

## THE TURNING TIDE AT GOLDENS STAR RESOURCES

By Adrian Douglas

I have been following Golden Star Resources very closely and recently made an expose on illegal short selling and manipulative short selling. Frank Veneroso wrote a piece at the Café last week end which you can find at:

<http://www.lemetropolecafe.com/pfv.cfm?pfvID=5180>

Frank said QUOTE“Though the company would appear to be at a major turning point with great prospects only a few quarters away, investors are in a hissy fit because quarterly results will continue to disappoint and because the company has had recourse to an allegedly (but not really) dilutive acquisition and to needed financings –END

Frank was spot on. Golden Star Resources DID disappoint today missing analysts expectation by 1 cent. But Frank also said, as I have alluded to in my articles, that “the company would appear to be at a major turning point”. I listened in to the conference call today and what I heard was that the bad news is behind GSS. They are truly at a turning point. They have finished with acquisitions, they have finished with financing and they have largely solved their operational issues. They are expanding their production. It seemed to me that the tide has finally turned for this company. Peter Bradford was asked about whether he would consider buying back the \$525 Gold calls they sold on 80,000 ozs. He said that they would not do it at this POG but if there were a gold price pullback they would probably do it. He said if they could turn back the clocks they would buy them all back! So GSS has learned from its mistakes and they are well on the road to some future stellar earnings.

Many fickle investors dumped GSS on the opening bell dropping the stock by 10% because of the company missing by a penny. I was buying at the exact same time, and silently thanking those who parted so easily with a bargain! After the conference call many others seem to have had a joined my interpretation of the future of GSS because the stock finished UP 1.35% on the day at \$3.75. That is one helluva comeback considering the HUI finished down on the day. There were 8.8 million shares traded, almost 3 times the average daily volume and 30% above the usual HUI volume leader, Newmont.

Look at the 3 year graph of GSS. There has been a decisive breakout from a 2 year declining channel on HUGE volume.



Look at the 6 month graph. GSS has made a triple bottom at the end of last year and has raced higher to form a massive teacup basing formation which usually presages a large upside move.



The ratio of Gold to GSS graph tells us if GSS is outperforming gold bullion or not.



We can see that since the end of 2003 GSS has been underperforming gold bullion because the ratio has been rising in a well defined uptrend. But in the last few days the trend has broken out of this channel trend to the downside indicating GSS is now outperforming gold. Will this continue? Only time will tell, but the indications look good.

Finally we can look at GSS compared to the HUI. The graph of the ratio of the HUI to GSS shows that for almost two years the HUI has outperformed GSS as shown by the ratio being in a rising trend. But in the last few days the ratio has challenged the lower trend line. If the ratio breaks below this line then GSS will be outperforming the HUI, which is a tough achievement considering that GSS is also a component of the HUI.



All things considered it looks like 2005 will in hindsight be the turning point for the fortunes of GSS.

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