



CONDENSED INTERIM FINANCIAL STATEMENTS OF
GOLDSOURCE MINES INC.
FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2011
(UNAUDITED)

Notice of no Auditor review of Financial Statements.

The accompanying unaudited condensed 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 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 INTERIM FINANCIAL REPORTING

The accompanying condensed 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 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 interim financial statements and related financial reporting matters prior to submitting the condensed 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 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 STATEMENTS OF FINANCIAL POSITION
(UNAUDITED PREPARED BY MANAGEMENT)
(Expressed in Canadian Dollars)

AS AT

	March 31, 2012	December 31, 2011
ASSETS		
Current Assets		
Cash	\$ 179,310	\$ 415,039
Short term investments	1,262,730	1,510,800
Amounts receivable	5,000	5,000
Taxes receivable	32,514	49,554
Prepaid expenses	9,055	16,531
Held-for-trading securities (note 6)	135,000	168,750
	<u>1,623,609</u>	<u>2,165,674</u>
Non-Current Assets		
Investment subject to significant influence (note 7)	750,000	750,000
Equipment (note 8)	24,776	28,243
Exploration and evaluation assets (note 9, 10)	18,472,353	18,417,803
	<u>18,472,353</u>	<u>18,417,803</u>
TOTAL ASSETS	\$ 20,870,738	\$ 21,361,720
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (note 10)	\$ 202,090	\$ 490,604
Flow through share premium (note 12)	-	60,095
Shareholders' Equity		
Capital stock (note 12)	29,863,065	29,863,065
Reserves (note 12)	7,849,431	7,825,863
Deficit	(17,043,848)	(16,877,907)
	<u>20,668,648</u>	<u>20,811,021</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 20,870,738	\$ 21,361,720

Nature of operations (note 1)

Subsequent event (note 13)

Approved by the Board and authorized for issue on May 16, 2012.

"J. Scott Drever"

Director

"Graham C. Thody"

Director

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

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

For the three months ended March 31,	2012	2011
GENERAL AND ADMINISTRATIVE EXPENSES		
Insurance	\$ 7,475	\$ 12,611
Investor relations	1,181	6,059
Office and miscellaneous	14,865	11,815
Professional fees (note 10)	52,227	40,428
Regulatory and transfer agent fees	14,767	7,527
Remuneration (note 10)	73,813	73,172
Rent and communications	4,115	7,914
Shareholder communications	3,814	13,056
Trade shows and conferences	1,500	16,630
LOSS BEFORE OTHER ITEMS	173,757	189,212
OTHER ITEMS		
Interest income	4,213	715
Other income (note 12)	60,095	-
Share-based compensation (note 12)	(22,742)	(127,549)
Unrealized (loss) gain on held-for-trading securities (note 6)	(33,750)	198,000
	7,816	71,166
NET COMPREHENSIVE LOSS FOR THE PERIOD	\$ (165,941)	\$ (118,046)
Basic and diluted comprehensive loss per common share	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	27,033,729	20,010,533

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

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

For the three months ended March 31,	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (165,941)	(118,046)
Items not affecting cash:		
Share-based compensation	22,742	127,549
Interest income	(4,213)	(715)
Other income	(60,095)	-
Unrealized loss (gain) on held-for-trading securities	33,750	(198,000)
Cash flows before changes in working capital items	(173,757)	(189,212)
Amounts receivable	-	69
Taxes receivable	17,040	(37,963)
Prepaid expenses	7,476	5,611
Accounts payable and accrued liabilities	(41,096)	127,791
Net cash used in operating activities	(190,337)	(93,704)
CASH FLOW FROM INVESTING ACTIVITIES		
Short term investments	250,000	150,000
Interest received	2,284	715
Exploration and evaluation	(297,676)	(116,040)
Net cash (used in) provided by investing activities	(45,392)	34,675
Change in cash, during period	(235,729)	(59,029)
CASH, beginning of period	415,039	132,634
CASH, end of period	\$ 179,310	\$ 73,605

Supplemental disclosure with respect to cash flows (note 11)

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

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

	Capital Stock		Reserves Share- Based Payments	Deficit	Total
	Number	Amount			
Balance at January 1, 2011	20,010,533	\$ 26,434,334	\$ 7,506,838	\$ (15,856,972)	\$ 18,084,200
Stock options forfeited	-	-	(14,750)	14,750	-
Share-based compensation	-	-	132,129	-	132,129
Loss for the period	-	-	-	(118,046)	(118,046)
Balance at March 31, 2011	20,010,533	26,434,334	7,624,217	(15,960,268)	18,098,283
Issuance pursuant to property agreement	358,696	237,500	-	-	237,500
Issuance of capital stock	6,664,500	3,708,400	-	-	3,708,400
Share issuance costs	-	(402,561)	-	-	(402,561)
Fair value of agent warrants	-	(54,513)	54,513	-	-
Flow through share premium	-	(60,095)	-	-	(60,095)
Share-based compensation	-	-	147,133	-	147,133
Loss for the period	-	-	-	(917,639)	(917,639)
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	-	-	-	(165,941)	(165,941)
Balance at March 31, 2012	27,033,729	\$ 29,863,065	\$ 7,849,431	\$ (17,043,848)	\$ 20,668,648

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

1. NATURE 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 the exploration and development of Canada's newest coal field in the province of Saskatchewan. Its mineral interests presently consist of coal exploration properties located in Saskatchewan and Manitoba in Canada, referred to as the "Border Coal Project". The Company is in the process of exploring its Border Coal Project, has not yet identified a commercial resource and has accumulated losses as at March 31, 2012 of \$17,034,848.

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 Assessment (PA) 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.

These condensed interim financial statements do not reflect the adjustments to the carrying value of assets and liabilities, or the impact on the condensed interim statement of operations and comprehensive loss and condensed interim financial position classifications that would be necessary were the going concern assumption not appropriate.

These condensed interim financial statements were authorized for issue by the board of directors of the Company on May 16, 2012.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed 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 interim financial statements should be read in conjunction with Goldsource's most recently issued financial statements for the year ended December 31, 2011, which includes 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 interim financial statements.

Basis of Preparation

These condensed interim financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

3. NEW STANDARDS NOT YET ADOPTED

The International Accounting Standards Board ("IASB") issued the following pronouncements that are effective for years beginning January 1, 2013, or later and may affect the Company's future financial statements.

- IFRS 9, Financial Instruments
- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of Interests in Other Entities

3. NEW STANDARDS NOT YET ADOPTED (continued)

- IFRS 13, Fair Value Measurement
- IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine

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.

4. 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 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.

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 year. 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.

5. 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 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 March 31, 2012, 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. 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.

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5. FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT (continued)

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, 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 a high-credit quality financial institution. Receivables are due primarily from the government.

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 March 31, 2012, 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 year.

e. Market Risk

The Company's exposure to market risk arises from their held-for-trading securities in 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, amounts receivable and accounts payable and accrued liabilities. The carrying value of amounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short periods until settlement.

As at March 31, 2012, the Company's classification of financial instruments within the fair value hierarchy is summarized as follows:

	Level 1		Level 2		Level 3		Total
Cash	\$	179,310	\$	-	\$	-	\$ 179,310
Short term investments	\$	1,262,730	\$	-	\$	-	\$ 1,262,730
Held-for-trading securities	\$	135,000	\$	-	\$	-	\$ 135,000

6. HELD-FOR-TRADING SECURITIES

	2012		2011	
Opening balance	\$	168,750	\$	473,000
Changes in marked-to-market value		(33,750)		(23,500)
Disposals		-		(280,750)
Closing balance		135,000		168,750

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 three months ended March 31, 2012, the Company's 675,000 (2011 – 1.1 million) Westcore common shares had an unrealized marked-to-market loss (gain) of \$33,750 (2011 – (\$198,000)).

7. INVESTMENT SUBJECT TO SIGNIFICANT INFLUENCE

	2012		2011	
Joint Venture with Westcore Energy Ltd.	\$	750,000	\$	750,000

By agreement dated December 10, 2009 with Westcore the Company agreed to apply its proprietary geophysical matrix to Westcore's Fugro airborne geophysical data and to provide Westcore with specific drill sites on its Saskatchewan and Manitoba coal lands. As partial consideration, the Company was issued in fiscal 2009 an initial 100,000 Westcore common shares with a value of \$50,000.

Westcore was successful in drilling at least one intercept consisting of not less than 10 meters of coal on each of two drill targets identified by the Company effective March 2010 and the following additional conditions applied:

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7. INVESTMENT SUBJECT TO SIGNIFICANT INFLUENCE (continued)

- (a) Westcore issued an additional 1 million common shares with a value of \$710,000 to the Company.
- (b) The Company earned a 25% working interest in all of Westcore's existing coal lands in Saskatchewan and Manitoba. The initial value attributed to this interest was \$750,000 and recorded this value as service income in fiscal 2010.
- (c) Westcore and the Company entered into a 75% / 25% joint venture agreement dated December 17, 2010 with terms and conditions standard to mining industry joint ventures. As part of the joint venture agreement Westcore is required to expend an additional \$3 million on the aforementioned lands before the Company will be required to contribute its 25% share of expenditures. The Company has contributed its 100% interest in its 10 sections of coal permits that are within the Hudson Bay North Block located adjacent to the Company's Border Property in Saskatchewan. A management committee established in August 2011 comprises two representatives from Westcore and two from the Company, with voting determined by the participating interest held by each party. There is a 15% royalty for coal mined with the Government of Saskatchewan; and
- (d) In the event that Westcore acquires interests from time to time in any additional prospective coal properties in Saskatchewan or Manitoba, the Company shall have the option to acquire a 25% joint venture participating interest therein by paying a pro rata portion of the acquisition costs.

8. EQUIPMENT

	Equipment	Office Equipment	Vehicles	Computers	Total
Cost					
Balance at January 1, 2011, December 31, 2011 and March 31, 2012	\$ 33,424	\$ 10,924	\$ 16,500	\$ 16,990	\$ 77,838
Accumulated depreciation					
Balance at January 1, 2011	\$ 12,699	\$ 3,115	\$ 5,775	\$ 13,864	\$ 35,453
Depreciation for the year	6,685	2,185	3,300	1,972	14,142
Balance at December 31, 2011	19,385	5,300	9,075	15,836	49,595
Depreciation for the period	1,671	546	825	425	3,467
Balance at March 31, 2012	\$ 21,056	\$ 5,846	\$ 9,900	\$ 16,261	\$ 53,062
Carrying amounts					
At December 31, 2011	\$ 14,039	\$ 5,624	\$ 7,425	\$ 1,154	\$ 28,243
At March 31, 2012	\$ 12,368	\$ 5,078	\$ 6,600	\$ 729	\$ 24,776

During the period ended March 31, 2012, depreciation of \$3,467 (2011 - \$3,740) was capitalized to exploration and evaluation assets.

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(Expressed in Canadian Dollars)
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9. MINERAL PROPERTIES – EXPLORATION AND EVALUATION ASSETS

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 (issued), 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 (\$25,000 paid, \$75,000 in common shares issued) and fifth years (\$25,000 paid, \$75,000 in common shares issued) from the effective date of the MPI Agreement as advances against the Feasibility Payment.

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 MPI 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.

Border Property

As at March 31, 2012, the Company holds 81 coal mineral licenses comprising 56,109 hectares (see subsequent event note 13).

2012	Saskatchewan Border Property
Balance, January 1, 2012	\$ 18,417,803
Exploration expenditures:	
Fuel	8,156
Share-based compensation	826
Technical services and consulting	45,568
	<u>54,550</u>
Balance, March 31, 2012	\$ 18,472,353
2011	Saskatchewan Border Property
Balance, January 1, 2011	\$ 16,058,621
Additions:	
Acquisition and holding costs:	
Acquisition costs	262,500
Permit application and holding costs	316,511
	<u>579,011</u>
Exploration expenditures:	
Air Charter	506,928
Assays and Laboratory	17,858
Drilling	316,967
Fuel	42,705
Operations and general	142,517
Road and pad construction	347,095
Site support	24,905
Share-based compensation	9,709
Technical services and consulting	371,487
	<u>1,780,171</u>
Balance, December 31, 2011	\$ 18,417,803

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10. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

Legal Fees

Paid or accrued \$35,123 (2011 - \$11,913) for legal fees which were included in professional fees to a law firm of which an officer of the Company is a partner.

Key Management Compensation

	2012	2011
Salaries and short-term benefits		
Remuneration on the statement of operations	\$ 52,500	\$ 52,500
Capitalized to the Border Property	30,000	30,000
	82,500	82,500
Share-based payments	21,087	116,891
	\$ 103,587	\$ 199,391

Other Transactions

The Company shares rent, salaries and administrative services with a company related by common directors and officers. The Company incurred \$28,731 (2011 - \$51,572) for their share of rent, salaries and administrative expenses.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Supplemental disclosure of significant non-cash transactions is provided in the table:

	2012	2011
Non-cash investing and financing activities		
Capitalized to exploration and evaluation assets		
Accounts payable and accrued liabilities	\$ 83,128	\$ 329,513

12. 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 March 31, 2012, the Company had 27,033,729 common shares outstanding and no preferred shares outstanding.

Issued Shares

In May, 2011, the Company completed two offerings to raise gross proceeds of \$3,708,400. The Company completed a short form offering of 3,636,000 units ("Units") at \$0.55 per Unit for gross proceeds of \$1,999,800. The Company completed a private placement of 2,170,000 units ("PP Units") at \$0.55 per PP Unit and issued 858,500 flow-through common shares ("Flow-Through Shares") at \$0.60 per share, for gross proceeds of \$1,708,600. During fiscal 2011, the Company spent the required qualifying expenditures eliminating the flow-through liability of \$60,095 which has now been recorded as other income on the statement of operations and comprehensive loss.

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.

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12. CAPITAL STOCK AND RESERVES (continued)

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, 2010	3,607,500	\$1.03
Forfeited	(12,500)	\$1.37
As at December 31, 2011 and March 31, 2012	3,595,000	\$1.03

Exercise Price	Expiry Date	Options Outstanding			Options Exercisable		
		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	
\$ 0.38	April 23, 2013	420,000	1.06	\$ 0.38	420,000	\$ 0.38	
\$ 1.33	June 2, 2013	100,000	1.17	\$ 1.33	100,000	\$ 1.33	
\$ 1.33	October 9, 2013	100,000	1.53	\$ 1.33	100,000	\$ 1.33	
\$ 1.50	December 15, 2013	50,000	1.71	\$ 1.50	50,000	\$ 1.50	
\$ 1.33	May 22, 2014	1,425,000	2.14	\$ 1.33	1,425,000	\$ 1.33	
\$ 1.58	November 19, 2014	25,000	2.64	\$ 1.58	25,000	\$ 1.58	
\$ 0.82	September 28, 2015	700,000	3.50	\$ 0.82	700,000	\$ 0.82	
\$ 0.90	December 23, 2015	775,000	3.73	\$ 0.90	775,000	\$ 0.90	
		3,595,000	2.58	\$ 1.03	3,595,000	\$ 1.03	

Share-based compensation

There were no incentive stock options granted during the three month period ended March 31, 2012 (2011 – Nil).

The total share-based compensation recognized during the three month period ended March 31, 2012 under the fair value method was \$23,568 (2011 - \$132,129). The Company expensed \$22,742 (2011 - \$127,549) and capitalized \$826 (2011 - \$4,580) as mineral property expenditures.

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 March 31, 2012	3,336,192	\$0.70	19-May-13

13. SUBSEQUENT EVENT

In May, 2012, the Company renewed 53 of 81 coal mineral leases granted by the Saskatchewan Ministry of Energy and Resources. The Company paid \$195,958 in annual rentals for the period June 9, 2012 to June 8, 2013 for the 53 coal mineral leases comprising 35,629 hectares.