2011 sustainability report

golden star resources

health
safety
transparency
human rights
community
environment

Cover: Backfilled Plant North Pit with the Prestea Community in the background

GOLDEN STAR RESOURCES SUPPORTS THE UN GLOBAL COMPACT

OUR MISSION, VISION AND VALUES

OUR MISSION IS THE RESPONSIBLE AND PROFITABLE PRODUCTION OF GOLD

OUR VISION IS TO BUILD A BRAND NAME MINING COMPANY THAT:

- Delivers superior returns to investors
- Values and develops our people
- Is committed to international practices and conduct
- Is a partner of choice for host communities and governments

OUR VALUES ARE:

- Respect, honesty and open communications in all relationships
- Commitment to safety, employee well being and protection of the environment
- Teamwork and accountability throughout the organization
- Responsible corporate citizenship

THE GLOBAL COMPACT
WE SUPPORT

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact.**

We welcome feedback on its contents.

FORWARD-LOOKING STATEMENTS

The forward-looking statements made in this report are based on assumptions and judgments of management regarding future events and results. Such forward-looking statements, including but not limited to those with respect to reserve and resource estimates, cost and timing of the development of new deposits, timing and amount of estimated future production, estimated costs of future production, operational capabilities, and gold price, involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from forecast future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual price of gold, the actual results of current exploration, development and mining activities and changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Company's filed documents.

CEO's message

This report is Golden Star's sixth annual Sustainability Report, which summarizes our corporate social responsibility and safety performance and is our communication on progress for the UN Global Compact.

The tragic and preventable fatal injuries of two of our team members, is a burden and matter of great sadness to me. I strongly believe that all incidents are preventable, and our team members and visitors to our operations have the right to go home safely from work every day.

The marked improvement in our environmental performance, was achieved with the support of our regulators, through the continued implementation of the EPA Akoben criteria, and targeted programs of intervention and improvement, such as those for process water inventory management at our Bogoso / Prestea operation

In 2011, we achieved a number of sustainability milestones. The landmark completion of the backfilling of GSBPL's Plant North pit has improved our stakeholder relationships and the perceptions of integrity of our business. We have made excellent progress on our major Golden Star Development Foundation projects that were agreed with our stakeholder communities, and we have made extensive progress in regards to a number of important community engagement and agreement processes, including the Togbekrom, Dumasi and Prestea South Mbease Nsuta resettlements.

In four years (2015), the milestone corporate social responsibility benchmarking around the globe will be progress against the millennium development goals (mdg). We have taken the opportunity to remark on our contribution to these important goals for poverty eradication, education, and sustainability. I commend to you the break out boxes describing our input to the achievement these goals of the broader civil society.

I would like to take this opportunity to thank our employees, our stakeholder communities, and our contracting partners for their dedication and commitment to our mutual goals. This report is about our achievements and opportunities as a team, and it is only as a team that we will ensure the sustainability of our business.

Tom Mair, CEO

Tom Mair, CEO

Golden Star Resources

REPORT PREPARATION

This report presents a summary of Golden Star Resources' social, environmental and economic contributions for the 2011 calendar year. All data relates to the period from January 1, 2011 to December 31, 2011, unless stated otherwise. All amounts in this report are in US dollars unless otherwise indicated.

Backfilling the Plant North Pit

2010 commitments summary

In our 2010 Sustainability Report, Golden Star Resources detailed a number of goals and targets for 2011 in relation to opportunities we saw to advance the sustainability of our business.

What we said we would do	What we did	Where you can find more information
Human right training provided to new staff. Human rights training provided for all existing employees.	All new employees trained. 2004 (76%) existing employees trained.	Human rights
Review the general human rights standards for our supply sources and provide a report to the GSR Sustainability Committee with recommendations.	Standards incorporated into GSR contracts. A review of suppliers was carried out through correspondence, to which 5 suppliers were respondents. Additional work is required in 2012 to progress this review.	Human rights
Work with our top 10 suppliers to provide training materials and training to their employees providing services to GSR.	Training materials provided to top 20 suppliers. Meetings were held to provide additional guidance for various suppliers.	Human rights
Develop a program for anti discrimination at sites. Provide site HR and Senior Managers with training.	Training program developed. The training was provided at the sites.	Labour standards
Develop and implement a local hiring policy that provides stakeholder community members with the preferential opportunity to apply for work with GSR.	Policy implemented, including a full continuous improvement review. The policy was reviewed with GSBPL catchment communities during community agreement negotiations.	Labour standards
Consolidate the LTIFR at below 0.3	The LTIFR (12 month) increased to 0.61.	Health and safety
Provide detailed payment information to the EITI in Ghana in support of the anti-corruption program.	All information provided as required.	Superior returns / anti corruption
Provide quarterly information to potential royalty sharing participants of the amounts of royalties paid to government and the expected distributions.	Full statement and disclosure of the payments to government made. Stakeholders that should receive payments were advised and the amounts that would accrue to each entity were disclosed publically in 2012.	Superior returns / anti corruption
Provide training for key personnel on rehabilitation and closure planning.	Training provided to all key personnel. Additional review completed so that closure planning is in place for all areas within 2 years of completion.	Environment
Develop closure plans with the required level of detail for assets requiring closure in accordance with the corporate closure standard.	Closure plans developed for the Chujah East Waste Dump. Additional closure plans are required for some operational areas at GSWL and also for the Plant North complex at GSBPL.	Environment

Backfilling of the Chujah South Pit

the best talent

GSR understands that our people are our greatest asset. Our people bring their talents to our operations and as a team, we commit to engaging with each other with mutual respect, honesty, and transparency.

GSR has a positive effect on our stakeholder communities; Local employment contributes to regional prosperity and pride. In 2011, 30% of our employees hailed from our operations' stakeholder communities and about 45% come from within the Western Region of Ghana where our operations are located.

In line with our commitment to sustainability, building capacity within the communities in which we operate is critical to our success. At our operations, more than 3,700 people attended technical and supervisory training courses totalling more than 43,218 hours of training – over a 50% increase from 2010! In addition to the time commitment, we spent about US$0.72 million on training and developing our people.

Dedicated teams of specialist personnel advise and support our operations' sustainability activities. Across our business, we have some 33 personnel working in the environment discipline, 11 health and safety dedicated personnel, 11 team members in our community relations teams and a further 13 personnel dedicated to ensuring the security of our workforce. Resources dedicated to the provision of these specialist services represented almost 20% of our total operating costs.

human rights

Golden Star Resources works to support and respect the protection of internationally proclaimed human rights and ensure that we are not complicit in human rights abuses.

UN Global Compact 2011 Human Rights Goals:

- *Review the general human rights standards for our supply sources and provide a report to the GSR Sustainability Committee with recommendations.*
- *Work with our top 10 suppliers to provide training materials and training to their employees providing services to GSR.*

Following the 2010 training of our human resources personnel in human right matters, we extended the training to the wider workforce in 2011, with 100% of new and 76% of existing employees participating in training.

Training materials were provided to our top 20 suppliers and meetings were held to provide additional guidance to various suppliers as required.

Building on the meetings with our top ten suppliers in 2010 to communicate our policies, requirements, and commitments to human rights, GSR upgraded its standard contract conditions to incorporate human rights requirement. Additionally, a human rights desk top review was conducted with 5 of our major suppliers and will be progressed in 2012.

mdg* 3 promote gender equality and empower women

Target: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.

In the traditionally male-dominated mining industry, we employ women throughout our business. We employ almost 80 women throughout our workforce in management / technical roles. Women represent some 4% of our staff including 7% of senior staff, and 7% of expatriate/management employees, demonstrating our commitment to positive interventions in employment opportunity for women.

* mdg: millennium development goal

labour standards

Freedom to associate and bargain collectively: We recognize our workers' rights to associate. Currently, some 98% of our employees at all levels within our businesses have joined various unions of their choice. Management and unions convene regular meetings to consult on the business, and negotiate workers' conditions of service.

Elimination of forced and compulsory labour: The development and implementation of a local hiring policy, and communication of this policy to catchment communities, is a key improvement for our business in 2011. Whilst such policies have been in place in the past, the formalisation of the policy, and more recently, the inclusion of key policy aspects in community agreements presently being negotiated with GSBPL catchment communities improves the transparency for our stakeholders.

In order to eliminate all forms of forced and compulsory labour, we ensure that recruitment for any form of work is mutually agreed between both parties.

In addition to our 2,111 direct employees, our partnerships with other employers in our region enable us to work together for mutual benefit, and for the benefit of our host communities. As a result of our operations, approximately 260 direct contractors are employed, and their businesses employ a further 2,266 people to support our mines. In addition to these jobs, our Golden Star Oil Palm Plantation business employs another 253 people from our catchment communities.

Abolition of child labour: We ensure that all staff recruited meet the statutory employable age, which for the mining business is 18 years.

Eliminating discrimination and promoting workplace diversity: In 2011, we developed an anti-discrimination training program for delivery at sites and provided training for our human resources and senior managers.

In the traditionally male-dominated mining industry, we employ females throughout our business. Of our direct employees, some 4% are female staff, a modest increase from 2010, with almost 80 women employed in roles ranging from general management to highly specialised technical roles. Women occupy a slightly higher proportion of senior roles within the business, representing 7% of senior staff, and 7% of expatriate / management employees, respectively.

Our commitment to workforce diversity continues beyond this; we have a number of physically challenged people in our workforce.

Developing Young People: The principles of sustainability recognise the criticality of providing for future generations.

GSR is working with our stakeholder communities to provide practical experience for young people through our traineeship programmes and educational scholarships. In 2011, we had 17 apprentices, 106 people in our attachment programme, 19 graduate trainees, and 83 completing National Service in our business. A further 21 of our employees undertook programmes sponsored by GSR to obtain recognised qualifications - 1 completing Certificate level studies, 7 completing Diploma and Bachelor level studies, 5 undertaking chartered accountancy and 8 completing Masters level studies.

This is more than 246 people, or almost 12% of our employees, are undertaking external programmes to build their capacity, obtain a greater depth of experience and gain further qualifications.

UN Global Compact Target: in 2012, we will provide training at all levels of the organization regarding harassment, and discrimination awareness and prevention, following on from the training for HR and Senior Managers in 2011.

mdg 4 reduce child mortality
mdg 5 improve maternal health

GSR provides National Health Insurance Scheme coverage for all its Ghanaian employees and their immediate families, as well as providing mine site clinic access for some 7,335 people (employees and their registered family).

In 2011 at GSWL and GSBPL, some 10,538 new and 799 follow up treatments were made at Golden Star clinics.

As part of our corporate social responsibility programs, we built a health centre at Nsadweso, an Outpatients Department at the Prestea Government Hospital, nurses quarters at Bogoso, and a community health post at Bondaye.

Golden Star is a supporter of Project CURE (www.projectcure.org), which, since 2003, delivered 29 containers of medical equipment to Ghana, serving over 18 million people.

commitment to best practices

Nothing we do is worth anyone being injured

We are saddened to report that John Egan (3-10-2011) and Emmanuel Appayin (17-10-2011) were fatally injured at our operations in 2012, and a further ten people were injured to an extent where they could not go back to work on their next scheduled shift. Our sincerest condolences to the family and friends of our lost team members, may they rest in eternal peace.

These tragic events highlight the considerable work that we still have to progress to ensure that all of our team go home safely every day. A number of major risk management programs were started in 2011, and their continued implementation and embedding in 2012 are critical to the ongoing improvements in our safety culture:

- GSR Risk Management Program: implementation of an upgraded risk matrix, provision of risk assessment and job hazard analysis training, conduct of facilitated multi-disciplinary risk assessment workshops, and development of site risk registers.
- Provision of upgraded fire response equipment: fire tenders stationed at each operation, additional fire response equipment and fire response training.
- Implementation of additional controls for driver speed management at GSWL: fitting of GPS vehicle trackers in vehicles, usage of speed alert cameras/signage, and more stringent disciplinary outcomes for deviations from rules.
- Implementation of a new driver training program and driving course for trainee drivers at GSBPL.

Our lost time injury frequency rate was 0.61, above our 2011 target of 0.3.

Our safety team members proactively conducted over 306 workplace inspections and reviews, and 417 hazard inspections during the year, which is just over 60 inspections each month. More than 6,400 people received training and development on workplace health and safety, totalling almost 11,000 hours of training, or double that of the previous year. Our teams participated in over 550 health, safety and environment meetings with their representatives.

All incidents and near misses reported at our operations were investigated. This allows us to identify any causes for the incidents and take action to prevent the same thing happening again. By the year's end, we had implemented some 86% of the improvement actions identified from these investigations.

In 2012, we aim to consolidate our Lost Time Injury Frequency Rate at below 0.5

health

In 2011, we continued to show a gradual decline in hours of work lost to malaria illness, and a recovery of our recent marked success in reduction of overall time lost to illness. Food hygiene and workplace sanitation programs, coupled with commencement of routine building insecticide treatment for mosquito control, and therefore malaria prevention, have been key preventative measures implemented in 2011.

Other worker and community health programs are featured in this report in the Millennium Development Goals case studies.

mdg 8 combat hiv/aids, malaria and other diseases

Target: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.

Golden Star undertakes a site-wide mosquito control program, which includes prevention, such as building insecticide treatment and screening, and mitigation (pathology testing, and anti-malarial treatments).

GSR supports and participates in national immunisation programs, including the 2011 Ghana national yellow fever immunisation program, as well as, providing health and family planning education and participating in World AIDS day programs.

GSR's success is shown in a decline in overall hours lost to illness, and to malaria (see Health and Safety).

international cyanide management code (icmc)

The ICMC, developed under the aegis of the United Nations Environment Programme, is administered by the ICMI, which promotes the Codes' adoption, evaluates implementation, and manages the certification process (see www.cyanidecode.org).

GSWL achieved full certification in 2009, and it was announced on the ICMI website that GSBPL had been certified in full compliance on 7 January 2011.

In 2011, both GSWL and GSBPL undertook internal audits, using ICMC certified auditors, to review progress against the Code ahead of the planned 2012 ICMC recertification audits. Corrective action plans were implemented for the identified issues.

environment

Working with our stakeholders to provide for future generations

GSR's operations continued promoting a pre-cautionary approach to environmental challenges and undertook initiatives to promote greater environmental responsibility. We received no enforcement actions or fines during 2011.

At GSWL, we had one reportable environmental incident. On 1 November, a loader fuel tank was punctured by a rock at the ore pad releasing some 500 litres of diesel. The release was fully contained and there was no release to the external environment. The Municipal EPA office was notified.

We remained in substantial compliance with our regulatory requirements during 2011. We await the results of the EPA Akoben audits (a review by the Ghana Environmental Protection Agency) and expect an improvement on our 2010 performance.

Water

Our extensive monitoring program covers 183 surface and 135 ground water monitoring sites. Of the over 1,800 samples collected, we demonstrated that discharges from our operations to the receiving environment at all times met the limits set by the EPA for cyanide. We maintained substantial conformance to internal and external water quality criteria, or were consistent with the levels that existed before the start of our mining operations (background levels). The surface water around our sites continues to be polluted by the activities of unauthorized small (and mechanized) miners. We regularly report these unauthorized activities to the regulatory authorities.

Land

Reuse and Recycle

Waste management improvements implemented in 2010 resulted in the following performance for 2011:

- Some 3,500 tonnes of scrap metal was recycled by EPA accredited recyclers. At GSWL, these recyclers are companies owned by Traditional Leaders, a practice that we plan to implement at GSBPL in 2012 to provide further benefit to our stakeholder communities.
- Almost 3,900 wooden pallets / boxes were provided to the community for reuse.
- We recycled over 320,000 litres of waste oil and remediated more than 26 m^3 of soil for reuse.

Rehabilitation and Closure

We planted over 44,000 mostly indigenous tree seedlings in our work to rehabilitate 29 hectares of land. In 2011, we spent in excess of $26M on land reclamation within our concenssions.

As at the end of 2011, our Ghanaian tenements covered over 1,600 km^2 of land, of which less than 1.5% has been developed for our operations. Some 30% of the land we have disturbed is under various stages of rehabilitation, with the majority of the rest employed for active mining or needed for future operations.

Air

As well as measurements in our operational areas, we measured air quality at 28 communities near our activities and took 485 samples throughout the year. Our monitoring shows that the dust in the air was acceptable when compared with the levels set by the Ghana EPA. Whilst this was the case, we remain sensitive to the needs of our local communities and take additional action as required. In 2011, we committed to the trial of chemical dust suppressants in the 2012 dry season, which has received the support of the EPA.

We used some 251,633 MWh of electricity during the year. This was a modest reduction on our 2010 performance, again reflecting the reduced rate of hard rock milling at Bogoso. We used 24,846,251 litres of diesel through 2011, an increase on 2010 that largely reflects the increasing haulage distances from our pits. This produced 173,935 tonnes of CO_{2e}, which was offset by the 29 hectares of revegetation, 44,205 seedlings grown, 24,576 seedlings planted, 1.6 tonnes of seeds planted as part of the rehabilitation work.

Noise and Vibration

In 2011, we conducted over to 1,300 blasts in our open pits and monitored these blasts at nearby communities. Of these, over 97% met the EPA threshold levels for noise and almost 99% met the EPA threshold levels for vibration.

The effects of blasting on communities are managed through blast design (*e.g.* size, duration, and maximum instantaneous charge, blast equipment selection), as well community awareness and the use of community members on our monitoring teams.

In 2011, GSWL undertook a major program engaging the services of structural and blasting engineers to assess root causes of building cracking reported in a number of our stakeholder communities. Whilst in the vast majority of cases, the assessments identified structural and construction defects as the root cause, in those cases where our blasting was considered to have contributed, we have appointed crack repair teams to complete repairs.

CO_{2e} = CO_2: equivalents

environment cont.

Sequential Land Use – The Plant North Pit Story

Although Prestea has been a mining town since the 1890s, the Plant North Pit, mined from 2002 to 2006, was the first open pit so close to the town of Prestea.

The community's perception of our performance at Plant North has been varied. Our proximity to the community attracted close regulatory scrutiny, and our performance led to a temporary stop work order and heavily constrained blasting provisions. Changing mine plans then led to delays in achieving our commitments, which resulted in the EPA placing a permitting moratorium on our GSBPL operations.

Having reviewed our mine plans, and with substantial work completed on the pit backfilling in 2010, the EPA removed the moratorium in 2011. Backfilling of the pit was completed in August 2011 with about 12 Mm^3 of waste material being placed in the pit. During the work, the Railway spring was uncovered and rehabilitated, and the waste dump area cleared back to original ground.

Further consultation on closure land use is now underway to ensure that stakeholders are aligned on the multi-use plan, which includes a bus transport area, agro-forestry, and areas of secondary tropical forest.

It is anticipated that rehabilitation work will stimulate the local economy through employment; both during the revegetation which will draw on local services and later, through use of the area by the community for the next land uses.

Precautionary approach to the environmental challenge of process water inventory

GSBPL has, for a number of years, struggled with a large inventory of process water on its tailings storage facilities (TSF). Whilst most of this water is rainfall, it has resulted in sub-optimal consolidation and less space for tailings. Management of the water is critical to TSF operations and stability.

A number of major prevention and mitigation programs, came to fruition in 2011 including:

- Reducing clean water flows into the plant.
- Reusing more water in our processing.
- Reducing plant spillage to improve water quality.
- With EPA approval, construction and operation of a mixing reactor, this combined process and pit waters for compliant water discharge.
- Establishment of engineered, purpose-built wetland treatment marshes for biological treatment and polishing of waters.
- Purchase of equipment to trial evaporation enhancement systems with a view to installation and use in the future.
- Approval by the EPA for the storage of water in inactive mining pits for seasonal attenuation and amelioration.

Construction of a 11 ML/day water treatment plant – using cyanide destruction, solids removal and reverse osmosis,

In addition GSBPL continues to develop its strategic water management plans by updating the TSF water balance model.

superior returns

Anti-Corruption

We work against corruption in all its forms, including extortion and bribery by supporting the Extractive Industry Transparency Initiative (EITI).

During 2011, we publicly reported the payments we made to the Government of Ghana including: royalties, fees, permit, licenses, SSNIT, VAT, pay as you earn taxes (PAYE), import duties, withholding tax and the stabilization levy. Our total payments to the government of Ghana are shown in the tables, as is the breakdown of the transfers that should reach our stakeholder regulatory and traditional authorities.

As committed in 2010, we continued our support of the EITI by publishing our payments to the Government of Ghana and also providing a quarterly statement of the expected payments each of our regulatory and traditional authorities were expected to receive.

Golden Star (Wassa) Limited	Q1	Q2	Q3	Q4	2011	Life to Date
PAYE	685,841	571,402	536,872	715,118	2,509,233	8,289,906
SSNIT	305,011	315,664	314,371	326,488	1,261,534	5,476,140
VAT	1,895,093	2,364,585	1,290,658	9,652,593	15,202,929	29,062,775
Import duties	0	138,626	148,399	181,187	468,212	1,303,998
Royalties	1,970,902	2,196,978	2,911,980	2,821,329	9,901,189	31,401,390
Fees, Permits, Licenses	12,310	33,364	30,971	47,878	124,523	572,504
Withholding tax	513,057	532,272	437,527	305,575	1,788,431	9,807,658
Stamp duties	0	0	0	39,219	39,219	323,794
National Stabilization Levy	1,093,410	1,780,764	1,137,728	713,087	4,724,989	6,887,533
Total	6,475,624	7,933,655	6,808,506	14,802,474	36,020,259	93,125,698

Golden Star (Bogoso / Prestea) Limited	Q1	Q2	Q3	Q4	2011	Life to Date
PAYE	958,145	999,319	942,215	1,066,190	3,965,869	16,281,617
SSNIT	400,472	418,002	421,201	423,689	1,663,364	8,980,853
VAT	856,454	850,919	1,083,211	1,525,921	4,316,505	17,116,368
Import duties	97,656	360,13	886,268	590,180	1,934,207	6,671,710
Royalties	1,142,030	1,267,491	2,571,403	3,276,680	8,257,604	41,085,824
Fees, Permits, Licenses	51,769	28,649	76,835	69,091	226,344	921,411
Withholding tax	512,304	540,826	528,891	441,738	2,023,759	9,224,039
Total	4,018,830	4,465,309	6,510,024	7,393,489	22,387,652	78,578,664

The payment of royalties to the Government of Ghana triggers a legislated distribution of the payments to the Mineral Development Fund (10%) and the Administrator of Stool Lands (10%). The Mineral Development Fund money is to be used for community projects and to support mining sector institutions. The 10% of the royalties paid to the Administrator of Stool Lands is divided amongst the Administrator of Stool Lands (10%), the District Assemblies where the gold was produced (49.5%) the Traditional Council (18%) and the Stools (22.5%).

The following tables provide the expected distribution of the royalties paid in 2011.

Golden Star (Bogoso / Prestea) Limited	Sub-Entity	2011 Total
Office of Administrator of Stool Lands	OASL Overhead	82,576
Traditional Authority	Bogoso Traditional Authority	222,726
	Himan Traditional Authority	5,545
	Bogoso / Beppo Traditional Authority (not yet defined)	103,508
	Adaamanso Traditional Authority	2,654
	Total	**334,433**
District Assembly	Prestea Huni-Valley District Assembly	403,811
	Amenfi East District Assembly	4,940
	Total	**408,751**

Golden Star (Wassa) Limited	Sub-Entity	2011 Total
Office of Administrator of Stool Lands	OASL Overhead	110,099
Traditional Authority	Wassa Fiase	121,096
	Mpoho	38,539
	Ahanta	38,539
	Total	**198,173**
Stool Lands	Mamponso	88,523
	Mpohor	48,173
	Manso	62,848
	Pretsea	48,173
	Total	**247,717**
District Assembly	Mpohor Wassa East	300,731
	Tarkwa Nsuaem	138,265
	Ahanta West	105,981
	Total	**544,977**

mdg 1 eradicate extreme poverty and hunger

Target: Achieve, full and productive employment and decent work for all, including women and young people

Inaugurated in 2009, the Golden Star Skills Training and Employable Program (GSSTEP) seeks to provide employable skills to youth, diversify and expand the employment opportunities in our catchment communities, and provide viable employment alternatives to reduce reliance on unauthorized activities, such as unauthorized small scale mining.

In January 2011, GSWL launched its first GSSTEP program at Ningo with 4 instructors and 60 trainees (including 5 female trainees) from Akyempim, Benso and Mpohor / Awunakrom communities. Following the completion of a successful program, 13 masonry, 16 carpentry and 15 mobile phone repair trainees graduated.

Since its inception, GSSTEP has provided skills and training to 74 masonry, 27 cooking and food service, 63 carpentry, 28 mobile phone repairs, and 20 building electrical.

partner of choice cont.

Golden Star Oil Palm Plantation (GSOPP)

$1 per ounce of gold produced are directed to the GSOPP to support the use of sustainable agri-business in reducing poverty and creating wealth

The Golden Star Oil Palm Plantation was established in April 2006 as a non-profit subsidiary of Golden Star Resources to promote the development of oil palm plantations amongst GSR's catchment communities using the smallholder concept in partnership with the Traditional Authorities, affected farmers, and the agro-forestry industry.

Through GSOPP, GSR continues to advance the businesses objectives of reducing poverty through employment generation and promoting wealth creation through sustainable agri-business. As at the end of 2011, GSOPP Involved over 230 small-holder farmers and additionally employed some 253 contract workers. In 2010, the oil palms initially planted at Bogoso in 2006 had reached maturity and commenced fruit production. Fruit production in 2011 was three times that of 2010, providing a good income to the smallholder farmers.

Development Foundation

Community Driven – Development Focused

Golden Star Resources is committed to support local communities with $1 per ounce of gold produced plus 0.1% of pre-tax profit is directed to the Golden Star Development Foundation. Within the GS Development Foundation umbrella, GSR, our Community Mine Consultative Committees, non-government organisations, and Government work collaboratively to undertake projects with enduring positive effect for our host communities. All projects are developed with a long-term sponsor that will operate the facility once handed over.

In 2011, the Golden Star Development Foundation continued a wide array of projects identified by our host communities as being of importance to them, including:

Education

- Construction of school classroom blocks at Akyempim and Adamanso – providing schooling facilities for more than 265 children.
- Construction of the Information and Communication Technologies Centre at Himan – providing technology access for a catchment community of 17,000 people.
- Scholarships for 88 students throughout our catchment communities.
- School block electrification at Akyempim and Old Subri – improving learning conditions and opportunities for some 180 children.
- Construction of a bus stop at Bogoso.

Water and Sanitation

- Upgrade and extension of potable water supply systems throughout the GSBPL catchment communities, with poly-tanks at Dumasi, Prestea, and Bondaye, and a number of hand dug wells, as well as construction of borehole facilities at Awunakrom. These projects will improve water supply security for some 9,000 people.
- Construction of aqua-privy / toilet facilities at Mpohor, Awunakrom, Adamanso, and Juabeng. These new facilities are designed to service almost 900 people daily.

Economic Development and Poverty Reduction

- Construction of a community centres at Ehyireso and Benso communities – servicing populations of some 1,900 and 2,700 persons respectively.
- Construction of an open market centre at Beppoh for the almost 7,000 community members.

Health and Wellbeing

- Furnishing of the Bondaye clinic, constructed as a GSDF project in 2010.
- We also commenced planning and designs for a mini-clinic for the GSBPL plant site communities, in collaboration with the Ghana Health Service.
- Installation of floor tiles at the Prestea Government Hospital – improving hygiene conditions for the estimated 70,000 patients received annually (2010 GHS).
- Commencement of the Bondaye Nsuta Mbease electricity provision project – electricity poles and wiring for the main town supply line, which will service over 3,000 people.
- Completion of construction of a footpath for the Brakwaline community – to provide all weather access to the village and improve access to market for the estimate 267 residents.

These projects, covering education, health, water and sanitation, roads and economic development projects had a total value of some $0.35 million.

Managing Our Effects

Minimising Impacts

In order to minimise our operational effects, GSR provides a number of services to our local communities that include:

- Safe access to school through the provision of transport services where our operations have removed other access points.
- Improvement and repair of structures identified as having been affected by blasting.

Maximizing Positive Benefits

Beyond the projects funded by the Golden Star Development Foundation, our operations support a number of projects within their respective catchment communities valued at over $780,000.

Education – materials for renovation and maintenance of five kindergartens / schools, transportation to examinations, support of inter-school sports and schools science programs, student scholarships and teachers awards and prizes, and school electrification projects.

Health – support of National immunisation programs including funding, transport and in-kind.

Sanitation – materials, supply and construction of ablution, and drainage improvements in communities.

Water – Provision of a 4 water supply boreholes, a pipe-borne water supply system, and pumps for two existing water systems, as well as system repairs and maintenance.

Cultural - We contributed to a number of traditional and cultural activities of importance by supporting funeral services for traditional leaders, sport-related donations to clubs and groups, and community events including Farmers' Day and Ghana Independence Day Celebrations.

Economic development - We constructed and upgraded community road infrastructure, purchased equipment, made donations towards community infrastructure improvements, supported farming and fish pond projects, and undertook two GSSTEP programs (see GSSTEP case study).

mdg 2 achieve universal primary education

Target: Ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

On a daily basis GSR provides school bus services for 15 communities, and over 1,100 school children. In 2011, GSR continued to support scholarships for some 93 children.

In 2011, we built and opened a 6 classroom block school including teacher's quarters and sanitation facilities for our Ningo catchment community, and we completed the 3 classroom block at Akyempim that we started in 2010.

Since 2006 we have build 6 schools, numerous school bus stops, provided school supplies, awarded scholarships to 139 children, and provided almost $40k in teachers allowances.

GSR also supports the education of 2,073 registered dependents of our employees, through educational subsidies.

partner of choice

Community

To build relationships founded on trust, transparency and mutual respect, we work with our local communities to minimise impacts, seek sustainable solutions to resolve issues, and maximise positive benefits.

Our teams continue to conduct proactive consultations with stakeholder communities about our plans for our business, seeking feedback to understand concerns. To provide wider access to information, we held public meetings, open house events, sensitization forums, media releases and distributed newsletters – over 200 formal consultations with our stakeholders in total. We continued to invite Government officials to these interactions to moderate, collaborate, and maintain transparency and accountability of all parties.

During the reporting period, we received 80 community complaints, of which some 78% have been resolved and actions are underway to resolve the remainder of the valid issues.

Our Community Consultative Committees (CCCs), and Community Mine Consultative Committees (CMCCs), established in our key stakeholder areas, continued to include representation from all catchment communities. They met to select development projects for the GS Development Foundation and to discuss plans and receive community concerns. Over 298 CCC meetings, and 18 CMCC meetings, were held involving some 310 representatives.

The Crop Rate Review Committee, made up of our team, local farmers associations and opinion leaders, met in April 2011 for a two-day workshop to conduct their annual review of crop compensation rates and arbitration activities.

The GSR Employment Committees continued to address opportunities for employment amongst local communities. Through these committees, we continued to advertise local job opportunities.

Cocoa beans

Re-Settlement

GSR works to minimise disturbance to communities where-ever possible. Where re-settlement is necessary, projects are planned and implemented according to Ghanaian regulations and the International Finance Corporation (IFC) Performance Standard 5.

At our Bogoso/Prestea operations, we have been working with communities on the resettlement of the Anikoko group of hamlets, the Dumasi community, and have continued consultation with persons potentially affected by our Prestea South Mbease Nsuta project. At Wassa, we have been working with the Togbekrom community, who will be affected by our proposed tailing storage facility construction. These projects are carried out in accordance with the Ghanaian regulations and IFC Performance Standard 5, including community consultation, and informed community participation in developing, negotiating and implementing the resettlement packages.

Togbekrom

In 2010, GSWL registered the construction of a new tailings storage facility (TSF) with the EPA. A rapid asset survey was conducted in October 2010 to provide an initial estimation of displacement that would result from the project. Detailed surveys were conducted in May 2011 and resulted in the documentation of a socioeconomic baseline survey and a census and asset survey. Valuations followed in July 2011.

A pre-negotiation resettlement action plan (RAP) was developed in September 2011, and formed the basis for resettlement negotiations with representatives of the project-affected community, and in consultation with relevant Government agencies including the Local Government Authority. This was followed by a facilitated a negotiation phase with representatives of the project-affected community, which resulted in a signed negotiated resettlement agreement on 20 December 2011.

Work started in 2011 that will continue into 2012 include: an assessment of the host area to determine its suitability and assess the environmental and social effects on the resettlement site and host community; evaluation of further mitigation requirements; and the finalisation of a livelihood restoration and development plan to safeguard the sustainability of the displaced communities in their new environment.

Dumasi

We began the year with the inaugural meeting of the Dumasi Resettlement Negotiation Forum, which will involve all the parties and the moderator; Nana Kobina Nkestia V, the paramount chief of the Essikado Traditional Area in the Western Region; with the aim of reaching a negotiated agreement on resettlement with the Dumasi community.

Following consultation on the selection of a site for the proposed resettlement community, the Dumasi Resettlement Negotiation Forum selected a preferred site, which GSBPL subsequently purchased in March, 2012. The resettlement site was marked and members of the community were invited to review the area for suitability. In June 2011, a draft design for the resettlement community was presented, and consultation since that time has evolved towards an agreed town layout and preferred building designs. The town layout is presently being reviewed by a consultant to the Dumasi community.

As at year end, GSBPL had completed internal processes to allow the formal commencement of the development of the Dumasi Resettlement Action Plan in 2012.

Prestea South Mbease Nsuta Project

Consultations relating to our Prestea South Mbease Nsuta project commenced in 2007, and the project has evolved extensively since that time. In April 2011, we submitted our updated draft Environmental Impact Statement for the project, and owing to a number of ongoing community concerns surrounding the project and the relationship with the company, public hearings for the project were deferred on a number of occasions. GSBPL made good progress in 2011 on the development of a RAP for the project.

Anikoko Group of Hamlets

Having reached an agreement with the Anikoko community in 2009, we completed the construction of the Anikoko housing project but disappointingly, immediately prior to the planned hand-over in 2010, a group of community members declined to accept their houses; some of their requests that were outside of the resettlement agreement, and which were directed at the regulatory agencies, had not been answered.

Following resolution of their issues in early 2011, the Anikoko project was officially handed over to the community in a ceremony in June 2011. GSBPL has commenced the process to develop applications to the Regional Lands Commission, which provide individual land titles for each of the house owners.

GSBPL continues to liaise and consult with the community of Anikoko. As at the time of writing of this report, only four of the original Anikoko households continued to reside in their new residences, with the remainder having selected to sell or tenant their new properties and move to alternative locations.

Financial Surety

Golden Star has an extensive area of land under prospecting and mineral tenements, with some 1600 km^2 of land in Ghana and a further and a further 9700 km^2 of tenements in Sierra Leone, Cote d'Ivoire, Niger, and Suriname.

In Ghana, a number of agreements have been established directly with the Government of Ghana to provide financial surety for the protection of the environment and communities. Additionally, the Government of Ghana holds unconditional bank guarantees for our operations.

Supporting these sureties are Golden Star internal processes, to document the existing closure and rehabilitation obligations for the business. These financial records are fully disclosed to the EPA, and are subject to independent financial audit by Price Waterhouse Coopers. These liabilities have been fully represented in the company's financial statements.

Financial Reporting

The implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act in the USA in 2010, heralded a new era of regulation and transparency in financial reporting. The cross cutting implications of this Act encourage the promotion of banking amongst low to medium income earners.

Verification and validation

Numerous processes of verification and validation are applied within our business to test the validity of our sustainability performance. In 2011 our sites were each subject to the following audits and inspections:

- Environmental Protection Agency – one audit - HSEC
- Minerals Commission – one audit and four inspections - HSEC
- Price Waterhouse Coopers – one audit - financial
- Environ Inc. – one audit - ICMC

In addition to these fully independent audits, Golden Star conducts our own third-party audits and inspections. Monthly environmental inspections, complemented 306 area health and safety inspections throughout our business.

A further 12 targeted internal audits, were completed by the GSR Internal Audit and Compliance Department in accordance with the International Standards for the Professional Practice of Internal Auditing.

On an annual basis, management level employees are required to acknowledge the Golden Star corporate policies and procedures, including our sustainability policies (www.gsr.com). In 2011, 97% of management provided this confirmation in accordance with our requirements.

AlertLine

Launched by the Vice President –Ghana, AlertLine is an upgrade to our whistleblower system which now allows free local Ghana cell phone calls directly to the system. Despite telephone being the most common form of communication in Ghana, the previous reporting system received no telephone reports over a 4 year period. Having made the upgrade in mid 2011, and providing training and materials to all employees, three hotline reports were received and then investigated in the 4th quarter of 2011.

mdg 7 ensure environmental sustainability

Target: Halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation.

GSR has provided 164 water supply systems to almost 60 communities, which now supply an estimated 34,000 households. Before Golden Star's involvement, most of these communities were heavily reliant on streams, and communities reported walking up to several kilometres daily to obtain water.

Sustainability aspects of the projects have included training of community members to maintain the systems, as well as community funding processes.

Golden Star Resources

www.gsr.com

Toronto Stock Exchange: GSC

NYSE Alternext US: GSS

Ghana Stock Exchange: GSR