



Goldsource Announces Termination of ZEEP Transaction Reviews Latest Drill Program Results

TSX-V: GXS

FWB: G5M

For Immediate Release

VANCOUVER, B.C. December 12, 2011 – Goldsource Mines Inc. (“Goldsource” or the “Company”) announces that it has provided Zero Emission Energy Plants Ltd. (ZEEP) with notice of termination of the Arrangement Agreement that was announced September 1, 2011 in connection with the business combination of Goldsource and ZEEP.

Completion of the Arrangement was subject to the satisfaction of a number of conditions under the Arrangement Agreement, including completing a financing for minimum aggregate proceeds of \$11,000,000, which do not now appear to be achievable on a timely basis.

J. Scott Drever, President stated: “Raising the necessary financing has been a challenge for ZEEP in these volatile markets and we are disappointed that the current difficult market conditions have precluded the raising of the requisite funds on a timely basis. We also believe that recent amendments to the Pratt Whitney Rocketdyne technology licensing agreement make the terms of the ZEEP transaction significantly less attractive from Goldsource’s perspective. We have agreed with ZEEP to explore possible business arrangements under which Goldsource would have access to the Pratt Whitney Rocketdyne coal gasification technology to advance the development of the Border coal”.

As the intrinsic value of the coal deposits at Border remains intact despite the termination, the Company intends to review the recommendations of the Marston Preliminary Assessment Report and to continue to identify potential applicable technologies and possible participants with the special expertise and financial capacity to develop a major project such as Border. The Company will also examine business opportunities that may lead to the acquisition of assets capable of reaching commercial development in a shorter time frame and with less capital than those currently contemplated in the Preliminary Assessment Report for the Border Project.

The Company has requested the TSX-V to reinstate trading of the Company’s shares as soon as possible.

Recent Exploration

The Company completed 8 core holes in its most recent exploration program at its wholly-owned Border Project (“Border”) located near Hudson Bay, Saskatchewan, Canada. These holes, some of which encountered several thick coal zones in excess of 100 metres, were drilled in the Niska 105 (5 holes) and Pasquia 98 (2 holes) deposits as well one hole to test a airborne geophysical anomaly in the Red Deer area in Manitoba. The most significant coal zone intervals occurred in the Niska 105 sub-basin where 5 holes encountered true, aggregate thicknesses ranging from 69 to 119 metres (see table below). Infill drilling has given better definition to the Niska 105 deposits where the objective was to upgrade Speculative Resources to Indicated and Inferred Resources. A majority of the Speculative Resource at Niska 105 are expected to be converted to Indicated Resources with potential increase in overall resources. Niska 105 deposit is conveniently located adjacent to rail and, after completing the upgrade to Indicated Resources, should be a priority above other known Company deposits for near-future studies and potential development.

Drilling has further defined a coal deposit at Pasquia 98. One drill hole intercepted a 3 metres thick coal seam. A previous hole drilled in this area encountered a 34.9 metre coal zone. Further drilling will be contemplated on this large geophysical anomaly. Environmental baseline work under the direction of EBA Engineering Consultants, a Tetra Tech Company, has continued with emphasis on data collection and reporting on results as a base for permitting and a possible Pre-Feasibility Study.

Numbering of the drill holes for this phase of exploration continues sequentially from previous programs beginning at BD11-141. Names of deposits are based on an identifier in the general location and the areas are designated according to the discovery hole numbers.

Hole ID	From (m)	To (m)	Coal Zone Interval *(m)	Notes
BD11-142	73	76	3	Pasquia 98 deposit
BD11-143	80	199	119	Niska 105 deposit
BD11-144	85	185	100	Niska 105 deposit
BD11-145	61	174	113	Niska 105 deposit
BD11-146	71	161	90	Niska 105 deposit
BD11-147	74	143	69	Niska 105 deposit

*The coal zone intervals are based on visuals (coal and carbonaceous material) and by down hole, e-log density of 1.6 g/cc or less.

Holes BD11-141 and BD11-148 drilled deposits Pasquia 98 and Red Deer, Manitoba, respectively and showed no significant coal intercepts.

Initial identification of the intervals of coal in the table above is based on visual observations. The Company cautions against placing undue reliance on the visual observations of the coal until the results of the analytical work have been announced. Laboratory test work is ongoing and coal quality results will be reported once compiled.

Current coal resources at Border, as established in the Company's NI 43-101 "Preliminary Assessment Report on the Border Coal Project, Saskatchewan, Canada" prepared by Marston Canada Ltd. and EBA Engineering Consultants Ltd., a Tetra Tech Company on December 24, 2009 and available at www.sedar.com, include:

- **Indicated Resources:** **79.1 million tonnes**
- **Inferred Resources:** **34.8 million tonnes**
- **Speculative Resources:** **See NI 43-101 Preliminary Assessment report**

N. Eric Fier, CPG, P.Eng. and Qualified Person for this news release has reviewed and approved its contents.

Goldsource Mines Inc. is a Canadian resource company engaged in the exploration and development of Canada's newest coal field in the province of Saskatchewan. The Company has aggressively drilled only a portion of this new thermal coal field and has discovered 17 coal deposits of varying size with coal zone thicknesses up to 126 meters within the permit area of the Border Coal Project. Headquartered in Vancouver, BC, the Company is managed by experienced mining and business professionals.

This news release contains forward-looking statements, which address future events and conditions, which are subject to various risks and uncertainties. The Company's actual results, programs and financial position could differ materially from those anticipated in such forward-looking statements as a result of numerous factors, some of which may be beyond the Company's control. These factors include: the availability of funds; the timing and content of work programs; results of exploration activities and development of mineral properties, the interpretation of drilling results and other geological data, the uncertainties of resource and reserve estimations, receipt and security of coal permits and mineral property titles; project cost overruns or unanticipated costs and expenses, fluctuations in commodity product prices; currency fluctuations; and general market and industry conditions. Forward-looking statements are based on the expectations and opinions of the Company's management on the date the statements are made. The assumptions used in the preparation of such statements,

although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.

"J. Scott Drever"

**J. Scott Drever, President
GOLDSOURCE MINES INC.**

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