



**GOLDSOURCE
MINES INC.**

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

FOR THE YEAR ENDED DECEMBER 31, 2013

GOLDSOURCE MINES INC.

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Goldsourc Mines Inc.

We have audited the accompanying consolidated financial statements of Goldsourc Mines Inc., which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statements of operations and comprehensive loss, cash flows and changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Goldsourc Mines Inc. as at December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matters

The financial statements of Goldsourc Mines Inc. for the year ended December 31, 2012 were audited by another auditor who expressed an unmodified opinion on those statements on March 26, 2013.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Accountants

March 25, 2014



GOLDSOURCE MINES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

AS AT

	December 31, 2013	December 31, 2012
ASSETS		
Current Assets		
Cash	\$ 212,620	\$ 30,795
Short term investments	125,942	754,915
Taxes receivable	6,516	7,033
Prepaid expenses	12,538	11,541
Held-for-trading securities (note 7)	27,000	74,250
Total Current Assets	384,616	878,534
Non-Current Assets		
Advance receivable (note 9)	50,000	-
Deferred transaction costs (note 9)	150,865	-
Equipment	2,748	14,919
Exploration and evaluation assets (note 8)	-	3,800,000
Total Non-Current Assets	203,613	3,814,919
TOTAL ASSETS	\$ 588,229	\$ 4,693,453
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (note 10)	\$ 95,969	\$ 67,009
Total Current Liabilities	95,969	67,009
Shareholders' Equity		
Capital stock (note 11)	30,146,779	29,863,065
Reserves (note 11)	4,645,049	7,849,431
Deficit	(34,299,568)	(33,086,052)
Total Shareholders' Equity	492,260	4,626,444
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 588,229	\$ 4,693,453

Nature and continuance of operations (note 1)

Commitment (note 13)

Subsequent events (note 14)

Approved by the Board and authorized for issue on March 25, 2014.

"J. Scott Drever"

Director

"Graham C. Thody"

Director

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

GOLDSOURCE MINES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

Years Ended December 31,	2013	2012
General and administrative expenses		
Border property - care and maintenance	\$ 113,402	\$ -
Depreciation	12,171	-
General exploration	7,511	-
Insurance	22,604	28,238
Office and miscellaneous	20,484	29,601
Professional fees (note 10)	80,116	107,897
Regulatory and transfer agent fees	11,777	20,094
Remuneration (note 10)	222,966	208,770
Rent and communications	17,084	25,085
Shareholder communications	13,147	15,050
Trade shows and conferences	-	6,542
Loss before other (income) expenses	521,262	441,277
Other (income) expenses		
Interest income	(5,127)	(11,527)
Impairment charges (note 8)	3,800,000	15,721,248
Renouncement of flow-through shares	-	(60,095)
Share-based compensation (note 11)	79,131	22,742
Unrealized loss on held-for-trading securities (note 7)	47,250	94,500
	3,921,254	15,766,868
Net loss and comprehensive loss for the year	\$ (4,442,516)	\$ (16,208,145)
Basic and diluted comprehensive loss per common share	\$ (0.16)	\$ (0.60)
Weighted average number of common shares outstanding	27,121,674	27,033,729

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

GOLDSOURCE MINES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

Years Ended December 31,	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (4,442,516)	\$ (16,208,145)
Items not affecting cash:		
Depreciation	12,171	-
Share-based compensation	79,131	22,742
Renouncement of flow through shares	-	(60,095)
Impairment charges	3,800,000	15,721,248
Interest income	(5,127)	(11,527)
Unrealized loss on held-for-trading securities	47,250	94,500
Cash flows before changes in working capital items	(509,091)	(441,277)
Amounts receivable	-	5,000
Taxes receivable	517	42,521
Prepaid expenses	(997)	4,989
Accounts payable and accrued liabilities	(7,075)	(96,167)
Net cash used in operating activities	(516,646)	(484,934)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of capital stock	256,800	-
Share issue costs	(12,224)	-
Net cash provided by financing activities	244,576	-
CASH FLOW FROM INVESTING ACTIVITIES		
Short term investments	625,000	750,000
Interest received	9,100	17,409
Advance receivable (note 9)	(50,000)	-
Deferred transaction costs (note 9)	(130,205)	-
Exploration and evaluation	-	(666,719)
Net cash provided by investing activities	453,895	100,690
Change in cash, during year	181,825	(384,244)
Cash, beginning of year	30,795	415,039
Cash, end of year	\$ 212,620	\$ 30,795
Supplemental disclosure of significant non-cash financing and investing activities		
Included in accounts payable and accrued liabilities		
- Share issue costs	\$ 15,375	\$ -
- Deferred transaction costs	\$ 20,660	\$ -
- Exploration and evaluation assets	\$ -	\$ 3,121

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

GOLDSOURCE MINES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(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 year	-	-	-	(16,208,145)	(16,208,145)
Balance at December 31, 2012	27,033,729	29,863,065	7,849,431	(33,086,052)	4,626,444
Issuance of capital stock (note 11)	2,140,000	256,800	-	-	256,800
Share issuance costs	-	(27,599)	-	-	(27,599)
Stock options and warrants forfeited	-	54,513	(3,283,513)	3,229,000	-
Share-based compensation	-	-	79,131	-	79,131
Loss for the year	-	-	-	(4,442,516)	(4,442,516)
Balance at December 31, 2013	29,173,729	\$ 30,146,779	\$ 4,645,049	\$ (34,299,568)	\$ 492,260

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

1. NATURE AND CONTINUANCE 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. Goldsource is a public company whose shares trade on the TSX Venture Exchange under the symbol GXS. 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 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.

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.

On February 28, 2014, Goldsource and Eagle Mountain Gold Corp. completed a business combination (note 9 and 23). As a result, all of the shareholders of Eagle Mountain have become shareholders of Goldsource and a corporation into which Eagle Mountain was amalgamated has become a wholly owned subsidiary of Goldsource.

The Company currently has no operations from which to derive revenues, has incurred net losses of \$4,442,516 for the year ended December 31, 2013 (December 31, 2012 - \$16,208,145), and has accumulated losses of \$34.3 million as at December 31, 2013 (December 31, 2012 - \$33.1 million). These consolidated 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. Subsequent to December 31, 2013, Goldsource completed an equity financing (**note 14**) for gross proceeds of \$2.4 million which will be used to advance the Eagle Mountain Gold Project and for general working capital purposes.

These consolidated 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. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on a historical cost basis, except for certain financial instruments which are measured at fair value. The policies applied in these consolidated financial statements are based on IFRSs in effect as at December 31, 2013.

These consolidated financial statements were approved for issuance by the Board of Directors on March 25, 2014.

Basis of Presentation

These consolidated 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 exploration and evaluation of mineral properties. All intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation.

Cash and Short term investments

Cash is comprised of cash on hand.

Short term investments comprise highly liquid Canadian dollar denominated guaranteed investment certificates with terms to maturity of greater than ninety days but no more than one year. These investments are subject to an insignificant risk of change in value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes receivable

Taxes receivable are comprised of refundable GST/HST tax paid by the Company.

Foreign exchange

The presentation currency of the Company is the Canadian dollar. The functional currency is the currency of the primary economic environment in which the entity operations and has been determined for each entity within the Company. The Company considers the functional currency for all entities within the Group to be the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations.

Equipment

Equipment is recorded at historical cost less accumulated depreciation and impairment charges. Equipment is depreciated using the straight line method over the estimated useful lives of the individual assets. The significant classes of equipment and their useful lives are as follows:

Equipment	5 years
Office equipment	5 years
Vehicles	5 years
Computers	2-3 years

The Company's equipment is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the asset's recoverable amount is estimated. Impairment losses are recognized in profit or loss. An impairment loss is reversed if there is evidence that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Mineral properties - exploration and evaluation assets

Pre-exploration costs are expensed in the period in which they are incurred.

Once the legal right to explore a mineral property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, geological studies, drilling costs, payments made to contractors and depreciation of plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

Exploration and evaluation expenditures for each mineral property are carried forward as an asset provided that one of the following conditions is met;

Such costs are expected to be recouped in full through successful development and exploration of the mineral property or alternatively, by sale; or

Exploration and evaluation activities in the mineral property have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves; however; active and significant operations in relation to the mineral property are continuing, or planned for the future.

The carrying values of capitalized amounts are reviewed annually, or when indicators of impairment are present. In the case of undeveloped properties, there may be only inferred resources to allow management to form a basis for the impairment review. The review is based on the Company's intentions for the development of such a property. If a mineral property does not prove viable, all unrecoverable costs associated with the property are charged to profit or loss at the time the determination is made.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mining assets”. Exploration and evaluation expenditures accumulated are also tested for impairment before the mineral property costs are transferred to development properties.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company’s assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell (FVLCS) and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur. At this time, the Company does not have any significant rehabilitation obligations.

Share-based compensation and payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. The cost of stock options granted is recorded based on the estimated fair-value at the grant date and charged to the statement of operations over the vesting period. Where stock options are subject to vesting, each vesting tranche is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche’s vesting period by a charge to the statement of operations or capitalized to exploration and evaluation assets, with a corresponding increase to contributed surplus based on the number of options expected to vest. Consideration paid for the shares on the exercise of stock options is credited to capital stock. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share-based compensation is transferred to deficit. The number of options expected to vest is reviewed at least annually, with any impact being recognized immediately.

Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants (“Warrants”). Depending on the terms and conditions of each equity financing agreement (“Agreement”), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are valued based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Flow-through shares

The Company has issued flow-through shares to finance some of its exploration activities. Such shares were issued for cash in exchange for the Company giving up the tax benefits arising from the exploration and evaluation expenditures. The amounts of these tax benefits are renounced to investors in accordance with Canadian tax legislation. A premium liability is recognized for the share price premium paid by investors when acquiring the flow-through shares. The premium liability is reduced and deferred income taxes are recognized on the renounced tax deductions as eligible expenditures are incurred.

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Taxation

Income tax expense comprises current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss except to the extent that they relate to items recognized directly in equity.

Current income tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

The Company follows the asset and liability method of accounting for income taxes whereby deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates and laws expected to apply in the years in which temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in operations in the period that includes the substantive enactment date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred income tax assets and liabilities are presented as non-current in the financial statements.

Financial instruments

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-maturity ("HTM")

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. These assets are measured at amortized costs using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Available-for-sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

The Company classified its financial assets as follows:

- Cash, short term investments and held-for-trading securities are classified as FVTPL.
- Advance receivable is classified as loans and receivable.

Financial liabilities

Financial liabilities are classified into one of two categories:

- Fair value through profit or loss; and
- Other financial liabilities.

Fair value through profit or loss

This category comprises derivatives, or liabilities, acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities

This category includes amounts due to related parties and accounts payable and accrued liabilities, all of which are recognized at amortized cost.

The Company classified its financial liabilities as follows:

- Accounts payable and accrued liabilities are classified as other financial liabilities.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, and related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. CRITICAL JUDGMENTS AND ESTIMATES

The preparation of these consolidated 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 consolidated financial statements and the reported amounts of expenditures during the year.

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 estimates. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. Information about such judgments and estimates is contained in the description of accounting policies (note 2) and/or other notes to the financial statements. Management has made the following critical judgments and estimates:

Functional currency

The functional currency for each of the Company's operations is the currency of the primary economic environment in which the entity operates. The Company has determined the functional currency for all entities within the Group is the Canadian dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Impairment of Non-Current Assets

Non-current assets are tested for impairment annually, or when indicators of impairment are present. Calculating the estimated fair values of cash generating units for non-current asset impairment tests requires management to make estimates and assumptions with respect to metal selling prices, future capital expenditures, reductions in the amount of recoverable reserves, resources, and exploration potential, production cost estimates, discount rates and exchange rates. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future non-expansionary capital expenditures, reductions in the amount of recoverable reserves, resources, and exploration potential, and/or adverse current economics can result in a write-down of the carrying amounts of the Company's non-current assets.

Income Taxes

Management is required to make estimations regarding the tax basis of assets and liabilities and related deferred income tax assets and liabilities, the measurement of income tax expense and indirect taxes. A number of these estimates require management to make estimates of future taxable profit, and if actual results are significantly different than estimates, the ability to realize the deferred tax assets recorded on the statement of financial position could be impacted. The Company is subject to assessments by tax authorities who may interpret the tax law differently. These factors may affect the final amount or the timing of tax payments.

4. CHANGES IN ACCOUNTING POLICIES

Accounting Policies Adopted Effective January 1, 2013

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. Management conducted a review of all of the Company's entities and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of the Company's subsidiary.

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 venturers 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 significant impact on the Company's consolidated financial statements.

4. CHANGE IN ACCOUNTING POLICIES (continued)

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 did not have a significant impact on the Company's consolidated financial statements.

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, there was no significant impact on the Company's consolidated financial statements.

Future Changes in Accounting Policies Not Yet Effective

IFRS 8 – Operating Segments

Amended to require disclosure of the judgments made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. Effective for annual periods commencing on or after July 1, 2014.

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 July 2013, the IASB tentatively decided to defer the mandatory effective date until finalization of the impairment, classification and measurement requirements, with earlier adoption still permitted. The Company will evaluate the impact the final standard will have on its consolidated financial statements when issued.

IAS 32 – Financial Instruments: Presentation

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.

IAS 36 – Impairment of Assets

The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively.

IFRIC 21 – Levies

An interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing 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 consolidated financial statements, or whether to early adopt any of the new requirements.

5. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral properties, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The capital of the Company consists of items included in 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 equity, dispose of certain assets or issue debt.

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 new equity 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 December 31, 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.

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 December 31, 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.

6. FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT (continued)

Financial instruments carrying value and fair value

The Company's financial instruments consist of cash, short term investments, held-for-trading securities, advance receivable, taxes receivable and accounts payable and accrued liabilities. The carrying value of advance receivable, 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 measured using level 1 inputs.

7. HELD-FOR-TRADING SECURITIES

	2013		2012	
Opening balance	\$	74,250	\$	168,750
Changes in marked-to-market value		(47,250)		(94,500)
Closing balance	\$	27,000	\$	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 year ended December 31, 2013, the Company's 675,000 (2012 – 675,000) Westcore common shares had an unrealized marked-to-market loss of \$47,250 (2012 – \$94,500).

8. MINERAL PROPERTIES – EXPLORATION AND EVALUATION ASSETS

Border Property

As at December 31, 2013, the Company holds 34 (2012 – 53) coal mineral licenses comprising 16,074 (2012 – 35,629) hectares. The Company is holding 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. 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 market conditions being experienced in the junior exploration market and the decline in price of thermal coal. As the Company is currently pursuing opportunities in commodities other than coal an additional impairment charge of \$3,800,000 was recorded in fiscal 2013, bringing the book value of the asset to zero.

Minera Pacific Inc. a Company controlled by two officers is entitled to receive a \$700,000 (Feasibility Payment) in the event the Company completes an independent positive feasibility study on the Border Property and entitled to a 2% gross overriding royalty on commercial production.

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	\$	3,800,000
Impairment charge		(3,800,000)
Balance, December 31, 2013	\$	-

8. MINERAL PROPERTIES – EXPLORATION AND EVALUATION ASSETS

Other Property

During fiscal 2012, the Company also wrote-off the carrying value of \$750,000 attributed to a 25% Joint Venture interest in certain coal lands in Saskatchewan and Manitoba.

9. PROPOSED BUSINESS COMBINATION WITH EAGLE MOUNTAIN GOLD CORP.

In November 2013, Goldsource entered into an agreement (the "Letter Agreement") with Eagle Mountain Gold Corp. ("Eagle Mountain") to effect a business combination of the two companies whereby, Eagle Mountain will amalgamate with a wholly-owned subsidiary of Goldsource.

Goldsource will issue that number of common shares to shareholders of Eagle Mountain equal to 100% of the issued and outstanding common shares of Goldsource at the date of closing such that, following closing but prior to completion of the Equity Finance (see below), 50% of the outstanding common shares of Goldsource will be held by former Eagle Mountain shareholders and 50% of the outstanding common shares of Goldsource will be held by Goldsource shareholders.

Outstanding Eagle Mountain options and warrants will be exchangeable for Goldsource options and warrants exercisable for the applicable number of Goldsource shares after giving effect to the exchange ratio with a corresponding change to the exercise price.

The Letter Agreement also provided for the following:

- Within five business days of the Letter Agreement, Goldsource will lend to Eagle Mountain \$50,000 (**completed**) to be used by Eagle Mountain for specified expenditures.
- Goldsource and Eagle Mountain are each required to raise by way of equity private placement prior to December 15, 2013 not less than \$250,000 (**completed – note 11**).
- Goldsource is required to complete an equity financing ("Equity Finance") effective upon closing of the Business Combination for a minimum of \$1.5 million (**completed - note 14**) to be comprised of common shares and warrants of Goldsource.

On February 28, 2014, Goldsource and Eagle Mountain completed the business combination (**note 14**). As at year end the Company had also incurred costs of \$150,865 towards this transaction which have been recorded as deferred transaction costs.

10. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

Legal Fees

Paid or accrued \$48,891 (2012 - \$53,302) for legal fees which were included in professional fees, \$15,799 (2012 - \$Nil) for share issuance costs and \$62,812 (2012 - \$Nil) for deferred transaction costs to a law firm of which an officer of the Company is a partner. The Company recognized \$2,261 (2012 - \$843) in share-based payments to this partner.

Key Management Compensation

	2013	2012
Salaries and short-term benefits ⁽¹⁾		
Remuneration on the statement of operations	\$ 165,000	\$ 140,000
Capitalized to the Border Property	-	80,000
	<u>165,000</u>	<u>220,000</u>
Share-based payments	72,348	20,244
	<u>\$ 237,348</u>	<u>\$ 240,244</u>

⁽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 paid or accrued \$86,188 (2012 - \$98,152) for its share of rent, salaries, and administrative expenses.

11. 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 December 31, 2013, the Company had 29,173,729 common shares outstanding and no preferred shares outstanding.

Issued Shares

On December 16, 2013, the Company completed a private placement of 2,140,000 units at a price of \$0.12 per unit for gross proceeds of \$256,800. Each unit consisted of one common share of Goldsource and one-half of a warrant of Goldsource, with each whole warrant being exercisable for one common share of Goldsource at a price of \$0.20 per share for a 24-month term until December 16, 2015. The Company incurred \$27,599 in share issuance costs related to the private placement.

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 1,250,000 common shares are now outstanding

Stock option transactions and the number of stock options outstanding 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	(645,000)	\$0.70
Forfeited	(2,575,000)	\$1.09
As at December 31, 2013	1,250,000	\$0.46

Options Outstanding and 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	May 22, 2014	250,000	0.39	\$ 1.33	250,000	\$ 1.33	
\$ 0.82	September 28, 2015	125,000	1.74	\$ 0.82	125,000	\$ 0.82	
\$ 0.16	June 11, 2018	875,000	4.45	\$ 0.16	437,500	\$ 0.16	
		1,250,000	3.36	\$ 0.46	812,500	\$ 0.62	

11. CAPITAL STOCK AND RESERVES (continued)

Share-based compensation

During the year ended December 31, 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 year ended December 31, 2013 under the fair value method was \$79,131 (2012 - \$23,568). The Company expensed \$79,131 (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.

	2013	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

Warrant transactions and the number of warrants outstanding are as follows:

	Number of Warrants	Weighted Average Exercise Price	Expiry Date
As at December 31, 2011 and December 31, 2012	3,336,192	\$0.70	
Issued	1,070,000	\$0.20	December 16, 2015
Expired	(3,336,192)	\$0.70	May 19, 2013
As at December 31, 2013	1,070,000	\$0.20	

12. INCOME TAXES

a) A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2013	2012
Loss before income taxes	\$ (4,442,516)	\$ (16,208,145)
Combined federal and provincial statutory tax rate	25.75%	26.50%
Income tax recovery at statutory rates	\$ (1,143,947)	\$ (4,295,158)
Permanent differences	19,000	2,623
Tax adjustment for rate change	(358,000)	242,974
Change in unrecognized deductible temporary	1,468,000	4,049,355
Other	(14,947)	206
Total income tax recovery	\$ -	\$ -

b) The tax effects of temporary differences that give rise to significant portions of the deferred tax assets at December 31, 2013 and 2012 are presented below:

	2013	2012
Deferred tax assets:		
Non-capital loss carry-forwards	\$ 1,464,000	\$ 1,259,941
Capital loss carry-forwards	2,828,000	2,719,093
Share issue costs and other	143,000	145,847
Exploration and evaluation assets	5,698,000	4,544,019
Capital assets	22,000	18,225
Net unrecognized deferred income tax asset	10,155,000	8,687,125

12. INCOME TAXES (continued)

As at December 31, 2013, the Company has non-capital loss carry-forwards of approximately \$5,629,000 for income tax purposes. The non-capital losses may be utilized to reduce future years' taxable income and expire according to the schedule below if unutilized. In addition the Company has approximately \$21,752,000 of capital losses available for carry-forward. The Company also has exploration and development expenditures of approximately \$21,916,000 which may be available to reduce taxable income of future years. The non-capital loss carry-forwards expire according to the following schedule:

Year	Non Capital Loss Carryforwards	
2015	\$	203,000
2026		312,000
2027		201,000
2028		724,000
2029		1,040,000
2031		1,069,000
2032		1,490,000
2033		590,000
	\$	<u>5,629,000</u>

Deferred tax assets, which may arise as a result of these losses and resource expenditures, have not been recognized as the Company determined that, as at December 31, 2013, their realization is uncertain.

13. COMMITMENT

The Company has entered into an operating lease agreement for office space. This agreement requires the Company to make the following lease payments:

	Office Lease
Year ending December 31, 2014	29,789
Year ending December 31, 2015	17,377
	<u>\$ 47,166</u>

14. SUBSEQUENT EVENTS

The following events took place subsequent to December 31, 2013:

- On February 28, 2014, Goldsource and Eagle Mountain completed their business combination (note 9). As a result, all of the shareholders of Eagle Mountain have become shareholders of Goldsource and a corporation into which Eagle Mountain was amalgamated has become a wholly owned subsidiary of Goldsource. Pursuant to the business combination, each common share of Eagle Mountain has been exchanged for 0.52763 of a common share of Goldsource. Accordingly, a total of 29,173,691 common shares of Goldsource were issued. All outstanding Eagle Mountain share purchase options and warrants were exchanged at the exchange ratio of 0.52763 resulting in 1,340,182 new Goldsource options and 16,981,001 new Goldsource warrants exercisable for common shares of Goldsource at exercise prices ranging from \$0.16 to \$3.79 per share. Subsequent to this issue, 242,711 options expired unexercised. The acquisition of Eagle Mountain is being accounted for as a net assets acquisition.
- On February 28, 2014, Goldsource completed the Equity Finance (note 9) of 17,142,858 units at a price of \$0.14 per unit for gross proceeds of \$2.4 million. Each unit consisted of one common share of Goldsource and one-half of a warrant of Goldsource, with each whole warrant being exercisable for one common share of Goldsource at a price of \$0.20 per share for a term of three years until February 28, 2017. Goldsource will have the right to accelerate the expiry date of the warrants if the Volume Weighted Average Price of the common shares of Goldsource on the TSX Venture Exchange is greater than \$0.65 per share for any 20 consecutive trading days after the first 18 months of the term. In such case, upon notice by Goldsource, any warrants which remain unexercised will expire 30 days after such notice. Proceeds from the Equity Finance will be used to advance the Eagle Mountain Gold Project and for general working capital purposes. No commission or finder's fee was payable on the Equity Finance.
- On March 5, 2014, Goldsource issued 250,000 shares at \$0.14 per share as a finder's fee in respect of the completed business combination between Goldsource and Eagle Mountain.

14. SUBSEQUENT EVENTS (continued)

- On March 6, 2014, Goldsource and Eagle Mountain executed an Amendment Agreement with Omai Gold Mines Ltd. ("OGML"), a subsidiary of IAMGOLD Corporation with respect to the Eagle Mountain Gold Property (the "Property") in Guyana.

The summary of amending terms includes:

- I.* Goldsource will issue to OGML 3,389,279 common shares subject to TSX Venture Exchange approval.
- II.* Goldsource shall pay OGML, US\$3,025,500.94 ("Initial Payment") in cash or, at Goldsource's option in common shares of Goldsource, at a price per share equal to a five percent (5%) discount to the Volume Weighted Average Price ("VWAP") of Goldsource's common shares for the twenty trading days prior to issuance, upon the earlier of:
 - a. If average market price of gold is US\$1,400/oz. or higher upon achieving total production of 40,000 ounces of gold, then the Initial Payment is due 90 days after 40,000 ounces have been produced, otherwise payment to be made 90 days after 50,000 ounces produced from the Property, or
 - b. Ninety days after having completed one year of gold production under a large scale Mining License issued by the Guyana Geology and Mines Commission ("GGMC"), or
 - c. Five days after the date on which the 20-day VWAP of Goldsource exceeds \$0.75 per share, provided such date is not earlier than March 1, 2015.
- III.* Goldsource shall pay OGML, an additional US\$5,000,000 ("Final Payment") in cash or at Goldsource's option, US\$2,500,000 cash and US\$2,500,000 in common shares of Goldsource, at a price per share equal to a five percent (5%) discount to the 20-day VWAP of Goldsource's common shares. The Final Payment shall be made one year after the earlier of:
 - a. The payment set out in, ("II a.") above has been made, or
 - b. After having completed one year of gold production under a large scale Mining License issued by the GGMC.