings and profits as determined for United States Federal income tax purposes, and to the extent in excess of earnings and profits, will first be applied against and reduce the shareholder's basis in such holder's stock, and to the extent in excess of such basis will be treated as gain from the sale or exchange of property. Because the Company is not a United States corporation, dividends that it pays will not be eligible for the dividends-received deduction provided for in Section 243 of the Code. If a United States shareholder receives a dividend payment in any currency other than United States dollars, the amount of the dividend payment for United States Federal income tax purposes will be the United States dollar value of the dividend payment (determined at the spot rate on the date of such payment) regardless of whether the payment is in fact converted into United States dollars. In such case, United States shareholders may recognize ordinary income or loss as a result of currency fluctuations during the period between the date of a dividend payment and the date such dividend payment is converted into United States dollars.

Subject to the limitations provided in the Code, the Canadian tax withheld with respect to such dividends should be eligible for the benefits of the foreign tax credit rules of the Code. A shareholder who does not elect the benefits of the foreign tax credit provisions of the Code will be entitled to a deduction for the amount of the Canadian tax withheld.

ITEM 6. SELECTED FINANCIAL DATA

The selected financial data set forth below are derived from the audited consolidated financial statements of the Company for the years ended December 31, 2000, 1999, 1998, 1997 and 1996, included elsewhere herein, and should be read in conjunction with those financial statements and the footnotes thereto. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Cdn GAAP"). Selected financial data derived in accordance with United States GAAP ("US GAAP") has also been provided and should be read in conjunction with Footnote 15 to the financial statements. For US GAAP reconciliation items, see the attached consolidated financial statements and notes. Reference should also be made to "Item 7. Management's Discussion and Analysis of Financial Conditions and Results of Operations".

Summary of Financial Condition Data at End of Period

(Amounts in thousands except per share data)

CDN GAAP	As of December 31, 2000	As of December 31, 1999	As of December 31, 1998	As of December 31, 1997	As of December 31, 1996
Working capital	\$ 4,452	\$ 6,020	\$ 6,516	\$ 16,427	\$ 15,287
Current assets	12,960	13,957	8,216	20,152	22,182
Total assets	49,469	74,352	68,597	89,122	96,283
Current liabilities	8,508	7,937	1,700	3,725	6,895
Shareholders' equity	26,040	40,501	58,471	79,557	78,094

CDN GAAP	For the Year Ended December 31, 2000	For the Year Ended December 31, 1999	For the Year Ended December 31, 1998	For the Year Ended December 31, 1997	For the Year Ended December 31, 1996
Revenue	\$ 31,171	\$ 11,254	\$ 635	\$ 1,698	\$ 2,801
Net loss	(14,881)	(24,366)	(22,248)	(26,584)	(7,780)
Net loss per share	(0.40)	(0.76)	(0.74)	(0.92)	(0.31)

US GAAP	As of December 31, 2000	As of December 31, 1999	As of December 31, 1998	As of December 31, 1997	As of December 31, 1996
Working capital	\$ 4,452	\$ 6,020	\$ 3,901	\$ 13,485	\$ 11,788
Current assets	12,960	13,957	5,601	17,210	18,683
Total assets	24,020	45,635	27,240	42,076	46,895
Current liabilities	8,508	7,937	1,700	3,725	6,895
Shareholders' equity	(478)	11,145	16,899	31,160	29,959

US GAAP	For the Year Ended December 31, 2000	For the Year Ended December 31, 1999	For the Year Ended December 31, 1998	For the Year Ended December 31, 1997	For the Year Ended December 31, 1996
Revenue	\$ 31,171	\$ 11,254	\$ 635	\$ 1,698	\$ 2,801
Net loss	(12,465)	(11,335)	(15,395)	(26,838)	(25,279)
Net loss per share	(0.33)	(0.35)	(0.51)	(0.94)	(1.00)

Note: Golden Star did not pay any cash dividends during the fiscal years indicated above.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND**RESULTS OF OPERATIONS**

The following discussion and analysis should be read in conjunction with the accompanying consolidated financial statements and related notes. The financial statements have been prepared in accordance with Canadian GAAP. For the US GAAP reconciliation, see foot note 15 to the attached consolidated financial statements, as well as "Results of Operations" below.

The following contains certain forward-looking statements within the meaning of the United States securities laws. 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" and elsewhere in this Annual Report on Form 10-K. Readers are cautioned not to place 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.

RESULTS OF OPERATIONS

Overview

Beginning in 1999 the Company embarked upon a significant shift in business strategy which would turn the organization's focus away from being a pure exploration company, to becoming a production, development and advanced stage exploration company (See Item 1, "Business Strategy"). In accordance with this new direction we were able to acquire a 70% interest in the Bogoso gold mine and mill in Ghana West Africa in late 1999, becoming the majority owner and operator of the property. (See Item 2, "The Bogoso Gold Mine").

The year 2000 saw continuation of the efforts to reorient the Company along these lines. Operation of the Bogoso mine yielded a positive operating cash flow and additional reserves were identified at Bogoso which, along with low-grade stock pile material, are expected to extend the life of the Bogoso mine into early 2002. Also during 2000 and in early 2001, in an effort to reduce costs and to move away from grass roots exploration, the Company closed exploration offices in Guyana, Ivory Coast, and Kenya and has cut back exploration efforts in Suriname, French Guiana and elsewhere in Africa and South America.

The cutbacks in exploration activity resulted in the write-off of the carrying value of several of our exploration properties, including all projects in Guyana, the Tanda project in Ivory Coast, the Yaou and Dorlin gold projects in French Guiana, and the Dachine diamond project, also in French Guiana. In total, \$16.7 million of project abandonment expenses were recognized in 2000.

Also, in accord with the strategy shift, we have sought out and investigated several gold properties as potential acquisition targets. The majority of the properties so investigated are located in West Africa, where we have already established an operating presence via the Bogoso Mine. While acquisition efforts during 2000 did not come to fruition, such efforts are continuing in 2001.

Liquidity was a concern during 2000 and continues to be so. While positive operating cash flow was generated by the Bogoso Mine during 2000, cash needs for corporate operations and to maintain various exploration projects combined to yield a \$1.9 million net reduction in cash on hand during 2000. See Item 1. - Risk Factors - "We currently have limited liquidity and capital resources", and the "Liquidity and Capital Resources" and "Outlook" sections below for additional discussion of our liquidity situation. The Company's ability to continue as a going concern after 2001 is dependent on its ability to obtain funding for acquisitions and development projects during 2001. Mining will cease at the Company's only producing mine (the Bogoso Mine) by mid-2001. While low- grade stock pile material will allow the Bogoso mill to continue operating into early 2002, additional ore reserves will be required by the beginning of 2002 to avoid mill closure. The Company is currently involved in advanced negotiations to acquire a property contiguous with the Bogoso Mine in Ghana that contains reserves that, if acquired, would be expected to provide mill feed for several years into the future. Additional funding would be required for this acquisition and, while the Company is currently engaged in financing negotiations, there is no assurance such funding can be obtained. The current market for gold shares is weak and equity capital is difficult to obtain. Although there is no assurance that the Company will be successful in these actions, management believes that they will be able to conclude property acquisitions and to secure the necessary financing to enable the Company to continue as a going concern.

Our consolidated financial statements are presented in compliance with accounting principles generally accepted in Canada (Cdn GAAP), with a reconciliation included in the footnotes to the consolidated financial statements (presented in footnote 15) reconciling these with accounting principles generally accepted in the United States (US GAAP). There are several differences between US GAAP and Cdn GAAP, some of which can yield material differences in the reported data.

The cumulative effect of the differences in accounting under Cdn GAAP and US GAAP on the statement of net loss is as follows:

	For the Years Ended December 31,		
	2000	1999	1998
	-----	-----	-----
Net loss under Canadian GAAP	\$(14,881)	\$(24,366)	\$(22,248)
Net effect of the deferred exploration expenditures on loss for the period	12,166	13,403	4,901
Effect of capitalized acquisition costs net of related depletion	(11,302)	(1,233)	-
Other	992	315	814
	-----	-----	-----
Loss under US GAAP before minority interest	(13,025)	(11,881)	(16,533)
Minority interest, as adjusted	560	546	1,138
	-----	-----	-----
Net loss under US GAAP	(12,465)	(11,335)	(15,395)
Other comprehensive income foreign exchange (loss)/gain	254	10	(26)
	-----	-----	-----
Comprehensive income	\$(12,211)	\$(11,325)	\$(15,421)
	=====	=====	=====
Basic and diluted Net loss per share under US GAAP	\$ (0.33)	\$(0.35)	\$(0.51)
	=====	=====	=====

The MD&A discussion below is in reference to Canadian GAAP financial results.

2000 Compared to 1999

The Company reported a net loss of \$14.9 million for 2000 compared to a net loss of \$24.4 million in 1999. The major factor contributing to the 2000 loss was the impairment costs of numerous deferred exploration properties following cutbacks in exploration and the placing of most projects on a care and maintenance basis during the year in response to continued low gold prices and in response to the Company's new direction. As a result, a total of \$16.7 million of deferred exploration costs were written off during 2000, including those for the Tanda project in the Ivory Coast; the Yaou, Dorlin, Paul Isnard Alluvials and Dachine projects in French Guiana, and the Eagle Mountain project in Guyana. While many of the exploration properties written-off may still have development potential, and while the mineral rights to most of these properties will be retained by the Company, continued exploration and development has been indefinitely delayed.

The Bogoso Mine in Ghana, West Africa, acquired in September 1999, operated throughout 2000 contributing \$30.4 million of revenues versus \$10.6 million during 1999. The 1999 revenues were generated during the last quarter of 1999 following the September 30, 1999 acquisition of the Bogoso Mine. During 2000, the Bogoso Mine produced and sold 108,643 ounces of gold, which was sold at an average market price of \$279.59 per ounce. We do not hedge our gold sales.

Cash cost of operations was \$21.7 million during the year, compared to \$6.0 million in 1999, the 1999 figure again reflecting the Company's ownership only during the last three months of 1999. Total cash cost per ounce averaged \$201 per ounce during 2000 versus \$165 per ounce in the fourth quarter of 1999. The higher cost per ounce in 2000 versus 1999 was due to the fact that during various periods in 2000 the mill processed mixed sulfide/oxide (transition) ore, which is more expensive to process and yields lower recoveries than did the oxide ores which were milled exclusively during the fourth quarter of 1999.

Depreciation and depletion expenses increased to \$7.3 million from \$3.0 million during the last quarter of 1999, again the increase being due to 12 months of operation in 2000 versus three months in 1999. Purchase cost amortization averaged \$58 per ounce in 2000. Exploration expenses of \$0.9 million during 2000 were up from \$0.5 million in 1999. While overall exploration activity decreased from 1999, the amount of the expenses capitalized to specific projects was limited in 2000 following the large number of project closures at the end of 1999.

General and administrative costs were further reduced during 2000 from \$3.7 million in 1999 to \$2.9 million in 2000. Continued reductions in corporate staff and corporate activities were responsible for the lower costs. Interest expense rose in response to a full year's interest on the convertible debentures compared to only four and one-half months interest in 1999, the debentures having been issued in August 1999.

1999 Compared to 1998

The Company reported a net loss of \$24.4 million in 1999 as compared to a net loss of \$22.2 million in 1998. The most significant aspects of the 1999 results were the revenue and operating costs from gold production at the Bogoso Mine, which was acquired on September 30, 1999, and the impact of property abandonment charges and write-downs of \$23.9 million in 1999 compared with \$16.6 million in 1998. The write-downs on exploration properties totaled \$10.0 million for properties in Suriname, \$2.5 million for properties in Guyana, \$2.6 million for properties in French Guiana, \$3.3 million for properties in Brazil, and \$5.5 million for properties in Africa. The write-downs in 1999 were due to the fundamental shift in the direction and focus of the Company from a pure exploration company, to a production, development and advanced stage exploration company. With the consummation of the acquisition of BGL, the Company completed the first major objective of management's shift of the Company's focus. Also, as a result of the shift of focus and with the prioritization of available funding, the Company must continually consolidate and rationalize exploration and development activities, which could impact its corporate and project budgets. Available funds will be more focused on the development and acquisition of advanced stage exploration projects, rather than on grass roots projects. During 1999, the Company undertook a review of the carrying value of all of its exploration properties and, as a result, the Company expensed \$23.9 million for the write-down or abandonment of several projects and prospecting licenses. A number of these properties will be retained and could be actively explored in the future, but the write-down reflects their present potential, in view of the continuing low gold price and depressed markets for gold equities.

Total revenues in 1999 were \$11.2 million, of which \$10.6 million came from revenue from gold sales. The Bogoso Mine produced and sold 36,074 ounces of gold during the three months ended December 31, 1999, with an average \$293 per ounce gold price realized and total cash costs of \$165 per ounce. Depreciation and depletion expense increased to \$3.0 million from \$0.2 million, primarily as a result of the acquisition of the Bogoso Mine in September 1999.

Interest and other revenues of \$0.7 million were comparable to the 1998 amount of \$0.6 million.

General and administrative expenditures totaled \$3.7 million in 1999, as compared to \$7.7 million for 1998. The decrease in general and administrative expenditures resulted from the Company's ongoing cost reduction efforts.

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operations increased to \$2.5 million from a negative \$0.1 million in 1999, the improvement mostly based upon a full year's operation at the Bogoso Mine in 2000, compared with the three months of operations in the fourth quarter of 1999. While operating cash flow was higher than in 1999, capital equipment needs and property development costs at the Bogoso Mine along with corporate needs and requirements to maintain various exploration projects and offices combined to draw cash reserves down from \$2.9 million at December 31, 1999 to \$1.0 million at December 31, 2000.

Cash used in investing activities was down sharply from 1999, totaling only \$3.3 million for the year, compared to \$11.3 million in 1999 when costs of acquiring the Bogoso Mine were incurred. Cash used in financing transactions totaled \$1.2 million, with most of the outflow used to repay loans. During 1999, financing transactions provided \$7.0 million of cash, mostly from issuance of share capital and convertible debentures used to acquire the Bogoso Mine.

Working capital as of December 31, 2000 had decreased to \$4.5 million from \$6.0 million at December 31, 1999, mainly due to the drop in cash on hand and to lower receivables due to lower gold sales in the last month of 2000 (3,670 ounces) versus the last month of 1999 (14,069 ounces). Lower December gold sales are the result of a temporary reduction in mill output to allow for capital improvements in the mill in December of 2000, designed to allow more economic processing of transition ores in 2001.

The Company had \$4.1 million of cash at December 31, 2000, which is restricted, in accordance with the BGL acquisition agreement, to be used for environmental rehabilitation at the Bogoso Mine. The Company drew down \$1.9 million from the restricted cash account during 2000 to cover rehabilitation expenditures incurred since the acquisition of BGL.

The Company's ability to continue as a going concern after 2001 is dependent on its ability to obtain funding for acquisitions and development projects during 2001. Mining at the Company's only producing mine (the Bogoso Mine) is expected to be completed by mid-2001. While low-grade stock pile material will allow the Bogoso mill to continue operating through early 2002, additional ore reserves will be required by the beginning of 2002 to avoid mill closure. The Company is currently involved in advanced negotiations to acquire a property contiguous with the Bogoso Mine in Ghana that contains reserves that, if acquired, would be expected to provide mill feed for several years into the future. Additional funding would be required for this acquisition and, while the Company is currently engaged in financing negotiations, there is no assurance such funding can be obtained. The current market for gold shares is weak and equity capital is difficult to obtain.

Under the terms of the 1999 Bogoso purchase agreement between the Company, Anvil and the Sellers, the Company and Anvil together were required to make payment to the Sellers on September 30, 2000 in the amount of \$2.8 million. The amount of the payment was determined using a formula in the purchase agreement, which incorporates the average price of gold during the twelve months ended September 30, 2000. On November 9, 2000 the Company paid to the Sellers \$1.4 million of the \$2.8 million due, and reached agreement with the Sellers that the balance, plus interest at 10% per annum, was to be paid by December 22, 2000. As of the date of this report, the Company is in discussions with the representatives of the Sellers, but the remaining balance and accrued interest has still not been paid.

Bogoso Gold Limited

The Bogoso Mine in Ghana, West Africa, acquired in September 1999, operated throughout 2000, contributing \$30.4 of revenues versus \$10.6 million during 1999. The 1999 revenues were generated during the last quarter following the September 30, 1999 acquisition of the Bogoso Mine. In 2000, the Bogoso Mine produced and sold 108,643 ounces of gold at an average price of \$279.59 per ounce. Cash operating costs were \$21.7 million during the year, compared to \$6.0 million in 1999, the 1999 figure again reflecting the company's ownership only during the last three months of 1999. Total cash cost per ounce averaged \$201 during 2000 versus \$165 in the fourth quarter of 1999. The higher cost per ounce in 2000 versus 1999 was due to the fact that during various periods in 2000 the mill processed transition ore which is more expensive to process and yields lower recoveries than does the oxide ores which were milled in the fourth 1999.

Cash flow from operations at the Bogoso mine totaled \$6.6 million in 2000, of which \$5.7 million was used at Bogoso, mostly for development of new gold resources and for acquisition of property, plant and equipment. A total of \$7.1 million of cash was forwarded to the parent entity, from which \$1.4 million was paid to the Sellers, \$1.6 million was applied against a note receivable from the Anvil, the Bogoso minority interest holder, and the balance was used for corporate operations and to fund various exploration projects and exploration offices.

Guyanor Ressources S.A.

Total exploration expenditures for the year ended December 31, 2000, amounted to \$1.6 million, offset by joint venture recoveries of \$0.8 million, compared to 1999 expenditures of \$3.0 million, offset by 1999 joint venture recoveries of \$1.4 million. Guyanor recorded property write-downs of \$13.5 million at the Dorlin, Yaou, Dachine and Paul Isnard Alluvial projects. This compares to \$2.6 million in property write-downs in 1999 at the St-Elie property.

A budget prepared by Guyanor estimates total exploration project spending for 2001 of approximately \$0.9 million with recoveries from joint venture partners of approximately \$0.2 million for net expenditures of \$0.7 million. Net expenditures for 2001 are expected to be funded by minor working capital loans from Golden Star and by funds supplied by Rio Tinto, which purchased \$1.0 million of Golden Star common stock in January 2001 with the agreement that the \$0.25 million would be used by Golden Star to fund portions of Guyanor's working capital needs in early 2001 with the balance of \$0.75 million to be spent on exploration on the Paul Isnard project during 2001.

Guyana

There were no capitalized exploration costs in Guyana in 2000 but \$0.3 million of care and maintenance costs were incurred. In comparison there were \$0.4 million of capitalized exploration costs incurred in 1999. The company wrote-off deferred project expenditures in Guyana of \$1.5 million in 2000. This compares with \$2.5 million of property abandonment charges in 1999. Lower spending in Guyana in 2000 reflects closing of the Guyana exploration office in March 2000.

Suriname

Activities in Suriname during 2000 focused on the Gross Rosebel gold project, held in a 50/50 joint venture with Cambior. Total Gross Rosebel spending in 2000 amounted to \$0.5 million only a portion of which was capitalized, offset by joint venture recoveries of \$0.3 million, as compared to 1999 spending of \$0.7 million, which was offset by joint venture recoveries of \$0.4 million. The spending reduction is the result of putting all properties in Suriname, including the Gross Rosebel project, on care and maintenance pending improved gold prices, the resolution of various technical matters and Cambior's future development plans.

In August 1999, the Company announced the results of its scoping study for a smaller, less capital intensive development plan at Gross Rosebel. These results supported the Company's belief that the project could be profitably developed in a low gold price environment by applying a low cost heap leach processing approach. Budgeted 2001 care and maintenance, and exploration and development expenditures for Gross Rosebel are \$1.0 million, with budgeted joint venture recoveries of \$0.5 million. Expenditures at the Gross Rosebel project are shared equally between the Company and Cambior. A portion of the 2001 expenditures are expected to be related to a revised feasibility study for a lower cost, smaller scale operation at the Gross Rosebel property.

At such time as the decision may be made to proceed with the development of Gross Rosebel, the Company will evaluate various funding alternatives including the issuance of debt or equity securities or the sale of other assets to fund its share of the development costs.

Brazil

There were no capitalized exploration costs in Brazil in 2000 but \$0.1 million of care and maintenance costs were incurred. In comparison there were \$0.5 million of capitalized exploration costs incurred in 1999. The Company recorded write-downs totaling \$3.3 million in 1999 for all its remaining Brazilian properties. The write-downs were a result of poor exploration results and management's decision to reduce exploration expenditures. Expenditures in 2000 reflected administrative costs of the Brazilian office which is scheduled to be closed in early 2001.

Pan African Resources Corporation

Prior to the acquisition of BGL, all the Company's exploration activities in Africa were conducted through Pan African Resources Corporation ("PARC") which became a wholly-owned subsidiary of the Company in April 1998. The Company spent \$0.2 million maintaining the PARC administrative offices in 2000, compared with \$0.3 million in 1999. The PARC administrative offices were closed in December 2000. During 2000, the Company recorded deferred exploration write-downs of \$1.7 million as compared to \$5.5 million in 1999. Maintenance of exploration rights to Tanda and other administrative duties of PARC will be handled by the Bogoso Mine staff in Ghana from 2001.

OTHER MATTERS

Prior to 2000, the majority of the Company's funding came from equity financing transactions completed in Canada and in Canadian currency. The Company currently maintains all or the majority of its working capital in United States dollars or United States dollar denominated securities and its practice has been to convert funds to foreign currencies as payment obligations come due. Accordingly, the Company is subject to fluctuations in the rates of currency exchange between the United States dollar and other currencies, and such fluctuations may materially affect the Company's financial position and results of operations. The Company currently has future obligations payable and receivables collectible in Cedis and French francs. The Company's share of BGL gold sales (net of

operating expenses and capital expenditures) will, however, be in United States dollars. The Company currently does not actively hedge against such currency risks.

The Company believes that its current activities are in material compliance with applicable laws and regulations designed to protect the environment. The Company periodically engages specialists to evaluate potential environmental issues for specific projects. The results of these evaluations are utilized in the property evaluation process, where applicable. The Company also evaluates reclamation needs in light of current laws and regulations and will make provisions for the required funding as necessary, based on the Company's activities in South America and Africa. In accordance with the acquisition agreement for BGL, the Company has \$4.1 million of cash restricted for the final environmental rehabilitation of the Bogoso Mine site. These funds are classified as restricted cash on the December 31, 2000 balance sheet.

Management

The Company experienced significant management changes between October 1998 and March 2000. In October 1998 David Fennell resigned as President and Chief Executive Officer. James E. Askew was appointed President and Chief Executive Officer in March 1999 and, after his work to re-focus the Company and to acquire the operating Bogoso Mine, he resigned in October 1999 to take a position in his native Australia. Mr. Askew continues as a member of the board of directors. On November 1, 1999, Peter J. Bradford was appointed President and Chief Executive Officer. Mr. Bradford was instrumental in bringing the BGL opportunity to the Company's attention and, after many years of development and operating gold mining experience (including seven years in Ghana), he brings appropriate skills to this phase of the Company's development. In addition to Mr. Askew, the Company's Chief Financial Officer, Vice President, Corporate Development, and Controller also resigned during 1999 and early 2000. These latter resignations mostly resulted from the reorganization and re-focusing of the Company, combined with the objectives of cost reduction to accommodate the continuing low gold price environment. The board of directors was also reduced in size during 1999 to a level of five directors, all of whom are independent of management. Mr. Bradford, the Company's President and Chief Executive Officer, was elected to the board of directors in 2000, bringing the total board membership to six.

Effects of the European Monetary Union Currency

Effective January 1, 1999, eleven of the fifteen member countries of the European Monetary Union ("EMU") adopted a single European currency, the "Euro", as their common legal currency. During the years 1999 through 2001, business conducted within the EMU will be conducted in both the existing national currency and the Euro. As a result, companies operating in EMU member states will need to ensure that their financial systems are capable of processing transactions and properly handle these currencies, including the Euro. The operations of the Company's 73% owned subsidiary Guyanor Ressources S.A. are affected by this change. The Company has not had and does not expect a material impact on its results of operations from foreign currency gains or losses as a result of the transition to the Euro in January 2002.

OUTLOOK

In years prior to 2000 the Company relied primarily on the capital markets to fund its acquisitions, operations and exploration activities. With the acquisition of BGL and its operating gold mine, effective September 30, 1999 the Company gained a source of positive cash flow from mining operations which is expected to continue through 2001, although we still have limited cash resources (see "Risk Factors - We currently have limited liquidity and capital resources"). The current market for gold shares continues to be weak and equity capital is difficult to obtain; but, as the Company demonstrated in 1999 through its capital raising activities (from the issuance of shares and convertible debentures), it is somewhat easier to raise funds to acquire producing mining assets compared with the challenge of raising capital primarily for exploration. The Company will continue to explore various possibilities for raising capital, which might include, among other things, the further establishment of joint ventures, the sale of property interests, debt financing and the issuance of additional equity. Although there is no assurance that the Company will be successful in these actions, management believes that they will be able to conclude property acquisitions and to secure the necessary financing to enable the Company to continue as a going concern.

Whether and to what extent alternative financing options are completed by the Company or its subsidiaries will depend on a number of factors including, among others, the successful acquisition of additional properties or projects, the price of gold and management's assessment of the capital markets. The low gold price adversely

affects our ability to obtain financing and therefore our ability to acquire additional properties and to explore and develop our current portfolio of properties. We cannot provide assurance that additional funding will be available in 2001. We may, in the future, be unable to continue our exploration and development programs and fulfill our obligations under our agreements with our partners or under our permits and licenses. Although we have been successful in the past in obtaining financing through partnership arrangements and sale of equity securities, we cannot provide assurance that we will be able to obtain adequate financing on acceptable terms. If we are unable to obtain such additional financing, we may need to delay, or indefinitely postpone, further exploration and development of our properties. As a result we may lose our interest in some of our projects and may be obliged to sell some of our properties. The loss of any of our interests in exploration and mining properties would give rise to write-offs, under Canadian GAAP, of any capitalized costs and this would negatively impact the results of our operations. The impact would also be shown in reduction of the assets in our balance sheet, which in turn may reduce our ability to raise additional funds from equity or debt sources.

As of December 31, 2000, the Company held consolidated cash and short-term investments of \$1.0 million. For 2001 management has budgeted consolidated total revenue of approximately \$28 million and total operating and general and administrative expenditures of approximately \$23.7 million. Consolidated net exploration and development expenditures, after recoveries from joint venture partners are budgeted at approximately \$3.3 million, most of which will be at the Bogoso Mine.

The Company has budgeted production from the Bogoso Mine of 99,000 ounces during 2001. The Company's planned exploration and development spending during 2001 is primarily for completion of the feasibility study on the Bogoso sulfide project, exploration work at the Paul Isnard property in French Guiana, and the new feasibility study at Gross Rosebel in Suriname. No fieldwork is planned for Gross Rosebel, other than property care and maintenance.

The Company does not anticipate receiving cash flow from OGML in 2001 through redemptions of Class I preferred shares, as any redemptions will be utilized to reduce the debt owed to OGML. The amount of redemptions, if any, is dependent on the net cash flow of OGML. In 2000, the Company recorded \$0.5 million of preferred share income from the redemption of Class I preferred shares.

SUBSEQUENT EVENTS

De-listing from the America Stock Exchange and Trading on the Over-The-Counter Bulletin Board

The Company's shares were de-listed from the American Stock Exchange (Amex) on January 26, 2001, following several appeals and extended discussions between the Company' management and the Amex. The Amex noted the Company's stock price trading below one dollar per share, continuing losses and total shareholder equity below the Amex minimum, on a U.S GAAP basis, as the reasons for their decision.

The Company now trades on the NASDAQ Over-the-Counter Bulletin Board under the symbol GRSRF. Golden Star Resources stock continues to trade on the Toronto Stock Exchange under the symbol GSC.

Penalties arising from the Amex De-Listing

Delisting from the Amex has triggered penalties on 1.5 million of outstanding warrants. The warrants were issued with the agreement that if our stock was to be delisted from the Amex and not subsequently relisted on either the New York Stock Exchange, the NASDAQ National Market or the NASDAQ Smallcap Market, that cash payments and other remedies would be made available to the holders of the warrants. At this time our stock does not qualify for listing on these three exchanges thus triggering the penalties.

The penalties include cash payments to the warrant holders equal to 3% per month of the aggregate value of the shares underlying the warrants, being approximately \$19,000 per month. The warrant holders have agreed to defer any penalty payments until the end of April 2001 and discussions are ongoing regarding a potential financing and resolution of this matter.

If we are required to pay this penalty for more than six months, i.e., through July 2001, the warrant agreement would then require us to repurchase the warrants (or if the warrant holders elect to exercise the warrants, to repurchase the warrant holder's common stocks at a premium over the fair market value of our common shares). Payment of the penalties and repurchase of the warrants (shares) would adversely impact our financial condition, results of operations and liquidity.

Liquidity

Cash availability in the first three months of 2001 has been negatively impacted by recent events at the Bogoso Mine, associated with the installation of new mill circuits and mill modifications designed to allow the processing of transition ores which are expected to be the main source of mill feed for the mill at the Bogoso Mine during the first few months of 2001. To process such transition ores, the mill was upgraded during the period from August to December 2000 to add a spiral gravity circuit (to produce a sulfide concentrate from the transition ore) and a regrind and intensive cyanide leach circuit (CIIL) (to recover gold from the transition ore concentrate).

As a result of the earlier commissioning in November 2000 of the spiral gravity circuit, transition ore concentrate was stockpiled until the regrind and CIIL were commissioned in January 2001. This resulted in a drop in gold output. To cover ongoing expenses during this time period, BGL obtained a \$1.0 million working capital credit facility. At December 31, 2000, BGL had drawn \$0.9 million under this credit facility. Commissioning problems with the new mill circuits in January and February 2001 left gold output and revenues below expectations during the first quarter of 2001. Gold output levels returned to normal levels by late in the first quarter of 2001.

As a result of the above events, only minor amounts of cash have been available for disbursement by BGL to Golden Star since January 1, 2001. There is at the present time no assurance that there will be sufficient cash available to continue meeting all of the Company's needs until the commissioning/processing difficulties are resolved. There also can be no assurance that the difficulties experienced to date in commissioning the new mill circuits, can be resolved. See "Prestea Acquisition Activities" below for impact that additional subsequent events could have on potential operating cash sources.

Prestea Property Acquisition Activities

Since the beginning of 2000, the Company has endeavored to acquire the property located along the southern boundary of the existing Bogoso concession, known as the "Prestea Property". The Prestea Property is known to contain at least three prospective oxide gold deposits amenable to open-pit mining methods and CIL processing. Negotiations with the owner of the Prestea Property during 2000 led to the signing of a letter of intent on August 24, 2000, which would have allowed the Company to proceed with the acquisition. On October 25, 2000 the Government of Ghana advised its decision to abrogate the existing rights over the mining lease on the Prestea Property. On November 1, 2000 the Government of Ghana granted a new mining lease over the Prestea property to a company that was mining the underground mine on the Prestea Property. The Company continues to negotiate with the parties and the Government of Ghana. The letter of intent was subsequently allowed to expire.

In February 2001, following a change of government in Ghana and other developments, the Company again entered into negotiations to obtain the Prestea Property. The Company is also currently in discussions with a number of financial institutions to obtain the funding required to proceed with the acquisition and to provide for near-term working capital needs for the Company, although there can be no assurance that funding can be obtained.

Anvil Buyout

On April 4, 2001, the Company announced that it had entered into an agreement to acquire Anvil's 20% equity interest in BGL in return for the issuance of 3,000,000 common shares of Golden Star.

Private Placement - Rio Tinto

On January 10, 2001, the Company and Guyanor announced that a heads of agreement had been concluded between Guyanor and Rio Tinto, with respect to the Paul Isnard gold project in French Guiana. Under the terms of the agreement, Rio Tinto can earn a participating interest of up to 70% in a joint venture relating to the Paul Isnard

property, by spending a total of \$9.0 million on exploration and development on the Paul Isnard property (See "Item 2. Description of Properties -Paul Isnard".)

On January 17, 2001, Rio Tinto purchased by way of private placement 500,000 common shares of Golden Star at a price of \$2.00 per common share, for total proceeds of \$1,000,000. The Company has committed to lend all \$1.0 million of the proceeds to Guyanor. Of the \$1.0 million total, \$0.75 million will be used to fund a work program in 2001 on the Paul Isnard gold project and \$250,000 will be used to partially fund the cost of a re-organization of Guyanor, aimed at reducing ongoing costs.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company's exposure to market risk includes, but is not limited to, the following risks: changes in interest rates on the Company's investment portfolio, changes in foreign currency exchange rates and commodity price fluctuations. The Company also has various agreements that are classified as derivative financial instruments. (See also "Risk Factors" in Part I of this Form 10-K.)

Interest Rate Risk

The Company may invest its cash in debt instruments of the United States Government and its agencies, and in high-quality corporate issuers, and limits the amount of exposure to any one issuer. Investments in both fixed rate and floating rate interest-earning instruments carry a degree of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Due in part to these factors the Company's future investment income may fall short of expectations due to changes in interest rates or the Company may suffer losses in principal if forced to sell securities which have declined in market value due to changes in interest rates. Given the relatively low amounts of cash on hand in recent quarters, the impact on the Company's revenues from changes in interest rates would be nil. The Company may in the future actively manage its exposure to interest rate risk.

Foreign Currency Exchange Rate Risk

The price of gold is denominated in United States dollars and the majority of the Company's revenues and expenses are denominated in United States dollars. As a result of the limited exposure, management considers that the Company is not exposed to a material risk as a result of any changes in foreign currency exchange rate changes, so the Company does not utilize market risk sensitive instruments to manage its exposure.

Commodity Price Risk

The Company is engaged in gold mining and related activities, including exploration, extraction, processing and reclamation. Gold bullion is the Company's primary product and, as a result, changes in the price of gold could significantly affect the Company's results of operations and cash flows. According to current estimates, a \$25 change in the price of gold could result in a \$2.5 million effect on the results of operations and cash flows. The Company currently does not have a program for hedging, or otherwise manage its exposure to commodity price risk. The Company may in the future manage its exposure through hedging programs.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements of Golden Star Resources Ltd. and Subsidiaries

Management's Responsibility for Financial Information.....	F-2
Auditors' Report.....	F-3
Consolidated Balance Sheets as of December 31, 2000 and 1999.....	F-4
Consolidated Statements of Operations for the years ended December 31, 2000, 1999 and 1998.....	F-5
Consolidated Statement of Changes in Shareholders' Equity for the years ended December 31, 2000, 1999 and 1998.....	F-6
Consolidated Statements of Cash Flows for the years ended December 31, 2000, 1999 and 1998.....	F-7
Notes to the Consolidated Financial Statements.....	F-8-F-28

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

To the Shareholders of Golden Star Resources Ltd.

The consolidated financial statements and all information in the Annual Report are the responsibility of the Board of Directors and management. The consolidated financial statements have been prepared by management based on information available to April 2, 2001, and are in accordance with accounting principles generally accepted in Canada.

A system of internal accounting and administrative controls is maintained by management in order to provide reasonable assurance that financial information is accurate and reliable, and that the Company's assets are safeguarded. Limitations exist in all cost effective systems of internal controls. The Company's systems have been designed to provide reasonable but not absolute assurance that financial records are adequate to allow for the completion of reliable financial information and the safeguarding of its assets.

The Company believes that the systems are adequate to achieve the stated objectives. Regular testing of these systems is employed to ensure continued effectiveness of the controls, and actions are taken when necessary to correct deficiencies when they are identified.

The Audit and Corporate Governance Committee of the Board of Directors is comprised of three outside directors, and meets regularly with management and the independent auditors to ensure that management is maintaining adequate internal controls and systems and to approve the annual and quarterly consolidated financial statements of the Company. The committee also reviews the audit plan of the independent auditors and discusses the results of their audit and their report prior to submitting the consolidated financial statements to the Board of Directors for approval.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, Chartered Accountants, who were appointed by the shareholders. The auditors' report outlines the scope of their examination and their opinion on the consolidated financial statements.

/s/ Peter J. Bradford

Peter J. Bradford
President and
Chief Executive Officer

/s/ Allan J. Marter

Allan J. Marter
Vice President and
Chief Financial Officer

April 10, 2001

AUDITORS' REPORT

To the Shareholders of
Golden Star Resources Ltd.:

We have audited the consolidated balance sheets of Golden Star Resources Ltd. as of December 31, 2000 and 1999 and the consolidated statements of operations, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Canada and in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2000 and 1999, and the consolidated results of its operations and cash flows for each of the three years in the period ended December 31, 2000, in accordance with accounting principles generally accepted in Canada.

*/s/ PricewaterhouseCoopers LLP
Chartered Accountants
Calgary, Canada*

April 4, 2001

Comments by the Auditors for the U.S. Readers on Canada-U.S. Reporting Differences

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by conditions and events that cast substantial doubt on the Company's ability to continue as a going concern such as those described in Note 1 of the consolidated financial statements. Our report to the shareholders dated April 4, 2001 is expressed in accordance with Canadian reporting standards which do not permit a reference to such conditions and events in the auditor's report when these are adequately disclosed in the financial statements

*/s/ PricewaterhouseCoopers LLP
Chartered Accountants
Calgary, Canada*

April 4, 2001

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

ASSETS	As of December 31,	
	2000	1999
	-----	-----
CURRENT ASSETS		
Cash and short-term investments	\$ 991	\$ 2,905
Accounts receivable	976	1,976
Inventories	10,805	8,905
Other assets	188	171
	-----	-----
Total Current Assets	12,960	13,957
RESTRICTED CASH (Note 17)	4,147	6,000
NOTES RECEIVABLE (Note 9)	1,918	3,784
ACQUISITION, DEFERRED EXPLORATION AND DEVELOPMENT COSTS (Note 10)	24,492	37,922
INVESTMENT IN OMAI GOLD MINES LIMITED (Note 11)	625	1,023
MINING PROPERTIES (Net of accumulated depreciation of \$9,111 and \$2,777, respectively) (Note 9)	1,922	10,413
FIXED ASSETS (Net of accumulated depreciation of \$3,508 and \$2,587, respectively)	2,937	1,175
OTHER ASSETS	468	78
	-----	-----
Total Assets	\$ 49,469	\$ 74,352
	=====	=====
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 2,565	\$ 1,151
Accrued liabilities	1,727	3,263
Accrued wages and payroll taxes	238	315
Current portion of amount payable to financial institutions (Note 9)	3,978	3,208
	-----	-----
Total Current Liabilities	8,508	7,937
LONG-TERM DEBT (Note 11c)	1,378	2,254
AMOUNT PAYABLE TO FINANCIAL INSTITUTIONS (Note 9)	250	3,708
CONVERTIBLE DEBENTURES (Note 8)	3,179	3,184
ENVIRONMENTAL REHABILITATION LIABILITY (Note 17)	5,651	6,721
OTHER LIABILITIES	19	24
	-----	-----
Total Liabilities	18,985	23,828
	-----	-----
MINORITY INTEREST	4,444	10,023
COMMITMENTS AND CONTINGENCIES (Note 17)		
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 12)		
First Preferred Shares, without par value, unlimited shares authorized. No shares issued.	-	-
Common shares, without par value, unlimited shares authorized. Shares issued and outstanding in 2000 of 37,588,988 and in 1999 of 36,943,731.	160,922	160,502
Equity component of convertible debentures (Note 8)	1,045	1,045
	-----	-----
Total Shareholders' Equity	26,040	40,501
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 49,469	\$ 74,352
	=====	=====

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

Approved by the Board:

By: /s/ Robert R. Stone - Director By: /s/ David K. Fagin - Director

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

	For the Years Ended December 31,		
	2000	1999	1998
	-----	-----	-----
REVENUE			
Gold sales	\$ 30,405	\$ 10,581	\$ -
Interest and other	766	673	635
	-----	-----	-----
	31,171	11,254	635
	-----	-----	-----
COSTS AND EXPENSES			
Mining operations	21,693	5,966	-
Depreciation and depletion	7,289	2,971	230
Exploration expense	946	468	443
General and administrative	2,905	3,734	7,712
Write-downs and abandonment of mineral properties	16,706	23,933	16,600
Gain on disposal of assets	(50)	(139)	-
Interest expense	805	203	36
Foreign exchange loss (gain)	(254)	(508)	26
	-----	-----	-----
	50,040	36,628	25,047
	-----	-----	-----
LOSS BEFORE THE UNDERNOTED	(18,869)	(25,374)	(24,412)
Omai preferred share redemption premium	479	379	950
	-----	-----	-----
Loss before minority interest	(18,390)	(24,995)	(23,462)
Minority interest	3,509	629	1,214
	-----	-----	-----
NET LOSS	\$(14,881)	\$(24,366)	\$(22,248)
	=====	=====	=====
BASIC AND DILUTED NET LOSS PER SHARE	\$(0.40)	\$(0.76)	\$(0.74)
	=====	=====	=====
WEIGHTED AVERAGE SHARES OUTSTANDING (in millions of shares)	37.5	32.4	30.2
	=====	=====	=====

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

GOLDEN STAR RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Stated in thousands of United States Dollars except share amounts)

	Common Stock Number of Shares	Share Capital	Warrants	Stock Option Loans	Equity Component of Convertible Debentures	Deficit
	-----	-----	-----	-----	-----	-----
Balance at December 31, 1997	29,797,432	\$158,001	\$ -	\$(4,012)	\$ -	\$ (74,432)
Shares Issued	421,357	987	-	-	-	-
Shares Issued Under Options	73,460	175	-	-	-	-
Net Loss	-	-	-	-	-	(22,248)
	-----	-----	-----	-----	-----	-----
Balance at December 31, 1998	30,292,249	159,163	-	(4,012)	-	(96,680)
Shares Issued	6,947,994	3,484	-	-	-	-
Shares Canceled	(679,012)	(3,312)	-	-	-	-
Shares Issued Under Options	17,500	12	-	-	-	-
Shares Issued Under Warrants	365,000	255	-	-	-	-
Issue Costs	-	(441)	-	-	-	-
Warrants Issued	-	-	1,341	-	-	-
Stock Option Loan	-	-	-	-	-	-
Repayment/Cancellation	-	-	-	4,012	-	-
Equity Component of Convertible Debentures	-	-	-	-	1,045	-
Net Loss	-	-	-	-	-	(24,366)
	-----	-----	-----	-----	-----	-----
Balance at December 31, 1999	36,943,731	159,161	1,341	-	1,045	(121,046)
Shares Issued Under Options	62,400	66	-	-	-	-
Shares Issued Under Warrants	150,000	105	-	-	-	-
Stock Bonus	40,000	35	-	-	-	-
Debenture Conversions	392,857	214	-	-	-	-
Net Loss	-	-	-	-	-	(14,881)
	-----	-----	-----	-----	-----	-----
Balance at December 31, 2000	37,588,988	\$159,581	\$1,341	\$ -	\$1,045	\$(135,927)
	=====	=====	=====	=====	=====	=====

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)

	For the Years Ended December 31,		
	2000	1999	1998
	----	----	----
Operating Activities:			
Net Loss	\$(14,881)	\$(24,366)	\$(22,248)
Reconciliation of net loss to net cash used in operating activities:			
Depreciation, depletion and amortization	7,289	2,971	230
Accretion of convertible debentures	209	74	-
Premium on Omai preferred share redemption	(479)	(379)	(950)
Non-cash compensation	35	-	-
Gain on disposal of assets	(50)	(139)	-
Impairment and abandonment of mineral properties	16,706	23,933	16,600
Accrued interest on notes receivable	(215)	-	-
Reclamation expenditures	(1,070)	-	-
Minority interest	(3,509)	(629)	(1,214)
Changes in assets and liabilities:			
Accounts receivable	1,000	(12)	1,727
Inventories	(1,900)	(340)	175
Accounts payable	(199)	(1,335)	(2,025)
Other assets	(407)	125	(14)
	-----	-----	-----
Total changes in non-cash operating working capital	(1,506)	(1,562)	(137)
	-----	-----	-----
Net Cash Provided by/(Used in) Operating Activities	2,529	(97)	(7,719)
	-----	-----	-----
Investing Activities:			
Expenditures on mineral properties, net of joint venture recoveries	(3,224)	(3,597)	(7,443)
Expenditures on mining properties	(102)	(303)	-
Equipment purchases	(2,804)	(920)	(50)
Omai preferred share redemption	876	694	1,738
Proceeds from sale of equipment	55	245	47
Environmental rehabilitation bonding	1,853	(6,000)	-
Payments for acquisition, net of cash acquired	-	(1,525)	-
Other	57	75	(8)
	-----	-----	-----
Net Cash Used in Investing Activities	(3,289)	(11,331)	(5,716)
	-----	-----	-----
Financing Activities:			
Restricted cash	-	-	250
Repayment of stock option loan	-	637	-
Change in other liabilities	14	(310)	(52)
Issuance of convertible debentures	-	4,155	-
Issuance of long-term liabilities	-	-	3,169
Repayment of long-term debt	(2,286)	(694)	(220)
Issuance of short term debt	947	-	-
Issuance of share capital, net of issue costs	171	3,195	239
	-----	-----	-----
Net Cash Provided by/(Used in) Financing Activities	(1,154)	6,983	3,386
	-----	-----	-----
Decrease in cash and short-term investments	(1,914)	(4,445)	(10,049)
Cash and short-term investments, beginning of year	2,905	7,350	17,399
	-----	-----	-----
Cash and short-term investments, end of year	\$ 991	\$ 2,905	\$ 7,350
	=====	=====	=====

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands of United States Dollars unless noted otherwise)

1. Operations and Going Concern

The Company's ability to continue as a going concern after 2001 is dependent on its ability to obtain funding for acquisitions and development projects during 2001. Mining at the Company's only producing mine (the Bogoso Mine in Ghana) is expected to be completed by mid-2001. While low grade stock pile material will allow the Bogoso mill to continue operating into early 2002, additional ore reserves will be required by the beginning of 2002 to avoid mill closure. The Company is currently involved in advanced negotiations to acquire a property contiguous with the Bogoso Mine that contains mineralized material that, if acquired, would be expected to provide mill feed for several years into the future. Additional funding would be required for this acquisition and, while the Company is currently engaged in financing negotiations, there is no assurance such funding can be obtained. Historically low gold prices continue to adversely affect our ability to obtain financing and therefore our abilities to proceed with our current operational and development plans.

The Company may experience difficulties in satisfying our obligations under its convertible debentures because the Bogoso Mine life is expected to be shorter than the term of the debentures. Currently, we anticipate production from the Bogoso Mine to continue until early 2002, while the term of the debentures is five years, maturing in August 2004. If we are unable to extend the mine life beyond its anticipated usefulness or are not successful in generating sufficient free cash flow from other operations or sources, our ability to repay amounts outstanding under the debentures would be materially and adversely affected

The Company and Anvil, the minority interest holder in BGL, together were scheduled to make the interim payment to the Sellers of BGL on September 30, 2000 in the amount of \$2.8 million. On November 9, 2000 the Company paid the Sellers \$1.4 million of the \$2.8 million due, and reached agreement with the Sellers that the balance, plus interest at 10% per annum, was to be paid by December 22, 2000. As of April 16, 2001 the Company is in discussions with representatives of the Sellers, but the remaining balance and accrued interest is still unpaid

The Company's shares were de-listed from the American Stock Exchange (Amex) on January 26, 2001. Although the Company has not experienced an immediate, direct impact on its financial position, results of operations and liquidity as a result of the de-listing, the Company may, in the longer term, have more difficulty raising financing in the U.S. market. De-listing from the Amex has triggered penalties on 1.5 million of outstanding warrants. The penalties include cash payments to the warrant holders equal to 3% per month of the aggregate value of the shares underlying the warrants, which would cost approximately \$19,000 per month. We are now in financing discussions with the warrant holders and will propose alternatives to resolve the penalty situation and, as a result, the warrant holders have initially agreed to defer any penalty payments until the end of April 2001.

If the Company is required to pay this penalty for more than six months, the warrant agreement would then require us to repurchase the warrants or, if the warrant holders elect to exercise the warrants, to repurchase the warrant holder's common shares at a premium over the fair market value of our common shares. Payment of the penalties and repurchase of the warrants or shares would adversely impact the Company's financial condition, results of operations and liquidity.

The Company is exploring various transactions which would enable it to have sufficient capital to continue its operations. Various transactions being considered include mergers with other companies, the issuance of new equity, the further establishment of joint ventures and the sale of property interests. Whether and to what extent alternative financing options are completed by the Company or its subsidiaries will depend on a number of factors including, among others, the successful acquisition of additional properties or projects, the price of gold and management's assessment of the capital markets. Although there is no assurance that the Company will be successful in these actions, management believes that they will be able to conclude property acquisitions and to secure the necessary financing to enable the Company to continue as a going concern. These financial statements do not reflect going concern adjustments to the carrying value of assets and liabilities. If the going concern assumption were not appropriate, such adjustments could be material.

2. Formation of the Company

In May of 1992, the shareholders of Golden Star Resources Ltd. ("Golden Star" or the "Company") and South American Goldfields Inc. ("South American"), respectively agreed to a business combination of the two companies. Neither company was under common control prior to the amalgamation. This combination was considered to be an amalgamation under the Canada Business Corporations Act and was effective May 15, 1992. The amalgamation was treated as a purchase by the Company for accounting purposes. Concurrent with the amalgamation, the common shares of the Company were consolidated on a one-for-two basis. The Company's fiscal year-end is December 31, and commencing on May 15, 1992 the Company changed its reporting currency to the United States dollar. However, if the Company were to declare a dividend to its shareholders, it would be paid in Canadian dollars.

3. Description of Business

The Company is engaged in the business of gold production in West Africa, and the acquisition, exploration and development of precious metals deposits in both South America and Africa and holds a 30% equity interest in the producing Omai mine in Guyana.

Efforts in Africa are focused on the producing Bogoso Mine in Ghana and are conducted through the Company's 70% owned subsidiary, Bogoso Gold Limited. Exploration rights to various inactive properties in Kenya and the Ivory Coast are held by the Company's wholly-owned subsidiary, Pan African Resources Corporation.

Efforts in South America are focused on property interests in Guyana, Suriname and French Guiana (through its 73%-owned subsidiary Guyanor Ressources S.A.)

Most of the Company's projects are conducted through agreements with third parties, national governments and/or pursuant to permits and licenses granted by other appropriate authorities. When deemed appropriate, certain projects are pursued on a joint venture basis to share the associated risk and to assist in project funding.

4. Summary of Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. The following policies have been adopted by the Company.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its more than 50%-owned subsidiaries. All material intercompany balances and transactions have been eliminated. The consolidated group includes the following as of December 31, 2000 (all entities are 100%-owned by the Company, unless otherwise noted):

2000: -----	1999: -----
Golden Star Holdings Ltd.	Golden Star Holdings Ltd.
Venezuela Investments Ltd.	Venezuela Investments Ltd.
Golden Star Management Ltd.	Golden Star Management Ltd.
Pan African Resources Corporation	Pan African Resources Corporation
Southern Star Resources Ltd.	Southern Star Resources Ltd.
Guyanor Ressources S.A. (72.6%)	Guyanor Ressources S.A. (71%)
Societe de Travaux Publics et de Mines Auriferes en Guyane ("SOTRAPMAG")	Societe de Travaux Publics et de Mines Auriferes en Guyane ("SOTRAPMAG")
Societe des Mines de St-Elie ("SMSE")	Societe des Mines de St-Elie ("SMSE")
Caystar Holdings	Caystar Holdings
Bogoso Holdings	Bogoso Holdings
Bogoso Gold Limited ("BGL") (70%)	Bogoso Gold Limited ("BGL") (70%)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Short-term Investments

Cash and short-term investments consist primarily of high credit quality United States and Canadian money market investments and fixed and variable income commercial paper, which are capable of reasonably prompt liquidation, and are stated at amortized cost, which approximates market value.

Inventories

Stockpiled ore, in-process and finished inventory are recorded at the lower of cost or market, including direct production costs and attributable operating expenses. Materials and supplies are valued at the lower of average cost or replacement cost.

Reclassifications

Certain amounts in the 1999 financial statements have been reclassified to be consistent with the 2000 presentation.

Restricted Cash

In certain countries where the Company conducts business, governments may require performance bonds to be placed for certain amounts of the agreed-upon exploration expenditures. The cash collateral for these bonds is shown as a non-current asset as the funds are not available for use in operations until the bond amounts are reduced or released by the governments. In relation to the Bogoso Mine in Ghana, funds are restricted in accordance with the BGL acquisition agreement for the final environmental rehabilitation of the mine site.

Acquisition, Deferred Exploration and Development Costs

Acquisition, administration, exploration and development costs of mineral properties are capitalized.

Management periodically reviews the carrying value of its investments in acquisition, deferred exploration and development costs. A decision to abandon, reduce or expand a specific project is based upon many factors including general and specific assessments of reserves and mineralized material, anticipated future mineral prices, the anticipated future costs of exploring, developing and operating a producing mine, the expiration term and ongoing expenses of maintaining leased mineral properties and the general likelihood that the Company will continue exploration. The Company does not set a pre-determined holding period for properties with unproven reserves; however, properties which have not demonstrated suitable metal concentrations at the conclusion of each phase of an exploration program are re-evaluated to determine if future exploration is warranted and if their carrying values are appropriate.

If a mineral property is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against operations in the year of abandonment or determination of value. Any costs incurred for a particular project afterward are expensed as incurred.

The accumulated costs of mineral properties are depleted on a units-of- production basis at such time as production commences.

Mining Properties Impairments

The Company evaluates its mining properties for impairment annually and when events or changes in circumstances indicate that the related carrying value may not be recoverable. If deemed impaired, an impairment loss is measured and recorded based upon the fair value of the asset which generally will be computed using discounted future cash flows. The Company's estimates of future cash flows are subject to risks and uncertainties. Therefore, it is possible that changes could occur which may affect the recoverability of the Company's investments in mineral properties.

Investment in Omai Gold Mines Limited

The common share investment in Omai Gold Mines Limited ("OGML") is accounted for using the equity method. As of December 31, 2000 the Company's share of cumulative losses of OGML had exceeded the cost of the original investment in common shares.

In addition, the Company holds Class I redeemable preferred shares of OGML which were recorded at the cost of the mineral interest exchanged. The preferred shares are required to be redeemed quarterly based upon a percentage of cash flows from the Omai Mine (Note 11), which proceeds are applied to the Investment in Omai Gold Mines Limited balance based upon the relationship that the Company's original investment in deferred exploration costs (\$5 million) bore to the original value of the redeemable preferred shares (\$11 million). The remainder of the preferred share proceeds is recognized as "Omai preferred share redemption premium" in the consolidated statement of operations.

Fixed Assets

Fixed assets are stated at cost and include buildings, machinery, equipment and vehicles. Depreciation is computed using the straight-line method at rates calculated to depreciate the cost of the assets less their anticipated residual values, if any, over the estimated useful lives. The net book value of fixed assets at property locations is charged against income if the site is abandoned and it is determined that the assets cannot be economically transferred to another project or sold. Major overhauls of mining equipment that extend the life of such equipment are capitalized and depreciated on a units-of-production basis.

Environmental Rehabilitation

Costs are estimated based primarily upon environmental and regulatory requirements to fund the ongoing and final reclamation and closing costs relating to the Bogoso mine site.

Foreign Currencies and Foreign Currency Translation

Certain South American and African currencies are not readily negotiable outside their respective countries. United States of America funds transferred to these countries are used to purchase local currency to be used for labor, local supplies, and other items associated with the exploration and development of mineral properties.

As the functional currency of the Company is the United States Dollar, monetary assets and liabilities are translated at the rate of exchange prevailing at the end of the period. Non-monetary assets and liabilities are translated at the rates of exchange prevailing when the assets were acquired or the liabilities assumed. Revenue and expense items are translated at the average rate of exchange during the year. Translation gains or losses are included in the determination of net income for the period. Fully integrated foreign subsidiary accounts are translated using the same method.

Canadian currency in these financial statements is denoted as "Cdn\$", French currency is denoted as "FF", Ghanaian currency is denoted as "Cedi" or "Cedis" and Australian currency is denoted as "Aus\$".

Net Loss per Share

Net loss per share is computed by dividing net loss by the weighted average number of common shares outstanding during the year. Common share equivalents are not included as the effect would be anti-dilutive.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of cash investments and trade accounts receivable. The Company restricts investment of temporary cash balances to financial institutions with high credit standing. The Company strives to minimize its credit risk through diversification of its holdings with financial institutions. All gold sales are under one customer contract.

Revenue Recognition

Revenue from the sale of gold is recognized when title and the risk of ownership passes to the buyer.

5. Supplemental Cash Flow Information

The following is a summary of non-cash transactions:

	2000	1999	1998
	----	----	----
Depreciation capitalized as acquisition, deferred exploration and development costs	\$ 52	\$ 193	\$ 367
Note receivable from minority interest holder for acquisition costs (Note 9)		(3,784)	-
Additional non-cash purchase price allocation (Note 9)		(8,258)	-
Increase in amount payable to financial institutions (Note 9)		6,917	-
Issuance of warrants for credit facility (Note 9)		1,341	-
Cancellation of stock option loans (Note 12)		(3,312)	-
Cancellation of stock option loan related shares (Note 12)		3,312	-
Shares issued upon conversion of convertible debentures (Note 8)	214		
Conversion of convertible debentures (Note 8)	(214)		

6. Fair Value of Financial Instruments

The Company's financial instruments are comprised of short-term investments, accounts receivable, restricted cash, the investment in OGML, accounts payable, accrued liabilities, accrued wages, payroll taxes and long-term debt. The fair value of cash and short-term investments, accounts receivable, accounts payable, accrued liabilities and accrued wages and payroll taxes equals their carrying value due to the short-term nature of these items. The fair value of restricted cash is equal to the carrying value as the cash is invested in short-term, high-quality instruments. The fair value of the Company's investment in OGML and its long term debt cannot be determined with sufficient reliability.

7. Inventories

	December 31, 2000	December 31, 1999
	-----	-----
Stockpiled ore	\$ 2,736	\$2,862
In-process	2,361	836
Materials and supplies	5,708	5,207
	-----	-----
	\$10,805	\$8,905

8. Convertible Debentures

	Liability Component	Equity Component
	-----	-----
Upon issuance, August 1999	\$3,110	\$1,045
Accretion since issuance	283	-
Conversions since issuance	(214)	-
	-----	-----
December 31, 2000	\$3,179	\$1,045
	=====	=====

On August 24, 1999, the Company issued the principal amount of \$4,155,000 in subordinated convertible debentures to raise financing for the acquisition of BGL. The debentures mature on August 24, 2004 and bear interest at the rate of 7.5% per annum from the date of issue, payable semi-annually on February 15 and August 15, to the debenture-holders as of February 1 and August 1, respectively, commencing on February 15, 2000.

The debentures are convertible at the option of the holder into common shares of the Company at a conversion price of \$0.70 per share, subject to adjustment upon the occurrence of certain events, such as but not limited to the payment of dividends on the Company's share capital. Any portion of the debenture that is a multiple of \$1,000 may be converted into common shares at any time prior to the maturity date of August 24, 2004, unless previously redeemed. The holder's right of conversion will terminate on the date of redemption, if the Company has chosen to redeem the debentures. Each \$1,000 principal amount of debentures also entitles the holder to warrants exercisable for 200 common shares of the Company at a price of \$1.50 per share until August 24, 2001 and \$1.75 per share for the remaining two years until August 24, 2003.

The debentures are redeemable by the Company (1) in the event of certain developments involving Canadian withholding taxes at a redemption price of 100% of the principal amount of the debentures to be redeemed, plus accrued interest to the redemption date and (2) at the option of the Company on or after August, 2002 if the reported closing trading price, on the American Stock Exchange or any other national securities exchange or any automated quotation system the Company's shares are listed on, of the common shares as reported on the close of business for any 20 of the 25 consecutive trading days immediately prior to the date notice of redemption is given is at least 125% of the conversion price.

The debentures are unsecured obligations of the Company and are subordinated in right of payment to all existing and future indebtedness and other liabilities of the Company and its subsidiaries. There are no financial restrictions or covenants contained in the debentures.

During 2000 \$214,000 of the debentures were converted to 392,857 shares of common stock. The following schedule shows the obligations of the Company for the next five years in relation to interest and principal payments on the convertible debentures.

Year	Obligation
----	-----
2001	291
2002	291
2003	291
2004	4,069

Total	\$4,942
	=====

9. Acquisition of BGL

On September 30, 1999 the Company and Anvil Mining NL, an Australian company ("Anvil"), acquired 70% and 20%, respectively, of the common shares of Bogoso Gold Limited, a Ghanaian company ("BGL"). The Government of Ghana retained its 10% equity interest in BGL. BGL is the owner of the Bogoso Mine, an operating gold mine in the Republic of Ghana.

The acquisition was completed pursuant to a purchase agreement among the Company and Anvil (the buyers) and a consortium of banks headed by the International Finance Corporation and Deutsche Investition und Entwicklungsgesellschaft mbH (the Sellers). The total acquisition cost including initial payments, future payments, financing costs and administrative costs was \$17.0 million. The acquisition was accounted for under the purchase method of accounting for business combinations. Included in the purchase price were \$10.9 million of current assets, \$6.0 million of cash restricted for future reclamation work, \$13.2 million of mining property, \$4.4 million of liabilities, \$7.0 million of accrued reclamation liabilities and \$1.7 million of minority interest. The Sellers received \$6.5 million cash at September 30, 1999 and agreed to receive additional payments in the future as described below. The initial payment of \$6.5 million, was funded using working capital and proceeds from the Company's August 24, 1999 offering of its subordinated convertible debentures, common shares and warrants.

The amount of the future payments due the Sellers is to be determined by the average price of gold over the two years following the September 30, 1999 acquisition and upon the potential acquisition of reserves in Ghana outside of the region of BGL's mining interests, and upon initiation of the mining and processing of sulfide ores at Bogoso. These additional payments are capped at \$10.0 million in total.

The gold price related portion of future payments is determined by a formula, which is equal to the product (in United States dollars) of 183,333 times the amount by which the average price of gold over the two-year period following the acquisition exceeds \$255 per ounce. The average price is based upon the London Bullion Market Association p.m. gold fix. Payment is due on the earlier of production of gold ceasing or the second anniversary after closing. The Company, in the fourth quarter of 1999, accrued \$6.4 million for the future payments, based on its estimate that the gold price would average \$290 per ounce for the remainder of the two year period following the acquisition. The \$6.4 million future payment was included in total BGL acquisition costs and is being amortized on a units of production basis along with other purchase costs.

An interim payment was due on the first anniversary of the acquisition, September 30, 2000. The interim payment was equal to one half of 183,333 times the amount by which the average price of gold during the twelve months following the acquisition exceeds \$255 per ounce. The interim payment is non-refundable and will be credited to the liability due on the second anniversary of the acquisition as described above. The Company and Anvil together were scheduled to make the interim payment to the Sellers on September 30, 2000 in the amount of \$2.8 million, based upon an average price of gold for the first twelve months following the acquisition, of \$286 per ounce. On November 9, 2000 the Company paid the Sellers \$1.4 million of the \$2.8 million due, and reached agreement with the Sellers that the balance, plus interest at 10% per annum, was to be paid by December 22, 2000. The Company is in discussions with the representatives of the Sellers but, to date the remaining balance and accrued interest is still unpaid.

From October 1999 to December 2000 gold prices averaged less than the original estimate of \$290 per ounce, and continued to trend downward during most of 2000 reaching prices between \$260 and \$265 per ounce by the end of 2000. Given this substantial and protracted decline, the Company reduced the remaining liability at December 31, 2000 to reflect an estimated gold price of \$270 per ounce for the remaining life of the obligation to the Sellers. The revised estimate reduced the future purchase price by \$2.3 million, leaving the December 31, 2000 future payment, including the unpaid portion of the September 30, 2000 payment, at \$2.7 million.

The reserve acquisition linked payment due the Sellers will be triggered if minable reserves equivalent to 50,000 ounces of gold or greater are acquired elsewhere in Ghana for processing at the Bogoso mill, as would be the case if the Company is successful in acquiring the adjoining Prestea property. In this case, Golden Star and Anvil would make an additional payment to the Sellers on the second anniversary of closing of \$2.0 million, irrespective of the gold price, but subject to the \$10 million cap. Due to the contingent nature of this consideration, no liability has been recorded.

The Company and Anvil would be required to pay the Sellers an additional \$5.0 million on the first anniversary of the commencement of treatment of sulfide ore at the Bogoso Mine. Such payment is contingent upon the successful outcome of a sulfide mining feasibility study (now in progress) and upon financing, implementation and start-up of a sulfide operation. Due to the contingent nature of this consideration, the Company has not recorded any liability as part of the purchase price allocation for the BGL acquisition.

The Company is also required to make production related payments to the provider of a credit facility arranged for, but not used to effect, the acquisition of BGL. During the first 72 months following the September 30, 1999 acquisition, the Company is required to pay \$0.25 million for every continuous 12- month period wherein more than 75,000 ounces of gold is produced from the Bogoso mine concession. Such payments are limited to \$1.25 million in total. Based on proven and probable reserves, the Company accrued \$0.5 million (for the two years expected production life on the Bogoso mine concession).

Under the terms of a heads of agreement between the Company and Anvil Mining NL ("Anvil"), the Company funded the entire acquisition cost of BGL at September 30, 1999. The Company initially received two promissory notes totaling \$2.3 million from Anvil for their share of the purchase price and the related transaction costs. This

receivable is non-recourse and bears interest at 15% per annum, compounded monthly. In addition, Anvil is liable for its share of the additional purchase price payments and this estimated liability is included in the notes receivable total.

As described above, a portion of the notes receivable from Anvil is based upon Anvil's share of the additional purchase price. Revised assumption on the average price of gold during the remaining life of the liability to the Sellers reduced the estimated future purchase price as of December 31, 2000 by \$2.3 million. This reduction in turn reduced the Anvil notes receivable by 22.2% of the reduction or by approximately \$0.5 million. The additional purchase price payments, plus accrued interest less Anvil's payments during 2000 left the year-end notes receivable balance at \$1.9 million.

On April 4, 2001, the Company announced that it had entered into an agreement to acquire Anvil's 20% equity interest in BGL in return for the issuance of 3,000,000 common shares of Golden Star.

The following is the pro-forma income and loss for the Company for the twelve months ended December 31, 1999, and 1998 (in summary form), showing the results of operations had the BGL acquisition been completed on January 1, 1999, and 1998, respectively. The pro-forma information is presented for informational purposes only and is not necessarily indicative of the results of operations that actually would have been achieved had the transaction been consummated as of that time.

	(unaudited) For the Year Ended December 31, 1999	(unaudited) For the Year Ended December 31, 1998
	-----	-----
Revenue	\$ 38,931	\$ 36,294
Net operating profit before abandonment and impairment of deferred exploration	\$ 2,909	\$ (8,903)
Abandonment and impairment of deferred exploration	\$(23,933)	\$(16,600)
Net loss	\$(22,666)	\$(26,215)
Net loss per share	\$ (0.62)	\$ (0.71)

In December 2000 BGL, established a working capital line of credit of \$1.0 million of which \$0.9 was drawn at December 31, 2000. Repayment is scheduled during 2001.

Current portions of Bogoso-related amounts due to financial institutions includes the following items:

Amounts payable to financial institutions	\$2.8
Working capital line of credit at BGL	0.9
Amounts due other financial institutions	0.3

Total	\$4.0

Long term amounts due financial institutions associated with the Bogoso acquisition total \$0.25 million.

10. Acquisition, Deferred Exploration and Development Costs

	Acquisition, Deferred Exploration and Development Costs as at 12/31/99	Capitalized Exploration Expenditures in 2000	Capitalized Acquisition Expenditures in 2000	Joint Venture Recoveries in 2000	Property Abandon- ments and Adjustments in 2000	Acquisition, Deferred Exploration and Development Costs as of 12/31/00(5)
=====						
In Thousands of Dollars						
GUYANA (1)						
Eagle Mountain	\$ 1,364	\$ -	\$ -	\$ -	\$(1,364)	\$ -
Other	123	-	-	-	(123)	-
Sub-total	1,487	-	-	-	(1,487)	-

SURINAME (1)						
Gross Rosebel	15,860	216	-	(258)		15,818
Sub-total	15,860	216	-	(258)		15,818

FRENCH GUIANA (2)						
(Guyanor Ressources S.A.)						
Dorlin	2,608	150	-	(75)	(2,683)	-
Yaou	6,968	241	-	(91)	(7,118)	-
Paul Isnard / Eau Blanche	5,376	451	-	-	-	5,827
Paul Isnard Alluvials	1,987	-	-	-	(1,987)	-
Dachine	1,720	708	-	(678)	(1,750)	-
Sub-total	18,659	1,550	-	(844)	(13,538)	5,827

AFRICA						
(Pan African Resources Corporation (3))						
Ivory Coast / Tanda	1,681	-	-	-	(1,681)	-
(Bogoso Gold Limited (4))						
Riyadh	75	164	-	-	-	239
Bogoso Sulfide	160	2,448	-	-	-	2,608
Sub-total	1,916	2,612	-	-	(1,681)	2,847

TOTAL	\$ 37,922	\$4,378	\$ -	\$(1,102)	\$(16,706)	\$24,492
=====						

(1) A division of the Company.

(2) Approximately 73% owned by the Company.

(3) A wholly-owned subsidiary of the Company.

(4) A 70% owned subsidiary of the Company.

(5) Our holdings include ownership interests, royalty interests, leases, options and joint venture interests in varying percentages.

	Acquisition, Deferred Exploration and Development Costs as at 12/31/98	Capitalized Exploration Expenditures in 1999	Capitalized Acquisition Expenditures in 1999	Joint Venture Recoveries in 1999	Property Abandon- ments and Adjustments in 1999	Acquisition, Deferred Exploration and Development Costs as of 12/31/99(5)
=====						
In Thousands of Dollars						
GUYANA (1)						
Eagle Mountain	\$ 1,364	\$ -	\$ -	\$ -	\$ -	\$ 1,364
Quartz Hill	1,347	-	-	-	(1,347)	-
Five Stars Gold	819	9	-	-	(828)	-
Other	57	376	-	-	(310)	123
Sub-total	3,587	385	-	-	(2,485)	1,487

SURINAME (1)						
Benzdorp / Lawa	3,352	-	-	-	(3,352)	-
Gross Rosebel	14,543	742	-	(372)	-	14,913
Headley's Right of Exploration	313	1	-	-	(314)	-
Thunder Mountain	456	1	-	-	(457)	-
Saramacca	1,973	2	-	(6)	(1,969)	-
Sara Kreek	588	-	-	-	(588)	-
Tempati Reconnaissance	347	1	-	-	(348)	-
Tapanahony Reconnaissance	234	-	-	-	(234)	-
Kleine Saramacca	107	-	-	-	(107)	-
Lawa Antino	2,109	36	-	-	(2,145)	-
Ulemari Reconnaissance	237	-	-	-	(237)	-
Other	283	227	-	-	(298)	212
Sub-total	24,542	1,010	-	(378)	(10,049)	15,125

FRENCH GUIANA (2)						
(Guyanor Ressources S.A.)						
Dorlin	2,363	796	-	(551)	-	2,608
St-Elie	2,377	209	-	-	(2,586)	-
Yaou	7,486	413	-	(266)	-	7,633
Paul Isnard / Eau Blanche	4,650	796	-	-	-	5,446
Paul Isnard Alluvials	1,987	-	-	-	-	1,987
Dachine	1,481	764	-	(525)	-	1,720
Other	-	51	-	(51)	-	-
Sub-total	20,344	3,029	-	(1,393)	(2,586)	19,394

AFRICA						
(Pan African Resources Corporation (3))						
Ivory Coast / Tanda	4,304	222	-	-	(2,845)	1,681
Kenya / Ndori	2,565	52	-	-	(2,617)	-
(Bogoso Gold Limited (4))						
Riyadh	-	5	70	-	-	75
Bogoso Sulfide	-	160	-	-	-	160
Sub-total	6,869	439	70	-	(5,462)	1,916

LATIN AMERICA (1)						
Brazil / Abacaxis	2,498	400	-	-	(2,898)	-
Brazil / Other	275	90	-	-	(365)	-
Sub-total	2,773	490	-	-	(3,263)	-

OTHER	88	-	-	-	(88)	-
TOTAL	\$ 58,203	\$5,353	\$ 70	\$(1,771)	\$(23,933)	\$37,922
=====						

(1) A division of the Company.

(2) Approximately 71% owned by the Company.

(3) A wholly-owned subsidiary of the Company.

(4) A 70% owned subsidiary of the Company.

(5) Our holdings include ownership interests, royalty interests, leases, options and joint venture interests in varying percentages.

The recoverability of amounts shown for deferred exploration is dependent upon sale or the 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.

11. Investment in Omai Gold Mines Limited

(a) Common Share Investment

The Company has a 30% common share equity interest in OGML, a Guyana company established to build and operate the Omai Mine in Guyana. The common share investment in OGML is accounted for using the equity method but, as of December 31, 2000, 1999 and 1998, the Company's share of cumulative losses of OGML exceeded the value of its initial common equity investment, and accordingly, the Company discontinued applying the equity method in these years. The Company's unrecorded share of OGML's losses was \$32.4 million, \$22.9 million and \$0.6 million at December 31, 2000, 1999 and 1998, respectively.

(b) Preferred Share Investment

The Company acquired a preferred share equity interest in recognition of cumulative exploration costs of \$5.0 million incurred by the Company on the Omai project. The aggregate redemption value of these shares approximated \$11.0 million of which \$9.6 million had been received by the Company through December 31, 2000.

(c) Note Payable

On December 23, 1998 OGML advanced \$3.2 million to the Company as an unsecured loan to be repaid as and when Class I preferred shares of OGML held by the Company are redeemed by OGML. The loan is non-interest bearing until September 30, 2010. Of the \$0.7 million and \$0.9 million of Class I preferred shares redeemed in 1999 and 2000, approximately \$0.7 million and \$0.9 million respectively, were used to reduce the outstanding loan balance. As of December 31, 2000 the Company owed OGML approximately \$1.4 million under this loan, all of which has been classified as long-term debt.

12. Share Capital

(a) Stock Option Plan

Stock Options

The Company has one stock option plan, the 1997 Stock Option Plan (the GSR Plan). Options granted under the GSR Plan are non-assignable and are exercisable for a period of ten years or such other date as stipulated in a stock option agreement between the Company and an optionee. The maximum number of shares issuable under the plan is 5,600,000. The number of common shares vested and exercisable under the plan at December 31, 2000 was 3,520,350. The number of common shares vested and exercisable under the plan as of December 31, 1999 was 3,126,547.

Stock Option Loans

As of December 31, 1998 employees had exercised their rights under employee stock option loan agreements and purchased 1,029,012 common shares against which there were outstanding loans of Cdn\$5.3 million which related to loans to two employees, one a former officer and currently a director, and the other a former officer of the Company. These loans were non-interest bearing, collateralized by the Company's common shares issued under the agreement, and repayable within five years from the date of exercise unless the loan term is extended by vote of the Board of Directors.

During 1999, 679,012 shares were canceled that were previously issued for options granted under the Company's Stock Option Plan and the remaining balance related to stock option loans, principally to one former officer,

amounting to \$3.3 million and collateralized by the shares, was also canceled. During 1999, the Company negotiated repayment of the stock option loans in the amount of approximately \$0.7 million with the former officer and current director, and it was paid in full in May 1999. There were no stock option loans outstanding as of December 31, 1999. No new stock option loans were granted during 2000.

Schedule of Stock Option Activity

	Shares Under Option -----	Price (Cdn\$) -----
Shares Under Option at December 31, 1997	3,957,348	3.40 to \$4.40
Granted	209,500	1.55 to \$6.65
Exercised	(73,460)	\$3.40
Canceled	(596,658)	3.40 to \$3.00

Shares Under Option at December 31, 1998	3,496,730	1.55 to \$4.40
	=====	
Granted	2,012,750	1.05 to \$1.55
Exercised	(17,500)	\$1.08
Canceled	(1,761,766)	3.40 to \$4.40

Shares Under Option at December 31, 1999	3,730,214	1.05 to \$3.40
	=====	
Granted	1,695,050	1.21 to \$1.62
Exercised	(62,400)	1.05 to \$1.80
Canceled	(541,980)	1.05 to \$1.80

Shares Under Option at December 31, 2000	4,820,844	1.05 to \$1.80
	=====	

b) Stock Bonus Plan

In December 1992, the Company established an Employees' Stock Bonus Plan (the "Bonus Plan") for any full-time or part-time employee (whether or not a director) of the Company or any of its subsidiaries who has rendered meritorious services which contributed to the success of the Company or any of its subsidiaries. The Bonus Plan provides that a specifically designated committee of the Board of Directors of the Company may grant bonus common shares on terms that it may determine, within the limitations of the Bonus Plan and subject to the rules of applicable regulatory authorities. The maximum number of common shares issuable under the Bonus Plan is 320,000.

During 2000, 1999 and 1998, a total of 40,000, 24,994 and 32,783 common shares respectively were issued to certain employees pursuant to the Bonus Plan. The Company recognized compensation expense related to bonuses under the Bonus Plan during 2000, 1999 and 1998 of \$0.035 million, \$0.02 million and \$0.1 million respectively.

c) Warrants

On August 24, 1999 the Company completed a financing with total proceeds from the sale of equity units of \$3.4 million, comprised of 6,923,000 common shares and warrants to purchase 3,461,500 common shares. The exercise price of these warrants was \$0.70 and the expiration date was February 24, 2001. In December 2000, the Company obtained regulatory approval to reduce the exercise price for 2,299,500 of these warrants to \$0.52 per share and to extend the life of these same warrants to the earlier of August 24, 2001 or the 30th calendar day following the determination that the 10-day weighted average trading price is greater than \$0.62 per share. The new price was in excess of the fair market value at the date of the re-pricing. In conjunction with the convertible debenture financing (also completed on August 24, 1999), which totaled \$4,155,000, the Company also issued warrants ("four year warrants") to the holders of the debentures to purchase up to 831,000 common shares. The exercise prices for the four-year warrants are \$1.50 if exercised prior to August 24, 2001 and \$1.75 if exercised after August 24, 2001 but before August 24, 2003. The four-year warrants expire August 24, 2003.

Also on August 24, 1999 the Company issued warrants at an exercise price of \$0.70 to purchase a total of 380,825 common shares of the Company, in connection with the equity financing completed on the same date. These

warrants had an expiration date of August 24, 2000. In August 2000, the Company extended the life of these warrants to February 24, 2001. In December 2000, the Company obtained regulatory approval to reduce the exercise price for these warrants to \$0.52 per share and to extend the life of these warrants to the earlier of August 24, 2001 or the 30th calendar day following the determination that the 10-day weighted average trading price is greater than \$0.62 per share. The new price was in excess of the fair market value at the date of the re-pricing.

On June 9, 1999 the Company issued two warrants to a financial institution to purchase 1,500,000 common shares of the Company, in connection with the credit facility that was arranged, but not used to effect, the purchase of BGL. These warrants were exercisable at a price of \$0.7063 each and expire June 9, 2002. In October 1999, the Company reduced the exercise price of these warrants from \$0.7063 to \$0.425. The fair value of the warrants of approximately \$1.3 million is included in share capital, and was reflected as a purchase price adjustment in the fourth quarter of 1999. The credit facility was canceled on August 18, 1999.

On October 26 1999 the Company issued two warrants at an exercise price of \$0.70 to brokerage firms to purchase a total of 380,825 common shares of the Company in connection with the completion of the August 24 equity financing and the closing of the BGL acquisition. These warrants had an expiration date of August 24, 2000. In August 2000, the Company extended the life of these warrants to February 24, 2001. In December 2000, the Company obtained regulatory approval to reduce the exercise price for these warrants to \$0.52 per share and to extend the life of these warrants to the earlier of August 24, 2001 or the 30th calendar day following the determination that the 10-day weighted average trading price is greater than \$0.62 per share. The new price was in excess of the fair market value at the date of the re-pricing.

13. Income Taxes

Effective January 1, 2000, the Company adopted the liability method of accounting for income taxes in accordance with the Canadian Institute of Chartered Accountants new income tax standard. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements and their respective tax bases, using enacted income tax rates. The effect of the change in income tax rates on future income tax liabilities and assets is recognized in the results of the period that the change occurs. Formerly, Canadian generally accepted accounting principles required the future income tax method be used.

Income tax accounting for US GAAP utilizes a similar asset and liability approach. Use of the asset and liability method has no effect on the US GAAP nor the Cdn GAAP financial statements as the Company has concluded that a full valuation allowance must be applied to the future tax asset resulting from the Company's net operating loss carryforwards. For the years ended December 31, 2000 and 1999, the Company has recorded no current tax expense under Canadian nor US GAAP due to the cumulative net losses incurred by the Company.

Summarized below are the components of future taxes:

	As of December 31,	
	2000	1999
	----	----
Temporary differences relating to net assets:		
Other current assets	\$ 62	\$ 62
Property & equipment	753	575
Deferred exploration	27,939	27,377
Investment in OGML	930	1,029
Offering costs	1,324	1,324
Tax loss and credit carryforwards	18,016	18,775
	-----	-----
Gross future tax asset	49,024	49,142
	-----	-----
Valuation allowance	(49,024)	(49,142)
	-----	-----
Net future tax assets	\$ -	\$ -
	=====	=====

Any income tax benefits resulting from utilization of net operating loss carry forwards existing at May 15, 1992, the date of the quasi-reorganization under US GAAP, would be excluded from results of operations and credited directly to share capital, resulting in lower earnings than would be reported absent the quasi-reorganization. The Company

has unutilized capital allowances of approximately \$19.5 million which will be available for deductions by BGL in future periods.

14. Operations by Geographic Area

Information on the Company's continuing operations by geographic area for the years ended December 31, 2000, 1999 and 1998 is shown below. During the periods presented, the Company had one customer who accounted for 100% of sales. However, because the Company is principally selling a commodity, concentration of credit risk is not considered significant.

	Revenues	Net Income (Loss)	Identifiable Assets
	-----	-----	-----
2000			
South America	\$ 29	\$(14,009)	\$21,960
Africa	30,916	18	24,625
Corporate	226	(890)	2,884
	-----	-----	-----
Total	31,171	(14,881)	49,469
	=====	=====	=====
1999			
South America	\$ 345	\$(19,176)	\$36,800
Africa	10,611	(1,508)	26,364
Corporate	298	(3,682)	11,188
	-----	-----	-----
Total	\$11,254	\$(24,366)	\$74,352
	=====	=====	=====
1998			
South America	\$ 8	\$(18,448)	\$52,711
Africa	-	(6)	6,865
Corporate	627	(3,794)	9,021
	-----	-----	-----
Total	\$ 635	\$(22,248)	\$68,597
	=====	=====	=====

15. Generally Accepted Accounting Principles in Canada and the United States

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

(a) For US GAAP exploration and general and administrative costs related to projects are charged to expense as incurred. As such, the majority of costs charged to Exploration Expense and Abandonment of Mineral Properties under Canadian GAAP would have been charged to earnings in prior periods under US GAAP. Prior to January 1, 2000, acquisition costs for exploration properties were capitalized under US GAAP. The Company changed its method effectively January 1, 2000 whereby the Company has expensed previously capitalized acquisition costs related to exploration projects, totaling \$11,302,000, based upon the uncertainty of the ultimate recoverability of these costs under FAS 121. Under US GAAP, the Company now expenses all exploration costs, including property acquisition costs, for exploration projects.

(b) Under US GAAP, the preferred share investment in OGML would have a carrying value of nil since the preferred shares were received in recognition of past exploration costs incurred by the Company, all of which were expensed for US GAAP purposes. Therefore, the entire Omai preferred share redemption premium would have been included in income. Under Cdn GAAP, a portion of the premium on the Omai preferred share redemption premium is included in income with the remainder reducing the carrying value of the Company's preferred stock investment.

(c) US 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 Cdn GAAP, no compensation expense is required to be recorded for such awards.

(d) Cdn GAAP requires that convertible debentures should be classified into their component parts, as either a liability or equity, in accordance with the substance of the contractual agreement. Under US GAAP, the convertible debenture would be classified entirely as a liability.

(e) The gains on subsidiaries' issuance of common shares recorded under Cdn GAAP in respect of the Guyanor public offering and the PARC private placement are not appropriate under US GAAP.

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

(g) Under US GAAP, items such as foreign exchange gains and losses are required to be shown separately in derivation of Comprehensive Income.

(h) Under US GAAP, the fair value of warrants issued in connection with the credit facility that was arranged for, but not used to effect the purchase of BGL, is required to be expensed. Such costs were capitalized as part of the purchase cost of BGL for Canadian GAAP.

Had the Company followed GAAP in the United States, certain items on the statements of operations and balance sheets would have been reported as follows:

	For the Years Ended December 31,		
	2000	1999	1998
Net loss under Canadian GAAP	\$(14,881)	\$(24,366)	\$(22,248)
Net effect of the deferred exploration expenditures on loss for the period (a)	12,166	13,403	4,901
Effect of capitalized acquisition costs (a)	(11,302)	(1,233)	-
Other (b) (d) (g) (h)	992	315	814
Loss under US GAAP before minority interest	(13,025)	(11,881)	(16,533)
Minority interest, as adjusted (a) (h)	560	546	1,138
Net loss under US GAAP	(12,465)	(11,335)	(15,395)
Other comprehensive income foreign exchange gain (loss) (g)	254	10	(26)
Comprehensive income	\$(12,211)	\$(11,325)	\$(15,421)
Basic and diluted net loss per share under US GAAP	\$(0.33)	\$(0.35)	\$(0.51)

Under US GAAP the Omai preferred share redemption premium would be included with costs and expenses before the caption "Loss Before the Undernoted" on the consolidated statements of operations. Weighted average common shares outstanding are substantially the same under US GAAP as under Cdn GAAP for the periods presented.

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

Balance Sheet

	December 31, 2000		December 31, 1999	
	US GAAP	Cdn GAAP	US GAAP	Cdn GAAP
Cash	\$ 991	\$ 991	\$ 2,905	\$ 2,905
Other current assets	11,969	11,969	11,052	11,052
Restricted cash	4,147	4,147	6,000	6,000
Acquisition, deferred exploration and development (a)	-	24,492	11,302	37,922
Investment in OGML (b)	-	625	-	1,023
Mining property (h)	1,371	1,922	9,180	10,413
Long-term investments	-	-	-	-
Other assets	5,542	5,323	5,196	5,037
	-----	-----	-----	-----
Total Assets	\$ 24,020	\$ 49,469	\$ 45,635	\$ 74,352
	=====	=====	=====	=====
Liabilities (d)	\$ 19,681	\$ 18,985	\$ 24,799	\$ 23,828
Minority interest	4,817	4,444	9,690	10,023
Share capital, net of stock option loans (f)	158,519	161,967	157,932	161,547
Cumulative translation adjustments	1,595	-	1,595	-
Accumulated comprehensive income (g)	(329)	-	(583)	-
Deficit	(160,263)	(135,927)	(147,798)	(121,046)
	-----	-----	-----	-----
Total Liabilities and Shareholders' Equity	\$ 24,020	\$ 49,469	\$ 45,635	\$ 74,352
	=====	=====	=====	=====

(For items (a) to (h), see pages F-21-F-22)

Under US GAAP, receivables would be separately disclosed as follows:

	2000	1999
	-----	-----
Receivables from employees	\$ 35	\$ 119
Receivables from joint venture partners	(11)	334
Interest receivable	0	16
Trade receivables	952	1,507
Allowance for doubtful accounts	-	-
	-----	-----
Total Receivables	\$ 976	\$1,976
	=====	=====

Statement of Changes in Shareholders' Equity Under US GAAP

	Common Stock Number of Shares	Share Capital	Stock Option Loans	Warrants	Cumulative Translation Adjustment	Equity Component of Convertible Debentures	Deficit	Accum. Compre- hensive Income
December 31, 1997								
US GAAP	29,797,432	\$155,210	\$(4,012)	\$ -	\$1,595	\$ -	\$(121,068)	\$(567)
Canadian GAAP	29,797,432	158,001	(4,012)	-	-	-	(74,432)	-
December 31, 1998								
US GAAP	30,292,249	156,372	(4,012)	-	1,595	-	(136,463)	(593)
Canadian GAAP	30,292,249	159,163	(4,012)	-	-	-	(96,680)	-
December 31, 1999								
US GAAP	36,943,731	156,422	-	1,510	1,595	-	(147,798)	(583)
Canadian GAAP	36,943,731	159,161	-	1,341	-	1,045	(121,046)	-
December 31, 2000								
US GAAP	37,588,988	156,903	-	1,613	1,595	-	(160,263)	(329)
Canadian GAAP	37,588,988	159,581	-	1,341	-	1,045	(135,927)	-

(For items (a) to (h), see page F-21-F-22)

Statements of Cash Flows Under US GAAP [

Net Cash Provided By (Used In):	Operating Activities		Investing Activities		Financing Activities	
	Cdn GAAP	US GAAP	Cdn GAAP	US GAAP	Cdn GAAP	US GAAP
For the Years Ended,						
December 31, 2000	\$ 2,529	\$ 206	\$ (3,289)	\$ (966)	\$ (1,154)	\$ (1,154)
December 31, 1999	\$ (97)	\$ (3,144)	\$ (11,331)	\$ (4,079)	\$ 6,983	\$ 6,983
December 31, 1998	\$ (7,719)	\$ (14,792)	\$ (5,716)	\$ 2,743	\$ 3,386	\$ 2,327

(For items (a) to (h), see page F-21-F-22)

US GAAP Stock-Based Compensation Plans

At December 31, 2000 the Company has two stock-based compensations plans, which are described below. The Company applies APB Opinion No. 25 and related interpretations in accounting for its plans in its US GAAP presentations. Had compensation cost for the Company's stock-based compensation plans been determined based on the fair value at the grant dates for awards under the plans consistent with the method described in Statement of Financial Accounting Standards No. 123, the Company's consolidated net loss and loss per share under US GAAP would have been increased to the pro forma amounts indicated below:

		2000	1999	1998
Net loss under US GAAP	As reported	\$(12,465)	\$(11,335)	\$(15,395)
	Pro forma	\$(13,152)	\$(12,584)	\$(19,831)
Net loss per share under US GAAP	As reported	\$ (0.33)	\$ (0.35)	\$ (0.51)
	Pro forma	\$ (0.35)	\$ (0.39)	\$ (0.66)

Under the 1997 Stock Option Plan ("GSR Plan"), the Company may grant options to employees, consultants and directors of the Company or its subsidiaries for up to 5,600,000 shares of common stock. Under the GSR Plan, the options may take the form of non-qualified stock options, the exercise price of each option shall not be less than the market price of the Company's stock on the date of grant, and an option's maximum term is ten years or such other shorter term as stipulated in a stock option agreement between the Company and the optionee. Options under the GSR Plan are granted from time to time at the discretion of the Board of Directors. Options granted under the GSR Plan vest over periods ranging from immediately to four years from the date of grant and vesting periods are determined at the discretion of the Board of Directors.

Under the Guyanor Ressources S.A. Stock Option Plan (the "Guyanor Plan"), Guyanor may grant options to its employees for up to 4,367,889 shares of Class B common shares. The options may take the form of non-qualified

stock options, the exercise price of each option shall not be less than (i) the equivalent of the Canadian Dollar amount equal to the closing price of the shares on the Toronto Stock Exchange on the trading day immediately prior to the day the option is granted and (ii) 80% of the average closing price on the Nouveau Marché of the Bourse de Paris during the 20 consecutive trading days immediately preceding the date the option is granted. An option's term is ten years. Options under the Guyanor Plan are granted from time to time at the discretion of Guyanor's Board of Directors and vest over periods ranging from immediately to two years.

Following the Plan of Arrangement whereby PARC became a wholly-owned subsidiary of the Company, stock options are still outstanding but there is no market to trade the shares.

During 1999, certain employee stock options were repriced. On January 15, 1999 the Board of Directors of the Company approved, subject to any necessary regulatory and shareholder approvals, the amendment of certain stock options. The number of shares that can be purchased under these outstanding options has been reduced by 20%. The exercise price of outstanding stock options previously granted by the Company to certain directors and officers ("Insiders"), employees and consultants ("Non-Insiders") of the Company was amended to Cdn\$1.80 (if the exercise price was larger than Cdn\$1.80). The exercise price of the stock options being repriced ranges from Cdn\$2.76 to Cdn\$22.40. The total number of shares of the stock options repriced was 2,525,780. Of that amount 2,026,780 were held by Insiders and 499,000 were held by Non-Insiders. All the necessary approvals were obtained and the Insiders' options were reduced to 1,621,424 (a reduction of 405,356) and the Non-Insiders' options were reduced to 399,200 (a reduction of 99,800).

The fair value of each option grant is estimated on the date of grant for all plans using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants in 2000, 1999 and 1998:

	2000	
	GSR Plan	Guyanor Plan
Expected volatility	87.8%	94.7%
Risk-free interest rate	6.10% - 6.79%	6.33% - 6.37%
Expected lives	5 years	5 years
Dividend yield	0%	0%
	1999	
	GSR Plan	Guyanor Plan
Expected volatility	82.2%	90.3%
Risk-free interest rate	4.65% - 6.08%	5.15%
Expected lives	5 years	5 years
Dividend yield	0%	0%
	1998	
	GSR Plan	Guyanor Plan
Expected volatility	105.9%	N/A
Risk-free interest rate	4.37% to 5.70%	N/A
Expected lives	5 years	N/A
Dividend yield	0%	N/A

The following tables summarize information about stock options under the GSR Plan:

	2000		1999		1998	
GSR Plan	Shares (000)	Weighted-Average Exercise Price (Cdn\$)	Shares (000)	Weighted-Average Exercise Price (Cdn\$)	Shares (000)	Weighted-Average Exercise Price (Cdn\$)
Outstanding at beginning of year	3,730	\$1.56	3,497	\$10.40	3,957	\$10.79
Granted	1,695	\$1.39	2,013	\$ 1.42	210	\$ 2.47
Exercised	(62)	\$1.55	(18)	\$ 1.08	(73)	\$ 3.40
Forfeited	(542)	\$1.73	(1,762)	\$ 7.55	(597)	\$15.27
Outstanding at end of year	4,821	\$1.56	3,730	\$ 1.86	3,497	\$10.40
Options exercisable at year-end	3,520		3,127		3,318	
Weighted-average fair value of options granted during the year		1.23		\$ 1.86		\$ 1.90

GSR Plan Range of Exercise Prices (Cdn\$)	Options Outstanding			Options Exercisable	
	Number Outstanding at Dec. 31, 2000 (000)	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price (Cdn\$)	Number Exercisable at Dec. 31, 2000 (000)	Weighted-Average Exercise Price (Cdn\$)
\$1.00 to \$1.15	133	8.38	\$1.09	107	\$1.08
\$1.16 to \$1.64	2,419	9.08	\$1.38	1,145	\$1.37
\$1.65 to \$1.80	2,269	5.48	\$1.79	2,268	\$1.79
	4,821		\$1.56	3,520	\$1.63

The following tables summarize information about stock options for the Guyanor plan:

GSR Plan	2000		1999		1998	
	Shares (000)	Weighted-Average Exercise Price (Cdn\$)	Shares (000)	Weighted-Average Exercise Price (Cdn\$)	Shares (000)	Weighted-Average Exercise Price (Cdn\$)
Outstanding at beginning of year	3,216	\$ 3.40	3,035	\$ 3.56	3,143	\$ 3.60
Granted	70	\$ 0.78	181	\$ 0.72	-	-
Exercised	-	-	-	-	(11)	\$ 1.64
Forfeited	(1,736)	3.87	-	-	(97)	\$ 5.07
Outstanding at end of year	1,550	\$ 2.75	3,216	\$ 3.40	3,035	\$ 3.56
Options exercisable at year-end	1,539		3,095		3,035	
Weighted-average fair value of options granted during the year		\$ 0.70		\$ 0.72		N/A

GSR Plan Range of Exercise Prices (Cdn\$)	Options Outstanding			Options Exercisable	
	Number Outstanding at Dec. 31, 2000 (000)	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price (Cdn\$)	Number Exercisable at Dec. 31, 2000 (000)	Weighted-Average Exercise Price (Cdn\$)
\$0.72 to \$1.64	348	7.83	\$1.18	333	\$1.20
\$2.10 to \$3.30	1,073	4.46	\$2.48	1,073	\$2.48
\$9.20	129	5.95	\$9.20	129	\$9.20
	1,550			1,535	

The following tables summarize information about stock options for the PARC plan:

GSR Plan	2000		1999		1998	
	Shares (000)	Weighted-Average Exercise Price (Cdn\$)	Shares (000)	Weighted-Average Exercise Price (Cdn\$)	Shares (000)	Weighted-Average Exercise Price (Cdn\$)
Outstanding at beginning of year	N/A	N/A	N/A	N/A	2,338	\$ 0.90
Granted	N/A	N/A	N/A	N/A	-	-
Exercised	N/A	N/A	N/A	N/A	-	-
Forfeited	N/A	N/A	N/A	N/A	(2,338)	\$ 0.90
Outstanding at end of year	N/A	N/A	N/A	N/A	-	-
Options exercisable at year-end	N/A	N/A	N/A	N/A	-	-
Weighted-average fair value of options granted during the year	N/A	N/A	N/A	N/A		N/A

Impact of Recently Issued Accounting Standards

In June 1998 the FASB issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (FAS 133). FAS 133 is effective for all fiscal years beginning after June 15, 2000. FAS 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. Since the Company has no derivative instruments and does not hedge, there is currently no impact on the Company's financial statements per this new accounting standard.

Operations by Geographic Area under US GAAP

Information on the Company's continuing operations by geographic area under US GAAP for the years ended December 31, 2000, 1999 and 1998 is shown below. Operating earnings from continuing operations are total revenues less operating expenses of the geographic areas.

	Revenues	Net Income (Loss)	Identifiable Assets
2000			
South America	\$ 29	\$(12,092)	\$ 301
Africa	30,916	(95)	20,809
Corporate	226	(278)	2,910
Total	\$31,171	\$(12,465)	\$24,020
1999			
South America	\$ 345	\$(9,381)	\$12,038
Africa	10,611	2,547	23,246
Corporate	298	(4,501)	10,351
Total	\$11,254	\$(11,335)	\$45,635
1998			
South America	\$ 8	\$(8,626)	\$18,520
Africa	-	(3,002)	1,034
Corporate	627	(3,767)	7,686
Total	\$ 635	\$(15,395)	\$27,240
16. Related Parties			

During 1999, the Company, in conjunction with Anvil Mining NL, acquired BGL (see Note 9). The current President and CEO of the Company, Peter J. Bradford, is also a Director of Anvil Mining NL and this relationship constitutes a related party. Based on the heads of agreement with Anvil to effect the BGL acquisition, the Company provided Anvil with a promissory note for their share of the purchase price and also a note for their share of the acquisition costs. On April 4, 2001, the Company announced that it had entered into an agreement to acquire Anvil's 20% equity interest in BGL in return for the issuance of 3,000,000 common shares of Golden Star.

17. Commitments and Contingencies

Environmental Regulations

The Company is not aware of any events of material non-compliance in its operations with environmental laws and regulations which could have a material adverse effect on the Company's operations or financial condition. 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 requirements that may be enacted within foreign jurisdictions. The environmental rehabilitation liability for reclamation and closure costs at the Bogoso mine was \$5.7 million at December 31, 2000 and \$6.7 at December 31, 1999.

Restricted Cash (for the Environmental Rehabilitation Liability)

Upon the closing of the acquisition of BGL in 1999, the Company was required, according to the acquisition agreement, to restrict \$6 million in cash. These funds are to be used for the ongoing, final reclamation and closure costs relating to the Bogoso mine site. The withdrawal of these funds must be agreed to by the sellers of BGL, who

are ultimately responsible for the reclamation in the event of non-performance by Golden Star and Anvil. During 2000 the Company was allowed to draw down \$1.9 million of the restricted cash to cover ongoing reclamation costs incurred since the September 1999 project acquisition. At December 31, 2000 the remaining balance in the BGL reclamation cash fund was \$4.1 million.

Payment to the IFC

Under the terms of the purchase agreement between the Company, Anvil and the Sellers, the Company and Anvil together were required to make a payment to the Sellers on September 30, 2000 in the amount of \$2.8 million. The amount of the payment was determined using a formula in the purchase agreement, which incorporates the average price of gold during the twelve months ended September 30, 2000. The Company paid the Sellers \$1.4 million on November 9, 2000 and reached agreement with the Sellers that the balance, plus interest at 10% per annum, was to be paid by December 22, 2000. The Company is in discussions with the representatives of the Sellers but, to date the remaining balance and accrued interest is still unpaid.

18. Quarterly Financial Data - Unaudited

	2000			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net Sales	8,991	9,110	7,742	5,328
Gross Profit/(Loss)	949	319	(1,190)	(15,541)
Net Income	(70)	(156)	(1,689)	(12,966)
Earning/(Loss) Per Common Share	\$ 0.00	\$ 0.00	(\$0.04)	(\$0.36)

	1999			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net Sales	166	56	65	10,294
Gross Profit/(Loss)	65	(3,240)	(20,527)	1,618
Net Income	(273)	(3,993)	(20,390)	290
Earning/(Loss) Per Common Share	(\$0.01)	(\$0.13)	(\$0.65)	\$ 0.03

Year 2000:

Third quarter results included a \$1.7 million impairment adjustment for the Dachine diamond property. Fourth quarter results included \$15.0 million of impairment related write-offs of several deferred exploration projects in Africa, French Guiana, and Guyana.

Year 1999:

Deferred exploration costs of \$3.3 million were written off in the second quarter of 1999 all related to projects in Brazil. During the third quarter of 1999 an additional \$20.4 million of deferred exploration costs were written off related to projects in Guyana, Suriname, French Guiana, Kenya and the Ivory Coast.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND

FINANCIAL DISCLOSURE

There have been no disagreements with PricewaterhouseCoopers LLP, the Company's chartered accountants, regarding any matter of accounting principles or practices or financial statement disclosure.

PART III

ITEMS 10, 11, 12 AND 13

In accordance with General Instructions G(3), the information required by Part III is hereby incorporated by reference from the Company's proxy statement to be filed pursuant to Regulation 14A not later than 120 days after the fiscal year covered by this report.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this Report:

1. Financial Statements

Management's Report

Auditors' Report

Consolidated Balance Sheets as of December 31, 2000 and 1999 Consolidated Statements of Operations Years Ended December 31, 2000, 1999 and 1998

Consolidated Statement of Changes in Shareholders' Equity Years Ended December 31, 2000, 1999 and 1998

Consolidated Statements of Cash Flows Years Ended December 31, 2000, 1999 and 1998

Notes to Consolidated Financial Statements

2. Financial Statement Schedules

Financial Statement schedules have been omitted since they are either not required, are not applicable, or the required information is shown in the financial statements or related notes.

(b) Reports on Form 8-K.

On October 5, 2000 the Company filed with the Securities and Exchange Commission a Form 8-K regarding an appeal filed by the Company against the American Stock Exchange's intention to remove the Company's shares from listing on the Exchange.

On October 20, 2000 the Company filed with the Securities and Exchange Commission a Form 8-K regarding the results from the bulk sampling program undertaken by Guyanor and its joint venture partner Rio Tinto Mining and Exploration Limited on the Dachine Diamond Project in French Guiana and Rio Tinto's intention to withdraw from the project and terminate of the joint venture.

EXHIBITS

- 2 (a) Articles of Arrangement dated March 7, 1995 with Plan of Arrangement attached (incorporated by reference to Exhibit 2.1 to the Company's Form 10-K for the year ended December 31, 1994)
- 3 (a) Articles of Amalgamation of the Company (incorporated by reference to Exhibit 1.1 to the Company's Registration Statement on Form 20-F, filed on May 10, 1993)
- 3 (b) By-laws of the Company (incorporated by reference to Exhibit 1.2 to the Company's Registration Statement on Form 20-F, filed on May 10, 1993)
- 3 (c) By-law Number One amended and restated (incorporated by reference to Exhibit 3 to the Company's Form 10-Q for quarter ended June 30, 1995)
- 4 (a) Form of Stock Certificate (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-8 filed on July 15, 1994)

- 4 (b) Registration Statement Form S-3 (333-12673) (incorporated by reference as filed on October 2, 1997)
- 4 (c) Rights Agreement dated April 24, 1996, between the Company and The R-M Trust Company (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated May 7, 1996)
- 4 (d) Amendment to Rights Agreement between the Company and CIBC Mellon Trust Company (formerly, the R-M Trust Company) dated as of June 30, 1999 (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q for the period ended June 30, 1999)
- 4 (e) Indenture, dated as of August 24, 1999, between the Company and IBJ Whitehall Bank & Trust Company, as trustee (the "Trustee") (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated August 24, 1999)
- 4 (f) Indenture Supplement, dated as of August 24, 1999, between the Company and the Trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated August 24, 1999)
- 4 (g) Form of Specimen of Debenture (incorporated by reference to Exhibit 4.3 to the Company's Form 8-K dated August 24, 1999)
- 4 (h) Form of Specimen of Four-Year Warrant (incorporated by reference to Exhibit 4.4 to the Company's Form 8-K dated August 24, 1999)
- 4 (i) Form of Specimen of Eighteen-Month Warrant (incorporated by reference to Exhibit 4.5 to the Company's Form 8-K dated August 24, 1999)
- 4 (j) Form of Specimen of Broker Warrant (incorporated by reference to Exhibit 4.6 to the Company's Form 8-K dated August 24, 1999)
- 10 (a) Memorandum of Association of Omai Gold Mines dated August 15, 1990 and entered into among Cambior, the Company and the Government of Guyana (incorporated by reference to Exhibit 3.4 to the Company's Registration Statement on Form 20-F, filed on May 10, 1993)
- 10 (b) Omai Mineral Agreement dated August 16, 1992 respecting the Omai Gold Mine (incorporated by reference to Exhibit 3.10 to the Company's Registration Statement on Form 20-F, filed on May 10, 1993)
- 10 (c) Gross Rosebel Mineral Agreement dated April 7, 1994 between The Republic of Suriname, Grasshopper Aluminum Company N.V. and the Company (English translation) (incorporated by reference to Exhibit 10.9 to the Company's Form 10-K for the year ended December 31, 1994)
- 10 (d) Option Agreement dated June 1, 1994 between Cambior Inc. and the Company regarding the Gross Rosebel property (incorporated by reference to Exhibit 10.10 to the Company's Form 10-K for the year ended December 31, 1994)
- 10 (e) Option Agreement dated May 11, 1994 between Cambior Inc. and the Company regarding Yaou and Dorlin properties (incorporated by reference to Exhibit 10.11 to the Company's Form 10-K for the year ended December 31, 1994)
- 10 (f) Management Services Agreement dated January 1, 1995 between the Company and Guyanor Ressources S.A. (incorporated by reference to Exhibit 10.18 to the Company's Form 10-K for the year ended December 31, 1995)

- 10 (g) English translation of the Exploration Agreement dated May 13, 1996, between the Company's wholly owned subsidiary Southern Star Resources Ltd. and its wholly-owned Brazilian subsidiary, Estrela Sul do Brasil Empreendimentos Ltda. and Companhia Vale do Rio Doce and its subsidiary Rio Doce Geologia e Mineracao S.A. (incorporated by reference to Exhibit 10.24 to the Company's Form 10-K for the year ended December 31, 1996)
- 10 (h) English translation of the Option and Joint Venture Agreement dated June 26, 1996, between Societe de Travaux Publics et de Mines Aurifere en Guyane, Societe Guyanaise des Mines, LaSource Developpement SAS and ASARCO Exploration Company for the Paul Isnard property (incorporated by reference to Exhibit 10.26 to the Company's Form 10-K for the year ended December 31, 1996)
- 10 (i) 1997 Stock Option Plan as amended and restated to June 14, 1999 (incorporated by reference to Exhibit 10.33(a) to the Company's Form 10-K for the year ended December 31, 1999)
- 10 (j) Employees' Stock Bonus Plan amended and restated to April 6, 2000
- 10 (k) Guyanor Ressources S.A. Stock Option Plan amended and restated as of June 15, 1999 (English translation) (incorporated by reference to Exhibit 10.35(a) to the Company's Form 10-K for the year ended December 31, 1999)
- 10 (l) Standardized Adoption Agreement for a 401-K Savings Plan adopted January 1, 1996 (incorporated by reference to Exhibit 10.28 to the Company's Form 10-K for the year ended December 31, 1995)
- 10 (m) Employment contract with Mr. Peter Bradford dated November 1, 1999 (incorporated by reference to Exhibit 10.38(c) to the Company's Form 10-K for the year ended December 31, 1999)
- 10 (n) Agreements between the Company and its outside directors granting them options to purchase Guyanor Class "B" common shares, (1) dated December 8, 1995, and December 10, 1996 (incorporated by reference as Exhibit 10.39 to the Company's Form 10-K for the year ended December 31, 1996), (2) dated December 9, 1997 (incorporated by reference to Exhibit 10.39(a) to the Company's Form 10-K for the year ended December 31, 1997), (3) dated December 8, 1998 (incorporated by reference to Exhibit 10.39(b) to the Company's Form 10-K for the year ended December 31, 1998), and (4) dated June 15, 1999 (incorporated by reference to Exhibit 10.39(c) to the Company's Form 10-K for the year ended December 31, 1999)
- 10 (o) Registration Rights Agreement between the Company, Elliott Associates, L.P. and Westgate International L.P. (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q for the period ended June 30, 1999)
- 10 (p) Warrant to purchase common stock granted by the Company to Elliott Associates, L.P. dated June 9, 1999 (incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q for the period ended June 30, 1999)
- 10 (q) Agreement for the sale and purchase of debt and 90% of the shares of Bogoso Gold Limited dated as of June 1, 1999 (incorporated by reference to Exhibit 10.4 to the Company's Form 10-Q for the period ended June 30, 1999)
- 10 (r) Revised and Restated Agreement, dated as of June 1, 1999, among the Company, Anvil and the other parties signatory thereto Agent (incorporated by reference to Exhibit 2.1 to the Company's Form 8-K dated September 30, 1999)

- 10 (s) Credit Facility letter and Option Premium Letter between Elliott Associates L.P. and the Company entered into on May 5, 1999 in connection with the purchase of 90% interest in Bogoso Gold Mine Ltd. (incorporated by reference to Exhibit 10.5 to the Company's Form 10-Q for the period ended June 30, 1999)
- 10 (t) Agency Agreement, dated August 16, 1999, between the Company and TD Securities (USA) Inc, as agent (the "Agent") (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K dated August 24, 1999)
- 10 (u) Registration Rights Agreement, dated as of August 24, 1999, between the Company and the Agent (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K dated August 24, 1999)
- 10 (v) Escrow Agreement, dated as of August 24, 1999, among the Company, the Agent, IBJ Whitehall Bank & Trust Company, as escrow agent, and International Finance Corporation (incorporated by reference to Exhibit 10.3 to the Company's Form 8-K dated August 24, 1999)
- 10 (w) Heads of Agreement dated June 9, 1999, between Guyanor Ressources S.A. and Rio Tinto Mining and Exploration Limited regarding the Dachine project in French Guiana (incorporated by reference to Exhibit 10.50 to the Company's Form 10-K for year-end 1999)
- 10 (x) Heads of Agreement dated December 29, 2000, between Guyanor Ressources S.A. and Rio Tinto Mining and Exploration Limited regarding the Paul-Isnard project in French Guiana
- 10 (y) Share Subscription Agreement dated December 28, 2000 between the Company and Rio Tinto Mining and Exploration Limited
- 21.1 Subsidiaries of the Registrant
- 23.1 Consent of PricewaterhouseCoopers LLP, Chartered Accountants

SIGNATURES

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

**GOLDEN STAR RESOURCES LTD.
Registrant**

By: /s/ Peter J. Bradford

Peter J. Bradford
President and Chief Executive Officer

Date: April 10, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

By: /s/ Peter J. Bradford

Name: Peter J. Bradford

Title: President and CEO

Date: April 10, 2001

By: /s/ Allan J. Marter

Name: Allan J. Marter

Title: Vice-President and Chief Financial Officer

Date: April 10, 2001

By: /s/ James E. Askew

Name: James E. Askew

Title: Director

Date: April 10, 2001

By: /s/ David K. Fagin

Name: David K. Fagin

Title: Director

Date: April 10, 2001

By: /s/ Ernest C. Mercier

Name: Ernest C. Mercier

Title: Director

Date: April 10, 2001

By: /s/ Ian MacGregor

Name: Ian MacGregor

Title: Director

Date: April 10, 2001

By: /s/ Robert R. Stone

Name: Robert R. Stone

Title: Director

Date: April 10, 2001

GOLDEN STAR RESOURCES LTD.

EMPLOYEES' STOCK BONUS PLAN (Amended and Restated to April 6, 2000)

1. Purpose

1.1 The purpose of the Employees' Stock Bonus Plan (the "Plan") is to establish a plan to advance the interests of Golden Star Resources Ltd. (the "Corporation") by providing an incentive to, and encouraging equity participation in the Corporation by, selected key employees of the Corporation or subsidiaries of the Corporation through the grant of common shares without par value ("Shares") in the Corporation.

2. Administration of the Plan

2.1 The Plan will be administered by a specifically designated independent committee (currently the Compensation and Corporate Governance Committee) ("Independent Committee") of the Board of Directors of the Corporation (the "Board of Directors"). The Independent Committee is authorized to do, or cause to be done, all necessary things and formalities in connection with the issuance of Shares under the Plan. The Independent Committee shall consist of such two or more directors of the Corporation as the Board of Directors may designate from time to time, all of whom shall be and remain directors of the Corporation. To the extent necessary to comply with Rule 16b-3 under the Securities Exchange Act of 1934 (the "Exchange Act"), as amended ("Rule 16b-3"), each member of the Independent Committee shall be intended to be a "non-employee director" within the meaning of Rule 16b-3. The Independent Committee is authorized to interpret the Plan and may from time to time amend or rescind rules and regulations required for carrying out the Plan. Any such interpretation or construction of any provision of the Plan shall be final and conclusive. The Corporation shall pay all administrative costs of the Plan. No member of the Independent Committee shall be liable for any action or determination made in good faith with respect to the Plan or any stock bonuses granted under it.

3. Participation

3.1 Where the Independent Committee in its discretion decides that any full-time or part-time employee (whether or not a Director) of the Corporation or any of its subsidiaries has rendered meritorious services which contributed to the success of the Corporation or any of its subsidiaries, the Independent Committee shall have the right in its sole and absolute discretion to cause the Corporation to issue shares pursuant to the Plan to such employee. The Independent Committee may, at its discretion, require such employee to enter into an agreement with the Corporation, on any terms and conditions, subject to any provisos and restrictions, and for such cash consideration, if any, as the Independent Committee may determine for the issuance of any number of Shares (subject to section 3.2) to any such employee. No Shares shall be issued pursuant to the Stock Bonus Plan unless the employee has entered into such an agreement with the Corporation at the direction of the Independent Committee.

3.2 The maximum number of Shares that may be issued under the Plan shall be 900,000 Shares (excluding Shares issued under the Plan prior to April 6, 2000). Such maximum number of Shares shall be appropriately adjusted in the event of any subdivision or consolidation of the Shares. The maximum number of Shares that may be issued under the Plan in any calendar year shall not exceed in the aggregate 2% of the total number of outstanding Shares on December 31 of the immediately preceding calendar year, provided that each issuance of Shares under the Plan shall not cause the following limitations to be exceeded:

(a) the maximum number of Shares issuable under the Plan in any calendar year to any one Insider of the Corporation shall not exceed in the aggregate 1% of the total number of outstanding Shares on December 31 of the immediately preceding calendar year;

(b) the total number of Shares issuable within any one-year period to all Insiders of the Corporation pursuant to the Plan and pursuant to the exercise of vested options granted under other share compensation arrangements of the Corporation shall not exceed 10% of the Outstanding Issue (as defined below); and

(c) the total number of Shares issuable within any one-year period to an employee under the Plan and, if applicable, such employee's "associates" (as defined under the Securities Act (Ontario)) pursuant to the Plan and pursuant to the exercise of vested options granted under other share compensation arrangements of the Corporation shall not exceed 5% of the Outstanding Issue.

"Insiders" has the meaning set forth in The Toronto Stock Exchange's policy issued March 22, 1994 entitled "Employee Stock Option and Stock Purchase Plans, Options for Services and Related Matters". "Outstanding Issue", for the purposes of the Plan, is determined on the basis of the number of Shares that are outstanding immediately prior to the Share issuance or option grant in question, excluding Shares issued pursuant to the Plan or the Corporation's other share compensation arrangements over the preceding one-year period.

4. Employment

4.1 Nothing contained in the Plan shall confer upon any employee any right with respect to employment or continuance of employment with the Corporation or any of its subsidiaries, or interfere in any way with the right of the Corporation or any of its subsidiaries to terminate the employee's employment at any time.

5. Securities Regulation and Tax Withholding

5.1 Where necessary to effect exemption from registration or distribution of the Shares under securities laws applicable to the securities of the Corporation, the Board of Directors and the Independent Committee may take such action or require such action or agreement by such employee as may from time to time be necessary to comply with applicable securities laws. This provision shall in no way obligate the Corporation to undertake the registration or qualification of any Shares under any securities laws applicable to the securities of the Corporation.

5.2 The Board of Directors and the Corporation may take all such measures as they deem appropriate to ensure that the Corporation's obligations under the withholding provisions under income tax laws applicable to the Corporation and other provisions of applicable laws are satisfied with respect to the issuance of Shares pursuant to the Plan.

5.3 Issuance, transfer or delivery of certificates for Shares purchased or received pursuant to the Plan may be delayed, at the discretion of the Independent Committee, until the Independent Committee is satisfied that the applicable requirements of securities and income tax laws have been met.

6. Amendment of the Plan

6.1 The Board of Directors reserves the right to amend or terminate the Plan at any time if and when it is advisable in the absolute discretion of the Board of Directors, provided, however, that no such amendment or termination shall adversely affect any outstanding Shares granted under the Plan. In addition, any amendment of the Plan which would materially increase the benefits accruing to participants under the Plan or materially increase the number of securities which may be issued under the Plan or materially modify the requirements as to eligibility for participation in the Plan will be effective only upon the approval of the shareholders of the Corporation. Any material amendment to the Plan shall also be subject to any necessary approvals of any stock exchange or regulatory body having jurisdiction over the securities of the Corporation

7. No Representation or Warranty

7.1 The Corporation makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

8. Necessary Approvals

8.1 The obligation of the Corporation to issue and delivery any Shares in accordance with the Plan is also subject to any necessary approval of any regulatory authority having jurisdiction over the securities of the Corporation. If any Shares cannot be issued to an employee for whatever reason, the obligation of the Corporation, if any, to issue such Shares shall terminate.

PRIVATE AND CONFIDENTIAL

Guyanor Ressources S.A.
Lotissement Calimbe II
Route du Tigre
97337 Cayenne
French Guiana

Attention: President

And

Societe de Travaux Publics et
de Mines Auriferes en Guyane SARL
Lotissement Calimbe II
Route du Tigre
97337 Cayenne
French Guiana

Attention: President

29 December 2000
Ref: 201036b.KHH

Dear Sirs:

Paul-Isnard Option and Joint Venture - Heads of Agreement

We refer to our recent discussions concerning Guyanor Ressources S.A. ("Guyanor Ressources") and its wholly owned subsidiary, Societe de Travaux Publics et de Mines Auriferes en Guyane SARL ("SOTRAPMAG"), pursuant to which you have agreed to grant Rio Tinto Mining and Exploration Limited ("Rio Tinto") an option to acquire an interest in and enter into a joint venture for the purpose of exploration and later possible evaluation, development and mining of that certain area in French Guiana known as the Paul-Isnard Property (the "Property"). For ease of reference, Guyanor Ressources and SOTRAPMAG are collectively referred to herein as "Guyanor".

Certain of the mineral rights comprising the Property are directly held by Guyanor Ressources and others are held by SOTRAPMAG. Guyanor Ressources hereby undertakes to retain and exercise control of SOTRAPMAG to the extent necessary to fulfil the obligations of Guyanor Ressources and SOTRAPMAG hereunder to Rio Tinto.

Rio Tinto understands that, on June 4, 1996, SOTRAPMAG entered into an Option and Joint Venture Agreement (the "La Source JVA") with ASARCO Incorporated ("ASARCO") and La Source Developpement SAS ("La Source") with respect to the Property. ASARCO's rights and obligations under the La Source JVA were terminated on May 28 1998 pursuant to a letter of termination. La Source's only remaining right under the La Source JVA is the 2.5% Net Profit Interest referred to in Clause 9.1(c) hereunder.

It is the intent of the parties that these Heads of Agreement will be replaced by a more detailed Option and Joint Venture Agreement (the "Joint Venture Agreement") to be executed by the parties within twelve (12) months of the date of this letter. The Joint Venture Agreement will contain super majority provisions to protect Guyanor's minority rights in the Joint Venture as set out in Clause 4.3 below. Until superseded by the more detailed Joint Venture Agreement, these Heads of Agreement shall govern the rights and obligations of the parties with respect to the subject matter hereof.

1. Scope of the Option and Possible Joint Venture

1.1 From the date hereof until the third anniversary of these Heads of Agreement, Guyanor grants to Rio Tinto an exclusive option to establish a joint venture (the "Joint Venture"), with respect to Guyanor's right, title and interest in the Property for the purpose of exploration and later possible evaluation, development and mining of minerals within the Property. For the purposes of these Heads of Agreement and the Joint Venture Agreement, the "Property" shall consist of the mineral rights and concessions or parts thereof listed in Schedule 1.1-A and the location of which are approximately shown on the map in Schedule 1.1-B of these Heads of Agreement.

1.2 While these Heads of Agreement and the Joint Venture Agreement remain current, the parties agree to make available, for the benefit of their joint undertaking described herein and the Joint Venture, any prospecting, exploration or mining rights held or applied for by them or their affiliates (including such rights as are held at the date of this letter) within the outermost boundaries of the Property.

1.3 Areas of Interest

1.3.1 While these Heads of Agreement and the Joint Venture Agreement remain current, the parties agree that if either of them acquires an interest in the two concessions known as the Tanon concessions - those being concessions nos. 01/32 and 01/33 - or to any other form of mineral right within the area of the Tanon concessions, those acquired rights shall be included under the terms of this agreement.

1.3.2 While these Heads of Agreement and the Joint Venture Agreement remain current Guyanor hereby grants Rio Tinto a right of first offer in respect of that part of Permis A no 75/99 lying outside the Property. That right of first offer will be as per the definition of Right of First Offer in Clause 11.1 hereunder except that where that Clause 11.1 reads "Property" it shall

refer to the area referred to in this Clause 1.3.3 for the purpose of the first right of offer referred to in this Clause 1.3.3.

1.4 For avoidance of doubt, nothing contained in these Heads of Agreement or the Joint Venture Agreement shall restrict the ability of the parties to engage in and receive the full

benefit of their business activities outside the Property except as provided for in Clause 1.3.

2. Rio Tinto Earn-In rights

2.1 Rio Tinto's undivided beneficial interest in the Property and its participating interest in the Joint Venture (collectively a "Participating Interest") shall be zero percent until it has fulfilled the requirements set out herein to acquire its 40% Participating Interest and until that time Guyanor's Participating Interest shall be 100%.

2.2 Rio Tinto shall have the right, but not the obligation, to acquire a 40% Participating Interest by sole funding work expenditures within the Property up to a total of US\$2,250,000 before the third anniversary of this Heads of Agreement.

2.3 Upon completion of US\$2,250,000 in work expenditures funded by Rio Tinto within the Property before the third anniversary hereof, Rio Tinto shall have earned a 40% Participating Interest free and clear of all encumbrances other than proportionate responsibility for the 2.5% Net Profits Interest that may become payable to La Source. Rio Tinto may then elect at its sole option to earn a further 30% Participating Interest in the Joint Venture by sole funding a further US\$6,750,000 in work expenditures by the fifth anniversary of these Heads of Agreement.

2.4 For the avoidance of doubt, during any period during which Rio Tinto shall be earning in a Participating Interest in the Joint Venture, be it 40% or the additional 30%, Guyanor shall be carried by Rio Tinto and therefore shall not be required to contribute to any program and budget of the Joint Venture nor shall Guyanor's Participating Interest be diluted during such period. If Rio Tinto has elected to earn the additional 30%, its interest shall only increase from 40% if it completes the additional US\$6,750,000 of work expenditures required to earn the additional 30%.

2.5 Promptly after having earned either a 40% Participating Interest or a 70% Participating Interest in the Joint Venture, Rio Tinto shall notify Guyanor in writing of the fact that it now holds a 40% or a 70% Participating Interest.

2.6 Upon receiving notice in writing from Rio Tinto that Rio Tinto has earned a 70% Participating Interest, Guyanor shall elect either:

(a) to fund its 30% Participating Interest and consequently thereafter the parties shall contribute to the funding of Joint Venture operations in proportion to their respective Participating Interests or otherwise have their Participating Interests adjusted as provided for in Clause 6 below, or

(b) to request that Rio Tinto continue sole funding 100% of the costs and expenses of the Joint Venture until the commencement of commercial production of the first mine within the Property. If Guyanor makes this election, Rio Tinto's Participating Interest shall be increased by 10% from 70% to 80% by sole funding all of the Joint Venture's work programs and budgets until the commencement of commercial production of a mine within the Property. Rio Tinto's additional 10% Participating Interest in the Joint Venture shall vest upon commencement of commercial production of a mine within the Property.

For purposes of these Heads of Agreement, "commencement of commercial production" means the last day of the first period of 90 consecutive days (excluding days, if any, where mining operations are legally required to be suspended) during which mining operations have been conducted pursuant to the feasibility study upon which the decision to develop the mine was based at 70% of the planned operating capacity of the processing facilities.

Upon commencement of commercial production within the Property, 20% of all the expenditures incurred by Rio Tinto between the date of Guyanor's election hereunder and the commencement of commercial production within the Property shall be payable on a priority basis to Rio Tinto out of 80% of all the amounts distributable by the Joint Venture to Guyanor and the balance, ie 20%, shall be immediately distributed to Guyanor. The unpaid balance of all principal amounts repayable to Rio Tinto under this paragraph shall bear interest from the date the expenditures were made at a simple rate per annum (i.e., shall not be compounded) equal to 3% plus 12 month LIBOR as in effect from time to time.

2.7 Upon receiving notice in writing from Rio Tinto that Rio Tinto has earned a 40% Participating Interest and does not elect to earn the additional 30% Participating Interest, Guyanor shall thereafter fund its 60% Participating Interest and Rio Tinto shall fund its 40% Participating Interest and consequently thereafter the parties shall contribute to the funding of the Joint Venture operations in proportion to their respective Participating Interests or otherwise have them adjusted as provided in Clause 6 below.

2.8. If Guyanor does not make the election referred to in paragraph 2.6(b), Guyanor shall thereafter fund its 30% Participating Interest and Rio Tinto shall fund its 70% Participating Interest and consequently thereafter the parties shall contribute to the funding of the Joint Venture operations in proportion to their respective Participating Interests or otherwise have them adjusted as provided in Clause 6 below.

2.9 In order to maintain its option under these Heads of Agreement, Rio Tinto shall fulfil the following conditions:

(a) in the period being one year from the date on which these Heads of Agreement are signed, Rio Tinto shall sole fund work expenditures on the Property of at least US\$750,000 (the "Minimum Expenditure"). This Minimum Expenditure shall be funded by means of Guyanor as Operator using US\$750,000 of the proceeds of a US\$1,000,000 private placement taken by Rio Tinto (or an affiliate) in shares of Golden Star Resources Ltd. This US\$750,000 shall be in addition to the US\$2,250,000 of work expenditures required to be spent by Rio Tinto before the third anniversary to earn a 40% Participating Interest.

(b) in order for Rio Tinto to maintain its option to earn a 40% interest in the Property, for each calendar year commencing 1 January 2002 and while these Heads of Agreement or the Joint Venture Agreement, as the case may be, remains current, Rio Tinto must incur work expenditures on the Property of at least US\$500,000.

Except for the Minimum Expenditure the making of any work expenditure under these Heads of Agreement or the Joint Venture, as the case may be up to the time Rio Tinto has earned its 40% Participating Interest, shall be in the sole

discretion of Rio Tinto and the sole remedy of Guyanor in the event that Rio Tinto does not meet any of its work expenditure requirements hereunder, up to the time Rio Tinto has earned its 40% Participating Interest excepting force majeure, shall be termination of this Agreement. If any of the expenditure conditions herein up to the time Rio Tinto has earned its 40% Participating Interest are not met, except for reason of force majeure, Rio Tinto shall be deemed to have withdrawn from this Agreement and the parties shall have no further obligation to each other except as may be otherwise provided in clause 3 of this Heads of Agreement.

- (c) after Rio Tinto has earned its 40% interest in the Property, in order for it to maintain its option to earn a further 30% interest in the Property, for each 12 month period between anniversaries of Rio Tinto vesting at 40%, Rio Tinto must incur work expenditures on the Property of at least US\$500,000 or pay in cash to Guyanor within 30 days after the relevant anniversary the shortfall between actual lesser expenditures and US\$500,000- such shortfall expenditure shall be deemed to be work expenditure for purposes of these Heads of Agreement. If Rio Tinto has not incurred this level of work expenditure in any given 12 month period after vesting at 40%, Guyanor shall have the right, but not the obligation, to become manager and operator of the Joint Venture and the provisions in Clause 6 shall apply thereafter.

If Rio Tinto is prevented by force majeure from incurring work expenditures necessary to maintain or exercise its option then it shall have additional time to incur such work expenditures as is equal to the duration of the force majeure condition.

- 2.10 Guyanor undertakes to do all acts and to execute all documents as shall be necessary to enable Rio Tinto to earn, hold and protect its right to acquire the Participating Interests herein provided for.
- 2.11 Guyanor further undertakes that from the date hereof and for as long as Rio Tinto is the manager and/or operator of the Joint Venture, it will not make any representation, statement or commitment to any governmental or state authority relating to the level of work expenditures to be made on any properties within the Area of Interest without first obtaining Rio Tinto's written consent.
- 3. Withdrawal
 - 3.1 Any party may withdraw from these Heads of Agreement or the Joint Venture Agreement after Rio Tinto has ceased sole funding by giving not less than 60 days prior written notice to the other party of its intention to do so.
 - 3.2 Upon withdrawal the withdrawing party shall at the request of the other party transfer to the non-withdrawing party all its right, title and interest to any prospecting, exploration, development, or other form of mineral right that are the subject of the Joint Venture Agreement and until such time as such transfer is made the withdrawing party shall hold such rights for and on behalf of the non-withdrawing party. The withdrawing party shall continue to be liable, to the extent of its Participating Interest prior to its withdrawal, for any liabilities or obligations that arose out of operations or activities prior to the date of its withdrawal, including, without limitation, in the case of Rio Tinto any amount due under section 2.5 hereof.

- 3.3 If Rio Tinto withdraws from these Heads of Agreement, it shall:
- (a) meet the percentage which corresponds to its percentage Participating Interest (which for the purposes of this clause 3.3(a) shall be deemed to be 100% during the period prior to Rio Tinto earning its 40% Participating Interest) of the costs of any environmental or rehabilitation liabilities which arise under French law as a consequence of the activities or operations undertaken on the Property according to work programmes specified by the Management Committee after the date of these Heads of Agreement and prior to its withdrawal, provided that such liabilities arise either from Rio Tinto's conduct as Operator or from the prudent conduct of Guyanor in accordance with Clause 5.6 hereunder and are not the result of any gross negligent or wilful reckless act or omission by Guyanor; and
 - (b) meet the percentage which corresponds to its percentage Participating Interest (which for the purposes of this clause 3.3(b) shall be deemed to be 100% during the period prior to Rio Tinto earning its 40% Participating Interest) of any costs which might be incurred by Guyanor under French labour law with respect to work force reductions that are specifically caused by Rio Tinto's withdrawal and which relate solely and exclusively to the period after the date hereof and have been approved by the Management Committee (including the layoff of any employee employed by Guyanor before and at the date hereof), and the direct field demobilisation costs specifically arising from Rio Tinto's decision to withdraw provided such costs were incurred exclusively as a result of Rio Tinto's entry into this agreement and any amount due under section 2.5(a) above. For greater clarity, if the total of such costs as are referred to in this paragraph that are incurred by Guyanor as a result of Rio Tinto's decision to withdraw comprise amounts in respect of periods before and after the date hereof, only that part relating to after the date hereof shall be borne by Rio Tinto.
- 3.4 Subject to the provisions of Clause 3.2 above, where a party has withdrawn from the Joint Venture, the other party shall do all things and execute all documents to ensure that the withdrawing party's name is removed from any register pertaining the exploration and/or mining rights held by the Joint Venture.
4. Work Programmes and Management Committee
- 4.1 No later than 30 days after the date hereof, the parties shall establish a Management Committee to determine the annual work programmes and budgets and to generally oversee exploration, evaluation and development activities within the Property. Each party shall be entitled to appoint two members to the Management Committee. A quorum shall be deemed formed if there is at least one member present from each party. In lieu of physical meetings, the Management Committee may hold telephone conferences, so long as decisions are immediately confirmed in writing and signed by the parties.
- 4.2 (i) During such period as Rio Tinto is sole funding work expenditures, it shall determine all decisions of the Management Committee. (For avoidance of doubt this provision shall also apply during the period that the Minimum Expenditure is being made).

- (ii) Thereafter, subject to the terms of paragraph (iii) of this clause, each party shall have a vote on the Management Committee in proportion to its Participating Interest, and decisions of the Management Committee shall, subject to Clause 4.3 hereunder, be decided by a simple majority of votes.
- (iii) If Rio Tinto holds a majority Participating Interest greater than 51% but has ceased to be manager and operator - other than in the case it has appointed a third party or affiliate as manager and operator - the decisions of the Management Committee shall be determined by Guyanor as if it held a 51% Participating Interest until such time as Guyanor has earned a 51% or greater Participating Interest, in which case the terms of paragraph (ii) of this clause shall prevail.

Throughout the term of this Heads of Agreement and the Joint Venture Agreement, but only after Rio Tinto has earned its 40% Participating Interest, the Management Committee may determine to surrender mineral rights that are subject to this agreement, but the Operator shall not proceed with such surrender before giving the other party the opportunity to adopt such mineral rights in its name - any such transfer being free of consideration (but the transferee shall bear the costs of such transfer).

The Management Committee shall convene at least once every three months in a location to be agreed between the parties, failing which, it shall meet in Cayenne, French Guiana.

4.3 The following matters shall require votes representing at least 90% of the Participating Interests in the Joint Venture:

- (a) surrender or abandonment of any part of the Property;
- (b) re-negotiation of the terms under which the Property is held;
- (c) the sale, encumbrance or disposal of Assets of the joint venture other than in the ordinary course of business or as expressly provided for in these Heads of the Joint Venture Agreement.
- (d) Debt financing arrangements for the Joint Venture (as opposed to the participants) with affiliates of the parties;
- (e) Capital expansion programs within five years following commencement of commercial production;
- (f) Forward selling and hedging programs;
- (g) Declarations of force majeure;
- (h) Any changes in policies on accounting (including any changes in administrative charges) and on dividends and distribution of profit of the Joint Venture.

4.4 The full Joint Venture Agreement shall contain a mutually agreed policies on accounting and on dividends and distribution of profit.

4.5 If the party that is Operator under these Heads of Agreement or under the Joint Venture Agreement or the party that controls the decisions of the Management Committee

engages an affiliate to provide goods, services or financing to the joint venture, it shall do so on terms no less favourable than those available from independent third parties on arm's length terms.

5. Operator

5.1 Guyanor shall be appointed the first Operator of operations to be undertaken under these Heads of Agreement and the Joint Venture Agreement.

5.2 During the period of this Agreement the Operator shall provide the other party monthly reports of exploration progress and expenditure in such reasonable detail and according to such reasonable schedule as the other party may request.

5.3 The Operator undertakes to promptly inform the non-operator of any occurrence or non occurrence that may affect the validity of good standing of the Property or any part of it.

5.4 The Operator undertakes to promptly inform the non-operator of any adverse environmental, health, safety or community relations event or issue arising out of or in relation to work performed under this Heads of Agreement or the Joint Venture Agreement.

5.5 During the period in which Guyanor is Operator, unless provided in an approved programme and budget, it shall seek Rio Tinto's consent to the making of any commitment of duration longer than the then current work programme and budget or calendar year whichever is the shorter.

5.6 Following completion of the Minimum Expenditure in accordance with paragraph 2.7(a), or in the event of the insolvency of Guyanor, or default by it in performance of its obligations hereunder, Rio Tinto (or its nominated affiliate) may elect, and shall have the right upon making such election, to be appointed the Operator of operations to replace Guyanor. Rio Tinto shall meet any reasonable employee cost that may be incurred by Guyanor in respect of liabilities created after the date hereto under French law with respect to work force reductions that are specifically caused by Rio Tinto replacing Guyanor as Operator.

5.7 Any party appointed Operator under these Heads of Agreement or the Joint Venture Agreement shall manage, direct and conduct operations within the Property in accordance with all Management Committee decisions.

5.8 The Operator shall conduct all operations in an efficient and workmanlike manner, in accordance with the highest standards of safety and sound mining industry practice, and in compliance with all applicable laws and the provisions of any exploration or mining titles held for the benefit of the Joint Venture and shall make best efforts to preserve the title to the Property in good standing, free from liens or encumbrances, and pay all taxes, filing fees, third-party costs and employee wages as and when due. In no event shall standards of environmental, health, safety and community relations care and management be less than those required by Rio Tinto corporate policy.

5.9 Either party may call a meeting of the Management Committee upon giving reasonable written notice to the other. A notice of five working days in French Guiana shall be deemed to constitute reasonable notice hereunder.

- 5.10 Where Guyanor is Operator, Rio Tinto shall have the right to second or contract a geologist to Guyanor, to evaluate and assist with the implementation of the approved programmes. The costs of that secondment shall be expenditures hereunder. Likewise, where Rio Tinto is the Operator, Guyanor shall have the right to second or contract a geologist to Rio Tinto, to evaluate and assist with the implementation of the approved programmes. The costs of that secondment shall be part of the work program and budget of the Joint Venture.
- 5.11 During the period in which Guyanor is Operator, subject to the approval of the Management Committee, Rio Tinto may charge to its earn-in under the option the reasonable costs of its technical and other support given to the programme.
- 5.12 The Operator shall undertake activities in accordance with approved programmes and budgets. To the extent that the costs incurred for such activities exceed an approved budget by up to 10%, such costs shall be deemed approved; to the extent that costs incurred exceed 10% over budget, the excess over 10% shall be for the sole account of the Operator unless the Management Committee has agreed a revision to the budget.
- 5.13 The Operator shall have the right to be reimbursed for the costs of the work it performs including administrative and office overhead expenses directly resulting from work carried out hereunder. When Rio Tinto is sole-funding and Guyanor is the Operator, these expenses shall be charged to Rio Tinto's earn-in. That reimbursement shall be no greater than what is necessary to recoup, on a cost-accounting basis, the costs it incurs in performing its obligations hereunder. Any transactions or agreements entered into by the Operator with any of its affiliate or associate companies shall be on an arms length basis.
- 5.14 The Operator shall make cash calls on a calendar monthly basis. Such cash calls shall be sufficient to fund the next month's exploration expenditures that shall have been forecast by the Operator at the beginning of the calendar year in a monthly budget phasing. The cash call may exceed the next month's exploration expenditure to the extent necessary to maintain no less than two weeks' and no more than four weeks' excess funding balance in the bank account designated for funding work expenditures hereunder. Unless otherwise provided elsewhere in these Heads of Agreement, upon termination of these joint venture arrangements the unspent balance of joint venture funds shall be appropriately reimbursed to the parties. Monies received by the Operator will be held in trust for the Joint Venture.

The Operator agrees to meet all reasonable requests from the Management Committee to perform its obligations to such standards as are required by this Clause 5. The non operator shall at all reasonable times and at its expense have access to Operator's operations hereunder upon reasonable notice and the right to audit at its cost the Operator's internal procedures and both parties accept to make all reasonable changes to these as may be requested by the other party hereunder.

6. Dilution, default and elimination of minority interests
 - 6.1 If any party elects to not contribute to the funding of Joint Venture operations in proportion to its Participating Interest, then its Participating Interest shall be diluted at a standard straight-line rate.
 - 6.2 If any party fails, after having made an election to do so, to contribute to the funding of Joint Venture operations in proportion to its Participating Interest, then its Participating Interest shall be diluted in an accelerated manner at 25% above the standard rate.
 - 6.3 If any party is diluted below a 10% Participating Interest, it shall be deemed to have withdrawn from the Joint Venture and shall relinquish its Participating Interest. In lieu of its former Participating Interest, the withdrawing party shall be entitled to receive a 2.5% Net Profit Interest from the continuing party's operations in the Property.
7. Marketing
 - 7.1 If diamonds or other non metallic minerals (and for greater certainty excluding gold which is a metallic mineral) are produced under the Joint Venture, Guyanor appoints Rio Tinto (or Rio Tinto's nominated affiliate) as its sole and exclusive agent to market and sell all diamonds and non metallic minerals produced by the Joint Venture from the Property on its behalf as long as Rio Tinto has an interest greater than 50%. If at any time operations in the Property are being conducted by a joint venture company, the parties appoint Rio Tinto (or its nominated affiliate) as the sole and exclusive agent to market and sell such diamonds and non metallic minerals as the joint venture company shall be entitled to.
 - 7.2 Upon Rio Tinto's request, Guyanor and Rio Tinto shall negotiate and execute one or more Marketing Agreements to give effect to the above appointment in clause 7.1. The Marketing Agreement(s) shall provide that Rio Tinto or the relevant affiliate of Rio Tinto (as the case may be) shall be entitled, as agent, to deduct expenses incurred in each sale and to charge a marketing and sales commission equal to 3% of the gross sale proceeds accruing to the parties or the joint venture company (as the case may be).
 - 7.3 The appointment of Rio Tinto (and its affiliates) as agent shall be subject to the applicable laws or orders of government agencies in force from time to time in French Guiana in relation to the marketing of minerals extracted or produced in French Guiana. The parties agree at Rio Tinto's cost to do all acts and execute all documents as are reasonably necessary to give effect to Rio Tinto's appointment, or the appointment of an affiliate of Rio Tinto, as agent under this paragraph 7.
8. Title to exploration and mining rights
 - 8.1 While these Heads of Agreement and the Joint Venture Agreement remain current, the title to any prospecting, exploration or mining rights relating to the Area of Interest held by either party shall be held for the benefit of the other party and the Joint Venture to the extent provided for in this Heads of Agreement.
 - 8.2 Upon Rio Tinto completing US\$2,250,000 in work expenditures, it shall be entitled to request that all prospecting, exploration or mining rights held by Guyanor for the benefit of the Joint Venture be transferred into the name of a newly formed corporate entity

"Newco" in which the parties will hold shares in accordance with their Participating Interests. Guyanor shall do all acts and execute all documents to give effect to that transfer. The costs of such transfer shall be borne by the parties in proportion to their percentage interest in the Joint Venture at the time of the transfer unless the transfer is financially adverse to Guyanor in which case the costs shall be borne by Rio Tinto. Newco shall hold those rights for the benefit of the parties in accordance with their rights under the Joint Venture Agreement. If by reason of any legal restriction in French Guiana, Newco is not permitted to hold such rights, then Guyanor shall hold those rights for the benefit of the parties jointly, until such time as they can be transferred to Newco to be so held. As an alternative to the foregoing, if it is more effective for both Rio Tinto and Guyanor, for tax or other reasons to hold the rights referred to in this paragraph in either or both of the entities comprising Guyanor as defined herein, the ownership, operation and management of such entity or entities shall be amended to reflect the terms of these Heads of Agreement and the Joint Venture Agreement.

- 8.3 In the event that Rio Tinto withdraws from these Heads of Agreement or the Joint Venture Agreement, or otherwise fails to earn a Participating Interest, it shall immediately, and at its sole cost, provide transfers to Guyanor free of consideration of any right, title and interest it holds in any of the shares of Newco.
9. Representations and Warranties
- 9.1 Guyanor Resources and SOTRAPMAG represent and warrant to Rio Tinto that:
- (a) each of them is a company duly incorporated and in good standing in its place of incorporation and that it is qualified to do business in those jurisdictions where necessary in order to carry out this Agreement;
 - (b) neither of them will breach any other agreement or arrangement by entering into or performing this Agreement;
 - (c) the only surviving third party right under the La Source JVA is the right of La Source to receive a 2.5% Net Profit Interest from future production from the Project Area (as defined in the La Source's JVA);
 - (d) the applicable governmental agency granted the Property to Guyanor and, to the best of its knowledge after due enquiry, it holds the properties free and clear of all encumbrances, liens, options or other third party rights;
 - (e) all fees in respect of any Property have been paid and other filings required to maintain the Property in good standing have been properly and timely recorded or filed with every applicable governmental agency except for those fees and filings the non-payment or absence of filing of which would not have a material adverse effect on the Property;
 - (f) neither of them has received any claim or notice of violation alleging any violation of any law, rule, regulation or permit, including without limitation, any environmental law, rule, regulation or permit, in connection with the Property from any governmental or regulatory authority, and to the best of its knowledge, there are no pending or threatened actions, suits, claims or proceedings that may affect the Property;

- (g) each of them has delivered or made available to Rio Tinto all material information, whether technical or of other nature, concerning the Property in its possession or control including, for the avoidance of doubt, details of all contracts or permissions to work, whether formal or informal, given to small miners in respect of the Property;
 - (h) to the best of their knowledge, all activities on or in relation to the Property carried out by either of them and the parties to the La Source JVA up to the date on which this Agreement has been signed have been carried out in accordance with all applicable laws, regulations and permits, including without limitation those for the protection of the environment and no conditions exist which could give rise to the making of a remediation order or similar order in respect of the Property; and
 - (i) more generally, to the best of their knowledge, all activities carried out by either of them and the parties to the LA Source JVA within the Area of Interest up to the date which this Agreement has been signed have been carried out in accordance with all applicable laws, regulations and permits and none has been subject to any legal or regulatory action against it regarding such activities.
- 9.2 The representations and warranties shall not be limited by any knowledge held by Rio Tinto.
- 9.3 The representations and warranties given under paragraph 9.1 shall continue in force and shall be repeated during the term of these Heads of Agreement.
- 9.4 Rio Tinto's commitment to the Minimum Expenditure shall be contingent upon Guyanor's representations and warranties being materially correct.
- 9.5 Each of Guyanor and Rio Tinto hereby covenant and agree that:
- (a) it will give prompt notice to the other of any notice of default, lawsuit, proceeding, action or damage of which it becomes aware and which might affect the Property; and
 - (b) it will not sell or otherwise transfer the Property or put any encumbrance or lien on the Property.

10. Governing Law

This Heads of Agreement shall be governed by and interpreted in accordance with the laws of British Columbia, Canada, except with respect to real property and mining law, in which case the laws of French Guiana shall apply.

11. Miscellaneous

The Joint Venture Agreement shall also contain provisions that give effect to the following:

- 11.1 Each party shall be free from time to time to transfer its Participating Interest, or its interest in these Heads of Agreement or the Joint Venture Agreement, to an associated

company or affiliate. Further, a party may transfer its Participating Interest to a third party, but subject to a "Right of First Offer" to the other party to acquire the Participating Interest on the same terms and conditions.

Under the Right of First Offer if a party, the "Offeror":

- (i) plans to offer to any third party, or receives from any third party an unsolicited offer that it intends to accept containing the specific terms of a possible participation of any type, form or extent in the Property ("Participation"), then it shall provide to the other party the proposed terms. The other party shall have 45 days from the receipt of such information to notify the Offeror that it agrees to match the applicable offer on the same terms or on terms no less favourable to the Offeror. If the other party fails to provide such notice within the 45 days, the Offeror will have 180 days from the expiration of the 45 days to sign binding agreements for Participation with any third party on the same terms or on terms no less favourable to the Offeror. If not signed within this time, the rights of first offer herein shall revive; or
- (ii) plans to solicit from any third party offers for the specific terms of a Participation (without having complied with the provisions of subsection (i) above), it shall first request in writing that the other party submits an offer for Participation. The other party shall have 45 days from receipt of the written request to submit an offer for Participation to the Offeror. If the other party does not provide such offer or if the Offeror does not accept the offer proposed by the other party, it shall be free for the next 180 days to solicit offers and to accept offers for Participation on terms no less favourable to it than those offered by the other party. If the Offeror accepts such offer from a third party, binding documents for Participation must be signed within this 180 days or the rights of first offer herein shall revive.

- 11.2 The Joint Venture Agreement shall contain a mutually agreed Accounting Procedure.
- 11.3 The parties agree to be bound by obligations of confidentiality in respect of their operations in the Property and any data produced therefrom. There shall be exclusions from these obligations that reflect standard industry practice. In addition, Guyanor shall have the right to make public disclosures of information pertaining to operations under these Heads of Agreement in the Property and Area of Interest, provided it first obtains Rio Tinto's written consent to the timing and content of such disclosure (such consent not to be unreasonably withheld). The refusal by Rio Tinto to let Guyanor make a press release it is required by law or the rules and regulations of a stock exchange to make shall be deemed unreasonable.
- 11.4 Each party shall give appropriate representations and warranties as to its capacity to enter into the Joint Venture Agreement. In addition, Guyanor shall give appropriate representations and warranties as to its title to any prospecting, exploration or mineral rights held by it and the terms and good standing of those rights.
- 11.5 The parties shall make available to each other all the data and information in their possession relating to the Area of Interest.
- 11.6 The right of La Source to receive a 2.5% Net Profit Interest from future production from the Project Area (as defined in the La Source's JVA) shall be fulfilled by the Joint Venture and, for avoidance of doubt, not by any one or more individual parties to it.

- 11.7 Rio Tinto's rights and obligations hereunder shall be subject to the closing of the Share Subscription Agreement (the "Share Subscription Agreement") of the date hereof under which an affiliate of Rio Tinto agrees to take a US\$1,000,000 private placement in the stock of Golden Star Resources, US\$750,000 of the proceeds of which shall be advanced by Golden Star Resources to Guyanor for the purpose of funding the Minimum Expenditure referred to herein.
- 11.8 A condition precedent to this Heads of Agreement becoming effective is the Board of Directors of Golden Star Resources giving its express approval to the transactions contemplated by the Share Subscription Agreement, including the terms of this Heads of Agreement; unless otherwise agreed by the parties hereto, if this approval has not been given by close of business 8 January 2001 this Agreement shall automatically terminate and shall be without any force or effect and neither party shall have any right or obligation arising from this Agreement.

To indicate your acceptance of the terms of these Heads of Agreement please sign below.

Yours faithfully

for RIO TINTO MINING AND EXPLORATION LIMITED
6 St James's Square, London, SW1Y 4LD, United Kingdom

Signature: /s/ K. H. Haddow

Name: K. H. Haddow

Title: General Manager Commercial

for Guyanor Resources S.A.

Signature: /s/ Carlos H. Bertoni

Name: Carlos H. Bertoni

Title: President

for SOCIETE DE TRAVAUX PUBLICS ET DE MINES AURIFERES EN GUYANE SARL

Signature: /s/ Carlos H. Bertoni

Name: Carlos H. Bertoni

Title: Managing director

SCHEDULE 1.1-A

List of Mineral Rights and parts thereof comprising the "PROPERTY"

GUYANOR title :

That part of Permis A No 75/99 previously covered by the Concession miniere 06/95 and to the west of a north-south line drawn parallel to the western boundary of Concession miniere 06/95 along 176000E.

SOTRAPMAG titles :

Concessions minieres nos. C01/48, C02/48, C03/48, C01/19, C01/46, C02/46, C03/46 and C02/24.

Authorisations given for alluvial mining titles by third parties (primary mineralization rights held by Guyanor and SOTRAPMAG):

Compagnie Miniere Esperance SA- 3 ((Autorisation d'Exploitation)) Gold Mining SARL - 3 ((Autorisations d'Exploitation)) Compagnie Miniere des Anciens Placers SARL - 3 (Autorisations d'Exploitation)) Antoine Leveille - 1 ((Autorisation d'Exploitation)) ATENOR SARL - 2 ((Autorisation d'Exploitation)) Ange Leveille - 1 ((Autorisation d'Exploitation)) AGELOR SARL - 2 ((Autorisation d'Exploitation)) Orizon SARL - 1 ((Autorisation d'Exploitation)) MEXAUR SARL - 1 ((Autorisation d'Exploitation)) Societe d'Exploitation Miniere Antilles Guyane SARL - 3 ((Autorisations d'Exploitation))

Compagnie des Travaux Miniers de Guyane SARL - 1 Convention d'Exploitation Compagnie Miniere Valdecence SARL - 2 ((Autorisation d'Exploitation)) Societe Miniere McMahon SARL - 3 (Autorisation d'Exploitation)) Compagnie Aurifere Amazonienne SARL - 3 ((Autorisation d'Exploitation)) Mr. Jose Constable - 1 ((Autorisation d'Exploitation)) Mr. Reginaldo Bonaretto - 1 ((Autorisation d'Exploitation)) Mr. F. Achille - 1 ((Autorisation d'Exploitation)) Mr. J. Labrana -1 ((Autorisation d'Exploitation))

SCHEDULE 1.1-B

MAP OF THE PROPERTY

See map next page

Page 16 of 17

Page 17 is a map. Its description is:

A black and white map of portions of French Guiana where in the Paul-Isnard mineral rights are located. Each of the Permits, Concessions and Permis included in the agreement are outlined by a black line and each area is labeled by its concession number, or permis name.

Page 17 of 17

SHARE SUBSCRIPTION AGREEMENT

THIS AGREEMENT made as of the 28/th/ day of December, 2000

BETWEEN

GOLDEN STAR RESOURCES LTD. a company incorporated under the laws of Canada with an office at 1660 Lincoln Street, Denver, Colorado 80264

("GSR")

AND:

RIO TINTO MINING AND EXPLORATION LIMITED, a company registered in England, whose registered address is 6 St. James's Square, London,
SW1Y 4LD

("RTME")

WITNESSES that, in consideration of the covenants and agreements herein contained, the parties hereto agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1. Definitions

Where used in this Agreement, the following terms have the meanings ascribed to them as follows:

1.1.1. "Affiliate" means any corporation which directly or indirectly controls, is controlled by, or is under common control with, a party. For purposes of the preceding sentence, "control" means the right to the exercise of more than 50% of the voting rights attributable to the shares of the controlled corporation. In the case of RTME, an Affiliate shall include any corporation, wherever situate, in which Rio Tinto PLC or Rio Tinto Limited owns or controls directly or indirectly such voting rights;

1.1.2. "Closing" means the closing of the transactions contemplated in subsection 9.1;

1.1.3. "Closing Date" means January 18, 2001 or such date not later than February 22, 2001 as shall be specified by GSR on not less than three days' notice.

1.1.4. "Guyanor" means Guyanor Resources S.A., a French Guianan corporate entity of Lotissement Calimbe II, Route du Tigre, 97337 Cayenne, French Guiana;

1.1.5. "Heads of Agreement" means the agreement dated December 28, 2000 among Guyanor, SOTRAPMAG and RTME, a copy of which is attached as Schedule A;

1.1.6. "Project" means the Paul Isnard Property in French Guiana that is described in Schedule 1-A to the Heads of Agreement and defined therein as the "Property";

1.1.7. "Securities Commissions" means the Securities Commissions or similar regulatory authorities appointed under the Securities Laws;

1.1.8. "Securities Laws" means the securities laws of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland including the requirements and provisions of the Securities Act of each such province and the regulations and rules thereunder and all policy statements, blanket orders and interpretation notes adopted or applied by the Securities Commission of each such province;

1.1.9. "Shares" means common shares without par value in the capital of GSR as constituted at the date hereof;

1.1.10. "SOTRAPMAG" means Societe de Travaux Publics et de Mines Auriferes en Guyane SARL a French Guianan corporate entity of Lotissement Calimbe II, Route du Tigre, 97337 Cayenne, French Guiana;

1.1.11. "\$" means United States dollars.

1.2. Interpretation

1.2.1. Wherever any provision of any Schedule to this Agreement conflicts with any provision in the body of this Agreement, the provisions of the body of this Agreement shall prevail. References herein to a particular Schedule shall mean a reference to such Schedule to this Agreement.

1.2.2. References herein to a section, subsection, paragraph or subparagraph shall mean a reference to such section, subsection, paragraph or subparagraph, as the case may be, within the body of this Agreement.

1.2.3. The headings of sections and subsections herein and in the Schedules are inserted for convenience of reference only and shall not affect or be considered to affect the construction of the provisions hereof.

1.2.4. In this Agreement, unless the context otherwise requires, words importing the singular number only shall include the plural and vice versa, words importing persons shall include individuals, corporations, partnerships, associations, trusts and unincorporated organizations and vice versa and words importing

the masculine gender shall include the feminine and neuter genders and vice versa.

1.3. Schedules

Attached to and forming part of this Agreement are the following Schedules:

Schedule A - Heads of Agreement

Schedule B - U.S. Securities Laws Representations and Warranties

2. PURCHASE AND SALE OF SHARES

2.1. Upon and subject to the terms and conditions set out in this Agreement, RTME hereby subscribes for and agrees to purchase from GSR, and GSR hereby agrees to allot, issue and sell to RTME or order 500,000 Shares (the "Subscribed Shares") for an aggregate purchase price of \$1,000,000 (the "Proceeds").

2.2. RTME hereby directs GSR to allot and issue the Subscribed Shares to, and issue the certificate for the Subscribed Shares in the name of, Kennecott Canada Exploration Inc. ("KCEI"), a Canadian corporation with its head office at Suite 354, 200 Granville Street, Vancouver, British Columbia, V6C 1S4.

3. REPRESENTATIONS AND WARRANTIES OF GSR

3.1. GSR hereby represents and warrants to RTME as follows (and acknowledges that RTME is relying on such representations and warranties in entering into this Agreement):

3.1.1. GSR is a company duly organized, existing and in good standing under the laws of Canada and has all necessary corporate power and capacity to enter into this Agreement and to carry out the transactions contemplated hereby;

3.1.2. the execution and delivery of this Agreement and the performance of the terms hereof by GSR will have been duly authorized by all necessary corporate proceedings at the Closing and, upon the execution hereof, this Agreement will constitute a legal, valid and binding agreement enforceable against GSR in accordance with its terms, except to the extent that enforcement may be limited by laws of general application affecting the enforcement of creditors' rights and that certain remedies are discretionary in nature and may not be available in all circumstances;

3.1.3. Each of GSR, Guyanor and SOTRAPMAG has all necessary corporate power and capacity to own its respective properties and assets, including, without limitation, the properties comprised in the Project, and to carry on its business as now conducted by it and is registered as required and in good standing under the laws of all jurisdictions in which such business is carried on and in which such property and assets are located;

3.1.4. GSR is a reporting issuer under the Securities Laws and is not in default of any of the requirements thereof;

3.1.5. the authorized capital of GSR consists of an unlimited number of Shares of which 37,588,988 Shares are validly issued and outstanding as fully paid and non-assessable shares in the capital of GSR as at the date hereof;

3.1.6. the Subscribed Shares will be, upon their issuance, duly authorized and validly allotted and issued as fully paid and non- assessable shares in the capital of GSR, free and clear of any and all mortgages, liens, pledges, charges and other encumbrances and listed for trading on The Toronto Stock Exchange; and

3.1.7. the representations and warranties in section 9.1 of the Heads of Agreement are true and correct.

4. REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGEMENTS OF RTME

4.1. RTME hereby represents and warrants to GSR as follows (and acknowledges that GSR is relying on such representations and warranties in entering into this Agreement):

4.1.1. it is duly organized, existing and in good standing under the laws of its jurisdiction of incorporation and has all necessary corporate power and capacity to enter into this Agreement and to carry out the transactions contemplated hereby; and

4.1.2. KCEI is purchasing the Subscribed Shares being purchased by it hereunder as principal for its own account.

4.2. RTME on behalf of itself and KCEI hereby acknowledges to and in favour of GSR as follows:

4.2.1. the Subscribed Shares being purchased hereunder are not being purchased as a result of any material information concerning GSR that has not been publicly disclosed and the decision to purchase such Subscribed Shares has not been made as a result of any verbal or written representation as to fact or otherwise made by or on behalf of GSR or any other person other than as set out in this Agreement and is based entirely upon currently available public information concerning GSR; and

4.2.2. no person has made to it any written or oral representations:

4.2.2.1. that any person will resell or repurchase the Subscribed Shares being purchased by it hereunder;

4.2.2.2. that any person will refund the purchase price of such securities;

4.2.2.3. as to the future price or value of such securities; or

4.2.2.4. that any of such securities will be listed and posted for trading on a stock exchange other than The Toronto Stock Exchange.

4.2.3. KCEI is purchasing the Subscribed Shares as principal for its own account and not for the benefit of any other person;

4.2.4. RTME is not a resident of any province of Canada or of the United States;

4.2.5. KCEI is only a resident of the province of British Columbia;

4.2.6. KCEI is purchasing a sufficient number of Subscribed Shares so that the aggregate acquisition cost (the "Minimum Cost") to KCEI of the Subscribed Shares is not less than the amount of the Proceeds;

4.2.7. neither RTME nor KCEI has been formed solely to permit the purchase of securities without a prospectus by groups of individuals whose individual share of the aggregate acquisition cost is less than the Minimum Cost;

4.2.8. the purchase of the Subscribed Shares, as distinct from the issue or sale thereof, does not contravene any of the applicable securities legislation in any jurisdiction in which either of RTME or KCEI are resident and does not trigger any obligation to prepare and file a prospectus or similar document, or any other report with respect to such purchase;

4.2.9. the decision of RTME to enter into this Agreement and for KCEI to purchase the Subscribed Shares has not been made upon any verbal or written representation as to fact or otherwise made by or on behalf of GSR or any other person associated therewith, other than as set forth herein. RTME and KCEI have not received or reviewed any material which appears or purports to describe the business and affairs of GSR and which was prepared primarily for delivery to and review by prospective investors in connection with the offering of the Subscribed Shares;

4.2.10. RTME and KCEI have such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of their investment and are able to bear the economic risk of loss of their investment;

4.2.11. the addresses set forth in this Agreement are the true and correct addresses of a place of business of RTME and KCEI;

4.2.12. upon acceptance by GSR, this subscription will constitute a valid and

legally binding contract of RTME enforceable against RTME in accordance with its terms;

4.1.14 RTME acknowledges and agrees that the foregoing representations and warranties are made with the intention that they may be relied upon in

determining eligibility to purchase the Subscribed Shares under relevant securities legislation. GSR and its counsel shall be entitled to rely on the foregoing representations and warranties and RTME shall indemnify and hold harmless each of GSR and its counsel for any loss, claim, costs, expenses, damages or liabilities any of them may suffer as a result of any misrepresentations contained in this paragraph.

4.3. RTME acknowledges and agrees that the issue and delivery of the Shares will be conditional upon (i) such issuance and delivery being exempt from the requirement to file a prospectus or similar document under any applicable Securities Laws or (ii) the receipt by GSR of such orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus or similar document. RTME acknowledges and agrees that GSR may be required to provide applicable securities regulatory authorities with the identity of the purchaser of the Shares. In addition to the representations, warranties and covenants set out in Sections 4.1 and 4.2 of this Agreement, RTME also makes the representations, warranties and covenants contained in Schedule B to this agreement with the intention that they may be relied upon by GSR and its counsel in determining its eligibility to receive the Shares under applicable securities laws. RTME further agrees that by accepting delivery of the Shares on the Closing Date, it shall be representing and warranting that the foregoing representations and warranties are true and correct as at the Closing Date with the same force and effect as if they had been made at the time of Closing and that they shall survive the issuance and delivery of the Shares and shall continue in full force and effect notwithstanding any subsequent disposition by RTME of any Shares. GSR and its respective counsel shall be entitled to rely on the representations and warranties of RTME contained in Schedule B and Sections 4.1 and 4.2 and RTME shall indemnify and hold harmless each of GSR and its counsel for any losses any of them may suffer as a result of any misrepresentations or breaches of representations and warranties contained in Schedule B.

5. COVENANTS OF GSR AND RTME

5.1. Covenants of GSR

GSR shall:

5.1.1. forthwith use its best efforts to obtain all necessary consents, approvals or waivers to the transactions contemplated hereby, including without limitation the consents or approvals of The Toronto Stock Exchange and of any governmental or regulatory agency having jurisdiction in respect of such transactions;

5.1.2. shall not enter into or become bound by any agreement, contract or arrangement or undertake any obligation with any other person or party, the effect of which may prohibit, conflict or interfere with or limit the ability of GSR to carry out in full its obligations to RTME pursuant to this Agreement;

5.1.3. cause Guyanor to enter into the Heads of Agreement concurrently with the execution hereof; and

5.1.4. use the Proceeds as follows:

5.1.4.1. to advance \$750,000 to Guyanor for Guyanor and/or SOTROPMAG to use exclusively to fund a work program or programs in accordance with the Heads of Agreement and in particular to carry out the work programme attributable to RTME's Minimum Expenditure under Clause 2.9(a) of the Heads of Agreement; and

5.1.4.2. the remaining \$250,000 shall be applied first to pay the costs of the re-organization of Guyanor, particularly retrenchment costs under French law, and second any monies remaining to be applied to subsequent work programs carried out by Guyanor pursuant to the Heads of Agreement. RTME also agrees that GSR's costs and Guyanor's costs associated with completing this Share Subscription may be funded from this \$250,000.

GSR hereby undertakes to timely take all such measures as are within its power to ensure that the Proceeds are protected for, made available for and used for the above purposes.

5.2. Covenants of RTME

RTME shall:

5.2.1. execute and deliver to GSR prior to the Closing, a private placement questionnaire and undertaking in such form as is reasonably required by The Toronto Stock Exchange in respect of the purchase by it of the Subscribed Shares at the Closing as contemplated hereby; and

5.2.2. comply with the Securities Laws and the requirements of The Toronto Stock Exchange, the American Stock Exchange or any other stock exchange on which the Shares may be listed for trading from time to time applicable to it in connection with the transactions contemplated hereby.

6. REPRESENTATIONS, WARRANTIES AND COVENANTS TO SURVIVE CLOSING

All of the representations, warranties and covenants of the parties hereto contained in this Agreement and any certificates or documents delivered in connection with the transactions contemplated hereby shall be true and complete at the time of Closing and as if made at the Closing and shall survive the closing of the transactions contemplated hereby, the issuance of the Subscribed Shares and any reorganization, amalgamation, sale or transfer of or by any of the parties hereto and shall continue in full force and effect thereafter as

representations, warranties and covenants which are required to be true, correct and performed as of the time of Closing.

7. CONDITIONS PRECEDENT TO THE OBLIGATIONS OF RTME TO CLOSE

7.1. The obligations of RTME to consummate the transactions herein contemplated at the Closing are subject to the fulfilment of each of the following conditions:

7.1.1. the representations and warranties of GSR contained herein shall be true and complete, and the covenants and agreements of GSR contained herein, including without limitation the covenants in section 5.1.3 and section 8.1, shall have been performed, in each case at or before the Closing;

7.1.2. all necessary consents and approvals to the consummation of the transactions contemplated by this Agreement shall have been obtained and The Toronto Stock Exchange shall have approved the Heads of Agreement and the Subscribed Shares shall have been accepted for listing on The Toronto Stock Exchange; and

7.1.3. on or before the Closing, no federal, provincial, territorial, regional or municipal government or any agency thereof in Canada or French Guiana shall have enacted any statute or regulation or announced any policy that would materially adversely affect the business or assets of GSR, Guyanor or SOTRAPMAG or the rights of RTME as a shareholder of GSR.

7.2. The conditions set out in subsection 7.1 are for the exclusive benefit of RTME and may be waived in whole or in part by RTME at any time.

7.3. In case any of the conditions set out in subsection 7.1 shall not be fulfilled or performed by GSR at or before the Closing or the Closing has not been consummated by February 22, 2001 through no fault of RTME, RTME may rescind its obligations under this Agreement by notice in writing to GSR and in such event RTME shall be released from all obligations hereunder but GSR shall be obliged to compensate RTME for all expense and loss incurred by it as a result of any misrepresentation, breach of warranty or covenant of GSR hereunder.

8. TRANSACTIONS AT CLOSING

8.1. At the Closing, GSR shall deliver to RTME:

8.1.1. certificates representing the Subscribed Shares, duly and validly issued as fully paid and non-assessable Shares and in compliance with and as directed by section 2.2

8.1.2. a certificate of an officer of GSR dated the date of the Closing certifying to the best of his knowledge after due inquiry that at and as of the Closing the representations and warranties of GSR contained in this Agreement are true

and correct and all covenants, agreements and conditions required by this Agreement to be performed or complied with by GSR prior to or at the Closing have been performed and complied with except as otherwise specifically agreed by RTME and containing such other information as counsel for RTME may reasonably request;

8.1.3. an opinion of Canadian counsel for GSR dated the date of the Closing to the effect that:

8.1.3.1. the issue of the Subscribed Shares by GSR is exempt from the registration and prospectus requirements of the Securities Laws and no prospectus is required nor are any other documents required to be filed, proceedings taken or approvals, permits, consents or authorizations of regulatory authorities obtained under the Securities Laws to permit the offering, sale and delivery of the Subscribed Shares by GSR to RTME;

8.1.3.2. all requisite corporate proceedings have been taken by or on behalf of GSR to authorize the creation and issue of the Subscribed Shares and upon payment therefor, the Subscribed Shares will be duly and validly allotted and issued as fully paid and non-assessable shares in the capital of GSR; and

8.1.3.3. the Subscribed Shares will be subject to restrictions on resale for a 12 month period following Closing under applicable Securities Laws, but such securities will not be subject to any other restriction on resale, except that any sale by RTME of any of the Subscribed Shares which comprises a distribution from the holdings of a control person must be made in compliance with or on the basis of an exemption from the registration and prospectus requirements of the applicable Securities Laws.

8.2. In providing the foregoing opinions, GSR's counsel may rely on certificates of officers of GSR as to questions of fact.

8.3. At the Closing, RTME shall pay to GSR the Proceeds in consideration for the Subscribed Shares by the delivery of a cheque or cheques or by transfer of funds by wire in the amount thereof.

9. THE CLOSING

9.1. The Closing of the issue and sale of the Subscribed Shares shall take place at 9:00 a.m. (Vancouver time) on the Closing Date or at such other date and time as may be mutually agreed in writing between the parties hereto, at the office of Lawson Lundell Lawson & McIntosh, 1600 - 925 West Georgia Street, Vancouver, British Columbia.

10. GENERAL PROVISIONS

10.1. The expenses incurred by each party hereto in connection with this Agreement and the transactions provided for herein shall be borne by such party.

10.2. Time is of the essence of this Agreement and each of the terms and conditions of this Agreement.

10.3. Any notices to be given to one party by the other may be sent by telecopy or may be personally delivered addressed as follows:

To RTME:

Rio Tinto Mining and Exploration Limited 354 - 200 Granville Street Vancouver, British Columbia
V6C 1S4

Attention: Mr. F.D. Hegner

Telecopy number: (604) 669-5255

To GSR:

Golden Star Resources Ltd.

1660 Lincoln Street
Denver, Colorado 80264

Attention: President Telecopy number: 303-830-9092

or at such other address as any party hereto may from time to time designate by written notice to the other parties hereto and any such notice shall be deemed to have been given and received by the party to which it is addressed on delivery if delivered and on the day following transmission if telecopied.

10.4. Neither party hereto shall be liable for or otherwise incur any obligation to any other party in respect of any commissions or finder's fees to any broker, intermediary or finder generated on the sale or purchase of the Subscribed Shares or any of the other transactions contemplated hereby.

10.5. This Agreement is entered into to give effect to the requirement in paragraph 2.7(a) of the Heads of Agreement that RTME (or an affiliate) shall take a \$1,000,000 private placement in shares of GSR. Subject to the foregoing, the Heads of Agreement shall continue in full force and effect.

10.6. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. GSR shall not be permitted to assign or otherwise transfer any of its rights hereunder. Subject to applicable securities laws,

RTME shall be permitted to assign or otherwise transfer any or all of its rights hereunder to an Affiliate.

10.7. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of British Columbia, Canada.

10.8. The parties hereto shall consult with each other before issuing any press release or making any public announcement with respect to the transactions contemplated by this Agreement and, except to the extent required by any applicable law or regulatory requirement, neither party will issue any such press release or make any such public announcement without the prior written consent of the other party, which consent will not be unreasonably withheld or delayed. Each party will review and may provide comments on any such press release or other public announcement mentioning another party hereto proposed to be made by another party within 24 hours after receipt.

10.9. This Agreement may be executed in counterparts and may be delivered by facsimile and, upon the execution and delivery of one such counterpart by each party hereto, such counterparts shall together constitute one agreement and shall be construed as if all parties hereto had executed one copy of this Agreement.

IN WITNESS WHEREOF this Agreement has been executed as of the day and year first above written.

GOLDEN STAR RESOURCES LTD.

By: /s/ Peter Bradford

Peter Bradford
President

RIO TINTO MINING AND EXPLORATION LIMITED

By: /s/ K. H. Haddow

Kenneth H. Haddow

General Manager Commercial

SCHEDULE A

Heads of Agreement

(See attached)

SCHEDULE B

REPRESENTATIONS, WARRANTIES AND COVENANTS OF RTME

RTME hereby represents, warrants and covenants to GSR as follows:

1. RTME is not a resident of the United States or any State thereof.
2. RTME (a) is a limited partnership, corporation, partnership or limited liability company duly organized and validly existing under the laws of the jurisdiction of its formation and (b) has the requisite partnership, corporate or limited liability company, as the case may be, power and authority to execute, deliver and perform its obligations under this Agreement.
3. The acquisition of Shares by RTME pursuant to this Agreement does not (i) violate, conflict with or result in any breach or contravention of, or the creation of any Lien under, any Contractual Obligation of RTME or any Requirement of Law applicable to RTME or (ii) violate, conflict with or result in any breach or contravention of any judgment, injunction, writ, award, decree or order of any nature of any Governmental Authority against, or binding upon, RTME.
4. No approval, consent, compliance, exemption, authorization or other action by, or notice to, or filing with, any Governmental Authority or any other Person, and no lapse of a waiting period under any Requirement of Law, is necessary or required in connection with the acquisition by RTME of Shares (as distinct from the issue or sale of Shares to RTME or KCEI) pursuant to this Agreement.
5. This Agreement has been and as of the Closing Date will have been, duly executed and delivered by RTME, and this Agreement constitutes and will, as of the Closing Date, constitute, the legal, valid and binding obligations of such Seller, enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability (regardless of whether considered in a proceeding at law or in equity).
6. The Shares to be acquired by RTME or KCEI pursuant to this Agreement are being or will be acquired for its own account and with no intention of distributing or reselling such Shares or any part thereof in any transaction that would be in violation of any North American Securities Laws, without prejudice, however, to the rights of RTME at all times to sell or otherwise dispose of all or any part of such Shares under a prospectus or an effective registration statement under any North American Securities Laws, or under an exemption from such prospectus or registration requirements available under such North American Securities Laws, and subject, nevertheless, to the disposition of RTME's property being at all times within its control. If RTME should in the future decide to dispose of any Shares, RTME understands and agrees that it may do so only in compliance with all applicable North American Securities Laws as then in effect. RTME agrees to the

imprinting, so long as required by law, of legends on certificates representing all of its Shares to the following effect:

"THE SHARES EVIDENCED HEREBY (THE "SHARES") WERE ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 5 OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. THE HOLDER OF THE SHARES HEREBY AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) SUCH SHARES MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (1) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (2) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 AND OF RULE 905 UNDER THE SECURITIES ACT, (3) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) OF THE SECURITIES ACT THAT, PRIOR TO SUCH TRANSFER, FURNISHES THE ISSUER A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS AND AN OPINION OF COUNSEL THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT, (4) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL AND SUCH OTHER CERTIFICATIONS AS THE ISSUER MAY REQUEST), OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION, (B) THE HOLDER WILL NOT CONDUCT ANY HEDGING TRANSACTIONS INVOLVING THE SHARES EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND (C) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE SHARES OF THE RESALE RESTRICTIONS SET FORTH IN (A) AND (B) ABOVE.

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN TRADING RESTRICTIONS UNDER APPLICABLE SECURITIES LAWS OF THE PROVINCES OF CANADA.

"DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" OF SETTLEMENT OF TRANSACTIONS ON ANY STOCK EXCHANGE IN CANADA."

7. RTME understands that the Shares will not be registered at the time of their issuance under any North American Securities Laws for the reason that the sale provided for in this Agreement is intended to be exempt therefrom and that the reliance of RTME on such exemption is predicated in part on RTME's representations set forth herein.

8. There are no brokerage commissions, finder's fees or similar fees or commissions payable by RTME in connection with the transactions contemplated hereby based on any agreement, arrangement or understanding with RTME or any action taken by RTME.

9. RTME is an "Accredited Investor" within the meaning of Rule 501 of Regulation D under the United States Securities Act of 1933, as presently in effect.

10. RTME covenants that it will not take any action for the purpose of, or that could reasonably be expected to have the effect of, preparing the market in any jurisdiction, or creating a demand in any jurisdiction, for the Shares.

11. RTME has not and will not engage in any hedging transactions involving any equity securities of GSR until all resale restrictions applicable to the Shares have expired.

12. RTME has not received any prospectus, registration statement or offering memorandum (as such term is defined in applicable Canadian Securities Laws).

13. RTME will effect any and all sales of Shares in accordance with all applicable Requirements of Law.

Defined Terms Used in this Schedule:

"Canadian Securities Laws" means all applicable securities laws in each of the Provinces of Canada and the respective regulations made thereunder, together with applicable published fee schedules, prescribed forms, policy statements, orders, blanket rulings and other regulatory instruments of the securities regulatory authorities in such provinces.

"Contractual Obligations" means, as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument to which such Person is a party or by which it or any of its property is bound.

"Governmental Authority" means the government of any nation, state, city, locality or other political sub-division thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, encumbrance, lien (statutory or other) or preference, priority, right or other security interest or preferential arrangement of any kind or nature whatsoever (excluding preferred stock and equity related preferences).

"North American Securities Laws" means, collectively the Canadian Securities Laws and the U.S. Securities Laws.

"Person" means any individual, firm, corporation, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, limited liability company,

Governmental Authority or other entity of any kind, and shall include any successor (by merger or otherwise) of such entity.

"Requirements of Law" means, as to any Person, any law (including, without limitation, North American Securities Laws), statute, treaty, rule, regulation, right, privilege, qualification, license or franchise or determination of an arbitrator or a court or other Governmental Authority or stock exchange, in each case applicable or binding upon such Person or any of its property or to which such Person or any of its property is subject or pertaining to any or all of the transactions contemplated or referred to herein.

"U.S. Securities Laws" means, collectively, the United States Securities Act of 1933, as amended; the United States Securities Act of 1934, as amended, and all

of the rules, regulations thereunder.

Exhibit 21.1

Subsidiaries of the Registrant

Subsidiaries of the Registrant as of December 31, 2000

Golden Star Holdings Ltd.
Venezuela Investments Ltd.
Golden Star Management Ltd.
Pan African Resources Corporation
Southern Star Resources Ltd.
Guyanor Ressources S.A. (72.6%)
Societe de Travaux Publics
et de Mines Auriferes en
Guyane ("SOTRAPMAG")
Societe des Mines de St-Elie ("SMSE") Caystar Holdings
Bogoso Holdings

Bogoso Gold Limited ("BGL") (70%)

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (File No. 33-81614) of Golden Star Resources Ltd. of our report dated April 4, 2001 relating to the consolidated financial statements, which appear in this Annual Report on Form 10-K.

PricewaterhouseCoopers LLP
Chartered Accountants
Calgary, Alberta

April 11, 2001

End of Filing

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