GOLDEN STAR RESOURCES LTD
Form 10-Q/A
March 26, 2007

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SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10 Q/A
Amendment No. 2

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2006

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 1 12284

GOLDEN STAR RESOURCES LTD.

(Exact Name of Registrant as Specified in Its Charter)

Canada	**98 0101955**
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
10901 West Toller Drive, Suite 300	
Littleton, Colorado	**80127 6312**
(Address of Principal Executive Office)	(Zip Code)

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

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

Title of Each Class	Name of each exchange on which registered
Common Shares	**American Stock Exchange**

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

Warrants Issued February 2003

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non accelerated filer. (See definition of accelerated filer and large accelerated filer in Rule 12b 2 of the Exchange Act).

(Check one): Large accelerated filer: o Accelerated filer: þ Non accelerated filer: o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b 2 of the Act). Yes o No þ

Number of Common Shares outstanding as at November 6, 2006: 207,845,758

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Explanatory Note

This Form 10-Q/A is being filed to amend Golden Star Resources Ltd. s Quarterly Report on Form 10-Q, for the quarter ended September 30, 2006 to correct errors discovered on March 11, 2007 related to the computation of ore stockpile and in-process inventory balances and the associated Mining operations costs as found on the statement of operations. The corrections also impacted the minority interest account and various tax accounts on the balance sheets and in the statement of operations as well as our non-GAAP measures cash operating costs per ounce and total cash cost per ounce.

The US GAAP Reconciliation note 24 was previously revised in February 2007 to correct the way in which we accounted in US GAAP for warrants to purchase common shares which have an exercise price denominated in Canadian dollars. This restatement arose from management s determination on February 22, 2007 that such warrants denominated in Canadian dollars, which had been treated as equity instruments, should have been treated as derivative instruments under US GAAP. As such the fair value of such warrants is required to be treated as a liability, and we are required to mark to market those warrants on a current basis, with the resulting gains or losses being included in the statement of operations under US GAAP.

Generally, no attempt has been made in this Form 10-Q/A to modify or update other disclosures presented in the original report on Form 10-Q except as otherwise required to reflect the effects of the inventory restatement, and the earlier warrant restatements in note 25. This Form 10-Q/A does not reflect events occurring after the filing of the original Form 10-Q or modify or update those disclosures. Information not affected by the restatement is unchanged and reflects the disclosure made at the time of the original filing of the Form 10-Q with the Securities and Exchange Commission on November 6, 2006.

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REPORTING CURRENCY, FINANCIAL AND OTHER INFORMATION

All amounts in this report are expressed in United States (US) dollars, unless otherwise indicated. Canadian currency is denoted as Cdn$. Euros are denoted as .

Financial information is presented in accordance with accounting principles generally accepted in Canada (Cdn GAAP or Canadian GAAP). Differences between accounting principles generally accepted in the US (US GAAP) and those applied in Canada, as applicable to Golden Star Resources Ltd., are explained in Note 24 to the Consolidated Financial Statements.

References to Golden Star, the Company, 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.

NON GAAP FINANCIAL MEASURES

In this Form 10 Q, we use the terms total cash cost per ounce and cash operating cost per ounce which are considered Non GAAP financial measures as defined in SEC Regulation S K Item 10 and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. See Item 2 Management s Discussion and Analysis of Financial Condition and Results of Operations for a definition of these measures as used in this Form 10 Q.

STATEMENTS REGARDING FORWARD LOOKING INFORMATION

This Form 10 Q contains forward looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended, 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, estimates, may, will, and similar expressions identify forward looking statements. Although we believe that our plans, intentions and expectations reflected in these forward looking statements are reasonable, we cannot be certain that these plans, intentions or expectations will be achieved. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward looking statements contained in this Form 10 Q.

These statements include comments regarding: the establishment and estimates of mineral reserves and resources, recovery rates, production, production commencement dates, anticipated production rates in 2007, our plans to pursue alternative power sources, production costs, cash operating costs, total cash costs, grade, processing capacity, potential mine life, progress and completion of feasibility studies, permitting and licensing, development costs, expenditures, exploration activities and expenditures, equipment replacement, our plan to complete feasibility studies on the upper levels of the Prestea Underground and on the Hwini Butre and Benso concessions, development and mining of the new Pampe project, our expansion plans for Bogoso/Prestea, anticipated completion of construction and commissioning of the Bogoso Sulfide Expansion Project and related permitting and capital costs, anticipated production, cash requirements and sources, progress of the second $15 million debt facility, production capacity, operating costs and gold recoveries and estimated capital spending in 2006.

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The following, are among the factors that could cause actual results to differ materially from the forward looking statements:

- unexpected changes in business and economic conditions;
- significant increases or decreases in gold prices;
- changes in interest and currency exchange rates;
- timing and amount of gold production;
- failure to realize the anticipated benefits from the St. Jude Properties;
- failure to develop reserves on the St. Jude Properties;
- unanticipated grade changes;
- unanticipated recovery or production problems;
- effects of illegal miners on our properties;
- changes in mining and processing costs including changes to costs of raw materials, supplies, services and labor;
- changes in material type that impacts mining and processing;
- availability and cost of skilled personnel, materials, equipment, supplies, power and water;
- changes in project parameters;
- costs and timing of development of new reserves;
- results of current and future exploration activities;
- results of pending and future feasibility studies;
- joint venture relationships;
- political or economic instability, either globally or in the countries in which we operate;
- local and community impacts and issues;
- timing of receipt of, and maintenance of, government approvals and permits;
- accidents and labor disputes;
- environmental costs and risks;
- marine transit and other shipping risks, including delays and losses;
- competitive factors, including competition for property acquisitions; and

availability of capital at reasonable rates or at all.

These factors are not intended to represent a complete list of the general or specific factors that could affect us. Your attention is drawn to other risk factors disclosed and discussed in Item 1A of our 2005 Form 10 K. We undertake no obligation to update forward looking statements.

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PART I

ITEM 1. FINANCIAL STATEMENTS

GOLDEN STAR RESOURCES LTD.
CONSOLIDATED BALANCE SHEETS
(Stated in thousands of US dollars except shares issued and outstanding)
(Unaudited)

	As of September 30, 2006	As of December 31, 2005
	(Restated-Note 25)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 10,043	$ 89,709
Accounts receivable	6,094	6,560
Inventories (Note 2)	40,129	23,181
Future tax assets		6,248
Fair value of derivatives (Note 12)		1,220
Deposits (Note 3)	10,096	5,185
Prepaids and other	1,089	686
Total Current Assets	67,451	132,789
RESTRICTED CASH	1,572	5,442
LONG TERM INVESTMENTS (Note 4)	1,456	8,160
DEFERRED EXPLORATION AND DEVELOPMENT COSTS (Note 6)	165,715	167,532
PROPERTY, PLANT AND EQUIPMENT (Note 7)	87,400	84,527
MINING PROPERTIES (Note 8)	134,170	118,088
CONSTRUCTION IN PROGRESS (Note 9)	139,774	36,707
DEFERRED STRIPPING (Note 10)		1,548
FUTURE TAX ASSETS	5,535	8,223
OTHER ASSETS	1,351	1,587
Total Assets	$ 604,424	$ 564,603
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 31,918	$ 26,144
Fair value of derivatives (Note 12)	1,016	4,709
Asset retirement obligations (Note 13)	3,661	3,107
Current portion of future tax liability	906	
Current debt (Note 11)	5,812	6,855
Total Current Liabilities	43,313	40,815
LONG TERM DEBT (Note 11)	66,917	64,298
ASSET RETIREMENT OBLIGATIONS (Note 13)	13,916	8,286

FAIR VALUE OF DERIVATIVES (Note 12)		7,263
FUTURE TAX LIABILITY	42,202	45,072
Total liabilities	166,348	165,734
MINORITY INTERESTS	7,071	6,629
COMMITMENTS AND CONTINGENCIES (Note 14)		
SHAREHOLDERS EQUITY		
SHARE CAPITAL (Note 15)		
First preferred shares, without par value, unlimited shares authorized. No shares issued		
Common shares, without par value, unlimited shares authorized. Shares issued and outstanding: 207,845,758 at September 30, 2006; 205,954,582 at December 31, 2005	524,481	522,510
CONTRIBUTED SURPLUS	9,832	6,978
EQUITY COMPONENT OF CONVERTIBLE NOTES	2,857	2,857
DEFICIT	(106,165)	(140,105)
Total Shareholders Equity	431,005	392,240
Total Liabilities and Shareholders Equity	$ 604,424	$ 564,603

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

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GOLDEN STAR RESOURCES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Stated in thousands of US dollars except per share amounts)
(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2006 (Restated-Note 25)	September 30, 2005	September 30, 2006 (Restated-Note 25)	September 30, 2005
REVENUE				
Gold sales	$ 35,996	$ 23,235	$ 89,607	$ 63,329
Royalty income	186	952	4,026	3,071
Interest and other	372	561	1,833	1,322
Total revenues	36,554	24,748	95,466	67,722
PRODUCTION EXPENSES				
Mining operations	24,724	20,060	70,816	52,026
Depreciation, depletion and amortization	5,142	4,639	15,946	10,552
Accretion of asset retirement obligation (Note 13)	190	172	544	540
Total mine operating costs	30,036	24,871	87,306	63,118
OPERATING EXPENSES Exploration expense	414	191	1,004	605
General and administrative expense	1,887	1,556	7,040	6,504
Corporate development expense		37		147
Total production and operating expenses	32,357	26,655	95,350	70,374
Operating income/(loss)	4,197	(1,907)	116	(2,652)
OTHER EXPENSES, (GAINS) AND LOSSES				
Derivative mark-to-market (gain)/loss (Note 12)	(1,382)	5,486	9,346	7,412
Abandonment and impairment of mineral properties	1,849		1,849	1,083
Gain on sale of partial investment in EURO (Note 5)			(20,940)	
Gain on sale of investment in Moto (Note 4)			(30,294)	
Loss on equity investments		75		185
Interest expense	487	853	1,448	1,705
Foreign exchange (gain)/loss	1,118	(111)	(2,339)	732
Income/(loss) before minority interest	2,125	(8,210)	41,046	(13,769)

Minority interest	(515)	(136)	(443)	(516)
Net income/(loss) before income tax	1,610	(8,346)	40,603	(14,285)
Income tax (expense)/benefit (Note 18)	(77)	1,689	(6,663)	1,710
Net income/(loss)	**$ 1,533**	**$ (6,657)**	**$ 33,940**	**$ (12,575)**
Deficit, beginning of period	(107,698)	(132,492)	(140,105)	(126,574)
Deficit, end of period	$(106,165)	$(139,149)	$(106,165)	$(139,149)
Net income/(loss) per common share basic (Note 19)	$ 0.007	$ (0.047)	$ 0.164	$ (0.088)
Net income/(loss) per common share diluted (Note 19)	$ 0.007	$ (0.047)	$ 0.162	$ (0.088)
Weighted average shares outstanding (millions of shares)	207.3	142.8	207.4	142.5

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

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GOLDEN STAR RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in thousands of US dollars)
(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2006 (Restated-Note 25)	September 30, 2005	September 30, 2006 (Restated-Note 25)	September 30, 2005
OPERATING ACTIVITIES:				
Net income/(loss)	$ 1,533	$ (6,657)	$ 33,940	$ (12,575)
Reconciliation of net income to net cash provided by/(used in) operating activities:				
Depreciation, depletion and amortization	5,163	4,709	15,998	10,623
Amortization of loan acquisition cost	27	30	171	105
Deferred stripping	516	(1,920)	1,548	(1,803)
Loss on equity investment		75		185
Gain on sale of investment in Moto and EURO			(51,234)	
Non-cash employee compensation	522	98	1,583	900
Impairment of deferred exploration projects	1,849		1,849	1,083
Income tax expense/(benefit)	77	(1,689)	6,971	(1,710)
Reclamation expenditures	(434)	(176)	(957)	(468)
Fair value of derivatives	(1,900)	5,485	3,971	7,412
Accretion of convertible debt	177	174	529	348
Accretion of asset retirement obligations	190	172	544	540
Minority interest	515	136	443	516
	8,235	437	15,356	5,156
Changes in assets and liabilities:				
Accounts receivable	1,169	1,769	(1,441)	(1,119)
Inventories	(5,870)	(4,694)	(16,949)	(10,353)
Deposits	1,832	830	(838)	(127)
Accounts payable and accrued liabilities	2,485	3,839	4,286	5,607
Other	(528)	(410)	(334)	(317)
Net cash provided by/(used in) operating activities	7,323	1,771	80	(1,153)
INVESTING ACTIVITIES:				
Expenditures on deferred exploration and development	(1,543)	(1,719)	(6,340)	(3,782)
Expenditures on mining properties	(4,164)	(10,455)	(11,926)	(23,918)
Expenditures on property, plant and equipment	(4,587)	(6,279)	(10,837)	(25,372)
Expenditures on mine construction in progress	(32,172)	(13,084)	(101,574)	(19,123)

Cash invested in short term investments			(21,080)	
Cash provided by short term investments	21,080	22,750	21,080	19,100
Cash provided by restricted cash	3,521		3,870	
Expenditure on purchase of Moto shares			(1,656)	
Proceeds from sale of investment in Moto			38,952	
Proceeds from sale of investment in EURO			3,239	
Change in payable on capital expenditures	(3,342)	9,071	733	9,071
Sale of property				1,000
Deposits	(2,291)	(161)	(4,073)	(2,415)
Other	(396)	879	(760)	(1,627)
Net cash provided by/(used in) investing activities	(23,894)	1,002	(90,372)	(47,066)
FINANCING ACTIVITIES:				
Issuance of share capital, net of issue costs	115	877	3,392	1,177
Debt repayments (Note 11)	(1,361)	(1,087)	(5,050)	(1,972)
Issuance of debt (Note 11)	6,978	3,000	12,431	58,330
Equity portion of convertible notes				2,857
Other		(52)	(149)	(1,153)
Net cash provided by financing activities	5,732	2,738	10,624	59,239
Increase/(decrease) in cash and cash equivalents	(10,839)	5,511	(79,666)	11,020
Cash and cash equivalents, beginning of period	20,882	18,386	89,709	12,877
Cash and cash equivalents end of period	$ 10,043	$ 23,897	$ 10,043	$ 23,897

(See Note 20 for supplemental cash flow information)

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

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GOLDEN STAR RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in tables are in thousands of US dollars unless noted otherwise)
(Unaudited)

These consolidated financial statements and the accompanying notes are unaudited and should be read in conjunction with the audited consolidated financial statements and related notes thereto included in our annual report on Form 10 K as amended for the year ended December 31, 2005, on file with Securities and Exchange Commission and with the Canadian securities commissions. Financial information is presented in accordance with accounting principles generally accepted in Canada.

In early 2006, it was determined that hedge accounting had been improperly applied by our subsidiary, EURO Resources S.A. (EURO) for their cash settled forward gold price agreements during the first three quarters of 2005. As a result, our Form 10 Qs for the first three quarters of 2005 were amended to apply derivative accounting rather than hedge accounting to EURO s derivatives. In this Form 10 Q, comparative amounts for the third quarter and for the first nine months of 2005 reflect the restatement.

In management s opinion, the unaudited consolidated financial statements for the three and nine months ended September 30, 2006 and September 30, 2005 contained herein reflect all adjustments, consisting solely of normal recurring items, which are necessary for the fair presentation of financial position, results of operations and cash flows on a basis consistent with that of our prior audited consolidated financial statements.

In certain cases prior period amounts have been revised to reflect current period presentation.

1. Description of Business

Through our subsidiaries we own a controlling interest in four significant gold properties in southern Ghana in West Africa:

- Bogoso/Prestea property, which is comprised of the adjoining Bogoso and Prestea surface mining leases (Bogoso/Prestea),
- Prestea Underground property (Prestea Underground),
- Wassa property (Wassa), and
- Hwini Butre and Benso concessions (St. Jude Properties).

In addition to these gold properties we hold various other exploration rights and interests and are actively exploring in a variety of locations in West Africa and South America.

Bogoso/Prestea is owned by our 90% owned subsidiary Golden Star (Bogoso/Prestea) Limited (GSBPL) (formerly Bogoso Gold Limited) which was acquired in 1999. Bogoso/Prestea produced and sold approximately 132,000 ounces of gold during 2005.

Through another 90% owned subsidiary, Golden Star (Wassa) Limited (GSWL) (formerly Wexford Goldfields Limited), we own the Wassa gold mine located some 35 kilometers east of Bogoso/Prestea. Construction and commissioning of Wassa s new processing plant and open pit mine was completed at the end of March 2005 and the project was placed in service on April 1, 2005. Wassa produced and sold approximately 69,000 ounces of gold in 2005 following its April 2005 in service date.

The Prestea Underground is located on the Prestea property and consists of a currently inactive underground gold mine and associated support facilities. GSBPL owns a 90% operating interest in the

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Prestea Underground. We are currently conducting exploration and engineering studies to determine if the underground mine can be reactivated on a profitable basis.

Through our 100% owned subsidiary, St. Jude Resources Ltd. (St. Jude), we own the St. Jude Properties in southwest Ghana. The St. Jude Properties consist of the Hwini Butre and Benso concessions which together cover an area of 201 square kilometers. Both concessions contain undeveloped zones of gold mineralization. The Hwini-Butre and Benso concessions are located approximately 75 and 45 kilometers south of Wassa, respectively based on the proposed haulage route. The mineralized zones have been delineated through the efforts of the prior owner who conducted extensive exploration work from the mid 1990s to 2005.

We hold interests in several gold exploration projects in Ghana and elsewhere in West Africa including Sierra Leone, Burkina Faso, Niger and Cote 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 16.5% shareholding investment in Goldmin Consolidated Holdings. Golden Star also own a 43% interest in EURO Resources S.A. (EURO), a French publicly traded royalty holding company which owns a royalty interest based on gold production at Cambior Inc. s Rosebel gold mine in Suriname.

Our corporate headquarters are located in Littleton, Colorado, USA and we also maintain a regional corporate office in Accra, Ghana. Our accounting records are kept in compliance with Canadian GAAP. All of our operations, except for certain exploration projects keep financial records in US dollars.

2. Inventories

	As of September 30, 2006 (Restated-Note 25)	As of December 31, 2005
Stockpiled ore	$ 14,338	$ 5,753
In process	3,101	3,106
Materials and supplies	22,690	14,322
Total	$ 40,129	$ 23,181

3. Deposits

Represents cash advances and payments for equipment and materials purchases by GSWL and GSBPL which are not yet delivered on-site.

4. Long Term Investments

We hold a 16.5% interest in Goldmin Consolidated Holdings, a privately held gold exploration company which operates in South America. In the year ended December 31, 2005 we accounted for our investment as an equity investment, but by March 31, 2006 our investment was diluted to less than 20%, and we now account for the investment on the cost basis at $1.5 million.

At December 31, 2005 we held approximately 11% of the outstanding common shares of Moto Goldmines Limited (Moto), a gold exploration and development company publicly traded in Canada, with a focus on gold exploration and development in the Democratic Republic of Congo. In March 2006 we exercised our remaining one million warrants increasing our total ownership to six million common shares, and immediately afterward sold all six million common shares in a bought deal transaction in Canada for Cdn$7.50 per share. The sale of the six million shares resulted in net proceeds to Golden Star of $39.0 million (Cdn$45.0 million) yielding a pre tax capital gain of $30.3 million.

5. Investment in EURO

EURO s most significant asset is its royalty from the Rosebel mine in Suriname, owned and operated by Cambior Inc. Additionally, EURO holds certain gold exploration and development mineral rights in French Guiana, which are the subject of joint venture arrangements. At March 31, 2006 we owned 53% of EURO s outstanding common shares and as such consolidated EURO s financial results with our own.

During the second quarter of 2006 we sold 362,029 of our EURO shares in open market transactions realizing approximately $0.7 million of cash. On June 19, 2006 we sold an additional four million EURO shares in a private transaction receiving $2.5 million of cash. The purchasers of the four million shares have agreed to pay additional consideration to Golden Star if they sell the shares at a gain.

The combined share sales during the second quarter diluted our holding in EURO s common shares to approximately 43%. In response to our reduced ownership position, the equity method of accounting was adopted on June 20, 2006 for our remaining interest in EURO. Under the equity accounting method, our consolidated financial statements no longer include EURO s assets and liabilities which at March 31, 2006 included $3.2 million of net current assets, $5.6 million of tax assets, $7.0 million of bank loans and $14.9 million of derivative liabilities. The net effect of the change in accounting method resulted in recognition of $17.7 million of non-cash gains in the second quarter of 2006. The total gain from the change in our EURO ownership position, consisting of $3.2 million in cash received from sale of shares and $17.7 million from the change in accounting method, is $20.9 million.

Under the equity method accounting rules, Golden Star will recognize a share of EURO s future earnings/losses in proportion to Golden Star s ownership position at the end of each period (currently 43%). Golden Star has a zero carrying value for its investment in EURO, and future gains and losses will not be recognized until such time as EURO s future income offsets accumulated deficits. The value of our remaining 21.4 million EURO common shares was $33.9 million based on EURO s closing share price on September 30, 2006.

6. Deferred Exploration and Development Costs

Consolidated property expenditures on our exploration projects for the nine months ended September 30, 2006 were as follows:

	Deferred Exploration & Development Costs as of 12/31/05	Capitalized Exploration Expenditures	Acquisition Costs	Impairments	Transfer to mining properties	Deferred Exploration & Development Costs as of 9/30/06
AFRICAN PROJECTS						
Akropong trend and other Ghana	$ 4,947	$ 80	$	$	$ (4,209)	$ 818
Prestea property Ghana	2,074	25			(2,099)	
Hwini Butre and Benso Ghana	135,832	3,194	1,897			140,923
Mano River Sierra Leone	1,285	555		(197)		1,643
Afema Ivory Coast	1,028	494				1,522
Goulagou Burkina Faso	18,247	173	254			18,674
Other Africa	1,750	357	(1,090)			1,017
SOUTH AMERICAN PROJECTS						

Saramacca	Suriname	731	131				862
Bon Espoir	French Guiana	1,382	268		(1,650)		
Other South America		256					256
Total		$ 167,532	$ 5,277	$ 1,061	$ (1,847)	$ (6,308)	$ 165,715

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7. Property, Plant and Equipment

	As of September 30, 2006			As of December 31, 2005		
	Property, Plant and Equipment at Cost	Accumulated Depreciation	Property, Plant and Equipment Net Book Value	Property, Plant and Equipment at Cost	Accumulated Depreciation	Property, Plant and Equipment, Net Book Value
Bogoso/Prestea	$ 46,578	$ 11,821	$ 34,757	$ 40,802	$ 8,240	$ 32,562
Prestea Underground	3,287		3,287	2,748		2,748
Wassa	55,073	6,204	48,869	50,701	1,985	48,716
EURO Resources				1,456	1,449	7
Corporate & Other	656	169	487	611	117	494
Total	$ 105,594	$ 18,194	$ 87,400	$ 96,318	$ 11,791	$ 84,527

8. Mining Properties

	As of September 30, 2006			As of December 31, 2005		
	Mining Properties at Cost	Accumulated Amortization	Mining Properties, Net Book Value	Mining Properties at Cost	Accumulated Amortization	Mining Properties, Net Book Value
Bogoso/Prestea	$ 53,249	$ 32,393	$ 20,856	$ 46,970	$ 28,792	$ 18,178
Prestea Underground	27,543		27,543	21,612		21,612
Bogoso Sulfide	13,065		13,065	13,065		13,065
Mampon	15,631		15,631	15,062		15,062
Wassa	54,760	9,425	45,335	50,810	5,104	45,706
Other	11,740		11,740	4,465		4,465
Total	$ 175,988	$ 41,818	$ 134,170	$ 151,984	$ 33,896	$ 118,088

9. Mine Construction in Progress

At September 30, 2006 and at December 31, 2005, mine construction in progress represents costs incurred for the Bogoso Sulfide Expansion Project since the beginning of 2005. Included in the total are costs of development drilling, plant equipment purchases, materials and construction costs, payments to the construction contractors, mining equipment costs, capitalized interest and pre-production stripping costs.

	As of September 30, 2006	As of December 31, 2005
Plant construction cost	$ 107,983	$ 34,871
Mining equipment cost	13,667	
Pre-production stripping cost	13,019	
Capitalized Interest	5,105	1,836
Total	$ 139,774	$ 36,707

10. Deferred Stripping

The amount of stripping costs to be capitalized in each period is calculated by determining the tonnes of waste moved in excess of the life of pit average strip ratio and valuing the excess tonnage of removed waste at the average mining cost per tonne during the period. Costs are recovered in periods when the actual tonnes of waste moved are less than the average life of pit rate, such tonnes being valued at the rolling average cost of the waste tonnage amounts capitalized.

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The capitalized component of waste rock removal costs is shown on our consolidated balance sheets in the line item titled Deferred Stripping. The cost impact is included in the Statements of Operations in the line item titled Mining operations.

During the quarter ended September 30, 2006 all the remaining deferred stripping cost of $0.5 million was recovered.

11. Debt

		As of September 30, 2006		As of December 31, 2005
Current debt:				
Bank loan EURO Resources (Note a)	$		$	2,667
Equipment financing loans (Note b)		5,812		4,188
Total current debt	$	5,812	$	6,855
Long term debt:				
Bank loan EURO Ressources (Note a)	$		$	5,000
Equipment financing loans (Note b)		18,722		11,632
Convertible notes (Note c)		48,195		47,666
Total long term debt	$	66,917	$	64,298

(a) Bank debt As a result of the sale of the EURO shares in June 2006 (see Note 5), Golden Star no longer consolidates the financial statements of EURO. Therefore the EURO bank loan is not included within consolidated debt as of September 30, 2006.

(b) Equipment financing credit facility We have established an equipment financing facility between Caterpillar

Financial Services Corporation, GSBPL and GSWL, with Golden Star as the guarantor of all amounts borrowed. The facility provides credit for a mixture of new and used mining equipment. This facility is reviewed annually. Amounts drawn under this facility are repayable over five years for new equipment and over two years for used equipment. The interest rate for each draw down is fixed at the date of the draw down using the Federal Reserve Bank 2 year or 5 year swap rate or LIBOR plus 2.38%. As of September 30, 2006, $24.5 million was outstanding under this facility. The average interest rate on the outstanding loans is approximately 6.7%. We estimate the fair value of the equipment financing facility to be approximately $24.0 million at September 30, 2006.

(c) Convertible notes We sold $50 million of senior unsecured convertible notes to a private investment fund on April 15, 2005. These notes were issued at par and bear interest at 6.85% with a conversion price of $4.50 per common share. At the maturity date, April 15, 2009, we have the option, to repay the outstanding notes with i.) cash, ii.) by issuing common shares to the note holders or iii.) a combination of cash and common shares. For any notes repaid in common shares the number of shares will be determined by dividing the loan balance by an amount equal to 95% of the average price of the 20 trading day period ended five days before the notes are due. Due to the beneficial conversion feature, approximately $47.1 million of the note balance was initially classified as a liability and $2.9 million was classified as equity. Periodic accretion will increase the liability to the full $50 million amount due (after adjustments, if any, for converted notes) by the end of the note term. The periodic accretion is included in interest expense. A total of $5.1 million of interest on the convertible notes has been capitalized

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as Bogoso sulfide expansion project costs. We estimate the fair value of the convertible notes to be approximately $39.2 million at September 30, 2006.

(d) Debt facility In October 2006 we finalized a debt facility of $15 million with two Ghanaian banks. See Note 25 Subsequent events for further detail of this transaction.

12. Derivatives

EURO In January 2005, EURO, then a majority owned subsidiary, entered into a series of derivative contracts in conjunction with a $6.0 million loan agreement. EURO s derivatives are tied to a future stream of gold royalty payments EURO expects to receive from Cambior Inc., which purchased a mining property interest from Golden Star in 2002. Golden Star originally owned the royalty but sold the royalty to EURO in 2004. In September 2005, EURO entered into a second set of derivative contracts related to a further $3.0 million debt facility.

During 2005, we recorded a realized derivative loss of $0.5 million for cash settlement of the first four quarterly tranches and we recorded $9.6 million of unrealized, non cash, mark to market losses as of December 31, 2005. At June 30, 2006 we recorded $0.8 million payments to EURO s counterparties for expiring positions and an additional $4.1 million mark to market loss for the period ended June 19, 2006.

As a result of the sale of the EURO shares in June 2006 (see Note 5), Golden Star no longer consolidates the financial statements of EURO. Therefore the EURO derivative contract liability is not included in our consolidated balance sheet as of September 30, 2006.

Gold Derivatives To provide gold price protection during the 2005/2006 construction phase of the Bogoso Sulfide Expansion Project, we purchased a series of gold puts. The first purchase occurred in the second quarter of 2005 when we purchased put options on 140,000 ounces of gold at an average floor price of $409.75, paying approximately $1.0 million in cash for the options.

We purchased an additional 90,000 put options in the third quarter of 2005 locking in a $400 per ounce floor for each of the 90,000 ounces. Increases in gold price during the first nine months of 2006 resulted in a nil value for our remaining puts at September 30, 2006. This was $0.1 million less than the value at December 31, 2005 and approximately $1.0 million less than the initial purchase cost. We have 75,000 ounces of put options with an average strike price of $404 per ounce remaining at September 30, 2006.

To acquire the put options in the third quarter of 2005, we sold 90,000 ounces of call options with a strike price of $525 per ounce. The revenue from the sale of the call options exactly offset the cost of the put options bought in the same quarter. At the beginning of 2006 there were 65,000 call options outstanding. During the second quarter of 2006 we bought back 30,000 ounces of call options for $2.6 million. The lower number of call options held by the Company at September 30, 2006 resulted in a $1.2 million decrease in settlement costs of the calls and accordingly we recorded a $1.2 million mark to market gain on the calls. In addition, call options for 23,000 ounces were exercised during the first nine months of 2006 requiring a $2.0 million payment to the counterparty. The payment is included in derivative loss in the Statement of Operations. At September 30, 2006 our gold call obligation consists of 12,000 ounces at $525 per ounce.

Foreign Currency Forward Positions To help control the potential adverse impact of fluctuations in foreign currency exchange rates on the cost of equipment and materials we expect to purchase during the 2006 construction phase of the Bogoso Sulfide Expansion Project, we entered into Rand forward contracts. These contracts, established without cost, had a fair value of nil and $1.0 million at September 30, 2006 and December 31, 2005, respectively.

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The following table summarizes our derivative contracts at September 30, 2006:

At September 30, 2006	**2006**	**2007**	**Total/ Average**
Gold put options			
Ounces (thousands)	37.5	37.5	75
Average price per ounce ($)	404	404	404
Gold call options			
Ounces (thousands)	6	6	12
Average price per ounce ($)	525	525	525

The puts, calls and foreign exchange forward contracts are comprised of numerous individual contracts each with a different settlement date.

Fair Value of Derivatives	**September 30, 2006**	**Fair value of EURO derivative on June 19, 2006**	**December 31, 2005**	**Nine months (Expense)/ Gain**
Cash settled forward gold price agreements	$	$ (13,707)	$ (9,560)	$ (4,147)
Puts			74	(74)
Calls	(1,016)		(2,250)	1,234
Rand forward purchases			1,146	(1,146)
Euro forward purchases			(162)	162
Unrealized loss	$ (1,016)	$ (13,707)	$ (10,752)	$ (3,971)
Realized losses:				
Cash settled forward gold price agreements				(757)
Calls				(4,618)
Total gains/(losses)				$ (9,346)

13. Asset Retirement Obligations

Our Asset Retirement Obligations (ARO) are equal to the present value of all estimated future closure costs associated with reclamation, demolition and stabilization of our Bogoso/Prestea and Wassa mining and ore processing properties. Included in this liability are the costs of mine closure and reclamation, processing plant and infrastructure demolition, tailings pond stabilization and reclamation and environmental monitoring costs. While the majority of these costs will be incurred near the end of the mines lives, it is expected that certain on going reclamation costs will be incurred prior to mine closure. These costs are recorded against the current ARO provision as incurred.

The changes in the carrying amount of the ARO were as follows:

Balance at December 31, 2005	$ 11,393
Accretion expense	544
Cost of reclamation work performed	(957)
New AROs incurred during the period	6,597
Balance at September 30, 2006	$ 17,577

Current portion	$ 3,661
Long term portion	$ 13,916

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During the quarter we increased our estimate of the asset retirement obligation at Bogoso/Prestea and Wassa as a result of the greater reclamation liability associated with the Bogoso Sulfide Expansion Project and the mining of the SAK pits at Wassa. The increased liability relates to the reclamation associated with the removal of the plant, the expanded tailings facility and the increased size of the pits and dumps. We also completed a reclamation study for bonding purposes with the Ghana Environmental Protection Agency (EPA) and updated our cost estimates based on the results of the study.

14. Commitments and Contingencies

Our commitments and contingencies include the following items:

(e) **Environmental Regulations** The Company s mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. As such we cannot predict the full amount of our future expenditure to comply with these laws and regulations. We conduct our operations so as to protect the environment and believe our operations are in compliance with applicable laws and regulations in all material respects.

(f) **Environmental Bonding in Ghana** In 2005, pursuant to a reclamation bonding agreement between the EPA and GSWL, we bonded $3.0 million to cover future reclamation obligations at Wassa. To meet the bonding requirements we established a $2.85 million letter of credit and deposited $0.15 million of cash with the EPA. In addition, pursuant to a bonding agreement between the EPA and GSBPL we bonded $9.5 million in early 2006 to cover our future obligations at Bogoso/Prestea. To meet these requirements we deposited $0.9 million of cash with the EPA with the balance covered by a letter of credit.

(g) **Cash Restricted for Environmental Rehabilitation Liabilities** In 1999, we were required, according to the acquisition agreement with the sellers of GSBPL, to restrict $6.0 million of cash to be used for the ongoing and final reclamation and closure costs at Bogoso. Between 1999 and 2001 we withdrew $2.6 million of the restricted cash to cover our out of pocket cash reclamation costs. In early 2006 GSBPL met the EPA s bonding requirements and as a result the sellers of GSBPL released the remaining $3.5 million during September 2006.

(h) **Royalties**

(i) Dunkwa Properties: As part of the acquisition of the Dunkwa properties in August 2003, we agreed to pay the seller a net smelter return royalty on future gold production from the Mansiso and Asikuma properties. Per the acquisition agreement, there will be no royalty due on the first 200,000 ounces produced from Mampon which is located on the Asikuma property. The amount of the royalty is based on a sliding scale which ranges from 2% of net smelter return at gold prices at or below $300 per ounce up to 3.5% for gold prices in excess of $400 per ounce.

(ii) Government of Ghana: Under the laws of Ghana, a holder of a mining lease is required to pay an annual royalty of not less than 3% and not more than 6% of

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the total revenues earned from the lease area. The royalty is payable on a quarterly basis. We currently pay a 3% annual royalty on gold production from Bogoso/Prestea and Wassa.

(iii) Benso: Benso is subject to a 1.5% net smelter return royalty and a $1.00 per ounce gold production royalty. The smelter return royalty may be purchased for $4.0 million (or $6.0 million if a feasibility study indicates more than 3.5 million ounces of recoverable gold) and the gold production royalty may be purchased for $0.5 million.

(iv) Prestea Underground The Prestea Underground is subject to a 2.5% net profits interest on future income. Ownership of the 2.5% net profit interest is currently held by the bankruptcy trustee overseeing liquidation of Prestea Gold Resources Limited, our former joint venture partner in the Prestea Underground.

(i) **Afema Project** On March 29, 2005 we entered into an agreement with Societe d Etat pour le Development Minier de la Cote d Ivoire (SO.DE.MI.), the Cote d Ivoire state mining and exploration company, to acquire their 90% interest in the Afema gold property in south east Cote d Ivoire. A $0.1 million initial payment to SO.DE.MI. provided us the right to carry out a six month detailed technical due diligence program. On September 30, 2005 a six month extension to March 29, 2006 was granted by SO.DE.MI. to allow Golden Star to carry out further due diligence work and to analyze the large quantity of data collected during 2005, after which Golden Star has the right to complete the transaction to acquire 100% of SO.DE.MI. s rights in the Afema property for $1.5 million. On March 14, 2006, we contacted SO.DE.MI. to clarify that (i) Golden Star will be indemnified in respect of the past environmental degradation at Afema, and (ii) that no other claims against the property exist. SO.DE.MI. is still considering its response to the latter question and hence the option remains unexercised pending their decision. In addition to the acquisition payments, we agreed to pay SO.DE.MI. a royalty on any future gold production from the Afema property. The royalty is indexed to the gold price and ranges from 2% of net smelter returns at gold prices below $300 per ounce to 3.5% of net smelter returns for gold prices exceeding $525 per ounce. If we proceed with the $1.5 million payment to acquire full rights to the property, the purchase agreement requires us to spend an additional $3.5 million on exploration work at Afema, subject to exploration success, over the following three and a half years.

(j) **Stock based compensation** On September 9, 2006 GSBPL and GSWL entered into an agreement with the Ghana Mine Workers Union whereby GSBPL and GSWL agreed to grant each union employee in employment on August 31, 2006 Golden Star options or at our election, Share Appreciation Rights (SAR s). The union employees will receive 100 options (or SAR s) for each year of service up to a maximum of 500 options (or SAR s). While the grant of these options (or SAR s) have been approved they still have not been granted to the union employees as of September 30, 2006.

(k) We are engaged in routine litigation incidental to our business. No material legal proceedings, involving us or our business are pending, or, to our knowledge, contemplated, by any governmental authority. We are not aware of any material events of non compliance with environmental laws and regulations.

15. Share Capital

Changes in share capital during the nine months ended September 30, 2006 were:

	Shares	Amount
Balance as of December 31, 2005	205,954,582	$522,510
Common shares issued:		
Option exercises	1,887,176	4,680
Reclassification of warrants to capital surplus		(2,575)
Bonus shares and other	4,000	(134)
Balance as of September 30, 2006	207,845,758	$524,481

16. Warrants

The following warrants were outstanding as of September 30, 2006:

Issued with:	Date issued	Warrants outstanding	Exercise price	Expiration date
Equity offering	February 14, 2003	8,448,334	Cdn$4.60	February 14, 2007
St. Jude acquisition	December 21, 2005	3,240,000	Cdn$4.17	November 20, 2008
Total		11,688,334		

The 8.4 million warrants expiring February 14, 2007 are traded on the Toronto Stock Exchange under the symbol GSC.WT.A. No warrants were exercised during the nine months ended September 30, 2005 and 2006.

17. Stock Based Compensation

Stock Options We have one stock option plan, the Second Amended and Restated 1997 Stock Option Plan (the Plan) and options are granted under this plan from time to time at the discretion of the Compensation Committee. Options granted are non assignable and are exercisable for a period of ten years or such other period as stipulated in a stock option agreement between Golden Star and the optionee. Under the GSR Plan, we may grant options to employees, consultants and directors of the Company or its subsidiaries for up to 15,000,000 shares of common stock. Under the plan we reserved an aggregate of 15,000,000 shares of common stock for issuance pursuant to the exercise of options of which 11,456,351 is available at September 30, 2006. Options take the form of non qualified stock options, and the exercise price of each option is not less than the market price of our stock on the date of grant. Options typically vest over periods ranging from immediately to four years from the date of grant. Vesting periods are determined at the discretion of the Compensation Committee.

In addition to options issued under the Plan, 2,533,176 options were issued to various employees of St. Jude in exchange for St. Jude options of which 864,000 remain unexercised as of September 30, 2006. All of the remaining unexercised options held by St. Jude employees are vested. All figures shown below include the options issued to St. Jude employees.

Amounts recognized in the statements of operations with respect to the Plan are as follows:

	Nine months ended September 30,	
	2006	2005
Total cost during the period	$ 1,568	$ 900

We granted 850,650 and 514,000 options during the nine months ended September 30, 2006 and September 30, 2005, respectively. The Company recognized $1.6 million and $0.9 million of non cash compensation expense in the nine months ended September 30, 2006 and 2005, respectively. Golden Star does not receive a tax deduction for the issuance of options. As a result we did not recognize any income tax benefit related to the stock compensation expense during the nine months ended September 30, 2006 and 2005.

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The fair value of options granted during the first nine months of 2006 and 2005 were estimated at the grant dates using the Black Scholes option pricing model based on the assumptions noted in the following table:

	Nine months ended September 30, 2006	2005
Expected volatility	63.7% to 103.4%	34.9%
Risk free interest rate	4.00% to 4.09%	3.15% to 3.52%
Expected lives	4 to 7 years	3.5 to 5 years
Dividend yield	0%	0%

In 2006 expected volatilities are based on the historical volatility of Golden Star s shares. Golden Star uses historical data to estimate share option exercise and employee departure behavior used in the Black Scholes model; groups of employees that have dissimilar historical behavior are considered separately for valuation purposes. The expected term of the options granted represents the period of time that the option granted are expected to be outstanding; the range given above results from certain groups of employees exhibiting different post vesting behaviors. The risk free rate for periods within the contractual term of the option is based on the Canadian Chartered Bank Administered Interest rates in effect at the time of the grant.

A summary of option activity under the Plan as of September 30, 2006 and changes during the nine months then ended is presented below:

	Options (000)	Weighted Average Exercise price (Cdn$)	Weighted Average Remaining Contractual Term (Years)	Aggregate intrinsic value ($000)
Outstanding as of December 31, 2005	7,390	2.75	5.2	$ 9,554
Granted	851	3.88	9.4	
Exercised	(1,887)	1.97		2,209
Forfeited	(136)	7.07		
Outstanding as of September 30, 2006	6,218	3.02	5.6	7,073
Exercisable at September 30, 2006	3,954	1.78	4.0	$ 7,073

The weighted average grant date fair value of share options granted during the nine months ended September 30, 2006 and September 30, 2005 was Cdn$2.70 and Cdn$1.67, respectively. The intrinsic value of options exercised during the nine months ended September 30, 2006 and 2005 was $2.2 million and $0.2 million, respectively.

A summary of the status of non vested options at September 30, 2006 and changes during the nine months ended September 30, 2006, is presented below:

	Number of options (000)	Weighted average grant date fair value (Cdn$)
Nonvested at January 1, 2006	155	2.03
Granted	851	2.74

Vested	(466)	2.61
Forfeited	(71)	2.09
Nonvested at September 30, 2006	469	2.74

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As of September 30, 2006 there was a total unrecognized compensation cost of Cdn$1.2 million related to non vested share based compensation granted under the Plan. That cost is expected to be recognized over a weighted average period of 2.3 years. The total fair values of shares vested during the nine months ended September 30, 2006 and 2005 were Cdn$1.2 million and Cdn$0.4 million, respectively.

Stock Bonus Plan In December 1992, we established an Employees Stock Bonus Plan (the Bonus Plan) for any full time or part time employee (whether or not a director) of the Company or any of our subsidiaries who has rendered meritorious services which contributed to the success of the Company or any of its subsidiaries. The Bonus Plan provides that a specifically designated committee of the Board of Directors may grant bonus common shares on terms that it might determine, within the limitations of the Bonus Plan and subject to the rules of applicable regulatory authorities. The Bonus Plan, as amended, provides for the issuance of 900,000 common shares of bonus stock of which 495,162 common shares had been issued as of September 30, 2006.

During the nine months ended September 30, 2006 and 2005 we issued 4,000 and 45,342 common shares, respectively, to employees under the Bonus Plan.

18. Income Taxes

Income tax (expense)/benefit attributable to net income before income taxes consists of:

	Three months ended September 30,		Nine months ended September 30,	
	2006 (Restated-Note 25)	2005	2006 (Restated-Note 25)	2005
Current				
Canada	$	$	$ (4,926)	$
Foreign				
Future				
Canada	61		3,179	
Foreign	(138)	1,689	(4,916)	1,710
Total	$ (77)	$ 1,689	$ (6,663)	$ 1,710

The current tax expense recorded for the nine months ended September 30, 2006 relates to the gain on sale of the Moto shares. The Canadian future tax benefit recorded relates primarily to exploration expenditures incurred by St. Jude. The foreign future tax expense recorded for the nine months ended September 30, 2006 relates primarily to the sale of EURO (see Note 5) and the decrease in the Ghanaian tax rate, which is offset by derivative losses incurred. Golden Star records a valuation allowance against any portion of its remaining future income tax assets that it believes will, more likely than not, fail to be realized.

19. Earnings per Common Share

The following table provides a reconciliation between basic and diluted earnings per common share:

	Three months ended September 30,		Nine months ended September 30,	
	2006 (Restated-Note 25)	2005	2006 (Restated-Note 25)	2005
Net income/(loss)	$ 1,533	$ (6,657)	$ 33,940	$ (12,575)
Weighted average number of common shares (millions)	207.3	142.8	207.4	142.5
Dilutive securities:				
Options	1.9	1.8	2.0	1.9
Warrants				
Weighted average number of diluted shares	209.2	144.6	209.4	144.4
Basic earnings/(loss) per share	$ 0.007	$ (0.047)	$ 0.164	$ (0.088)
Diluted earnings/(loss) per share	$ 0.007	$ (0.047)	$ 0.162	$ (0.088)

20. Supplemental Cash Flow Information

No cash income taxes were paid during the nine months ended September 30, 2006 and 2005. Cash paid for interest was $2.9 million and $1.1 million for September 30, 2006 and 2005, respectively. A total of $53,000 and nil of depreciation was included in general and administrative costs, or was capitalized into projects, for the quarters ended September 30, 2006 and 2005, respectively.

	Nine months ended September 30,	
	2006	2005
Supplemental disclosure of non-cash transactions		
De-consolidation of EURO (see Note 5):		
- Accounts receivable	$ 2,341	
- Capitalized loan fees	91	
- Accounts Payable	754	
- Derivative liability	6,333	

21. Operations by Segment and Geographic Area

The following segment and geographic data includes revenues based on product shipment origin and long lived assets based on physical location. The corporate entity is incorporated in Canada.

As of and for the three months ended September 30,	Africa Ghana Bogoso/ Prestea (Restated-Note 25)	Wassa	Other	South America	Corporate	Total (Restated-Note 25)
2006						
Revenues	$ 21,544	$ 14,529	$ 2	$ 170	$ 309	$ 36,554
Net income/(loss)	5,510	321	(204)	(164)	(3,930)	1,533
Total assets	289,551	107,028	196,184	7,849	3,812	604,424
2005						
Revenues	$ 12,856	$ 10,500	$	$ 1,058	$ 334	$ 24,748
Net income/(loss)	1,667	(3,660)	(1,331)	(2,654)	(679)	(6,657)
Total assets	131,575	98,512	45,531	7,684	42,354	325,656

As of and for the nine months ended September 30,	Africa Bogoso/ Prestea	Ghana Wassa	Other	South America	Corporate	Total
2006						
Revenues	$ 48,001	$ 41,808	$ 18	$ 4,186	$ 1,453	$ 95,466
Net income/(loss)	5,327	(1,930)	2,820	(3,936)	31,659	33,940
Total assets	289,551	107,028	196,184	7,849	3,812	604,424

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As of and for the nine months ended September 30,	Africa Bogoso/ Prestea	Ghana Wassa	Other	South America	Corporate	Total
2005						
Revenues	$ 43,806	$19,690	$	$ 3,177	$ 1,049	$ 67,722
Net income/(loss)	5,278	(6,336)	(1,331)	(2,263)	(7,923)	(12,575)
Total assets	131,575	98,512	45,531	7,684	42,354	325,656

22. Related Parties

We obtained legal services from a legal firm to which our Chairman is counsel. Total value of all services purchased from this law firm during the first nine months was $0.6 million. Our Chairman did not personally perform any legal services for us during the period nor did he benefit directly or indirectly from payments for the services performed by the firm.

During the first quarter of 2006, a corporation controlled by Michael A. Terrell, a director of Golden Star, provided management services to St. Jude for which it was paid Cdn$0.13 million. Mr. Terrell became a director of Golden Star following our acquisition of St. Jude in December 2005. Mr. Terrell s company ceased providing services to St. Jude at March 31, 2006.

23. Financial Instruments

Fair Value Our financial instruments are comprised of cash, short term investments, accounts receivable, restricted cash, accounts payable, accrued liabilities, accrued wages, payroll taxes, derivatives and debt. The fair value of cash and short term investments, derivatives, accounts receivable, accounts payable, accrued liabilities and accrued wages, payroll taxes and current debt equals their carrying value due to the short term nature of these items. The fair value of restricted cash is equal to the carrying value as the cash is invested in short term, high quality instruments.

24. Generally Accepted Accounting Principles in the United States

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada, which differ from US GAAP. The effect of applying US GAAP to our financial statements is shown below.

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(a) Consolidated Balance Sheets in US GAAP

	As of September 30, 2006 (Restated - Notes d1 and d9)	As of December 31, 2005 (Restated - Notes d1 and d9)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 10,043	$ 89,709
Accounts receivable	6,094	6,560
Inventories (Note d1)	40,129	23,181
Future tax assets		6,248
Fair value of derivatives		1,220
Deposits	10,096	5,185
Other current assets	1,089	686
Total current assets	67,451	132,789
Restricted cash	1,572	3,865
Long term investments (Notes d2 and d3)		15,182
Deferred exploration and development costs (Notes d4 and d5)		
Property, plant and equipment (Note d6)	86,686	83,813
Mine construction in progress	139,774	36,706
Mining properties (Notes d4, d5 and d6)	244,285	237,153
Deferred stripping (Note d7)		1,548
Future tax asset (Note d12)	5,535	8,223
Other assets	1,351	3,164
Total assets	$ 546,654	$ 522,443
LIABILITIES		
Current liabilities	$ 43,313	$ 40,815
Long term debt (Note d8)	68,721	66,632
Asset retirement obligations	13,916	8,286
Future tax liability	42,202	45,072
Fair value of long term derivatives (Note d9)	6,131	15,842
Total liabilities	174,283	176,647
Minority interest	2,552	1,964
Commitments and contingencies		
SHAREHOLDERS EQUITY		
Share capital (Note d10)	525,668	523,696

Contributed surplus (Notes d9 and d11)		7,272		4,419
Accumulated comprehensive income and other (Note d3)		1,316		9,495
Deficit		(164,437)		(193,778)
Total shareholders equity		369,819		343,832
Total liabilities and shareholders equity	$	546,654	$	522,443

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(b) Consolidated Statements of Operations under US GAAP

	Three months ended September 30		Nine months ended September 30	
	2006	2005	2006	2005
	(Restated-Notes d1 and d9)	(Restated-Notes d1 and d9)	(Restated-Notes d1 and d9)	(Restated-Notes d1 and d9)
Net income/(loss) under Cdn GAAP	$1,533	$ (6,657)	$33,940	$ (12,575)
Deferred exploration expenditures expensed per US GAAP (Note d4)	(475)	(5,920)	(8,308)	(9,495)
Impact of start-up accounting (Note d5)				(4,718)
Depreciation and amortization differences Wassa (Note d6)	(314)	182	1,423	(825)
Derivative gain/(loss) (Note d9)	2,572	(2,314)	2,448	2,169
Write-off of deferred exploration properties (Note d4)				1,083
Other (Notes d4 and d8)	(524)	150	(19)	370
Net income/(loss) under US GAAP before minority interest	2,792	(14,559)	29,484	(23,991)
Minority interest, as adjusted	(82)	71	(144)	127
Net income/(loss) under US GAAP	2,710	(14,488)	29,340	(23,864)
Other comprehensive income gain on marketable securities (Note d3)		3,938		4,831
Comprehensive income/(loss)	$2,710	$ (10,550)	$29,340	$ (19,033)
Basic net income/(loss) per share under US GAAP before cumulative effect of change in accounting method	$0.013	$ (0.101)	$ 0.141	$ (0.167)
Diluted net income/(loss) per share under US GAAP before cumulative effect of change in accounting method	$0.013	$ (0.100)	$ 0.140	$ (0.165)

(c) Consolidated Statements of Cash Flows under US GAAP

	Three months ended September 30		Nine months ended September 30	
	2006	2005	2006	2005
Cash provided by (used in):				
Operating activities	$ 1,269	$ 4,280	$(12,138)	$ (7,004)
Investing activities	(17,840)	(1,507)	(78,152)	(41,215)
Financing activities	5,732	2,738	10,624	59,239
Increase/(Decrease) in cash and cash equivalents	(10,839)	5,511	(79,666)	11,020

Cash and cash equivalent beginning of period	20,882	18,386	89,709	12,877
Cash and cash equivalents end of period	$ 10,043	$23,897	$ 10,043	$ 23,897

(d) Notes:

(1) Inventories have been restated to correct errors in computations of ore stockpile values and in-process inventories. The following table shows the changes to accounts affected by the corrections:

	Quarter ended March 31, 2006		Quarter ended June 30, 2006		Quarter ended September 30, 2006	
(In millions of dollars except per share data)	As reported on Form 10-Q/A	As amended on Form 10-Q/A Amendment No. 2	As reported on Form 10-Q/A	As amended on Form 10-Q/A Amendment No. 2	As reported on Form 10-Q/A	As amended on our 10-Q/A Amendment No. 2
Statement of Operations						
Net income under Cdn GAAP	$ 19.0	$ 19.3	$ 14.4	$ 13.1	$ 3.0	$ 1.5
Net income under US GAAP	17.1	17.4	10.5	9.2	4.1	2.7
Comprehensive income	17.1	17.4	10.5	9.2	4.1	2.7
Basic net income/(loss) per share	0.083	0.084	0.051	0.044	0.020	0.013
Diluted net income per share	0.082	0.083	0.050	0.044	0.020	0.013
Balance Sheet						
Inventories	26.3	26.7	35.8	34.3	43.8	40.1
Future tax assets current	2.3	2.0				
Future tax asset long term	13.5	13.7	4.5	5.4	3.7	5.5
Future tax liability current			0.1	0.6		0.9
Minority interest	1.6	1.6	2.1	2.0	2.8	2.6
Deficit	(177.7)	(177.4)	(167.1)	(168.2)	(162.0)	164.4

	Three months ended March 31, 2006		Six months ended June 30, 2006		Nine months ended September 30, 2006	
(In millions of dollars except per share data)	As reported on Form 10-Q/A	As amended on Form 10-Q/A Amendment No. 2	As reported on Form 10-Q/A	As amended on Form 10-Q/A Amendment No. 2	As reported on Form 10-Q/A	As amended on our 10-Q/A Amendment No. 2
Statement of Operations						
Net income under Cdn GAAP	$ 19.0	$ 19.3	$ 33.4	$ 32.4	$ 36.4	$ 33.9
Net income under US GAAP	17.1	17.4	27.7	26.6	31.8	29.3
Comprehensive income	17.1	17.4	27.7	26.6	31.8	29.3
Basic net income/(loss) per share	0.083	0.084	0.134	0.129	0.153	0.141
Diluted net income per share	0.082	0.083	0.132	0.127	0.152	0.140

(2) Minority investments in private entities whose major business is mineral exploration are deemed for US GAAP to be equivalent to exploration spending and are expensed as incurred.

(3) Under US GAAP, investments in marketable equity securities are marked to fair value at the end of each period with gains and losses recognized in Other comprehensive income. Under Cdn GAAP gains and losses on marketable equity securities are noted in the foot notes and recognized in the statement of operations only when the investment is sold.

(4) Under US GAAP, exploration, acquisition (except for purchase costs) and general and administrative costs related to exploration projects are charged to expense as incurred. Under Cdn GAAP, exploration, acquisition and direct general and administrative costs related to exploration projects are capitalized. In each subsequent period, the exploration, engineering, financial and market information for each exploration project is reviewed by management to determine if any of the capitalized costs are impaired. If found impaired, the asset s cost basis is reduced in accordance with Cdn GAAP provisions.

(5) Under US GAAP, the initial purchase cost of mining properties is capitalized. Pre-acquisition costs and subsequent development costs incurred, until such time as a final feasibility study is completed, are expensed in the period incurred. Under Cdn GAAP, the purchase costs of new mining properties as well as all development costs incurred after acquisition are capitalized and subsequently reviewed each period for impairment. If found impaired, the asset s cost basis is reduced in accordance with Cdn GAAP provisions.

(6) Under US GAAP new production facilities are placed in service once the facility has been constructed and fully tested to the point where it can be shown that it is capable of producing its designed product as intended. Under Cdn GAAP new production facilities are placed in service when output reaches a significant portion of the facility s design capacity.

(7) In March 2005, the Emerging Issues Task Force of the Financial Accounting Standards Board issued statement 04-6 Accounting for Stripping Costs Incurred During Production in the Mining Industry (EITF 04-6) which precludes deferral of stripping costs during a mine s production phase. EITF 04-6 requires that deferred stripping costs be considered a variable production cost. The new pronouncement is effective January 1, 2006 and transition provisions allow any remaining balances in deferred stripping asset accounts to be closed directly to retained earnings on January 1, 2006. In Canada the Emerging Issues Committee (EIC) has issued EIC 160 Stripping Costs Incurred in the Production Phase of the Mining Operation which concludes that deferred stripping costs during the production phase of a mine s life should generally be considered a variable production cost and included in the cost of inventory unless it can be shown that the stripping costs represent a betterment to the mineral property.

(8) For US GAAP purposes, 100% of the $50.0 million of convertible notes issued in the second quarter of 2005 was classified as a liability. Under Cdn GAAP, the fair value of the conversion feature is classified as equity and the balance is classified as a liability. Under Cdn GAAP, the liability portion is accreted each period in amounts which will increase the liability to its full amount as of the maturity date and the accretion is recorded as interest expense.

(9) Under US GAAP the fair value of warrants denominated in currencies other than the company s functional currency are treated as a derivative liability. The derivative liability of such warrants is market to market at the end of each period and the change in fair value is recorded in the statement of operations. Under Cdn GAAP the issue-date fair value of all warrants is treated as a component of sahreholders equity and are recorded as contributed surplus and are not marked to their fair value. This US GAAP reconciliation has been restated to take effect of the differences between Cdn and US GAAP as described in this note.

(10) Numerous transactions since the Company s organization in 1992 have contributed to the difference in share capital versus the Cdn GAAP balance, including: (i) under US GAAP, compensation expense was recorded for the difference between quoted market prices and the strike price of options granted to employees and directors under stock option plans while under Cdn GAAP, recognition of compensation expense was not required; (ii) in May 1992 our accumulated deficit was eliminated through an amalgamation (defined as a quasi-reorganization under US GAAP) under US GAAP the cumulative deficit was greater than the deficit under Cdn GAAP due to the past write-offs of certain deferred exploration costs; and (iii) gains recognized in Cdn GAAP upon issuances of subsidiaries shares are not allowed under US GAAP.

(11) In December 2004, the Financial Accounting Standards Board (FASB) finalized SFAS No. 123R Share-Based Payment, amending SFAS No. 123 (SFAS 123R), effective beginning our first quarter of fiscal 2006. SFAS 123R requires the Company to expense stock options based on grant date fair value in its financial statements. Further, the SFAS 123R requires additional accounting related to the income tax effects and additional disclosure regarding the cash flow effects resulting from share-based payment arrangements. In March 2005, the U.S. Securities and Exchange Commission (the SEC) issued Staff Accounting Bulletin

(SAB) No. 107, which expresses views of the SEC staff regarding the interaction between SFAS 123R and certain SEC rules and regulations, and provides the staff s views regarding the valuation of share-based payment arrangements for public companies. We adopted the optional provisions of SFAS No. 123 in 2003 and have expensed share based payments since that time. We have expanded share-based payment disclosures as required by of SFAS 123R at March 31, 2006.

(12) While tax accounting rules are essentially the same under both US and Cdn GAAP, tax account differences can arise from differing treatment of various assets and liabilities. For example, most exploration expenditures and certain mine developments cost are capitalized under Cdn GAAP and expensed under US GAAP, as explained in notes 3 and 4 above. An analysis of these differences indicates that there are larger potential tax benefits under US GAAP than under Cdn GAAP. However due to the uncertainty of utilization of these tax assets, valuation allowances have been applied to offset them. As a result there are currently no differences in tax assets recognized on the US and Cdn balance sheets but future events, particularly those regarding expected future earnings from the new sulfide processing operation, could result in differing tax asset balances in the future.

25. Restatement

This Form 10-Q/A has been amended to reflect correction of errors related to the computation of ore stockpile and in-process inventory balances and mining operation costs. The impact of the restatement on the first, second and third quarters of 2006 is shown in the table below.

(In millions of dollars except for per share data)	**March 31, 2006** Originally	**March 31, 2006** Restated	**June 30, 2006** Originally	**June 30, 2006** Restated	**September 30, 2006** Originally	**September 30, 2006** Restated
Balance sheet						
Inventory	$ 26.3	$ 26.7	$ 35.8	$ 34.3	$ 43.8	$ 40.2
Statement of Operations						
Year-to-date						
Mine operating costs	24.5	24.1	44.6	46.1	67.2	70.8
Operating Income/(loss)	(4.8)	(4.4)	(2.5)	(4.0)	3.8	0.2
Net Income	19.0	19.3	33.4	32.4	36.4	33.9
Earnings per share						
- Basic	0.092	0.093	0.161	0.156	0.176	0.163
- Diluted	0.091	0.092	0.160	0.155	0.174	0.162
Quarter-to-date						
Mine operating costs	24.5	24.1	20.1	22.1	22.6	24.7
Operating Income/(loss)	(4.8)	(4.4)	2.3	0.4	6.3	4.2
Net Income	19.0	19.3	14.4	13.1	3.0	1.5
Earnings per share						
- Basic	0.092	0.093	0.070	0.063	0.014	0.007
- Diluted	0.091	0.092	0.069	0.063	0.014	0.007

26. Subsequent Event

On October 11th, 2006, Golden Star entered into an agreement for a $15 million debt facility to be provided by Ecobank Ghana Limited and Cal Bank Limited. Both banks are active in Ghana. The funds are available immediately for a term of 27 months at an interest rate of US Prime (currently 8.25%) plus one percentage point. Loan fees total one percent of the facility amount. The amount drawn under the facility is repayable in 24 equal installments starting three months after receipt of the funds. The debt is secured by the non-mobile assets of the Bogoso/Prestea mine and proceeds are to be used as partial funding for the Bogoso Sulfide Expansion Project. There are no hedging requirements or equity-type incentives required under the facility. As of November 6, 2006 $7.5 million has been drawn under this facility.

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

The following discussion and analysis should be read in conjunction with the accompanying unaudited consolidated financial statements and related notes. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada (Cdn GAAP). For a reconciliation to accounting principles generally accepted in the United States (US GAAP), see Note 24 to the consolidated financial statements. This Management s Discussion and Analysis of Financial Condition and Results of Operations includes information available to November 6, 2006.

OUR BUSINESS

Through our subsidiaries we own a controlling interest in four significant gold properties in southern Ghana in West Africa:

Bogoso/Prestea property, which is comprised of the adjoining Bogoso and Prestea surface mining leases (Bogoso/Prestea),

Prestea Underground property (Prestea Underground),

Wassa property (Wassa), and

Hwini Butre and Benso concessions (St. Jude Properties).

In addition to these gold properties we hold various other exploration rights and interests and are actively exploring in a variety of locations in West Africa and South America.

Bogoso/Prestea is owned by our 90% owned subsidiary Golden Star (Bogoso/Prestea) Limited (GSBPL), (formerly Bogoso Gold Limted) which was acquired in 1999. Bogoso/Prestea produced and sold approximately 132,000 ounces of gold during 2005.

Through another 90% owned subsidiary, Golden Star (Wassa) Limited (GSWL), (formerly Wexford Goldfields Limited), we own the Wassa gold mine located some 35 kilometers east of Bogoso/Prestea. Construction and commissioning of Wassa s new processing plant and open pit mine was completed at the end of March 2005 and the project was placed in service on April 1, 2005. Wassa produced and sold approximately 69,000 ounces of gold in 2005 following its April 2005 in service date.

The Prestea Underground is located on the Prestea property and consists of a currently inactive underground gold mine and associated support facilities. GSBPL owns a 90% operating interest in the Prestea Underground. We are currently conducting exploration and engineering studies to determine if the underground mine can be reactivated on a profitable basis.

Through our 100% owned subsidiary, St. Jude Resources Ltd. (St. Jude), we own the St. Jude Properties in southwest Ghana. The St. Jude Properties consist of the Hwini Butre and Benso concessions which together cover an area of 201 square kilometers. Both concessions contain undeveloped zones of gold mineralization. The Hwini-Butre and Benso concessions are located approximately 75 and 45 kilometers south of Wassa, respectively based on the proposed haulage route. The mineralized zones have been delineated through the efforts of the prior owner who conducted extensive exploration work from the mid 1990s to 2005.

We hold interests in several gold exploration projects in Ghana and elsewhere in West Africa including Sierra Leone, Burkina Faso, Niger and Cote 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 16.5% shareholding investment in Goldmin Consolidated Holdings. Golden

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Star also own a 43% interest in EURO Resources S.A. (EURO), a French publicly traded royalty holding company which owns a royalty interest based on gold production at Cambior Inc. s Rosebel gold mine in Suriname.
Our finance and administrative group is located in Littleton, Colorado, USA and we also maintain a regional corporate office in Accra, Ghana. Our accounting records are kept in compliance with Canadian GAAP and all of our operations, except for certain exploration projects keep financial records in US dollars.

NON GAAP FINANCIAL MEASURES

In this Form 10 Q, we use the terms total operating cost per ounce, total cash cost per ounce and cash operating cost per ounce.
Total operating cost per ounce is equal to Total mine operating costs for the period, as found on our consolidated statements of operations, divided by the ounces of gold sold in the period. Total mine operating costs include all mine site operating costs, including the costs of mining, processing, maintenance, work-in-process inventory changes, mine site overhead, production taxes and royalties, mine site depreciation, depletion, amortization, asset retirement obligations and by product credits but does not include exploration costs, corporate general and administrative expenses, impairment charges, corporate business development costs, gains and losses on asset sales, interest expense, mark to market gains and losses on derivatives, foreign currency gains and losses, gains and losses on investments and income tax.
Total cash cost per ounce for a period is equal to Mining operations costs for the period, as found on our consolidated statements of operations, divided by the number of ounces of gold sold during the period.
Cash operating cost per ounce for a period is equal to total cash costs for the period less production royalties and production taxes, divided by the number of ounces of gold sold during the period.
The calculations of total cash cost per ounce and cash operating cost per ounce are in compliance with an industry standard for such measures established in 1996 by the Gold Institute, a non profit industry group.
The following table shows the derivation of these measures and a reconciliation of total cash cost per ounce and cash operating cost per ounce.

Derivation of Total Mine Operating Cost

	For the nine months ended September 30, 2006		
	Wassa	**Bogoso/Prestea**	**Combined**
		(Restated-Note 25)	**(Restated-Note 25)**
Mining operations	$34,406	$ 36,410	$ 70,816
Mining related depreciation and amortization	8,539	7,407	15,946
Accretion of asset retirement obligations	160	384	544
Total mine operating costs	**$43,105**	**$ 44,201**	**$ 87,306**
Ounces sold	**69,262**	**78,739**	**148,001**
Derivation of cost per ounce:			
Total operating costs GAAP ($/oz)	$ 622	$ 561	$ 590
Less depreciation and amortization ($/oz)	123	94	108
Less accretion of asset retirement obligations ($/oz)	2	5	4
Total cash cost ($/oz)	497	462	478
Less royalties and production taxes ($/oz)	18	18	17
Cash operating cost per ounce ($/oz)	**479**	**444**	**461**

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Derivation of Total Mine Operating Cost

	For the nine months ended September 30, 2005		
	Wassa	**Bogoso/Prestea**	**Combined**
Mining operations	$21,566	$ 30,460	$ 52,026
Mining related depreciation and amortization	4,128	6,424	10,552
Accretion of asset retirement obligations	142	398	540
Total mine operating costs	**$25,836**	**$ 37,282**	**$ 63,118**
Ounces sold	**45,063**	**101,709**	**146,772**
Derivation of cost per ounce:			
Total operating costs GAAP ($/oz)	$ 573	$ 367	$ 430
Less depreciation and amortization ($/oz)	92	63	72
Less accretion of asset retirement obligations ($/oz)	3	4	4
Total cash cost ($/oz)	478	300	354
Less royalties and production taxes ($/oz)	13	12	13
Cash operating cost per ounce ($/oz)	**465**	**288**	**341**

Derivation of Total Mine Operating Cost

	For the three months ended September 30, 2006		
	Wassa	**Bogoso/Prestea**	**Combined**
		(Restated-Note 25)	
			2,000,000
			2,126,000
			11,715,047

UTILITIES ELECTRIC UTILITIES 0.4%

Emera, 6.75% to 6/15/26, due 6/15/76, Series 16-A (USD)(a),(f)

8,250,000

9,425,625

TOTAL CANADA

21,140,672

DENMARK 0.1%

BANKS

Danske Bank A/S, 6.125% to 3/28/24 (USD)(e)

2,600,000

2,796,352

FRANCE 0.9%

BANKS 0.7%

BNP Paribas, 7.195% to 6/25/37, 144A (USD)(a),(c),(e),(f)

3,000,000

3,528,750

BNP Paribas SA, 7.375% to 8/19/25, 144A (USD)(c),(e),(f)

1,800,000

2,036,250

BNP Paribas SA, 7.625% to 3/30/21, 144A (USD)(a),(c),(e),(f)

3,800,000

4,184,750

Credit Agricole SA, 8.125% to 12/23/25, 144A (USD)(a),(c),(e),(f)

2,950,000

3,499,499

Societe Generale SA, 7.375% to 9/13/21, 144A (USD)(a),(c),(e),(f)

2,600,000

2,821,000

16,070,249

INSURANCE LIFE/HEALTH INSURANCE 0.2%

La Mondiale Vie, 7.625% to 4/23/19 (USD)(e),(f)	
	3,250,000
	3,468,254
TOTAL FRANCE	
	19,538,503
GERMANY 0.2%	
BANKS	

Dresdner Funding Trust I, 8.151%, due 6/30/31, 144A (USD)(a),(c),(d)

3,088,000

3,976,989

ITALY 0.5%

UTILITIES ELECTRIC UTILITIES

Enel SpA, 8.75% to 9/24/2023, due 9/24/73, 144A (USD)(a),(c),(f)

8,635,000

10,480,731

	Principal Amount	Value
JAPAN 0.8%		
INSURANCE LIFE/HEALTH INSURANCE 0.5%		
Dai-ichi Life Insurance Co. Ltd., 5.10% to 10/28/24, 144A (USD)(a),(c),(e),(f)	$ 2,000,000	$ 2,150,000
Meiji Yasuda Life Insurance Co., 5.20% to 10/20/25, due 10/20/45 144A (USD)(a),(c),(d),(f)	3,600,000	3,916,800
Nippon Life Insurance Co., 5.10% to 10/16/24, due 10/16/44 144A (USD)(a),(c),(f)	5,000,000	5,368,750
		11,435,550
INTEGRATED TELECOMMUNICATIONS SERVICES 0.3%		
SoftBank Group Corp., 6.00% to 7/19/23 (USD)(e),(f)	1,100,000	1,112,936
SoftBank Group Corp., 6.875% to 7/19/27 (USD)(e),(f)	3,900,000	4,022,265
		5,135,201
TOTAL JAPAN		16,570,751
NETHERLANDS 0.7%		
BANKS 0.6%		
ING Groep N.V., 6.875% to 4/16/22 (USD)(e),(f)	3,600,000	3,888,173
Rabobank Nederland, 11.00% to 6/30/19, 144A (USD)(a),(c),(e),(f)	8,120,000	9,206,050
		13,094,223
INSURANCE LIFE/HEALTH INSURANCE 0.1%		
Demeter BV (Swiss Re Ltd.), 5.75% to 8/15/25, due 8/15/50 (USD) (f)	2,200,000	2,387,000
TOTAL NETHERLANDS		15,481,223
NORWAY 0.2%		
BANKS		
DNB Bank ASA, 6.50% to 3/26/22 (USD)(e),(f)	3,000,000	3,220,311
SPAIN 0.1%		
BANKS		
Banco Bilbao Vizcaya Argentaria SA, 9.00% to 5/9/18 (USD)(e),(f)	2,400,000	2,488,200
SWEDEN 0.1%		
BANKS		
Swedbank AB, 6.00% to 3/17/22 (USD)(e),(f)	3,000,000	3,190,554

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		Principal Amount		Value
SWITZERLAND 1.0%				
BANKS 0.8%				
Credit Suisse Group AG, 7.125% to 7/29/22 (USD)(e),(f)	$	4,800,000	$	5,184,000
Credit Suisse Group AG, 7.50% to 12/11/23, 144A (USD)(c),(e),(f)		2,391,000		2,708,235
UBS Group AG, 6.875% to 3/22/21 (USD)(e),(f)		1,800,000		1,936,406
UBS Group AG, 7.125% to 2/19/20 (USD)(e),(f)		5,046,000		5,374,172
UBS Group AG, 7.125% to 8/10/21 (USD)(e),(f)		1,600,000		1,736,395
				16,939,208
INSURANCE REINSURANCE 0.2%				
Aquarius + Investments PLC, 8.25% to 9/1/18, Series EMTN (USD)(e),(f)		4,000,000		4,200,372
TOTAL SWITZERLAND				21,139,580
UNITED KINGDOM 2.7%				
BANKS				
Barclays PLC, 7.875% to 3/15/22 (USD)(e),(f)		2,600,000		2,837,253
Barclays PLC, 8.25% to 12/15/18 (USD)(a),(e),(f)		4,161,000		4,404,106
HBOS Capital Funding LP, 6.85% (USD)(e)		2,400,000		2,463,000
HSBC Capital Funding LP, 10.176% to 6/30/30, 144A (USD)(a),(c),(e),(f)		9,750,000		15,520,830
HSBC Holdings PLC, 6.375% to 3/30/25 (USD)(e),(f)		1,400,000		1,505,434
HSBC Holdings PLC, 6.875% to 6/1/21 (USD)(a),(e),(f)		3,800,000		4,146,750
Lloyds Banking Group PLC, 7.50% to 6/27/24 (USD)(a),(e),(f)		4,334,000		4,870,333
Nationwide Building Society, 10.25%(e)		6,030,000		12,605,106
Royal Bank of Scotland Group PLC, 7.648% to 9/30/31 (USD)(a),(e),(f)		2,004,000		2,556,102
Royal Bank of Scotland Group PLC, 8.625% to 8/15/21 (USD)(a),(e),(f)		7,400,000		8,223,250
TOTAL UNITED KINGDOM				59,132,164
UNITED STATES 6.0%				
BANKS 2.8%				
AgriBank FCB, 6.875% to 1/1/24(a),(e),(f)		37,000		4,090,813
Bank of America Corp., 6.10%, to 3/17/25 Series AA (e),(f)		1,013,000		1,118,099
Bank of America Corp., 6.30% to 3/10/26, Series DD (a),(e),(f)		4,500,000		5,096,250
Bank of America Corp., 6.50% to 10/23/24, Series Z (a),(e),(f)		3,169,000		3,586,912
Citigroup, 6.125% to 11/15/20, Series R (a),(e),(f)		1,225,000		1,312,281
Citigroup, 6.25% to 8/15/26, Series T(a),(e),(f)		3,100,000		3,491,375
CoBank ACB, 6.25% to 10/1/22, Series F, 144A (a),(c),(e),(f)		52,500		5,655,237
CoBank ACB, 6.25% to 10/1/26, Series I (a),(e),(f)		2,866,000		3,169,529
Farm Credit Bank of Texas, 6.75% to 9/15/23, 144A (a),(c),(e),(f)		35,300		3,883,000

		Principal Amount		Value
Farm Credit Bank of Texas, 10.00%, 144A, Series I(a),(c),(e)	$	7,000	$	8,557,500
JPMorgan Chase & Co., 6.75% to 2/1/24, Series S (a),(e),(f)		6,000,000		6,870,360
JPMorgan Chase & Co., 6.10% to 10/1/24, Series X (e),(f)		3,000,000		3,314,970
JPMorgan Chase & Co., 5.30% to 5/1/20, Series Z (e),(f)		1,850,000		1,933,250
PNC Financial Services Group, 6.75% to 8/1/21(e),(f)		3,000,000		3,378,750
Wells Fargo & Co., 5.875% to 6/15/25, Series U (a),(e),(f)		2,320,000		2,585,060
Wells Fargo Capital X, 5.95%, due 12/1/86, (TruPS)		2,830,000		3,197,900
				61,241,286
COMMUNICATIONS TOWERS 0.4%				
Crown Castle International Corp., 6.875%, due 8/1/20, Series A (Convertible)(a)		7,400		7,903,200
ELECTRIC 0.4%				
INTEGRATED ELECTRIC 0.2%				
Southern California Edison Co., 6.25% to 2/1/22, Series E (e),(f)		4,150,000		4,627,250
REGULATED ELECTRIC 0.2%				
Southern Co./The, 5.50% to 3/15/2022, due 3/15/57 Series B (f)		3,000,000		3,176,186
TOTAL ELECTRIC				7,803,436
FINANCIAL DIVERSIFIED FINANCIAL SERVICES 0.1%				
National Rural Utilities Cooperative Finance Corp., 5.25% to 4/20/2026, due 4/20/46(f)		2,304,000		2,458,047
FOOD 0.3%				
Dairy Farmers of America, 7.875%, 144A(a),(c),(e),(h)		60,000		6,373,128
INDUSTRIALS DIVERSIFIED MANUFACTURING 0.3%				
General Electric Co., 5.00% to 1/21/21, Series D (a),(d),(e),(f)		5,407,000		5,725,743
INSURANCE 1.2%				
LIFE/HEALTH INSURANCE 1.0%				
MetLife, 9.25%, due 4/8/38, 144A(a),(c)		6,500,000		9,668,750
MetLife, 5.25% to 6/15/20, Series C (e),(f)		5,200,000		5,373,992
MetLife Capital Trust IV, 7.875%, due 12/15/37, 144A(a),(c),(d)		4,500,000		6,052,500
				21,095,242
PROPERTY CASUALTY 0.2%				
Liberty Mutual Group, 7.80%, due 3/7/37, 144A(a),(c)		4,500,000		5,692,500

		Principal Amount	Value
TOTAL INSURANCE			$ 26,787,742
INTEGRATED TELECOMMUNICATIONS SERVICES 0.5%			
Centaur Funding Corp., 9.08%, due 4/21/20, 144A(a),(c)		$ 8,989	10,427,240
PIPELINES 0.0%			
Enterprise Products Operating LLC, 5.25% to 8/16/27, due 8/16/77 Series E (f)		536,000	542,030
TOTAL UNITED STATES			129,261,852
TOTAL PREFERRED SECURITIES CAPITAL SECURITIES (Identified cost $285,710,397)			323,429,649

		Number of Shares	
SHORT-TERM INVESTMENTS 1.2%			
MONEY MARKET FUNDS			
State Street Institutional Treasury Money Market Fund, Premier Class, 0.92%(i)		26,300,000	26,300,000
TOTAL SHORT-TERM INVESTMENTS (Identified cost $26,300,000)			26,300,000
TOTAL INVESTMENTS (Identified cost $2,393,393,774)	138.9%		3,000,331,418
LIABILITIES IN EXCESS OF OTHER ASSETS	(38.9)		(840,112,220)
NET ASSETS (Equivalent to $25.32 per share based on 85,319,794 shares of common stock outstanding)	100.0%		$ 2,160,219,198

Glossary of Portfolio Abbreviations

FRN	Floating Rate Note
HKD	Hong Kong Dollar
LIBOR	London Interbank Offered Rate
MLP	Master Limited Partnership
TruPS	Trust Preferred Securities
USD	United States Dollar

Note: Percentages indicated are based on the net assets of the Fund.

Represents shares.

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(a) All or a portion of the security is pledged as collateral in connection with the Fund s credit agreement. $1,777,134,707 in aggregate has been pledged as collateral.
(b) Non-income producing security.
(c) Resale is restricted to qualified institutional investors. Aggregate holdings amounting to $204,528,010 or 9.5% of the net assets of the Fund, of which 0.0% are illiquid.
(d) A portion of the security has been rehypothecated in connection with the Fund s credit agreement. $763,008,029 in aggregate has been rehypothecated.
(e) Perpetual security. Perpetual securities have no stated maturity date, but they may be called/redeemed by the issuer. The date indicated, if any, represents the next call date.
(f) Security converts to floating rate after the indicated fixed-rate coupon period.
(g) Variable rate. Rate shown is in effect at September 30, 2017.
(h) Security value is determined based on significant unobservable inputs (Level 3).
(i) Rate quoted represents the annualized seven-day yield of the fund.

Sector Summary	**% of Managed Assets**
Electric (Common)	25.5
Pipelines (Common)	11.7
Communications (Common)	9.9
Toll Roads (Common)	9.2
Railways (Common)	9.0
Gas Distribution (Common)	6.4
Airports (Common)	6.0
Water (Common)	4.4
Banks (Preferred)	4.3
Banks Foreign (Preferred)	4.3
Other	2.7
Insurance (Preferred)	1.9
Diversified (Common)	1.1
Utilities (Preferred)	1.0
Electric (Preferred)	0.9
Financial (Preferred)	0.6
Integrated Telecommunications Services (Preferred)	0.6
Pipelines (Preferred)	0.5
	100.0

Cohen & Steers Infrastructure Fund, Inc.

NOTES TO SCHEDULE OF INVESTMENTS (Unaudited)

Note 1. Portfolio Valuation

Investments in securities that are listed on the New York Stock Exchange (NYSE) are valued, except as indicated below, at the last sale price reflected at the close of the NYSE on the business day as of which such value is being determined. If there has been no sale on such day, the securities are valued at the mean of the closing bid and ask prices on such day or, if no ask price is available, at the bid price.

Securities not listed on the NYSE but listed on other domestic or foreign securities exchanges (including NASDAQ) are valued in a similar manner. Securities traded on more than one securities exchange are valued at the last sale price reflected at the close of the exchange representing the principal market for such securities on the business day as of which such value is being determined. If after the close of a foreign market, but prior to the close of business on the day the securities are being valued, market conditions change significantly, certain non-U.S. equity holdings may be fair valued pursuant to procedures established by the Board of Directors.

Readily marketable securities traded in the over-the-counter (OTC) market, including listed securities whose primary market is believed by Cohen & Steers Capital Management, Inc. (the investment manager) to be OTC, are valued on the basis of prices provided by a third-party pricing service or third-party broker-dealers when such prices are believed by the investment manager, pursuant to delegation by the Board of Directors, to reflect the fair value of such securities.

Fixed-income securities are valued on the basis of prices provided by a third-party pricing service or third-party broker-dealers when such prices are believed by the investment manager, pursuant to delegation by the Board of Directors, to reflect the fair value of such securities. The pricing services or broker-dealers use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services or broker-dealers may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services or broker-dealers also utilize proprietary valuation models which may consider market transactions in comparable securities and the various relationships between securities in determining fair value and/or characteristics such as benchmark yield curves, option-adjusted spreads, credit spreads, estimated default rates, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features which are then used to calculate the fair values.

Short-term debt securities with a maturity date of 60 days or less are valued at amortized cost, which approximates fair value. Investments in open-end mutual funds are valued at their closing net asset value.

The policies and procedures approved by the Fund s Board of Directors delegate authority to make fair value determinations to the investment manager, subject to the oversight of the Board of Directors. The investment manager has established a valuation committee (Valuation Committee) to administer, implement and oversee the fair valuation process according to the policies and procedures approved annually by the Board of Directors. Among other things, these procedures

Cohen & Steers Infrastructure Fund, Inc.

NOTES TO SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers and other market sources to determine fair value.

Securities for which market prices are unavailable, or securities for which the investment manager determines that the bid and/or ask price or a counterparty valuation does not reflect market value, will be valued at fair value, as determined in good faith by the Valuation Committee, pursuant to procedures approved by the Fund s Board of Directors. Circumstances in which market prices may be unavailable include, but are not limited to, when trading in a security is suspended, the exchange on which the security is traded is subject to an unscheduled close or disruption or material events occur after the close of the exchange on which the security is principally traded. In these circumstances, the Fund determines fair value in a manner that fairly reflects the market value of the security on the valuation date based on consideration of any information or factors it deems appropriate. These may include, but are not limited to, recent transactions in comparable securities, information relating to the specific security and developments in the markets.

Foreign equity fair value pricing procedures utilized by the Fund may cause certain non-U.S. equity holdings to be fair valued on the basis of fair value factors provided by a pricing service to reflect any significant market movements between the time the Fund values such securities and the earlier closing of foreign markets.

The Fund s use of fair value pricing may cause the net asset value of Fund shares to differ from the net asset value that would be calculated using market quotations. Fair value pricing involves subjective judgments and it is possible that the fair value determined for a security may be materially different than the value that could be realized upon the sale of that security.

Fair value is defined as the price that the Fund would expect to receive upon the sale of an investment or expect to pay to transfer a liability in an orderly transaction with an independent buyer in the principal market or, in the absence of a principal market, the most advantageous market for the investment or liability. The hierarchy of inputs that are used in determining the fair value of the Fund s investments is summarized below.

- Level 1 quoted prices in active markets for identical investments
- Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.)
- Level 3 significant unobservable inputs (including the Fund s own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing investments may or may not be an indication of the risk associated with those investments.

For movements between the levels within the fair value hierarchy, the Fund has adopted a policy of recognizing the transfer at the end of the period in which the underlying event causing the movement occurred. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. There were no transfers between Level 1 and Level 2 investments as of September 30, 2017.

Cohen & Steers Infrastructure Fund, Inc.

NOTES TO SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

The following is a summary of the inputs used as of September 30, 2017 in valuing the Fund s investments carried at value:

	Total	Quoted Prices in Active Markets for Identical Investments (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common Stock	$ 2,502,359,630	$ 2,502,359,630	$	$
Preferred Securities - $25 Par Value:				
United States	145,700,246	139,030,401	6,669,845	
Other Countries	2,541,893	2,541,893		
Preferred Securities - Capital Securities:				
United States	129,261,852	7,903,200	114,985,524	6,373,128
Other Countries	194,167,797		194,167,797	
Short-Term Investments	26,300,000		26,300,000	
Total Investments(a)	$ 3,000,331,418	$ 2,651,835,124	$ 342,123,166	$ 6,373,128(b)

(a) Portfolio holdings are disclosed individually on the Schedule of Investments.

(b) Level 3 investments are valued by a third-party pricing service. The inputs for these securities are not readily available or cannot be reasonably estimated. A change in the significant unobservable inputs could result in a significantly lower or higher value in such Level 3 investments.

The following is a reconciliation of investments for which significant unobservable inputs (Level 3) were used in determining fair value:

	Preferred Securities- Capital Securities - United States
Balance as of December 31, 2016	$ 6,275,628
Change in unrealized appreciation (depreciation)	97,500
Balance as of September 30, 2017	$ 6,373,128

The change in unrealized appreciation (depreciation) attributable to securities owned on September 30, 2017 which were valued using significant unobservable inputs (Level 3) amounted to $97,500.

Item 2. Controls and Procedures

(a) The registrant s principal executive officer and principal financial officer have concluded that the registrant s disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) are effective based on their evaluation of these disclosure controls and procedures required by Rule 30a-3(b) under the Investment Company Act of 1940 and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 as of a date within 90 days of the filing of this report.

(b) During the last fiscal quarter, there were no changes in the registrant s internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that has materially affected, or is reasonably likely to materially affect, the registrant s internal control over financial reporting.

Item 3. Exhibits

(a) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(a) under the Investment Company Act of 1940.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COHEN & STEERS INFRASTRUCTURE FUND, INC.

By: /s/ Adam M. Derechin
Name: Adam M. Derechin
Title: President and Principal Executive Officer

Date: November 28, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Adam M. Derechin
Name: Adam M. Derechin
Title: President and Principal Executive Officer

Date: November 28, 2017

By: /s/ James Giallanza
Name: James Giallanza
Title: Principal Financial Officer