

# GOLDEN STAR



2009 SUSTAINABILITY REPORT  
HEALTH, SAFETY, ENVIRONMENTAL AND  
COMMUNITY PERFORMANCE

# VISION AND VALUES

To build a brand-name gold mining company that:

- Delivers superior returns to investors,
- Attracts and retains the best talent,
- Is committed to international best practices and conduct, and
- Is a partner of choice for host communities and governments.

This report presents a summary of Golden Star Resources' social, environmental and economic contributions for the 2009 calendar year. All data relates to the period from January 1, 2009 to December 31, 2009, unless stated otherwise. All amounts in this report are in US dollars unless otherwise indicated.

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 the development of and exploration for new deposits, estimated future production, operational capabilities, gold price, potential employment, completion of the Dumas asset survey and timing of negotiations, integration of the Global Compact into our business activities, human rights targets, disclosure of and statements of expected payments to authorities, and targets for lost time injury frequency, motor vehicle accidents, reportable environmental incidents and rehabilitation, involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements expressed or implied by such forward-looking statements to be materially different from forecast future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the actual price of gold, the actual results of current exploration, development and mining activities and changes in project parameters and operational activities as plans continue to be evaluated, as well as those factors disclosed in the Company's filed documents.



*Tom Mair*  
President & CEO

## PRESIDENT'S MESSAGE

I AM PLEASED TO PRESENT GOLDEN STAR'S FOURTH ANNUAL SUSTAINABILITY REPORT, WHICH SUMMARIZES OUR CORPORATE SOCIAL RESPONSIBILITY AND SAFETY EFFORTS. FOR 2009, THE SUSTAINABILITY REPORT OUTLINES OUR PROGRESS IN COMPLYING WITH THE UN GLOBAL COMPACT.

In keeping with our health and safety, environmental, and community relations and human rights policies, we work to conduct our business as a responsible corporate citizen at all times. During 2009, we continued to improve relationships with our local stakeholder communities. We focused on addressing community concerns as well as assisting our local communities in the development of infrastructure, and we supported students in their efforts to gain a quality education. Our communities helped us to achieve our best year ever: our 2009 annual gold production was 409,902 ounces.

We shared our operational success with our stakeholders through the investment of over \$0.8 million in our community development projects, divided between the Golden Star Development Foundation and Golden Star Oil Palm Plantations. Our Development Foundation provided scholarships for children, new clinics, health centers, and schools, and provided access to electricity for some of our stakeholder communities. We continued the development of our oil palm project as we incorporated additional smallholder farmers within the scheme, bringing the total number of families supported to 132.

Our stellar performance in 2009 was a combination of overall improvements in productivity combined with the hard work of our employees and external stakeholders. We continue to integrate our corporate social responsibility and safety programs into our day-to-day operations as well as those of our suppliers. I would like to thank our team and supporters for their contributions to Golden Star and to Ghana.

Yours sincerely,

Tom Mair  
President & CEO  
March 10, 2010



## 2009 HIGHLIGHTS

**GOLDEN STAR DEVELOPMENT FOUNDATION:** Provided scholarships for students, construction of new clinics, health centers, schools, and electrification projects for stakeholder communities.

**REPORTABLE ENVIRONMENTAL SPILLS:** There were two reportable environmental incidents during 2009 as follows:

- In September a small amount of oil entered a stream at a water abstraction point for the dust suppression equipment along the HHB haul road; the area was restored and a drinking water well provided for the local community;
- In November acidic drainage was detected seeping from the toe of the Subriso East Waste Dump at Wassa; a sump was constructed to collect and treat the seepage to the applicable compliance limits before entering the Subri River.

**ICMC CERTIFICATION:** Wassa and Bogoso/Prestea both received conditional certification under the International Cyanide Management Code.

**SAFETY STATISTICS:** The Lost Time Injury Frequency Rate (LTIFR) was reduced from 0.55 in January 2009 to 0.16 by the end of 2009. Only two Lost Time Injuries (LTI) were recorded in 2009.

**GOLDEN STAR OIL PALM PLANTATIONS (GSOPP):** Additional smallholder farmers were incorporated into the scheme bringing the total number of families supported to 132.

**CHILD AND FORCED LABOR, AND HUMAN RIGHTS:** Training was provided to senior staff and key suppliers to identify and eliminate child and forced labor.

**COMMUNITY COMPLAINTS:** Full community complaints and grievances tracking was completed for 2009.

**RESETTLEMENT:** A negotiated resettlement agreement was reached with the Anikoko community, and a socio-economic survey was completed for the Dumasi community.

**EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE (EITI):** All payments to the government were reported monthly as part of our support of the EITI in Ghana.

**HWINI-BUTRE MINE:** The extension of the access road and the start of mining were completed with minimal community concerns.



## WHO WE ARE AND WHAT WE DO

**GOLDEN STAR IS A MID-TIER GOLD MINING COMPANY** with operating mines along the prolific Ashanti Gold Belt in Ghana, West Africa. Production in 2009 totaled almost 410,000 ounces of gold. We continued to improve production from our sulfide plant at Bogoso/Prestea. At Wassa, we opened the Hwini-Butre satellite mine as new ore supply for the Wassa processing plant to supplement the continued supply of ore from our Benso mine and the Wassa pits.

**OUR COMMITMENT TO GHANA** continues. We invested over \$28.7 million in capital expenditures, most of which was spent on the extension of our HBB access road and the development of the Hwini-Butre satellite mine. The access road provides our stakeholder communities with better communications and easier access to markets for their produce. We continued to work with the Dumasi community in our efforts to reach a negotiated resettlement agreement acceptable to all stakeholders with the important socioeconomic survey being completed during the year. We anticipate completing the asset survey in 2010, after which we will enter the negotiations phase. The resettlement of the Dumasi community would allow us access to additional ore for the Bogoso processing plant.

**WORKING TOGETHER**, we continued our efforts to continually improve our environmental and community performance. We conducted regular sustainability reviews of our operations throughout the year, which allowed us to identify areas of concern so that they could be corrected before they became problems. We were able to continue the implementation of the International Cyanide Management Code at our Wassa and Bogoso/Prestea operations and we were conditionally certified under the Code. We continue to maintain our status as a preferred local employer with overwhelming interest in positions posted throughout the year. We continue to give preference to people from our local stakeholder communities and we maintain transparency in this approach through our local hiring procedures. The residency status of our local employees is confirmed by the broader stakeholder communities.

**AT THE END OF 2009, OUR DIRECT EMPLOYEES TOTALED 2099.** While the majority of our employees are concentrated at the Bogoso/Prestea (1,057 employees and 922 contractors) and Wassa (946 employees and 550 contractors) operations, the expansion of Wassa to include the Benso and Hwini-Butre mines provided additional employment opportunities to an expanded area within the Western Region. Through our exploration division (71 employees and 115 contractors), we continue to seek additional mineral targets throughout Ghana, West Africa, and South America, offering the potential for employment over a wider area. There are 18 people in our head office (in Denver) and seven people work in our Accra office in Ghana. Of our over 2,000 employees in Ghana, over 97% are Ghanaian nationals.



# UN GLOBAL COMPACT

**THE GLOBAL COMPACT** is a framework for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, the environment and anti-corruption. As the world's largest global corporate citizenship initiative, the Global Compact is, first and foremost, concerned with exhibiting and building the social legitimacy of business and markets. We support the Global Compact and we continue to integrate the ten principles into our business activities.

## HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses.

## LABOR STANDARDS

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labor;

Principle 5: The effective abolition of child labor; and

Principle 6: The elimination of discrimination in respect of employment and occupation.

## ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility; and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies

## ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



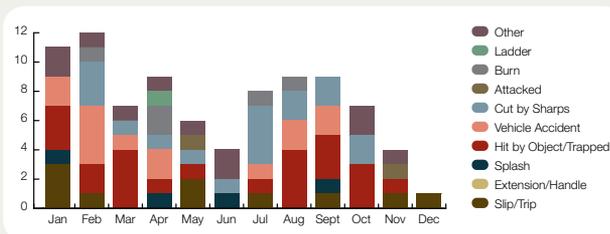
# HEALTH AND SAFETY

**DURING 2009, THERE WERE 2 LOST TIME INJURIES (LTIs)**, down from 12 in 2008. The reduction in LTIs (Bogoso/Prestea – 1, Wassa – 1) is indicative of the success our overall efforts to improve safety at our operations and at our exploration sites. We achieved our goal of consolidating our lost time injury frequency rate (LTIFR) to less than 1.0. At year-end, our LTIFR was 0.16 and our goal for 2010 will be to consolidate the LTIFR below 0.5 and reduce medical aid injuries.

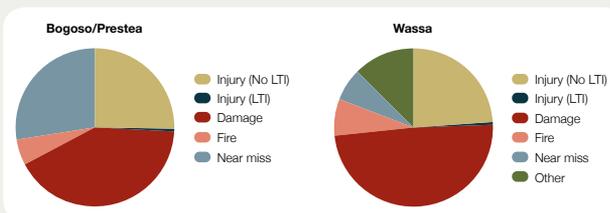
Our health indicators were generally good: clinic attendance at Bogoso/Prestea and Wassa showed the usual increase for malaria during the rainy season, but overall attendance decreased.

Wassa placed second in the Zone Safety and First Aid Competition for 2009, while Bogoso/Prestea placed first, allowing them to compete in the Ghanaian National Safety & First Aid Competition, where they placed second nationally. During the year, the Bogoso/Prestea Mine achieved a maximum of approximately 6.2 million LTI Free hours and Wassa achieved approximately 5.1 million LTI Free hours.

**2009 INJURY CATEGORIZED BY TYPE** (Combined Wassa and Bogoso/Prestea)



**2009 INCIDENTS**



At Bogoso/Prestea, overall incidents in 2009 were reduced by 22% as compared to 2008 and 35% versus 2007, respectively, and at Wassa, overall incidents in 2009 were reduced by 10% as compared to 2008 and 1% versus 2007, respectively. These trends at the sites can be attributed to an extensive educational drive and strict enforcement of standards and procedures.

During 2009, we continued to work to reduce the number of vehicle incidents and, therefore, continued working with our driving guideline and increased the number of spot checks for speeding and alcohol. We estimate our incident and accident costs to be \$860,000 and \$222,000 for Bogoso/Prestea and Wassa, respectively.

There are continuing concerns over vehicle incidents that occur away from the operating sites. The target for 2010 is to maintain the lower on-site incident rate and reduce the off-site incident rate for motor vehicle accidents.

We strengthened our commitment to improved health and safety within the Company during 2009 by hiring a group safety coordinator and a group health coordinator. These positions are based in Ghana and are to supplement the existing corporate strengths in these key functional areas.

We continued to implement our Health and Safety policy that establishes the safe work practices that guide operating procedure development and employee conduct for safety. During the year, we provided training for all our employees and a safety induction for all new employees and contractors. Our employees continue to learn safe work procedures through on-the-job training and with daily toolbox safety talks for our employees in our workshops, mining and processing areas.



# COMMUNITY & HUMAN RIGHTS

## COMMUNITY

**WE CONTINUE TO INVEST \$1 PER OUNCE OF GOLD PRODUCED INTO OUR DEVELOPMENT FOUNDATION**, which is used for community projects. During 2009, we provided almost \$410,000 for funding community projects through our Golden Star Development Foundation. We extended the number of Community Mine Consultative Committees (CMCCs) to account for the expansion of the Wassa Operation to include the Hwini-Butre and Benso mines, thus allowing broader participation by our stakeholder communities. Our Wassa CMCCs also provided their own solution to the division of the Wassa portion of the Golden Star Development Foundation funding, as it was decided that funding should be based on the location where the gold was mined.

Our support of education continued through our scholarship program at Wassa and Bogoso/Prestea. We produced and implemented a student selection procedure that clearly defines how students are to be selected and outlines the academic achievements required to receive a scholarship. Funding for students is a contentious issue and using a transparent process allows our stakeholder communities to evaluate how the various students obtained their scholarships.

As in 2008, we continued to work with our CMCCs so that the community projects were selected by the stakeholder communities and then forwarded to the CMCCs for screening. The finalized list of projects being recommended was then sent to the Golden Star Development Foundation Board of Trustees for approval. During 2009, some of the community development projects funded by the Golden Star Development Foundation were:

- Education scholarship program for both Wassa and Bogoso/Prestea catchment communities;
- Construction of nurses' quarters for the Bogoso Clinic;
- Construction of a health post at Bondaye;
- Fencing of the Scott Stadium at Prestea;
- Provision of electrical connections to communities; and
- Partnership with Project C.U.R.E. to provide medical equipment for the health care facilities in the Wassa and Bogoso/Prestea stakeholder communities.

## COMMUNITY & HUMAN RIGHTS (CONTINUED)

We continue to support the Golden Star Oil Palm Plantation and have invested over \$2.1 million in the project with 790 hectares (ha) planted and 132 smallholder farmers assigned to the 4 ha plots. As part of the initial “sanitation” harvest, 40 tonnes of fruit were sold for palm oil production. A key improvement made during the year was the expansion of the areas in between the palm plants for intercropping of food and cash crops. This is a particular advantage in areas where our plantations are adjacent to small communities. At the end of the year, we had 39 farmers intercropping in our plantations on 16 ha of land. Through our investment in our oil palm project, we provided employment for an average of 200 people through the year. These people received training that included oil palm plot preparation, marking out the plantations, oil palm planting and plant husbandry.

### HUMAN RIGHTS

We expanded our human rights training and education in 2009 with a focus on understanding forced and child labor. Training on human rights and on child and forced labor was provided to our senior staff at our exploration offices and at the Wassa and Bogoso/Prestea operations. The goal was to provide our senior staff with the tools to better understand their role in protecting human rights, especially in regard to child labor. We included a requirement in our tenancy agreement that all children of school age living in Golden Star company housing were required to attend school and any employee that did not comply would be removed from company housing. We wrote to our top ten suppliers, outlining our commitment to the protection of human rights together with a copy of our training presentation. Policy commitments and statements were received from some of these suppliers.

Our human rights targets for 2010 are to:

- Develop an education program on human rights and provide training for all employees on human rights so that they understand Golden Star’s role in the protection of human rights; and
- Complete an assessment of the human rights record and policies of our top ten suppliers and provide a report to the Golden Star Sustainability Committee.





## ANTI-CORRUPTION

**WE SUPPORT THE EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE (EITI).** During 2009, we publicly reported the monthly payments we made to the government of Ghana including royalties, fees, permits, licenses, Social Security and National Insurance Trust (SSNIT), Value Added Tax (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 below, along with the breakdown of the transfers that should reach our stakeholder, regulatory and traditional authorities.

In 2010, we will continue our support of the EITI by publishing our payments to the Government of Ghana and will provide a quarterly statement of the expected payments that each of our regulatory and traditional authorities can expect to receive.

### WASSA

	Q1	Q2	Q3	Q4	Year to Date	Life to Date
<b>PAYE</b>	267,040	275,587	301,293	470,526	1,314,446	3,777,831
<b>SSNIT</b>	182,180	183,862	204,401	256,433	826,876	3,138,686
<b>VAT</b>	1,238,287	1,461,079	958,928	1,204,759	4,863,053	9,083,774
<b>Import duties</b>	1,547	0	0	128,437	129,984	763,779
<b>Royalties</b>	1,080,651	1,448,585	1,432,936	1,591,443	5,553,615	14,755,623
<b>Fees, Permits, Licenses</b>	59,103	13,099	21,232	16,000	109,434	371,069
<b>Withholding tax</b>	541,865	781,154	542,427	486,105	2,351,551	6,325,970
<b>Stamp duties</b>	2,336	0	0	0	2,336	235,400
<b>National Stabilization Levy</b>	–	–	–	1,127,205	1,127,205	1,127,205
<b>Total</b>	<b>3,373,009</b>	<b>4,163,365</b>	<b>3,461,217</b>	<b>5,280,907</b>	<b>16,278,499</b>	<b>39,579,336</b>

## ANTI-CORRUPTION (CONTINUED)

### BOGOSO/PRESTEA

	Q1	Q2	Q3	Q4	Year to Date	Life to Date
PAYE	433,135	405,655	513,848	851,120	2,203,758	9,181,377
SSNIT	291,493	260,581	269,088	325,978	1,147,140	5,990,652
VAT	294,823	266,935	319,784	658,283	1,539,825	10,112,280
Import duties	84,909	115,455	154,281	238,143	592,788	4,204,373
Royalties	937,777	1,037,814	1,232,394	1,547,601	4,755,586	24,813,052
Fees, Permits, Licenses	76,610	5,418	2,147	13,062	97,237	516,879
Withholding tax	109,927	138,198	120,551	181,541	550,217	6,190,718
Stamp duties	0	150,000	8,631	0	158,631	582,513
Stabilization levy	–	–	–	0	0	–
<b>Total</b>	<b>2,228,674</b>	<b>2,380,056</b>	<b>2,620,724</b>	<b>3,815,726</b>	<b>11,045,180</b>	<b>61,591,844</b>

### ROYALTY DISTRIBUTION FOR 2009

Entity	Sub-Entity	US\$
<b>Mineral Development Fund</b>		1,030,920
<b>OASL</b>	OASL Overhead	103,092
<b>Traditional Authorities</b>	Wassa Fiase Traditional Council	73,974
	Mpohor Traditional Council	25,991
	Himan Traditional Council	85,601
<b>Stool</b>	Mamponso Divisional Area	14,765
	Anyinabrem Divisional Area	14,765
	Manso Divisional Area	62,938
	Mpohor Divisional Area	16,244
	Adoikrom Divisional Area	16,244
	Bogoso Divisional Area	107,001
<b>District Assembly</b>	Mpohor Wassa East District Assembly	136,440
	Tarkwa-Nsueam District Assembly	138,464
	Prestea Huni Valley District Assembly	235,401
<b>Total</b>		<b>2,061,840</b>





# RESETTLEMENT

**WE CONTINUED TO WORK WITH TWO COMMUNITIES** on resettlement projects, namely Anikoko and Dumasi.

The Anikoko Resettlement Negotiation Committee (ARNC) addressed all issues related to Anikoko resettlement and arrived at the negotiated resettlement agreement that was accepted by all the parties. The members of the committee have signed a comprehensive agreement to cover replacement and compensation issues for individual/household entitlement and public facilities. No crops and farms have been identified as affected. The farm owners will continue to work on their existing farms. Based on the agreement we:

- Acquired land for the new Anikoko site;
- Completed preparatory construction work; and
- Notified local contractors for bid submission for the construction.

We continue to work with the representative of the Anikoko community during the implementation stages.

At Dumasi, we conducted the socioeconomic survey and presented the report to all our key stakeholders, who were presented with an opportunity to provide input to the document that will be incorporated into the final Resettlement Action Plan (RAP). The report contains demographic, socio-economic and database information for the Dumasi Resettlement Project.

The socioeconomic data revealed that the Dumasi population for 2008/2009 is 2,606; of which 41% are natives and 59% are non-natives. The sex distribution is 50.7% male and 49.3% female and the labor force age comprises 56.4% of the population, which has a low dependency ratio of 100:77. The level of formal education in Dumasi is generally low; 34.2% hold Junior Secondary School education and only 1.8% received tertiary education. Farming is the leading primary and secondary source of income for 64.2% of people in Dumasi. Other related activities are rearing livestock, fish farming, palm oil extraction, cassava/gari processing and palm wine tapping.

## DUMASI VOCATIONAL TRAINING PROGRAM

We initiated the Golden Star Skills Training and Employability Program (GSSTEP) to train 50 Dumasi young people in basic masonry and carpentry skills. This program also serves as preparation for the jobs that would be created during the construction phase of the resettlement of the community.

The training was practical, and intensive and 46 of the 50 trainees graduated after constructing a two bedroom house on schedule as part of the practical program. They were each certified with accreditation from the National Vocational Training Institute (NVTI) of Ghana and given a set of new tools. The program was well received by the trainees and the local community, and a second course is being offered for members of stakeholder communities in the Prestea South Project catchment area.



# ENVIRONMENT

**WE CONTINUED TO IMPROVE OUR ENVIRONMENTAL PERFORMANCE USING OUR ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)** at Wassa and Bogoso/Prestea. At Wassa, the EMS was implemented at the Benso and Hwini-Butre sites. Additionally, our management of cyanide complied with the International Cyanide Management Code, under which both operations were conditionally certified in September 2009.

At Bogoso/Prestea, we focused on pollution prevention, backfilling of pits, and environmental training and awareness. More than 2,800 employees and contractors received instruction. We continued improving Bogoso/Prestea's environmental performance through formalization of its environmental management system to conform to the ISO 14001 Standard. Other Bogoso/Prestea environmental management highlights included trials to select appropriate aquatic plants for our treatment marshes to improve the discharge water quality, and backfilling of Plant North, Buesichem South, Deinsu, Deinsu 2 and Chujah South pits. In our rehabilitation work, we planted almost 6,000 trees and continued maintenance at our rehabilitated areas. Some areas were so well developed that local people burned the forest so that they could plant crops (slash and burn agriculture). We completed the Decommissioning and Reclamation (Closure) Cost Determination and the Interim Decommissioning and Reclamation (Closure) Plan for the Bogoso and Prestea concessions, and this was forwarded to the EPA for approval.

At Wassa, the second stakeholders' open house forum was successfully held to enable stakeholders to contribute to the rehabilitation planning for eventual mine closure. A total of 106 representatives from the catchment communities, EPA, Minerals Commission, District Assembly, Ministry of Agriculture, Wassa mine and other mining companies attended. Improvements at the tailings disposal facility included installing additional piezometers to measure fluid flows. At the Benso mine, extensive drainage controls and caps of the equipment yard were implemented. At the Wassa reagent storage area, additional piping was installed to direct any run-off to the antipollution pond. Because fill material was required for the construction of the access road to the Hwini-Butre and Benso mines, the borrow areas were re-sloped, covered with topsoil and handed over to the farmers to cultivate food crops, such as plantain, so providing an alternative livelihood for 50 farmers. At Wassa, the Mid West pit was backfilled and rehabilitated while backfilling of the SAK 2 North and South pits commenced.

Our goal for 2010 will be to reduce the number of reportable environmental incidents, achieve full certification with the ICMC and continue our current rehabilitation programs.

**GOLDEN STAR**



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