CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013

(UNAUDITED)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORTING

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

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

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

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

GOLDSOURCE MINES INC.

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

AS AT

		March 31, 2014		December 31, 2013
ASSETS				
Current Assets				
Cash	$	2,012,360	$	212,620
Short term investments		-		125,942
Taxes receivable		32,671		6,516
Prepaid expenses		7,169		12,538
Held-for-trading securities (note 6)		56,250		27,000
Total Current Assets		2,108,450		384,616
Non-Current Assets				
Deposit (note 8)		218,542		-
Advance receivable		-		50,000
Deferred transaction costs		-		150,865
Equipment (note 7)		69,378		2,748
Exploration and evaluation assets (note 8)		5,771,121		-
Total Non-Current Assets		6,059,041		203,613
TOTAL ASSETS	$	8,167,491	$	588,229
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities (note 9)	$	535,271	$	95,969
Total Current Liabilities		535,271		95,969
Shareholders' Equity				
Capital stock (note 10)		36,631,510		30,146,779
Reserves (note 10)		5,509,342		4,645,049
Deficit		(34,508,632)		(34,299,568)
Total Shareholders' Equity		7,632,220		492,260
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	8,167,491	$	588,229

Nature and continuance of operations (note 1)
Commitment (note 12)
Subsequent events (note 13)

Approved by the Board and authorized for issue on May 27, 2014.

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

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

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

For the three months ended March 31,		2014		2013
General and administrative expenses				
Depreciation	$	2,040	$	-
Foreign exchange loss		9,765		-
General exploration		2,728		1,939
Insurance		5,866		5,771
Office and miscellaneous		7,747		3,563
Professional fees (note 9)		39,304		24,059
Regulatory and transfer agent fees		26,361		6,322
Remuneration (note 9)		74,375		55,064
Rent and communications		6,702		7,244
Shareholder communications		6,134		1,985
Travel and related costs		2,046		-
Loss before other (income) expenses		183,068		105,947
Interest income		(859)		(1,807)
Share-based compensation (note 10)		11,105		-
Unrealized loss on held-for-trading securities		15,750		7,425
		25,996		5,618
Net loss and comprehensive loss for the period	$	(209,064)	$	(111,565)
Basic and diluted comprehensive loss per common share	$	(0.00)	$	(0.00)
Weighted average number of common shares outstanding		45,199,429		27,033,729

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

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

For the three months ended March 31,		**2014**		**2013**
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	$	(209,064)	$	(111,565)
Items not affecting cash:				
Share-based compensation		11,105		-
Unrealized loss on held-for-trading securities		15,750		7,425
Depreciation		2,040		3,042
Interest income		(859)		(1,807)
Foreign exchange loss		1,732		-
Cash flows before changes in working capital items		**(179,296)**		**(102,905)**
Taxes receivable		(26,155)		(4,448)
Prepaid expenses		15,832		4,251
Accounts payable and accrued liabilities		(354,740)		16,053
Net cash used in operating activities		**(544,359)**		**(87,049)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital stock issued		2,400,000		-
Capital stock issuance costs		(49,961)		-
Net cash provided by financing activities		**2,350,039**		**-**
CASH FLOWS FROM INVESTING ACTIVITIES				
Short term investments redemption		125,000		100,000
Transaction costs - Eagle Mountain		(144,823)		-
Cash acquired - Eagle Mountain		36,711		-
Exploration and evaluation		(24,629)		-
Interest received		1,801		779
Net cash used in investing activities		**(5,940)**		**100,779**
Change in cash, during period		1,799,740		13,730
Cash, beginning of period		212,620		30,795
Cash, end of period	$	**2,012,360**	$	**44,525**

The significant non-cash financing and investing transactions during the period are as follows:

Capitalized to exploration and evaluation assets				
Accounts payable and accrued liabilities	$	22,374	$	229
Common shares issued to acquire Eagle Mountain net assets (note 5)	$	4,119,317	$	-
Options and warrants issued in exchange for Eagle Mountain options and warrants (note 5)	$	853,188	$	-

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

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

	Share Capital				
	Number	**Amount**	**Reserves**	**Deficit**	**Total**
Balance at December 31, 2012	27,033,729	$ 29,863,065	$ 7,849,431	$ (33,086,052)	$ 4,626,444
Loss for the period	-	-	-	(111,566)	(111,566)
Balance at March 31, 2013	27,033,729	29,863,065	7,849,431	(33,197,618)	4,514,878
Stock options and warrants expired	-	54,513	(3,283,513)	3,229,000	-
Share-based compensation	-	-	79,131	-	79,131
Capital stock issuance costs	-	(27,599)	-	-	(27,599)
Private placement	2,140,000	256,800	-	-	256,800
Loss for the period	-	-	-	(4,330,950)	(4,330,950)
Balance at December 31, 2013	29,173,729	30,146,779	4,645,049	(34,299,568)	492,260
Share-based compensation	-	-	11,105	-	11,105
Capital stock issuance costs	-	(34,586)	-	-	(34,586)
Private placement (note 10)	17,142,858	2,400,000	-	-	2,400,000
Capital stock issued to Eagle Mountain (note 5)	29,423,691	4,119,317	853,188	-	4,972,505
Loss for the period	-	-	-	(209,064)	(209,064)
Balance at March 31, 2014	75,740,278	$ 36,631,510	$ 5,509,342	$ (34,508,632)	$ 7,632,220

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

1. NATURE AND CONTINUNACE OF OPERATIONS

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

The Company is a Canadian resource company engaged in exploration and development. Goldsource is working to advance its 100%-owned Eagle Mountain gold project in Guyana. Goldsource's other mineral interests presently consist of coal exploration properties located in Saskatchewan, referred to as the "Border Coal Project".

The Company currently has no operations from which to derive revenues, has incurred net losses of $209,064 for the three month period ended March 31, 2014 (March 31, 2013 - $111,565), and has an accumulated deficit of $34.5 million as at March 31, 2014 (December 31, 2013 - $34.3 million). These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise debt or equity financings, and the attainment of profitable operations. The Company will need to raise the necessary capital to meet its planned business objectives. During the three month period ended March 31, 2014, Goldsource completed an equity financing (note 10) 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 condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities, or the impact on the statement of operations that might be necessary should the Company be unable to continue as a going concern, and such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements should be read in conjunction with Goldsource's consolidated financial statements for the year ended December 31, 2013, which include information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies, use of judgments and estimates were presented in Note 2 of these consolidated financial statements, and have been consistently applied in the preparation of these condensed consolidated interim financial statements, except for those policies which have changed as a result of the adoption of new and amended IFRS pronouncements effective January 1, 2014 (see Note 3).

Basis of Preparation

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value, and were authorized for issue by the board of directors of the Company on May 27, 2014.

These condensed consolidated interim financial statements include the accounts of Goldsource and its wholly-owned subsidiaries Eagle Mountain Gold Corp. (incorporated under the laws of Canada), Stronghold Guyana Inc. (incorporated under the laws of Guyana), and Tinto Roca Exploracion S.A. de C.V. (incorporated under the laws of Mexico). All intercompany balances, transactions, income and expenses, profits or losses have been eliminated on consolidation.

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

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

Company	Ownership%	Place of Incorporation	Principal Activity
Eagle Mountain Gold Corp.	100%	Canada	Holding Company
Stronghold Guyana Inc.	100%	Guyana	Exploration and Evaluation
Tinto Roca Exploracion S.A. de C.V.	100%	Mexico	Exploration and Evaluation

3. CHANGES IN ACCOUNTING POLICIES

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

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. IFRS 8 was early adopted effective January 1, 2014 and had no significant impact on the Company's condensed consolidated interim financial statements.

IAS 32 – Financial Instruments: Presentation ("IAS 32")

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

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

IAS 32 was adopted effective January 1, 2014 and had no significant impact on the Company's condensed consolidated interim financial statements.

IAS 36 – Impairment of Assets ("IAS 36")
The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or Cash Generating Unit ("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's or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal. IAS 36 was adopted effective January 1, 2014 and had no significant impact on the Company's condensed consolidated interim financial statements.

IFRIC 21 – Levies ("IFRIC 21")
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. The adoption of IFRIC 21 had no significant impact on the Company's condensed consolidated interim financial statements.

4. NEW STANDARDS NOT YET ADOPTED

IFRS 9 – Financial Instruments ("IFRS 9")

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. The amended standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption still permitted.

The Company has not yet completed the process of assessing the impact that IFRS 9 will have on its condensed consolidated interim financial statements, or whether to early adopt this new requirement.

(Expressed in Canadian Dollars)

5. PURCHASE OF MINERAL PROPERTIES

Eagle Mountain Gold Project

On February 28, 2014, Goldsource and Eagle Mountain Gold Corp. ("Eagle Mountain") completed their combination as jointly announced on November 26, 2013. As a result, the shareholders of Eagle Mountain became shareholders of Goldsource and a corporation into which Eagle Mountain was amalgamated became a wholly owned subsidiary of Goldsource. Pursuant to the 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.

The Company's combination with Eagle Mountain is being accounted for as an acquisition of net assets of Eagle Mountain. Total consideration for the acquisition and the allocation of the consideration to the assets and liabilities acquired are as follows:

Consideration		
Value of 29,173,691 common shares issued :	$	4,084,317
Finder's fee:		35,000
Fair value of options and warrants:		853,188
Transaction costs :		331,065
Total consideration value:	$	**5,303,569**
Net assets acquired		
Cash	$	36,711
Prepaids		10,463
Marketable securities		45,000
Deposit		220,273
Equipment		70,707
Exploration and evaluation assets		5,722,081
Accounts payable and accrued liabilities		(801,666)
Net assets acquired	$	**5,303,569**

As part of the transaction, all outstanding Eagle Mountain share purchase options and warrants were exchanged at the combination 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. The options and warrants issued by Goldsource were on the same terms and conditions as those exchanged by the Eagle Mountain holders. As a result of these exchanges, Goldsource recorded the fair value of the options ($60,836) and fair value of the warrants ($792,352) as a cost of the purchase.

The fair value of the new Goldsource options and warrants were determined at February 28, 2014, using a Black-Scholes model with the following weighted average assumption:

	Options	Warrants
Risk-free interest rate	1.29%	1.19%
Expected dividend yield	0%	0%
Expected stock price volatility	80.49%	82.07%
Forfiture rate	1%	0%
Expected lives	3.47 years	2.69 years

6. HELD-FOR-TRADING SECURITIES

		March 31, 2014		December 31, 2013
Opening balance	$	27,000	$	74,250
Value attributed to shares acquired (1)		45,000		-
Changes in marked-to-market value		(15,750)		(47,250)
Closing balance	$	56,250	$	27,000

1) As part of the combination between Goldsource and Eagle Mountain (note 5), Goldsource acquired 300,000 common shares of Para Resources Inc. (formerly Kensington Court Ventures Inc.) an exploration staged company listed on the TSX Venture Exchange.

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 month period ended March 31, 2014, the Company's 675,000 Westcore and 300,000 Para Resources Inc. common shares had an unrealized marked-to-market loss of $15,750 (2013 – $47,250).

(Expressed in Canadian Dollars)

7. PROPERTY, PLANT AND EQUIPMENT

	Equipment	Office Equipment	Vehicles	Total
Cost				
Balance at December, 31, 2012, 2013	$ 33,424	$ 10,924	$ 16,500	$ 60,848
Assets acquired (1)	16,763	-	53,944	70,707
Balance at March 31, 2014	50,187	10,924	70,444	131,555
Accumulated depreciation				
Balance at December 31, 2012	26,069	7,485	12,375	45,929
Depreciation for the year	6,685	2,185	3,301	12,171
Balance at December 31, 2013	32,754	9,670	15,676	58,100
Depreciation for the period (2)	1,130	546	2,401	4,077
Balance at March 31, 2014	33,884	10,216	18,077	62,177
Carrying amounts				
At December 31, 2013	$ 670	$ 1,254	$ 824	$ 2,748
At March 31, 2014	$ 16,303	$ 708	$ 52,367	$ 69,378

1) Assets acquired as part of the combination between Goldsource and Eagle Mountain (note 5).
2) During the three month period ended March 31, 2014, depreciation of $2,037 (2013 - $Nil) was capitalized to exploration and evaluation assets.

8. MINERAL PROPERTIES – EXPLORATION AND EVALUATION ASSETS

	Guyana Eagle Mountain Gold Project	Saskatchewan Border Project
Balance, December 31, 2012	$ -	$ 3,800,000
Impairment charge	-	(3,800,000)
Balance, December 31, 2013	$ -	$ -
Acquisition costs	5,722,081	
Exploration expenditures:		
Operations and general	888	-
Salaries	46,115	-
Amortization	2,037	-
Balance, March 31, 2014	$ 5,771,121	$ -

Eagle Mountain Gold Project - Guyana

In connection with the acquisition of Eagle Mountain, the Company acquired a 100% interest in the Eagle Mountain gold project located in Guyana. On March 6, 2014, the Company executed an Amendment Agreement with Omai Gold Mines Ltd. ("OGML"), a subsidiary of IAMGOLD Corporation with respect to the Eagle Mountain Gold Project (the "Project") in Guyana. The summary of amending terms includes:

I. Goldsource will issue to OGML 3,389,279 common shares **(Issued, note 13)**.

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 Project, or

(Expressed in Canadian Dollars)

8. MINERAL PROPERTIES – EXPLORATION AND EVALUATION ASSETS (continued)

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.

The Company pledged a US$194,000 reclamation site deposit to the Guyana Geology and Mines Commission for exploration permits on the Eagle Mountain property. The deposit is secured by a non-interest-bearing bond.

Border Coal Project - Saskatchewan

As at March 31, 2014, the Company holds 34 coal mineral licenses comprising 16,074 hectares. The Company is holding the Border Coal Project 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. During fiscal 2013, the Company recorded an impairment charge of $3,800,000 with respect to the project, bringing the book value of the asset to zero, as the Company is currently pursuing opportunities in commodities other than coal.

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 Coal Project and entitled to a 2% gross overriding royalty on commercial production.

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

Legal Fees

Paid or accrued $5,219 (2013 - $35,123) for legal fees which were included in professional fees, $26,618 (2012 - $Nil) for share issuance costs and $92,580 (2013 - $Nil) for transaction costs to a law firm of which an officer of the Company is a partner, of which $46,371 was payable at March 31, 2014. The Company recognized $317 (2013 - $Nil) in share-based payments to this partner.

Key Management Compensation

	2014	2013
Salaries and short-term benefits [1]		
Remuneration on the statement of operations	$ 53,750	$ 41,250
	53,750	41,250
Share-based payments	10,153	-
	$ 63,903	$ 41,250

[1] Total remuneration paid to the President, Chief Executive Officer, 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 accrued $36,982 (2013 - $23,002) for its share of rent, salaries, and administrative expenses which was payable at March 31, 2014.

(Expressed in Canadian Dollars)

10. CAPITAL STOCK AND RESERVES

Authorized Shares

The Company's authorized capital stock consists of an unlimited number of common shares and an unlimited number of preferred shares without nominal or par value.

On February 28, 2014, Goldsource completed a private placement 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 three years until February 28, 2017. No commission or finder's fee was payable on the private placement.

On March 5, 2014, Goldsource issued 250,000 shares at $0.14 per share as a finder's fee in respect of the completed combination between Goldsource and Eagle Mountain (note 5).

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.

Stock Options

In April 2014 (note 13), the Company adopted of a new "rolling 10%" Stock Option Plan (the "New Plan"), which was approved by the Board of Directors. The New Plan replaces and supersedes the Company's previous fixed number stock option plan that was originally adopted in May 2009. The stock option plan authorizes the grant of stock options to executive officers and directors, employees and consultants enabling them to acquire issued and outstanding common stock of the Company. The exercise price of any option will be the market price of the Company's stock as at 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 and exercisable are summarized as follows:

	Number of Options	Weighted Average Exercise Price
As at 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
Issued [(1)]	1,340,182	$1.20
Expired	(242,711)	$3.59
As at March 31, 2014	2,347,471	$0.56

[(1)] As part of the combination between Goldsource and Eagle Mountain (note 5), all outstanding Eagle Mountain share purchase options were exchanged at the combination exchange ratio of 0.52763 resulting in 1,340,182 new Goldsource options exercisable for common shares of Goldsource at exercise prices ranging from $0.19 to $3.79 per share. The options issued by Goldsource were on the same terms and conditions as those exchanged by the Eagle Mountain holders.

		Options Outstanding			Options Ex
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
$ 3.79	April 7, 2014 *	31,658	0.02	$ 3.79	31,658
$ 1.33	May 22, 2014 *	250,000	0.14	$ 1.33	250,000
$ 3.03	July 28, 2014	21,105	0.33	$ 3.03	21,105
$ 2.80	November 24, 2014	52,763	0.65	$ 2.80	52,763
$ 3.79	April 6, 2015	42,210	1.02	$ 3.79	42,210
$ 0.82	September 28, 2015	125,000	1.50	$ 0.82	125,000
$ 0.19	February 18, 2017	395,723	2.89	$ 0.19	98,930
$ 0.47	September 20, 2017	158,289	3.48	$ 0.47	158,289
$ 0.16	June 11, 2018	875,000	4.20	$ 0.16	437,500
$ 0.23	February 18, 2019	395,723	4.89	$ 0.23	395,723
		2,347,471	3.24	$ 0.56	1,613,178

* *Expired unexercised subsequent to March 31, 2014.*

(Expressed in Canadian Dollars)

10. CAPITAL STOCK AND RESERVES (continued)

Share-based compensation

Total share-based compensation recognized for options vested during the three month period ended March 31, 2014 under the fair value method was $11,105 (2013 - $Nil).

Warrants

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

	Number of Warrants	Weighted Average Exercise Price
As at December 31, 2012	3,336,192	$0.70
Issued	1,070,000	$0.20
Expired	(3,336,192)	$0.70
As at December 31, 2013	1,070,000	$0.20
Issued [1] [2]	25,552,430	$0.25
As at March 31, 2014	26,622,430	$0.25

[1] As part of the combination between Goldsource and Eagle Mountain (note 5), all outstanding Eagle Mountain share purchase warrants were exchanged at the combination exchange ratio of 0.52763 resulting in 16,981,001 new Goldsource warrants exercisable for common shares of Goldsource at exercise prices ranging from $0.19 to $0.36 per share. The warrants issued by Goldsource were on the same terms and conditions as those exchanged by the Eagle Mountain holders.

[2] 8,571,429 warrants issued in connection with the private placement are subject to acceleration terms. The Company has the right to accelerate the expiry date of the warrants if the Volume Weighted Average Price of the common shares of Goldsource of 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.

Number of Warrants outstanding	Exercise Price	Expiry Date
6,505,298	$0.19	August 14, 2015
1,070,000	$0.20	December 16, 2015
1,078,608	$0.21	December 20, 2015
8,571,429	$0.20	February 28, 2017
1,261,427	$0.34	September 10, 2017
6,130,673	$0.34	October 15, 2017
2,004,995	$0.36	November 27, 2017
26,622,430		

11. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

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

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

(Expressed in Canadian Dollars)

12. 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
Commitment to March 31, 2015		29,789
Commitment to March 31, 2016		9,930
	$	39,719

13. SUBSEQUENT EVENTS

- In April 2014, the Company adopted of a new “rolling 10%” Stock Option Plan (the “New Plan”), which was approved by the Board of Directors. The New Plan replaces and supersedes the Company’s previous fixed number stock option plan that was originally adopted in May 2009. The New Plan must be approved by the shareholders and re-approved on an annual basis by the shareholders at each annual general meeting of the Company as required by the policies of the TSX Venture Exchange. The next annual general meeting of shareholders of the Company will be held on June 11, 2014.

  The Company also granted stock options to directors, officers, employees and consultants to purchase an aggregate of 2,075,000 common shares of the Company at an exercise price of $0.24 per share for a five year term expiring April 10, 2019. The options will be subject to an 18-month vesting schedule pursuant to which 25% shall vest immediately as of the date of grant and a further 25% shall vest every 6 months thereafter until fully vested.

  Of the stock options granted, options to purchase a total of 1,050,000 common shares were granted under the New Plan and are subject to the Company receiving the necessary shareholder and regulatory approvals of the New Plan and the option grants. If such approvals are not obtained, the options granted under the New Plan will terminate.

- On April 23, 2014, Goldsource issued to OGML 3,389,279 common shares in consideration of OGML agreeing to the terms of the Amending Agreement (note 8). The common shares are subject to a hold period of four months and one day from the date of issuance.