UPDATED RESOURCE ESTIMATE ON THE BORDER COAL PROJECT
SASKATCHEWAN, CANADA
NI 43-101 TECHNICAL REPORT

Author:

N. Eric Fier, CPG, P.Eng.

Prepared for
Goldsource Mines Inc.

Report Effective Date: March 19th, 2012

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TABLES

FIGURES

1.0 SUMMARY

1.1 EXECUTIVE SUMMARY

This report summarizes the Updated Resource Estimate of the Saskatchewan Border Coal Project as presented by N. Eric Fier, CPG, P.Eng. and Chief Operating Officer for Goldsource Mines Inc. This report complies with NI 43-101 standards. The effective date of this report is March 19, 2012.

The revised resource estimates, presented in Table 1-1, shows an increase in Indicated Resources with the sole addition of coal deposit, Niska 105 which was drilled the fall of 2011 with subsequent coal quality analysis and resource estimation. This Updated Resource Estimate (the 'Report') relies on work completed and reported on in the *Preliminary Assessment Report on the Border Coal Project Saskatchewan, Canada* (effective date February 15th, 2011 and amended March 5th, 2012) that was independently prepared by Marston Canada Ltd. (Marston) and EBA, a Tetra Tech Company (EBA).

The resources presented in this Technical Report are based on using the PEA independent resource estimations which have not changed except for the addition of Indicated Resources for Niska 105.

TABLE 1-1 - REVISED COAL RESOURCES AT THE BORDER PROJECT

Category	2009 (000's Tonnes)	2011 (000's Tonnes)*	2012 (000's Tonnes)*
Indicated	63,500	79,161	117,017
Inferred	89,600	33,003	33,003

*based on using an average coal density of 1.38 from lab and downhole geological test work

Average coal quality for the Niska 105 is considered to be comparably better than the previously stated quality for other coal sub-basins as outlined in the PEA. The following table shows coal quality for 2011 Indicated resources compared to that of Niska 105, both on an air-dried basis (ad);

TABLE 1-2 - COAL QUALITY FOR INDICATED RESOURCES*

Category	Units	2011	Niska 105
Moisture	wt%	6.6	4.1
Ash	wt%	24.4	22.8
Sulphur	wt%	2.6	3.3
Fixed Carbon	wt%	39.7	42.5
Calorific Value	KJ/kg	19,606	21,470

*based on cutoff density of 1.38

There are a number of priority targets yet to be tested that could add to the overall resource base of the area. The next steps in the development of the Border Coal Project would be to collect a cumulative 5-10 tonne coal bulk sample by way of large diameter drilling, do coal technology (coal to liquids (CTL), gasification, etc.) laboratory test work including sodium and sulphur reduction testing and continue collecting environmental baseline data. Depending on the availability of funds the bulk sampling program could be carried out during the 2012 winter drilling season. The cost to complete further exploration, the bulk sampling and test work program prior to any Pre-Feasibility Study is estimated at $5 million.

1.2 TECHNICAL SUMMARY

The Border Coal Project is located approximately 330 km east-northeast of Saskatoon, Saskatchewan. The town of Hudson Bay is located approximately 50 km south of the project. Goldsource currently holds 81 Coal Mineral Leases comprising 56,109 hectares. The Coal Mineral Leases are for a period of 15 years renewable upon the terms and conditions set out in the Regulations which include an annual rental fee of $5.50 per hectare.

The government of Saskatchewan retains a 15% royalty of all coals mined in the province. This royalty is negotiable based on economic viability.

There is currently a 2% gross overriding royalty placed on the Border Coal Project for all coals or minerals extracted. This royalty is held by Minera Pacific Inc. of Vancouver, BC. Fifty percent of the royalty can be purchased for $2 million.

A coal lease in Saskatchewan does not grant ownership of the surface rights. The Border coal leases are all located on Crown land and consultation has been carried out with Environmental Saskatchewan and First Nations for access.

The Border Coal Project occurs within the Phanerozoic Western Canadian Basin. Cretaceous rocks of the Colorado and Mannville groups make up the geologic framework of the project. Coal intersections on the project, termed the Durango Coal Seams occur within the Cantuar Formation of the Mannville Group. Four major coal seams (Durango Seams D to A in descending order) have been defined by drilling. Definition of the coal intervals was determined primarily from downhole geophysics surveys and supported by core logging and analytical results.

A significant amount of exploration work has been completed on the Border coal project and includes; systematic drill hole sampling, airborne geophysics, and geotechnical investigation. Drilling accounts for the most significant portion of the exploration work which, to date, totals 22,346 m in 154 holes. Core logging and sampling was carried out in a set format and in a professional manner. One thousand one hundred and seventy-nine individual samples of carbonaceous material, primarily coal, have been analyzed to determine coal type and quality characteristics. In addition to bulk density, the proximate analysis completed for these samples includes measurements of moisture content, ash content, sulphur content, fixed carbon, and calorific value.

A geological model was constructed using Gemcom Gems™ (Version 6.2.3). Coal seam intervals in drill core were defined by coal quality and 3-D shapes were created based on continuity of coal within each of the deposits. The individual deposit geometry was determined from interpretation of the geophysical surveys discussed herein.

Geology-Type refers to the level of complexity of seam geometry within coal deposits and determines the approach for resource/reserve estimation with limits applied to certain key estimation criteria. Marston reported in the 2011 PEA that the Border project is of the "Moderate" geology type. N. Eric Fier agrees with this statement and uses that classification herein.

Application of ASTM Standard 388-05 which is based according to fixed carbon and gross calorific value calculated to the mineral-matter-free basis results in a ranking classification for the coal at the Border project to be between Lignite A and Sub-bituminous C. A summary of physical characteristics of all coal modelled as Indicated and Inferred Mineral Resources is presented in Table 1-3 and Table 1-4, respectively. Indicated and Inferred Resources for all deposits, with the exception of Niska 105 (N105), are unchanged and as verified in the *Preliminary Assessment Report on the Border Coal Project Saskatchewan, Canada (*effective date February 15th, 2011 and amended March 5th, 2012).

TABLE 1-3 - PHYSICAL PARAMETERS OF MODELED COAL – INDICATED RESOURCES

Area	Category	Volume (000's BCM)	Mass (000's Tonnes, arb)	TM (wt%, arb)	IM (wt%, adb)	Ash (wt%, adb)	FC (wt%, adb)	Sulphur (wt%, adb)	CV (KJ/kg adb)
C6	Indicated	5,619	7,530	29.83	8.20	22.46	39.41	2.44	19,975
N107	Indicated	16,083	21,613	29.29	7.99	20.17	42.25	3.06	20,903
N108	Indicated	12,330	17,220	24.36	5.88	28.57	37.68	2.80	18,630
P02	Indicated	15,006	20,436	29.07	6.67	22.85	39.84	1.97	19,698
P05	Indicated	3,943	5,738	28.70	4.50	32.39	35.88	3.09	17,555
SL39	Indicated	4,749	6,624	27.29	4.11	27.40	39.62	2.15	18,982
N105	Indicated	27,431	37,856	24.8	4.10	22.80	42.50	3.30	21,470
Total	**Indicated**	**85,161**	**117,017**	**22.86**	**5.81**	**23.88**	**40.59**	**2.82**	**20,209**

TABLE 1-4 - PHYSICAL PARAMETERS OF MODELED COAL – INFERRED RESOURCES

Area	Category	Volume (000's BCM)	Mass (000's Tonnes, arb)	TM (wt%, arb)	IM (wt%, adb)	Ash (wt%, adb)	FC (wt%, adb)	Sulphur (wt%, adb)	CV (KJ/kg adb)
C20	Inferred	6,270	8,392	35.29	9.54	19.27	42.33	2.94	21,059
C3	Inferred	4,495	5,881	33.26	6.97	18.95	43.18	2.24	21,337
N107	Inferred	3,566	4,817	25.72	8.70	26.83	36.82	2.81	18,903
N108	Inferred	4,728	6,413	23.16	5.91	22.88	41.99	3.37	20,902
P02	Inferred	253	413	24.03	2.72	48.09	26.50	2.10	12,616
P05	Inferred	2,372	3,626	31.04	4.01	41.79	31.00	2.19	14,725
P05 SE	Inferred	2,448	3,460	29.54	5.76	31.16	36.46	2.85	17,803
Total	**Inferred**	**24,132**	**33,003**	**29.96**	**7.16**	**25.10**	**39.55**	**2.78**	**19,620**

2.0 INTRODUCTION AND TERMS OF REFERENCE

N. Eric Fier, CPG, P.Eng. and Chief Operating Officer for Goldsource Mines Inc. (Goldsource or Company) has prepared this Updated Resource Estimate internally to provide an update to the resources estimate at their wholly-owned Border Coal Project in Saskatchewan, Canada. This Updated Resource Estimate (the 'Report') relies on work completed and reported on in the *Preliminary Assessment Report on the Border Coal Project Saskatchewan, Canada (*effective date February 15th, 2011 and amended March 5th, 2012) that was independently prepared by Marston Canada Ltd. (Marston) and EBA, a Tetra Tech Company (EBA).

Resource estimates presented herein include those reported in the *Preliminary Assessment Report on the Border Coal Project Saskatchewan, Canada (*effective date February 15th, 2011 and amended March 5th, 2012). Additionally, updated resource models were prepared for the Niska 105 area to include the fall of 2011 drilling results at the Border Coal Project. Other than the addition of Indicated Resources for Niska 105, the updated resource does not include any changes to the resources reported for other deposits on the project discussed in the *Preliminary Assessment Report on the Border Coal Project Saskatchewan, Canada (*effective date February 15th, 2011 and amended March 5th, 2012). Additional drilling in the Pasquia 98 is discussed herein but no update to the resource was undertaken for this area which is not considered material.

The Border Coal Project is located in east-central Saskatchewan. This report was prepared in accordance with the Canadian National Instrument 43-101 (NI 43-101) standards of reporting. The effective date of this report is March 19th, 2011.

Goldsource is a junior Canadian resource company engaged in the exploration and development of Canada's newest coalfield in the province of Saskatchewan. The company has aggressively drilled only a portion of this new thermal coal field and has discovered 17 coal deposits of varying size with coal thicknesses up to 120 m within the permit area of the Border Coal Project.

Headquartered in Vancouver, BC, Goldsource is managed by experienced mining and business professionals. The Goldsource Border site includes approximately 100 km of exploration roads.

N. Eric Fier, CPG, P.Eng and COO of Goldsource Mines, has been involved with the project since the Company's acquisition of the original coal permits in 2008. N. Eric Fier has been on-site during each exploration drilling program and has observed and verified working procedures as discussed herein.

Units of measurement used in this report conform to the SI (metric) system. All currency in this report are Canadian dollars (C$) unless otherwise noted. Abbreviations used in this report are presented in Table 2-1.

TABLE 2-1 - LIST OF ABBREVIATIONS			
μ	Micron	in	Inch
°C	degree Celsius	in^2	square inch
°F	degree Fahrenheit	J	Joule
μg	Microgram	k	kilo (thousand)
a	Annum	kg	Kilogram
C$	Canadian dollars	km	Kilometre
cal	Calorie	km/h	kilometre per hour
cfm	cubic feet per minute	km^2	square kilometer
cm	Centimetre	kPa	kilopascal
cm^2	square centimeter	L	Litre
d	Day	L/s	Litres per second
dia.	Diameter	m	metre
ft	Foot	M	mega (million)
ft/s	feet per second	m^2	square metre
ft^2	square foot	m^3	cubic metre
ft^3	cubic foot	min	minute
g	Gram	masl	metres above sea level
G	giga (billion)	mm	millimetre
g/L	gram per litre	mph	miles per hour
g/t	gram per tonne	m^3/h	cubic metres per hour
gr/ft^3	grain per cubic foot	ppm	part per million
gr/m^3	grain per cubic metre	RL	relative elevation
hr	Hour	s	second
ha	Hectare	Yr	Year

3.0 RELIANCE ON OTHER EXPERTS

This report has been prepared by N. Eric Fier, CGP, P.Eng. and Chief Operating Officer of Goldsource. All of the information, conclusions, opinions, estimates and conclusions contained herein are based on:

1. Information available to N. Eric Fier at the time of preparation of this report.
2. Assumptions, conditions, and qualifications as set forth in this report.
3. Data, reports, and other information supplied by Goldsource and other third party sources.

This Resource was completed with the reliance on the following experts:

- N. Eric Fier, CPG, P.Eng., COO, Goldsource Mines: Provided senior oversight and review of all aspects of this Updated Resource Estimate.
- *Preliminary Assessment Report on the Border Coal Project Saskatchewan, Canada* (effective date February 15th, 2011 and amended March 5th, 2012) that was independently prepared by Marston Canada Ltd. (Marston) and EBA, a Tetra Tech Company (EBA).

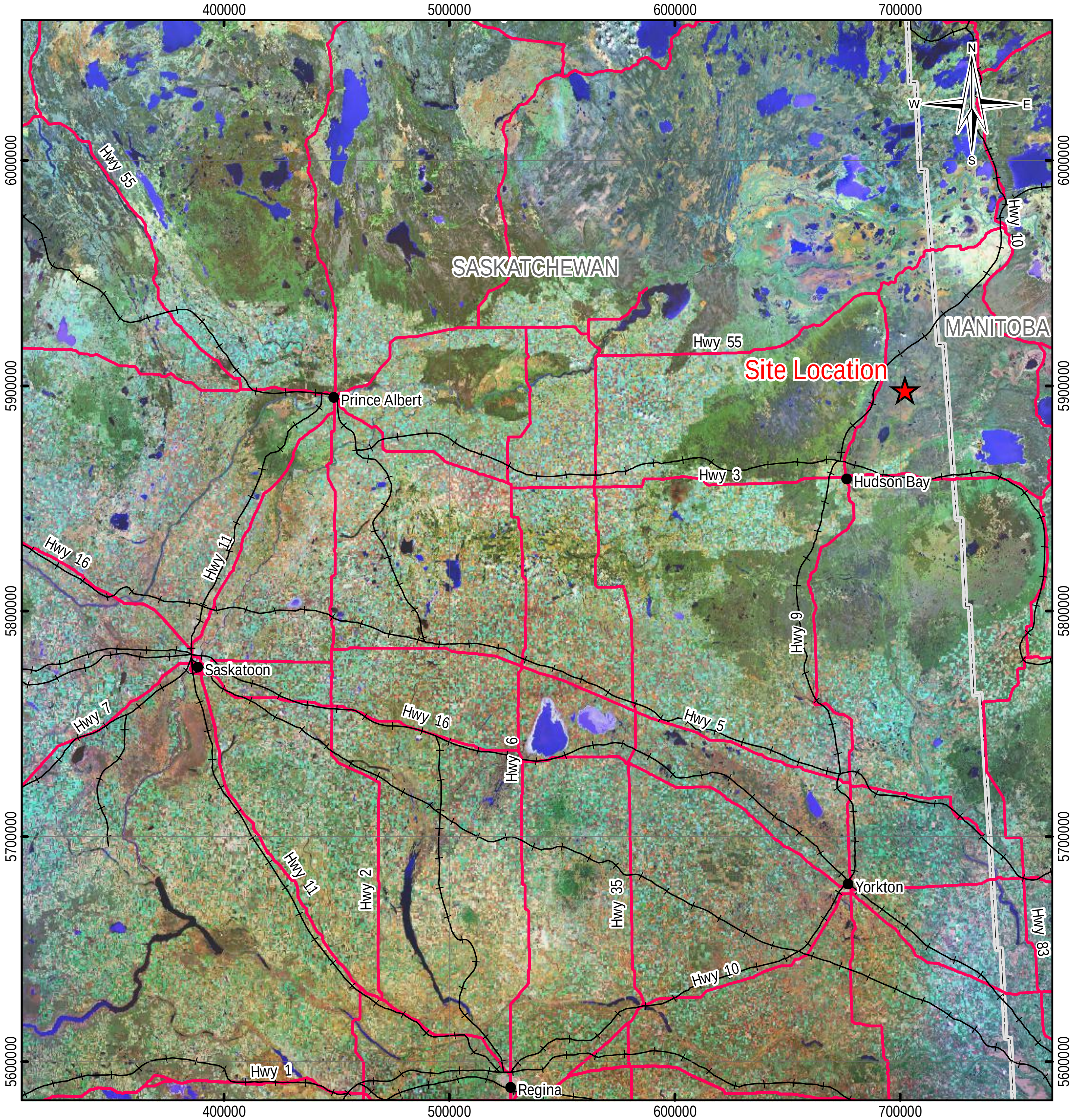
This Resource was also completed with input from the following consultants:

- Fugro Airborne Surveys provided geophysical survey and associated reports.
- North Rim Explorations Ltd helped with preparation of cross sections and site maps with diamond drill holes.
- Saskatchewan Government, Mines Branch, Energy and Resources provided a map showing all the coal exploration disposition holders in the immediate interest of the Border Coal Project.
- NI 43-101 Technical Report completed by EBA Engineering Consultants of Vancouver, BC and Moose Mountain Technical Services (MMTS) of Elkford, BC. dated December 24th, 2009.

4.0 PROPERTY DESCRIPTION AND LOCATION

The Border Coal Project is approximately 330 km east-northeast of Saskatoon, Saskatchewan, near the intersection of 53º 10' north latitude, and 102 º 00' west longitudes. The project is located within NTS map sheets 63E01, 63E08, 63F04 and 63F05. The town of Hudson Bay is located approximately 50 km south of the project (Figure 1).

In June of 2011 Goldsource strengthened its land position by the conversion of its previously held three year exploration permits to Coal Mineral Leases. Goldsource currently holds 81 Coal Mineral Leases comprising 56,109 hectares. The Coal Mineral Leases are for a period of 15 years renewable upon the terms and conditions set out in the Regulations which include an annual rental fee of $5.50 per hectare. A coal lease in Saskatchewan does not grant ownership of the mineral or surface rights only access if the land is held by the Crown. The Border Coal leases are all located on Crown land and consultation has been made with Environmental Saskatchewan and First Nations for access (Figure 2).



LEGEND

- Site Location
- Major Town / City
- Major Road
- Major Railway
- Provincial Border

NOTES
Base data source: ESRI Data Maps

ISSUED FOR REVIEW

UPDATED RESOURCE REPORT FOR THE BORDER COAL PROPERTY, SASKATCHEWAN

Regional Location Plan

PROJECTION	DATUM
UTM Zone 13	NAD83

Scale: 1:2,500,000
50 25 0 50
Kilometres

FILE NO.
V15101008_003_Figure01.mxd

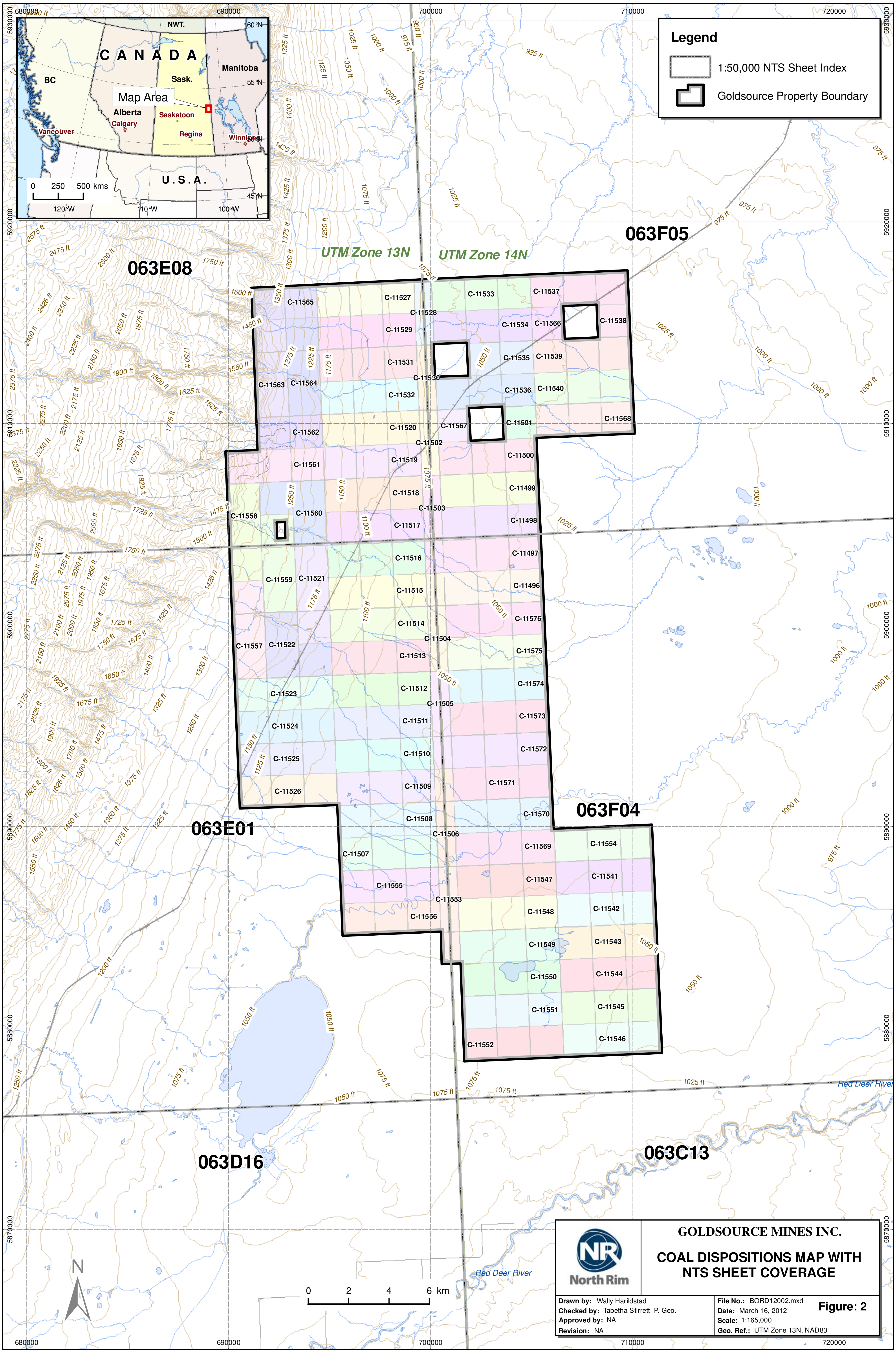
PROJECT NO.	DWN	CKD	REV
V15101008.003	SL	SK	1

OFFICE	DATE
EBA-VANC	March 16, 2012

GOLDSOURCE MINES INC.
EBA Engineering Consultants Ltd.

Figure 1

Q:\Vancouver\GIS\ENGINEERING\V151\V15101008_BorderCoalMaps\003\V15101008_003_Figure01.mxd



Legend
1:50,000 NTS Sheet Index
Goldsource Property Boundary
063E08
063F05
063E01
063F04
063D16
063C13
UTM Zone 13N
UTM Zone 14N
Red Deer River
CANADA
U.S.A.
Map Area
NWT.
BC
Alberta
Sask.
Manitoba
Calgary
Vancouver
Saskatoon
Regina
Winnipeg
0 250 500 kms
0 2 4 6 km
N

GOLDSOURCE MINES INC.
COAL DISPOSITIONS MAP WITH
NTS SHEET COVERAGE
North Rim
Drawn by: Wally Harildstad
Checked by: Tabetha Stirrett P. Geo.
Approved by: NA
Revision: NA
File No.: BORD12002.mxd
Date: March 16, 2012
Scale: 1:165,000
Geo. Ref.: UTM Zone 13N, NAD83
Figure: 2

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 ACCESSIBILITY

The project can be accessed year-round by highway from Saskatoon through Hudson Bay to the Border Camp and staging area, and then by maintained winter (ice) roads to the drill sites. Provincial Highway 9 runs adjacent to the project and within 5km of the 2008 discovery holes. During the summer the only access to drill sites from the staging area has been by amphibious vehicles and helicopter. There is also an active railroad (CNR) next to the staging area on the project.

5.2 CLIMATE

The climate is typical of the boreal forest with the summer season from June to August. Seasonal temperatures vary from -50ºC to +35ºC. Precipitation averages to 300 mm per year. The frost-free period in the region ranges from 100-120 days per year, which can impact access to the area.

5.3 PHYSIOGRAPHY

The project is located in a low lying area on the eastern margin of the Pasquia Hills in the Pasquia River drainage system. Elevations in the project area range from 300-400 masl.

Vegetation consists of very dense boreal forest, which includes: birch trees, pines trees, poplar trees, evergreen trees and muskeg. During the winter the muskeg freezes creating easier access.

5.4 LOCAL RESOURCES

During the summer months water is easily available for drilling on the project from the placid lake system and boggy areas.

Electrical power is available from a major power line (230kv) that is approximately 70 km north of the project.

Adequate area is available within the project boundaries for waste dumps, tailings facilities, a washing plant, a rail system, and operations facilities.

The closest major city is Saskatoon, with a population of approximately 250,000. Saskatoon is located 330 km southwest of the project. Almost all services and supplies can be obtained in Saskatoon. All items that cannot be obtained in Saskatoon are easily shipped into the city's international airport. Prince Albert (population of 50,000) is about 250 km west of the project and is serviced by highway, rail and local airport.

Current lignite mines in Saskatchewan include one in the south-central part of the province and two others in the south-eastern section of the province. There are significant uranium deposits and potash deposits located in northern and central Saskatchewan respectively.

There is approximately 100 km of winter roads built and partially reclaimed on the site not including the access road that goes into the staging area.

6.0 HISTORY

The Border Coal Project is the first potentially economic coal deposit to be discovered in this area. There is little to no drilling information available for the area surrounding the town of Hudson Bay wherein the Border Project is located, save for a few historical holes completed for oil shales. There have been no previous workings in the area to suggest that there was coal exploration on or around the project. Oil and oil shale drilling is ongoing in areas to the south and southwest of the project.

In the summer of 2007 preliminary exploration was conducted in the area. In April of 2008 two discovery diamond drill holes, BD08-03 and BD08-06, approximately 1.6 km apart, intersected coal with thicknesses of 22.6 m and 24 m, respectively.

7.0 GEOLOGICAL SETTING

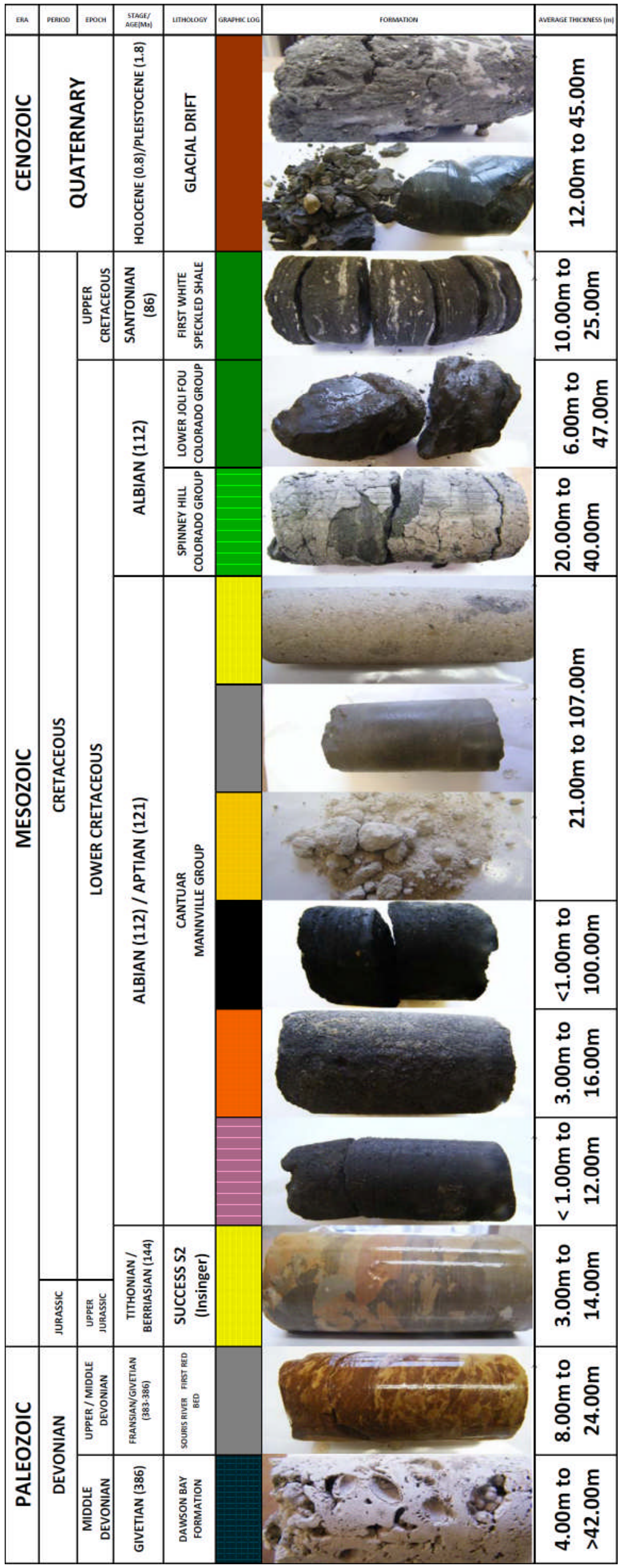
7.1 REGIONAL GEOLOGY

The Border Coal Project occurs within the Phanerozoic Western Canadian Basin, a vast sedimentary basin underlying 1.4 million km2 of western Canada. Cretaceous rocks of the Colorado and Mannville groups make up the Border Coal Project. The Mannville Group unconformably overlies Devonian carbonate rocks, and conformably underlies Late Cretaceous shale of the Colorado Group.

The cretaceous to Miocene periods deposited clastic sediments from the Cordilleran orogeny. During this time period, central North America including the project area in east-central Saskatchewan was below sea level at the convergence of the Western Interior Seaway and Hudson Seaway. Towards the end of the Cretaceous and early Tertiary period, the Laramide Orogeny was responsible for the deposition of larger gravels from the newly formed Rocky Mountains. A number of lignite coal deposits formed in southern Saskatchewan from the marshes of rivers developed during the Teritary period as a result of the Laramide Orogeny.

The area was most recently subject to glaciation during the Quaternary period, about 2 to 3 million years ago. The Laurentide ice sheet was approximately 3km thick and advanced and receded several times across the prairie provinces of Canada. Glacial Lake Agassiz covered much of Saskatchewan. When the ice and water retreated, the lake beds formed flat plains characterized by land covered in rubble and ridges of gravel. Beach strands, trending approximately North-South can be seen in the western most section of the project area.

A simplified stratigraphy of the region is summarized in Figure 3 and discussed below. Regional stratigraphy is summarized from "Border Geological Update 2009" and referenced herein. The area was mapped by Beck (1974).



LEGEND

NOTES

GOLDSOURCE MINES INC.

EBA Engineering Consultants Ltd.

UPDATED RESOURCE REPORT FOR THE BORDER COAL PROJECT, SASKATCHEWAN

Regional Stratigraphy

PROJECT NO.	DWN	CKD	REV
V15101008.003	SK	LR	2
OFFICE	DATE		
EBA-VANC	March 16, 2012		

Figure 3

Quaternary glacial drift is the uppermost unit of the stratigraphy. Interpreted to be transported sand, gravel and boulder clays, containing granite, schist, limestone and various shield rock types, the glacial deposits vary in thickness from 12 to 45m. Variations in thickness are attributed to pooling and stagnant ice formation.

The glacial drift is underlain by Cretaceous calcareous speckled shale of the Favel and Vermillion Formations in parts of the regional area. Within the project area the glacial drift is underlain by black non-calcareous shales of the lower Colorado Formation. The Joli Fou and subordinate Spiney Hill formation of the lower Colorado Formation thicken fairly uniformly from about 100m at its eastern outcrop edge in the Pasquia Hills area wherein the Border project is located to 500m in the southwest corner of Saskatchewan. The lower beds of the Joli Fou Formation appear to be shallow marine in origin and probably deltaic with sand rich sequences such as the Spiney Hill member which is characterized by glauconitic sands and silts.

The lower Cretaceous Manville Stratigraphy, described in detail by Maycock (1967), underlies the Lower Colorado Formation and is divided into the lower continental Cantaur Formation and the marginal marine Pense Formation. The Cantaur formation is a heterogeneous assemblage comprising lithic sandstones, unconsolidated quartz sands, and carbonaceous units. Sub-bituminous to bituminous coal is a major component of the Cantaur Formation in areas of east-central Saskatchewan.

The Success formation is in disconformity with all adjacent strata. The formation is characterized by detrital beds which consist of white to light grey indurated quartoze sandstones, siltstones, and mudstones with abundant feldspar, chert, coal and carbonaceous fragments. The insinger beds infill topographic and salt-dissolution collapse depressions. The Success Formation represents a northward transition from marine to continental setting.

The Middle Devonian Dawson Bay Formation represents sedimentation from major transgressive-regressive sequences. It consists of non-fossiliferous to fossiliferous carbonates which act as the main control of karsts and topography in the east-central region of Saskatchewan.

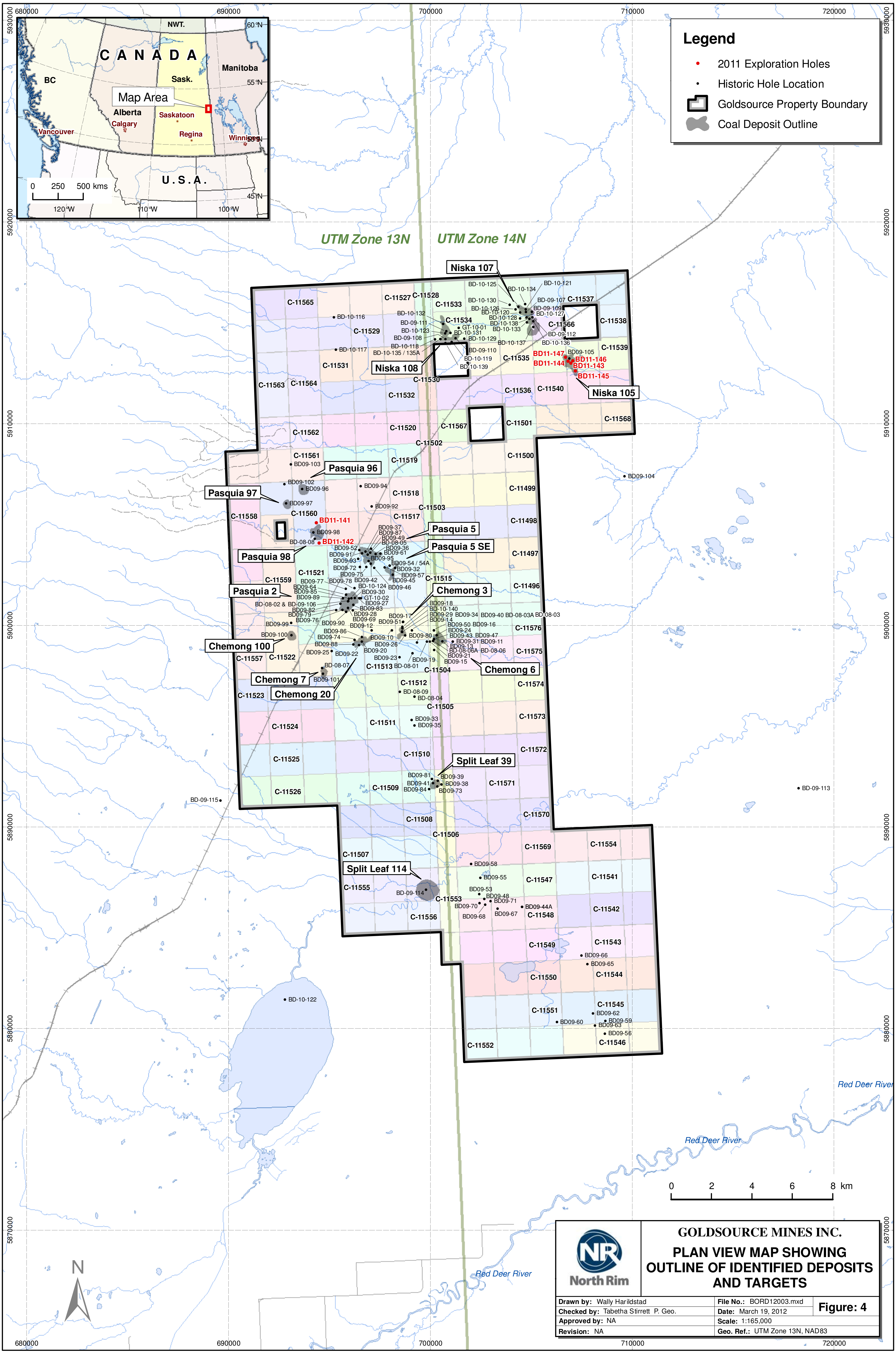
The "Durango Trend" is a term coined by Goldsource to identify a NW to SE trending zone of similar geology containing geophysical signatures indicative of basinal settings conducive to coal deposition. The Durango Trend stretches from northeast Alberta to Dauphin, Manitoba and is approximately 800 km in length. Coal intersections on the project, termed the Durango Coal Seams within the Cantuar Formation, are part of this trend.

7.2 LOCAL AND PROPERTY GEOLOGY

Minor outcrop found in the project area and government maps are based on scattered historic drill holes, geophysical interpretation and extrapolation of known area geology. Local geology described herein is based on core holes drilled by Goldsource. Typically 10-50 metres of glacial till occur as overburden, with average overburden thickness being 32 m. Eight distinct geological units (numbered below) are defined on the project through inspection of drill core. Contacts range from sharp to gradational and are approximately horizontal. Stratigraphy, as observed in drill core below glacial till and from top to bottom is as follows: varying proportions of interlayered (1) mudstone and (2) siltstone of the Joli Fou Formation, with mudstone commonly predominating. The mudstone is generally described as light to dark grey with irregular intermixed tan silt and a slaking texture. It is commonly fissile and fractured perpendicular to the core axis. (3) Glauconitic mudstones and siltstones of the Spiney Hill member commonly occur above the coal zone. As such they represent an excellent marker bed for the potential that coal will be identified in a given hole or area on the project. They are described in the same way as the mudstones of the Joli Fou Formation, with the addition of fine to medium grained intermixed glauconitic sands. The coal/carbonaceous zone of the Cantaur Formation is generally bordered on the upper and lower contact by variably consolidated (4) clean, quartz dominant, white "beach" sands of the Cantaur Formation. The coal zone of the Cantaur Formation consists of (5) sub-bituminous to bituminous coal, (6) carbonaceous mudstone, siltstone and sand. Semi-consolidated (7) carbonaceous sand/sandstone is common at the base of the coal zone. Massive to brecciated (8) limestone, variably fossiliferous, of the Devonian Dawson Bay formation and less commonly massive (9) dolostone are at the base of the observed stratigraphy. No drilling has extended beyond the limestone and dolostone units of the Devonian Dawson Bay Formation. The Success Formation, above the limestone unit, is rarely observed and is described as unorganized assemblage of delta front sediments and marine sediments of the Willston Basin. The rocks are characterized by breccias and slump or collapse textures.

Four major coal seams (Durango Seams D to A, from top to bottom) have been defined by drilling. Of these seams, "C" is the most important with an average thickness estimated at 20 m. Parent-child relationships have been identified within seams that split apart or run parallel to one another in close proximity. These sub seams our assigned a number suffix (descending order from top to bottom) in addition to the letter designation. For example, C2 would be a separate unconnected seam to the lower C1, but they both branch off from or are associated with seam C. The greatest thickness of continuous coal drilled to date is approximately 120 m. Definition of the coal intervals was determined by visual assessment, analytical results and geophysical determinations from downhole geophysical logs.

Electro-magnetic surveys and regional geological maps indicate several large structural lows (e.g. sub-basins) occur within the project area that contains coal. Minor faulting has been identified in drill core. Figure 4 provides an overview of the Border Coal Project area and shows the location of the 17 near surface coal deposits. Figure 5 provides an overview of drilling by coal lease.



Map Area
CANADA
NWT.
BC
Alberta
Sask.
Manitoba
Calgary
Saskatoon
Regina
Vancouver
U.S.A.
0 250 500 kms
Legend
2011 Exploration Holes
Historic Hole Location
Goldsource Property Boundary
Coal Deposit Outline
UTM Zone 13N
UTM Zone 14N
Niska 107
Niska 108
Niska 105
Pasquia 96
Pasquia 97
Pasquia 98
Pasquia 5
Pasquia 5 SE
Pasquia 2
Chemong 3
Chemong 100
Chemong 6
Chemong 7
Chemong 20
Split Leaf 39
Split Leaf 114
Red Deer River
0 2 4 6 8 km
GOLDSOURCE MINES INC.
PLAN VIEW MAP SHOWING OUTLINE OF IDENTIFIED DEPOSITS AND TARGETS
North Rim
Drawn by: Wally Harildstad
Checked by: Tabetha Stirrett P. Geo.
Approved by: NA
Revision: NA
File No.: BORD12003.mxd
Date: March 19, 2012
Scale: 1:165,000
Geo. Ref.: UTM Zone 13N, NAD83
Figure: 4

Lease	Hole Number
C-11504	BD-08-06
	BD-08-06A
	BD09-13
	BD09-15
	BD09-16
	BD09-21
	BD09-24
	BD09-43
	BD09-47
	BD09-50
C-11506	BD09-38
	BD09-39
	BD09-73
C-11509	BD09-41
	BD09-81
	BD09-84
C-11511	BD09-33
	BD09-35
C-11512	BD-08-04
	BD-08-09
C-11513	BD-08-01
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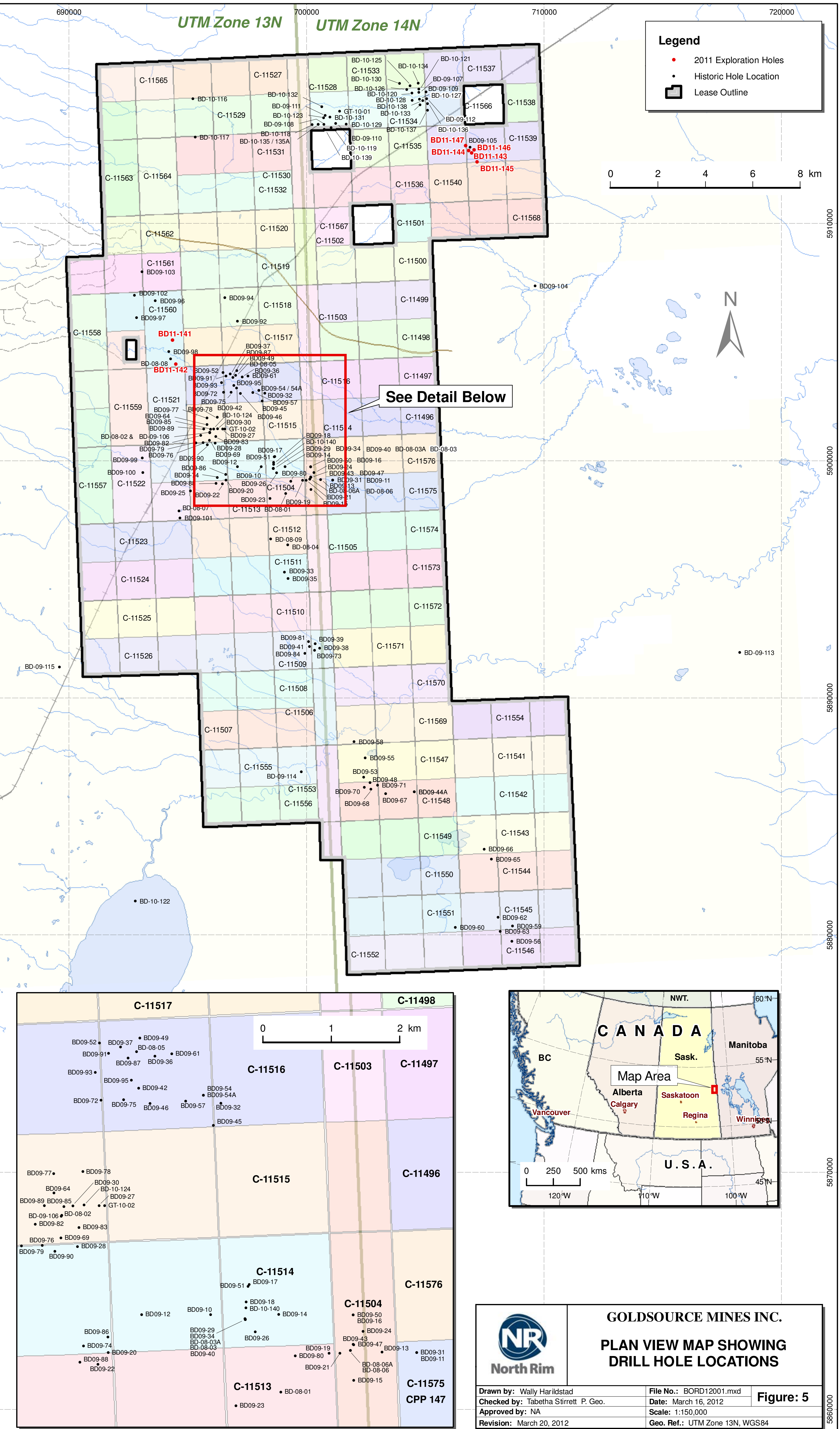
	BD09-12
	BD09-14
	BD09-17
	BD09-18
	BD09-26
	BD09-28
	BD09-29
	BD09-34
	BD09-40
	BD09-51
	BD09-74
	BD09-76
	BD09-86
	BD09-90
	BD-10-140
	BD09-79
C-11515	BD-08-02
	BD09-27
	BD09-30
	BD09-64
	BD09-69
	BD09-77
	BD09-78
	BD09-82
	BD09-83
	BD09-85
	BD09-89
	BD-09-106
	BD-10-124
	GT-10-02
C-11516	BD-08-05
	BD09-32
	BD09-36
	BD09-37
	BD09-42
	BD09-46
	BD09-49
	BD09-54
	BD09-54A
	BD09-57
	BD09-61
	BD09-75
	BD09-87
	BD09-91
	BD09-93
	BD09-95
	BD09-45
	BD09-52
	BD09-72
C-11518	BD09-92
	BD09-94
C-11522	BD-08-07
	BD09-99
	BD09-100
	BD09-101
C-11529	BD-10-116
C-11531	BD-10-117
C-11533	BD-10-125
	BD-10-130
	BD-10-134
C-11534	BD-09-107
	BD-10-118
	BD-10-119
	BD-10-120
	BD-10-121
	BD-10-123
	BD-10-126
	BD-10-127
	BD-10-128
	BD-10-129
	BD-10-131
	BD-10-132
	BD-10-133
	BD-10-135
	BD-10-135A
	BD-10-138
	BD-10-139
	GT-10-01
	BD-09-108
	BD-09-110
	BD-09-111
C-11539	BD09-105
	BD11-144
	BD11-146
	BD11-143
	BD11-145
	BD11-147
C-11543	BD09-66
C-11544	BD09-65
C-11545	BD09-59
	BD09-62
C-11546	BD09-56
	BD09-63
C-11547	BD09-53
	BD09-55
C-11548	BD09-44
	BD09-44A
	BD09-48
	BD09-67
	BD09-68
	BD09-70
	BD09-71
C-11551	BD09-60
C-11555	BD-09-114
C-11560	BD-08-08
	BD09-96
	BD09-97
	BD09-98
	BD09-102
	BD11-141
	BD11-142
C-11561	BD09-103
C-11566	BD-10-136
	BD-10-137
	BD-09-109
	BD-09-112
C-11569	BD09-58
C-11575	BD09-11
	BD09-31



7.3 DEPOSIT TYPES

Coal deposit classifications include both “Geology-Type” and “Deposit-Type” as defined in Geological Survey of Canada Paper 88-21 (Hughes et al., 1989), which is a reference for coal deposits as specified in NI 43-101. These classifications determine the range of limiting criteria that may be applied during the estimation of resources and reserves.

Geology-Type refers to the level of complexity of seam geometry within coal deposits and determines the approach to be used for the resource/reserve estimation with limits applied to certain key estimation criteria. The identification of a particular Geology-Type for a coal project determines the confidence that can be placed in extrapolation of data values away from a particular point of reference (i.e. drill hole). There are four categories; Simple, Moderate, Complex, and Severe. These range from the lowest complexity for deposits of the Plains type with low tectonic disturbance, classified as “Simple”, to the fourth for Rocky Mountains type deposits such as that of Byron Creek, which is classed as "Severe". The second class is "Moderate" and the deposits in this category have been affected to some extent by tectonic deformation. They are characterized by homoclines or broad open folds with bedding inclinations of generally less than 30°. Faults may be present, but are relatively uncommon and generally have displacements of less than ten metres. Previously, Moose Mountain classified the Border project as a “Moderate” geology type typical of this class (NI 43-101 Technical Report for the Border Coal Property Resource Evaluation, MMTS 2009) and N. Eric Fier concurs.

Deposit Type refers to the probable extraction method most suited to the coal deposit. There are four categories: surface, underground, non-conventional and sterilized. This determines the mining method and may dictate the manner of calculating seam thickness and other parameters for estimating reserves. The initial resource work completed by Moose Mountain classified the Border project as potentially surface mineable and of immediate interest.

7.4 MINERALIZATION

There are four major definable seams at the project site, termed the Durango D, C, B, and A seams in descending order. Parent-child relationships have been identified within the four major seams that split apart or run parallel to one another in close proximity. These sub seams our assigned a number suffix (descending order from top to bottom) in addition to the letter designation. For example, C2 would be a separate unconnected seam to the lower C1, but they both branch off from or are associated with seam C.

The coal is deposited as lenses in depressions controlled by the irregular paloetopography of the underlying Devonian age carbonate rocks. The coal is restricted in areal extent but the vertical accumulation of carbonaceous zones is remarkably thick, with true aggregate thickness reaching 125m. The age of this coal is thought to be 90-120 million years old.

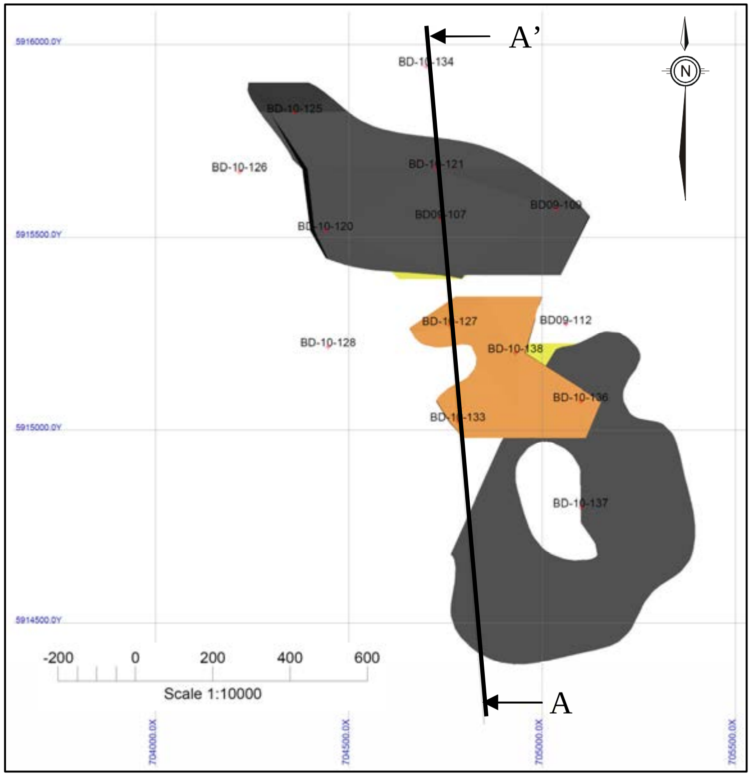
These coal seams are intermixed with sands, siltstones and mudstones with a distinctly carbonaceous signature. These units are characterized by the presence of coaly constituents and carbon staining in the matrix. Much denser than the coal, the carbonaceous partings have low calorific values (CV) and high ash content. The coal in the Durango seams is black in color and ranges from dull to lustrous. Bright to dull ratio varies from 100% to <35% bright and 0% to >65% dull. The lustrous sections are associated with the presence of tabular, cubic and conchoidal bright coal fragments. Dull sections are noted as having high ash content (>30%). Sulphide (only pyrite observed) concentrations range from absent to moderate, typically trace. Pyrite occurs as blebbed shapes, stringers, concretions and disseminated. Fe-alteration is visible on coal surface in sections of the unit with higher sulphide concentrations.

The Mannville coals contain higher sulphur concentrations than the Alberta coals and the Ash Chemistry shows high alkaline mineral content and sulphates. These differences in coal chemistry can be explained by differences in depositional environments. The chemistry detailed above indicates that the formation of the Mannville coals involved considerable periods of peat accumulation under aerobic conditions in a brackish water/marine environment, in contrast to the fresh water depositional environment associated with the upper Cretaceous/Tertiary coals being mined in Alberta.

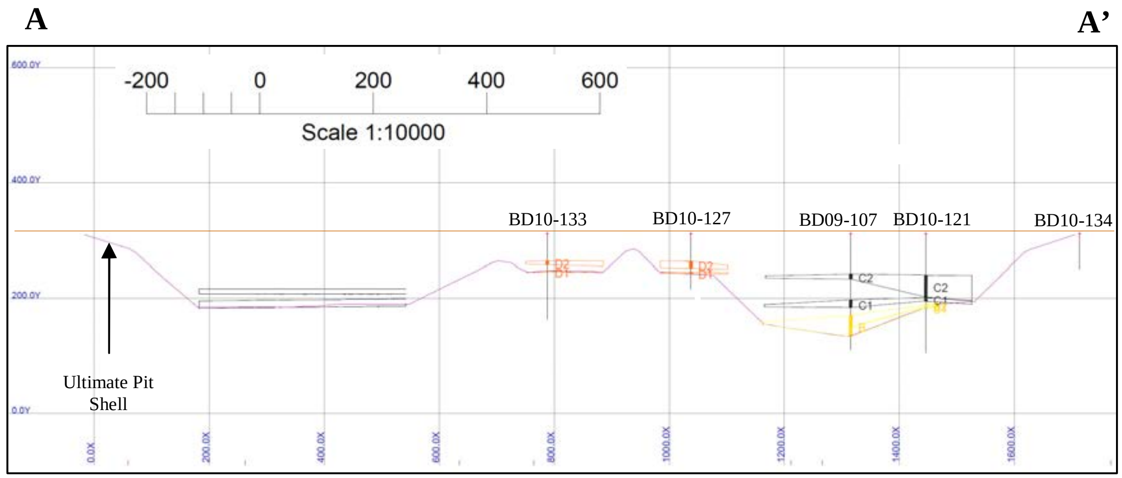
The seven basins identified as being potentially open pittable in the initial stages of operation are Niska 108, Niska 107, Niska 105, Pasquia 02, Chemong 20, Chemong 3, Chemong 6. They have been drilled in sufficient detail to allow for a high confidence of correlation of the coal seams. Figure 6 through 29 show plan view maps of these deposits, as well as Pasquia 5 which has also been drilled in detail, including all holes drilled to date and modelled coal seams. Each plan view map is accompanied by a cross section showing distribution of coal seams intercepted by drilling.

7.5 COAL SEAM DEPOSITION AND STRUCTURE

The lowest coal horizon in the Niska 107 basin is Seam A which is intercepted in the southern portion of the basin in drillhole BD-10-136. Seam B is intercepted in drillholes BD-09-107 and BD-10-121 through the north central part of the basin and divides into sub-seams B1 and B2. In the south-east corner of the basin seam B is intersected over six continous meters in drillhole BD-10-136, and not intersected in the drillholes in the southwest portion of the deposit. Seam C is the thickest and most continuous seam, and intercepted throughout the northern section of the basin. The longest continuous intercepted interval of seam C is 54m in drillhole BD-10-125. To the south, this seam divides into C1 and C2 and is intercepted in drillholes BD-10-121, 10-120, 09-107 and BD-09-109. A limestone ridge intercepted at 100m in drillhole BD-09-107 appears to cut off seam C from the south of the deposit. Seam C1 and C2 are intercepted in the south-east corner in drill hole BD-10-136. Seam D, absent in the north, appears consistently in drill holes in the southern section of the deposit as D2 (~6-9m) and D1 (~1-2m). Coal seams in the northern part of the deposit are observed to be slumping in the center, perhaps from limestone dissolution and basin subsidence. Conversely, coal seams in the south are generally flat-lying.



Niska 107 – Plan View



Niska 107 – Seams Cross Section A-A'

LEGEND

Coal Seams Legend
Seam D
Seam C
Seam B
Seam A

NOTES

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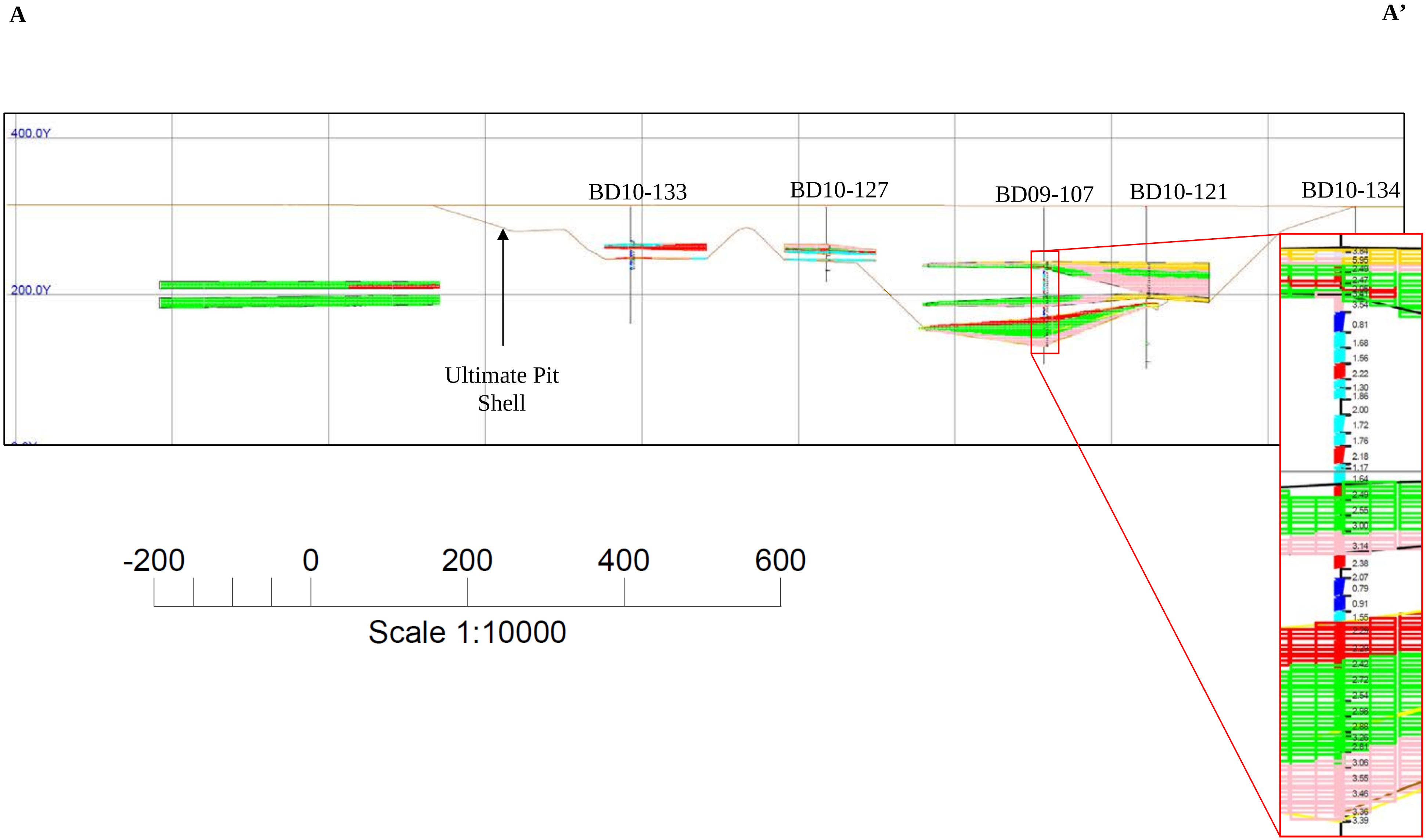
Niska 107
Plan View and Seam Cross Section A-A'

PROJECT NO.	DWN	CKD	REV	
V15101008	MO	MD	2	**Figure 6**
OFFICE	DATE			
EBA-VANC	March 16, 2012			



Coal Seams Legend
Seam D
Seam C
Seam B
Seam A

Air Dried Sulphur %	
0.00100 - 1.00000	3.10000 - 4.09000
1.10000 - 2.00000	4.10000 - 5.09000
2.10000 - 2.50000	5.10000 - 99.00000
2.51000 - 3.09000	

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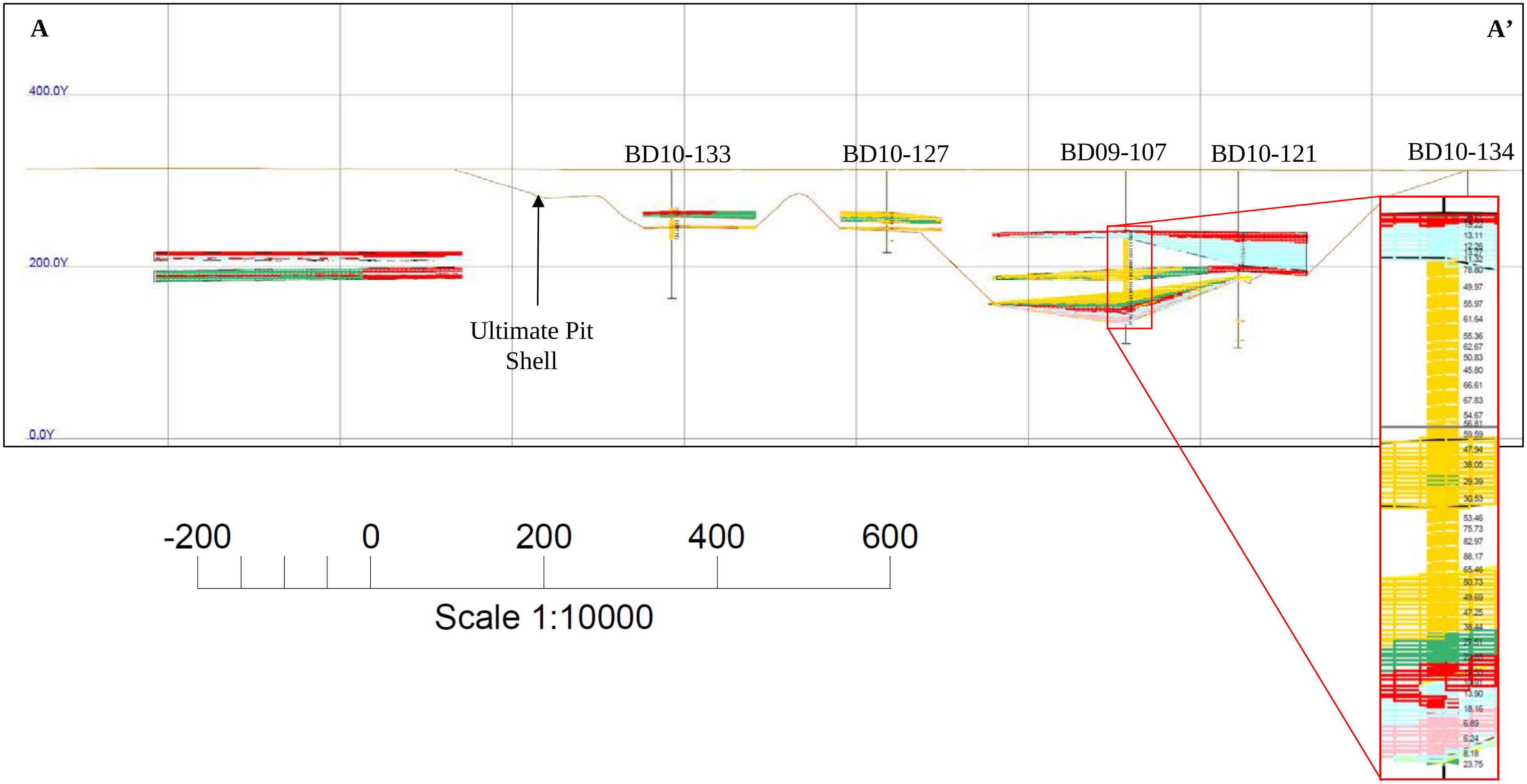
Niska 107
Sulphur Content Cross Section A – A’
Looking West

PROJECT NO.	DWN	CKD	REV
V15101008	MO	MD	2

OFFICE	DATE
EBA-VANC	March 16, 2012

Figure 7



LEGEND

Coal Seams Legend
Seam D
Seam C
Seam B
Seam A

Air Dried Ash %
0.00100 - 5.00000
5.10000 - 10.00000
10.10000 - 15.00000
15.10000 - 20.00000
20.10000 - 30.00000
30.10000 - 100.00000

NOTES

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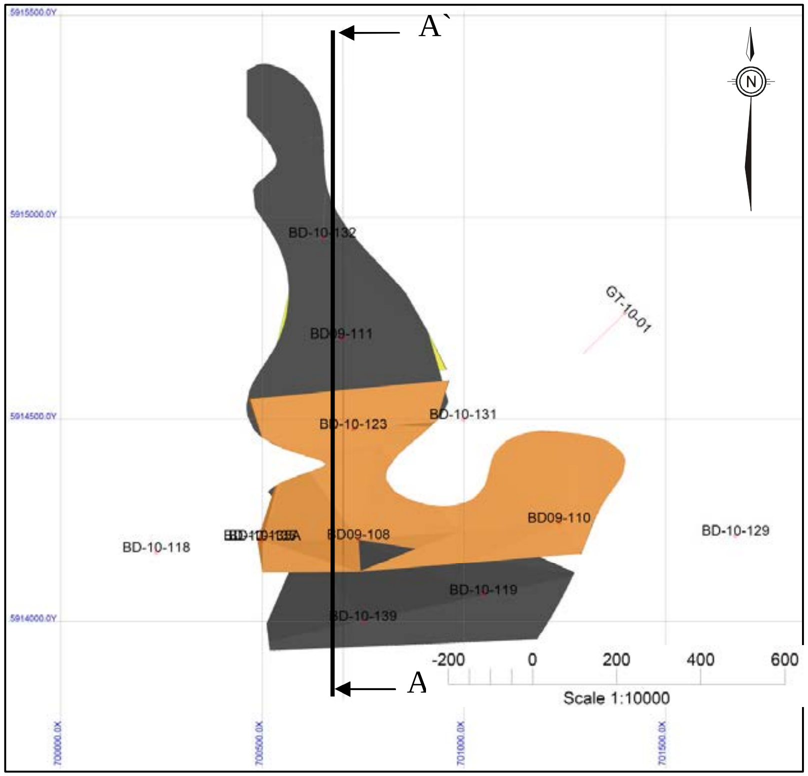
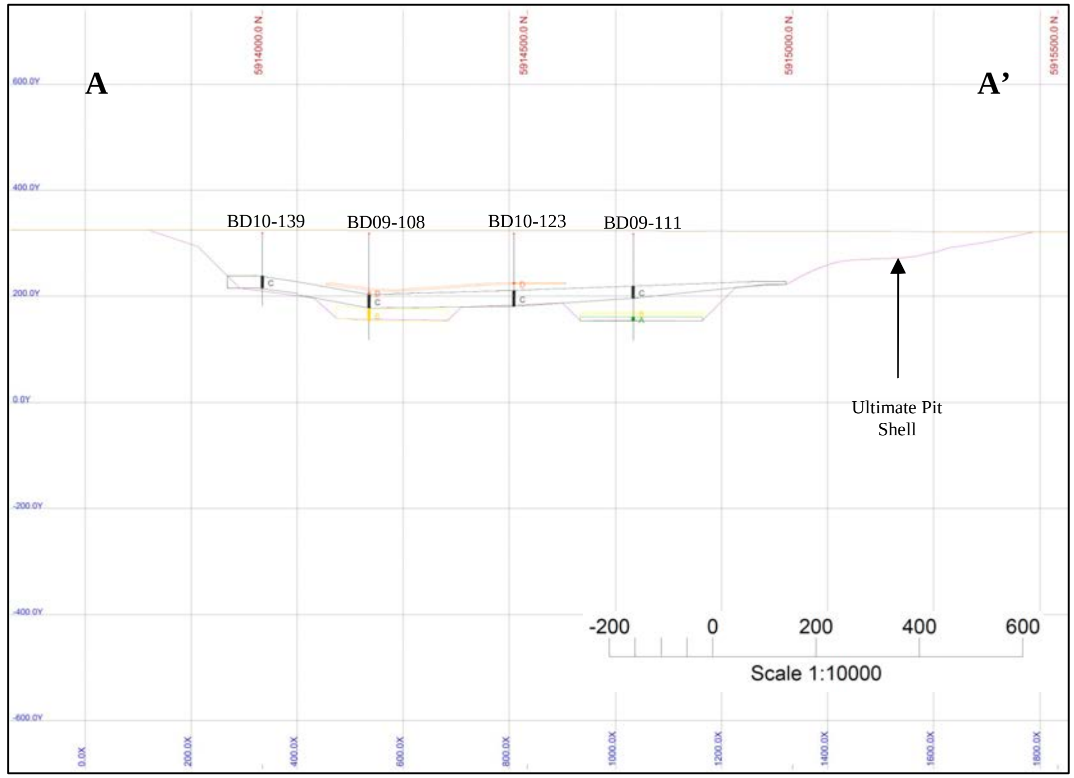
Niska 107 Ash Content Cross Section A – A' Looking West

PROJECT NO.	DWN	CKD	REV
V15101008	MO	MD	2
OFFICE	DATE		
EBA-VANC	March 16, 2012		

Figure 8



Niska 108 – Plan View



Niska 108 – Seams Cross Section A-A'

LEGEND

Coal Seams Legend
Seam D
Seam C
Seam B
Seam A

NOTES

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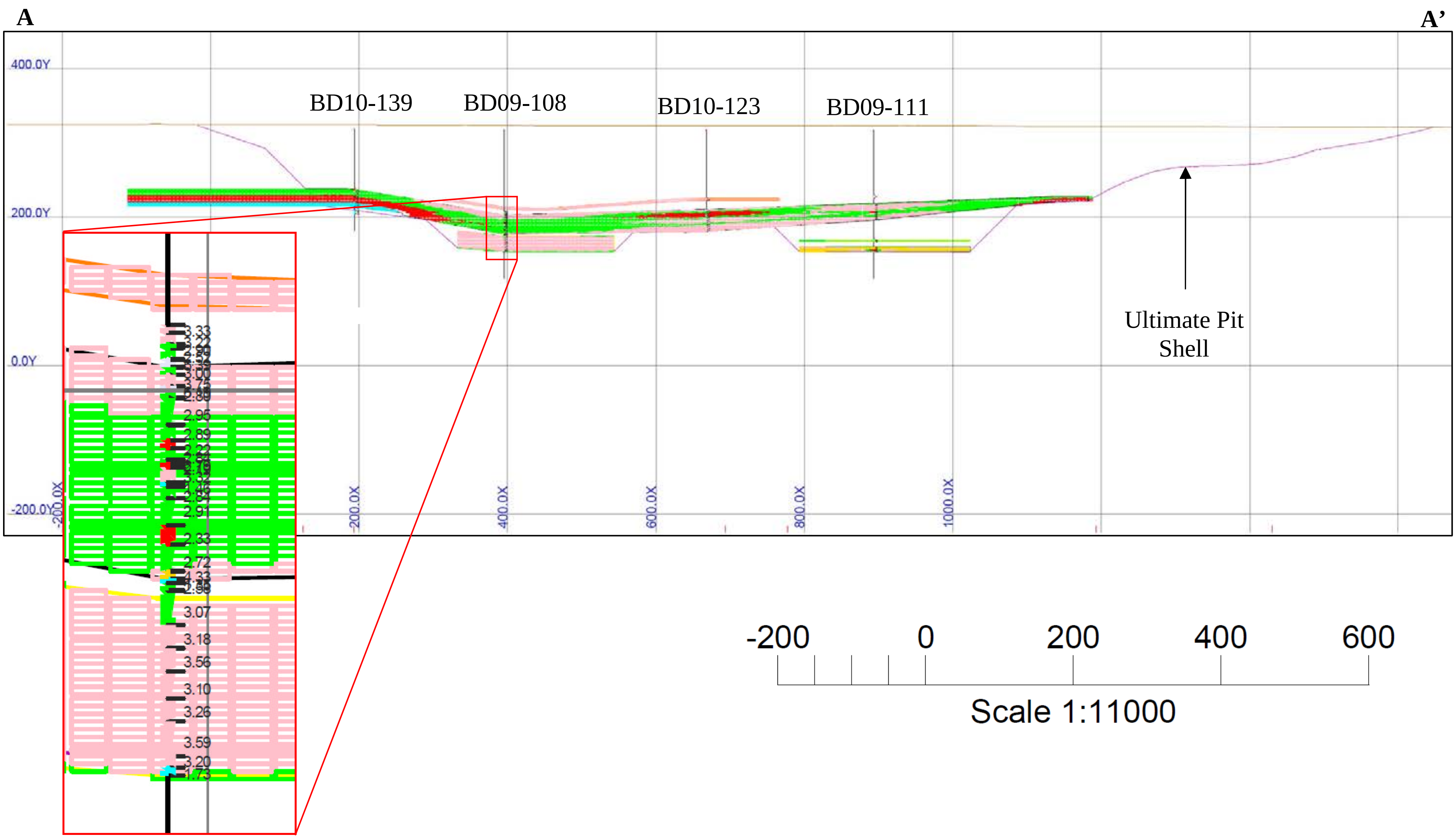
Niska 108

Plan View and Seam Cross Section A-A'

PROJECT NO.	DWN	CKD	REV
V15101008	MO	MD	2
OFFICE	DATE		
EBA-VANC	March 16, 2012		

Figure 9



Coal Seams Legend
Seam D
Seam C
Seam B
Seam A

Air Dried Sulphur %	
0.00100 - 1.00000	3.10000 - 4.09000
1.10000 - 2.00000	4.10000 - 5.09000
2.10000 - 2.50000	5.10000 - 99.00000
2.51000 - 3.09000	

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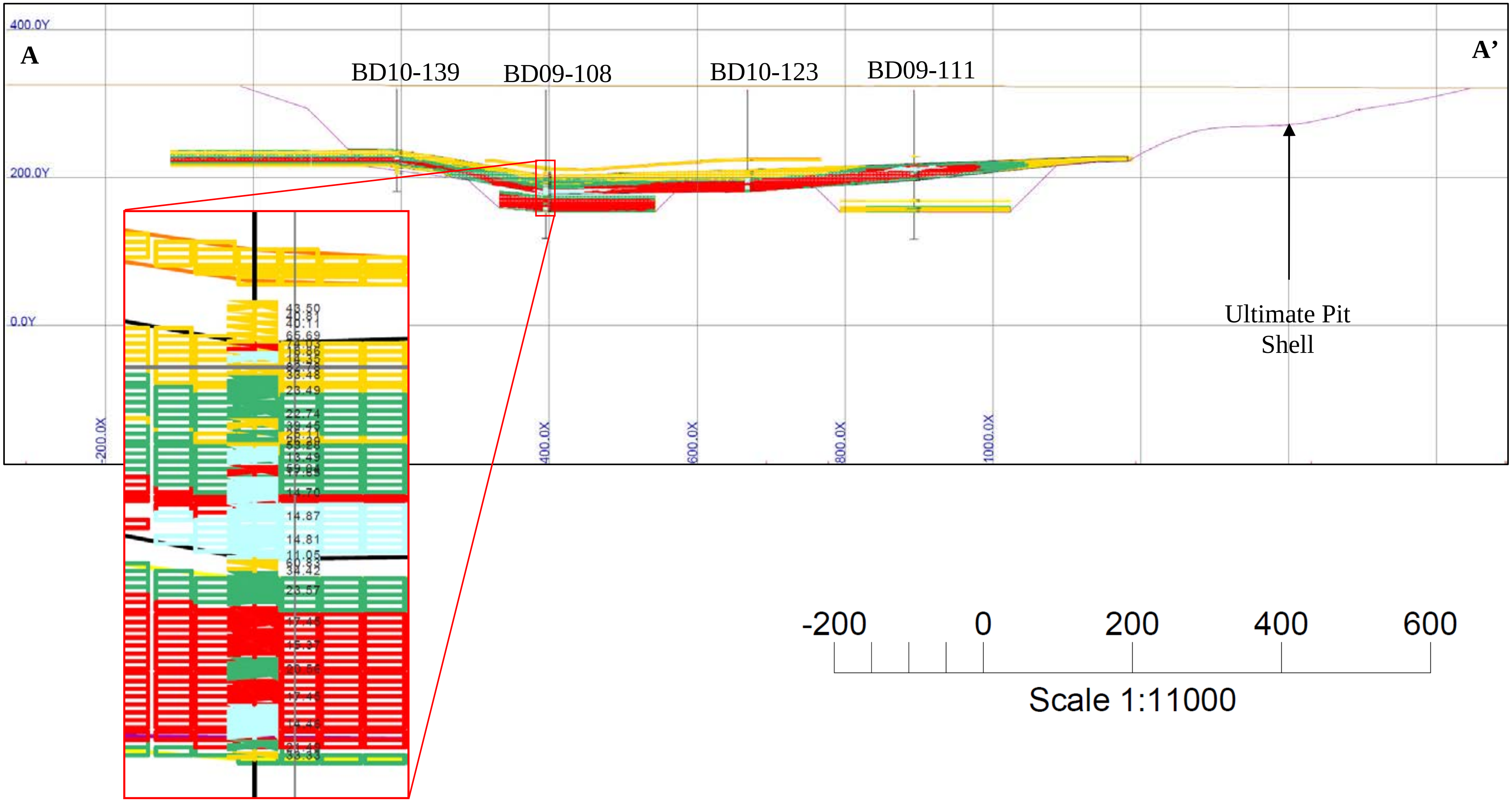
UPDATED RESOURCE REPORT FOR THE BORDER COAL PROPERTY, SASKATCHEWAN

Niska 108
Sulphur Cross Section A – A’
Looking West

PROJECT NO.	DWN	CKD	REV
V15101008	MO	MD	2

OFFICE	DATE
EBA-VANC	March 16, 2012

Figure 10



-200 0 200 400 600

Scale 1:11000

LEGEND

Coal Seams Legend
Seam D
Seam C
Seam B
Seam A

Air Dried Ash %
0.00100 - 5.00000
5.10000 - 10.00000
10.10000 - 15.00000
15.10000 - 20.00000
20.10000 - 30.00000
30.10000 - 100.00000

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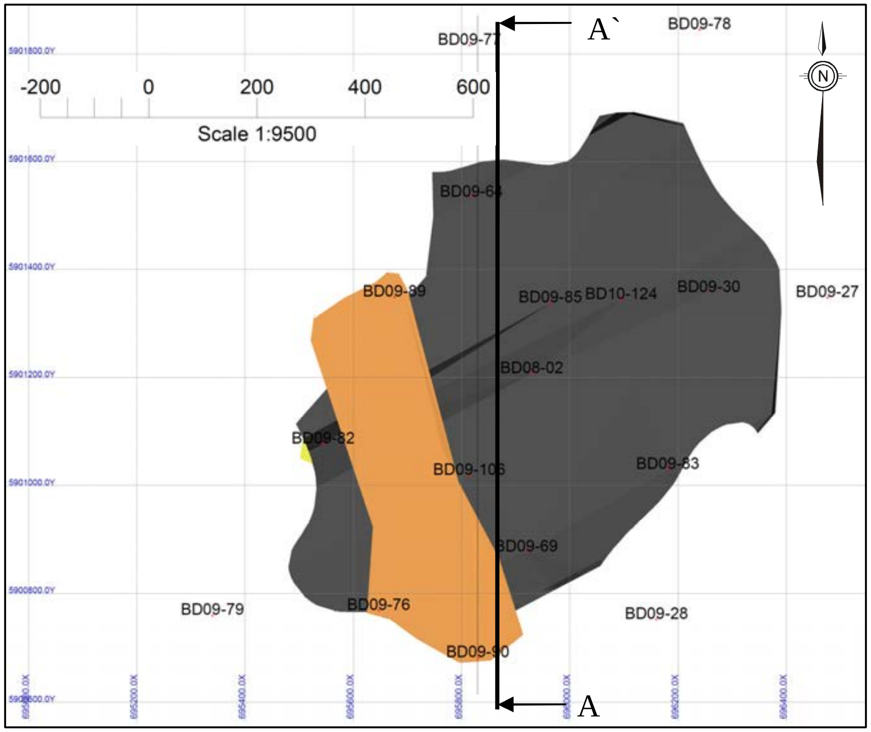
UPDATED RESOURCE REPORT FOR THE BORDER COAL PROPERTY, SASKATCHEWAN

Niska 108
Ash Content Cross Section A – A'
Looking West

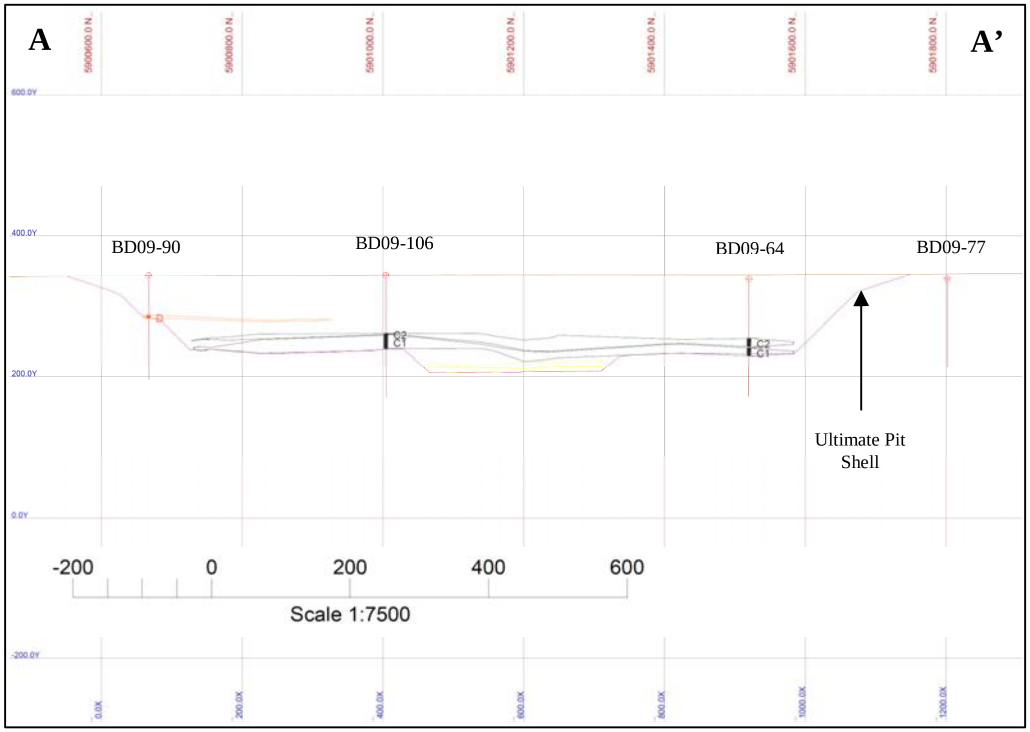
PROJECT NO.	DWN	CKD	REV
V15101008	MO	MD	2

OFFICE	DATE
EBA-VANC	March 16, 2012

Figure 11



Pasquia 2 – Plan View



Pasquia 2 – Seam Cross Section A-A'

LEGEND

Coal Seams Legend
Seam D
Seam C
Seam B
Seam A

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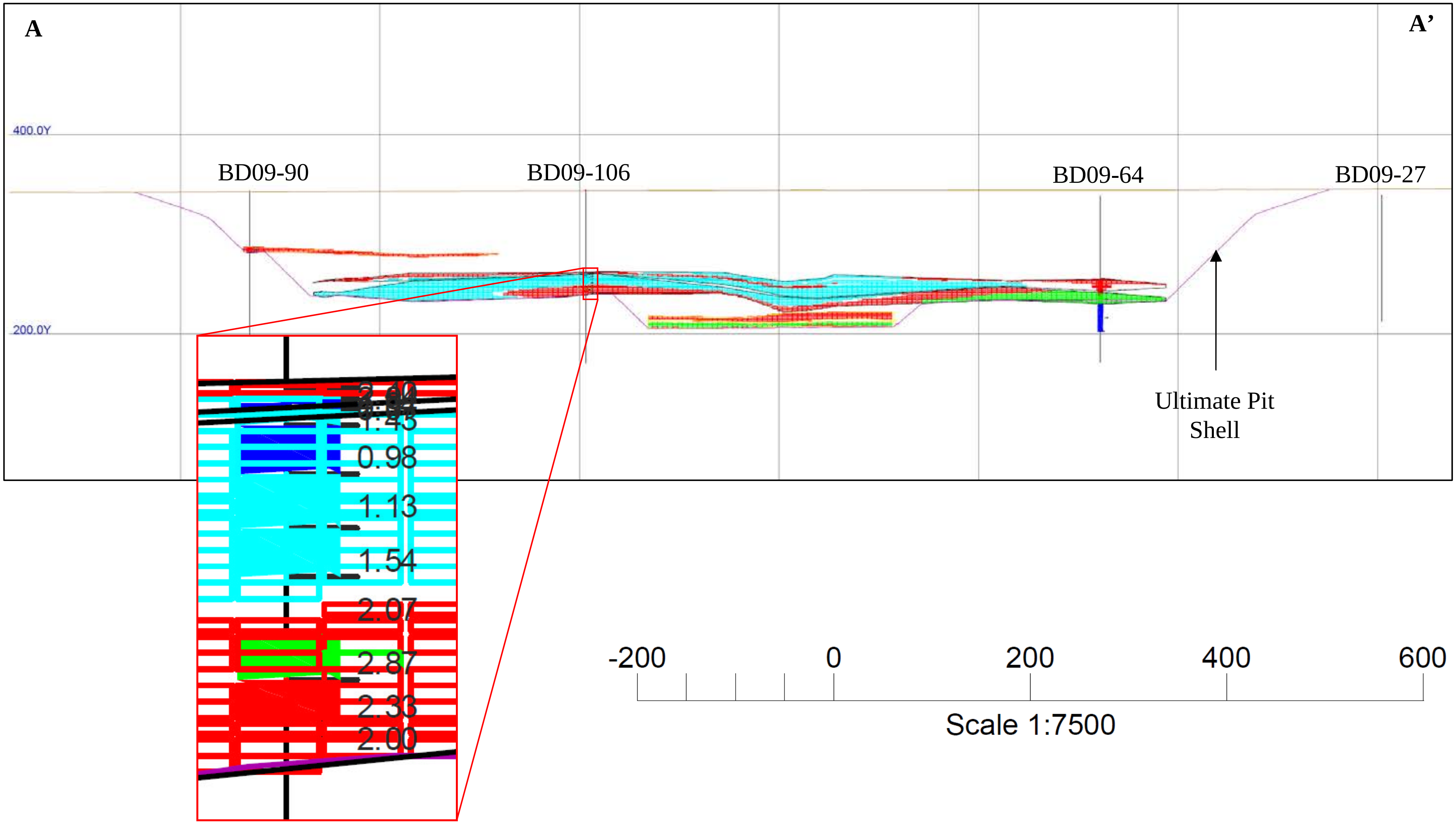
Pasquia 2
Plan View and Seam Cross-Section A-A'

PROJECT NO.	DWN	CKD	REV
V15101008	MO	MD	2
OFFICE	DATE		
EBA-VANC	March 16, 2012		

Figure 12



Coal Seams Legend

- Seam D
- Seam C
- Seam B
- Seam A

Air Dried Sulphur %

- 0.00100 - 1.00000
- 1.10000 - 2.00000
- 2.10000 - 2.50000
- 2.51000 - 3.09000
- 3.10000 - 4.09000
- 4.10000 - 5.09000
- 5.10000 - 99.00000

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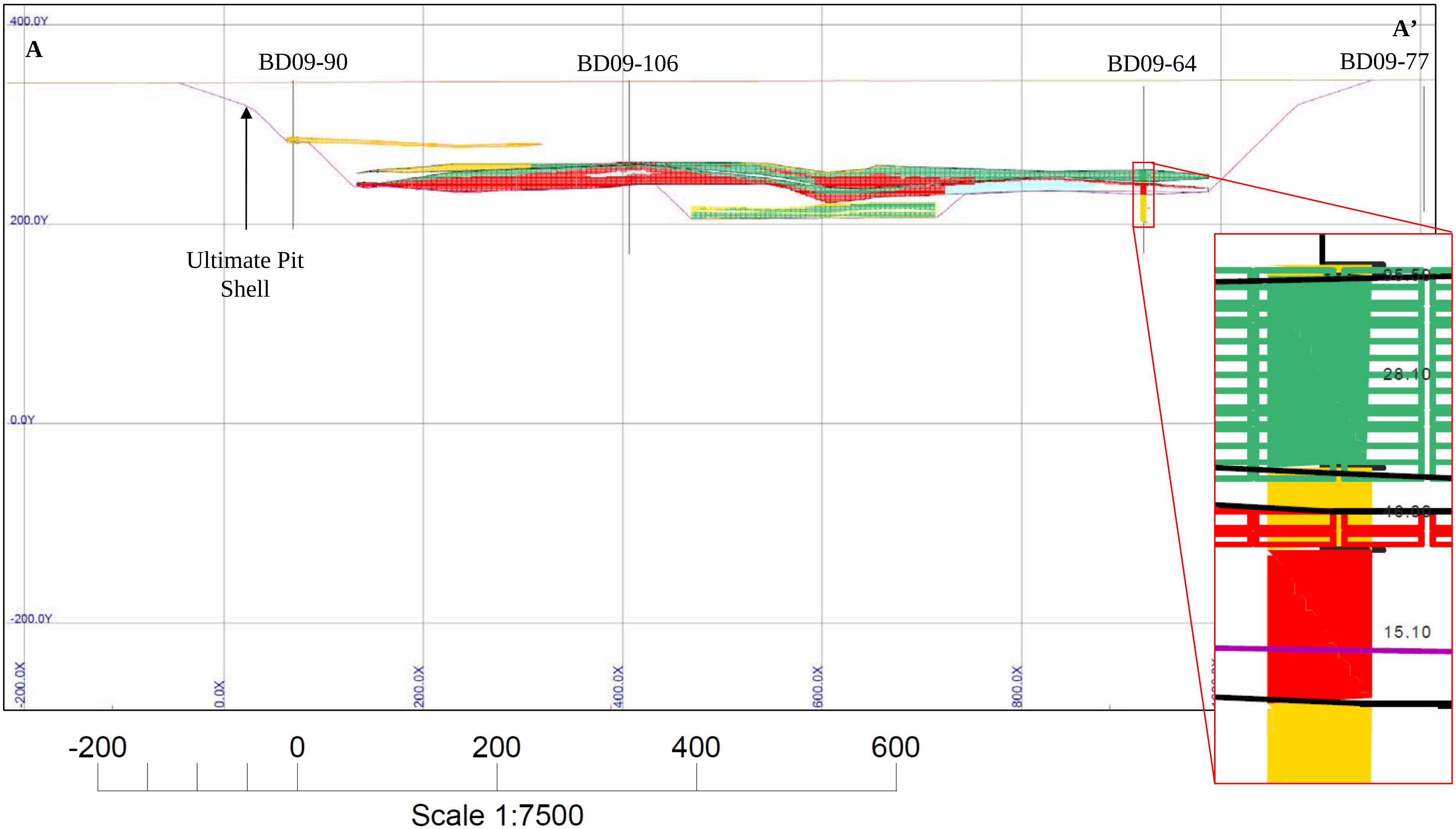
UPDATED RESOURCE REPORT FOR THE BORDER COAL PROPERTY, SASKATCHEWAN

Pasquia 2
Sulphur Content Cross Section A-A’
Looking West

PROJECT NO.	DWN	CKD	REV
V15101008	MO	MD	2

OFFICE	DATE
EBA-VANC	March 16, 2012

Figure 13



LEGEND

Coal Seams Legend
Seam D
Seam C
Seam B
Seam A

Air Dried Ash %
0.00100 - 5.00000
5.10000 - 10.00000
10.10000 - 15.00000
15.10000 - 20.00000
20.10000 - 30.00000
30.10000 - 100.00000

NOTES

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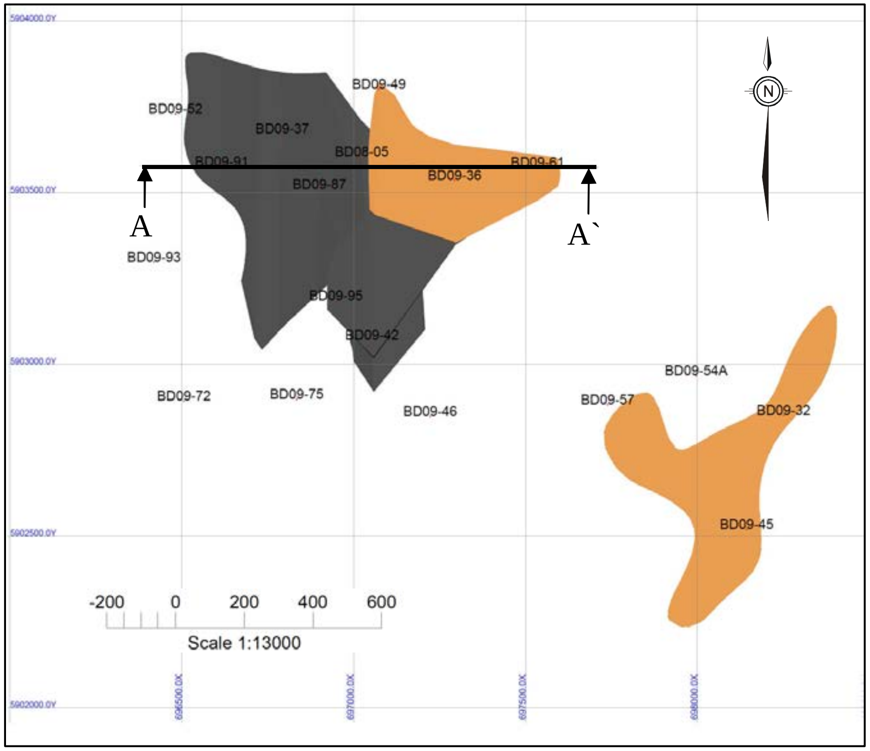
UPDATED RESOURCE REPORT FOR THE BORDER COAL PROPERTY, SASKATCHEWAN

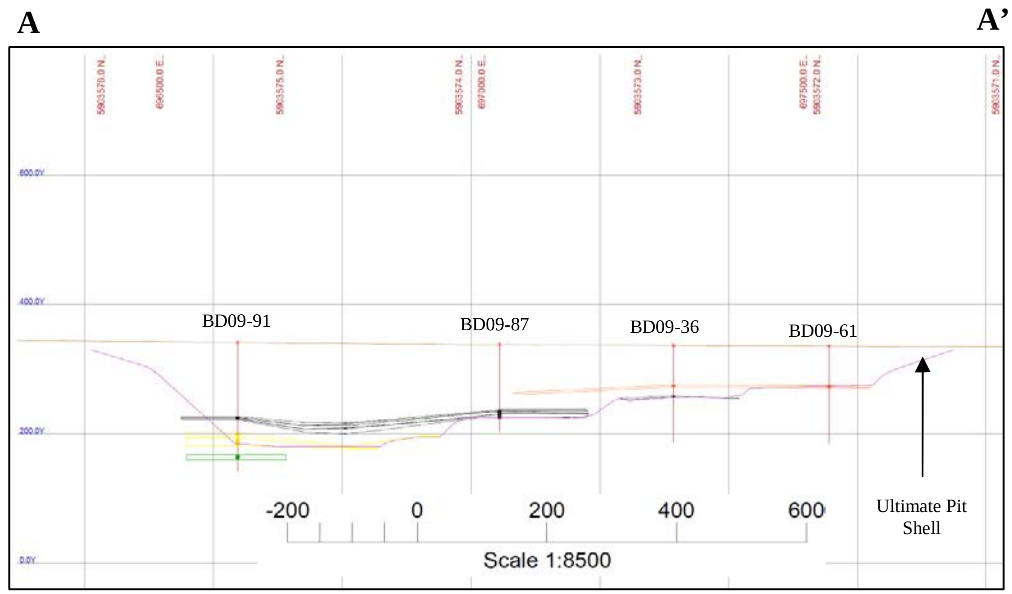
Pasquia 2
Ash Content Cross Section A – A'
Looking West

PROJECT NO.	DWN	CKD	REV
V15101008	MO	MD	2
OFFICE	DATE		
EBA-VANC	March 16, 2012		

Figure 14



Pasquia 5 – Plan View



Pasquia 5 – Seam Cross Section A-A'

LEGEND

Coal Seams Legend
Seam D
Seam C
Seam B
Seam A

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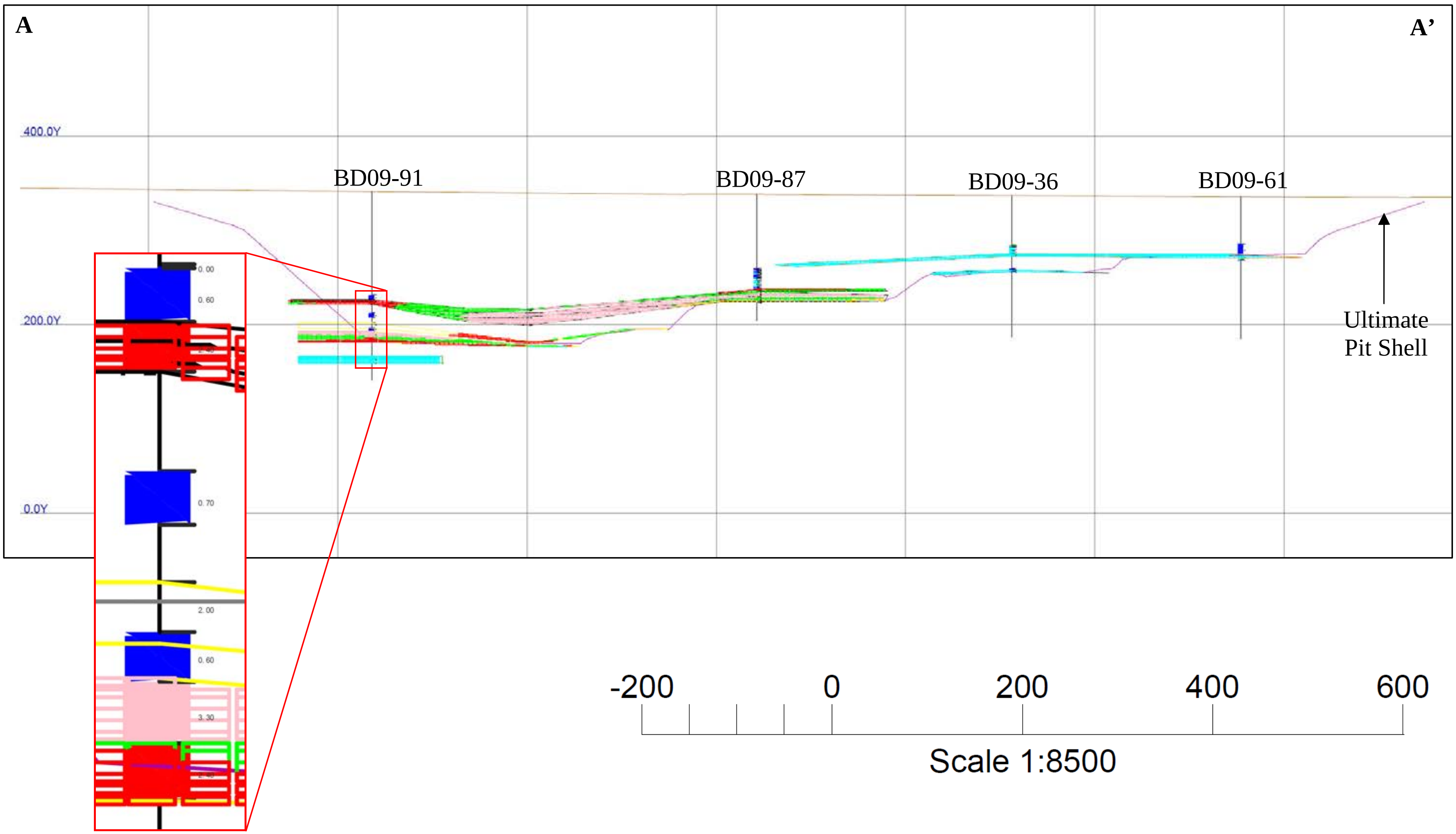
Pasquia 5
Plan View and Seam Cross Section A-A'

PROJECT NO.	DWN	CKD	REV
V15101008	MO	MD	2

OFFICE	DATE
EBA-VANC	March 16, 2012

Figure 15



Coal Seams Legend
Seam D
Seam C
Seam B
Seam A

Air Dried Sulphur %	
0.00100 - 1.00000	3.10000 - 4.09000
1.10000 - 2.00000	4.10000 - 5.09000
2.10000 - 2.50000	5.10000 - 99.00000
2.51000 - 3.09000	

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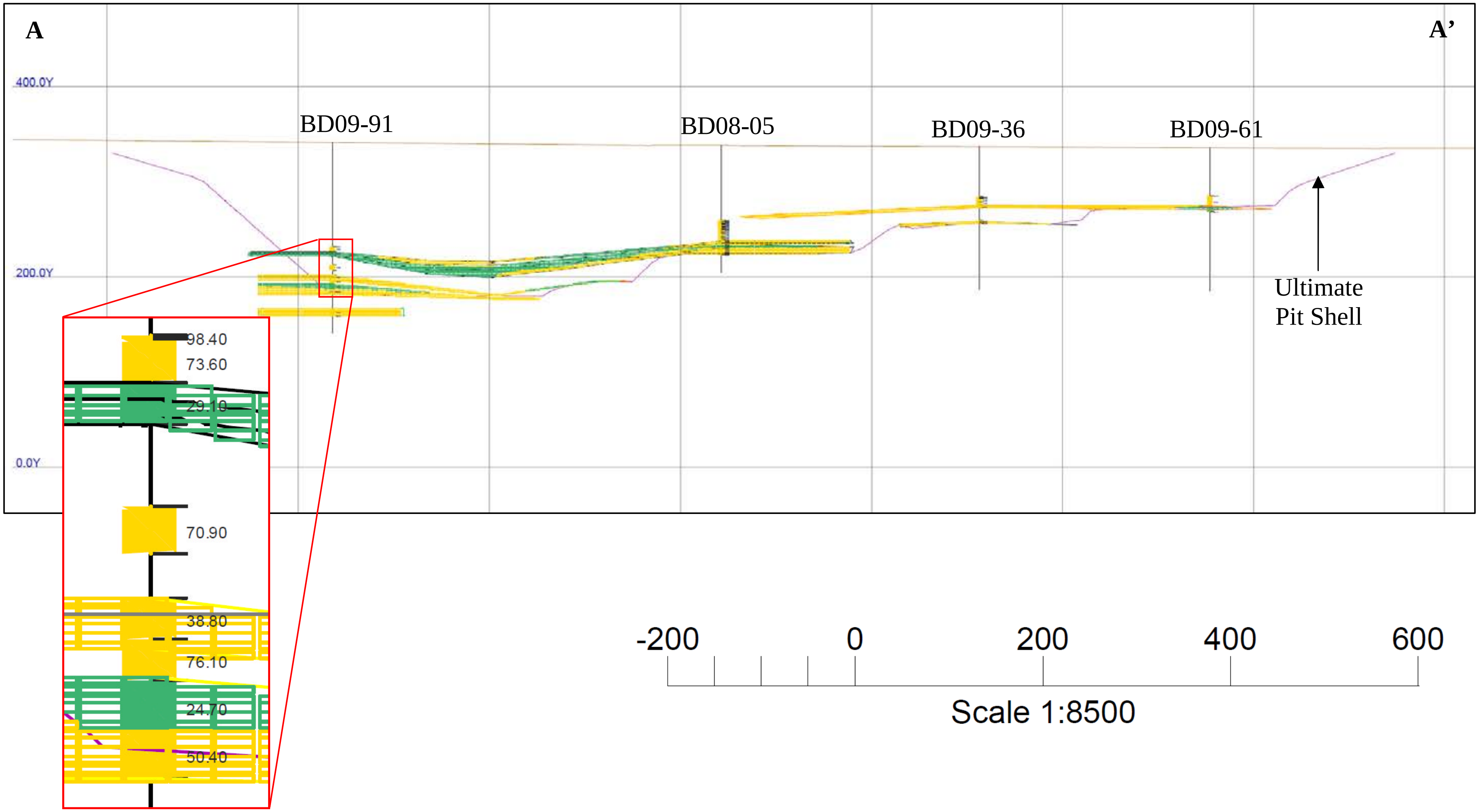
Pasquia 5
Sulphur Content Cross Section A – A’
Looking North

PROJECT NO.	DWN	CKD	REV
V15101008	MO	MD	2

OFFICE	DATE
EBA-VANC	March 16, 2012

Figure 16



LEGEND

NOTES

Coal Seams Legend
Seam D
Seam C
Seam B
Seam A

Air Dried Ash %
0.00100 - 5.00000
5.10000 - 10.00000
10.10000 - 15.00000
15.10000 - 20.00000
20.10000 - 30.00000
30.10000 - 100.00000

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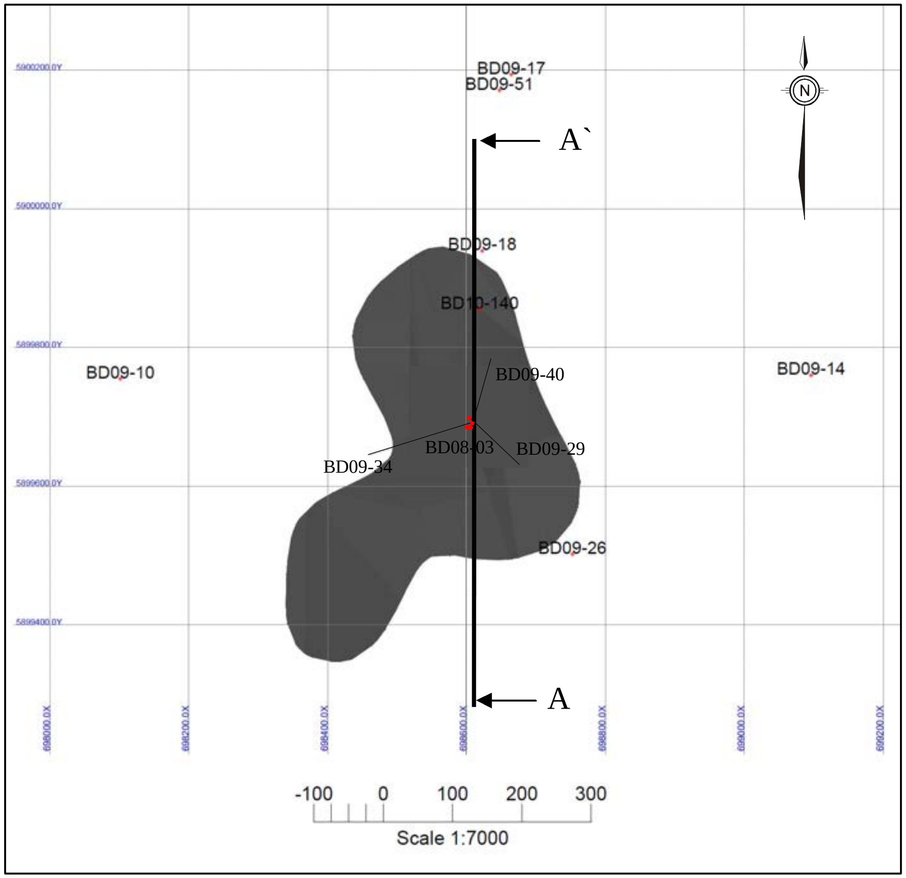
UPDATED RESOURCE REPORT FOR THE BORDER COAL PROPERTY, SASKATCHEWAN

Pasquia 5
Ash Content Cross Section A – A'
Looking North

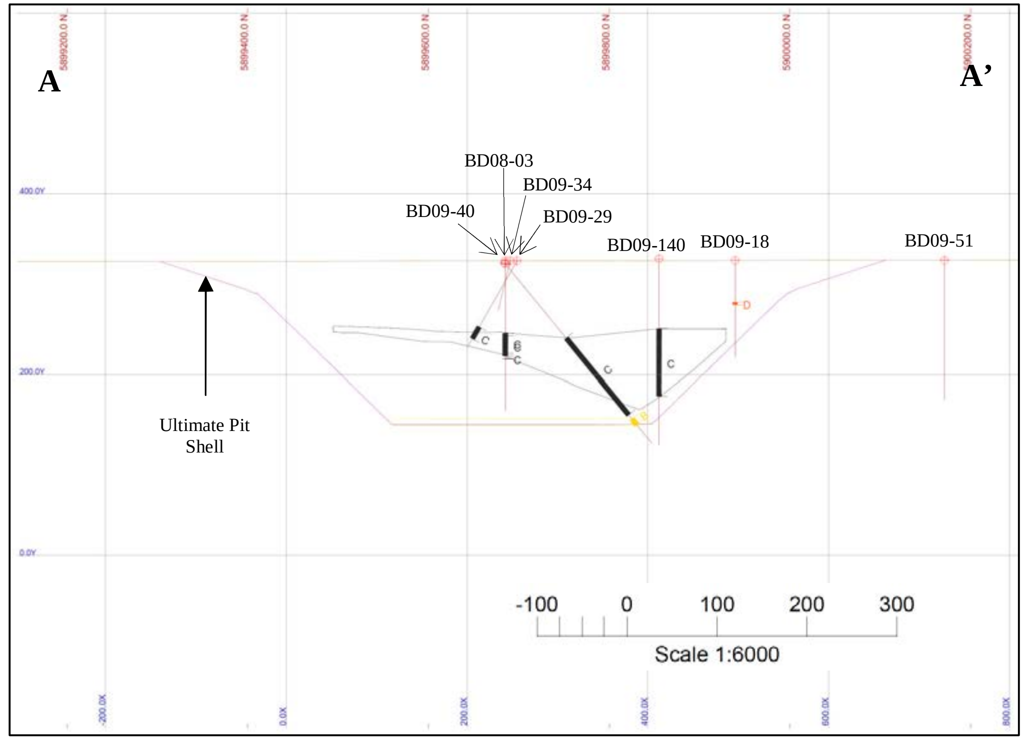
PROJECT NO.	DWN	CKD	REV
V15101008	MO	MD	2

OFFICE	DATE
EBA-VANC	March 16, 2012

Figure 17



Chemong 3 – Plan View



Chemong 3 – Seam Cross Section A-A’

LEGEND

Coal Seams Legend
Seam D
Seam C
Seam B
Seam A

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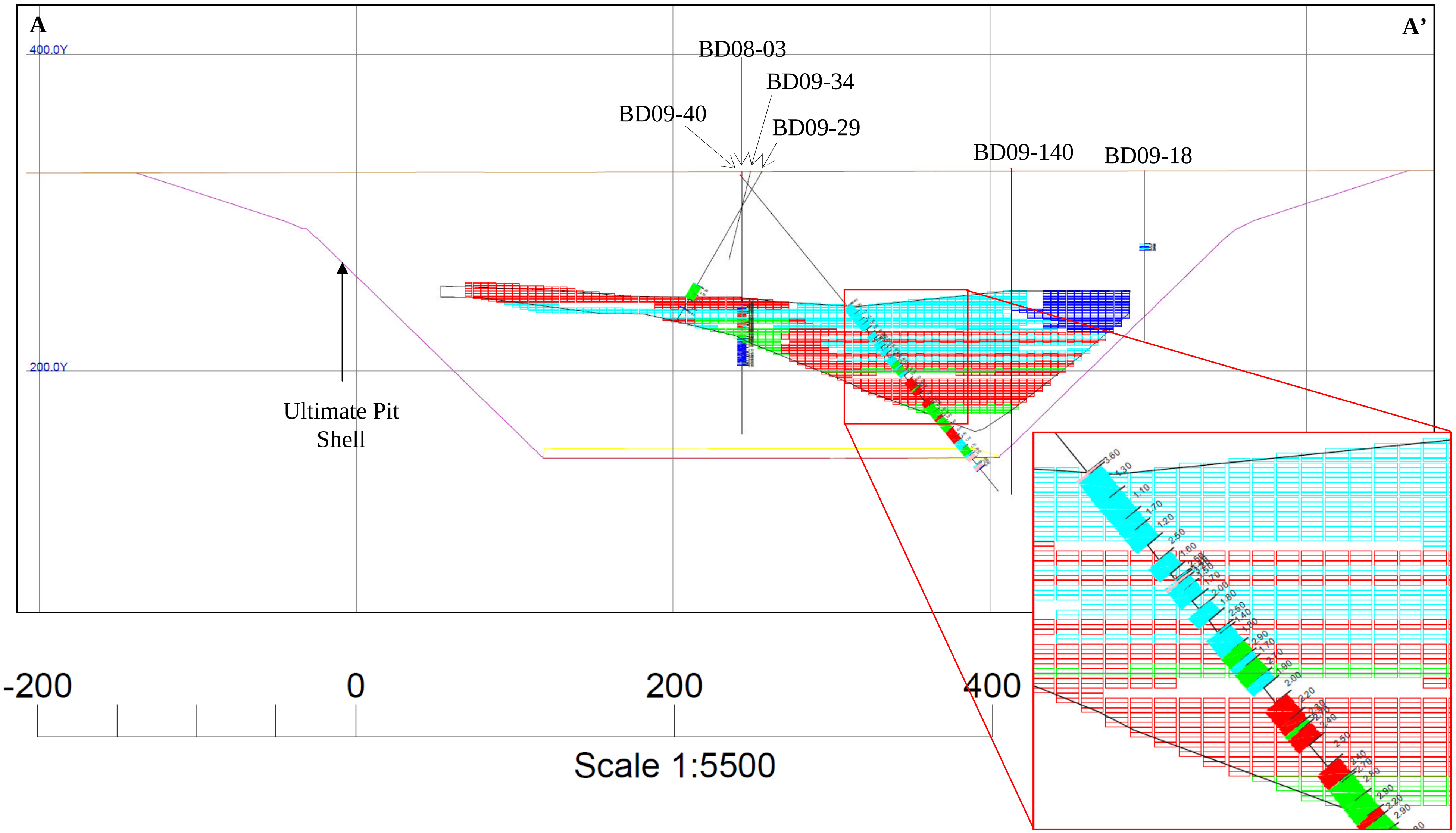
UPDATED RESOURCE REPORT FOR THE BORDER COAL PROPERTY, SASKATCHEWAN

Chemong 3
Plan View and Seam Cross Section A-A’

PROJECT NO.	DWN	CKD	REV
V15101008	MO	MD	2
OFFICE	DATE		
EBA-VANC	March 16, 2012		

Figure 18



Coal Seams Legend
Seam D
Seam C
Seam B
Seam A

Air Dried Sulphur %	
0.00100 - 1.00000	3.10000 - 4.09000
1.10000 - 2.00000	4.10000 - 5.09000
2.10000 - 2.50000	5.10000 - 99.00000
2.51000 - 3.09000	

NOTES

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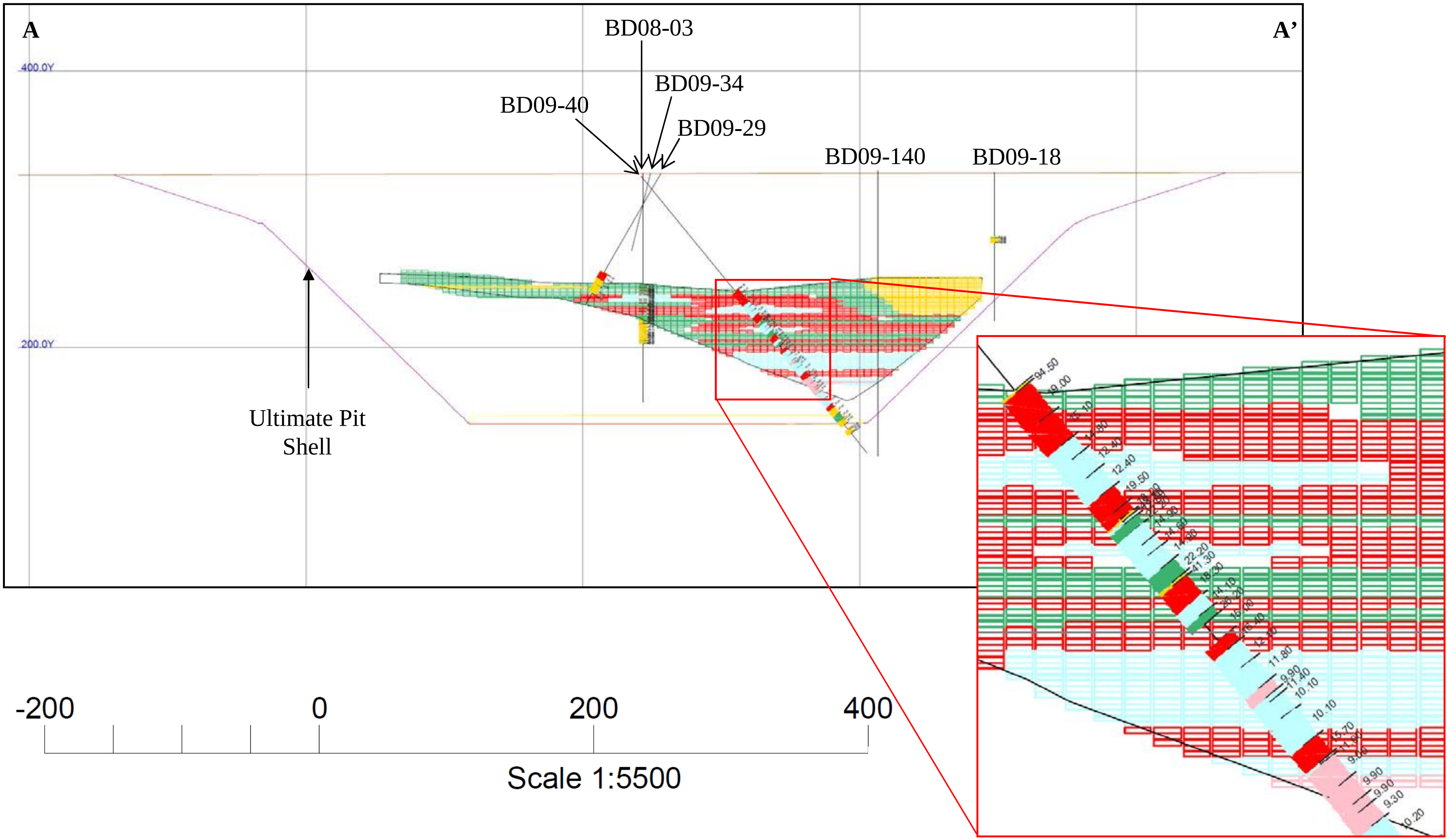
UPDATED RESOURCE REPORT FOR THE BORDER COAL PROPERTY, SASKATCHEWAN

Chemong 3
Sulphur Content Cross Section A – A'
Looking West

PROJECT NO.	DWN	CKD	REV
V15101008	MO	MD	2

OFFICE	DATE
EBA-VANC	March 16, 2012

Figure 19



LEGEND

Coal Seams Legend
Seam D
Seam C
Seam B
Seam A

Air Dried Ash %
0.00100 - 5.00000
5.10000 - 10.00000
10.10000 - 15.00000
15.10000 - 20.00000
20.10000 - 30.00000
30.10000 - 100.00000

NOTES

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GOLDSOURCE MINES INC.

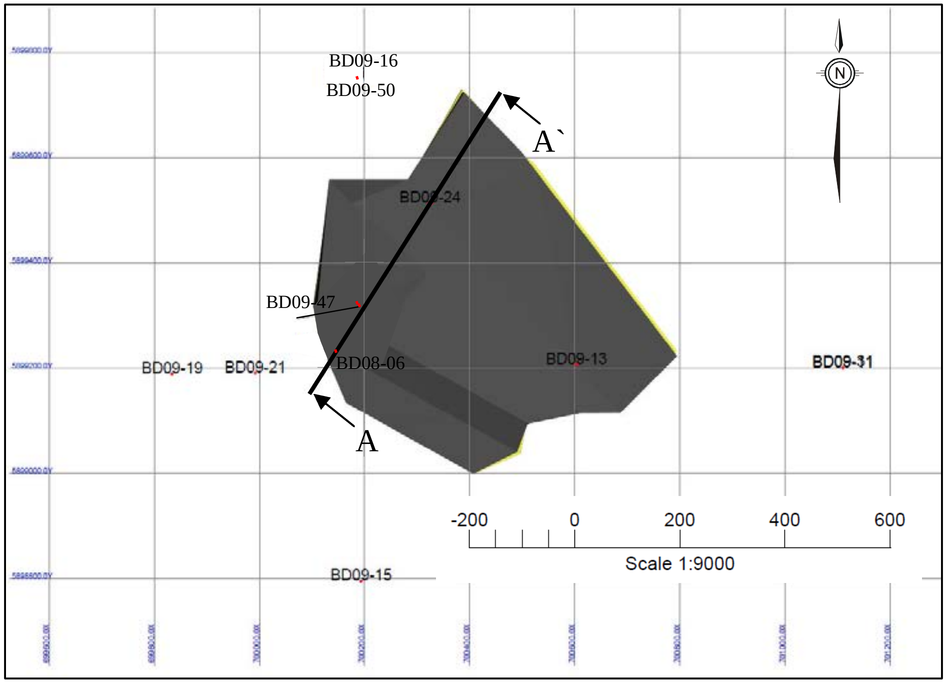
EBA Engineering Consultants Ltd.

UPDATED RESOURCE REPORT FOR THE BORDER COAL PROPERTY, SASKATCHEWAN

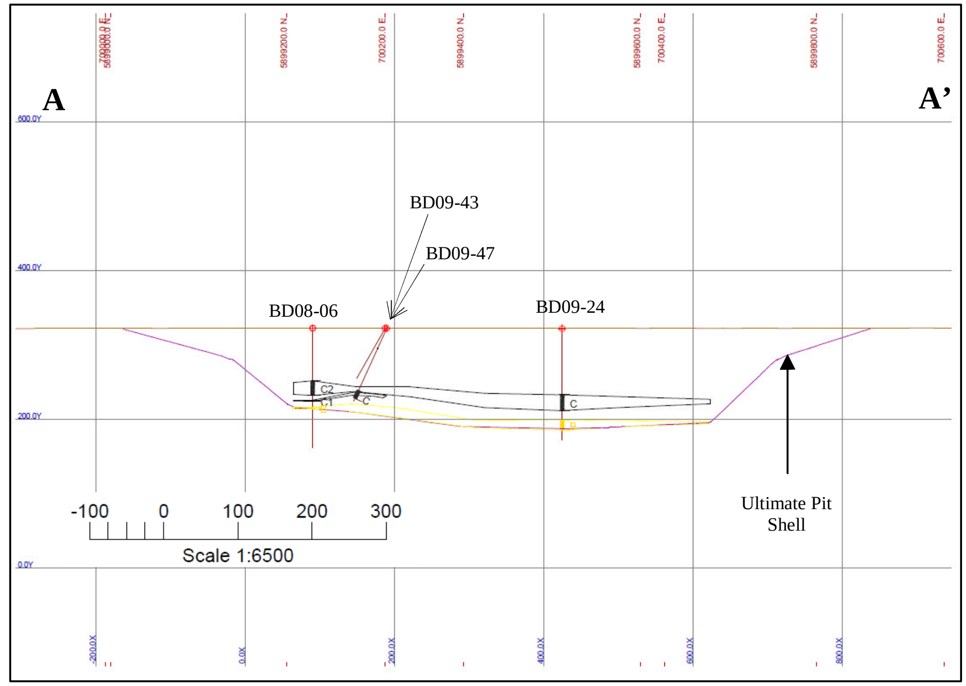
Chemong 3
Ash Content Cross Section A – A’
Looking West

PROJECT NO.	DWN	CKD	REV
V15101008	MO	MD	2
OFFICE	DATE		
EBA-VANC	March 16, 2012		

Figure 20



Chemong 6 – Plan View



Chemong 6 – Seam Cross Section A-A’

LEGEND

Coal Seams Legend
Seam D
Seam C
Seam B
Seam A

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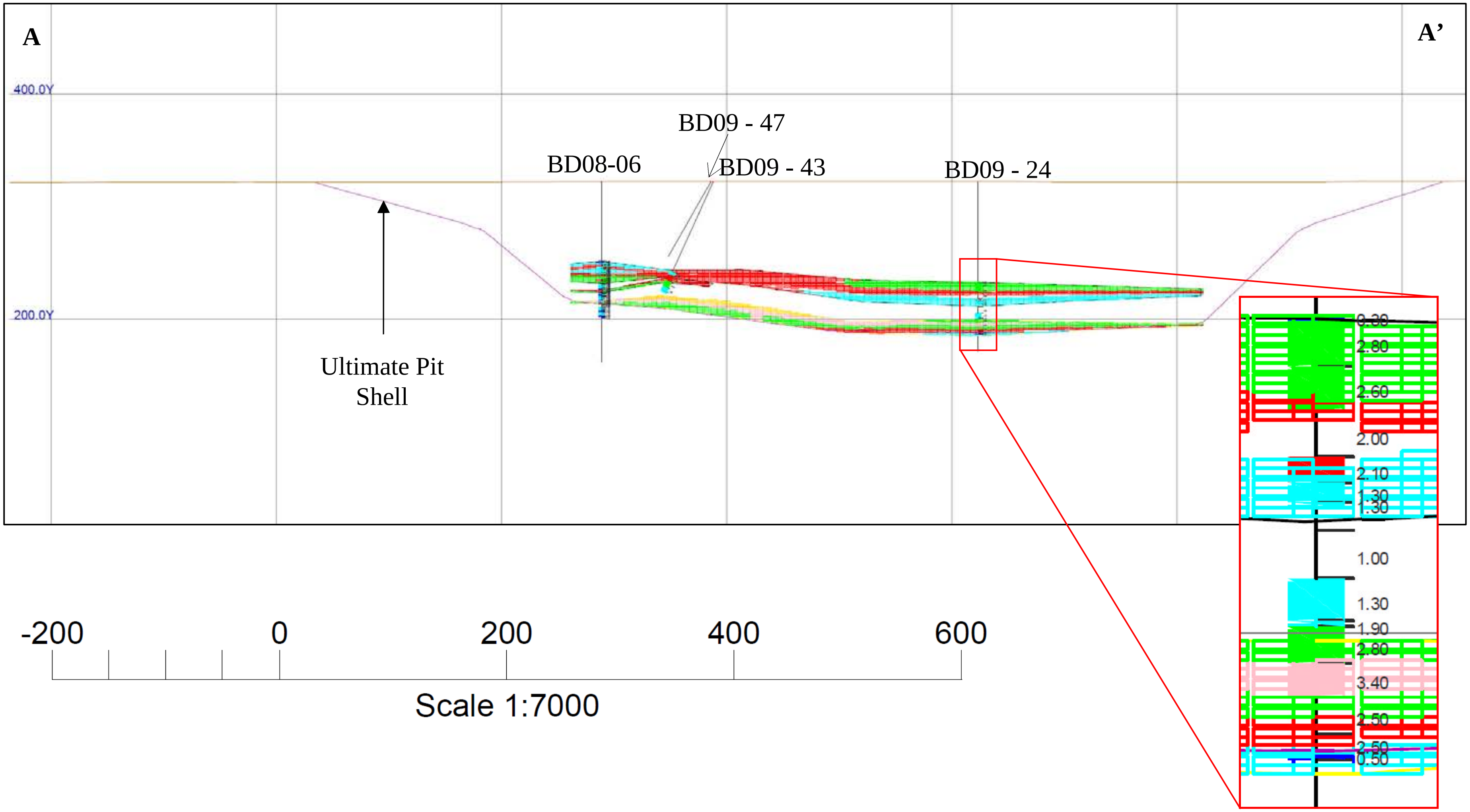
UPDATED RESOURCE REPORT FOR THE BORDER COAL PROPERTY, SASKATCHEWAN

Chemong 6
Plan View and Seam Cross Section A-A’

PROJECT NO.	DWN	CKD	REV
V15101008	MO	MD	2

OFFICE	DATE
EBA-VANC	March 16, 2012

Figure 21



Coal Seams Legend

- Seam D
- Seam C
- Seam B
- Seam A

Air Dried Sulphur %

- 0.00100 - 1.00000
- 1.10000 - 2.00000
- 2.10000 - 2.50000
- 2.51000 - 3.09000
- 3.10000 - 4.09000
- 4.10000 - 5.09000
- 5.10000 - 99.00000

CLIENT

GOLDSOURCE MINES INC.

EBA Engineering Consultants Ltd.

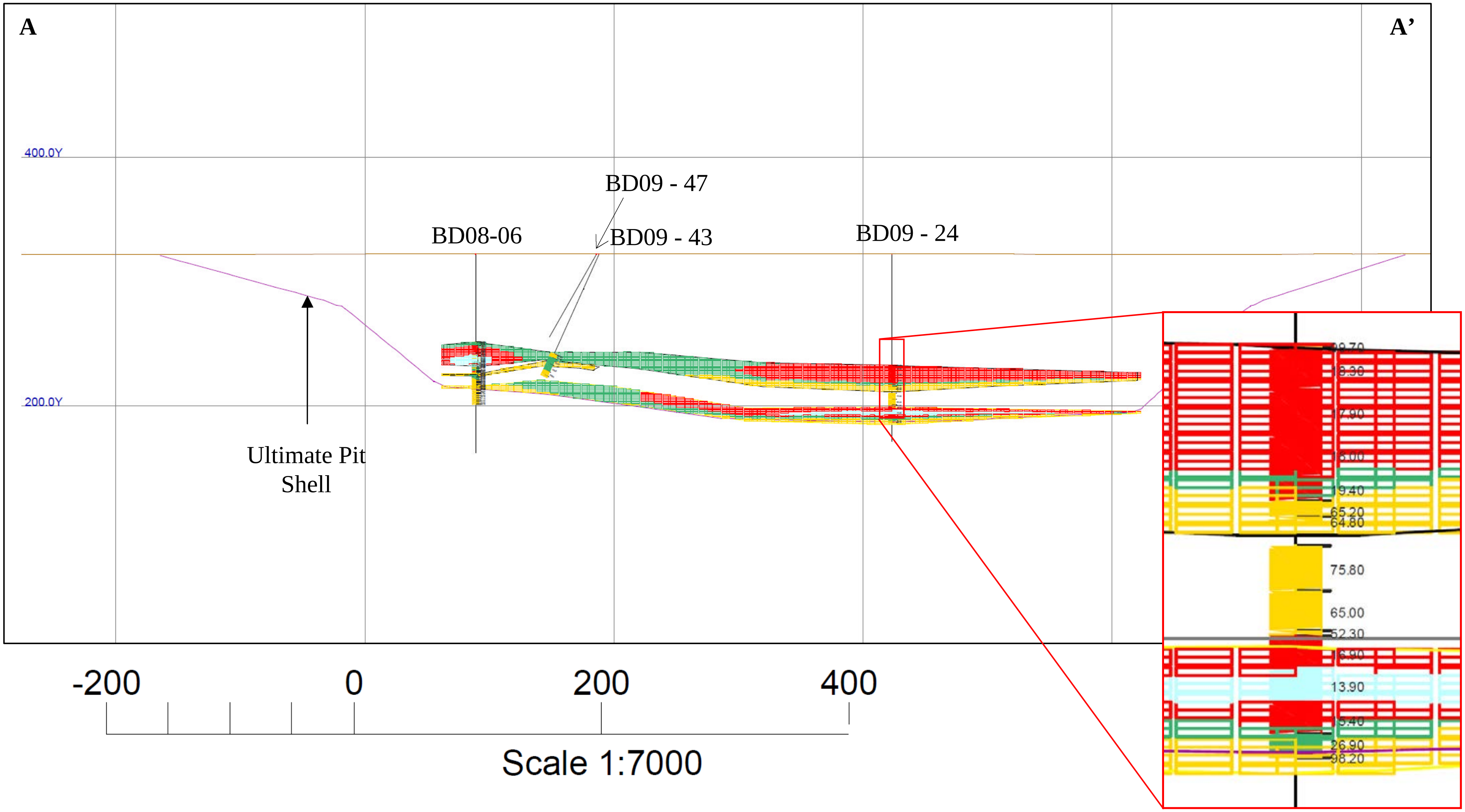
UPDATED RESOURCE REPORT FOR THE BORDER COAL PROPERTY, SASKATCHEWAN

Chemong 6
Sulphur Content Cross Section A-A’
Looking Northwest

PROJECT NO.	DWN	CKD	REV
V15101008	MO	MD	2

OFFICE	DATE
EBA-VANC	March 16, 2012

Figure 22



LEGEND

Coal Seams Legend
Seam D
Seam C
Seam B
Seam A

Air Dried Ash %
0.00100 - 5.00000
5.10000 - 10.00000
10.10000 - 15.00000
15.10000 - 20.00000
20.10000 - 30.00000
30.10000 - 100.00000

NOTES

CLIENT

GOLDSOURCE MINES INC.

EBA Engineering Consultants Ltd.

eba

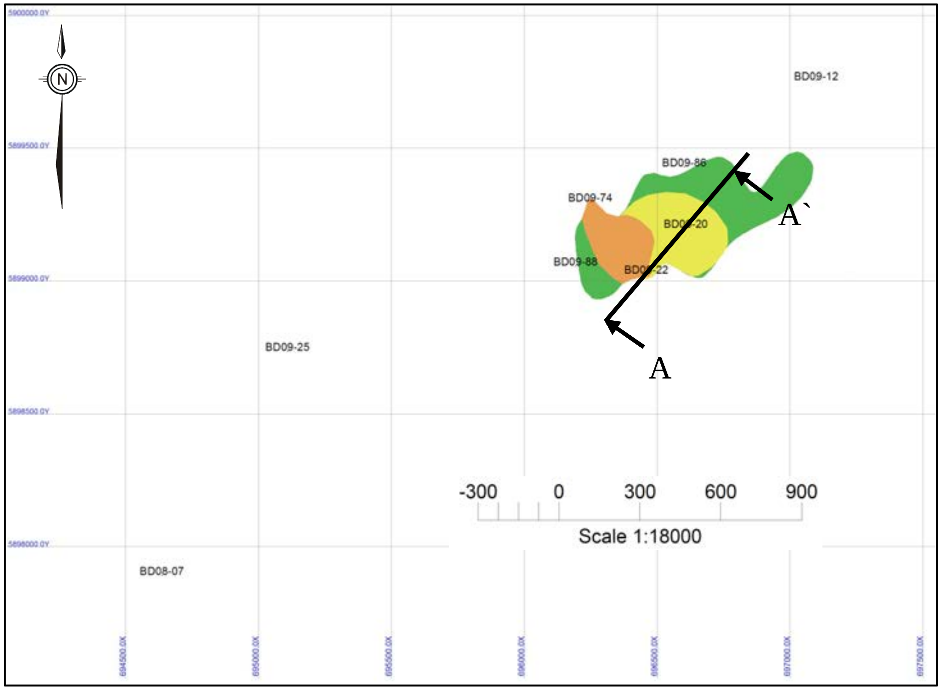
UPDATED RESOURCE REPORT FOR THE BORDER COAL PROPERTY, SASKATCHEWAN

Chemong 6
Ash Content Cross Section A-A’
Looking Northwest

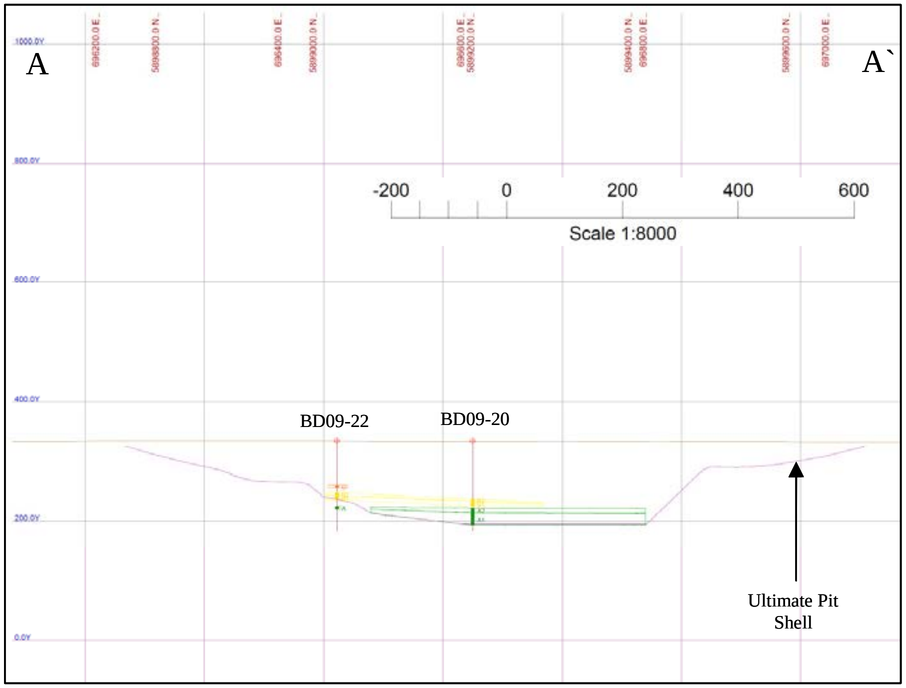
PROJECT NO.	DWN	CKD	REV
V15101008	MO	MD	2

OFFICE	DATE
EBA-VANC	March 16, 2012

Figure 23



Chemong 20 – Plan View



Chemong 20 – Seam Cross Section A-A’

LEGEND

Coal Seams Legend
Seam D
Seam C
Seam B
Seam A

NOTES

CLIENT

GOLDSOURCE MINES INC.

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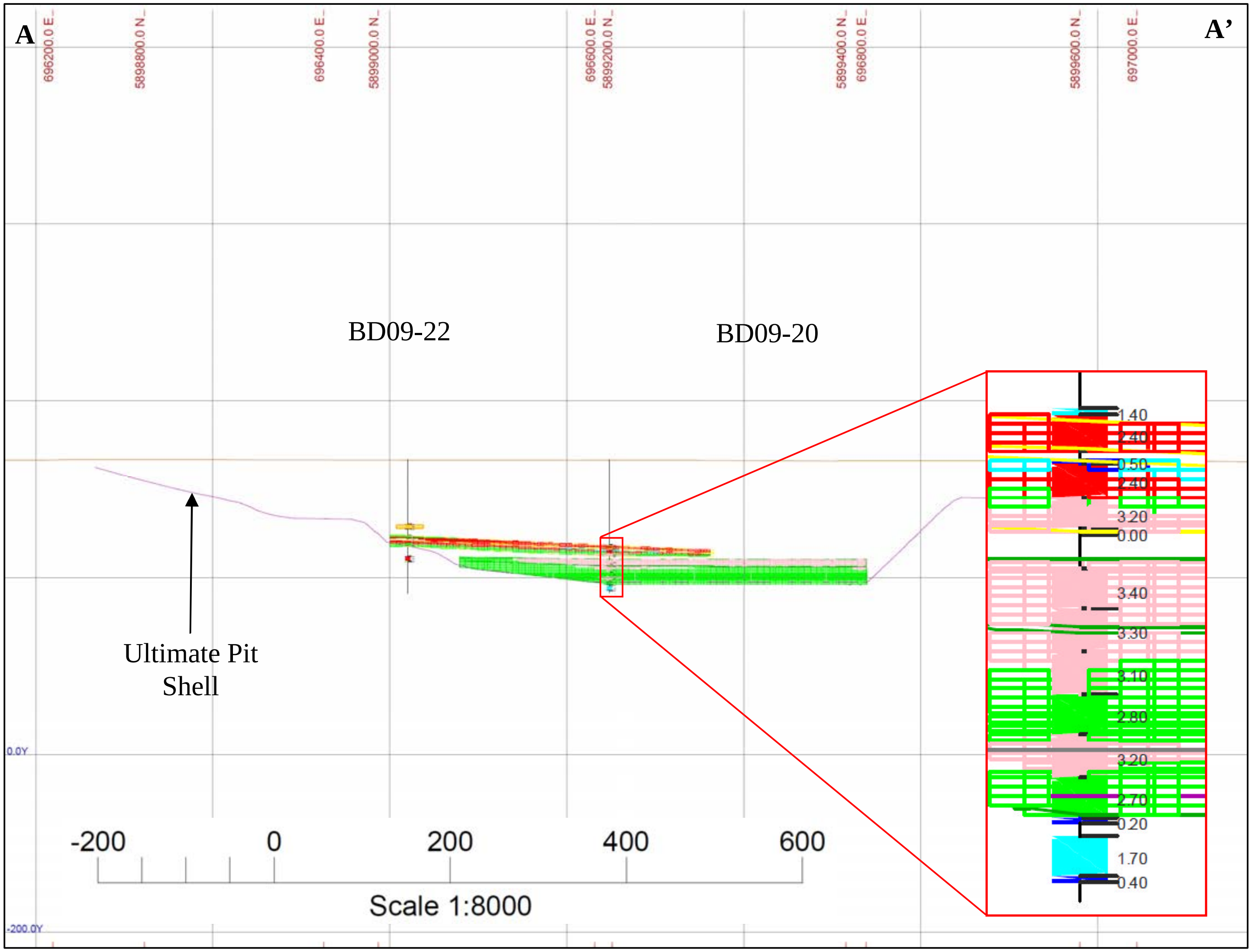
UPDATED RESOURCE REPORT FOR THE BORDER COAL PROPERTY, SASKATCHEWAN

Chemong 20
Plan View and Seam Cross Section

PROJECT NO.	DWN	CKD	REV
V15101008	MO	MD	2
OFFICE	DATE		
EBA-VANC	March 16, 2012		

Figure 24



Coal Seams Legend

- Seam D
- Seam C
- Seam B
- Seam A

Air Dried Sulphur %

- 0.00100 - 1.00000
- 1.10000 - 2.00000
- 2.10000 - 2.50000
- 2.51000 - 3.09000
- 3.10000 - 4.09000
- 4.10000 - 5.09000
- 5.10000 - 99.00000

CLIENT

GOLDSOURCE MINES INC.

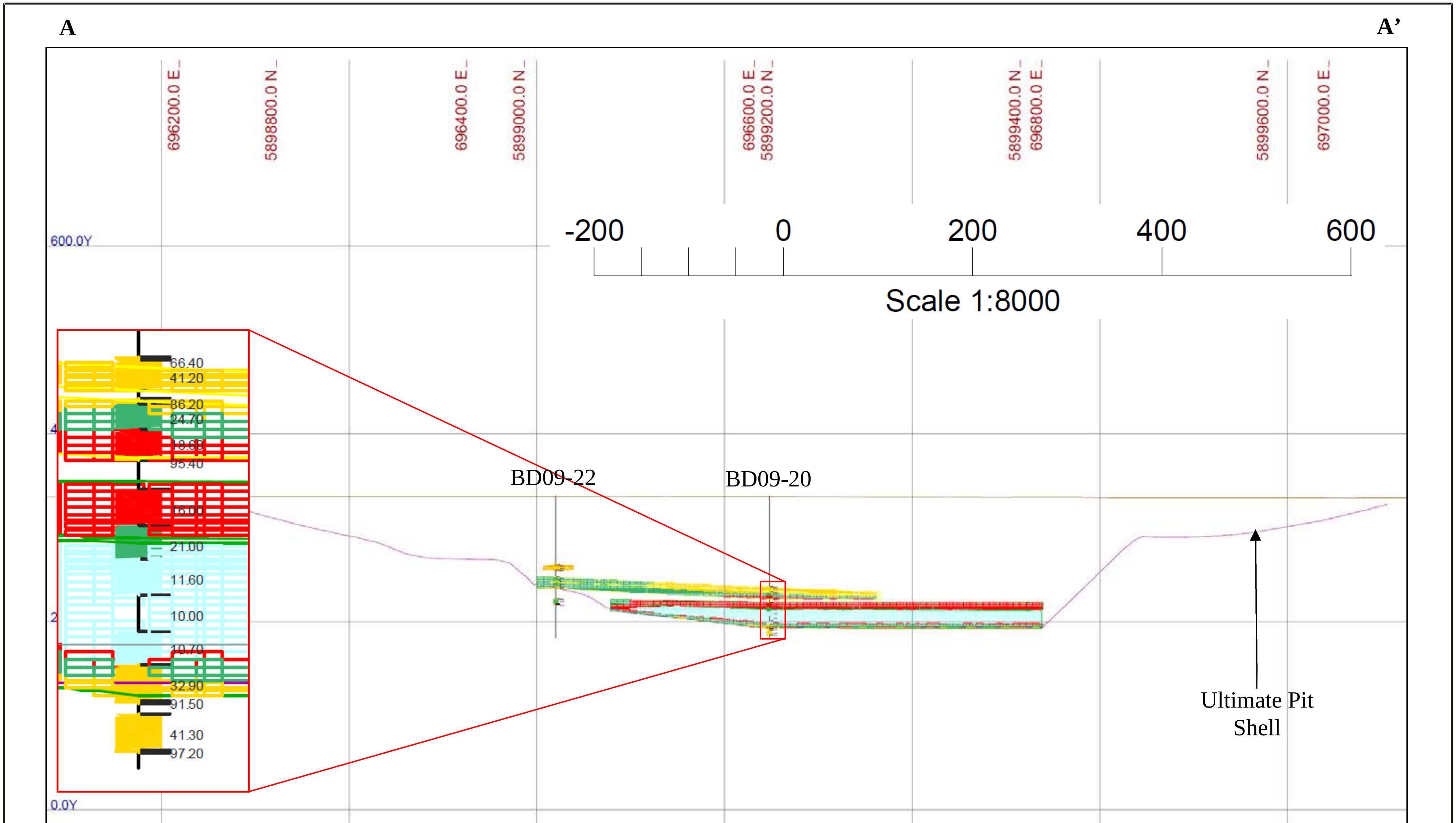
EBA Engineering Consultants Ltd.

UPDATED RESOURCE REPORT FOR THE BORDER COAL PROPERTY, SASKATCHEWAN

Chemong 20
Sulphur Content Cross Section A – A'
Looking Northwest

PROJECT NO.	DWN	CKD	REV
V15101008	MO	MD	2
OFFICE	DATE		
EBA-VANC	March 16, 2012		

Figure 25



LEGEND

Coal Seams Legend
Seam D
Seam C
Seam B
Seam A

Air Dried Ash %
0.00100 - 5.00000
5.10000 - 10.00000
10.10000 - 15.00000
15.10000 - 20.00000
20.10000 - 30.00000
30.10000 - 100.00000

NOTES

CLIENT

GOLDSOURCE MINES INC.

EBA Engineering Consultants Ltd.

eba

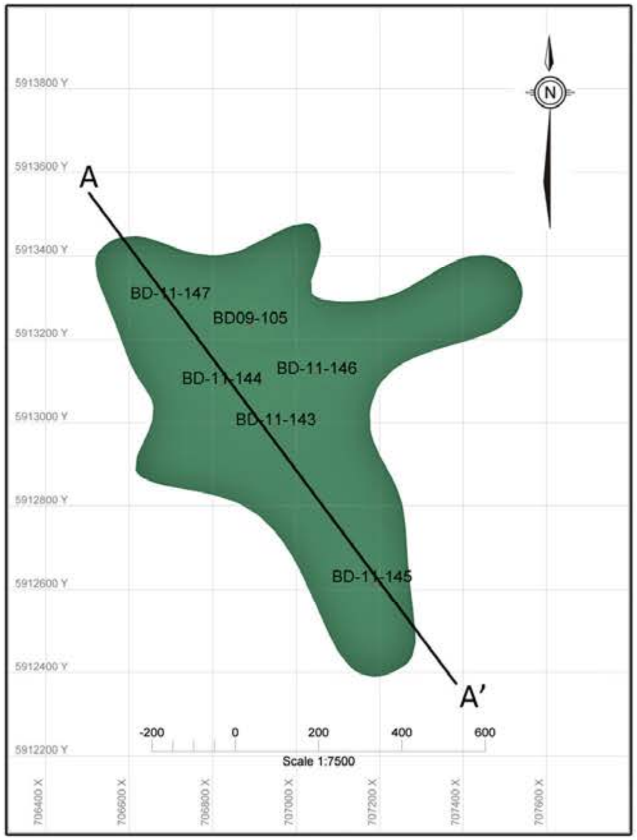
UPDATED RESOURCE REPORT FOR THE BORDER COAL PROPERTY, SASKATCHEWAN

Chemong 20
Ash Content Cross Section A – A'
Looking Northwest

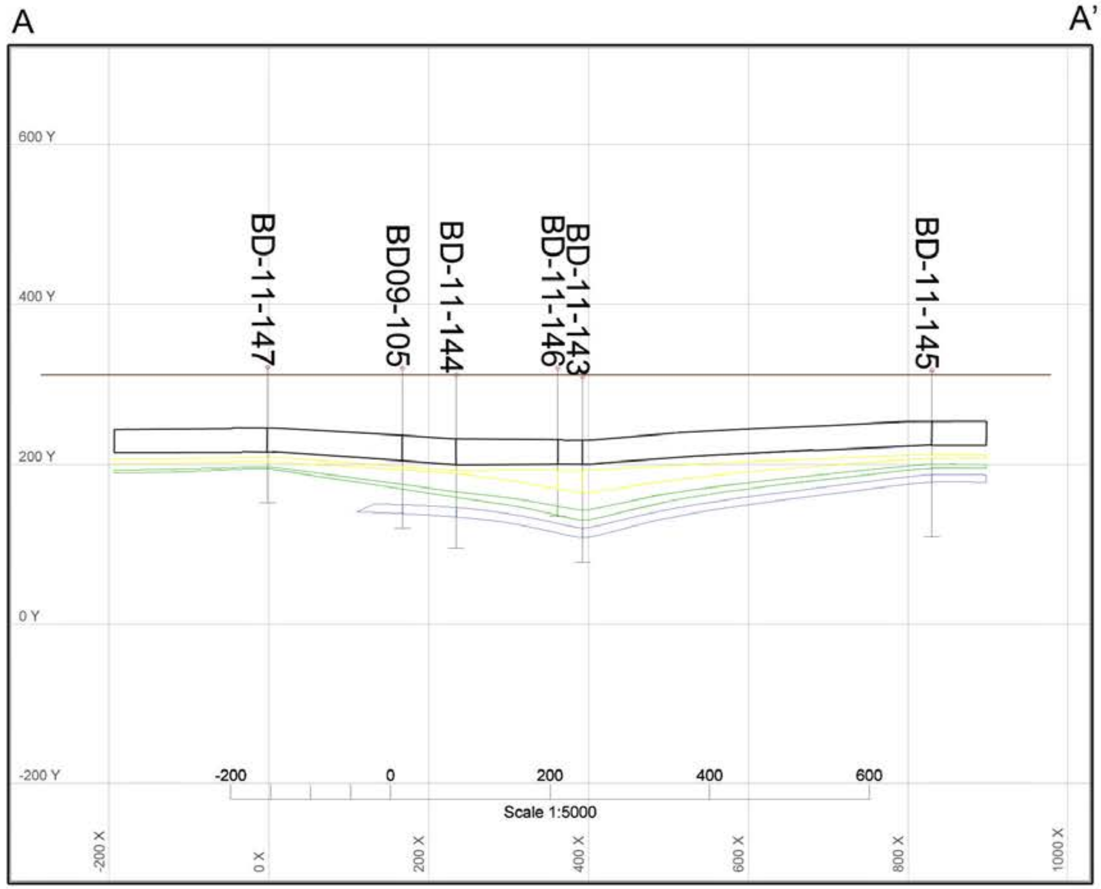
PROJECT NO.	DWN	CKD	REV
V15101008	MO	MD	2

OFFICE	DATE
EBA-VANC	March 16, 2012

Figure 26



Niska 105 – Plan View



Niska 105 – Seams Cross Section A-A'

LEGEND

Coal Seams Legend
Seam C
Seam B
Seam A2
Seam A1

NOTES

UPDATED RESOURCE REPORT ON THE BORDER COAL PROPERTY, SASKATCHEWAN

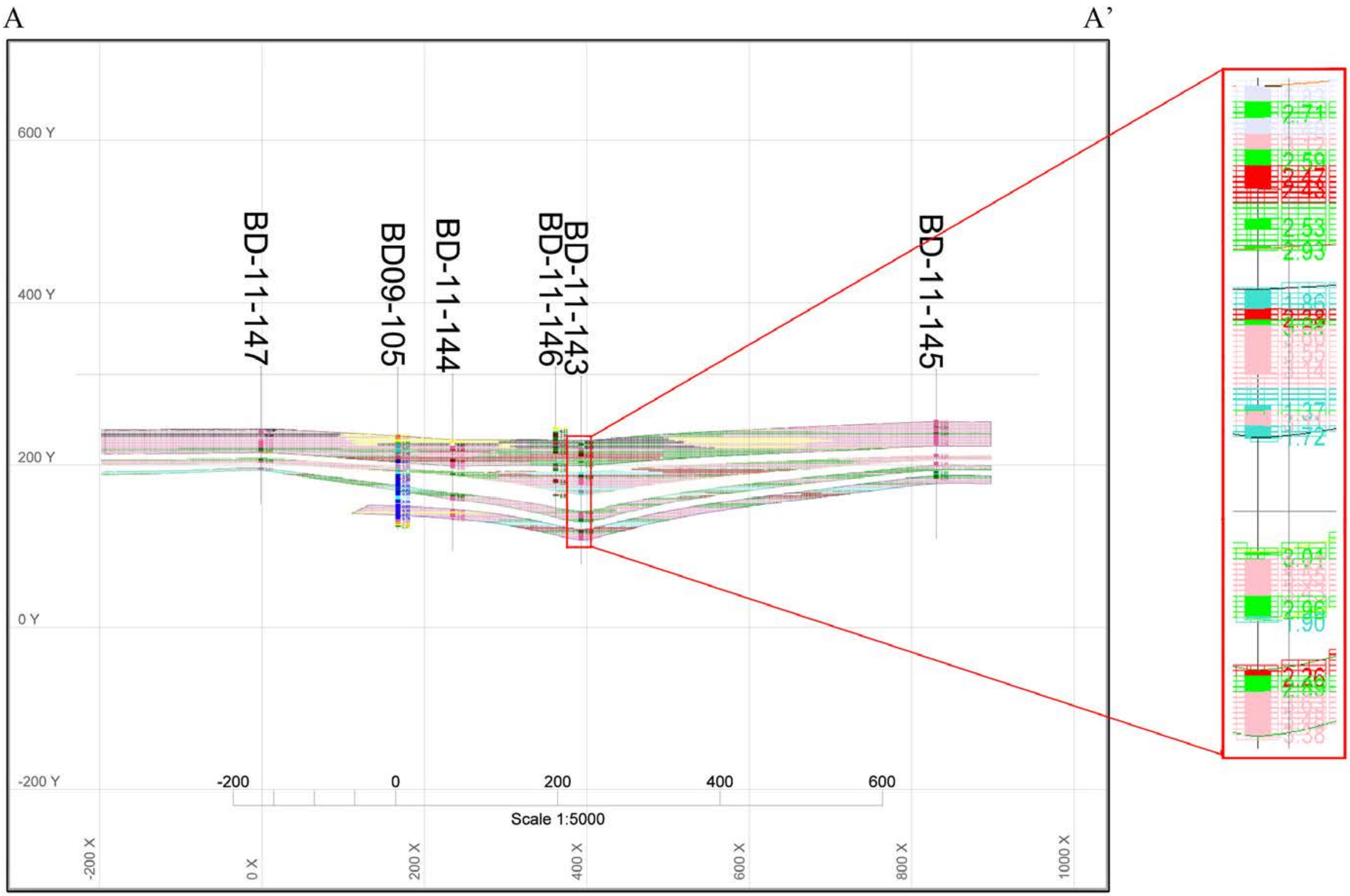
Niska 105
Plan View and Seam Cross Section A-A'

PROJECT NO.	DWN	CKD	REV
V15101005	SF	SK	1

OFFICE

DATE March 16,2012

Figure 27



Coal Seams Legend
Seam C
Seam B
Seam A2
Seam A1

Air Dried Sulphur %	
0.00100 - 1.00000	3.10000 - 4.09000
1.10000 - 2.00000	4.10000 - 5.09000
2.10000 - 2.50000	5.10000 - 99.00000
2.51000 - 3.09000	

GOLDSOURCE MINES INC.

UPDATED RESOURCE REPORT ON THE BORDER COAL PROPERTY, SASKATCHEWAN

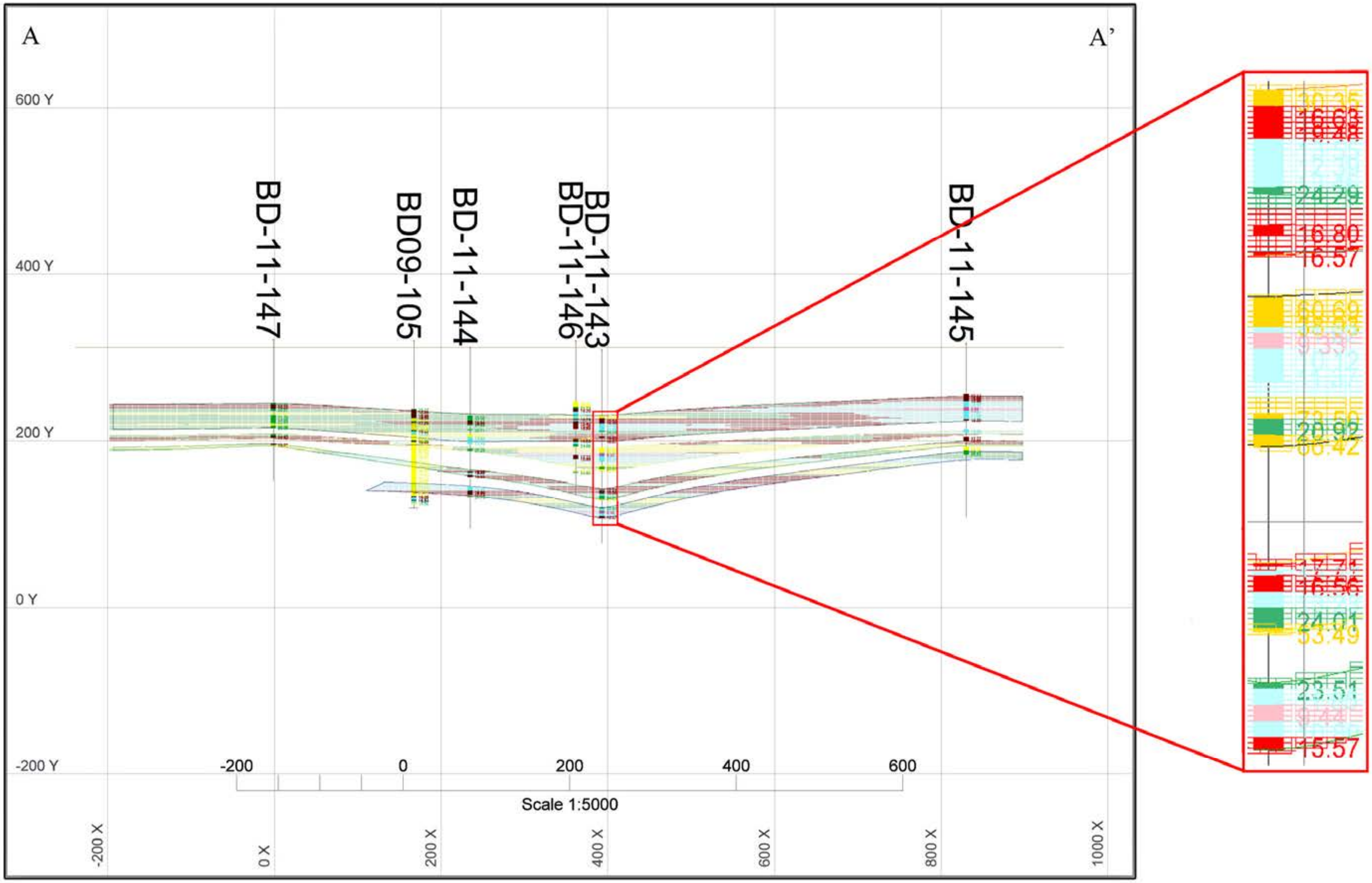
Niska 105
Sulphur Content Cross Section A – A’
Looking West

PROJECT NO.	DWN	CKD	REV
V15101005	SF	SK	1

OFFICE

DATE
March 16, 2012

Figure 28



LEGEND

Coal Seams Legend
Seam C
Seam B
Seam A2
Seam A1

Air Dried Ash %
0.00100 - 5.00000
5.10000 - 10.00000
10.10000 - 15.00000
15.10000 - 20.00000
20.10000 - 30.00000
30.10000 - 100.00000

NOTES

GOLDSOURCE MINES INC.

UPDATED RESOURCE REPORT ON THE BORDER COAL PROPERTY, SASKATCHEWAN

Niska 105
Ash Content Cross Section A – A'
Looking West

PROJECT NO.	DWN	CKD	REV
V15101005	SF	SK	1
OFFICE	DATE		
	March 16, 2012		

Figure 29

Coal deposition in Niska 108 basin is generally less complex than that observed in Niska 107 with more flat lying seams and less parent-child seam divisions. Seam A is the lowest coal horizon in Niska 108, intercepted in drillhole BD-09-111 in the northern section of the basin. Seam B is a thick and continuous seam in the southern section of the deposit. It is intersected in drillholes BD-09-108 and BD-10-119, with continuous thicknesses exceeding 20m. The seam thins to the north and is intersected over 2m in drillhole BD-09-111. Drilling was terminated in the coal unit (Seam C) in drillhole BD-10-123 in the central part of the deposit, as such there is no drillhole data beneath this point. It is inferred that seam B and potentially seam A do exist through the central section of the basin at depth and connects the observed seams in the north and south. Seam C is again the thickest and most continuous seam, dominant throughout the basin. Seam C thickness ranges from 20-30m in drillholes BD-09-108, 09-111, 10-123, and 10-139 in the center of the deposit, thinning to 5m along the periphery of the basin in drillhole BD-10-132, and dividing to C2 and C1 (23m cumulative coal) in drillhole BD-10-119 to the southeast. Seam D is intercepted in the central part of the basin in drillholes BD-09-108, 09-110, 10-123, and 10-135. Seam D is patchy and intermixed with carbonaceous material. The absence of seam D in the periphery of the deposit may be tied to coal slumping observed in the center of the deposit. Slumping is minor and concentrated around drillhole BD-09-108.

Coal seams located in the Niska 105 basin are similar to other nearby basin with 3 well-defined seams being intercepted by drilling. The lowest coal horizon in the Niska 105 basin is Seam A which is divided into two sister seams, A2 and A1. Seam A2 is intersected in all holes across the width of the basin, while the lower seam A1 thins and closes to the northwest and is not intersected in hole BD-11-147. Seam B is thicker through the center of the deposit, intersected in holes BD-11-143 and BD-11-146 with intermixed partings of carbonaceous siltstone and sand. Seam B thins to the periphery of the deposit, intersected over 5m in hole BD-11-147 in the northwest corner and over 4m in hole BD-11-145 in the southeast corner. Seam C is the thickness, most continuous and uniform seam, intersected in variable thicknesses of up to 30m across all holes drilled in the Niska 105 basin. Seam C has minor partings of carbonaceous material and quartz sand. Similar to modelled coal in the adjacent deposits on the project, coal seams in the Niska 105 basin are observed to be slumping through the center of the deposit, perhaps from limestone dissolution and basin subsidence.

Seam A is the first coal deposited in Pasquia 2 and is present as thin intercepts in drillhole BD-09-82 only. Seam B was intercepted in drillholes BD-09-82, 09-64, 09-85, and 09-30 such that it forms a continuous body in the north western part of the basin. Seam C is the thickest and most continuous seam, and is present throughout the basin. The upper most seam, Seam D has been intercepted in drill holes BD-09-90, 09-76, and 09-89, and forms a narrow body occupying the west side of the deposit.

The Pasquia 5 deposit is more complex and shows less coal development than Pasquia 2. Seam A has been intercepted in drillholes BD-09-37, 09-91, and 09-87 forming a lens in the northwest part of the basin. Seam B is again only present in the north-western part of the basin, though slightly more extensive than Seam A. Seam C has been intercepted in the western half of the basin and forms the thickness and most continuous seam in the basin. Seam D occupies the eastern portion of the basin and the Pasquia 5 Southeast basin.

8.0 EXPLORATION

8.1 SURFACE SAMPLING

No surface sampling has been carried out since there is no bedrock exposure on the project. No soil samples have been collected

8.2 DRILLING

Diamond drilling at the Border project has been completed over four phases of exploration drilling from April 2008 – October 2011. This includes an initial discovery phase that includes two drill holes drilled in April 2008. Total diamond drilling to date at the project totals 22,346 m in 154 holes. This includes 22,021 m of drilling for exploration and 325 m for geotechnical investigations. A summary of all drilling to date on the project is included in Table 8-1.

TABLE 8-1 - SUMMARY OF EXPLORATION DRILL PROGRAMS

Exploration Program	Program Timeframe	Number of Drillholes	Hole IDs	Total meters drilled
Discovery	April 2008	2	BD08-03, BD-08-06	325.0
Phase I	July – August 2008	9	BD08-01 through BD09-09 (3A,6A)	1,013.8
Phase II	January – April 2009	88	BD09-10 through BD09-54, BD09-44A, BD09-54A, BD09-55 through BD09-95	1,2745.5
Phase II	Summer 2009	20	BD09-96 through BD09-115	3,297.0
Phase III	Winter 2010	27	BD10-116 through BD10-140, GT10-01,GT10-02	3,656.5
Phase IV	Fall 2011	8	BD11-141 through BD11-148	1,308
TOTAL		**154**		**22,346**

Diamond drilling has been completed using Boart Longyear 38 diamond drills and associated support equipment. All holes have been drilled using the HQ core size with the exception of holes drilled in 2008 which are NQ. Drilling during the discovery phase and phase I exploration drilling in 2008 was carried out under the direction of Eagle Vision Mulching (EVM) of Big River Saskatchewan. Phase II exploration drilling in the winter and spring of 2009 was carried out under the direction of EVM and by Foraco Drilling based in Kamloops BC. Phase III exploration drilling was carried out by Foraco Drilling and by Silverado Drilling, based in Kamloops, BC. Phase IV exploration drilling in the fall of 2011 was carried out by Guardian Drilling, based in Tisdale, SK.

Goldsource carried out a diamond drill program in the summer of 2008 consisting of 9 (NQ) drillholes totalling 1013.8 m. Two of the nine holes were immediately adjacent to the April 2008 discovery holes, BD-08-03 and BD-08-06. Drillholes were drilled based on airborne geophysical targets identified in 2007. All holes were drilled vertically.

Goldsource completed a phase II exploration program at the Border project in the winter and spring 2009 (January 16th – March 30th, 2009) consisting of 88 drillholes totalling 12,745.5 m. The 2009 summer program (June 23rd – August 15th, 2009) consisted of 20 drillholes totalling 3,297 m. Drilling was carried out by Foraco using the same equipment listed above. The purpose of the programs was to better define a resource. Drillholes (HQ) were drilled based on the same airborne geophysical targets that were used to plan the summer 2008 program. Five drillholes in the Chemong 03 area were inclined at 50º while the remaining 111 exploration holes were drilled vertically. These holes were inclined to capture the areal extent of the coal seams.

A phase III exploration program was completed in winter 2010 (February 2nd – March 23rd, 2010) consisting of 27 drillholes totalling 3,656.5m. The primary objective of this program was to provide better definition to the Niska 107 and Niska 108 deposits with the emphasis being on upgrading the resource classification. The secondary purpose was to obtain geotechnical information for preliminary geotechnical assessment. Drillholes (HQ) were drilled based on the same airborne geophysical data that was used to drill the holes in the previous programs. Two (GT-10-01 and GT-10-02) of the 27 drillholes, completed during the Phase III program were inclined at 55°, while the remaining drillholes were oriented vertically. Orientation of the two angled holes was completed as part of the geotechnical data collection. A total of 452 m of oriented geotechnical HQ3-sized core was drilled and logged in the geotechnical holes to provide structural geology and geotechnical characterization data.

The phase IV exploration program was completed in fall 2011 (September 2nd – October 20th, 2011), and consisted of 8 drillholes totalling 1,308 m. The objective of this program was to delineate the Niska 105 and Pasquia 98 resource areas. One of the eight drillholes (BD11-148) tested a geophysical anomaly in the Red Deer Lake area of Manitoba, however no carbonaceous material was intercepted at this location. Drilling in the Pasquia 98 deposit has been identified in the total drill program summary tables, but has not been included in the updated resource estimations presented in this report. Any changes to Pasquia 98 are not material.

Coal intercepts for the entire program to date total 2,244.4 m in 79 holes. Holes not hitting coal have typically been on the periphery of existing coal targets. Coal intercepts are based on visual identification and use of downhole geophysical data for all program except 2011 which relied on visuals and use of previous geophysical data. The coal intercepts totalled above do not consider the proximate analysis assay values and as such do not say anything about coal quality.

Moose Mountain believed that drilling was conducted to NI 43-101 standards during the Discovery, Phase I and Phase II programs. EBA and Marston agree with this statement in preparing the 2011 PEA report and believe that drilling during the Phase III program was conducted to NI 43-101 standards. The author is confident that drilling during the Phase IV program was also conducted to NI43-101 standards.

8.3 GEOPHYSICS

Down hole geophysics was performed on all drill programs except the fall of 2011 (Phase IV) to obtain specific information on coal intercepts, formation densities and resistivities. The downhole geophysics surveys generate E-LOGS showing variations in gamma, neutron, resistivity, and density data with depth in the drillhole and used in the coal seam correlations. Downhole surveys to test for borehole deviation were performed in 24 holes through the second half of the 2009 Phase II program. The holes are between 40-250m in length and showed little to no deviation in orientation or inclination with depth.

Downhole geophysics surveys were completed by DGI Geophysics, based in Toronto, Ont. during the Phase I exploration program. Downhole geophysics surveys during the Phase II and Phase III were completed by Century Wireline Services based in Calgary, AB.

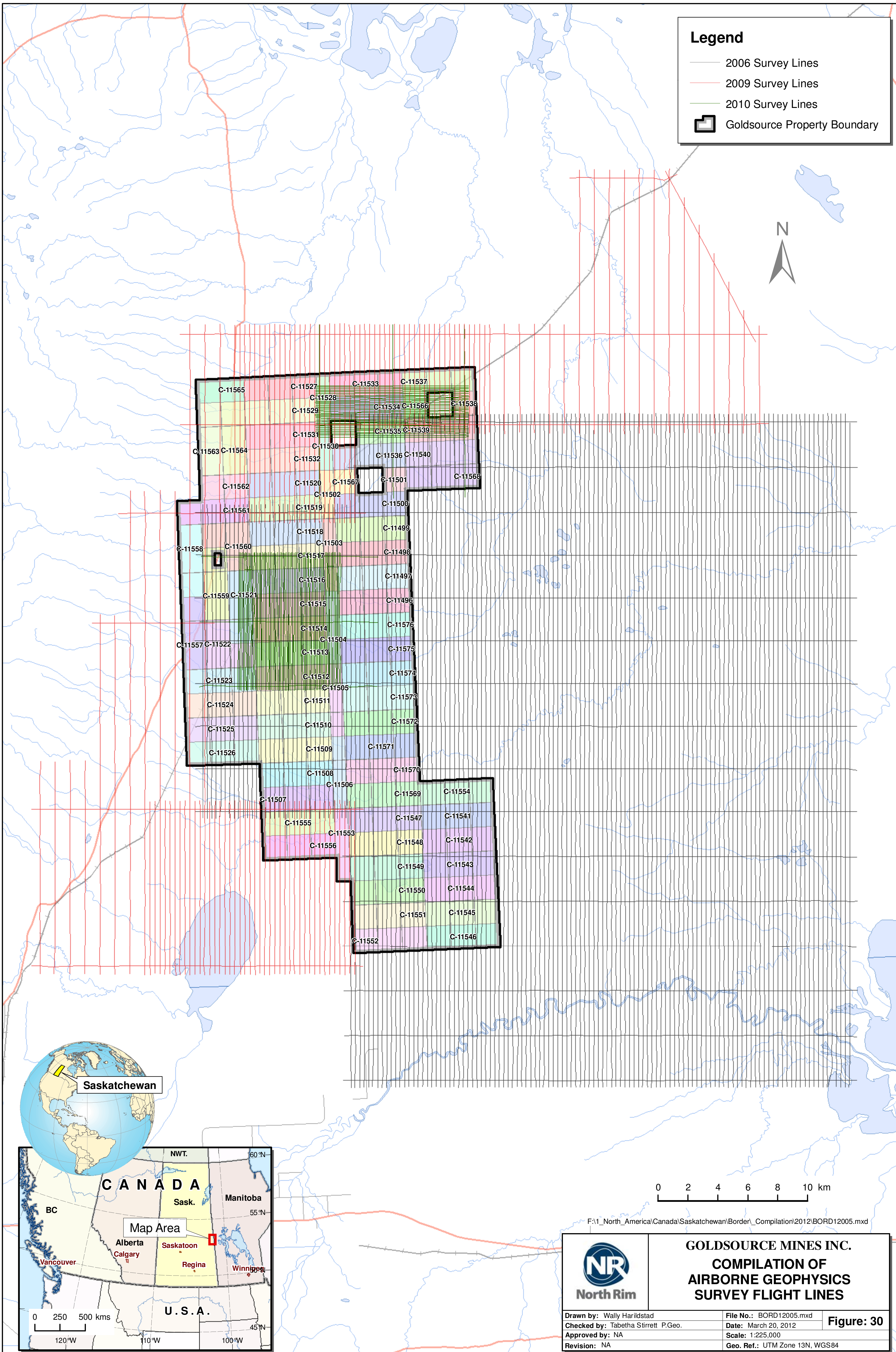
In addition to standard airborne and down-hole geophysics techniques, Goldsource has developed intellectual (proprietary) geophysical techniques that continue to accurately determine the location of coal deposits. This geophysical tool is coined with the name Coal Identification Matrix (CIM) and uses electromagnetic data to pinpoint sub-basins which contain coal.

Fugro Airborne Surveys conducted an airborne electromagnetic and magnetic survey of the Border area on behalf of Goldsource Mines between April 11th and June 15th, 2006. Using Prince Albert, Saskatchewan as the base of operations, a total of 11,821 line kilometers of data was collected using a Casa 212 modified aircraft with a GEOTEM 20 channel Multicoil Electromagnetic System. The multicoil system (x, y, z) with a final recording rate of 4 samples/second, for the recording of 20 channels of x, y, z-coil data. The nominal height above ground is ~75m, placed ~130m behind the center of the transmitter loop. The survey over the Border area was run with a traverse line direction of north-south (000-180), with a traverse line spacing of 300m. Tie lines were oriented east-west (090-270) with a spacing of 3000m. The 2006 survey was run prior to the acquisition of coal permits that contain what is known today as the Project. At the time of the survey, Goldsource owned mineral rights in the area and flew the survey with the goal of identifying kimberlite exploration targets. The survey flown over the Border area is actually slightly larger than the boundary of the permits currently held by Goldsource. The survey of the Border area was part of a larger airborne geophysics survey also covering the Green River and Cross Roads areas south of La Ronge. Only the portion of the survey covering the Border area is discussed herein and used in the tabulation of exploration expenditures for any assessment report.

A second airborne electromagnetic and magnetic survey was flown by Fugro using the same aircraft between July 13th and July 27th, 2009. A GEOTEM 20 channel Multicoil Electromagnetic System was used. The multicoil system (x, y, z) with a final recording rate of 4 samples/second, for the recording of 20 channels of x, y, z-coil data. The nominal height above ground is ~75m, placed ~125m behind the center of the transmitter loop. This second survey was an extension to the Border block flown in 2006. It consisted of 111 traverse lines ranging in length from 6 km to 42 km, and 8 tie lines, totalling 1,551 km. Traverse line spacing was 1,000 m with infill lines, flown with a spacing of 333 m, in portions of the area. This was part of a larger airborne geophysics survey run over other Goldsource owned properties. Only the portion of the survey covering the Border area is discussed herein and reported on the certificate of expenditures.

Fugro conducted a Falcon® Airborne Gravity Gradiometer (AGG) and high-sensitivity aeromagnetic survey of the Niska and Pasquia areas between the 27th and 29th of April 2010. A Cessna 208B Grand Caravan Aircraft C-GGRD was used to fly the survey lines. The survey was flown with a terrain clearance of 80m. Terrain clearance was within tolerances of the nominal survey flying height of 80m for most of the survey area. The instrumentation used during this survey include the FALCON™ AGG System which is based on state of the art airborne gravity gradiometer technology that has been optimized for airborne broad band geophysical exploration. Also used was the Fugro Digital Acquisition System (FASDAS) which is a proprietary software for the acquisition and recording of location, magnetic and ancillary data. The airborne Caesium magnetometer was a Scintrex CG-3 having a noise envelope of 0.002nT pk-pk in 0.01-1Hz bandwidth. The ground magnetometer was a CF1 Cesium sensor sampling at 1Hz. Traverse lines were flown east-west (090/270) at a spacing of 100m over the Niska zone. Tie lines were flown north-south (000/180) at a spacing of 4900m. A total of 35 flight lines and 3 tie lines were flown, for a total line length of 373km. Average traverse line length of 10.2 km and a an average tie line length of 11.7km. Traverse lines were flown north-south (000/180) at a spacing of 100m over the Pasquia zone. Tie lines were flown east-west at a spacing of 4300m. A total of 69 flight lines and 3 tie lines were flown, for a total line length of 651km. Average traverse line length of 9.2km and average tie line length of 11.9km.

The Niska and Pasquia zones surveyed in 2010 were flown over portions of the previously surveyed Border (2006) and Border Extension (2009) blocks (Figure 30). By decreasing the spacing between traverse lines from previous surveys, achieving greater definition of the resource boundary was possible.


Legend
2006 Survey Lines
2009 Survey Lines
2010 Survey Lines
Goldsource Property Boundary
N
0 2 4 6 8 10 km
F:\1_North_America\Canada\Saskatchewan\Border_Compilation\2012\BORD12005.mxd
Saskatchewan
CANADA
NWT.
Sask.
Manitoba
BC
Alberta
Map Area
Calgary
Saskatoon
Regina
Vancouver
Winnipeg
U.S.A.
0 250 500 kms
60°N
55°N
45°N
120°W
110°W
100°W
North Rim
GOLDSOURCE MINES INC.
COMPILATION OF
AIRBORNE GEOPHYSICS
SURVEY FLIGHT LINES
Drawn by: Wally Harildstad
Checked by: Tabetha Stirrett P.Geo.
Approved by: NA
Revision: NA
File No.: BORD12005.mxd
Date: March 20, 2012
Scale: 1:225,000
Geo. Ref.: UTM Zone 13N, WGS84
Figure: 30

8.4 SAMPLE METHOD AND APPROACH

Drillcore samples from exploration programs were handled using specific field procedures as outlined herein. Goldsource used sampling procedures as recommended by Norwest Corporation of Calgary, Alberta at the start of the Phase I exploration program. The same sampling procedures have been followed in all subsequent exploration programs.

During drilling, the drillers placed recovered core in standard 3 meter length core boxes. For each drill run the starting and ending depths were recorded on wooden blocks and placed between the drill runs. The geophysical downhole survey was used to identify major lithologies, as well as the roof and floor contacts and parting materials within the coal. These contacts and transition zones were marked directly on the core boxes.

Sampling is based primarily on coal seam picks from the geophysical downhole surveys. As no geophysical downhole surveys were completed during the Phase IV exploration program, sampling relied on careful and detailed core logging of coal intervals and relied on past knowledge of downhole geophysical surveys. Samples were taken above the floor contact and below the roof contact of the coal to capture variability in these transition zones. Length of samples within the coal zone varied from 0.5-5m, proportional to the homogeneity of the coal. Coal zones and material partings described as being carbonaceous in nature were sampled.

For the Phase I exploration program, plastic tubing was placed inside the drill rods to protect the coal from the environment and drilling process and to facilitate sample recovery. Once the tubing was removed from the rod, both ends were capped, securely tapped and labelled with the hole number and the drill run.

Drillholes BD08-03 and BD08-06 were split, with half of the core being sampled and the remaining half stored as a physical record. Drillholes completed during the Phase I exploration program were whole-core sampled, with small representative sections of the coal zone left in the box as a physical record. Three holes (BD09-64, BD09-67, BD09-74 were whole-core sampled. The remainder of the Phase II Winter 2009 was disc sampled such that half of the core is sampled and the remaining half stored as a physical record. Changes to the sampling procedure discussed in the Resource Evaluation prepared by Moose Mountain in 2009 has meant that, since July 2009, coal core samples have been whole core sampled.

Whole core sampling was used for the Phase III program, except for one split core sample taken in hole BD-10-119 over the interval from 119.10-127.00m. One half of the split sample was sent to Loring Laboratories for the standard testing. The second split sample was shipped to Japan to investigate a new coal testing method.

Moose Mountain believed that whole-core sampling is an appropriate procedure for obtaining a good quality coal sample. EBA and Marston agreed with this approach in the 2011 PEA. The author believes that sampling procedures used in 2011 Phase IV drill program were appropriate.

8.5 SAMPLE PREPARATION ANALYSIS AND SECURITY

Sample preparation before May 2009 was under the direction of Norwest Corp. of Calgary, Alberta. Once the drillers boxed the core, it was sent to the core logging shed so it could be logged and sampled. At the core shed, the plastic was removed and the core was lightly washed to remove any drill mud. The core was then placed back into its original box and photographed. The on-site geologist then gave a specific coal grade to each section. Coal grade was determined by using a lustre parameter based on dull to bright coal. These sections were placed in plastic bags, tied with a zip tie and duct-taped to ensure preservation and prevent oxidation of the coal. The samples were shipped immediately to Loring Laboratories in Calgary, Alberta for analysis. Samples were tagged and tracked until delivered to the laboratory. All analyses were completed by Loring Laboratories Ltd. (Loring) in Calgary, Alberta, to obtain the moisture content, ash, sulphur, calorific value and other physical properties including weight, bulk density and specific gravity.

Sampling between Phase II 2009 program and the beginning of the Phase III 2010 program was carried out under the direction of MMTS. Coal intervals were retrieved in soft plastic tubing and the ends sealed by twisting them shut. When deemed necessary and when practical, coal may be washed off and towelled dry prior to sampling. Coal was whole-core sampled based on downhole geophysical survey densities (with <1.6 cc/g identified as coal) leaving small (10-20 cm) representative samples behind in the core box as a physical record. Samples were labelled and bagged in the same way they were previously. Sample tags included in the bags contained only the sample number. Tags were stapled to the bottom of the core box at the end of the sample interval. The samples were shipped to Loring in Calgary, Alberta for analysis.

Sampling during the 2010 program was carried out under the direction of EBA Engineering Consultants (EBA) of Vancouver, BC. The diamond drill core was transported immediately from the drill to the core logging shed so it could be logged and sampled. Detailed core photos were taken of the core in the original box. The core was lightly washed of drill mud as required. Coal was whole-core sampled based on coal seam picks from the geophysical downhole surveys (with <1.6 cc/g identified as coal). Small (5-10 cm) representative samples were left behind in the core box. The samples were shipped immediately to Loring Laboratories in Calgary, Alberta for analysis to obtain the moisture content, ash, sulphur, calorific value and other physical properties including weight, bulk density and specific gravity.

Sample preparation and security during the Phase IV exploration program in 2011 utilized the same techniques as EBA during the 2010 Phase III program.

Loring Laboratories in Calgary, Alberta completed all coal assay testwork. Loring Laboratories is ISO 9001 certified and follows ASTM standards in all of their testwork. The samples were analyzed to obtain the moisture content, ash, sulphur, calorific value and other physical properties including weight and bulk density. Parameters were measured on “As-Received (ar)”, “Air-Dried (ad)”, and “Dried (d)” basis. This standard proximate analysis was completed for all 1159 samples submitted for analysis.

All coal sample coarse rejects are stored at Loring Laboratories. Drill core that was not sampled remains in the core boxes which are now stored in a steel Quonset hut. The storage facility is located one mile northwest of Hudson Bay, Saskatchewan.

MMTS believed that samples were stored and secured to NI 43-101 standards. EBA and Marston observed on site sampling and agreed with this statement in preparing the 2011 PEA. The author of this report believes that standard procedures and security were adequate for the 2011 Phase IV drill program.

8.6 DATA VERIFICATION

Two twin holes (denoted with the suffix "A") were drilled for BD08-03 and BD08-06. Core from the twin holes was sent to Loring Laboratories to be analyzed. Results are similar to analysis results obtained from holes BD08-03 and BD08-06. Table 8-2 shows the comparison:

TABLE 8-2 - COMPARISON OF TWINNED DISCOVERY HOLES

	From	To	Calorific Value*		Sulphur
Hole ID	(m)	(m)	kJ/kg (d)	BTU (d)	% (ar)
BD08-03	79.9	101	23,000*	9,890*	1.3
BD08-03A	80	101	19,000	8,170	1.5
BD08-06	101	107	13,700*	5,891*	1.2
BD08-06A	101	118.5	10,100	4,343	1.2

Note: Potential impact from drill fluids on hole 03 and 06

The change in Calorific Value could be due to the improper handling and sampling of the core in the original drill holes. Similar to discovery holes, there were no preservation precautions taken for holes BD 08-03A and BD08-06A.

In the Resource Evaluation from 2009, Moose Mountain states that the quality control procedures that were employed by Goldsource are to the NI 43-101 standard and in keeping with practices standard to coal industry norms. EBA and Marston agreed with Moose Mountain in preparing the 2011 PEA. The author of this report believes that validation is adequate for the 2011 Phase IV drill program.

9.0 ADJACENT PROPERTIES

The majority of the property holdings adjacent to the project are held by several different companies who have commenced only early stage coal exploration or evaluation programs.

Goldsource entered into an agreement on December 17, 2010 with Westcore Energy Ltd. in which Goldsource agreed to apply its proprietary geophysical matrix to Westcore's Fugro airborne geophysical data, and to provide Westcore with specific drill sites on its Saskatchewan and Manitoba coal lands. In exchange for this information, Goldsource has a 25% carried interest in all coal discovered up to an expenditure of $3 million at which time Goldsource must provide 25% of the expenditures or dilution applies. Westcore in February 2012 expressed its intent to carry out an extensive winter drill program on Westcore's Black Diamond property in Manitoba and the Hudson Bay North property in Saskatchewan. The block of coal permits known as the Hudson Bay North Block is immediately to the north of Goldsource's Border property. On March 22, 2010 Westcore announced the discovery of several significant coal deposits adjacent to the Border Coal project. Having satisfied the Success Criteria set out in the agreement, Goldsource received an additional 1 million shares (above the initial 100,000 issued to Goldsource at the time of agreement) of Westcore, and a 25% working interest in Westcore's coal lands in Saskatchewan and Manitoba.

On May 23rd, 2008 WestCan Uranium Corporation (WestCan) submitted an application for Coal Property Permits (CPP) covering 23,040 acres in East Central Saskatchewan near Tobin Lake, shortly after the discovery hole intersections were confirmed at the Border project. WestCan also applied for a coal exploration permit on two sections of land near the Manitoba/Saskatchewan border in close proximity to the Border project area. Based on information from Manitoba Geological survey maps, the two sections of land appear to be underlain by the Swan River formation of the same Cretaceous age as the Border coal discovery.

Saturn Minerals' Armit and Erwood properties are located to the south of the Border coal project area and comprise 775 km^2. Preliminary drilling of the Armit in late 2009 proved the existence of two significant coal seams in the north-central part of the property (the "Leif" coal discovery). The extent of the coal on the Armit property remains open-ended, with additional geophysical modeling and exploratory drilling planned for 2010 and 2011.

10.0 MINERAL PROCESSING AND METALLURGICAL TESTING

10.1 PROXIMATE ANALYSIS

The following table summarizes the proximity analyses that have been performed on the deposit to date. All values are listed on an as-received basis.

TABLE 10-1 - PROXIMATE ANALYSIS

Deposit	Hole No.	Coal Interval (m)	Moisture Content % (ar)	Ash Content % (ar)	Sulphur Content % (ar)	Heating Value kJ/kg (ar)
Chemong 100	BD09-100	14.22	9.85	70.25	1.21	4,320
		0.60	23.98	21.84	2.63	15,585
		1.90	24.60	22.99	2.79	14,870
		3.11	2.58	94.44	0.03	50
Chemong 7	BD08-07	0.98	13.86	55.57	0.88	7,301
	BD09-101	6.80	16.75	26.53	3.60	16,003
		3.80	17.65	18.99	2.85	18,221
Chemong 20	BD09-20	3.97	29.80	29.60	1.70	11,416
		7.70	31.79	19.99	1.98	13,832
		4.60	38.20	10.70	2.30	14,858
		18.40	37.65	11.20	2.02	15,322
	BD09-22	5.19	27.70	24.80	3.80	13,702
		5.89	31.29	19.22	1.83	14,665
		6.16	29.70	20.85	2.00	14,327
		5.00	25.10	18.50	2.00	17,136
	BD09-74	4.32	28.60	28.50	1.30	11,410
Chemong 3	BD08-03A	22.85	24.34	16.42	2.02	16,918
	BD09-18	3.20	20.43	43.05	1.10	10,239
	BD09-29	19.50	28.97	26.04	1.83	12,920
	BD09-34	72.90	33.65	11.20	1.58	15,945
	BD09-40	110.90	36.28	9.86	1.43	15,603
		9.30	35.93	23.82	1.88	11,388
Chemong 6	BD08-06A	19.65	37.48	12.03	1.62	14,403
		0.80	29.97	24.78	1.85	12,880
		2.15	25.68	40.36	2.23	8,939
	BD09-13	12.50	32.60	11.40	1.40	16,386
		1.50	30.80	16.10	2.40	15,964
	BD09-24	19.54	27.99	20.19	1.79	14,903
		13.81	31.63	14.81	1.92	15,662
	BD09-43	6.54	28.00	18.70	1.70	14,647
		7.06	26.20	19.50	2.00	15,300
		14.85	31.33	13.16	2.83	16,550
	BD09-47	12.59	23.45	25.74	1.80	13,943
		2.64	19.44	44.64	1.88	9,477

TABLE 10-1 - PROXIMATE ANALYSIS						
Deposit	**Hole No.**	**Coal Interval (m)**	**Moisture Content % (ar)**	**Ash Content % (ar)**	**Sulphur Content % (ar)**	**Heating Value kJ/kg (ar)**
Pasquia 2	BD08-02	11.55	30.31	13.58	1.35	15,579
		5.45	28.35	17.72	1.19	13,907
	BD09-106	1.10	26.27	15.68	1.71	16,525
		19.50	25.89	13.30	1.47	17,380
	BD09-30	18.71	32.47	16.48	1.08	14,233
		16.41	36.73	9.31	1.08	15,629
		7.53	31.71	14.90	1.26	15,447
		14.06	26.05	31.40	1.40	12,173
	BD09-64	11.10	28.50	21.20	1.60	14,362
		9.10	31.50	11.70	2.00	16,445
	BD09-69	0.50	11.10	84.80	2.10	432
		35.31	26.40	16.30	1.28	15,923
	BD09-76	3.98	27.30	29.80	1.50	10,927
		6.40	30.60	13.00	1.60	16,246
	BD09-82	5.32	27.99	20.60	1.35	14,323
		8.50	26.53	23.16	2.84	13,746
		1.20	22.20	52.00	1.70	6,514
	BD09-83	12.80	30.26	20.40	1.70	13,625
		12.94	28.17	18.90	1.49	14,386
	BD09-85	19.77	26.87	14.84	1.30	16,250
		11.20	31.61	9.76	1.62	16,836
		9.87	28.92	19.04	1.75	14,272
		6.60	28.57	18.71	2.05	14,385
	BD09-89	1.80	15.53	55.23	2.06	6,431
	BD09-90	5.10	27.20	31.50	1.80	11,400
Pasquia 5	BD08-05	13.23	24.83	30.23	2.56	12,644
	BD09-32	1.30	31.40	21.60	1.50	13,925
		9.60	32.66	16.82	1.65	14,357
		4.10	28.50	32.00	1.90	10,825
	BD09-36	3.50	26.60	30.50	1.40	12,106
		2.00	26.50	31.70	1.10	11,400
	BD09-37	13.70	29.61	21.85	2.56	13,989
		1.20	22.80	24.80	1.90	14,556
		1.40	18.35	44.37	1.61	10,145

TABLE 10-1 - PROXIMATE ANALYSIS						
Deposit	**Hole No.**	**Coal Interval (m)**	**Moisture Content % (ar)**	**Ash Content % (ar)**	**Sulphur Content % (ar)**	**Heating Value kJ/kg (ar)**
	BD09-42	1.90	24.80	34.90	1.90	11,186
		5.20	29.24	26.50	1.66	12,188
	BD09-45	5.90	30.40	19.30	3.00	14,184
		4.90	25.93	29.70	1.93	12,440
	BD09-61	3.97	32.10	21.10	1.20	13,259
	BD09-87	12.75	29.91	18.58	2.44	14,272
		0.93	33.50	10.60	2.70	16,349
	BD09-91	4.60	32.50	20.60	1.70	12,327
		4.50	29.20	28.50	1.50	10,745
		11.00	34.95	25.62	1.90	10,730
		7.30	38.20	34.40	1.20	7,405
	BD09-95	1.34	25.40	27.20	1.60	13,345
Pasquia 96	BD09-96	10.10	23.35	19.06	1.46	16,040
		3.60	23.68	14.05	2.33	17,702
		5.10	23.53	24.90	2.23	14,369
Pasquia 97	BD09-97	9.00	23.81	20.36	1.92	15,480
Pasquia 98	BD09-98	8.30	24.52	17.72	2.67	16,342
		6.60	18.10	27.36	3.02	16,574
	BD11-142	2.58	26.44	19.85	1.57	15,292
Split Leaf North	BD09-39	3.80	27.80	23.20	4.70	14,016
		4.80	24.06	31.50	2.66	11,966
	BD09-41	6.50	24.84	24.80	2.32	13,844
		28.60	27.85	18.75	1.35	14,963
	BD09-73	4.53	23.66	31.73	1.42	11,733
		36.95	29.17	16.93	1.28	14,832
N107	BD09-107	9.00	27.64	11.20	2.74	17,729
		13.30	21.50	29.79	2.34	14,455
		37.90	25.06	21.16	2.36	15,905
	BD09-109	22.30	23.95	26.51	2.74	14,045
	BD10-120	24.72	24.29	13.19	2.37	18,392
	BD10-121	37.55	32.93	9.57	2.62	16,735
		6.13	33.86	11.27	3.15	16,297
	BD10-125	46.85	33.02	16.43	2.24	14,424
		7.00	39.35	14.43	2.19	13,400

TABLE 10-1 - PROXIMATE ANALYSIS						
Deposit	**Hole No.**	**Coal Interval (m)**	**Moisture Content % (ar)**	**Ash Content % (ar)**	**Sulphur Content % (ar)**	**Heating Value kJ/kg (ar)**
	BD10-127	12.36	27.45	29.18	2.22	12,256
		2.48	27.54	39.33	1.15	8,707
	BD10-133	6.95	27.23	14.81	1.62	16,501
		1.05	21.12	29.79	1.76	13,267
	BD10-136	5.30	13.62	67.05	0.76	4,351
		1.50	26.84	19.13	2.40	15,280
		9.05	27.82	11.92	1.98	17,275
		12.65	31.60	13.79	2.23	16,230
		3.50	29.55	24.26	2.10	12,635
		3.35	28.51	30.18	1.75	11,637
		9.50	28.66	17.75	2.20	15,447
	BD10-138	6.60	25.45	16.41	1.89	16,652
N108	BD09-108	2.90	18.05	35.05	2.67	12,553
		25.50	21.88	17.96	2.40	17,229
	BD09-110	8.50	22.13	28.70	2.09	14,105
	BD09-111	23.00	22.10	15.18	2.65	18,205
		2.00	19.26	33.56	2.21	13,738
		7.20	21.40	28.78	3.76	14,372
	BD10-119	25.95	25.08	19.10	2.05	16,083
		28.65	24.90	16.99	2.65	17,284
	BD10-123	3.00	23.71	47.32	2.79	6,597
		29.80	29.87	24.50	2.21	12,916
	BD10-132	6.30	24.54	33.11	2.07	11,292
	BD10-135A	6.50	23.51	22.70	1.81	14,985
		1.84	19.37	30.37	3.14	13,654
	BD10-139	23.50	24.10	22.35	1.82	15,327
N105	BD11-143	19.39	24.53	14.30	2.97	17,861
		2.01	23.78	13.36	2.01	18,639
		0.66	25.64	12.90	2.28	18,396
		10.22	22.01	8.66	2.80	20,779
		3.02	19.57	17.77	2.64	18,311
		0.52	22.24	14.43	2.45	19,114
		10.87	19.20	15.30	2.79	19,897

TABLE 10-1 - PROXIMATE ANALYSIS						
Deposit	**Hole No.**	**Coal Interval (m)**	**Moisture Content % (ar)**	**Ash Content % (ar)**	**Sulphur Content % (ar)**	**Heating Value kJ/kg (ar)**
		12.39	25.41	10.10	2.61	19,362
	BD11-144	11.35	22.36	17.60	3.57	17,341
		0.90	25.21	16.14	2.51	17,010
		7.86	26.74	10.68	2.66	18,364
		1.85	16.16	23.96	2.33	16,744
		7.13	21.54	12.69	2.79	19,804
		9.67	24.79	11.60	3.13	19,047
		0.94	29.35	15.95	2.42	16,326
	BD11-145	31.50	29.60	9.84	2.55	17,925
		4.19	32.22	9.38	2.62	17,328
		4.88	28.27	12.42	2.57	17,595
		5.66	31.58	17.14	2.07	14,473
	BD11-146	28.12	27.23	12.44	2.09	17,713
		8.95	28.57	13.12	2.34	17,437
		5.05	25.30	13.98	2.13	17,452
		1.07	25.64	19.84	2.01	15,641
	BD11-147	9.00	28.27	13.77	3.82	16,916
		15.14	28.52	18.96	2.46	15,112
		5.21	24.87	16.20	2.34	16,934
		1.43	26.50	14.86	2.71	17,501

11.0 MINERAL RESOURCE ESTIMATES

11.1 GENERAL

The resources presented in the this Technical Report are based on using the *Preliminary Assessment Report on the Border Coal Project Saskatchewan, Canada (*effective date February 15th, 2011 and amended March 5th, 2012) that was independently prepared by Marston Canada Ltd. (Marston) and EBA, a Tetra Tech Company (EBA). Independent resource estimations and methodology used have not changed except for the addition of Indicated Resources for Niska 105 which was completed by Goldsource.

For the purposes of this report, N. Eric Fier uses a Statement of Estimated Coal Resources for the Goldsource Border Project prepared by Marston in the 2011 PEA. It is the opinion of N. Eric Fier (with reference to Marston) that the stated resource estimate complies with the disclosure guidelines and definitions referenced in NI 43-101, the associated companion policy (NI 43-101CP), and GSC Paper 88-21 (Hughes et. al., 1989). The effective date for the Statement of Coal Resource Estimate for the Goldsource Border Project is February 15th, 2011 and March 19th, 2012

For the purpose of this Report, the author refers to the CIM Definitions Standards (CIMDS) adopted December 11, 2005 by the Canadian Institute of Mining, Metallurgy and Petroleum Council. CIMDS for mineral resources and mineral reserves are:

A Mineral Resource is defined as "a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that is has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge." Mineral Resources are subdivided into classes of Measured, Indicated, and Inferred, with the level of confidence reducing with each class respectively. Resources are always reported as in-situ tonnage and are not adjusted for mining losses or mining recovery.

A Mineral Reserve is defined as "the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined." A Mineral reserve is subdivided into two classes, Proven and Probable, with the level of confidence reducing with each class respectively. The CIMDS provides for a direct relationship between Indicated Mineral Resources and Probable Mineral Reserves, and between Measured Mineral Resources and Proven Mineral Reserves. Inferred Mineral Resources cannot be combined or reported with other categories.

Previously, Marston categorized the Mineral Resources of the Border Project into the categories of Indicated and Inferred Mineral Resources, with the estimation confidence decreasing for each category as per the guidelines and definitions presented in NI 43-101 and its supporting documents. It is along Marston's previous opinion, the author also states that the nature of the deposit and the availability and type of exploration data providing the basis for current geologic interpretations and models presently preclude estimation of measured confidence level resources. It is the author's opinion that additional drilling and modelling would allow for the possibility of categorizing measured category resources in the future and their exclusion at this time is merely a factor of the current data set and model confidence levels.

All resources and coal tonnages presented in this section are reported In-Situ and have not been adjusted for mining loss and dilution parameters. A discussion of the resource estimation methods and procedures is detailed in the following sections.

11.2 DATABASE

For the PEA, EBA was responsible for the compilation, interpretation, and validation of the primary geological and coal quality data and were also responsible for the creation of the geological model for the Border Coal Project. Marston was involved with EBA throughout the data review and validation processes as well as during the modeling process, providing guidance and oversight to ensure the final geological database and model was appropriate for the purposes of preparing a statement of coal resources for this PEA as per NI 43-101 guidelines. At several stages during the project Marston processed the available exploration drilling data (including collar coordinates, down hole interval depths, seam picks, etc.) and coal quality data through a series of internally developed software modules. These modules are designed to identify errors and omissions and to flag them for adjustments or deactivation prior to establishing a final validated database to be used in the geological and quality modeling processes.

For the updated 2011 database, no changes were made to the PEA data except for the addition of Niska 105, Pasquia 98 and Red Deer area results from the Phase IV 2011 drill program. The updates were completed by Goldsource.

The primary component of the geological database is 22,346 m of exploration drilling and 1179 coal quality samples from 154 surface drill holes. All drill holes included in the modelling database were drilled by Goldsource over a series of exploration programs spanning 2008 to 2011. Marston was not involved, directly nor indirectly, at any time during the exploration programs. EBA was involved in the exploration programs during 2009-2011. Prior to EBA's involvement, Goldsource conducted their exploration programs with the guidance of several other independent consulting firms with experience in coal exploration, modelling, and resource estimation.

Coal seam roof and floor picks and coal seam correlations between drill holes were performed by EBA personnel using down-hole geophysical logs. As per industry standards the seam roof and floor depths picked from the geophysical logs were used in place of the visual core and cuttings log depth intervals for modelling purposes. Marston performed several reviews while EBA was performing the seam picks and correlations and provided recommendations where necessary. It is Marston's opinion that the appropriate methods have been used and the seam picks and correlation are free of any significant errors or exclusions.

In addition to the exploration drilling data, Goldsource has used airborne geophysical surveys to identify the limits of the sink holes that host the coal deposits. The airborne geophysical surveys were performed by Fugro, with interpretation of the results and differentiation of the coaliferous sink holes from the surrounding Devonian limestone performed by Goldsource, EBA, and Fugro personnel.

11.3 BLOCK MODELLING

For the PEA, the Border geological model was constructed as a solids model in the Gemcom software platform (Gems 6.2.3) by EBA personnel exclusive of Niska 105 which was created by Goldsource personnel using Gems 6.3.1 and a different process as explained below. Drill hole data from the verified drill holes was imported into Gems and interpretive polygons linking correlated coal seams were digitized on 100-200 m spaced cross-sections through each of the sink hole areas. Each interpretive polygon was then linked with the corresponding polygon for that particular seam on the adjacent cross sections to create a 3D wireframe or solid for each coal seam. The interpretive polygons from the Fugro airborne geophysical surveys were then used in plan view to define the spatial limits of the sink holes. Unless otherwise indicated by drilling intersections, each seam within the geophysical polygon was extended and clipped to the geophysical interpretive polygon. In most instances the geophysical polygons are in agreement with the drilling data. However, there are several isolated occurrences where drill holes near the interpreted boundaries conflict with the boundary limit (i.e. barren drill holes inside the boundary or coal bearing holes outside the boundary). These isolated occurrences are typically within 20-50m of the boundary, and highlight the need for additional drilling in the future in order to properly establish the limits of the sink hole and to provide a better understanding on the resolution of the geophysical boundaries. For Niska 105, drill hole data from the verified drill holes was imported into Gems and surfaces were created using laplace gridding which was bound by the upper and lower coal intervals of each "coal seam" which were then used to create a solid. The same process that was used for defining the spatial limits of the sink holes (center of coal basins) by EBA was also used for Niska 105.

Once the Border geologic model was prepared by EBA for the PEA, the seam solids were exported from Gems as dxf format CAD files and provided to Marston for import to the MineScape software platform. The dxf files were imported and converted to MineScape wireframes. The wireframes were reviewed by Marston to ensure there were no over lapping issues or general defects. Several minor issues were identified and were adjusted by EBA and Marston prior to finalizing the geological model. The geological model for Niska 105 was prepared by Goldsource Mines using only Gemcom. The model was reviewed several times and while minor adjustments were made there were no major issues.

When the geologic model was complete for the PEA, Marston used the MineScape Blockmodel application to develop block models for Border. Each of the individual sink hole areas identified by Goldsource and EBA were modeled as an individual block model within the spatial limits as defined by the airborne geophysical interpretation polygons. Niska 105 was modeled as an individual block model using Gemcom and spatially limited by the airborne geophysics.

For both the PEA resources and Niska 105, each seam within the geophysical limits was populated with 5x5x1m (xyz) model blocks. The model blocks were chosen based on the geometry of the coal deposits and taking in to consideration potential mining methods for subsequent mine planning. Coal quality data from the validated quality database was utilized for quality parameter interpolation into the block models on a seam by seam basis. Only data from a given seam within a given sink hole area was used for block model interpolation for that particular seam in the given block model. This prevented potential mixing of quality parameters from seams in adjacent sink holes, as seam correlations between the various sink holes has not yet been well established. In some instances it is unclear if a named seam in one sink hole is the exact stratigraphic equivalent to a named seam in an adjacent sink hole.

The block models were constructed using air-dry basis proximate data; interpolated values included moisture, ash, fixed carbon, volatile matter, total sulphur, and calorific value (kj/kg). To allow for conversion to other moisture bases after the modeling process was complete the as-received total moisture was also interpolated into the blocks. The weighting parameter was RD_calc, which was a combination of available lab relative density measurements and values estimated using a regression analysis of ash content and relative density when no lab measurement was present, see Figure 31, Regression Analysis – Relative Density vs. Ash Content. This was the same process used by Goldsource for the Niska 105 area.

11.4 STATISTICS

Variography and other geostatistical methods were not used by EBA, Marston or Goldsource for the purpose of defining the search parameters for the geological and coal quality block models. The search parameters were selected based on observations of seam geometry and based on considerable past experience in modeling coal resources.

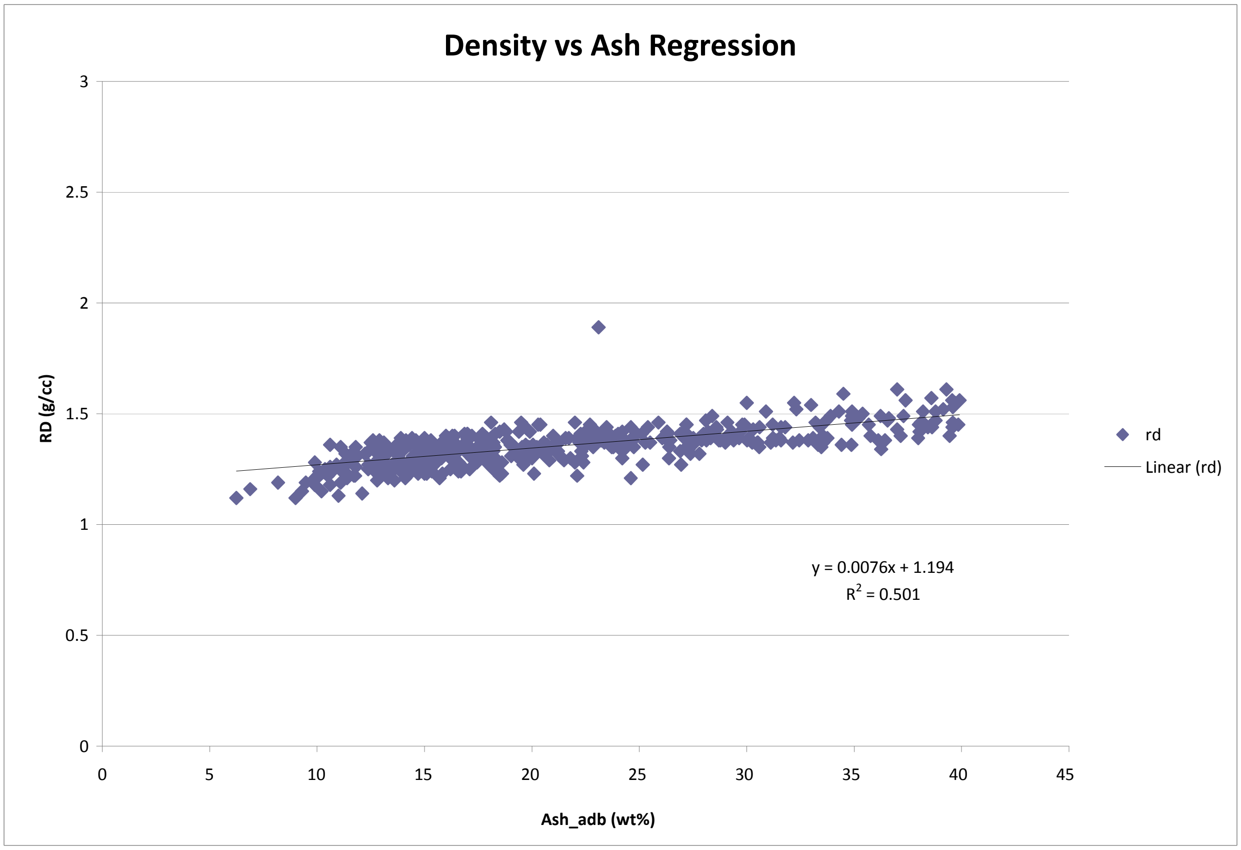


Figure 31 Regression Analysis – Relative Density vs. Ash Content

11.5 COMPOSITING

Coal quality samples were composited on a 1.0m down-hole composite interval for the PEA. Geological boundaries were honoured during the compositing process so that only a single rock type (i.e. coal or waste) was present in each of the composite samples. Parting material occurring within the coal seams that falls below the minimum separable parting thickness of 0.30 m has been included in the coal composite samples. During the down-hole compositing process residual samples were retained regardless of length (i.e. remaining samples less than the 1m composite length occurring at the floor of the seam). The same compositing principles were used for Niska 105.

11.6 SEARCH PARAMETERS

The coal quality data was interpolated into each of the individual block models using an inverse distance interpolator with a power of 2 for the PEA. The interpolator search ellipsoid was a flattened disk (100m x 100m x 1m) representative of the geometry of the coal seams within the sink holes. Search parameters and sample interpolation restrictions included three search radii (500m, 2500m, and 5000m) and a minimum of 1 sample bearing octant required, with a minimum of 1 sample per octant and a maximum of 4 samples per octant. The same principles were used for Niska 105.

11.7 CLASSIFICATION

The coal resources for Border have been estimated as Indicated and Inferred coal resources according to the guidelines presented in NI 43-101, the associated companion policy (NI 43-101CP), and GSC Paper 88-21. GSC Paper 88-21 provides the general methodology for estimation and reporting of Canadian coal resources and reserves. Due to a degree of reduced confidence in the geological database and resultant models arising from the current exploration drilling coverage, uncertainty regarding the resolution of the airborne geophysical polygons in defining the sink hole limits, and minor concerns regarding the geological modelling methodology, none of the estimates conform to the requirements for statements of Measured Resources. Resources that fall within the GSC Paper 88-21 categorization criteria of distance from reliable data points for Measured Resources are currently included in the Indicated Resources category. It is Marston's opinion that additional exploration drilling and remodelling to resolve these concerns is required for improvements in the confidence levels that could allow for the re-categorization of the resources.

The primary aspect of resource and reserve categorization in GSC Paper 88-21 focuses on the identification of the level of structural complexity associated with the coal deposit being evaluated. GSC Paper 88-21 identifies four primary categories of structural complexity, namely low, moderate, complex, and severe, with the structural complexity increasing in each category respectively. The low complexity category is further sub-divided into Type A, B, and C according to slight variations in the structural characteristics present. The identification of the appropriate structural complexity category along with other parameters (such as potential for surface mining versus underground mining) allow for categorization of the resources and reserves into confidence categories. In GSC Paper 88-21 the confidence categories are linked to a range of search radii from known data points (i.e. drill holes or samples).

The coal seams at Border are relatively thick, flat-lying seams and there appears to be no significant impact relating to post-depositional structural deformation. Although many of the stratigraphic and structural characteristics are consistent with deposits that typically fall into the Low Complexity sub-categories, the deposition of the coal into the sink holes that form the karst topography within the Devonian limestone is not a common mode of occurrence and adds a degree of uncertainty or complexity to the categorization process. The fact that the limits of the sink holes are identified for the most part by airborne geophysics rather than closely spaced grid drilling adds an additional degree of uncertainty to the categorization of the resources. The use of the airborne geophysics to delineate the limits of the sink holes may well prove an appropriate method, but until additional drilling data is available to confirm the location of the sink hole limits and thus better define the resolution limits of the geophysics, it is appropriate to consider the coal mineralization at the Border Project in a slightly higher structural complexity category than the general seam characteristics may reflect. Based on these considerations, it is Marston's (PEA) and the author's opinion that the Border coal deposit is best accommodated by the data availability requirements for moderate complexity coal deposits. The categories and their parameters are as follows:

Indicated: 0-900 m search radii centered around drill holes, only applicable for seams with 4 or more quality analyses in the quality model.

Inferred: 900-2,400 m spacing between drill holes for seams with quality data plus all seams with spacing between 0-2,400 m but with only 2-3 coal quality analyses in the quality model.

It is Marston's (PEA) and the author's opinion that with additional drilling to confirm the resolution of the geophysical interpretations and to understand potential structural complexities within the sink holes and near their margins, it may be possible to re-categorize the coal resources for the Border Project using the parameters for a lower complexity category as well as enable the possible inclusion of measured category resources in the future.

Additional discussion of the resource categorization, including presentation of the categorized coal resources is provided in Section 12.1.2.

The same categorization was used for the Niska 105 Resource.

11.8 CUT-OFF GRADE

A cut-off grade was not applied to the coal quality block model and resultant resource estimates. No incremental strip ratio or maximum mining depth factors were applied to the in-situ resource estimates. There was no cut off grade applied to Niska 105.

11.9 BLOCK MODEL VALIDATION

For the PEA, Marston performed various analyses and reviews of the data collection, interpretation, and geological modelling procedures carried out by EBA and Goldsource (including duties performed by pervious consulting firms on their behalf). A number of issues were identified in these review processes and for the most part all were evaluated by EBA and Goldsource and the appropriate adjustments were made to improve the integrity of the base data and the resultant geological model. It is Marston's opinion that there is potential uncertainty regarding the resolution of the interpreted geophysics in accurately identifying the limits of the sink hole boundaries. Therefore, Marston recommends completion of additional drilling to quantify the geophysical resolution better for future use in exploration, geological modeling and resource and reserve estimation. Additionally, there are discrepancies between drill hole collar survey positions and elevations from the topography model used in the modeling process. Marston recommends that the drill hole collar locations be confirmed using an independent surveyor, and that a high accuracy, high resolution digital elevation model be acquired for the project. This would certainly be a requirement prior to commencing any detailed mine planning in the future.

It is also Marston's opinion that the geology may be better represented using a grid modeling method, common in most coal modeling programs, instead of the current interpreted solid model.

For the PEA, Marston performed reviews on an initial coal quality block model constructed in Gemcom by EBA, and after identifying several issues with the model decided to prepare the coal quality block model in the MineScape Blockmodel application rather than move forward with the initial Gemcom block model. As such, Marston prepared the block model using the geological model and raw data along with input from EBA personnel. The resultant block model was then subject to internal Marston reviews and was also shared with Goldsource and EBA for review and discussion. As a result of several review meetings, minor adjustments to the geological and block models were performed before the models were finalized.

It is Marston's (PEA) and the author's opinion that the modeling database and the modeling methodology employed by Goldsource, EBA, and Marston is generally free of any significant errors or omissions and that the data and models can be considered appropriate for use in the estimation of categorized coal resources for the purposes of this PA.

The validation that has currently been done on the Niska 105 model is by Goldsource personnel. All of the data collected in the field was done by EBA and was subject to various analyses and reviews by Goldsource.

For Niska 105, the coal quality block model was created in Gemcom by Goldsource following the previous geostatics that were imposed by Marston in the "Preliminary Assessment Report (PEA) on the Border Coal Property, Saskatchewan, Canada" (McQuaid, J., Dadmanesh, M. And Reggin, L.; Feb 15th, 2011). The model was visually validated on several sections in relation to the geological solids and the drill holes in the Niska 105 area.

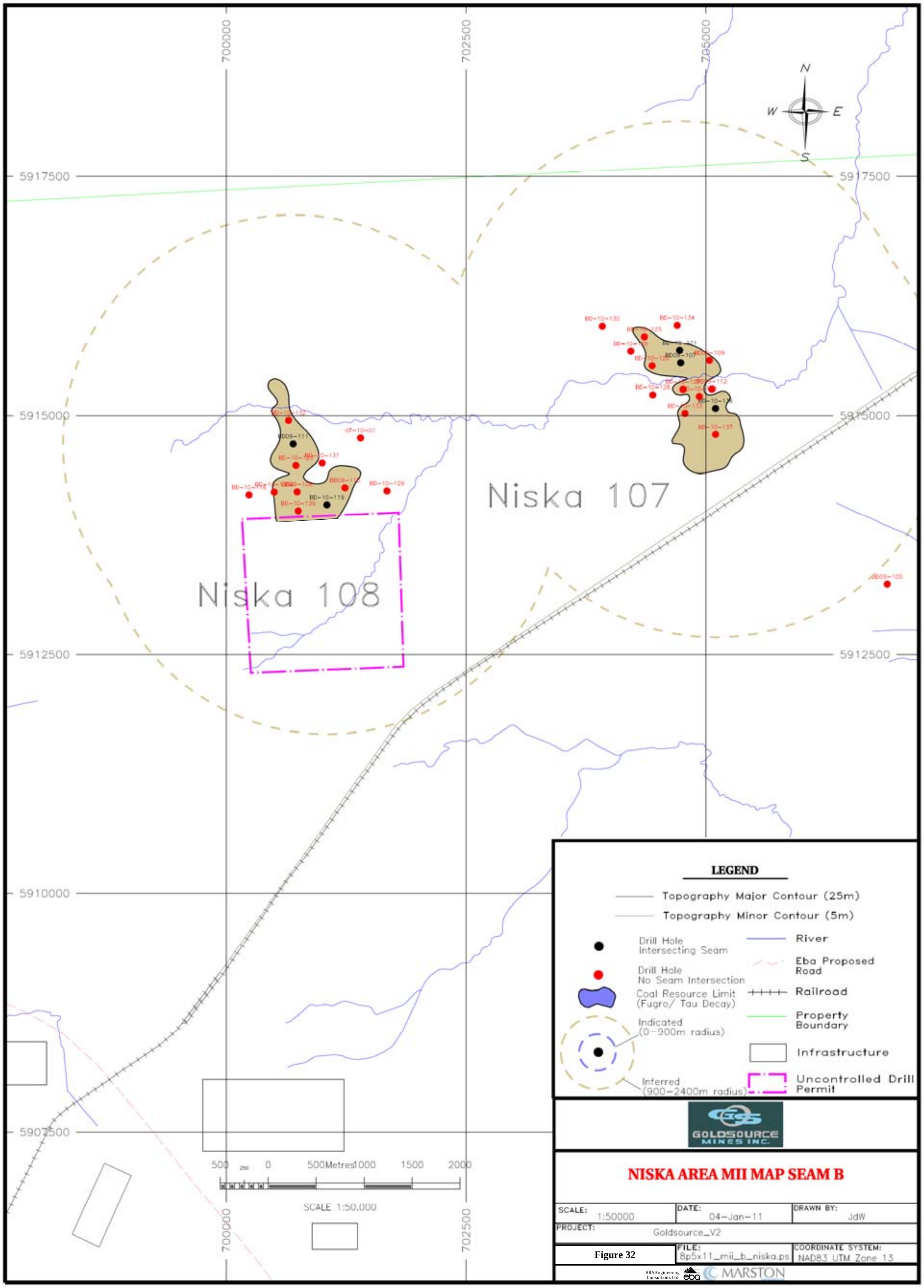
11.10 MINERAL RESOURCES

The Categorized Mineral Resources for the Goldsource Border Project are presented in Table 11-1 and 11-2. Resource categorization confidence polygons for the various areas are presented in Figure 32 and Figure 33. As noted in Section 4.0 within the project area there is a single drilling permit which is held by another party. This permit is located at the south end of Niska 108 and can be found on these figures. Reported resources for Niska 108 only include the tonnes within Goldsource's drill permits and do not include the tonnes associated with the permit under control by the other party. As indicated previously, the resources discussed in this section are representative of in-situ coal resources and have not been adjusted for mining parameters.

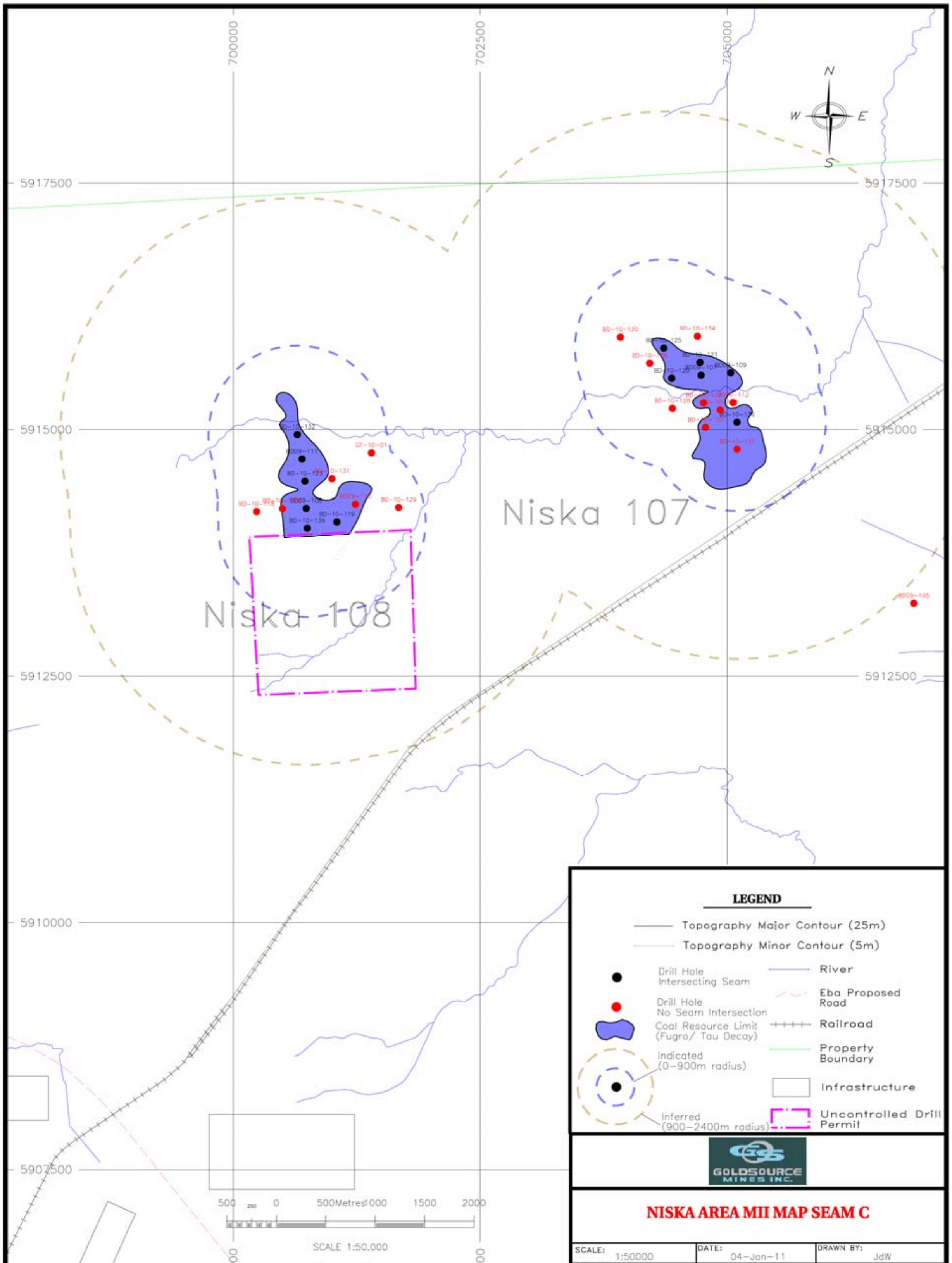
TABLE 11-1 - BORDER PROJECT INDICATED MINERAL RESOURCES (MARCH 19, 2012)

Area	Category	Volume (000's BCM)	Mass (000's Tonnes, arb)	TM (wt%, arb)	IM (wt%, adb)	Ash (wt%, adb)	FC (wt%, adb)	Sulphur (wt%, adb)	CV (KJ/kg adb)
C6	Indicated	5,619	7,530	29.83	8.20	22.46	39.41	2.44	19,975
N107	Indicated	16,083	21,613	29.29	7.99	20.17	42.25	3.06	20,903
N108	Indicated	12,330	17,220	24.36	5.88	28.57	37.68	2.80	18,630
P02	Indicated	15,006	20,436	29.07	6.67	22.85	39.84	1.97	19,698
P05	Indicated	3,943	5,738	28.70	4.50	32.39	35.88	3.09	17,555
SL39	Indicated	4,749	6,624	27.29	4.11	27.40	39.62	2.15	18,982
N105	Indicated	27,431	37,856	24.8	4.10	22.80	42.50	3.30	21,470
Total	**Indicated**	**85,161**	**117,017**	**22.86**	**5.81**	**23.88**	**40.59**	**2.82**	**20,209**

TABLE 11-2 - BORDER PROJECT INFERRED MINERAL RESOURCES (FROM PEA, FEBRUARY 15, 2011)									
Area	Category	Volume (000's BCM)	Mass (000's Tonnes, arb)	TM (wt%, arb)	IM (wt%, adb)	Ash (wt%, adb)	FC (wt%, adb)	Sulphur (wt%, adb)	CV (wt%, adb)
C20	Inferred	6,270	8,392	35.29	9.54	19.27	42.33	2.94	21,059
C3	Inferred	4,495	5,881	33.26	6.97	18.95	43.18	2.24	21,337
N107	Inferred	3,566	4,817	25.72	8.70	26.83	36.82	2.81	18,903
N108	Inferred	4,728	6,413	23.16	5.91	22.88	41.99	3.37	20,902
P02	Inferred	253	413	24.03	2.72	48.09	26.50	2.10	12,616
P05	Inferred	2,372	3,626	31.04	4.01	41.79	31.00	2.19	14,725
P05 SE	Inferred	2,448	3,460	29.54	5.76	31.16	36.46	2.85	17,803
Total	**Inferred**	**24,132**	**33,003**	**29.96**	**7.16**	**25.10**	**39.55**	**2.78**	**19,620**



700000
702500
705000
5917500
5915000
5912500
5910000
5907500
N
W
E
S
Niska 107
Niska 108
BD09-111
BD09-107
BD09-105
LEGEND
Topography Major Contour (25m)
Topography Minor Contour (5m)
Drill Hole Intersecting Seam
Drill Hole No Seam Intersection
Coal Resource Limit (Fugro/ Tau Decay)
Indicated (0-900m radius)
Inferred (900-2400m radius)
River
Eba Proposed Road
Railroad
Property Boundary
Infrastructure
Uncontrolled Drill Permit
GOLDSOURCE MINES INC.
500 250 0 500Metres1000 1500 2000
SCALE 1:50,000
NISKA AREA MII MAP SEAM B
SCALE: 1:50000
DATE: 04-Jan-11
DRAWN BY: JdW
PROJECT: Goldsource_V2
Figure 32
FILE: 8p5x11_mii_b_niska.ps
COORDINATE SYSTEM: NAD83 UTM Zone 13
EBA Engineering Consultants Ltd.
MARSTON



GOLDSOURCE MINES INC.

NISKA AREA MII MAP SEAM C

SCALE: 1:50000	DATE: 04–Jan–11	DRAWN BY: JdW
PROJECT: Goldsource_V2		
Figure 33	FILE: 8p5x11_mii_niska.ps	COORDINATE SYSTEM: NAD83 UTM Zone 13

EBA Engineering Consultants Ltd. eba MARSTON

12.0 ADDITIONAL REQUIREMENTS FOR DEVELOPMENT AND PRODUCTION PROPERTIES

Additional requirements for development of the Border Coal project was presented in the *Preliminary Assessment Report on the Border Coal Project Saskatchewan, Canada* (effective date February 15th, 2011, as amended March 5th, 2012).

12.1 ENVIRONMENTAL CONSIDERATIONS

Environmental considerations are presented in the *Preliminary Assessment Report on the Border Coal Project Saskatchewan, Canada* (effective date February 15th, 2011, as amended March 5th, 2012). Please refer to this reference for details.

13.0 EXPLORATION POTENTIAL

Exploration drilling and geophysics surveys demonstrate that there exists significant exploration potential on the Border project. The potential to delineate additional resources in a number of defined basins is considered high, and geophysics indicates that there are a number of undrilled target basins.

There exists a significant amount of exploration potential in the dominantly unexplored basins, including Pasquia 96, 97; Chemong 7,100; and Split Leaf South. These are basins in which only a discovery hole has been drilled, intersecting a significant interval of coal. The potential to delineate additional resources in these basins is based on the thickness of the intercepted coal and the outline of the deposit as suggested by geophysics surveys. The success rate associated with the accuracy of the proprietary geophysics tool, as discussed in section 8.3, lends credence to the exploration potential in these areas.

There exists significant exploration potential in more thoroughly explored basins such as Niska 105, Niska 107 and Niska 108 as well. Geophysics suggests that the Niska 107 deposit extends approximately 400m to the south beyond the extent of drilling marked by BD-10-137. Similar extensions of Niska 108 and Chemong 3 are possible based on the geophysics signature.

Exploration continues on other potential satellite deposits, that if economical, may be able to provide additional resources. The agreement between Goldsource and Westcore Energy (Section 9.0) provides Goldsource with a 25% working interest in the surrounding claims in Saskatchewan and Manitoba owned by Westcore.

14.0 INTERPRETATION AND CONCLUSIONS

Drilling during the Phase IV 2011 exploration drilling program in the previously underexplored Niska 105 basin was successful in identifying substantial Indicated Resources. Drilling in the Red Deer Lake area of Manitoba tested a geophysical anomaly that was not successful in intersecting coal. Coal zones intersected in the Pasquia 98 deposit did not amount to material changes in the resources.

15.0 RECOMMENDATIONS

There are a number of priority targets yet to be tested that could add to the overall resource base of the area. The next steps in the development of the Border Coal Project would be to collect a cumulative 5-10 tonne coal bulk sample from Pasquia 2, Chemong 3, Niska 105, and Niska 107 by way of large diameter drilling, do coal to liquids laboratory test work including sodium and sulphur reduction testing and continue collecting environmental baseline data. Depending on the availability of funds the bulk sampling program could be carried out during the 2012 winter drilling season. The cost to complete further exploration, the bulk sampling and test work program prior to any Pre-Feasibility Study is estimated at $5 million. A recommended budget is attached in Table 15-1.

TABLE 15-1 – RECOMMENDED BUDGET FOR BORDER COAL PROJECT – MARCH 2012

ITEM	UNIT	COST (000's)
Access construction	Lump	750
Bulk sample - drilling, 20 large dia. holes (2000m)	$750/m	1,500
Coal quality analysis	$100/sample	100
Technology test work - lab, pilot	Lump	1,000
G & A	20% costs	500
Report preparation (PFS)	Lump	600
Ongoing environmental work	Lump	20
Contingency	10% costs	530
TOTAL		**5,000**

16.0 DATE AND SIGNATURE PAGE

This report titled "Updated Resource Estimate on the Border Coal Project, Saskatchewan, Canada" is effective as of March 19, 2012, and was prepared by the following authors:

Dated this 19th Day of March, 2012

"Signed and Sealed"

N. Eric Fier, CPG, P.Eng.

17.0 REFERENCES

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Goldsource Mines Inc. webpage: http://www.goldsourcemines.com/ accessed in 2010

18.0 CERTIFICATE OF QUALIFICATIONS

N. Eric Fier, CPG, P.Eng., Chief Operating Officer

Goldsource Mines Inc.

501 – 570 Granville Street

Vancouver, BC, Canada V6C 3P1

TEL: 1.604.694.1760

Email: eric@goldsourcemines.com

CERTIFICATE of AUTHOR

I, N. Eric Fier, CPG, P.Eng., do hereby certify that:

1. I am the Chief Operating Officer (COO) at:

   Goldsource Mines Inc.

   501 – 570 Granville Street

   Vancouver, BC, Canada V6C 3P1

2. I graduated with a Bachelor of Science –

   Geological Engineering from the Montana College, Mineral Science & Technology, in 1984.

   Mining Engineering from the Montana College, Mineral Science & Technology, in 1986.

3. I am licensed as a professional engineer or geologist in the USA, British Columbia and Saskatchewan.

4. I have worked in the mining industry for the past 26 years. The last 5 years have been spent working as a consultant and Officer for Goldsource Mines Inc. Prior to that I worked for various USA and Canadian company's and held various engineering positions.

5. I have read the definition of "qualified person" as defined in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.

6. I am responsible for the preparation of ALL sections of the technical report entitled "Updated Resource Estimate for the Border Coal Project, Saskatchewan, Canada" for Goldsource Mines Inc., which is dated effective as of March 19, 2012 (the "Technical

Report"). I have visited the Border Project more than 20 times between 2007 to March 2012. I have witnessed the exploration drill working within the Border Coal area and the development of the revised geological model.

7. I certify that, as of the date of the effective date of the Technical Report, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

8. I am not independent of Goldsource Mines Inc. as "independence" is described in Section 1.5 of NI 43-101 as I am the Chief Operating Officer of Goldsource Mines Inc.

9. I have had previous involvement with the project that is the subject of the Technical Report.

10. I have read NI 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.

11. I consent to filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

Dated this 19th Day of March, 2012

"Signed and Sealed"

____

Signature of Qualified Person

N. Eric Fier, CPG, P.Eng. ______________________________

Print name of Qualified Person