

GOLDEN STAR RESOURCES LTD.
Form SUPPL
July 26, 2016
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PROSPECTUS SUPPLEMENT

TO THE SHORT FORM BASE SHELF PROSPECTUS DATED JULY 21, 2014

New Issue

July 26, 2016

GOLDEN STAR RESOURCES LTD.

U.S.\$30,000,000

40,000,000 Common Shares

Golden Star Resources Ltd. (**Golden Star** , the **Company** , **we** , **us** or **our**) hereby offers, and this prospectus supplement (the **Prospectus Supplement**) qualifies the distribution of, 40,000,000 Common Shares (as defined below) (the **Offered Shares**) of Golden Star to be sold at a price of U.S.\$0.75 per Common Share (the **Offering Price**).

Golden Star's outstanding common shares (**Common Shares**) are listed and posted for trading on the Toronto Stock Exchange (the **TSX**) under the symbol **GSC** , on the NYSE MKT LLC (the **NYSE MKT**) under the symbol **GSS** and on the Ghana Stock Exchange (the **GSE**) under the symbol **GSR** . On July 25, 2016, being the last trading day prior to the date of this Prospectus Supplement, the closing price of the Common Shares on the TSX was Cdn.\$1.02 and on the NYSE MKT was U.S.\$0.78. On July 22, 2016, being the last trading day prior to the announcement of this offering, the closing price of the Common Shares on the TSX was Cdn.\$1.32 and on the NYSE MKT was U.S.\$1.00.

Investing in the Offered Shares involves significant risk. Prospective investors should carefully consider the risk factors outlined in this Prospectus Supplement, the short form base shelf prospectus dated July 21, 2014 (the Prospectus) and the documents incorporated by reference therein before purchasing the Offered Shares. See Risk Factors . The Company has applied to list the Offered Shares distributed under this Prospectus Supplement on the TSX and the NYSE MKT. Listing will be subject to the Company fulfilling all the

listing requirements of the TSX and the NYSE MKT.

Price: U.S.\$0.75 per Offered Share

	Price to the Public		Underwriters Fee(1)		Net Proceeds to Golden Star(2)	
Per Offered Share	U.S.\$	0.75	U.S.\$	0.045	U.S.\$	0.705
Total(3)	U.S.\$	30,000,000	U.S.\$	1,800,000	U.S.\$	28,200,000

Notes:

(1) In consideration for the services rendered by the Underwriters (as defined below) in connection with the offering, the Underwriters will be paid a cash fee equal to 6.0% of the Offering Price for each Offered Share sold under this offering (**Underwriters Fee**). See Plan of Distribution .

(2) After deducting the Underwriters Fee, but before deducting expenses of this offering payable by Golden Star, estimated to be U.S.\$250,000, which together with the Underwriters Fee will be paid from the proceeds of the sale of the Offered Shares.

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(3) Golden Star has granted to the Underwriters an option (the **Over-Allotment Option**), exercisable in whole or in part for a period of 30 days following the closing of the offering, to purchase up to an additional 6,000,000 Common Shares (the **Additional Shares**), representing 15% of the aggregate Offered Shares issued upon the closing of the offering, at the same price and on the same terms as set out above, to cover over allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters' Fee and net proceeds to Golden Star (before estimated offering expenses) will be U.S.\$34,500,000, U.S.\$2,070,000 and U.S.\$32,430,000, respectively. This Prospectus Supplement qualifies the distribution of the Over-Allotment Option and the Additional Shares issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires Additional Shares forming part of the Over-Allotment Option acquires those Additional Shares under this Prospectus Supplement, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See **Plan of Distribution**. References to the Offered Shares herein includes the Additional Shares, as the context permits.

Underwriters' Position	Maximum number of securities held	Exercise period	Exercise price
Over-Allotment Option	6,000,000 Additional Shares	30 days following closing of the offering	U.S.\$0.75 per Additional Share

This offering of Offered Shares is made by Golden Star, a Canadian issuer that is permitted under a multijurisdictional disclosure system (MJDS) adopted by the United States and Canada, to prepare this Prospectus Supplement and the accompanying Prospectus in accordance with Canadian disclosure requirements. Prospective investors should be aware that such requirements are different from those applicable to issuers in the United States. Golden Star has prepared its financial statements for the year ended December 31, 2015 and the three and six months ended June 30, 2016, incorporated herein by reference, in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Golden Star's consolidated financial statements are subject to Canadian generally accepted auditing standards and auditor independence standards, in addition to the standards of the Public Company Accounting Oversight Board (United States) (PCAOB) and the United States Securities and Exchange Commission (SEC) independence standards. Thus, they may not be comparable to the financial statements of U.S. companies.

The ability of purchasers of securities to enforce civil liabilities under United States federal securities laws may be affected adversely because we are incorporated in Canada, most of our officers and directors and most of the experts named in this Prospectus are not residents of the United States, and all of our assets and all or a substantial portion of the assets of such persons are located outside of the United States. See **Enforceability of Civil Liabilities by U.S. Investors**.

BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc. and CIBC World Markets Inc. (collectively, the **Underwriters**), as principals, conditionally offer the Offered Shares in each of the provinces of Canada other than the province of Québec and in the United States, subject to prior sale, if, as and when issued by us and accepted by the Underwriters in accordance with the conditions contained in the underwriting agreement referred to under **Plan of Distribution**, and subject to the approval of certain legal matters on the Company's behalf by Fasken Martineau DuMoulin LLP and Paul, Weiss, Rifkind, Wharton & Garrison LLP and on behalf of the Underwriters by Stikeman Elliott LLP and Dorsey & Whitney LLP. The Underwriters will offer the Offered Shares for sale in the United States and Canada either directly or through their broker-dealer affiliates or agents registered in each jurisdiction. **After the Underwriters have made reasonable efforts to sell all of the Offered Shares at the Offering Price, the Offering Price may be decreased, and further changed from time to time, to an amount not greater than the Offering Price. However, any such reduction in the Offering Price shall not affect the net purchase price to be paid to Golden Star. See **Plan of Distribution**.** The Offering Price of the Offered Shares offered hereunder was determined by negotiation between us and the Underwriters.

Subscriptions will be received subject to rejection or allotment in whole or part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the offering will occur on or about August 3, 2016 or such later date as we and the Underwriters may agree but, in any event, not later than 42 days following the date of this Prospectus Supplement. The closing of the offering is contingent on the concurrent completion of the Convertible Note Offering (as defined below) and the Convertible Debenture Exchange (as defined below). The Company will arrange for an instant deposit of the securities issued hereunder to or for the account of the Underwriters with CDS Clearing and Depository Services Inc. (**CDS**) on the closing date of the offering, against payment of the aggregate purchase price for the securities issued hereunder. Accordingly, a purchaser of securities issued hereunder will receive only a customer confirmation from the Underwriters or other registered dealers who are CDS participants and from or through which the securities issued hereunder are

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purchased. See [Plan of Distribution](#) . The Offered Shares are to be taken up by the Underwriters, if at all, on or before a date not more than 42 days after the date of this Prospectus Supplement.

Subject to applicable laws, the Underwriters may effect transactions intended to stabilize or maintain the market price for the Common Shares at levels above those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See [Plan of Distribution](#) .

NONE OF THE CANADIAN SECURITIES REGULATORY AUTHORITIES, THE SEC NOR ANY UNITED STATES (U.S.) STATE SECURITIES COMMISSION OR OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Prospective investors should be aware that the acquisition of the Offered Shares described herein may have tax consequences both in the United States and Canada. Such consequences for investors who are resident in, or citizens of, Canada and the United States may not be described fully herein. See [Certain Canadian Federal Income Tax Considerations](#) and [Certain U.S. Federal Income Tax Considerations](#) .

An investment in the Offered Shares involves certain risks that are described under [Risk Factors](#) in this Prospectus Supplement, in the Prospectus and in the documents incorporated therein by reference and should be considered by any prospective purchaser of Offered Shares.

Tony Jensen, Craig Nelsen, Daniel Owiredu, William Yeates and Gil Clausen, being directors of the Company, have appointed the Company, 150 King Street West, Suite 1200, Toronto, Ontario, M5H 1J9, as agent for service of process. Investors are advised that it may not be possible for investors to enforce judgements obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process in Canada.

The registered and principal office of the Company is located at 150 King Street West, Suite 1200, Toronto, Ontario, M5H 1J9.

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IMPORTANT NOTICE ABOUT THE INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is this Prospectus Supplement, which describes the specific terms of this offering and also adds to and updates certain information contained in the accompanying Prospectus and the documents incorporated by reference therein. The second part, the accompanying Prospectus, gives more general information, some of which may not apply to this offering.

Neither the Company nor the Underwriters are making an offer to sell the Offered Shares in any jurisdiction where the offer or sale is not permitted by law. This Prospectus Supplement and the accompanying Prospectus must not be used by anyone for any purpose other than in connection with this offering. The Company does not undertake to update the information contained in this Prospectus Supplement or contained or incorporated by reference in the Prospectus, except as required by applicable securities laws.

Prospective investors should rely only on the information contained in or incorporated by reference in this Prospectus Supplement and the accompanying Prospectus. The Company has not authorized anyone to provide prospective investors with different or additional information. The Company takes no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give readers of this Prospectus Supplement. Readers should not assume that the information contained in this Prospectus Supplement is accurate as of any date other than the date on the front of this Prospectus Supplement or the respective dates of the documents incorporated by reference in the accompanying Prospectus. Information on any of the websites maintained by the Company does not constitute a part of this Prospectus Supplement or the accompanying Prospectus and shall not be relied upon by prospective purchasers for the purpose of determining whether to invest in the securities qualified for distribution under this Prospectus Supplement.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement, the accompanying Prospectus and the documents incorporated by reference therein contain certain forward-looking statements with respect to Golden Star's financial condition, results of operations, business, prospects, plans, objectives, goals, strategies, future events, capital expenditures, and exploration and development efforts. Words such as anticipates, expects, intends, forecasts, plans, believes, seeks, estimates, may, will, and similar expressions (including negative and grammatical variations) identify forward-looking statements.

Although the Company believes that its plans, intentions and expectations reflected in these forward-looking statements are reasonable, the Company 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 Supplement. These statements include comments regarding: production and cash operating cost estimates; the receipt of environmental permits, including the approval of the environmental management plan at the Wassa open-pit and underground gold mines (and satellite pits) (**Wassa**); the impact of rain on our operations; the impact of Wassa underground mining operations on Wassa open pit mining operations and the impact of Wassa open pit mining operations on Wassa underground mining operations; mining methods and estimated recovery at the Wassa underground mine (**Wassa Underground**); required investments in mine infrastructure; securing financing for operations on favourable terms; anticipated commencement dates of mining and production at Wassa Underground and Prestea underground mine (**Prestea Underground**); sustaining and development capital expenditures for 2016, including Wassa Underground revenue offsetting development capital expenditures; the results of the Prestea Underground feasibility study, including the post-tax internal rate of return, net present value (including assumed discount rates and gold price) and cash operating costs per ounce and all-in sustaining costs per ounce; the change to mechanized shrinkage mining at Prestea Underground and the impact on post-tax internal rate of return, net present value and cash operating costs per ounce and all-in sustaining costs per ounce; future work to be completed at Prestea Underground; the safety and efficiency of

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mechanized shrinkage mining at Prestea Underground; the timing for mechanical and electrical rehabilitation work, as well as pre-development and development work and timing of stoping and processing rate at Prestea Underground; future work to be completed at Wassa Underground, including the rate of decline advances during the remainder of 2016; the timing and amount of payments to be received under the Stream Transaction; estimated costs and timing of the development of new deposits and sources of funding for

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such development; capital expenditures; government review of gold exploration areas; the mining laws, environmental laws and tax regime of Ghana; production capacity, rates and costs; currency exchange rate fluctuations; gold sales; mining operations and gold recovery rates; ore type, delivery and processing; use of waste rock; tailings processing; completion, use and capacity of a new facility in the design phase; potential mine life; strip ratios; permitting and approvals; rehabilitation; estimates of mineral reserves and mineral resources; geological, environmental, community and engineering studies; environmental impact of operations; exploration efforts and activities; timing for commencing or completing drilling; updates to resource models; identification of acquisition and growth opportunities; timing for completing production at the oxide pits in Prestea South; relationships with local stakeholder communities; the Company's status as a PFIC (as defined herein); working capital, debt repayments and requirements for additional capital; the availability of power from our electricity provider or from other sources; our ability to repay the Convertible Debentures when due or to restructure them or make alternate arrangements; use of proceeds, gross proceeds and expected closing of the offering; exercise of the over-allotment option; the transformation of Golden Star into a lower cost producer and the timing thereof; our ability to meet our cash requirements; fees and expenses relating to the offering; the completion of the Convertible Note Offering and the Convertible Debenture Exchange; the terms of the Convertible Note Offering; and the use of proceeds from the Convertible Note Offering.

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

- significant increases or decreases in gold prices and the speculative nature of gold exploration;
- losses or gains in mineral reserves from changes in operating costs and/or gold prices;
- failure of exploration efforts to expand mineral reserves and mineral resources around our existing mines;
- unexpected changes in business and economic conditions;
- inaccuracies in mineral reserves and mineral resources estimates;
- changes in interest and currency exchange rates;
- possible hedging activities;
- timing and amount of gold production;
- unanticipated variations in ore grade, tonnes mined and crushed or milled;
- unanticipated recovery or production problems;
- effects of illegal mining on our properties;
- ability to, and cost of, dewatering our underground mines;
- changes in mining and processing costs, including changes to costs of raw materials, supplies, services and personnel;

- changes in metallurgy and processing;
- availability of skilled personnel, contractors, materials, equipment, supplies, power and water;
- changes in project parameters or mine plans;
- costs and timing of development of mineral reserves;
- weather, including drought or excessive rainfall in West Africa;
- results of current and future exploration activities;
- acquisitions and joint venture relationships;
- political or economic instability, either globally or in the countries in which we operate;
- changes in regulatory frameworks or regulations affecting our operations, particularly in Ghana, where our principal producing properties are located;
- local and community impacts and issues;
- availability and cost of replacing mineral reserves;
- timing of receipt and maintenance of government approvals and permits;
- unanticipated transportation costs including shipping incidents and losses;
- accidents, labor disputes and other operational hazards;
- delays in obtaining governmental approvals or financing or in the completion of development or construction activities;
- an inability to obtain power for operations on favorable terms or at all;
- environmental (including reclamation) costs and risks;
- changes in tax laws;

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- title issues;
- competitive factors, including competition for property acquisitions;
- possible litigation;
- availability of capital at reasonable rates or at all;
- risks related to indebtedness and the service of such indebtedness;
- changes in the Ghanaian Cedi and government policies regarding payments in foreign currency;
- and
- changes to Golden Star's mining licenses, including revocation.

These factors are not intended to represent a complete list of the general or specific factors that could affect us. We may note additional risk factors elsewhere in this Prospectus Supplement, the accompanying Prospectus or in any of the documents incorporated by reference therein. Although we have attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those described in forward-looking statements, there may be other factors that cause actual results, performance or achievements not to be as anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements may vary materially from those anticipated, believed, estimated or expected. We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Except as required by law, we disclaim any obligation to revise any forward-looking statements to reflect events or circumstances after the date of such statements. All of the forward-looking statements contained or incorporated by reference in the Prospectus, this Prospectus Supplement and any of the documents incorporated by reference are qualified by the foregoing cautionary statements.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

We report in United States dollars. Accordingly, all references to \$, U.S.\$ or United States dollars in this Prospectus Supplement refer to United States dollar values. References to Cdn.\$ or Canadian dollars are used to indicate Canadian dollar values.

The noon rate of exchange on July 25, 2016 as reported by the Bank of Canada for the conversion of Canadian dollars into United States dollars was Cdn.\$1.00 equals U.S.\$0.7561 and for the conversion of United States dollars into Canadian dollars was U.S.\$1.00 equals Cdn.\$1.3225.

References to GH¢ or Ghanaian Cedis are used to indicate values in Ghanaian Cedi. The noon rate of exchange on July 25, 2016 as reported by the Bank of Canada for the conversion of Canadian dollars into Ghanaian Cedi was Cdn.\$1.00 equals GH¢2.9789 and for the conversion of Ghanaian Cedi into Canadian dollars was GH¢1.00 equals Cdn.\$0.3357.

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The following table sets forth, for each of the years indicated, the high, low and average noon spot rates for one Canadian dollar in terms of the United States dollar, as reported by the Bank of Canada.

	Six months ended June 30, 2016 (U.S. \$)	Six months ended June 30, 2015 (U.S. \$)	Year ended Dec. 31, 2015 (U.S. \$)	Year ended Dec. 31, 2014 (U.S. \$)
High	0.7972	0.8527	0.8527	0.9422
Low	0.6854	0.7811	0.7148	0.8589
Average	0.7518	0.8095	0.7820	0.9054

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed, as of the date hereof, to be incorporated by reference into the accompanying Prospectus only for the purposes of this offering.

The following documents, filed by the Company with the securities commissions or similar authorities in each of the provinces of Canada, other than the province of Québec, are specifically incorporated by reference into, and form an integral part of, this Prospectus Supplement and the accompanying Prospectus:

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- (a) annual information form of the Company for the year ended December 31, 2015 dated March 30, 2016 (the **AIF**);

- (b) audited consolidated financial statements of the Company for the years ended December 31, 2015 and the related notes and the auditor's report thereon (collectively, the **Annual Financial Statements**);

- (c) management's discussion and analysis of financial condition and results of operations of the Company for the year ended December 31, 2015 (**Annual MD&A**);

- (d) unaudited condensed interim consolidated financial statements of the Company for the three and six months ended June 30, 2016, together with the notes thereto (the **Interim Financial Statements**);

- (e) management's discussion and analysis of financial condition and results of operations of the Company for the three and six months ended June 30, 2016 (**Interim MD&A**);

- (f) the management information circular of the Company dated March 14, 2016 relating to the Company's annual general and special meeting of shareholders held on May 5, 2016;

- (g) material change report of the Company dated January 11, 2016 announcing amendments to the Stream Agreement (as defined therein);

- (h) material change report of the Company dated May 9, 2016 announcing the offering of 22,750,000 Common Shares (the **May 2016 Offering**);

- (i) a template version (as such term is defined in NI 41-101 - General Prospectus Requirements (**NI 41-101**)) of the roadshow materials of the Company dated July 25, 2016 filed on SEDAR in connection with this offering;

- (j) a template version (as such term is defined in NI 41-101) of the term sheet of the Company dated July 25, 2016 filed on SEDAR in connection with this offering and omitting certain details with respect to this

offering (the **Preliminary Term Sheet**); and

(k) a revised template version (as such term is defined in NI 41-101) of the term sheet of the Company dated July 26, 2016 filed on SEDAR in connection with the offering and including certain details omitted from the Preliminary Term Sheet (the **Final Term Sheet**).

Any document of the type referred to in Section 11.1 of Form 44-101F1 of National Instrument 44-101 - *Short Form Prospectus Distributions* filed by the Company with the securities commissions or similar regulatory authorities in Canada after the date of this Prospectus Supplement and prior to the completion or termination of this offering shall be deemed to be incorporated by reference into the Prospectus, as supplemented by this Prospectus Supplement, for the purposes of this offering. In addition, for United States purposes, any document filed by the Company with the SEC pursuant to the Exchange Act (as defined herein) subsequent to the date of this Prospectus Supplement and prior to the termination of the offering shall be deemed to be incorporated by reference into the Prospectus, as supplemented by this Prospectus Supplement, for the purpose of this offering and the registration statement of which this Prospectus Supplement forms a part (in the case of any Report on Form 6-K, if and to the extent expressly provided in such report).

Upon a new annual information form and annual consolidated financial statements being filed by the Company with the applicable Canadian securities commissions or similar regulatory authorities in Canada during the period that this Prospectus Supplement is effective, the previous annual information form, the previous annual consolidated financial statements and all interim consolidated financial statements, and in each case the accompanying management's discussion and analysis of financial condition and results of operations, and material change reports, filed prior to the commencement of the financial year of the Company in which the new annual information form is filed shall be deemed to no longer be incorporated into the Prospectus for purposes of offers and sales of Offered Shares under this Prospectus Supplement. Upon interim consolidated financial statements and the accompanying management's discussion and analysis of financial condition and results of operations being filed by the Company with the applicable Canadian securities commissions or similar regulatory authorities during the period that this Prospectus Supplement is effective, all interim consolidated financial statements and the accompanying management's discussion and analysis of financial condition and results of operations filed prior to such new interim consolidated financial statements and management's discussion and analysis of financial condition and results of operations shall be deemed to no longer be incorporated into the Prospectus for purposes of offers and sales of Offered Shares under this Prospectus Supplement. In addition, upon a new management information circular for an annual meeting of shareholders being filed by the Company with the applicable Canadian securities commissions or similar regulatory authorities during the period that this Prospectus Supplement is effective, the

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previous management information circular filed in respect of the prior annual meeting of shareholders shall no longer be deemed to be incorporated into the Prospectus for offers and sales of Offered Shares under this Prospectus Supplement.

Documents referenced in any of the documents incorporated by reference in the Prospectus, as supplemented by this Prospectus Supplement, but not expressly incorporated by reference therein, and not otherwise required to be incorporated by reference therein, are not incorporated by reference in the Prospectus.

Any statement contained in this Prospectus Supplement, in the accompanying Prospectus, or in a document incorporated or deemed to be incorporated by reference therein shall be deemed to be modified or superseded to the extent that a statement contained herein or therein, or in any subsequently filed document which also is, or is deemed to be, incorporated by reference into the Prospectus modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement or the Prospectus. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document or statement 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.

Copies of the documents incorporated or deemed incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Golden Star Resources Ltd. at 150 King Street West, Suite 1200, Toronto, Ontario, Canada M5H 1J9, Telephone: (416) 816-0424, email: info@gsr.com, and are also available electronically at www.sedar.com.

MARKETING MATERIALS

Any template version of marketing materials (as such terms are defined in NI 41-101) has been incorporated by reference in this Prospectus Supplement. However, such template version of marketing materials will not form part of this short form prospectus to the extent that the contents of the template version of marketing materials are modified or superseded by a statement contained in this Prospectus Supplement. Any template version of marketing materials filed on SEDAR after the date of this Prospectus Supplement and before the termination of the distribution under this offering will be deemed to be incorporated by reference into this Prospectus Supplement.

The Preliminary Term Sheet is not a part of this Prospectus Supplement to the extent that the contents of the Preliminary Term Sheet have been modified or superseded by a statement contained in this Prospectus Supplement. The Preliminary Term Sheet has been modified to reflect that the number of Offered Shares is 40,000,000 and the Offering Price is U.S.\$0.75 for an aggregate offering size of U.S.\$30,000,000.

Pursuant to subsection 9A.3(7) of National Instrument 44-102 - *Shelf Distributions*, the Company has prepared the Final Term Sheet to reflect the modifications discussed above, a blacklined copy of which (as compared against the Preliminary Term Sheet) has also been prepared. A copy of the Final Term Sheet and the associated blacklined copy as compared against the Preliminary Term Sheet illustrating the revisions can be viewed under the Company's profile on www.sedar.com.

ADDITIONAL INFORMATION

The Company has filed with the SEC a registration statement (the **Registration Statement**) on Form F-10 under the United States *Securities Act of 1933*, as amended (the **U.S. Securities Act**), relating to the offering of the Offered Shares. This Prospectus Supplement and the accompanying Prospectus, which constitute a part of the Registration Statement, do not contain all of the information contained in the Registration Statement, certain items of which are contained in the exhibits to the Registration Statement as permitted by the rules and regulations of the SEC. Statements included or incorporated by reference in this Prospectus Supplement or the accompanying Prospectus about the contents of any contract, agreement or other documents referred to are not necessarily complete, and in each instance, you should refer to the exhibits for a more complete description of the matter involved. Each such statement is qualified in its entirety by such reference. Information omitted from this Prospectus Supplement and the accompanying Prospectus but contained in the Registration Statement is available on the SEC's website under the Company's profile at www.sec.gov. Please refer to the Registration Statement and exhibits for further information.

The Company is subject to the informational reporting requirements of the United States *Securities Exchange Act of 1934*, as amended (the **Exchange Act**) as the Common Shares are registered under Section 12(b) of the Exchange Act. Accordingly, the Company is required to publicly file reports and other information with the SEC. Under the MJDS, the Company is permitted to prepare such reports and other information in accordance with Canadian disclosure requirements, which are different from United States disclosure requirements. As a foreign private issuer, the Company is exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements, and the Company's officers, directors and principal shareholders are exempt from the reporting

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and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. Under the Exchange Act, the Company is not required to publish financial statements as promptly as U.S. companies.

Investors may read and copy, for a fee, any document that the Company has filed with or furnished to the SEC at the SEC's public reference room in Washington, D.C. at 100 F Street, N.E., Washington, D.C. 20549. Investors should call the SEC at 1-800-SEC-0330 or access its website at www.sec.gov for further information about the public reference room. Investors may read and download the documents the Company has filed with the SEC's Electronic Data Gathering and Retrieval system at www.sec.gov. Investors may read and download any public document that the Company has filed with the securities commissions or similar regulatory authorities in Canada at www.sedar.com.

NON-GAAP FINANCIAL MEASURES

In this Prospectus Supplement, including the documents incorporated by reference herein, we use the terms "cash operating cost", "cash operating cost per ounce", "all-in sustaining costs", "cash provided by operations before working capital changes", "adjusted net income/(loss) attributable to Golden Star shareholders" and "adjusted earnings/(loss) per share attributable to Golden Star shareholders" which are considered "Non-GAAP financial measures" within the meaning of applicable Canadian securities laws and should not be considered in isolation or as a substitute for measures of performance prepared in accordance IFRS. See "Non-GAAP Financial Measures" in the Annual MD&A and Interim MD&A for an explanation of these measures.

CAUTIONARY NOTE TO U.S. INVESTORS REGARDING MINERAL RESOURCES AND MINERAL RESERVES

The disclosure in this Prospectus Supplement, the accompanying Prospectus and the documents incorporated by reference therein, uses mineral resource classification terms that comply with reporting standards in Canada, and certain mineral resource estimates are made in accordance with National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* (**NI 43-101**). NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all mineral reserve and mineral resource estimates contained in or incorporated by reference in this Prospectus Supplement and the accompanying Prospectus have been prepared in accordance with NI 43-101. These standards differ significantly from the requirements of the SEC, and mineral reserve and mineral resource information contained herein and incorporated by reference herein may not be comparable to similar information disclosed by U.S. companies subject to reporting and disclosure requirements under U.S. federal securities laws.

The Prospectus, including the documents incorporated by reference therein, and this Prospectus Supplement include mineral reserve estimates that have been calculated in compliance with NI 43-101, as required by Canadian securities regulatory authorities. For United States reporting purposes, SEC Industry Guide 7, as interpreted by the staff of the SEC, applies different standards in order to classify mineralization as a reserve. As a result, the definitions of proven and probable mineral reserves used in NI 43-101 differ from the definitions in SEC Industry Guide 7. Under SEC Industry Guide 7 standards, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, a final or "bankable" feasibility study is required to report reserves, the three year average historical price is used in any reserve or cash flow analysis to designate reserves and all necessary permits would be required to be in hand or issuance imminent in order to classify mineralized material as reserves under the SEC standards. Accordingly, mineral reserve estimates contained in the Prospectus or this Prospectus Supplement may not qualify as reserves under SEC Industry Guide 7 standards.

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In addition, the Prospectus and this Prospectus Supplement may use the terms measured mineral resources, indicated mineral resources and inferred mineral resources to comply with the reporting standards in Canada. The Company advises investors that while those terms are recognized and required by Canadian securities regulations, the SEC does not recognize them. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into SEC defined mineral reserves. These terms have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility.

Further, inferred resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Therefore, investors are also cautioned not to assume that all or any part of

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the inferred mineral resources exist. In accordance with Canadian rules, estimates of inferred mineral resources cannot form the basis of feasibility or other economic studies.

It cannot be assumed that all or any part of measured mineral resources, indicated mineral resources, or inferred mineral resources will ever be upgraded to a higher category. Investors are cautioned not to assume that any part of the reported measured mineral resources, indicated mineral resources, or inferred mineral resources in this Prospectus Supplement, the Prospectus or any of the documents incorporated by reference therein is economically or legally mineable.

For the above reasons, information contained in this Prospectus Supplement, the Prospectus and the documents incorporated by reference therein containing descriptions of the Company's mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

ENFORCEABILITY OF CIVIL LIABILITIES BY U.S. INVESTORS

The Company is a corporation existing under the *Canada Business Corporations Act*. All but four of the Company's directors, all but three of its officers, and all but two of the experts named in the Prospectus, are residents of Canada or otherwise reside outside the United States, and all or a substantial portion of their assets, and all of the Company's assets, are located outside the United States. The Company has appointed an agent for service of process in the United States, but it may be difficult for holders of the Common Shares who reside in the United States to effect service within the United States upon those directors, officers and experts who are not residents of the United States. It may also be difficult for holders of the Common Shares who reside in the United States to realize upon judgments of courts of the United States predicated upon the Company's civil liability and the civil liability of its directors, officers and experts under the United States federal securities laws.

The Company filed with the SEC, concurrently with its registration statement on Form F-10, an appointment of agent for service of process on Form F-X. Under the Form F-X, the Company appointed Davis Graham & Stubbs LLP, 1550 17th Street, Suite 500, Denver, Colorado, USA 80202 as its agent for service of process in the United States in connection with any investigation or administrative proceeding conducted by the SEC, and any civil suit or action brought against or involving the Company in a United States court arising out of, related to, or concerning the offering of the Offered Shares under this Prospectus Supplement.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights certain information about the Company, this offering and selected information contained elsewhere in or incorporated by reference into this Prospectus Supplement or the accompanying Prospectus. This summary is not complete and does not contain all of the information that you should consider before deciding whether to invest in the Offered Shares. For a more complete understanding of the Company and this offering, we encourage you to read and consider carefully the more detailed information in this Prospectus Supplement and the accompanying Prospectus, including the information incorporated by reference therein, and in particular, the information under the heading "Risk Factors" in this Prospectus Supplement and in the AIF. All capitalized terms used in this summary refer to definitions contained elsewhere in this Prospectus Supplement.

THE BUSINESS

Golden Star Resources Ltd. was established under the *Canada Business Corporations Act* on May 15, 1992 as a result of the amalgamation of South American Goldfields Inc., a corporation incorporated under the federal laws of Canada, and Golden Star Resources Ltd., a corporation originally incorporated under the *Business Corporations Act (Alberta)* on March 7, 1984 as Southern Star Resources Ltd. Golden Star is a reporting issuer or the equivalent in all provinces of Canada and a foreign private issuer as defined in Rule 3b-4 under the Exchange Act in the United States, eligible to file disclosure documents pursuant to the MJDS adopted and implemented by securities regulatory authorities in the United States and Canada. Golden Star files disclosure documents with the securities regulatory authorities in each of the provinces of Canada and the SEC in the United States.

Golden Star's head and registered office is located at 150 King Street West, Suite 1200, Toronto, Ontario, Canada M5H 1J9. Golden Star's fiscal year ends on December 31.

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RECENT DEVELOPMENTS

Convertible Note Offering

Concurrently with this offering, we are offering on a private placement basis (the **Convertible Note Offering**) U.S.\$65 million aggregate principal amount of our 7.0% convertible senior notes due 2021 (the **Convertible Notes**). We will pay 7.0% interest per annum on the principal amount of the Convertible Notes semi-annually in arrears on February 1 and August 1 of each year, beginning on February 1, 2017. The Convertible Notes will mature on August 15, 2021.

Subject to earlier redemption or purchase, holders may convert their Convertible Notes at any time until the close of business on the third business day immediately preceding August 15, 2021. Upon conversion, holders of Convertible Notes will receive, at the Company's election, cash, Common Shares or a combination thereof based on an initial conversion rate, subject to adjustment, of approximately 1,111.1111 Common Shares per U.S.\$1,000 principal amount of Convertible Notes (which represents an initial conversion price of approximately U.S.\$0.90 per Common Share). A holder that surrenders Convertible Notes for conversion in connection with a make-whole fundamental change may in certain circumstances be entitled to an increased conversion rate. Holders who convert Convertible Notes before August 1, 2019 are entitled to a conversion make-whole payment payable in cash, Common Shares or a combination thereof, at our election, equal to the present value of the remaining scheduled payments of interest that would have been made on the Convertible Notes converted had such Convertible Notes remained outstanding from the conversion date to August 1, 2019, subject to certain limitations.

We may not redeem the Convertible Notes before August 15, 2019, except in the event of certain changes to the laws governing Canadian withholding taxes. At any time on or after August 15, 2019, we may redeem all or part of the Convertible Notes at the redemption price, but only if the last reported sale price of our Common Shares for 20 or more trading days in a period of 30 consecutive trading days ending on the trading day prior to the date we provide notice of redemption exceeds 130% of the conversion price in effect on each such trading day. The redemption price will be equal to the sum of (1) 100% of the principal amount of the Convertible Notes to be redeemed, payable in cash, (2) any accrued and unpaid interest to, but excluding, the redemption date, and (3) a redemption make-whole payment, payable in cash, Common Shares, or a combination thereof, at our election, equal to the present value of the remaining scheduled payments of interest that would have been made on the Convertible Notes to be redeemed had such Convertible Notes remained outstanding from the redemption date to August 15, 2021 (excluding interest otherwise paid pursuant to (2) above). We may also redeem the Convertible Notes upon the occurrence of certain changes to the laws governing applicable withholding taxes. In addition, we will be required to offer to purchase for cash all of the outstanding notes upon a fundamental change at a purchase price in cash equal to 100% of the principal amount of the Convertible Notes to be purchased, plus any accrued and unpaid interest to the fundamental change purchase date.

As part of the Convertible Note Offering, we have entered into purchase and exchange agreements with two holders of our 5% convertible senior unsecured debentures due June 1, 2017 (the **Convertible Debentures**) to exchange approximately U.S.\$40.0 million principal amount of Convertible Debentures for an equal principal amount of Convertible Notes (the **Convertible Debenture Exchange**) pursuant to an exemption from the registration requirements of the U.S. Securities Act, such principal amount being included with the total offering amount of the Convertible Note Offering.

The completion of this offering is contingent upon the concurrent completion of the Convertible Note Offering and the Convertible Debenture Exchange.

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This prospectus supplement does not constitute an offer of Convertible Notes or Common Shares issuable upon the exercise of such Convertible Notes in the United States or in any other jurisdiction. The Convertible Notes and the Common Shares issuable upon the exercise of such Convertible Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any jurisdiction and may only be offered or sold in transactions that are exempt from the registration requirements of the U.S. Securities Act. In addition, the Convertible Notes and the Common Shares issuable upon the exercise of such Convertible Notes will not be qualified by a prospectus for distribution to the public in Canada under applicable Canadian securities laws, will only be offered on a private placement basis in reliance on exemptions under Canadian securities laws and, if issued, will be subject to transfer and selling restrictions in Canada.

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Commencement of Pre-Commercial Production at Wassa Underground

On July 12, 2016, the Company announced that pre-commercial production commenced at Wassa Underground, as scheduled. The successful blasting of the first stope in the F Shoot of Wassa Underground took place on July 10, 2016 delivering the first ore from Wassa Underground to the Wassa process plant.

Second Quarter Production

On July 18, 2016, the Company announced that it had produced 42,461 ounces of gold during the second quarter of 2016 from its open pit operations, with production from Wassa of 21,543 ounces of gold and production from Prestea of 20,918 ounces of gold. Production at Wassa declined in the second quarter compared to the first quarter due to a 2.5 week scheduled maintenance shutdown at the Wassa processing plant, in addition to the seasonality traditionally impacting the second and third quarters of the year.

Payment by RGLD Gold AG

On July 18, 2016, the Company announced that it had received U.S.\$20 million from RGLD Gold AG (RGLD), a subsidiary of Royal Gold, Inc. (Royal Gold), on July 1, 2016, as per the payment schedule established pursuant to the stream transaction (the Stream Transaction) with RGLD. This payment brings the payments made to date to U.S.\$115 million of the total U.S.\$145 million expected before the end of January 2017.

Appointment of Gil Clausen to Board of Directors

On July 18, 2016, the Company announced that Gil Clausen joined the board of directors of the Company, with immediate effect. With over 30 years of executive, financial, developmental and operational industry experience, Mr. Clausen has been responsible for executing growth strategies for mining companies on a range of continents and across a variety of commodities.

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THE OFFERING

Offered Shares	Offered Shares having an aggregate Offering Price of U.S.\$0.75
Manner of offering	The Underwriters have severally agreed to purchase from Golden Star, on the closing of the offering, subject to the terms and conditions contained in the Underwriting Agreement, 40,000,000 Offered Shares offered hereby at a price of U.S.\$0.75 per Offered Share payable in cash to Golden Star against delivery of the Offered Shares. Golden Star has granted to the Underwriters the Over-Allotment Option, exercisable in whole or in part, for a period of 30 days following closing of the offering, to purchase from Golden Star up to 6,000,000 Additional Shares, representing 15% of the aggregate Offered Shares issued upon the closing of the offering, on the same terms as set out above, to cover over-allotments, if any. See Plan of Distribution .
Convertible Note Offering	Concurrently with this offering, the Company is offering on a private placement basis U.S.\$65 million aggregate principal amount of the Convertible Notes, which principal amount includes the Convertible Notes to be issued in the Convertible Debenture Exchange. See Recent Developments .
Use of proceeds	We intend to use approximately U.S.\$27.95 million of the net proceeds of this offering to retire certain of our outstanding indebtedness, including through the repurchase of our Convertible Debentures in privately negotiated transactions and the repayment of a portion of the Company's U.S.\$25 million secured medium term loan facility with Ecobank Ghana Limited, and the remainder of the net proceeds of this offering for general corporate purposes. See Use of Proceeds .
Risk factors	See Risk Factors in this Prospectus Supplement and the accompanying Prospectus and the risk factors discussed or referred to in the AIF for a discussion of factors that should be read and consider before investing in the Offered Shares.
Tax considerations	Purchasing Offered Shares may have tax consequences. This Prospectus Supplement and the accompanying Prospectus may not describe these consequences fully for all investors. Investors should read the tax discussion in this Prospectus Supplement and the accompanying Prospectus and consult with their tax advisor. See Certain Canadian Federal Income Tax Considerations and Certain U.S. Federal Income Tax Considerations in this Prospectus Supplement.
Listing symbol	The Common Shares are listed for trading on the TSX under the symbol GSC , on the NYSE MKT under the symbol GSS and on the GSE under the symbol GSR . The Company has applied to list the Offered Shares distributed under this Prospectus Supplement on the TSX and the NYSE MKT. Listing will be subject to the Company fulfilling all the listing requirements of the TSX and the NYSE MKT.

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The following table sets forth the Company's capitalization as at June 30, 2016 (i) on an actual basis, prior to giving effect to this offering, the Convertible Note Offering and the Convertible Debenture Exchange, (ii) as adjusted to give effect to this offering (assuming no exercise of the Over-Allotment Option) and (iii) as further adjusted to give effect to the Convertible Note Offering and Convertible Debenture Exchange. The following table should be read in conjunction with the Annual Financial Statements and Interim Financial Statements that are incorporated by reference into this Prospectus Supplement.

	As at June 30, 2016						(U.S.\$000 s) As Adjusted After Giving Effect to the Offering, the Convertible Note Offering and the Convertible Debenture Exchange						
	(U.S.\$000 s) As Adjusted After Giving Effect to the Offering												
	(U.S.\$000 s) Actual	(1)	(2)	(3)	(4)	(5) (6)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Cash and cash equivalents	7,577					35,127							39,112
Current Debt													
Equipment financing credit facility	1,801					1,801							1,801
Ecobank II Loan	5,595					1,478							
Finance leases	1,049					1,049							1,049
Convertible Debentures at fair value	59,417					48,177							16,601
	67,862					56,622							19,451
Long Term Debt													
Equipment financing credit facility	1,139					1,139							1,139
Ecobank II Loan	16,283					7,123							
Finance leases	1,427					1,427							1,427
Convertible Notes													62,713
Royal Gold loan	18,335					18,335							18,335
Other long term liabilities	21,973					21,973							21,973
	59,157					49,997							105,587
Shareholders' Equity													
Common Shares	709,295					737,245							737,245
Contributed Surplus	33,286					33,286							33,286
Deficit	(813,287)					(813,287)							(813,287)
	(70,706)					(42,756)							(42,756)
Total:	56,313					63,863							82,282

(1) Amounts shown assume the issuance of 40,000,000 Offered Shares at a price of U.S.\$0.75 per Offered Share for aggregate gross proceeds of the offering of U.S.\$30 million.

- (2) Amounts shown assume that the Over-Allotment Option is not exercised.
- (3) Amounts shown include the use of offering proceeds as described in Use of Proceeds .
- (4) Amounts shown are after deducting (i) the Underwriters Fee and expenses of the offering payable by Golden Star, estimated to be U.S.\$2.05 million and (ii) the fees and expenses of the Convertible Note Offering payable by Golden Star, estimated to be U.S.\$2.29 million.
- (5) Amounts shown do not include (i) an aggregate of 16,434,582 Common Shares issuable upon the exercise of currently outstanding options at exercise prices ranging from Cdn.\$0.30 to Cdn.\$4.60 per Common Share, (ii) an aggregate of 5,459,489 Common Shares issuable upon exercise of currently outstanding deferred share units, (iii) 44,758,182 Common Shares issuable upon full conversion of our U.S.\$73.9 million aggregate principal amount of the Convertible Debentures; or (iv) 5,000,000 Common Shares issuable upon the exercise of currently outstanding warrants issued to Royal Gold Inc. at a price of U.S.\$0.27 per Common Share.
- (6) Amounts shown include U.S.\$20 million received from RGLD on July 1, 2016, in accordance with the payment schedule established pursuant to the Stream Transaction.
- (7) Amounts shown assume the exchange of approximately U.S.\$40.0 million aggregate principal amount of Convertible Debentures pursuant to the Convertible Debenture Exchange. Amounts shown do not include 44,758,182 Common Shares issuable upon full conversion of our U.S.\$73.9 million aggregate principal amount of the Convertible Debentures or approximately 72,222,222.2222 Common Shares issuable upon full conversion of the Convertible Notes.

USE OF PROCEEDS

The net proceeds received by us from the sale of the Offered Shares, after deducting the Underwriters Fee of U.S.\$1,800,000 and the estimated expenses of the offering of U.S.\$250,000, will be approximately U.S.\$27,950,000. If the Over-Allotment Option is exercised in full, Golden Star will receive net proceeds of approximately U.S.\$32,430,000 after

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deducting the Underwriters' Fee and before offering expenses payable by Golden Star estimated to be approximately U.S.\$250,000.

We intend to use approximately U.S.\$27.95 million of the net proceeds of this offering to retire certain of our outstanding indebtedness, including through the repurchase of our Convertible Debentures in privately negotiated transactions and the repayment of a portion of the Company's U.S.\$25 million secured medium term loan facility with Ecobank Ghana Limited (the **Ecobank II Loan**), and the remainder of the net proceeds of this offering for general corporate purposes. The Ecobank II Loan was used for the principal purpose of financing Wassa Underground and the expansion of the Wassa processing plant. The amount and timing of the use of the net proceeds will depend upon various factors, including gold prices, production costs, cash flow from operations, progress of development of the Company's projects, the quality of the ores that we mine and business growth including acquisitions and exploration.

The Company had negative operating cash flow for the financial year ended December 31, 2015 and may use a portion of the net proceeds of this offering to continue to fund the Company's operating activities. See **Risk Factors**.

There may be circumstances where, on the basis of results obtained or for other sound business reasons, a re-allocation of funds may be necessary or prudent. Accordingly, management of the Company has broad discretion in the application of the proceeds of this offering. The actual amount that the Company spends in connection with the intended use of proceeds may vary significantly from the amounts specified above and will depend on a number of factors, including those referred to under **Risk Factors**. All expenses relating to this offering and any compensation paid to the Underwriters will be paid out of the proceeds from the sale of Offered Shares, unless otherwise stated herein. Pending the use of the proceeds of this offering, we intend to invest the net proceeds of this offering in U.S. or Canadian treasury bills or short-term, investment grade, interest-bearing securities.

PLAN OF DISTRIBUTION

Underwriting

Golden Star has entered into an underwriting agreement dated as of July 26, 2016 (the **Underwriting Agreement**) with the Underwriters, under which Golden Star has agreed to sell, and the Underwriters have severally agreed to purchase from Golden Star, on the closing of the offering, subject to the terms and conditions contained in the Underwriting Agreement, 40,000,000 Offered Shares offered hereby at a price of U.S.\$0.75 per Offered Share payable in cash to Golden Star against delivery of the Offered Shares. The price of the Offered Shares offered under this Prospectus was established by negotiation between Golden Star and the Underwriters.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint or joint and several and may be terminated by them on the basis of certain stated events. Such events include, but are not limited to certain stated material adverse changes with respect to the Company and certain stated events materially adversely affecting financial markets in Canada or the United States. The Underwriters are obligated to take up and pay for all of the Offered Shares offered hereby (other than the Additional Shares issuable on exercise of the Over-Allotment Option) if any of those Offered Shares are purchased under the Underwriting Agreement.

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The expenses of this offering, not including the Underwriters' Fee, are estimated to be U.S.\$250,000 and are payable by Golden Star. The Underwriters will receive aggregate fees of U.S.\$1,800,000 (U.S.\$0.045 per Offered Share or 6.0% of the Offering Price) for the services performed in connection with this offering (assuming no exercise of the Over-Allotment Option).

This offering is being made concurrently in each of the provinces of Canada, other than Québec, and the United States pursuant to the MJDS implemented by securities regulatory authorities in the United States and Canada. The Underwriters will offer the Offered Shares for sale in the United States and Canada either directly or through their respective broker-dealer affiliates or agents registered in each jurisdiction.

The Underwriting Agreement also provides that Golden Star will indemnify the Underwriters against certain liabilities and expenses, including liabilities under applicable securities legislation, or will contribute to payments that the Underwriters may be required to make in respect thereof.

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Golden Star has agreed in the Underwriting Agreement not to issue or announce the issuance of any Common Shares or any securities convertible into or exchangeable for or exercisable to acquire Common Shares without the prior consent of BMO Nesbitt Burns Inc. on behalf of the Underwriters during a period commencing on the date of execution of the Underwriting Agreement and ending 90 days after the closing date of the offering, other than: (i) the issuance of the Convertible Notes and Common Shares issuable upon any conversion thereof; (ii) issuance of Common Shares upon exercise of currently outstanding rights, or agreements, including options, warrants, debt and other convertible securities and any rights which have been granted or issued, subject to any necessary regulatory approval; (iii) the issuance of Common Shares upon the exercise of currently outstanding options or deferred share units granted to officers, directors, employees or consultants of Golden Star or any subsidiary thereof pursuant to Golden Star's stock option plan, deferred share unit plan, performance share unit plan, share appreciation rights plan and other similar plans; or (iv) the issuance of options or deferred share units pursuant to and in accordance with Golden Star's stock option plan, deferred share unit plan, performance share unit plan, share appreciation rights plan and other similar plans.

Subscriptions 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. It is expected that the closing of the offering will occur on or about August 3, 2016 or such later date as the Company and the Underwriters may agree but, in any event, not later than 42 days following the date of this Prospectus Supplement. The closing of the offering is contingent on the concurrent completion of the Convertible Note Offering and the Convertible Debenture Exchange. The Company will arrange for an instant deposit of the securities issued hereunder to or for the account of the Underwriters with CDS on the closing date of the offering, against payment of the aggregate purchase price for the securities issued hereunder. Accordingly, a purchaser of securities issued hereunder will receive only a customer confirmation from the Underwriters or other registered dealers who are CDS participants and from or through which the Offered Shares issued hereunder are purchased. The Offered Shares offered hereby are to be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of this Prospectus Supplement.

The Company has applied to list the Offered Shares distributed under this Prospectus Supplement on the TSX and the NYSE MKT. Listing on the TSX and the NYSE MKT will be subject to the Company fulfilling all the listing requirements of the TSX and NYSE MKT, respectively.

After the Underwriters have made reasonable efforts to sell all of the Offered Shares at the Offering Price, the Offering Price may be decreased, and further changed from time to time, to an amount not greater than the Offering Price. However, any such reduction in the Offering Price shall not affect the net purchase price to be paid to Golden Star.

Over-Allotment Option

Golden Star has granted to the Underwriters the Over-Allotment Option, exercisable in whole or in part, at any time for a period of 30 days following the closing of the offering, to purchase from Golden Star up to an additional 6,000,000 Additional Shares, representing 15% of the aggregate Offered Shares issued upon the closing of the offering, on the same terms as set out above, to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters' Fee and net proceeds to Golden Star (before expenses of the offering that are estimated to be U.S.\$250,000) will be U.S.\$34,500,000, U.S.\$2,070,000 and U.S.\$32,430,000, respectively. This Prospectus Supplement qualifies the distribution of the Over-Allotment Option and the Additional Shares issuable upon the exercise of the Over-Allotment Option.

Stabilization

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Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Common Shares. The foregoing restriction is subject to certain exceptions including: (a) a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities, (b) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was for the purpose of maintaining a fair and orderly market and not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities, (c) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period, and (d) transactions in compliance with U.S. federal securities

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laws. Consistent with these requirements, and in connection with this distribution, the Underwriters may over-allot Offered Shares and may effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on the TSX, the NYSE MKT, in the over-the-counter market or otherwise.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Common Shares while this offering is in progress. These transactions may also include making short sales of the Common Shares, which involve the sale by the Underwriters of a greater number of Common Shares than they are required to purchase in this offering. Short sales may be covered short sales, which are short positions in an amount not greater than the Over-Allotment Option, or may be naked short sales, which are short positions in excess of that amount. The Underwriters may create a naked short position if they are concerned that there may be downward pressure on the price of the Common Shares in the open market that could adversely affect investors who purchase in this Offering. The Underwriters must close out any naked short position by purchasing Common Shares in the open market. The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Common Shares in the open market.

Furthermore, Golden Star's directors and executive officers shall execute lock up agreements, in favour of the Underwriters, pursuant to which they will agree that each such director or executive officer will not sell or agree to sell (or announce any intention to do so), any of such director or executive officer's Common Shares or any securities convertible into Common Shares for a period of 90 days from the Closing Date without the prior written consent of the Underwriters, which consent will not be unreasonably withheld or delayed.

Relationship with TMX Group

Each of National Bank Financial Inc., Scotia Capital Inc. and CIBC World Markets Inc. or an affiliate thereof owns or controls an equity interest in TMX Group Limited (TMX Group) and has a nominee director serving on its board. As such, each such Underwriter may be considered to have an economic interest in the listing of securities on any exchange owned or operated by TMX Group, including the TSX, the TSX Venture Exchange and the Alpha Exchange (each, an Exchange). No person or company is required to obtain products or services from TMX Group or its affiliates as a condition of any such Underwriter supplying or continuing to supply a product or service.

DESCRIPTION OF SHARE CAPITAL

Golden Star's authorized capital consists of an unlimited number of Common Shares and an unlimited number of first preferred shares issuable in series (the **Preferred Shares**). As at July 25, 2016, 282,727,008 Common Shares and no Preferred Shares were issued and outstanding. The material attributes and characteristics of the Common Shares and Preferred Shares are described in the Prospectus under the heading Description of Common Shares and Description of Preferred Shares respectively. The description of the Common Shares and Preferred Shares in the Prospectus is a summary and may not describe every aspect of the Common Shares or Preferred Shares that may be important to you. Golden Star urges you to read the *Canada Business Corporations Act* and Golden Star's articles of arrangement, because they, and not the description in the Prospectus, define the rights of a holder of Common Shares or Preferred Shares.

PRIOR SALES

For the twelve-month period before the date of this Prospectus Supplement, we issued the following Common Shares:

Date	Number of Common Shares Issued	Price
August 5, 2015	407,012(1)	Cdn.\$0.27
May 9, 2016	22,750,000(2)	U.S.\$0.66
May 10, 2016	21,419(3)	Cdn.\$0.56
June 16, 2016	12,500(4)	Cdn.\$0.38
June 16, 2016	6,250(5)	Cdn.\$0.56

Note:

- (1) 407,012 deferred share units of the Company were exercised on August 5, 2015.
- (2) Issued pursuant to the May 2016 Offering.
- (3) 21,419 options of the Company were exercised on May 10, 2016.
- (4) 12,500 options of the Company were exercised on June 16, 2016.
- (5) 6,250 options of the Company were exercised on June 16, 2016.

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For the twelve-month period before the date of this Prospectus Supplement, we issued the following options to purchase Common Shares:

Date	Number of Options Issued	Price (Cdn.\$)
February 29, 2016	2,710,442(1)	\$0.56
May 9, 2016	325,000(2)	\$0.87
May 17, 2016	50,000(3)	\$0.80

Note:

- (1) Represent options to purchase up to 2,710,442 Common Shares.
- (2) Represent options to purchase up to 325,000 Common Shares.
- (3) Represent options to purchase up to 50,000 Common Shares.

For the twelve-month period before the date of this Prospectus Supplement, we issued the following deferred share units which may be redeemed for Common Shares:

Date	Number of Deferred Share Units Issued(1)	Price (Cdn.\$)
October 15, 2015	492,356	
January 15, 2016	756,298	
April 15, 2016	149,815	
July 15, 2016	96,840	

Note:

- (1) Deferred share units may be redeemed for cash. Common shares issued from treasury on a one-for-one basis or Common Shares purchased by the Company on the NYSE MKT.

For the twelve month period before the date of this Prospectus Supplement, we issued 5,000,000 warrants to Royal Gold Inc. which are exercisable to purchase 5,000,000 Common Shares of Golden Star at a price of U.S.\$0.27 per Common Share.

PRICE RANGE OF OUR COMMON SHARES

Our Common Shares are listed on the NYSE MKT under the trading symbol **GSS**, on the TSX under the trading symbol **GSC** and on the GSE under the trading symbol **GSR**. As of July 25, 2016, 282,727,008 Common Shares were outstanding. On July 25, 2016, being the last trading date prior to the date of this Prospectus Supplement, the closing price of our Common Shares on the NYSE MKT was U.S.\$0.78 and on the TSX

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was Cdn.\$1.02. On July 22, 2016, prior to the announcement of this offering, the closing price of our Common Shares on the NYSE MKT was U.S.\$1.00 and on the TSX was Cdn.\$1.32.

The following table sets forth, for the periods indicated, the reported high and low market closing prices per share of our Common Shares and the volume of Common Shares traded on the NYSE MKT and TSX, respectively.

	NYSE MKT(1)			Toronto Stock Exchange		
	High (U.S.\$)	Low	Volume	High (Cdn.\$)	Low	Volume
2015						
July	0.33	0.23	13,374,020	0.385	0.30	685,631
August	0.22	0.19	16,676,293	0.295	0.235	1,083,035
September	0.23	0.19	8,301,999	0.305	0.245	339,648
October	0.27	0.20	12,813,245	0.35	0.265	950,622
November	0.23	0.19	12,098,377	0.295	0.25	814,359
December	0.19	0.16	12,772,344	0.265	0.22	731,216
2016						
January	0.20	0.15	13,183,813	0.275	0.215	1,142,419
February	0.49	0.19	57,962,856	0.66	0.27	3,065,730
March	0.53	0.42	60,888,376	0.70	0.56	4,454,800
April	0.77	0.45	66,771,357	0.99	0.58	5,116,655
May	0.707	0.51	49,118,748	0.89	0.67	4,788,760
June	0.649	0.53	38,846,638	0.84	0.70	3,022,471
July 1 to 25	1.08	0.695	93,146,151	1.42	0.88	7,556,520

(1) Formerly known as the NYSE Amex Equities.

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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.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Fasken Martineau DuMoulin LLP, Canadian counsel to the Company, and Stikeman Elliott LLP counsel to the Underwriters, the following is, as of the date of this Prospectus Supplement, a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (**Tax Act**) that generally apply to an investor who acquires Offered Shares pursuant to this prospectus and who, for the purposes of the Tax Act and at all relevant times, deals at arm's length with the Company and the Underwriters, is not affiliated with the Company or the Underwriters, and who acquires and holds Common Shares as capital property (a **Holder**). Generally, the Offered Shares will be considered to be capital property to a Holder provided that the Holder does not use the Offered Shares in the course of carrying on a business of trading or dealing in securities and such Holder has not acquired them or been deemed to have acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Holder: (i) that is a **financial institution** for the purposes of the **mark-to-market property rules** contained in the Tax Act; (ii) that is a **specified financial institution** as defined in the Tax Act; (iii) an interest in which would be a **tax shelter investment** as defined in the Tax Act; or (iv) that has made a **functional currency** reporting election under the Tax Act to determine its Canadian tax result in a currency other than Canadian currency. Such Holders should consult their own tax advisors with respect to an investment in Offered Shares.

Additional considerations, not discussed in this summary, may apply to a Holder that is a corporation resident in Canada, and is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Offered Shares, controlled by a non-resident corporation for purposes of the **foreign affiliate dumping** rules in section 212.3 of the Tax Act. Such Holders should consult their tax advisors with respect to the consequences of acquiring Offered Shares.

This summary is based upon the current provisions of the Tax Act and its regulations in force as of the date hereof and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the **CRA**). This summary takes into account all specific proposals to amend the Tax Act and its regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the **Tax Proposals**) and assumes that the Tax Proposals will be enacted in the form proposed, although no assurance can be given that the Tax Proposals will be enacted in their current form or at all. This summary does not otherwise take into account any changes in law or in the administrative policies or assessing practices of the CRA, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations, which considerations may differ significantly from the Canadian federal income tax considerations discussed in this summary.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Holders should consult their own tax advisors with respect to their particular circumstances.

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Offered Shares must be expressed in Canadian dollars using the rate of exchange quoted by the Bank of Canada at noon on the day the amount first arose, or such other rate of exchange as is

acceptable to the CRA.

Resident Holders

The following section of this summary only applies to Holders who, for the purposes of the Tax Act, are or are deemed to be resident in Canada at all relevant times (**Resident Holders**).

Certain Resident Holders whose Offered Shares might not constitute capital property may make, in certain circumstances, an irrevocable election permitted by subsection 39(4) of the Tax Act to deem the Offered Shares, and every other **Canadian security** as defined in the Tax Act, held by such persons, in the taxation year of the

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election and each subsequent taxation year to be capital property. Resident Holders should consult their own tax advisors regarding this election.

Dividends

Dividends received or deemed to be received on the Offered Shares will be included in computing a Resident Holder's income.

In the case of an individual (and certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules that apply in respect of **taxable dividends** received from **taxable Canadian corporations** (as each term is defined in the Tax Act). An enhanced gross-up and dividend tax credit will be available in respect of **eligible dividends** designated by the Company to such Resident Holder in accordance with the provisions of the Tax Act.

In general, in the case of a Resident Holder that is a corporation, dividends received or deemed to be received on the Offered Shares will be deductible in computing the corporation's taxable income. In certain circumstances, Section 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds or as a capital gain. Resident Holders that are corporations should consult their own tax advisors in this regard.

A Resident Holder that is a **private corporation** or **subject corporation** (each as defined in the Tax Act) generally will be liable to pay a tax (refundable in certain circumstances) under Part IV of the Tax Act on dividends received or deemed to be received on the Offered Shares to the extent such dividends are deductible in computing taxable income.

Disposition of Offered Shares

Upon a disposition (or a deemed disposition) of an Offered Share (other than a disposition to the Company unless it occurs in the open market in the manner in which shares are normally purchased by members of the public in the open market), a Resident Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of such security, as applicable, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such security, as applicable, to the Resident Holder. For the purposes of determining the adjusted cost base to a Resident Holder of an Offered Share acquired pursuant to this Offering the cost of such Offered Shares will be averaged with the adjusted cost base of any other Common Shares held by the Resident Holder as capital property at that time. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading **Capital Gains and Capital Losses**.

Capital Gains and Capital Losses

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Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a **taxable capital gain**) realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an **allowable capital loss**) realized in a taxation year from taxable capital gains realized in the year by such Resident Holder. Allowable capital losses incurred in a year in excess of taxable capital gains realized in the year may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following taxation year against taxable capital gains realized in such year to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of Offered Shares by a Resident Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such Offered Shares to the extent and in the circumstance specified by the Tax Act. Similar rules may apply where an Offered Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary, as the case may be. Resident Holders to whom these rules may be relevant should consult their own tax advisors. A Resident Holder that is throughout the relevant taxation year a **Canadian-controlled private corporation** (as defined in the Tax Act) may be liable to pay a tax (refundable in certain circumstances) on its **aggregate investment income** (as defined in the Tax Act) for the year, which includes taxable capital gains.

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Minimum Tax

Capital gains realized and dividends received on Offered Shares by a Resident Holder that is an individual (and certain types of trusts) may increase the Resident Holder's liability to pay minimum tax under the Tax Act. Resident Holders should consult their own tax advisors with respect to the application of minimum tax.

Non-Resident Holders

The following section of this summary only applies to Holders who for the purposes of the Tax Act and at all relevant times, are neither resident nor deemed to be resident in Canada and do not use or hold, and will not be deemed to use or hold, the Offered Shares in carrying on a business in Canada (**Non-Resident Holders**). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere. Such Non-Resident Holders should consult their own Canadian tax advisors.

Dividends

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder on the Offered Shares by the Company are subject to Canadian withholding tax at the rate of 25% on the gross amount of the dividend unless such rate is reduced by the terms of an applicable tax treaty or convention.

For example, under the *Canada-United States Tax Convention (1980)* (the **Treaty**) as amended, the rate of withholding tax on dividends paid or credited to a Non-Resident Holder who is resident in the U.S. for purposes of the Treaty, fully entitled to benefits under the Treaty and is the beneficial owner of the dividend (a **U.S. Resident Holder**) is generally limited to 15% of the gross amount of the dividend (or 5% in the case of a U.S. Resident Holder that is a company beneficially owning at least 10% of the Company's voting shares). Non-Resident Holders should consult their own tax advisors regarding the application of any applicable tax treaty to dividends based on their particular circumstances.

Dispositions of Common Shares

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of an Offered Share, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Offered Share constitutes **taxable Canadian property** to the Non-Resident Holder for purposes of the Tax Act, and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty or convention.

Provided the Offered Shares are listed on a **designated stock exchange** , as defined in the Tax Act (which currently includes the TSX and NYSE MKT), at the time of disposition, the Offered Shares generally will not constitute taxable Canadian property of a Non-Resident Holder at that

time, unless at any time during the 60 month period immediately preceding the disposition the following two conditions are met concurrently:

(i) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm's length, partnerships in which the Non-Resident Holder or such non-arm's length person holds a membership interest (either directly or indirectly through one or more partnerships), or the Non-Resident Holder together with all such persons, owned 25% or more of the issued shares of any class or series of the Company; and

(ii) more than 50% of the fair market value of the Offered Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, **Canadian resource properties** (as defined in the Tax Act), **timber resource properties** (as defined in the Tax Act) or an option, an interest or right in such property, whether or not such property exists.

Notwithstanding the foregoing, an Offered Share may otherwise be deemed to be taxable Canadian property to a Non-Resident Holder for purposes of the Tax Act in particular circumstances.

A Non-Resident Holder's capital gain (or capital loss) in respect of Offered Shares that constitute or are deemed to constitute taxable Canadian property (and are not otherwise exempt from tax pursuant to the terms of an

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applicable tax treaty or convention) will generally be computed in the manner described above under the subheading Resident Holders Disposition of Offered Shares .

Non-Resident Holders whose Offered Shares are taxable Canadian property should consult their own tax advisors.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a discussion of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of the Offered Shares by U.S. Holders, as defined below, who acquire the Offered Shares pursuant to this Offering. This discussion is not a complete analysis or listing of all of the possible tax consequences of such transactions and does not address all tax considerations that might be relevant to particular beneficial owners of the Offered Shares in light of their personal circumstances or to persons that are subject to special tax rules. In particular, this description of the material U.S. federal income tax consequences does not address the tax treatment of special classes of beneficial owners of the notes, such as:

- financial institutions;
- regulated investment companies;
- real estate investment trusts;
- tax exempt entities;
- insurance companies;
- persons that do not hold the notes and common shares into which the notes can be converted as capital assets, within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the **Code**);
- persons holding the notes as part of an integrated or conversion transaction or a constructive sale or a straddle;
- persons that own, have owned or will own (directly, indirectly, or by attribution) 10% or more of the total combined voting power of our outstanding common shares;
- U.S. expatriates;
- dealers or traders in securities; or
- U.S. Holders whose functional currency is not the U.S. dollar.

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This summary does not address the alternative minimum tax, U.S. federal estate and gift tax consequences or tax consequences under any state, local or non U.S. laws.

For purposes of this discussion, a person is a U.S. Holder if it is a beneficial owner of Offered Shares that is: (1) an individual citizen or resident alien of the United States for U.S. federal income tax purposes; (2) a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (4) a trust (A) if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have authority to control all substantial decisions of the trust or (B) that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

If a partnership or other pass through entity is a beneficial owner of Offered Shares, the U.S. federal income tax consequences to the partners (or other owners) will generally depend upon the status of the partners (or other owners) and the activities of the entity. Partners (or other owners) of a partnership or other pass through entity that acquires notes should consult with their tax advisors regarding the tax consequences of acquiring, owning and disposing of notes and the shares of common shares into which the notes may be converted.

The following discussion is based upon the Code, U.S. judicial decisions, administrative pronouncements and existing and proposed Treasury Regulations, all as in effect as of the date hereof. All of the preceding authorities are subject to change, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those discussed below. We have not requested, and will not request, a ruling or other guidance from the U.S. Internal Revenue Service (the IRS) with respect to any of the U.S. federal income tax consequences described below, and as a result there can be no assurance that the IRS will not disagree with or challenge any of the conclusions described herein.

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The following discussion is for general information only and is not intended to be, nor should it be construed to be, legal or tax advice to any beneficial owner or prospective beneficial owner of Offered Shares and no opinion or representation with respect to the U.S. federal income tax consequences to any such beneficial owner or prospective beneficial owner is given. Prospective purchasers are urged to consult their tax advisors as to the particular consequences to them under U.S. federal, state and local, and any applicable non U.S., tax laws of the acquisition, ownership and disposition of Offered Shares.

Ownership of Offered Shares

The following discussion is subject in its entirety to the rules described below under the heading *Passive Foreign Investment Company Rules*.

Distributions on Offered Shares. Distributions paid on Offered Shares generally will be treated as dividends to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles) and will be includible in income by U.S. Holders and taxable as ordinary income when received. If a distribution exceeds our current and accumulated earnings and profits, the excess will be treated as a tax free return of the capital up to the U.S. Holder's tax basis in Offered Shares. Any remaining excess distribution generally will be treated as capital gain. However, the Company may not maintain the calculations of its earnings and profits in accordance with U.S. federal income tax principles, and each U.S. Holder may have to assume that any distribution with respect to Offered Shares will constitute ordinary dividend income.

Dividends received on Offered Shares by corporate U.S. Holders generally will not be eligible for the dividends received deduction. Provided that we are eligible for the benefits of the Canada-U.S. Tax Convention or that the Offered Shares are readily tradable on a U.S. securities market, dividends paid by us to non-corporate U.S. Holders generally will be eligible for the preferential tax rates applicable to long-term capital gains for dividends, provided certain holding period and other conditions are satisfied, including that we will not be classified as a PFIC (as defined below) in the tax year of distribution or in the preceding tax year.

Foreign Tax Credit. In general, any Canadian withholding tax imposed on dividend payments in respect of Offered Shares will be treated as a foreign income tax eligible for credit against a U.S. Holder's U.S. federal income tax liability (or, at a U.S. Holder's election, may, in certain circumstances, be deducted in computing taxable income). Dividends paid on Offered Shares will be treated as foreign-source income, and generally will be treated as passive category income for U.S. foreign tax credit purposes. The Code applies various complex limitations on the amount of foreign taxes that may be claimed as a credit by U.S. taxpayers. U.S. Holders are urged to consult their own tax advisors with respect to the amount of foreign taxes that can be claimed as a credit.

Sale or other taxable disposition of common shares. A U.S. Holder will generally recognize capital gain or loss upon the sale or other taxable disposition of Offered Shares acquired upon conversion of a note in an amount equal to the difference between the U.S. Holder's tax basis in the Offered Shares disposed of and the amount realized on the disposition. Gain or loss realized by a U.S. Holder on the sale or other taxable disposition of Offered Shares will be capital gain or loss

for U.S. federal income tax purposes, and will be long term capital gain or loss if the U.S. Holder's holding period for the Offered Shares is more than one year. In the case of a non corporate U.S. Holder, long term capital gains will be subject to reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Passive foreign investment company rules

If we were to be classified as a passive foreign investment company (**PFIC**) for any year during a U.S. Holder's holding period, then certain potentially adverse rules would affect the U.S. federal income tax consequences to a U.S. Holder resulting from the acquisition, ownership and disposition of the Offered Shares. We believe that we were not a PFIC in 2015, and based on current business plans and financial expectations, we expect that we should not be a PFIC for the current tax year and for the foreseeable future. No opinion of legal counsel or other tax advisor or ruling from the IRS concerning the status of the Company as a PFIC has been obtained or is currently planned to be requested. However, PFIC classification is fundamentally factual in nature, generally cannot be determined until the close of the tax year in question, and is determined annually. Additionally, the analysis depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations and uncertainty. Consequently, there can be no assurance that we have never been and will not become a PFIC for any tax year during which U.S. Holders hold the Offered Shares.

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If we are a PFIC then in any year in which we are a PFIC, a U.S. Holder would be required to file an annual report with the IRS containing such information as Treasury Regulations and/or other IRS guidance may require. In addition to penalties, a failure to satisfy such reporting requirements may result in an extension of the time period during which the IRS can assess a tax. U.S. Holders should consult their own tax advisors regarding the requirements of filing such information returns under these rules, including the requirement to file an IRS Form 8621 annually.

Generally a corporation organized or incorporated outside the United States is a PFIC if, after the application of certain look-through rules with respect to subsidiaries in which the Company holds at least 25% of the value of such subsidiary, for a tax year, (a) 75% or more of its gross income for such tax year is passive income (the income test) or (b) 50% or more of the value of its assets either produce passive income or are held for the production of passive income (the asset test), based on the quarterly average of the fair market value of such assets. Gross income generally includes revenues from operations less the cost of goods sold, plus interest, dividends and other items of income, and passive income generally includes dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions. Active business gains arising from the sale of commodities generally are excluded from passive income if substantially all (85% or more) of a foreign corporation's commodities are stock in trade or inventory, depreciable property used in a trade or business or supplies of a type regularly used or consumed in the ordinary course of its trade or business, and certain other requirements are satisfied. If we are a PFIC, a U.S. Holder will be treated as owning its pro rata share of the stock in any direct, and in certain circumstances, indirect subsidiaries that are PFICs (each, a **Subsidiary PFIC**). Such indirect ownership in a Subsidiary PFIC will be subject to the PFIC rules. We do not currently expect to have any Subsidiary PFICs.

If we were classified as a PFIC in any tax year during which a U.S. Holder held Offered Shares, we generally will continue to be treated as a PFIC for that U.S. Holder in all succeeding years, regardless of whether we continue to meet the income or asset test described above, unless a QEF election, as described below, is in effect for the entire duration of the U.S. Holder's holding period or, under certain circumstances, a Mark-to-Market election, as described below, is in effect. If we were classified as a PFIC, a U.S. Holder generally would be subject to special rules with respect to excess distributions made by us on and on gain from the direct or indirect disposition of Offered Shares. An excess distribution generally is defined as the excess of distributions received by a U.S. Holder in any tax year over 125% of the average annual distributions such U.S. Holder has received from us during the shorter of the three preceding tax years, or such U.S. Holder's holding period for the Offered Shares. Generally, a U.S. Holder would be required to allocate any excess distribution or gain from the disposition of Offered Shares ratably over its holding period for the Offered Shares. Such amounts allocated to the year of the disposition or excess distribution would be taxed as ordinary income, and amounts allocated to prior tax years would be taxed at the highest tax rate in effect for each such year and an interest charge at a rate applicable to underpayments of tax would apply.

While there are U.S. federal income tax elections that sometimes can be made to mitigate these adverse tax consequences (including the QEF Election under Section 1295 of the Code and the Mark-to-Market Election under Section 1296 of the Code), such elections are available in limited circumstances, and may cause the recognition of taxable income or gain. U.S. Holders should be aware that, for each tax year, if any, that we will be treated a PFIC, we provide no assurances that we will satisfy the record keeping requirements or make available to U.S. Holders the information such U.S. Holders require to make a QEF Election with respect to our common shares or any subsidiary that also is classified as a PFIC. Mark-to-Market Election is not available with respect to our Subsidiary PFICs, if any.

If the Company is a PFIC for the taxable year in which a dividend is paid or in the preceding taxable year, such dividends are not eligible for the preferential tax rates applicable to long-term capital gains. Special rules also apply to foreign tax credits that a U.S. Holder may claim on a distribution from a PFIC.

U.S. Holders should consult their own tax advisors regarding the potential application of the PFIC rules to the ownership and disposition of Offered Shares, and the availability of certain U.S. tax elections under the PFIC rules.

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Additional Considerations Applicable to Notes and Common Shares

Receipt of foreign currency. The amount of any distributions on or proceeds on the sale, exchange or other taxable disposition of Offered Shares paid to a U.S. Holder in foreign currency, generally will be equal to the U.S. dollar value of such foreign currency based on the exchange rate applicable on the date of receipt, regardless of whether such foreign currency is converted into U.S. dollars at that time. A U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Any U.S. Holder who converts or otherwise disposes of the foreign currency after the date of receipt may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes. Different rules apply to U.S. Holders who use the accrual method of tax accounting. U.S. Holders are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of receiving, owning, and disposing of foreign currency.

Medicare tax. An additional 3.8% Medicare tax is imposed on the net investment income of certain U.S. Holders who are individuals, estates or trusts. Among other items, net investment income generally includes gross income from dividends, and certain net gains from sales or other taxable dispositions of Offered Shares. Special rules apply to PFICs. U.S. Holders are urged to consult their tax advisors with respect to the Medicare tax and its applicability in their particular circumstances to income and gains in respect of an investment in the Offered Shares.

Backup withholding and information reporting. In general, information reporting will apply to payments made through a U.S. paying agent or U.S. intermediary to a U.S. Holder other than certain exempt recipients, such as corporations. In the event that a U.S. Holder fails to file any such required form, the U.S. Holder could be subject to significant penalties. In general, payments to U.S. Holders may be subject to backup withholding, currently at a rate of 28%, if the U.S. Holder fails to provide its taxpayer identification number or otherwise comply with the backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld from payments to a U.S. Holder under the backup withholding rules will be allowed as a credit against such U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided the required information is furnished to the IRS. Each U.S. Holder is urged to consult its own tax advisor regarding the information reporting and backup withholding tax rules.

Owners of specified foreign financial assets with an aggregate value in excess of \$50,000 (and in some circumstances, a higher threshold), may be required to file an information report with respect to such assets with their tax returns. Specified foreign financial assets generally include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties and (iii) interests in foreign entities. U.S. Holders are urged to consult their own tax advisors regarding this legislation and any other information reporting that may be required in connection with their ownership of Offered Shares.

THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSIDERATIONS APPLICABLE TO U.S. HOLDERS WITH RESPECT TO THE ACQUISITION, OWNERSHIP, AND DISPOSITION OF SHARES.

U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSIDERATIONS APPLICABLE TO THEM IN THEIR OWN PARTICULAR CIRCUMSTANCES.

RISK FACTORS

The following sets forth certain risks and uncertainties that could have a material adverse effect on our business, financial condition and/or results of operations and the trading price of our Common Shares, which may decline, and investors may lose all or part of their investment. Additional risks and uncertainties that we do not presently know or that we currently deem immaterial also may impair our business operations. We cannot assure you that we will successfully address these risks. In addition, other currently unknown risks exist that may affect our business. In addition to historical information, the information in this Prospectus Supplement and the accompanying Prospectus contains forward-looking statements about our future business and performance. See *Forward-Looking Statements* . Our actual results of operations and financial performance may be very different from what we expect as of the date of this Prospectus Supplement. The risks described below or incorporated by reference herein address the material factors that may affect our future operating results and financial performance.

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An investment in the Offered Shares involves a high degree of risk. You should consider carefully the following discussion of risks, in addition to the other information included or incorporated by reference in this Prospectus Supplement and the accompanying Prospectus before purchasing any of the Offered Shares. In particular, you should give consideration, and review, to the risk factors described in the AIF under the heading "Risk Factors", all of which are incorporated by reference in this Prospectus Supplement and the accompanying Prospectus, and which may be accessed at www.sedar.com, before deciding to purchase the Offered Shares.

Risks Relating to our Business and our Industry

Working Capital may not be sufficient to meet future obligations.

At June 30, 2016, we had current assets of U.S.\$62.1 million and current liabilities of U.S.\$181.5 million. Removing the non-cash deferred revenue current liability of U.S.\$16.8 million, this resulted in negative working capital of U.S.\$102.6 million as at June 30, 2016. Our ability to reduce the working capital deficit will depend on

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whether gold prices increase in 2016 to levels significantly beyond the average realized gold price for 2015 and/or whether our operating costs are such that our operations generate sufficient cash flows to improve working capital.

In addition to cash operating costs, our obligations also include a 5% royalty to the Government of Ghana, reclamation expenditures, corporate general and administration expenditures, interest and principal payments on long term debt and capital expenditures.

Our ability to repay or refinance our future obligations depends on a number of factors, some of which are beyond our control. Factors that influence our ability to meet these obligations include general global economic conditions, credit and capital market conditions, results of operations, mineral reserves and resources and the price of gold. There is no guarantee that we will have positive working capital in the future, or that the working capital generated from operations or the Stream Transaction will be sufficient to cover our expansion plans or for future operations.

Funding from Royal Gold may not be received.

As of the date hereof, we had received proceeds of U.S.\$115 million pursuant to the Stream Transaction and a further U.S.\$20 million pursuant to our term loan with Royal Gold (the **Term Loan**) for total proceeds of U.S.\$135 million. RGLD's obligations under the Stream Transaction are for a total of U.S.\$145 million. The remaining U.S.\$30 million in proceeds is scheduled to be advanced to the Company in two installments prior to and on January 1, 2017.

The expected proceeds under the Stream Transaction are not guaranteed and are conditional upon our meeting certain conditions including maintaining an agreed upon funding ratio as defined in the Stream Transaction agreements, among others.

Should any of the proceeds expected from the Stream Transaction not be received, this could cause a delay in, or cancellation of the development of one or both of the Wassa Underground or the Prestea Underground and have a material effect on our cash flow, earnings and share price unless adequate funding can be secured from another source.

We have pledged substantially all of our assets as security and may not be able to raise additional debt as a result.

As part of the funding agreements with Royal Gold and RGLD, we have pledged substantially all of our assets as security to Royal Gold and RGLD. Should we require funds in addition to the funding expected from the Stream Transaction to complete Wassa Underground and Prestea Underground or to service debt or general and administrative costs, we may be unable to raise additional debt financing without available collateral.

We may have to repay the Term Loan early under the provision for excess cash flow limiting cash flow available for certain other activities.

The Term Loan has an excess cash flow provision which requires us to repay the Term Loan in advance of the term date should we produce excess cash flow as defined in the Term Loan. Should early repayment of the Term Loan be required, this could impact our cash flow relating to exploration activities on concessions other than those currently held by Wassa and the Prestea South open pit mines (**Bogoso/Prestea**).

A substantial or prolonged decline in gold prices would have a material adverse effect on us.

The price of our Common Shares, our financial results and financial condition, and our exploration, development and mining activities have previously been, and would in the future be significantly adversely affected by a substantial or prolonged decline 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

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throughout the world. Any drop in the price of gold would adversely impact our revenues, profits and cash flows. In particular, a sustained low gold price could:

- cause suspension of our operations at Wassa and at Bogoso/Prestea if these operations become uneconomic at the then-prevailing gold price, thus further reducing revenues;
- cause us to be unable to fulfill our obligations under agreements with our partners or under our permits and licenses which could cause us to lose our interests in, or be forced to sell, some of our properties;
- cause us to be unable to fulfill our debt repayment obligations;
- halt or delay the development of new projects such as Prestea Underground and Wassa Underground; and
- reduce funds available for exploration and/or development activities, with the result that depleted mineral reserves may not be replaced by new exploration activities.

Furthermore, the need to reassess the feasibility of any of our development projects because of declining gold prices could cause substantial delays or could interrupt development until a reassessment could be completed. Life of mine plans incorporating significantly lower gold prices could result in reduced estimates of mineral reserves and mineral resources and in material write-downs of our investment in mining properties and increased amortization, reclamation and closure charges.

We have incurred and may in the future incur substantial losses that could make financing our operations and business strategy more difficult and that may affect our ability to service our debts as they become due.

The net loss attributable to Golden Star shareholders was U.S.\$67.7 million in 2015, with a net loss of U.S.\$73.1 million attributable to Golden Star shareholders in 2014 and a net loss of U.S.\$265.9 million attributable to Golden Star shareholders in 2013. In recent years, lower ore grades from our mines, lower gold recovery rates and impairment write-offs of mine property and/or exploration property costs have been the primary factors contributing to such losses. In the future, these factors, as well as declining gold prices, could cause us to continue to be unprofitable. Future operating losses could adversely affect our ability to raise additional capital if needed, and could materially and adversely affect our operating results and financial condition. In addition, continuing operating losses could affect our ability to meet our debt repayment obligations.

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

We had total consolidated debt and liabilities (excluding deferred revenue) as of June 30, 2016, of U.S.\$304.8 million, including U.S.\$2.9 million in equipment financing loans; U.S.\$2.5 million in finance leases; U.S.\$21.9 million pursuant to the Ecobank II Loan net of loan fees; U.S.\$18.3 million (U.S.\$20.0 million face value) pursuant to the Term Loan net of fees; U.S.\$59.4 million (U.S.\$73.9 million face value) pursuant to our outstanding Convertible Debentures; U.S.\$87.1 million of current trade payables and accrued liabilities; U.S.\$22.0 million (U.S.\$24.5 million face value) under a vendor agreement with a current account creditor; a U.S.\$77.7 million accrual for environmental rehabilitation liabilities; and U.S.\$5.1 million of derivatives liabilities (which includes a U.S.\$2.4 million liability for warrants and U.S.\$2.7 million on fair-value of non-hedge derivative contracts). Our indebtedness and other liabilities may increase as a result of general corporate activities. These liabilities could have important consequences, including the following:

- increasing our vulnerability to depressed gold prices, and general adverse economic and industry conditions;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, exploration and development projects 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, mining operations, capital expenditures, exploration and development projects 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.

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Convertible Debenture repayment could result in significant shareholder dilution.

Our Convertible Debentures are due on June 1, 2017. On maturity, we may, at our option, satisfy the repayment obligation by paying the principal amount of the Convertible Debentures in cash or, subject to certain limitations, by issuing that number of our common shares obtained by dividing the principal amount of the Convertible Debentures outstanding by 95% of the weighted average trading price of our common shares on the NYSE MKT for the 20 consecutive trading days ending five trading days preceding the maturity date, provided the aggregate maximum number of common shares to be issued may not exceed 19.99% of the issued and outstanding common shares as of the closing date.

If we do not have the option to fully repay the Convertible Debentures by issuing common shares by virtue of our market capitalization on June 1, 2017 being too small, we will have to settle the Convertible Debentures in cash. Our ability to repay the Convertible Debentures in cash will depend on a number of factors, some of which are beyond our control such as gold price. If we do not have sufficient liquidity to repay the Convertible Debentures in cash on June 1, 2017, and cannot secure additional financing to do so, there is a risk that we may default in repaying the Convertible Debentures and/or that settling the obligation in shares will lead to significant dilution of the common shares of existing and prospective shareholders.

Estimates of our mineral reserves and mineral resources could be inaccurate, which could cause actual production and costs to differ from estimates.

There are numerous uncertainties inherent in estimating proven and probable mineral reserves and measured, indicated and inferred mineral resources, including many factors beyond our control. The accuracy of estimates of mineral reserves and mineral resources is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation, which could prove to be unreliable. These estimates of mineral reserves and mineral resources may not be accurate, and mineral reserves and mineral resources may not be able to be mined or processed profitably.

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

We currently have only two sources of operational cash flows, which could be insufficient by themselves to fund our continuing exploration and development activities.

Our only current significant internal sources of funds are operational cash flows from Bogoso/Prestea and Wassa. The anticipated continuing exploration and development of our properties are expected to require significant expenditures over the next several years. If cash on hand, free cash flows generated by Bogoso/Prestea and Wassa and any other available facilities, as well as funding pursuant to the Stream Transaction, are insufficient to cover all of our capital investment needs, we may require additional financing or we may consider rescheduling capital spending. Furthermore, we are obligated under the Stream Transaction to sell a

certain percentage of gold production at a reduced gold price, which could limit our future cash flows. Our ability to raise significant new capital will be a function of macroeconomic conditions, future gold price, our operational performance and our then current cash flow and debt position, among other factors. Continued uncertainty in the global economy may affect lending practices and our ability to access capital. In addition, we have granted RGLD and Royal Gold a security interest over the assets of Bogoso/Prestea, Prestea Underground and Wassa in connection with the Stream Transaction and the Term Loan, which could make debt financing on favourable terms more difficult to arrange. Furthermore, there is no certainty that we will be able to meet our gold delivery obligation under the Stream Transaction or meet our obligations. As a result, we may not be able to obtain adequate financing on acceptable terms or at all, which could cause us to delay or indefinitely postpone further exploration and development of our properties. Consequently, we could lose our interest in, or could be forced to sell, some or all of our properties. If we raise additional funds through the sale of equity

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securities or securities convertible into equity securities, shareholders may have their equity interest in the Company diluted.

We are subject to fluctuations in currency exchange rates and policies on foreign currencies, which could materially adversely affect our financial position.

Our revenues are in United States dollars, and we maintain most of our cash and cash equivalents in United States dollars or United States dollar-denominated securities. We convert our United States funds to foreign currencies as certain payment obligations become due. Accordingly, we are subject to fluctuations in the rates of currency exchange between the United States dollar and these foreign currencies, and these fluctuations could materially affect our financial position and results of operations. A portion of the operating costs at Bogoso/Prestea and Wassa is based on the Ghanaian currency, the Cedi. We are required by the Government of Ghana to convert into Cedis 20% of the foreign exchange proceeds that we receive from selling gold, but the Government could require us to convert a higher percentage of gold sales proceeds into Cedis in the future. We obtain construction and other services and materials and supplies from providers in Australia, South Africa and other countries. The costs of goods and services could increase or decrease due to changes in the value of the United States dollar or the Cedi, the Euro, the Australian dollar, the British Pound, the South African Rand or other currencies. Consequently, operation and development of our properties could be more costly than anticipated.

Any hedging activities might be unsuccessful and incur losses.

While we held no significant hedging instruments during 2015, we entered into certain hedging instruments in early 2016 and we may enter into additional hedging arrangements in the future. Our current and future hedging activities might not protect adequately against declines in the price of gold. In addition, although a hedging program could protect us from a decline in the price of gold, it might also prevent us from benefiting fully from gold 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.

Risks inherent in acquisitions that we might undertake could adversely affect our current business and financial condition and our growth.

We plan to continue to pursue the acquisition of producing, development and advanced stage exploration properties and companies. The search for attractive acquisition opportunities and the completion of suitable transactions are time consuming and expensive, divert management attention from our existing business and may be unsuccessful. Success in our acquisition activities depends on our ability to complete acquisitions on acceptable terms and integrate the acquired operations successfully with our operations. Any acquisition would be accompanied by risks. For example, there may be a significant change in commodity prices after we have committed to complete a transaction and established the purchase price or exchange ratio, a material mineral deposit may prove to be below expectations or the acquired business or assets may have unknown liabilities which may be significant. We may lose the services of our key employees or the key employees of any business we acquire or have difficulty integrating operations and personnel. The integration of an acquired business or assets may disrupt our ongoing business and our relationships with employees, suppliers and contractors. Any one or more of these factors or other risks could cause us to not realize the anticipated benefits of an acquisition of properties or companies, and could have a material adverse effect on our current business, financial condition, results of operations and on our ability to grow.

We are subject to litigation risks.

All industries, including the mining industry, are subject to legal claims, with and without merit. As such, we are involved in various routine legal proceedings incidental to our business. 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, the resolution of any particular legal proceeding could have a material effect on our future financial position and results of operations.

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We are subject to operational risks.

We are subject to a number of operational hazards that can delay production or result in liability to us. For example, in December 2014 and continuing into 2015 we reduced our net power consumption from the Ghana national grid by 25% in support of the Ghanaian Energy Commission's load shedding plan to address a power supply deficit. In addition to power shortages, our activities are subject to a number of risks and hazards including: mechanical and electrical equipment failures; parts availability; unexpected changes in mineralization grades; unexpected changes in mineralization chemistry and gold recoverability; environmental hazards; discharge of pollutants or hazardous chemicals; industrial accidents; labor disputes and shortages; supply and shipping problems and delays; shortage of equipment and contractor availability; unusual or unexpected geological or operating conditions; cave-ins of underground workings; failure of pit walls or dams; fire; marine and transit damage and/or loss; changes in the regulatory environment, including in the area of climate change; delayed or restricted access to mineral deposits and/or properties due to community interventions; and natural phenomena such as inclement weather conditions, floods, droughts 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. Satisfying such liabilities could 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, regulations and permitting requirements and bonding requirements that can delay production and adversely affect operating and development costs.

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 may have a material adverse effect on our exploration activities, results of operations and competitive position. New or expanded regulations, if adopted, could affect the exploration, development, or operation of our projects or otherwise have a material adverse effect on our operations.

Portions of Wassa and the Asikuma mining concession (**Asikuma**) are located within certain forest reserve areas. At Wassa, the haul road to Hwini Butre is permitted to pass through the Subri River Forest Reserve and Asikuma, the Mampon pit, which is presently subject to permitting, is located within the Opon Mansi Forest Reserve. Although Asikuma and the associated sections of the Opon Mansi Forest Reserve have been approved by the Government of Ghana as eligible for mining permits, permits for projects in forest reserve areas may not be issued in a timely fashion, or at all, and such permits may contain special requirements that may be burdensome or uneconomic to comply with.

Mining and processing gold from our future development projects in Ghana will require mining, environmental, and other permits and approvals from the Government of Ghana. The trend to longer lead times and a higher cost in obtaining environmental permits has reached a point where we are no longer able to accurately estimate permitting times for our planning purposes. The increases in permitting requirements could affect our environmental management activities including, but not limited to, tailings disposal facilities and water management projects at our mines.

Due to an increased level of non-governmental organization activity targeting the mining industry in Ghana, the potential for the Government of Ghana to delay the issuance of permits or impose new requirements or conditions upon mining operations in Ghana may increase. Any changes in the Government of Ghana's policies, or their application, may be costly to comply with and may delay mining operations. The exact nature of

other environmental control problems, if any, which we may encounter in the future, cannot be predicted primarily because of the changing character of environmental requirements that may be enacted within the various jurisdictions where we operate.

As a result of the foregoing risks, project expenditures, production quantities and rates, estimates of rehabilitation expenditures and cash operating costs, among other things, could be materially and adversely affected and could differ materially from anticipated expenditures, production quantities and rates, and costs. In

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addition, estimated production dates could be delayed materially. Any such events could have a materially adverse effect on our business, financial condition, results of operations and cash flows.

The development and operation of our mining projects (including Wassa Underground and Prestea Underground) involve numerous uncertainties that could affect the feasibility, profitability or timing of such projects.

Mine development projects typically require a number of years and significant expenditures during the development phase before production is possible.

Development projects are subject to the completion of successful feasibility studies and environmental and socioeconomic assessments, the issuance of necessary governmental permits and receipt of adequate financing. The economic feasibility of development projects is based on many factors such as:

- estimation of mineral reserves and mineral resources;

- mining rate, dilution and recovery;

- anticipated metallurgical characteristics of the ore and gold recovery rates;

- environmental and community considerations including resettlement, permitting and approvals;

- future gold prices; and

- anticipated capital and operating costs.

Estimates of proven and probable mineral reserves and operating costs developed in feasibility studies are based on reasonable assumptions including geologic and engineering analyses and may not prove to be accurate.

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The management of mine development projects (including Wassa Underground and Prestea Underground) and the start-up of new operations are complex. Completion of development and the commencement of production may be subject to delays and cost overruns. Any of the following events, among others, could affect the profitability or economic feasibility of a project:

- unanticipated changes in grade and tonnage of ore to be mined and processed;
- unanticipated adverse geotechnical conditions;
- incorrect data on which engineering assumptions are made;
- costs of constructing and operating a mine in a specific environment;
- delays on delivery of equipment required for the development and startup of the projects;
- unexpected breakdowns of equipment critical to the development process;
- unexpected increases in the cost of equipment and services related to the mine development projects;
- cost of processing and refining;
- availability of economic sources of power and fuel;
- availability of qualified staff and/or contractors;
- adequacy of water supply;
- adequate access to the site including competing land uses (such as agriculture and illegal mining);

- unanticipated transportation costs and shipping incidents and losses;
- significant increases in the cost of diesel fuel, cyanide or other major components of operating costs;
- government regulations and changes to existing regulations (including regulations relating to prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, protection of the environment and agricultural lands, including bonding requirements);

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- fluctuations in gold prices; and
- accidents, labor actions and force majeure events.

Adverse effects on the operations or the further development of the Wassa Underground and Prestea Underground could also adversely affect our business (including our ability to achieve our production estimates), financial condition, results of operations and cash flow.

We need to continually discover, develop or acquire additional mineral reserves for gold production and a failure to do so would adversely affect our business and financial position in the future.

Because mines have limited lives based on proven and probable mineral reserves, we must continually replace and expand mineral reserves as our mines produce gold. We are required to estimate mine life in connection with our estimation of mineral reserves, but our estimates may not be correct. In addition, mine life would be shortened if we expand production or if we lose mineral reserves due to changes in gold price or operating costs. Our ability to maintain or increase our annual production of gold will be dependent in part on our ability to bring new mines into production and to expand or extend the life of existing mines.

Gold exploration is highly speculative, involves substantial expenditures, and is frequently non-productive.

Gold exploration, involves a high degree of risk. Exploration projects are frequently unsuccessful. Few prospects that are explored are ultimately developed into producing mines. We cannot assure you that our gold exploration efforts will be successful. The success of gold exploration is dependent in part on the following factors:

- the identification of potential gold mineralization based on surface analysis;
- availability of prospective land;
- availability of government-granted exploration and exploitation permits;
- the quality of our management and our geological and technical expertise; and

- the funding available for exploration and development.

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

We face competition from other mining companies in connection with the acquisition of properties.

We face strong competition from other mining companies in connection with the acquisition of producing properties or properties capable of producing gold. Many of these companies have greater financial resources, operational experience and technical capabilities. As a result of this competition, we might be unable to maintain or acquire attractive mining properties on terms we consider acceptable or at all. Consequently, our future revenues, operations and financial condition could be materially adversely affected.

Title to our mineral properties could be challenged.

We seek to confirm the validity of our rights to title to, or contract rights with respect to, each mineral property in which we have a material interest. We have mining leases with respect to Bogoso/Prestea, Wassa Underground and Prestea Underground. Title insurance generally is not available, and our ability to ensure that we have obtained a secure claim to individual mineral properties or mining concessions is limited. We generally do not conduct surveys of our properties until they have reached the development stage, and therefore, the precise area and location of such properties could be in doubt. Accordingly, our mineral properties could be subject to prior unregistered agreements, transfers or claims, and title could be affected by, among other things,

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undetected defects. In addition, we might be unable to operate our properties as permitted or to enforce our rights with respect to our properties.

We depend on the services of key executives.

We are dependent on the services of key executives including our President and Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, and a number of other highly skilled and experienced executive personnel. Due to the relatively small size of our management team, the loss of one or more of these persons or our inability to attract and retain additional highly skilled employees could have an adverse effect on our business and future operations.

Our use of contractors may expose us to a number of risks and increase our mining costs.

We use mining contractors in connection with our mining operations. The use of contractors subjects us to certain risks, some of which are outside our control, including:

- our ability to negotiate agreements with contractors on acceptable terms;
- reduced control over those aspects of operations which are the responsibility of the contractor;
- failure of a contractor to perform under its agreement;
- interruption of operations or increased costs in the event that a contractor ceases to do business due to insolvency or other unforeseen events;
- failure of a contractor to comply with applicable legal and regulatory requirements;
- labor relation issues from a contractors workforce; and
- the potential to incur liability to third parties as a result of the actions of our contractors.

The occurrence of one or more of these risks could adversely affect our financial position and results of operations.

Our insurance coverage could be insufficient.

Our business is subject to a number of risks and hazards generally, including: adverse environmental conditions; industrial accidents; labor disputes; unusual or unexpected geological conditions; ground or slope failures; cave-ins; fire damage; changes in the regulatory environment; marine transit and shipping damage and/or losses; natural phenomena such as inclement weather conditions, floods and earthquakes; and political risks including expropriation and civil war. Such occurrences could result in: damage to mineral properties or production facilities and equipment; personal injury or death; loss of legitimate title to properties; environmental damage to our properties or the properties of others; delays in mining, processing and development; monetary losses; and possible legal liability.

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

We are dependent on information technology systems, which are subject to certain risks, including cybersecurity risks and data leakage risks.

We are dependent upon information technology systems in the conduct of our operations. Any significant breakdown, invasion, virus, cyber-attack, security breach, destruction or interruption of these systems

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by employees, others with authorized access to our systems, or unauthorized persons could negatively impact our operations. To the extent any invasion, cyber-attack or security breach results in disruption to our operations, loss or disclosure of, or damage to, our data or confidential information, our reputation, business, results of operations and financial condition could be materially adversely affected. Our systems and insurance coverage for protecting against cyber security risks may not be sufficient. Although to date we have not experienced any material losses relating to cyber-attacks, we may suffer such losses in the future. We may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities.

Governmental and Regulatory Risks

As a holding company, limitations on the ability of our operating subsidiaries to make distributions to us could adversely affect the funding of our operations.

We are a holding company organized under the federal laws of Canada that conducts operations primarily through foreign (principally Ghanaian) subsidiaries, and substantially all of our assets consist of equity in these entities. Accordingly, any limitation on the transfer of cash or other assets between the parent corporation and these entities, or among these entities, could restrict our ability to fund our operations efficiently, or to repay the Convertible Notes, the Convertible Debentures, the Term Loan, the Ecobank II Loan or other debt, or on our ability to fulfill our obligations under the Stream Transaction. Any such limitations, or the perception that such limitations might exist now or in the future, could have an adverse impact on available credit and our valuation and share price.

The Government of Ghana may make or propose changes to the mining fiscal regime that will have a significant impact on our overall costs.

In 2012, the Government of Ghana announced its intent to introduce a 10% windfall profit tax on mining companies. In 2013, as a result of the decline in spot gold prices, the Government of Ghana suspended its implementation of the proposed windfall profit tax. However if gold prices increase the Government of Ghana may proceed with its plan to implement the proposed 10% windfall profit tax.

A new Income Tax Act (**ITA**) was passed by Ghana's parliament and assented to by the President on September 1, 2015, on which date the ITA entered into force. The implementation of the ITA commenced on January 1, 2016. The introduction of the ITA did not impact our tax expenses for the year ended December 31, 2015 or the three and six months ended June 30, 2016. The significant change in the ITA that may affect the Company is that tax depreciation claims on plant, equipment and mining properties will be included in losses which expire after five years rather than being included in a capital allowance balance that carries forward indefinitely.

The Government of Ghana could review the existing tax stability agreements of mining companies operating in Ghana. While our mines do not have tax stability agreements, the Government of Ghana could decide to review our Deeds of Warranty which specify certain tax agreements for our properties. Such a review could result in some of our financial concessions being revoked or changes which could have a significant impact on our business, results of operations or financial condition.

We face several risks inherent in conducting business internationally, including compliance with U.S., Canadian and international laws and regulations that apply to our international operations.

We have offices or activities in several jurisdictions, including Ghana, other parts of West Africa and Brazil. Accordingly, we face several risks inherent in conducting business internationally, including compliance with U.S., Canadian and international laws and regulations that apply to our international operations. These laws and regulations include data privacy requirements, labor relations laws, tax laws, anti-competition regulations, import and trade restrictions, export requirements, the Canadian *Corruption of Foreign Public Officials Act*, the U.S. Foreign Corrupt Practices Act and other U.S. federal laws and regulations established by the Office of Foreign Asset Control, as well as similar laws in the countries in which we conduct our business, which laws prohibit corrupt payments to governmental officials or certain payments or remunerations to customers. Given the high level of complexity of these laws, however, there is a risk that some provisions may be inadvertently breached by us, for example through fraudulent or negligent behavior of individual employees,

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our failure to comply with certain formal documentation requirements, or otherwise. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, requirements to obtain export licenses, cessation of business activities in sanctioned countries, implementation of compliance programs, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to conduct business in one or more countries and could materially damage our reputation, our international expansion efforts, our ability to attract and retain employees, our business and our operating results. Our success depends, in part, on our ability to anticipate these risks and manage these challenges. These factors or any combination of these factors may adversely affect our revenue or our overall financial performance. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our products in one or more countries and could materially damage our reputation, our expansion efforts, our ability to attract and retain employees, our business and our operating results. Our success depends, in part, on our ability to anticipate and manage these risks.

We are subject to changes in the regulatory environment where we operate which may increase our costs of compliance.

Our mining operations and exploration activities are subject to extensive regulation governing various matters, including: licensing; production; taxes; disposal of process water or waste rock; toxic substances; development and permitting; exports and imports; labor standards; mine and occupational health and safety; environmental protection and corporate responsibility; and mine reclamation and closure plans. Compliance with these regulations increases the costs of the following: planning; designing; drilling; operating; developing; constructing; and closure, reclamation and rehabilitation and post-closure.

We believe that we are in substantial compliance with current laws and regulations in Ghana and elsewhere. However, these laws and regulations are subject to frequent change and reinterpretation. Amendments to current laws and regulations governing operations and activities of mining companies or more stringent implementation or interpretation of these laws and regulations could have a material adverse impact on us. These factors could cause a reduction in levels of production and delay or prevent the development or expansion of our properties in Ghana.

The implementation of changes in regulations that limit the amount of proceeds from gold sales that could be withdrawn from Ghana could also have a material adverse impact on us, as Wassa and Bogoso/Prestea currently are our only sources of internally generated operating cash flows.

Environmental bonding requirements are under review in Ghana and bonding requirements may be increased.

As part of its periodic assessment of mine reclamation and closure costs, the Ghana Environmental Protection Agency (**EPA**) reviews the adequacy of reclamation bonds and guarantees. In certain cases, it has requested higher levels of bonding based on its findings. If the EPA were to require additional bonding at our properties, it may be difficult, if not impossible, to provide sufficient bonding. If we are unable to meet any such increased bonding requirements or negotiate an acceptable solution with the Government of Ghana, our operations and exploration and development activities in Ghana may be materially adversely affected.

The Government of Ghana has the right to increase its interest in certain subsidiaries.

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The Government of Ghana has a 10% carried interest in the mineral operations of Ghanaian mining companies. The carried interest comes into existence at the time the government issues a mining license. As such, the Government of Ghana currently has a 10% carried interest in our subsidiaries that own Bogoso/Prestea and Wassa.

The Government of Ghana has the right to acquire a special share or golden share in such subsidiaries at any time for no consideration or such consideration as the Government of Ghana and such subsidiaries might agree, and a pre-emptive right to purchase all gold and other minerals produced by such subsidiaries. A golden share carries no voting rights and does not participate in dividends, profits or assets.

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While the Government of Ghana has not sought to exercise any of these rights at our properties, any such attempts to do so in the future could adversely affect our business, results of operations or financial condition.

We are subject to risks relating to exploration, development and operations in foreign countries.

Our business assets and operations are affected by various political and economic uncertainties in the countries where we operate, including:

- war, civil unrest, terrorism, coups or other violent or unexpected changes in government;
- political instability and violence;
- expropriation and nationalization;
- renegotiation or nullification of existing concessions, licenses, permits, and contracts;
- illegal mining;
- increases in fees, levies or other indirect taxes;
- changes in taxation policies,
- unilaterally imposed increases in royalty rates, such as the increase in royalty rates imposed by the Government of Ghana, effective March 2011, which changed the method of calculating the royalties from not less than 3% and not more than 6% of a mine's total mineral revenues to a flat rate of 5% of mineral revenues;
- restrictions on foreign exchange and repatriation; and

- changing political conditions, currency controls, and governmental regulations that favor or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Illegal mining has occurred on our properties, which is difficult to control, can disrupt our business and can expose us to liability.

We continue to experience illegal mining activity on our mining and exploration properties. While we are proactively working with local, regional and national governmental authorities to obtain protection of our property rights, any action on the part of such authorities may not occur, may not fully address our problems or may be delayed.

In addition to the impact on our mineral reserves and mineral resources, the presence of illegal miners can lead to project delays and disputes and delays regarding the development or operation of commercial gold deposits. Illegal miners could cause environmental damage or other damage to our properties, or personal injury or death, for which we could potentially be held responsible. Illegal miners may work on other of our properties from time to time, and they may in the future increase their presence and have increased negative impacts such as those described above on such other properties.

Our activities are subject to complex laws, regulations and accounting standards that can adversely affect operating and development costs, the timing of operations, the ability to operate our mines and our financial results.

Our business, mining operations and exploration and development activities are subject to extensive Canadian, United States, Ghanaian and other foreign, federal, state, provincial, territorial and local laws and regulations governing exploration, development, production, exports, taxes, labor standards, waste disposal, protection of the environment, reclamation, historic and cultural resource preservation, mine safety and occupational health, toxic substances, reporting and other matters, as well as accounting standards. Compliance with these laws, regulations and standards or the imposition of new requirements could adversely affect exploration, operating and development costs, the timing of operations and the ability to operate, as well as our financial results.

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Failure to maintain effective internal controls could have a material adverse effect on our business and share price.

Annually, we are required to test our internal controls over financial reporting to satisfy the requirements of applicable securities laws, which requires annual management assessments of the effectiveness of our internal controls over financial reporting. Failure to maintain effective internal controls could have a material adverse effect on our business and share price.

Market Risks

The market price of our Common Shares has experienced volatility and could continue to do so in the future.

Our Common Shares are listed on the NYSE MKT, the TSX and the GSE. Companies with market capitalizations similar to ours have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. Our share price is also likely to be significantly affected by short-term changes in gold prices or in our financial condition or results of operations as reflected in our quarterly earnings reports. Other factors unrelated to our performance that could have an effect on the price of our Common Shares, include the following:

- the extent of analytical coverage available to investors concerning our business could be limited if investment banks with research capabilities do not continue to follow our securities;
- the trading volume and general market interest in our securities could affect an investor's ability to trade significant numbers of our Common Shares;
- the size of the public float in our Common Shares may limit the ability of some institutions to invest in our securities; and
- a substantial decline in our share price that persists for a significant period of time could cause our securities to be delisted from NYSE MKT, the TSX and/or the GSE, further reducing market liquidity.

As a result of any of these or other additional factors, the market price of our Common Shares at any given point in time might not accurately reflect our long-term value. Stock markets in general have recently experienced higher levels of volatility. Additionally, any negative change in the public's perception of our prospects could cause the price of our Common