INTERIM FINANCIAL STATEMENTS
(*Unaudited – Prepared by Management*)

JUNE 30, 2005
SECOND QUARTER

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

GOLDSOURCE MINES INC.
INTERIM BALANCE SHEETS
(Unaudited - Prepared by Management)

	June 30, 2005	December 31, 2004 (audited)
ASSETS	$	$
Current		
Cash and cash equivalents	1,051,477	266,604
Short term investments	-	909,080
Receivables and prepaid expenses	8,260	1,370
	1,059,737	1,177,054
Mineral properties *[note 3]*	151,513	147,209
	$ 1,211,250	$ 1,324,263
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 12,337	$ 24,420
Shareholders' Equity		
Share capital *[note 5]*	2,392,643	2,392,643
Contributed surplus *[note 5]*	4,243,287	4,243,287
Deficit	(5,437,017)	(5,336,087)
	1,198,913	1,299,843
	$ 1,211,250	$ 1,324,263

See accompanying notes

On behalf of the Board:

"J. Scott Drever" Director
DIRECTOR'S SIGNATURE

"Graham C. Thody" Director
DIRECTOR'S SIGNATURE

GOLDSOURCE MINES INC.
INTERIM STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited - Prepared by Management)

	Three Months Ended June 30, 2005	Three Months Ended June 30, 2004	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004
GENERAL AND ADMINISTRATIVE EXPENSES				
Administrative services	$ 5,735	$ 4,185	$ 12,050	$ 12,162
Management fees	15,000	15,000	30,000	45,000
Office and general	3,221	760	2,434	6,486
Professional fees	13,276	9,648	42,900	26,950
Rent and telephone	6,359	6,010	12,072	11,182
Shareholder communications	2,891	4,730	3,533	10,458
Transfer agent and regulatory fees	3,404	4,422	6,389	11,038
Travel	861	-	861	-
	50,747	44,755	110,239	123,276
Loss before other items	(50,747)	(44,755)	(110,239)	(123,276)
Other items				
Interest income	4,409	450	9,309	1,424
Foreign exchange gain	-	16,691	-	23,821
Net loss for the period	(46,338)	(27,614)	(100,930)	(98,031)
Deficit, beginning of the period	(5,390,679)	(5,130,035)	(5,336,087)	(5,059,618)
Deficit, end of the period	$ (5,437,017)	$ (5,157,649)	$ (5,437,017)	$ (5,157,649)
Basic and diluted loss per share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.03)
Weighted average number of shares outstanding	4,689,431	3,189,431	4,689,431	3,118,964

See accompanying notes

GOLDSOURCE MINES INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited – Prepared by Management)

	Three Months Ended June 30, 2005	Three Months Ended June 30, 2004	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$ (46,338)	$ (27,614)	$ (100,930)	$ (98,031)
Changes in operating assets and liabilities				
Receivables and pre-paid expenses	(3,495)	11,848	(6,890)	7,204
Accounts payable and accrued liabilities	9,337	59,921	(12,083)	49,960
Cash (used in) provided by operating activities	(40,496)	44,155	(119,903)	(40,867)
CASH FLOWS FROM INVESTING ACTIVITIES				
Exploration and development costs on mineral property	(544)	(84,953)	(4,304)	(87,045)
Redemption of short term investments	-	-	909,080	-
Cash (used in) provided by investing activities	(544)	(84,953)	904,776	(87,045)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of share capital	-	-	-	141,750
Share subscriptions received	-	143,750	-	143,750
Cash provided by financing activities	-	143,750	-	285,500
Increase (decrease) in cash and cash equivalents	(41,040)	102,952	784,873	157,588
Cash and cash equivalents, beginning of the period	1,092,517	1,046,129	266,604	991,493
Cash and cash equivalents, end of the period	$ 1,051,477	$ 1,149,081	$ 1,051,477	$ 1,149,081
Supplemental cash flow information				
Interest paid	-	-	-	-
Income taxes paid	-	-	-	-

See accompanying notes

1. NATURE OF OPERATIONS

Until September 30, 2003, the Company's principal business activity was the production and sale of gold and silver from its Cikidang mine in Java, Indonesia. The Company was also involved in the exploration and development of mineral properties in Indonesia. Effective September 30, 2003 the Company disposed of all its Indonesian assets and operations and its principal business activity became the exploration for and the development of precious metal deposits in North, South and Central America.

The ability to recover any investment in any exploration or development properties will be dependent upon 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, if any or the receipt of proceeds from the disposition of the interest therein.

These financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern and do not reflect adjustments related to the carrying values and balance sheet classification of assets and liabilities that would be necessary, were the going concern assumption inappropriate.

These interim financial statements have been prepared using the same accounting policies as used in the financial statements for the year ended December 31, 2004 and should be read in conjunction with the audited financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality. These interim financial statements should be read in conjunction with the most recent audited annual financial statements. The significant accounting policies follow that of the most recently reported annual financial statements.

Mineral properties

The Company capitalizes all acquisition, exploration and development costs related to exploration and development of mineral properties on a property-by-property basis. The costs of abandoned properties are charged to income in the year of abandonment or when it is determined that potential for discovery of economic mineralization is limited.

The costs of producing properties are amortized using the unit of production method based upon estimated reserves. The amounts recorded as mineral properties represent costs to date and do not necessarily reflect present or future values.

Cash and cash equivalents and short-term investments

Cash and cash equivalents include highly liquid investments with original maturities of three months or less.

Short-term investments comprise highly liquid Canadian dollar denominated guaranteed investment certificates with terms to maturity greater than ninety days, but not more than one year, that are readily convertible to contracted amounts of cash.

Short-term investments are carried at the lower of cost or recoverable amount.

3. MINERAL PROPERTIES

Omineca Mining Division, British Columbia

On December 18, 2003, the Company entered into an option agreement to acquire a 100% interest in 20 claim units covering an area of 500 hectares in the Omineca Mining Division of British Columbia. The Company can earn an initial 80% interest in the claims by making staged cash payments of $145,000 and completing exploration expenditures of $500,000 over a four year period. Upon the exercise of the initial option, the Company has a further option to acquire the remaining 20% by paying $750,000 in cash or at the discretion of the Company, a combination of cash and common shares of the Company provided that the share component does not exceed 50% of the value of the total payment.

	June 2005	Transactions	December 2004
Option payments	$ 45,000	$ -	$ 45,000
Deferred exploration expenditures			
Assays	544	544	-
Camp costs	5,805	-	5,805
Engineering consulting	5,852	3,760	2,092
Filing fees	1,300	-	1,300
Geological services	7,300	-	7,300
Geophysical survey	65,969	-	65,969
Line cutting	19,743	-	19,743
	106,513	4,304	102,209
	$ 151,513	$ 4,304	$ 147,209

	December 2004	Transactions	December 2003
Option payments	$ 45,000	$ 25,000	$ 20,000
Deferred exploration expenditures			
Camp costs	5,805	5,805	-
Engineering consulting	2,092	2,092	-
Filing fees	1,300	1,300	-
Geological services	7,300	7,300	-
Geophysical survey	65,969	65,969	-
Line cutting	19,743	19,743	-
	102,209	102,209	-
	$ 147,209	$ 127,209	$ 20,000

3. MINERAL PROPERTIES (con't…)

The following option payments and exploration expenditures will be required to maintain the acquisition agreement in good standing should the Company elect to do so:

	Option Payments	Cumulative Exploration Expenditures
Upon Execution - December 18, 2003 (paid)	$ 20,000	$ Nil
On or before December 31, 2004 (paid)	25,000	50,000
On or before December 31 2005	50,000	150,000
On or before December 31. 2006	50,000	300,000
On or before December 31, 2007	$ Nil	$ 500,000

4. RELATED PARTY TRANSACTIONS

During the three month period ended June 30, 2005, the Company paid management fees of $15,000 [2004 - $15,000] to a company owned by an officer and director of the Company.

5. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without nominal or par value
Unlimited Class "A" preference shares without nominal or par value
Unlimited Class "B" preference shares without nominal or par value

(b) Issued and fully paid - common shares

	Capital Stock		Contributed Surplus	Total
	Number	Amount	Amount	
Balance, December 31, 2003	2,514,431	$ 1,875,893	$ 4,171,419	$ 6,047,312
Exercise of stock options	675,000	141,750	-	141,750
Issuance of share capital pursuant to private placement	1,500,000	375,000	-	375,000
Stock-based compensation	-	-	71,868	71,868
Balance, December 31, 2004 and June 30, 2005	4,689,431	$ 2,392,643	$ 4,243,287	$ 6,635,930

Refer to Note 6 below for the proposed issuance of additional share capital.

5. SHARE CAPITAL (con't…)

Stock options

The Company has a 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 5 years.

At June 30, 2005, the Company had outstanding stock options, enabling holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
300,000	$0.35	July 8, 2009
100,000	$0.30	December 8, 2009

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, 2003	675,000	$ 0.21
Granted	400,000	0.34
Exercised	(675,000)	0.21
As at December 31, 2004 and June 30, 2005	400,000	0.34
Number of options currently exercisable	400,000	$ 0.34

Warrants

On July 21, 2004 the Company closed a non-brokered private placement of 1.5 million Units at a price of $0.25 per Unit for gross proceeds of $375,000. Each Unit consisted of one common share of the Company and one common share purchase warrant expiring on July 21, 2006. Each warrant entitles the holder to acquire one common share of the Company at a price of $0.35 per share for a term of two years. If the closing trading price for common shares of the Company is $1.00 per share or greater for ten consecutive trading days, the Company may elect to provide notice to holders of the Warrants and the Warrants will then expire 30 days after the date notice is given.

6. SUBSEQUENT EVENT

On August 4, 2005 the Company announced that it had entered into an agreement with BEC International Corporation ("BEC") of Saskatoon, Saskatchewan to acquire a 90% interest in two blocks of mineral claims in the Big River Area of Saskatchewan (the "Property") comprising 163,200 hectares. The Company will carry all costs of exploration and development on the Property to the conclusion of a positive Bankable Feasibility Study. BEC may then elect to back-in to a 25% working interest in the Property by reimbursing to the Company 25% of all past expenditures, or retain a 10% carried working interest in the Property whereby the Company will fund BEC's share of capital and operating costs to be recovered solely from 80% of BEC's share of cash flow from any future production from the Property.

6. **SUBSEQUENT EVENT** (con't…)

As consideration for the 90% interest in the Property, the Company will, upon closing of the transaction, pay BEC $55,000 in cash and issue an aggregate of up to 2.0 million common shares ("Purchase Shares") to BEC and such other persons as BEC shall direct at an issue price of $0.30 per share. Of the 2.0 million Purchase Shares, 1.1 million Purchaser Shares will be issuable at Closing and the balance will be issuable only at such time as the aggregate number of Purchase Shares represents less than 20% of the issued and outstanding common shares of the Company. Closing of the transaction is subject to due diligence satisfactory to the Company as well as regulatory and TSX-V Exchange approvals.

BEC is at arm's length to the Company and its insiders and their associates and affiliates. In connection with the transaction, the Company will, upon Closing, pay a finder's fee of $56,625 to Minera Pacific Inc., a private company at arm's length to the Company and its insiders and their associates and affiliates, payable in common shares at a deemed issue price of $0.30 per share, subject to the approval of the TSX Venture Exchange.