

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

	As of December 31,	
	2007	2006
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 75,754	\$ 27,108
Accounts receivable	8,369	8,820
Inventories (Note 3)	56,739	45,475
Deposits (Note 4)	4,513	7,673
Prepays and other	1,224	1,458
Total Current Assets	146,599	90,534
RESTRICTED CASH	1,510	1,581
LONG TERM INVESTMENTS (Note 5)	5,121	1,457
DEFERRED EXPLORATION AND DEVELOPMENT COSTS (Note 6)	29,203	167,983
PROPERTY, PLANT AND EQUIPMENT (Note 7)	283,304	93,058
MINING PROPERTIES (Note 8)	326,811	136,775
CONSTRUCTION IN PROGRESS (Note 9)	-	165,155
FUTURE TAX ASSETS (Note 18)	-	6,657
OTHER ASSETS	-	574
Total Assets	\$ 792,548	\$ 663,774
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 26,457	\$ 19,012
Accrued liabilities	28,394	25,516
Fair value of derivatives (Note 11)	248	685
Asset retirement obligations (Note 12)	2,013	3,064
Current portion of future tax liability (Note 18)	-	1,450
Current debt (Note 10)	17,125	12,549
Total Current Liabilities	74,237	62,276
LONG TERM DEBT (Note 10)	107,929	73,786
ASSET RETIREMENT OBLIGATIONS (Note 12)	16,906	16,034
FUTURE TAX LIABILITY (Note 18)	42,154	42,154
Total Liabilities	241,226	194,250
MINORITY INTEREST	6,150	7,424
COMMITMENTS AND CONTINGENCIES (Note 13)	-	-
SHAREHOLDERS' EQUITY		
SHARE CAPITAL		
First preferred shares, without par value, unlimited shares authorized. No shares issued and outstanding.	-	-
Common shares, without par value, unlimited shares authorized. Shares issued and outstanding: 233,703,681 at December 31, 2007; 207,891,358 at December 31, 2006 (Note 15)	609,103	524,619
CONTRIBUTED SURPLUS	13,230	10,040
EQUITY COMPONENT OF CONVERTIBLE NOTES	34,620	2,857
ACCUMULATED OTHER COMPREHENSIVE INCOME (Note 16)	3,192	-
DEFICIT	(114,973)	(75,416)
Total Shareholders' Equity	545,172	462,100
Total Liabilities and Shareholders' Equity	\$ 792,548	\$ 663,774

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

GOLDEN STAR RESOURCES LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS*(Stated in thousands of US dollars except per share data)*

	For the years ended December 31,		
	2007	2006	2005
REVENUE			
Gold sales	\$ 175,614	\$ 122,586	\$ 89,663
PRODUCTION EXPENSES			
Mining operations	153,307	92,730	79,609
Depreciation, depletion and amortization	35,567	21,460	15,983
Accretion of asset retirement obligation (Note 12)	1,062	835	752
Mine operating costs	189,936	115,025	96,344
Mine operating margin	(14,322)	7,561	(6,681)
OTHER EXPENSES, (GAINS) AND LOSSES			
Exploration expense	1,953	1,462	951
General and administrative expense	13,869	10,873	8,879
Abandonment and impairment	3,499	1,847	1,403
Derivative mark-to-market loss (Note 11)	232	9,589	11,820
Loss on retirement of debt	7,067	–	–
Foreign exchange (gain)/loss	112	(2,330)	574
Interest expense	6,040	1,846	2,416
Interest and other income	(2,173)	(2,078)	(1,624)
Royalty income	–	(4,026)	(4,178)
Gain on sale of investments	(12,449)	(81,143)	(738)
Income (loss) before minority interest	(32,472)	71,521	(26,184)
Minority interest	1,274	(794)	(277)
Net income (loss) before income tax	(31,198)	70,727	(26,461)
Income tax (expense) benefit (Note 18)	(5,206)	(6,038)	12,930
Net income/(loss)	\$ (36,404)	\$ 64,689	\$ (13,531)
Net income (loss) per common share — basic (Note 19)	\$ (0.159)	\$ 0.312	\$ (0.094)
Net income (loss) per common share — diluted (Note 19)	\$ (0.159)	\$ 0.308	\$ (0.094)
Weighted average shares outstanding (millions)	229.1	207.5	143.6

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

GOLDEN STAR RESOURCES LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

(Stated in thousands of US dollars)

	Number of Common Shares	Share Capital	Contributed Surplus		Equity Component of Convertible Debentures	Accumulated Other Comprehensive Income (loss)	Retained Deficit	Total Shareholder's Equity
			Warrants	Options				
Balance at December 31, 2004	142,244,112	\$ 340,888	\$ 1,606	\$ 2,040	\$ –	\$ –	\$ (126,574)	\$ 217,960
Shares issued	31,589,600	75,864	–	–	–	–	–	75,864
Issue costs	–	(4,168)	–	–	–	–	–	(4,168)
Warrants issued	–	–	992	–	–	–	–	922
Warrants exercised	–	22	(22)	–	–	–	–	–
Option issued – net of forfeitures	–	–	–	2,476	–	–	–	2,476
Shares issued under options	312,940	722	–	(114)	–	–	–	608
Shares issued under warrants	385,000	718	–	–	–	–	–	718
Stock bonus (Note 16)	45,342	166	–	–	–	–	–	166
Shares issued to acquire property	31,377,588	108,298	–	–	–	–	–	108,297
Equity Component of Convertible Debentures	–	–	–	–	2,857	–	–	2,857
Net loss	–	–	–	–	–	–	(13,531)	(13,531)
Balance at December 31, 2005	205,954,582	\$522,510	\$ 2,576	\$ 4,402	\$ 2,857	\$ –	\$ (140,105)	\$ 392,240
Options issued – net of forfeitures	–	–	–	1,842	–	–	–	1,842
Shares issued under options	1,932,776	4,818	–	(1,355)	–	–	–	3,463
Issue costs	–	(149)	–	–	–	–	–	(149)
Stock bonus (Note 16)	4,000	15	–	–	–	–	–	15
Reclassification of warrants to Contributed surplus	–	(2,575)	2,575	–	–	–	–	–
Net income	–	–	–	–	–	–	64,689	64,689
Balance at December 31, 2006	207,891,358	\$524,619	\$ 5,151	\$ 4,889	\$ 2,857	\$ –	\$ (75,416)	\$ 462,100
Options issued – net of forfeitures	–	–	–	3,274	–	–	–	3,274
Shares issued under options	1,548,857	2,355	–	(71)	–	–	–	2,284
Change in fair value of available for sale securities	–	–	–	–	–	3,192	–	3,192
Issue costs	–	(5,240)	–	–	–	–	–	(5,240)
Warrants exercised	62,783	254	(13)	–	–	–	–	241
Common shares issued	24,150,000	86,940	–	–	–	–	–	86,940
Stock bonus (Note 16)	50,683	175	–	–	–	–	–	175
Issuance of new convertible debt	–	–	–	–	35,852	–	–	35,852
Retirement of convertible debt	–	–	–	–	(2,857)	–	–	(2,857)
Equity related loan fees on new convertible debt	–	–	–	–	(1,232)	–	–	(1,232)
Loss on retirement of convertible debt – equity portion	–	–	–	–	–	–	(3,153)	(3,153)
Net loss	–	–	–	–	–	–	(36,404)	(36,404)
Balance at December 31, 2007	233,703,681	\$ 609,103	\$ 5,138	\$ 8,092	\$34,620	\$ 3,192	\$ (114,973)	\$ 545,172

The accompanying notes are an integral part of these financial statements.

GOLDEN STAR RESOURCES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Stated in thousands of US dollars)

	For the years ended December 31,		
	2007	2006	2005
OPERATING ACTIVITIES:			
Net income/(loss)	\$ (36,404)	\$ 64,689	\$ (13,531)
Reconciliation of net income/(loss) to net cash provided by operating activities:			
Depreciation, depletion and amortization	36,178	21,530	16,042
Amortization of loan acquisition cost	449	358	228
Deferred stripping	–	1,548	(191)
Loss on equity investment	–	–	239
Gain on sale of equity investments	(12,449)	(81,143)	(977)
Loss on retirement of debt	7,067	–	–
Non-cash employee compensation	3,449	1,857	1,007
Abandonment and impairment	3,499	1,847	1,413
Income tax expense/(benefit)	5,206	6,347	(12,930)
Reclamation expenditures	(872)	(1,130)	(691)
Fair value of derivatives	(561)	3,640	10,752
Accretion of convertible debt	1,606	706	523
Accretion of asset retirement obligations	1,062	835	752
Minority interests	(1,274)	794	277
Changes in assets and liabilities:			
Accounts receivable	(1,168)	(4,077)	(2,853)
Inventories	(11,645)	(22,294)	(7,815)
Accounts payable and accrued liabilities	12,169	10,716	8,817
Other	358	(825)	(2)
Net cash provided by operating activities	6,670	5,398	1,060
INVESTING ACTIVITIES:			
Expenditures on deferred exploration and development	(6,397)	(8,606)	(5,954)
Expenditures on mining properties	(36,877)	(15,784)	(26,631)
Expenditures on property, plant and equipment	(71,593)	(19,372)	(36,321)
Expenditures on mine construction in progress	–	(126,954)	(35,530)
Cash provided by short term investments	–	–	38,850
Cash provided by draw down of restricted cash	71	3,861	–
Purchase of equity investments	–	(1,656)	–
Proceeds from sale of equity investment	13,124	72,154	–
Change in payable on capital expenditures	(1,846)	6,914	434
Sale of property	–	–	1,000
Purchase of long term investments	(472)	(300)	(2,871)
Deposits on mine equipment and material	2,960	(2,420)	(246)
Other	–	41	(220)
Net cash (used in) investing activities	(101,030)	(92,122)	(67,489)
FINANCING ACTIVITIES:			
Issuance of share capital, net of issue costs	84,225	3,463	73,132
Principal payments on debt	(13,480)	(6,622)	(3,678)
Proceeds from equipment financing facility	13,463	27,431	74,191
Retirement of convertible notes	(61,760)	–	–
Issuance of convertible debentures, net of issuance costs	120,558	–	–
Other	–	(149)	(384)
Net cash provided by financing activities	143,006	24,123	143,261
Increase (decrease) in cash and cash equivalents	48,646	(62,601)	76,832
Cash and cash equivalents, beginning of period	27,108	89,709	12,877
Cash and cash equivalents end of period	\$ 75,754	\$ 27,108	\$ 89,709

(See Note 19 for supplemental cash flow information)