
GOLDEN STAR

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**GOLDEN
STAR
2013**

COMPANY PROFILE

Golden Star is an established gold mining company that has been in production in Ghana since 1999. The Company holds a 90% interest in both the Bogoso and Wassa open-pit gold mines in western Ghana that are 35 kilometers apart. Golden Star also has a 90% interest in the nearby Prestea Underground mine, which is currently undergoing permitting in anticipation of being recommissioned.

As at December 2013, total Mineral Reserves in the Company were 3.9 million ounces and Measured and Indicated Mineral Resources were 6.4 million ounces.

In 2013, Golden Star sold 331,000 ounces of gold and the Company expects to produce 295,000 to 320,000 ounces of gold in 2014.

Golden Star is listed on the Toronto Stock Exchange (TSX: GSC), the New York Stock Exchange MKT (NYSE MKT: GSS) and the Ghanaian Stock Exchange (GSE: GSR). For further information on the Company, please visit www.gsr.com

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HIGHLIGHTS

331,000

ounces sold

331,000 ounces of gold sold
in 2013 (2012: 331,000 ounces)

\$45M

operating cost savings

Sustainable operating cost
savings of \$45 million achieved



Wassa

Mineral Reserves
increased by 34%



Wassa

Measured and Indicated Mineral
Resources increased by 29%

2013 Revenue of \$467.8 million
(2012: \$550.5 million)

Adjusted net loss attributable
to shareholders of \$21.5 million
(2012: \$42.1 million of income)

Tailings retreatment at Bogoso
commenced and ramped up to
produce 9,100 ounces

Debt finance of \$50 million
raised with Ecobank

Feasibility Study on Prestea
underground mine completed
with successful conclusion

G&A reduced by 11%

YEAR AT A GLANCE

Summary of Consolidated Financial Results

Years ended December 31

	2013	2012
Wassa gold sold (oz)	185,807	158,899
Bogoso gold sold (oz)	144,999	172,379
TOTAL GOLD SOLD (oz)	330,806	331,278
Average realized price (\$/oz)	1,414	1,662
Cash operating cost per ounce ¹ – combined (\$/oz)	1,049	1,044
All-in sustaining costs ¹ – combined (\$/oz)	1,326	1,318
Gold revenues (\$'000)	467,796	550,540
Cost of sales excluding depreciation and amortization (\$'000)	377,140	373,543
Cash flow provided by operations (\$'000)	59,143	123,094
Cash flow provided by operations per share (\$)	0.23	0.48
Adjusted net income/(loss) attributable to Golden Star Shareholders ¹ (\$'000)	(21,493)	42,143
Adjusted net income/(loss) per share – basic and diluted (\$)	(0.08)	0.16
Capital expenditures (\$'000)	102,867	117,299





Sam Coetzer
President and CEO

Tim Baker
Chairman

CEO and Chairman's Message

OVERVIEW

This is now our second message to our shareholders and we are glad to report that during 2013 Golden Star continued to strengthen its foundation and fulfill on its strategy of pursuing growth through the development of low cost non-refractory ore sources. Over the year we positioned the Company to achieve this goal.

At the corporate level it was a year of change with the appointment of a new CEO and Chairman, several changes to the senior management team and the head office move from Denver to Toronto.

Operationally it was a year of critical evaluation and decisive action as the decline in the gold price motivated us to revise our operating plans.

Significant operational improvements were made during the year, with improved planning, more reliable processing operations and the realization of synergies between our operating mines Wassa and Bogoso. Operating costs were managed by limiting contractors and reducing expatriate workforce whilst shifting operational responsibility to local management and working with suppliers to reduce input costs. As a result sustainable operating cost savings of \$45 million were achieved during the period.

At Wassa, the single large Main pit is now established, unlocking potential for lower cost mining. The productivity gains from this achievement should stand us in good stead going forward. The push backs in the Bogoso pits are nearing completion, which should allow for lower cost and higher grade mining in 2014 and 2015. Finally the commissioning and ramp up of the tailings retreatment at Bogoso contributed 9,100 ounces and is now set up to produce low cost ounces for the next five years.

The safety and health of our employees remain paramount in all our decisions and our firm belief is that all employees should return home safely at the end of their work day. Despite this, to our great sadness, an underground mine worker was fatally injured at Prestea underground mine in April 2013. Following a thorough investigation into the incident, an action plan to improve the safety of our employees at this mine was implemented with the aim of preventing a recurrence. During the year, Wassa operations achieved 11 million hours lost time injury free and at year end had a lost time injury frequency rate ("LTIFR") of 0.14 per million hours.

11 MILLION

DURING THE YEAR, WASSA OPERATIONS ACHIEVED 11 MILLION HOURS LOST TIME INJURY FREE AND AT YEAR END HAD A LTIFR OF 0.14 PER MILLION HOURS

LTIFR 0.14

This was a remarkable accomplishment and one which we congratulate the entire team at Wassa on. Bogoso operations had a LTIFR at year end of 0.24 per million hours. As a result Golden Star's combined LTIFR was 0.38 per million hours at year end 2013. We continue to invest in the training of our employees to ensure they are well equipped to deal with the safety challenges of running our mines efficiently. Shareholders are encouraged to review our comprehensive corporate social responsibility report available on our website for more information on our health, safety, environmental and community development initiatives.

By the end of the year 331,000 oz of gold were produced at a cash operating cost of \$1,044 per ounce, within the guidance provided to our shareholders.

Although we took impairment charges based on the lower gold price in 2013, we strongly believe the Company is now better structured to manage the current gold price environment and to focus on producing from lower cost non-refractory ore sources and in so doing prioritize operating margin over production.

WASSA

Gold sold by Wassa was 186,000 ounces in 2013, a 17% increase over 2012. With lower gold prices, revenue from this mine was flat from the prior year though cash operating costs for 2013 declined 10% to \$805 per ounce. Overall it was a very solid year of operating performance.

During 2013, a 55,000 meter drill campaign was undertaken that focused on infilling the gaps in the prior drilling as well as testing the higher grade plunge mineralization. Mineral Reserves and Indicated Mineral Resources were increased 34% and 29% respectively and the results confirmed that the mineralized zone continues to the south and remains open at depth. A Preliminary Economic Assessment ("PEA") on the viability of mining this deeper higher grade portion of the Wassa deposit via underground mining methods is now being carried out. A subsequent drilling campaign has continued into 2014 to further define grades and continuity, as well as determine the potential extent of the deposit.

Overall the development of the Wassa deposit is expected to provide a long term, high grade, low operating cost ore source to the Company and is therefore central to the Company's strategy.

The Company expects to have the PEA completed in the third quarter of 2014, and pending a positive outcome, will then commence a feasibility study on an underground mine.

AT THE BEGINNING OF 2013, WE OUTLINED OUR OBJECTIVES FOR THE YEAR. THE FOLLOWING IS A REVIEW OF OUR PERFORMANCE RELATIVE TO THESE OBJECTIVES :

OBJECTIVE All-in cost reductions focusing on lower cash operating costs generated by non-refractory ore and reduced G&A expenses both corporately and at the mine level.

PERFORMANCE All-in sustaining costs were flat year on year after \$45 million in savings relative to original operating plans were achieved. G&A reductions were achieved at both the corporate and mine site offices, contributing to an overall reduction in G&A of 11%.

BOGOSO

Bogoso gold sales totalled 145,000 ounces for the full year of 2013, compared to 172,000 ounces in 2012. Refractory gold sales decreased 11% due to a drop in tonnes and ore grade processed as well as gold recovery. Refractory ore grade and tonnes processed were lower due to limited ore available during the push backs at the Chujah and Bogoso North pits.

Non-refractory gold sales declined 34% to 25,000 ounces in 2013. In the second quarter of the year, the Pampe open pit operation was suspended and subsequently tailings retreatment started to supply ore feed to the non-refractory plant. For the remainder of the year, non-refractory ore was sourced from tailings retreatment and small pockets of non-refractory ore in the Bogoso North and Chujah pits.

In 2013, tailings retreatment yielded 9,100 ounces of gold and it is expected that there will be sufficient tailings material to continue mining at the current rate for at least another five years. Mining of low cost tailings retreatment material at Bogoso forms part of our low cost strategy.

Cash operating costs per ounce at Bogoso were \$1,361 for 2013, compared to \$1,186 for the full year of 2012.

Push backs continued during 2013 and are expected to be substantially completed during the first quarter of 2014. This will provide 18 months of low strip low cost production from the open pits at the Bogoso Mine which will yield significant free cash flow.

A Feasibility Study for Prestea underground mine was completed and published in mid-2013. The Feasibility Study demonstrates positive economics for the extraction of the West Reef high-grade deposit. Initial capital expenditure is estimated to be \$91 million. Prestea underground mine is a valuable asset to the Company that has the potential to deliver low-cost, non-refractory ore over the medium-term. As such we continue to evaluate the optimal development process for this project.

Permitting at Bogoso's development projects, Dumasi, Mampon and Prestea South, were successfully progressed in 2013. At Dumasi, a resettlement action plan was submitted to the local district assembly and a draft environmental impact statement (EIS) is being submitted to the Ghana Environmental Protection Agency (EPA). At Bogoso's high grade satellite deposit, Mampon, a relocation action plan and EIS are currently being drafted and project design work is ongoing. A public hearing in the community at Prestea South was held during the third quarter of 2013. The community indicated their support for the development of the Prestea South open pit mines. Submission of a final EIS of mining at Prestea South is imminent.

OBJECTIVE Deliver on the Wassa potential that contemplates one single large pit beneath the existing pits.

OBJECTIVE Increase Mineral Reserves with the development of the Prestea Underground mine and increase reserves with drilling at Wassa.

PERFORMANCE The single large Wassa Main pit was established in 2013 and mining is currently ongoing in \$1,000 per ounce pit shell. Productivity gains are expected to continue into 2014.

PERFORMANCE The Prestea Underground Feasibility Study was successful concluded and as a result this deposit contributed 440,000 ounces to the year-end Mineral Reserve statement. Wassa Mineral Reserves increased 34% over the year despite a reduction in gold price assumption used.

Whilst these projects remain economic at the current gold price, the capital required to develop them is significant. Until such time as the gold price shows a sustained increase, we are of the view that other development projects within the Company offer a better risk adjusted return on investment

FINANCIAL RESULTS

Revenues for the full year 2013 decreased to \$468 million from \$551 million in 2012; in line with the 15% decline in realised gold prices.

Consolidated cash operating costs per ounce were flat year on year at \$1,049 for 2013. Corporate general and administrative expenditures decreased by 11% to \$21.5 million for 2013, as onetime costs relating to the relocation of the head office to Toronto were more than offset by overall cost savings.

In July 2013, Wassa closed a \$50 million loan from Ecobank Ghana Limited, the proceeds of which are being used to finance Wassa capital expenditures.

Primarily as a result of non-cash impairment charges totaling \$356 million, a net loss attributable to Golden Star shareholders of \$266 million was incurred in 2013. The adjusted net loss attributable to shareholders for 2013 was \$22 million.

Consolidated cash balance was \$66 million at year end.

WAY FORWARD

In 2014 and 2015, our ounces produced will decline but we anticipate a significant increase in operating margins as we continue to prioritise profits over production.

During 2014, most of the Wassa ore supply will be mined from the Wassa Main pit, as production from the Father Brown pit is expected to end in the second quarter of 2014. The Wassa Main pit has lower grades than Father Brown pit and, as a result, Wassa gold production is expected to be lower in 2014 than in 2013. Wassa's cash operating cost per ounce will increase due to the lower grades from the Wassa Main pit however capital costs will be reduced due to reduced stripping requirements.

At Bogoso, 2014 production is expected to increase once the push backs are completed in the first quarter of 2014. In anticipation of this, capital equipment is in the process of being mobilised from Bogoso to Wassa where the larger pit requires additional equipment. Dovetailing the two mine plans reduces our sustaining capital expenditure and keeps our equipment lease level low.

Production over 2014 will fluctuate, with the second and fourth quarter delivering the most ounces. In total we expect to produce between 295,000 and 320,000 ounces in 2014.

In the near term, the Company is focused on reducing its operating costs and managing its capital expenditure. For 2014 we expect cash operating costs per ounce to be between \$950 and \$1,000 per ounce, lower than the \$1,049 cash operating cost achieved in 2013.

In addition to continued cost management, our primary objectives for 2014 are to quantify the economic potential and development opportunity at Wassa as well as significantly progress in our efforts to bring the Prestea Underground mine back into production.

Effective January 2014, Daniel Owiredu was promoted to be our Chief Operating Officer. Daniel's leadership and contribution to the management of Golden Star's operations have been instrumental in the Company's transformation and this change will provide for more timely decisions being made at the Company's operations in Ghana.

In March 2014 Jeff Swinoga, our Chief Financial Officer resigned to pursue other opportunities. The Board appointed André van Niekerk, our financial controller as the Company's new CFO. André has more than 13 years of mining experience at both an operational and corporate level including eight years at Golden Star. We thank Jeff for his service to the Company and congratulate André on his promotion.

GOVERNANCE

Our Board of directors has made extensive efforts over the year to bring the Company's corporate governance standards in line with best practise. Modifications to executive compensation and the governance thereof have been made as well as changes to our Board composition.

Ian MacGregor, a director since April 2000 and Chairman from 2004 to 2010, resigned as a director in February 2014. On behalf of both the Board and Management, we would like to thank Ian for his many contributions over his years of service. We will miss his judgement and tireless commitment to the success of this Company. Anu Dhir joined the Board effective March 1, 2014. Anu brings a unique combination of business, operations and legal experience along with a successful history of developing and negotiating business development deals, and we are very pleased to have her as part of our team.

The Board and management thank you for your continued confidence in Golden Star. We look forward to a solid year in 2014 in which we can realize a return on our efforts and investment made in 2013.



Sam Coetzer
President and CEO



Tim Baker
Chairman







Review Of Operations

WASSA GOLD MINE

The Wassa gold mine is located in the southwestern region of Ghana.

It has a single non-refractory processing plant consisting of a traditional Carbon-In-Leach system with a capacity of 2.7 million tonnes per annum.

Wassa lies in the Birimian Province of the West African Precambrian Shield, within the southern portion of the Ashanti Greenstone Belt along the eastern margin of this belt. The mineralization is hosted in greenstone-hosted quartz-carbonate veins interlaced with sedimentary units. As at December 2013, Wassa had Mineral Reserves of 2.0 million ounces at an average grade of 1.75 g/t Au. Measured and Indicated Mineral Resources as at December 2013, inclusive of Proven and Probable Reserves, were 3.3 million ounces at an average grade of 2.02 g/t Au.

In 2013, there were two operational pits providing ore for the Wassa processing plant – the Wassa Main pit and the Father Brown pit. Mining at the Father Brown pit is scheduled to be completed at the end of the first quarter 2014.

Wassa produced and sold 185,807 ounces during 2013 and is expected to produce 130,000 to 140,000 ounces in 2014.

During 2013, 152 drill holes totaling 55,000 meters were completed below the Wassa main pit. Drilling results have confirmed that the mineralized zone continues to the south and remains open at depth.

A further drilling program at Wassa is currently underway. The program includes approximately 20,000 meters of infill drilling of the current ore body to further define grades and continuity, and step-out drilling 250 meters to the south of the currently defined ore body.

Using the latest Mineral Resource model, the Company has recently started a Preliminary Economic Assessment (“PEA”) on the viability of mining the higher grade portions of the Wassa deposit via underground mining methods. Should the PEA have a positive outcome, a feasibility study on underground mining at Wassa will be undertaken.

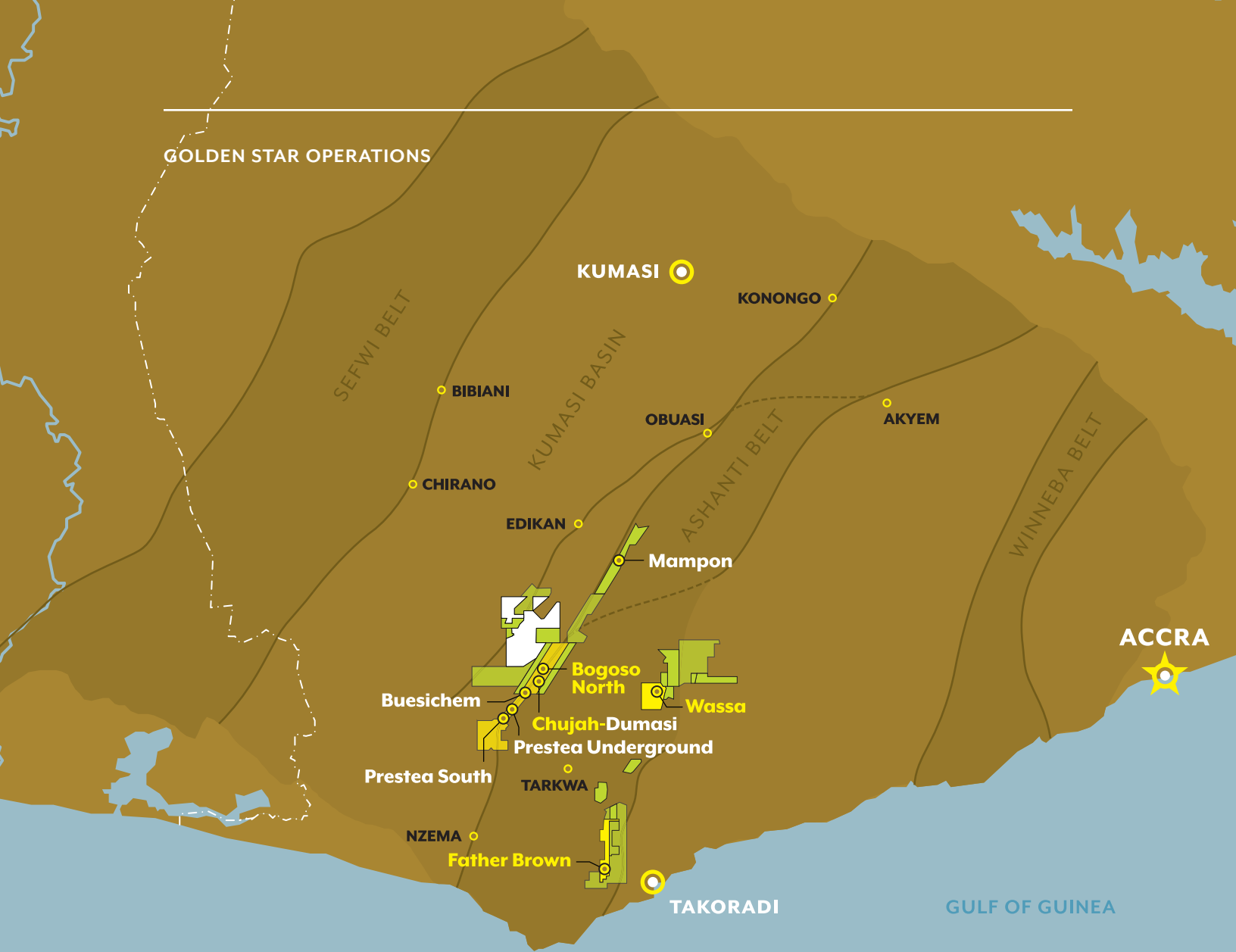
WASSA MINERAL RESOURCES AND RESERVES AT DECEMBER 31, 2013

	PROVEN MINERAL RESERVE			PROBABLE MINERAL RESERVE			PROVEN + PROBABLE MINERAL RESERVE		
	tonnes (000)	grade (g/t Au)	ounces (000)	tonnes (000)	grade (g/t Au)	ounces (000)	tonnes (000)	grade (g/t Au)	ounces (000)
WASSA MAIN	—	—	—	33,721	1.72	1,863	33,721	1.72	1,863
FATHER BROWN	—	—	—	694	4.31	96	694	4.31	96
STOCKPILES	438	0.68	10	59	0.54	1	497	0.67	11
TOTAL	438	0.68	10	34,473	1.77	1,960	34,911	1.75	1,970

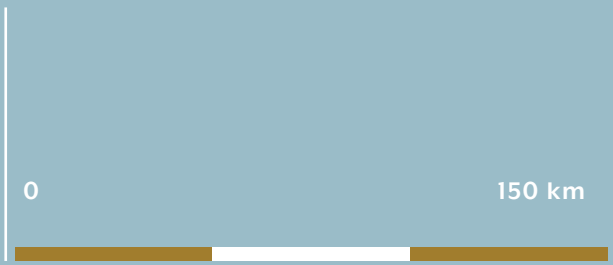
	MEASURED MINERAL RESOURCES			INDICATED MINERAL RESOURCES			MEASURED + INDICATED MINERAL RESOURCES		
	tonnes (000)	grade (g/t Au)	ounces (000)	tonnes (000)	grade (g/t Au)	ounces (000)	tonnes (000)	grade (g/t Au)	ounces (000)
WASSA MAIN	270	1.44	13	44,812	1.78	2,568	45,082	1.78	2,580
WASSA UNDERGROUND	—	—	—	2,446	3.67	289	2,446	3.67	289
FATHER BROWN	—	—	—	692	3.86	86	692	3.86	86
FATHER BROWN UNDERGROUND	—	—	—	1,000	6.47	208	1,000	6.47	208
WASSA OTHER	—	—	—	2,115	2.40	163	2,115	2.40	163
TOTAL	270	1.44	13	51,066	2.02	3,314	51,336	2.02	3,327

	INFERRED MINERAL RESOURCES		
	tonnes (000)	grade (g/t Au)	ounces (000)
WASSA MAIN	313	1.28	13
WASSA UNDERGROUND	646	3.10	64
FATHER BROWN	40	1.85	2
FATHER BROWN UNDERGROUND	881	6.35	180
WASSA OTHER	85	2.93	8
TOTAL	1,964	4.23	267

GOLDEN STAR OPERATIONS



	MINING LEASE
	EXPLORATION LEASE
	EXPLORATION JV
	GOLD MINES / DEPOSITS



BOGOSO GOLD MINE

The Bogoso gold mine is located in the southwestern region of Ghana, approximately 35 kilometers west of the Wassa mine. It has both a CIL and a BIOX plant with capacities of 1.5 mtpa and 2.7 mtpa, respectively.

Bogoso produced and sold 145,000 ounces of gold in 2013 and is expected to produce 165,000 to 180,000 ounces in 2014.

The Bogoso Mine and its development properties lie within the southern portion of the Ashanti Greenstone Belt along the western margin of the belt. As at December 2013, Bogoso had Mineral Reserves of 2.0 million ounces at an average grade of 3.2 g/t Au. Measured and Indicated Mineral Resources as at December 31, 2013, inclusive of Proven and Probable Reserves, were 3.0 million ounces at an average grade of 3.3 g/t Au.

There are currently two operational pits at Bogoso – the Bogoso North pit and the Chujah pit. The gold deposits at these pits are sedimentary hosted shear zones with gold occurring as micrometre-size particles within pyrite and arsenopyrite, making the deposits refractory in nature.

Through Bogoso, Golden Star owns the Prestea underground gold mine which is currently non-operational. A Feasibility Study for Prestea underground mine was completed in 2013 that demonstrates positive economics for the extraction of the West Reef steeply dipping, high-grade, narrow vein deposit. Prestea is a lode gold deposit with free milling gold that occurs in quartz veins along faults.

Estimated cash operating costs at Prestea are \$734 per ounce over the six year life of mine and initial capital expenditure is estimated to be \$91 million. The Company continues to evaluate the optimal development process for this project.

Bogoso has a number of development projects, the most advanced of which are Dumasi, Mampon and Prestea South. Dumasi is a large undeveloped ore body located 4 kilometers north of the Bogoso processing plants. As at December 2013 it had a Proven and Probable Mineral Reserves of 682,000 ounces at an average grade of 2.4 g/t Au. A community of some 2,500 people live in the town of Dumasi, with whom a resettlement agreement was signed in February 2013 in anticipation of the construction of an open pit mine. The high grade Mampon deposit is located approximately 35 kilometers north east of the Bogoso processing plants and contains 191,000 ounces at an average gold grade of 5.2 g/t Au. Intentions are to develop and open pit mine at Mampon and haul ore to the Bogoso processing plants. Prestea South represents several satellite deposits approximately 20 kilometers from the Bogoso processing plants. As of December 31, 2013, the Prestea South had total Proven and Probable Mineral Reserves of 260,000 ounces at an average grade of 2.6 g/t Au.

Notes to the proven and probable mineral reserve statement: (1) The stated mineral reserve for Bogoso includes the currently operational pits of Bogoso North and Chujah. (2) The stated mineral reserves have been prepared in compliance with NI 43-101 and are classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum's "CIM Definition Standards – For mineral resources and mineral reserves." Mineral reserve estimates reflect the Company's reasonable expectation that all necessary permits and approvals will be obtained and maintained. Mining dilution and mining recovery vary by deposit and have been applied in estimating the mineral reserves. (3) The stated mineral reserves for Wassa have been prepared based on an updated resource model and the updated gold price assumptions noted below and, as such, may vary from the mineral reserves set out in the Wassa Technical Report. The stated mineral reserves were prepared under the supervision of Dr. Martin Raffield, Senior Vice President Technical Services for the Company. Dr. Raffield is a QP as defined by Canada's NI 43-101. (4) The mineral reserves at December 31, 2013 were estimated using a gold price assumption of \$1,300 per ounce. (5) The slope angles of all pit designs are based on geo-technical criteria as established by external consultants. The size and shape of the pit designs are guided by consideration of the results from a pit optimization program. The parameters for the pit optimization program are based on a gold price of \$1,300 per ounce, and historical and projected operating costs at Bogoso and Wassa. Metallurgical recoveries are based on historical performance or estimated from test work and typically range from 60% to 95% for non-refractory ores and from 70% to 85% for refractory ores. A Ghanaian government royalty of 5% is included in the mineral reserves. (6) Numbers may not add due to rounding.

Notes to the measured and indicated mineral resources and the inferred mineral resources statement: (1) The mineral resources were estimated in compliance with the requirements of NI 43-101. (2) The mineral resources for Wassa Other include Benso and Chichiwelli. (3) The mineral resources for Bogoso Other include Buesichem and Ablifa. (4) The Wassa Underground mineral resource has been estimated below the \$1,400 per ounce of gold pit shell using an economic gold grade cut-off of 2.6 g/t Au, which the Company believes would be the lower cut-off for underground. (5) The Father Brown Underground mineral resource has been estimated below the \$1,400 per ounce of gold pit shell using an economic gold grade cut-off of 2.9 g/t Au, which the Company believes would be the lower cut-off for underground. (6) Prestea Underground mineral resource has been estimated below the \$1,400 per ounce of gold pit shell of Prestea South down to 3,800 m elevation using a gold cut-off at 4.74 g/t Au. (7) Mineral resources were estimated using optimized pit shells at a gold price of \$1,400 per ounce. Other than gold price, the same optimized pit shell parameters and modifying factors used to determine the mineral reserves were used to determine the mineral resources. (8) The stated mineral resources for Wassa have been prepared based on an updated resource model and the updated gold price assumptions noted above and, as such, may vary from the mineral resources set out in the Wassa Technical Report. The stated mineral resources were prepared under the supervision of S. Mitchel Wasel, Vice President of Exploration for the Company. Mr. Wasel is a QP as defined by Canada's NI 43-101. (9) Numbers may not add due to rounding.

BOGOSO MINERAL RESOURCES AND RESERVES AT DECEMBER 31, 2013

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	PROVEN MINERAL RESERVE			PROBABLE MINERAL RESERVE			PROVEN + PROBABLE MINERAL RESERVE		
	tonnes (000)	grade (g/t Au)	ounces (000)	tonnes (000)	grade (g/t Au)	ounces (000)	tonnes (000)	grade (g/t Au)	ounces (000)
BOGOSO	2,930	2.65	250	1,731	2.59	144	4,662	2.63	394
DUMASI	3,116	2.39	239	5,826	2.36	443	8,941	2.37	682
MAMPON	—	—	—	1,133	5.24	191	1,133	5.24	191
PRESTEA SOUTH	969	2.74	85	2,170	2.52	176	3,139	2.59	261
PRESTEA UNDERGROUND	—	—	—	1,434	9.61	443	1,434	9.61	443
STOCKPILES	106	1.79	6	—	—	—	106	1.79	6
TOTAL	7,122	2.54	581	12,294	3.53	1,397	19,415	3.17	1,977

	MEASURED MINERAL RESOURCES			INDICATED MINERAL RESOURCES			MEASURED + INDICATED MINERAL RESOURCES		
	tonnes (000)	grade (g/t Au)	ounces (000)	tonnes (000)	grade (g/t Au)	ounces (000)	tonnes (000)	grade (g/t Au)	ounces (000)
BOGOSO	2,697	2.94	255	1,856	2.95	176	4,553	2.94	431
DUMASI	3,255	2.56	268	9,868	2.41	764	13,123	2.45	1,032
MAMPON	—	—	—	1,553	4.79	239	1,553	4.79	239
PRESTEA SOUTH	986	2.87	91	3,318	2.62	279	4,304	2.67	370
PRESTEA UNDERGROUND	—	—	—	1,356	14.50	632	1,356	14.50	632
BOGOSO OTHER	—	—	—	3,835	2.64	325	3,835	2.64	325
TOTAL	6,938	2.75	614	21,786	3.45	2,415	28,724	3.28	3,029

	INFERRED MINERAL RESOURCES		
	tonnes (000)	grade (g/t Au)	ounces (000)
BOGOSO	290	2.04	19
DUMASI	—	—	—
MAMPON	220	1.84	13
PRESTEA SOUTH	581	6.00	112
PRESTEA UNDERGROUND	3,289	8.02	848
BOGOSO OTHER	890	2.38	68
TOTAL	5,270	6.25	1,060

Directors and Senior Management

DIRECTORS

Tim Baker

Chairman

Tim Baker was appointed Chairman of the Board in January 2013. Tim most recently served as the Chief Operating Officer and Executive Vice President of Kinross Gold Corporation from June 2006 to November 2010. Tim is a geologist with over 30 years of global project development and operational experience including in Chile and Tanzania where he was Executive General Manager for Placer Dome. Prior to this, Tim managed mining operations in the United States and Venezuela and held geological and production roles in Kenya and Liberia. Tim is also a Director of Antofagasta PLC and Augusta Resource Corporation.

Tim holds a BSc in Geology from Edinburgh University.

Sam Coetzer

President and Chief Executive Officer

Sam Coetzer was appointed President and Chief Executive Officer in January 2013 and has been a Director of Golden Star since December 2012. Sam joined Golden Star in March 2011 and served as Executive Vice President and Chief Operating Officer until December 2012. Sam is a mining engineer with over 26 years of international mining experience with Kinross, Xstrata, Xstrata Coal, and Placer Dome. Sam has extensive African experience having worked as an Executive General Manager for South Africa and Tanzania for Placer Dome. Prior to joining Golden Star Sam was the Senior Vice President of Red Back Integration at Kinross.

Anu Dhir

Director

Anu Dhir is the Managing Director of Miniqs Limited, a private group primarily interested in developing resource projects. She is also a director of Atlatsa Resources, Frontier Rare Earths and of Energulf Resources. Prior to founding Miniqs Limited, Anu was Vice President, Corporate Development and Company Secretary at Katanga Mining Limited.

Anu holds a BA from the University of Toronto and a law degree (Juris Doctor) from Quinnipiac University, Connecticut, United States.

Robert Doyle

Director

Robert Doyle has more than 30 years of mining experience in international resource exploration, development, fundraising, and production. Most recently, Rob was Founder, and Chief Executive Officer of Medoro Resources Ltd., now known as Gran Colombia Gold Corp. Prior to this, Rob served as Executive Vice President and Chief Financial Officer of Pacific Stratus Energy, Chief Financial Officer of Coalcorp Mining, and Chief Financial Officer of Bolivar Gold Corp. Currently, Rob serves as a Director and Chairman of the audit committee of Mandalay Resources, Director and member of the audit committee of Detour Gold Corporation and Director of NXA Inc.

Rob is a Chartered Accountant and a Chartered Director.

Tony Jensen**Director**

Tony Jensen has over 25 years of mining industry experience and is President and Chief Executive Officer for Royal Gold Inc. Prior to joining Royal Gold, Tony was the Mine General Manager of the Cortez Joint Venture and spent 18 years with Placer Dome. Tony has extensive experience in operations in the United States and Chile where he occupied several senior management positions. Tony is a member of the National Mining Association Board and Finance Committee, the Industrial Advisory Board of the South Dakota School of Mines and Technology, and the Advisory Council for the University of Colorado Business School's Center for Commodities.

Tony holds a B.Sc. degree in Mining Engineering from South Dakota School of Mines and also holds a Certificate in Finance from Golden Gate University in San Francisco.

Craig Nelsen**Director**

Craig Nelsen is a geologist with over 30 years of experience in the mining business. He is Founder, CEO and Director of Avanti Mining Inc. Formerly, Craig was Executive Vice President Exploration of Gold Fields Limited; Founder, Chief Executive Officer and Chairman of the former Metallica Resources Inc., now New Gold; and has also held a variety of strategic positions at Lac Minerals Ltd.

Craig holds a M.S. degree in geology from the University of New Mexico and a B.A. in geology from the University of Montana.

Chris Thompson**Director**

Chris Thompson has 40 years of experience in international mining. Formerly, Chris served as Chairman and Chief Executive Officer of Gold Fields Limited; Chairman of the World Gold Council; and Founder, President and Chief Executive Officer of Castle Group Inc. Chris has served as Director on over 25 public gold mining companies including Ram Power Corp.; Teck Resources Limited; Jacobs Engineering Group Inc; and Geosynfuels Inc., a privately held energy company. Chris is a member of the advisory board of Pala Investments.

Bill Yeates**Director**

Bill Yeates is a founding and current audit partner with Hein & Associates LLP. Bill was previously Hein's National Director of Auditing and Accounting and has over 35 years of experience working with public companies specializing in extractive industries. Formerly, Bill served on the Financial Accounting Standards Advisory Council; a member of the Professional Practice Executive Committee of the Center for Audit Quality; a member of the Executive Committee of the Center for Public Company Audit Firms of the American Institute of CPAs; a member of the SEC Practice Section Executive Committee and of the SEC Regulations Committee of the AICPA.

Bill is a Chartered Professional Accountant; he also holds an MBA in accounting and a B.Sc. in finance and marketing from the University of Colorado.

SENIOR MANAGEMENT

Jeff Swinoga

Executive Vice President and Chief Financial Officer

Jeff Swinoga was appointed Executive Vice President and Chief Financial Officer of Golden Star in January 2013. Jeff is a Chartered Accountant and is a member of the Institute of Chartered Accountants of Ontario with over 19 years of experience in the resource, mining and finance industries. He has a wealth of experience in debt and equity financing transactions. Prior to joining Golden Star, Jeff served as Vice President, Finance and Chief Financial Officer of North American Palladium; Senior Vice President, Finance and Chief Financial Officer of MagIndustries Corp.; Vice President, Finance and Chief Financial Officer of HudBay Minerals; and was Director, Treasury Finance of Barrick Gold Corporation.

Jeff holds a MBA from the University of Toronto and an Honours Economics degree from the University of Western Ontario.

Daniel Owiredu

Executive Vice President and Chief Operating Officer

Daniel Owiredu was appointed Executive Vice President Operations and Chief Operating Officer in January 2013. Daniel joined Golden Star in September 2006 and served as Vice President, Ghana Operations until his appointment as Senior Vice President, Ghana Operations in May 2012. Daniel has more than 20 years of experience in the mining sector in Ghana and West Africa. Most recently, Daniel was Deputy Chief Operating Officer for AngloGold Ashanti following the amalgamation of AngloGold and Ashanti Goldfields. His prior experience includes successfully managing the construction and operation of the Bibiani mine for Ashanti. He also managed the Siguiri mine in Guinea and the Obuasi mine in Ghana for Ashanti.

Bruce Higson-Smith

Senior Vice President, Corporate Strategy

Bruce joined Golden Star in September 2003 and served as Vice President, Corporate Development until his appointment as Senior Vice President, Corporate Strategy in January 2012. Bruce is a mining engineer with over 30 years of experience in mining and underground mining operations in Africa. Prior to joining Golden Star, Bruce worked with Castle Group and Resource Capital Funds, where he was responsible for reviewing projects, conducting due diligence, negotiating and structuring mining transactions.

Bruce has a B.Sc. in mining engineering and an ARSM from Imperial College. He also holds an MBA in Finance.

Martin Raffield**Senior Vice President, Technical Services**

Martin Raffield was appointed Senior Vice President, Technical Services August 2011. Prior to this, he worked from June 2007 as Principal Consultant and Practice Leader for SRK Consulting in Denver. Martin started his career in 1992 in South Africa working in geotechnical engineering at a number of deep level gold mines for Johannesburg Consolidated Investments. In 2000, he relocated to Canada with Placer Dome and held the positions of Chief Engineer and Mine Superintendent at their Campbell Mine. Martin moved to Breakwater Resources, Myra Falls Operation in 2006 and held the position of Manager of Mining until moving to SRK in 2007.

Martin has a Ph.D. in geotechnical engineering from the University of Wales and is a Professional Engineer registered in Ontario, Canada.

Mark Thorpe**Senior Vice President, Corporate Social Responsibility and Environmental Affairs**

Mark Thorpe was appointed Senior Vice President, Corporate Social Responsibility and Environmental Affairs in January 2013. Mark joined Golden Star in 2006 and spent his first three years in Ghana working with the operational teams in the areas of health, safety, environment and community. Mark is a corporate responsibility professional with 30 years of international mining experience. Mark serves on the World Gold Council's Steering Committee on Responsible Gold, represents Golden Star on the Industry Advisory Group to the International Cyanide Management Institute, is an honorary faculty at McGill University, and is the Chair of the Canadian Mining Innovation Council's Environmental Stewardship Committee.

Mark has a Ph.D. in mine reclamation from the University of Saskatchewan.

André van Niekerk**Vice President and Controller**

André van Niekerk joined Golden Star in 2006. He spent close to five years in Ghana as the head of finance and business operations, after which he was transferred back to the corporate headquarters to take the role of Controller. Whilst based in Ghana, André was Vice Chairman of the Ghana Chamber of Mines Energy Committee and a member of the Chamber of Mines Finance Committee. Prior to joining Golden Star, André spent six years with KPMG serving clients in the mining and oil and gas industries. His education includes a B.S. in accounting sciences, and he is a CPA.



Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of Golden Star Resources Ltd. and its subsidiaries ("Golden Star" or "the Company" or "we" or "our"). This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with our audited consolidated financial statements for the years ended December 31, 2013 and 2012 which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A includes information available to February 19, 2014. All amounts shown are in thousands of dollars unless noted otherwise. All currency amounts are stated in U.S. dollars unless noted otherwise. Information presented in this MD&A is prepared in accordance with IFRS unless otherwise noted.

Overview of Golden Star

Golden Star is an established gold mining company with operating mines in Ghana, and exploration properties in other parts of West Africa and Brazil. Golden Star holds a 90% equity interest in Golden Star (Wassa) Limited ("Wassa") and Golden Star (Bogoso/Prestea) Limited ("Bogoso"), which, respectively own the Wassa and the Bogoso open-pit gold mines and processing plants in Ghana. In addition, Golden Star has a 90% interest in the currently inactive underground mine in Prestea, Ghana ("Prestea Underground").

Our operations produced and sold 330,806 ounces of gold in 2013, and we expect to produce and sell approximately 295,000 to 320,000 ounces of gold in 2014. Our objective is to continue the growth of our mining business through the appropriate development of our projects. In the near term, we are focused on reducing our operating costs and prudently managing our capital expenditures.

We are a reporting issuer or the equivalent in all provinces of Canada, in Ghana and in the United States, and file disclosure documents with securities regulatory authorities in Canada, Ghana and with the United States Securities and Exchange Commission.

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Effective as of the second quarter of 2013 the Company became a "foreign private issuer" under U.S. securities laws and as a result the Company converted from accounting principles generally accepted in the United States ("US GAAP") and now prepares its financial statements in accordance with IFRS as issued by the IASB. The comparative financial information for 2012 in this MD&A has also been restated to conform to IFRS. See Changes in Accounting Policies below for further information on the impact of this change. This MD&A should be read in conjunction with Note 27 "First Time Adoption of IFRS" in the Company's audited consolidated financial statements for the year ended December 31, 2013.

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2013 Highlights

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SUMMARY OF OPERATING AND FINANCIAL RESULTS

		For the three months ended December 31,		For the years ended December 31,	
		2013	2012	2013	2012
OPERATING SUMMARY					
Wassa gold sold	oz	44,337	40,366	185,807	158,899
Bogoso gold sold	oz	31,093	47,178	144,999	172,379
TOTAL GOLD SOLD	oz	75,430	87,544	330,806	331,278
Average realized gold price	\$/oz	1,273	1,710	1,414	1,662
Cash operating cost per ounce–Wassa ¹	\$/oz	881	940	805	890
Cash operating cost per ounce–Bogoso ¹	\$/oz	1,391	1,230	1,361	1,186
Cash operating cost per ounce ¹	\$/oz	1,091	1,097	1,049	1,044
All-in sustaining cost per ounce ¹	\$/oz	1,373	1,392	1,326	1,318
FINANCIAL SUMMARY					
Revenues	\$'000	96,034	149,710	467,796	550,540
Net income/(loss) attributable to Golden Star shareholders	\$'000	(148,576)	14,334	(265,892)	7,186
Adjusted net income/(loss) attributable to Golden Star shareholders ²	\$'000	(6,466)	10,227	(21,493)	42,143
Net cash (used in)/provided by operations	\$'000	(2,463)	43,936	59,143	123,094
Cash provided by operations before working capital changes ³	\$'000	2,805	19,559	30,225	117,030
Net income/(loss) per share attributable to Golden Star shareholders–basic and diluted	\$/share	(0.57)	0.06	(1.03)	0.03
Adjusted net income/(loss) per share attributable to Golden Star shareholders–basic ²	\$/share	(0.02)	0.04	(0.08)	0.16
Cash flow (used in)/provided by operations per basic and diluted share	\$/share	(0.01)	0.17	0.23	0.48
Cash provided by operations before working capital changes per share ³	\$/share	0.01	0.08	0.12	0.45

1 See “Non-GAAP Financial Measures” below for a reconciliation of cash operating cost per ounce and all-in sustaining cost per ounce to cost of sales before depreciation and amortization.

2 See “Non-GAAP Financial Measures” below for a reconciliation of adjusted net income/(loss) attributable to Golden Star shareholders and adjusted net (loss)/income per share attributable to Golden Star shareholders to net (loss)/income attributable to Golden Star shareholders and net (loss)/income per share attributable to Golden Star shareholders.

3 See “Non-GAAP Financial Measures” below for an explanation of the calculation of cash provided by operations before working capital changes and cash provided by operations before working capital changes per share.

Gold sold during the full year 2013 totaled 330,806 ounces, compared to gold sales during 2012 of 331,278 ounces. Gold sales at our Wassa operations increased 17% year over year, as a result of improved plant throughput and grades processed. Gold sales at our Bogoso operations declined by 16% as a result of lower refractory plant throughput and lower grades processed as planned due to the push back at the Chujah pit and lower non-refractory grades and recovery due to the start-up of the low cost tailings reclaim project during 2013. Gold sold during the fourth quarter 2013 totaled 75,430 ounces, compared to 87,544 ounces sold in the fourth quarter of 2012.

Revenues for the full year 2013 decreased to \$467.8 million compared to \$550.5 million in 2012, primarily due to the decline in gold prices during 2013. The average realized gold price decreased 15% from \$1,662 per ounce in 2012 to \$1,414 per ounce in 2013. Gold ounces sold during 2013 were approximately the same as ounces sold during 2012. Revenues were \$96.0 million in the fourth quarter of 2013, compared to \$149.7 million in the fourth quarter of 2012.

Consolidated cash operating cost per ounce totaled \$1,049 per ounce for the full year 2013, compared to cash operating cost per ounce of \$1,044 per ounce for the full year 2012. Wassa's cash operating cost per ounce totaled \$805 per ounce, 10% lower than in 2012, mainly as a result of higher gold sales in 2013. Bogoso's cash operating cost per ounce increased to \$1,361 per ounce for 2013, up from \$1,186 per ounce in 2012, mainly due to the lower gold production at Bogoso during 2013. Consolidated cash operating cost per ounce for the fourth quarter of 2013 totaled \$1,091 per ounce compared to \$1,097 per ounce in the fourth quarter of 2012.

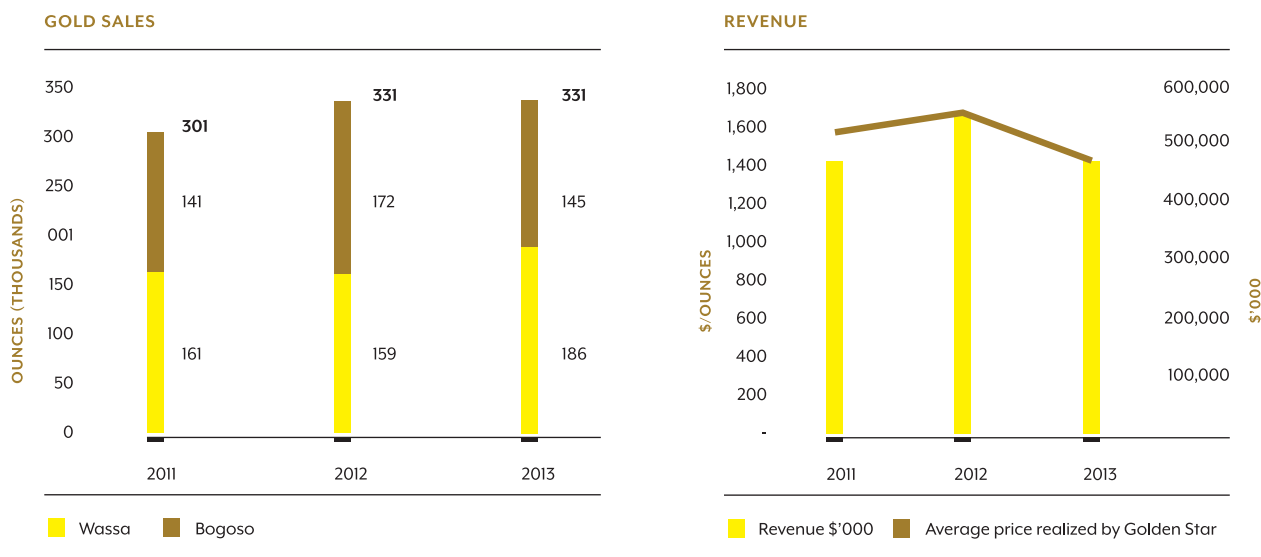
Corporate general and administrative expenditures decreased by 11% to \$21.5 million for the full year 2013, down from \$24.1 million incurred during 2012. Even though the Company incurred \$1.9 million of relocation expenses in 2013 to move the corporate office to Toronto, Ontario, the savings as a result of the relocation totaled \$1.7 million in 2013.

Primarily as a result of non-cash impairment charges totaling \$355.6 million, we incurred a net loss attributable to Golden Star shareholders of \$265.9 million in 2013, compared to net income attributable to Golden Star shareholders of \$7.2 million in 2012. We recorded an impairment charge of \$355.6 million to write down the Bogoso and Wassa's carrying values and the True Gold Mining Inc. ("TGM") shares compared to a \$7.0 million impairment charge in 2012. As a result of the lower realized gold price in 2013, the mine operating margin reduced to \$30.7 million in 2013, down from \$87.6 million in 2012. This was partially offset by the \$52.0 million non-cash mark to market gain of the 5% Convertible Debentures recorded in 2013 compared to a \$28.0 million mark to market loss recorded in 2012. Net loss attributable to Golden Star shareholders for the fourth quarter of 2013 totaled \$148.6 million (includes an impairment charge of \$159.7 million), compared to a net income attributable to Golden Star shareholders of \$14.3 million for the same prior year period.

Cash provided by operations before working capital changes totaled \$30.2 million for the full year 2013 and \$117.0 million for the full year 2012. For the fourth quarter 2013, cash generated by operations before working capital changes was \$2.8 million compared to \$19.6 million in the same period in 2012, primarily as a result of the decrease in the gold price during 2013.

Capital expenditures at Wassa and Bogoso for the full year 2013 totaled \$102.9 million compared to \$117.3 million incurred in 2012. For the fourth quarter of 2013, capital expenditures totaled \$22.5 million, compared to \$39.3 million incurred in the same period in 2012. Capital expenditures were significantly reduced in the second half of 2013 as a result of the spending reduction measures implemented throughout the Company.

Liquidity — Consolidated cash balance was \$65.6 million at December 31, 2013 compared with \$78.9 million at December 31, 2012. Working capital decreased to \$11.2 million at December 31, 2013, down from \$69.2 million at December 31, 2012.



Outlook for 2014

The Company's long-term objective is to continue the growth of its mining business through the appropriate development of its projects. In the near term, the Company is focused on reducing its operating costs and managing its capital expenditure. Development spending will be focused on projects that are expected to provide a sufficient risk-adjusted return on investment in the near to medium term.

PRODUCTION AND COST GUIDANCE FOR 2014

	Gold production thousands of ounces	Cash operating costs \$ per ounce	Capital spending \$ millions
Wassa	130–140	900–950	19
Bogoso	165–180	1,000–1,050	31
CONSOLIDATED	295–320	950–1,000	50

Production

During 2014, we expect most of the Wassa ore supply to be mined from the Wassa Main pit, as production from the Father Brown pit is expected to cease in the second quarter of 2014. The Wassa Main pit has lower grades than the Father Brown pit and, as a result, Wassa gold production is expected to be lower in 2014 than in 2013. At Bogoso, we expect 2014 production to significantly increase at the Chujah pit once we complete the pushback, which should be substantially complete at the end of the first quarter of 2014. We expect the strip ratio at Bogoso to decrease to 2:1 during the second half of 2014. Mining at the Bogoso North pit will continue in 2014 and is expected to be depleted in the fourth quarter of 2014.

26 *Cash operating costs*

We expect Wassa's cash operating cost per ounce to increase due to the lower grades from the Wassa Main pit resulting in lower gold production during 2014. The Bogoso cash operating cost per ounce is expected to be above the 2014 annual average during the first half of 2014 due to lower ore supply while we complete the Chujah pushback. We expect Bogoso's cash operating costs per ounce to reduce in the latter part of 2014 as ore supply, plant throughput and gold production increases.

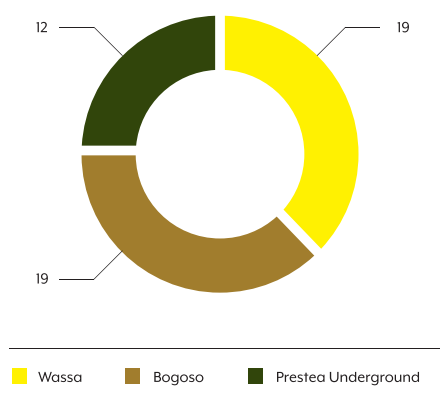
For the purposes of developing estimated cash operating costs for 2014, we have assumed the prices of electricity and fuel will be similar to the annual average prices paid by the Company for electricity and fuel in 2013. We are also in the process of finalizing negotiations to approve a reduction in the workforce at Bogoso and Wassa during 2014.

Capital expenditures

Capital expenditures will be limited to sustaining capital requirements and key development projects. We plan to continue with the permitting process of the Mampon, Dumasi, Prestea Underground and Prestea South properties during 2014 with limited capital spending, however we expect to increase spending on these projects if gold prices move higher.

We expect to spend approximately \$6 million on development at Wassa, primarily on additional drilling at the Wassa Main pit. Of the approximately \$23 million budgeted development capital expenditures at Bogoso, approximately \$12 million will be attributable to Prestea Underground and we expect to spend \$7 million to complete the push back at Chujah. Sustaining capital expenditures at Wassa and Bogoso for 2014 is expected to total approximately \$13 million and \$8 million, respectively.

CAPITAL SPENDING 2014 (\$ MILLIONS)



Corporate Developments

GOLD PRICES

Spot gold prices fell from \$1,694 per ounce at the beginning of 2013 to \$1,202 per ounce near the end of the year. We realized an average gold price of \$1,414 per ounce for our gold sales during 2013, 15% lower than the average realized price of \$1,662 per ounce for 2012. The spot gold price as at February 19, 2014 was \$1,321 per ounce.

MINERAL RESERVES AND MINERAL RESOURCES

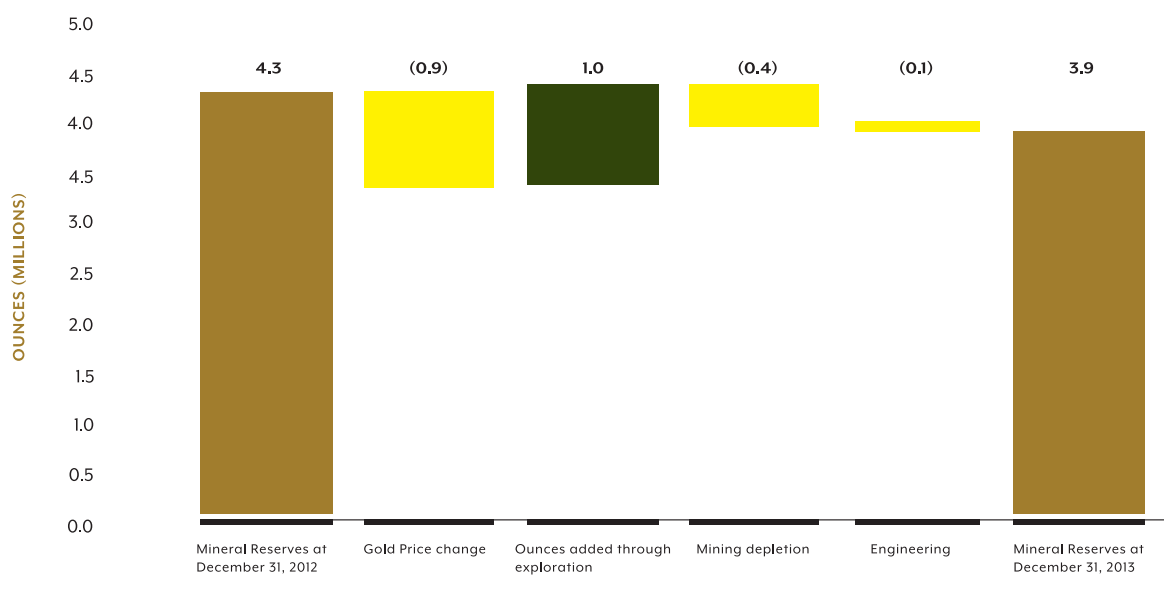
Proven and Probable Mineral Reserves⁽¹⁾⁽²⁾

Proven and Probable Mineral Reserves declined to 3.9 million ounces as of December 31, 2013 down 8% from 4.3 million ounces at December 31, 2012, largely as a result of mining depletion and the lower gold price assumptions used, partially offset by additional ounces from exploration at Wassa Main and Prestea Underground. Mineral Reserves were estimated on a gold price assumption of \$1,300 per ounce compared to \$1,450 per ounce in the December 31, 2012 estimate.

During 2013, the Company's development strategy focused on drilling at Wassa, where the Company increased Proven and Probable Mineral Reserves by 34% to 2.0 million ounces. The Proven and Probable Mineral Reserve grade at Wassa increased by 22% to 1.75 grams of gold per tonne ("g/t Au"), the bulk of this increased grade is as a result of the inclusion of higher grade ore at depth in the Wassa Main deposit.

At Bogoso, Proven and Probable Mineral Reserves totaled 2.0 million ounces at December 31, 2013 compared to 2.8 million ounces at the end of 2012. Mineral Reserve ounces in Bogoso's open pits reduced by 46% as a result of the lower gold price assumption used, however grades increased by 6% to 2.65 g/t Au at December 31, 2013. A Mineral Reserve estimate for Prestea Underground has been included for the first time subsequent to the completion of a positive feasibility study in June of 2013.

YEAR-OVER-YEAR CHANGE IN PROVEN AND PROBABLE MINERAL RESERVES⁽¹⁾⁽²⁾



(1) Proven and Probable Mineral Reserves are calculated as at December 31, 2013 in accordance with National Instrument 43-101 as required by Canadian securities regulatory authorities. For a breakdown of Mineral Reserves and Resources by category and additional information relating to Mineral Reserves and Resources and related key assumptions and parameters, see our Mineral Reserve and Resource Statement in our news release "Golden Star Announces Mineral Reserves and Resources Estimates as at December 31, 2013", filed on and dated February 10, 2014 on www.sedar.com.

(2) The scientific and technical information in this MD&A has reviewed and approved by Dr. Martin Raffield, Senior Vice-President of Technical Services, a Qualified Person under National Instrument 43-101 and an employee of the Company.

28 *Measured and Indicated Mineral Resources⁽³⁾ (inclusive of Proven and Probable Mineral Reserves)*

Measured and Indicated Mineral Resource totaled 6.4 million ounces at the end of 2013 compared to 7.3 million at the end of 2012. Wassa's total Measured and Indicated Mineral Resource increased by 29% from December 31, 2012 to 3.3 million ounces at the end 2013, largely due to a 37% increase in the Mineral Resource within the Wassa Main pit design and the inclusion of 289,000 ounces of Mineral Resource from the Wassa Underground deposit below the Wassa Main pit. This was partially offset by a 37% decline in Measured and Indicated Mineral Resource at Father Brown and Father Brown Underground as a result of mining depletion and the reduction in the gold price assumption. Measured and Indicated Mineral Resources have been estimated based on a gold price assumption of \$1,400 per ounce at December 31, 2013, compared to \$1,750 per ounce used for the December 31, 2012 estimate.

Bogoso's Measured and Indicated Mineral Resource declined by 35% to 3.0 million ounces at December 31, 2013 primarily due to the lower gold price assumption used and due to depletion in the Chujah and Bogoso North pits.

(3) Measured and Indicated Mineral Resources are estimated as at December 31, 2013 in accordance with National Instrument 43-101 as required by Canadian securities regulatory authorities. For a breakdown of Mineral Reserves and Mineral Resources by category and additional information relating to Proven and Probable Mineral Reserves and Measured and Indicated Mineral Resources and related key assumptions and parameters, see our Mineral Reserve and Resource Statement in our news release "Golden Star Announces Mineral Reserves and Resources Estimates as at December 31, 2013", filed and dated February 10, 2014 on www.sedar.com.

IMPAIRMENT CHARGES

The Company recorded impairment charges totaling \$355.6 million in 2013, comprising of \$245.8 million for Bogoso, \$106.9 million for Wassa and \$2.9 million related to available for sale investments. In June 2013, after reviewing and updating the Bogoso and Wassa mine plans in light of the lower gold price environment, the Company recorded impairment charges totaling \$195.9 million. Upon completion of the fourth quarter 2013 budgeting and life of mine planning process including a reassessment of the carrying value of our cash generating units ("CGUs"), the Company recorded additional non-cash impairment charges totaling of \$159.7 million, related to the Bogoso CGU as a result of the shorter expected refractory mine life at Bogoso and a lower gold price assumption.

INCREASE IN RECLAMATION PROVISION

The total reclamation provision increased to \$86.3 million at December 31, 2013, compared with \$63.3 million at December 31, 2012 primarily related to the Bogoso operations for which the reclamation provision increased by \$21.5 million to \$67.8 million at December 31, 2013. During 2013, the Company incurred \$3.3 million of reclamation expenditures at Bogoso compared to \$3.2 million incurred during 2012. However during 2013 the estimated future reclamation expenditure for Bogoso increased by \$24.4 million compared to \$1.8 million during 2012. The \$24.4 million increase in 2013, is related to the anticipated shorter refractory operation's mine life and higher than expected backfilling costs. Previously it was expected that the Bogoso refractory operation would use the water stored in the Buesichem process water storage facility for its operations. However, as a result of the anticipated shorter mine life, this water will require treatment before it is discharged to the receiving environment resulting in an increase of approximately \$15.5 million (undiscounted) to the rehabilitation provision. In addition we increased our estimate of the expected backfilling cost of the Buesichem pit by approximately \$10.3 million (undiscounted).

The Wassa reclamation provision increased by \$1.5 million to \$18.5 million at December 31, 2013. During the year Wassa spent \$2.3 million on reclamation work primarily focused at the previously mined Benso concession and on-going reclamation maintenance. The \$3.7 million increase in the estimated cash flows of the Wassa rehabilitation provision is primarily due to the waste generated from the Wassa Main and Father Brown pits and the increase in the size of the corresponding waste dumps. This was partially offset by a decrease in the reclamation provision related to the Benso concession as reclamation work nears completion.

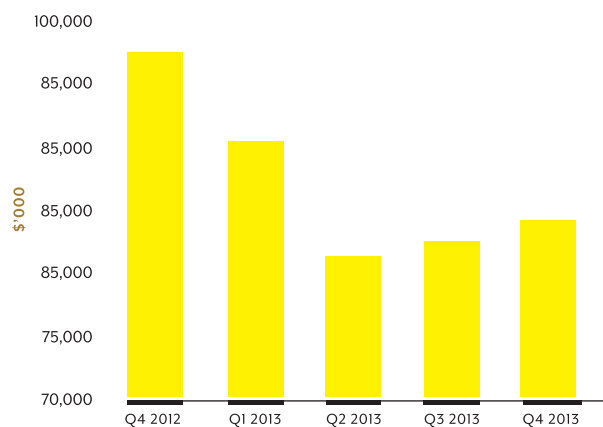
OPERATING COSTS AND CAPITAL SPENDING REDUCTIONS

During the second quarter, the Company completed a comprehensive review of its operating and capital expenditures in an effort to reduce overall expenditures by 10% or \$45 million from the original operating plan and maximize near term cash flow in the lower gold price environment. These operating cost reduction initiatives were achieved during the third and fourth quarters of 2013.

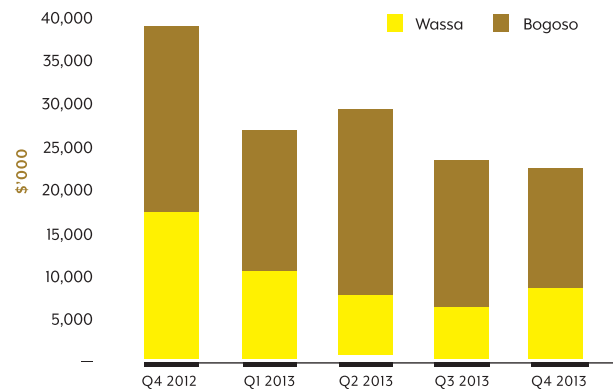
Mine operating expenses were reduced through reducing the number of contractors, re-negotiations of certain supplier contracts, and supplier discounts. Other operating improvements were initiated including transport and delivery efficiencies, and improved purchasing procedures. Maintenance cost savings and fuel cost reductions continue to be achieved through the recent purchase of two new excavators and four new drills.

Capital expenditures at Wassa and Bogoso for 2013 totaled \$74.4 million (excluding \$28.5 million betterment stripping previously expensed under US GAAP), compared with an initial capital budget of \$141.0 million. Sustaining capital expenditure totaled \$39.5 million for the year, \$20.5 million less than our initial sustaining capital budget of \$60.0 million. Development capital expenditures totaled \$34.7 million for 2013 (excluding \$28.5 million of betterment stripping previously expensed under US GAAP), which is \$46.3 million less than the \$81.0 million that was projected at the beginning of the year.

CONSOLIDATED MINE OPERATION EXPENSES



CAPITAL EXPENDITURES



RESTART OF TAILINGS RECLAIM FACILITY AND SUSPENSION OF MINING AT PAMPE

In the third quarter of 2013, we commenced pumping reclaimed tailings to Bogoso's non-refractory plant on a full time basis to replace the non-refractory ore feed from the suspended Pampe pit. This facility pumps tailings from a decommissioned Bogoso tailings storage facility directly into the Bogoso non-refractory plant.

We processed 0.9 million tonnes of tailings at an average grade of 0.96 g/t during 2013, at a gold recovery rate of 42.5% which yielded 9,149 ounces for the year. Although it is uncertain how much of the tailings we will be able to process, we expect that there will be sufficient tailings reclaim material available for at least another five years. Gold grade and gold recovery will be variable, however we expect it to be similar to the average gold grades and gold recoveries experienced to date. The tailings reclaim material is expected to be upgraded to Mineral Resource and Reserve during 2014.

ECOBANK LOAN

On July 30, 2013, Wassa closed a \$50 million secured Medium Term Loan Facility ("Ecobank Loan") with Ecobank Ghana Limited ("Ecobank"), a pan-African full service bank, which acted as sole lender and arranger to Wassa. The proceeds are being used to finance Wassa capital expenditures. The Ecobank Loan has a term of 60 months from the date of initial drawing and is secured by Wassa's existing plant, machinery and equipment. The interest rate is three month LIBOR plus 9% per annum, payable monthly in arrears. Payment of interest and principal commences on April 30, 2014. Wassa drew down \$30.0 million under this facility during 2013, and \$20.0 million remains available for drawdown.

The table below shows the use of the proceeds received under the Ecobank Loan:

	\$'MILLIONS
Ecobank Loan proceeds received during 2013	30.0
Used for capital expenditures during 2013	29.2
	0.8

Sale of True Gold Mining shares

On July 29, 2013, the Company completed the sale of its investment in TGM. The Company sold 24,521,101 shares of TGM for net proceeds of \$7.2 million resulting in a gain of \$1.3 million in 2013.

Development Projects Update

WASSA

Wassa Drilling Program

During 2013, 152 drill holes totaling 54,524 meters were completed below the Wassa Main pit. The drilling was predominantly targeted at infilling gaps in the prior drilling as well as testing the higher grade plunge mineralization to the south. Drilling results have confirmed that the mineralized zone continues to the south and remains open at depth.

In November 2013, the Company announced an increased Indicated Mineral Resource at Wassa of 46.4 million tonnes at an average grade of 1.75 g/t Au for 2.6 million ounces. The new resource was constrained by a \$1,400 per ounce gold price assumption and included drilling up to the end of June 2013. An additional 14 holes totaling 7,275 meters have been completed since the last model update and will be used with the results of future drilling to update the resource models during 2014.

The current drilling program at Wassa is focused on approximately 20,000 meters of infill drilling of the current resource to further define grades and continuity and step-out drilling 250 meters to the south of the currently defined ore body. This drilling program forms the bulk of Wassa's \$6 million development capital budget for 2014.

Utilizing the latest resource model, the Company has recently commenced a Preliminary Economic Assessment ("PEA") on the viability of mining the higher grade portions of the Wassa deposit using underground mining methods. The Company expects to have the PEA completed in the third quarter of 2014, and subject to a positive outcome from this study and 2014 exploration drilling, expects to commence a feasibility study.

BOGOSO

Chujah Pit

During 2012, we started a push back of the Chujah pitwall to improve our access to ore and reduce our mining operating costs. The Chujah push back continued during 2013 and we expect that it will be substantially complete by the end the first quarter of 2014. We capitalized \$4.9 million and \$28.5 million, respectively, as betterment stripping during the three months and year ended December 31, 2013 as a result of this push back. We expect betterment stripping to total approximately \$7 million during 2014.

Dumasi

During the first quarter of 2013, a negotiated resettlement agreement was signed that provides for resettlement of the community of Dumasi to a new town site located a few kilometers north of the existing Dumasi community. In conjunction with signing of the resettlement agreement, ground clearing, site preparation and the construction of building supplies started at the new Dumasi town site in anticipation of the construction of the new community. We incurred \$7.9 million of development costs during 2013 mainly related to land clearing and land preparation for construction. The resettlement action plan ("RAP") for Dumasi was submitted to the Prestea Huni Valley District Assembly in December 2013 for their review and approval. We are continuing the preparation of the draft environmental impact statement ("EIS") for submission to the Ghana Environmental Protection Agency ("EPA"). We intend to limit our capital expenditure at Dumasi in 2014 unless gold prices improve, at which time we could allocate additional capital to accelerate the project.

The permitting process is underway and continued in the fourth quarter of 2013 with the completion of the data collection for the draft RAP for the community living at Mampon. The RAP and the EIS are currently being drafted and design work in this regard is ongoing. We intend to limit expenditure at Mampon during 2014, unless and until gold prices improve.

Prestea South

A public hearing in the Prestea community was held during the third quarter of 2013. The community was supportive of the development of the Prestea South open pit mines. We have received the comments on the draft EIS from the EPA; additional modeling and data collection is underway. We are in the process of addressing the EPA comments and plan to submit a revised EIS for final approval. We expect to spend approximately \$1.2 million in capital expenditure during 2014, however, we may increase this amount if gold prices improve.

Prestea Underground

A feasibility study for Prestea Underground was completed during the second quarter of 2013 and was published on SEDAR in July 2013. The feasibility study demonstrates positive economics for the extraction of the West Reef steeply dipping, high-grade, narrow vein deposit at Prestea Underground using mechanized cut-and-fill mining with footwall ramp access.

The feasibility study indicates that after the three year development period, ore from the Prestea Underground mine would be treated at the Bogoso non-refractory plant. Estimated cash operating costs are \$734 per ounce over the six year life of mine. Initial capital expenditure is estimated to be \$90.6 million and total capital expenditure over the life of the project is expected to be \$150.1 million.

During 2013, we incurred capital expenditures totaling \$7.3 million including \$0.9 million on geotechnical drilling. We expect to incur an additional \$12.2 million of capital expenditures on Prestea Underground during 2014.

A RAP for the communities living in the Prestea area is currently under review by the Prestea Huni Valley District Assembly. This RAP addresses the resettlement required for the development of the Prestea Underground and the Prestea South project. Following revisions to the project, the EIS for the Prestea Underground will be updated to address these changes. Once the updates are completed, the draft EIS will be submitted to the EPA for their review. There may also be a requirement for a public hearing on the Prestea Underground.

Consolidated Results of Operations

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		For the three months ended December 31,		For the years ended December 31,	
		2013	2012	2013	2012
SUMMARY OF CONSOLIDATED FINANCIAL RESULTS					
Wassa gold sold	oz	44,337	40,366	185,807	158,899
Bogoso gold sold	oz	31,093	47,178	144,999	172,379
TOTAL GOLD SOLD	oz	75,430	87,544	330,806	331,278
Average realized price	\$/oz	1,273	1,710	1,414	1,662
Cash operating cost per ounce ¹ –combined	\$/oz	1,091	1,097	1,049	1,044
Gold revenues	\$'000	96,034	149,710	467,796	550,540
Cost of sales excluding depreciation and amortization	\$'000	88,549	103,492	377,140	373,543
Depreciation and amortization	\$'000	9,673	26,175	59,966	89,353
MINE OPERATING MARGIN	\$'000	(2,188)	20,043	30,690	87,644
General and administrative	\$'000	5,097	7,723	21,515	24,106
(Gain)/loss on fair value of convertible debenture	\$'000	(1,624)	(4,107)	(51,967)	27,985
Impairment charges	\$'000	159,704	—	355,624	6,972
Income tax expense/(recovery)	\$'000	(1,518)	(2,759)	(12,331)	17,756
Net income/(loss) attributable to Golden Star shareholders	\$'000	(148,576)	14,334	(265,892)	7,186
Net income/(loss) per share–basic and diluted	\$	(0.57)	0.06	(1.03)	0.03
Cash flow provided by operations	\$'000	(2,463)	43,936	59,143	123,094
Cash flow provided by operations per share	\$	(0.01)	0.17	0.23	0.48
Capital expenditures	\$'000	22,513	39,349	102,867	117,299

¹ See “Non-GAAP Financial Measures” below for a reconciliation of cash operating cost per ounce to cost of sales excluding depreciation and amortization.

YEAR ENDED DECEMBER 31, 2013 COMPARED TO YEAR ENDED DECEMBER 31, 2012*Gold revenues*

Gold revenues totaled \$467.8 million for the year ended December 31, 2013, down from \$550.5 million in 2012, due to a decline in realized gold prices. The average realized gold price fell to \$1,414 per ounce, down 15% from an average realized gold price of \$1,662 per ounce in 2012, while gold sales of 330,806 ounces in 2013 were essentially the same as the 2012 gold sales of 331,278 ounces.

Cost of sales excluding depreciation and amortization

Cost of sales excluding depreciation and amortization for the full year 2013 totaled \$377.1 million, up \$3.6 million from \$373.5 million incurred during 2012. Mine operating expenses totaled \$339.0 million, down \$18.1 million from \$357.1 million incurred in 2012. During 2012 we added ore tonnes to our metals inventory resulting in a \$11.1 million decrease in cost of sales, however we drew down stockpiles in 2013 resulting in a net decrease in our metals inventory, increasing cost of sales by \$14.8 million for the year ended December 31, 2013.

Depreciation and amortization

Depreciation and amortization expense for the full year 2013 decreased to \$60.0 million, down from \$89.4 million in 2012. The net book value of our mining property and property plant and equipment decreased as a result of the impairment charges recorded during the second quarter of 2013, and resulted in a decrease in depreciation and amortization expense in 2013. An additional impairment charge was recorded in the fourth quarter of 2013 related to the Bogoso operations, and we expect such impairment to further reduce depreciation and amortization expense in 2014.

General and administrative expenses

In the second quarter of 2013 we relocated our corporate headquarters from Denver, Colorado to Toronto, Ontario. The relocation costs incurred as a result of the move were more than offset by cost saving measures implemented at the new corporate headquarters which included staff reductions. As a result, overall general and administrative costs for 2013 decreased 11% to \$21.5 million, down from \$24.1 million for the year ended December 31, 2012.

(Gain)/loss on fair value of convertible debentures

For the full year 2013, we recorded a non-cash fair value gain of \$52.0 million on the 5% Convertible Debentures. This was calculated based on the discounted cash flows of the debt component and a Black-Scholes valuation of the conversion feature. The fair value of the conversion feature decreased during 2013 as a result of a decrease in the price of our common shares during the year, contributing to the 2013 gain. In addition, the fair value of the debt component also decreased due to higher yield requirements in the market. In comparison, a \$28.0 million non-cash fair value loss on the 5% Convertible Debentures was recorded in 2012.

Impairment charges

During 2013, the Company recorded impairment charges totaling \$355.6 million, compared to \$7.0 million recorded in 2012. The 2013 impairment charges comprised of \$245.8 million for Bogoso, \$106.9 million for Wassa, and \$2.9 million for the TGM shares. The Bogoso impairment charge included \$146.3 million related to mine property; \$98.3 million related to property, plant and equipment; and \$1.2 million related to intangible assets. At Wassa, \$87.5 million of the impairment charge related to mine property and \$19.4 million related to property, plant and equipment. The resulting non-cash charges were due to the impact of the lower gold prices over the life of the mines, resulting in the impairment of the Bogoso refractory and non-refractory operation and shortening the mine life at Wassa. The impairment charge of \$2.9 million related to the drop in fair value of the TGM shares compared to the \$7.0 million impairment charge recorded in 2012.

Income tax expense/(recovery)

Income tax recovery for the year ended December 31, 2013 totaled \$12.3 million, as compared to an income tax expense of \$17.8 million for the year ended December 31, 2012. This was the result of a \$32.9 million deferred tax recovery recorded in 2013, primarily related to the impairment charges recorded on the Wassa long term assets. The recovery was partially offset by Wassa current tax expense of \$20.6 million for the year ended December 31, 2013. For the year ended December 31, 2012, current tax expense and deferred tax expense for Wassa totaled \$12.4 million and \$5.4 million respectively.

Net (loss)/income attributable to Golden Star shareholders

Results for the year ended December 31, 2013 include a net loss attributable to Golden Star shareholders of \$265.9 million or \$1.03 per share, compared with net income of \$7.2 million or \$0.03 per share for 2012. The major factors contributing to the 2013 net loss were lower mine operating margin and non-cash impairment charges totaling \$355.6 million recorded primarily to write down Bogoso's and Wassa's carrying values, which were partially offset by the \$52.0 million mark to market non cash gain on the 5% Convertible Debentures.

Capital expenditures

Capital expenditures in 2013 totaled \$102.9 million compared to \$117.3 million in 2012. During 2013 the major capital expenditures at Wassa included \$12.4 million on further drilling around and below the Wassa Main pit, \$3.1 million on Wassa processing plant upgrades, \$4.0 million related to the tailing storage facility and \$3.0 million on Father Brown development. Capital expenditures at Bogoso during 2013 included \$28.5 million on Chujah betterment stripping, \$7.3 million related to Prestea Underground, \$7.9 million on Dumasi development, \$11.5 million on new mining equipment and \$6.0 million on processing plant upgrades.

THREE MONTHS ENDED DECEMBER 31, 2013 COMPARED TO THREE MONTHS ENDED DECEMBER 31, 2012*Gold revenues*

Gold revenues totaled \$96.0 million during the fourth quarter 2013, down from \$149.7 million in the same prior year period. Our mines sold 75,430 ounces in the fourth quarter of 2013, down 13.8% from the 87,544 ounces sold in the same quarter of 2012. In addition the average realized gold price fell to \$1,273 per ounce, down 25.6% from \$1,710 per ounce in the fourth quarter of 2012.

Cost of sales excluding depreciation and amortization

Fourth quarter 2013 cost of sales excluding depreciation and amortization totaled \$88.5 million, down \$14.9 million from \$103.5 million for the same period of 2012. Fourth quarter 2013 mine operating expenses were reduced by \$12.7 million to \$84.8 million, down from \$97.5 million incurred during the fourth quarter of 2012. This reduction is the result of cost saving measures implemented in the second half of 2013.

Depreciation and amortization

Depreciation and amortization decreased to \$9.7 million for the quarter, down from \$26.2 million for the fourth quarter of 2012. The net book value of our mining property and property plant and equipment decreased as a result of the impairment charges recorded during the second quarter of 2013, and in turn our depreciation and amortization expense for the fourth quarter of 2013 decreased. An additional impairment was recorded in the fourth quarter of 2013 related to the Bogoso operations, which is expected to further reduce depreciation and amortization expense in 2014.

General and administrative expenses

Fourth quarter 2013 general and administrative costs totaled \$5.1 million, a 34% decrease from the \$7.7 million incurred in the fourth quarter of 2012, mainly as a result of severance expense recorded during the fourth quarter of 2012.

36 *(Gain)/loss on fair value of convertible debenture*

During the fourth quarter 2013, we recorded a \$1.6 million non-cash fair value gain on the 5% Convertible Debentures, compared to a \$4.1 million fair value gain in the fourth quarter of 2012 as a result of the quarterly change to the discount rate used.

Impairment charges

Upon completion of our fourth quarter 2013 quarterly assessment of the carrying value of our CGUs, the Company recorded non-cash impairment charges at Bogoso totaling \$159.7 million, compared to no impairments recorded in same prior year period. The impairment charge at Bogoso included charges of \$97.0 million related to mine property; \$61.9 million related to property, plant and equipment and \$0.8 million related to intangible assets. The non-cash charge was due to the impact of the lower than expected gold prices which reduced development spending and resulted in a shorter mine life at Bogoso's refractory operations.

Income tax expense/(recovery)

Income tax recovery for the fourth quarter 2013 totaled \$1.5 million, compared to a \$2.8 million tax recovery during the same prior year period, mainly as a result of higher net income at Wassa in the fourth quarter of 2013 as compared to the fourth quarter of 2012.

Net (loss)/income attributable to Golden Star shareholders

The net loss attributable to Golden Star shareholders for the fourth quarter of 2013 totaled \$148.6 million or \$0.57 per share, compared with net income of \$14.3 million or \$0.06 per share in the same period of 2012. The increase in the fourth quarter 2013 net loss was primarily due to lower revenues and a non-cash impairment charge recorded related to the Bogoso operation, partially offset by the mark to market gain on the 5% Convertible Debentures.

Capital expenditures

Capital expenditures for the fourth quarter 2013 totaled \$22.5 million compared to \$39.3 million in the same prior year period. Capital spending was curtailed in the second half of 2013 in response to the decline in gold prices resulting in a 43% decline in capital spending in the fourth quarter of 2013 as compared to the fourth quarter of 2012.

Wassa Operations

Through a 90% owned subsidiary Golden Star (Wassa) Limited we own and operate the Wassa and Father Brown open pit mines, located approximately 35 kilometers east of the town of Bogoso, Ghana. Wassa has a single non-refractory processing plant consisting of a carbon-in-leach (“CIL”) system (“Wassa processing plant”) with a capacity of 2.7 million tonnes per annum. The Father Brown mine is located approximately 80 kilometers south of Wassa along the Company’s access road. Ore from the Father Brown and Wassa mines is sent to the Wassa processing plant for processing. Wassa produced and sold 185,807 ounces during 2013, and we expect to produce 130,000 to 140,000 ounces in 2014.

		For the three months ended December 31,		For the years ended December 31,	
		2013	2012	2013	2012
WASSA FINANCIAL RESULTS					
Revenue	\$'000	56,530	69,024	263,072	263,921
Mine operating expenses	\$'000	39,168	39,332	145,484	149,171
Royalties	\$'000	2,829	3,456	13,171	13,220
Operating costs from/(to) metals inventory	\$'000	(98)	(1,382)	4,146	(7,687)
Net realizable value adjustment	\$'000	—	—	265	—
COST OF SALES EXCLUDING DEPRECIATION AND AMORTIZATION	\$'000	41,899	41,406	163,066	154,704
Depreciation and amortization	\$'000	5,442	20,449	40,883	67,945
MINE OPERATING MARGIN	\$'000	9,189	7,169	59,123	41,272
Capital expenditures	\$'000	8,634	17,190	33,570	49,299
WASSA OPERATING RESULTS					
Ore mined	t	557,869	525,306	2,053,259	2,583,072
Waste mined	t	3,667,459	3,626,728	13,258,797	15,933,486
Ore processed	t	711,348	582,527	2,695,284	2,507,172
Grade processed	g/t	2.02	2.30	2.29	2.09
Recovery	%	93.2	94.9	94.5	94.6
Gold sales	oz	44,337	40,366	185,807	158,899
Cash operating cost per ounce ¹	\$/oz	881	940	805	890

¹ See “Non-GAAP Financial Measures” below for a reconciliation of cash operating cost per ounce to cost of sales excluding depreciation and amortization.

Production

Gold production and sales totaled 185,807 ounces for the full year 2013, a 17% increase over the 158,899 ounces sold during the full year 2012. The increase in gold production was due to a 10% increase in ore grade processed in 2013, as a result of the higher grade ore processed from the Father Brown pit and an 8% increase in plant throughput as a result of plant improvements.

Gold revenues

Gold revenues totaled \$263.1 million for the full year of 2013, compared to \$263.9 million for the full year of 2012. The decrease was due to the decline in the average realized gold price, from \$1,661 per ounce for the year ended December 31, 2012 to \$1,416 per ounce for the year ended December 31, 2013. The lower realized gold price was partially offset by the 17% increase in gold production.

Cost of sales excluding depreciation and amortization

Cost of sales excluding depreciation and amortization for Wassa totaled \$163.1 million in 2013, \$8.4 million higher than the \$154.7 million incurred during 2012. The higher cost of sales is mainly related to the \$4.1 million draw down of ore stockpiles in 2013 compared with a \$7.7 million inventory build-up in 2012. Mine operating expenses totaled \$145.5 million, or \$3.7 million lower than 2012, mainly due to the less material mined during 2013.

Depreciation and amortization

As a result of the non-cash impairment charges recorded in the second quarter of 2013 (see Impairment Charges above), the net book value of Wassa's mining property and property, plant and equipment was reduced. Accordingly, depreciation and amortization for the full year of 2013 decreased to \$40.9 million, down from \$67.9 million incurred during 2012.

Cash operating cost per ounce

Wassa's cash operating cost per ounce for the full year of 2013 totaled \$805 per ounce, down 10% from \$890 per ounce in the same prior year period. Wassa's cash operating costs totaled \$149.6 million for the full year of 2013, compared to \$141.5 million incurred during 2012. The higher total cash operating costs were more than offset by the increase in the volume of gold sold.

Capital expenditures

The full year 2013 capital expenditures totaled \$33.6 million compared with \$49.3 million incurred during the full year 2012. Sustaining capital expenditures totaled \$17.7 million during 2013 compared to \$11.4 million incurred during 2012. Development capital expenditures totaled \$15.9 million in 2013 and \$37.9 million in 2012.

Capital expenditures for the full year 2013 included \$12.4 million on development drilling, mostly at the Wassa main pit, \$3.0 million on Father Brown development costs, \$4.5 million for the tailings storage facility and \$3.1 million on Wassa processing plant upgrades.

Production

Fourth quarter 2013 gold sales totaled 44,337 ounces, 10% higher than gold sold during the fourth quarter of 2012. The higher gold production was primarily due to a 6% increase in ore tonnes processed in fourth quarter of 2013 as compared to the same period last year. The recent improvements to the Wassa processing plant, including CIL agitator upgrades and genset start-up synchronization, have resulted in an increase in ore tonnes processed as compared to a year earlier. The higher throughput more than offset the slightly lower grade processed during the fourth quarter 2013.

Gold revenues

Due to the lower realized gold price, Wassa's fourth quarter 2013 revenues of \$56.5 million were down \$12.5 million from \$69.0 million for the same quarter of 2012. Gold revenues from the higher quantity of gold sold were offset by a decrease in the average realized gold price, down 26% from \$1,710 per ounce for the fourth quarter of 2012 to \$1,273 per ounce for the fourth quarter of 2013.

Cost of sales excluding depreciation and amortization

Wassa's cost of sales excluding depreciation and amortization totaled \$41.9 million in the fourth quarter of 2013, compared to \$41.4 million incurred in the fourth quarter of 2012. Mine operating expenses totaling \$39.2 million were essentially the same as the fourth quarter of 2012, however as a result of operating efficiencies during the fourth quarter of 2013 Wassa mined 2% more material and processed 22% more ore in the fourth quarter of 2013.

Depreciation and amortization

As a result of the non-cash impairment charges recorded in the second quarter of 2013 (see Impairment Charges above), the net book value of Wassa's mining property and property, plant and equipment was reduced. Accordingly, depreciation and amortization decreased to \$5.4 million for the fourth quarter 2013, down from \$20.4 million for the same period in 2012.

Cash operating cost per ounce

Wassa's cash operating cost per ounce for the fourth quarter 2013 totaled \$881 per ounce, down 6% from \$940 per ounce in the same prior year period. Wassa's cash operating costs totaled \$39.1 million for the fourth quarter of 2013, compared to \$38.0 million incurred during the fourth quarter of 2012, the slightly higher total cash operating costs were more than offset by the increase in the ounces of gold sold.

Capital expenditures

Fourth quarter 2013 capital expenditures totaled \$8.6 million down 50% from \$17.2 million from the same prior year period, due to the deferral of capital expenditure during 2013, (see "Operating costs and capital spending reductions" above). Sustaining capital expenditures totaled \$5.9 million in the fourth quarter of 2013, compared to \$2.9 million incurred during the fourth quarter of 2012. Development capital expenditures totaled \$2.7 million in the fourth quarter of 2013 and \$14.3 million in the fourth quarter of 2012.

Bogoso Operations

Through a 90% owned subsidiary, Golden Star (Bogoso/Prestea) Limited, we own and operate the Bogoso gold mining and processing operations located near the town of Bogoso, Ghana. Bogoso operates a gold ore processing facility with a capacity of 2.7 million tonnes of ore per annum, which uses bio-oxidation technology to treat refractory ore (“Bogoso refractory plant”). In addition, Bogoso has a CIL processing facility located adjacent to the Bogoso refractory plant, which is suitable for treating non-refractory gold ores (“Bogoso non-refractory plant”) at a rate up to 1.5 million tonnes per annum. Bogoso produced and sold 144,999 ounces of gold in 2013 and we expect to produce 165,000 to 180,000 ounces in 2014.

Through Bogoso, we own the Prestea Underground mine, which is located on the Prestea property and consists of a currently inactive underground gold mine and associated support facilities. We published a feasibility study for Prestea Underground on SEDAR in July 2013.

		For the three months ended December 31,		For the years ended December 31,	
		2013	2012	2013	2012
BOGOSO FINANCIAL RESULTS					
Revenue	\$'000	39,504	80,686	204,724	286,619
Mine operating expenses	\$'000	45,649	58,213	193,490	207,892
Royalties	\$'000	1,977	4,036	10,243	14,340
Operating costs from/(to) metals inventory	\$'000	(2,396)	(163)	3,799	(3,450)
Net realizable value adjustment	\$'000	1,420	—	6,542	57
COST OF SALES EXCLUDING DEPRECIATION AND AMORTIZATION					
	\$'000	46,650	62,086	214,074	218,839
Depreciation and amortization	\$'000	4,231	5,726	19,083	21,408
MINE OPERATING MARGIN					
	\$'000	(11,377)	12,874	(28,433)	46,372
Capital expenditures	\$'000	13,879	21,975	69,079	67,357
BOGOSO OPERATING RESULTS					
Ore mined refractory	t	539,882	548,303	1,755,039	2,515,985
Ore mined non-refractory	t	545	246,471	391,289	805,212
TOTAL ORE MINED					
	t	540,427	794,774	2,146,328	3,321,197
Waste mined	t	5,063,279	7,189,964	23,409,092	24,937,369
Refractory ore processed	t	563,204	595,599	2,352,314	2,463,861
Refractory ore grade	g/t	1.59	2.52	2.24	2.42
Gold recovery–refractory ore	%	60.6	70.5	68.7	71.2
Non-refractory ore processed	t	475,835	267,806	1,190,954	873,259
Non-refractory ore grade	g/t	1.07	2.21	1.39	2.37
Gold recovery–non-refractory ore	%	46.1	58.3	48.1	59.9
Gold sold refractory	oz	23,972	35,600	119,856	134,266
Gold sold non-refractory	oz	7,121	11,578	25,143	38,113
Gold sales	oz	31,093	47,178	144,999	172,379
Cash operating cost per ounce ¹	\$/oz	1,391	1,230	1,361	1,186

¹ See “Non-GAAP Financial Measures” below for a reconciliation of cash operating cost per ounce to cost of sales excluding depreciation and amortization.

YEAR ENDED DECEMBER 31, 2013 COMPARED TO YEAR ENDED DECEMBER 31, 2012*Production*

Bogoso gold sales totaled 144,999 ounces for the full year of 2013 compared to 172,379 ounces for the full year of 2012. Refractory gold sales decreased to 119,856 ounces in 2013, down 11% from the 134,266 ounces sold in 2012 due to a drop in ore grade processed, gold recovery and less refractory ore tonnes processed. Refractory ore grade processed during 2013 was 7% lower than in 2012, due to the lower grade ore available during the push backs at the Chujah and Bogoso North pits in 2013, while in 2012 Bogoso had better access to higher grade ores. As a result of the lower grade, gold recovery in the refractory processing plant dropped to 68.7% for the full year of 2013. Refractory ore processed during 2013 was 5% lower than the same period in 2012, due to the lack of available ore.

Non-refractory gold sales dropped to 25,143 ounces in 2013, down 34% from the 38,113 ounces sold in 2012, as a result of the lower grade non-refractory material processed and lower gold recovery in 2013 as compared to 2012. During 2012, the non-refractory ore feed was primarily sourced from the Pampe open pit mining operation, however at the end of the second quarter 2013 we suspended the Pampe operation due to pit-wall instability and the lower gold prices. However, early in the third quarter of 2013 the tailings reclaim project was ramped up and the Pampe ore was replaced with lower grade tailings reclaim material.

Gold revenues

Gold revenues for 2013 totaled \$204.7 million, down \$81.9 million from \$286.6 million in 2012. The realized gold price was down 15%, averaging \$1,412 per ounce in 2013, compared with \$1,663 per ounce in 2012 and gold sold totaled 144,999 ounces in 2013, down 16% ounces from 172,379 ounces in the same period of 2012.

Cost of sales excluding depreciation and amortization

Bogoso's cost of sales excluding depreciation and amortization totaled \$214.1 million for 2013, down from \$218.8 million for 2012. Mine operating expenses totaled \$193.5 million, 7% lower than the \$207.9 million incurred during 2012 mainly as a result of a \$7.7 million reduction in contractors expense, a \$3.5 million decrease in raw materials and consumables and a \$3.4 million decrease in electricity costs. These savings were partially offset by a \$1.3 million increase in salaries and benefits. In addition, a net realizable adjustment of \$6.5 million increased the 2013 cost of sales excluding depreciation and amortization, compared to a net realizable adjustment of \$0.1 million in the same period in 2012.

Depreciation and amortization

Depreciation and amortization expense decreased to \$19.1 million for 2013, compared to \$21.4 million for 2012, mainly as a result of lower gold production during 2013 as compared to 2012. In addition, as a result of the non-cash impairment charges recorded in the second quarter of 2013 (see Impairment Charges above), the net book value of Bogoso's mining property and property, plant and equipment was reduced and accordingly Bogoso's depreciation and amortization expense was lower for 2013 than for 2012.

Cash operating cost per ounce

Cash operating cost per ounce totaled \$1,361 per ounce for the full year of 2013, compared to \$1,186 per ounce for the full year of 2012. Cash operating costs for 2013 totaled \$197.3 million, down from \$204.4 million incurred during 2012, however the lower gold sales during 2013 resulted in higher cash operating cost per ounce for 2013 as compared to 2012.

Capital expenditures

Capital expenditures for 2013 totaled \$69.1 million compared to \$67.4 million incurred during 2012. Sustaining capital expenditures totaled \$21.7 million in 2013 compared to \$26.1 million incurred during 2012.

Development capital expenditures increased to \$47.4 million in 2013 up from \$40.3 million in 2012 mainly due to an increase in betterment stripping cost capitalized during 2013.

Capital expenditures for the full year of 2013 included \$7.9 million on the Dumasi resettlement project, development expenditures at Mampon and Prestea South of \$3.6 million, \$7.3 million on Prestea Underground, \$1.5 million for completion of construction of a water treatment plant, mining equipment of \$11.5 million and \$28.5 million of capitalized betterment stripping at the Chujah pit.

THREE MONTHS ENDED DECEMBER 31, 2013 COMPARED TO THREE MONTHS ENDED DECEMBER 31, 2012

Production

Bogoso's gold sales decreased to 31,093 ounces in the fourth quarter of 2013, down 34% from 47,178 ounces in the fourth quarter of 2012. Refractory gold sales totaled 23,972 ounces during the fourth quarter of 2013, compared to 35,600 ounces sold during the same prior year period. Bogoso processed 563,204 refractory ore tonnes in the fourth quarter of 2013, down 5% from the 595,599 refractory ore tonnes processed during the same prior year period, in addition to the lower refractory ore grade and gold recovery resulted in the lower gold refractory ounces sold. The lower refractory ore grade is primarily due to the lower grade mined as expected during the Chujah pit push back.

Non-refractory gold sales decreased to 7,121 ounces in the fourth quarter of 2013, down from 11,578 ounces sold during the same prior year period as a result of the lower grade and gold recovery of the tailings reclaim material processed in the fourth quarter of 2013 as compared to the ore from the Pampe pit that was processed in the fourth quarter of 2012. At Bogoso, the tailings reclaim project was started on a full time basis during the third quarter 2013, Bogoso processed 475,835 tonnes of tailings material through the Bogoso non-refractory processing plant in the fourth quarter of 2013.

Gold revenues

Bogoso's fourth quarter 2013 revenues totaled \$39.5 million, down \$41.2 million from \$80.7 million in 2012. The realized gold price averaged \$1,271 per ounce in the fourth quarter of 2013, down \$439 per ounce from \$1,710 per ounce a year earlier. Gold production and sales decreased to 31,093 ounces in the fourth quarter of 2013, down from 47,178 ounces in the fourth quarter of 2012.

Cost of sales excluding depreciation and amortization

Bogoso's cost of sales excluding depreciation and amortization totaled \$46.7 million, a 25% decrease from the \$62.1 million incurred in the fourth quarter of 2012. Mine operating expenses totaled \$45.6 million in the fourth quarter of 2013, \$12.6 million lower than the \$58.2 million incurred in the same period of 2012, as a result of less mining and processing costs incurred. Fourth quarter 2013 contractor costs were \$8 million lower than in the same prior year period, mainly due to the suspension of mining at Pampe in 2013, and raw materials and consumables including electricity were \$7.6 million lower in 2013. Royalty expense decreased to \$2.0 million in the fourth quarter of 2013 from \$4.0 million due to the lower gold revenues.

A process water treatment plant was commissioned in the first quarter of 2013, and we incurred \$2.8 million in water treatment costs in the fourth quarter of 2013 that were not incurred in fourth quarter of 2012.

Depreciation and amortization

Depreciation and amortization expense decreased to \$4.2 million for the fourth quarter of 2013, compared to \$5.7 million for the same prior year period, mainly as a result of lower gold production during the fourth quarter 2013 as compared to the fourth quarter of 2012 and the lower net book value as a result of the non-cash impairment charge recorded (see Impairment Charges above).

Cash operating cost per ounce

Cash operating cost per ounce totaled \$1,391 per ounce in the fourth quarter of 2013 compared to \$1,230 per ounce in the fourth quarter of 2012. Cash operating costs for the fourth quarter of 2013 totaled \$43.3 million, down 25% from \$58.1 million in 2012, however gold sales were lower in the fourth quarter of 2013 as compared to the fourth quarter of 2012, resulting in higher cash operating cost per ounce for the fourth quarter of 2013.

Capital expenditures

Fourth quarter 2013 capital expenditures totaled \$13.9 million, down 37% from \$22.0 million from the same prior year period, due to the deferral of capital expenditure during 2013, (see "Operating costs and capital spending reductions" above). Sustaining capital expenditures totaled \$3.9 million in the fourth quarter of 2013 compared to \$7.6 million incurred during the fourth quarter of 2012. Development capital expenditures totaled \$10.0 million in the fourth quarter of 2013 and \$14.4 million in the fourth quarter of 2012.

Summarized Quarterly Financial Results

(STATED IN THOUSANDS OF U.S. DOLLARS EXCEPT PER SHARE DATA)	Three Months Ended,							
	DECEMBER 31, 2013	SEPTEMBER 30, 2013	JUNE 30, 2013	MARCH 31, 2013	DECEMBER 31, 2012	SEPTEMBER 30, 2012	JUNE 30, 2012	MARCH 31, 2012
Revenues	96,034	118,159	120,693	132,910	149,710	133,497	136,313	131,020
Cost of sales excluding depreciation and amortization	88,549	91,294	101,178	96,119	103,492	85,639	89,542	94,870
Impairment charges	159,704	—	195,920	—	—	—	6,972	—
Net (loss)/income	(165,304)	4,539	(145,671)	7,922	14,338	(19,273)	1,366	13,271
Net (loss)/income attributable to shareholders of Golden Star	(148,576)	3,507	(128,828)	8,005	14,334	(20,058)	37	12,873
Net (loss)/income per share attributable to shareholders of Golden Star:—Basic and diluted	(0.57)	0.01	(0.50)	0.03	0.06	(0.08)	—	0.05

Selected Annual Information

(STATED IN THOUSANDS OF U.S. DOLLARS
EXCEPT PER SHARE DATA)

As of	DECEMBER 31, 2013	DECEMBER 31, 2012	DECEMBER 31, 2011*
Cash and cash equivalents	65,551	78,884	103,644
Working capital ⁽¹⁾	11,201	69,217	(31,784)
Total assets	325,743	656,295	727,678
Long-term financial liabilities	83,387	110,507	10,759
Equity	26,702	328,176	438,302

For the years ended	DECEMBER 31, 2013	DECEMBER 31, 2012	DECEMBER 31, 2011*
Revenue	467,796	550,540	471,007
Net (loss)/income attributable to Golden Star	(265,892)	7,186	(2,075)
Net (loss)/income per share attributable to Golden Star shareholders—basic and diluted	(1.03)	0.03	(0.01)

* Financial results prior to 2012 are reported in accordance with US GAAP.

(1) Working Capital is calculated as Current Assets minus Current Liabilities as disclosed on the Consolidated Balance Sheet.

Liquidity and Financial Condition

We held \$65.6 million in cash and cash equivalents as of December 31, 2013, down from \$78.9 million at December 31, 2012. All of our cash is held as cash or is invested in funds that hold only U.S. treasury notes and bonds. During the year ended December 31, 2013, operations provided \$59.1 million of cash, cash used for investing totaled \$101.4 million and financing activities provided \$28.9 million.

Before working capital changes, operations provided \$30.2 million of operating cash flow during 2013, compared with the \$117.0 million provided in 2012. The decrease was primarily related to lower revenues as a result of the lower realized gold price during 2013.

Working capital changes added net \$28.9 million during the year ended December 31, 2013, compared to \$6.1 million in 2012. Accounts receivable decreased by \$3.7 million mainly due to value added tax receivables collected during 2013, compared to an increase of \$0.9 million for the same period in 2012. The decrease in inventories is related to the decrease in ore stockpiles during 2013, resulting in a \$11.2 million increase in cash. Prepaids and other decreased by \$3.9 million during 2013 compared to a \$4.5 million increase in 2012, with the 2013 decrease relating to the decrease in the number of down payments on long-lead time purchases. Accounts payable and accrued liabilities increased by \$13.0 million in 2013, compared to a \$5.0 million increase in 2012, primarily due to the increase in accounts payable and accrued liabilities at the Bogoso operation. In summary, net cash provided by operating activities totaled \$59.1 million for 2013, as compared to \$123.1 million during 2012.

Working capital decreased from \$69.2 million at December 31, 2012 to \$11.2 million at December 31, 2013 due to cash used for investing activities, the increase in accounts payable and accrued liabilities at Bogoso, the increase in current portion of our long term debt and a decrease in inventories at Bogoso and Wassa.

A net of \$101.4 million was used in investing activities during in 2013, including \$69.7 million on mining property development and \$32.9 million for the acquisition of new equipment and facilities at the mine

sites. Investing activities used a net of \$97.9 million during 2012. Of the \$101.4 million used in investing activities in 2013, only \$18.1 million was used in investing activities during the fourth quarter of 2013 due to the Company's capital expenditure reduction measures implemented during the year.

Financing activities provided \$28.9 million in 2013 compared to \$50.0 million used in financing activities for 2012. During 2013, we received net proceeds of \$28.9 million under the Ecobank Loan; in addition we financed \$7.7 million of new mobile equipment purchases through capital leases and the Company's equipment financing facility. This was offset by scheduled debt repayments of \$7.9 million. During 2012, net cash used in financing activities was \$50.0 million, which consisted of \$50.5 million to redeem the 4% Convertible Debentures, \$8.3 million in scheduled debt repayments and \$8.5 million of new borrowings under the equipment financing facility.

Wassa incurred taxable income in 2012 for the first time and we paid approximately \$12.9 million of 2012 taxes during 2013. Wassa generated taxable income resulting in current tax expense totaling \$20.6 million in 2013, of which \$10.6 million was paid during 2013.

Liquidity Outlook

As of December 31, 2013, we had \$65.6 million in cash, \$20.0 million available for draw down under the Ecobank Loan and another \$21.6 million available under the Company's equipment financing facilities.

The Company's liquidity is leveraged to future gold prices, so if gold prices continue to decline, the Company's cash flow may also decline. However, the effect of lower gold prices may be somewhat mitigated by reducing operating and capital expenditures to the extent possible. Based on our current guidance for 2014, a \$10 per ounce decline in gold prices for 2014 would result in an approximately \$3 million decline in the expected cash balance at the end of 2014.

We expect to continue to fund operations and capital projects through operating cash flow, the equipment financing facility, the Ecobank Loan and cash on hand. If these sources are not sufficient, the Company could delay planned capital projects or curtail operational spending. While we may also pursue additional financing, there can be no assurance that additional financing will be available at all or on terms acceptable to the Company.

Table of Contractual Obligations

(STATED IN THOUSANDS OF U.S. DOLLARS)	Payment due (in thousands) by period				TOTAL
	LESS THAN 1 YEAR	1 TO 3 YEARS	3 TO 5 YEARS	MORE THAN 5 YEARS	
Debt ¹	92,092	11,103	—	22,376	125,571
Interest on long term debt	7,721	12,302	3,165	—	23,188
Purchase obligations	3,059	—	—	—	3,059
Rehabilitation provisions ²	8,369	22,160	24,584	40,992	96,105
TOTAL	30,252	56,838	119,841	40,992	247,923

1 Includes \$77.5 million of 5% Convertible Debentures maturing in June 2017 as well as the \$30.0 million draw down from the Ecobank Loan. Golden Star has the right to repay the \$77.5 million principal amount of the 5% Convertible Debentures in cash or in common shares at the due date under certain circumstances. The presentation shown above assumes payment is made in cash and also assumes no conversions of the 5% Convertible Debentures into common shares by the holders prior to the maturity date.

2 Rehabilitation provisions indicates the expected undiscounted cash flows for each period.

Related Party Transactions

There were no material related party transactions in 2013 and 2012 other than compensation of key management personnel which is presented in the table below. Key management personnel is defined as members of the Board of Directors and certain senior officers.

For the years ended December 31,	2013	2012
(STATED IN THOUSANDS OF U.S. DOLLARS)		
Salaries, wages, and other benefits	2,020	2,392
Severances and bonuses	2,125	1,804
Share-based compensation	1,606	2,704
	5,751	6,900

Off-Balance Arrangements

The Company has no off-balance sheet arrangements other than the operating leases listed in “Table of Contractual Obligations” above.

Non-GAAP Financial Measures

In this MD&A, we use the terms “cash operating cost per ounce”, “all-in sustaining costs”, “cash generated from operations before working capital changes”, “adjusted net income/(loss) attributable to Golden Star shareholders” and “adjusted net income/(loss) per share attributable to Golden Star shareholders”.

“Cost of sales excluding depreciation and amortization” as found in our statements of operations includes all mine-site operating costs, including the costs of mining, ore processing, maintenance, work-in-process inventory changes, mine-site overhead as well as production taxes, royalties, and by-product credits, but excludes exploration costs, property holding costs, corporate office general and administrative expenses, foreign currency gains and losses, impairment charges, corporate business development costs, gains and losses on asset sales, interest expense, gains and losses on derivatives, gains and losses on investments and income tax expense/benefit.

“Cash operating cost per ounce” for a period is equal to “Cost of sales excluding depreciation and amortization” for the period less royalties and production taxes, minus the cash component of metals inventory net realizable value adjustments divided by the number of ounces of gold sold during the period. We use cash operating cost per ounce as a key operating indicator. We monitor this measure monthly, comparing each month’s values to prior periods’ values to detect trends that may indicate increases or decreases in operating efficiencies. We provide this measure to our investors to allow them to also monitor operational efficiencies of our mines. We calculate this measure for both individual operating units and on a consolidated basis. Since cash operating costs do not incorporate revenues, changes in working capital and non-operating cash costs, they are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Changes in numerous factors including, but not limited to, mining rates, milling rates, ore grade, gold recovery, costs of labor, consumables and mine site general and administrative activities can cause these measures to increase or decrease. We believe that these measures are similar to the measures of other gold mining companies, but may not be comparable to similarly titled measures in every instance.

“All-in sustaining costs” commences with cash operating costs and then adds sustaining capital expenditures, corporate general and administrative costs, mine site exploratory drilling and greenfield evaluation costs and environmental rehabilitation costs. This measure seeks to represent the total costs of producing gold from current operations, and therefore it does not include capital expenditures attributable to projects or mine expansions, exploration and evaluation costs attributable to growth projects, income tax payments, interest costs or dividend payments. Consequently, this measure is not representative of all of the Company’s cash expenditures. In addition, our calculation of all-in sustaining costs does not include depreciation expense as it does not reflect the impact of expenditures incurred in prior periods. Therefore, it is not indicative of the Company’s overall profitability.

We believe that “all-in sustaining costs” will better meet the needs of analysts, investors and other stakeholders of the Company in understanding the costs associated with producing gold, understanding the economics of gold mining, assessing our operating performance and also our ability to generate free cash flow from current operations and to generate free cash flow on an overall Company basis. Due to the capital intensive nature of the industry and the long useful lives over which these items are depreciated, there can be a disconnect between net earnings calculated in accordance with IFRS and the amount of free cash flow that is being generated by a mine. In the current market environment for gold mining equities, many investors and analysts are more focused on the ability of gold mining companies to generate free cash flow from current operations, and consequently we believe these measures are useful non-IFRS operating metrics (“non-GAAP measures”) and supplement our IFRS disclosures. These measures are not representative of all of our cash expenditures as they do not include income tax payments or interest costs. “All-in sustaining costs” are intended to provide additional information only and do not have standardized definitions under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. The table below reconciles these non-GAAP measures to the most directly comparable IFRS measures and previous periods have been recalculated to conform to our current definition.

The table below reconciles consolidated cost of sales excluding depreciation and amortization to cash operating cost per ounce and all-in sustaining costs per ounce:

(STATED IN THOUSANDS OF U.S. DOLLARS)	For the three months ended December 31,		For the years ended December 31,	
	2013	2012	2013	2012
COST OF SALES EXCLUDING DEPRECIATION AND AMORTIZATION	88,549	103,492	377,140	373,543
Royalties	(4,806)	(7,492)	(23,414)	(27,560)
Metals inventory net realizable value adjustment	(1,420)	—	(6,807)	(57)
CASH OPERATING COSTS	82,323	96,000	346,919	345,926
Royalties	4,806	7,492	23,414	27,560
Metals inventory net realizable value adjustment	1,420	—	6,807	57
Accretion of rehabilitation provision	148	158	592	593
General and administrative costs	5,097	7,723	21,515	24,106
Sustaining capital expenditures	9,777	10,458	39,334	38,400
ALL-IN SUSTAINING COSTS	103,571	121,831	438,581	436,642
Ounces sold	75,430	87,544	330,806	331,278
COST PER OUNCE MEASURES (\$/OZ):				
Cash operating cost per ounce	1,091	1,097	1,049	1,044
All-in sustaining cost per ounce	1,373	1,392	1,326	1,318

The tables below reconciles cost of sales excluding depreciation and amortization to cash operating costs per ounce for each of our operating mines (stated in thousands of U.S dollar except cash operating cost per ounce):

For the three months ended December 31, 2013	WASSA	BOGOSO	COMBINED
	COST OF SALES EXCLUDING DEPRECIATION AND AMORTIZATION	41,899	46,650
Royalties	(2,829)	(1,977)	(4,806)
Metals inventory net realizable value adjustment	—	(1,420)	(1,420)
CASH OPERATING COSTS	39,070	43,253	82,323
Ounces sold	44,337	31,093	75,430
Cash operating cost per ounce	881	1,391	1,091

For the three months ended December 31, 2012	WASSA	BOGOSO	COMBINED
COST OF SALES EXCLUDING DEPRECIATION AND AMORTIZATION	41,406	62,086	103,492
Royalties	(3,456)	(4,036)	(7,492)
Metals inventory net realizable value adjustment	—	—	—
CASH OPERATING COSTS	37,950	58,050	96,000
Ounces sold	40,366	47,178	87,544
Cash operating cost per ounce	940	1,230	1,097
For the year ended December 31, 2013	WASSA	BOGOSO	COMBINED
COST OF SALES EXCLUDING DEPRECIATION AND AMORTIZATION	163,066	214,074	377,140
Royalties	(13,171)	(10,243)	(23,414)
Metals inventory net realizable value adjustment	(265)	(6,542)	(6,807)
CASH OPERATING COSTS	149,630	197,289	346,919
Ounces sold	185,807	144,999	330,806
Cash operating cost per ounce	805	1,361	1,049
For the year ended December 31, 2012	WASSA	BOGOSO	COMBINED
COST OF SALES EXCLUDING DEPRECIATION AND AMORTIZATION	154,704	218,839	373,543
Royalties	(13,220)	(14,340)	(27,560)
Metals inventory net realizable value adjustment	—	(57)	(57)
CASH OPERATING COSTS	141,484	204,442	345,926
Ounces sold	158,899	172,379	331,278
Cash operating cost per ounce	890	1,186	1,044

“Cash generated from operations before working capital changes” is calculated by subtracting the “Changes in working capital” from “Net cash provided by operating activities” as found in our statements of cash flows.

We use cash operating cost per ounce and cash provided from operations before working capital changes as key operating indicators. We monitor these measures monthly, comparing each month’s values to prior periods’ values to detect trends that may indicate increases or decreases in operating efficiencies. These measures are also compared against budget to alert management of trends that may cause actual results to deviate from planned operational results. We provide these measures to our investors to allow them to also monitor operational efficiencies of our mines. We calculate these measures for both individual operating units and on a consolidated basis.

Cash operating cost per ounce and cash provided from operations before working capital changes should be considered as non-GAAP financial measures as defined in the Canadian securities laws and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. There are material limitations associated with the use of such non-GAAP measures. Since these

measures do not incorporate revenues, changes in working capital and non-operating cash costs, they are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Changes in numerous factors including, but not limited to, mining rates, milling rates, ore grade, gold recovery, costs of labor, consumables and mine site general and administrative activities can cause these measures to increase or decrease. We believe that these measures are similar to the measures of other gold mining companies, but may not be comparable to similarly titled measures in every instance.

ADJUSTED NET INCOME/(LOSS) ATTRIBUTABLE TO GOLDEN STAR SHAREHOLDERS

The table below shows the reconciliation of net income/(loss) attributable to Golden Star shareholders to adjusted net income/(loss) attributable to Golden Star shareholders and adjusted net income/(loss) per share attributable to Golden Star shareholders:

(STATED IN THOUSANDS OF U.S. DOLLARS EXCEPT PER SHARE DATA)	For the three months ended December 31,		For the years ended December 31,	
	2013	2012	2013	2012
Net income/(loss) attributable to Golden Star shareholders	(148,576)	14,334	(265,892)	7,186
ADD BACK:				
Loss/(gain) on fair value of convertible debenture	(1,624)	(4,107)	(51,967)	27,985
Impairment charges	159,704	—	355,624	6,972
Tax recovery related to impairment charges	—	—	(26,328)	—
	9,504	10,227	11,437	42,143
Adjustments attributable to non-controlling interest	(15,970)	—	(32,930)	—
ADJUSTED NET INCOME/(LOSS) ATTRIBUTABLE TO GOLDEN STAR SHAREHOLDERS	(6,466)	10,227	(21,493)	42,143
ADJUSTED NET INCOME/(LOSS) PER SHARE ATTRIBUTABLE TO GOLDEN STAR SHAREHOLDERS				
Basic	(0.02)	0.04	(0.08)	0.16
Weighted average shares outstanding (millions)	259.1	258.9	259.1	258.9

In order to indicate to stakeholders the Company's earnings excluding the non-cash (gain)/loss on the fair value of debentures and non-cash impairment charges, the Company calculates "adjusted net income/(loss) attributable to Golden Star shareholders" and "adjusted net income/(loss) per share attributable to Golden Star shareholders" to supplement the consolidated financial statements.

Adjusted net income/(loss) attributable to Golden Star shareholders and adjusted net income/(loss) per share attributable to Golden Star shareholders should be considered as non-GAAP financial measures as defined in the Canadian securities laws and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. There are material limitations associated with the use of such non-GAAP measures. Since these measures do not incorporate all non-cash expense and income items, changes in working capital and non-operating cash costs, they are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Changes in numerous factors including, but not limited to, our share price, risk free interest rates, gold prices, mining rates, milling rates, ore grade, gold recovery, costs of labor, consumables and mine site general and administrative activities can cause these measures to increase or decrease. We believe that these measures are similar to the measures of other gold mining companies, but may not be comparable to similarly titled measures in every instance.

Outstanding Share Data

As of February 19, 2014, there were 259,105,970 common shares of the Company issued and outstanding, 12,848,778 stock options outstanding, 1,740,557 deferred share units outstanding, 3,027,332 share appreciation rights outstanding and 5% Convertible Debentures which are convertible into 46,963,636 common shares. The share appreciation rights are all cash settled instruments.

Critical Accounting Policies and Estimates

Preparation of our annual audited consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that can affect reported amounts of assets, liabilities, revenues and expenses and the accompanying disclosures. Estimates and assumptions are continuously evaluated and are based on management's historical experience and on other assumptions we believe to be reasonable under the circumstances. However, uncertainty about these judgments, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

MINERAL RESERVES

Determining mineral reserves and mineral resources is a complex process involving numerous variables and is based on a professional evaluation using accepted international standards for the assessment of mineral reserves. Estimation is a subjective process, and the accuracy of such estimates is a function of the quantity and quality of available data, the assumptions made and judgments used in engineering and geological interpretation. Mineral reserve estimation may vary as a result of changes in the price of gold, production costs, and with additional knowledge of the mineral deposits and mining conditions.

Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's results and financial position, particularly a change in the rate of depreciation, depletion and amortization of the related mining assets.

BETTERMENT STRIPPING COSTS

Significant judgment is required to distinguish between development stripping and production stripping. Development stripping relates to the creation of a stripping activity asset and production stripping relates to extraction of inventory for gold production purposes. Once the Company has identified its stripping for each surface mining operation, it identifies the separate components for the mineral bodies in each of its mining operations. An identifiable component is a specific volume of the mineral body that is made accessible by the stripping activity. Significant judgment is required to identify these components and to determine the expected volumes (waste and ore) to be stripped in each component.

Judgment is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset for each component. The Company considers that the ratio of the expected volume of ore to be mined for a specific component of the mineral body to be the most suitable production measure.

UNITS OF PRODUCTION DEPRECIATION

The mineral properties and a large portion of the property, plant and equipment is depreciated using the units of production method over the expected operating life of the mine based on estimated recoverable ounces of gold, which are the prime determinants of the life of a mine. Estimated recoverable ounces of gold include proven and probable reserves and non-reserve material when sufficient objective evidence exists that it is probable the non-reserve material will be produced. Changes in the estimated mineral

reserves will result in changes to the depreciation charges over the remaining life of the operation. A decrease in the mineral reserves would increase depreciation expense and this could have a material impact on the operating results. The amortization base is updated on an annual basis based on the new mineral estimates.

CARRYING VALUE OF ASSETS AND IMPAIRMENT CHARGES

The Company undertakes a review of each asset or CGU at each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount of the asset or CGU is made, which is considered to be the higher of the fair value less cost to sell and value in use. An impairment loss is recognized when the carrying value of the asset or CGU is higher than the recoverable amount. In undertaking this review, management of the Company is required to make significant estimates of, amongst other things, discount rates, future production and sale volumes, metal prices, mineral reserves and mineral resource quantities, future operating and capital costs and reclamation costs to the end of the mine's life. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the asset or CGU. In determining a CGU, management has examined the smallest identifiable group of assets that generates cash inflows that are largely independent of cash inflows from other assets or group of assets.

REHABILITATION PROVISIONS

Environmental reclamation and closure liabilities are recognized at the time of environmental disturbance, in amounts equal to the discounted value of expected future reclamation and closure costs. The estimated future cash costs of such liabilities are based primarily upon environmental and regulatory requirements of the various jurisdictions in which we operate. The liability represents management's best estimates of cash required to settle the liability, inflation, assumptions of risks associated with future cash flows and the applicable risk-free interest rates for discounting the future cash outflow. The liability is assessed at each reporting date.

FAIR VALUE OF CONVERTIBLE DEBENTURES

The debt component of the 5% Convertible Debentures is valued based on discounted cash flows and the conversion feature is valued using a Black-Scholes model. The inputs to these models are taken from observable markets where possible, but if this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

INCOME TAXES

We deal with uncertainties and judgments in the application of complex tax regulations in the various jurisdictions where our properties are located. The amount of taxes paid is dependent upon many factors, including negotiations with taxing authorities in the various jurisdictions and resolution of disputes arising from our international tax audits. We recognize potential liabilities and record tax liabilities for anticipated tax audit issues in our various tax jurisdictions based on our best estimate of additional taxes payable. We adjust these reserves in light of changing facts and circumstances, however, due to the complexity of some of these uncertainties, the ultimate resolution may result in payment that is materially different from our estimates of our tax liabilities. If our estimate of tax liability proves to be less than the ultimate assessment, an additional charge to expense would result. If the estimate of tax liabilities proves to be greater than the ultimate assessment, a tax benefit is recognized.

A deferred tax asset is recognized if we have assessed that it is more likely than not that the benefits will be realized in future periods. This assessment is based on our estimates of the future taxable earnings generated by our operations.

Changes in Accounting Policies

INTERNATIONAL FINANCIAL REPORTING STANDARDS

In conjunction with the recent relocation of the Company's corporate headquarters from Denver, Colorado to Toronto, Ontario, the Company reported its financial results in accordance with IFRS for the first time in its June 30, 2013 condensed interim consolidated financial statements, with an effective transition date of January 1, 2012, including IFRS 1 First-Time Adoption of International Financial Reporting Standards, and IAS 34, Interim Financial Reporting. The adoption of IFRS did not have a material impact on the Company's operations and business decisions. The change however did have a significant impact on the manner in which the Company discloses certain information on its balance sheet and statement of operations as described below.

The Company's IFRS accounting policies are disclosed in Note 3 "Summary of Accounting Policies" to the annual audited consolidated financial statements for the year ended December 31, 2013. A reconciliation between the Company's financial statements as previously reported under US GAAP and current reporting under IFRS is contained in Note 27 "First Time Adoption of IFRS" of the annual audited consolidated financial statements for the year ended December 31, 2013. The following is an overview of the impacts to the Company's financial results due to the transition to IFRS:

Deemed cost adjustments of Bogoso mining assets – Upon adoption of IFRS, the carrying value of the Bogoso mining properties and mine equipment accounts were adjusted to their fair value amounts (deemed cost) as of January 1, 2012, thereby reducing the basis in these assets by \$148.5 million. As a result, the recorded value of our mining assets was \$137.0 million lower as of December 31, 2012 than they would have been under US GAAP.

Stripping costs during the production phase (Betterment stripping) – US GAAP requires that the costs of removing overburden ("stripping") be treated as a current period operating cost whereas IFRS provides for deferral of the portion of stripping costs that provide improved access to future ore mined and such costs are deferred as an asset until such time as the ore benefiting from the stripping activity is mined. As a result, upon adoption of IFRS, stripping costs expensed for US GAAP were reclassified as a mineral property asset. As of December 31, 2012, the balance in this account was \$28.1 million higher than it would have been under US GAAP. This amount reduced the mine operating costs and was shown as an investing cash flow under IFRS.

Exploration and evaluation assets – We have elected under IFRS to capitalize the exploration and development costs of new projects. Under US GAAP, exploration and development costs are capitalized only upon completion of a feasibility study which establishes a mineral reserve. As a result, past exploration and development costs expensed for US GAAP of \$16.7 million were reclassified as a long term asset on the Company's opening IFRS balance sheet. As of December 31, 2012 this new account had a balance of \$10.9 million that would have been nil under US GAAP.

Gain on sale of assets – Prior to 2012, the Company had invested in exploration projects that were subsequently disposed of or sold to an unrelated party in 2012. Since these properties had not progressed to the point where a feasibility study could be completed, under US GAAP all historical costs associated with the properties were expensed as incurred. As a result, upon sale or disposition of the properties their

basis was nil. Upon adoption of IFRS the past costs of this property were reclassified as exploration and evaluation assets and upon the sale or disposition, this new basis was deducted from any sales proceeds resulting in a \$5.7 million lower gain on the sale or disposal of the asset under IFRS.

Standards, Interpretations and Amendments Not Yet Effective

IFRIC 21 Accounting for levies imposed by government clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This standard is effective for annual periods beginning on or after January 1, 2014. The Company is currently assessing the impact of this interpretation.

IAS 32 Financial instruments: presentation was amended to address inconsistencies in current practice when applying the offsetting criteria in IAS 32. Under this amendment, the meaning of “currently has a legally enforceable right of set-off” was clarified as well as providing clarification that some gross settlement systems may be considered equivalent to net settlement. This amendment is effective for annual periods beginning on or after January 1, 2014 and is not expected to have a significant impact on the Company.

IFRS 9 Financial instruments, addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39, Financial instruments - Recognition and Measurement, for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in the statement of earnings to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. This standard is effective for annual periods beginning on or after January 1, 2015. The Company is still assessing the impact of this standard.

The IASB has amended IAS 36 to remove the requirement to disclose recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment. The amendment requires additional disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognized or reversed; and detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed.

Financial Instruments

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(STATED IN THOUSANDS OF U.S. DOLLARS)	FAIR VALUE AT DECEMBER 31, 2013	BASIS OF MEASUREMENT	ASSOCIATED RISKS
Cash and cash equivalents	65,551	Carrying value	Interest/Credit/ Foreign exchange
Accounts receivable	8,200	Carrying value	Foreign exchange/ Credit
Trade and other payables	61,188	Amortized cost	Foreign exchange/ Interest
5% Convertible Debentures	47,308	Fair value through profit and loss	Interest
Ecobank Loan	28,853	Amortized cost	Interest
Equipment financing facility	13,368	Amortized cost	Interest
Finance leases	4,713	Amortized cost	Interest

Carrying value – Cash and cash equivalents and accounts receivables mature in the short term and approximate their fair values.

Amortized costs – Trade and other payables, the Ecobank Loan, equipment financing facility and the finance leases approximate their carrying values as the interest rates are comparable to current market rates.

Fair value through profit or loss – The debt component of the 5% Convertible Debentures is valued based on discounted cash flows and the conversion feature is valued using a Black-Scholes model. The risk free interest rate used in the fair value computation is the interest rate on US treasury rate with maturity similar to the remaining life of the convertible debenture. The discount rate used is determined by adding our risk premium to the risk free interest rate. Volatility is calculated based on the weekly volatility of our share price observable on the New York Stock Exchange (“the NYSE MKT”) for a historical period equal to the remaining life of the 5% Convertible Debentures. Investors trading in these instruments would normally cap the volatility used in the Black-Scholes model. To be consistent, we cap the weekly volatility in our calculation at 40%. For the three months ended December 31, 2013 a revaluation gain of \$1.6 million was recorded while a a revaluation gain of \$52.0 million was included in earnings for the year ended December 31, 2013.

Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk includes, but is not limited to, the following risks: changes in interest rates on our debt, changes in foreign currency exchange rates, commodity price fluctuations, liquidity risk and credit risk.

INTEREST RATE RISK

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our 5% Convertible Debentures and the outstanding loans under our equipment financing facility bear interest at a fixed rate and are not subject to changes in interest payments. The Ecobank Loan bears interest based on the three month LIBOR plus 9%. Based on our current \$30.0 million outstanding balance, a hundred basis points change in the three month LIBOR rate will result in \$0.3 million per annum change in interest expense. We have not entered into any agreements to hedge against unfavorable changes in interest rates, but may in the future actively manage our exposure to interest rate risk.

FOREIGN CURRENCY EXCHANGE RATE RISK

Currency risk is risk that the fair value of future cash flows will fluctuate because of changes in foreign currency exchange rates. In addition, the value of cash and cash equivalents and other financial assets and liabilities denominated in foreign currencies can fluctuate with changes in currency exchange rates.

Since our revenues are denominated in U.S. dollars and our operating units transact much of their business in U.S. dollars, we are typically not subject to significant impacts from currency fluctuations. However, certain purchases of labor, operating supplies and capital assets are denominated in Canadian dollars, Ghana cedis, euros, British pounds, Australian dollars and South African rand. To accommodate these purchases, we maintain operating cash accounts in non-US dollar currencies and appreciation of these non-US dollar currencies against the U.S. dollar results in a foreign currency gain and a decrease in non-U.S. dollar currencies results in a loss. In the past, we have entered into forward purchase contracts for South African rand, euros and other currencies to hedge expected purchase costs of capital assets. During 2012 and 2013, we had no currency related derivatives. At December 31, 2013, and December 31, 2012, we held \$5.1 million and \$5.9 million, respectively, of US dollar equivalents in foreign currency.

COMMODITY PRICE RISK

Gold is our primary product and, as a result, changes in the price of gold can significantly affect our results of operations and cash flows. A \$10 per ounce change in gold price would result in approximately a \$3.3 million and \$2.5 million change in our 2013 revenues and operating cash flows respectively. To reduce gold price volatility, we have at various times entered into gold price derivatives. During 2013 and 2012, we did not hold any gold price derivatives and thus, there were no financial instruments subject to gold price risk.

LIQUIDITY RISK

Liquidity risk is the risk that we will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. We manage the liquidity risk inherent in these financial obligations by preparing quarterly forecasts and annual long-term budgets which forecast cash needs and expected cash availability to meet future obligations. Typically these obligations are met by cash flows from operations and from cash on hand. Scheduling of capital spending and acquisitions of financial resources may also be employed, as needed and as available, to meet the cash demands of our obligations.

Our ability to repay or refinance our future obligations depends on a number of factors, some of which may be beyond our control. Factors that influence our ability to meet these obligations include general global economic conditions, credit and capital market conditions, results of operations and the price of gold.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Our credit risk is primarily associated with liquid financial assets and derivatives. We limit exposure to credit risk on liquid financial assets by holding our cash, cash equivalents, restricted cash and deposits at highly-rated financial institutions. During 2013, all of our excess cash was invested in funds that hold only U.S. treasury bills and bonds. We mitigate the credit risks of our derivatives by entering into derivative contracts with only high quality counter parties. Risks associated with gold trade receivables is considered minimal as we sell gold to a credit-worthy buyer who settles promptly within two days of receipt of gold bullion.

Cautionary Note Regarding Forward-Looking Information

This report contains “forward looking information” within the meaning of applicable Canadian securities laws and “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, concerning the business, operations and financial performance and condition of Golden Star. Forward-looking information and statements include, but are not limited to, information or statements with respect to the estimation of Mineral Reserves and Mineral Resources, the timing of such estimates, the timing and amount of estimated future production, expected cash operating costs, strip ratios, costs of production, capital expenditures, costs and timing of the development of new deposits and sources of funding for such development, success of exploration activities, the timing for completing the pushback at the Chujah pit, the timing for completing a PEA for Wassa and for commencing a feasibility study for Wassa, the timing for upgrading the tailings reclaim material to a Mineral Resource or Mineral Reserve, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, depreciation and amortization, government regulation of mining operations and environmental risks.

Generally, forward-looking information and statements can be identified by the use of forward-looking terminology such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes” or variations of such words and phrases (including negative or grammatical variations) or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative connotation thereof.

Forward-looking information and statements are made based upon certain assumptions and other important factors that, if untrue, could cause the actual results, performances or achievements of Golden Star to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which Golden Star will operate in the future, including the price of gold, anticipated costs and ability to achieve goals. Certain important factors that could cause actual results, performances or achievements to differ materially from those set forth in the forward-looking information and statements include, among others, gold price volatility, discrepancies between actual and estimated production, Mineral Reserves and Mineral Resources and metallurgical recoveries, mining operational and development risks, litigation risks, regulatory restrictions (including environmental regulatory restrictions and liability), activities by governmental authorities (including changes in taxation), currency fluctuations, the speculative nature of gold exploration, the global economic climate, dilution, share price volatility, the availability of capital on reasonable terms or at all,

local and community impacts and issues, results of pending or future feasibility studies, competition, loss of key employees, additional funding requirements and defective title to mineral claims or property. Although Golden Star has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information and statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended.

Forward-looking information and statements are subject to known and unknown risks, uncertainties and other important factors that may cause the actual results, performance or achievements of Golden Star to be materially different from those expressed or implied by such forward-looking information and statements, including but not limited to: risks related to international operations, including economical and political instability in foreign jurisdictions in which Golden Star operates; risks related to current global financial conditions; risks related to joint venture operations; actual results of current exploration activities; environmental risks; future prices of gold; possible variations in mineral reserves, grade or recovery rates; mine development and operating risks; accidents, labor disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; risks related to indebtedness and the service of such indebtedness, as well as those factors discussed in the section entitled "Quantitative and Qualitative Disclosures about Market Risk". Although Golden Star has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information and statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. Forward-looking information and statements are made as of the date hereof and accordingly are subject to change after such date. Except as otherwise indicated by Golden Star, these statements do not reflect the potential impact of any non-recurring or other special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after the date hereof. Forward-looking information and statements are provided for the purpose of providing information about management's current expectations and plans and allowing investors and others to get a better understanding of our operating environment. Golden Star does not undertake to update any forward-looking information and statements that are included in this MD&A, except in accordance with applicable securities laws.

CAUTIONARY NOTE REGARDING MINERAL RESERVES AND MINERAL RESOURCES

Scientific and technical information contained in this MD&A was reviewed and approved by Dr. Martin Raffield, Senior Vice- President, Technical Services for Golden Star, and a "qualified person" as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"). All mineral reserves and mineral resources have been calculated in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") and NI 43-101. All mineral resources are reported exclusive of mineral reserves. Mineral resources which are not mineral reserves have not demonstrated economic viability. Information on data verification performed on the mineral properties mentioned in this MD&A that are considered to be material mineral properties to the Company are contained in Golden Star's Annual Report for the year ended December 31, 2012 and the current technical report for those properties, including the technical report dated May 1, 2013 titled "NI 43 101 Technical Report for the Prestea West Reef Feasibility Study, Ghana effective Date 1st May 2013", all available at www.sedar.com. Golden Star's Annual Report for the year ended December 31, 2012 will be superseded by the Company's annual information form for the year ended December 31, 2013, which will contain disclosure regarding the Company's material mineral properties and will be made available on SEDAR.

CAUTIONARY NOTE TO U.S. INVESTORS

This MD&A has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ materially from the requirements of United States securities laws applicable to U.S. companies. The terms “mineral reserve”, “proven mineral reserve” and “probable mineral reserve” are Canadian mining terms as defined in accordance with NI 43-101 and CIM. These definitions differ from the definitions in SEC Industry Guide 7 under the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”). Under SEC Industry Guide 7 standards, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, all necessary permits would be required to be in hand or issuance imminent in order to classify mineralized material as reserves under the SEC standards. Under SEC Industry Guide 7 standards, a “final” or “bankable” feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC Industry Guide 7 standards as in place tonnage and grade without reference to unit measures.

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

You are urged to consider closely the disclosure on the mining industry technical terms in “Glossary of Terms” in our Annual Report for the fiscal year ended December 31, 2012, available on SEDAR at www.sedar.com. Golden Star’s Annual Report for the year ended December 31, 2012 will be superseded by the Company’s annual information form for the year ended December 31, 2013, which will contain similar information and will be made available on SEDAR.

Controls and Procedures

DISCLOSURE CONTROLS AND PROCEDURES

The Company’s management, with the participation of its President and Chief Executive Officer and Executive Vice President and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures. Based upon the results of that evaluation, the Company’s President and Chief Executive Officer and Executive Vice President and Chief Financial Officer have concluded that, as of the end of the period covered by this MD&A, the Company’s disclosure controls and procedures were

effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods and is accumulated and communicated to management, including the President and Chief Executive Officer and Executive Vice President and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management, with the participation of its President and Chief Executive Officer and Executive Vice President and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the President and Chief Executive Officer and Executive Vice President and Chief Financial Officer, the Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect, in reasonable detail, the transactions and dispositions of assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that the Company's receipts and expenditures are made only in accordance with authorizations of management and the Company's directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

The Company's management, including the President and Chief Executive Officer and Executive Vice President and Chief Financial Officer, believes that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

The Company's management, under the supervision of the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as at December 31, 2013. In making this assessment, it used the criteria set forth in the Internal Control-integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) of 1992. Based on our assessment, management has concluded that, as at December 31, 2013, the Company's internal control over financial reporting is effective based on those criteria.

The Company's internal control over financial reporting as at December 31, 2013 has been audited by PwC LLP, Independent Registered Chartered Accountants who also audited the Company's Consolidated Financial Statements for the year ended December 31, 2013. PwC LLP as stated in their report that immediately precedes the Company's audited consolidated financial statements for the year ended December 31, 2013, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There has been no change in the Company's design of internal controls and procedures over financial reporting that has materially affected, or is reasonable likely to materially affect, the Company's internal control over financial reporting during the period covered by this MD&A.

Risk Factors and Additional Information

The risk factors for the year ended December 31, 2013, are substantially the same as those disclosed and discussed in our Annual Report on Form 10-K for the year ended December 31, 2012. Additional risk factors, if applicable, will be included in our annual information form for the year ended December 31, 2013, which will be filed on SEDAR at www.sedar.com.

Additional information regarding Golden Star, including the Company's Annual Report on Form 10-K for the year ended December 31, 2012, which will be superseded by our annual information form for the year ended December 31, 2013 is or will be, as the case may be, available under the Company's profile on SEDAR at www.sedar.com.

Consolidated Financial Statements

For the Year Ended December 31, 2013

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Golden Star Resources Ltd. (the "Company") and all information in this financial report are the responsibility of management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and, where appropriate, include management's best estimates and judgments.

Management maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, and that financial information is timely and reliable. However, any system of internal control over financial reporting, no matter how well designed and implemented, has inherent limitations and may not prevent or detect all misstatements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Board carries out this responsibility principally through its Audit Committee. The Board of Directors appoints the Audit Committee, and all of its members are independent directors. The Audit Committee meets periodically with management and the auditors to review internal controls, audit results, accounting principles and related matters. The Board of Directors approves the consolidated financial statements on recommendation from the Audit Committee.

PricewaterhouseCoopers LLP, an independent firm of Chartered Professional Accountants, was appointed by the shareholders at the last annual meeting to examine the consolidated financial statements and provide an independent professional opinion. PricewaterhouseCoopers LLP has full and free access to the Audit Committee.



Samuel T. Coetzer
President and Chief Executive Officer



Jeffrey A. Swinoga
Executive Vice President and Chief Financial Officer

Toronto, Canada
February 19, 2014

Independent Auditor's Report

To the Shareholders of Golden Star Resources Ltd.:

We have completed an integrated audit of Golden Star Resources Ltd.'s (the Company) 2013 consolidated financial statements and its internal control over financial reporting as at December 31, 2013 and an audit of its 2012 consolidated financial statements. Our opinions, based on our audits, are presented below.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of the Company, which comprise the consolidated balance sheets as at December 31, 2013, December 31, 2012 and January 1, 2012 and the consolidated statements of operations, comprehensive income (loss), cash flows, and changes in shareholders' equity for the years ended December 31, 2013 and 2012, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Canadian generally accepted auditing standards also require that we comply with ethical requirements.

An audit involves performing procedures to obtain audit evidence, on a test basis, about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles and policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2013, December 31, 2012 and January 1, 2012 and its financial performance and its cash flows for the years ended December 31, 2013 and 2012 in accordance with IFRS as issued by the IASB.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

We have also audited the Company's internal control over financial reporting as at December 31, 2013, based on criteria established in Internal Control-Integrated Framework (1992), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control, based on the assessed risk, and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our audit opinion on the Company's internal control over financial reporting.

DEFINITION OF INTERNAL CONTROL OVER FINANCIAL REPORTING

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as at December 31, 2013, based on criteria established in Internal Control-Integrated Framework (1992) issued by COSO.

PricewaterhouseCoopers LLP

February 19, 2014

Chartered Professional Accountants, Licensed Public Accountants

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Golden Star Resources Ltd.

Consolidated Statements of Operations

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(Stated in thousands of U.S. dollars except shares and per share data)

years ended December 31,

	NOTES	2013	2012
			(NOTE 27)
REVENUE		467,796	550,540
Cost of sales excluding depreciation and amortization	17	377,140	373,543
Depreciation and amortization		59,966	89,353
MINE OPERATING MARGIN		30,690	87,644
OTHER EXPENSES/(INCOME)			
Exploration expense		1,667	2,788
General and administrative		21,515	24,106
Property holding costs		7,018	9,862
Finance expense, net	18	9,841	13,125
Other income	19	(2,163)	(24,814)
(Gain)/loss on fair value of 4% and 5% Convertible Debentures		(51,967)	27,985
Derivative mark-to-market loss		—	162
Impairment charges	21	355,624	6,972
(LOSS)/INCOME BEFORE TAX		(310,845)	27,458
Income tax (recovery)/expense	10	(12,331)	17,756
NET (LOSS)/INCOME		(298,514)	9,702
Net (loss)/income attributable to non-controlling interest		(32,622)	2,516
NET (LOSS)/INCOME ATTRIBUTABLE TO GOLDEN STAR SHAREHOLDERS		(265,892)	7,186
NET (LOSS)/INCOME PER SHARE ATTRIBUTABLE TO GOLDEN STAR SHAREHOLDERS			
Basic and diluted	16	(1.03)	0.03
Weighted average shares outstanding (millions)		259.1	258.9

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

Golden Star Resources Ltd.

Consolidated Statements of Comprehensive Income/(Loss)

(Stated in thousands of U.S. dollars)

For the years ended December 31,

	NOTES	2013	2012
			(NOTE 27)
OTHER COMPREHENSIVE INCOME/(LOSS)			
NET (LOSS)/INCOME		(298,514)	9,702
Unrealized gain/(loss) on investments, net of taxes		(7,626)	(2,694)
Transferred to net income/(loss), net of taxes		1,370	6,972
COMPREHENSIVE (LOSS)/INCOME		(304,770)	13,980
Comprehensive (loss)/income attributable to non-controlling interest		(32,622)	2,516
COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO GOLDEN STAR SHAREHOLDERS		(272,148)	11,464

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

Golden Star Resources Ltd. Consolidated Balance Sheets

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(Stated in thousands of U.S. dollars)

As of	NOTES	DECEMBER 31, 2013	DECEMBER 31, 2012	JANUARY 1, 2012
			(NOTE 27)	(NOTE 27)
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		65,551	78,884	103,644
Accounts receivable		8,200	11,896	10,077
Inventories	6	67,725	82,979	74,140
Available for sale investments	7	—	15,034	1,416
Prepays and other		6,852	11,266	8,522
TOTAL CURRENT ASSETS		148,328	200,059	197,799
RESTRICTED CASH		2,029	2,028	1,273
PROPERTY, PLANT AND EQUIPMENT	8	83,850	191,773	178,531
MINING PROPERTIES	8	81,343	249,827	232,075
EXPLORATION AND EVALUATION ASSETS	9	9,747	10,862	16,730
INTANGIBLE ASSETS		446	1,511	2,759
OTHER ASSETS		—	—	895
DEFERRED TAX ASSETS	10	—	235	—
TOTAL ASSETS		325,743	656,295	630,062
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	11	108,983	101,760	92,088
Current portion of rehabilitation provisions	12	7,783	9,721	8,996
Current tax liability		9,506	12,393	197
Current portion of long term debt	13	10,855	6,968	128,459
TOTAL CURRENT LIABILITIES		137,127	130,842	229,740
LONG TERM DEBT	13	83,387	110,507	10,759
REHABILITATION PROVISIONS	12	78,527	53,598	54,315
DEFERRED TAX LIABILITY	10	—	33,172	27,575
TOTAL LIABILITIES		299,041	328,119	322,389
Commitments and contingencies	14			
SHAREHOLDERS' EQUITY				
SHARE CAPITAL				
First preferred shares, without par value, unlimited shares authorized. No shares issued and outstanding		—	—	—
Common shares, without par value, unlimited shares authorized.		694,906	694,652	693,899
CONTRIBUTED SURPLUS		29,346	26,304	20,534
ACCUMULATED OTHER COMPREHENSIVE INCOME		—	6,256	1,978
DEFICIT		(652,544)	(386,652)	(393,838)
TOTAL GOLDEN STAR EQUITY		71,708	340,560	322,573
NON-CONTROLLING INTEREST	22	(45,006)	(12,384)	(14,900)
Total Equity		26,702	328,176	307,673
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		325,743	656,295	630,062

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

Signed on behalf of the Board,
Timothy C. Baker, Director

William L. Yeates, Director

Golden Star Resources Ltd.

Consolidated Statements of Cash Flows

(Stated in thousands of U.S. dollars)

For the years ended December 31,

	NOTES	2013	2012
			(NOTE 27)
OPERATING ACTIVITIES			
Net (loss)/income		(298,514)	9,702
Reconciliation of net income/(loss) to net cash provided by operating activities:			
Depreciation and amortization		60,008	89,442
Amortization of loan acquisition costs		—	895
(Gain)/loss on sale of assets		(1,271)	(24,991)
Write-off of unsuccessful exploration costs		1,333	—
Impairment charges		355,624	6,972
Loss on extinguishment of debt		—	568
Share-based compensation	15	3,013	6,542
Deferred income tax (recovery)/expense	10	(32,936)	5,363
Fair value of derivatives loss		—	162
Fair value loss/(gain) on convertible debentures	5	(51,967)	27,985
Accretion of rehabilitation provisions		592	593
Reclamation expenditures		(5,657)	(6,203)
Changes in working capital	24	28,918	6,064
NET CASH PROVIDED BY OPERATING ACTIVITIES		59,143	123,094
INVESTING ACTIVITIES			
Additions to mining properties		(69,725)	(76,013)
Additions to property, plant and equipment		(32,924)	(40,569)
Additions to exploration and evaluation assets		(218)	(717)
Change in accounts payable and deposits on mine equipment and material		(5,695)	5,518
Cash used for equity investments		—	(938)
Increase in restricted cash		—	(755)
Proceeds from sale of assets		7,200	15,616
NET CASH USED IN INVESTING ACTIVITIES		(101,362)	(97,858)
FINANCING ACTIVITIES			
Principal payments on debt		(7,876)	(58,806)
Proceeds from debt agreements and equipment financing		36,610	8,510
Exercise of options		152	300
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		28,886	(49,996)
Decrease in cash and cash equivalents		(13,333)	(24,760)
Cash and cash equivalents, beginning of period		78,884	103,644
CASH AND CASH EQUIVALENTS, END OF PERIOD		65,551	78,884

See Note 24 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. Consolidated Statements of Changes in Shareholders' Equity

(Stated in thousands of U.S. dollars except shares data)

	NUMBER OF COMMON SHARES	SHARE CAPITAL	CONTRIBUTED SURPLUS	ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)	DEFICIT	NON- CONTROLLING INTEREST	TOTAL SHAREHOLDERS' EQUITY
Balance at January 1, 2012 (Note 27)	258,669,487	693,899	20,534	1,978	(393,838)	(14,900)	307,673
Shares issued under options/DSU's	181,474	445	(1,375)	—	—	—	(930)
Bonus shares issued	165,009	308	—	—	—	—	308
Options granted net of forfeitures	—	—	6,542	—	—	—	6,542
DSU's granted	—	—	603	—	—	—	603
Unrealized loss on investments	—	—	—	(2,694)	—	—	(2,694)
Transferred to net income, net of taxes	—	—	—	6,972	—	—	6,972
Net income	—	—	—	—	7,186	2,516	9,702
Balance at December 31, 2012 (Note 27)	259,015,970	694,652	26,304	6,256	(386,652)	(12,384)	328,176
Shares issued under options	90,000	254	(102)	—	—	—	152
Options granted net of forfeitures	—	—	2,444	—	—	—	2,444
DSU's granted	—	—	700	—	—	—	700
Unrealized loss on investments	—	—	—	(7,626)	—	—	(7,626)
Transferred to net loss, net of taxes	—	—	—	1,370	—	—	1,370
Net loss (298,514)	—	—	—	—	(265,892)	(32,622)	
Balance at December 31, 2013	259,105,970	694,906	29,346	—	(652,544)	(45,006)	26,702

There were no treasury shares held as of December 31, 2013, December 31, 2012 or January 1, 2012.

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

Golden Star Resources Ltd.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2013

(All currency amounts are in thousands of U.S. dollars unless noted otherwise)

1. Nature of Operations

Golden Star Resources Ltd. (“Golden Star” or “the Company” or “we” or “our”) is a Canadian federally-incorporated, international gold mining and exploration company headquartered in Toronto, Canada. The Company’s shares are listed on the Toronto Stock Exchange (“the TSX”) under the symbol GSC, the New York Stock Exchange (“the NYSE MKT”) under the symbol GSS and the Ghana stock exchange under the symbol GSR. The Company’s registered office is located at 150 King Street West, Sun Life Financial Tower, Suite 1200, Toronto, Ontario, M5H 1J9, Canada.

Through a 90% owned subsidiary, Golden Star (Wassa) Limited, we own and operate the Wassa open-pit gold mine, the Father Brown open-pit gold mine and a carbon-in-leach (“CIL”) processing plant (collectively, “Wassa”), located approximately 35 kilometers from the town of Bogoso, Ghana. Through our 90% owned subsidiary Golden Star (Bogoso/Prestea) Limited, we own and operate the Bogoso gold mining and processing operation (“Bogoso”) located near the town of Bogoso, Ghana. Golden Star also has a 90% interest in the Prestea Underground mine in Ghana. We hold interests in several gold exploration projects in Ghana and other parts of West Africa, and in South America we hold and manage exploration properties in Brazil.

2. Basis of Presentation

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) outlined in Part 1 of the CPA Canada Handbook—Accounting. These are the Company’s first annual consolidated financial statements prepared in accordance with IFRS and IFRS 1, First-time Adoption of International Financial Reporting Standards has been applied. The disclosure of the transition from accounting principles generally accepted in the United States of America (“US GAAP”) to IFRS and the effect on the reported financial position, financial performance and cash flows of the Company is provided in Note 27.

The policies applied in these consolidated financial statements has been applied consistently to all periods presented and are based on IFRS issued and effective for the year ended December 31, 2013. These consolidated financial statements were approved by the Board of Directors of the Company on February 19, 2014.

BASIS OF PRESENTATION

These consolidated financial statements include the accounts of the Company and its subsidiaries, whether owned directly or indirectly. The financial statements of the subsidiaries are prepared for the same period as the parent company using consistent accounting policies. All inter-company balances and transactions have been eliminated. Subsidiaries are entities controlled by the Company. Non-controlling interests in the net assets of consolidated subsidiaries are a separate component of the Company’s equity.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and discharge of all liabilities in the normal course of business. The functional currency of all consolidated subsidiaries is the U.S. dollar. All values are rounded to the nearest thousand, unless otherwise stated.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, financial instruments at fair value through profit or loss and available-for-sale securities, which are measured at fair value.

3. Summary of Accounting Policies

CASH AND CASH EQUIVALENTS

Cash includes cash deposits in any currency residing in chequing and sweep accounts. Cash equivalents consist of money market funds and other highly liquid investments purchased with maturities of three months or less. Investments with maturities greater than three months and up to one year are classified as short-term investments, while those with maturities in excess of one year are classified as long-term investments. Cash equivalents and short-term investments are stated at amortized cost, which typically approximates market value.

INVENTORIES

Inventory classifications include “stockpiled ore,” “in-process inventory,” “finished goods inventory” and “materials and supplies”. The stated value of all production inventories include direct production costs and attributable overhead and depreciation incurred to bring the materials to their current point in the processing cycle. General and administrative costs for corporate offices are not included in any inventories.

Stockpiled ore represents coarse ore that has been extracted from the mine and is stored for future processing. Stockpiled ore is measured by estimating the number of tonnes (via truck counts or by physical surveys) added to, or removed from the stockpile, the number of contained ounces (based on assay data) and estimated gold recovery percentage. Stockpiled ore value is based on the costs incurred (including depreciation and amortization) in bringing the ore to the stockpile. Costs are added to the stockpiled ore based on current mining costs per tonne and are removed at the average cost per tonne of ore in the stockpile.

In-process inventory represents material that is currently being treated in the processing plants to extract the contained gold and to transform it into a saleable product. The amount of gold in the in-process inventory is determined by assay and by measure of the quantities of the various gold-bearing materials in the recovery process. The in-process gold is valued at the average of the beginning inventory and the cost of material fed into the processing stream plus in-process conversion costs including applicable mine-site overheads, depreciation and amortization related to the processing facilities.

Finished goods inventory is saleable gold in the form of doré bars that have been poured but not yet shipped from the mine site. Included in the costs are the direct costs of the mining and processing operations as well as direct mine-site overheads, amortization and depreciation.

Material and supply inventories consist mostly of equipment parts and other consumables required in the mining and ore processing activities.

All inventories are valued at the lower of average cost or net realizable value.

EXPLORATION AND EVALUATION ASSETS

The initial acquisition costs of exploration and mining properties are capitalized.

Exploration and evaluation costs relating to mineral interests are charged to earnings in the year which they are incurred. When it is determined that a mining property has the reserve potential to be economical, subsequent exploration expenditures are capitalized. Determination as to reserve potential is based on the results of studies, which indicate whether production from a property is economically feasible. These expenditures include such costs as materials used, surveying costs, drilling costs, consulting fees, payments made to contractors and depreciation on plant and equipment. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company assesses exploration and evaluation costs for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation costs in respect of that project are deemed to be impaired and the exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as mining properties. Exploration and evaluation costs are also tested for impairment before the assets are transferred to mining properties.

After proven and probable reserves have been established, subsequent exploration and development costs are capitalized until such time as a property is in commercial production. Once commercial production is reached, accumulated capitalized acquisition, exploration and development costs become subject to amortization on a units-of-production basis when metal production begins.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment assets, including machinery, processing equipment, mining equipment, mine site facilities, buildings, vehicles and expenditures that extend the life of such assets, are initially recorded at cost including acquisition and installation costs. Property, plant and equipment are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses.

The costs of self-constructed assets include direct construction costs and direct overhead during the construction phase. Indirect overhead costs are not included in the cost of self-constructed assets.

Depreciation for mobile equipment and other assets having estimated lives shorter than the estimated life of the ore reserves is calculated using the straight-line method at rates which depreciate the cost of the assets, less their anticipated residual values, if any, over their estimated useful lives. Mobile mining equipment is amortized over a five year life. Assets, such as processing plants, power generators and buildings, which have an estimated life equal to or greater than the estimated life of the ore reserves, are amortized over the life of the proven and probable reserves of the associated mining property using a units-of-production amortization method, less their anticipated residual values, if any. The net book value of property, plant and equipment assets is charged against income if the mine site is abandoned and it is determined that the assets cannot be economically transferred to another project or sold.

The residual values, useful lives and method of depreciation/amortization of property, plant and equipment are reviewed at each reporting period end, and adjusted prospectively if appropriate.

Gains and losses on the disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net in the consolidated statement of operations.

MINING PROPERTIES

Mining property assets, including property acquisition costs, tailings storage facilities, mine-site development and drilling costs where proven and probable reserves have been established, pre-production waste stripping, condemnation drilling, roads, feasibility studies and wells are recorded at cost. The costs of self-constructed assets include direct construction costs, direct overhead and allocated interest during the construction phase. Indirect overhead costs are not included in the cost of self-constructed assets.

Mining property assets typically have an estimated life equal to or greater than the estimated life of an ore reserves and are amortized over the life of the proven and probable reserves to which they relate, using a units-of-production amortization method. At open pit mines the costs of removing overburden from an ore body in order to expose ore during its initial development period are capitalized.

BETTERMENT STRIPPING (WASTE REMOVAL) COSTS

As part of its operations, the Company incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred as part of development stage mining activities incurred by the Company are capitalized as part of mining properties.

Stripping costs incurred during the production stage are incurred in order to produce inventory or to improve access to the ore to be mined in the future. Where the costs are incurred to produce inventory, the production stripping costs are accounted for as a cost of producing those inventories. Where the costs are incurred to improve access to the ore to be mined in the future, the costs are recognized as a stripping activity asset (a non-current asset) if improved access to the ore body is probable, the component of the ore body can be accurately identified and the costs associated with improving the access can be reliably measured. If these criteria are not met the cost is expensed to the consolidated statement of operations as incurred.

The betterment stripping asset is subsequently depreciated using the units-of-production amortization method over the life of the identified component of the ore body that became more accessible as a result of the betterment stripping activity.

INTANGIBLE ASSETS

Externally acquired intangible assets are initially recognized at cost and subsequently amortized on a straight-line basis over their useful economic lives. Intangible assets are recognized on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights.

The intangible asset represents a right to receive, from the Ghana national grid, an amount of electric power equal to one fourth of a particular plant's power output over and above any rationing limit that might be imposed in the future by the Ghana national power authority. The intangible asset is being amortized over five years ending in 2014.

BORROWING COSTS

Borrowing costs attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized until such time as the assets are substantially ready for their intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company assesses at each reporting period whether there is an indication that an asset or group of assets may be impaired. When impairment indicators exist, the Company estimates the recoverable amount of the asset and compares it against the asset's carrying amount. The recoverable amount is the higher of its fair value less cost of disposal ("FVLCD") and the asset's value in use ("VIU"). If the carrying amount exceeds the recoverable amount, an impairment loss is recorded in the consolidated statement of operations.

In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset not already reflected in the estimates of future cash flows. The cash flows are based on best estimates of expected future cash flows from the continued use of the asset and its eventual disposal.

FVLCD is best evidenced if obtained from an active market or binding sale agreement. Where neither exists, the fair value is based on the best estimates available to reflect the amount that could be received from an arm's length transaction.

Future cash flows are based on estimated quantities of gold and other recoverable metals, expected price of gold (considering current and historical prices, price trends and related factors), production levels and cash costs of production, capital and reclamation costs, all based on detailed engineered life-of-mine plans.

Numerous factors including, but not limited to, unexpected grade changes, gold recovery variances, shortages of equipment and consumables, equipment failures, and collapse of pit walls could impact our ability to achieve forecasted production schedules from proven and probable reserves. Additionally, commodity prices, capital expenditure requirements and reclamation costs could differ from the assumptions used in the cash flow models used to assess impairment. The ability to achieve the estimated quantities of recoverable minerals from exploration stage mineral interests involves further risks in addition to those factors applicable to mineral interests where proven and probable reserves have been identified, due to the lower level of confidence that the identified mineralized material can ultimately be mined economically.

If an impairment loss reverses in a subsequent period, the carrying amount (post reversal) of the related asset is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset previously. Reversals of impairment losses are recognized in the statement of operations in the period the reversals occur.

Material changes to any of the factors or assumptions discussed above could result in future asset impairments.

REHABILITATION PROVISIONS

The Company records a liability and corresponding asset for the present value of the estimated costs of legal and constructive obligations for future site reclamation and closure where the liability is probable and a reasonable estimate can be made of the obligation. The estimated present value of the obligation is reassessed on a periodic basis or when new material information becomes available. Increases or decreases to the obligation usually arise due to changes in legal or regulatory requirements, the extent of environmental remediation required, methods of reclamation, cost estimates, inflation rates, or discount rates. Changes to the provision for reclamation and remediation obligations related to operating mines, which are not the result of current production of inventory, are recorded with an offsetting change to the

related asset. The present value is determined based on current market assessments of the time value of money using discount rates based on the risk-free rate maturing approximating the timing of expected expenditures to be incurred, and adjusted for country related risks. The periodic unwinding of the discount is recognized in the consolidated statement of operations as a finance expense.

PROPERTY HOLDING COST

Property holding costs are costs incurred to retain and maintain properties. Such costs are expensed in the period incurred.

FOREIGN CURRENCY TRANSACTIONS

The individual financial statements of the subsidiaries are presented in the currency of the primary economic environment in which the entity operates. The Company's presentation currency of its consolidated financial statements is the U.S. dollar, as is the functional currency of its operations.

Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at period end exchange rates. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into U.S. dollars at the exchange rate at the date that the fair value was determined. Income and expense items are translated at the exchange rate in effect on the date of the transaction. Exchange gains and losses resulting from the translation of these amounts are included in net earnings, except those arising on the translation of available-for-sale investments that are recorded in other comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated at the exchange rate in effect at the transaction date.

INCOME TAXES

Income taxes comprise the provision for (or recovery of) taxes actually paid or payable (current taxes) and for deferred taxes.

Current taxes are based on taxable earnings in the year. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date in the respective jurisdictions.

Current income tax assets and current income tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred income tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements. Deferred income tax assets and liabilities are computed using enacted or substantially enacted income tax rates in effect when the temporary differences are expected to reverse. The effect on the deferred tax assets and liabilities of a change in tax rates is recognized in the period of substantial enactment. The provision for or the recovery of deferred taxes is based on the changes in deferred tax assets and liabilities during the period.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized to the extent that it is probable that taxable earnings will be available against which deductible temporary differences can be utilized.

NET INCOME/(LOSS) PER SHARE

Basic income/(loss) per share of common stock is calculated by dividing income available to Golden Star's common shareholders by the weighted average number of common shares issued and outstanding during the period. In periods with earnings, the calculation of diluted net income per common share uses the

treasury stock method to compute the dilutive effects of stock options and warrants, and other potentially dilutive instruments. In periods of loss, diluted net loss per share is equal to basic income per share.

REVENUE RECOGNITION

Revenue from the sale of metal is recognized when the significant risks and rewards of ownership have passed to the purchaser. This occurs when the amount of revenue can be measured reliably, the metal has been delivered, title has passed to the buyer and it is probable that the economic benefits associated with the transaction will flow to the entity. All of our gold is transported to a South African gold refiner who locates a buyer and arranges for sale of our gold on the same day that the gold is shipped from the mine site. The sales price is based on the London P.M. fix on the day of shipment. Title and risk of ownership pass to the buyer on the day doré is shipped from the mine sites.

SHARE-BASED COMPENSATION

Under the Company's Third Amended and Restated 1997 Stock Option Plan, common share options may be granted to executives, employees, consultants and non-employee directors. Compensation expense for such grants is recorded in the consolidated statements of operations, with a corresponding increase recorded in the contributed surplus account in the consolidated balance sheets. The expense is based on the fair values of the option at the time of grant, measured by reference to the fair value determined using a Black-Scholes valuation model, and is recognized over the vesting periods of the respective options on a graded basis. Consideration paid to the Company on exercise of options is credited to share capital.

Under the Company's Deferred Share Unit ("DSU") plan, DSUs may be granted to executive officers and directors. Compensation expense for such grants is recorded in the consolidated statements of operations with a corresponding increase recorded in the contributed surplus account in the consolidated balance sheets. The expense is based on the fair values at the time of grant and is recognized over the vesting periods of the respective DSUs. Upon exercise the Company's compensation committee may, at its discretion, issue cash, shares of a combination thereof.

The Company's Share Appreciation Rights ("SARs") plan allows SARs to be issued to executives and directors. These awards are settled in cash on the exercise date equal to the Company's stock price less the strike price. Since these awards are settled in cash, the Company marks-to-market the associated expense for each award at the end of each reporting period. The Company accounts for these as liability awards and marks-to-market the fair value of the award until final settlement.

LEASES

Leases that transfer substantially all of the benefits and risks of ownership to the Company are recorded as capital leases and classified as property, plant and equipment with a corresponding amount recorded with current and long-term debt. All other leases are classified as operating leases under which leasing costs are expensed in the period incurred.

FINANCIAL INSTRUMENTS

The Company recognizes all financial assets initially at fair value and classifies them into one of the following three categories: fair value through profit or loss ("FVTPL"), available-for-sale ("AFS") or loans and receivables, as appropriate. The Company has not classified any of its financial assets as held to maturity.

The Company recognizes all financial liabilities initially at fair value and classifies them as either FVTPL or loans and borrowings, as appropriate. The Company has not classified any of its derivatives as designated as hedging instruments in an effective hedge.

Investments

Equity security investments are accounted for as AFS investments, with changes in the fair value of available for sale investments are charged or credited to other comprehensive income until the investment is realized.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that such loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an AFS financial asset is calculated by reference to its fair value. In the case of equity securities classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for AFS financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss – is removed from equity and recognized in the statement of operations.

All impairment losses are recognized in profit or loss. Impairment losses recognized for equity securities are not reversed.

Convertible debentures

The Company's convertible debentures are considered financial instruments at FVTPL. The convertible debentures contain embedded derivatives that significantly modify the cash flows that otherwise would be required by the contract. The convertible debentures are recorded at fair value determined based on unadjusted quoted prices in active markets when available, otherwise by valuing the embedded derivative conversion feature and the debt component separately. The conversion feature is valued using a Black-Scholes model and the value of the debt is determined based on the present value of the future cash flows. Changes in fair value are recorded in the consolidated statement of operations. Upfront costs and fees related to the convertible debentures were recognized in the statement of operations as incurred and not deferred.

Derivatives

At various times the Company utilizes foreign exchange and commodity price derivatives to manage exposure to fluctuations in foreign currency exchange rates and gold prices, respectively. The Company does not employ derivative financial instruments for trading purposes or for speculative purposes. Our derivative instruments are recorded on the balance sheet at fair value with changes in fair value recorded in the consolidated statement of operations.

OTHER COMPREHENSIVE INCOME/(LOSS)

Other comprehensive income/(loss) ("OCI") consists of unrealized gains/(losses) on AFS investments. Unrealized gains or losses on securities are net of any reclassification adjustments for realized gains or losses included in net income/(loss) or impairments to the investment which are considered permanent.

STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

IFRIC 21 Accounting for levies imposed by government clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This standard is effective for annual periods beginning on or after January 1, 2014. The Company is currently assessing the impact of this interpretation.

IAS 32 Financial instruments: presentation was amended to address inconsistencies in current practice when applying the offsetting criteria in IAS 32. Under this amendment, the meaning of “currently has a legally enforceable right of set-off” was clarified as well as providing clarification that some gross settlement systems may be considered equivalent to net settlement. This amendment is effective for annual periods beginning on or after January 1, 2014 and is not expected to have a significant impact on the Company.

IFRS 9 Financial instruments, addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39, Financial instruments–Recognition and Measurement, for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in the statement of earnings to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. This standard is effective for annual periods beginning on or after January 1, 2015. The Company is still assessing the impact of this standard.

The IASB has amended IAS 36 to remove the requirement to disclose recoverable amount when a cash generating unit (“CGU”) contains goodwill or indefinite lived intangible assets but there has been no impairment. The amendment requires additional disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognized or reversed; and detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed.

4. Critical Accounting Judgements, Estimates and Assumptions

Preparation of our consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that can affect reported amounts of assets, liabilities, revenues and expenses and the accompanying disclosures. Estimates and assumptions are continuously evaluated and are based on management’s historical experience and on other assumptions we believe to be reasonable under the circumstances. However, uncertainty about these judgments, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

MINERAL RESERVES

Determining mineral reserves and resources is a complex process involving numerous variables and is based on a professional evaluation using accepted international standards for the assessment of mineral reserves. Estimation is a subjective process, and the accuracy of such estimates is a function of the quantity

and quality of available data, the assumptions made and judgments used in engineering and geological interpretation. Mineral reserve estimation may vary as a result of changes in the price of gold, production costs, and with additional knowledge of the ore deposits and mining conditions.

Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's results and financial position, particularly a change in the rate of depreciation and amortization of the related mining assets.

BETTERMENT STRIPPING COSTS

Significant judgment is required to distinguish between development stripping, production stripping which relates to extraction of inventory and production stripping which relates to the creation of a betterment stripping and stripping activity asset. Once the Company has identified its stripping for each surface mining operation, it identifies the separate components for the ore bodies in each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgment is required to identify these components and to determine the expected volumes (waste and ore) to be stripped in each component.

Judgment is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and betterment stripping for each component. The Company considers the ratio of the expected volume of ore to be mined for a specific component of the ore body to be the most suitable production measure.

UNITS OF PRODUCTION DEPRECIATION

The mineral properties and a large portion of the property, plant and equipment is depreciated/amortized using the units of production method over the expected operating life of the mine based on estimated recoverable ounces of gold, which are the prime determinants of the life of a mine. Estimated recoverable ounces of gold include proven and probable reserves and non-reserve material when sufficient objective evidence exists that it is probable the non-reserve material will be produced. Changes in the estimated mineral reserves will result in changes to the depreciation charges over the remaining life of the operation. A decrease in the mineral reserves would increase depreciation and amortization expense and this could have a material impact on the operating results. The amortization base is updated on an annual basis based on the new mineral estimates.

CARRYING VALUE OF ASSETS AND IMPAIRMENT CHARGES

The Company undertakes a review of each asset and CGU at each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount of the asset or CGU is made, which is considered to be the higher of its FVLCD and VIU. An impairment loss is recognized when the carrying value of the asset or CGU is higher than the recoverable amount. In undertaking this review, management of the Company is required to make significant estimates of, amongst other things, discount rates, future production and sale volumes, metal prices, reserves and resource quantities, future operating and capital costs and reclamation costs to the end of the mine's life. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the asset or CGU. In determining a CGU, management has examined the smallest identifiable group of assets that generates cash inflows that are largely independent of cash inflows from other assets or group of assets.

REHABILITATION PROVISIONS

Environmental reclamation and closure liabilities are recognized at the time of environmental disturbance, in amounts equal to the discounted value of expected future reclamation and closure costs. The estimated future cash costs of such liabilities are based primarily upon environmental and regulatory requirements of the various jurisdictions in which we operate as well as any other constructive obligations that exist. The liability represents management's best estimates of cash required to settle the liability, inflation, assumptions of risks associated with future cash flows and the applicable risk-free interest rates for discounting the future cash outflow. The liability is reassessed and remeasured at each reporting date.

FAIR VALUE OF CONVERTIBLE DEBENTURES

The debt component of the 5% Convertible Debentures is valued based on discounted cash flows and the conversion feature is valued using a Black-Scholes model. The inputs to these models are taken from observable markets where possible, but if this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

INCOME TAXES

We deal with uncertainties and judgments in the application of complex tax regulations in the various jurisdictions where our properties are located. The amount of taxes paid is dependent upon many factors, including negotiations with taxing authorities in the various jurisdictions and resolution of disputes arising from our international tax audits. We recognize potential liabilities and record tax liabilities for anticipated tax audit issues in our various tax jurisdictions based on our best estimate of additional taxes payable. We adjust these reserves in light of changing facts and circumstances, however, due to the complexity of some of these uncertainties, the ultimate resolution may result in payment that is materially different from our estimates of our tax liabilities. If our estimate of tax liability proves to be less than the ultimate assessment, an additional charge to expense would result. If the estimate of tax liabilities proves to be greater than the ultimate assessment, a tax benefit is recognized.

A deferred tax asset is recognized to the extent that it is probable that taxable earnings will be available against which deductible temporary differences can be utilized.

5. Financial Instruments

The following tables illustrate the classification of the Company's recurring fair value measurements for financial instruments within the fair value hierarchy and their carrying values and fair values as at December 31, 2013, December 31, 2012 and January 1, 2012:

	LEVEL	DECEMBER 31, 2013		DECEMBER 31, 2012		JANUARY 1, 2012	
		Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
FINANCIAL ASSETS							
Available for sale investments	1	—	—	15,034	15,034	1,416	1,416
FINANCIAL LIABILITIES							
FAIR VALUE THROUGH PROFIT OR LOSS							
5% Convertible Debentures	3	47,308	47,308	99,275	99,275	—	—
4% Convertible Debentures	1	—	—	—	—	121,199	121,199

There were no non-recurring fair value measurements of financial instruments as at December 31, 2013.

The three levels of the fair value hierarchy are:

Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 — Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 — Inputs that are not based on observable market data.

The Company's policy is to recognize transfers into and transfers out of the fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the year ended December 31, 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The Company's finance department is responsible for performing the valuation of financial instruments, including Level 3 fair values. The valuation processes and results are reviewed and approved by the Executive Vice President and Chief Financial Officer at least once every quarter, in line with the Company's quarterly reporting dates. Valuation results are discussed with the Audit Committee as part of its quarterly review of the Company's consolidated financial statements.

The valuation techniques that are used to measure fair value are as follows:

AVAILABLE FOR SALE INVESTMENTS

The fair value of available for sale investments is determined based on a market approach reflecting the closing price of each particular security at the balance sheet date. The closing price is a quoted market price obtained from the exchange for the principal active market for the security.

5% CONVERTIBLE DEBENTURES

The debt component of the 5% Convertible Debentures is valued based on discounted cash flows and the conversion feature is valued using a Black-Scholes model. The risk free interest rate used in the fair value computation is the interest rate on US treasury bills with maturity similar to the remaining life of the 5% Convertible Debentures. The discount rate used is determined by adding our risk premium to the risk free interest rate. Volatility is calculated based on the weekly volatility of our share price observable on the NYSE MKT for a historical period equal to the remaining life of the Convertible Debentures. Investors trading in these instruments would normally cap the volatility used in the Black-Scholes model. To be consistent, the

Company has set a weekly volatility in the calculation at 40%. Inputs used to determine the fair value on December 31, 2013 and December 31, 2012 were as follows:

For the years ended December 31,

	2013	2012
5% CONVERTIBLE DEBENTURES		
Risk free interest rate	1.3%	0.7%
Risk premium	21.0%	7.9%
Volatility	40.0%	40.0%
Remaining life (years)	3.4	4.4

The following table presents the changes in the Level 3 investments for the year ended December 31, 2013:

	FAIR VALUE
BALANCE, JANUARY 1, 2013	99,275
Gain in the period included through earnings	51,967
BALANCE, DECEMBER 31, 2013	47,308

If the risk premium increases by 5%, the fair value of the 5% Convertible Debentures and the related gain in the consolidated statement of operations would increase by \$6.7 million. In general, an increase in risk premium would increase the gain on fair value of the 5% Convertible Debentures.

4% CONVERTIBLE DEBENTURES

The fair value of the 4% Convertible Debentures is determined based on a market approach reflecting the closing price of the debentures at the balance sheet date. The closing price is a quoted market price obtained from the exchange for the principal active market for the security.

The carrying values of certain financial instruments maturing in the short-term approximate their fair values. These financial instruments include cash and cash equivalents, accounts receivable, which are classified as loans and receivables, and accounts payable, the equipment financing credit facility and the current portion of long term debt which are classified as amortized cost.

Fair value considerations under Level 3 criteria were also used in the Company's evaluation of impairment charges (see Note 21 – Impairment charges).

6. Inventories

Inventories include the following components:

As of	DECEMBER 31, 2013	DECEMBER 31, 2012	JANUARY 1, 2012
Stockpiled ore	10,389	27,297	16,648
In-process	9,926	6,693	8,880
Materials and supplies	47,410	43,548	48,612
Finished goods	—	5,441	—
TOTAL	67,725	82,979	74,140

The cost of inventories expensed for the years ended December 31, 2013 and 2012 was \$353.7 million and \$346.0 million respectively.

A total of \$1.6 million and \$0.5 million of material and supply inventories were written off in 2013 and 2012 respectively, due to obsolescence and an additional \$10.8 million and \$0.2 million of net realizable value adjustments in 2013 and 2012 respectively.

7. Available for Sale Investments

The following table presents changes in available for sale investments:

For the years ended December 31,	2013		2012	
	FAIR VALUE	SHARES	FAIR VALUE	SHARES
BALANCE AT BEGINNING OF PERIOD	15,034	24,521,101	1,416	2,000,000
Acquisitions	—	—	17,117	23,676,301
Dispositions	(7,169)	(24,521,101)	(805)	(1,155,200)
Unrealized (loss)/gain through OCI	(6,256)	—	4,278	—
Gain recognized in profit and loss	1,338	—	—	—
Impairment charges	(2,947)	—	(6,972)	—
BALANCE AT END OF PERIOD	—	—	15,034	24,521,101

During the year ended December 31, 2013, the Company completed the sale of its 24,521,101 shares of True Gold Mining Inc. ("TGM") for net proceeds of \$7.2 million. A gain on disposal of \$1.3 million was recognized in the year ended December 31, 2013.

8. Property, Plant and Equipment and Mining Properties

The following table shows the breakdown of the cost, accumulated depreciation and net book value of property plant and equipment and mining properties:

	PROPERTY, PLANT AND EQUIPMENT	MINING PROPERTIES	TOTAL
COST			
AS OF JANUARY 1, 2012	400,232	532,302	932,534
Additions	40,569	76,013	116,582
Change in rehabilitation provision estimate	—	5,618	5,618
Disposals and other	(6,914)	—	(6,914)
AS OF DECEMBER 31, 2012	433,887	613,933	1,047,820
Additions	33,870	69,725	103,595
Change in rehabilitation provision estimate	—	28,056	28,056
Disposals and other	(946)	—	(946)
AS OF DECEMBER 31, 2013	466,811	711,714	1,178,525
ACCUMULATED DEPRECIATION			
AS OF JANUARY 1, 2012	221,701	300,227	521,928
Depreciation and amortization	26,581	63,879	90,460
Disposals and other	(6,168)	—	(6,168)
AS OF DECEMBER 31, 2012	242,114	364,106	606,220
Depreciation and amortization	24,124	31,151	55,275
Disposals and other	(840)	—	(840)
Impairment charges (Note 21)	117,563	235,114	352,677
AS OF DECEMBER 31, 2013	382,961	630,371	1,013,332
CARRYING AMOUNT			
AS OF JANUARY 1, 2012	178,531	232,075	410,606
AS OF DECEMBER 31, 2012	191,773	249,827	441,600
AS OF DECEMBER 31, 2013	83,850	81,343	165,193

As at December 31, 2013, equipment under finance leases had net carrying amounts of \$4.9 million. The total minimum lease payments are disclosed in Note 13–Debt.

There was no interest capitalized to property, plant and equipment and mining properties in the periods shown above.

As at December 31, 2013, there was \$8.1 million (December 31, 2012–\$36.4 million; January 1, 2012–\$34.3 million) of construction in progress in property, plant and equipment for which depreciation has not been taken. As at December 31, 2013, there was \$37.1 million (December 31, 2012–\$58.5 million; January 1, 2012–\$19.4 million) of construction in progress in mining properties for which depreciation has not been taken.

9. Exploration and Evaluation Assets

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The following table presents changes in exploration and evaluation assets:

	EXPLORATION AND EVALUATION ASSETS
COST	
AS OF JANUARY 1, 2012	16,730
Exploration and evaluation costs	717
Sale of exploration property	(1,423)
Write-off of unsuccessful exploration costs	(5,162)
AS OF DECEMBER 31, 2012	10,862
Exploration expenditures incurred	218
Write-off of unsuccessful exploration costs	(1,333)
AS OF DECEMBER 31, 2013	9,747

10. Income Taxes

We recognize deferred tax assets and liabilities based on the difference between the financial reporting and tax basis of assets and liabilities using the tax rates enacted or substantively enacted when the temporary differences are expected to reverse.

Our net deferred tax liabilities at December 31, 2013, December 31, 2012 and January 1, 2012 include the following components:

As of	DECEMBER 31, 2013	DECEMBER 31, 2012	JANUARY 1, 2012
DEFERRED TAX ASSETS			
Non-capital loss carryovers	227	53,413	46,139
Reclamation costs	—	5,963	3,542
Other	4	238	1,094
DEFERRED TAX LIABILITIES			
Mine property costs	227	92,547	77,149
Other	4	4	1,201
NET DEFERRED TAX LIABILITIES	—	32,937	27,575

The movement in the net deferred tax liabilities were as follows:

	2013	2012
Balance at the beginning of the year	32,937	27,575
Recognized in net earnings	(32,937)	5,362
BALANCE AT THE END OF THE YEAR	—	32,937

88 The composition of our unrecognized deferred tax assets by tax jurisdiction is summarized as follows:

As of	DECEMBER 31, 2013	DECEMBER 31, 2012	JANUARY 1, 2012
DEDUCTIBLE TEMPORARY DIFFERENCES			
Canada	8,060	9,296	8,110
U.S.	—	15	273
Ghana	73,583	24,134	13,491
	81,643	33,445	21,874
TAX LOSSES			
Canada	17,321	33,536	38,144
U.S.	180	—	(45)
Ghana	194,607	136,005	107,851
	212,108	169,541	145,950
TOTAL UNRECOGNIZED DEFERRED TAX ASSETS			
Canada	25,381	42,832	46,254
U.S.	180	15	\$ 228
Ghana	268,190	160,139	121,342
	293,751	202,986	167,824

The income taxes expense/(recovery) includes the following components:

For the years ended December 31,	2013	2012
CURRENT TAX EXPENSE		
Current tax on net earnings	20,123	12,393
Adjustments in respect to prior years	483	—
	20,606	12,393
DEFERRED TAX (RECOVERY)/EXPENSE		
Originating and reversal of temporary differences in the current year	(32,831)	40,722
Adjustments in respect to prior years	(106)	—
Change in tax rates	—	(35,359)
	(32,937)	5,363
INCOME TAX EXPENSE/(RECOVERY)	(12,331)	17,756

A reconciliation of expected income tax on net (loss)/income before minority interest at statutory rates with the actual income tax expenses/(recovery) is as follows:

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For the years ended December 31,

	2013	2012
Net (loss)/income before tax	(310,844)	27,458
Statutory tax rate	26.5%	25.0%
TAX (BENEFIT)/EXPENSE AT STATUTORY RATE	(82,374)	6,865
Foreign tax rates	(36,479)	(1,584)
Change in tax rates	(1,119)	(35,359)
Non-taxable portion of capital gain	1,110	—
Expired loss carryovers	12,268	6,144
Other	1,520	799
Ghana investment allowance	—	300
Non-deductible expenses	1,005	1,681
Loss carryover not previously recognized	18,574	627
Non-deductible convertible debenture conversion feature	(13,771)	6,096
Ghana property basis not previously recognized	(3,665)	(3,523)
Change in future tax assets due to exchange rates	1,081	(445)
Change in unrecognized deferred tax assets	89,519	36,155
INCOME TAX EXPENSE /(RECOVERY)	(12,331)	17,756

At December 31, 2013, the Company had a tax pool and loss carryovers expiring as follows:

	CANADA	GHANA
2016	—	31,234
2017	—	54,337
2029	—	—
2030	—	—
2031	31,356	—
2032	17,527	—
2033	4,437	—
Indefinite	24,085	471,234
TOTAL	77,405	556,805

The Ghana tax pool is further limited to taxable income generated at Bogoso.

11. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities include the following components:

As of	DECEMBER 31, 2013	DECEMBER 31, 2012	JANUARY 1, 2012
Trade and other payables	61,188	36,314	40,708
Accrued liabilities	41,352	60,215	47,913
Payroll related liabilities	6,443	5,231	3,467
TOTAL	108,983	101,760	92,088

12. Rehabilitation Provisions

At December 31, 2013, the total undiscounted amount of the estimated future cash needs was estimated to be \$96.1 million. A discount rate of 2% was used to value the rehabilitation provisions. The changes in the carrying amount of the rehabilitation provisions are as follows:

For the years ended December 31,	2013	2012
BEGINNING BALANCE	63,319	63,311
Accretion of rehabilitation provisions	592	593
Changes in estimates	28,056	5,618
Cost of reclamation work performed	(5,657)	(6,203)
BALANCE AT THE END OF THE PERIOD	86,310	63,319
Current portion	7,783	9,721
Long term portion	78,527	53,598
TOTAL	86,310	63,319

For the year ended December 31, 2013, the Company has recorded a change of estimates of \$28.1 million on its rehabilitation provisions of the mine sites. The impact of the changes of estimates were an increase of \$3.7 million and \$24.4 million to the reclamation provisions for Wassa and Bogoso, respectively. The \$3.7 million increase in the estimated cash flows of the Wassa rehabilitation provision is primarily due to the waste from of Wassa Main pit and the Father Brown pit and the increase in the size of the corresponding waste dumps. This was offset by a decrease in the reclamation provision related to the Benso concession as reclamation work nears completion. The \$24.4 million increase in 2013, is related to the shorter refractory operations' mine life and higher than expected backfilling costs. Previously, it was expected that the Bogoso refractory operation would use the water stored in the Buesichem process water storage facility for its operations. However, as a result of the shorter mine life this water will require treatment before it is discharged to the receiving environment resulting in an increase of approximately \$15.5 million (undiscounted) to the rehabilitation provision. In addition, we increased our estimate of the expected backfilling cost of the Buesichem pit by approximately \$10.3 million (undiscounted).

13. Debt

The following table displays the components of our current and long term debt instruments:

As of	DECEMBER 31, 2013	DECEMBER 31, 2012	JANUARY 1, 2012
CURRENT DEBT:			
Equipment financing credit facility	5,218	6,968	7,036
Ecobank Loan net of loan fees	4,752	—	—
Finance leases	885	—	224
4% Convertible Debentures at fair value	—	—	121,199
TOTAL CURRENT DEBT	10,855	6,968	128,459
LONG TERM DEBT:			
Equipment financing credit facility	8,150	11,232	10,759
Ecobank Loan net of loan fees	24,101	—	—
Finance leases	3,828	—	—
5% Convertible Debentures at fair value (see Note 5)	47,308	99,275	—
TOTAL LONG TERM DEBT	83,387	110,507	10,759

EQUIPMENT FINANCING CREDIT FACILITY

Bogoso and Wassa maintain a \$35.0 million equipment financing facility with Caterpillar Financial Services Corporation, with Golden Star as the guarantor of all amounts borrowed. The facility provides credit financing for new and used mining equipment. 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 US Federal Reserve Bank 2-year or 5-year swap rate or London Interbank Offered Rate (“LIBOR”) plus 2.38%. Each outstanding equipment loan is secured by the title of the specific equipment purchased with the loan until the loan has been repaid in full.

ECOBANK LOAN

During the year, the Company’s subsidiary Wassa closed a \$50 million secured Medium Term Loan Facility with Ecobank Ghana Limited (“Ecobank Loan”) and had subsequently drawn down \$30 million of the facility. The loan has a term of 60 months from the date of initial drawing and is secured by, among other things, Wassa’s existing plant, machinery and equipment. The interest rate is three month LIBOR plus 9% per annum, payable monthly in arrears. Principal amounts are payable quarterly in arrears. Interest and principal payments commence six months following the first drawdown.

FINANCE LEASES

During the year ended December 31, 2013, the Company financed mining equipment at Wassa and Bogoso through equipment financing leases. These finance leases are payable in equal instalments over a period of 60 months and have implicit interest rates of 6.9%. Each outstanding finance lease is secured by the title of the specific equipment purchased with the lease until the lease has been repaid in full.

CONVERTIBLE DEBENTURES

The 5% Convertible Debentures are accounted for at fair value and marked to market each reporting period and the corresponding gain/loss on fair value is recorded in the Statement of Operations.

The 5% Convertible Debentures were issued on May 31, 2012, in the amount of \$77.5 million, in exchange for \$74.5 million of our 4% convertible senior unsecured debentures (the "4% Convertible Debentures") in privately negotiated transactions with certain holders of the 4% Convertible Debentures exempt from the registration requirements of the U.S. Securities Act of 1933, as amended.

The 5% Convertible Debentures are governed by the terms of an indenture dated May 31, 2012, by and between the Company and The Bank of New York Mellon, as Indenture Trustee.

Interest on the 5% Convertible Debentures is payable semi-annually in arrears on May 31 and November 30 of each year, beginning November 30, 2012, and continuing until maturity on June 1, 2017. The 5% Convertible Debentures are, subject to certain limitations, convertible into common shares at a conversion rate of 606.0606 common shares per \$1,000 principal amount of the 5% Convertible Debentures (equal to an initial conversion price of \$1.65 per share), or approximately 25% above the closing price of the Company's common shares on the NYSE MKT on May 17, 2012, the last full trading day prior to entry into the purchase agreement. The 5% Convertible Debentures are not redeemable at our option, except in the event of certain change in control transactions where 90% or more of the outstanding 5% Convertible Debentures have accepted a mandatory offer from us to purchase them.

On maturity, we may, at our option, satisfy our repayment obligation by paying the principal amount of the 5% Convertible Debentures in cash or, subject to certain limitations, by issuing that number of our common shares obtained by dividing the principal amount of the 5% Convertible Debentures outstanding by 95% of the weighted average trading price of our common shares on the NYSE MKT for the 20 consecutive trading days ending five trading days preceding the maturity date (the "Current Market Price"). If we elect to repay the principal amount of the 5% Convertible Debentures at maturity by issuing common shares, and we are limited under the terms of the indenture from issuing a number of common shares sufficient to fully repay the 5% Convertible Debentures outstanding at maturity, we are required to pay the balance owing in cash, based on the difference between the principal amount of the 5% Convertible Debentures outstanding and the value of the common shares (based on the Current Market Price) delivered in repayment of the 5% Convertible Debentures.

The 5% Convertible Debentures are direct senior unsecured indebtedness of the Company, ranking equally and ratably with all other senior unsecured indebtedness, and senior to all subordinated indebtedness of the Company. None of our subsidiaries has guaranteed the 5% Convertible Debentures, and the 5% Convertible Debentures do not limit the amount of debt that the Company or our subsidiaries may incur.

Schedule of payments on outstanding debt as of December 31, 2013:

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	2014	2015	2016	2017	2018	MATURITY
EQUIPMENT FINANCING LOANS						
Principal	5,218	4,317	2,761	931	141	2013–2018
Interest	731	417	180	34	4	
ECOBANK LOAN						
Principal	5,000	6,667	6,667	6,667	4,999	2018
Interest	2,812	2,090	1,454	834	232	
FINANCE LEASES						
Principal	885	948	1,016	1,088	776	2018
Interest	303	239	172	100	24	
5% CONVERTIBLE DEBENTURES						
Principal	—	—	—	77,490	—	June 1, 2017
Interest	3,875	3,875	3,875	1,937	—	
TOTAL	18,824	18,553	16,125	89,081	6,176	

14. Commitments and Contingencies

Our commitments and contingencies include the following items:

ENVIRONMENTAL BONDING IN GHANA

The Ghana Environmental Protection Agency (“EPA”) requires environmental compliance bonds that provide assurance for environmental remediation at our Bogoso and Wassa mining operations. To meet this requirement the Company has environmental bonds totaling \$9.6 million and \$8.1 million for Wassa and Bogoso respectively with a commercial bank in Ghana. These bonds are guaranteed by Golden Star Resources Ltd. The Company also held cash deposits of \$1.0 million and \$1.0 million for each operation, which are recorded as restricted cash on the consolidated balance sheets.

GOVERNMENT OF GHANA’S RIGHTS TO INCREASE ITS PARTICIPATION

Under Act 703, the Government of Ghana has the right to acquire a special share in our Ghanaian subsidiaries at any time for no consideration or such consideration as the Government of Ghana and such subsidiaries might agree, and a pre-emptive right to purchase all gold and other minerals produced by such subsidiaries. A special share carries no voting rights and does not participate in dividends, profits or assets. If the Government of Ghana acquires a special share, it may require us to redeem the special share at any time for no consideration or for consideration determined by us. To date, the Government of Ghana has not sought to exercise any of these rights at our properties.

ROYALTIES

Government of Ghana

The Ghana Government receives a royalty equal to 5% of mineral revenues.

Dunkwa Properties

As part of the acquisition of the Dunkwa properties in 2003, we agreed to pay the seller a net smelter return royalty on future gold production from the Mansiso and Asikuma properties. As 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 and progressively increases to 3.5% for gold prices in excess of \$400 per ounce. Since this property is currently undeveloped, we are not required to pay a royalty on this property.

Hwini-Butre

As part of the agreement for the purchase of the Hwini-Butre properties, Golden Star agreed to pay B.D. Goldfields Ltd, Hwini-Butre's former owner, an additional \$1.0 million in cash if at least one million ounces of gold are produced and recovered in the first five years of production from the area covered by the Hwini-Butre prospecting license. Gold production was initiated at Hwini-Butre in May 2009. As at December 31, 2013, 388,228 ounces had been recovered and produced.

EXPLORATION AGREEMENTS

Obuom

In October 2007, we entered into an agreement with AMI Resources Inc. ("AMI"), which gives AMI the right to earn our 54% ownership position in the Obuom property in Ghana. Should AMI eventually obtain full rights to our position on the property and develop a gold mining operation at Obuom, we would receive from AMI a 2% net smelter return royalty on 54% of the property's gold production.

OPERATING LEASES AND CAPITAL COMMITMENTS

The Company is a party to certain contracts relating to operating leases, office rent and capital commitments. Future minimum payments under these agreements as at December 31, 2013 are as follows:

Less than 1 year	3,335
Between 1 and 5 years	109
More than 5 years	—
TOTAL	3,444

15. Share-Based Compensation

Non-cash employee compensation expenses recognized in general and administrative expense in the statements of operations, with respect to our non-cash employee compensation plans are as follows:

For the years ended December 31,

	2013	2012
SHARE-BASED COMPENSATION	3,013	6,542

SHARE OPTIONS

We have one stock option plan, the Third Amended and Restated 1997 Stock Option Plan (the “Plan”) approved by shareholders in May 2010, under which options are granted at the discretion of the Board of Directors. Options granted are non-assignable and are exercisable for a period of ten years or such other period as is stipulated in a stock option agreement between Golden Star and the optionee. Under the Plan, we may grant options to employees, consultants and directors of the Company or its subsidiaries for up to 25,000,000 shares, of which 4,427,607 are available for grant as of December 31, 2013. The exercise price of each option is not less than the closing price of our shares on the Toronto Stock Exchange on the day prior to 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 Board of Directors.

The fair value of option grants is estimated at the grant dates using the Black-Scholes option-pricing model. Fair values of options granted during the years ended December 31, 2013 and 2012 were based on the weighted average assumptions noted in the following table:

For the years ended December 31,

	2013	2012
Expected volatility	59.77%	63.82%
Risk-free interest rate	0.44%	0.46%
Expected lives	4.47 years	5.12 years
Dividend yield	0%	0%

Expected volatilities are based on the mean reversion tendency of the volatility of Golden Star’s shares. Golden Star uses historical data to estimate share option exercise and employee departure behavior and this data is used in determining input data for 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 options 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.

The weighted average fair value per option granted during the year ended December 31, 2013 was \$0.76 (year ended December 31, 2012–\$1.00). As at December 31, 2013, there was \$0.8 million of share-based compensation expense (December 31, 2012–\$1.1 million) relating to the Company’s share options to be recorded in future periods.

A summary of option activity under the Plan during the periods ended December 31, 2013 and December 31, 2012 are as follows:

	OPTIONS (‘000)	WEIGHTED AVERAGE EXERCISE PRICE (CDN\$)	WEIGHTED AVERAGE REMAINING CONTRACTUAL TERM (YEARS)
OUTSTANDING AS OF JANUARY 1, 2012	8,539	3.18	7.0
Granted	5,164	1.94	6.4
Exercised	(203)	1.45	3.5
Forfeited	(1,162)	2.74	6.0
Expired	(1)	1.16	—
OUTSTANDING AS OF DECEMBER 31, 2012	12,337	2.74	6.2
Granted	2,814	1.66	5.4
Exercised	(90)	1.70	5.2
Forfeited	(1,799)	2.90	4.9
Expired	(414)	4.11	—
OUTSTANDING AS OF DECEMBER 31, 2013	12,848	2.45	5.5
Exercisable as of December 31, 2012	7,920	3.04	5.7
Exercisable as of December 31, 2013	9,046	2.70	5.4

The number of options outstanding by strike price as of December 31, 2013 is shown in the following table:

RANGE OF EXERCISE PRICE (CDN\$)	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	Number outstanding at December 31, 2012 (‘000)	Weighted- average remaining contractual life (years)	Weighted- average exercise price (Cdn\$)	Number outstanding at December 31, 2013 (‘000)	Weighted average exercise price (Cdn\$)
0.50 to 1.50	717	6.5	1.13	429	1.17
1.51 to 2.50	7,257	5.6	1.86	4,017	1.88
2.51 to 3.50	2,754	5.9	2.99	2,480	3.00
3.51 to 7.00	2,120	4.0	4.20	2,120	4.20
	12,848	5.5	2.45	9,046	2.70

STOCK BONUS PLAN

In December 1992, the Company 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 710,854 common shares have been issued as of December 31, 2012. There was no issuance in 2013.

DEFERRED SHARE UNITS

On March 9, 2011 the Board adopted a Deferred Share Unit Plan (“DSU Plan”) which was subsequently approved by shareholders at the May 2011 annual meeting of shareholders. The DSU Plan provides for the issuance of Deferred Share Units (“DSUs”), each representing the right to receive one share of Golden Star common shares upon redemption. DSUs may be redeemed only upon termination of the holder’s services to the Company, and may be subject to vesting provisions. DSU awards are granted at the sole discretion of the Company’s compensation committee. The DSU Plan allows directors, at their option, to receive all or any portion of their director retainer by accepting DSUs in lieu of cash.

The compensation committee may also award DSUs to executive officers and/or directors in lieu of cash as a component of their long term performance compensation, the amount of such awards being in proportion to the officer’s or director’s achievement of pre-determined performance goals. As with DSU awards for directors’ retainers, DSUs received as performance compensation are redeemable only upon termination of the holder’s services to the Company. The Company may, at its option, provide cash in lieu of common shares upon a holder’s redemption, the cash value being established by the share price on the DSU original award date, less all applicable tax withholding.

For the year ended December 31, 2013, DSUs that were granted vested immediately and a compensation expense of \$0.7 million was recognized for these grants (year ended December 31, 2012–\$0.6 million). As of December 31, 2013, there was no unrecognized compensation expense related to DSUs granted under the Company’s DSU Plan.

A summary of DSU activity during the years ended December 31, 2013 and 2012:

For the years ended December 31,	2013	2012
Number of DSUs, beginning of period	388,059	22,147
Grants	993,534	394,922
Exercises	—	(29,010)
NUMBER OF DSUs, END OF PERIOD	1,381,593	388,059

SHARE APPRECIATION RIGHTS

On February 13, 2012, the Company adopted a Share Appreciation Rights Plan, and granted 1,543,043 share appreciation rights (“SARs”) that vest after a period of three years. Of these granted, 463,636 were subsequently forfeited leaving 1,079,407 outstanding at December 31, 2012.

As of December 31, 2013, there was approximately \$1.9 million (December 31, 2012–\$0.8 million) of total unrecognized compensation cost related to unvested SARs. For the year ended December 31, 2013, the Company recognized a recovery of \$0.1 million of compensation expense related to these cash based awards (year ended December 31, 2012–\$0.3 million expensed).

A summary of the SARs activity during the years ended December 31, 2013 and 2012:

For the years ended December 31,	2013	2012
Number of SARs, beginning of period (‘000)	1,079	—
Grants	2,090	1,543
Forfeited	(142)	(464)
NUMBER OF SARs, END OF PERIOD (‘000)	3,027	1,079

16. (Loss) / Earnings Per Common Share

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

For the years ended December 31,	2013	2012
Net (loss)/income attributable to Golden Star shareholders	(265,892)	7,186
Weighted average number of shares (millions)	259.1	258.9
DILUTIVE SECURITIES:		
Options	—	0.1
Deferred stock units	—	0.2
Convertible Debentures	—	—
WEIGHTED AVERAGE NUMBER OF DILUTED SHARES (MILLIONS)	259.1	259.2
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO GOLDEN STAR SHAREHOLDERS:		
BASIC AND DILUTED	(1.03)	0.03

17. Cost Of Sales Excluding Depreciation And Amortization

Cost of sales excluding depreciation and amortization include the following components:

For the years ended December 31,	2013	2012
Contractors	102,951	113,290
Electricity	46,748	49,198
Fuel	31,028	32,994
Raw materials and consumables	108,285	112,835
Salaries and benefits	53,209	50,728
Transportation costs	4,078	3,753
General and administrative	9,357	10,034
Other	11,829	14,129
Betterment stripping costs capitalized	(28,511)	(29,898)
Mine operating expenses	338,974	357,063
Operating costs from/(to) metal inventory	14,752	(11,080)
Royalties	23,414	27,560
	377,140	373,543

18. Finance Expense, Net

Finance income and expense include the following components:

For the years ended December 31,	2013	2012
Interest income	(36)	(78)
Interest expense	5,633	10,164
Net foreign exchange losses	3,652	2,446
Accretion of rehabilitation provision	592	593
	9,841	13,125

19. Other Expense/(Income)

Other income and expense includes the following components:

For the years ended December 31,	2013	2012
Gain on sale of assets	(1,314)	(24,992)
Loss on extinguishment of debt	—	568
Other income	(849)	(390)
	(2,163)	(24,814)

20. Related Party Transactions

There were no other material related party transactions for the years ended December 31, 2013 and 2012 other than the item disclosed below:

KEY MANAGEMENT PERSONNEL

Key management personnel is defined as members of the Board of Directors and certain senior officers. Compensation of key management personnel are as follows:

For the years ended December 31,	2013	2012
Salaries, wages, and other benefits	2,020	2,392
Severances and bonus	2,125	1,804
Share-based compensation	1,606	2,704
	5,751	6,900

21. Impairment Charges

The following table shows the breakdown of the impairment charges for the years ended December 31, 2013 and 2012, respectively:

<i>For the years ended December 31,</i>	2013	2012
Bogoso	245,760	—
Wassa	106,917	—
Property plant and equipment, mining properties and intangible assets	352,677	—
Available for sale investments	2,947	6,972
	355,624	6,972

PROPERTY, PLANT AND EQUIPMENT AND MINE PROPERTY

As at December 31, 2013, the carrying value of the net assets of the Company exceeded its market capitalization, which is an indicator of a potential impairment. In addition, gold prices declined significantly during the year and have subsequently remained at these lower levels. As a result, the Company assessed the recoverable amounts of both the Bogoso and Wassa CGUs.

The recoverable amounts of the CGUs are determined based on the expected future after-tax cash flows based on the latest feasibility studies and on the life-of-mine after-tax cash flow projections. The estimated cash flows incorporates management's best estimates of future metal prices, production based on current estimates of recoverable reserves and resources, exploration potential, future operating costs, future capital expenditures, and long-term foreign exchange rates. The gold prices used in determining the FVLCD were based on consensus analyst pricing. Projected cash flows are discounted using a weighted average cost of capital for each CGU which includes estimates for risk-free interest rates, market return on equity, share volatility, debt-to-equity ratios and risks specific to the CGUs. Management's estimate of the FVLCD is classified as Level 3 in the fair value hierarchy.

The FVLCD were assessed using the gold price ranges and discount rates as presented in the table below:

<i>As of</i>	DECEMBER 31, 2013	JUNE 30, 2013
Gold prices per ounce	\$1,250 to \$1,300	\$1,270 to \$1,525
Discount rates	8.25% to 9.25%	8.00% to 9.25%

The impairment assessment indicated that the carrying values of the Wassa and Bogoso CGU exceeded their respective FVLCD, as a result the Company recorded impairment charges totaling \$352.7 million (\$329.3 million, net of tax). Also see Note 8—Property, plant and equipment and mining properties.

Bogoso

Impairment charges recorded during 2013 totaled \$245.8 million, primarily due to the overall decline in gold prices during the year which shortened Bogoso's mine life, resulting in Bogoso's carrying value exceeding the FVLCD. The 2013 impairment charges at Bogoso comprised of \$98.3 million related to property, plant, equipment, \$146.3 million related to mine property and \$1.2 million related to intangible assets.

Wassa

The 2013 impairment charge of \$106.9 million comprised of \$19.4 million related to property plant and equipment, and \$87.5 million related to mine property. This was due to Wassa's carrying value exceeding the discounted cash flows projected by its re-optimized life of mine plan.

Sensitivities

The projected cash flows are significantly affected by changes in assumptions including gold prices, future capital expenditures, production cost estimates and discount rates.

For the impairment charge recorded in the year ended December 31, 2013, a 1% change in discount rate used would change the impairment charge of Bogoso and Wassa by \$19 million and \$2 million respectively. A 5% change to the gold price assumption used would change the impairment charge of Bogoso and Wassa by \$98 million and \$25 million respectively.

AVAILABLE FOR SALE INVESTMENTS

The impairment charge of \$2.9 million and \$7.0 million for the year ended December 31, 2013 and 2012 respectively, relate to the significant drop in the quoted market price of the TGM shares.

22. Principal Subsidiaries

The consolidated financial statements include the accounts of the Company and all of its subsidiaries at December 31, 2013. The principal operating subsidiaries are Wassa and Bogoso, for which the Company has 90% ownership interest in each.

Set out below is summarized financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are based on those included in the consolidated financial statements before inter-company eliminations.

SUMMARIZED STATEMENT OF FINANCIAL POSITION

For the years ended December 31,

	WASSA			BOGOSO	
	2013	2012	2013	2012	
Non-controlling interest percentage	10 %		10 %	10 %	10 %
Current assets	100,711		65,102	58,594	82,791
Current liabilities	73,147		84,559	850,879	748,863
	27,564		(19,457)	(792,285)	(666,072)
Non-current assets	72,123		168,935	96,716	251,038
Non-current liabilities	49,080		66,843	76,240	54,142
	23,043		102,092	20,476	196,896
Net assets	50,607		82,635	(771,809)	(469,176)
ACCUMULATED NON-CONTROLLING INTERESTS	(12,912)		(15,271)	57,918	27,655

SUMMARIZED INCOME STATEMENT

For the years ended December 31,

	WASSA			BOGOSO	
	2013	2012	2013	2012	
Revenue	263,072		263,921	204,724	286,619
Net loss	(23,592)		(27,804)	(302,633)	(35,992)
COMPREHENSIVE LOSS	(23,592)		(27,804)	(302,633)	(35,992)

SUMMARIZED CASH FLOWS

For the years ended December 31,

	WASSA		BOGOSO	
	2013	2012	2013	2012
Cash flows from operating activities	18,146	50,329	7,251	39,965
Cash flows from investing activities	(33,570)	(49,299)	(69,079)	(67,357)
Cash flows from financing activities	29,272	(15,385)	48,778	25,652

23. Operations by Segment and Geographic Area

The Company has reportable segments as identified by the individual mining operations. Segments are operations reviewed by the executive management. Each segment is identified based on quantitative and qualitative factors.

For the years ended December 31,	Africa			S. America	Corporate	Total
	Wassa	Bogoso	Other			
2013						
Revenue	263,072	204,724	—	—	—	467,796
Mine operating expenses	145,484	193,490	—	—	—	338,974
Operating costs from metal inventory	4,411	10,341	—	—	—	14,752
Royalties	13,171	10,243	—	—	—	23,414
Cost of sales excluding depreciation and amortization	163,066	214,074	—	—	—	377,140
Depreciation and amortization	40,883	19,083	—	—	—	59,966
Mine operating margin	59,123	(28,433)	—	—	—	30,690
Impairment charges	106,917	245,760	—	—	2,947	355,624
Income tax recovery	(12,331)	—	—	—	—	(12,331)
Net loss attributable to non-controlling interest	(2,359)	(30,263)	—	—	—	(32,622)
Net (loss)/income attributable to Golden Star	(44,289)	(247,443)	(4,630)	2,655	27,815	(265,892)
Capital expenditures	33,570	69,079	218	—	—	102,867
2012						
Revenue	263,921	286,619	—	—	—	550,540
Mine operating expenses	149,171	207,892	—	—	—	357,063
Operating costs to metal inventory	(7,687)	(3,393)	—	—	—	(11,080)
Royalties	13,220	14,340	—	—	—	27,560
Cost of sales excluding depreciation and amortization	154,704	218,839	—	—	—	373,543
Depreciation and amortization	67,945	21,408	—	—	—	89,353
Mine operating margin	41,272	46,372	—	—	—	87,644
Impairment charges	—	—	—	—	6,972	6,972
Income tax expense	17,756	—	—	—	—	17,756
Net income/(loss) attributable to non-controlling interest	2,639	(123)	—	—	—	2,516
Net income/(loss) attributable to Golden Star	16,327	33,399	(7,950)	(542)	(34,048)	7,186
Capital expenditures	49,299	67,357	640	—	3	117,299
December 31, 2013						
Total assets	138,653	155,709	753	—	30,628	325,743
December 31, 2012						
Total assets	245,996	349,616	4,289	—	56,394	656,295

Currently all of our gold production is shipped to a South African gold refinery. The refinery arranges for sale of the gold on the day it is shipped from the mine sites and we receive payment for gold sold two working days after the gold leaves the mine site. The global gold market is competitive with numerous banks and refineries willing to buy gold on short notice. Therefore, we believe that the loss of our current customer would not materially delay or disrupt revenue.

24. Supplemental Cash Flow Information

During the year ended December 31, 2013, \$23.5 million was paid for income taxes (year ended December 31, 2012 – \$0.2 million). The Company paid \$6.3 million for interest during the year ended December 31, 2013 (year ended December 31, 2012 – \$8.8 million).

Changes in working capital for the years ended December 31, 2013 and 2012 are as follows:

For the years ended December 31,

	2013	2012
Decrease/(increase) in accounts receivable	3,695	(869)
Decrease/(increase) in inventories	11,238	(6,017)
(Increase)/decrease in prepaids and other	3,867	(4,459)
Increase in accounts payable and accrued liabilities	13,006	5,016
(Decrease)/increase in current tax liability	(2,888)	12,393
TOTAL CHANGES IN WORKING CAPITAL	28,918	6,064

25. Financial Risk Management

Our exposure to market risk includes, but is not limited to, the following risks: changes in interest rates on our debt, changes in foreign currency exchange rates and commodity price fluctuations.

INTEREST RATE RISK

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our 5% Convertible Debentures and the outstanding loans under our equipment financing facility bear interest at a fixed rate and are not subject to changes in interest payments. The Ecobank Loan bears interest based on the three month LIBOR plus 9%. Based on our current \$30.0 million outstanding balance, a hundred basis points change in the three month LIBOR rate will result in \$0.3 million per annum change in interest expense. We have not entered into any agreements to hedge against unfavorable changes in interest rates, but may in the future actively manage our exposure to interest rate risk.

FOREIGN CURRENCY EXCHANGE RATE RISK

Currency risk is risk that the fair value of future cash flows will fluctuate because of changes in foreign currency exchange rates. In addition, the value of cash and cash equivalents and other financial assets and liabilities denominated in foreign currencies can fluctuate with changes in currency exchange rates.

Since our revenues are denominated in U.S. dollars and our operating units transact much of their business in U.S. dollars, we are typically not subject to significant impacts from currency fluctuations. Even thus, certain purchases of labor, operating supplies and capital assets are denominated in Ghana cedis, euros, British pounds, Australian dollars and South African rand. To accommodate these purchases, we maintain

operating cash accounts in non-US dollar currencies and appreciation of these non-US dollar currencies against the U.S. dollar results in a foreign currency gain and a decrease in non-U.S. dollar currencies results in a loss. In the past, we have entered into forward purchase contracts for South African rand, euros and other currencies to hedge expected purchase costs of capital assets. During 2013 and 2012, we had no currency related derivatives. At December 31, 2013, and December 31, 2012, we held \$5.1 million and \$5.9 million, respectively, of foreign currency.

COMMODITY PRICE RISK

Gold is our primary product and, as a result, changes in the price of gold can significantly affect our results of operations and cash flows. Based on our gold production in the year, a \$10 per ounce change in gold price would result in approximately a \$3.3 million and \$2.5 million change in our sales revenues and operating cash flows, respectively. To reduce gold price volatility, we have at various times entered into gold price hedges. During 2013, we did not hold any gold price hedges and thus, there were no financial instruments subject to gold price risk at those dates.

LIQUIDITY RISK

Liquidity risk is the risk that we will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. We manage the liquidity risk inherent in these financial obligations by preparing quarterly forecasts and annual long-term budgets which forecast cash needs and expected cash availability to meet future obligations. Typically these obligations are met by cash flows from operations and from cash on hand. Scheduling of capital spending and acquisitions of financial resources may also be employed, as needed and as available, to meet the cash demands of our obligations.

Our ability to repay or refinance our future obligations depends on a number of factors, some of which may be beyond our control. Factors that influence our ability to meet these obligations include general global economic conditions, credit and capital market conditions, results of operations, mineral reserves and resources and the price of gold.

The following table shows our contractual obligations as at December 31, 2013:

	< 1 YEAR	1 TO 3 YEARS	3 TO 5 YEARS	> 5 YEARS	TOTAL
Debt	11,103	22,376	92,092	—	125,571
Interest on long term debt	7,721	12,302	3,165	—	23,188
Purchase obligations	3,059	—	—	—	3,059
Rehabilitation provisions	8,369	22,160	24,584	40,992	96,105
Total	30,252	56,838	119,841	40,992	247,923

As at December 31, 2013, the Company has current assets of \$148.3 million compared to current liabilities of \$137.1 million. We expect to meet our short-term financing needs by the \$20 million unused credit from the Ecobank loan, operating cash flow and future debt or equity issuances as required. These alternatives should provide us with the flexibility to fund any potential cash flow shortfall. While we may also pursue additional financing, there can be no assurance that additional financing will be available at all or on terms acceptable to the Company.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Our credit risk is primarily associated with liquid financial assets and derivatives. We limit exposure to credit risk on liquid financial assets by holding our cash, cash equivalents, restricted cash and deposits at highly-rated financial institutions. During 2013, all of our excess cash was invested in funds that hold only U.S. treasury bills. Risks associated with gold trade receivables is considered minimal as we sell gold to a credit-worthy buyer who settles promptly within two days of receipt of gold bullion.

26. Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

In the management of capital, the Company includes the components of equity, long-term debt, net of cash and cash equivalents, and investments.

As of	DECEMBER 31, 2013	DECEMBER 31, 2012	JANUARY 1, 2012
Equity	26,702	328,176	307,673
Long-term debt	83,387	110,507	10,759
	110,089	438,683	318,432
Cash and cash equivalents	65,551	78,884	103,644
Available for sale investment	—	15,034	1,416
	175,640	532,601	423,492

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In doing so, the Company may issue new shares, restructure or issue new debt and acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company's treasury policy specifies that cash is to be held in banks with a rating of A or higher by Moody's or Standard & Poor's. In addition, the Company's investment policy allows investment of surplus funds in permitted investments consisting of US treasury bills, notes and bonds, government sponsored agency debt obligations, corporate debt or municipal securities with credit rating of at least AA. All investments must have a maximum term to maturity of one year.

27. First-Time Adoption of IFRS

The Company's annual consolidated financial statements for the year-ended December 31, 2013 are its first annual financial statements prepared in accordance with IFRS. IFRS 1, First Time Adoption of International Financial Reporting Standards ("IFRS 1"), requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was January 1, 2012 (the "Transition Date"). IFRS 1 also requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company is December 31, 2013. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adoption. Prior to transition to IFRS, the Company prepared its consolidated financial statements in accordance with US GAAP.

In preparing the Company's opening IFRS consolidated balance sheet as of January 1, 2012, the Company has adjusted amounts reported previously in its consolidated financial statements prepared in accordance with US GAAP.

OPTIONAL EXEMPTIONS

The IFRS 1 applicable exemptions and exceptions applied in the conversion from US GAAP to IFRS are as follows:

Business combinations

The Company elected not to retrospectively apply IFRS 3 Business Combinations to any business combinations that may have occurred prior to its Transition Date and such business combinations have not been restated.

Deemed costs

As permitted by IFRS 1, in its opening balance sheet under IFRS as of January 1, 2012, the Company applied the fair value as deemed cost exemption to mineral reserves, as well as certain buildings and major machinery and equipment associated with the Bogoso mine site.

Share-based compensation

The Company elected not to retrospectively apply IFRS 2 Share Based Payments ("IFRS 2") to equity instruments that were granted and had vested before January 1, 2009. As a result of applying this exemption, the Company will apply the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as at January 1, 2009.

Compound financial instruments

The Company elected not to retrospectively separate the liability and equity components of compound instruments for which the liability component is no longer outstanding at the date of transition to IFRS.

Borrowing costs

The Company elected to apply the transitional provisions of IAS 23 Borrowing Costs which permits prospective capitalization of borrowing costs on qualifying assets from the date of transition to IFRS.

Cumulative translation differences

The Company elected, under IFRS 1, to reset to zero historical cumulative translation differences for all foreign operations at the date of transition to IFRS. Future gains or losses on subsequent disposal of any foreign operations will exclude translation differences arising prior to the date of transition to IFRS.

MANDATORY EXCEPTIONS*Derecognition of Financial Assets and Liabilities*

The Company has applied the derecognition requirements in IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") prospectively from the date of transition to IFRS. As a result any non-derivative financial assets or non-derivative financial liabilities derecognized prior to the date of transition to IFRS in accordance with US GAAP have not been reviewed for compliance with IAS 39.

Estimates

The estimates previously made by the Company under US GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result the Company has not used hindsight to revise its estimates.

Certain Aspects of Accounting for Non-Controlling Interests

The Company has applied the requirements of IAS 27 *Consolidated and Separate Financial Statements* prospectively from the date of transition to IFRS for total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance, accounting for changes in the parent's ownership interest in a subsidiary that do not result in a loss of control and accounting for a loss of control over a subsidiary.

RECONCILIATION FROM US GAAP TO IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The changes made to the balance sheet and statements of comprehensive income as shown below have resulted in reclassifications of various amounts on the statements of cash flows.

Reconciliation of Consolidated Balance Sheet as at January 1, 2012

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	US GAAP AS OF JANUARY 1, 2012	NOTES	ADJUSTMENTS	IFRS AS OF JANUARY 1, 2012
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	103,644		—	103,644
Accounts receivable	10,077		—	10,077
Inventories	74,297	(a)	(157)	74,140
Available for sale investments	1,416		—	1,416
Prepays and other	8,522		—	8,522
Total Current Assets	197,956		(157)	197,799
RESTRICTED CASH	1,273		—	1,273
PROPERTY, PLANT AND EQUIPMENT	252,131	(j)	(73,600)	178,531
MINING PROPERTIES	270,157	(b)(c)(j)	(38,082)	232,075
EXPLORATION AND EVALUATION ASSETS	—	(d)	16,730	16,730
INTANGIBLE ASSETS	5,266	(j)	(2,507)	2,759
OTHER ASSETS	895		—	895
TOTAL ASSETS	727,678		(97,616)	630,062
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	92,088		—	92,088
Current portion of rehabilitation provisions	8,996		—	8,996
Current tax liability	197		—	197
Current portion of long-term debt	128,459		—	128,459
Total Current Liabilities	229,740		—	229,740
LONG TERM DEBT	10,759		—	10,759
REHABILITATION PROVISIONS	24,884	(c)	29,431	54,315
DEFERRED TAX LIABILITY	23,993	(f)	3,582	27,575
TOTAL LIABILITIES	289,376		33,013	322,389
SHAREHOLDERS' EQUITY				
SHARE CAPITAL				
First preferred shares, without par value, unlimited shares authorized. No shares issued and outstanding	—		—	—
Common shares, without par value, unlimited shares authorized	693,899		—	693,899
CONTRIBUTED SURPLUS	19,815	(g)	719	20,534
ACCUMULATED OTHER COMPREHENSIVE INCOME	1,978		—	1,978
DEFICIT	(276,112)		(117,726)	(393,838)
Total Golden Star Equity	439,580		(117,007)	322,573
NON-CONTROLLING INTEREST	(1,278)	(h)	(13,622)	(14,900)
TOTAL EQUITY	438,302		(130,629)	307,673
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	727,678		(97,616)	630,062

Reconciliation of Consolidated Balance Sheet as at December 31, 2012

	US GAAP AS OF DECEMBER 31, 2012	NOTES	ADJUSTMENTS	IFRS AS OF DECEMBER 1, 2012
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	78,884		—	78,884
Accounts receivable	11,896		—	11,896
Inventories	90,212	(a)	(7,233)	82,979
Available for sale investments	15,034		—	15,034
Prepays and other	11,266		—	11,266
Total Current Assets	207,292		(7,233)	200,059
RESTRICTED CASH	2,028		—	2,028
PROPERTY, PLANT AND EQUIPMENT	260,986	(j)	(69,213)	191,773
MINING PROPERTIES	252,176	(b)(c)(j)	(2,349)	249,827
EXPLORATION AND EVALUATION ASSETS	—	(d)	10,862	10,862
INTANGIBLE ASSETS	3,159	(j)	(1,648)	1,511
DEFERRED TAX ASSETS	235		—	235
TOTAL ASSETS	725,876		(69,581)	656,295
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	101,760		—	101,760
Current portion of rehabilitation provisions	9,943	(c)	(222)	9,721
Current tax liability	12,393		—	12,393
Current portion of long term debt	6,968		—	6,968
Total Current Liabilities	131,064		(222)	130,842
LONG TERM DEBT	110,507		—	110,507
REHABILITATION PROVISIONS	24,170	(c)	29,428	53,598
DEFERRED TAX LIABILITY	28,650	(f)	4,522	33,172
TOTAL LIABILITIES	294,391		33,728	328,119
SHAREHOLDERS' EQUITY				
SHARE CAPITAL				
First preferred shares, without par value, unlimited shares authorized, No shares issued and outstanding	—		—	—
Common shares, without par value, unlimited shares authorized, No shares issued and outstanding	694,652		—	694,652
CONTRIBUTED SURPLUS	25,154	(g)	1,150	26,304
ACCUMULATED OTHER COMPREHENSIVE INCOME	(716)	(e)	6,972	6,256
DEFICIT	(285,602)		(101,050)	(386,652)
Total Golden Star Equity	433,488		(92,928)	340,560
NON-CONTROLLING INTEREST	(2,003)	(h)	(10,381)	(12,384)
TOTAL EQUITY	431,485		(103,309)	328,176
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	725,876		(69,581)	656,295

Reconciliation of the Consolidated Statements of Operations and Comprehensive Income/(Loss) for the Year Ended December 31, 2012

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	US GAAP AS OF DECEMBER 31, 2012	NOTES	ADJUSTMENTS	IFRS AS OF DECEMBER 1, 2012
REVENUE	550,540		—	550,540
Cost of sales excluding depreciation and amortization	398,781	(a)(b)(c)(i)	(25,238)	373,543
Depreciation and amortization	98,837	(j)	(9,484)	89,353
Mine operating margin	52,922		34,722	87,644
OTHER EXPENSES/(INCOME)				
Exploration expense	3,505	(d)	(717)	2,788
General and administrative	23,674	(g)	432	24,106
Property holding costs	9,862	—	9,862	
Finance expense, net	13,100	(i)	25	13,125
Other income	(31,967)	(d)	7,153	(24,814)
Loss on fair value of convertible debentures	27,985	—	27,985	
Impairment charges	—	(e)	6,972	6,972
Derivative mark-to-market losses	162	—	162	
Income/(loss) before income tax	6,601		20,857	27,458
Income tax expense	16,816	(f)	940	17,756
NET INCOME/(LOSS)	(10,215)		19,917	9,702
Net income/(loss) attributable to non-controlling interest	(725)	(h)	3,241	2,516
Net income/(loss) attributable to Golden Star shareholders	(9,490)		16,676	7,186
NET INCOME/(LOSS) ATTRIBUTABLE TO GOLDEN STAR SHAREHOLDERS				
Basic and diluted	(0.04)		0.03	
Weighted average shares outstanding (millions)	258.9		258.9	
OTHER COMPREHENSIVE INCOME/(LOSS)				
Net income/(loss)	(10,215)		19,917	9,702
Unrealized gain/(loss) on investments net of taxes	(2,694)		—	(2,694)
Transferred to net income/(loss), net of taxes	—	(e)	6,972	6,972
Comprehensive income/(loss)	(12,909)		26,889	13,980
Comprehensive income/(loss) attributable to non-controlling interest	(725)		3,241	2,516
COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO GOLDEN STAR SHAREHOLDERS	(12,184)		23,648	11,464

Reconciliation of the Consolidated Statements of Cash Flows for the Year Ended December 31, 2012

	US GAAP AS OF DECEMBER 31, 2012	NOTES	ADJUSTMENTS	IFRS AS OF DECEMBER 1, 2012
Cash Flows from Operations	94,290	(b)(d)	28,804	123,094
Cash Flows from Investing	(69,054)	(b)(d)	(28,804)	(97,858)
Cash Flows from Financing	(49,996)		—	(49,996)
CHANGE IN CASH	(24,760)		—	(24,760)

NOTES TO IFRS FINANCIAL STATEMENTS:

- (a) In-Process inventory—Costs that qualify as betterment stripping are capitalized as Mining Properties under IFRS, but were included within inventory and expensed for US GAAP. As a result, the amount of waste mining costs expensed and included within in-process metal inventory is higher under US GAAP than under IFRS.
- (b) Betterment Stripping—Under IFRS, expenditures for stripping costs (i.e., the costs of removing overburden and waste material to access mineral deposits) are capitalized and subsequently amortized on a units-of-production basis over the mineral reserves that directly benefit from the specific waste stripping activity if it is probable that future economic benefits will flow to the Company, the component of the mineral body for which access is improved and the costs of the improved access can be reliably measured. US GAAP has no provision for capitalization of betterment stripping costs. Thus in periods where betterment stripping occurs, operating costs are higher under US GAAP since all waste costs are expensed. The amounts of capitalized betterment stripping are shown in the table immediately below and are included in the Mining Properties totals shown in the IFRS consolidated balance sheets as well as in the cash flow from investing section of the consolidated statement of cash flows.

Costs of betterment stripping capitalized under IFRS:

	WASSA	BOGOSO	TOTAL
Balance as of January 1, 2012	—	—	—
Additions in the year ended December 31, 2012		28,087	28,087
BALANCE AS OF DECEMBER 31, 2012	—	28,087	28,087

It is expected that Bogoso's betterment stripping costs are to be amortized between 2013 and 2015.

- (c) The Company's forecasted amounts of future environmental, reclamation and closure costs are the same under US GAAP and IFRS. However, differences exist in determining the discount rate to be applied to the future costs. Under US GAAP, estimated liabilities for future reclamation and closure costs of each period's new environmental disturbances are discounted at the prevailing discount rates in effect during the period, based on the Company's credit-adjusted risk free rate, of the new disturbance. Once the discount rate is applied, they are not revised in subsequent periods. This in effect creates layers of

liability for new disturbances incurred in each time period. Under IFRS, at the end of each period, all estimated future cash costs for existing disturbances are discounted using the current risk free rate at the end of each period.

- (d) Under US GAAP, mineral property acquisition costs are capitalized. Pre-acquisition costs and subsequent exploration, mine development and direct general and administrative costs are expensed as incurred until such time as a feasibility study shows that the mineral property is economically viable. Following completion of a viable feasibility study all subsequent exploration, development and direct general and administrative costs are capitalized. For IFRS purposes, when it is determined that a mining property has the potential to be economical, subsequent exploration expenditures are capitalized. In each subsequent period, under IFRS, the exploration, engineering, development, financial and market information for each exploration project is reviewed by management to determine if such capitalized exploration and evaluation assets are impaired. If found impaired, the exploration asset's cost basis is reduced in accordance with IFRS provisions. Amounts written off in the current year under IFRS, which have previously been expensed under US GAAP, result in an adjustment when reconciling net income for the year.

	EXPLORATION & EVALUATION ASSETS AS OF JANUARY 1, 2012	CAPITALIZED EXPLORATION EXPENDITURES	TRANSFER TO MINING PROPERTIES	IMPAIRMENT CHARGES	OTHER	EXPLORATION & EVALUATION ASSETS AS OF DECEMBER 31, 2012
AFRICAN PROJECTS						
Ghana	10,619	105	—	(879)	—	9,845
Sonfon-Sierra Leone	3,942	341	—	(4,283)	—	—
Other Africa	1,018	—	—	—	—	1,018
SOUTH AMERICAN PROJECTS						
Saramacca-Suriname	1,151	271	—	—	(1,423)	(1)
TOTAL	16,730	717	—	(5,162)	(1,423)	10,862

- (e) Impairments of equity instruments — Under US GAAP impairment is recognized if the decline in equity instruments is considered other than temporary. Under IFRS an impairment loss is recognized if there is a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost. During the second quarter of 2012 there was a significant decline in the fair value of the equity instruments held in TGM. An impairment loss of \$7.0 million was recognized in net income for the year ended December 31, 2012.
- (f) Income tax — The application of US GAAP and IFRS tax accounting is the same for the Company. The differences in the income tax liability and expenses arise from the changes in reported pre-tax income or loss under the different GAAPs as well as the differing treatment of various assets and liabilities.
- (g) Shareholders' equity — Differences in contributed surplus reflect differences in stock option expense recognition. Under US GAAP, the expense for a grant is recognized evenly over the vesting period of the grant. Under IFRS we expense each tranche of a grant evenly over that tranche's vesting period. The impact to share-based compensation for the year ended December 31, 2012 was an increase of \$0.4 million.
- (h) Non-controlling interest — The application of non-controlling interest accounting is the same under US GAAP and IFRS. The difference in the recognized equity account and related expense arise from the changes in reported income or loss under the different GAAPs.

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- 114 (i) Accretion of rehabilitation provisions — Under US GAAP the accretion of the rehabilitation provisions was recorded as part of cost of sales. Under IFRS the accretion is included in finance expense. This reclassification has resulted in an increase in finance expense and a reduction in cost of sales of \$0.03 million in the year ended December 31, 2012.
- (j) As permitted by IFRS 1, in its opening balance sheet under IFRS as of January 1, 2012, the Company applied the fair value as deemed cost exemption to mineral reserves, as well as certain major machinery and equipment related to the Bogoso mine site. The fair value report prepared on these items as of January 1, 2012 determined a fair value of \$215.9 million which resulted in a decrease of \$148.5 million as compared to the carrying amount of such assets under US GAAP, which was recognized against retained earnings in the opening balance sheet under IFRS.

CAUTIONARY STATEMENT

SAFE HARBOR: Some statements contained in this presentation are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws. Investors are cautioned that forward-looking statements are inherently uncertain and involve risks and uncertainties that could cause actual results to differ materially. Such statements include comments regarding: our production expectations for 2014 and 2015 including our production guidance; sustainability of cost cutting initiatives; grade, recovery rates and timelines for production from our tailings retreatment facility and the impact of such production on the Company's performance; the timing for the completion of push backs; trends on cash and all-in sustaining costs; predictions regarding cash operating costs per ounce; improved access to ore in 2014; duration of mining at Father Brown pit; duration of mining, strip ratios and cash flow resulting from push backs; ability to generate cash; moving equipment from Bogoso to Wassa; the life of mine at Bogoso and Prestea; pumping capacity at the Bogoso tailings facility; drilling; timing for completion of a preliminary economic assessment and commencement of a feasibility study at Wassa underground; timing to commercial production at Wassa underground; plans to pursue a low cost production strategy focused on non-refractory ore sources; updated mineral reserve and mineral resource estimates at Wassa; capital expenditures; recommissioning Prestea underground; increases in operating margins; operational efficiencies; development at Mampon; submitting environmental impact statements for Dumasi and Prestea South; improvements to cash flows resulting from operations at Wassa underground; and our 2014 and 2015 outlook and objectives for the remainder of 2014 and 2015 and our medium term objectives. Factors that could cause actual results to differ materially include timing of and unexpected events at the Bogoso CIL and refractory processing plants and/or at the Wassa processing plant; variations in ore grade, tonnes mined, crushed or milled; variations in relative amounts of refractory, non-refractory and transition ores; delay or failure to receive Board or government approvals and permits; the availability and cost of electrical power; timing and availability of external financing on acceptable terms; technical, permitting, mining or processing issues; changes in U.S. and Canadian securities markets; and fluctuations in gold price and input costs and general economic conditions. There can be no assurance that future developments affecting the Company will be those anticipated by management. Please refer to the discussion of these and other factors in our annual information form for the year ended December 31, 2013, which is filed on SEDAR at www.sedar.com. The forecasts contained in this presentation constitute management's current estimates, as of the date of this presentation, with respect to the matters covered thereby. We expect that these estimates will change as new information is received and that actual results will vary from these estimates, possibly by material amounts. While we may elect to update these estimates at any time, we do not undertake to update any estimate at any particular time or in response to any particular event. Investors and others should not assume that any forecasts in this presentation represent management's estimate as of any date other than the date of this presentation.

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