INTERIM FINANCIAL STATEMENTS

(*Unaudited – Prepared by Management*)

SEPTEMBER 30, 2010
THIRD QUARTER

Notice of no Auditor review of Financial Statements.

The accompanying unaudited 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 financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of financial statements by an entity's auditor.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying interim financial statements of Goldsource Mines Inc. ("the Company") have been prepared by management in accordance with Canadian generally accepted accounting principles (GAAP), and within the framework of the summary of significant accounting policies disclosed in the notes to the most recent annual financial statements filed on SEDAR.

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 GAAP.

The Audit Committee of the Board of Directors meets periodically with Management to review results of the interim financial statements and related financial reporting matters prior to submitting the 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 Company's independent auditor has not performed a review of these interim financial statements.

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

GOLDSOURCE MINES INC.
BALANCE SHEETS
(Unaudited – Prepared by Management)
(IN CAD $)

	September 30, 2010	December 31, 2009 (audited)
ASSETS		
Current		
Cash	$ 232,370	$ 355,751
Short term investments	1,001,285	4,257,976
Amounts receivable and prepaid expenses	75,191	351,352
Held-for-trading securities (note 5)	330,000	60,000
	1,638,846	5,025,079
Equipment (note 6)	47,338	58,145
Mineral properties (note 7)	18,038,765	15,006,883
	$ 19,724,949	$ 20,090,107
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (note 8)	$ 244,585	$ 609,944
Commitment (note 11)		
Shareholders' equity		
Capital stock (note 9)	25,403,589	25,195,229
Contributed surplus (note 9)	8,446,326	7,876,274
Deficit	(14,369,551)	(13,591,340)
	19,480,364	19,480,163
	$ 19,724,949	$ 20,090,107

Nature of operations

On behalf of the Board:

"J. Scott Drever"
DIRECTOR

"Graham C. Thody"
DIRECTOR

GOLDSOURCE MINES INC.

STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS and DEFICIT

(Unaudited – Prepared by Management)

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
EXPENSES				
Insurance	$ 14,800	$ 15,052	$ 45,713	$ 50,451
Investor relations	5,171	46,214	25,031	93,225
Office and general	10,644	33,661	48,794	65,138
Professional fees (note 8)	20,911	29,928	104,637	135,456
Rent and telephone	7,816	15,223	24,672	29,182
Remuneration (note 8)	85,132	43,470	227,569	143,473
Shareholder communications	2,267	11,703	12,198	44,259
Stock based compensation	218,436	395,450	525,741	1,118,786
Trade shows and conferences	1,794	576	23,710	33,054
Transfer agent and regulatory fees	2,340	2,591	20,344	20,719
Travel and related costs	-	31,670	-	41,109
LOSS BEFORE OTHER ITEMS	(369,311)	(625,538)	(1,058,409)	(1,774,852)
OTHER ITEMS				
Foreign exchange loss	-	(153)	(625)	(452)
Service income (note 5)	350,000	-	350,000	-
Interest income	2,859	4,379	10,823	148,728
Unrealized loss on held-for-trading securities (note 5)	(55,000)	-	(80,000)	-
NET AND COMPREHENSIVE LOSS FOR THE PERIOD	(71,452)	(621,312)	(778,211)	(1,626,576)
DEFICIT, beginning of period	(14,298,099)	(12,445,009)	(13,591,340)	(11,439,745)
DEFICIT, end of period	$ (14,369,551)	$ (13,066,321)	$ (14,369,551)	$ (13,066,321)
Basic and diluted loss per share	$ (0.00)	$ (0.03)	$ (0.04)	$ (0.08)
Weighted average number of common shares outstanding	19,929,777	19,754,616	19,965,696	19,426,791

See accompanying notes

GOLDSOURCE MINES INC.
STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)

	Three months Ended September 30, 2010	Three months Ended September 30, 2009	Nine months Ended September 30, 2010	Nine months Ended September 30, 2009
Cash provided by (used in):				
OPERATING ACTIVITIES				
Net loss for the period	$ (71,452)	$ (621,312)	$ (778,211)	$ (1,626,576)
Stock based compensation	218,436	395,450	525,741	1,118,786
Unrealized loss on held-for-trading securities	55,000	-	80,000	-
Service income	(350,000)	-	(350,000)	-
Changes in operating assets and liabilities				
Amounts receivable and prepaid expenses	169,478	181,164	282,852	25,071
Accounts payable and accrued liabilities	(26,097)	38,530	6,787	(128,560)
	(4,635)	(6,168)	(232,831)	(611,279)
FINANCING ACTIVITIES				
Stock options exercised	-	3,800	8,990	123,050
	-	3,800	8,990	123,050
INVESTING ACTIVITIES				
Short term investments	500,000	(5,000,000)	3,250,000	6,723,757
Refund of quarry permits	-	-	1,248,413	323,555
Purchase of equipment	(1,323)	(9,124)	(3,767)	(74,070)
Mineral properties	(443,549)	(1,727,592)	(4,394,186)	(8,591,439)
	55,128	(6,736,716)	100,460	(1,618,197)
Increase (decrease) in cash	50,493	(6,739,084)	(123,381)	(2,106,426)
Cash, beginning of period	181,877	7,389,672	355,751	2,757,014
Cash, end of period	$ 232,370	$ 650,588	$ 232,370	$ 650,588

Supplemental disclosure with respect to cash flows

	2010	2009
Included in mineral properties		
Stock based compensation	$ 49,431	$ 109,967
Recovery of advance on drilling contract	-	323,555
Accounts payable and accrued liabilities	142,020	427,671
Issuance of common shares pursuant to property agreement	194,250	101,250
Amortization of equipment	14,574	11,253

See accompanying notes

1. NATURE OF OPERATIONS

Goldsource Mines Inc. (the "Company") is subject to the jurisdiction of the Province of British Columbia pursuant to the British Columbia Business Corporations Act.

The Company is in the process of exploring its coal properties and has not yet identified a commercial resource. The recoverability of the carrying values of coal properties 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's interim financial statements have been prepared in accordance with Canadian GAAP using standards for interim financial statements and do not contain all of the information required for annual financial statements. The statements follow the same accounting policies and methods of application as our most recent annual financial statements. Accordingly, they should be read in conjunction with our most recent annual financial statements. Certain comparative figures have been reclassified to conform to the presentation adopted for the current period. All dollar amounts are disclosed in CAD currency unless otherwise stated.

These financial statements have been prepared on a going concern basis, which assumes the Company will realize its assets and discharge its liabilities in the normal course of business. The Company has incurred significant operating losses to date and its ability to continue as a going concern is dependent on its ability to attain profitable operations or continue to raise financing. The Company has approximately $1.4 million in working capital as of September 30, 2010, which management deems sufficient to meet the Company's current business objectives for the foreseeable future. However, there are no revenues from operations and no assurances that sufficient funding will be available to conduct further exploration and development of its projects or to fund exploration expenditures. If the Company's exploration and development programs are successful, additional funds will be required for development of one or more projects. Failure to obtain additional funding could result in the delay or indefinite postponement of further exploration and development or the possible loss of the Company's properties. It is intended that such funding will be obtained primarily from future equity issues. The Company's ability to raise the additional capital, and the cost of such capital, will depend upon market conditions from time to time. There can be no assurances that such funds will be available at reasonable cost or at all.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The adoption date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010 and the 2010 quarterly interim periods.

The detailed assessment is ongoing and to date the Company has identified presentation and disclosure, mineral property, plant and equipment, future income taxes, and share based payments as areas where the adoption of IFRS may have a material effect on the Company's financial reporting, processes and controls. The Company is also assessing the available elections under IFRS to determine the effect of each election to the Company.

3. 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 mineral properties. The Company considers as its 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.

3. MANAGEMENT OF CAPITAL (continued)

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 currently has sufficient capital resources to meet its planned operations and administrative overhead expenses through its current operating period. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activities. The Company believes it will be able to raise capital as required in the long term, but recognizes there will be risks involved that may be beyond its control.

4. 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, and interest rate 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 shareholder's equity as capital. The Company manages the capital structure and makes adjustment 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, 2010 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 quality financial institutions 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 its coal properties. 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 it contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, short term investments and amounts receivable. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and short term investments with high-credit quality financial institutions. Receivables are due primarily from a government agency.

d. Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash and cash equivalents. The Company's practice has been to invest cash at floating rates of interest, in cash equivalents, 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 cash as they are generally held with large financial institutions. As at September 30, 2010, 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.

Financial instruments carrying value and fair value

The Company's financial instruments as at September 30, 2010 consist of cash, short term investments, held-for-trading securities, amounts receivable and accounts payable and accrued liabilities. The fair value of cash, short term investments, amounts receivable and accounts payable and accrued liabilities approximate their carrying amounts due to their short terms to maturity. The fair value of the held-for-trading securities is based on exchange traded values. The held-for-trading securities are classified as level 1 within the fair value hierarchy.

5. HELD-FOR-TRADING SECURITIES

	September 30, 2010	December 31, 2009
Held-for-trading securities: Westcore Energy Ltd.	$ 330,000	$ 60,000

On June 28, 2010 the Company received 1 million shares of Westcore Energy Ltd ("Westcore") pursuant to the Success Criteria within the Westcore Agreement. The initial value attributed to these shares was $350,000 and recorded in the statement of operations, comprehensive loss and deficit for the period ended September 30, 2010.

In December, 2009 the Company received an initial 100,000 shares of Westcore as consideration for the Company applying its proprietary geophysical matrix to Westcore's Fugro airborne geophysical data and providing Westcore with specific drill sites on its Saskatchewan and Manitoba coal lands. The initial value attributed to these shares was $50,000.

Under Canadian GAAP held-for-trading securities are to be recorded at fair value (marked to market) at the balance sheet date and the resulting gains or losses are to be included in the results for the period. As at September 30, 2010, the Company has an unrealized marked to market loss of $80,000.

6. EQUIPMENT

	September 30, 2010			December 31, 2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Equipment and furniture	$ 10,923	$ 2,569	$ 8,354	$ 9,953	$ 995	$ 8,958
Field equipment	33,424	11,027	22,397	33,424	6,014	27,410
Computer hardware	5,098	1,818	3,280	2,300	767	1,533
Computer software	11,893	10,134	1,759	11,893	5,674	6,219
Vehicles	16,500	4,950	11,550	16,500	2,475	14,025
	$ 77,837	$ 30,499	$ 47,338	$ 74,070	$ 15,925	$ 58,145

During the nine month period ended September 30, 2010 amortization of $14,574 (2009 - $11,253) was capitalized to mineral property expenditures.

7. MINERAL PROPERTIES

By agreement ("MPI Agreement") dated April 12, 2006 and amended May 1 and May 15, 2008 and May 31, 2010 with Minera Pacific Inc., ("Minera") the Company acquired the exclusive rights to use certain information generated from Minera's proprietary UMSERT Methodology which will assist the Company in identifying areas in Saskatchewan and Manitoba that may be prospective for minerals. Minera and the Company have two common officers and directors.

In order to maintain the exclusive rights to use the Information, the Company agreed to pay staged cash payments over a period of two years to Minera totalling $160,000 (paid) and issue a total of 325,000 common shares of the Company (issued) over a period of four years and, by the end of the fifth year, pay an additional $500,000 or issue 250,000 common shares, whichever is the lesser, as determined by the Company in its sole discretion.

The Company has also agreed to pay to Minera $1,000,000 (Feasibility Payment) in the event that the Company completes an independent feasibility study on any property acquired by the Company as a result of the UMSERT Methodology. The Company has agreed to make non-refundable payments to Minera of $100,000 (Advanced Feasibility Payment) in each of the third ($100,000 paid), fourth and fifth years from the effective date of the Agreement as advances against the Feasibility Payment. The payment of $100,000 due on or before April 12, 2010 was made in September, 2010 to coincide with the amendment to the Advanced Feasibility Payment. Pursuant to the terms of Amending Agreement, No. 3, dated for reference May 31, 2010 the Company now has the option to make subsequent payments as to $25,000 in cash and $75,000 in common shares.

Minera is further entitled to receive a 2% gross overriding royalty ("GOR") on commercial production from any such property, and the Company is entitled at any time to purchase one-half of the GOR for $2,000,000.

The Agreement may be terminated by the Company at any time upon written notice to Minera, in which case Minera may elect to receive an assignment of any properties acquired by the Company as a result of the UMSERT Methodology.

7. MINERAL PROPERTIES (continued)

By amendments dated May 1 and May 15, 2008, the MPI Agreement was extended whereby MPI will use its ability, knowledge and technical methodology to assist the Company in locating properties in other areas in Saskatchewan and Manitoba which may be prospective for minerals. In consideration for this, the Company agreed to pay MPI $100,000 for each property area acquired by the Company, payable as to $25,000 within 30 days of the date of acquisition of the first property and a further $75,000 on the first anniversary of the initial payment on condition that the Company continues to hold at that time a property within such area. During 2009 the Company paid $50,000 towards the acquisition of two properties. No further payments are due as notice was given to MPI of the Company's intention to release the properties interests upon the expiry date of the permits.

(a) Border Property - Coal permits on 128,352 (2009 – 128,352) hectares located in Saskatchewan.

(b) Ballantyne Property - Coal permits on 184,496 (2009 – 184,496) hectares located in Saskatchewan.

(c) Manitoba Properties - 8 quarry coal permits on 44,664 (2009 – 44,664) hectares located in Manitoba.

September 30, 2010	Saskatchewan Border Property	Saskatchewan Ballantyne Property	Manitoba Properties	Total 2010
Balance, December 31, 2009	$ 12,393,493	$ 397,093	$ 2,216,297	$ 15,006,883
Additions:				
Acquisition and holding costs:				
Acquisition costs	219,250	-	-	219,250
Permit application (recovery) and holding costs	21,799	-	(1,229,142)	(1,207,343)
	241,049	-	(1,229,142)	(988,093)
Exploration expenditures:				
Air charter	25,852	-	-	25,852
Assays and laboratory	42,647	-	-	42,647
Camp rental	217,790	-	-	217,790
Drilling	623,106	98,222	159,363	880,691
Fuel	156,802	19,093	13,389	189,284
Geophysical services	322,405	-	28,960	351,365
Operations and general	283,166	102,094	50,856	436,116
Personnel and related costs	166,411	6,167	16,527	189,105
Roads and Pad construction	366,814	282,976	-	649,790
Site support	227,387	110,592	27,315	365,294
Stock based compensation	49,431	-	-	49,431
Technical consultants	603,798	10,398	-	614,196
Transport	8,414	-	-	8,414
	3,094,023	629,542	296,410	4,019,975
Subtotal 2010 additions	3,335,072	629,542	(932,732)	3,031,882
Balance, September 30, 2010	$ 15,728,565	$ 1,026,635	$ 1,283,565	$ 18,038,765

7. MINERAL PROPERTIES (continued)

2009	Saskatchewan Border Property	Ballantyne Property	Manitoba Properties	Total 2009
Balance, December 31, 2008	$ 3,795,566	$ 215,913	$ 1,411,677	$ 5,423,156
Additions:				
Acquisition and holding costs:				
Acquisition costs	201,250	25,000	25,000	251,250
Permit application (recovery) and holding costs	(4,881)	7,500	57,866	60,485
	196,369	32,500	82,866	311,735
Exploration expenditures:				
Air charter	574,357	-	-	574,357
Assays and laboratory	161,488	-	-	161,488
Camp rental	539,211	-	-	539,211
Drilling	2,641,633	-	222,495	2,864,128
Fuel	302,014	-	10,244	312,258
Geophysical services	553,997	131,000	368,544	1,053,541
Operations and general	772,945	-	45,596	818,541
Personnel and related costs	641,022	-	25,340	666,362
Roads and pad construction	553,024	-	-	553,024
Site support	1,155,167	-	13,675	1,168,842
Stock based compensation	149,125	-	-	149,125
Technical consultants	353,401	17,680	35,360	406,441
Transport	54,174	-	500	54,674
Westcore Agreement costs recovery	(50,000)	-	-	(50,000)
	8,401,558	148,680	721,754	9,271,992
Subtotal 2009 additions	8,597,927	181,180	804,620	9,583,727
Balance, December 31, 2009	$ 12,393,493	$ 397,093	$ 2,216,297	$ 15,006,883

8. RELATED PARTY TRANSACTIONS

The Company had the following transactions with related parties:

a) Paid $136,500 (2009 - $90,000) for management fees to two companies controlled officers and director of the Company.

b) Paid or accrued $30,000 (2009 - $Nil) for project management fees to an officer of the Company which are included in exploration expenditures.

c) Paid or accrued $67,705 (2009 - $67,421) for legal fees which were included in professional fees to a law firm of which an officer of the Company is a partner.

Included in accounts payable and accrued liabilities at September 30, 2010 is $3,034 (2009 - $9,664) due to a law firm of which an officer of the Company is a partner and $11,200 (2009 - Nil) due to a company owned by an officer of the Company.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. CAPITAL STOCK AND CONTRIBUTED SURPLUS

Authorized

Unlimited number of common shares without nominal or par value
Unlimited number of preference shares without nominal or par value (none outstanding)

Issued and fully paid - common shares

	Number of Shares		Capital Stock		Contributed Surplus
As at December 31, 2008	19,336,658	$	24,851,469	$	6,398,051
Issued pursuant to acquisiton of mineral properties	75,000		101,250		-
Issued pursuant to exercise of stock options	459,500		242,510		(84,900)
Stock based compensation	-		-		1,563,123
As at December 31, 2009	19,871,158		25,195,229		7,876,274
Issued pursuant to acquisiton of mineral properties	121,875		194,250		-
Issued pursuant to exercise of stock options	17,500		14,110		(5,120)
Stock based compensation	-		-		575,172
As at September 30, 2010	20,010,533	$	25,403,589	$	8,446,326

10. STOCK OPTIONS

Stock options

The Company has a fixed number stock option plan under which it is authorized to grant stock options to executive officers, directors, employees and consultants enabling them to acquire issued and outstanding common stock of the Company. There are a maximum of 3,850,000 common shares 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.

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, 2008	1,973,500	$	1.01
Issued	1,500,000	$	1.33
Exercised	(459,500)	$	0.34
Cancelled	(37,500)	$	0.38
As at December 31, 2009	2,976,500	$	1.08
Issued	725,000	$	0.84
Exercised	(17,500)	$	0.51
As at September 30, 2010	3,684,000	$	1.04
Exercisable at September 30, 2010	2,759,000	$	1.03

Number of Options		Exercise Price	Expiry Date
14,000	$	0.90	December 23, 2010
420,000	$	0.38	April 23, 2013
100,000	$	1.33	June 2, 2013
100,000	$	1.33	October 9, 2013
50,000	$	1.50	December 15, 2013
1,475,000	$	1.33	May 22, 2014
25,000	$	1.58	November 19, 2014
25,000	$	1.37	May 5, 2015
700,000	$	0.82	September 28, 2015
775,000	$	0.90	December 23, 2015
3,684,000			

The weighted average remaining contractual life of options outstanding at September 30, 2010 is 4.1 years.

11. COMMITMENT

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

		Office Lease
Year ending December 31, 2010	$	49,491
Year ending December 31, 2011		49,491
Year ending December 31, 2012		28,870
	$	127,852