GOLDEN STAR RESOURCES LTD
Form 424B5
December 18, 2003

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-033237

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar regulatory authorities in Canada. Copies of documents incorporated herein by reference may be obtained on request without charge from the Secretary of the Company at 10579 Bradford Road, Suite 103, Littleton, Colorado 80127-4247 or by accessing the Company's disclosure documents available through the internet on SEDAR at www.sedar.com.

Short Form Prospectus

NEW ISSUE **December 18, 2003**

Golden Star Resources Ltd.

US$7.50 per Common Share
6,600,000 Common Shares

This short form prospectus, which we may also refer to as this prospectus, qualifies the distribution of an aggregate of 6,600,000 common shares of Golden Star Resources Ltd. (the "Company") at a price of US$7.50 per common share.

	Price to Public	Underwriters' Fee(1)	Proceeds to the Company(2)(3)
Per common share	US$7.50	US$0.3375	US$7.1625
Total	US$49,500,000	US$2,227,500	US$47,272,500

(1) The Company has agreed to pay to the underwriters an amount in cash equal to 4.5% of the gross proceeds of the common shares sold to them.

(2) Before deducting expenses of the offering, estimated to be US$250,000.

(3) The Company has granted to the Canadian underwriters an underwriters'option (the "Option"), exercisable in whole or in part, to purchase up to an additional 1,000,000 common shares (the "Additional Shares") at the offering price set forth above (for additional gross proceeds of US$7,500,000) at any time until 48 hours prior to the Closing of the offering. If the Canadian underwriters exercise the Option in full, the gross proceeds will be US$57,000,000, the total fees to the underwriters will be US$2,565,000 and the net proceeds to the Company before deducting offering expenses will be US$54,435,000. This short form prospectus qualifies the distribution of the Option and of the Additional Shares issuable upon exercise of the Option. See "Plan of Distribution".

The price per common share was determined by negotiation among the Company and the underwriters. The outstanding common shares of the Company are listed for trading on the Toronto Stock Exchange, or the TSX, under the symbol "GSC" and on the American Stock Exchange, or AMEX, under the symbol "GSS." On December 16, 2003 the closing price of the common shares on the TSX was Cdn$8.84 and on AMEX was US$6.65.

The Canadian underwriters, as principals, conditionally offer the common shares initially offered in Canada and those common shares which are initially offered in the United States and which are subsequently acquired by transfer from the U.S. agents, if any, subject to prior sale if, as and when issued and delivered by the Company and accepted by the Canadian underwriters in accordance with the conditions contained in the Canadian underwriting agreement and subject to the approval of certain legal matters on behalf of the Company by Field LLP, and on behalf of the Canadian underwriters by Stikeman Elliott LLP. The underwriters may effect transactions which stabilize or maintain the market for the common shares at levels other than those which might otherwise prevail in the open market. See "Plan of Distribution".

The common shares are being offered concurrently in the United States on a best efforts basis, with no minimum number or dollar amount requirement, pursuant to an agency agreement dated December 18, 2003 among Harris Nesbitt Corp., Orion Securities (USA) Inc., Canaccord Capital Corporation (USA) Inc., NBF Securities (USA) Corp. and RBC Dain Rauscher Inc., as the U.S. agents, and the Company, and in Canada on a firm commitment basis for 100% of the common shares, with the number to be reduced by the number sold in the United States, pursuant to an underwriting

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agreement dated December 18, 2003 among BMO Nesbitt Burns Inc., Orion Securities Inc., Canaccord Capital Corporation, National Bank Financial Inc., RBC Dominion Securities Inc. and Westwind Partners Inc., as the Canadian underwriters, and the Company. The Canadian underwriters and the U.S. agents are collectively referred to as the underwriters.

The Toronto Stock Exchange has conditionally approved the listing of the common shares. The listing of the common shares on the Toronto Stock Exchange is subject to the Company fulfilling all of the listing requirements of the Toronto Stock Exchange.

We have received listing approval of the common shares on The American Stock Exchange.

Subscriptions in Canada will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Closing of the offering is expected to occur on or about December 30, 2003 or such other time as may be agreed upon by the Company and the underwriters. Certificates representing the common shares will be available for delivery at closing.

This prospectus will also be filed as a form of prospectus supplement to the U.S. prospectus (the "U.S. Prospectus") attached as Schedule A hereto, included in a Registration Statement on Form S-3 filed by the Company with the United States Securities and Exchange Commission. The Registration Statement of which the U.S. Prospectus is a part was filed on August 8, 1997 with the United States Securities and Exchange Commission.

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ELIGIBILITY FOR INVESTMENT

In the opinion of Field LLP, counsel to the Company and Stikeman Elliott LLP, counsel to the Canadian underwriters, based on legislation in effect as of the date hereof and subject to compliance with the prudent investment standards and general investment provisions and restrictions of the statues referred to below (and, where applicable, regulations and guidelines thereunder) and, in certain cases, subject to the satisfaction of additional requirements relating to investment or lending policies or goals and, in certain cases, the filing of such policies or goals, the securities offered by this prospectus, if issued on the date hereof, would not be precluded as investments under the following statutes:

Insurance Companies Act (Canada)	Employment Pension Plans Act (Alberta)
Pension Benefits Standards Act, 1985 (Canada)	Insurance Act (Alberta)
Trust and Loan Companies Act (Canada)	Loan and Trust Corporations Act Alberta)
Insurance Act (Ontario)	Financial Institutions Act (British Columbia)
Loan and Trust Corporations Act (Ontario)	Pension Benefits Standards Act (British Columbia)
Pension Benefits Act (Ontario)	The Insurance Act (Manitoba)
Trustee Act (Ontario)	The Pension Benefits Act (Manitoba)

In the opinion of Field LLP, counsel for the Company and Stikeman Elliott LLP, counsel for the Canadian underwriters, as of the date hereof, the common shares are qualified investments for the purposes of the *Income Tax Act* (Canada) ("ITA") for trusts governed by registered retirement savings plans, registered retirement income funds, and deferred profit sharing plans (collectively, "Deferred Income Plans") and registered education savings plans within the meaning of the ITA. In the opinion of such counsel, based in part on a certificate of an officer of the Company as to certain factual matters, the common shares will not, on the date hereof, be "foreign property" for the purposes of Part XI of the ITA for Deferred Income Plans and other persons subject to tax under Part XI of the ITA and the Regulations thereunder.

DOCUMENTS INCORPORATED BY REFERENCE

The Company files annual and quarterly financial information, material change reports and other information with the securities commissions or similar authorities in each of the provinces of Canada (collectively, the "Commissions"). The following documents filed with the Commissions are specifically incorporated by reference into, and form an integral part of, this prospectus:

1. the alternative form of Annual Information Form filed on Form 10-K dated March 25, 2003 for the year ended December 31, 2002;

2. the Management Proxy Circular of the Company dated April 24, 2003;

3. the audited consolidated annual financial statements of the Company for the financial years ended December 31, 2002, 2001 and 2000 and the management's discussion and analysis of financial condition and results of operations of the Company for that period;

4. unaudited financial statements for the three months ended March 31, 2003 together with the management's discussion and analysis of financial condition and results of operations of the Company for that period;

5.

unaudited financial statements for the six months ended June 30, 2003 together with management's discussion and analysis of financial conditions and results of operations of the Company for that period;

6. unaudited financial statements for the nine months ended September 30, 2003 together with management's discussion and analysis of financial conditions and results of operations of the Company for that period;

7. the material change report dated January 31, 2003 relating to the Company entering into an agreement with respect to a prospectus offering of 13,400,000 units at a price of Cdn$3.00 for each unit for gross proceeds of Cdn$40,200,000;

8. the material change report dated February 6, 2003 relating to exercise of the underwriters' option for an additional 3,600,000 units under the prospectus offering;

9. the material change report dated February 11, 2003 relating to the filing of the Company's final short form prospectus in Canada and registration statement in the United States;

10. the material change report dated February 14, 2003 relating to the completion of the prospectus offering of 17,000,000 units of the Company for gross proceeds of Cdn$51,000,000;

11. the material change report dated April 8, 2003 relating to the Company's earnings for the year ended December 31, 2002;

12. the material change report dated April 17, 2003 announcing that the Company entered into two separate agreements which will result in the Company controlling an additional 45 kilometers along strike of the Ashanti trend in Ghana, north of and contiguous with its Bogoso/Prestea property;

13. the material change report dated May 5, 2003 relating to the Company's earnings for the three months ended March 31, 2003;

14. the material change report dated May 5, 2003 announcing the filing of an independent technical report prepared by Associated Mining Consultants Ltd. regarding the mineral resources on the Wassa property;

15. the material change report dated July 7, 2003 regarding the completion of the transaction to acquire the Mampon gold property in Ghana from Ashanti Goldfields Company Limited for $9.5 million;

16. the material change report dated July 11, 2003 regarding the results of a feasibility study on the Wassa property;

17. the material change report dated July 24, 2003 announcing that the Company reached agreement to pay $11.5 million to buy back the remaining debt and two royalties relating to the 2002 acquisition of Wassa from a banking syndicate led by Standard Bank London Limited;

18. the material change report dated July 25, 2003 relating to the Company entering into an agreement with respect to a prospectus offering of 8,200,000 common shares at a price of Cdn$3.90 for each common share for gross proceeds of Cdn$31,980,000;

19. the material change report dated August 5, 2003 relating to the Company's earnings for the six months ended June 30, 2003;

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the material change report dated August 8, 2003 relating to the issuance of a final receipt for a short form prospectus in connection with an offering of 8,200,000 common shares and the filing of a technical report with respect to the feasibility study on the Company's Wassa gold property located in Ghana, West Africa;

21. the material change report dated August 12, 2003 relating to the exercise of the underwriter's option for an additional 1,230,000 common shares under the prospectus offering of 8,200,000 common shares;

22. the material change report dated August 14, 2003 relating to the completion of the prospectus offering of 9,430,000 common shares for gross proceeds of Cdn$36,800,000;

23. the material change report dated August 20, 2003 relating to the completion of the acquisition of Birim Goldfield Inc.'s rights to the Asikuma and Mansiso prospecting licenses in Ghana;

24. the material change report dated October 10, 2003 relating to the completion of the buyback of the royalties and debt relating to the Wassa project for $11.5 million;

25. the material change report dated October 22, 2003 relating to the Company entering into an agreement with Barnato Exploration Limited to buy back a royalty on future production from Bogoso/Prestea;

26. the material change report dated November 4, 2003 relating to the completion of the buyback of the royalty from Barnato Exploration Limited; and

27. the material change report dated December 9, 2003 relating to the Company entering into an agreement with respect to a prospectus offering of 6,600,000 common shares at a price of $7.50 for each common share for gross proceeds of $49,500,000.

All documents of the type referred to in the preceding paragraph (excluding confidential material change reports and press releases) that are required to be filed by the Company with the Commissions after the date of this prospectus and prior to the completion or withdrawal of this offering, shall be deemed to be incorporated by reference into and form an integral part of this prospectus. The documents incorporated or deemed incorporated by reference herein contain meaningful and material information relating to the Company and prospective subscribers for common shares should review all information contained in this prospectus and the documents incorporated by reference before making an investment decision.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein or in any subsequently filed document which also is or is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this prospectus to the extent that a statement contained herein, or in any other subsequently filed document which also is incorporated or is deemed to be incorporated by reference herein, modifies or supersedes such

statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute a part of this prospectus.

Copies of documents incorporated herein by reference may be obtained on request without charge from the Secretary of the Company at 10579 Bradford Road, Suite 103, Littleton, Colorado 80127-4247; (303) 830-9000. These documents can also be found at the website maintained by the Canadian Securities Administrators at www.sedar.com.

We have not authorized any other person to provide you with information different from that contained in this prospectus or the U.S. Prospectus. Information on any of the websites maintained by us does not constitute a part of this prospectus or the U.S.

Prospectus.

CURRENCY AND EXCHANGE RATE AND GAAP INFORMATION

Unless otherwise indicated, all references to "US$", "$", or "dollars" in this prospectus refer to United States dollars. References to "Cdn$" in this prospectus refer to Canadian dollars.

The noon rate of exchange on December 16, 2003 as reported by the Bank of Canada for the conversion of Canadian dollars was Cdn$1.00 equals $0.7586 and the conversion of United States dollars was $1.00 equals Cdn$1.3183. We use these exchange rates for calculations appearing in "Use of Proceeds" and "Dilution."

Our financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") in Canada, which we refer to as Canadian GAAP. We provide certain information reconciling our financial information with GAAP in the United States, which we refer to as U.S. GAAP.

NON-GAAP FINANCIAL MEASURES

In this prospectus, the term "cash operating cost" is used on a per ounce of gold basis. Cash operating cost per ounce is equivalent to mining operations expenses for the period, less production royalties, divided by the number of ounces of gold shipped during the period. We have included cash operating cost information to provide purchasers with information about the cost structure of our mining operations. This information differs from measures of performance determined in accordance with GAAP in Canada and the United States and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under GAAP and may not be comparable to similarly titled measures of other companies.

STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This prospectus and the U.S. Prospectus and other documents incorporated by reference in this prospectus contain forward-looking statements, within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the United States Exchange Act of 1934, as amended, with respect to our financial condition, results of operations, business, prospects, plans, objectives, goals, strategies, future events, capital expenditure, and exploration and development efforts. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "may," "will," and similar expressions identify forward-looking statements. Although we believe that our plans, intentions and expectations reflected in these forward-looking statements are reasonable, we cannot be certain that these plans, intentions or expectations will be achieved. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained or incorporated by reference in this prospectus.

The following, in addition to the factors described in "Risk Factors" in this prospectus, are among the factors that could cause actual results to differ materially from the forward-looking statements:

- unexpected changes in business and economic conditions;
- significant increases or decreases in gold prices;
- changes in interest and currency exchange rates;
- timing and amount of production;

unanticipated grade changes;

unanticipated recovery or production problems;

changes in mining and milling costs;

metallurgy, processing, access, availability of materials and equipment, transportation of supplies and water availability;

determination of reserves;

changes in project parameters;

costs and timing of development of new reserves;

results of current and future exploration activities;

results of pending and future feasibility studies;

joint venture relationships;

political or economic instability, either globally or in the countries in which we operate;

local and community impacts and issues;

timing of receipt of government approvals;

accidents and labor disputes;

environmental costs and risks;

competitive factors, including competition for property acquisitions; and

availability of capital at reasonable rates or at all.

These factors are not intended to represent a complete list of the general or specific factors that may affect us. We may note additional factors elsewhere in this prospectus, the U.S. Prospectus and in any documents incorporated by reference into this prospectus and the U.S. Prospectus. We undertake no obligation to update forward-looking statements.

THE COMPANY

References to "we," "our" and "us" mean Golden Star Resources Ltd., its predecessors and consolidated subsidiaries, unless the context requires otherwise.

We are an international gold mining and exploration company, focused primarily on mining, mine development and exploration in Ghana, West Africa. We expect to produce in excess of 160,000 ounces of gold in 2003 at an average cash operating cost of approximately $175 per ounce. We own 90% interests in two properties in Ghana, the Bogoso/Prestea open pit mine and related properties and the Wassa project. We operate the Bogoso/Prestea mine, with ore mined at the Prestea property being processed at the Bogoso processing plant. We also own an approximate 63% managing interest in the currently inactive Prestea underground mine. We have commenced development of the Wassa mine and expect to begin production by milling material from the existing heap leach pads in early 2004 and production from the open pit mine in early 2005.

We are actively engaged in acquiring and exploring prospective properties in Ghana. In addition, through our 73% owned subsidiary, Guyanor Ressources S.A., we have interests in several gold exploration properties in French Guiana.

Please see "Our Business" in this prospectus for further information about our operations and "Recent Developments" in this prospectus for further information on the completion of the buyback of the Bogoso/Prestea royalty and our exploration joint venture agreements in Sierra Leone and Mali.

We were established under the *Canada Business Corporations Act*, or the CBCA, on May 15, 1992 as a result of the amalgamation of South American Goldfields Inc., a corporation incorporated under the CBCA, and Golden Star Resources Ltd., a corporation originally incorporated under the provisions of the *Business Corporations Act* (Alberta) on March 7, 1984 as Southern Star Resources Ltd.

Our principal executive offices are located at 10579 Bradford Road, Suite 103, Littleton, Colorado 80127-4247 and our telephone number is (303) 830-9000. Our registered and records office is located at c/o Koffman Kalef, Suite 1900 885 West Georgia Street, Vancouver, British Columbia, Canada V6C 3H4.

The Company's head office is located outside of Canada. Although the issuer has appointed Koffman Kalef, Suite 1900, 885 West Georgia Street, Vancouver, British Columbia and Field LLP, 1900, 350-7th Avenue S.W., Calgary, Alberta as its agents for service of process in the provinces of British Columbia and Alberta respectively, it may not be possible for investors to collect judgments obtained in Canadian courts predicated on the civil liability provisions of securities legislation.

Growth Strategy

Since 1999, we have focused primarily on the acquisition of producing and development stage gold properties in Ghana and on the exploration, development and operation of these properties. Although our Bogoso/Prestea mine should produce in excess of 160,000 ounces in 2003, it has an average annualized capacity of approximately 135,000 ounces. Given our significant resource position, we are currently carrying out technical studies to expand our production at Bogoso/Prestea. At our Wassa property, we commenced development in mid-2003 and expect to commence production by milling material from the existing heap leach pads at Wassa in early 2004 and production from the open pit mine in early 2005. However, there can be no assurance that development and start-up can be completed as anticipated or that our production goals will be achieved.

Our objective is to grow our business to become a mid-tier gold producer (which we understand to be a producer with annual production of approximately 500,000 ounces) over the next few years. Due to higher gold prices and our improved financial condition, we believe we are well placed to pursue the acquisition of producing, development and advanced stage exploration gold properties and companies, primarily in Ghana and elsewhere in Africa. We are actively investigating potential acquisition and merger candidates, some of which have indicated to potential acquirors or their advisors that they or certain of their properties are available for acquisition. However, we presently have no agreement or understanding with respect to any potential transaction. We have increased exploration activities and expenditures on our current exploration properties, primarily in Ghana.

Intercorporate Relationships

The Company owns the following material subsidiaries, and the Company's current corporate structure is set out below (all entities are 100%-owned, unless otherwise noted):

OUR BUSINESS

We are an international gold mining and exploration company, currently focused primarily on mining, mine development and exploration in Ghana.

Bogoso/Prestea

We own 90% of and operate the Bogoso/Prestea gold mining and milling operation located along the Ashanti Trend in southwestern Ghana. The property consists of several open pit mines and a nominal 6,000 tonne per day carbon-in-leach mill and processing plant. We hold the property under mining leases granted by the Government of Ghana, terminating from 2017 to 2031. We expect to produce over 160,000 ounces from Bogoso/Prestea in 2003 at an average cash operating cost of $175 per ounce. We expect to complete in early 2004 technical studies on the expansion of our mining and processing facilities at Bogoso/Prestea to increase capacity and to add a bio-oxidation or BIOX circuit to permit the processing of refractory sulfide ore. We expect the expansion, including the acquisition, relocation and upgrade of a conventional milling and carbon-in-leach processing plant at Prestea, the BIOX upgrade to the existing Bogoso processing plant and the expansion of our mining fleet, to cost about $60 million. We plan to fund the expansion from cash resources, external debt financing and cash from operations. If the Bogoso/Prestea expansion is completed and mining at Wassa commences by early 2005, we could produce over 350,000 ounces in 2005. There can be no assurance that the expansion and development projects will be completed or that this amount of gold production will be achieved.

The Government of Ghana owns the remaining 10% of Bogoso/Prestea. As required by the law of Ghana for all mining operations, the Government has a carried interest under which it receives 10% of any future dividends from the subsidiaries owning the Bogoso/Prestea mine, following repayment of all capital, and has no obligation to contribute development or operating expenses. The Government of Ghana also receives a royalty based on total revenues earned from the lease area. For the last three years, we have paid a royalty equal to 3% of our revenues from Bogoso/Prestea. We recently completed the buyback of a royalty held by Barnato Exploration Limited ("Barnex") on Bogoso/Prestea production. See "Recent Developments Completion of Buyback of Bogoso/Prestea Royalty" in this prospectus.

We acquired in June 2003 the Mampon gold development property, with approximately 234,000 ounces of probable reserves. Mampon is located on the Ashanti Trend, approximately 50 kilometers north of the Bogoso mill.

Wassa

Our 90% owned Wassa gold mine development property is also located in southwestern Ghana, approximately 35 kilometers from Bogoso/Prestea. Wassa had operated as a conventional open pit, heap leach gold operation and was shut down by its former owners in 2001. We acquired the Wassa property in 2002, completed a feasibility study for its redevelopment as an open pit, carbon-in-leach operation in July 2003 and commenced development in mid-2003. We plan to produce approximately 70,000 ounces in 2004 by milling material from the existing heap leach pads at an estimated cash operating cost of about $211 per ounce. We expect to commence mining at Wassa in 2005 and to produce approximately 140,000 ounces per year at an average cash operating cost of less than $200 per ounce for an initial mine life of four years, based on current reserves.

Construction and development costs at Wassa are projected to be $25.5 million and are expected to be funded from our cash resources. Development is expected to be completed in early 2004. We expect to incur approximately $14.2 million of additional capital cost in 2004 and 2005 to acquire a mining fleet, for which we plan to use vendor or other third party financing.

We hold the Wassa property under a mining lease expiring in 2022. The Government of Ghana has a 10% carried interest in Wassa.

Prestea Underground

Through our 90% owned subsidiary, we have an approximate 63% joint venture interest in the Prestea Underground property, a large underground mine which has produced gold for over 100 years and was shut down in early 2002. We are the managing partner in a joint venture with Prestea Gold Resources Limited, the former majority mine owner, and the Government of Ghana, which has a 10% carried interest. We have the sole right to finance exploration and development of the property in return for increases in our joint venture interest and to operate any resulting operations. By contributing approximately $3.3 million in exploration and development costs, our subsidiary has increased its interest from 45% since March 2002. We expect to continue to increase our interest by further expenditure.

We hold the Prestea Underground property under a mining lease expiring in 2031. We are engaged in care and maintenance of the underground mine and are conducting geologic and engineering studies as part of our evaluation of the potential to resume operations.

Reserves

The following table summarizes as of the dates indicated or estimated proven and probable mineral reserves, which have been prepared by qualified members of our staff. Proven and probable reserves were estimated based on a $300 per ounce gold price. The reserve and resource estimates in this prospectus have been prepared in compliance with National Instrument 43-101 entitled "Standards of Disclosure for Mineral Projects" issued by the Canadian Securities Administrators and the terms "non-reserve mineral resource", "measured non-reserve mineral resource", "indicated non-reserve mineral resource" and "inferred non-reserve mineral resource" have the meanings ascribed to the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" in such National Instrument, respectively.

PROVEN AND PROBABLE MINERAL RESERVES
at December 31, 2002 (except as noted)

	Tonnes	Gold Grade (grams per tonne)	Contained Ounces(1)	Our 90% Share of Contained Ounces(1)

	Tonnes	Gold Grade (grams per tonne)	Contained Ounces(1)	Our 90% Share of Contained Ounces(1)
Bogoso/Prestea				
Proven	14,170,046	3.26	1,484,676	1,336,208
Probable(2)	8,902,235	2.54	726,378	653,739
Mampon Probable(3)	1,455,000	5.04	234,162	210,746
Wassa(4)				
Probable	10,290,000	1.51	499,000	449,100
Heap leach pad Probable	4,400,000	0.70	99,000	89,100
Total	39,217,281		3,043,216	2,738,893

(1) Amounts are shown as contained metals in ore and do not reflect losses in the recovery process. Bogoso/Prestea is expected to have average recoveries of between 79-82% based on ore type. Wassa and the Wassa heap leach pad are expected to have average recoveries of 92% and 86%, respectively.

(2) Includes 1.26 million tonnes at an average grade of 1.47 grams per tonne in stockpiles at Bogoso.

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(3) Estimated at March 30, 2003.

(4) Estimated at May 31, 2003.

Non-Reserve Mineral Resources

Our non-reserve mineral resources are reported exclusive of our proven and probable mineral reserves. Both the measured and indicated mineral resources and the inferred mineral resources set forth below have been estimated based on a $325 per ounce gold price. Estimates of non-reserve mineral resources have been prepared by qualified members of our staff. The following tables set forth our non-reserve mineral resources in Ghana. The reserve and resource estimates in this prospectus have been prepared in compliance with National Instrument 43-101 entitled "Standards of Disclosure for Mineral Projects" issued by the Canadian Securities Administrators and the terms "non-reserve mineral resource", "measured non-reserve mineral resource", "indicated non-reserve mineral resource" and "inferred non-reserve mineral resource" have the meanings ascribed to the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" in such National Instrument, respectively.

MEASURED AND INDICATED NON-RESERVE MINERAL RESOURCES IN GHANA
at December 31, 2002 (except as noted)

Project	Tonnes (100%)	Tonnes (Our 90% Share)	Gold Grade (grams per tonne)
Bogoso/Prestea			
Measured	5,861,000	5,275,000	3.64
Indicated	14,101,000	12,691,000	2.69
Mampon(1)			

Project	Tonnes (100%)	Tonnes (Our 90% Share)	Gold Grade (grams per tonne)
Measured	391,000	351,900	3.27
Indicated	602,000	541,800	2.97
Wassa(2)			
Indicated	6,500,000	5,850,000	1.28

(1) Estimated at March 30, 2003.

(2) Estimated at May 31, 2003.

INFERRED NON-RESERVE MINERAL RESOURCES IN GHANA
at December 31, 2002 (except as noted)

Project	Tonnes (100%)	Tonnes (Our 90% Share)	Gold Grade (grams per tonne)
Bogoso/Prestea(1)	27,969,000	25,172,100	2.89
Wassa(2)	25,400,000	22,860,000	1.14

(1) Includes 4,009,000 tonnes (100%), grading 2.85 grams per tonne, attributable to our newly acquired Mampon property, estimated at March 30, 2003.

(2) Estimated at May 31, 2003.

We have decided to reevaluate the mineral resource estimates for the Paul Isnard Project in French Guiana, South America and have eliminated the previously reported measured and indicated mineral resources associated with this project. We expect to complete our reevaluation of Paul Isnard

by year-end 2003. Paul Isnard is a currently inactive property with no reserves. The decision to reevaluate Paul Isnard has no effect on our production estimates.

Exploration

Our primary focus currently is on the acquisition and exploration of properties along the Ashanti gold belt in southwestern Ghana. This gold belt is comprised of large geologic structures from which gold has been and continues to be produced. We own leases and prospecting licenses covering approximately 100 kilometers along the strike of the Ashanti Trend on the western limb of the Ashanti gold belt. We also own a mining lease and a prospecting license on the eastern limb of the Ashanti gold belt around the Wassa property.

We have recently entered into exploration joint ventures in Sierra Leone and Mali where we will carry out exploration in 2004 and beyond if results are encouraging.

We anticipate total exploration expenditures of approximately $6.0 million for 2003, focused primarily on our producing and development properties in Ghana. We spent approximately $4.0 million in the first nine months.

Our 73% owned subsidiary, Guyanor Ressources S.A., holds several exploration properties in French Guiana. We expect to continue to hold these properties and to look for complementary properties in South America, but we do not anticipate significant exploration activities or expenditures on such properties in 2003.

RECENT DEVELOPMENTS

Completion of Buyback of Bogoso/Prestea Royalty

On October 31, 2003, we completed the buyback of a royalty due to Barnex on production from Bogoso/Prestea after June 30, 2003 for 2.75 million of our common shares, for an equivalent purchase price of approximately $12 million. Under the royalty agreement, we were required to pay Barnex royalties on the first one million ounces of production from Bogoso/Prestea, calculated according to a gold price formula under which rates varied from a minimum $6.00 per ounce at gold prices below $260 per ounce to a maximum of $16.80 per ounce at prices above $340 per ounce. As of October 31, 2003, we had paid $3,193,730 to Barnex for royalties accrued through June 30, 2003 on approximately 230,811 ounces of gold production and had incurred since June 30, 2003 $1.2 million in additional royalties to Barnex on approximately 74,300 additional ounces of production.

Exploration Joint Venture Agreements in Sierra Leone and Mali

In November 2003, we entered into a joint venture agreement with Mano River Resources Inc ("Mano River") to carry out gold exploration on Mano River's six prospecting licenses in Sierra Leone, which cover approximately 500 square kilometers. Under the terms of this agreement, we may spend $6.0 million over four years to earn a 51% interest in Mano River's Pampana, Sonfon and Nimini properties. In addition, subject to certain elections of Mano River, we may solely fund a feasibility study to increase our interest to 65%, and subject to a further election of Mano River, we may fund a commercial mine development to increase our interest to a maximum of 85%. In addition to its minimum 15% participating interest, Mano River will retain a 2% net smelter return royalty on production in excess of the first one million ounces of gold from the properties. The agreement is subject to our final due diligence, the approval of the Sierra Leone government and definitive documentation. Completion of the definitive documentation is expected by January 2004, and exploration work is expected to commence promptly thereafter.

In addition, we have entered into a joint venture agreement with Geo Services International Ltd. ("GSI") to carry out gold exploration on GSI's 250 square kilometer Mininko gold property in southeast Mali. Under the terms of the agreement, we may spend up to $2.6 million to earn a 51% interest in Mininko. In addition, subject to certain elections of GSI and the Mali government, we may increase our interest to 82.5% by solely funding the development of the project. The agreement is subject to definitive documentation and the approval of the Mali government. Work on the property commenced in late 2003.

DESCRIPTION OF SECURITIES

Our authorized capital includes an unlimited number of common shares and an unlimited number of first preferred shares, without nominal or par value, issuable in series.

Common Shares

As of December 16, 2003, there were 125,896,879 common shares outstanding.

Dividend Rights

Holders of our common shares may receive dividends when, as and if declared by our board on the common shares, subject to the preferential dividend rights of any other classes or series of our shares. In no event may a dividend be declared or paid on the common shares if payment of the dividend would cause the realizable value of our assets to be less than the aggregate of its liabilities and the amount required to redeem all of the shares having redemption or retraction rights, which are then outstanding.

Voting and Other Rights

Holders of our common shares are entitled to one vote per share, and in general, all matters will be determined by a majority of votes cast.

Election of Directors

All of the directors resign before each annual meeting of shareholders and are eligible for reelection. Directors are elected by a majority of votes cast.

Liquidation

In the event of any liquidation, dissolution or winding up of Golden Star, holders of the common shares have the right to a ratable portion of the assets remaining after payment of liabilities and liquidation preferences of any preferred shares or other securities that may then be outstanding.

Redemption

Our common shares are not redeemable or convertible.

Rights Agreement

Rights to purchase our common shares have been issued to holders of our common shares under a rights agreement between us and CIBC Mellon Trust Company. One right is attached to each common share. If the rights become exercisable following the occurrence of certain specified events, each right will entitle the holder, within certain limitations, to purchase one common share for Cdn$200, subject to adjustment. In certain events (including when a person or group becomes the beneficial owner of 20% or more of any class of our voting shares without complying with the "permitted bid" provisions of the rights agreement or without the approval of our board of directors), exercise of the rights would entitle the holders of the rights (other than the acquiring person or group) to acquire our common shares, or other securities or assets, with a market value equal to twice the rights purchase price. Accordingly, exercise of the rights may cause substantial dilution to a person who attempts to acquire us. The rights, which expire on June 30, 2004 (unless extended as provided in the rights agreement), may be redeemed at a price of Cdn$0.00001 per right at any time until a person or group has acquired 20% of our common shares, except as otherwise provided in the rights agreement. The rights agreement may have certain antitakeover effects.

Other Provisions

All outstanding common shares are, and the common shares offered by this prospectus, if issued in the manner described in this prospectus, will be, fully paid and non-assessable.

This section is a summary and may not describe every aspect of our common shares that may be important to you. We urge you to read our Articles of Arrangement and our bylaws, because they, and not this description, define your rights as a holder of our common shares. A copy of the Articles of Arrangement and bylaws will be provided upon a request, by contacting the Company at 10579 Bradford Road, Suite 103, Littleton, Colorado 80127-4247 U.S.A., Attention: Corporate Secretary.

First Preferred Shares

As of December 16, 2003, no first preferred shares were issued and outstanding. For a description of our first preferred shares, sometimes referred to as preferred shares, please see "Description of Share Capital Preferred Shares" in the U.S. Prospectus.

PRICE RANGE OF OUR COMMON SHARES

Our common shares are listed on the American Stock Exchange under the trading symbol "GSS" and on the Toronto Stock Exchange under the trading symbol "GSC". As of December 16, 2003, 125,896,879 common shares were outstanding, and we had 1,012 shareholders of record. On December 16, 2003, the closing price per share for our common shares as reported by the American Stock Exchange was $6.65 and as reported by the Toronto Stock Exchange was Cdn$8.84.

The following table sets forth, for the periods indicated, the reported high and low market closing prices per share of our common shares.

	American Stock Exchange(1)		Toronto Stock Exchange	
	High	Low	High	Low
	($)		(Cdn$)	
2003:				
Fourth Quarter (through December 16, 2003)	8.30	3.77	10.77	5.10
Third Quarter	4.53	2.46	6.15	3.42
Second Quarter	2.80	1.68	3.77	2.25
First Quarter	2.29	1.54	3.33	2.25
2002:				
Fourth Quarter	1.90	1.04	2.90	1.66
Third Quarter	1.80	0.84	2.70	1.34
Second Quarter	2.42	1.05	3.58	1.70
First Quarter	1.90	0.54	2.90	0.86
2001:				
Fourth Quarter	0.97	0.55	1.46	0.88
Third Quarter	0.90	0.42	1.45	0.62
Second Quarter	0.72	0.29	1.15	0.45
First Quarter	0.50	0.28	0.76	0.43

(1) At the beginning of 2001, our shares were listed on the American Stock Exchange under the trading symbol "GSR". Our shares were de-listed from the American Stock Exchange on January 26, 2001, and immediately began trading on the OTC Bulletin Board under the symbol "GSRSF." Our shares were relisted on the American Stock Exchange effective June 19, 2002 under the trading symbol "GSS." Data for the period from January 26, 2001 to June 18, 2002 reflects trading on the OTC Bulletin Board.

We have not declared or paid cash dividends on our common shares since our inception. Future dividend decisions will consider our then-current business results, cash requirements and financial condition.

DILUTION

The difference between the offering price per common share and the pro forma net tangible book value per common share after this offering constitutes the dilution to you. Net tangible book value per share is determined by dividing our net tangible book value (total tangible assets minus total liabilities) by the number of common shares outstanding.

At September 30, 2003, our net tangible book value was $128.2 million, or $1.06 per common share, under Canadian GAAP ($109.0 million, or $0.90 per common share, under U.S. GAAP). After giving effect to the sale of the 6,600,000 common shares and the receipt of the net proceeds at an offering price of Cdn$9.89 or $7.50 per share, our pro forma net tangible book value as of September 30, 2003 would have been $175.5 million or $1.37 per common share under Canadian GAAP ($156.3 million or $1.22 per common share under U.S. GAAP). This represents an immediate increase in the net tangible book value of $0.31 per common share under Canadian GAAP ($0.32 per common share under U.S. GAAP) to existing shareholders and an immediate dilution in net tangible book value of $6.13 per common share under Canadian GAAP ($6.28 per common share under U.S. GAAP) to the purchasers of the common shares in the offering.

The following table illustrates the per share dilution to you:

Canadian GAAP		
Offering price		$ 7.50
Net tangible book value per share as of September 30, 2003	$ 1.06	

Increase attributable to new investors	0.31	
Adjusted net tangible book value after offering		1.37
Dilution per share to new investors		$ 6.13
Dilution as a percentage of offering price		82%
U.S. GAAP		
Offering price		$ 7.50
Net tangible book value per share as of September 30, 2003	$ 0.90	
Increase attributable to new investors	0.32	
Adjusted net tangible book value after offering		1.22
Dilution per share to new investors		$ 6.28
Dilution as a percentage of offering price		84%

RISK FACTORS

An investment in the common shares involves a high degree of risk. You should consider carefully the following discussion of risks, in addition to the other information in this prospectus, before purchasing any of the common shares. In addition to historical information, the information in this prospectus and the U.S. Prospectus contains "forward-looking" statements about our future business and performance. Our actual operating results and financial performance may be very different from what we expect as of the date of this prospectus.

FINANCIAL RISKS

Our Business is Substantially Dependent on Gold Prices.

The price of our common shares, our financial results and our exploration, development and mining activities have previously been, and may in the future be, significantly adversely affected by declines in the price of gold. The price of gold is volatile and is affected by numerous factors beyond our control such as the sale or purchase of gold by various central banks and financial institutions, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional demand, and the political and economic conditions of major gold-producing countries throughout the world. If gold prices were to decline significantly or for an extended period of time, we might be unable to continue our operations, develop our properties or fulfill our obligations under our agreements with our partners or under our permits and licenses. As a result, we could lose our interest in, or be forced to sell, some of our properties.

Furthermore, reserve calculations and life-of-mine plans using significantly lower gold prices could result in reduced estimates of reserves and non-reserve resources and in material write-downs of our investment in mining properties and increased amortization, reclamation and closure charges.

We Have Recorded Substantial Losses in Recent Years.

While we were profitable in 2002 and had earnings of $14.7 million for the first nine months of 2003, we reported net losses of $20.6 million in 2001, $14.9 million in 2000, $24.4 million in 1999 and $22.2 million in 1998. Numerous factors, including declining gold prices, lower than expected ore grades or higher than expected operating costs, and impairments and write-offs of mine property and/or exploration property costs could cause us to become unprofitable in the future. Any future operating losses may make financing our operations and our business strategy, or raising additional capital, difficult or impossible and may materially and adversely affect our operating results and financial condition.

Our Obligations may Strain our Financial Position and Impede our Business Strategy.

We have total debts and liabilities as of September 30, 2003 of $17.2 million, including $2.0 million payable to financial institutions, $7.6 million of current trade payables and accrued current liabilities and $7.5 million in environmental rehabilitation liabilities. We expect that our liabilities will increase as a result of our corporate development activities. This indebtedness may have important consequences, including the following:

- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, operating and exploration costs and other general corporate requirements;
- requiring us to dedicate a significant portion of our cash flow from operations to make debt service payments, which would reduce our ability to fund working capital, capital expenditures, operating and exploration costs and other general corporate requirements;

- limiting our flexibility in planning for, or reacting to, changes in our business and the industry; and
- placing us at a disadvantage when compared to our competitors that have less debt relative to their market capitalization.

Our Estimates of Reserves and Non-Reserve Resources may be Inaccurate.

There are numerous uncertainties inherent in estimating proven and probable reserves and measured, indicated and inferred non-reserve mineral resources, including many factors beyond our control. The estimation of reserves and non-reserve resources is a subjective process, and the accuracy of any such estimates are a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation, which may prove to be unreliable. There can be no assurance that these estimates will be accurate, that reserves and non-reserve resource figures will be accurate, or that reserves or non-reserve resources could be mined or processed profitably. In 1998, we had to revise estimates of mineralized material disclosed with respect to two of our projects.

Fluctuation in gold prices, results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require revision of the estimate. The volume and grade of reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of our reserves and non-reserve resources, or of our ability to extract these reserves and non-reserve resources, could have a material adverse effect on our results of operations and financial condition.

We Currently Have Only One Source of Operational Cash Flows.

While we have recently received significant infusions of cash from sales of equity, our only internal source of funds is operational cash flows from Bogoso/Prestea. We expect to commence production at Wassa in early 2004, although there can be no assurance that our Wassa production goals will be achieved. The anticipated continuing exploration and development of our properties will require significant expenditures over the next several years. We expect that these expenditures will exceed free cash flows generated by Bogoso/Prestea during that period, and therefore we expect to use our excess cash and in the future to require additional outside capital. Lower gold prices during the five years prior to 2002 adversely affected our ability to obtain financing, and recurring lower gold prices could have similar effects in the future. We cannot assure you that in the future we will be able to obtain adequate financing on acceptable terms. If we are unable to obtain additional financing, we may need to delay or indefinitely postpone further exploration and development of our properties, and as a result, we could lose our interest in, or may be forced to sell, some of our properties.

Implementation of a Hedging Program Might be Unsuccessful and Incur Losses.

We continue to review whether or not, in light of the potential for gold prices to fall, it would be appropriate to establish a hedging program. To date, we have not decided to implement a hedging program, although we have purchased and expect to continue to purchase gold puts from time to time, which give us the right to sell gold in the future at a fixed price. The implementation of a hedging program may not, however, protect adequately against declines in the price of gold.

In addition, although a hedging program may protect us from a decline in the price of gold, it might also prevent us from benefiting fully from price increases. For example, as part of a hedging program, we could be obligated to sell gold at a price lower than the then-current market price. Finally, if unsuccessful, the costs of any hedging program may further deplete our financial resources.

We are Subject to Fluctuations in Currency Exchange Rates, Which Could Materially Adversely Affect our Financial Position.

Our revenues are in United States dollars, and we maintain most of our working capital in United States dollars or United States dollar-denominated securities. We convert funds to foreign currencies as payment obligations become due. A significant portion of the operating costs at Bogoso/Prestea is based on the Ghanaian currency, the Cedi. We are required to convert only 20% of the foreign exchange proceeds that we receive from selling gold into Cedis, but the Government of Ghana could require us to convert a higher percentage of such sales proceeds into Cedis in the future. In addition, we currently have future obligations that are payable in Euros, and receivables collectible in Euros. We obtain construction and other services and materials and supplies from providers in South Africa and other countries, and the costs of those services may be increased due to changes in the value of the rand or other currencies. Accordingly, we are subject to fluctuations in the rates of currency exchange between the United States dollar and these currencies, and such fluctuations may materially affect our financial position and results of operations. Consequently, construction, development and other costs may be higher than we anticipate. We currently do not hedge against currency exchange risks, although we may do so from time to time in the future. There can be no assurance that implementation of a currency hedging program would adequately protect us from the effects of fluctuation in currency exchange rates.

There may be No Opportunity to Evaluate the Merits or Risks of Any Future Acquisition Undertaken by Us.

As a key element of our growth strategy, we have stepped up the active pursuit of acquisitions of producing, development and advanced stage exploration properties and companies. We are actively investigating potential acquisition and merger candidates. Acquisition and merger transactions in our business are often initiated and completed over a particularly short period of time. Risks related to acquiring and operating acquired properties and companies could have a material adverse effect on our results of operations and financial condition. In addition, to acquire properties and companies, we would use available cash, incur debt, issue our common shares or other securities, or a combination of any one or more of these. This could limit our flexibility to raise capital, to operate, explore and develop our properties and to make additional acquisitions, and could further dilute and decrease the trading price of our common shares. There may be no opportunity for our shareholders to evaluate the merits or risks of any future acquisition undertaken by us except as required by applicable laws and regulations.

Risks Inherent in Acquisitions That We may Undertake Could Adversely Affect our Growth and Financial Condition.

We are actively pursuing the acquisition of producing, development and advanced stage exploration properties and companies, and have recently completed the acquisition of exploration and development properties in Ghana and other countries. From time to time, we may also acquire securities of or other interests in companies with respect to which we may enter into acquisitions or other transactions. Acquisition transactions involve inherent risks, including:

- accurately assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition candidates;
- ability to achieve identified and anticipated operating and financial synergies;
- unanticipated costs;
- diversion of management attention from existing business;
- potential loss of our key employees or the key employees of any business we acquire;

unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition; and

decline in the value of acquired properties, companies or securities.

Any one or more of these factors or other risks could cause us not to realize the benefits anticipated to result from the acquisition of properties or companies, and could have a material adverse effect on our ability to grow and on our financial condition.

We are Subject to Litigation Risks.

All industries, including the mining industry, are subject to legal claims, with and without merit. We are involved in various routine legal proceedings, which include labour matters such as unfair termination claims, supplier matters and property issues incidental to our business. We believe it is unlikely that the final outcome of these legal proceedings will have a material adverse effect on our financial position or results of operation. However, defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on our financial position or results of operations.

OPERATIONAL RISKS

The Technology, Capital Costs and Cost of Production of Sulfide Reserves and Non-Reserve Resources at Bogoso/Prestea are Still Subject to a Number of Uncertainties, Including Funding Uncertainties.

Based upon the completion of our Bogoso sulfide mining feasibility study in 2001 and its subsequent review by a qualified, independent mineral reserves consultant, the sulfide material on Bogoso and on various portions of Prestea has been included in our proven and probable reserves. While the sulfide feasibility study indicates that sulfide reserves can be profitably mined and processed at gold prices at or above $275 per ounce, the cost to upgrade the Bogoso mill with a bio-oxidation or BIOX circuit to process sulfide ore would alone be a minimum of $20 million. Together with our other Bogoso/Prestea expansion plans, we anticipate a total cost of approximately $60 million. We cannot assure you that we will have access to capital, whether from internal or external sources, in the required amounts or on acceptable terms. While the processing technology envisioned in the feasibility study has been successfully utilized at other mines, we cannot assure you, in spite of our testing, engineering and analysis, that the technology will perform successfully at commercial production levels on the Bogoso/Prestea ores. Therefore, we cannot assure you that our production estimates can be achieved.

Completion of Development of Wassa in Ghana is Subject to a Number of Uncertainties.

We have completed a feasibility study regarding the development of and commencement of production at Wassa in Ghana using conventional carbon-in-leach processing techniques. We cannot assure you that production will commence when we currently anticipate. We cannot assure you that development will be completed at the cost and on the schedule predicted in the feasibility study, or that production rates or costs anticipated in the feasibility study will be achieved. Any development of Wassa is subject to all of the risks described in this prospectus, including "Risk Factors Operational Risks The Development and Operation of our Mining Projects Involve Numerous Uncertainties".

Declining Gold Prices Could Reduce our Estimates of Reserves and Non-Reserve Mineral Resources and Could Result in Delays in Development Until We Can Make New Estimates and Determine New Potential Economic Development Options Under the Lower Gold Price Assumptions.

In addition to adversely affecting our reserve estimates and our financial condition, declining gold prices can impact operations by requiring a reassessment of the feasibility of all or a portion of a particular project. A reassessment may be the result of a management decision or may be required

under financing arrangements related to the project. Even if the project is ultimately determined to be economically viable, the need to conduct a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

We are Subject to a Number of Operational Hazards That Can Delay Production or Result in Liability to Us.

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

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

These or other occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, delayed production, monetary losses and possible legal liability. We may incur liability as a result of pollution and other casualties. Satisfying such liabilities may be very costly and could have a material adverse effect on our financial position and results of operations.

Our Mining Operations are Subject to Numerous Environmental Laws and Regulations and Permitting Requirements That Can Delay Production and Adversely Affect Operating and Development Costs.

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

A significant portion of our recently acquired Mampon development property and portions of our Wassa development property are located within forest reserve areas. Although Mampon and Wassa have been identified by the Government of Ghana as eligible for mining permits subject to normal procedures and a site inspection, there can be no assurance that permits for projects in forest reserve areas will be issued in a timely fashion, or at all, or that such permits will not contain special requirements with which it is burdensome or expensive to comply.

Our planned development of Wassa, relocation and re-erection of the Obotan processing plant, expansion of Bogoso/Prestea and other activities will require mining and other permits from the Government of Ghana. There can be no assurance that these permits will be issued on a timely basis or at all, or that permits issued will not be subject to requirements or conditions with which it is

burdensome or expensive to comply. This could adversely affect our proje