CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF

GOLDSOURCE MINES INC.

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

(UNAUDITED)

Notice of no Auditor review of Financial Statements.

The accompanying unaudited condensed consolidated interim financial statements of the company have been prepared by and are the responsibility of the company's management.

The company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by International Financial Reporting Standards for a review of financial statements by an entity's auditor.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORTING

The accompanying condensed consolidated interim financial statements of Goldsource Mines Inc. ("the Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the condensed consolidated interim financial statements, including responsibility for significant accounting estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management is responsible for establishing internal controls over financial reporting for the Company. Management has designed and implemented internal controls over financial reporting that provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Audit Committee of the Board of Directors meets periodically with Management to review results of the condensed consolidated interim financial statements and related financial reporting matters prior to submitting the condensed consolidated interim financial statements to the Board of Directors for approval. The Audit Committee is appointed by the Board of Directors and all of its members are independent directors. The Audit Committee is responsible for engaging or re-appointing the external auditors.

The condensed consolidated interim financial statements have been approved by the Board of Directors on the recommendation of the Audit Committee.

GOLDSOURCE MINES INC.

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GOLDSOURCE MINES INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED PREPARED BY MANAGEMENT)
(Expressed in Canadian Dollars)

AS AT

		September 30, 2013		December 31, 2012
ASSETS				
Current Assets				
Cash	$	12,072	$	30,795
Short term investments		326,447		754,915
Taxes receivable		7,865		7,033
Prepaid expenses		13,521		11,541
Held-for-trading securities (note 7)		20,250		74,250
Total Current Assets		380,155		878,534
Non-Current Assets				
Equipment		5,791		14,919
Exploration and evaluation assets (note 8)		3,800,000		3,800,000
Total Non-Current Assets		3,805,791		3,814,919
TOTAL ASSETS	$	4,185,946	$	4,693,453
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities (note 9)	$	77,705	$	67,009
Total Current Liabilities		77,705		67,009
Shareholders' Equity				
Capital stock (note 10)		29,863,065		29,863,065
Reserves (note 10)		7,906,526		7,849,431
Deficit		(33,661,350)		(33,086,052)
Total Shareholders' Equity		4,108,241		4,626,444
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	4,185,946	$	4,693,453

Nature and continuance of operations (note 1)
Subsequent event (note 11)

Approved by the Board and authorized for issue on November 21, 2013.

"J. Scott Drever"	*"Graham C. Thody"*
Director	**Director**

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

GOLDSOURCE MINES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED PREPARED BY MANAGEMENT)
(Expressed in Canadian Dollars)

For the periods ended September 30,	Three months ended		Nine months ended	
	2013	2012	2013	2012
GENERAL AND ADMINISTRATIVE EXPENSES				
Depreciation	$ 3,042	$ -	$ 9,127	$ -
General exploration	41,965	-	138,024	-
Insurance	5,521	5,934	18,021	22,467
Investor relations	-	-	-	1,181
Office and miscellaneous	6,109	2,125	14,876	24,201
Professional fees (note 9)	28,648	20,430	91,084	96,119
Regulatory and transfer agent fees	1,527	1,602	10,671	18,905
Remuneration (note 9)	56,239	42,069	165,941	169,791
Rent and communications	4,739	5,694	11,966	17,847
Shareholder communications	-	1,327	8,979	11,186
Trade shows and conferences	-	-	-	6,542
LOSS BEFORE OTHER ITEMS	147,790	79,181	468,689	368,239
OTHER ITEMS				
Interest income	4,752	(2,005)	(4,486)	(9,547)
Renouncement of flow-through shares	-	-	-	(60,095)
Share-based compensation (note 10)	24,909	-	57,095	22,742
Unrealized loss on held-for-trading securities (note 7)	-	3,375	54,000	77,625
	29,661	1,370	106,609	30,725
NET COMPREHENSIVE LOSS FOR THE PERIOD	$ (177,451)	$ (80,551)	$ (575,298)	$ (398,964)
Basic and diluted comprehensive loss per common share	$ (0.01)	$ (0.00)	$ (0.02)	$ (0.01)
Weighted average number of common shares outstanding	27,033,729	27,033,729	27,033,729	27,033,729

The accompanying notes are an integral part of these condensed consolidated interim financial statements

GOLDSOURCE MINES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(UNAUDITED PREPARED BY MANAGEMENT)
(Expressed in Canadian Dollars)

For the Nine months ended September 30,		**2013**		**2012**
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	$	(575,298)	$	(398,964)
Items not affecting cash:				
Share-based compensation		57,095		22,742
Depreciation		9,127		-
Interest income		(4,486)		(9,547)
Renouncement of flow through shares		-		(60,095)
Unrealized loss on held-for-trading securities		54,000		77,625
Cash flows before changes in working capital items		(459,562)		(368,239)
Taxes receivable		(831)		43,525
Prepaid expenses		(1,980)		3,468
Accounts payable and accrued liabilities		10,696		(86,413)
Net cash used in operating activities		(451,677)		(407,659)
CASH FLOW FROM INVESTING ACTIVITIES				
Short term investments		425,000		750,000
Interest received		7,954		17,412
Exploration and evaluation		-		(638,004)
Net cash provided by investing activities		432,954		129,408
Change in cash, during period		(18,723)		(278,251)
Cash, beginning of period		30,795		415,039
Cash, end of period	$	12,072	$	136,788

The accompanying notes are an integral part of these condensed consolidated interim financial statements

GOLDSOURCE MINES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED PREPARED BY MANAGEMENT)
(Expressed in Canadian Dollars)

	Capital Stock				Reserves		Deficit		Total
	Number		Amount		Share-Based Payments				
Balance at December 31, 2011	27,033,729	$	29,863,065	$	7,825,863	$	(16,877,907)	$	20,811,021
Share-based compensation	-		-		23,568		-		23,568
Loss for the period	-		-		-		(398,964)		(398,964)
Balance at September 30, 2012	27,033,729		29,863,065		7,849,431		(17,276,871)		20,435,625
Loss for the period	-		-		-		(15,809,181)		(15,809,181)
Balance at December 31, 2012	27,033,729		29,863,065		7,849,431		(33,086,052)		4,626,444
Share-based compensation	-		-		57,095		-		57,095
Loss for the period	-		-		-		(575,298)		(575,298)
Balance at September 30, 2013	27,033,729	$	29,863,065	$	7,906,526	$	(33,661,350)	$	4,108,241

The accompanying notes are an integral part of these condensed consolidated interim financial statements

1. NATURE AND CONTINUNACE OF OPERATIONS

Goldsource Mines Inc. (the "Company" or "Goldsource") is incorporated under the jurisdiction of the Province of British Columbia, Canada pursuant to the British Columbia Business Corporations Act. All dollar amounts are expressed in Canadian dollars unless otherwise indicated. The head office and principal address of the Company is 570 Granville Street, Suite 501, Vancouver, BC, Canada, V6C 3P1. The address of the Company's registered and records office is 19th Floor, 885 West Georgia Street, Vancouver, BC, Canada, V6C 3E8. The Company is listed on the TSX Venture Exchange under the symbol GXS.

The Company is a Canadian resource company engaged in exploration and development. Goldsource's mineral interests presently consist of coal exploration properties located in Saskatchewan, referred to as the "Border Coal Project" and a 25% joint venture interest in certain coal lands in the province of Manitoba, Canada.

The recoverability of the carrying value of the Border Coal Project is dependent upon the discovery of an economically recoverable resource and the Company obtaining the necessary financing to complete exploration, development and construction of processing facilities, obtaining government approvals and attaining future profitable production of the mineral resources.

The Company completed a Preliminary Economic Assessment (PEA) on the Border Coal Project in March 2011, which reported the project has the potential to be technically and economically feasible based on a coal to liquids conversion process. A major capital project such as this requires a combination of favorable investment climate, timing, commodity pricing and technology changes to demonstrate rates of return commensurate with the capital at risk. Management believes this combination of circumstances is achievable but there is no certainty these results can be realized. Management recognizes the project requires a special expertise and financial capacity to bring it to fruition and will actively seek out participants with these capabilities.

While the Company intends to continue its efforts to surface value for the Border Coal Project, Management and the Board of Directors have determined that it is prudent business to examine opportunities in commodities other than coal which may not require such significant amounts of capital and can be readily developed in a more timely fashion than the Border coal. The Company has been actively reviewing potential acquisitions in Mexico, South America, Canada and the United States for base metals and gold projects that fit certain selective criteria.

The Company currently has no operations from which to derive revenues, has incurred significant net losses of $575,298 for the nine months ended September 30, 2013 (September 30, 2012 - $398,964), and has accumulated losses of $33.7 million as at September 30, 2013 (December 31, 2012 - $33.1 million). These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise debt or equity financings, and the attainment of profitable operations. Management would need to raise the necessary capital to meet its planned business objectives. There can be no assurance that management's plans will be successful. These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities, or the impact on the statement of operations that might be necessary should the Company be unable to continue as a going concern, and such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements should be read in conjunction with Goldsource's financial statements for the year ended December 31, 2012, which include information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies, use of judgments and estimates were presented in Note 2 of these financial statements, and have been consistently applied in the preparation of these condensed consolidated interim financial statements, except for those policies which have changed as a result of the adoption of new and amended IFRS pronouncements effective January 1, 2013 (see Note 3).

Basis of Preparation

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for mineral properties and certain financial instruments which are measured at fair value and were authorized for issue by the board of directors of the Company on November 21, 2013.

2. BASIS OF PRESENTATION (continued)

These condensed consolidated interim financial statements include the accounts of Goldsource and its wholly-owned subsidiary Tinto Roca Exploracion S.A. de C.V. which was incorporated under the laws of Mexico and has as its principal activity the exploration and evaluation of mineral properties. All intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation.

Goldsource consolidates subsidiaries where the Company has the ability to exercise control. Control is achieved when the Company has the power to govern the financial and operating policies of the entity. Control is normally achieved through ownership, directly or indirectly, of more than 50 percent of the voting power. Control can also be achieved through power over more than half of the voting rights by virtue of an agreement with other investors or through the exercise of de facto control.

Use of Judgments and Estimates

The preparation of these condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts and the valuation of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenues and expenditures during the period.

These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the condensed consolidated interim financial statements.

The key areas where judgments, estimates and assumptions have been made are summarized as follows:

- The estimated fair values of mineral properties for non-current asset impairment tests;
- The recoverability of investments subject to significant influence.
- The estimated useful lives of equipment and the measurement of depreciation expense;
- The determination of the fair value of agent warrants in capital stock and inputs used in accounting for share-based compensation;
- The recoverability of taxes receivable; and
- The estimation of the tax basis of assets and liabilities and related deferred income tax assets and liabilities, the measurement of income tax recovery.

3. CHANGES IN ACCOUNTING POLICIES

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions.

IFRS 10 Consolidated Financial Statements

In May 2011, the IASB issued IFRS 10 Consolidated Financial Statements to replace IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The new consolidation standard changes the definition of control so that the same criteria apply to all entities, both operating and special purpose entities, to determine control. The revised definition focuses on the need to have both power and variable returns before control is present. IFRS 10 was adopted effective January 1, 2013 and had no impact in comparative periods.

IFRS 11 Joint Arrangements

In May 2011, the IASB issued IFRS 11 Joint Arrangements to replace IAS 31, Interests in Joint Ventures. The new standard defines two types of arrangements: Joint Operations and Joint Ventures. The focus of the standard is to reflect the rights and obligations of the parties involved in the joint arrangement, regardless of whether the joint arrangement operates through a separate legal entity. Joint arrangements that are classified as joint ventures are accounted for using the equity method of accounting. Joint arrangements that are classified as joint operations require the venturer to recognize the individual assets, liabilities, revenues and expenses to which they have legal rights or are responsible. The adoption of IFRS 11 had no impact, as Goldsource does not currently hold interests in Joint Arrangements.

IFRS 12 Disclosure of Interests in Other Entities

In May 2011, the IASB issued IFRS 12 Disclosure of Interests in Other Entities to create a comprehensive disclosure standard to address the requirements for subsidiaries, joint arrangements and associates including the reporting entity's involvement with other entities. It also includes the requirements for unconsolidated structured entities (i.e. special purpose entities). We have adopted IFRS 12 effective January 1, 2013. The adoption of IFRS 12 had no impact as Goldsource does not hold such arrangements.

3. CHANGE IN ACCOUNTING POLICIES (continued)

IFRS 13 Fair Value Measurement

In May 2011, the IASB issued IFRS 13 Fair Value Measurement as a single source of guidance for all fair value measurements required by IFRS to reduce the complexity and improve consistency across its application. The standard provides a definition of fair value and guidance on how to measure fair value, as well as a requirement for enhanced disclosures. We have adopted IFRS 13 on a prospective basis. Refer to disclosures on fair value measurement in note 6.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

In October 2011, the IASB issued IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. IFRIC 20 provides guidance on the accounting for the costs of stripping activities during the production phase of surface mining when either of the following two benefits accrue to the entity as a result of the stripping: 1. useable ore that can be used to produce inventory and 2. improved access to further quantities of material that will be mined in future periods. IFRIC 20 was adopted effective January 1, 2013 and had no impact in comparative periods.

4. NEW STANDARDS NOT YET ADOPTED

IFRS 9 Financial Instruments

In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. In December 2011, the IASB issued an amendment that adjusted the mandatory effective date of IFRS 9 from January 1, 2013, to January 1, 2015.

IAS 32 – Financial Instruments: Presentation ("IAS 32") - The IASB amended IAS 32, "Financial Instruments: Presentation" to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off';
- the application of simultaneous realization and settlement;
- the offsetting of collateral amounts; and
- the unit of account for applying the offsetting requirements.

The amended standard is effective for annual periods beginning on or after January 1, 2014.

These new and revised accounting standards have not yet been adopted by Goldsource, and the Company has not yet completed the process of assessing the impact that they will have on its financial statements, or whether to early adopt any of the new requirements.

5. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its Border Coal Project. The Company considers as capital its shareholders' equity.

The Company manages and adjusts its capital structure when changes to the risk characteristics of the underlying assets or changes in economic conditions occur. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of certain of its assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets which are revised periodically based on the results of its exploration programs, availability of financing and industry conditions. Annual and materially updated budgets are approved by the Board of Directors.

There are no external restrictions on management of capital.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest any excess cash in liquid short term interest-bearing instruments. When utilized, these instruments are selected with regard to the expected timing of expenditures from continuing operations. **The Company's ability to continue for the next 12 months is dependent on the ability of the Company to raise debt or equity financings. Management would need to raise the necessary capital to meet its planned business objectives.** The Company believes it will be able to raise capital as required in the short term, but recognizes there will be risks involved that may be beyond its control.

6. FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, interest rate risk and market risk. Where material these risks are reviewed and monitored by the Board of Directors.

a. Capital Risk Management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in the shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets, incur debt, or return capital to shareholders. As at September 30, 2013, the Company did not have any debt and is not subject to externally imposed capital requirements.

b. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company's cash is invested in business accounts with a quality financial institution and which is available on demand for the Company's programs, and is not invested in any asset backed commercial paper.

However, the Company will require significant additional funding in the future to continue to explore and develop its Border Coal Project and examine opportunities in new projects. Accordingly, there is a risk that the Company may not be able to secure adequate funding on reasonable terms, or at all, at that future date.

c. Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and short term investments. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and short term investments with a high-credit quality financial institution.

d. Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash and short term investments. The Company's practice has been to invest cash at floating rates of interest, in short term investments, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in short term investments as they are generally held with a large and stable financial institution. As at September 30, 2013, with all other variables unchanged, a 1 percentage point change in interest rates would not have a significant impact on the Company's loss and comprehensive loss for the period.

e. Market Risk

The Company's exposure to market risk arises from its held-for-trading securities in Westcore Energy Ltd. ("Westcore"). There is a risk the Company would recognize a loss as a result of a decrease in the fair value of the investment given the nature of Westcore, a mining exploration company.

Financial instruments carrying value and fair value

The Company's financial instruments consist of cash, short term investments, securities, taxes receivable and accounts payable and accrued liabilities. The carrying value of taxes receivable and accounts payable and accrued liabilities approximate their fair values due to the short periods until settlement.

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The Company's cash, short term investments and held-for-trading securities are classified as Level 1 financial instruments.

(Expressed in Canadian Dollars)

7. HELD-FOR-TRADING SECURITIES

	September 30, 2013	December 31, 2012
Opening balance	$ 74,250	$ 168,750
Changes in marked-to-market value	(54,000)	(94,500)
Closing balance	$ 20,250	$ 74,250

Under IFRS, held-for-trading securities are to be recorded at fair value at each reporting date and the resulting gains or losses are to be included in the results for the period. For the nine month period ended September 30, 2013, the Company's 675,000 (2012 – 675,000) Westcore common shares had an unrealized marked-to-market loss of $54,000 (2012 – $77,625).

8. MINERAL PROPERTIES – EXPLORATION AND EVALUATION ASSETS

Border Property

As at September 30, 2013, the Company holds 34 (2012 – 53) coal mineral licenses comprising 16,074 (2012 – 35,629) hectares that cover all of the coal deposits discovered to date as well as areas that are considered favourable for the discovery of additional coal deposits.

For the year ended December 31, 2012 an impairment charge of $14,971,248 was recognized in respect of the Border Property. The triggers for the impairment tests were primarily the effect of current market conditions being experienced in the junior exploration market and the decline in price of thermal coal.

Given the nature of the Company's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. In fiscal, 2011, the Company had objective evidence from negotiations that the fair value was in excess of the carrying value at that time. However, in the absence of recent similar transactions or other evidence, the Company concluded in fiscal, 2012, it would be appropriate to apply alternative valuation techniques to support the carrying value of the project. Such valuation techniques result in a wide range of possible values being ascribed to the property. The fair value less costs to sell ("FVLCS") for the Border Property was determined based on the Company's market capitalization as adjusted to reflect the premium a market participant would pay to acquire the entire Company. It is the Company's opinion, that this represents the low-end of the possible range of values that could be applied to the Border Property. However, in the absence of similar transactions or a report from third-party specialists to provide an alternative measure of FVLCS, the Company believes that an estimate based on the Company's market capitalization is the most objective basis for estimating the FVLCS of the Border Property.

The Company is maintaining the Border Property on a care and maintenance basis until such time as a suitable market and/or applicable conversion process can be identified or until such time as an appropriate partner can be identified to advance the project. The current coal lease holdings will be reviewed annually and may be reduced periodically to minimize holding costs.

2013	Saskatchewan Border Property
Balance, December 31, 2011	$ 18,417,803
Additions:	
Acquisition and holding costs:	
Permit application and holding costs	195,958
	195,958
Exploration expenditures:	
Fuel	8,257
Operations and general	31,997
Road and pad construction	1,632
Share-based compensation	826
Technical services and consulting	114,775
	157,487
Impairment charge	(14,971,248)
Balance, December 31, 2012 and September 30, 2013	$ 3,800,000

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

Legal Fees

Paid or accrued $59,173 (2012 - $53,302) for legal fees, which were included in professional fees to Koffman Kalef LLP, a law firm in which the Company's Corporate Secretary is partner, and recognized $1,631 (2012 - $843) in share-based payments to this officer.

Key Management Compensation

		2013		2012
Salaries and short-term benefits [1]				
Remuneration on the statement of operations	$	123,750	$	113,750
Capitalized to the Border Property		-		65,000
		123,750		178,750
Share-based payments		52,202		20,244
	$	175,952	$	198,994

[1] Total remuneration paid to the President, Chief Operating Officer and Chief Financial Officer of Goldsource.

Other Transactions

The Company shares rent, salaries, and administrative services with SilverCrest Mines Inc., a company related by common directors and officers. The Company incurred $62,599 (2012 - $78,888) for their share of rent, salaries, and administrative expenses.

10. CAPITAL STOCK AND RESERVES

Authorized Shares

The Company's authorized capital stock consists of an unlimited number of common shares and an unlimited number of preferred shares without nominal or par value. At September 30, 2013, the Company had 27,033,729 common shares and no preferred shares issued and outstanding.

Stock Options

The Company has a fixed number stock option plan under which it is authorized to grant stock options to executive officers and directors, employees and consultants enabling them to acquire issued and outstanding common stock of the Company. A maximum of 3,850,000 common shares are reserved for issuance. The exercise price of each option equals the market price of the Company's stock as calculated on the date of the grant. The options can be granted for a maximum term of 10 years and certain options to employees and consultants vest over periods of time, determined by the Board of Directors.

On June 11, 2013 stock options for the purchase of 2,575,000 common shares ("Original Options"), were reduced to options for the purchase of 825,000 common shares ("Amended Options"). These Amended Options reduced their exercise prices (ranging from $0.82 to $1.58 to per share) to $0.16 per share and extending their terms by 5 years so that the options will expire on June 11, 2018. Previous option expiry dates ranged from May 22, 2014 to December 23, 2015. These Amended Options are subject to an 18-month vesting schedule pursuant to which 25% vested immediately and a further 25% shall vest on each 6-month period thereafter until fully vested. The Company also granted new stock options to two executive officers of the Company for the purchase of up to 50,000 common shares of the Company at an exercise price of $0.16 per share for a five-year term expiring on June 11, 2018. As a result of the reduction, amendments and new stock option grants, stock options for the purchase of an aggregate of 1,400,000 common shares are now outstanding.

(Expressed in Canadian Dollars)

10. CAPITAL STOCK AND RESERVES (continued)

Stock option transactions and the number of stock options outstanding and exercisable are summarized as follows:

	Number of Options	Weighted Average Exercise Price
As at December 31, 2011 and December 31, 2012	3,595,000	$1.03
Issued	875,000	$0.16
Expired	(495,000)	$0.50
Forfeited	(2,575,000)	$1.09
As at September 30, 2013	1,400,000	$0.56

		Options Outstanding			Options Exercisable		
Exercise Price	Expiry Date	Number of Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Exercise Price	
$ 1.33	October 9, 2013	100,000	0.02	$ 1.33	100,000	$ 1.33	See subsequent event
$ 1.50	December 14, 2013	50,000	0.21	$ 1.50	50,000	$ 1.50	
$ 1.33	May 22, 2014	250,000	0.64	$ 1.33	250,000	$ 1.33	
$ 0.82	September 28, 2015	125,000	1.99	$ 0.82	125,000	$ 0.82	
$ 0.16	June 11, 2018	875,000	4.70	$ 0.16	218,750	$ 0.16	
		1,400,000	3.24	$ 0.56	743,750	$ 0.91	

Share-based compensation

During the nine month period ended September 30, 2013 the Company granted 875,000 (2012 – Nil) incentive stock options with a weighted average fair value per option granted of $0.12 (2012 - $Nil) for a total value of $108,167 (2012 - $Nil). The total share-based compensation recognized during the nine months ended September 30, 2013 under the fair value method was $57,095 (2012 - $23,568). The Company expensed $57,095 (2012 - $22,742) and capitalized $Nil (2012 - $826) as mineral property expenditures.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options.

	September 30, 2013	September 30, 2012
Risk-free interest rate	1.84%	-
Expected dividend yield	-	-
Expected stock price volatility	123%	-
Expected forfeiture rate	1.21%	-
Expected option lives	5 years	-

Warrants

On May 19, 2013, 3,336,192 share purchase warrants expired. As at September 30, 2013, there are no share purchase warrants outstanding.

11. Subsequent Event

100,000 incentive stock options with an exercise price of $1.33 per share expired.