GOLDEN STAR RESOURCES LTD
Form PRE 14A
March 18, 2010
Table of Contents

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

x **Preliminary Proxy Statement**

¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under Rule14a-12

GOLDEN STAR RESOURCES LTD.

(Name of Registrant as Specified In Its Charter)

(Name of Person Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to whom transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:*

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING

OF SHAREHOLDERS OF

GOLDEN STAR RESOURCES LTD.

Littleton, Colorado

NOTICE IS HEREBY GIVEN that the Annual General and Special Meeting (the Meeting) of shareholders of Golden Star Resources Ltd. (the Company) will be held at 2:00 p.m. (Toronto time) on Thursday, May 6, 2010 at the Ivey ING Leadership Centre, Amphitheatre 2, 130 King Street West, Toronto, Ontario, Canada, M5X 1A9 for the following purposes:

1. to receive the report of the directors to the shareholders and the consolidated financial statements of the Company, together with the auditors report thereon, for the fiscal year ended December 31, 2009;

2. to elect directors until the next annual general meeting;

3. to appoint auditors to hold office until the next annual general meeting at a remuneration to be fixed by the Audit Committee;

4. to consider and, if thought fit, pass the Third Amended and Restated 1997 Stock Option Plan Resolution (as defined in the accompanying Management Information Circular) approving, ratifying and confirming the Company s Third Amended and Restated 1997 Stock Option Plan, as more particularly described in the accompanying Management Information Circular;

5. to consider and, if thought fit, pass the Rights Plan Resolution (as defined in the accompanying Management Information Circular) approving, ratifying and confirming the Company s Amended and Restated Shareholder Rights Plan Agreement as more particularly described in the accompanying Management Information Circular; and

6. to transact such other business as may properly come before the Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on March 11, 2010 as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Accompanying this Notice of Meeting are a (i) Management Information Circular, (ii) form of proxy, and (iii) supplemental mailing list return card for use by shareholders who wish to receive the Company s interim financial statements. The Company s 2009 Annual Report containing the audited comparative financial statements of the Company as at and for the year ended December 31, 2009 and the related management s discussion and analysis of financial condition and results of operations also accompany this Notice of Meeting.

If you are a *registered shareholder* of the Company and do not expect to attend the Meeting in person, please promptly complete and sign the enclosed proxy form and return it in the self-addressed envelope for receipt by no later than 5:00 p.m. (Toronto time) on Wednesday, May 5, 2010. If you receive more than one proxy form because you own common shares registered in different names or addresses, each proxy form should be completed and returned.

If you are a *non-registered shareholder* of the Company and receive these materials through your broker or another intermediary, please complete and sign the materials in accordance with the instructions provided to you by such broker or other intermediary.

Dated at Littleton, Colorado, this 12th day of March, 2010.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ John A. Labate
Senior Vice President and Chief Financial Officer

Table of Contents

MANAGEMENT INFORMATION CIRCULAR

FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF

COMMON SHAREHOLDERS OF

GOLDEN STAR RESOURCES LTD.

THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF GOLDEN STAR RESOURCES LTD. OF PROXIES TO BE VOTED AT THE ANNUAL GENERAL AND SPECIAL MEETING OF ALL COMMON SHAREHOLDERS.

TO BE HELD AT:

Ivey ING Leadership Centre

Amphitheatre 2

130 King Street West

Toronto, Ontario, Canada M5X 1A9

On Thursday, May 6, 2010

at 2:00 p.m. (Toronto Time)

Table of Contents

TABLE OF CONTENTS

Table of Contents

TABLE OF CONTENTS

(continued)

Table of Contents

GOLDEN STAR RESOURCES LTD.

10901 West Toller Drive, Suite 300

Littleton, Colorado, USA 80127-6312

MANAGEMENT INFORMATION CIRCULAR

FOR THE ANNUAL GENERAL AND SPECIAL MEETING

OF COMMON SHAREHOLDERS

TO BE HELD ON

Thursday, May 6, 2010

at 2:00 p.m. (Toronto time)

ALL AMOUNTS OF MONEY WHICH ARE REFERRED TO IN THIS MANAGEMENT INFORMATION CIRCULAR ARE EXPRESSED IN LAWFUL MONEY OF THE UNITED STATES UNLESS OTHERWISE SPECIFIED.

Note: Shareholders who do not hold their common shares in their own name, as registered shareholders, should read Advice to Beneficial Shareholders for an explanation of their rights.

The information in this Management Information Circular is as of March 12, 2010 unless otherwise indicated.

Important Notice Regarding the Availability of Proxy Materials for the Annual General and

Special Meeting of Common Shareholders of Golden Star Resources Ltd. to be held on

Thursday, May 6, 2010

The Management Information Circular and 2009 Annual Report to Shareholders

are available at http://www.gsr.com/proxy_2010

SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR IS PROVIDED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF GOLDEN STAR RESOURCES LTD. (the Corporation) for the annual general and special meeting of the shareholders of the Corporation (the Meeting) to be held on Thursday, May 6, 2010, at 2:00 p.m. (Toronto time) in the Ivey ING Leadership Centre Amphitheatre 2, 130 King Street West, Toronto, Ontario, Canada M5X 1A9 or at any adjournment or postponement thereof for the purposes set forth in the accompanying Notice of Meeting. This Management Information Circular and the accompanying form of proxy (Proxy) are expected to be mailed to the shareholders commencing on or about April 7, 2010.

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone or personal interview by regular employees of the Corporation, at a nominal cost to the Corporation. Shareholders may also obtain Proxies on our website at http://www.gsr.com/proxy_2010. In accordance with applicable laws, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the common shares (the Common Shares) of the Corporation held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so.

Table of Contents

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed Proxy, Thomas G. Mair, President and Chief Executive Officer of the Corporation, or failing him, John A. Labate, Senior Vice President and Chief Financial Officer of the Corporation, have been designated by the directors of the Corporation and have indicated their willingness to represent as proxy each shareholder who appoints them. **A SHAREHOLDER HAS THE RIGHT TO DESIGNATE A PERSON (WHO NEED NOT BE A SHAREHOLDER) OTHER THAN THOMAS G. MAIR OR JOHN A. LABATE, BEING THE MANAGEMENT DESIGNEES, TO REPRESENT HIM OR HER AT THE MEETING.** Such right may be exercised by inserting in the space provided for that purpose on the Proxy the name of the person to be designated and deleting or striking therefrom the names of the management designees, or by completing another proper form of proxy. Such shareholder should notify the nominee of his or her appointment, obtain a consent to act as proxy and provide instructions on how the shareholder s Common Shares are to be voted. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached where an attorney executed the proxy form. A form of proxy will not be valid for the Meeting or any adjournment or postponement thereof unless it is completed and delivered by no later than 5:00 p.m. (Toronto time) on Wednesday, May 5, 2010 or, if the Meeting is adjourned or postponed, no later than 5:00 p.m. (Toronto time) on the business day immediately prior to the day of the reconvening of the adjourned or postponed Meeting, to either (i) in the case of Common Shares which are registered on the books of the Corporation for trading on the Toronto Stock Exchange or on the NYSE Amex (a shareholder whose Common Shares are so registered will receive an envelope that accompanies this Management Information Circular bearing the following address), to the Attention: Proxy Department, CIBC Mellon Trust Company, P.O. Box 721, Agincourt, Ontario, Canada M1S 0A1, or (ii) in the case of Common Shares which are registered on the books of the Corporation for trading on the Ghana Stock Exchange (a shareholder whose Common Shares are so registered will receive an envelope that accompanies this Management Information Circular bearing the following address), to the Attention: The Registrar, Ghana Commercial Bank Limited, Share Registry, Head Office, P.O. Box 134, Accra, Ghana. Late proxies may be accepted or rejected at any time prior to the commencement time of the Meeting by the Chairman of the Meeting in his discretion and the Chairman is under no obligation to accept or reject any particular late proxy.

In addition to revocation in any other manner permitted by law, a shareholder who has given a proxy may revoke it at any time before it is exercised, by instrument in writing executed by the shareholder or by his attorney authorized in writing and deposited either at the registered office of the Corporation, being Suite 3700, Toronto Dominion Bank Tower, 66 Wellington Street West, P.O. Box 20, Toronto Dominion Centre, Toronto, Ontario, Canada, M5K 1N6, Attention: Golden Star Resources Ltd. at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof, before any votes in respect of which the proxy is to be used shall have been taken. In addition, a proxy may be revoked by the shareholder personally attending at the Meeting, by registering with the scrutineers and voting his, her or its Common Shares.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many shareholders of the Corporation as a substantial number of shareholders do not hold their Common Shares in their own names. Shareholders of the Corporation who do not hold their Common Shares in their own names (referred to herein as Beneficial Shareholders) should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker, then, in almost all cases, those shares will not be registered in the shareholder s name on the records of the Corporation. Such shares will more likely be registered under the name of an intermediary, typically a shareholder s broker or an agent or nominee of that broker, such as a clearing agency in which the broker participates. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc.), and in the United States, the vast majority of such shares are registered in the name of Cede & Co. (the registration name of The Depositary Trust Company), which entities act as nominees for many brokerage firms. Common Shares held by brokers or their agents or nominees may be voted for or against resolutions or withheld from voting upon the instructions of the Beneficial Shareholder. Copies of this document have been distributed to intermediaries who are required to deliver them to, and seek voting instructions from, our Beneficial Shareholders. However, without specific instructions, an intermediary is prohibited from voting shares for Beneficial Shareholders. Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person and carefully follow the instructions provided by the intermediary in order to ensure that their Common Shares are voted at the Meeting.

Table of Contents

Every intermediary has its own mailing procedures and provides its own return instructions to Beneficial Shareholder clients. Often, the form of Proxy supplied to a Beneficial Shareholder by its intermediary is identical to the Proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder (the intermediary) how to vote on behalf of the Beneficial Shareholder. The majority of intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (Broadridge). Broadridge typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the meeting. **A Beneficial Shareholder receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote Common Shares directly at the Meeting the proxy must be returned to Broadridge well in advance of 5:00 p.m. (Toronto time) on Wednesday May 5, 2010 in order to have the Common Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his intermediary, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote such Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their intermediary in accordance with the instructions provided by such intermediary, well in advance of the Meeting.

All references to shareholders in this Management Information Circular and the accompanying Notice of Meeting and Proxy are to shareholders of record unless specifically stated otherwise. Where documents are stated to be available for review or inspection, such items will be shown upon request to registered shareholders who produce proof of their identity.

VOTING OF PROXIES

The persons named in the enclosed Proxy are directors and/or officers of the Corporation who have indicated their willingness to represent as proxy the shareholders who appoint them. Each shareholder may instruct his proxy how to vote his Common Shares by completing the blanks on the Proxy.

All Common Shares represented at the Meeting by properly executed proxies will be voted (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Proxy, the Common Shares represented by the Proxy will be voted or withheld from voting in accordance with such specification. **IN THE ABSENCE OF ANY SUCH SPECIFICATION, THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, WILL VOTE FOR THE MATTERS SET OUT THEREIN.**

The enclosed Proxy confers discretionary authority upon the management designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Corporation is not aware of any amendments to, variations of or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the management designees intend to vote in accordance with the judgment of the management of the Corporation.

Table of Contents

VOTING SHARES AND SECURITY OWNERSHIP OF CERTAIN BENEFICIAL

OWNERS AND MANAGEMENT

The authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of first preferred shares (the First Preferred Shares). As of March 11, 2010, a total of 257,407,060 Common Shares and no First Preferred Shares were issued and outstanding. The board of directors of the Corporation (the Board or the Board of Directors) has fixed March 11, 2010 as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each Common Share outstanding on the record date carries the right to one vote. The Corporation will arrange for the preparation of a list of the holders of its Common Shares on such record date. Each shareholder named in the list will be entitled to one vote at the Meeting for each Common Share shown opposite such shareholder s name. A complete list of the shareholders entitled to vote at the Meeting will be open to examination by any shareholder for any purpose germane to the Meeting, during ordinary business hours at the office of CIBC Mellon Trust Company at 320 Bay Street, Toronto, Ontario, Canada, M5H 4A6. Under the Corporation s By-laws, the quorum for the transaction of business at the Meeting consists of two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxyholder or representative for a shareholder so entitled.

The following table shows the number of Common Shares beneficially owned, as of March 12, 2010, by each director of the Corporation, by each executive officer of the Corporation and by all directors and executive officers of the Corporation as a group. All information is taken from or based upon ownership filings made by such persons with the U.S. Securities and Exchange Commission (SEC) or upon information provided by such persons to the Corporation. Unless otherwise noted, the Corporation believes that each person shown below has sole investment and voting power over the Common Shares owned.

Name and Address of Beneficial Owner **	Amount and Nature of Common Shares Beneficially Owned	Percent of Common Shares Beneficially Owned
Ian MacGregor	460,000[1]	*
James E. Askew	570,000[2]	*
Robert E. Doyle	100,000[3]	*
David K. Fagin	1,076,805[4]	*
Lars-Eric Johansson	160,000[5]	*
Michael P. Martineau	250,000[6]	*
Christopher M.T. Thompson	100,000[7]	*
Thomas G. Mair	1,235,000[8]	*
D. Scott Barr	500,000[9]	*
John A. Labate	390,000[10]	*
Bruce Higson-Smith	510,648[11]	*
S. Mitchel Wasel	317,333[12]	*
Directors and Executive Officers as a group	5,669,786[13]	2.17[14]

Notes:

* Indicates less than one percent.

** The address of each person, unless otherwise noted, is c/o Golden Star Resources Ltd., 10901 West Toller Drive, Suite 300, Littleton, Colorado, USA 80127-6312.

1 Includes 410,000 Common Shares subject to stock options exercisable within 60 days.

2 Includes 370,000 Common Shares subject to stock options exercisable within 60 days.

3 Includes 100,000 Common Shares subject to stock options exercisable within 60 days.

4 Includes 21,300 Common Shares owned indirectly by a family trust and 370,000 Common Shares subject to stock options exercisable within 60 days.

5 Includes 160,000 Common Shares subject to stock options exercisable within 60 days.

6 Includes 240,000 Common Shares subject to stock options exercisable within 60 days.

7 Includes 100,000 Common Shares subject to stock options exercisable within 60 days.

4

Table of Contents

8 Includes 731,250 Common Shares subject to stock options exercisable within 60 days.
9 Includes 250,000 Common Shares subject to stock options exercisable within 60 days.
10 Includes 170,000 Common Shares subject to stock options exercisable within 60 days.
11 Includes 1,200 Common Shares owned indirectly by his spouse and 325,776 Common Shares subject to stock options exercisable within 60 days.
12 Includes 145,500 Common Shares subject to stock options exercisable within 60 days.
13 Includes an aggregate of 3,472,526 Common Shares subject to stock options exercisable within 60 days.
14 Calculated as (i) the total number of Common Shares held by directors and executive officers as a group plus Common Shares subject to stock options exercisable within 60 days held by such directors and executive officers, divided by (ii) the aggregate of the number of issued and outstanding Common Shares as of March 11, 2010 plus common shares subject to stock options exercisable within 60 days held by such directors and executive officers.

The following table sets forth information as to each person known to the Corporation or its directors or executive officers to be beneficial owners of, or to have control or direction over, more than five percent of the outstanding shares of Common Shares as of March 12, 2010.

Name and Address of Beneficial Owner	Amount and Nature of Common Shares Beneficially Owned	Percent of Common Shares Beneficially Owned
Sentry Select Capital Inc. (1) 130 King Street West Suite 2850 Toronto, Ontario, Canada M5X 1A4	26,032,500	10.13%
Van Eck Associates Corporation (2) 335 Madison Ave - 19th Fl New York, New York 10017	13,653,563	5.1%

(1) Reflects Common Shares beneficially owned by Sentry Select Capital Inc. (SSCI) as of December 2009, according to an Early Warning Report Under the Alternative Monthly Reporting System of National Instrument 62-103 filed on SEDAR, which indicates that SSCI exercises control over 26,032,500 Common Shares of the Corporation. The Common Shares were acquired by accounts and funds managed by SSCI (SSCI Funds). The Early Warning Report states that the Common Shares were acquired in the ordinary course and that neither SSCI nor SSCI Funds has made any determination with respect to future ownership of, or control over, any additional securities of the Corporation.

(2) Reflects Common Shares beneficially owned by Van Eck Associates Corporation as of December 31, 2009, according to a statement on Schedule 13G filed with the SEC, which indicates that the company, an investment adviser, has sole voting power with respect to 13,653,563 Common Shares and sole dispositive power with respect to 13,653,563 Common Shares. The company holds shared voting power with respect to none of the Common Shares. The Schedule 13G certifies that the Common Shares were acquired in the ordinary course and not with the purpose or with the effect of changing or influencing the control of the Corporation.

Table of Contents

EXECUTIVE OFFICERS

As of March 12, 2010, the executive officers of the Corporation, their ages and their business experience and principal occupation during the past five years were as follows:

Name	Age	Office and Experience	Officer Since
THOMAS G. MAIR	53	Mr. Mair was appointed President and Chief Executive Officer and a director in March 2008 and prior to then served as Interim President and Chief Executive Officer from January 2008 to February 2008. From February 2007 to December 2007 Mr. Mair served as Senior Vice President and Chief Financial Officer of the Corporation. Prior to joining the Corporation, Mr. Mair worked as a consultant from October 2006. Mr. Mair served in a number of senior roles with Newmont Mining Corporation from 1994 until October 2006, most recently as Director, Business Process Improvement from August 2003 to October 2006, and as group financial executive from October 2000 to July 2003.	2007
D. SCOTT BARR	60	Mr. Barr has served as Executive Vice President and Chief Operating Officer since April 2008. Prior to his service with the Corporation, he was employed for 13 years by Newmont Mining Corporation in a number of key roles including Vice President, Technical, Strategy and Development from August 2004 to March 2008 and Vice President, Chief Technical Officer from January 2001 to August 2004. His Newmont experience included involvement in projects and operations in Indonesia, South America, Australia, Ghana and North America. Prior to joining Newmont, Mr. Barr worked in a number of roles in other mining companies, including 16 years in refractory gold operations in Nevada.	2008
JOHN A. LABATE	61	Mr. Labate has served as Senior Vice President and Chief Financial Officer since August 2008. Prior to joining the Corporation, Mr. Labate was Vice President and Chief Financial Officer for Constellation Copper Corporation from March 2004 until August 2008. From September 1999 to February 2004, Mr. Labate served as Vice President and Chief Financial Officer of Applied Optical Technologies, Inc., a technology and services company.	2008
BRUCE HIGSON-SMITH	49	Mr. Higson-Smith has served as Vice President, Corporate Development of the Corporation since September 2003. Mr. Higson-Smith is a qualified mining engineer with 25 years of experience in the mining business. Following several years in underground mining operations in Africa and after earning an MBA in finance, Mr. Higson-Smith spent 10 years reviewing projects, conducting due diligence, negotiating and structuring mining transactions around the world, initially with the Castle Group, a mining investment management company, and then with Resource Capital Funds. Since joining Golden Star in 2003 he has been responsible for evaluating and executing M&A opportunities for the Corporation and also spent a year in Ghana as General Manager of Bogoso/Prestea mine.	2003
S. MITCHEL WASEL	45	Mr. Wasel has served as Vice President Exploration since September 2007, prior to which he served the Corporation as Regional Exploration Manager for West Africa from March 2004. Mr. Wasel served as the Corporation s Exploration Manager - Ghana from 2000 to March 2004. Mr. Wasel has acted in various other roles with the Corporation since 1993 when he commenced his service with the Corporation as an exploration geologist, where he worked in the Corporation s regional exploration program in Suriname and later with the Gross Rosebel project, ultimately as Project Manager. Prior to joining the Corporation, he worked with several companies in northern Canada in both exploration and mine geology.	2007

6

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

Oversight of Executive Compensation Program

The Compensation Committee of the Board of Directors oversees the compensation of the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Operating Officer (COO) and the other executive officers named in the Executive Compensation Table below (collectively, the Named Executive Officers or NEOs).

The Compensation Committee has taken the following actions to link pay and performance for NEOs:

- Application of performance-based awards in the Corporation s long-term incentive programs;
- Alignment of compensation structures to a competitive pay strategy; and
- Periodic rotation of Compensation Committee members to promote a non-biased approach to pay considerations.

In determining the CEO s compensation, the Compensation Committee annually evaluates the CEO s performance and considers the Corporation s performance and relative shareholder return, the compensation of chief executive officers at comparable companies and, with input from the CEO, such other factors that are deemed relevant. In determining the compensation of the other NEOs, the Compensation Committee evaluates each individual s performance, recommendations of the CEO, the Corporation s overall performance and comparable compensation paid to similarly situated officers in comparable companies.

The Compensation Committee determines any annual bonus to be awarded to the CEO and the other NEOs based on a combination of the Corporation s performance for the year and the achievement by each person of both corporate and individual key performance indicators established by the Compensation Committee in conjunction with the CEO as of the commencement of the applicable fiscal year.

Compensation Consultants

The Compensation Committee has obtained advice from compensation consulting firms, most recently the Hay Group (Hay), with respect to reviewing and structuring its policy regarding executive compensation in 2009.

Overview of Compensation Philosophy and Program

To recruit and retain well qualified individuals as senior executives, the Corporation strives to maintain a competitive compensation program. The following objectives are considered in setting the compensation programs for the Named Executive Officers:

- Set compensation and incentive levels that reflect competitive market practices;
- Provide a significant percentage of total compensation that is at-risk , or variable, based on pre-determined performance criteria; and
- Encourage stock holdings to align the interests of NEOs with those of shareholders.

Compensation Elements and Rationale for Pay Mix Decisions

To reward both short and long-term performance in the compensation program and in furtherance of the Corporation s compensation objectives noted above, the Corporation s executive compensation philosophy includes the following four principles.

(i) Compensation should be related to performance

A significant portion of a NEO s compensation should be tied not only to individual performance, but also to the performance of the NEO s business unit or function and to corporate performance measured against both financial and non-financial goals and objectives.

Table of Contents

During periods when performance meets or exceeds the established objectives, NEOs should be paid at or more than target levels. When performance does not meet established objectives, incentive award payments, if any, should be less than such levels.

(ii) Incentive compensation should represent a large portion of a Named Executive Officer s total compensation

A large portion of compensation is paid in the form of short-term and long-term incentives, which are calculated and paid based on financial measures of profitability and shareholder value creation and on individual performance. NEO s have the incentive of increasing the Corporation s profitability and shareholder return in order to earn a substantial portion of their compensation package.

(iii) Compensation levels should be competitive

A competitive compensation program is vital to the Corporation s ability to attract and retain qualified senior executives. The Corporation annually reviews survey data and regularly assesses peer group data to ensure that the compensation program is competitive.

(iv) Incentive compensation should balance short and long-term performance

To reinforce the importance of balancing strong short-term annual results and long-term viability and success, NEOs receive both short and long-term incentives. Short-term incentives focus on the achievement of certain objectives for the upcoming year, while stock options and stock bonus awards create a focus on share price appreciation over the long term.

Compensation Benchmarking Relative to Market

The Compensation Committee has retained Hay, an independent compensation consulting firm, to assist in evaluating and setting executive cash and long term incentive compensation. The Compensation Committee believes that Hay s base of information provides a reliable source of compensation information.

Hay compared the Corporation s compensation practices to those in the mining industry generally based on Hay s proprietary databases. In 2009, Hay also provided an analysis of mining companies in several comparable groups. Based on the information presented by Hay, the Compensation Committee exercised its business judgment as to setting basic compensation levels for NEOs.

The Corporation and the Compensation Committee have in the past also referred to compensation survey data from other sources to ensure that its total senior executive compensation program is competitive. The Board and Compensation Committee also evaluate the NEO s level of responsibility and experience as well as company-wide performance. A NEO s success in achieving business results, promoting core values, improving health and safety and demonstrating leadership are also taken into account when reviewing base salaries.

The Compensation Committee has sole authority to retain and terminate any compensation consultant to be used to assist it in the evaluation of CEO or executive officer compensation. The Compensation Committee shall have sole authority to approve such consultants fees and retention terms. The Compensation Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

Analyzing and assessing salaries at comparable companies and aligning base salaries for NEOs are critical to a competitive compensation program. Other elements of compensation are affected by changes in base salary. Annual bonus incentives and long-term incentives are targeted and paid out based on a percentage of base salary.

Review of Senior Executive Performance

The Compensation Committee reviews, on an annual basis, compensation elements of each NEO. In each case, the Compensation Committee takes into account the scope of responsibilities and experience and balances these against competitive salary levels.

Table of Contents

The CEO presents to the Compensation Committee his evaluation of each NEO, which includes a review of contribution and performance over the past year, strengths, weaknesses, development plans and succession potential. The Committee members also have some opportunity to interface with the NEOs during the year.

Elements of the Executive Compensation Program

Total compensation for NEOs consists of the following elements:

- Base salary
- Annual/short-term bonus incentive
- Long-term incentive compensation
- Health and welfare benefits (and 401(k) savings plan for U.S. based executives only)
- Perquisites
- Severance and change in control benefits

Base Salaries. NEO base salaries are determined by evaluating the NEO s level of responsibility and performance and the Corporation s performance, as well as general economic conditions and marketplace compensation trends. Recognition is given to outstanding individual performance, or to recognize an increase in responsibility; however, in general the Corporation s philosophy is that total NEO compensation above competitive median levels should be paid from the variable portion of the compensation package.

Annual Bonus Incentive. The annual bonus incentive provides each NEO with the opportunity to earn a bonus based on the achievement of specific company-wide, business unit or function and individual performance goals. Incentive bonuses may be paid in a combination of cash and stock as approved by the Compensation Committee at the beginning of each year for the prior fiscal year s performance. The Compensation Committee approves a target incentive payout as a percentage of the base salary earned during the incentive period for each NEO, based on competitive practices. The payout of the annual bonus incentive is targeted at 30% to 65% of base salary depending on the position of the NEO and can range from zero, if planned performance targets are not achieved, to 200% of target payout, if results significantly exceed planned performance.

For 2009, the annual bonus, targets and objectives were determined based on a combination of achievement of corporate performance objectives and achievement of individual performance measures. Seventy percent of a NEO s bonus target was weighted on corporate objectives and 30% on individual performance measures. The Compensation Committee increased the weighting for corporate objectives to more closely align NEO s interests with those of shareholders. For 2009, corporate performance objectives included achieving budgeted production and cash costs from Bogoso/Prestea and Wassa, mineral reserve and resource replacement and free cash flow targets. The 2009 corporate objectives were defined in the 2009 operating plan and budget and individual performance measures for NEOs (other than the CEO) were defined and agreed to in early 2009 between each individual NEO and the CEO. The CEO s individual performance objectives were agreed to by the CEO and the Compensation Committee.

To illustrate with an example, if a NEO s base salary is $200,000 with a target incentive bonus of 30% of base salary or $60,000, then 70% of the $60,000 target or $42,000 would be weighted on corporate objective performance and 30% or $18,000 would be weighted on individual performance. If 80% of the corporate objectives and 85% of individual performance measures were actually achieved, the final bonus calculation is:

Corporate: 80% achieved x $42,000 = $33,600

Individual: 85% achieved x $18,000 = $15,300

Total annual bonus earned = $33,600 + $15,300 = $48,900

Table of Contents

In early 2010, corporate performance objectives and individual performance measures were evaluated to determine which objectives and measures had been achieved and the impact on bonus percentages. It was agreed that 84% of the corporate objectives had been achieved in 2009. Bonuses were determined to be paid to each of the NEOs based on this percentage and the individual performance of each NEO. See the Summary Compensation Table below for information regarding the 2009 annual bonus paid to each NEO.

Long-Term Incentive Compensation. Long-term incentives comprise a substantial portion of each NEO s compensation, consistent with the Corporation s at-risk pay philosophy. The objective is to provide NEOs with long-term incentive award opportunities that are consistent with performance. Currently, these incentives include stock options. Previous awards and grants, whether vested or unvested, have no impact on the current year s awards and grants.

The Compensation Committee currently targets long-term incentive awards at 200% of the target bonus award amount, but actual award amounts may vary significantly based on Corporation and individual performance, market conditions, stock price and availability of stock options for grant. Awards are determined at the beginning of each year for the prior fiscal year s performance.

An important objective of the long-term incentive program is to strengthen the relationship between the long-term value of the Corporation s share price and the potential financial gain for employees. A stock option becomes valuable only if the price of the Common Shares increases above the option exercise price and the holder of the option remains employed during the period required for the option to vest, thus providing an incentive for an option holder to remain employed by the Corporation. In addition, stock options link a portion of an employee s compensation to shareholders interests by providing an incentive to increase the market price of the shares.

The Compensation Committee may from time to time grant stock options to NEOs in recognition of special contributions to the Corporation.

Health and Welfare Benefits Programs and 401(k) Savings Plan. The Corporation offers health and welfare programs and a 401(k) savings program to all eligible U.S. based employees. The NEOs generally are eligible for the same benefit programs on the same basis as the rest of the managerial workforce. The health and welfare programs are intended to protect employees against catastrophic loss and encourage a healthy lifestyle. The Corporation s health and welfare programs include medical, wellness, pharmacy, dental, vision, life insurance and accidental death and disability. Coverage under the life and accidental death and disability programs offer benefit amounts specific to NEOs. Premiums for supplemental life insurance are paid by the Corporation on behalf of a NEO.

The 401(k) savings plan is intended to supplement the employee s personal savings and social security. The Corporation adopted the 401(k) savings plan to enable employees to save for retirement through a tax-advantaged combination of employee and Corporation contributions and to provide employees the opportunity to directly manage their retirement plan assets through a variety of investment options. All U.S. based employees, including NEOs, are eligible to participate in the 401(k) savings plan. No savings plan is offered to NEOs who are based in non-U.S. locations. No other retirement plans are provided to NEOs.

A matching contribution is made to the 401(k) savings plan for each payroll period on behalf of each eligible member equal to 100% of the first 6% of an eligible member s pre-tax contributions and catch-up contributions. For 2009, the maximum limit on employee contributions to a 401(k) plan was $16,500 for participants under age 50, and $22,000 for participants age 50 and older. For participants who are considered highly compensated, as defined by the Internal Revenue Code (IRC), this limit may be affected by annual nondiscrimination testing. The annual compensation limit under IRC Section 401(a)(17) which can be considered for employee and employer contributions was $245,000 for 2009.

Perquisites. Named Executive Officers, as well as other eligible employees of the Corporation, are provided with the following, among other, benefits as a supplement to their other compensation:

- Life Insurance & Accidental Death & Dismemberment Coverage (also referred to as Personal Accident Insurance): The Corporation pays 100% of the premium for life insurance and accidental death and dismemberment coverage equal to three times the NEO s base salary, subject to certain limitations.

Table of Contents

Short-Term and Long-Term Disability: The Corporation pays 100% of the premium cost for short-term and long-term benefit programs for NEOs. The short-term disability program provides income replacement at 60% of base pay level (up to $10,000 per month for salaried employees) beginning on the 15th day of disability for up to six months or recovery. Long-term disability then continues until recovery at 60% of the base pay level (up to $10,000 per month for salaried employees) after being disabled for six months.

Expenses for Expatriates: The Corporation pays an annual meal allowance of $3,600 for NEOs working outside the United States or Canada. The Corporation also makes payments for foreign taxes, housing and utilities for expatriate NEOs.

The Compensation Committee annually reviews the perquisites provided to NEOs to determine if adjustments are appropriate.

Employment Agreements and Severance Arrangements. Upon certain types of terminations of employment (including a termination following a change in control of the Corporation), severance benefits are payable to the NEOs. These severance benefits are designed to attract and retain senior executives and to provide replacement income if their employment is terminated involuntarily other than for cause. Severance benefits are specifically provided for in each NEO s employment agreement. To be eligible to receive severance benefits under the terms of their employment agreements, a NEO must (i) be an executive on the date of termination, (ii) be involuntarily terminated (other than for cause), and (iii) execute and deliver a release agreement.

As at December 31, 2009, the Corporation or a subsidiary had entered into employment agreements with Messrs. Mair, Barr, Labate, Higson-Smith and Wasel. The material terms of the agreements include: (a) employment for one year with automatic renewal for successive one-year periods unless either the Corporation or the employee gives notice of non-renewal of the employment agreement; (b) a base salary (as set forth below under Summary Compensation Table); (c) severance payments upon a termination of employment without cause in an amount equal to the sum of the employee s base salary, the average of the target bonus for the employee for the current calendar year and the bonus paid to the employee for the previous year, and amounts equal to the value of the previous year benefits; (d) a lump sum payment in the event of a termination upon a Change of Control (as referred to below) equal to two times the sum of the employee s base salary, the average of the target bonus for the employee for the current calendar year and the bonus paid to the employee for the previous year, plus amounts based on the value of previous year benefits and a portion of the target bonus for the employee for the current calendar year which is pro rated to the portion of such year prior to the employee s termination; and (e) participation in the Second Restated Stock Option Plan (as defined below), the Executive Bonus Plan (as defined below), and in such of the Corporation s benefit and deferred compensation plans as are from time to time available to executive officers of the Corporation. In addition, in the event of either a termination by the Corporation without cause or a termination following a Change in Control, all unvested stock options immediately vest and remain exercisable for 12 months following termination.

A Change in Control is defined, generally, as (i) the acquisition of more than 30% of the Corporation s voting stock by a person or group, (ii) board members at a specified date, or persons appointed or nominated by them, cease to constitute a majority of the board, or (iii) stockholders approve a merger of the Corporation (other than a merger in which the stockholders of the Corporation prior to the merger continue to own more than 50% of the outstanding stock of the surviving entity), a sale of substantially all of the Corporation s assets, or a liquidation. Change in Control severance benefits become payable under the terms of the employment agreements if, within twelve (12) months (as applicable) following a Change in Control, the employee s employment is terminated by the Corporation or the surviving or successor entity without cause or the employee voluntarily terminates his/her employment for specified reasons. Such reasons include a substantial alteration in the nature or status of employment responsibilities, reduction in compensation or benefits, relocation, or breach by the surviving or successor entity of the employment agreement.

Table of Contents

EXECUTIVE COMPENSATION TABLE

Summary Compensation Table

The following table sets forth the compensation earned by the CEO and other NEOs for services rendered to the Corporation and its subsidiaries for the fiscal years ended December 31, 2009, 2008 and 2007. Bonuses are paid under the Corporation s applicable incentive compensation guidelines and are generally paid in the year following the year in which the bonus is earned.

NEO Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)[1]	Non-Equity Incentive Plan Compensation ($)	All Other Annual Compensation ($)	Total ($)
Thomas G. Mair President and Chief Executive Officer	2009	500,000			222,500[2]	283,725[3]	23,964[4]	1,030,189
	2008	500,000			972,000[5]	115,585[6]	15,666[4]	1,603,251
	2007	188,596			587,500[7]	41,160[8]	10,941[4]	828,197
D. Scott Barr Executive Vice President and Chief Operating Officer	2009	350,000			111,250[10]	144,900[11]	14,865[12]	621,015
	2008	261,377	50,000[9]		495,000[13]	51,275[14]	13,800[12]	871,452
	2007							
John A. Labate Senior Vice President and Chief Financial Officer	2009	210,000			80,100[15]	73,332[16]	18,582[17]	382,014
	2008	76,461			188,000[18]	12,184[19]	5,083[17]	281,728
	2007							
Bruce Higson-Smith Vice President Corporate Development	2009	183,750			66,750[20]	48,124[21]	11,253[22]	309,877
	2008	181,563			91,080[23]	36,244[24]	10,551[22]	319,438
	2007	175,000			29,569[25]	16,713[26]	8,184[22]	229,466
S. Mitchel Wasel Vice President Exploration	2009	183,750			66,750[27]	47,132[28]	125,115[29]	422,747
	2008	181,562			91,080[30]	40,246[31]	87,845[32]	400,733
	2007	165,000			207,000[33]	4,842[34]	52,682[35]	429,524

1 This column shows the grant date fair value of awards computed in accordance with stock-based compensation accounting rules (FASB ASC Topic 718) for 2007, 2008, and 2009. A discussion of the assumptions used in calculating the award values may be found in Note 20 to our 2009 audited financial statements as found in our December 31, 2009 Form 10-K.

2 Consists of 250,000 stock options granted March 5, 2009 at an exercise price of $1.32 and a fair value of $0.89 per share.

3 Annual bonus incentive cash payment for 2009.

4 This amount includes $14,700 in 2009, $11,300 in 2008 and $10,050 in 2007 for contribution to this executive s 401(k) Plan for the benefit of this executive and $9,264 in 2009, $4,366 in 2008 and $891 in 2007 for premiums paid for life insurance for the benefit of this executive.

5 Consists of 400,000 stock options granted March 6, 2008 at an exercise price of $4.09 and a fair value of $2.43 per share.

6 Consists of annual bonus incentive cash payment of $62,335 for 2008 and retention bonus of $53,250.

7 Consists of 200,000 stock options granted February 2, 2007 at an exercise price of $3.34 and a fair value of $2.27 per share and 75,000 stock options granted on December 20, 2007 at an exercise price of $3.07 and a fair value of $1.78 per share

8 Annual bonus incentive cash payment for 2007.

9 Signing bonus.

10 Consists of 125,000 stock options granted March 5, 2009 at an exercise price of $1.32 and a fair value of $0.89 per share.

11 Annual bonus incentive cash payment for 2009.

12 This amount includes $14,700 in 2009 and $13,800 in 2008 for contribution to this executive s 401(k) Plan for the benefit of this executive and $165 for premiums paid for life insurance for the benefit of this executive.

13 Consists of 250,000 stock options granted April 2, 2008 at an exercise price of $3.32 and a fair value of $1.98 per share.

14 Annual bonus incentive cash payment for 2008.

15 Consists of 90,000 stock options granted March 5, 2009 at an exercise price of $1.32 and a fair value of $0.89 per share.

16 Annual bonus incentive cash payment for 2009.

17 This amount includes $13,258 in 2009 and $4,150 in 2008 for contribution to this executive s 401(k) Plan for the benefit of this executive and $5,324 and $933 in 2008 for premiums paid for life insurance for the benefit of this executive.

18 Consists of 200,000 stock options granted August 20, 2008 at an exercise price of $1.53 and a fair value of $0.94 per share.

19 Annual bonus incentive cash payment for 2008.

20 Consists of 75,000 stock options granted March 5, 2009 at an exercise price of $1.32 and a fair value of $0.89 per share.

21 Annual bonus incentive cash payment 2009.

22 This amount includes $9,182 in 2009, $8,582 in 2008 and $6,782 in 2007 for contribution to this executive s 401(k) Plan for the benefit of this executive and $2,071 in 2009, $1,969 in 2008 and $1,402 in 2007 for premiums paid for life insurance for the benefit of this executive

23 Consists of 44,000 stock options granted on March 20, 2008 at an exercise price of $3.41 and a fair value of $2.07 per share.

24 Consists of annual bonus incentive cash payment of $9,338 for 2008 and retention bonus of $26,906.

25 Consists of 13,026 stock options granted February 2, 2007 at an exercise price of $3.34 and a fair value of $2.27 per share.

26 Annual bonus incentive cash payment for 2007.

27 Consists of 75,000 stock options granted March 5, 2009 at an exercise price of $1.32 and a fair value of $0.89 per share.

28 Annual bonus incentive cash payment for 2009.

29 This amount consists of $1,666 for premiums paid for life insurance for the benefit of this executive and GHC95,711 ($68,813 based on Oanda.com exchange rates as of the date of each payment) paid for local taxes in Ghana based on total compensation, $21,920 for housing and utilities, $3,600 for food allowance and $29,116 for travel paid for the benefit of this executive for personal leave.

30 Consists of 44,000 stock options granted on March 20, 2008 at an exercise price of $3.41 and a fair value of $2.07 per share.

31 Consists of annual bonus incentive cash payment of $13,340 for 2008 and retention bonus of $26,906.

32 This amount consists of $1,666 for premiums paid for life insurance for the benefit of this executive and GHC76,193 ($71,851 based on Oanda.com exchange rates as of the date of each payment) paid for local taxes in Ghana based on total compensation and $10,728 for housing and utilities.

33 Consists of 100,000 stock options granted on June 21, 2007 at an exercise price of $3.65 and a fair value of $2.07 per share.

34 Annual bonus incentive cash payment for 2007.

35 This amount includes $1,042 for premiums paid for life insurance for the benefit of this executive, $40,840 recognized upon forgiveness of a loan between the Corporation and Mr. Wasel and $10,800 recognized upon the termination of a tenancy agreement between Mr. Wasel and a subsidiary of the Corporation.

Table of Contents

EQUITY COMPENSATION PLAN INFORMATION

The following is information regarding the Corporation s equity compensation plans as of December 31, 2009:

Plan Category	(a) Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (Cdn$)	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities reflected in Column (a)
Equity Compensation Plans Approved by Security Holders	7,282,898	3.19	1,947,901[1]
Equity Compensation Plans Not Approved by Security Holders			
Total	7,282,898	3.19	1,947,901

Notes:

1 Represents Common Shares issuable under the Second Restated Stock Option Plan and the Stock Bonus Plan.

Stock Option Plan

This Management Information Circular contains a proposal to adopt a Third Amended and Restated 1997 Stock Option Plan, as set forth in the Particulars of Matters to be Acted Upon Approval of Third Amended and Restated 1997 Stock Option Plan. Until that plan is adopted, the Second Amended and Restated 1997 Stock Option Plan (the Second Restated Stock Option Plan) remains in effect.

The Second Restated Stock Option Plan provides to certain key employees, consultants and directors (including non-employee directors) of the Corporation and its subsidiaries an incentive to maintain and to enhance the long-term performance of the Corporation through the acquisition of Common Shares pursuant to the exercise of stock options. The Second Restated Stock Option Plan provides for discretionary option grants to employees, consultants and directors.

Subject to certain other limitations, the maximum number of Common Shares authorized for issuance under the Second Restated Stock Option Plan is 15,000,000 Common Shares (or approximately 5.83% of the issued and outstanding Common Shares). As at March 12, 2010, 1,108,746 Common Shares (or approximately 0.43% of the issued and outstanding Common Shares) remain available for grant. An aggregate of 7,723,398 Common Shares (or approximately 3.00% of the issued and outstanding Common Shares), are issuable under options that have been granted under the Second Restated Stock Option Plan. The maximum number of Common Shares that may be issued to insiders under the Second Restated Stock Option Plan is limited to that number which is equal to the difference between (i) 10% of the outstanding number of Common Shares from time to time, and (ii) the number of Common Shares that are reserved for issuance to insiders pursuant to stock options granted under other stock option plans or arrangements of the Corporation. The total number of Common Shares that may be issued to any one optionee pursuant to options granted under the Second Restated Stock Option Plan or other stock option plans or arrangements of the Corporation cannot exceed 5% of the outstanding number of Common Shares from time to time. The maximum number of shares that may be issued to any optionee in any one calendar year is 400,000 Common Shares (or approximately 0.16% of the issued and outstanding Common Shares).

Table of Contents

The Compensation Committee makes recommendations to the Board regarding all option grants. The Board has the authority, subject to the terms of the Second Restated Stock Option Plan, to determine when and to whom to make grants under the Second Restated Stock Option Plan, the number of Common Shares to be covered by the grants, the terms of options granted and the exercise price of options, and to prescribe, amend and rescind rules and regulations relating to the Second Restated Stock Option Plan. Options granted under the Second Restated Stock Option Plan are exercisable over a period determined by the Board, but not to exceed ten years from the date of grant, and the exercise price of an option may not be less than the closing price of the Common Shares on the stock exchange on which the Common Shares principally trade on the day immediately preceding the date of grant. In addition, the grant of an option may be subject to vesting conditions established by the Board as provided in the option agreement evidencing the grant of such option. All options granted to non-employee directors vest immediately, and options granted to executive officers and other employees typically are subject to vesting as determined at the date of grant, which vesting is either as to one-third on grant, and one-third on each of the first and second anniversary dates, or as to one-fourth on grant and an additional one-fourth on each of the first, second and third anniversary dates.

In the event of an optionee s termination of employment or service prior to the time all or any portion of an option vests, such option, to the extent not vested or specifically extended by the Board, shall terminate. Except as otherwise provided by the Compensation Committee or the Board and subject to the specific terms of an optionee s employment contract, as the case may be, if an optionee ceases to be employed by, or provide services to, the Corporation for any reason (other than by reason of death), the optionee s options generally will expire 30 days following such termination in the case of a non-director optionee and within 12 months in the case of a director optionee. If the optionee dies while employed (or within the 30-day period referred to in the preceding sentence), all outstanding options, to the extent then vested, may be exercised within one year after the optionee s date of death by the person or persons to whom the optionee s rights pass. In no case may options be exercised later than the expiration date specified in the grant. Options may be transferred by an optionee only by will or by the laws of descent and distribution, and during his or her lifetime may be exercised only by an optionee during his or her lifetime.

Although the Second Restated Stock Option Plan provides for interest free loans to be made available to optionees who are employees of the Corporation or its subsidiaries for the purpose of exercising options under the Second Restated Stock Option Plan, there are no such loans outstanding. Further, no such loans will be made to any executive officers of the Corporation.

The exercise price and the number of Common Shares to be purchased by an optionee upon the exercise of an option will be adjusted by the Board in accordance with the terms of the Second Restated Stock Option Plan on the occurrence of certain corporate events or changes to the Common Shares.

The Second Restated Stock Option Plan provides that it will terminate, unless earlier terminated in accordance with its terms, on the tenth anniversary of its approval. The current Second Restated Stock Option Plan was approved on May 20, 2004 at the annual general and special meeting of the Corporation s shareholders. The Second Restated Stock Option Plan provides that it generally may be amended or terminated at any time by the Board. However, any such amendment or termination shall be subject to any necessary stock exchange, regulatory or shareholder approval. In addition, no amendment to an option may adversely affect the rights under such option without the consent of the optionee. No options can be granted under the Second Restated Stock Option Plan after April 8, 2014.

Table of Contents

Bonus Plans

The Corporation has an Employees Stock Bonus Plan (the Stock Bonus Plan) for any full-time or part-time employee (whether or not a director) of the Corporation or any of its subsidiaries who has rendered meritorious services that contributed to the success of the Corporation or any of its subsidiaries. Up to 900,000 Common Shares (or approximately 0.35% of the issued and outstanding Common Shares) are authorized for issuance under the Stock Bonus Plan. The Stock Bonus Plan is currently administered by the Compensation Committee and provides for grants of bonus Common Shares on terms that the Compensation Committee recommends to the Board, within the limitations of the Stock Bonus Plan and subject to the rules of applicable regulatory authorities. The maximum number of Common Shares that may be issued under the Stock Bonus Plan in any calendar year will not exceed in the aggregate 2% of the total number of outstanding Common Shares at the end of the immediately preceding calendar year, provided that (i) no more than 1% of the total number of outstanding Common Shares at the end of the immediately preceding calendar year can be issued to any one insider, (ii) the total number of Common Shares issuable within any one-year period to all insiders of the Corporation pursuant to the Stock Bonus Plan and pursuant to the exercise of vested options granted under other share compensation arrangements cannot exceed 10% of the then outstanding Common Shares, and (iii) the total number of Common Shares issuable within any one-year period to an employee under the Stock Bonus Plan and such employee s associates pursuant to the Stock Bonus Plan and pursuant to the exercise of vested options granted under other share compensation arrangements cannot exceed 5% of the then outstanding Common Shares.

No Common Shares have been issued under the Stock Bonus Plan from January 1, 2010 to March 12, 2010. In 2009, no Common Shares were issued under the Stock Bonus Plan and the Named Executive Officers were not awarded and did not earn any Common Shares pursuant to the Stock Bonus Plan in respect of the 2009 fiscal year of the Corporation. As of March 12, 2010, an aggregate of 354,155 Common Shares (or approximately 0.14% of the issued and outstanding Common Shares) remain available for grant under the Stock Bonus Plan. The Board has the right to amend or terminate the Stock Bonus Plan at any time in its discretion. In addition, certain amendments to the Stock Bonus Plan require shareholder and regulatory approval.

The Corporation also maintains an Executive Management Performance Bonus Plan (the Executive Bonus Plan) under which the Corporation s executive officers and certain other management personnel are eligible for bonuses, including bonuses under the Stock Bonus Plan and cash bonus awards. Bonuses are awarded under the Executive Bonus Plan at the discretion of the Board, based on the Board s evaluation of the performance of both the Corporation and the participant measured against performance objectives established each year.

Table of Contents

GRANT OF PLAN BASED AWARDS

The following table discloses estimated future payouts under the Non-Equity Incentive Plan, the actual numbers of Common Shares and stock options granted to the CEO and other NEOs during 2009, and the exercise price of these awards.

		Estimated Future Payouts Under Non-Equity Incentive Plan						
Name	Grant Date	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares or Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Options Awards ($/SH)[1]	Closing Price on Date of Grant ($)[2]	Grant Date Fair Value of Stock & Option Awards ($)[3]
Thomas G. Mair	03/05/2009	325,000	650,000		250,000	1.32	1.47	0.89
John A. Labate	03/05/2009	84,000	168,000		90,000	1.32	1.47	0.89
D. Scott Barr	03/05/2009	175,000	350,000		125,000	1.32	1.47	0.89
Bruce Higson-Smith	03/05/2009	55,125	110,250		75,000	1.32	1.47	0.89
S. Mitchel Wasel	03/05/2009	55,125	110,250		75,000	1.32	1.47	0.89

Notes:

1 Exercise prices are based on the closing price on the Toronto Stock Exchange, in Canadian dollars, on the day before the grant of the options. The exercise price has been converted into U.S. dollars based on the Bank of Canada noon rate of exchange on the day of the grant.

2 The closing price is the U.S. dollar equivalent of the closing price on the Toronto Stock Exchange on the day of the grant of the options. The closing price has been converted into U.S. dollars based on the Bank of Canada noon rate of exchange on the day of the grant.

3 This column shows the grant date fair value of awards computed in accordance with stock-based compensation accounting rules (FASB ASC Topic 718) for 2009. A discussion of the assumptions used in calculating the award values may be found in Note 20 to our 2009 audited financial statements on pages 86-89 of our Form 10-K.

Table of Contents

OUTSTANDING EQUITY (OPTION) AWARDS AT FISCAL YEAR-END

The following table shows outstanding stock option awards classified as exercisable and unexercisable as of December 31, 2009 for the CEO and each other NEO.

NEO Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price[1] ($)	Option Expiration Date	Value of Unexercised in-the-money Options at Year-End Exercisable/ Unexercisable ($)
Thomas G. Mair	150,000	50,000	3.34	02/02/2017[2]	
	75,000		3.07	12/20/2017[3]	14,333/0
	200,000	200,000	4.09	03/06/2018[4]	
	62,500	187,500	1.32	03/05/2019[5]	93,161/279,484
John A. Labate	100,000	100,000	1.53	08/20/2018[6]	146,192/146,192
	22,500	67,500	1.32	03/05/2019[5]	33,538/100,614
D. Scott Barr	125,000	125,000	3.32	04/02/2018[7]	
	31,250	93,750	1.32	03/05/2019[5]	46,581/139,742
Bruce Higson-Smith	182,750		3.86	09/18/2013[8]	
	4,000		5.07	05/24/2014[8]	
	15,000		3.72	01/27/2015[8]	
	28,000		3.44	01/31/2016[9]	
	9,770	3,257	3.34	02/02/2017[2]	
	22,000	22,000	3.41	03/20/2018[10]	
	18,750	56,250	1.32	03/05/2019[5]	27,948/83,845
S. Mitchel Wasel	75,000	25,000	3.65	09/21/2017[11]	
	22,000	22,000	3.41	03/20/2018[10]	
	18,750	56,250	1.32	03/05/2019[5]	27,948/83,845

1 Exercise prices are based on the closing price on the Toronto Stock Exchange, in Canadian dollars, on the day before the grant of the options. The exercise price has been converted into U.S. dollars based on the Bank of Canada noon rate of exchange on the day of the grant.

2 These options vested 25% on the date of issuance, 25% on February 2, 2008 and 25% on February 2, 2009 with the balance vesting an additional 25% on February 2, 2010.

3 These options were fully vested as of the date of grant.

4 These options vested 25% on the date of issuance and 25% on March 6, 2009 with the balance vesting an additional 25% on each of March 6, 2010 and 2011, respectively.

5 These options vested 25% on the date of issuance, with the balance vesting an additional 25% on each of March 5, 2010, 2011 and 2012, respectively.

6 These options vested 25% on the date of issuance and 25% on August 20, 2009 with the balance vesting an additional 25% on each of August 20, 2010 and 2011, respectively.

7 These options vested 25% on the date of issuance and 25% on April 2, 2009 with the balance vesting an additional 25% on each of April 2, 2010 and 2011, respectively.

8 These options are fully vested.

9 These options are fully vested.

10 These options vested 25% on the date of issuance and 25% on March 20, 2009 with the balance vesting an additional 25% on each of March 20, 2010 and 2011, respectively.

11 These options vested 25% on each of September 1, 2007 and 2008, 2009 with the balance vesting an additional 25% on each of September 1, 2010.

Table of Contents

OPTION EXERCISES AND STOCK VESTED

No options were exercised and no stock awards vested during 2009 for any of the NEOs.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL

As described under Compensation Discussion and Analysis - Elements of the Executive Compensation Program, the Corporation or a subsidiary has entered into employment agreements with the following Named Executive Officers: Messrs. Mair, Barr, Labate, Higson-Smith and Wasel. For purposes of this discussion, Corporation shall refer to the Corporation or any subsidiaries as applicable. These employment agreements provide for payments and other benefits upon a termination without cause as defined in such employment agreements or upon a Termination Upon a Change in Control as defined in such employment agreements.

Upon retirement, the Corporation shall pay to a NEO all accrued salary, any benefits then due, accrued vacation pay and reimbursement of certain business expenses (Accrued Compensation). Mr. Barr is also entitled to receive the cost of COBRA health insurance coverage for himself and his immediate family, and upon the termination of the COBRA eligibility period, he is entitled to be reimbursed by the Corporation for the cost of medical insurance for himself and his immediate family until the earliest of (1) his attainment of the age of 65, (2) his death or (3) his eligibility for health insurance with a subsequent employer.

Upon termination without cause the Corporation shall pay to a NEO Accrued Compensation plus severance compensation as described in Compensation Discussion and Analysis - Elements of the Executive Compensation Program. As a condition precedent to receipt of severance compensation, the NEO must sign a comprehensive release of all claims against the Corporation and all related entities and individuals. All stock options granted to the NEO under the Second Restated Stock Option Plan become immediately exercisable and vested and remain exercisable for a period of 12 months from the date of termination without cause. Mr. Barr is also entitled to receive the cost of COBRA health insurance coverage for himself and his immediate family, and upon the termination of the COBRA eligibility period, he is entitled to be reimbursed by the Corporation for the cost of medical insurance for himself and his immediate family until the earliest of (1) his attainment of the age of 65, (2) his death or (3) his eligibility for health insurance with a subsequent employer.

Upon a Termination Upon a Change in Control the Corporation shall pay to a NEO Accrued Compensation plus Change in Control severance compensation as described in Compensation Discussion and Analysis - Elements of the Executive Compensation Program. As a condition precedent to receipt of Change in Control severance compensation, the NEO must sign a comprehensive release of all claims against the Corporation and all related entities and individuals. The Corporation will also provide the NEO with outplacement services, the cost of which shall not exceed an amount equal to 10% of such officer s then current base salary. All stock options granted to the NEO under the Second Restated Stock Option Plan become immediately exercisable and vested and remain exercisable for a period of 12 months upon a Change in Control. Mr. Barr is also entitled to receive a medical severance amount equal to twice the amount of a monthly health insurance premium times the number of months until his sixty-fifth birthday. Mr. Higson-Smith may also be entitled to receive tax gross-up payments.

Table of Contents

Listed below are the terms of such payments and estimates regarding the amounts for each of the NEO s which would have been payable had such termination occurred on December 31, 2009.

Thomas G. Mair

	Retirement	Termination without cause	Termination Upon a Change in Control	Method of Payment
Accrued Compensation	$ 33,614	$ 33,614	$ 33,614	Lump Sum
Severance Compensation	N/A	$ 743,051	$ 1,536,101	Lump Sum[1]
Total	$ 33,614	$ 776,665	$ 1,569,715	

John A. Labate

	Retirement	Termination without cause	Termination Upon a Change in Control	Method of Payment
Accrued Compensation	$ 15,832	$ 15,832	$ 15,832	Lump Sum
Severance Compensation	N/A	$ 292,437	$ 605,880	Lump Sum[1]
Total	$ 15,832	$ 308,269	$ 621,712	

D. Scott Barr

	Retirement	Termination without cause	Termination Upon a Change in Control	Method of Payment
Accrued Compensation	$ 11,707	$ 11,707	$ 11,707	Lump Sum
Severance Compensation	N/A	$ 502,333	$ 1,194,487	Lump Sum[1]
Total	$ 11,707	$ 514,040	$ 1,206,194	

Bruce Higson-Smith

	Retirement	Termination without cause	Termination Upon a Change in Control	Method of Payment
Accrued Compensation	$ 16,632	$ 16,632	$ 16,632	Lump Sum
Severance Compensation	N/A	$ 249,559	$ 517,493	Lump Sum[1]
Tax Gross-ups	N/A	$ 0	$ 0	Lump Sum
Total	16,632	$ 266,191	$ 534,125	

S. Mitchel Wasel

	Retirement	Termination without cause	Termination Upon a Change in Control	Method of Payment
Accrued Compensation	$ 32,082	$ 32,082	$ 32,082	Lump Sum
Severance Compensation	N/A	$ 218,666	$ 455,707	Lump Sum[1]
Total	$ 32,082	$ 250,748	$ 487,789	

[1] A portion of the Severance Compensation may be withheld by the Corporation and paid on the six month anniversary of the NEO s termination in order to comply with Section 409A of the Internal Revenue Code of 1986, as amended.

Table of Contents

DIRECTOR COMPENSATION

The following table discloses the cash, equity awards and other compensation earned, paid or awarded, as the case may be, to each of the Corporation s non-executive directors during the fiscal year ended December 31, 2009.

Director Name	Year	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)	Total ($)
Ian MacGregor	2009	139,000					139,000
James Askew	2009	63,000					63,000
David Fagin	2009	66,000					66,000
Lars-Eric Johansson	2009	48,750					48,750
Michael Martineau	2009	43,750					43,750
Michael Terrell	2009	14,500[1]					14,500

1 Mr. Terrell resigned from the Board on August 5, 2009.

During the year ended December 31, 2009, the Corporation paid a total of $375,000 to its non-employee directors. This amount consisted of the following annual fees:

- $100,000 to the Chairman;
- $20,000 to the non-employee directors (excluding the Chairman); plus
- $10,000 to the Chair of the Audit Committee (increased to $20,000 in the 3rd quarter of 2009);
- $10,000 to the Chair of the Nominating and Corporate Governance Committee;
- $10,000 to the Chair of the Sustainability Committee; and
- $10,000 to the Chair of the Compensation Committee.

For 2009, the Corporation also paid the following fees to non-employee directors for attending Board and Committee meetings as follows:

- $1,250 for attending a Board meeting; and
- $750 for attending a committee meeting.

In addition, during 2009 the Corporation paid to each member of a Special Committee formed early in 2009, $20,000 for their efforts in assisting management with various corporate initiatives. Directors are also reimbursed for transportation and other out-of-pocket expenses reasonably incurred for attendance at Board and committee meetings and in connections with the performance of their duties as directors.

The Corporation s Second Restated Stock Option Plan provides for discretionary grants of stock options to directors. Such grants may be made upon a director s appointment or from time to time thereafter. See Equity Compensation Plan Information Stock Option Plan for a summary of the Second Restated Stock Option Plan. This provision would remain intact in the proposed Third Amended and Restated 1997 Stock Option Plan (described below under Particulars of Matters to be Acted Upon Approval of Third Amended and Restated 1997 Stock Option Plan).

Table of Contents

With the assistance of Hay, the Compensation Committee reviewed the basis on which non-employee directors should be compensated taking into account, among other things, the need to attract and maintain board members having an appropriate mix of competencies and experience and having regard to the international nature of the Corporation s business. The Compensation Committee determined that the elements of compensation should consist of (a) initial one-time stock option grants to new directors, and (b) thereafter annual cash compensation for all services rendered by non-employee directors. For 2010, the Compensation Committee recommended and the Board approved the following cash compensation, payable quarterly in arrears:

- $170,000 to the Chairman;
- $110,000 to the non-employee directors (excluding the Chairman); plus
- $20,000 to the Chair of the Audit Committee;
- $10,000 to the Chair of the Nominating and Corporate Governance Committee;
- $10,000 to the Chair of the Sustainability Committee; and
- $10,000 to the Chair of the Compensation Committee.

These amounts cover retainer and attendance at all regularly scheduled Board and committee meetings. Directors will continue to be reimbursed for transportation and other out-of-pocket expenses reasonably incurred for attendance at Board and committee meetings and in connections with the performance of their duties as directors.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee is currently comprised of Messrs. Michael Martineau, James Askew, and Ian MacGregor. The Committee is responsible for establishing and administering the compensation philosophy, policies, and plans for the Corporation s non-employee directors and executive officers.

The Compensation Committee hereby reports as follows:

1. The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management; and
2. Based upon such review, the related discussions and such other matters deemed relevant and appropriate by the Compensation Committee, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Management Information Circular to be delivered to shareholders.

Submitted by the Compensation Committee:

Michael Martineau, Chair

James Askew

Ian MacGregor

AUDIT COMMITTEE REPORT

The Audit Committee has reviewed and discussed with management of the Corporation the audited financial statements of the Corporation for the fiscal year ended December 31, 2009 (the Audited Financial Statements).

The Audit Committee has discussed with PricewaterhouseCoopers LLP, independent accountants for the Corporation since 1994, the matters required to be discussed by Statement on Auditing Standards No. 61.

The Audit Committee has received the written disclosures and the letter from PricewaterhouseCoopers LLP required by the Independence Standards Board Standard No. 1, and has discussed with PricewaterhouseCoopers LLP its independence and has considered the compatibility of the non-audit services which it provides with maintenance of that independence.

Table of Contents

Based on the reviews and discussions described above, the Audit Committee recommended to the Board that the Audited Financial Statements be included in the Corporation s Annual Report on Form 10-K for the fiscal year ended December 31, 2009 for filing with the SEC.

Submitted by the Audit Committee:

Lars-Eric Johansson, Chair

David K. Fagin

Ian MacGregor

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The following information is provided in response to Canada s National Instrument 58-101 and its companion Form 58-101F1:

Board of Directors

The current Board comprises eight directors, seven of whom are independent by virtue of their not having a direct or indirect material relationship (as defined under applicable law and regulations) with the Corporation and under the independence standards of the NYSE Amex Company Guide. Mr. Mair is the Corporation s President and Chief Executive Officer and, accordingly, is not independent.

Of the current Board members, Mr. Askew is a director of Ausdrill Limited, OceanaGold Corporation, Eldorado Gold Corp., Conquest Mining Ltd. and Asian Mineral Resources Ltd.; Mr. Doyle is a director of Medoro Resources Ltd. and NXA Inc.; Mr. Fagin is a director of ATNA Resources Ltd. and Pacific Rim Mining Company; Mr. Johansson is a director of Canadian Solar Inc. and Niocan Inc.; Mr. MacGregor is a director of Asian Mineral Resources Ltd.; Mr. Martineau is a director of First Quantum Minerals Ltd. and Eurasia Mining Plc; and Mr. Thompson is a director of Ram Power Corp. and Teck Resources Limited. Each of these companies is a reporting issuer or equivalent in Canada or another jurisdiction. The Board follows the practice of including in each regularly scheduled Board meeting a discussion involving only the independent directors in the absence of management at which the independent directors have the opportunity to raise any matter they believe merits or requires discussion. Accordingly, for corporate governance disclosure purposes, the independent directors held two meetings in 2009 at which the non-independent director and members of management were not present.

Mr. Ian MacGregor serves as Chairman of the Board. As disclosed above, he is an independent director. The Chairman s duties are described below in Position Descriptions .

Each director attended all Board meetings held in 2009 and each director attended all meetings of Committees of which he is a member.

Board Mandate

While the Board has no written mandate as such, its duties and activities are performed in a manner that is considered responsive to statutory and other legal requirements and in accordance with best corporate governance practices.

The Board establishes overall policies and standards for the Corporation. The Board expects management to conduct the business of the Corporation in accordance with the Corporation s ongoing strategic plan as adopted by the Board. The Board regularly reviews management s progress in meeting these expectations. The Board is kept informed of the Corporation s operations at meetings of the Board and its committees and through reports and analyses and discussions with management. The Board normally meets four times a year in person, with additional meetings being held as needed. In 2009, there were a total of five meetings of the Board.

Table of Contents

The following is a summary of how the Board deals with matters pertaining to strategic planning, risk management, communication and internal control systems, and management and succession:

Each year the Board reviews and approves planning assumptions and detailed monthly budgets for the following year and annual projections for the following five years. The Board monitors performance against budget through reporting by management in the form of monthly reports and Board papers.

The Board seeks to identify and assess the principal risks of the Corporation s business which are wide-ranging because of the nature of the Corporation s business, including risks associated with operating in developing countries, maintaining control of the Corporation s assets and funds, assuring compliance with all relevant laws and regulations, political risks, exchange controls, environmental and safety risks, government regulatory or enforcement problems, title matters, civil unrest, and the availability of skilled management and labor forces.

The CEO and the CFO provide shareholder communications on behalf of the Corporation, all of which are closely monitored by the Board.

The Board periodically reviews the integrity of the Corporation s internal control and management information systems.

The Board annually considers the overall performance in all key areas to identify those areas where additional skills may be required and to consider the measures required to ensure sufficient management depth for the ongoing management of the Corporation in the event of the loss of any key members of the Corporation s executive management team.

The Board periodically reviews all key policies including the environmental and safety policies adopted by the Corporation and its affiliates and has established policies on Safety, Community Relations and Environment.

The Board has adopted policies to assure effectiveness of management information systems including policies on Corporate Control with respect to annual budgets, financial and budget reporting, activities reporting, acquisitions and dispositions of assets, joint ventures, spending authorities, contracts and investment banking services. Therefore, in addition to those matters that must by law, be approved by the Board, the Board approves, among other things, the terms of all significant acquisitions and dispositions of the mineral properties of the Corporation and its subsidiaries as well as joint venture agreements on such properties. Operating and capital budgets also require the Board s approval. The Board receives monthly reports on operational, financial and business development matters. Finally, because of the Board s relatively small size and significant industry experience, management is able to liaise regularly with the Board to discuss and seek approval for various activities.

Position Descriptions

The Board has adopted a position description for the Chairman of the Board whereby the Chairman presides over meetings of the Board, interfaces between the Board and senior management, including regular consultations with the President and CEO on a variety of matters of importance to the Corporation s business, its relationships with shareholders and other stakeholders and the relationship between the Board and management, including all matters which properly come within the scope of the duties and responsibilities of a non-executive Chairman to ensure that the Corporation fulfils its commitment of adherence to corporate governance best practices.

While no specific position description has been adopted for the chairs of each of the Corporation s four standing committees namely the Audit, Compensation, Nominating and Corporate Governance and Sustainability Committees, each chair is responsible for ensuring that the Committee over which he presides properly discharges the obligations imposed by its charter (available for inspection on the Corporation s website at www.gsr.com), interfacing with management and making required recommendations to the Board. In particular, the Chair of the Audit Committee is responsible for a number of matters, such as communication with the Corporation s auditors in accordance with the SEC and the United States Sarbanes-Oxley Act of 2002 (SOX) requirements to which the Corporation is subject.

The Board has adopted a position description for the Corporation s President and CEO which, among other things, is compliant with SOX requirements.

24

Table of Contents

Orientation and Continuing Education

New directors are provided with the Corporation s committee charters and Board and Corporation policies and with non-public information on the Corporation s business and assets. They have access to Board members and senior management personnel before accepting a position as director to enable them to perform due diligence and to acquire the information required to begin performing their duties at an acceptable level. In the course of these due diligence activities, new directors are made aware of the role of the Board and its committees and the nature and operation of the Corporation s assets and business.

Management believes that each member of the current Board has the basic skills and knowledge required to function effectively as a director of the Corporation and that the individual skills and experience possessed by individual Board members are complementary to achieving a Board that can supervise the Corporation s business in a manner responsive to the interests of all stakeholders and in a responsible and ethical manner. Board candidates are selected based on the possession of such basic and complementary skills.

The chair of the Nominating and Corporate Governance Committee has a specific responsibility to ensure that Board members are kept up to date on corporate governance matters, and the directors other business interests are such as to keep them abreast of corporate developments generally and those in the gold mining industry in particular. Except for 2009, the Board has made annual visits to the Corporation s production facilities in Ghana in the course of which Board members have had full opportunity to inspect the Corporation s assets and to interface with all levels of management and with local stakeholders.

Ethical Business Conduct

The relevant policies and codes, all of which are available on the Corporation s website, consist of:

a Business Conduct and Ethics Policy which applies to the Corporation, its subsidiaries, divisions and affiliates and which reaffirms that the observance of applicable law and ethical business conduct wherever the Corporation does business must be the guiding principle. The Corporation s Senior Vice President and CFO is responsible for monitoring compliance with the Policy and for communicating the Policy to employees. Employees are advised that they have a duty to report any known or suspected violation of the Policy, including any violation of the laws, rules, regulations or policies that apply to the Corporation. Employees are to report such violations to their supervisor, the Compliance Officer, or by following the procedures set out in the Corporation s Whistleblower Policy. It is ultimately the Board s responsibility for monitoring compliance with the Policy. The Board, through its Nominating and Corporate Governance Committee, reviews the Policy annually to ensure that it complies with legal requirements and is in alignment with best practices. The Board has not granted any waiver of the Business Conduct and Ethics Policy. Accordingly, no material change report has been required or filed;

a Code of Ethics for Directors, Senior Executive and Financial Officers and Other Executive Officers adopted pursuant to Section 406 of SOX and the rules of the NYSE Amex to provide written standards of guidance to the affected individuals for honest and ethical conduct and compliance with applicable law. This Code of Ethics requires that individuals covered by its provisions report suspected violations to either of the Chairman of the Board or the Senior Vice President and CFO, in his capacity as Compliance Officer, and that the Board take appropriate action on any such reports. Amendments of/and waivers granted under the Code of Ethics will be disseminated on the Corporation s website (www.gsr.com);

a Policy on Insider Trading and Reporting which mandates all appropriate trading restrictions on the Corporation s shares to which directors, officers, employees and others are subject under applicable law and as a matter of corporate policy; and

a Whistleblower Policy whereby employees are required to report concerns regarding possible violations by employees or other persons of legal or regulatory requirements or internal policies relating to accounting standards and disclosures, internal accounting controls or matters related to the internal or external audit of the Corporation s financial statements to any member of management, to the Audit Committee, or anonymously if the individual so chooses. The Audit Committee is responsible for dealing appropriately with all such reports.

25

Table of Contents

As a matter of policy, the Board is required to approve the holding by any director or officer of a Board or executive position of another company creating a potential business or legal conflict affecting that individual s ability to properly carry out his duties and serve the Corporation s best interests. As a matter of law, Board members are required to disclose material interests in proposed transactions, after which the Board determines the propriety of the affected individual participating in either or both of discussion and voting, whether or not otherwise entitled to do either or both.

Nomination of Directors

As disclosed above, the Corporation s objective is to have a Board of Directors, each of whose members has the required experience, skills, judgment and character to perform effectively and ethically as a Board member and which, as a group, have skills complementary to the nature of the Corporation s business and the environment in which the Board operates. Potential Board candidates are identified and selected with reference to these criteria. The process is supervised by the Nominating and Corporate Governance Committee which is responsible for recommending candidates for nomination or re-election, as the case may be, as set out in its charter.

Compensation of Directors

The Compensation Committee, all of whose members are independent directors, is responsible for evaluating and making recommendations to the Board regarding the compensation to be paid to directors.

Board Leadership Structure and Role in Risk Oversight

The Chairman of the Board is an independent director and performs the functions described above in Position Descriptions . Having an independent Chairman enables non-management directors to raise issues and concerns for Board consideration without immediately involving management. The Chairman also serves as a liaison between the Board and senior management. The Board has determined that the current structure, an independent chair, separate from the CEO, is the most appropriate structure at this time.

The Board oversees the risks involved in the Corporation s operations as part of its general oversight function, integrating risk management into the Corporation s compliance policies and procedures. While the Board has the ultimate oversight responsibility for the risk management process, the Audit Committee and the Compensation Committee have certain specific responsibilities relating to risk management. Among other things, the Audit Committee, pursuant to its charter, addresses company policies with respect to risk assessment and risk management, and reviews major risk exposures (whether financial, operating or otherwise) and the guidelines and policies that management has put in place to govern the process of assessing, controlling, managing and reporting such exposures. In addition, when recommending to the Board appropriate compensation for executive officers, the Compensation Committee considers the nature, extent and acceptability of risks that the executive officers may be encouraged to take by any incentive compensation. The Board also satisfies its risk oversight responsibility through full reports by each committee chair regarding the committee s considerations and actions, as well as through regular reports directly from officers responsible for oversight of particular risks within the Corporation.

Board Committees

There are four standing committees of the Board: Audit, Compensation, Nominating and Corporate Governance and Sustainability committees. Charters for each of the committees are available on the Corporation s website at www.gsr.com.

i) Audit Committee

The Audit Committee is currently comprised of Messrs. Lars-Eric Johansson (Chair), David K. Fagin and Ian MacGregor. The Board has determined that each of the members of the Audit Committee is financially literate, is an unrelated, outside member with no other affiliation with the Corporation and is independent as defined by the NYSE Amex Company Guide. The Board has determined that Mr. Johansson is the audit committee financial expert as defined by the SEC.

Table of Contents

The primary duties and responsibilities of the Audit Committee, as set out in its charter, are to oversee the financial reporting process, the system of internal control, the audit process, related party transactions, compliance with the Corporation s codes of ethics and the Corporation s process for monitoring compliance with laws and regulations. The Audit Committee is responsible for the appointment, compensation, retention, termination and oversight of the work of the independent auditor. In performing its duties, the Audit Committee maintains effective working relationships with the Board, management and the external auditors. To effectively perform his role, each committee member must obtain and maintain an understanding of the detailed responsibilities of committee membership as well as the Corporation s business, operations and risks. In addition, the Audit Committee recommends to the Board for approval the annual and quarterly financial statements, the annual and quarterly reports and certain other documents required by regulatory authorities. In connection with risk assessment, the Audit Committee reviews major financial, operating and other risk exposures and the guidelines, policies and insurance that management has put in place to govern the process of assessing, controlling, managing and reporting such exposures. The Audit Committee met four times during 2009.

ii) Compensation Committee

The Compensation Committee is comprised of Messrs. Michael Martineau (Chair), James Askew and Ian MacGregor, each of whom has been determined by the Board to be unrelated, outside member with no other affiliation with the Corporation and independent as defined by the NYSE Amex. The Compensation Committee, subject to Board approval and as set forth in its charter, supervises the evaluation and determination of compensation of executive officers, sets corporate-wide policy with respect to compensation and benefits, and administers the Second Restated Stock Option Plan (except with respect to grants to non-employee directors) and the Stock Bonus Plan. The Compensation Committee also oversees the detailed disclosure requirements regarding executive compensation. The Compensation Committee met twice in 2009.

iii) Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is currently comprised of Messrs. David K. Fagin (Chair), Ian MacGregor and Michael Martineau. Each member of the Nominating and Corporate Governance Committee has been determined by the Board to be an unrelated, outside member with no other affiliation with the Corporation and independent as defined by the NYSE Amex. The Nominating and Corporate Governance Committee, as set forth in its charter, advises and makes recommendations to the Board concerning all corporate governance issues, including: Board and committee jurisdiction, composition, size and remuneration; adoption and implementation of policies designed to ensure that the Corporation follows best practices in corporate governance; and oversight of compliance with legislation, rules, regulations and guidelines enacted and adopted by governments, securities regulators and stock exchanges to whose jurisdiction the Corporation is subject. In addition, the Nominating and Corporate Governance Committee performs an annual appraisal of the performance of the Board, its committees, each director and the Board and committee chairs (see Assessments below).

The Nominating and Corporate Governance Committee is responsible for the assessment of the effectiveness and contribution of the Board, its committees and individual directors. The Nominating and Corporate Governance Committee annually reviews the overall performance of the Board and its committees based on a number of factors including the Board s performance in meeting the challenges that faced the Corporation over the previous 12 month period, the Board s relationship with management, and the overall effectiveness of the Board and its members.

The Nominating and Corporate Governance Committee periodically reviews the adequacy and form of compensation of directors in relation to the responsibilities and risks involved in being an effective director. See Compensation of Directors above.

The Nominating and Corporate Governance Committee is also responsible for supervising the nomination process including identifying and recommending nominees to the Board for eventual proposal as candidates for election as directors at the annual meeting of shareholders. The Nominating and Corporate Governance Committee considers candidates for Board membership who are suggested by members of the Nominating and Corporate Governance Committee, other Board members, members of management and shareholders of the Corporation. Once the Nominating and Corporate Governance Committee has identified prospective nominees for directorship, the Board is responsible for selecting such candidates. The Nominating and Corporate Governance Committee seeks to identify director candidates with solid business and other appropriate experience and expertise, having regard for the nature of the Corporation s business and the current composition of the Board, and commitment to devoting the time and attention necessary to fulfill their duties to the Corporation.

Table of Contents

While the Corporation has not prepared a formal diversity policy with respect to evaluating nominees for director positions, the Nominating and Corporate Governance Committee s charter includes general factors to be considered in evaluating a prospective candidate to the Board, which factors include (i) the extent to which the candidate will enhance the objective of having directors with diverse viewpoints, and (ii) backgrounds, experience, expertise, skills and other demographics. We believe that the backgrounds and qualifications of our directors, considered as a group, should provide a composite mix of skills, experience, and knowledge that will assure that the Board can continue to fulfill its responsibilities.

The Nominating and Corporate Governance Committee also considers the independence of directors or potential directors. The Nominating and Corporate Governance Committee met twice in 2009.

Shareholders wishing to recommend a director candidate to serve on the Board may do so by providing written notice to the Chair of the Nominating and Corporate Governance Committee, Golden Star Resources Ltd., 10901 West Toller Drive, Suite 300, Littleton, Colorado, USA 80127-6312, that identifies the candidate, provides appropriate biographical and background materials, evidences the nominating shareholder s Common Share ownership, and includes a written signed statement of the candidate. Assuming that the appropriate information and materials are received in a timely manner, candidates recommended by shareholders will be evaluated against the criteria outlined above. A complete copy of the procedures to be followed by shareholders who wish to recommend director candidates is available on the Corporation s website at www.gsr.com.

iv) Sustainability Committee

The Sustainability Committee is currently composed of Messrs. James Askew (Chair), David Fagin and Ian MacGregor. Each member of the Sustainability Committee has been determined by the Board to be unrelated, an outside member with no other affiliation with the Corporation and independent as defined by the NYSE Amex. The primary purposes of the Sustainability Committee are to assist the Board in its oversight of exploration, development and operating risk, including issues related to geological, mining, metallurgical, community relationships, health, safety and environmental matters. The responsibilities of the Sustainability Committee include, among others: reviewing with management the Corporation s goals, policies and programs relative to exploration, development and operational matters; making enquiries of management concerning the establishment of appropriate policies, systems, standards and procedures for all technical, development and operating activities, and compliance with applicable laws and standards of corporate conduct; reviewing with management the assessment, reduction and mitigation of technical risk; reviewing with management the risk analysis of any proposed new major exploration, development or operating activity; and reviewing with management the Corporation s record of performance on community relationships, health, safety and environmental matters, along with any proposed actions based on the record of performance. The Sustainability Committee met twice in 2009.

Assessments

The Nominating and Corporate Governance Committee performs, as part of its duties, an annual appraisal of the performance of the Board and its standing committees as a whole and of the individual performance of each director and the Board and committee chairs. The results are used in making any required changes to functions and individuals and in determining nominations for re-election and appointment.

Shareholder Communications

The Corporation believes that it is important to maintain good shareholder relations. The Board will give appropriate attention to all written communications that are submitted by shareholders. Any shareholder wishing to send communications to the Board, or a specific committee of the Board, should send such communication to the Senior Vice President and Chief Financial Officer of the Corporation by email to jlabate@gsr.com or by mail to Board of Directors, c/o Chief Financial Officer, Golden Star Resources Ltd., 10901 West Toller Drive, Suite 300, Littleton, Colorado, USA 80127-6312. All communications shall state the type and amount of the Corporation s securities held by the shareholder and shall clearly state that the communication is intended to be shared with the Board, or if applicable, with a specific committee of the Board. The Senior Vice President and Chief Financial Officer shall forward all such communications to the Board or the specific committee, as appropriate.

Director Attendance at Shareholder Meetings

It is the Corporation s policy that the directors attend annual shareholders meetings. All of the then directors of the Corporation attended the 2009 annual general meeting of shareholders.

Additional Disclosure Relating to Directors

To the knowledge of the Corporation, no proposed director of the Corporation is or has been, within the last 10 years, a director, chief executive officer or chief financial officer of any company that (a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while he/she was acting in the capacity of director, chief executive officer or chief financial officer of that company; (b) subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after he/she ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while he/she was acting in that capacity; (c) subject of, or a party to, any judicial or administrative order, judgment, decree or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of (i) mail or wire fraud in connection with any business entity or (ii) federal or state securities, commodities, banking or insurance laws and regulations, or any settlement to such actions (not including settlement of a civil proceeding among private parties); or (d) subject to any disciplinary sanctions or orders imposed by a stock, commodities or derivatives exchange or other self-regulatory organization.

Moreover, to the knowledge of the Corporation, no proposed director is or has been, within the last 10 years, (a) bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his/her assets; or (b) a director or executive officer of any company that, while he/she was acting in that capacity, or within two years of his/her ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for the following:

Ian MacGregor, a director of the Corporation, served several years ago as a director of Canadian Shipbuilding and Engineering, a private Canadian company that became subject to the Companies Creditors Arrangement Act and subsequently made an assignment in bankruptcy after failing to achieve a successful restructuring plan.

PRINCIPAL ACCOUNTING FIRM FEES

The Corporation incurred the following fees for services performed by its principal accounting firm, PricewaterhouseCoopers LLP, during fiscal 2009 and 2008:

Year	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees	Total
2009	$ 458,785	$ 47,363	$ 65,372	$ 50,789	$ 622,309
2008	$ 466,912	$			