GOLDEN STAR RESOURCES LTD
Form 424B5
February 20, 2007

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The information in this prospectus supplement is not complete and may be changed. This prospectus supplement and the related prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-118956

PRELIMINARY PROSPECTUS SUPPLEMENT
Subject to Completion, Dated February 20, 2007

Golden Star Resources Ltd.

$ per Common Share
$
Common Shares

We are offering our common shares for $ per share. The price of the common shares was determined by negotiation between us and the underwriters named below.

On February 16, 2007, the closing price for our common shares on the American Stock Exchange was $3.86 per share and the closing price on the Toronto Stock Exchange was Cdn$4.46 per share. Our common shares are traded on the American Stock Exchange under the symbol GSS and on the Toronto Stock Exchange under the symbol GSC. Application has been made to the Toronto Stock Exchange and the American Stock Exchange to approve the listing of the common shares. The listing of the common shares on the Toronto Stock Exchange and the American Stock Exchange is subject to our fulfillment of all of the listing requirements of the Toronto Stock Exchange and the American Stock Exchange, respectively.

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

Investing in the common shares involves a high degree of risk. See Risk Factors beginning on page S-6 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission or other regulatory body has approved or disapproved of these securities, or determined if this prospectus supplement or the related prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Price: $ per Common Share

	Price to the Public	Underwriters Fee	Net Proceeds to Golden Star(1)
Per Common Share	$	$	$
Total(2)	$	$	$

Notes:

(1) Before deducting expenses of this offering, estimated to be $, which will be paid from the proceeds of the sale of the common shares.

(2) We have granted to the Canadian underwriters (as described below) an option, which we refer to as the over-allotment option, to purchase up to additional common shares at $ per common share. The over-allotment option will be exercisable, in whole or in part, for a period of 30 days following the closing of the offering. If the over-allotment option is exercised in full, the total Price to the Public, Underwriters Fee and Net Proceeds to us will be $, $ and $, respectively. See Plan of Distribution.

The common shares are being offered in the United States on a best efforts basis, with no minimum number or dollar amount requirement, by BMO Capital Markets Corp., Wellington West Capital Markets (USA) Inc., Canaccord Capital Corporation USA, Inc., and Griffiths McBurney Corp., to whom we refer as the U.S. agents, and in Canada on a firm commitment basis by BMO Capital Markets Corp., Wellington West Capital Markets Inc., Canaccord Capital Corporation and GMP Securities L.P., to whom we refer as the Canadian underwriters. Any common shares sold by the U.S. agents will reduce the amount of the Canadian underwriters commitment. We refer to the Canadian underwriters and the U.S. agents, collectively, as the underwriters.

The U.S. agents and Canadian underwriters expect to deliver the common shares to purchasers on March , 2007.

BMO Capital Markets
Wellington West Capital Markets
Canaccord Capital Corporation USA, Inc. **Griffiths McBurney Corp.**

The date of this prospectus supplement is February , 2007.

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Prospectus Supplement

Prospectus

You should rely only on information contained or incorporated by reference in this prospectus supplement and the related prospectus. We have not authorized anyone to provide you with information different from that contained or incorporated in this prospectus supplement and the related prospectus. Information on any websites maintained by us does not constitute a part of this prospectus supplement or the related prospectus.

We are not making an offer of these securities in any jurisdiction where the offering is not permitted.

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ABOUT THIS PROSPECTUS

This prospectus supplement and the related prospectus have been filed with the Securities and Exchange Commission, which we refer to as the SEC, pursuant to a registration statement on Form S-3, which we refer to as the registration statement. We have also filed a short form prospectus, which we refer to as the Canadian prospectus, with the securities regulatory authorities in each of the provinces of Canada other than Quebec. Under the Canadian prospectus, the securities registered under the registration statement may be offered and sold in each of the provinces of Canada other than Quebec, subject to any applicable securities laws.

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

CURRENCY AND EXCHANGE RATE INFORMATION

We report in United States dollars. Accordingly, all references to $, U.S.$ or dollars in this prospectus supplement refer to United States dollars unless otherwise indicated. References to Cdn$ or Canadian dollars are used to indicate Canadian dollar values.

The noon rate of exchange on February 16, 2007 as reported by the Bank of Canada for the conversion of Canadian dollars into United States dollars was Cdn$1.00 equals $0.86 and the conversion of United States dollars was $1.00 equals Cdn$1.16.

NON-GAAP FINANCIAL MEASURES

In this prospectus, or in the documents incorporated herein by reference, we use the terms total cash cost per ounce and cash operating cost per ounce. Total cash cost per ounce and cash operating cost per ounce should be considered as Non-GAAP Financial Measures as defined in Regulation S-K Item 10 under the Securities Exchange Act of 1934, as amended (the Exchange Act), and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP in Canada and the United States. There are material limitations associated with the use of such non-GAAP measures. Since these measures do not incorporate revenues, changes in working capital and non-operating cash costs, they are not necessarily indicative of operating profit or cash flow from operations as determined under GAAP. Changes in numerous factors, including, but not limited to, mining rates, milling rates, gold grade, gold recovery, and the costs of labor, consumables and mine site general and administrative activities can cause these measures to increase or decrease. We believe that these measures are the same or similar to the measures of other gold mining companies, but may not be comparable to similarly titled measures in every instance. See Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K, as amended on Form 10-K/A, for the fiscal year ended December 31, 2005 and Item 2 Management s Discussion and Analysis of Financial Condition and Results of Operations in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 for an explanation of these measures.

2006 AUDITED FINANCIAL INFORMATION NOT AVAILABLE

We are in the process of preparing our financial statements for the year ended December 31, 2006, but have not yet completed this process. Certain financial information in this prospectus supplement, including information related to our fourth quarter and full-year 2006 gold sales and average cash operating costs, is based on unaudited information. It is possible that the financial statements and other disclosures in our Annual Report on Form 10-K for the year ended

December 31, 2006 will have additional or different information from that which is available to us at this time.

Please see Risk Factors Risks Relating to this Offering The financial statement information in this prospectus supplement will be superseded shortly following this offering.

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SUMMARY

You should read the following summary and the more detailed information about us and the common shares provided in this prospectus supplement, in the related prospectus and in documents incorporated by reference, including the sections of those documents captioned Risk Factors and our consolidated financial statements and notes thereto. References to we, our and us mean Golden Star Resources Ltd., its predecessors and consolidated subsidiaries, or any one or more of them, as the context requires.

Our Business

We are an international gold mining and exploration company producing gold in Ghana, West Africa. We also conduct gold exploration in West Africa and in South America. Through our subsidiaries we own controlling interests in four significant gold properties in southern Ghana:

- We own 90% of and operate the Bogoso/Prestea gold mining and processing operation. We are completing the commissioning of our new processing facility that uses a proprietary BIOX® bio-oxidation technology to treat refractory sulfide ore. The new plant is currently processing ore and is expected to begin production in April 2007; the existing carbon-in-leach plant will continue to treat oxide and non-refractory oxide ores.

- We own 90% of and operate the Wassa open-pit gold mine and carbon-in-leach processing plant, located approximately 35 kilometers east of Bogoso/Prestea.

- We own 81% of the Prestea Underground exploration property, a currently inactive underground gold mine and associated support facilities located on the Prestea property. We have spent approximately $5.0 million in the last two years on exploration and technical studies to determine if the underground mine can be reactivated, and expect to complete a feasibility study for the development and mining of the Prestea Underground in 2007.

- We own the Hwini-Butre and Benso exploration properties (referred to in this prospectus supplement as the HBB properties) in southwest Ghana. We spent approximately $4.5 million in exploration activities on the HBB properties in 2006 and expect to spend an additional $4.0 million in 2007. We are preparing a feasibility study for the development and mining of the HBB properties for processing at Wassa.

We also hold gold exploration properties in Sierra Leone, Ghana, Côte d Ivoire, Niger, Burkina Faso, Suriname and French Guiana. We hold indirect interests in gold exploration properties in Peru, Argentina, and Chile through a 14% interest in the common shares of Minera IRL Limited, a privately held gold exploration company. We have entered into a joint venture with a subsidiary of Newmont Mining Corporation pursuant to which Newmont may earn up to a 51% interest in the Saramacca property in Suriname.

Please see The Company in this prospectus supplement for additional information about our operations.

Our principal executive offices are located at 10901 West Toller Drive, Suite 300, Littleton, Colorado 80127-4247, and our telephone number is (303) 830-9000. Our registered office is located at 66 Wellington St. W., Suite 3700, P.O. Box 20, Toronto Dominion Bank Tower, Toronto Dominion Centre, Toronto, Ontario M5K 1N6.

Recent Developments

2006 and Fourth Quarter Operating Results

The gold production and average cash operating costs for Bogoso/Prestea and Wassa for the fourth quarter and full year 2006 are set forth below. Our 2006 average realized gold price was $607 per ounce.

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Unaudited Gold Sales and Average Cash Operating Costs

Mine	Fourth Quarter Gold Sales (Ounces)	Fourth Quarter Average Cash Operating Cost(1) ($ per ounce)	Full Year 2006 Gold Sales (Ounces)	Full Year 2006 Average Cash Operating Cost(1) ($ per ounce)
Bogoso/Prestea(2)	25,054	290	103,793	371
Wassa	28,352	464	97,614	474
Total	**53,406**	**382**	**201,407**	**421**

(1) See Non-GAAP Financial Measures.

(2) Amounts shown exclude fourth quarter sales of 2,169 ounces produced during commissioning activities at the Bogoso sulfide expansion project.

Updated Mineral Reserves

The following table sets out our proven and probable mineral reserves as at December 31, 2006. The mineral reserves have been prepared in accordance with Canada s National Instrument 43-101 Standards of Disclosure for Mineral Projects. Mineral reserves are equivalent to proven and probable reserves as defined by the United States Securities and Exchange Commission Industry Guide 7. Reserves were estimated using a gold price of $480 per ounce, which is approximately equal to the three year average price.

Proven and Probable Mineral Reserves as at December 31, 2006(1)

Property	Proven Tonnes (Millions)	Proven Gold Grade (g/t)	Proven Contained Ounces(2) (Millions)	Probable Tonnes (Millions)	Probable Gold Grade (g/t)	Probable Contained Ounces(2) (Millions)	Total Tonnes (Millions)	Total Gold Grade (g/t)	Total Contained Ounces(2) (Millions)
Bogoso/Prestea(3)									
Non-refractory	0.9	2.30	0.07	6.9	2.59	0.57	7.8	2.56	0.64
Refractory	14.5	2.95	1.38	19.3	2.65	1.64	33.8	2.78	3.02
Total(4)	**15.5**	**2.91**	**1.45**	**26.2**	**2.64**	**2.22**	**41.6**	**2.74**	**3.67**
Wassa									
Non-refractory	0.5	1.08	0.02	13.0	1.11	0.46	13.6	1.11	0.48
Total(4)	**0.5**	**1.08**	**0.02**	**13.0**	**1.11**	**0.46**	**13.6**	**1.11**	**0.48**
Total Reserves(4)									
Non-refractory	1.5	1.85	0.09	19.9	1.62	1.04	21.4	1.64	1.13
Refractory	14.5	2.95	1.38	19.3	2.65	1.64	33.8	2.78	3.02
Total	**16.0**	**2.85**	**1.47**	**39.2**	**2.13**	**2.68**	**55.2**	**2.34**	**4.15**

(1) The mineral reserves are shown on a 100% basis.

(2) Amounts are shown as contained metals in ore and do not reflect losses in metallurgical recovery. Metallurgical recoveries are expected to range from 80% to 92% for non-refractory ores and from 70% to 90% for refractory ores.

(3) Amounts shown include reserves for the Pampe and Mampon properties.

(4) Certain total amounts shown reflect the effects of rounding.

Operational Matters

2007 Production. We expect 2007 gold production and sales from Bogoso/Prestea to total approximately 280,000 ounces at an average cash operating cost of approximately $380 per ounce. We expect that Wassa will produce and sell approximately 110,000 ounces in 2007 at an average cash operating cost of approximately $410 per ounce. At both operations, we expect quarterly production to increase and quarterly average cash operating costs to decrease throughout the year.

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Power. Since August 2006, the Government of Ghana has rationed power to large industrial users, including our Bogoso/Prestea and Wassa operations, due in part to the effects of low rainfall on hydroelectric power. Under the current rationing program, we expect to receive 90% of our power requirements, including requirements for full operation of the new BIOX® processing facility. As a result of the power rationing, we, together with Newmont Mining Corporation, Gold Fields Limited and Anglogold Ashanti Limited, have agreed to acquire a nominal 100 megawatt power station, which is expected to be operational by mid-year 2007. Our 25% share of the power station, at an estimated cost to us of $10 million, should be sufficient to provide up to 50% of our total power requirements and, combined with our diesel generators and power availability from the national grid, should provide power in excess of our requirements. If there is inadequate rainfall in 2007, we may be adversely affected by further rationing, which could increase our anticipated cash operating costs.

Illegal Mining. Illegal mining on our concessions has for several years restricted our access to and the orderly exploration and development of portions of our properties. In late 2006, the Government of Ghana removed illegal miners from mineral concessions in Ghana, including our Bogoso/Prestea, Wassa and HBB properties.

Sale of Shares of EURO Ressources

During December 2006, we sold approximately 18 million common shares of our former subsidiary, EURO Ressources S.A., in a series of public and private transactions for net proceeds of approximately $30.0 million. In 2007, we have sold approximately 1.7 million additional shares, for net proceeds of approximately $2.8 million. Following these transactions, we own approximately 1.3 million shares, or 2%, of EURO Ressources outstanding equity and expect to continue to sell our remaining shares in 2007.

Growth Strategy

Our overall objective since 1999 has been to grow our business to become a mid-tier gold producer with an annualized production rate of approximately 500,000 ounces. We anticipate reaching this production rate during fourth quarter 2007 once the Bogoso sulfide expansion project has achieved full production. We continue to evaluate potential acquisition and merger opportunities that could further increase our annual gold production, however we presently have no agreement or understanding with respect to any specific potential transaction.

We also conduct gold exploration in West Africa and South America, investing approximately $15.3 million in total on such activities during 2006. The majority of our 2006 exploration spending was focused on our new HBB Properties south of Wassa, on expanding mineral reserves around our existing mines and on the Prestea Underground. We actively conducted regional reconnaissance projects in south Ghana and Côte d Ivoire and drilled more advanced targets in Ghana, Niger and Burkina Faso.

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The Offering

Securities offered.	common shares.
Issue price	$ per share.
Common shares outstanding before this offering	207,938,661 common shares(1)
Common shares outstanding after this offering	common shares. If the over-allotment option were exercised in full, common shares would be outstanding after the offering.
Risk factors	An investment in the common shares involves a high degree of risk. You should not consider this offer if you cannot afford to lose your entire investment. Please refer to Risk Factors beginning on page S-6 of this prospectus supplement for factors you should consider.
Use of proceeds	The proceeds of this offering, net of the underwriters fee and before expenses, are estimated to be approximately $ based on an offering price of $ per share, assuming no exercise of the over-allotment option, and will be used to purchase an interest in a power station in Ghana, completion and start-up of the Bogoso sulfide expansion project, the feasibility study for and additional work on the HBB properties and for general corporate purposes including working capital.
Trading symbols and listing	Our common shares are traded on the American Stock Exchange under the symbol GSS and on the Toronto Stock Exchange under the symbol GSC. Application has been made to the American Stock Exchange and the Toronto Stock Exchange to approve listing of the common shares. The listing of the common shares on the American Stock Exchange and the Toronto Stock Exchange is subject to fulfillment of all of the listing requirements of the American Stock Exchange and Toronto Stock Exchange, respectively.

(1) Common shares outstanding at February 16, 2007. Amount excludes (i) 3,240,000 common shares issuable upon exercise of currently outstanding warrants at an exercise price of Cdn$4.17 per share; (ii) 7,086,784 common shares issuable upon exercise of currently outstanding options at exercise prices ranging from Cdn$1.02 to Cdn$9.07 per share; (iii) 11,111,111 common shares issuable upon conversion of our senior convertible notes at a conversion price of $4.50 per share; and (iv) an additional 5,115,968 common shares available for issuance under our stock option plans.

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STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This prospectus supplement and the related prospectus and the documents incorporated by reference in this prospectus supplement contain forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act, with respect to our 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, estima will, and similar expressions identify forward-looking statements. Although we believe that our plans, intentions and expectations reflected in these forward-looking statements are reasonable, we cannot be certain that these plans, intentions or expectations will be achieved. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained or incorporated by reference in this prospectus supplement. These statements include comments regarding: the completion, commissioning and commencement of production with respect to the Bogoso sulfide expansion project, related permitting and capital costs, production estimates and costs, anticipated commencement dates of mining or production operations, operating efficiencies, timing and results of feasibility studies, potential mine life, operating costs, capital expenditures, exploration activities and expenditures, the acquisition and operation of the power station, and equipment replacement.

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;
- failure to develop mineral reserves on the HBB properties or failure to expand mineral reserves around our existing mines;
- unexpected events during the construction and start-up of the Bogoso sulfide expansion project;
- unexpected changes in business and economic conditions;
- changes in interest and currency exchange rates;
- 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;
- 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, materials, equipment, supplies, power and water;

changes in project parameters or mine plans;

costs and timing of development of new reserves;

weather, including continuing drought in West Africa;

results of current and future exploration activities;

results of pending and future feasibility studies;

acquisitions and joint venture relationships;

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

changes in 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 reserves;

timing of receipt and maintenance of government approvals and permits;

accidents, labor disputes and other operational hazards;

environmental costs and risks;

unanticipated title issues;

competitive factors, including competition for property acquisitions;

possible litigation; and

availability of capital at reasonable rates or at all.

These factors are not intended to represent a complete list of the general or specific factors that could affect us. We may note additional factors elsewhere in this prospectus supplement, the related prospectus and in any documents incorporated by reference into this prospectus supplement and the related prospectus. Subject to the requirements of applicable laws, we undertake no obligation to update forward-looking statements.

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RISK FACTORS

An investment in the common shares involves a high degree of risk. You should consider carefully the following discussion of risks, in addition to the other information included or incorporated by reference in this prospectus supplement before purchasing any of the common shares. In addition to historical information, the information in this prospectus supplement and the related prospectus contains forward-looking statements about our future business and performance. See Forward-Looking Statements. Our actual operating results and financial performance may be very different from what we expect as of the date of this prospectus supplement. The risks below address the material factors that may affect our future operating results and financial performance.

Financial Risks

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

- cause suspension of our mining operations at Bogoso/Prestea and Wassa if the 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 payment obligations;
- halt or delay the development of new projects; and
- reduce funds available for exploration, with the result that depleted reserves are not replaced.

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

We may incur substantial losses in the future that could make financing our operations and business strategy more difficult.

We experienced a net loss of $13.5 million in 2005 and have experienced net losses in other prior fiscal years. Numerous factors, including declining gold prices, lower than expected ore grades or higher than expected operating costs (including increased commodity prices), and impairment write-offs of mine property and/or exploration property costs, could cause us to be unprofitable in the future. Future operating losses could make financing our operations and our business strategy, including pursuit of the growth opportunities anticipated at the HBB properties, or raising additional capital, difficult or impossible and could materially and adversely affect our operating results and financial condition.

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

We had total consolidated debt and liabilities as of September 30, 2006 of $165.4 million, including $24.5 million in equipment financing loans, $48.2 million in senior convertible notes maturing on April 15, 2009, $31.9 million of current trade payables, accrued current and other liabilities, $42.2 million of future taxes, $1.0 million of derivative liabilities and a $17.6 million accrual for environmental rehabilitation liabilities. We expect that our indebtedness and other liabilities will increase as a result of our corporate development activities. These liabilities could have important consequences, including the following:

increasing our vulnerability to general adverse economic and industry conditions;

limiting our ability to obtain additional financing to fund future working capital, capital expenditures, exploration costs and other general corporate requirements;

requiring us to dedicate a significant portion of our cash flow from operations to make debt service payments, which would reduce our ability to fund working capital, capital expenditures, exploration costs and other general corporate requirements;

limiting our flexibility in planning for, or reacting to, changes in our business and the industry; and

placing us at a disadvantage when compared to our competitors that have less debt relative to their market capitalization.

Our estimates of mineral reserves and non-reserves could be inaccurate, which could cause production and costs to differ from estimates.

There are numerous uncertainties inherent in estimating proven and probable mineral reserves and non-reserves measured, indicated and inferred mineral resources, including many factors beyond our control. The accuracy of estimates of mineral reserves and non-reserves 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 non-reserves may not be accurate, and mineral reserves and non-reserves may not be able to be mined or processed profitably.

Fluctuation in gold prices, results of drilling, metallurgical testing, production, and the evaluation of mine plans subsequent to the date of any 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. For example, approximately 34% of the reduction in Wassa s mineral reserves at year-end 2006 resulted from changes in the resource model at Wassa based on our mining experience. Any material reductions in estimates of our mineral reserves and non-reserves, or of our ability to extract these mineral reserves and non-reserves, 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 will likely be insufficient by themselves to fund our continuing exploration and development activities.

While we have received significant infusions of cash from sales of our equity and debt, and in 2006 from the sale of shares of EURO Ressources S.A. and Moto Goldmines Limited, 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, which should increase as we focus on development of the HBB properties. We expect that these expenditures will exceed free cash flows generated by Bogoso/Prestea and Wassa during 2007 and possibly in later years and therefore we expect to require additional external debt or equity financing in the future. In the future, we may not be able to obtain adequate financing on acceptable terms, which could cause us to delay or indefinitely postpone further exploration and development of our properties. As a result, we could lose our interest in, or could be forced to sell, some of our properties.

We are subject to fluctuations in currency exchange rates, which could materially adversely affect our financial position.

Our revenues are in United States dollars, and we maintain most of our working capital in United States dollars or United States dollar-denominated securities. We convert our United States funds to foreign currencies as certain payment obligations become due. Accordingly, we are subject to fluctuations in the rates

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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 significant portion of the operating costs at Bogoso/Prestea and Wassa is based on the Ghanaian currency, the Cedi. We are required to convert into Cedis only 20% of the foreign exchange proceeds that we receive from selling gold, but the Government of Ghana could require us to convert a higher percentage of gold sales proceeds into Cedis in the future. In addition, we currently have future obligations that are payable in South African Rand and Euros, and receivables collectible in Euros. We obtain construction and other services and materials and supplies from providers in South Africa and other countries. The costs of goods and services could increase due to changes in the value of the United States dollar or the Cedi, Euros, the South African Rand or other currencies, such as the recent cost increase due to the decrease in the value of the United States dollar relative to other currencies. Consequently, operation and development of our properties might be more costly than we anticipate.

In the past, we have purchased South African Rand and Euro forward contracts to hedge the expected purchase of capital assets in South Africa and Europe in connection with the Bogoso sulfide expansion project. We may engage in additional currency hedges in the future in connection with other projects. Implementation of a currency hedging program may not adequately protect us from the effects of fluctuation in currency exchange rates.

Gold hedging could be unsuccessful and result in losses.

We purchased put options (puts) and sold call options (calls) from time to time during the construction phase of the new processing plant at Bogoso in Ghana. Puts give us the right but not the obligation to sell gold in the future at a fixed price. Calls are contractual commitments which require us to sell gold at a fixed price on specified future dates. If the spot market gold price exceeds the call option price on the specified sale date we would receive the call price rather than the higher spot market price for the gold ounces covered by the call option. Of our expected 2007 production, approximately 1.5% is subject to calls at $525 per ounce, and approximately 10% is protected by puts at a floor price of $404 per ounce.

We continue to review whether or not, in light of the potential for gold prices to fall, it would be appropriate to establish a more general hedging program. To date, we have decided not to implement a more general hedging program on gold production from our own properties.

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 orebody 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 not to realize the anticipated benefits of an acquisition of properties or companies, and could have a material adverse effect on our current business and financial condition 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. We are involved in various routine legal proceedings, which include labor matters such as unfair termination claims, supplier matters and property issues 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 financial position and results of operations.

Operational Risks

The technology and cost of production with respect to refractory materials at Bogoso/Prestea remain subject to a number of uncertainties.

We will begin to process our refractory ore from Bogoso/Prestea at our new bio-oxidation or BIOX® plant in 2007. Our projections for 2007 include assumptions that (i) the BIOX® plant will be operational on April 1, 2007, (ii) the processing technology will achieve certain anticipated efficiencies and (iii) production will increase and cash operating costs will decrease at certain rates throughout 2007. We have experienced delays in the past in building and commissioning this plant for operations, and the plant utilizes a technology that has not been commercially utilized under our circumstances, including on the Bogoso/Prestea refractory sulfide ore. There can be no assurance that our assumptions regarding anticipated efficiencies and timing will be realized. If we experience delays in start-up or other problems with the technology, our production and cost estimates for 2007 and thereafter may not be achieved.

We are subject to a number of operational hazards that can delay production or result in liability to us.

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

- difficulty in applying technology such as bio-oxidation processing;
- power shortages;
- 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;
- slope failures and failure of pit walls or dams;
- fire;
- marine and transit damage and/or loss;
- changes in the regulatory environment; 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. We could incur liabilities as a result of pollution and other casualties. Satisfying such liabilities could be very costly and could have a material adverse effect on our financial position and results of operations.

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Our mining operations are subject to numerous environmental laws, regulations and permitting 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 or development of our projects or otherwise have a material adverse effect on our operations.

A significant portion of our Dunkwa property and portions of our Wassa property, as well as some of our exploration properties in Ghana, are located within forest reserve areas. Although Dunkwa and Wassa have been identified by the Government of Ghana as eligible for mining permits subject to normal procedures and a site inspection, 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 with which it is burdensome or uneconomic to comply.

Mining and processing gold from the south end of the Prestea property and from the Pampe and Mampon properties and other activities will require mining and other permits from the Government of Ghana. These permits may not be issued on a timely basis or at all, and such permits, when issued, may be subject to requirements or conditions with which it is burdensome or uneconomic to comply. Such permitting issues could adversely affect our projected production commencement dates, production amounts and costs.

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 be increased. Any changes in the Government of Ghana s policies 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 various jurisdictions. To the extent that we are subject to any such changes, they may have a material adverse effect on our operations.

As a result of the foregoing risks, project expenditures, production quantities and rates 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 addition, estimated production dates could be delayed materially. Any such events could materially and adversely affect our business, financial condition, results of operations and cash flows.

The development and operation of our mining projects involve numerous uncertainties that could affect the feasibility or profitability of such projects.

Mine development projects, including our recent development at Wassa and expansion at Bogoso/Prestea, and the potential development of the HBB properties, if mineral reserves are established, 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 assessments, 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 and throughput recovery rates;

environmental considerations and permitting;

future gold prices; and

anticipated capital and operating costs.

Our overall objective since 1999 has been to grow our business to become a mid-tier gold producer with an annualized production rate of approximately 500,000 ounces. We anticipate reaching this production rate during the fourth quarter of 2007, when we expect the Bogoso sulfide expansion project to operate at full capacity. We continue to evaluate potential acquisition and merger opportunities that could further increase our annual gold production, however we presently have no agreement or understanding with respect to any specific potential transaction.

We also conduct gold exploration in West Africa and South America investing approximately $15.3 million in total on such activities during 2006. The majority of our 2006 exploration spending has been focused on our new HBB properties south of Wassa, on expanding mineral reserves around our existing mines and on the Prestea Underground. We also actively conducted regional reconnaissance projects in south Ghana and Côte d Ivoire and drilled more advanced targets in Ghana, Niger and Burkina Faso.

Our mine development projects could have limited relevant operating history upon which to base estimates of future operating costs and capital requirements. Estimates of proven and probable mineral reserves and operating costs determined in feasibility studies are based on geologic and engineering analyses and might not prove to be accurate.

The management of mine development projects and start up of new operations are complex, and we do not have a history of simultaneously managing ongoing operations, the start-up of a new operation and a significant development project. Completion of development and the commencement of production may be subject to delays, as occurred at Wassa and in connection with the Bogoso sulfide expansion project. 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;
- availability and cost of processing and refining facilities;
- availability of economic sources of power;
- 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 (including regulations relating to prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, as well as the costs of protection of the environment and agricultural lands);
- fluctuations in gold prices; and

accidents, labor actions and force majeure events.

Adverse effects on the operations or further development of a project could also adversely affect our business, financial condition, results of operations and cash flow. Because of these uncertainties, and others identified in these Risk Factors, our production estimates at Bogoso/Prestea and Wassa may not be achieved.

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 our mineral reserves as our mines produce gold. We estimate that once the new BIOX® plant comes on line, Bogoso/Prestea has about ten years of remaining mine life and Wassa has about three and

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one-half years of remaining mine life based on current mineral reserves, but our estimates may not be correct. In addition, mine life would be shortened if we expand production. Our ability to maintain or increase our annual production of gold will be dependent in significant 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, including the exploration of the Prestea Underground, the HBB properties and other projects, 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 determined in part on the following factors:

- the identification of potential gold mineralization based on superficial 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. As a result 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 and 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 properties producing, or capable of producing, precious metals. 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 our Bogoso/Prestea, Wassa, and Prestea Underground properties and own the exploration concessions that comprise the HBB properties. However, we cannot guarantee that title to our properties will not be challenged. 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 could be severely constrained. 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, 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 and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of our management team, the loss of these persons or our inability to attract and retain additional highly skilled employees could adversely affect the exploration and development of our properties, which could have a material adverse effect on our business and future operations.

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The period of weak gold prices prior to 2002 resulted in depletion of the number of trained and experienced professionals and managers in our industry. Higher gold prices have resulted in an increased demand for these people, and it could therefore be more difficult to attract or retain such experienced professionals and managers without significantly increasing the cost to us.

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;
- 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;
- 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. 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 financial performance and results of operations.

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 that conducts operations through foreign (principally Ghanaian) subsidiaries and joint ventures, 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

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these entities, could restrict our ability to fund our operations efficiently, or to repay our convertible notes or other debt. 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 stock price.

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 protections; and
- mine closure plans.

Compliance with these regulations increases the costs of the following:

- planning;
- designing;
- drilling;
- operating;
- developing;
- constructing; and
- closure and reclamation.

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. Due to the substantial increase in mining development in Ghana in recent years, the Government of Ghana has been reviewing the adequacy of reclamation bonds and guarantees throughout the country and in some cases has requested higher levels of bonding than previously had been required. Our bonds may be increased. Amendments to current laws and regulations governing operations and activities of mining companies or more stringent implementation or interpretation of these laws and regulations could have a material adverse impact on us, cause a reduction in levels of production and delay or prevent the development or expansion of our properties in Ghana.

Government regulations limit the proceeds from gold sales that could be withdrawn from Ghana. Changes in regulations that increase these restrictions could have a material adverse impact on us, as Bogoso/Prestea and Wassa are currently our only sources of internally generated operating cash flows.

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The Government of Ghana has the right to increase its ownership and control of certain subsidiaries.

In accordance with the Minerals and Mining Act, 2006 (Act 703), the Government of Ghana has a 10% free carried interest in the mineral operations of 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 the Bogoso Prestea mine, the Wassa mine and a 19% carried interest in the Prestea Underground property in Ghana, and would have a 10% carried interest in the HBB properties if mining permits were issued.

Under the new mining law, the Government 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.

The Government of Ghana may seek to exercise one or more of these rights, which could reduce our equity interest. A reduction in our equity interest could reduce our income or cash flows from Bogoso/Prestea or Wassa, reducing amounts available to us for reinvestment and adversely affecting our ability to take certain actions.

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

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

In addition, our assets and operations are affected by various political and economic uncertainties, including:

- the risks of 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;
- changes in taxation policies;
- 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 occurs on our properties, is difficult to control, can disrupt our business and can expose us to liability.

From time to time we have experienced significant illegal mining activity on our mining and exploration properties. The Ghana Ministry of National Security initiated a country-wide operation in late 2006 to remove illegal miners from legal mineral concessions in Ghana, including those at our properties. While this action was successful in removing the illegal miners from our leases, there can be no assurance that illegal mining will not resume.

In addition to the impact on our mineral reserve and non reserves, the presence of illegal miners can lead to project delays and disputes and delays regarding the development or operation of commercial gold deposits. The work performed by the 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 and 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 such requirements could adversely affect operating and development costs, the timing of operations, the ability to operate and financial results.

Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and share price.

We are required to annually test our internal control over financial reporting to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, which requires annual management assessments of the effectiveness of our internal control over financial reporting. For the year ended December 31, 2005, management identified a material weakness in our internal control over financial reporting relating to not maintaining appropriate documentation to support use of hedge accounting in our then subsidiary, EURO Ressources S.A. During 2006, we completed remediation efforts and this material weakness no longer exists. However, failure in the future to achieve and maintain an effective internal control environment could result in future material weakness and have a material adverse effect on our business and share price.

Market Risks

The market price of our common shares could experience volatility and could decline significantly.

Our common shares are listed on the American Stock Exchange and the Toronto Stock Exchange. Securities of small-capitalization companies 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 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 stock price that persists for a significant period of time could cause our securities to be delisted from the American Stock Exchange and the Toronto Stock Exchange, further reducing market liquidity.

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As a result of any of these factors, the market price of our common shares at any given point in time might not accurately reflect our long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. We could in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management s attention and resources.

Investors could have difficulty or be unable to enforce certain civil liabilities on us, certain of our directors and our experts.

Golden Star is a Canadian corporation. Substantially all of our assets are located outside of Canada and the United States, and our head office is located in the United States. It might not be possible for investors to collect judgments obtained in Canadian courts predicated on the civil liability provisions of Canadian or U.S. securities legislation. It could also be difficult for you to effect service of process in connection with any action brought in the United States upon our directors and experts. Execution by United States courts of any judgment obtained against us or, any of the directors, executive officers or experts named in this prospectus supplement in the United States courts would be limited to our assets or the assets of such persons or corporations, as the case might be, in the United States. The enforceability in Canada of United States judgments or liabilities in original actions in Canadian courts predicated solely upon the civil liability provisions of the federal securities laws of the United States is doubtful.

There may be certain tax risks associated with investments in Golden Star.

Potential investors that are United States taxpayers should consider that we could be considered to be a passive foreign investment company (PFIC) for U.S. federal income tax purposes. Although we believe that we will not be a PFIC for 2007 and do not expect to become a PFIC in the future, the tests for determining PFIC status are dependent upon a number of factors, some of which are beyond our control, and we can not assure you that we would not become a PFIC in the future. If we were deemed to be a PFIC, then a United States taxpayer who disposes of common shares at a gain, or who received a so-called excess distribution on the common shares, generally would be required to treat such gain or excess distribution as ordinary income and pay an interest charge on a portion of the gain or distribution if the shareholder owned those shares during a year in which we were a PFIC. In addition, if we are a PFIC, special adverse rules will apply with respect to any lower-tier PFIC.

The existence of outstanding rights to purchase or acquire common shares could impair our ability to raise capital.

As of February 16, 2007 approximately 10.3 million common shares are issuable on exercise of warrants, options to purchase common shares at prices ranging from Cdn$1.02 to Cdn$9.07. In addition, 11.1 million common shares are currently issuable upon conversion of our senior convertible notes issued in April 2005. During the life of the warrants, options, notes and other rights, the holders are given an opportunity to profit from a rise in the market price of common shares, with a resulting dilution in the interest of the other shareholders. Our ability to obtain additional financing during the period such rights are outstanding could be adversely affected, and the existence of the rights could have an adverse effect on the price of our common shares. The holders of the warrants, options, notes and other rights can be expected to exercise or convert them at a time when we would, in all likelihood, be able to obtain any needed capital by a new offering of securities on terms more favorable than those provided by the outstanding rights.

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Risks Relating to This Offering

The financial statement information in this prospectus supplement will be superseded shortly following this offering.

The most recent financial statements included or incorporated by reference in this prospectus supplement are as of, and for the nine months ended, September 30, 2006. We are in the process of preparing financial statements for the year ended December 31, 2006, but have not yet completed that process. Our report on Form 10-K, which will include comprehensive information about us, as well as audited financial statements, as of and for the year ended December 31, 2006, is required to be filed with the Securities and Exchange Commission no later than March 16, 2007. The process of preparing a comprehensive disclosure document requires us, along with our independent accountants, to assess critically many aspects of our financial and operational performance. It is possible that the financial statements and other disclosures in the Form 10-K will have additional or different information from that which is available to us at this time and that is included or incorporated by reference into this prospectus supplement, and that this information may be materially less favorable. If this information is perceived as being less favorable than that currently available to financial markets, it could lead our stock price to decrease to a level below the price at which shares are being sold in this offering.

You are subject to potential future dilution by the exercise of options and warrants and conversion of convertible notes.

As of February 16, 2007, we had 207,938,661 shares outstanding. As of that date, 11,111,111 common shares were issuable upon conversion of our senior convertible notes at a conversion price of $4.50 per share, there were options outstanding to purchase up to 7,086,784 common shares at exercise prices ranging from Cdn$1.02 to Cdn$9.07 per share and warrants outstanding to purchase 3,240,000 common shares at an exercise price of Cdn$4.17. In addition, 5,115,968 additional common shares are available for issuance under our stock option plans. If currently outstanding options or warrants to purchase our common shares are exercised, or additional stock options were granted and shares issued, your investment would be further diluted.

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THE COMPANY

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. We are a reporting issuer or the equivalent in all provinces of Canada and the United States and file disclosure documents with the securities regulatory authorities in each of the provinces of Canada and the SEC in the United States.

Our principal office is located at 10901 West Toller Drive, Suite 300, Littleton, Colorado 80127, and our registered office is located at 66 Wellington St. W., Suite 3700, P.O. Box 20, Toronto Dominion Bank Tower, Toronto Dominion Centre, Toronto, Ontario M5K 1N6. Golden Star s fiscal year ends on December 31.

General

We are an international gold mining and exploration company, focused primarily on mining, mine development and gold exploration in Ghana, West Africa. Through our subsidiaries, we own controlling interests in four significant gold properties in southern Ghana.

Bogoso/Prestea

We own 90% of and operate the Bogoso/Prestea gold mining and processing operation, which consists of the adjoining Bogoso and Prestea properties located along the Ashanti Trend in southwestern Ghana. We hold the property under mining leases granted by the Government of Ghana, terminating from 2017 to 2031. Bogoso/Prestea consists of several open pit mines and a nominal 1.5 million tonnes per year mill and carbon-in-leach processing facility for processing non-refractory ores. We are in the process of completing and commissioning a nominal 3.5 million tonnes per year processing facility that uses a proprietary BIOX® bio-oxidation technology to treat refractory sulfide ore. We have stockpiled over one million tonnes of refractory ore, and the new plant is currently processing ore. We expect to complete commissioning of the BIOX® circuit in March 2007, with operations expected to commence in April 2007 and throughput and metallurgical recoveries increasing over the remainder of 2007. The new plant, together with the existing carbon-in-leach processing facility (which will continue to treat oxide and non-refractory oxide ores), are expected to be capable of processing a combined 5.0 million tonnes of ore annually.

The Government of Ghana owns the remaining 10% of Bogoso/Prestea. As required by the law of Ghana for all mining operations, the Government has a carried interest under which it receives 10% of any future dividends from the subsidiaries owning the Bogoso/Prestea mine, following repayment of all capital, and has no obligation to contribute development or operating expenses. The Government of Ghana also receives a royalty based on total revenues earned from the lease area. For the last three years, we have paid a royalty equal to 3% of our revenues from Bogoso/Prestea. See Risk Factors Governmental and Regulatory Risks.

Wassa

We own 90% of and operate the Wassa open-pit mine and carbon-in-leach processing plant, located some 35 kilometers east of Bogoso/Prestea. We hold the Wassa property under a mining lease expiring in 2022. The Government of Ghana has a 10% carried interest in Wassa.

Prestea Underground

We own 81% of the Prestea Underground, a currently inactive underground gold mine and associated support facilities located on the Prestea property. We hold the Prestea Underground property under a mining lease expiring in 2031. We have spent approximately $5.0 million in the last two years on exploration and technical studies to determine if the underground mine can be reactivated, and expect to complete a feasibility study for the development and mining of the Prestea Underground in 2007.

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HBB Properties

We own the HBB gold exploration properties in southwest Ghana at the southeastern end of the Ashanti gold belt. The HBB properties are comprised of the Hwini-Butre and Benso concessions, located approximately 75 and 45 kilometers south of Wassa, respectively. The Government of Ghana would become entitled to a 10% carried interest in the HBB properties if mining permits were granted. We spent approximately $4.5 million in exploration activities on the HBB properties in 2006 and expect to spend an additional $4.0 million in 2007. We are preparing a feasibility study for the development and mining of the HBB properties for processing at Wassa.

Other Exploration

We hold interests in several gold exploration projects in Ghana and elsewhere in West Africa including Sierra Leone, Burkina Faso, Niger and Côte d Ivoire. We also hold and manage exploration properties in Suriname and French Guiana in South America. We hold indirect interests in gold exploration properties in Peru and Chile through a 14% shareholding investment in Minera IRL Limited, a privately held gold company. We have entered into a joint venture with a subsidiary of Newmont Mining Corporation pursuant to which Newmont may earn up to a 51% interest in the Saramacca property in Suriname.

Growth Strategy

Our overall objective since 1999 has been to grow our business to become a mid-tier gold producer with an annualized production rate of approximately 500,000 ounces. We anticipate reaching this production rate during fourth quarter 2007 once the Bogoso sulfide expansion project has achieved full production. We continue to evaluate potential acquisition and merger opportunities that could further increase our annual gold production, however we presently have no agreement or understanding with respect to any specific potential transaction.

We also conduct gold exploration in West Africa and South America investing approximately $15.3 million in total on such activities during 2006. The majority of our 2006 exploration spending was focused on our new HBB Properties south of Wassa, on expanding mineral reserves around our existing mines and on the Prestea Underground. We actively conducted regional reconnaissance projects in south Ghana and Côte d Ivoire and drilled more advanced targets in Ghana, Niger and Burkina Faso.

Recent Developments

2006 and Fourth Quarter Operating Results

The gold production and average cash operating costs for Bogoso/Prestea and Wassa for the fourth quarter and full year 2006 are set forth below. Our 2006 average realized gold price was $607 per ounce.

Gold Sales and Average Cash Operating Costs

	Fourth Quarter		Full Year 2006	
Mine	**Gold Sales (Ounces)**	**Average Cash Operating Cost(1) ($ per ounce)**	**Gold Sales (Ounces)**	**Average Cash Operating Cost(1) ($ per ounce)**

Bogoso/Prestea	25,054	290	103,793	371
Wassa	28,352	464	97,614	474
Total	**53,406**	**382**	**201,407**	**421**

(1) See Non-GAAP Financial Measures.

(2) Amounts shown exclude fourth quarter sales of 2,169 ounces produced during commissioning activities at the Bogoso sulfide expansion project.

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Mineral Reserves and Non-Reserve Mineral Resources

The following table sets out our proven and probable mineral reserves as at December 31, 2006. The mineral reserves have been prepared in accordance with Canada s National Instrument 43-101 Standards of Disclosure for Mineral Projects. Mineral reserves are equivalent to proven and probable reserves as defined by the United States Securities and Exchange Commission Industry Guide 7. The mineral reserves were estimated using a gold price of $480 per ounce, which is approximately equal to the three year average price. The terms non-refractory and refractory used in the table below refer to the metallurgical characteristics of the ore.

Proven and Probable Mineral Reserves as at December 31, 2006(1)(2)

Property	Proven			Probable			Total		
	Tonnes (Millions)	Gold Grade (g/t)	Contained Ounces(3) (Millions)	Tonnes (Millions)	Gold Grade (g/t)	Contained Ounces(3) (Millions)	Tonnes (Millions)	Gold Grade (g/t)	Contained Ounces(3) (Millions)
Bogoso/Prestea(4)									
Non-refractory	0.9	2.30	0.07	6.9	2.59	0.57	7.8	2.56	0.64
Refractory	14.5	2.95	1.38	19.3	2.65	1.64	33.8	2.78	3.02
Total	**15.5**	**2.91**	**1.45**	**26.2**	**2.64**	**2.22**	**41.6**	**2.74**	**3.67**
Wassa									
Non-refractory	0.5	1.08	0.02	13.0	1.11	0.46	13.6	1.11	0.48
Total	**0.5**	**1.08**	**0.02**	**13.0**	**1.11**	**0.46**	**13.6**	**1.11**	**0.48**
Total Reserves									
Non-refractory	1.5	1.85	0.09	19.9	1.62	1.04	21.4	1.64	1.13
Refractory	14.5	2.95	1.38	19.3	2.65	1.64	33.8	2.78	3.02
Total	**16.0**	**2.85**	**1.47**	**39.2**	**2.13**	**2.68**	**55.2**	**2.34**	**4.15**

(1) Amounts are shown on a 100% basis and are subject to the Government of Ghana s 10% carried interest. See General Bogoso/Prestea. Certain total amounts shown reflect the effects of rounding.

(2) The mineral reserves have been prepared under the supervision of Mr. Peter Bourke, P.Eng., our Vice President Technical Services. Mr. Bourke is a Qualified Person as defined in Canada s National Instrument 43-101.

(3) Amounts are shown as contained metals in ore and do not reflect losses in metallurgical recovery. Metallurgical recoveries are expected to range from 80% to 92% for non-refractory ores and from 70% to 90% for refractory ores.

(4) Amounts shown include mineral reserves for the Pampe and Mampon properties.

Non-Reserve Mineral Resources

Cautionary Note to US Investors concerning estimates of Measured and Indicated Mineral Resources

This section uses the terms measured mineral resources and indicated mineral resources. We advise US investors that while those terms are recognized and required by Canadian regulations, the US Securities and Exchange Commission does not recognize them. **US investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into mineral reserves.**

Cautionary Note to US Investors concerning estimates of Inferred Mineral Resources

This section uses the term inferred mineral resources. We advise US investors that while this term is recognized and required by Canadian regulations, the US Securities and Exchange Commission does not recognize it. Inferred mineral resources have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. In accordance with Canadian rules, estimates of inferred mineral resources cannot form the basis of feasibility or other economic studies. **US investors are cautioned not to assume that part or all of the inferred mineral resource exists, or is economically or legally mineable.**

The following table sets out our non-reserve mineral resources as at December 31, 2006, which are in addition to the reserves shown above. The mineral resources were estimated in accordance with the definitions and requirements of Canada s National Instrument 43-101. The measured and indicated mineral resources are equivalent to mineralized material as defined by the United States Securities and Exchange Commission Industry Guide 7. The mineral resources were estimated using a gold price of $560 per ounce.

Non-Reserve Measured and Indicated Mineral Resources and Inferred Mineral Resources as at December 31, 2006(1)(2)

	Measured		Indicated		Measured & Indicated		Inferred	
Property	**Tonnes (Millions)**	**Gold Grade (g/t)**	**Tonnes (Millions)**	**Gold Grade (g/t)**	**Tonnes (Millions)**	**Gold Grade (g/t)**	**Tonnes (Millions)**	**Gold Grade (g/t)**
Bogoso/Prestea(3)	6.1	2.05	14.0	2.32	20.2	2.23	4.2	2.70
Prestea Underground			1.1	16.30	1.1	16.30	5.0	8.68
Wassa	0.2	1.05	11.7	0.75	11.9	0.76	7.2	1.18
Hwini-Butre & Benso			5.2	4.30	5.2	4.30	1.6	4.02
Goulagou			2.7	1.75	2.7	1.75	0.5	1.02
Paul Isnard(4)							10.2	1.70
Total	**6.4**	**2.02**	**34.7**	**2.48**	**41.0**	**2.40**	**28.7**	**3.05**

(1) Amounts are shown on a 100% basis. Our share of the mineral resources is subject to the Government of Ghana s 10% carried interest, and with respect to the Prestea Underground, to the Government of Ghana s 19% minority interest. Certain total amounts shown reflect the effects of rounding.

(2) The Qualified Person for the estimation of the Mineral Resources is S. Mitchel Wasel, our Exploration Manager.

(3) The amounts shown include resources for the Pampe and Mampon properties.

(4) We have a right to acquire the Paul Isnard property.

Operational Matters

2007 Production. We expect 2007 gold production and sales from Bogoso/Prestea to total approximately 280,000 ounces at an average cash operating cost of approximately $380 per ounce. We expect that Wassa will produce and sell approximately 110,000 ounces in 2007 at an average cash operating cost of approximately $410 per ounce. At both operations, we expect quarterly production to increase and quarterly average cash operating costs to decrease throughout the year.

Power. Since August 2006, the Government of Ghana has rationed power to large industrial users, including our Bogoso/Prestea and Wassa operations, due in part to the effects of low rainfall on hydroelectric power. Under the current rationing program, we expect to receive 90% of our power requirements, including requirements for full operation of the new BIOX® processing facility. As a result of the power rationing, we, together with Newmont Mining Corporation, Gold Fields Limited and Anglogold Ashanti Limited, have agreed to acquire a nominal 100 megawatt power station, which is expected to be operational by mid-year 2007. Our 25% share of the power station, at an estimated cost to us of $10 million, should be sufficient to provide up to 50% of our total power requirements and, combined with our diesel generators and power availability from the national grid, should provide power in excess of our requirements. If there is inadequate rainfall in 2007, we may be adversely affected by further rationing, which could increase our anticipated cash operating costs.

Illegal Mining. Illegal mining on our concessions has for several years restricted our access to and the orderly exploration and development of portions of our properties. In late 2006, the Government of Ghana

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removed illegal miners from mineral concessions in Ghana, including our Bogoso/Prestea, Wassa and HBB properties.

Sale of Shares of EURO Ressources

During December 2006, we sold approximately 18 million common shares of our former subsidiary, EURO Ressources S.A., in a series of public and private transactions for net proceeds of approximately $30.0 million. In 2007, we have sold approximately 1.7 million additional shares, for net proceeds of approximately $2.8 million. Following these transactions, we own approximately 1.3 million shares, or 2%, of EURO Ressources outstanding equity and expect to continue to sell our remaining shares in 2007.

USE OF PROCEEDS

The net proceeds received by us from the sale of the common shares, after deducting the underwriters fees of $ and the estimated expenses of the offering of $, will be approximately $ million. If the over-allotment option is exercised in full, we will receive additional net proceeds of approximately $ after deducting underwriters fees and before estimated offering expenses.

We intend to use the net proceeds of this offering (assuming no exercise of the over-allotment option) as follows:

Use	Amount
Purchase of an interest in an electric power station in Ghana	$
Completion and start-up of the Bogoso sulfide expansion project	$
Feasibility study for and work on HBB properties	$
General corporate and working capital purposes	$

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. 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.

PRICE RANGE OF OUR COMMON SHARES

Our common shares are listed on the American Stock Exchange under the trading symbol GSS and on the Toronto Stock Exchange under the trading symbol GSC. As of February 16, 2007, 207,938,661 common shares were outstanding, and we had approximately 922 shareholders of record. On February 16, 2007, the closing price per share for our common shares as reported by the American Stock Exchange was $3.86 and as reported by the Toronto Stock Exchange was Cdn$4.46.

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

	American Stock Exchange		Toronto Stock Exchange	
	High	Low	High	Low
	($)		(Cdn$)	
2007				
First Quarter (through February 16)	3.96	2.77	4.57	3.26
2006				
First Quarter	3.84	2.64	4.39	3.09
Second Quarter	3.75	2.53	4.05	2.78
Third Quarter	3.52	2.54	3.84	2.84
Fourth Quarter	3.30	2.48	3.76	2.77
2005				
First Quarter	4.04	2.58	4.94	3.15
Second Quarter	3.23	2.35	4.02	3.01
Third Quarter	3.73	2.84	4.33	3.40
Fourth Quarter	3.22	2.12	3.78	2.54

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.

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CAPITALIZATION

The following table sets out our capitalization as at (i) December 31, 2005, (ii) September 30, 2006 prior to giving effect to this offering, and (iii) September 30, 2006 after giving effect to this offering. This table should be read in conjunction with our consolidated audited financial statements for the financial year ended December 31, 2005 and our unaudited consolidated financial statements for the nine months ended September 30, 2006 incorporated by reference in this prospectus supplement.

	As at Dec. 31, 2005	As at September 30, 2006	
		Actual (Unaudited) ($ in thousands)	As Adjusted After Giving Effect to the Offering(1) (Unaudited)
Canadian GAAP			
Current Debt	$ 6,855	$ 5,812(2)	$ 5,812(2)
Long Term Debt	64,298	66,917(2)	66,917(2)
	71,153	72,729	72,729
Shareholders Equity			
Common Shares	522,510	524,481(3)	(3)
Other(4)	9,835	12,689	12,689
Deficit	(140,105)	(103,703)	(103,703)
	392,240	433,467	
Total:	$ 463,393	$ 506,196	$

	As at Dec. 31, 2005	As at September 30, 2006	
		Actual (Unaudited) ($ in thousands)	As Adjusted After Giving Effect to the Offering(1) (Unaudited)
U.S. GAAP			
Current Debt	$ 6,855	$ 5,812(2)	$ 5,812(2)

Long Term Debt		66,632		68,721(2)	68,721(2)
		73,487		74,533	74,533
Shareholders Equity					
Common Shares		519,540		521,512(3)	(3)
Other(5)		16,473		11,147	11,147
Deficit		(183,602)		(154,245)	(154,245)
		352,411		378,414	
Total:	$	425,898	$	452,947	$

(1) Amounts shown assume (i) the issuance of common shares at an offering price of $ per share in the offering, (ii) that the over-allotment option is not exercised and (iii) that the offering proceeds are used as described in Use of Proceeds. Amounts shown are before estimated expenses of the offering.

(2) At January 31, 2007, Current Debt was $20,049 and Long-Term Debt was $65,884.

(3) Amounts shown do not include (i) 45,600 common shares issued after September 30, 2006 pursuant to the exercise of stock options, (ii) 7,086,784 common shares issuable on the exercise of currently outstanding stock options, (iii) 3,240,000 common shares issuable on the exercise of currently outstanding warrants or (iv) 11,111,111 common shares issuable upon conversion of senior convertible notes.

(4) Other includes contributed surplus and the equity component of our convertible notes.

(5) Other includes contributed surplus, accumulated comprehensive income and cumulative translation adjustments.

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PLAN OF DISTRIBUTION

Underwriting

We have entered into an agency agreement dated , 2007 with the U.S. agents, to offer the common shares in the United States on a best efforts basis. We have also entered into a Canadian underwriting agreement dated , 2007 with the Canadian underwriters, under which the Canadian underwriters have agreed to purchase %, %, % and %, respectively, of the common shares offered by this prospectus supplement. However, the obligations of the Canadian Underwriters under the Canadian underwriting agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Canadian Underwriters are obligated to take up and pay for all of the securities, if any of the securities are purchased under the Canadian underwriting agreement.

Subject to the terms of the Canadian underwriting agreement, we have agreed to issue and sell and the Canadian underwriters have agreed to purchase on or about , 2007, or such other date as may be agreed upon but not later than , 2007, 100% of the common shares offered at a price of $ per share for a total consideration of $, payable in cash, net of the underwriters fee, against delivery of certificates representing the common shares. The price of the common shares was determined by negotiation between us and the underwriters. Any common shares sold by the U.S. agents under the U.S. agency agreement will reduce the obligation of the Canadian underwriters to take up and pay for common shares in an equal amount. The Canadian underwriters may sell common shares to the U.S. agents pursuant to the inter-dealer agreement described below. The Canadian underwriting agreement provides for us to pay the Canadian underwriters a fee of Cdn$ per common share sold by them, which will be paid out of the gross proceeds from the offering.

The following table summarizes the compensation and estimated expenses we will pay. The Underwriters Fee will be paid to the Canadian underwriters and, with respect to shares sold by the U.S. agents under the U.S. agency agreement, to the U.S. agents.

	Per Share		Total	
	Without Over-allotment	With Over-allotment	Without Over-allotment	With Over-allotment
Underwriters Fee paid by us	$	$	$	$
Estimated expenses payable by us	$	$	$	$

The Canadian underwriting agreement provides that we will indemnify the Canadian underwriters against certain liabilities and expenses, including liabilities under applicable securities legislation, or will contribute to payments that the Canadian underwriters may be required to make in respect thereof. We have been advised that, in the opinion of the SEC, indemnification for liabilities under the Securities Act of 1933 is against public policy as expressed in the Securities Act of 1933 and is therefore unenforceable.

Subject to the terms of the U.S. agency agreement, we have appointed the U.S. agents to offer the common shares for sale to the public in the United States on a best efforts basis at a price of $ per common share. The U.S. agency agreement provides for us to pay the U.S. agents a fee of $ per common share sold by them, which will be paid out of the gross proceeds from the offering. The U.S. agents have not committed to purchase a minimum amount of common shares under the U.S. agency agreement. The obligations of the U.S. agents under the U.S. agency agreement may be terminated at their discretion upon the occurrence of certain stated events.

The U.S. agency agreement also provides that we will indemnify the U.S. agents against certain liabilities and expenses, including liabilities under the Securities Act of 1933, or will contribute to payments that the U.S. agents may be required to make in respect thereof. We have been advised that, in the opinion of the SEC, indemnification for liabilities under the Securities Act of 1933 is against public policy as expressed in the Securities Act of 1933 and is therefore unenforceable.

We have agreed to pay the legal fees of the underwriters as well as certain out-of-pocket expenses.

The underwriters have entered into an inter-dealer agreement among themselves that permits, subject to the terms and conditions set forth in such agreement, one group of underwriters to purchase common shares from or through the other group and to offer them for resale. The price and currency of settlement of any common shares so purchased will be determined by agreement between the selling and purchasing groups of underwriters at the time of any such transaction. Any such common shares purchased by the underwriters will be offered on the terms set forth in this prospectus supplement and the related prospectus.

The underwriters have informed us that they do not expect to confirm sales of our common shares offered by this prospectus supplement and the related prospectus to any accounts over which they exercise discretionary authority.

Pursuant to the Canadian underwriting agreement, we have agreed not to directly or indirectly issue any common shares or securities or other financial instruments convertible into or having the right to acquire common shares (other than pursuant to rights or obligations under securities or debt or instruments outstanding or pursuant to the existing stock option plans) or enter into any agreement or arrangement under which we acquire or transfer to another, in whole or in part, any of the economic consequences of ownership of common shares, whether that agreement or arrangement may be settled by the delivery of common shares or other securities or cash, or agree to become bound to do so, or disclose to the public any intention to do so, for a period from February 16, 2007 until 90 days following closing of the offering without the prior written consent of the Canadian Underwriters, which consent will not be unreasonably withheld or delayed.

Over-Allotment Option

We granted the Canadian underwriters the over-allotment option, exercisable in whole or in part, for a period of 30 days following the closing of this offering, to purchase from us up to an additional common shares, representing 15% of the aggregate common shares issued upon the closing of the offering, at the price to the public as set forth on the cover page of this prospectus supplement less the underwriters fee, to cover over-allotments, if any, and for market stabilization purposes. If the underwriter s option is exercised in full, the total Price to the Public, Underwriters Fee and Net Proceeds to us will be $, $ and $, respectively. Under the inter-dealer agreement, the Canadian underwriters may allocate any portion of additional common shares purchased upon exercise of the over-allotment option to the U.S. agents to sell in the United States.

Stock Exchange Listings

Our common shares are traded on the American Stock Exchange under the symbol GSS and on the Toronto Stock Exchange under the symbol GSC. Application has been made to the Toronto Stock Exchange and the American Stock Exchange to approve the listing of the common shares. The listing of the common shares on the Toronto Stock Exchange and the American Stock Exchange is subject to our fulfillment of all of the listing requirements of the Toronto Stock Exchange and the American Stock Exchange, respectively.

Stabilization

In connection with the offering, the underwriters may engage in stabilizing transactions, underwriters transactions and syndicate covering transactions in accordance with Regulation M under the United States Securities Exchange Act of 1934, as amended. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

Stabilizing transactions and syndicate-covering transactions may have the effect of raising or maintaining the market price of our common shares or preventing or retarding a decline in their market price. As a result, the price of our common shares may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the Toronto Stock Exchange, the American Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

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Pursuant to policy statements of the Ontario Securities Commission, the underwriters may not, throughout the period of distribution under this prospectus supplement, bid for or purchase common shares. The foregoing restriction is subject to certain exceptions, including a bid or purchase permitted under the by-laws and rules of the Toronto Stock Exchange relating to market stabilization and passive market making activities; and 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 not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the common shares. All of these transactions must also be effected in accordance with Regulation M under the United States Securities Exchange Act of 1934, as amended.

Determination of Offering Price

The offering price of the common shares offered by this prospectus supplement and the related prospectus was determined by negotiation between us and the underwriters. Among the factors considered in determining the offering price of the common shares was:

- the market price of our common shares;
- our history and our prospects;
- the industry in which we operate;