



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND NOTES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

(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.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

GOLDSOURCE MINES INC.

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

AS AT

	September 30, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,307,780	\$ 7,245,824
Taxes receivable	8,619	10,266
Prepaid expenses	58,450	105,755
Held-for-trading securities (note 4)	54,375	28,500
Total Current Assets	2,429,224	7,390,345
Non-Current Assets		
Deposit (note 6)	206,825	206,825
Exploration and evaluation assets (note 6)	8,485,216	7,316,938
Property, plant and equipment (note 5)	3,403,206	49,717
Total Non-Current Assets	12,095,247	7,573,480
TOTAL ASSETS	\$ 14,524,471	\$ 14,963,825
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (note 7)	\$ 175,391	\$ 193,589
Total Current Liabilities	175,391	193,589
Shareholders' Equity		
Capital stock (note 8)	44,434,337	44,434,337
Reserves (note 8)	5,687,301	5,478,278
Deficit	(35,772,558)	(35,142,379)
Total Shareholders' Equity	14,349,080	14,770,236
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 14,524,471	\$ 14,963,825

Nature and continuance of operations (note 1)

Commitments (note 5)

Contingency (note 6)

Subsequent events (note 13)

Approved by the Board and authorized for issue on November 26, 2015.

"J. Scott Drever"

Director

"Graham C. Thody"

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 – Expressed in Canadian Dollars)

For the periods ended September 30,	Three months ended		Nine months ended	
	2015	2014	2015	2014
Corporate and administrative expenses				
Depreciation	\$ -	\$ -	\$ -	\$ 2,748
Foreign exchange (gain) loss	(164,339)	(19,971)	(142,992)	19,820
General exploration expenditure (recovery)	3,360	64,848	(2,854)	68,442
Insurance	8,246	5,369	25,533	17,521
Office and miscellaneous	11,977	11,479	31,661	27,875
Professional fees (note 7)	11,788	27,828	44,048	138,860
Regulatory and transfer agent fees	3,613	2,956	21,578	47,558
Remuneration (note 7)	135,569	112,481	368,457	309,123
Rent and communications	6,922	6,429	22,759	24,249
Shareholder and investor relations	22,416	26,799	75,470	59,875
Tradeshaw and travel	22,318	21,593	30,216	34,334
Total corporate and administrative expenses	61,870	259,811	473,876	750,405
Interest (income) expense	10,647	(1,211)	(24,248)	(7,496)
Other income (note 12)	-	-	-	(50,000)
Share-based compensation (notes 7, 8)	73,045	71,232	316,913	223,165
Unrealized (gain) loss on held-for-trading securities (note 4)	(26,250)	(750)	(25,875)	21,000
Net loss and comprehensive loss for the period	\$ (119,312)	\$ (329,082)	\$ (740,666)	\$ (937,074)
Basic and diluted comprehensive loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	126,517,723	79,164,883	126,517,723	67,670,162

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 – Expressed in Canadian Dollars)

For the periods ended September 30,	Three months ended		Nine months ended	
	2015	2014	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	\$ (119,312)	\$ (329,082)	\$ (740,666)	\$ (937,074)
Items not affecting cash:				
Share-based compensation	73,045	71,232	316,913	223,165
Unrealized (gain) loss on held-for-trading securities	(26,250)	(750)	(25,875)	21,000
Depreciation	-	-	-	2,748
Interest income	10,647	(1,211)	(24,248)	(7,496)
Foreign exchange loss	-	-	-	13,449
Cash flows before changes in working capital items	(61,870)	(259,811)	(473,876)	(684,208)
Amounts receivable	-	50,000	(3,473)	-
Taxes receivable	(1,796)	(958)	1,647	(12,509)
Prepaid expenses	24,411	(2,601)	47,305	(13,160)
Accounts payable and accrued liabilities	(45,170)	(20,770)	(60,160)	(717,464)
Net cash used in operating activities	(84,425)	(234,140)	(488,557)	(1,427,341)
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital stock issued	-	-	-	2,400,000
Capital stock issuance costs	-	(5,978)	-	(61,058)
Net cash provided by (used in) financing activities	-	(5,978)	-	2,338,942
CASH FLOWS FROM INVESTING ACTIVITIES				
Property, plant and equipment	(1,206,469)	-	(3,392,246)	-
Redemption of short term investments	-	-	-	125,000
Transaction costs - Eagle Mountain	-	-	-	(200,859)
Cash acquired - Eagle Mountain	-	-	-	36,711
Exploration and evaluation	(496,305)	(289,083)	(1,084,962)	(569,176)
Interest income	2,253	1,211	27,721	8,438
Net cash used in investing activities	(1,700,521)	(287,872)	(4,449,487)	(599,886)
Change in cash and cash equivalents, during the period	(1,784,946)	(527,990)	(4,938,044)	311,715
Cash and cash equivalents, beginning of the period	4,092,726	1,052,325	7,245,824	212,620
Cash and cash equivalents, end of the period	\$ 2,307,780	\$ 524,335	\$ 2,307,780	\$ 524,335
Cash and cash equivalents is represented by:				
Cash	\$ 2,206,660	\$ 524,335	\$ 2,206,660	\$ 524,335
Cash equivalents	101,120	-	101,120	-
	\$ 2,307,780	\$ 524,335	\$ 2,307,780	\$ 524,335

Supplemental disclosure with respect to cash flows (note 10)

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 – Expressed in Canadian Dollars)

	Capital Stock		Reserves Share-Based Payments	Deficit	Total
	Number	Amount			
Balance at December 31, 2013	29,173,729	\$ 30,146,779	\$ 4,645,049	\$ (34,299,568)	\$ 492,260
Share-based compensation	-	-	232,150	-	232,150
Private placement	17,142,858	2,400,000	-	-	2,400,000
Capital stock issuance costs	-	(45,683)	-	-	(45,683)
Capital stock issued to Eagle Mountain	29,423,691	4,119,317	853,188	-	4,972,505
Capital stock issued to acquire property	3,389,279	853,427	-	-	853,427
Net loss and comprehensive loss for the period	-	-	-	(937,074)	(937,074)
Balance at September 30, 2014	79,129,557	37,473,840	5,730,387	(35,236,642)	7,967,585
Stock options expired	-	-	(289,516)	289,516	-
Share-based compensation	-	-	37,407	-	37,407
Private placement	47,138,166	7,070,725	-	-	7,070,725
Capital stock issuance costs	-	(110,228)	-	-	(110,228)
Capital stock issued to acquire property	250,000	-	-	-	-
Net loss and comprehensive loss for the period	-	-	-	(195,253)	(195,253)
Balance at December 31, 2014	126,517,723	44,434,337	5,478,278	(35,142,379)	14,770,236
Stock options expired	-	-	(110,487)	110,487	-
Share-based compensation	-	-	319,510	-	319,510
Net loss and comprehensive loss for the period	-	-	-	(740,666)	(740,666)
Balance at September 30, 2015	126,517,723	\$ 44,434,337	\$ 5,687,301	\$ (35,772,558)	\$ 14,349,080

The accompanying notes are an integral part of these condensed consolidated interim 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. 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 3H4. The Company is listed on the TSX Venture Exchange (“TSX-V”) under the symbol GXS.

The Company is a Canadian resource company engaged in exploration and development. The Company’s primary business objective is to advance its Eagle Mountain Gold Project in Guyana, South America towards initial staged production in 2015. Goldsource’s other mineral interests presently consist of coal exploration properties located in Saskatchewan.

The Company currently has no operations from which to derive revenues, has incurred net losses of \$740,666 for the nine month period ended September 30, 2015 (September 30, 2014 – \$937,074), and has an accumulated deficit of \$35.8 million as at September 30, 2015 (December 31, 2014 – \$35.1 million). These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business.

The Company’s ability to continue as a going concern is dependent on the ability of the Company to raise debt or equity financings, and the attainment of profitable operations. As at September 30, 2015, the Company has cash on hand of \$2.3 million remaining from a private placement, for gross proceeds of \$7.1 million, completed in December, 2014. Subsequent to September 30, 2015, the Company secured a loan facility with for a principal amount of US\$1.0 million, which can be drawn down 90 days from November 2, 2015 (see note 13). Management believes cash and cash equivalents and the loan facility will be sufficient to fund the remaining portion of the development and capital costs for Phase I mine and processing plant construction for the Company’s Eagle Mountain Gold Project as well as general working capital requirements for the next 12 months.

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 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, 2014, 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 notes 2 and 3, respectively, of these consolidated financial statements, and have been consistently applied in the preparation of these condensed consolidated interim financial statements.

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. Additionally, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. Certain comparative amounts have been re-presented to conform to the current period presentation. These condensed consolidated interim financial statements were authorized for issue by the board of directors of the Company on November 26, 2015.

2. BASIS OF PRESENTATION (continued)

These condensed consolidated interim financial statements include the accounts of Goldsource and its wholly-owned subsidiaries. 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. All intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation.

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

3. NEW STANDARDS NOT YET ADOPTED

IFRS 9 – Financial instruments (“IFRS 9”)

In July 2014, the IASB issued the final version of IFRS 9 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.

IAS 16 – Property, Plant and Equipment (“IAS 16”) and IAS 38 – Intangibles (“IAS 38”)

IAS 16 and IAS 38 were issued in May 2014 and prohibit the use of revenue-based depreciation methods for property, plant and equipment and limit the use of revenue-based amortization for intangible assets. These amendments are effective for annual periods beginning on or after January 1, 2016 and are to be applied prospectively.

The Company has not yet completed the process of assessing the impact that IFRS 9, IAS 16 and IAS 38 will have on its condensed consolidated interim financial statements, or whether to early adopt this new requirement.

4. HELD-FOR-TRADING SECURITIES

	September 30, 2015		December 31, 2014	
Opening balance	\$	28,500	\$	27,000
Value attributed to shares acquired ⁽¹⁾		-		45,000
Changes in marked-to-market value		25,875		(43,500)
Closing balance	\$	54,375	\$	28,500

⁽¹⁾ During fiscal 2014, through the amalgamation between Goldsource and Eagle Mountain Gold Corp. (“Eagle Mountain”), Goldsource acquired 300,000 common shares of Para Resources Inc., an exploration staged company listed on the TSX-V.

Under IFRS, held-for-trading securities are to be recorded at fair value at each reporting date and the resulting gains or losses are to be included in the results for the period. For the nine month period ended September 30, 2015, the Company’s 675,000 Westcore Energy Ltd. and 300,000 Para Resources Inc. common shares had an unrealized marked-to-market gain of \$25,875 (September 30, 2014 – loss of \$21,000).

5. **PROPERTY, PLANT AND EQUIPMENT**

	Eagle Mountain Gold Project			Corporate Office	Total
	Construction in Progress ⁽³⁾	Other Equipment			
Cost					
As at December 31, 2013	\$ -	\$ -	\$ -	\$ 60,848	\$ 60,848
Assets acquired ⁽¹⁾	-	70,707	-	-	70,707
Balance at December 31, 2014	\$ -	\$ 70,707	\$ -	\$ 60,848	\$ 131,555
Additions	2,612,158	780,088	-	-	3,392,246
As at September 30, 2015	\$ 2,612,158	\$ 850,795	\$ -	\$ 60,848	\$ 3,523,801
Accumulated depreciation					
As at December 31, 2013	\$ -	\$ -	\$ -	\$ 58,101	\$ 58,101
Depreciation for the year	-	20,990	-	2,747	23,737
Balance at December 31, 2014	\$ -	\$ 20,990	\$ -	\$ 60,848	\$ 81,838
Depreciation for the period ⁽²⁾	-	38,757	-	-	38,757
As at September 30, 2015	\$ -	\$ 59,747	\$ -	\$ 60,848	\$ 120,595
Carrying amounts					
As at December 31, 2014	\$ -	\$ 49,717	\$ -	\$ -	\$ 49,717
As at September 30, 2015	\$ 2,612,158	\$ 791,048	\$ -	\$ -	\$ 3,403,206

⁽¹⁾ Assets acquired as part of the combination between Goldsource and Eagle Mountain during the nine month period ended September 30, 2014.

⁽²⁾ During the nine month period ended September 30, 2015, depreciation of \$38,757 (September 30, 2014 – \$13,352) was capitalized to exploration and evaluation assets (note 6).

⁽³⁾ Assets under construction at Eagle Mountain Gold Project are capitalized as “Construction in Progress” and are presented as a separate asset within property, plant and equipment. Construction in Progress includes any costs directly attributable to bringing the assets under construction into working condition for its intended use. The cost of Construction in Progress is currently not depreciated. Depreciation commences once the asset is complete and available for use.

Capital Commitments

In addition to entering into various operational commitments in the normal course of business, the Company has entered into a number of contractual commitments related to design and acquisition of plant and equipment for the Phase I Eagle Mountain Gold Project.

During the nine month period ended September 30, 2015, these commitments totalled approximately \$2,363,609 (paid) related to the construction of the plant at the Eagle Mountain Gold Project and totalled approximately \$1,177,121 (\$819,039 paid) related to other contractual agreements for the Eagle Mountain Gold Project. Subsequent to September 30, 2015, the Company entered into additional contractual commitments related to the Eagle Mountain Gold Project totalling approximately \$112,502 (\$56,251 paid), which cumulative amounts to \$3,653,231 (\$3,582,883 paid).

6. MINERAL PROPERTIES – EXPLORATION AND EVALUATION ASSETS

Eagle Mountain Gold Project – Guyana

	Guyana Eagle Mountain Gold Project	
Balance at December 31, 2013	\$	-
Acquisition costs		
Exploration and evaluation assets acquired	\$	5,722,081
Shares issued		853,427
Total acquisition costs:		6,575,508
Exploration expenditures:		
Assays		107,171
Camp costs		35,372
Depreciation		20,991
Drilling		19,596
Operations and general		107,868
Salaries		260,748
Share-based compensation		10,544
Technical services and consulting		179,140
Subtotal, 2014 exploration expenditures:		741,430
Balance at December 31, 2014	\$	7,316,938
Exploration and evaluation expenditures:		
Assays		29,705
Camp costs		11,166
Depreciation		38,757
Drilling		6,514
Operations and general		369,808
Road maintenance		358,727
Salaries		250,949
Share-based compensation		2,597
Tailings		13,552
Technical services and consulting		86,505
Subtotal, 2015 exploration and evaluation expenditures:		1,168,278
Balance at September 30, 2015	\$	8,485,216

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 in Guyana. The summary of amending terms includes:

- I. Goldsource will issue to OGML 3,389,279 common shares (issued);
- II. Goldsource shall pay OGML, US\$3,025,501 (“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
 - 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.

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

- 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:
- The payment set out in, (“II a.”) above has been made, or
 - After having completed one year of gold production under a large scale Mining License issued by the GGMC.

The Company pledged a \$206,825 (US\$194,540) reclamation site bond, in the form of a non-interest bearing bank guaranteed deposit, to the Guyana Geology and Mines Commission for exploration permits on the Eagle Mountain Gold Project.

Goldsource’s subsidiary Stronghold Guyana Inc. (“Stronghold”) holds a prospecting license on the Eagle Mountain Gold Project. In August 2014, the Guyana Geology and Mines Commission granted a Medium Scale Mining Permit (the “Permit”) to Kilroy Mining Inc. (“Kilroy”) to mine gold, diamonds, precious metals and minerals on a portion within Eagle Mountain Gold Project. As the Permit is required under Guyana law to be held by a Guyanese national, Stronghold has entered into agreements with Kilroy, a private arm’s length Guyanese company pursuant to which Stronghold and Kilroy will jointly operate the Eagle Mountain Gold Project. Kilroy has granted Stronghold the exclusive right to conduct mining operations on the Eagle Mountain Gold Project including any additional areas acquired by Kilroy. Stronghold will fund all expenditures on the Eagle Mountain Gold Project and receive 100% of all revenues, subject to applicable government royalties and a 2% net smelter return royalty to Kilroy as compensation for its participation. As part of the agreements, Goldsource issued Kilroy 250,000 common shares of the Company, subject to a 12-month hold period.

7. RELATED PARTY TRANSACTIONS

During the nine month period ended September 30, 2015, the Company entered into the following transactions with related parties:

Legal Fees

Legal fees of \$18,457 (September 30, 2014 – \$76,920), which were included in professional fees, \$nil (September 30, 2014 – \$32,596) for share issuance costs and \$nil (September 30, 2014 – \$92,580) for transaction costs, were paid or accrued to Koffman Kalef LLP, a law firm of which an officer of the Company is a partner, of which \$1,107 (December 31, 2014 – \$61,087) was payable at September 30, 2015. The Company recognized \$2,885 (September 30, 2014 – \$3,255) in share-based payments to this officer.

Key Management Compensation

		2015		2014
Key management short-term benefits ⁽¹⁾	\$	236,250	\$	211,250
Share-based payments ⁽²⁾		239,281		202,732
	\$	475,531	\$	413,982

⁽¹⁾ Goldsource’s key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company. Total key management remuneration was recorded in the statements of operations and comprehensive loss and paid to the President, Chief Executive Officer, Chief Operating Officer and Chief Financial Officer of Goldsource.

⁽²⁾ Share-based payments recorded for all directors and officers of the Company and recognized in the statements of operations and comprehensive loss.

Other Transactions

Paid \$34,256 (September 30, 2014 – \$7,600) for technical and administrative services and recognized \$1,131 (September 30, 2014 – \$nil) in share-based payments to two personnel who are immediate family members of individuals who are part of key management personnel.

The Company shared rent, salaries, administrative services and other reimbursable expenses with SilverCrest Mines Inc., a company related by common directors and officers until September 30, 2015. During the nine month period ended September 30, 2015, the Company incurred \$161,001 (September 30, 2014 – \$131,330) for its share of these expenses, of which \$32,592 (December 31, 2014 – \$16,947) was payable at September 30, 2015. Effective October 1, 2015, the Company and SilverCrest Mines Inc. terminated their agreement dated January 1, 2011 and concurrently, the Company and SilverCrest Metals Inc., a newly incorporated company, entered into an allocation of costs agreement.

8. CAPITAL STOCK AND RESERVES

Authorized Shares

The Company's authorized capital stock consists of an unlimited number of common shares and an unlimited number of preferred shares without nominal or par value. At September 30, 2015, the Company had 126,517,723 common shares outstanding and no preferred shares outstanding.

Stock Options

The Company has a rolling stock option plan under which it is authorized to grant stock options to executive officers and directors, employees and consultants, enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. 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. Options granted to investor relations consultants shall vest over a period of at least 1 year. The Company has not granted options for periods exceeding 5 years.

In February 2015, the Company granted stock options to directors, officers, employees and consultants to purchase an aggregate of 3,140,000 common shares of the Company at an exercise price of \$0.20 per share for a five year term expiring February 16, 2020. The options are subject to an 18-month vesting schedule pursuant to which 25% vested as of the date of grant and a further 25% shall vest every 6 months thereafter until fully vested.

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, 2013	1,250,000	\$0.46
Issued ⁽¹⁾	3,415,182	\$0.62
Expired	(598,237)	\$2.57
Forfeited	(25,000)	\$0.24
As at December 31, 2014	4,041,945	\$0.28
Issued	3,140,000	\$0.20
Expired	(167,210)	\$1.57
As at September 30, 2015	7,014,735	\$0.21

⁽¹⁾ As part of the combination between Goldsource and Eagle Mountain during fiscal 2014, 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.

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	
\$ 0.19	February 18, 2017	395,723	1.39	\$ 0.19	395,723	\$ 0.19	
\$ 0.47	September 20, 2017	158,289	1.98	\$ 0.47	158,289	\$ 0.47	
\$ 0.16	May 14, 2018	50,000	2.62	\$ 0.16	50,000	\$ 0.16	
\$ 0.16	June 25, 2018	825,000	2.74	\$ 0.16	825,000	\$ 0.16	
\$ 0.23	February 18, 2019	395,723	3.39	\$ 0.23	395,723	\$ 0.23	
\$ 0.24	April 10, 2019	2,050,000	3.53	\$ 0.24	1,537,500	\$ 0.24	
\$ 0.20	February 16, 2020	3,140,000	4.38	\$ 0.20	1,570,000	\$ 0.20	
		7,014,735	3.65	\$ 0.21	4,932,235	\$ 0.22	

Share-based compensation

During the nine month period ended September 30, 2015, the Company granted 3,140,000 (2014 – 2,075,000) incentive stock options with a weighted average fair value per option granted of \$0.11 (2014 – \$0.13) for a total value of \$343,534 (2014 – \$302,284). Total share-based compensation recognized during the nine month period ended September 30, 2015 under the fair value method was \$319,510 (2014 – \$232,150). The Company expensed \$316,913 (September 30, 2014 – \$223,165) and capitalized \$2,597 (September 30, 2014 – \$8,985) as mineral property expenditures (note 6).

8. CAPITAL STOCK AND RESERVES (continued)

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the nine month periods ended September 30, 2015 and September 30, 2014.

	2015	2014
Risk-free interest rate	0.55%	1.30%
Expected dividend yield	-	-
Expected stock price volatility	79%	79%
Expected forfeiture rate	1.0%	1.2%
Expected option lives (years)	4.46	4.30

Warrants

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

	Number of Warrants	Weighted Average Exercise Price
As at December 31, 2013	1,070,000	\$ 0.20
Issued	49,121,512	0.25
As at December 31, 2014	50,191,512	\$ 0.25
Expired	(6,505,298)	0.19
As at September 30, 2015	43,686,214	\$ 0.26

Exercise Price	Expiry Date	Warrants Outstanding		
		Number of Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price
\$ 0.20	December 16, 2015	1,070,000	0.21	\$ 0.20
\$ 0.21	December 20, 2015	1,078,608	0.22	\$ 0.21
\$ 0.20	February 28, 2017	8,571,429	1.42	\$ 0.20
\$ 0.34	September 10, 2017	1,261,427	1.95	\$ 0.34
\$ 0.34	October 15, 2017	6,130,673	2.04	\$ 0.34
\$ 0.36	November 27, 2017	2,004,995	2.16	\$ 0.36
\$ 0.25	December 12, 2017	22,226,583	2.20	\$ 0.25
\$ 0.25	December 30, 2017	1,342,499	2.25	\$ 0.25
		43,686,214	1.92	\$ 0.26

9. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

The Company's financial instruments consist of cash and cash equivalents, held-for-trading securities, deposit and accounts payable and accrued liabilities. The carrying value of 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 and cash equivalents and held-for-trading securities are measured using level 1 inputs.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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

For the periods ended September 30,	Three months ended		Nine months ended	
	2015	2014	2015	2014
Non-cash financing and investing activities				
Capitalized to exploration and evaluation assets				
Depreciation	\$ 28,404	\$ 6,731	\$ 38,757	\$ 13,352
Common shares issued to acquire Eagle Mountain net assets	\$ -	\$ -	\$ -	\$ 4,119,317
Options and warrants issued in exchange for Eagle Mountain options and warrants	\$ -	\$ -	\$ -	\$ 853,188
Common shares issued to acquire property	\$ -	\$ -	\$ -	\$ 853,427
Share-based compensation capitalized	\$ 611	\$ 3,031	\$ 2,597	\$ 8,985
Included in accounts payable and accrued liabilities				
Exploration and evaluation assets	\$ (57,579)	\$ 363	\$ 41,962	\$ 61,303

11. SEGMENTED INFORMATION

The Company primarily operates in one reporting operating segment, being the acquisition, exploration and evaluation of resource properties located in two geographical segments, Canada and Guyana.

Geographical segmented information is presented as follows:

September 30, 2015	Canada	Guyana	Total
Net loss for the period	\$ 618,287	\$ 122,379	\$ 740,666

Asset Information

Property, plant and equipment	\$ -	\$ 3,403,206	\$ 3,403,206
Exploration and evaluation assets	\$ -	\$ 8,485,216	\$ 8,485,216

September 30, 2014	Canada	Guyana	Total
Net loss for the period	\$ 927,395	\$ 9,679	\$ 937,074

Asset Information

Property, plant and equipment	\$ -	\$ 57,349	\$ 57,349
Exploration and evaluation assets	\$ -	\$ 7,228,329	\$ 7,228,329

12. OTHER INCOME

In July 2014, the Company recovered \$50,000 in relation to a promissory note receivable. Eagle Mountain had recorded an impairment charge against the receivable amount during fiscal 2013.

13. SUBSEQUENT EVENTS

Subsequent to September 30, 2015:

- the Company secured a loan facility (the "Loan") with Mitan Holdings Ltd. ("Mitan Holdings"), a company controlled and directed by a director of Goldsource, for a principal amount of US\$1.0 million. This amount can be drawn down in full during the period of 90 days following November 2, 2015. The purpose of the Loan is to provide the Company with additional funds, which may be necessary for operating capital requirements during the commissioning phase of Eagle Mountain. The Loan is repayable in full, 12 months after the draw-down and will bear interest at a rate of 12% per annum, payable quarterly. Goldsource has pledged the shares of its wholly-owned subsidiary, Eagle Mountain Gold Corp., to Mitani Holdings as security for the Loan and has paid a commitment fee of US\$15,000 upon execution of the Loan Agreement;

13. SUBSEQUENT EVENTS (continued)

- the Company granted stock options to an employee to purchase 35,000 common shares of the Company at an exercise price of \$0.16 per share for a five year term expiring October 1, 2020;
- the Company cancelled 25,000 stock options forfeited at an exercise price of \$0.24; and
- the Company extended the expiry date of 450,000 stock options, which are exercisable at a price of \$0.20 and related to several employees or consultant who left the Company effective October 1, 2015, to September 30, 2016.