GOLDEN STAR RESOURCES LTD.

FORM 10-Q
(Quarterly Report)

Filed 08/18/99 for the Period Ending 06/30/99

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-Q
(Quarterly Report)

Filed 8/18/1999 For Period Ending 6/30/1999

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

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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

For the Quarterly Period ended June 30, 1999

or

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

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

GOLDEN STAR RESOURCES LTD.

(Exact Name of Registrant as Specified in Its Charter)

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

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days

Yes X No ___

Number of Common Shares outstanding as of August 12, 1999: 29,638,231.

GOLDEN STAR RESOURCES LTD.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

ITEM 1. FINANCIAL STATEMENTS

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

ASSETS	(Unaudited) As of June 30, 1999	As of December 31, 1998
CURRENT ASSETS		
Cash and short-term investments	$ 942	$ 7,350
Accounts receivable	394	511
Inventories	163	181
Other assets	88	174
Total Current Assets	1,587	8,216
RESTRICTED CASH	2,200	-
DEFERRED EXPLORATION	57,420	58,203
INVESTMENT IN OMAI GOLD MINES LIMITED	904	1,337
DEFERRED ACQUISITION COSTS	1,085	-
FIXED ASSETS	481	685
OTHER ASSETS	93	156
Total Assets	$ 63,770	$ 68,597
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 989	$ 921
Accrued wages and payroll taxes	631	779
Total Current Liabilities	$ 1,620	$ 1,700
LONG-TERM DEBT	1,993	2,948
OTHER LIABILITIES	32	56
Total Liabilities	3,645	4,704
MINORITY INTEREST	5,200	5,422
COMMITMENTS AND CONTINGENCIES (Note 8)		
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Common shares, without par value, unlimited shares authorized. Shares issued and outstanding: June 30, 1999 - 29,638,231; December 31, 1998 - 30,292,249)	155,872	159,163
Stock option loans	-	(4,012)
DEFICIT	(100,947)	(96,680)
Total Shareholders' Equity	54,925	58,471
Total Liabilities and Shareholders' Equity	$ 63,770	$ 68,597

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

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

(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	1999	1998	1999	1998
REVENUE				
Precious metals sales	$ -	$ -	$ -	$ -
Interest and other	56	156	222	417
	56	156	222	417
COSTS AND EXPENSES				
Depreciation	28	61	82	120
General and administrative	1,164	1,927	1,862	3,456
Exploration expense	5	83	52	241
Abandonment and impairment of mineral properties	3,263	-	3,263	-
Loss (gain) on sale of assets	(8)	-	(8)	-
Interest and bank charges	6	4	12	15
Foreign exchange loss (gain)	(9)	22	(31)	(82)
	4,449	2,097	5,232	3,750
LOSS BEFORE THE UNDERNOTED	(4,393)	(1,941)	(5,010)	(3,333)
Equity in earnings of Omai Gold Mines Limited	-	170	-	170
Omai Preferred Share Redemptions	297	268	522	829
Net loss before minority interest	(4,096)	(1,503)	(4,488)	(2,334)
Minority interest loss	103	260	222	469
NET LOSS	$ (3,993)	$ (1,243)	$ (4,266)	$ (1,865)
BASIC AND DILUTED LOSS PER SHARE	$ (0.13)	$ (0.04)	$ (0.14)	$ (0.06)
Weighted Average Shares Outstanding (Millions of shares)	30.0	30.0	30.0	30.0

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

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

(Unaudited)

	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
Operating Activities:		
Net loss	$(4,266)	$(1,865)
Reconciliation of net loss to net cash used in operations:		
Depreciation	82	120
Premium on Omai Preferred Share Redemptions	(522)	(829)
Abandonment and write-down of mineral properties	3,263	-
Equity in earnings of Omai Gold Mines Limited	-	(170)
Gain on sale of assets	(70)	-
Minority interest loss	(222)	(469)
Changes in non-cash operating working capital	141	(1,155)
Net Cash Used in Operating Activities	(1,594)	(3,430)
Investing Activities:		
Expenditures on mineral properties, net of joint venture recoveries	(2,480)	(6,050)
Depreciation charged to projects	103	184
Equipment purchases	(5)	(22)
Proceeds from sale of equipment	94	-
Increase in deferred acquisition costs	(1,085)	-
Omai Preferred Share Redemptions	956	1,517
Other assets	62	38
Net Cash Used in Investing Activities	(2,355)	(4,333)
Financing Activities:		
Restricted cash	(2,200)	250
Loss on settlement of stock option loans	62	-
Repayment of stock option loans	638	-
Issuance of share capital	22	923
Repayment of long term debt	(956)	-
Issuance of share capital under options	-	205
Change in other liabilities	(25)	39
Net Cash Provided by Financing Activities	(2,459)	1,417
Decrease in cash	(6,408)	(6,346)
Cash and short-term investments, beginning of period	7,350	17,399
Cash and short-term investments, end of period	$ 942	$11,053

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

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

The statements of cash flows include the following non-cash items:

During the six months ended June 30, 1999, 679,012 shares were canceled that were previously issued for options granted under the Company's Stock Option Plan. The related stock option loans, principally to one former officer, amounting to $3.3 million and secured only by the shares were also canceled.

These financial statements and notes thereto should be read in conjunction with the financial statements and related notes included in the annual report on Form 10-K for Golden Star Resources Ltd. (the "Company" or "Golden Star") for the fiscal year ended December 31, 1998, on file with the Securities and Exchange Commission and the Ontario Securities Commission (hereinafter referred to as "the Company's 1998 10-K"). All amounts are in United States dollars unless otherwise stated.

The unaudited financial statements as of June 30, 1999, and for the six months ended June 30, 1999 and 1998, reflect all adjustments, consisting solely of normal recurring items, which are necessary for a fair presentation of financial position, results of operations, and cash flows on a basis consistent with that of the prior audited consolidated financial statements.

(1) INVENTORIES

	June 30, 1999	December 31, 1998
Materials and Supplies	$ 163	$ 181
	$ 163	$ 181

(2) FIXED ASSETS

	June 30, 1999	December 31, 1998
Machinery & Equipment	$ 2,951	$ 2,851
Accumulated Depreciation	(2,470)	(2,166)
	$ 481	$ 685

(3) DEFERRED EXPLORATION

	Deferred Exploration Expenditures as at Dec. 31, 1998	Capitalized Exploration Expenditures	Capitalized Acquisition Expenditures	Joint Venture Recoveries	Property Impairments & Abandonments	Deferred Exploration Expenditures as at June 30, 1999
GUYANA						
Eagle Mountain	$ 1,364	$ -	$ -	$ -	$ -	$ 1,364
Quartz Hill	1,347	-	-	-	-	1,347
Five Stars Gold (Makapa)	819	-	-	-	-	819
Other	57	332	-	-	-	389
Sub-total	3,587	332	-	-	-	3,919
SURINAME						
Benzdorp / Lawa	3,352	-	-	-	-	3,352
Gross Rosebel	14,543	343	-	(213)	-	14,673
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	23	-	-	-	2,132
Ulemari Reconnaissance	237	-	-	-	-	237
Other	283	108	-	-	-	391
Sub-total	24,542	479	-	(219)	-	24,802
FRENCH GUIANA (Guyanor Ressources S.A.)						
Dorlin	2,363	506	-	(251)	-	2,618
St-Elie	2,377	170	-	-	-	2,547
Yaou	7,486	261	-	(119)	-	7,628
Paul Isnard / Eau Blanche	4,650	476	-	-	-	5,126
Paul Isnard Alluvials	1,987	-	-	-	-	1,987
Other	-	23	-	-	-	23
Dachine	1,481	137	-	-	-	1,618
Sub-total	20,344	1,573	-	(370)	-	21,547
AFRICA (Pan African Resources Corporation)						
Ivory Coast / Comoe	4,304	147	-	-	-	4,451
Kenya / Ndori	2,565	48	-	-	-	2,613
Sub-total	6,869	195	-	-	-	7,064
LATIN AMERICA (Southern Star Resources Ltd.)						
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	$3,069	$ -	$ (589)	$ (3,263)	$ 57,420

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

(4) INVESTMENT IN OMAI GOLD MINES LIMITED

Details regarding the Company's investment in the common and preferred share equity of Omai Gold Mines Ltd. ("OGML") and its share of equity losses not recorded for the year ended December 31, 1998 and the six months ended June 30, 1999, are as follows:

	Common Shares	Preferred Shares
December 31, 1998	$ -	$1,337
Less: Preferred Share Redemption	-	(956)
Add: Premium on Preferred Share Redemption	-	523
June 30, 1999	$	$ 904

The Company's share of Accumulated Losses at:

December 31, 1998	$(628)
June 30, 1999	$(751)

The approximate $1.0 million of preferred shares redeemed during the six months ended June 30, 1999 were used to reduce the outstanding loan balance to OGML to $2.0 million.

(5) CHANGES TO SHARE CAPITAL

During the six months ended June 30, 1999, 24,994 shares were issued under the Company's Employees' Stock Bonus Plan. Also during the six months ended June 30, 1999, 679,012 shares were canceled that were previously issued for options granted under the Company's Stock Option Plan. The related stock option loans, principally to one former officer, amounting to $3.3 million and secured only by the shares were also canceled. During the quarter, the Company negotiated a repayment of one former officer's stock option loan in the amount of $0.6 million which was paid in full in May 1999. [See also Note 9]

(6) ACQUISITION OF BOGOSO GOLD LIMITED

On June 1, 1999, the Company and Anvil Mining NL ("Anvil") reached agreement with a consortium of banks represented by International Financie Corportation and Deutsche Investitions und Entwicklungsgesellschaft mbH of Germany pursuant to which they agreed to purchase 90% of the shares and 100% of the bank debt of Bogoso Gold Limited ("BGL") for a total purchase price of $17 million, $12 million of which was to be payable on closing and $5 million on the first anniversary of the commencement of commercial mining as part of a new sulphide project. Following the completion of the purchase, the Company and Anvil will hold equity interests of 70% and 20%, respectively, in BGL with the Government of Ghana retaining its 10% equity interest. In addition to acquiring 90% of the shares in BGL, the purchase includes the acquisition of existing bank debt of approximately $34 million owed by BGL to the consortium of banks selling BGL. The Company and Anvil will acquire 77.8% and 22.2% of this debt, respectively, and as a result, BGL will have no external bank debt other than the debt acquired by the Company and Anvil. The acquisition of the shares and debt of BGL is subject to approvals of the Government and Bank of Ghana.

A standby credit facility for up to $12 million has been arranged by the Company to effect, if required, the purchase. As part of the agreement with the bank vendors, the Company has arranged a $2.0 million letter of credit in favor of the vendors, which is non-refundable if the Company fails to meet its obligations under the purchase agreement. In connection with the credit facility, the Company issued 1.5 million common share purchase warrants to the lender, each of which entitle it to purchase one of our common shares at an exercise price of $0.7063. The lender's right to exercise these warrants will expire on June 9, 2002. We have also agreed that we will issue a further number of warrants, at the time any amounts under the credit facility are advanced, equal to 3.0 million multiplied by the ratio of (a) the amount of the credit facility divided by (b) $12 million, less 1.5 million. Accordingly, if we borrow less than $6.0 million, we will not issue any additional warrants to the lender.
[See also Note 9]

(7) GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CANADA AND

THE UNITED STATES

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

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

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

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

(d) Canadian GAAP allows classification of investments which are capable of reasonably prompt liquidation as current assets. As such, all of the Company's investments are included under the caption "short-term investments" on the balance sheet under current assets. U.S. GAAP requires classification as current or long term assets based upon the anticipated maturity date of such instruments. Under U.S. GAAP, cash (and cash equivalents) includes bank deposits, money market instruments, and commercial paper with original maturities of three months or less. Canadian GAAP permits the inclusion of temporary investments with maturities greater than 90 days in cash.

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

(f) Under U.S. GAAP, available-for-sale securities are recorded at fair value and unrealized gains and losses are recorded as a separate component of shareholders' equity. Fair value is determined by quoted market prices.
(The Company has available-for-sale securities as of June 30, 1999.)

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

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

	For the six months ended June 30, 1999	June 30, 1998
Net loss under Canadian GAAP	$(4,266)	$(1,865)
Net effect of the deferred exploration expenditure on loss for the period (a)	429	(5,850)
Effect of Omai preferred share redemption (c)	433	688
Foreign exchange loss (gain) (g)	(31)	(82)
Loss under U.S. GAAP before minority interest	(3,435)	(7,109)
Adjustment to minority interest	515	361
Loss under the U.S. GAAP	(2,920)	(6,748)
Other comprehensive income foreign exchange loss	31	82
Comprehensive income (g)	(2,889)	(6,666)
Loss per share under U.S. GAAP	$ (0.10)	$ (0.22)

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

Balance Sheet

	As of June 30, 1999		As of December 31, 1998	
	Canadian GAAP	U.S. GAAP	Canadian GAAP	U.S. GAAP
Cash (d)	$ 942	$ 763	$ 7,350	$ 3,145
Short-term investments (d)	-	-	-	1,590
Other current assets	645	645	866	866
Restricted cash	2,200	2,200	-	-
Deferred exploration (a)	57,420	17,830	58,203	18,183
Investment in Omai Gold Mines Limited (c)	904	-	1,337	-
Deferred acquisition costs	1,085	1,085	-	-
Long-term investments (d) (f)	-	179	-	2,615
Other assets	574	574	841	841
Total Assets	$ 63,770	$ 23,276	$ 68,597	$ 27,240
Liabilities	3,645	3,645	4,704	4,704
Minority interest (a)	5,200	4,898	5,422	5,637
Share capital, net of stock option loans (e)	155,872	153,083	155,151	152,360
Cumulative translation adjustments (b)	-	1,595	-	1,595
Accumulated comprehensive Income (g)	-	(562)	-	(593)
Deficit (a) (c)	(100,947)	(139,383)	(96,680)	(136,463)
Total Liabilities and Shareholders' Equity	$ 63,770	$ 23,276	$ 68,597	$ 27,240

Statements of Cash Flows

Net cash provided by (used in):	Operating Activities		Investing Activities		Financing Activities	
	Canadian GAAP	U.S. GAAP	Canadian GAAP	U.S. GAAP	Canadian GAAP	U.S. GAAP
For the six months ended June 30, 1999	$ (1,594)	$(3,120)	$(2,355)	$ 3,196	$(2,459)	$(2,459)
For the six months ended June 30, 1998	$ (3,430)	$(7,534)	$(4,333)	$(2,680)	$ 1,417	$ 1,378

The statements of cash flows reflect the impact of the previously discussed adjustments (a) (c) (d) (e) (g) and the following non-cash items:

During the six months ended June 30, 1999, 679,012 shares were canceled that were previously issued for options granted under the Company's Stock Option Plan. The related stock option loans, principally to one former officer, amounting to $3.3 million and secured only by the shares were also canceled.

Operations by Geographic Area under U.S. GAAP

	Operating Revenues	Net Loss	Identifiable Assets
For the six months ended June 30, 1999			
South America	$ 9	$ (2,654)	$17,863
Africa	-	(195)	1,015
Corporate	213	(71)	4,398
	$222	$(2,920)	$23,276
For the six months ended June 30, 1998			
South America	$ -	$(3,901)	$21,653
Africa	3	(2,299)	1,189
Corporate	414	(548)	11,884
	$417	$(6,748)	$34,726

(8) COMMITMENTS AND CONTINGENCIES

Potential Litigation

On December 17, 1998, Societe des Mines de St. Elie ("SMSE") notified Texmine of its intention to terminate the Dieu-Merci option agreement. After several attempts to substantially reduce or eliminate the minimum commitments and property payments specified in the agreement failed, SMSE decided to withdraw from the option agreement. Following the termination of the option agreement, the owner of the Dieu-Merci project demanded from SMSE the sum of FF 2,000,0000 (approximately $350,000), which according to Texmine is owed to it in spite of the termination of the option agreement. SMSE does not believe that such sum is owed. A judgment was received on June 30, 1999 by a judge of the Tribunal of Grande Instance of Cayenne. The judge concluded that he did not have the authority to hear this case. There can be no assurance that SMSE will not appeal this decision or bring this litigation to arbitration. SMSE intends to defend itself vigorously against any other legal action that Texmine may take to obtain payment.

Letters of Credit and Guarantee

On April 30, 1999, the Company restricted and transferred $2.2 million as a deposit for the $2.0 million letter of credit issued in connection with the acquisition of BGL. This letter of credit was arranged in favor of the vendors of BGL and is non-refundable if the Company fails to meet its obligations under the purchase agreement. This letter of credit will be used to satisfy a portion of the acquisition cost.

(9) SUBSEQUENT EVENTS

On August 5, 1999, the Company announced results of a recent, independently conducted scoping study for the Gross Rosebel project in Suriname, 50% held by the Company and 50% by Cambior Inc. ("Cambior"). The study is part of the Company's ongoing efforts to evaluate possible development options for the Company's most advanced assets under the current, low gold price environment. The Gross Rosebel scoping study was evaluated under a $250/ounce gold price scenario. Following favorable results from metallurgical studies that indicated excellent heap leach recovery characteristics for Gross Rosebel soft rock ores, the existing block model prepared by Cambior was updated to reflect a $200 and $250 gold price and appropriate heap leach operating costs and cutoff grades. The resulting estimate of mineralized material (equivalent to measured and indicated resources under Canadian and Australian definitions) calculated at a $200 gold price is approximately 9.8 million tonnes at a grade of 2.4 g Au/t, including 10% mining dilution, with a stripping ratio of 1.4 tonnes of waste per tonne of ore. Using a $250 gold price, the resulting estimate of mineralized material is approximately 26.8 million tonnes at a grade of 1.7g Au/t, including 10% mining dilution, with a stripping ratio of 1.6 tonnes of waste per tonne of ore. In both cases, over 97% of the revised mineralized material represents soft rock material.

The scoping study indicates the potential for commercial development of Gross Rosebel as a smaller, relatively high grade heap leach operation, even at current gold prices. However, it is a preliminary study with more work required before a final feasibility study can be commenced, including further agglomeration test work, load permeability tests and further heap design, water balance, and solution management studies. Cambior, manager and operator of Gross Rosebel under the existing agreement with the Company, has been briefed on the study and its results. Discussions are underway between the Company and Cambior regarding the best approach to advance the project in light of the scoping study. Grassalco, the Surinamese state mining company, has an option to acquire a 20% interest in Gross Rosebel and will be briefed on the study and any further evaluation work.

On August 10, 1999, the Company and Anvil announced that they had renegotiated the terms of their offer with the consortium of banks, as discussed in Note 6. Subject to the approval of the Board of Directors of the sellers, the sellers agreed to reduce the initial up-front payment of $12 million to $6.5 million. As originally agreed, Golden Star and Anvil must still pay $5 million to the sellers upon the first anniversary of the commencement of commercial mining of sulphide ore at Bogoso. In consideration of the reduction of the initial payment, Golden Star and Anvil will make future additional payments to the sellers, related to changes in the gold price and the potential acquisition of ore from Ghana outside of the Bogoso concessions for processing at the Bogoso
mill. These additional payments are capped at $10 million and are expected to be funded from Bogoso's cash flow. The gold price related payments are due as to 50% one year after closing and 50% at the earlier of production ceasing or the second anniversary after closing. These payments are equal to $183,333 multiplied by the amount, if any, that the average daily gold price (on the London Bullion Market) over the period from closing to the payment dates exceeds $255 per ounce. For instance, if the gold price averages $285 per ounce over the next two years, Golden Star and Anvil will pay the sellers an extra $5.5 million as a purchase price adjustment. The payment made on the first anniversary of the acquisition will be non refundable and credited against any payment due on the second anniversary. The resource acquisition linked payment will be triggered if minable reserves equivalent to 50,000 ounces of gold are acquired elsewhere in Ghana for processing at the Bogoso mill, Golden Star and Anvil will make an additional payment to the sellers on the second anniversary of $2.0 million, irrespective of the gold price, but subject to the $10 million cap. These amounts will be amortized over the remaining life of the mine.

The Company will still be required to pay the sellers an additional $5.0 million on the first anniversary of commencement of sulphide production at BGL. Due to the uncertain nature of this contingent consideration, no liability has been recorded as part of the purchase price allocation. This payment, if made, will be amortized over the remaining life of the mine.

On August 17, 1999, the Company announced that it had entered into an agency agreement in connection with a United States offering, on a best efforts basis of up to $8,487,500 comprised of: (a) up to $5,250,000 of 7.5% Subordinated Convertible Debentures due 2004 (the "Debentures") at par, together with 200 common share purchase warrants for each $1000 face value of Debentures issued (each warrant, a "Debenture Warrant", to purchase one common share of the Company for a four-year term after the closing of the offering at $1.50 during the first two year of the term and at $1.75 during the balance of the term after the closing of the offering; and (b) up to 6,475,000 units at $0.50 per unit, each unit consisting of one Common Share and one-half of a common share purchase warrant (each whole warrant, a "Unit Warrant", to purchase one additional common share at $0.70 for a period of 18 months).

Assuming the completion of the total offering, and without giving effect to the exercise of the warrants, the Company expects to receive net proceeds, after deducting

approximately $1.3 million for agency fees and offering expenses, of approximately $7.2 million, $4.5 million of which will be used to fund the purchase price payment of an interest in BGL and the balance of the net proceeds of the offering will be used for expenses of the offering and working capital and general corporate purposes. The closing of the offering is scheduled to take place on or about August 19, 1999. The offering is subject to regulatory approvals. Pursuant to the agency agreement, 50% of the gross proceeds of the offering will be held in escrow until the closing of the acquisition of BGL. The Company currently anticipates that the acquisition of BGL will close in September. There can be no assurance that the offering and the acquisition of BGL will close.

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

OPERATIONS AND RECENT DEVELOPMENTS

The following discussion should be read in conjunction with the accompanying consolidated financial statements and related notes. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). For U.S. GAAP reconciliation see attached financial statement Note 7.

Cautionary Statement for the Purposes of the Reform Act

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

Results of Operations

Six Months Ended June 30, 1999 Compared to the Six Months Ended June 30, 1998

During the second quarter of 1999, the Company recognized a net loss of $4.0 million or $0.13 per share as compared to a net loss of $1.2 million or $0.04 per share for the second quarter of 1998. During the second quarter of 1999, the Company recorded $3.3 million in property abandonment charges and write- downs compared to nil million for the similar period in 1998.

For the six months ended June 30, 1999, the Company recognized a net loss of $4.3 million or $0.14 per share, compared to a loss of $1.9 million or $0.06 per share for the similar period in 1998. The increased loss in the 1999 period is primarily attributable to increased property write-downs in 1999 ($3.3 million) and ongoing cost reductions coupled with lower revenues in 1999.

Total revenues of $0.1 million during the second quarter of 1999 (as compared to $0.2 million for the second quarter of 1998) decreased due to reduced cash balances.

General and administrative expenditures decreased to $1.2 million during the second quarter of 1999 as compared to $1.9 million during the second quarter of 1998. For the six months ended June 30, 1999, general and administrative expenditures decreased to $1.9 million as compared to $3.5 million for the similar period last year. These decreases were due to the Company's ongoing cost reduction efforts.

Omai Gold Mines Limited ("OGML"), in which the Company maintains a 30% common share equity interest, reported net loss of $0.4 million for the second quarter of 1999 and $0.1 million for the six months ended June 30, 1999, compared to a net income of $2.0 million in the second quarter of 1998 and a net income of $5.9 million for the six months ended June 30, 1998. During the six months ended June 30, 1999, OGML produced 152,559 ounces of gold, compared to 163,363 ounces during the first six months of 1998. The Company recorded Class "I" preferred share redemptions from OGML of $1.0 million for the six months ended June 30, 1999, as compared to $1.5 million in the same period in 1998.

Liquidity and Capital Resources

As of June 30, 1999, the Company held cash and short term investments of $0.9 million ($11.1 million as of June 30, 1998) and working capital of approximately $0.1 million ($11.2 million as of June 30, 1998). The decrease in cash resources and working capital resulted from the expenditures on the Company's exploration and acquisition activities during the second half of 1998 and the first six months of 1999. The decrease is also attributed to a transfer of $2.2 million to restricted cash due to the pending BGL acquisition.

The Company must rely primarily on the capital markets to fund its operations and exploration activities until it can achieve sustained positive cash flow from mining operations. The Company's ability to continue as a going concern is dependent upon its ability to raise additional capital to fund its exploration and development efforts. The current market for gold shares is weak and equity capital is difficult to obtain. The Company anticipates that additional capital will be required in 1999 in order to fund operations and exploration activities. 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, acquisitions, and the issuance of new equity and debt securities. Other sources for such capital may include, among other things, the establishment of joint ventures and sale of property interests.

If the current depressed market for gold prices and gold shares continues into 1999, it may be necessary for the Company to modify its 1999 budget to achieve further reductions in activity and general and administrative expenses. Capital is allocated to those projects which in the opinion of Management, offer the greatest potential to generate additional reserves and mineralized material. A significant portion of the exploration and development expenditures for the Company and its subsidiaries represent discretionary spending and can be adjusted to reflect, among other things, results of exploration and development activities and the Company's capital resources. In 1999, the Company is required to make property rental payments and minimum exploration expenditures totaling $0.6 million in order to maintain its current property interests per existing mineral agreements. The Company is negotiating the reduction or deferral of these payments where possible.

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 abilities to develop our current portfolio of properties. We cannot assure you that additional funding will be available in 1999. This situation affects our flexibility to invest funds in exploration and development. 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 or permits and licenses. Although we have been successful in the past in obtaining financing though partnership arrangements and sale of equity securities, we cannot assure you 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 properties and may be obliged to sell some of our properties.

The Company anticipates that its current cash balances, together with proceeds from the redemption of preferred shares of OGML, proceeds from the exercise of warrants, financing provided by joint venture partners, the sale of property interests or assets and the sale of common shares and debt securities including the completion of a proposed sale of convertible debentures and equity units (refer to Note 9) combined with operating cash flows from the Bogoso acquisition will be sufficient to fund anticipated operating and exploration expenditures for 1999 and 2000.

Cash used in investing activities of $2.4 million for the six months ended June 30, 1999 (as compared to $4.3 million for the six months ended June 30, 1998) decreased primarily due to $1.1 million spent for deferred acquisition costs offset by the reduction in expenditures on exploration projects.

Cash used in financing activities of $2.5 million for the six months ended June 30, 1999 (as compared to $1.4 million provided by financing activities for the six months ended June 30, 1998). The increase results from the repayment received on stock option loans, the $1.0 million repayment of long term debt, the increase in restricted cash of the $2.2 million non-refundable deposit relating to the pending BGL acquisition and a decrease in the proceeds from issuance of share capital of $0.9 million. Share capital increased by approximately $0.1 million for the six months ended June 30, 1999, compared with an increase of $1.1 million during the six months ended June 30, 1998, due to the bonus shares issued.

Golden Star continues to closely monitor exploration progress at each of its prioritized projects to ensure work programs and capital are allocated to those projects that offer the greatest potential to generate additional reserves and resources. Comprehensive cost reduction efforts continue at all operating divisions and at the corporate headquarters to conserve cash resources. Most of the exploration and development spending for the Company and its subsidiaries represent discretionary spending and can be adjusted to reflect, among other things, results of exploration and development activities, the successful acquisition of additional properties or projects, the price of gold and Management's assessment of capital markets.

The Company has been and is subject to a further listing review after the filing of the third quarter 10-Q by the American Stock Exchange and

there can be no assurance that continued listing will be granted.

Africa (Pan African Resources Corporation)

Total exploration and acquisition expenditures in Africa for the second quarter of 1999 amounted to $0.1 million (compared to $2.1 million during the second quarter of 1998) and $0.2 million for the first six months of 1999 (compared to $2.4 million for the first six months of 1998). Expenditures in 1999 primarily reflect exploration activities in the Ivory Coast and Kenya.

French Guiana (Guyanor Ressources S.A.)

Total exploration expenditures by Guyanor for the second quarter amounted to $0.8 million, offset by joint venture recoveries of $0.2 million (compared to expenditures of $0.9 million and joint venture recoveries of $0.1 million in the second quarter of 1998). Activities in French Guiana focused primarily on further work at Yaou and Dorlin, St-Elie and Paul Isnard. General and administrative expenditures for Guyanor which were not reimbursed by joint venture partners amounted to $0.4 million for the quarter ended June 30, 1999 (compared to $0.6 million in the second quarter of 1998).

Guyana

Exploration and acquisition expenditures in the second quarter of 1999 in Guyana amounted to $0.3 million (compared to $0.1 million during the second quarter of 1998). Activities in Guyana focused primarily on the restructuring of the Guyana exploration activities and the recovery of cash from property bonds on projects abandoned.

Suriname

Exploration expenditures in Suriname during the second quarter of 1999 focused primarily on the Gross Rosebel project. Total spending in Suriname in the period of $0.5 million was offset by joint venture recoveries of $0.2 million (as compared to expenditures of $0.4 million and recoveries of $0.1 million during the second quarter of 1998). The reduction is primarily a result of the placement of the Gross Rosebel project on care and maintenance pending improved gold prices and resolution of certain development issues. The new scoping study results announced August 5, 1999, may result in renewed pre-development activities at Gross Rosebel. [See Note 9]

Southern Star Resources Ltd.

Exploration expenditures for the second quarter of 1999 of $0.2 million as compared to $0.8 during the second quarter of 1998 by Southern Star decreased due to a reduction in exploration activities. The Company recorded $3.3 million in property write-downs during the quarter and six months ended June 30, 1999 compared with no write-downs during the similar period of 1998. The write-downs were a result of poor results of the exploration and the Company's continuing reductions in expenditures based on priorities.

Year 2000 Compliance

The Company recognizes the importance of ensuring that its business operations are not disrupted as a result of Year 2000 problems. The Company has prepared a three step plan to identify and resolve Year 2000 issues. First, the Company has compiled an inventory of its Information Technology ("IT") systems, and non- IT systems (which are those which typically include "embedded" technology such as

microprocessors or chips) and is performing a survey of the state of Year 2000 readiness of third party suppliers, venders, joint partners and OGML. Second, the Company has prioritized the IT and non-IT systems and vendor responses. Third, the Company has prepared a Year 2000 testing plan to assess the ability of IT and non-IT systems to handle the Year 2000. Those systems that are not Year 2000 compliant are being modified or replaced to ensure that they are Year 2000 compliant. These steps are in various stages of completion. The Company anticipates that all steps will be completed by September 30, 1999. The Company estimates the internal and external cost of Year 2000 compliance to be approximately $0.1 million. To date the Company has spent approximately 50% of this estimated goal.

The Company believes that the greatest risk presented by the Year 2000 problem is from third parties such as suppliers and financial institutions who may not have adequately addressed the problem. A failure of any such third party's computer or other applicable systems in sufficient magnitude could materially and adversely impact the Company. The Company is not presently able to quantify this risk but believes that it is minimal based upon the survey responses received to date from third party suppliers, vendors, joint venture partners and OGML.

The Company is undertaking a contingency planning effort to identify alternatives that could be used to mitigate the effects of Year 2000 related failures. The Company maintains printed back-up of all material transactions which could facilitate the continuation of business operations and remediation of data loss in the event of a system failure.

Part II - Other Information

ITEM 1. LEGAL PROCEEDINGS

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

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

At the Annual and Special General Meetings of the Shareholders of the Company held on June 15, 1999, shareholders were asked to (i) elect six directors, Messrs. James E. Askew, David K. Fagin, Ernest Mercier, Roger Morton, John W. Sabine and Robert R. Stone (ii) approve the re-appointment of auditor, (iii) to approve amendments to the Company's Shareholder Rights Agreement (iv) to approve amendments to stock options granted to the directors and senior officers of the Company, and (v) to approve in advance the issuance of common shares.

(i) Votes cast in the election of directors were as follows:

	Number of Shares	
	For	Withheld
James E. Askew	8,006,851	1,320
David K. Fagin	8,006,851	1,320
Ernest Mercier	8,006,851	1,320
Roger D. Morton	8,006,851	1,320
John W. Sabine	8,006,851	1,320
Robert R. Stone	8,006,851	1,320

(ii) Votes cast for the re-appointment of PricewaterhouseCoopers, Chartered Accountants as auditor of the Company until the next annual general meeting of shareholders:

For	Against	Withheld
7,999,306	-0-	8,865

(iii) Votes cast on a proposal to amend the Shareholder Rights Agreement dated April 24, 1999 to extend its application beyond the expiration date of June 30, 1999:

For	Against	Withheld
5,527,311	2,337,024	38,765

(iv) Votes cast on a proposal to amend certain outstanding stock options held by directors and senior officers of the Company. The amendments provide for a reduction of the exercise price from its original

price to Cdn $1.80 and a 20% reduction of the number of shares that can be purchased under each such option:

For	Against	Withheld
4,308,071	2,964,138	630,891

(v) Votes cast on a proposal to obtain advance shareholder approval for the issuance of up to 20,000,000 common shares by the Company in one or more private placement transactions during the 12-month period commencing June 15, 1999:

For	Against	Withheld
6,398,682	1,446,670	57,748

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits
10.1 Amendment to Rights Agreement between the Company and CIBC Mellon Trust Company (formerly, the R-M Trust Company) dated as of June 30, 1999

10.2 Registration Rights Agreement between the Company, Elliott Associates, L.P. and Westgate International L.P.

10.3 Warrant to purchase common stock granted by the Company to Elliott Associates, L.P. dated June 9, 1999

10.4 Agreement for the sale and purchase of debt and 90% of the shares of Bogoso Gold Limited dated as of June 1, 1999

10.5 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.

27.1 Financial Data Schedule

(b) On May 20, 1999, the Company filed with the Securities and Exchange Commission ("SEC") a report on Form 8-K dated May 18, 1999. The report indicates that the Company and Anvil Mining NL ("Anvil") have been informed by the International Finance Corporation ("IFC") that their offer to purchase 90% of the shares of Bogoso Gold Limited ("BGL") from a consortium of banks led by IFC and Deutsche Investitions und Entwicklungsgesellschaft mbH ("DEG") of Germany has been accepted, subject to the approval of the boards of the IFC and DEG. BGL operates the Bogoso gold mine located on the Ashanti gold belt of Ghana. Following the completion of the purchase, the Company and Anvil will hold equity interests of 70% and 20%, respectively, in BGL with the Government of Ghana retaining its 10% equity interest. Total consideration for the acquisition of BGL is US $17 million, including US $12 million on closing and US $5 million on the first anniversary of the commencement of commercial mining of sulphide ore as part of a new sulphide project. In addition to acquiring 90% of the shares in BGL, the purchase includes the acquisition of existing bank debt of approximately US$34 million owed by BGL to the consortium of banks selling BGL. The Company and Anvil will acquire 78% and 22% of this debt, respectively, and as a result, BGL will have no external bank debt.

(c) The Company filed with the SEC on June 25, 1999, a Form 8-K announcing the appointment of a new Chairman of the Board and the election of two new directors.

SIGNATURE

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

Golden Star Resources Ltd.

By: /s/ James E. Askew
James E. Askew
President and Chief Executive Officer

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

Date: August 18, 1999

Exhibit 10-1
AMENDMENT TO RIGHTS AGREEMENT

THIS AMENDING AGREEMENT dated as of the 30th day of June, 1999

BETWEEN:

GOLDEN STAR RESOURCES LTD., a corporation subsisting under the Canada

Business Corporations Act

(hereinafter called the "Corporation")

OF THE FIRST PART

AND:

CIBC MELLON TRUST COMPANY (formerly, The R-M Trust Company), a trust

company incorporated under the laws of Canada

(hereinafter called the "Rights Agent")

OF THE SECOND PART

WHEREAS:

A. The Corporation and the Rights Agent entered into a rights agreement dated as of April 24, 1996 (the "Rights Agreement");

B. The Board of Directors of the Corporation and the shareholders of the Corporation have approved amendments to the Rights Agreement as hereinafter set out;

C. The Corporation has obtained all necessary regulatory approvals in connection with such amendments; and

D. The foregoing recitals are made as representations and statements of fact by the Corporation and not by the Rights Agent.

The parties hereto agree as follows:

1. All capitalized terms used herein without definition shall have the meanings ascribed to such terms in the Rights Agreement.

2. The Rights Agreement be amended as follows:

(a) the definition of "Expiration Time" in Section 1.1(25) of the Rights Agreement shall be deleted and the following be substituted therefor:

"Expiration Time" means the close of business on the date that is the earlier of: (a) the time at which the right to exercise Rights shall terminate pursuant to Section 5.1 hereof; and (b) June 30, 2004, unless extended to June 30, 2009 pursuant to Section 5.2(2) hereof."

(b) Section 5.2 of the Rights Agreement shall be deleted and the following be substituted therefor:

"5.2 Expiration and Extension of Expiration Time

(1) No Person has any rights under this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in subsection 4.1(1) of this Agreement.

(2) At the first annual meeting of the shareholders of the Corporation following June 30, 2003, provided that the Expiration Time has not occurred prior to such time, the Board of Directors may submit a resolution to the holders of Voting Shares of the Corporation, for their consideration, and if thought advisable, approval, extending the Expiration Time for the Rights to June 30, 2009. If the majority of votes cast on such resolution are voted for such extension, then the Expiration Time shall be the earlier of: (a) the time at which the right to exercise Rights shall terminate pursuant to Section 5.1 hereof; and (b) June 30, 2009."

(c) In view of the Rights Agreement having been approved by the shareholders of the Company at the annual general meeting held on June 11, 1996, Section 5.15 of the Rights Agreement shall be amended by deleting the last sentence thereof, which reads as follows, in its entirety:

"If this Agreement is not confirmed by a majority of the votes cast by holders of Voting Shares who vote in respect of confirmation of the Agreement at such meeting, this Agreement and all outstanding Rights terminate and become void at the close of business on the date of termination of such meeting."

3. All other provisions of the Rights Agreement which are not specifically amended or superseded by the provisions herein shall survive, provided that in case of any conflict between any of the provisions herein and the Rights Agreement, then the provisions herein shall, in all events, govern and prevail.

4. This Amending Agreement is governed by and construed in accordance with the laws of the Province of British Columbia and any action brought in relation to this Amending Agreement must be brought in the appropriate court of that Province.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first above written.

GOLDEN STAR RESOURCES LTD.

Per: /s/ James E. Askew
Authorized Signatory

CIBC MELLON TRUST COMPANY

Per: /s/ Van Bot
Authorized Signatory

Per: /s/ Doug Allen
Authorized Signatory

Exhibit 10-2
REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "Agreement") is entered into as of June 9, 1999 between GOLDEN STAR RESOURCES LTD., a corporation organized under the laws of Canada with its principal offices located at 1660 Lincoln Street, Denver, Colorado 80264 (the "Company"); and ELLIOTT ASSOCIATES, L.P., a Delaware limited partnership with an address at 712 Fifth Avenue, 36th Floor, New York, New York 10019 ("Elliott"), and WESTGATE INTERNATIONAL, L.P., an exempted company organized under the laws of the Cayman Islands with an address at c/o Midland Bank Trust Corporation (Cayman) Ltd., P.O. Box 1109, Mary Street, Grand Cayman, Cayman Islands ("Westgate"; Elliott and Westgate are hereinafter referred to each individually and collectively as "Lender").

W I T N E S S E T H:

Whereas, pursuant to that certain letter agreement dated May 5, 1999 from Elliott to the Company (the "Credit Facility Letter") and a letter agreement dated May 5, 1999 from the Company to Elliott (the "Premium Letter Agreement," and together with the Credit Facility Letter, the "Letters of Intent"), Elliott committed to lend (together with Westgate) the Company (or its designee) up to $12 million to finance the acquisition (the "Acquisition") of Bogoso Gold Limited, a mining company organized under the laws of the Republic of Ghana, by the Company and Anvil Mining NL, a company organized under the laws of Australia;

Whereas, any such loan will be documented by a loan agreement ("Loan Agreement") to be entered into by Lender and the Company (or its designee) and other documents to be entered into in connection therewith;

Whereas, pursuant to the Letters of Intent, the Company agreed to issue to Lender warrants ("Warrants") to purchase up to 3,000,000 common shares ("Common Shares") of the Company's common stock, no par value ("Common Stock"), in connection with the loan commitment; and

Whereas, pursuant to the terms of, and in partial consideration for, Lender's agreement to enter into the Letters of Intent and the Loan Agreement, the Company has agreed to provide the Lender with certain registration rights with respect to the Common Shares and certain other rights and remedies with respect to the Warrants and Common Shares as set forth in this Agreement;

Now, Therefore, in consideration of the foregoing premises and the mutual promises, representations, warranties, covenants and conditions set forth in the Letters of Intent and this Agreement and which may be entered into in the Loan Agreement, the Company and Lender agree as follows:

1. Certain Definitions. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed thereto in the Warrants or the Loan Agreement if entered into. As used in this Agreement, the following terms shall have the following respective meanings:

"Abandonment" shall mean the date on which (i) the Company requests the cancellation of the Letter of Credit or it is otherwise cancelled, or (ii) the Letter of Credit is otherwise drawn upon or the sellers under the Acquisition Agreement (as defined in the Credit Facility Letter) are entitled to draw down upon it.

"Canadian Prospectus" shall have the meaning set forth in Section 2(a) herein.

"Commission" or "SEC" shall mean the U.S. Securities and Exchange Commission or any other U.S. federal agency at the time administering the Securities Act.

"Exchange Act" shall mean the U.S. Securities Exchange Act of 1934, as amended.

"Exercise Price" shall have meaning set forth in the applicable Warrant for which such term is used.

"Fair Market Value" shall have the meaning set forth in the Warrants.

"Holder" and "Holders" shall include each Lender and any transferee of the Warrants or Common Shares or Registrable Securities which have not been sold to the public to whom the registration rights conferred by this Agreement have been transferred in compliance with this Agreement.

"Letter of Credit" shall mean the $2 million letter of credit required to be furnished by the Company pursuant to the terms of the Acquisition Agreement in connection with the Acquisition.

"Note" shall have the meaning set forth in the Loan Agreement, if entered into.

"OSA" shall mean the Securities Act (Ontario), as amended.

"OSC" shall mean the Ontario Securities Commission or any other agency at any time administering the OSA.

"Registrable Securities" shall mean: (i) the Common Shares issuable or issued to each Holder or its permitted transferee or designee upon exercise of the Warrants, or upon any stock split, stock dividend, recapitalization or similar event with respect to such Common Shares; (ii) any securities issued or issuable to each Holder upon the conversion, exercise or exchange of any Warrants; and (iii) any other security of the Company issued as a dividend or other distribution with respect to or upon exchange for or in replacement for Registrable Securities. For clarification purposes, "Registrable Securities" includes without limitation the Common Shares to be issued upon exercise of the 1,500,000 Warrants issued to Lender on the date hereof and the Common Shares to be issued upon exercise of the up to 1,500,000 additional Warrants to be issued upon Closing of the Term Credit Facility under the Loan Agreement.

The terms "register", "registered" and "registration" shall refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act and applicable rules and regulations thereunder, and the declaration or ordering of the effectiveness of such registration statement, and the qualifying of the Registrable Securities for distribution under the OSA pursuant to a prospectus filed with the OSC, as the case may be.

"Registration Expenses" shall mean all expenses to be incurred by the Company in connection with each Holder's registration rights under this Agreement, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company, blue sky fees and expenses, reasonable fees and disbursements of counsel to Holders (using one United States counsel and, to the extent necessary, one Canadian counsel, each selected by a majority in interest of the Holders) for a reasonable and customary "due diligence" examination of the Company and review of the Registration Statement and related documents, and the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company, which shall be paid in any event by the Company).

"Registration Statement" shall have the meaning set forth in Section 2(a) herein.

"Securities Act" or "Act" shall mean the U.S. Securities Act of 1933, as amended.

"Selling Expenses" shall mean all underwriting discounts and selling commissions applicable to the sale of Registrable Securities and all fees and disbursements of counsel for Holders not included within "Registration Expenses."

"Term Loan Amount" shall have the meaning ascribed to such term in the Loan Agreement, if any.

2. Registration Requirements. The Company shall effect the registration of the Registrable Securities (including without limitation the execution of an undertaking promptly to file post-effective amendments, appropriate qualification under applicable blue sky or other state securities laws and the OSA and appropriate compliance with applicable regulations issued under the Securities Act and the OSA) as would permit or facilitate the sale or distribution of all the Registrable Securities in the manner (including manner of sale) and in the province of Ontario and all other provinces and all U.S. states reasonably requested by the Holder, which registration shall include the following:

(a) The Company shall, as expeditiously as possible:

(i) But in any event by the date which is the earlier of (i) 90 days after the completion or abandonment of the Acquisition or (ii) October 31, 1999, use its reasonable best efforts to prepare and file a registration statement with the Commission pursuant to Rule 415 under the Securities Act on Form S-3 under the Securities Act (or in the event that the Company is ineligible to use such form, such other form as the Company is eligible to use under the Securities Act) covering the Registrable Securities ("Registration Statement") and prepare and file any documents necessary to cause the qualification of the Registrable Securities under the securities laws of the province of Ontario and such other provinces as may be reasonably requested by Lender (collectively, "Canadian Securities Law"). If a Canadian prospectus is not required for resales in Canada, as evidenced by a written opinion of reputable Canadian counsel reasonably acceptable to each Holder, no such prospectus need be qualified. Such Registration Statement shall, in

addition and without limitation, register (pursuant to Rule 416 under the Securities Act, or otherwise) such additional indeterminate number of Registrable Securities as shall be necessary to permit the exercise in full of the Warrants and the issuance of additional shares of Common Stock to Holders necessitated by the various exercise price adjustment and reset provisions of the Warrants. Thereafter, the Company shall cause such Registration Statement and other filings to be declared effective, and shall obtain a receipt for a final prospectus, if required (the "Canadian Prospectus"), qualifying the distribution of the Common Shares in Ontario, each as soon as reasonably possible, and in any event prior to the date ("Registration Commencement Date") which is the earlier of (i) the date that the Company registers any of its Common Stock under the Securities Act by registration on any form other than Form S-8 and such registration is declared effective, provided that if such other form is a Form S-4 and the Company files a Registration Statement covering the Registrable Securities within fifteen (15) days after filing such Form S-4, then such date under this clause (i) shall be the earliest possible date that the Company, using its reasonable best efforts, could reasonably cause such Registration Statement to become effective after the effectiveness of such Form S-4,
(ii) 180 days following the date of completion or Abandonment of the Acquisition, or (iii) January 31, 2000. The Company shall provide Holders and their legal counsel a reasonable opportunity to review any such Registration Statement or amendment or supplement thereto, and the Canadian Prospectus and any other filings required in Canada, prior to filing.

(ii) Prepare and file with the SEC such amendments and supplements to such Registration Statement and the prospectus used in connection with such Registration Statement, and prepare and file with the OSC such amendments and supplements to the Canadian Prospectus, if any, as may be necessary to comply with the provisions of the Act and the OSA with respect to the disposition of all securities covered by such Registration Statement and, if any, the Canadian Prospectus and notify the Holders of the filing and effectiveness of such Registration Statement and any amendments or supplements thereto, and the qualification of such Canadian Prospectus and any amendments or supplements thereto.

(iii) Furnish to each Holder such numbers of copies of a current prospectus conforming with the requirements of the Act and the OSA, copies of the Registration Statement and, if any, the Canadian Prospectus, any amendment or supplement thereto and any documents incorporated by reference therein and such other documents as such Holder may reasonably require in order to facilitate the disposition of Registrable Securities owned by such Holder.

(iv) Register and qualify the securities covered by such Registration Statement under such other securities or "Blue Sky" laws or

Canadian Securities Law of such U.S. and Canadian jurisdictions as shall be reasonably requested by each Holder; provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states, provinces or jurisdictions.

(v) Notify each Holder immediately of the happening of any event as a result of which the prospectus (including any supplements thereto or thereof) included in such Registration Statement and any preliminary prospectus or Canadian Prospectus, as then in effect, includes an untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and use its reasonable best efforts to promptly update and/or correct such prospectus.

(vi) Notify each Holder immediately of the issuance by the Commission or any state securities commission or agency or the OSC of any stop order suspending the effectiveness of the Registration Statement or any prospectus or ceasing trading of any securities of the Company or the initiation of any proceedings for that purpose. The Company shall use its reasonable best efforts to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible time.

(vii) Permit each Holder's counsel to review the Registration Statement, the preliminary prospectus filed with the OSC, the Canadian Prospectus, if any, and all amendments and supplements thereto within a reasonable period of time prior to each filing, and shall not file any document in a form to which any such counsel reasonably objects.

(viii) Cause the Registrable Securities covered by such Registration Statement to be listed on each principal national and international securities exchange and market on which the Company now lists or may in the future list its Common Stock, and prepare and file any required filings with each of such exchanges and markets, for the entire Registration Period (as defined in Section 5 below). The Company shall cause the Registrable Securities and the Common Stock to be listed and remain listed on at least one of AMEX, the New York Stock Exchange or NASDAQ (NMS or Small-Cap) at all times during the Registration Period.

(ix) Take all steps necessary to enable Holders to avail themselves of the prospectus delivery mechanism set forth in Rule 153 (or any successor thereto) under the Act.

(b) Set forth below in this Section 2(b) are (I) events that may arise that the Lender considers will interfere with the full enjoyment of their rights under the Warrants, the Loan Agreement (if entered into) and this Agreement (the "Interfering Events"), and (II) certain remedies applicable in each of these events.

Paragraphs (i) through (iv) of this Section 2(b), together with paragraph (vii) of this Section 2(b), describe the Interfering Events and provide a remedy in the form of cash payments to each Holder if an Interfering Event occurs.

Paragraph (v) provides, inter alia, that if cash payments required as the remedy in the case of any of the Interfering Events are not paid when due or if one or more Interfering Events continue in the aggregate for at least six (6) months, the Company may be required by any Holder to redeem outstanding Warrants and/or Common Shares at a specified price.

Paragraph (vi) provides, inter alia, that Lender has the right to specific performance.

The preceding paragraphs in this Section 2(b) are meant to serve only as an introduction to this Section 2(b), are for convenience only, and are not to be considered in applying, construing or interpreting this Section 2(b).

(i) Delay in Effectiveness of Registration Statement. The Company agrees that it shall file the Registration Statement with the SEC, and the preliminary prospectus (if required) in Ontario, as set forth in Section 2(a)(i) above, and shall cause such Registration Statement to become effective as soon as reasonably possible and in any event by the Registration Commencement Date. The Company agrees to cause a receipt to be obtained for any such Canadian Prospectus as soon as reasonably possible after the filing of the preliminary prospectus and in any event by the Registration Commencement Date. In the event that such Registration Statement has not been declared effective by the Registration Commencement Date, or (if applicable) the receipt for the Canadian Prospectus has not been obtained by the Registration Commencement Date (each a "Registration Default"), then the Company shall pay each Holder 3% of the Fair Market Value (as defined in the Warrant) of the Common Shares to be registered (subject to reduction under Section 2(b)(vii) below, the "Monthly Default Payment") for each 30 day period or portion thereof that such Registration Default is continuing. At the election of each Holder as made from time to time, the Company shall pay the Monthly Default Payment (regardless of the subsection of this Section 2(b) under which such Monthly Default Payment is payable) either (a) in cash or (b) by adding such amount to the Term Loan Amount due such Holder under the Loan Agreement (if entered into).

(ii) No Listing of Common Stock. In the event that the Company, at any time during the Listing Period (as defined below), fails, refuses or for any reason is unable to cause the Registrable Securities covered by the Registration Statement to be listed (A) with at least one of AMEX, the New York Stock Exchange or NASDAQ (NMS or Small-Cap) and (B) with each principal national and international securities exchange and market on which the Company then lists its Common Stock, then the Company shall pay to each Holder a Monthly Default Payment for each 30-day period (or portion thereof) during the Listing Period that the Registrable Securities are not so

listed. The "Listing Period" shall mean the period beginning on the earlier of the effectiveness of the Registration Statement or the Registration Commencement Date and ending on the date that the Registration Period ends (as defined in Section 5 below). For clarification purposes only and without affecting clause (A) above in any way, clause (B) above does not require the Company to cause the Registrable Securities to be listed on an exchange or market on which the Company no longer lists its Common Stock.

(iii) Blackout Periods.

(A) In the event any Holder's ability to sell Registrable Securities under the Registration Statement, or pursuant to the Canadian Prospectus (if any), is suspended (i) for more than thirty (30) consecutive days, (ii) for more than sixty (60) days (whether or not consecutive) in any twelve (12) month period, or
(iii) on more than two (2) occasions in any twelve
(12) month period ("Suspension Grace Period"), including without limitation by reason of a suspension of trading of the Common Stock on AMEX or the TSE, any suspension or stop order with respect to the Registration Statement or the Canadian Prospectus, or the fact that an event has occurred as a result of which the prospectus (including any supplements thereto) included in such Registration Statement or the Canadian Prospectus (including any supplements thereto) then in effect includes an untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, then the Company shall pay to each Holder a Monthly Default Payment on the Warrants and Common Shares held by such Holder for each 30-day period (or portion thereof) from and after the expiration of the Suspension Grace Period.

(B) If after the Registration Commencement Date any event shall occur that in the judgment of the Company is required to be set forth in the Registration Statement or the prospectus included therein or in the Canadian Prospectus (if any) (in each case as then amended or supplemented), or should be set forth therein in order to make the

statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary to supplement or amend the Registration Statement or such prospectus or the Canadian prospectus or to file under the Exchange Act or equivalent Canadian Securities Law any document which, upon filing, will be incorporated by reference therein in order to comply with the Securities Act, the Exchange Act or equivalent Canadian Securities Law or the rules and regulations thereunder, the Company will (subject to the following sentence) immediately notify each Holder in writing of such event or requirement (a "Notice of Amendment") and within three (3) business days after such event prepare and file with the SEC and/or OSC, as applicable, an appropriate supplement or amendment thereto or document to be incorporated therein by reference and furnish copies thereof, together with a written notice of such amendment or supplement or document to be incorporated therein by reference (a "Notice of Correction"), to each Holder. If, in the good faith and reasonable judgment of the Company, disclosure of any such event would be materially harmful or unduly burdensome to the Company or its business, the Company shall furnish to each Holder a notice of suspension to such effect and shall be entitled to defer the preparation and delivery of any such supplement, amendment and/or notice of correction for a period not to exceed the Suspension Grace Period (and such deferment shall count towards the Suspension Grace Period). Nothing contained in this paragraph 2(b)(iii)(B) shall in any way affect the Monthly Default Payment due each Holder pursuant to paragraph 2(b)(iii)(A) above.

(iv) Exercise Deficiency. In the event that the Company does not have a sufficient number of Common Shares available to satisfy the Company's obligations to any Holder upon receipt of an Exercise Form (as defined in the Warrant) or is otherwise unable or unwilling to issue such Common Shares (including without limitation by reason of any limits promulgated by AMEX, TSE or other exchange or governmental or regulatory) in accordance with the terms of the Warrants for any reason after receipt of an Exercise Form ("Exercise Deficiency"), then the Company shall pay to each Holder a Monthly Default Payment on the Warrants and

Common Shares held by such Holder for each 30-day period (or portion thereof) that the Company fails or refuses to issue Common Shares in accordance with the Warrant terms.

(v) Liquidated Damages; Premium Price Redemption for Payment

Defaults.

(A) The Company acknowledges that any failure, refusal or inability by the Company described in the foregoing paragraphs (i) through (iv) will cause the Holders to suffer damages in an amount that will be difficult to ascertain, including without limitation damages resulting from the loss of liquidity in the Registrable Securities and the additional investment risk in holding the Registrable Securities. Accordingly, the parties agree that it is appropriate to include in this Agreement the foregoing provisions for default payments and the provisions set forth in Section 2(b)(v)(C) below for mandatory redemption in order to compensate the Holders for such damages. The parties acknowledge and agree that the default payments and mandatory redemption set forth herein represent the parties' good faith effort to quantify such damages and, as such, agree that the form and amount of such default payments and mandatory redemption are reasonable and will not constitute a penalty.

(B) Each default payment provided for in the foregoing paragraphs (i) through (iv) shall be in addition to each other default payment; provided, however, that in no event shall the Company be obligated to pay to any Holder default payments in an aggregate amount greater than the Monthly Default Payment applicable to the Warrants and Common Shares held by such Holder for any 30-day period (or portion thereof). All default payments (which payments shall be pro rated on a per diem basis for any period of less than 30 days) required to be made in connection with the above provisions shall be paid in cash, or added to the Term Loan Amount under the Loan Agreement (if entered into), at the election of each Holder, at any time upon demand, and if a demand is not made, by the tenth
(10th) day of each calendar month for each partial or full

30-day period occurring prior to that date. Until paid as required in this Agreement, any and all default payments shall be deemed added to, and made a part of, the Term Loan Amount under the Loan Agreement (if entered into), and shall accrue interest at the rate set forth therein. In the event of any additions hereunder to the Term Loan Amount, the Company shall execute any and all documents reasonably requested by Lender in connection therewith, including without limitation a replacement Note or additional Note evidencing such new Term Loan Amount.

(C) In the event that (i) during any continuous period for which Monthly Default Payments are accruing, the Company fails or refuses to pay, on more than one occasion, any default payment following any applicable 30-day period in the manner elected by any Holder within five (5) days after the due date or (ii) the Company becomes obligated to make Monthly Default Payments (whether or not paid) for a period of at least six (6) months (whether or not consecutive), then at such Holder's request and option the Company shall purchase all or a portion of the Warrants and Common Shares held by such Holder (with default payments accruing through the date of such purchase), within three (3) business days after such request, at a price in immediately available funds (the "Premium Redemption Price") equal to (A) as to unexercised Warrants, the greater of the Exercise Price (as adjusted or reset) for each Warrant being redeemed or 1.5 times (i.e., 150% of) the product of (x) the excess of the Fair Market Value of a share of Common Stock over such Exercise Price, multiplied by (y) the number of Common Shares for which the Warrants being redeemed could be exercised (notwithstanding any Exercise Deficiency), and (B) as to Common Shares actually held, 1.5 times the product of (x) the number of Common Shares so to be redeemed pursuant to this paragraph, and (y) the Fair Market Value of each such Common Share as of the date of delivery of the notice of redemption. Payment of such amount shall be due and payable within three (3) business days of demand therefor, which demand (for

payment and redemption) shall be revocable by the Holder at any time after such due date and prior to its actual receipt of the full Premium Redemption Price.

(vi) Cumulative Remedies. The default payments and mandatory redemption provided for above are in addition to and not in lieu or limitation of any other rights the Holders may have at law, in equity or under the terms of the Warrants, the Letters of Intent, the Loan Agreement, this Agreement or any other documents or instruments related hereto or thereto, including without limitation the right to specific performance. Each Holder shall be entitled to specific performance of any and all obligations of the Company in connection with the registration rights of the Holders hereunder.

(vii) Monthly Default Payment Reduction. Notwithstanding anything contained herein, in the event any Interfering Event results solely from the Company's failure to cause or maintain the qualification for distribution of Registrable Securities under the OSA or from the de-listing of Registrable Securities on the TSE (but not a failure of registration under U.S. law or a de-listing by AMEX or other U.S. market), then the Monthly Default Payment amount shall be computed based upon one percent (1%) of the applicable figure instead of three percent (3%).

(c) If the Holder(s) intend to distribute the Registrable Securities by means of an underwriting, the Holder(s) shall so advise the Company. Any such underwriting may only be administered by investment bankers reasonably satisfactory to the Company. The Company shall only be obligated to permit one underwritten offering, which offering shall be determined by a majority-in- interest of the Holders. The Company shall enter into such customary agreements for secondary offerings (including a customary underwriting agreement with the underwriter or underwriters, if any) and take all such other reasonable actions reasonably requested by the Holders in connection therewith in order to expedite or facilitate the disposition of such Registrable Securities.

(d) The Company shall make available for inspection by the Holders, representative(s) of all the Holders together, any underwriter participating in any disposition pursuant to a Registration Statement or the Canadian Prospectus, and any attorney or accountant retained by any Holder or underwriter, all financial and other records customary for purposes of the Holders' due diligence examination of the Company and review of any Registration Statement or any prospectus filed with the OSC, all SEC Filings (as defined in the Loan Agreement) and the equivalent filings under the OSA filed subsequent to the Registration Commencement Date, pertinent corporate documents and properties of the Company, and cause the Company's officers, directors and employees to supply all information reasonably requested by any such representative, underwriter, attorney or accountant in connection with such Registration Statement or prospectus, provided that such parties agree to keep such information confidential.

(e) Subject to Section 2(b) above, the Company may suspend the use of any prospectus used in connection with the Registration Statement or the Canadian Prospectus only in

the event, and for such period of time as, such a suspension is required by the rules and regulations of the Commission or OSC. The Company will use its reasonable best efforts to cause such suspension to terminate at the earliest possible date.

(f) The Company shall file a Registration Statement and (if required by Canadian Securities Law to provide Holders with free tradeability in Canada) qualify a Canadian Prospectus with respect to any shares newly authorized and/or reserved for exercise of the Warrants within five (5) business days after any shareholders or board of directors meeting authorizing same and shall use its best efforts to cause such Registration Statement to become effective, and receive a receipt for the Canadian Prospectus (if any), within sixty (60) days after such shareholders or board of directors meeting. If the Holders become entitled, pursuant to an event described in clause (iii) of the definition of Registrable Securities, to receive any securities in respect of Registrable Securities that were already included in a Registration Statement, subsequent to the date such Registration Statement is declared effective, and the Company is unable under the securities laws to add such securities to the then effective Registration Statement and/or Canadian Prospectus, the Company shall promptly file, in accordance with the procedures set forth herein, an additional Registration Statement and/or Canadian Prospectus, as applicable, with respect to such newly Registrable Securities. The Company shall use its reasonable best efforts to (i) promptly cause any such additional Registration Statement and/or Canadian Prospectus, when filed, to become effective, and a receipt to be obtained from the OSC, respectively, and (ii) keep such additional Registration Statement and/or Canadian Prospectus, effective during the period described in
Section 5 below. All of the registration rights and remedies under this Agreement shall apply to the registration and qualification of such newly reserved shares and such new Registrable Securities, including without limitation the provisions providing for default payments contained herein.

3. Expenses of Registration. All Registration Expenses incurred in connection with any registration, qualification or compliance with registration pursuant to this Agreement shall be borne by the Company, and all Selling Expenses of a Holder shall be borne by such Holder.

4. Registration on Form S-3. The Company shall use its reasonable best efforts to qualify for registration on Form S-3 or any comparable or successor form or forms, or in the event that the Company is ineligible to use such form, the Company shall use such form as it is eligible to use under the Securities Act.

5. Registration Period. In the case of every registration and qualification effected by the Company pursuant to this Agreement, the Company will keep such registration effective until the earlier of (a) the fourth anniversary of the issue of the last issuable Warrants under the Letters of Intent, and (b) the date upon which all Common Shares issuable upon exercise of all Warrants have been sold ("Registration Period").

6. Indemnification.

(a) The Company Indemnity. The Company will indemnify each Holder, each of its officers, directors and partners, and each person controlling each Holder, within the meaning of Section 15 of the Securities Act and the rules and regulations thereunder with respect to which registration, qualification or compliance has been effected pursuant to this Agreement, and each underwriter, if any, and each person who controls, within the meaning of Section 15 of the

Securities Act and the rules and regulations thereunder, any underwriter, against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus, offering circular or other document (including any related registration statement, notification or the like) incident to any such registration, qualification or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by the Company of the Securities Act or any state securities law or the OSA or any other Canadian Securities Law, or, in any case, any rule or regulation thereunder applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, qualification or compliance, and will reimburse each Holder, each of its officers, directors and partners, and each person controlling such Holder, each such underwriter and each person who controls any such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating and defending any such claim, loss, damage, liability or action, provided that the Company will not be liable in any such case to a Holder to the extent that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or omission based upon written information furnished to the Company by such Holder or the underwriter (if any) therefor and stated to be specifically for use therein. The indemnity agreement contained in this Section 6(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent will not be unreasonably withheld).

(b) Holder Indemnity. Each Holder will, severally and not jointly, if Registrable Securities held by it are included in the securities as to which such registration, qualification or compliance is being effected, indemnify the Company, each of its directors, officers, partners, and each underwriter, if any, of the Company's securities covered thereby, each person who controls the Company or such underwriter within the meaning of Section 15 of the Securities Act and the rules and regulations thereunder, each other Holder (if any), and each of their officers, directors and partners, and each person controlling such other Holder(s) against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any such registration statement, prospectus, offering circular or similar document, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statement therein not misleading, and will reimburse the Company and such other Holder(s) and their directors, officers and partners, underwriters or control persons for any legal or any other expenses reasonably incurred in connection with investigating and defending any such claim, loss, damage, liability or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement, prospectus, offering circular or similar document in reliance upon and in conformity with written information furnished to the Company by such Holder and stated to be specifically for use therein, and provided that the maximum amount for which such Holder shall be liable under this indemnity shall not exceed the net proceeds received by such Holder from the sale of the Registrable Securities. The indemnity agreement contained in this Section 6(b) shall not apply to amounts paid in settlement of any such claims, losses, damages or liabilities if such settlement is effected without the consent of such Holder (which consent shall not be unreasonably withheld).

(c) Procedure. Each party entitled to indemnification under this Article (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim in any litigation resulting therefrom, provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the Indemnified Party (whose approval shall not be unreasonably withheld), and the Indemnified Party may participate in such defense at such party's expense, and provided further that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Article except to the extent that the Indemnifying Party is materially and adversely affected by such failure to provide notice. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. Each Indemnified Party shall furnish such information regarding itself or the claim in question as an Indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with the defense of such claim and litigation resulting therefrom.

7. Contribution. If the indemnification provided for in Section 6 herein is unavailable to the Indemnified Parties in respect of any losses, claims, damages or liabilities referred to herein (other than by reason of the exceptions provided therein), then each such Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities as between the Company on the one hand and any Holder on the other, in such proportion as is appropriate to reflect the relative fault of the Company and of such Holder in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and of any Holder on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by such Holder.

In no event shall the obligation of any Indemnifying Party to contribute under this Section 7 exceed the amount that such Indemnifying Party would have been obligated to pay by way of indemnification if the indemnification provided for under Section 6(a) or 6(b) hereof had been available under the circumstances.

The Company and the Holders agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Holders or the underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraphs. The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraphs shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this section, no Holder or underwriter shall be required to

contribute any amount in excess of the amount by which (i) in the case of any Holder, the net proceeds received by such Holder from the sale of Registrable Securities or (ii) in the case of an underwriter, the total price at which the Registrable Securities purchased by it and distributed to the public were offered to the public exceeds, in any such case, the amount of any damages that such Holder or underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

8. Survival. The indemnity and contribution agreements contained in Sections 6 and 7 and the representations and warranties of the Company referred to in Section 2(d)(i) shall remain operative and in full force and effect regardless of (i) any termination of this Agreement or the Loan Agreement or any underwriting agreement, (ii) any investigation made by or on behalf of any Indemnified Party or by or on behalf of the Company, and (iii) the consummation of the sale or successive resales of the Registrable Securities.

9. Information by Holders. Each Holder shall furnish to the Company such information regarding such Holder and the distribution and/or sale proposed by such Holder as the Company may reasonably request in writing and as shall be reasonably required in connection with any registration, qualification or compliance referred to in this Agreement. The intended method or methods of disposition and/or sale (Plan of Distribution) of such securities as so provided by such Holder shall be included without alteration in the Registration Statement covering the Registrable Securities and shall not be changed without written consent of such Holder.

10. Replacement Certificates. The certificate(s) representing the Common Shares held by either Lender (or then Holder) may be exchanged by such Lender (or such Holder) at any time and from time to time for certificates with different denominations representing an equal aggregate number of Common Shares, as reasonably requested by such Lender (or such Holder) upon surrendering the same. No service charge will be made for such registration or transfer or exchange.

11. Transfer or Assignment. Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The rights granted to the Lender by the Company under this Agreement to cause the Company to register Registrable Securities may be transferred or assigned (in whole or in part) to a transferee or assignee of Warrants or Common Shares, and all other rights granted to Lender by the Company hereunder may be transferred or assigned to any transferee or assignee of any Warrants or Common Shares; provided in each case that the Company must be given written notice by such Lender at the time of or within a reasonable time after said transfer or assignment, stating the name and address of said transferee or assignee and identifying the securities with respect to which such registration rights are being transferred or assigned.

12. Reports under Securities Exchange Act of 1934. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Securities Act ("Rule 144"), the Company agrees to:

(a) Make and keep public information available, as those terms are understood and defined in Rule 144, at all times;

(b) File with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

(c) Furnish to each Holder so long as such Holder owns, or has the right to obtain upon exercise of the Warrants, Registrable Securities, promptly upon request (i) a written statement by the Company that it has complied with all the reporting requirements of Rule 144, the Securities Act and the Exchange Act, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested to permit the Holders to sell such securities without registration.

13. Miscellaneous.

(a) Remedies. The Company and Lender acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent or cure breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof, this being in addition to any other remedy to which any of them may be entitled by law or equity.

(b) Jurisdiction. The company and each lender (i) hereby irrevocably submits to the exclusive jurisdiction of the united states district court, the new york state courts and other courts of the united states sitting in new york county, new york for the purposes of any suit, action or proceeding arising out of or relating to this agreement and (ii) hereby waives, and agrees not to assert in any such suit action or proceeding, any claim that it is not personally subject to the jurisdiction of such court, that the suit, action or proceeding is brought in an inconvenient forum or that the venue of the suit, action or proceeding is improper. the company and each lender consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address in effect for notices to it under this agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. nothing in this paragraph shall affect or limit any right to serve process in any other manner permitted by law.

(c) Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing by facsimile, mail or personal delivery and shall be effective upon actual receipt of such notice. The addresses for such communications shall be:

to the Company:

Golden Star Resources Ltd.
1660 Lincoln Street
Denver, Colorado 80264

Facsimile: (303) 830-9094 Attention: Louis Peloquin, Esq.

with copies to:

Paul Weiss Rifkind Wharton & Garrison 1285 Avenue of Americas
New York, New York 10019
Facsimile: (212) 757-3990 Attention: Edwin S. Maynard, Esq.

and

Koffman Kalef
885 West Georgia Street
Vancouver, British Columbia Canada V6C 3H4
Facsimile: (604) 891-3788 Attention: Bernard Poznanski

to Lenders:

Elliott Associates, L.P.

712 Fifth Avenue
36th Floor
New York, New York 10019
Attn: Sam Perlman

Westgate International, L.P.
c/o Midland Bank Trust Corporation (Cayman) Ltd. P.O. Box 1109
Mary Street
Grand Cayman, Cayman Islands Attn: Greg Taylor

with copies to:

Kleinberg, Kaplan, Wolff & Cohen, P.C. 551 Fifth Avenue
New York, New York 10176 Facsimile: (212) 986-8866 Attention: Martin D. Sklar, Esq.

Any party hereto may from time to time change its address for notices by giving at least 10 days' written notice of such changed address to the other parties hereto.

(d) Indemnity. Each party shall indemnify each other party against any loss, cost or damages (including reasonable attorney's fees) incurred as a result of such parties' breach of any representation, warranty, covenant or agreement in this Agreement.

(e) Waivers. No waiver by any party of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any other provision, condition or requirement hereof, nor shall any delay or

omission of any party to exercise any right hereunder in any manner impair the exercise of any such right accruing to it thereafter. The representations and warranties and the agreements and covenants of the Company and each Lender contained herein shall survive the Acquisition, if it occurs, and the Closing under the Loan Agreement, if it occurs.

(f) Execution; Effectiveness. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement, it being understood that all parties need not sign the same counterpart. This Agreement shall become effective upon the execution hereof by the Company and each Lender and shall become enforceable against the Borrower (to be defined in the Loan Agreement) upon execution hereof by the Borrower.

(g) Entire Agreement. This Agreement, together with the Loan Agreement, the Warrants and the agreements and documents contemplated hereby and thereby, contains the entire understanding and agreement of the parties, and may not be modified or terminated except by a written agreement signed by both parties.

(h) Governing Law; Consent of Jurisdiction. This agreement and the validity and performance of the terms hereof shall be governed by and construed and enforced in accordance with the internal laws of the state of new york applicable to contracts executed and to be performed entirely in such state.

(i) Severability. The parties acknowledge and agree that the representations, warranties, covenants and agreements of each Lender hereunder are several and not joint, that neither Lender shall have any responsibility or liability for the representations, warrants, agreements, acts or omissions of the other Lender, and that any rights granted to "Lender" hereunder shall be enforceable by each Lender hereunder.

(j) Jury Trial. Each party hereto waives the right to a trial by jury.

(k) Further Assurances. Each of the Company and each Lender shall do and perform all such further acts and things and execute and deliver all such other certificates, documents and instruments as the Company or such Lender may, at any time and from time to time, reasonably request in connection with the performance of any of the terms of this Agreement.

(l) Titles. The titles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

GOLDEN STAR RESOURCES LTD.

By: /s/ Gordon Bell

Vice President and Chief Financial Officer

ELLIOTT ASSOCIATES, L.P.

By: /s/ Paul E. Singer

General Partner

WESTGATE INTERNATIONAL, L.P.

By: Martley International, Inc., as Attorney-in-fact

By: /s/ Paul E. Singer

President

ACCEPTED AND AGREED TO:

[BORROWER]

By:_____
Name:
Title:

Exhibit 10-3

Certificate No. W-1

Number of Shares 750,000

THIS WARRANT AND ANY SECURITIES ACQUIRED UPON THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND NEITHER THE SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT OR SUCH LAWS OR AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS.

GOLDEN STAR RESOURCES LTD.

WARRANT TO PURCHASE COMMON STOCK

This certifies that, for good and valuable consideration, Golden Star Resources Ltd., a corporation subsisting under the Canada Business Corporations Act (the "Company"), grants to Elliott Associates, L.P., or its registered assigns (the "Warrantholder"), the right to subscribe for and purchase from the Company 750,000 validly issued, fully paid and nonassessable shares (the "Warrant Shares") of the Company's common shares (the "Common Stock"), at the purchase price per share of US$0.7063 (the "Exercise Price"), at any time and from time to time, prior to 5:00 PM Eastern Time on June 9, 2002 (the "Expiration Date"), all subject to the terms, conditions and adjustments herein set forth.

1. Duration and Exercise of Warrant; Limitation on Exercise; Payment of Taxes.

1.1 Duration and Exercise of Warrant. Subject to the terms and conditions set forth herein, the Warrant may be exercised, in whole or in part, by the Warrantholder by:

(a) the surrender of this Warrant to the Company, with a duly executed Exercise Form specifying the number of Warrant Shares to be purchased, during normal business hours on any Business Day prior to the Expiration Date; and

(b) the delivery of payment to the Company, for the account of the Company, by cash or by certified or bank cashier's check, of the Exercise Price for the number of Warrant Shares specified in the Exercise Form in lawful money of the United States of America. The Company

agrees that such Warrant Shares shall be deemed to be issued to the Warrantholder as the record holder of such Warrant Shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for the Warrant Shares as aforesaid (or as provided in Section 1.2 below).

1.2 Exercise By Principal Reduction.

In lieu of the payment of the Exercise Price as provided in
Section 1.1(b), the Warrantholder shall have the right (the "Conversion Right") (but not the obligation) to exercise this Warrant, in whole or in part, by delivery of written instructions authorizing a reduction in the outstanding principal amount of indebtedness due to such Warrantholder under the Credit Facility referred to in the Credit Facility Letter dated May 5, 1999 (the "Credit Facility Letter") between the Company and Elliott Associates, L.P. Such reduction in principal shall be deemed a prepayment under the Credit Facility.

1.3 Warrant Shares Certificate. A stock certificate or certificates for the Warrant Shares specified in the Exercise Form shall be delivered to the Warrantholder within three Business Days after receipt (including facsimile receipt) of the Exercise Form, together with receipt of payment of the purchase price if the Conversion Right is not exercised. If this Warrant shall have been exercised only in part, the Company shall, at the time of delivery of the stock certificate or certificates, deliver to the Warrantholder a new Warrant evidencing the rights to purchase the remaining Warrant Shares, which new Warrant shall in all other respects be identical with this Warrant.

1.4 Payment of Taxes. The issuance of certificates for Warrant Shares shall be made without charge to the Warrantholder for any stock transfer or other issuance tax in respect thereto; provided, however, that the Warrantholder shall be required to pay any and all taxes which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the then Warrantholder as reflected upon the books of the Company.

1.5 Divisibility of Warrant; Transfer of Warrant.

(a) Subject to the provisions of this Section 1.5, this Warrant may be divided into warrants of one thousand shares or multiples thereof (except for any "stub amount"), upon surrender at the principal office of the Company, without charge to any Warrantholder. Upon such division, the Warrants may be transferred of record as the then Warrantholder may specify without charge to such Warrantholder (other than any applicable transfer taxes). In addition, subject to the provisions of Section 2, the Warrantholder shall also have the right to transfer this Warrant in its entirety to any person or entity.

(b) Upon surrender of this Warrant to the Company with a duly executed Assignment Form and funds sufficient to pay any transfer tax, the Company shall, without charge, execute and deliver a new Warrant or Warrants of like tenor in the name of the assignee named in such Assignment Form, and this Warrant shall promptly be canceled. Each Warrantholder agrees that prior to any proposed transfer of this Warrant, such Warrantholder shall give written notice to the Company of such Warrantholder's intention to effect such transfer. Each such notice shall describe the manner and circumstances of the proposed transfer in sufficient detail, and, if requested by the Company, shall be accompanied by a written opinion of legal counsel, which opinion shall be addressed to the Company and be reasonably satisfactory in form and substance to the Company's counsel, to the effect that

the proposed transfer of this Warrant may be effected without registration under the Securities Act. The Warrantholder shall not be entitled to transfer this Warrant, or any part thereof, if such legal opinion is not reasonably acceptable to the Company. The term "Warrant" as used in this Agreement shall be deemed to include any Warrants issued in substitution or exchange for this Warrant.

2. Restrictions on Transfer; Restrictive Legends.

2.1 Restrictive Legends. Except as otherwise permitted by this Section 2.1, each Warrant shall (and each Warrant issued upon direct or indirect transfer or in substitution for any Warrant pursuant to Section 1.5 or Section 4 shall) be stamped or otherwise imprinted with a legend in substantially the following form:

THIS WARRANT AND ANY SECURITIES ACQUIRED UPON THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS AND NEITHER THE SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT OR SUCH LAWS OR AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS.

Except as otherwise permitted by this Section 2.1, each stock certificate for Warrant Shares issued upon the exercise of any Warrant and each stock certificate issued upon the direct or indirect transfer of any such Warrant Shares shall be stamped or otherwise imprinted with a legend in substantially the following form:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS AND NEITHER THE SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT OR SUCH LAWS OR AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON THE AMERICAN STOCK EXCHANGE OR THE TORONTO STOCK EXCHANGE. A NEW CERTIFICATE, WITHOUT THIS LEGEND, DELIVERY OF WHICH WILL CONSTITUTE "GOOD DELIVERY," MAY BE OBTAINED FROM THE COMPANY'S TRANSFER AGENT UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM REASONABLY SATISFACTORY TO THE COMPANY'S TRANSFER AGENT AND THE COMPANY, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

Notwithstanding the foregoing, the Warrantholder may require the Company to issue a stock certificate for Warrant Shares without a legend, if either (i) such Warrant Shares have been registered for resale under the Securities Act and sold pursuant to such registration or (ii) the Warrantholder has delivered to the Company an opinion of legal counsel, which opinion shall be addressed to the Company and be reasonably satisfactory in form and substance to the Company's counsel, to the effect that such registration is not required with respect to the public offering and sale of such Warrant Shares pursuant to Rule 144(k) or otherwise.

2.2 Restrictions on Transfer; Registration Rights.

(a) No Warrant may be exercised and no Warrant or Warrant Share may be sold, transferred or otherwise disposed of (any such sale, transfer or other disposition, a "sale"), except in compliance with this Section 2.

(b) A Warrantholder may exercise this Warrant if it is an "accredited investor" or a "qualified institutional buyer," as defined in Regulation D and Rule 144A under the Securities Act, respectively, and a Warrantholder may sell this Warrant or any Warrant Shares to a transferee that is an "accredited investor" or a "qualified institutional buyer," as such terms are defined in such Regulation and such Rule, respectively, provided that each of the following conditions is satisfied:

(i) with respect to any "accredited investor" that is not an institution, such transferee provides certification establishing to the reasonable satisfaction of the Company that it is an "accredited investor";

(ii) such transferee represents that it is acquiring the Warrant and/or Warrant Shares for its own account and not with a view to, or for offer or sale in connection with, any distribution thereof within the meaning of the Securities Act that would be in violation of the securities laws of the United States or any applicable state thereof, but subject, nevertheless, to the disposition of its property being at all times within its control; and

(iii) such transferee agrees to be bound by the provisions of this Section 2 with respect to any Warrants and Warrant Shares held by it.

(c) The provisions of this Section 2.2 shall not apply to any public sale of Warrant Shares in a transaction that is registered under the Securities Act or exempt from such registration under Rule 144.

(d) The Warrantholder shall have certain rights pursuant to a registration rights agreement, dated as of June 9, 1999, between the Company and the Warrantholder.

3. Issuance and Reservation of Shares; Approval Process.

3.1 The Company covenants and agrees as follows:

(a) all Warrant Shares which are issued upon the exercise of this Warrant will, upon issuance, be validly issued, fully paid, and nonassessable, not subject to any preemptive rights, and free from all taxes, liens, security interests, charges, and other encumbrances with respect to the issue thereof, other than taxes with respect to any transfer occurring contemporaneously with such issue; and

(b) during the period within which this Warrant may be exercised, the Company will at all times have authorized and reserved, and keep available free from preemptive rights, a sufficient number of shares of Common Stock to provide for the exercise of the rights represented by this Warrant.

3.2 The Company represents and warrants that the Toronto Stock Exchange ("TSE") has either approved or waived the approval process for the issuance of the Warrants and the listing of the Warrant Shares issuable upon the exercise of the Warrants, subject to the delivery to the TSE of a notice of issuance of the American Stock Exchange with respect to the Warrant Shares (the "Notice") and the payment of listing fees as required by the TSE. The Company covenants and agrees to fulfill all the requirements of the TSE with respect to the Warrants and the Warrant Shares, including, without limitation, the prompt delivery to the TSE of the Notice, except to the extent waived by the TSE.

4. Loss or Destruction of Warrant.

Subject to the terms and conditions hereof, upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of such bond or indemnification as the Company may reasonably require, and, in the case of such mutilation, upon surrender and cancellation of this Warrant, the Company promptly (but not later than in two days) will execute and deliver a new Warrant of like tenor.

5. Ownership of Warrant.

The Company may deem and treat the person in whose name this Warrant is registered as the holder and owner hereof (notwithstanding any notations of ownership or writing hereon made by anyone other than the Company) for all purposes and shall not be affected by any notice to the contrary, until presentation of this Warrant for registration of transfer.

6. Certain Adjustments.

6.1 The number of Warrant Shares purchasable upon the exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time as follows:

(a) Stock Dividends. If at any time after the date of the issuance of this Warrant (i) the Company shall fix a record date for the issuance of any stock dividend or distribution payable in shares of Common Stock or securities or rights convertible or exchangeable into Common Stock or (ii) the number of shares of Common Stock shall have been increased by a subdivision or split-up of shares of Common Stock, then, on the record date fixed for the determination of holders of Common Stock entitled to receive such dividend or distribution (or on the dividend distribution date if no record date is set) or immediately after the effective date of subdivision or split-up, as the case may be, the

number of shares to be delivered upon exercise of this Warrant will be increased so that the Warrantholder will be entitled to receive the number of shares of Common Stock that such Warrantholder would have owned (or been entitled to receive in the case of convertible or exchangeable securities) immediately following such action had this Warrant been exercised immediately prior thereto, and the Exercise Price will be adjusted as provided below in paragraph (h).

(b) Combination of Stock. If the number of shares of Common Stock outstanding at any time after the date of the issuance of this Warrant shall have been decreased by a combination of the outstanding shares of Common Stock, then, immediately after the effective date of such combination, the number of shares of Common Stock to be delivered upon exercise of this Warrant will be decreased so that the Warrantholder thereafter will be entitled to receive the number of shares of Common Stock that such Warrantholder would have owned immediately following such action had this Warrant been exercised immediately prior thereto, and the Exercise Price will be adjusted as provided below in paragraph (h).

(c) Reorganization, etc. If any capital reorganization of the Company, any reclassification of the Common Stock, any consolidation of the Company with or merger of the Company with or into any other person, or any sale or lease or other transfer of all or substantially all of the assets of the Company to any other person, shall be effected in such a way that the holders of Common Stock shall be entitled to receive stock, other securities or assets (whether such stock, other securities or assets are issued or distributed by the Company or another person) with respect to or in exchange for Common Stock, then, upon exercise of this Warrant, the Warrantholder shall have the right to receive the kind and amount of stock, other securities or assets receivable upon such reorganization, reclassification, consolidation, merger or sale, lease or other transfer by a holder of the number of shares of Common Stock that such Warrantholder would have been entitled to receive upon exercise of this Warrant had this Warrant been exercised immediately before such reorganization, reclassification, consolidation, merger or sale, lease or other transfer.

(d) Distributions to All Holders of Common Stock. If the Company shall, at any time after the date of issuance of this Warrant, fix a record date to distribute (or distribute without a record date) to all holders of its Common Stock, any shares of capital stock of the Company (other than Common Stock) or evidences of its indebtedness or assets (not including cash dividends paid from retained earnings of the Company after the Credit Facility has been paid off) or rights or warrants to subscribe for or purchase any of its securities or securities issued in connection with a spin-off, then the Warrantholder shall be entitled to receive, upon exercise of the Warrant, on a pro rata basis, that portion of such distribution to which it would have been entitled had the Warrantholder exercised its Warrant immediately prior to the date of such distribution. At the time it fixes the record date for such distribution (or prior to any distribution if no record date is fixed), the Company shall allocate sufficient reserves to ensure the timely and full performance of the provisions of this Section 6.1(d). The Company shall promptly (but in any case no later than five Business Days prior to the record date of such distribution) mail by first class, postage prepaid, to the Warrantholder, notice that such distribution will take place.

(e) Stock and Rights Offering at Less than Exercise Price. If (i) within six months of the date of issuance of this Warrant or (ii) at any time more than US$1 million is outstanding under the Credit Facility referred to in the Credit Facility Letter, the Company shall issue any of its Common Stock and/or securities, rights and/or warrants entitling the holders thereof to subscribe for

or purchase Common Stock (or securities convertible or exercisable for Common Stock), individually or as a unit, in any such case, at a discrete or implied (in the case of a unit) price per share of Common Stock (or having a conversion or exercise price per share of Common Stock) that is less than 95% of the Exercise Price on the date of such issuance then, at the Warrantholder's option, immediately after the date of such issuance, the Exercise Price will be reset to a price equal to the discrete or implied (in the case of a unit) issuance price per share of such Common Stock; provided, however, if regulatory conditions imposed upon any such reset, including upon any reduction in the reset or a shortening of the exercise period, renders the reset unsatisfactory to the Warrantholder, the Warrantholder may instead elect to receive in lieu thereof
(i) cash in an amount equal to the number of Warrant Shares covered hereby multiplied by the excess of the actual Exercise Price over the intended reset Exercise Price, or (ii) if regulatory approval of such cash payment is denied, such other consideration as will afford the Warrantholder value which is reasonably equivalent to such reset. Notwithstanding the foregoing, such reset right shall not be triggered by any issuance or issuances of up to 1% in the aggregate of the outstanding Common Stock pursuant to any director, officer and employee stock option or stock bonus plans.

(f) Fractional Shares. No fractional shares of Common Stock or scrip shall be issued to any Warrantholder in connection with the exercise of this Warrant. Instead of any fractional shares of Common Stock that would otherwise be issuable to such Warrantholder, the Company will pay to such Warrantholder a cash adjustment in respect of such fractional interest in an amount equal to that fractional interest of the then current Fair Market Value per share of Common Stock.

(g) Carryover. Notwithstanding any other provision of this Section 6, no adjustment shall be made to the number of shares of Common Stock to be delivered to the Warrantholder (or to the Exercise Price) if such adjustment represents less than 1% of the number of shares to be so delivered hereunder, but any lesser adjustment shall be carried forward and shall be made at the time and together with the next subsequent adjustment which together with any adjustments so carried forward shall amount to 1% or more of the number of shares to be so delivered.

(h) Exercise Price Adjustment. Whenever the number of Warrant Shares purchasable upon the exercise of this Warrant is adjusted pursuant to Sections 6.1(a) through (d) herein, the Exercise Price payable upon the exercise of this Warrant shall be adjusted by multiplying such Exercise Price immediately prior to such adjustment by a fraction, of which the numerator shall be the number of Warrant Shares purchasable upon the exercise of the Warrant immediately prior to such adjustment, and of which the denominator shall be the number of Warrant Shares purchasable immediately thereafter.

6.2 Rights Offering. In the event the Company shall effect an offering of Common Stock pro rata among its stockholders, the Warrantholder shall be entitled to elect to participate in each and every such offering as if this Warrant had been exercised immediately prior to each such offering. The Company shall promptly (but in any case no later than seven Business Days prior to such rights offering) mail by first class, postage prepaid, to the Warrantholder, notice that such rights offering will take place together with all documents and information relating to the terms of the offering. Except as set forth in Section 6.1(e) hereof, the Company shall not be required to make any adjustment with respect to the issuance of shares of Common Stock pursuant to a rights offering in which the holder hereof has been entitled to elect to participate under the provisions of this Section 6.2.

6.3 Notice of Adjustments. Whenever the number of Warrant Shares or the Exercise Price of such Warrant Shares is to be adjusted, as herein provided, the Company shall, at least 10 Business Days prior to such adjustment, mail by first class, postage prepaid, to the Warrantholder, notice of such adjustment or adjustments and a certificate of a firm of independent public accountants of recognized national standing selected by the Board of Directors of the Company (who shall be appointed at the Company's expense and who may be the independent public accountants regularly employed by the Company) setting forth the number of Warrant Shares and the Exercise Price of such Warrant Shares after such adjustment, a detailed statement of the facts requiring such adjustment, and the computation by which such adjustment was made.

6.4 Notice of Extraordinary Corporate Events.

In case the Company after the date hereof shall propose to (i) distribute any dividend (whether stock or cash or otherwise) to the holders of shares of Common Stock or to make any other distribution to the holders of shares of Common Stock, (ii) offer to the holders of shares of Common Stock rights to subscribe for or purchase any additional shares of any class of stock or any other rights or options, or (iii) effect any reclassification of the Common Stock (other than a reclassification involving merely the subdivision or combination of outstanding shares of Common Stock), any capital reorganization, any consolidation or merger, any sale, transfer or other disposition of all or substantially all of its property, assets and business, or the liquidation, dissolution or winding up of the Company, then, in each such case, the Company shall mail to each Warrantholder notice of such proposed action, which notice shall specify the date on which (a) the books of the Company shall close, or (b) a record shall be taken for determining the holders of Common Stock entitled to receive such stock dividends or other distribution or such rights or options, or
(c) such reclassification, reorganization, consolidation, merger, sale, transfer, other disposition, liquidation, dissolution or winding up shall take place or commence, as the case may be, and the date, if any, as of which it is expected that holders of record of Common Stock shall be entitled to receive securities or other property deliverable upon such action. Such notice shall be mailed in the case of any action covered by clause (i) or (ii) above at least ten days prior to the record date for determining holders of Common Stock for purposes of receiving such payment or offer, or in the case of any action covered by clause (iii) above at least 30 days prior to the date upon which such action takes place and at least 20 days prior to any record date to determine holders of Common Stock entitled to receive such securities or other property.

6.5 Effect of Failure to Notify. Failure to file any certificate or notice or to mail any notice, or any defect in any certificate or notice, pursuant to Sections 6.3 and 6.4 shall not affect the necessity of the adjustment to the Exercise Price, the calculation of the number of shares purchasable upon exercise of this Warrant, or the legality or validity of any transaction giving rise thereto, without prejudicing the Warrantholder's rights to seek damages for such failure.

6.6 Other Dilutive Events. In case any event shall occur as to which the provisions of Section 6.1 are not strictly applicable, but the failure to make any adjustment would not fairly protect the purchase rights represented by this Warrant in accordance with the essential intent and principles of such section, then, in each such case, the Company shall appoint a firm of independent public accountants of recognized national standing (other than the independent public accountants regularly employed by the Company) to issue a report which shall determine the adjustment, if any, on a basis

consistent with the essential intent and principles established in Section 6.1, necessary to preserve without dilution the purchase rights represented by this Warrant. Upon receipt of such report, the Company will promptly mail a copy thereof to the Warrantholder and shall make the adjustments described therein.

7. Optional Redemption of Warrants by Company.

7.1 Optional Redemption; Trigger Price.

(a) If at any time on or after (i) the date which is the later of the first anniversary of the date of issuance of this Warrant or one year after the most recent Exercise Price reset as contemplated by Section 6.1(e) hereof, and (ii) the date which is the later of the second anniversary of the date of issuance of this Warrant or two years after the most recent Exercise Price reset, the last sales price of the Common Stock for 30 consecutive trading days on the principal national securities exchange on which the Company's Common Stock is then listed or admitted for trading is greater than the Trigger Price, in each such case the Company shall be entitled, subject to the terms of this Section 7, at its option to redeem, in whole or in part, this Warrant to the extent of the right to subscribe for and purchase up to 50% of the Warrant Shares issuable upon exercise of the Warrant originally issued, subject to adjustment as provided herein, at no charge to the Company.

(b) For purposes of this Section 7.1, "Trigger Price" shall mean (i) 200% of the Exercise Price, as adjusted, in the case of clause (a)(i) of this Section 7.1, and (ii) 250% of the Exercise Price, as adjusted, in the case of clause (a)(ii) of this Section 7.1.

7.2 Notice.

(a) Notice of any redemption hereunder shall be given by the Company to the Warrantholder not less than 30 days prior to the date scheduled for such redemption (the "Call Date") but no more than 60 days prior to the Call Date. The Warrantholder shall continue to have the right to exercise any Warrant called for redemption until 5 P.M. Eastern Time on the Business Day immediately preceding the Call Date and the Warrant shall continue to be subject to adjustment until such exercise or redemption. If and to the extent that Warrants so called for redemption are not exercised prior to the Call Date, the Company shall pay to the Warrantholder the applicable redemption price for the Warrant called for redemption hereunder, subject to adjustment as provided herein, upon surrender by such Warrantholder of the applicable Warrant certificates.

(b) Notice of any redemption shall set forth (i) the Call Date, (ii) the Warrant or portion thereof to which such redemption applies and (iii) the applicable redemption price.

8. Amendments. Any provision of this Warrant may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Warrantholder. Any amendment or waiver effected in accordance with this Section 8 shall be binding upon such Warrantholder and the Company.

9. Definitions.

As used herein, unless the context otherwise requires, the following terms have the following respective meanings:

Assignment Form: an Assignment Form in the form annexed hereto as **Exhibit B.**

Business Day: any day other than a Saturday, Sunday or a day on which national banks are authorized by law to close in the City of New York, State of New York.

Common Stock: the meaning specified on the cover of this Warrant.

Company: the meaning specified on the cover of this Warrant.

Exercise Form: an Exercise Form in the form annexed hereto as Exhibit A.

Exercise Price: the meaning specified on the cover of this Warrant.

Expiration Date: the meaning specified on the cover of this Warrant.

Fair Market Value: Fair Market Value of a share of Common Stock (including any Warrant Share) as of a particular date (the "Determination Date") shall mean:

(i) If the Common Stock is listed on any U.S. national securities exchange or the TSE, then the Fair Market Value shall be the average of the last ten "daily sales prices" of the Common Stock on the principal U.S. national securities exchange on which the Common Stock is listed or admitted for trading (or, if not, the TSE) on the last ten Business Days prior to the Determination Date, or if not listed or traded on any such exchanges, then the Fair Market Value shall be the average of the last ten "daily sales prices" of the Common Stock on the National Market (the "National Market") of the National Association of Securities Dealers Automated Quotations System ("Nasdaq") on the last ten Business Days prior to the Determination Date. The "daily sales price" shall be the closing price of the Common Stock at the end of each day; or

(ii) If the Common Stock is not so listed or admitted to unlisted trading privileges or if no such sale is made on at least nine of such days, then the Fair Market Value shall be the fair value as reasonably determined in good faith by an independent, nationally-recognized (U.S.) investment banking firm reasonably acceptable to the Warrantholder.

Securities Act: the meaning specified on the cover of this Warrant, or any similar U.S. Federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time. Reference to a particular section of the Securities Act, shall include a reference to the comparable section, if any, of any such similar Federal statute.

Warrantholder: the meaning specified on the cover of this Warrant.

Warrant Shares: the meaning specified on the cover of this Warrant.

10. Miscellaneous.

10.1 Entire Agreement. This Warrant constitutes the entire agreement between the Company and the Warrantholder with respect to the Warrants.

10.2 Binding Effects; Benefits. This Warrant shall inure to the benefit of and shall be binding upon the Company and the Warrantholder and their respective heirs, legal representatives, successors and assigns. Nothing in this Warrant, expressed or implied, is intended to or shall confer on any person other than the Company and the Warrantholder, or their respective heirs, legal representatives, successors or assigns, any rights, remedies, obligations or liabilities under or by reason of this Warrant.

10.3 Section and Other Headings. The section and other headings contained in this Warrant are for reference purposes only and shall not be deemed to be a part of this Warrant or to affect the meaning or interpretation of this Warrant.

10.4 Pronouns. All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the context may require.

10.5 Notices. All notices and other communications required or permitted to be given under this Warrant shall be in writing and shall be deemed to have been duly given if delivered personally or sent by facsimile (with a copy also sent by regular mail or overnight courier) or by recognized overnight courier or by United States certified mail, postage prepaid, return receipt requested, to the parties hereto at the following addresses or to such other address as any party hereto shall hereafter specify by notice to the other party hereto:

(a) if to the Company, addressed to:

Golden Star Resources Ltd.

1660 Lincoln Street, Suite 3000
Denver, Colorado 80264-3001
Facsimile: (303) 830-9094
Attention: General Counsel

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, New York 10019
Facsimile: (212) 757-3990
Attention: Edwin S. Maynard

(b) if to the Warrantholder, addressed to:

Elliott Associates, L.P.

712 Fifth Avenue, 36th Floor
New York, New York 10019
Facsimile: (212) 974-2092
Attention: Sam Perlman

with a copy to:

Kleinberg, Kaplan, Wolff & Cohen, P.C.
551 Fifth Avenue
New York, New York 10176
Facsimile: (212) 986-8866
Attention: Martin D. Sklar

Except as otherwise provided herein, all such notices and communications shall be deemed to have been received on the date of delivery thereof, if delivered personally, or on the third Business Day after the mailing thereof.

10.6 Separability. Any term or provision of this Warrant which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the terms and provisions of this Warrant or affecting the validity or enforceability of any of the terms or provisions of this Warrant in any other jurisdiction.

10.7 Governing Law. This Warrant shall be deemed to be a contract made under the laws of New York and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to such agreements made and to be performed entirely within such State.

10.8 No Rights or Liabilities as Stockholder. Nothing contained in this Warrant shall be determined as conferring upon the Warrantholder any rights as a stockholder of the Company or as imposing any liabilities on the Warrantholder to purchase any securities whether such liabilities are asserted by the Company or by creditors or stockholders of the Company or otherwise.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer.

GOLDEN STAR RESOURCES LTD.

By: /s/ James E. Askew

President and C.E.O.

Dated: June 9, 1999

Exhibit A

EXERCISE FORM

(To be executed upon exercise of this Warrant)

The undersigned hereby irrevocably (provided that the Warrant Shares are timely delivered) elects to exercise the right, represented by this Warrant, to purchase _____ of the Warrant Shares and (check one):

herewith tenders payment for such Warrant Shares to the order of Golden Star Resources Ltd. ("GSR") in the amount of $_____; or

hereby directs and authorizes a reduction of the outstanding amount of indebtedness due the undersigned under the Note issued in connection with the Credit Facility in the amount of $_____, in order to exercise the Conversion Right (as defined in Section 1.2 of the Warrant).

In either case, the undersigned will deliver the Warrant covering the Warrant Shares being exercised hereunder to GSR in accordance with the terms of this Warrant. The undersigned requests that a certificate for such Warrant Shares be registered in the name of _____ and that such certificates be delivered to _____ _____ whose address is _____.

Dated:_____

Signature_____

(Print Name)

(Street Address)

(City) (State) (Zip Code)

Signed in the Presence of:

Exhibit B

FORM OF ASSIGNMENT

(To be executed only upon transfer of this Warrant)

For value received, the undersigned registered holder of the within Warrant hereby sells, assigns and transfers unto _____ the right represented by such Warrant to purchase _____ common shares of Golden Star Resources Ltd. to which such Warrant relates and all other rights of the Warrantholder under the within Warrant (to the extent of such shares), and appoints _____ Attorney to make such transfer on the books of Golden Star Resources Ltd. maintained for such purpose, with full power of substitution in the premises.

Dated:_____

Signature_____

(Print Name)

(Street Address)

(City) (State) (Zip Code)

Signed in the Presence of:

THE COMPANIES HEREIN SPECIFIED
AND
ANVIL MINING NL
AND
GOLDEN STAR RESOURCES LTD.

AGREEMENT FOR THE SALE AND PURCHASE OF
debt And 90% of the shares of BOGOSO GOLD
LIMITED

CONTENTS

THIS AGREEMENT is made as of June 1, 1999
BETWEEN:
EACH OF THE COMPANIES whose names are set out in schedule 4 (together the "Sellers" and each of them a "Seller"); and

ANVIL MINING NL ("ANVIL"), a company organised and existing under the laws of Australia having its registered office at Ground Floor, 278 Stirling Highway, Claremont, Western Australia, 6010, Australia with company number
A. C. N. 060478962 and GOLDEN STAR RESOURCES LTD ("GSR"), a company amalgamated under the laws of Canada and having its registered office in Vancouver, Canada and its principal place of business at 1660 Lincoln Street, Denver, Colorado 80264, U.S.A. (together the "Buyers" and each of them a "Buyer").

WHEREAS
1. The Sellers are a group of financial institutions who are secured creditors of the Company. The Sellers acquired the Shares with the intention of selling them shortly thereafter.

2. The Sellers have agreed to sell the Shares to the Buyers as a means of compensating the Sellers for the outstanding indebtedness owed to the Sellers by the Company. The Sellers are selling the Shares and are assigning the debts owed to the Sellers by the Company, to the Buyers.

THE PARTIES AGREE as follows:

1. INTERPRETATION

1.1 In this Agreement:

"Adjustment Period" means the meaning given to it in clause 5.1.7;

"Bank Security" means the security created in favour of the Secured Lenders (as that term is defined in the relevant Security Documents) by the Security Documents;

"Business Day" means a day other than a Saturday or Sunday or public holiday in England, Ghana and New York City;

"Company" means Bogoso Gold Limited, a company organised and existing under the laws of the Republic of Ghana, whose registered office is at Accra, Ghana (registered in Ghana with company number 262794);

"Company's Bank Accounts" means all accounts of whatever nature held by the Company with banks or other financial institutions whether or not held in Ghana;

"Completion" means completion of the sale and purchase of the Shares, the IFC Debt and the DEG Debt in accordance with this Agreement;

"Confidential Information" means all information existing at the date of Completion not publicly known used in or otherwise relating to the Company's business or financial or other affairs, including, without limitation, information relating to:

(a) the marketing of goods or services including, without limitation, forecast production, production statistics, market share statistics, geological data, prices, market research reports and surveys, and advertising or other promotional materials; or

(b) future projects, business development or planning, commercial relationships and negotiations;

"Concessions" means the concessions granted by or pursuant to the Mining Leases;

"DEG" means DEG-Deutsche Investitions-und Entwicklungsgesellschaft mbH, a development finance institution organised and existing under the laws of the Federal Republic of Germany;

"DEG Debt" means the indebtedness of the Company to DEG pursuant to the agreements listed in Part 1 of schedule 7 together with all accrued interest, expenses and other monies owed by the Company to DEG pursuant to such agreements which, as of close of business on April 28, 1999, in aggregate amounted to DEM12,367,609.76;

"Encumbrance" means a mortgage, charge, pledge, lien, option, restriction, claim, equity, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect;

"Environmental Consultant" means such firm of internationally recognised environmental consultants from time to time appointed by the Company and approved by the Representative, such approval not to be unreasonably withheld;

"Force Majeure Event" means an act of God, epidemic, landslide, lightning, earthquake, flood, storm, fire, adverse weather conditions, war or civil war or any event similar to the foregoing which is not within the control of the Company or the Buyers and which effectively prevents the operation of the Mine by the Company;

"Government Consents" means the consents and approvals more particularly set out in clause 3.1;

"IFC" means the International Finance Corporation, an international organisation established by articles of agreement among its member countries;

"IFC Debt" means the indebtedness of the Company to IFC pursuant to those agreements listed in Part 2 of schedule 7 together with all accrued interest, expenses and other monies owed by the Company to IFC pursuant to such agreements and the IFC Shareholder Advances which, as of close of business on April 28, 1999, in aggregate amounted to US$27,057,831.78;

"IFC Shareholders Advances" means the advances made to the Company by IFC pursuant to the Shareholder Advances Documentation together with all interest,

expenses and other monies owed by the Company to IFC pursuant to such agreements which, as of close of business on April 28, 1999, in aggregate amounted to US$5,354,603.00;

"Initial Purchase Price" has the meaning given to it in clause 2.4;

"Letter of Credit Bank" means the bank issuing the US$2m L/C;

"LIBOR" means, in relation to the amount of US$5,000,000 payable under clause 5.1.7 on which interest for the Adjustment Period is to accrue, the percentage rate per annum equal to the offered quotation which appears on the page of the Telerate Screen which displays an average British Bankers Association Interest Settlement Rate for United States Dollars (being currently "3740" or, as the case may be, "3750") for such period at or about 11.00 a.m. (London time) on the relevant interest determination date (as selected by the Representative) or, if such page or such service shall cease to be available, such other page or such other service for the purpose of displaying an average British Bankers Association Interest Settlement Rate for United States Dollars as the Representative may select;

"Long Stop Date" means the date falling 90 days after the date of this Agreement or, as the context requires, such date to which it is deferred in accordance with the provisions of clause 3.8;

"Mine" means the concession area which is the subject of the Concessions and the related mine workings, processing facilities and plants located thereon as currently operated by the Company;

"Mining Leases" means the prospecting licences and mining leases as more particularly set out in schedule 8;

"Redundancy Payment" means the aggregate payment to be made by the Company pursuant to the Redundancy Programme;

"Redundancy Programme" means the programme pursuant to which the Sellers shall procure that the Company terminates the contracts of employment of all of its employees and makes such redundancy payments and other payments consequent thereon as shall be required (including payments in respect of accrued holiday entitlements);

"Rehabilitation Amount" means the sum of US$6,000,000;

"Rehabilitation Reserve Account" means the Company's account to be opened with Barclays Bank plc, or another first class international bank with a long term debt rating accorded by Standard & Poor's of not less than AA, which at Completion will have standing to its credit an amount at least equal to the Rehabilitation Amount;

"Relevant Claim" means a claim by the Buyers involving or relating to breach of clause 6.1;

"Relevant Shares" has the meaning given to it in paragraph 2 of schedule 2;

"Representative" means IFC in its capacity as representative of the Sellers pursuant to the terms hereunder for the purposes specified herein;

"Security Documents" means those agreements listed in schedule 6;

"Shareholders Advances Documentation" means those agreements listed in Part 3 of schedule 7;

"Shares" means all those issued shares of the Company owned by the Sellers, being the 704,639"A" shares of no par value of the Company comprising 90% of the issued share capital of the Company;

"Sulphide Ore" means ore other than (i) oxide ore and/or (ii) transition ore that can be processed through the processing plant at the Mine as currently designed and configured and subject to minor changes thereto made in the ordinary course of business of processing oxide ores and transition ores;

"US$2m L/C" means, the US$2,000,000 letter of credit furnished or to be furnished by the Buyers under clause 5.1.1; and

"Warranty" means a statement contained in schedule 2 and "Warranties" means all those statements.

1.2 In this Agreement, a reference to:

1.2.1 a statutory provision includes a reference to the statutory provision as modified or re-enacted or both from time to time before the date of this Agreement and any subordinate legislation made under the statutory provision before the date of this Agreement;

1.2.2 a person includes a reference to a body corporate, association or partnership;

1.2.3 a person includes a reference to that person's legal personal representatives and successors; and

1.2.4 a clause, paragraph or schedule, unless the context otherwise requires, is a reference to a clause or paragraph of or schedule to this Agreement.

1.3 The headings in this Agreement do not affect its interpretation.

2. SALE AND PURCHASE and assignment

2.1 Each Seller agrees to sell and the Buyers agree to buy those number of Shares appearing against the respective names of the Sellers in schedule 4 and each right attaching to such Shares at or after the date of this Agreement, free and clear of any Encumbrance other than the Government of Ghana's right to its carried interest. The purchase of the Shares shall be together with the right to all dividends and other

distributions declared, made and/or paid in respect of the Shares on or after April 1, 1999.

2.2 IFC agrees to sell and the Buyers agree to buy by way of an assignment by IFC in favour of the Buyers all rights, title and interest in and to the IFC Debt free and clear of any Encumbrance. The purchase of the IFC Debt shall be together with the right to all interest and other payments payable and/or accruing in respect of the IFC Debt on or after 1 April 1999 (excluding, for the avoidance of doubt, any principal paid on 1 April 1999 and any interest accrued for the interest period ending on 31 March 1999 and paid on 1 April 1999).

2.3 DEG agrees to sell and the Buyers agree to buy by way of an assignment by DEG in favour of the Buyers all rights, title and interest in and to the DEG Debt free and clear of any Encumbrance. The purchase of the DEG Debt shall be together with the right to all interest and other payments payable and/or accruing in respect of the DEG Debt on or after 1 April 1999 (excluding, for the avoidance of doubt, any principal paid on 1 April 1999 and any interest accrued for the interest period ending on 31 March 1999 and paid on 1 April 1999).

2.4 The aggregate purchase price (the "Initial Purchase Price") of the Shares, the IFC Debt and the DEG Debt is US$12,000,001, of which the first tranche is US$2,000,000, the second tranche is US$10,000,000 and the third tranche is US$1. The Initial Purchase Price, together with any subsequent payments of consideration which may become due in accordance with clause 5, shall be paid by the Buyers in accordance with clause 5 and allocated by the Representative amongst the Sellers in the proportions set out against each Seller's name in schedule 4. The first and second tranches of the Initial Purchase Price of US$12,000,000 shall be allocated to and apportioned as the purchase price for the IFC Debt and the DEG Debt and the third tranche of US$1 shall be allocated to and apportioned as the purchase price for the Shares. Any subsequent payments of consideration which may become due in accordance with clause 5 shall be allocated to and apportioned as the purchase price for the IFC Debt and the DEG Debt.

3. CONDITIONS and pre-completion matters

3.1 Completion is conditional on the Buyers having obtained, to the extent required, the following approvals as soon as possible and in any event no later than the Long Stop Date:

3.1.1 approval from the Minister of Mines and Energy of the Government of Ghana pursuant to the Minerals and Mining Law 1986 (PNDCL 153) as amended by Act 475 for the acquisition by the Buyers of the Shares which constitute more than 50% of the Company's shares and the consequential change in control of the Company;

3.1.2 approval from the Bank of Ghana pursuant to the Exchange Control Act 1961 (Act 71) for the transfer of the Shares to the Buyers;

3.1.3 approval from the Ghanaian Government of the sale of the IFC Debt and the DEG Debt to the Buyers; and

3.1.4 each and all other Ghanaian governmental approvals required in relation to the transaction hereby contemplated.

3.2 The Buyers shall use all reasonable endeavours to obtain the Government Consents as soon as possible and in any event before the Long Stop Date.

3.3 If at any time any of the Sellers or the Buyers becomes aware of a fact or circumstance that might prevent any of the conditions set out in clause 3.1 from being satisfied or permit the Buyers to terminate this Agreement in accordance with clause 3.7, it shall promptly inform the other parties.

3.4 If a Government Consent has not been obtained by 6.00 p.m. (London time) on the Long Stop Date, this Agreement shall terminate with immediate effect.

3.5 If this Agreement is terminated pursuant to clause 3.4 or 3.7, each party's further rights and obligations cease immediately on termination, but termination does not affect a party's accrued rights and obligations at the date of termination, including any right to damages arising as a consequence of any breach of this Agreement.

3.6 The Buyers shall give to the Sellers in a form reasonably satisfactory to the Sellers (by way of certificate of the Buyers' Ghanaian legal advisors or otherwise) evidence of receipt of the Government Consents as soon as possible after such receipt.

3.7 If at any time between the date hereof and Completion:

3.7.1 any of the Warranties contained in this Agreement is not, or ceases to be, true or accurate in any respect or becomes misleading in any respect; or

3.7.2 there has been a material breach of any of the provisions of schedule 3 (which, if capable of remedy, has not been remedied within 30 days of notice thereof to the Representative and the Sellers from the Buyers); or

3.7.3 a Force Majeure Event occurs and continues up to the Long Stop Date,

then the Buyers may terminate this Agreement forthwith and shall have no further obligations hereunder whatsoever and, upon receiving notice of such termination, the Representative shall take such action as the Buyers may reasonably request to facilitate the cancellation of the US$2m L/C.

3.8 Without prejudice to the rights of the Buyers pursuant to clause 3.7.3, if at any time between the date hereof and Completion a Force Majeure Event occurs and is continuing, the Buyers may, by notice in writing to the Representative, elect that the original Long Stop Date be deferred to a date (the "Deferred Long Stop Date") falling no later than 90 days after the Long Stop Date and that this Agreement should thereafter be construed as if references to the Long Stop Date were references to the Deferred Long Stop Date, mutatis mutandis, provided that any such notice shall be

accompanied by confirmation of the Letter of Credit Bank of the extension of the expiry date of the US$2m L/C to a date falling at least ten Business Days after the Deferred Long Stop Date. In the event the Force Majeure Event is continuing as at the Deferred Long Stop Date, the Representative shall, at the request of the Buyers, exchange views and consult in good faith with the Buyers with a view to further deferring the Deferred Long Stop Date.

4. COMPLETION

4.1 Completion shall take place in accordance with this clause 4 at the offices of Clifford Chance, London on the tenth Business Day following the satisfaction of all the conditions set out in clause 3.1 (or such other day as the parties may agree) provided that such conditions are satisfied prior to the Long Stop Date.

4.2 At Completion the Sellers shall give to the Buyers each item specified in schedule 1.

4.3 The Sellers shall procure that at Completion:

4.3.1 the Company's directors hold a meeting of the board of directors of the Company at which the directors:

(a) vote in favour of the registration of the Buyers or their respective nominee(s) as member(s) of the Company in respect of the Shares (subject to the production of properly stamped transfers);

(b) do all such acts and things, if any, as may be necessary to give effect to the transfer of the IFC Debt and the DEG Debt on behalf of the Company;

(c) if required by the Buyers (such requirement to be notified by the Buyers to the Representative at least 21 days before Completion), change the Company's registered office to a place nominated by the Buyers;

(d) change the Company's accounting reference date to December 31;

(e) if required by the Buyers (such requirement to be notified by the Buyers to the Representative at least 21 days before Completion), accept the resignation of the Company's existing directors, auditors and secretary with effect from the end of the meeting;

(f) appoint persons nominated by the Buyers as directors, secretary and auditors of the Company with effect from the end of the meeting;

(g) with effect from the end of the meeting, authorise the secretary to notify the specimen signatures of the new officers of the Company in connection with each existing mandate given by the Company for the operation of the Company's Bank Accounts; and

(h) terminate with effect from the date of Completion the contracts of employment of all the Company's employees (except those of the

Company's expatriate staff agreed between the Sellers and the Buyers prior to the execution of this Agreement), give effect to the Redundancy Programme and the making of the Redundancy Payment.

4.3.2 the Rehabilitation Amount is standing to the credit of the Rehabilitation Reserve Account; and

4.3.3 all Redundancy Payments will be made to the employees terminated (as referred to in clause 4.3.2(h)).

4.4 At Completion the Sellers shall be paid:

4.4.1 the first tranche of the Initial Purchase Price for the IFC Debt and the DEG Debt of US$2,000,000 by drawing on the US$2m L/C in accordance with clause 5.1.2 below;

4.4.2 the second tranche of the Initial Purchase Price for the IFC Debt and the DEG Debt of US$10,000,000 in accordance with clause 5.1.5 below; and

4.4.3 the third tranche of the Initial Purchase Price for the Shares of US$1 in accordance with clause 5.1.6 below.

4.5 If the Sellers shall fail or be unable to comply with any of their obligations under the preceding provisions of clause 4.3 on the date of Completion, the Buyers may:

(a) by notice in writing to the Representative, defer Completion to a date not more than 28 days after that date (in which case the provisions of this clause 4.5 shall apply to Completion as so deferred) provided that any such notice shall be accompanied by confirmation of the Letter of Credit Bank of the extension of the expiry date of the US$2m L/C to a date falling at least ten Business Days after the date to which Completion is deferred; or

(b) proceed to Completion so far as practicable but without prejudice to the Buyers' rights (whether under this Agreement generally or under this clause, in damages or otherwise) to the extent that the Sellers shall not have complied with their obligations thereunder; or

(c) treat such failure or inability to comply as a repudiatory breach of this Agreement, acceptance of which shall discharge the Buyers from their undischarged obligations under this Agreement (without prejudice to any other remedy which the Buyers may have, whether in damages or otherwise).

4.6 Each of the Sellers hereby waives any and all rights of pre-emption, rights of first refusal, options and other similar rights to which each of them respectively may be entitled with respect to the transfers to the Buyers or their respective order of the Shares, the IFC Debt and the DEG Debt provided for in this Agreement, and for all purposes enabling each of them respectively in that behalf, hereby consents to such transfers.

4.7 Each of the Sellers hereby agrees to release, with effect from Completion, the Company from all claims, liabilities demands and rights of action whatsoever which they have had, have or may have against the Company arising from their dealings with the Company. Provided that such release shall not apply in respect of the IFC Debt and the DEG Debt and the security interests relating thereto to the extent that the same are assigned to the Buyers in accordance with this Agreement.

5. PAYMENTS

5.1 The Buyers shall pay or procure the payment to the Sellers or as the Sellers direct in writing the purchase price of the Shares, the IFC Debt and the DEG Debt in the following instalments on the occurrence of the specified dates or events:

5.1.1 1st tranche of the Initial Purchase Price

if they have not already done so, the Buyers shall forthwith upon signing this Agreement deliver to the Representative by courier (i) the Agreement signed by them and (ii) an irrevocable letter of credit in the form set out in schedule 10 and issued by the Letter of Credit Bank, for the sum of US$2,000,000 (the "US$2m L/C").

5.1.2 The Sellers may draw on the US$2m L/C if:

(a) Completion occurs whereupon such drawing shall be applied towards payment of the first tranche of the Initial Purchase Price.

(b) Completion fails to occur for any reason other than:

(i) failure by the Buyers to obtain the Government Consents by the Long Stop Date; or

(ii) failure by the Sellers to comply with any of their obligations under this Agreement by the Long Stop Date; or

(iii) the occurrence of any event giving rise to a right on the part of the Buyers not to effect Completion.

5.1.3 Any amount rightfully drawn on the US$2m L/C hereunder shall not be refundable to the Buyers.

5.1.4 If any of the events contemplated by clause 5.1.2 (b) (i), (ii) or (iii) occurs the Representative will promptly give notice to the Letter of Credit Bank confirming the termination of the Sellers rights pursuant to the US$2m L/C.

5.1.5 2nd tranche of the Initial Purchase Price at Completion, payment of the sum of US$10,000,000.

5.1.6 3rd tranche of Initial Purchase Price

at Completion, the cash sum of US$1.

5.1.7 Additional Purchase Price

subject to the provisions of clause 5.1.8, Buyers shall pay to the Sellers the additional sum of US$5,000,000 on the first anniversary of the commencement of commercial mining of Sulphide Ore from the Concessions. Such additional payment will be adjusted by an amount equal to interest at 6-month LIBOR over the period commencing from Completion to the date such additional payment is made (the "Adjustment Period").

5.1.8 The obligations of the Buyers pursuant to clause 5.1.7 shall terminate upon the surrender by the Company of its right title and interest in the Mining Leases to the Government of Ghana.

5.2 All payments to be made by the Buyers to the Sellers under this Agreement (other than pursuant to clauses 5.1.1 and 5.1.2) shall be made to the Representative on behalf of the Sellers and in immediately available United States dollar funds, by electronic funds transfer to such accounts as shall have been notified, by no later than 3.30 p.m. London time on the second Business Day before the relevant due date, to the Buyers by the Representative, and in default of such notification, shall be by bankers' drafts (drawn on a first class international bank with a long term debt rating accorded by Standard & Poor's of not less than AA in favour of the Representative) which shall be handed to the Representative on the relevant due date. The transfer of funds or, as the case may be, the handing over of the bankers' drafts shall be effected by no later than noon (London time) on the relevant due date. The Buyers shall obtain a good discharge for any payment due under this Agreement by making unconditional payment to the Representative without any set-off or counterclaim and the Representative shall distribute such payment to the Sellers in accordance with arrangements made or to be made amongst them and the Buyers shall have no obligation as to such allocation among the Sellers.

5.3 The provisions of clause 5.2 shall apply mutatis mutandis to all payments to be made by the Representative, on behalf of the Sellers, to the Buyers under this Agreement.

6. WARRANTIES

6.1 Each Seller severally, for itself (but not in relation to any other of the Sellers) and, as regards the Shares, in respect only of those Shares attributed to it in schedule 4 and, as regards the IFC Debt and the DEG Debt, only to the extent of its interest in the IFC Debt and/or the DEG Debt, warrants to the Buyers that, each Warranty is true and not misleading at the date of this Agreement. Immediately before the time of Completion, each Seller severally, for itself (but not in relation to any other of the Sellers) and, as regards the Shares, in respect only of those Shares attributed to it in schedule 4 and, as regards the IFC Debt and the DEG Debt, only to the extent of its interest in the IFC Debt and/or the DEG Debt, is deemed to warrant to the Buyers that each Warranty is true and not misleading at the date of Completion. For this purpose only, where in a Warranty there is an express or implied reference to the "date of this Agreement", that

reference is to be construed as a reference to the "date of Completion". The Warranties shall not in any respect be extinguished or affected by Completion.

6.2 The Buyers acknowledge that the Sellers have specifically told the Buyers that the Buyers must rely absolutely on the Buyers' own opinion and/or professional advice concerning the assets of the Company, including, without limitation, all rights, title and interest in real and moveable property owned by the Company, including the rights to receive payments connected to any of the foregoing. The Buyers acknowledge that each of them has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigations into the condition, affairs, financial position, prospects, business and operations of the Company.

6.3 Each Warranty is to be construed independently and (except where this Agreement provides otherwise) is not limited by a provision of this Agreement or another Warranty. For the avoidance of doubt, save for the Warranties expressly provided in schedule 2, no other warranty, express or implied, statutory or otherwise, is or will be given by any of the Sellers in respect of the Shares, or the IFC Debt or the DEG Debt.

6.4 Between the execution of this Agreement and Completion, each Seller shall:

6.4.1 procure that the Company complies with schedule 3; and

6.4.2 notify the Buyers immediately if it becomes aware of a fact or circumstance which constitutes a breach of clause 6.1 or has caused, or will or might cause, a Warranty to become untrue or misleading in any respect at any time before Completion or might permit the Buyers to terminate this Agreement in accordance with clause 3.7.

7. LIMITATIONS ON THE SELLERS' LIABILITY

7.1 The Sellers are not liable in respect of a Relevant Claim unless and until the amount that would otherwise be recoverable from all the Sellers (but for this clause 7.1) in respect of that Relevant Claim, when aggregated with any other amount or amounts recoverable in respect of other Relevant Claims, exceeds US$100,000 Provided That each Seller's liability in respect of a Relevant Claim shall be several and limited to:

7.1.1 where such Relevant Claim relates to the Shares, the percentage of such Relevant Claim that appears against its name under the column titled "Percentage of Price allocated to Shares" in schedule 4; and

7.1.2 where such Relevant Claim relates to the IFC Debt and/or the DEG Debt, the percentage of such Relevant Claim that appears against its name under the column titled "Percentage of Price allocated to Debt" in schedule 4.

7.2 The Sellers' total liability in respect of all Relevant Claims is limited to the aggregate purchase price paid by the Buyers pursuant to clause 5 and severally received or receivable by the Sellers pursuant to this Agreement.

7.3 The Buyers shall have no claim whatsoever against any director, shadow director, officer, employee, or agent of the Sellers (or any of them) in respect of any claim for a breach of the Warranties.

8. Covenants

8.1 The Sellers agree that, between the date of this Agreement up to Completion:

8.1.1 the Buyers may monitor the operations of the Company (at the Buyers' expense) by having up to six of their representatives on the premises of the Company at any time provided that such representatives shall not interfere with the Company's operations;

and

8.1.2 the Buyers may negotiate with any of the Company's existing employees with a view to determining which employees they wish to re-employ on or after Completion and the terms and conditions of such re-employment and/or liaise as appropriate with the Company's directors on the termination of the Company's employees on Completion.

8.2 Each of the Buyers undertakes with each Seller for its own benefit:

8.2.1 after Completion, to procure that the Company carries out the continuous rehabilitation (including physical reclamation, socio-economic community development and closure) of (a) the Mine and (b) the existing oxide mining operations thereat ("environmental rehabilitation work"), as an integral part of the normal mining operation subject to the sterilisation drilling of any old mining areas and it being operationally prudent in accordance with applicable Ghanaian legislation and regulatory requirements and World Bank Policies and Guidelines; and

8.2.2 to procure that the Company establishes within three months of Completion a bond for US$5,000,000 from a first class international bank with a long term debt rating accorded by Standard & Poor's of not less than AA, pursuant to which the Company may, after the Environmental Consultant has certified that the Company has, after Completion, incurred expenditure in respect of environmental rehabilitation work on the Mine of not less than US$1,000,000, draw down from time to time amounts in reimbursement of expenditure in respect of environmental rehabilitation work in excess of the first US$1,000,000 expended to the extent certified by the Environmental Consultant as having been incurred by the Company in respect thereof, provided that the minimum amount of each drawdown shall be US$100,000 and the maximum amount of each drawdown shall be US$1,000,000. Upon the certifiable completion of all environmental rehabilitation work, the remaining Rehabilitation Amount, if any, will be allocated for the purposes contemplated by clause 8.2.3;

8.2.3 to procure that the Company:

(a) transfers not less than US$1,000,000 into an appropriate vehicle (which would facilitate the mobilisation of bilateral funding for the local community as a whole); or, if notwithstanding the reasonable efforts of the Company, to which the Representative shall endeavour to render such assistance as the Company may reasonably request in this regard, no appropriat e vehicle is available,

(b) otherwise expends not less than US$1,000,000,

for, or as the case may be, in, carrying out socio-economic community development of the community affected by the Mine and adjacent areas; for the avoidance of doubt such US$1,000,000 shall not be funded out of the monies standing to the credit of the Rehabilitation Reserve Account;

8.2.4 within 28 days of Completion, to register with the Ghanaian Registrar of Companies a duly completed notification in the prescribed form of the change of the Company's directors and secretary and specifying the date of the change. The Buyers shall indemnify the outgoing directors and secretary for any loss or damage caused by their failure to so notify the Ghanaian Registrar of Companies;

8.2.5 from time to time, up to the commencement of commercial mining of Sulphide Ore on the Concessions, on the request of any Seller through the Representative, to permit representatives of the Representative or any Seller (at their expense) to have reasonable access to the Mine site, on not less than 48 hours notice and during normal business hours, for the purpose of determining the status of sulphide mining operations carried on by the Company and quarterly reports on mining activities of the Company and to furnish the Representative or such Seller with a copy of any such report inspected;

8.2.6 promptly to give notice to the Representative and each Seller of the occurrence of any event which will trigger an obligation upon the Buyers to make any payment pursuant to clause 5; and

8.2.7 promptly to notify the Representative upon commencement of commercial mining of Sulphide Ore from the Concessions.

9. CONFIDENTIAL INFORMATION

9.1 Before Completion the Buyers shall:

9.1.1 not use or disclose to a person Confidential Information they have or acquire; and

9.1.2 make every effort to prevent the use or disclosure of Confidential Information.

9.2 After Completion, none of the Buyers or the Sellers shall disclose to any person the detailed terms of the transactions effected pursuant to this Agreement.

9.3 Clause 9.1 and clause 9.2 do not apply to:

9.3.1 disclosure of information to a director, officer or employee or any other agent or representative of the Buyers whose function requires him to have such information or disclosure by him in accordance with his function;

9.3.2 use or disclosure of information required to be used or disclosed by law or which is customarily provided to any third parties;

9.3.3 disclosure to an adviser for the purpose of advising the relevant party but only on terms that clause 9.1 or, as the case may be, clause 9.2 applies to use or disclosure by the adviser; or

9.3.4 information which becomes publicly known otherwise than by a breach of clause 9.1 or, as the case may be, clause 9.2.

10. ANNOUNCEMENTS

10.1 Subject to clause 10.2, none of the parties may, before or for the period of one year after Completion, make or send a public announcement, communication or circular concerning the transactions referred to in this Agreement unless it has first obtained the other parties' written consent, which may not be unreasonably withheld or delayed.

10.2 Clause 10.1 does not apply to a public announcement, communication or circular required by law or the rules and regulations of a stock exchange.

11. COSTS

Except where this Agreement provides otherwise, each party shall pay its own costs relating to the negotiation, preparation, execution and performance by it of this Agreement and of each document referred to in it. The Buyers shall be responsible for all stamp and other similar taxes, duties and imposts payable by reference to the transfers of the Shares hereby contemplated.

12. GENERAL

12.1 A variation of this Agreement is valid only if it is in writing and signed by or on behalf of each party.

12.2 The failure to exercise or delay in exercising a right or remedy provided by this Agreement or by law does not constitute a waiver of the right or remedy or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this Agreement or by law prevents further exercise of the right or remedy or the exercise of another right or remedy.

12.3 Except to the extent that they have been performed and except where this Agreement provides otherwise, the obligations contained in this Agreement remain in force after Completion.

12.4 Each of the parties to this Agreement agree that their obligations shall enjoy the benefit of specific performance.

12.5 If at any time any of the provisions of this Agreement becomes illegal or unenforceable in any respect such provision shall be ineffective to the extent necessary without affecting or impairing the legality and enforceablity of the remaining provisions of this Agreement.

13. ASSIGNMENT

A party may not assign or transfer or purport to assign or transfer any of its rights or obligations under this Agreement (or any interest in any thereof), provided that each Seller may assign, without any consent, (in whole or in part) its rights hereunder to its affiliate which holds the interest hereby agreed to be sold in the related Shares or, IFC Debt or DEG Debt, as the case may be.

14. THE REPRESENTATIVE

The Representative has only those duties which are expressly specified in this Agreement, and those duties are solely of a mechanical and administrative nature in connection with the co-ordination of the sale of the Shares, the IFC Debt and the DEG Debt by the Sellers to the Buyers. Nothing in this Agreement constitutes the Representative as agent, trustee or fiduciary for any other Seller or any other person. Without limitation to the generality of the foregoing, the Representative shall not be liable to account for interest on any moneys paid to it for the account of any Seller.

15. NOTICES

15.1 A notice or other communication under or in connection with this Agreement shall be in writing and shall be delivered personally or sent by courier or by fax to the party due to receive the notice or communication, at its address set out in this Agreement or another address specified by that party by written notice to the other.

15.2 In the absence of evidence of earlier receipt, a notice or other communication is deemed given:

15.2.1 if delivered personally, when left at the address referred to in clause 15.1;

15.2.2 if sent by courier, when left at the address referred to in clause 15.1; and

15.2.3 if sent by fax, on completion of its transmission.

16. GOVERNING LAW AND JURISDICTION

16.1 This Agreement is governed by and shall be construed in accordance with, English law. The courts of England shall have jurisdiction to hear and decide any suit, action

or proceedings, and to settle any dispute, which may arise out of or in connection with this Agreement (respectively, "Proceedings" and "Disputes") and, for these purposes, each party irrevocably submits to the jurisdiction of the courts of England.

16.2 Each party irrevocably waives any objection which it might at any time have to the courts of England being nominated as the forum to hear and decide any Proceedings and to settle any Disputes and agrees not to claim that the courts of England are not a convenient or appropriate forum.

16.3 Each of the parties hereto acknowledge and agree that that the submission by IFC to the jurisdiction of the courts of England does not constitute a waiver by IFC of the immunities and privileges granted to it by English law or the law.

16.4 Process by which any Proceedings are begun in England may be served on:

16.4.1 the Sellers by being delivered to Clifford Chance Secretaries Limited, 200 Aldersgate Street, London EC1A 4JJ; and

16.4.2 the Buyers by being delivered to [ ].

Nothing contained in clause 16.4 affects the right to serve process in another manner permitted by law.

17. COUNTERPARTS

This Agreement may be executed in any number of counterparts each of which when executed and delivered is an original, but all the counterparts together constitute the same document.

18. SEVERAL LIABILITY

18.1 The obligations of the Sellers hereunder shall be several, and not joint or joint and several.

18.2 The obligations of the Buyers to pay the second tranche of the Initial Purchase Price shall be joint and several.

18.3 Save as provided pursuant to clause 18.2, the obligations of the Buyers hereunder to pay the purchase price of the Shares, the IFC Debt and the DEG Debt shall be several, and not joint or joint and several and shall be apportioned as between Anvil and GSR in the proportions of 22.2% and 77.8% respectively.

19. FURTHER ASSURANCE

Each party shall do and execute, or arrange for the doing and executing of, each necessary act, document and thing reasonably within its power to implement this Agreement and the transactions hereby contemplated.

20. LIMITATION PERIOD

The limitation period for the purposes of this Agreement will be 80 years.

SCHEDULE 1
Items For Delivery By The Sellers At Completion

1. Executed transfer(s) in respect of the Shares to the Buyers or their respective nominee(s) and the share certificate(s) for the Shares.

2. The common seal (if any) of the Company and each register, minute book and other book required to be kept by the Company made up to the date of Completion and each certificate of incorporation and certificate of incorporation on change of name for the Company.

3. A copy of a letter to the Company from its auditors resigning their office with effect from Completion, the original of the letter having been deposited at the registered office of the Company.

4. A copy of each bank mandate to the Company, including in relation to the Rehabilitation Reserve Account, and copies of statements of each Company's Bank Account including, without limitation, the Rehabilitation Reserve Account (with credit balance equal to US$6,000,000), made up to a date not earlier that two Business Days before the date of Completion.

5. A signed letter in the form attached as schedule 5 from each present director (other than the director who is the representative of the Government of Ghana) and secretary of the Company in each case resigning their respective office (with effect from the end of the meeting held pursuant to clause 4.3.1) and acknowledging that the writer has no claim against the Company for compensation for loss of office or otherwise.

6. Executed releases in respect of the Bank Security if required by the Buyers (such requirement to be notified to the Representative no later than 21 days before Completion).

7. Deed of assignment in respect of the assignment of the IFC Debt to the Buyers or the Buyers' nominee(s) substantially in the form set out in schedule 8 executed by IFC.

8. Deed of assignment in respect of the assignment of the DEG Debt to the Buyers or the Buyers' nominee substantially in the form set out in schedule 8 executed by DEG.

9. Such documentation as the Buyers may reasonably require (such requirement to be notified to the Representative no later than 14 days before Completion) to assign the Sellers' interest in the Bank Security to the Buyers.

SCHEDULE 2

Warranties

1 CAPACITY AND AUTHORITY

1.1 Right, power, authority and action

The Seller has the right, power and authority and has taken all action necessary to execute and deliver, and to exercise its rights and perform its obligations under, this Agreement and the transactions contemplated hereby and each document to be executed at or before Completion.

2 SHARES

2.1 Immediately prior to Completion the Seller will be the only legal and beneficial owner of that number of Shares appearing against its name in schedule 4 (the "Relevant Shares").

2.2 The Relevant Shares comprise such percentage of the Company's allotted and issued share capital appearing against its name under the column titled "Percentage Shareholding" in schedule 4.

2.3 The authorised, issued and outstanding Shares consist of [ ] Class A Shares and [ ] Class B Shares, 704,639 and 78,293 respectively of which are issued and outstanding. The Relevant Shares are duly authorised, validly issued and fully paid. There is no Encumbrance, and there is no agreement, arrangement or obligation to create or give an Encumbrance, in relation to any of the Relevant Shares or unissued shares in the capital of the Company. No person has claimed to be entitled to an Encumbrance in relation to any of the Relevant Shares.

2.4 Except with respect to the rights of the Republic of Ghana to its carried interest, no options or warrants or other rights to acquire any of the Shares are outstanding which are not released or waived by clause 4.6 of this Agreement.

3 DEBT

3.1 Immediately prior to Completion, IFC and DEG will be the only legal owner of the IFC Debt and the DEG Debt, respectively.

3.2 Immediately prior to Completion:

(a) DEG will be the only legal and beneficial owner of the DEG Debt; and

(b) IFC and the other Sellers (apart from DEG) will together be the only persons legally and/or beneficially interested in the IFC Debt and/or the rights (whether arising in contract or otherwise) relating thereto,

in each case free from Encumbrances.

3.3 Immediately prior to Completion, the Sellers will together be all of the persons together entitled to transfer the full legal and beneficial ownership of the IFC Debt and the DEG Debt to the Buyers.

3.4 Immediately prior to Completion, except for the IFC Debt and the DEG Debt, the Company owes no other amounts to the Sellers on any account whatsoever.

SCHEDULE 3

Action Pending Completion

The Sellers shall ensure that the Company will:

1. not create, allot, issue, acquire, repay or redeem any share or loan capital or agree, arrange or undertake to do any of those things or acquire or agree to acquire, an interest in a corporate body;

2. operate its business in the usual way with the objective of maintaining the business as a going concern;

3. not formally approve the acquisition or disposal of, or agree to acquire or dispose of, any major asset except in the usual course of its business or assume or incur, or agree to assume or incur, a liability, obligation or expense (actual or contingent) except in the usual course of its business and (where such liability is greater than US$50,000), except with the approval of the Buyers;

4. adopt the capital expenditure plan already approved by the board of the Company and set out in schedule 11 and not make, or agree to make, capital expenditure outside schedule 11 without the written approval of the Buyers;

5. not declare, pay or make a dividend or distribution or make any other disbursements of any kind (including debt and interest repayment) to the Sellers or their representatives in any capacity;

6. not create, or agree to create, an Encumbrance over the Shares or another asset or redeem, or agree to redeem, an existing Encumbrance over the Shares or another asset, including the Mining Leases;

7. not enter into a material long-term, onerous or unusual agreement, arrangement or obligation;

8. except in the usual course of its business, not compromise, settle, release, discharge or compound litigation or arbitration proceedings or a liability, claim, action, demand or dispute, or waive a right in relation to litigation or arbitration proceedings;

9. conduct its business in all material respects in accordance with all applicable legal and administrative requirements in any relevant jurisdiction;

10. not enter into an agreement, arrangement or obligation (legally enforceable or not) in which the Sellers, a director or former director of the Company or a person connected with any of them is interested;

11. not make a payment out of a Company's Bank Account except where the payment is in the usual course of its business;

12. not without prior agreement of the Buyers renew any contract for employment of the Company's expatriate staff;

13. not make any payment (whether of principal, interest, penalty or on any other account whatsoever) with respect to the IFC Debt or the DEG Debt;

14. maintains in good standing its rights and interest in the Concessions;

15. not take any action which could result in a material change in the business, operations, earnings, assets or financial condition of the Company; and

16. maintains in full force material insurances against risks normally insured against by a company operating the types of business operated by the Company.

SCHEDULE 4
List Of Shareholders And Number Of Shares To Be Sold

Name and Address of Shareholders	Shares to be Sold	Percentage of Price allocated to Shares	Percentage of Price allocated to Debt/1/ /2/	Percentage of IFC Loan
International Finance Corporation 2121 Pennsylvania Avenue NW Washington DC USA 20433 Attention: Manager, Special Operations Unit Fax: 001 202 974 4305	216,270	25.007	24.23	32.51
CLIFAP 1 rue des Italiens 75009 Paris, France Attention: Mrs Barbara Levi Fax: 00 331 4295 0177	6,897	11.808	0	0
CREDIT LYONNAIS 1 rue des Italiens 75009 Paris, France Attention: Mrs Barbara Levi Fax: 00 331 4295 0177	0	0	11.71	15.71

/1/ "Debt" comprises IFC Debt less IFC Shareholders Advances plus DEG Debt.

/2/ This figure is based on the DM:US$ exchange rate as at 28.4.99. It will have to be adjusted at completion to reflect DM:US$ exchange rate prevailing at the time of completion.

Name and Address of Shareholders	Shares to be Sold	Percentage of Price allocated to Shares	Percentage of Price allocated to Debt	Percentage of IFC to Loan

Name and Address of Shareholders	Shares to be Sold	Percentage of Price allocated to Shares	Percentage of Price allocated to Debt	Percentage of IFC Loan
The Sumitomo Bank, Limited Temple Court 11 Queen Victoria Street London EC4N 4TA Attention: Mr Paul Leatherdale Fax: 0171 786 1131	31,331	4.811	4.77	6.40
Ecobank Transnational Incorporated 19 Seventh Avenue Ridge West PMB, GPO Accra, Ghana Attention: Mr William Taylor Fax: 00 233 212 320 96	11,388	1.749	1.73	2.33
Societe Generale 17 Cours Valmy 92987 Paris La Defense Cedex France Attention: Mr Nick Farr-Jones Fax: 00 331 4295 0177331 421 346 97	91,140	13.995	13.88	18.61

Name and Address of Shareholders	Shares to be Sold	Percentage of Price allocated to Shares	Percentage of Price allocated to Debt	Percentage of IFC Loan
Bank Austria Cayman Islands Ltd. P.O. Box 513 George Town Cayman Islands Grand Cayman Attention: J. E. O'Neill Fax: [ ]	45,566	6.997	0	0
Bank Austria AG Am Hof 13, A-1010 Vienna, Austria Attention: Udo Szekulics Fax: 0043 1 531 31 44135	0	0	6.94	9.31
Banque Internationale a Luxembourg 69 Route d'Esch L-2953 Luxembourg Attention: Mr Simon Hauxwell Fax: 00 352 4590 3855	28,477	4.373	4.34	5.82

Name and Address of Shareholders	Shares to be Sold	Percentage of Price allocated to Shares	Percentage of Price allocated to Debt	Percentage of IFC Loan
DEG-Deutsche Investitions und Entwicklungsgesellschaft mbH Belvederestrasse 40 50933 Koln (Mungersdorft) Germany Attention: Mr Roger Peltzer Fax: 00 49 221 498 6106	158,004	24.263	25.46	0
DB (Belgium) Finance N.V./S.A. C/o Deutsche Bank AG London 6 Bishopsgate London EC2N 4DA Attention: Mr George Rogers Fax: 44 171 545 7130	45,566	6.997	6.94	9.31
Total	704,639	100	100	100

SCHEDULE 5
Form of Letter of resignation

TO: Bogoso Gold Limited (the "Company")

DATE:

Dear Sirs

I, [ ] of [insert usual residential address]:

1. resign my office as [director/secretary/director and secretary] of the Company with immediate effect and resign from my employment with the Company with immediate effect;

2. acknowledge that:

2.1 I have no claims or rights of action whatsoever whether under common law, statute or otherwise against the Company in connection with or arising out of my holding or resigning office or out of my employment or its termination; and

2.2 [there is no agreement or arrangement outstanding under which the Company has or could have an obligation to me whether now or in the future whether for the payment of money or otherwise, except for payment in the usual course of my salary and expenses incurred on behalf of the Company in each case up to and including [insert date of letter or effective date of resignation] [amounting in total to not more than US$[ ]]]; and]

3. waive, release and forever discharge the Company against all actions, proceedings, claims, demands and costs which I may now have or would have had but for the execution of this deed.

Signed as a deed by)
[insert name of individual])) _____
in the presence of:)

_____ Signature of the Witness

_____ Name of the Witness

_____ Address of the Witness

_____

_____

_____ Occupation of the Witness
[TO BE FILED WITHIN 28 DAYS WITH GHANIAN REGISTER OF COMPANIES]

SCHEDULE 6
BANK SECURITY

1. The English Charge

A deed of charge dated 18 January, 1990 and made by the Company in favour of The Law Debenture Trust Corporation p.l.c., IFC and DEG, pursuant to which the Company created fixed and floating security on the Company's assets for all moneys and liabilities owing by the Company to the Secured Lenders (as defined therein) from time to time on the terms and subject to the conditions stated therein as amended by the Supplemental English charge dated 22 March 1994.

2. The Ghanaian Debenture

A debenture dated 18 January, 1990 registered at the Lands Title Registry Accra as No. 1495/1990 and made by the Company in favour of The Law Debenture Trust Corporation, IFC and DEG, whereby the Company gave fixed and floating security over its assets in favour of the Trustee for all moneys and liabilities owing by the Company to the Secured Lenders (as defined therein) from time to time on the terms and subject to the conditions stated therein as amended by the Supplemental Ghanaian Debenture dated 22 March 1994.

3. The Assignment of Insurances

A deed of assignment dated 26 February, 1990 and made between the Company, The Law Debenture Trust Corporation p.l.c., DEG and IFC, inter alia, pursuant to which the Company assigned to The Law Debenture Trust Corporation p.l.c. by way of mortgage all its right, title and interest in and to all insurances required to be effected by the Company under which a claim is to be payable in any freely convertible and transferable currency other than Cedis and by way of floating charge to The Law Debenture Trust Corporation p.l.c. all other insurances required to be effected by the Company on the terms and subject to the conditions stated therein.

4. Foreign Exchange Retention Account Agreement

An agreement dated 18 January, 1990 made between the Company, Barclays Bank PLC, The Law Debenture Trust Corporation p.l.c., the Republic of Ghana, the Bank of Ghana, Ghana Commercial Bank, IFC and DEG whereby, inter alia, there was established a mechanism for the collection, investment and administration of the Company's funds in one or more accounts maintained with Barclays Bank PLC and Ghana Commercial Bank as amended by the Supplemental Foreign Exchange Retention Account Agreement dated 22 March, 1994.

5. The Mining Lease Agreement

An agreement dated 18 January, 1990 entered into between the Republic of Ghana, IFC, DEG and The Law Debenture Trust Corporation p.l.c., providing, inter alia, for certain consents and assurances from the Republic of Ghana in relation to the Mining Leases (as defined therein) and the transactions

contemplated by the Financing Documents and the Security Documents [(both as defined therein)].

6. The Trust Deed

An agreement dated 18 January, 1990 entered into between the Company, The Law Debenture Trust Corporation plc, the Republic of Ghana, Bank of Ghana, DEG, IFC and the Representatives (as defined therein).

SCHEDULE 7
Loan Documentation

Part 1
DEG Loan Documentation

1. A loan agreement dated 8 January 1990 made between DEG and the Company (the "DEG Loan Agreement") pursuant to which DEG agreed, on the terms and subject to the conditions stated therein, to make available to the Company a loan of up to DM 25,000,000 ("DEG Loan") to finance the Project (as defined therein).

2. A rescheduling agreement dated 4 March 1994 made between the Company and DEG (the "Rescheduling Agreement"), pursuant to which DEG agreed, on the terms and subject to the conditions therein, to amend the terms and conditions of the DEG Loan under the DEG Loan Agreement.

Part 2
IFC Loan Documentation

1. A loan agreement dated 19 December 1989 made between the Company and IFC ("IFC Investment Agreement") pursuant to which IFC agreed, on the terms and subject to the conditions stated therein, to lend to the Company the sum of US$43,000,000 (the "IFC Loan") to finance the Project (as defined therein).

2. A rescheduling agreement dated 4 March 1994 (herein called the "IFC Rescheduling and Amendatory Agreement") made between IFC and the Company pursuant to which IFC agreed, on the terms and subject to the conditions therein, to amend the terms and conditions of the IFC Loan and the IFC Investment Agreement.

Part 3
Shareholder Advances Documentation

1. An agreement (the "Shareholders Financing Agreement") dated 27 November 1989 made between the Company, the Republic of Ghana, IFC, the Central Bank, Billiton B.V. and Sikaman Gold Resources Limited as amended and supplemented by a certain supplemental agreement (the "Supplemental Agreement") dated 18 January 1990 between the same parties, pursuant to which, inter alia, IFC agreed to make available to the Company, and the Company agreed to borrow, additional loans comprising Shareholder Advances (as defined therein) and, if necessary, Shareholder Deficiency Advances (as defined therein).

2. An amendment agreement (the "Revised Shareholders Financing Agreement") dated 22 March 1994 made between the Company, IFC, DEG, the Republic of Ghana, the Bank of Ghana and Billiton B.V. pursuant to which Shareholders (as defined therein) agreed on the terms and subject to the conditions therein, to amend the terms and conditions applicable to the Shareholder Advances and

Shareholder Deficiency Advances under the Shareholders Financing Agreement (as amended and supplemented by the Supplemental Agreement).

SCHEDULE 8

Prospecting licences and mining leases

1. Gold Prospecting Licence No. PL 2/12 Commencing 12 May 1986. Comprising 57.69 square miles or 149.41 square kilometres.

2. Gold Mining Lease No. WR348A/87 Commencing 21 August 1987. Comprising 50 square kilometres.

3. Gold Mining Lease No. WR368/88 Commencing 16 August 1988. Comprising 45 square kilometres.

SCHEDULE 9
FORM OF ASSIGNMENT OF DEBT

THIS DEED OF ASSIGNMENT is made the [ ] day of [ ],1999
BETWEEN
[INTERNATIONAL FINANCE CORPORATION, an international organisation established by articles of agreement among its member countries / DEG-DEUTSCHE INVESTITIONS UND ENTWICKLUNGSGESELLSCHAFT mbH, a development finance institution organised and existing under the laws of the Federal Republic of Germany] (the "Assignor"); and

ANVIL MINING NL , a company organised and existing under the laws of Australia and having its registered office at Ground Floor, 278 Stirling Highway, Claremont, Western Australia, 6010, Australia with company number A.C.N. 060478962 and GOLDEN STAR RESOURCES LTD, a company amalgamated under the laws of Canada and having its registered office at Vancouver and its principal place of business at 1660 Lincoln Street, Denver, Colorado 80264, U.S.A. (together the "Assignees" and each of them an "Assignee").

WHEREAS

The parties hereto have agreed that the Assignor will assign to the Assignees its rights, title and interest in and to the [IFC Debt / DEG Debt] pursuant to the sale and purchase agreement dated [ ] made between the Assignor and the other companies specified therein as sellers and the Assignees as buyers (the "Sale and Purchase Agreement").

NOW THIS DEED WITNESSETH as follows:

10. Terms defined in the Sale and Purchase Agreement shall, unless otherwise defined herein, have the same meaning herein and the principles of construction set out in the Sale and Purchase Agreement shall have effect as if set out in this Deed.

11. On and from the date thereof, the Assignor hereby assigns and transfers to the Assignees all the Assignor's (i) rights, title and interests in, to and under the [IFC Debt / DEG Debt], (ii) rights, title and interest in, to and under the [IFC Loan Documentation and the Shareholder Advances Documentation / DEG Loan Documentation] in respect of the [IFC Debt / DEG Debt] and (iii) rights arising under or in connection with the Bank Security relating to the
[IFC Debt / DEG Debt] and (in each case) the full benefit and advantage thereof TO HOLD the same unto the Assignees absolutely.

12. The Assignor hereby covenants with the Assignees that the [IFC Debt / DEG Debt] is still owing in full to the Assignor from the Company and that there are

no other debts due or owing from the Company to the Assignor on any account whatsoever.

13. The Company hereby acknowledges (i) the amount of the [IFC Debt / DEG Debt] as set out in the Sale and Purchase Agreement and (ii) receipt of notice in writing from the Assignees of the Assignment of the [IFC Debt / DEG Debt] from the Assignor to the Assignees.

14. The Assignees acknowledge that the Assignor has given no warranty or assurance to the Assignees with regard to the recovery of the [IFC Debt / DEG Debt] in whole or in part from the Company.

15. Clause 16 (Governing Law and Jurisdiction) of the Sale and Purchase Agreement shall be incorporated in this Deed, mutatis mutandis.

16. This Deed is delivered on the date written at the start of this Deed.

EXECUTED by the parties as a deed.

THE ASSIGNOR

Executed as a deed by)

[insert name of attorney])

as attorney for)

INTERNATIONAL FINANCE)
CORPORATION)
in the presence of: _____
Signature of witness _____
Name of witness _____
Occupation of witness _____

THE ASSIGNEES

Executed as a deed by)

ANVIL MINING NL)

acting by [insert name(s) of)

duly authorised signatory(ies)])

_____
_____ [if second signatory required]

Executed as a deed by)

GOLDEN STAR RESOURCES LTD)

acting by [insert name(s) of)

duly authorised signatory(ies)])

_____

_____ [if second signatory required]

THE COMPANY

Executed as a deed by)

BOGOSO GOLD LIMITED)

acting by [insert name(s) of)

duly authorised signatory(ies)])

_____

_____ [if second signatory required]

SCHEDULE 10
FORM OF LETTER OF CREDIT

Beneficiary:	International Finance Corporation 2121 Pennsylvania Avenue, N.W. Washington, D.C. 20433, U.S.A.
Applicant:	Golden Star Resources Ltd. and Anvil Mining NL (together, the Obligors) 1660 Lincoln Street, Suite 3000 Denver, Colorado 80264
Amount:	USD2,000,000.00

"We hereby issue our irrevocable Standby Letter of Credit number [ ] in your favor for the benefit of yourself and the sellers set out in Annex 1 for an aggregate amount not to exceed the amount indicated above, expiring at our counters in New York with our close of business on September 30, 1999.

This Letter of Credit is available with the Chase Manhattan Bank, New York against presentation of your draft at sight drawn on the Chase Manhattan Bank, New York when accompanied by the documents indicated herein:

A letter of certification and demand signed by a purported authorized signatory of the beneficiary reading as follows:

"The amount of this drawing USD _____ under the Chase Manhattan Bank Letter of Credit number _____ represents part of the price for the sale and purchase due and payable by the Obligors under an agreement to be made between the Obligor and the Sellers in respect of the purchase by the Obligor of shares in Bogoso Gold Limited ("BGL") and senior debt and shareholders advances owing by BGL to the Sellers which has become due and payable by the Obligor to the Beneficiary and the Sellers under said Sale and Purchase Agreement but has not been paid and that payment of such claimed amount is demanded herein."

Partial drawings are permitted provided that the aggregate of the sums paid does not exceed USD2,000,000.00.

We hereby agree that payment to the Beneficiary will be made by us to the Beneficiary under this credit (free and clear of and without deduction for or on account of any set-off or counterclaim and without deduction for or on account of any taxes) on the third business day from and inclusive of the date of our receipt of the above mentioned document. For the purposes of this credit, a "Business Day" means a day upon which banks are open for domestic and foreign exchange business in New York City.

Without prejudice to our obligations in respect of any drawing delivered to us in accordance with the terms of this credit and prior to the termination hereof, this credit shall terminate upon receipt of a certificate ing to be signed by an authorized signatory of the Beneficiary reading as follows:

"All the required government consents have not been obtained in accordance with the Sale and Purchase Agreement referred to in the Chase Manhattan Bank Letter of Credit No. _____." or

"The Sellers have failed to comply with the obligations at completion as set out in the Sale and Purchase Agreement referred to in the Chase Manhattan Bank Letter of Credit No. _____." or

"The Sellers have entered into a contract to sell the sales shares, the IFC debt and the DEG debt to a third party." or

"The Sale and Purchase Agreement referred to in the Chase Manhattan Bank Letter of Credit No. _____ has not been signed by the Sellers by June 1, 1999. " or

"An event has occurred which has prevented the Obligor from effecting completion of the Sale and Purchase Agreement referred to in the Chase Manhattan Bank Letter of Credit No. _____in circumstances in which the Sellers are not entitled to draw under the Letter of Credit."

All correspondence and any drawings presented in connection with this Letter of Credit must only be presented to us at the Chase Manhattan Bank, 4 Chase Metrotech Center, 8th Floor, Brooklyn, New York 11245, Attention: Standby Letter of Credit Department, Customer Inquiry Numbers are (718) 242-3884 and
(718) 242-4898.

We hereby issue this Standby Letter of Credit in your favor. It is subject to the uniform customs and practice for documentary credits (1993 revision International Chamber of Commerce, Paris, France Publication No. 500) and engages us in accordance with the terms thereof. The number and the date of our credit and the name of our bank must be quoted on all drafts required under this Letter of Credit.

Annex 1 List of Sellers Bank Austria AG

Bank Austria Cayman Islands Ltd.

Banque Internationale a Luxembourg

CLIFAP

Credit Lyonnais

DEG-Deutsche Investitions und Entwicklungsgesellschaft mbH

DB (Belgium) Finance N.V.

Ecobank Transnational Incorporated

International Finance Corporation

Societe Generale

The Sumitomo Bank, Limited

SCHEDULE 11
APPROVED CAPITAL EXPENDITURE PLAN

BGL Approved/Committed (@ 1 April 1999)

Project Description	Budget US$'000	Unspent US$'000	Unspent %
Strategic			
Water Resource Evaluation	35	34	97%
Oxide Exploration Program 3	1,650	295	18%
Transition Ore Investigation Phase 3	289	109	38%
Sulphide Ore Treatment Options	136	134	98%
Mining			
R984B Excavator	363	8	2%
773B Klein Water Tank	62	10	16%
Field Mess/Office	20	14	72%
Water Filling Stations	40	10	25%
Maintenance			
773B Dump Truck Overhaul (DT7)	110	10	9%
773B Dump Truck Overhaul (DT8)	110	60	55%
DHA600S Tamrock Overhaul	90	(9)	0%
Component Bay Extension	20	10	50%
Used Service Truck	100	20	20%
Plant Workshop Equipment	25	3	12%
Processing			
Tailings System Upgrade	231	158	68%
Acid Mixing Facility	61	39	64%
Oxygen Plant	205	65	32%
Administration and Infrastructure			
Radio VHF and Relay Station	50	19	38%
Data Room & Finance Modifications	15	5	33%
Security Fence Upgrade	45	40	89%
Emergency Generators	1,280	11	1%
V-SAT Communications	79	4	5%
Kubota Lawn Mower	12	(4)	0%
Replacement Ambulance	25	(2)	0%
Replacement Nissan Patrol	38	38	100%
Total	5,091	1,081	

NOTES:
1. "BGL Approved/Committed" are projects in progress with BGL Board approval as at 1 April 1999.

EXECUTED by the parties:

The Sellers

INTERNATIONAL FINANCE CORPORATION

By: /s/ Assaad Jabre
Authorised Representative

CLIFAP

By: /s/ Oliver Mas
Authorised Representative

CREDIT LYONNAIS

By: /s/ Oliver Mas
Authorised Representative

THE SUMITOMO BANK, LIMITED

By: /s/ Paul Leatherdale
Authorised Representative

ECOBANK TRANSNATIONAL INCORPORATED

By: /s/ Albert Essien
Authorised Representative

SOCIETE GENERALE

By: /s/ Jean-Roche Dubourdieu
Authorised Representative

BANK AUSTRIA CAYMAN ISLANDS LTD.

By: /s/ J. E. O'Neill
Authorised Representative

BANK AUSTRIA AG

By: /s/ Udo Szekulics */s/ Maj. De Arnoldi*
Authorised Representative

BANQUE INTERNATIONALE A LUXEMBOURG

By: /s/ Simon Hauxwell */s/ Benoit Deborse*
Authorised Representative

DEG-DEUTSCHE INVESTITIONS UND ENTWICKLUNGSGESELLSCHAFT mbH

By: /s/ Roger Peltzer
Authorised Representative

DB (BELGIUM) FINANCE N.V.

By: /s/ Geoffrey Spence */s/ George Rogers*
Authorised Representative

THE BUYERS

By: /s/ Peter Bradford
ANVIL MINING NL
Authorised Representative

By: /s/ James E. Askew
GOLDEN STAR RESOURCES LTD.
Authorised Representative

Exhibit 10-5
ELLIOTT ASSOCIATES, L.P.
712 Fifth Avenue - 36/th/ Floor
New York, New York 10019

May 5, 1999

Golden Star Resources Ltd.
1660 Lincoln Street
Denver, Colorado 80264

Attention: Mr. James E. Askew

Credit Facility Letter

Dear Sirs:

You have advised that you intend to acquire (the "Acquisition") together with Anvil Mining NL ("Anvil") of Australia a 90% interest in Bogoso Gold Mine Ltd., a Ghanaian company ("BGL"), which operates the Bogoso gold mine in Ghana, in a transaction pursuant to which you would acquire for a total consideration of approximately US$12 million and certain other conditional payments (i) 90% of the capital stock of BGL, with the State of Ghana retaining a 10% interest, and
(ii) 100% of the approximately US$34 million in debt owed by BGL to a consortium of banks represented by the International Finance Corporation ("IFC").

We understand it is currently your intention to raise the funds required to effect the Acquisition and to pay the costs and expenses related thereto through
(i) the issuance and sale to the public and/or private investors of your common shares or special warrants and/or (ii) borrowings under newly arranged senior credit facilities.

In connection with the foregoing, we are pleased to advise you that subject to the approval by the Government of Ghana of the Acquisition, the closing of the Acquisition and the completion of all loan documentation with respect to the credit facility contemplated hereby in form and substance reasonably satisfactory to us, we hereby grant you the option to have us (directly or through one or more of our designees) establish on the closing date a credit facility (the "Credit Facility") in a principal amount not to exceed US$12 million having the terms set forth in Exhibit A attached hereto. You hereby agree that the Credit Facility shall be used solely to complete the Acquisition.

You have advised us that our commitment hereunder (the "Commitment") is a condition precedent to the signing of a definitive purchase agreement in connection with the Acquisition (the "Acquisition Agreement"). You have also advised us that , subject to the other provisions of this letter, a copy of this letter (the "Credit Facility Letter") will be provided to IFC as representative of the consortium of banks involved in the Acquisition and that IFC and the banks will rely on the Credit Facility Letter as comfort that there will be funds available to close the Acquisition if the approval of the Government of Ghana of the Acquisition is obtained.

You hereby agree to compensate us for the Commitment in accordance with the provisions of that certain Premium Letter Agreement, dated as of the date hereof, between us, a copy of which is attached as Exhibit B hereto.

In connection with the services and transactions contemplated hereby, you agree that we will be permitted access, or use of, any information concerning the Acquisition and BGL which may come into your possession. We hereby acknowledge that you are bound by the terms of a confidentiality agreement with respect to such information (a copy of which has been delivered to us) and agree to abide by such terms. We will treat any and all confidential information relating to the Acquisition and BGL transmitted to us with the same degree of care you are held to under the confidentiality agreement mentioned above, provided that we shall not be bound by any confidentiality, noncompetition or noncircumvention covenant following either the termination of our obligation to establish the Credit Facility or the closing of the Acquisition (with Anvil Mining's participation).

The Commitment may not be assigned by you and nothing in this Credit Facility Letter, express or implied, shall give any person other than you any benefit or any legal or equitable right, remedy or claim under this Credit Facility Letter.

We hereby acknowledge that you make no representation or warranty as to the accuracy or completeness of any information or materials provided to us in connection with our evaluation of the credit risk associated with the matters contemplated hereby.

This Credit Facility Letter (including the exhibits hereto) sets forth the entire agreement of the parties as to the scope of the Credit Facility Letter and our respective obligations hereunder. The Commitment will expire upon the earliest of (i) the closing of the Acquisition without the use of the Credit Facility, (ii) the termination of the Acquisition Agreement, (iii) the failure of any party to the Acquisition Agreement to sign and deliver it on or prior to June 1, 1999, or (iv) on the 130th day after execution of the Acquisition Agreement.

This Credit Facility Letter shall be governed by, and construed in accordance with, the laws of the State of New York as applied to agreements made and performed within such state without giving effect to principles of conflict of laws thereof. Any action arising hereunder or under the Premium Letter may be brought in the Federal and State courts located in New York County, New York, and each party hereby consents to the non-exclusive jurisdiction and venue of such courts and to service of process by certified mail, return receipt requested (which shall constitute "personal service").

Please indicate your acceptance of our Commitment and your agreement to the matters contained in this Credit Facility Letter (including the exhibits thereto) by executing a copy of this letter and returning it to us prior to 5:00 PM, Eastern daylight time, on May 5, 1999.

ELLIOTT ASSOCIATES, L.P.

By: /s/ Paul Singer

General Partner

ACCEPTED AND AGREED TO:

GOLDEN STAR RESOURCES LTD.

By: /s/ James E. Askew

CEO and President

EXHIBIT A

May 5, 1999

Standby Credit Facility for the Purchase of Bogoso Gold Limited by Golden Star Resources Ltd.

Borrower	A special purpose subsidiary of Golden Star Resources Ltd., a Canadian corporation (the "Borrower"). Golden Star Resources will provide a corporate guarantee for any borrowing under the Credit Facility and the Credit Facility loan will have full recourse back to Golden Star Resources.
Lender	Elliott Associates, L.P., Westgate International, L.P. and/or related parties (collectively the "Lender")
Facility	Lender agrees to provide a U.S. dollar standby credit facility (the "Credit Facility") to the Borrower for the purchase of certain debt and shares of BGL, a Ghanaian company which owns and operates the Bogoso gold mine in Ghana (the "Acquisition")
Acquisition	The Acquisition of BGL shall be effected through the purchase of at least 90% of the common shares and 100% of the IFC and DEG debt of BGL. Upon closing of the Credit Facility, Golden Star shall directly or indirectly own a majority of the outstanding equity of BGL. The final contract for the Acquisition will include a provision whereby operating profit after April 1 will be for the account of Golden Star.
Facility Limit	US$12 million. Only one drawdown will be permitted.
Conditions Precedent to Drawdown	The Borrower shall have the right to draw down all or any portion of the facility upon the closing of the Acquisition, but not earlier than May 21, subject to the following: Material Adverse Change clause and Force Majeure clause consistent with proposed purchase agreement between Golden Star and the bank syndicate group. Borrower must deliver favorable legal opinions of U.S., Canadian, Ghanaian (and other jurisdiction, if needed) counsel as to customary matters including with respect to validity of first priority liens, regulatory approvals, Regulation U compliance, usury issues and currency controls. All applicable governmental and regulatory approvals must be obtained prior to each of warrant issuance and funding. Anvil Mining's written consent to all aspects of the Credit Facility must be obtained.
Estimated Closing Date of the Acquisition	July 31, 1999
Security	First ranking charge over the assets of BGL (including, without limitation, the mine lease and accounts receivable) and pledge of the common stock and debt of BGL held directly or indirectly by Golden Star and Anvil Mining.
Repayment	The Borrower or Golden Star may repay all or any portion of the principal (with all accrued interest thereon) at any time without penalty. Mandatory repayment of the facility will begin 60 days after closing and will be made in 12 equal monthly installments, based on the principal amount outstanding 59 days after drawdown, thereafter, subject to a maximum of US$750,000 per month of principal (excluding accrued interest). Any principal balance still outstanding after this time will be paid in full, with accrued interest, within 7 days following the final monthly repayment. Beginning 60 days after drawdown, any early repayments made will be credited against the latest dated scheduled repayments.
Interest Rate	15% per annum compounded monthly on the outstanding principal and interest thereon, paid monthly in arrears. In the event of a default, interest will accrue on the outstanding balance at a rate of 25% per annum

	until such default is cured.
Equity	Golden Star will issue common stock purchase warrants ("Warrants") per separate

	agreement.
Exercise of Warrants	Golden Star will permit cashless exercise of the Warrants through loan reduction.
Warrant Expiry Date	Three years from the date of issuance.
Callability of Warrants	If at any time beginning 12 months after issuance or most recent price reset, the closing price for GSR on Amex for 30 consecutive trading days is greater than 200% of the exercise price of the Warrants, then 50% of the Warrants will be callable by the Company on 30 days notice. If at any time beginning 24 months after issuance or most recent price reset, the closing price for GSR on Amex for 30 consecutive trading days is greater than 250% of the exercise price of the Warrants, then 50% of the Warrants will be callable by the Company on 30 days notice. This call provision shall not restrict the Lender from exercising the Warrants at any time including during the call notice period. The 50% shall refer to a percentage of the number of Warrants originally issued.
Warrant Terms	The Warrants will contain customary anti-dilution adjustments for reorganization, stock dividends, stock splits, etc. If within 6 months of the date of issuance of the Warrants or at any time that more than US$1 is outstanding under this Credit Facility, in the event of an issuance of common shares and/or rights and/or warrants (either individually or as a unit) by Golden Star at a discrete or implied (in the case of a unit) price below 95% of the strike price of the Warrants (excluding an aggregate issuance(s) of up to 1% of the outstanding Golden Star common shares pursuant to director, officer and employee stock option or stock bonus plans ("Plans")), then the strike price of the Warrants will, at Lender's option, be reset to a price equal to the discrete or implied (in the case of a unit) issuance price of such common shares, rights or warrants. If, however, regulatory conditions imposed upon any such reset (e.g., reduction in the reset or a shortening of the exercise period) renders the reset unsatisfactory to Lender, Lender may instead elect to receive in lieu thereof (i) cash in an amount equal to the number of Warrants held multiplied by the excess of the actual strike price over the intended reset strike price, or (ii) if regulatory approval is again denied, such other consideration as will afford the Lender reasonably equivalent value to such reset. Golden Star shall be required to register (or establish free tradeability) and list the underlying common shares in the US and Canada by the earlier of (a) the registration of any other common shares (excluding any registration of Plan shares on Form S-8), or (b) 180 days following the closing or abandonment of the Acquisition. The penalty with respect to any registration failure will be cash per month of 3% of the aggregate value of the common stock to be registered. However, provided the shares have been properly registered or are freely tradeable on the American Stock Exchange but not the Toronto Stock Exchange, then the penalty will be cash per month of 1% of the aggregate value of the common stock to be registered.
Production Bonus Payment	Whether or not the Credit Facility is established or used, for every continuous 12 month period (the "Production Interval") during the first 72 months following the Acquisition that total production from the Bogoso mine concession is greater than 75,000 ounces, the Lender will receive a cash payment of US$250,000 with maximum payments over time totaling not more than US$1,250,000. Production Intervals will not represent fixed date time but rather non-overlapping continuous 12 month periods constructed to be most favorable to the

Lender in determining amounts due to the Lender under this provision. Such cash payments will be payable by the Borrower within 12 months following the end of the Production Interval. For example, if during the Production Interval of July 1, 1999 to June 30, 2000, mine production is greater than 75,000 ounces, the Borrower would be required to pay to the Lender US$250,000 before June 30, 2001. In the event that the direct or indirect ownership of the mine by GSR drops below

	50%, then any remaining maximum payments, including any unearned amounts, due under the Production Bonus will become immediately due and payable. Provided, however, if Golden Star, in a single transaction, sells 100% of its interest in the Bogoso mine concession, either through a sale of stock or the asset, then any unearned amounts due under the previous sentence will be capped at 50% of the proceeds of such transaction. For example, if Golden Star sells its entire stake in the mine for $300,000 and $500,000 of potential payments remain to be earned under the Production Bonus, then the Lender's payments will be capped at $150,000. This cap does not refer, in any way, to any amounts previously earned, but not yet paid, under the Production Bonus. Such earned payments will still be due in full and will have no effect on calculations with regard to the payments cap.
Gold Price Protection Program	The Borrower or Golden Star will use its reasonable best efforts to put in place a gold price protection program, in a form reasonably acceptable to the Lender, sufficient to cover 75% of mine production for the anticipated 13 month life of the loan, to be in place within 15 days of the closing under the Credit Facility. The Borrower or Golden Star will communicate with the Lender as to the status of such program.
Representations and Warranties	Customary for this type of transaction.
Affirmative Covenants	Customary for this type of transaction.
Negative Covenants	No senior or pari passu indebtedness or liens at any level. The only permitted distributions or existing debt repayments, at any level, will be (a) to make payments, both principal and interest, in connection with the Credit Facility, (b) to make payments, both principal and interest, with respect to outstanding debt in connection with the Omai Mine (but not to make distributions for such purpose), and (c) provided the Borrower places and keeps in escrow, monies sufficient to make principal and interest payments for 2 payment periods, then the Borrower will be allowed to make distributions to Golden Star to fund expenses in the ordinary course of business. For as long as the principal amount outstanding under the Credit Facility is greater than $6 million, for any non-ordinary course asset sales by Golden Star, 75% of the proceeds from such sales will be used to repay principal outstanding under the Credit Facility.
	Other customary for this type of transaction.
Events of Default	Customary for this type of transaction, including any failure of first priority security.

EXHIBIT B

GOLDEN STAR RESOURCES LTD.
1660 Lincoln Street, Suite 3000
Denver, Colorado 80264

May 5 1999

Elliott Associates, L. P.
712 Fifth Avenue
New York, New York 10019

Attention: Mr. Jon Pollock

Dear Sirs:

We refer to the Credit Facility Letter, dated the date hereof (the "Credit Facility Letter"), regarding a proposed loan to be made by you to us in a principal amount not to exceed US$12 million. Capitalized terms used herein, unless otherwise defined, have the meanings ascribed to them in the Credit Facility Letter.

We hereby agree to pay you in immediately available funds (i) upon execution of the Credit Facility Letter, a non-refundable option premium (the "Premium") of US$250,000 and (ii) upon closing of the Acquisition (or any transaction whereby we directly or indirectly acquire an ownership position in the Bogoso Mine), a non-refundable additional interest payment (the "Funding Payment") of US$250,000. Upon execution of an agreement for such an acquisition (the "Acquisition Agreement"), we shall deposit with you the sum of US$50,000 to be credited against any fees and expenses incurred by you with respect to entering into the Credit Facility Letter.

Within 10 days of the execution of the Acquisition Agreement by all of the parties, you will also have the right to receive 1,500,000 common share purchase warrants (the "Warrants"). Upon closing of the Credit Facility, you will also have the right to receive that number of common share purchase warrants (the "Additional Warrants") which is equal to 3,000,000 multiplied by the ratio of
(a) the amount of the Credit Facility drawn down divided by (b) US$12 million, less 1,500,000. Each Warrant and Additional Warrant will entitle you to subscribe for and purchase from Golden Star Resources Ltd. ("Golden Star") one common share of Golden Star at an exercise price which is equal to the weighted average of the closing prices of Golden Star shares on the American Stock Exchange for the ten trading days immediately preceding their issuance and will have the terms and conditions set forth in Exhibit A to the Credit Facility. (If any regulatory body does not permit the issuance of any such Warrants or Additional Warrants, it shall constitute a breach.)

Upon closing of the Acquisition, you will also become entitled to be paid at certain times certain amounts as production bonus payments in accordance with the terms and conditions set forth in Exhibit A to the Credit Facility Letter.

We hereby agree to reimburse you promptly upon demand for all reasonable out-of- pocket costs and expenses incurred by you in connection with the negotiation and entry into, and the transactions

contemplated by the Credit Facility Letter (including, without limitation, consultant's fees and US, Canadian, Ghanaian and other counsel fees), whether or not the Acquisition is consummated.

This Letter Agreement and the terms and conditions contained herein shall not be disclosed by any party to any person or entity (except such of our agents and representatives on a need to know basis if they agree to be bound by the provisions of this paragraph).

We may not assign any of our rights or be relieved of our obligations hereunder without your prior written consent.

This Letter Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to the principles of conflicts of laws thereof.

If you are in agreement with the foregoing, kindly sign and return to us the enclosed copy of this Letter Agreement.

GOLDEN STAR RESOURCES LTD.

By: /s/ James E. Askew

AGREED TO AND ACCEPTED
this 5/th/ day of May, 1999

ELLIOTT ASSOCIATES, L.P.

By: /s/ Paul Singer

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 31 1998
PERIOD START	JAN 01 1999
PERIOD END	JUN 30 1999
CASH	942
SECURITIES	0
RECEIVABLES	394
ALLOWANCES	0
INVENTORY	163
CURRENT ASSETS	1,587
PP&E	2,951
DEPRECIATION	(2,470)
TOTAL ASSETS	63,770
CURRENT LIABILITIES	1,620
BONDS	1,993
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	155,872
OTHER SE	0
TOTAL LIABILITY AND EQUITY	63,770
SALES	0
TOTAL REVENUES	222
CGS	0
TOTAL COSTS	5,232
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	12
INCOME PRETAX	0
INCOME TAX	0
INCOME CONTINUING	(4,266)
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	(4,266)
EPS BASIC	(0.14)
EPS DILUTED	(0.14)