

GOLDEN STAR RESOURCES LTD
Form DEF 14A
April 01, 2010
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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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 Rule 14a-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):

No fee required.

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

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- (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:

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NOTICE OF ANNUAL GENERAL 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
Chief Financial Officer and Senior Vice President

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**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)

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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.

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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 Depository 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.

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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 IN FAVOUR OF 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.

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.

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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	Amount and Nature of	Percent of
Beneficial Owner **	Common Shares Beneficially Owned	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.

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.

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

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.

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	2008

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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.

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Name	Age	Office and Experience	Officer Since
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

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.

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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.

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.

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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.

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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.

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

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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.

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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 \times \$42,000 = \$33,600

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

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

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.

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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.

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 (\$)	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

Notes:

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.

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- 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.

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- 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.

EQUITY COMPENSATION PLAN INFORMATION

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

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

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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.

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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. As at March 12, 2010, 6,167,856 Common Shares have been issued pursuant to exercised options (or approximately 2.40% of the issued and outstanding Common Shares). 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).

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.

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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.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan		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 (\$/SH) ¹	Closing Price on Date of Grant (\$) ²	Grant Date Fair Value of Stock & Option Awards (\$) ³
		Target (\$)	Maximum (\$)					
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			