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GOLDSOURCE MINES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(Unaudited - Expressed in Canadian Dollars)

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 Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

GOLDSOURCE MINES INC.
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GOLDSOURCE MINES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
AS AT

	September 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,482,879	\$ 2,608,197
Amounts receivable (note 7)	44,847	11,827
Prepaid expenses and other (note 3)	306,766	378,815
Total current assets	2,834,492	2,998,839
Non-current assets		
Deposits (note 4)	284,712	283,677
Mineral property (note 4)	6,652,371	6,652,371
Property, plant and equipment (note 5)	581,698	679,294
Total non-current assets	7,518,781	7,615,342
TOTAL ASSETS	\$ 10,353,273	\$ 10,614,181
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	\$ 220,880	\$ 286,251
Total current liabilities	220,880	286,251
Non-current liabilities		
Rehabilitation provision (note 6)	547,023	493,796
Total liabilities	767,903	780,047
Shareholders' equity		
Capital stock (note 8)	86,046,590	83,508,886
Reserves (note 8)	8,083,982	8,063,221
Deficit	(84,545,202)	(81,737,973)
Total shareholders' equity	9,585,370	9,834,134
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 10,353,273	\$ 10,614,181

Nature and continuance of operations (note 1)
Subsequent Events (note 13)

Approved by the Board and authorized for issue on November 23, 2023.

"Ioannis Tsitos"

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 LOSS AND COMPREHENSIVE LOSS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30,

	Three months ended		Nine months ended	
	2023	2022	2023	2022
Accretion (note 6)	\$ 6,673	\$ 5,882	\$ 20,659	\$ 16,816
Depreciation (note 5)	3,494	9,800	23,084	29,390
Exploration and evaluation expenditures (note 4)	663,074	987,780	1,894,322	3,469,930
Foreign exchange loss (gain)	(65,799)	(178,398)	37,726	(229,281)
General and administrative expenses	48,001	38,604	157,418	118,918
Interest expense	926	837	2,468	4,353
Interest income	(29,656)	(21,054)	(60,806)	(36,549)
Legal settlement (note 10)	-	-	-	84,337
Loss (gain) on change in rehabilitation provision (note 6)	(22,592)	(3,386)	32,568	70,167
Loss on impairment of property, plant and equipment (note 5)	-	14,949	-	14,949
Marketing	24,041	47,131	95,540	156,799
Professional fees (note 7)	52,045	14,437	153,266	69,911
Remuneration (note 7)	160,620	145,638	513,424	478,594
Share-based compensation (note 8)	47,214	17,581	59,912	40,401
Net and comprehensive loss for the period	\$ (888,041)	\$ (1,079,801)	\$ (2,929,581)	\$ (4,288,735)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.02)	\$ (0.05)	\$ (0.08)
Weighted average number of common shares outstanding - basic and diluted	59,796,680	52,289,680	55,974,435	52,289,680

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 NINE MONTHS ENDED SEPTEMBER 30,

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (2,929,581)	\$ (4,288,735)
Adjustments for:		
Accretion	20,659	16,816
Depreciation	111,070	150,440
Foreign exchange	(5,188)	(22,174)
Interest expense	2,468	4,353
Interest income	(60,806)	(36,549)
Loss on change in rehabilitation provision	32,568	70,167
Loss on impairment of property, plant and equipment	-	14,949
Share-based compensation	59,912	40,401
Changes in non-cash working capital items:		
Amounts receivable	(19,154)	7
Taxes receivable	(2,118)	5,981
Prepaid expenses and other	76,126	(113,779)
Rent deposit	-	36,053
Accounts payable and accrued liabilities	(65,371)	(59,309)
Net cash used in operating activities	(2,779,415)	(4,181,379)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(13,474)	(44,461)
Interest received	49,134	32,991
Net cash provided by (used in) investing activities	35,660	(11,470)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital stock issued	2,702,520	-
Capital stock issuance costs	(81,615)	3,124
Interest paid	(2,468)	-
Payment of lease liabilities	-	(45,296)
Net cash provided by (used in) financing activities	2,618,437	(42,172)
Change in cash and cash equivalents, during the period	(125,318)	(4,235,021)
Cash and cash equivalents, beginning of the period	2,608,197	8,410,211
Cash and cash equivalents, end of the period	\$ 2,482,879	\$ 4,175,190
Cash and cash equivalents is represented by:		
Cash	1,709,122	4,119,900
Cash equivalents	773,757	55,290
	\$ 2,482,879	\$ 4,175,190
Non-cash financing activities		
Fair value of agents' warrants	\$ 8,131	\$ -
Residual value of warrants, reallocated to reserves	\$ 75,070	\$ -

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	Deficit	Total
	Number	Amount	Share-based payments		
Balance at December 31, 2021	52,289,680	\$ 83,508,886	\$ 7,733,954	\$ (75,814,366)	\$ 15,428,474
Share-based compensation	-	-	40,401	-	40,401
Stock options expired or forfeited	-	-	(183,107)	183,107	-
Net loss and comprehensive loss for the period	-	-	-	(4,288,735)	(4,288,735)
Balance at September 30, 2022	52,289,680	83,508,886	7,591,248	(79,919,994)	11,180,140
Share-based compensation	-	-	478,181	-	478,181
Stock options forfeited	-	-	(6,208)	6,208	-
Net loss and comprehensive loss for the period	-	-	-	(1,824,187)	(1,824,187)
Balance at December 31, 2022	52,289,680	83,508,886	8,063,221	(81,737,973)	9,834,134
Private placements (note 8)	7,507,000	2,627,450	75,070	-	2,702,520
Capital stock issuance costs (note 8)	-	(89,746)	8,131	-	(81,615)
Share-based compensation (note 8)	-	-	59,912	-	59,912
Stock options expired or forfeited (note 8)	-	-	(122,352)	122,352	-
Net loss and comprehensive loss for the period	-	-	-	(2,929,581)	(2,929,581)
Balance at September 30, 2023	59,796,680	\$ 86,046,590	\$ 8,083,982	\$ (84,545,202)	\$ 9,585,370

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 a Canadian resource company engaged in exploration activities. The Company’s primary business objective is to advance the mineral properties at the Eagle Mountain Project through exploration and technical studies, targeting low-cost gold production at its Eagle Mountain Gold Project, located on its Eagle Mountain Property, in Guyana, South America. Goldsource is incorporated under the Business Corporations Act (British Columbia). The common shares of the Company trade on the TSX Venture Exchange under the symbol “GXS” and on the OTCQX under the symbol “GXSFF”. The head office and principal address of the Company is 501-570 Granville Street, 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 currently has no proven or probable reserves and based on information to date, has not yet determined whether its Eagle Mountain Gold Project contains economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company.

At September 30, 2023, the Company had cash and cash equivalents of \$2.5 million, accumulated losses of \$84.5 million and incurred a comprehensive loss of \$2.9 million during the period. The Company will require additional funds to support its exploration activities and general corporate activities during the next 12 months. These factors represent a material uncertainty that may cast a significant doubt on the Company’s ability to continue as a going concern. 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.

These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts, the classification of liabilities, or the impact on the condensed consolidated interim statement of loss and comprehensive loss that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company’s business could be adversely impacted by the novel coronavirus (“COVID-19”). The extent of the impact the COVID-19 pandemic will have on the Company cannot be determined at this time. These uncertainties arise from the inability to predict the impact of COVID-19 on the global economy and financial markets (including Canada and Guyana), and the duration of business disruptions due to impacts on workforce health, restrictions on planned drill programs, and other factors that depend on future developments beyond the Company’s control.

2. SIGNIFICANT ACCOUNTING POLICIES

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 the Company’s consolidated financial statements for the year ended December 31, 2022, which include information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies and use of judgments and estimates were presented in notes 2 and 3, respectively, of those consolidated financial statements and have been consistently applied in the preparation of these condensed consolidated interim financial statements.

Basis of preparation and measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis. Additionally, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed consolidated interim financial statements were approved for issuance by the Board of Directors on November 23, 2023.

GOLDSOURCE MINES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of Goldsource and its wholly owned subsidiaries Eagle Mountain Gold Corp., a Canadian corporation, and Stronghold Guyana Inc. ("Stronghold"), a Guyanese corporation. Goldsource consolidates subsidiaries where the Company has the ability to exercise control. Control is achieved when the Company is exposed to variable returns from involvement with an investee and has the ability to affect the returns through power over the investee. 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.

The Company has a joint arrangement with Kilroy Mining Inc. ("Kilroy"), a private arm's length Guyanese company, pursuant to which Stronghold and Kilroy jointly operate the Eagle Mountain Gold Project (note 4). These condensed consolidated interim financial statements include the Company's share of the joint operation accounts. A joint arrangement is a contractual arrangement where two or more parties undertake an economic activity that is subject to joint control. Joint control exists when the parties involved in the contractual arrangement agree to share control over the economic activity, and the financial and operating decisions are agreed to be made by unanimous consent of the parties sharing control. Interests in joint operations are accounted for by recognizing the Company's share of assets, liabilities, revenues and expenses incurred jointly.

Use of estimates and judgements and COVID-19

The preparation of these condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the reported amounts and the valuation of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements, and the reported amounts of revenues and expenditures during the period.

COVID-19 has severely disrupted the global economy and financial markets. It is difficult to estimate the nature, timing, and extent of the business and economic impact on the Company's financial performance and this uncertainty could materially affect the Company's operations and financial condition. This uncertainty could also materially affect estimates including the valuation of long-lived assets, including property and equipment and mineral property assets. Actual results may materially differ from these estimates.

3. PREPAID EXPENSES AND OTHER

Prepaid expenses and other are as follows:

	As at	
	September 30, 2023	December 31, 2022
Prepaid expenses	\$ 163,204	\$ 191,387
Prepaid supplies	83,316	93,111
Rental deposits	4,074	39,292
Restricted cash	56,172	55,025
	\$ 306,766	\$ 378,815

GOLDSOURCE MINES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

4. MINERAL PROPERTY AND EXPLORATION AND EVALUATION EXPENDITURES

Eagle Mountain Gold Project – Guyana

	As at December 31, 2021	Additions during the year (period)	As at December 31, 2022 and September 30, 2023
Mineral property acquisition costs			
Mineral property acquired	\$ 5,897,440	\$ 27,550	\$ 5,924,990
Shares issued	853,427	-	853,427
Impairment	(126,046)	-	(126,046)
Total mineral property acquisition costs	\$ 6,624,821	\$ 27,550	\$ 6,652,371

On October 20, 2020, the Company entered into an option and purchase agreement (“Option Agreement”) to acquire a 100% interest in the Ann Mining Claim, at the Minnehaha Creek area located within the Eagle Mountain Gold Project, for total consideration of US\$290,000. The terms of the agreement include immediate access to the land for exploration purposes for two years, the right to purchase the claim for US\$250,000, and the right to terminate the agreement at any time, without any further liabilities.

On August 8, 2022, the Company and the optionor amended the terms of the Option Agreement to extend the option period for two additional years, expiring on October 20, 2024, for total additional consideration of US\$40,000. All other terms of the Option Agreement remain unchanged. The remaining payments are scheduled as follows:

- US\$20,000 in October 2023 (paid) (note 13); and
- US\$250,000 upon the exercise of the option for the acquisition of the property.

As at September 30, 2023, the Company has made three option payments totalling US\$60,000.

The following table details the exploration and evaluation expenditures on the Company’s Eagle Mountain Gold Project:

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Exploration and evaluation expenditures:		
Assays	\$ 77,839	\$ 163,614
Camp costs	315,186	522,259
Depreciation (note 5)	87,986	121,050
Drilling	106,951	595,422
Operations and general	286,269	509,937
Salaries (note 7)	886,416	1,241,649
Technical services and consulting	133,675	315,999
Total exploration and evaluation expenditures	\$ 1,894,322	\$ 3,469,930

The Company pledged a \$280,673 (US\$206,200 and \$100,000 Guyanese dollars) (December 31, 2022 – \$279,829 (US\$206,200 and \$100,000 Guyanese dollars)) reclamation site bond, included in deposits on the condensed consolidated interim statement of financial position, held by the Guyana Geology and Mines Commission (“GGMC”) for exploration permits on the Eagle Mountain Gold Project.

Goldsource’s subsidiary, Stronghold, holds a prospecting license on the Eagle Mountain Property (“EMPL”). Pursuant to the Guyana Mining Act, the term of prospecting licenses is three years with two rights of renewal of one year each, for a total of five years. After five years, the license may be further renewed through submission of a new license application. On August 11, 2023, the GGMC approved the second one-year renewal of the EMPL, which will expire on October 18, 2024.

In August 2014, the GGMC granted a Medium Scale Mining Permit (the “Permit”) to Kilroy to mine gold, diamonds, precious metals, and minerals on a portion of land within the Eagle Mountain Property. As the Permit is required under Guyanese law to be held by a Guyanese national, Stronghold entered into agreements with Kilroy to jointly operate the Eagle Mountain Gold Project. Kilroy 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.

GOLDSOURCE MINES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

5. PROPERTY, PLANT AND EQUIPMENT

	Eagle Mountain Gold Project		Right of use asset	Corporate office	Total
	Exploration camp in progress	Other equipment ⁽²⁾			
Cost					
As at December 31, 2021	\$ 7,878	\$ 3,081,000	\$ 173,493	\$ 73,263	\$ 3,335,634
Additions	4,545	39,916	-	-	44,461
Reclassification	(12,423)	12,423	-	-	-
Impairment	-	(20,785)	-	-	(20,785)
As at December 31, 2022	-	3,112,554	173,493	73,263	3,359,310
Additions	-	13,474	-	-	13,474
As at September 30, 2023	\$ -	\$ 3,126,028	\$ 173,493	\$ 73,263	\$ 3,372,784
Accumulated depreciation					
As at December 31, 2021	\$ -	\$ 2,310,105	\$ 113,557	\$ 70,807	\$ 2,494,469
Depreciation for the year	-	152,191	37,853	1,339	191,383
Impairment	-	(5,836)	-	-	(5,836)
As at December 31, 2022	-	2,456,460	151,410	72,146	2,680,016
Depreciation for the period ⁽¹⁾	-	87,986	22,083	1,001	111,070
As at September 30, 2023	\$ -	\$ 2,544,446	\$ 173,493	\$ 73,147	\$ 2,791,086
Carrying amounts					
As at December 31, 2022	\$ -	\$ 656,094	\$ 22,083	\$ 1,117	\$ 679,294
As at September 30, 2023	\$ -	\$ 581,582	\$ -	\$ 116	\$ 581,698

⁽¹⁾ During the nine months ended September 30, 2023, depreciation expense of \$87,986 (September 30, 2022 – \$121,050) was recorded in exploration and evaluation expenditures (note 4).

⁽²⁾ Other equipment consists of vehicles, buildings, exploration equipment, and office equipment. During the year ended December 31, 2022, management assessed that indicators of impairment exist for a bunk house at the Eagle Mountain camp. Damage to the bunk house caused by exposure to heavy rain and high humidity was identified. Management determined that the carrying value of the bunk house was impaired. Accordingly, the Company recorded impairment expense of \$14,949 to reduce the net book value of the bunk house to \$Nil.

6. REHABILITATION PROVISION

The rehabilitation provision relates to the construction of the pilot plant and exploration activities on the Eagle Mountain Gold Project. Significant reclamation and closure activities include land rehabilitation, the removal of buildings and the processing plant, and other costs.

	Nine months ended September 30, 2023	Year ended December 31, 2022
Balance, beginning of period (year)	\$ 493,796	\$ 409,234
Changes in obligation	1,573	4,535
Accretion expense	20,659	23,044
Changes in estimates	30,995	56,983
Balance, end of period (year)	\$ 547,023	\$ 493,796

The present value of the rehabilitation provision, using an effective discount rate of 5.0% (December 31, 2022 – 5.0%), is currently estimated at \$547,023 (US\$414,414) (December 31, 2022 – \$493,796 (US\$375,104)), reflecting anticipated cash flows to be incurred over approximately the next four years. The Company estimates that rehabilitation costs will be incurred in 2027. The undiscounted and uninflated value of these obligations is \$454,540 (US\$351,503) (December 31, 2022 – \$452,935 (US\$350,310)) calculated using a long-term inflation rate assumption of 3.3% for 2023 and 4.5% for 2024 to 2027 (December 31, 2022 – 5.0% for 2023 and 3.0% for 2024 to 2027).

GOLDSOURCE MINES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

6. REHABILITATION PROVISION (continued)

In view of uncertainties concerning asset retirement obligations, the ultimate costs could be materially different from the amounts estimated. The estimate of future asset retirement obligations is subject to change based on amendments to applicable laws and legislation. Future changes in asset retirement obligations, if any, could have a significant impact.

7. RELATED PARTY TRANSACTIONS

Key management compensation

The Company's key management personnel have the authority and responsibility for planning, directing, and controlling the activities of the Company and include the Company's Chief Executive Officer ("CEO"), President, Vice President of Finance ("VP Finance"), Executive Chairman, and directors. Key management personnel compensation is summarized as follows:

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Management remuneration ⁽¹⁾	\$ 492,000	\$ 480,000
Directors fees	38,448	45,000
Share-based compensation ⁽²⁾	55,527	29,928
	\$ 585,975	\$ 554,928

⁽¹⁾ The Company paid management fees to companies controlled by the President and Executive Chairman, and remuneration to the CEO and VP Finance. During the nine months ended September 30, 2023, management remuneration of \$208,244 (September 30, 2022 - \$215,731) was recorded in exploration and evaluation expenditures (note 4).

⁽²⁾ Share-based compensation is the vested portion of the fair value at the grant date of stock options awarded to key management personnel.

Legal fees

During the nine months ended September 30, 2023, legal fees of \$58,162 (September 30, 2022 - \$28,199), included in professional fees, and capital stock issuance costs of \$25,791 (September 30, 2022 - \$Nil) were paid to Koffman Kalef LLP, a law firm of which an officer of the Company is a partner.

Other transactions

The Company has a cost sharing agreement with SilverCrest Metals Inc. ("SilverCrest"), a company related by common directors and officers, whereby the Company shares administrative services and other expenses, including employee benefits and salaries. During the nine months ended September 30, 2023, the Company was allocated \$52,433 (September 30, 2022 - \$67,834) for its share of these expenses. On August 1, 2023, the Company entered into an agreement with SilverCrest to rent office space until July 31, 2024. During the nine months ended September 30, 2023, the Company incurred \$4,768 in rent expense pursuant to the rental agreement. As at September 30, 2023, \$Nil (December 31, 2022 - \$25,120) was payable to SilverCrest for rent or for other expenses paid by SilverCrest on behalf of the Company, and \$19,572 (December 31, 2022 - \$Nil) was receivable from SilverCrest for refundable rental deposits.

8. CAPITAL STOCK

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.

Issued and outstanding

At September 30, 2023, the Company had 59,796,680 common shares and no preferred shares outstanding.

GOLDSOURCE MINES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

8. CAPITAL STOCK (continued)

Issued and outstanding (continued)

Nine months ended September 30, 2023

The Company completed a non-brokered private placement of 7,507,000 units at a price of \$0.36 per unit for gross proceeds of \$2,702,520. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.55 until May 19, 2025. The residual value of the warrants of \$75,070 was allocated to reserves. The Company paid cash commissions of \$33,307 and issued 92,520 agents' warrants, with a total fair value of \$8,131. Each agent warrant is exercisable to acquire one common share at a price of \$0.55 until May 19, 2025. The Company incurred capital stock issuance costs of \$48,308 in connection with the private placement.

Year ended December 31, 2022

During the year ended December 31, 2022, no common shares or preferred shares were issued by the Company.

Warrants

Warrant transactions during the period (year) are as follows:

	Nine months ended September 30, 2023		Year ended December 31, 2022	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
Outstanding, beginning of period (year)	6,080,715	\$ 1.38	9,430,518	\$ 1.44
Issued	3,846,020	0.55	-	-
Expired	(6,080,715)	1.38	(3,349,803)	1.55
Outstanding, end of period (year)	3,846,020	\$ 0.55	6,080,715	\$ 1.38

The warrants outstanding at September 30, 2023 are as follows:

Expiry date	Exercise price	Remaining life (years)	Number of Warrants
May 19, 2025	\$ 0.55	1.64	92,520
May 19, 2025	\$ 0.55	1.64	3,753,500
			3,846,020

The weighted average remaining life of warrants outstanding is 1.64 years.

Stock options

The Company has a "rolling 10%" Stock Option Plan which authorizes the grant of stock options to directors, officers, employees, and consultants, enabling them to acquire common shares of the Company to a maximum of 10% of the then issued and outstanding common shares. The exercise price of each option shall not be less than 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 with vesting determined by the Board of Directors. Options granted to investor relations consultants shall vest over a period of at least one year. The Company has not granted options for periods exceeding five years.

GOLDSOURCE MINES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

8. CAPITAL STOCK (continued)

Stock options (continued)

The Company's stock option transactions during the period (year) are as follows:

	Nine months ended September 30, 2023		Year ended December 31, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period (year)	3,910,000	\$ 0.74	2,522,500	\$ 1.02
Issued	215,000	0.30	1,590,000	0.40
Expired	(127,500)	1.00	(172,500)	1.66
Forfeited	(30,000)	1.40	(30,000)	1.08
Outstanding, end of period (year)	3,967,500	\$ 0.70	3,910,000	\$ 0.74

During the nine months ended September 30, 2023, the Company granted:

- 215,000 stock options to a director that can be exercised at a price of \$0.30 per share until August 11, 2028. These stock options vest immediately.

During year ended December 31, 2022, the Company granted:

- 1,532,500 stock options to directors, officers, and employees that can be exercised at a price of \$0.40 per share until December 15, 2027. These stock options vest immediately.
- 57,500 stock options to an employee and a consultant that can be exercised at a price of \$0.48 per share until August 2, 2027. These stock options vest immediately, except for 50,000 stock options which vest over a one-year period with 25% vesting after each of three months, six months, nine months, and twelve months after the grant date, respectively.

Stock options outstanding and exercisable at September 30, 2023 are as follows:

Expiry date	Exercise price	Options outstanding		Options exercisable
		Number of shares issuable on exercise	Remaining life (years)	Number of shares issuable on exercise
October 31, 2023*	\$ 0.48	50,000	0.08	50,000
November 17, 2023*	\$ 0.60	5,000	0.13	5,000
November 17, 2023*	\$ 1.30	10,000	0.13	10,000
November 17, 2023*	\$ 0.80	17,500	0.13	17,500
January 25, 2024	\$ 1.30	280,000	0.32	280,000
June 13, 2024	\$ 1.40	15,000	0.70	15,000
November 18, 2024	\$ 0.80	50,000	1.14	50,000
December 23, 2024	\$ 0.60	340,000	1.23	340,000
November 13, 2025	\$ 1.25	100,000	2.12	66,667
December 10, 2025	\$ 1.30	417,500	2.20	417,500
October 15, 2026	\$ 0.94	37,500	3.04	15,000
December 13, 2026	\$ 0.80	890,000	3.21	890,000
August 2, 2027	\$ 0.48	7,500	3.84	7,500
December 15, 2027	\$ 0.40	1,532,500	4.21	1,532,500
August 11, 2028	\$ 0.30	215,000	4.87	215,000
		3,967,500		3,911,667

*Subsequent to September 30, 2023, these options were forfeited unexercised.

The weighted average remaining life of options outstanding is 3.08 years.

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8. CAPITAL STOCK (continued)

Share-based compensation

The fair value of stock options granted during the nine months ended September 30, 2023 and 2022, and agents' warrants issued during the nine months ended September 30, 2023 was estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Expected option life (years)	4.10	3.00
Expected volatility	89%	95%
Expected dividend yield	-	-
Risk-free interest rate	3.99%	3.00%
Expected forfeiture rate	1.00%	1.00%
Fair value per option	\$ 0.16	\$ 0.29
Total fair value	\$ 50,626	\$ 16,633

During the nine months ended September 30, 2023, the Company recognized share-based compensation of \$50,626, for the vested portion of stock options granted and agents' warrants issued during the period, of which \$42,495 was expensed and \$8,131 was considered capital stock issuance costs. The Company also recognized share-based compensation expense of \$17,417 for the vested portion of stock options granted during previous years.

During the nine months ended September 30, 2022, the Company recognized share-based compensation expense of \$7,014, for the vested portion of stock options granted during the period, and \$33,387 for the vested portion of stock options granted during previous years.

Share-based payment reserve

The share-based payment reserve records items recognized as share-based compensation, the fair value of compensatory warrants, and the residual value of warrants. When stock options, compensatory warrants, or warrants are exercised, the corresponding amount is reallocated to share capital. If stock options are forfeit or expire, the corresponding amount is reallocated to deficit.

A summary of share-based payment reserve transactions is as follows:

	Nine months ended September 30, 2023	Year ended December 31, 2022
Balance, beginning of period (year)	\$ 8,063,221	\$ 7,733,954
Share-based compensation	59,912	518,582
Fair value of agents' warrants	8,131	-
Residual value of warrants, reallocated to reserves	75,070	-
Stock options expired or forfeited, reallocated to deficit	(122,352)	(189,315)
Balance, end of period (year)	\$ 8,083,982	\$ 8,063,221

9. LEASE LIABILITY

The changes to the Company's lease liability were as follows:

	Nine months ended September 30, 2023	Year ended December 31, 2022
Opening balance	\$ -	\$ 55,021
Interest expense	-	4,551
Interest paid	-	(4,551)
Payment of principal portion of lease liabilities	-	(55,021)
Balance, end of period (year)	\$ -	\$ -

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10. LEGAL SETTLEMENT

In November 2019, Kilroy received a demand for foregone customs duty and taxes of \$419,272 (\$73,056,644 Guyanese dollars) from the Guyana Revenue Agency (“GRA”). The GRA alleged that the joint venture agreement between Kilroy and Stronghold had breached the terms of the customs duty and tax exemption granted to Kilroy during 2015 and 2016 on the purchase of mining equipment. In March 2022, the Company received a court judgement stating that Kilroy was indebted to the GRA for the customs and duty taxes in the amount of \$73,056,644 Guyanese dollars. On June 14, 2022, the Company entered into a settlement agreement with the GRA for \$84,337 (\$14,695,437 Guyanese dollars). The settlement deemed the case fully settled and released the Company from all claims arising from this matter.

11. SEGMENTED INFORMATION

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

Geographical segmented information is presented as follows:

	Canada	Guyana	Total
<u>Comprehensive loss</u>			
Nine months ended September 30, 2023			
Net loss for the period	\$ 1,006,903	\$ 1,922,678	\$ 2,929,581
Nine months ended September 30, 2022			
Net loss for the period	\$ 755,604	\$ 3,533,131	\$ 4,288,735
<u>Non-current assets</u>			
September 30, 2023			
Deposits	\$ -	\$ 284,712	\$ 284,712
Mineral property	\$ -	\$ 6,652,371	\$ 6,652,371
Property, plant and equipment	\$ 116	\$ 581,582	\$ 581,698
December 31, 2022			
Deposits	\$ -	\$ 283,677	\$ 283,677
Mineral property	\$ -	\$ 6,652,371	\$ 6,652,371
Property, plant and equipment	\$ 23,200	\$ 656,094	\$ 679,294

12. FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT

Financial instruments carrying value and fair value

The Company’s financial instruments consist of cash, cash equivalents, restricted cash, amounts receivable, deposits, and accounts payable and accrued liabilities. The carrying value of cash, cash equivalents, restricted cash, amounts receivable, and accounts payable and accrued liabilities approximates their fair value due to the short-term nature of these instruments. The fair value of the Company’s deposits approximates the carrying value as it includes supplier deposits and a bond held at a financial institution which are measured at amortized cost.

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12. FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT (continued)

Financial instruments carrying value and fair value (continued)

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 level of measurement for each financial instrument is determined by the lowest level of significant inputs.

The following table summarizes the classification and carrying values of the Company's financial instruments:

September 30, 2023	Amortized cost		Amortized cost		Total
	(financial assets)		(financial liabilities)		
Financial assets					
Cash and cash equivalents	\$	2,482,879	\$	-	\$ 2,482,879
Restricted cash (note 3)		56,172		-	56,172
Amounts receivable		44,847		-	44,847
Deposits		284,712		-	284,712
Total financial assets	\$	2,868,610	\$	-	\$ 2,868,610
Financial liabilities					
Accounts payable and accrued liabilities	\$	-	\$	220,880	\$ 220,880
Total financial liabilities	\$	-	\$	220,880	\$ 220,880
December 31, 2022					
Financial assets					
Cash	\$	2,608,197	\$	-	\$ 2,608,197
Restricted cash (note 3)		55,025		-	55,025
Amounts receivable		11,827		-	11,827
Deposits		283,677		-	283,677
Total financial assets	\$	2,958,726	\$	-	\$ 2,958,726
Financial liabilities					
Accounts payable and accrued liabilities	\$	-	\$	286,251	\$ 286,251
Total financial liabilities	\$	-	\$	286,251	\$ 286,251

13. SUBSEQUENT EVENTS

Subsequent to September 30, 2023:

- 82,500 stock options with exercise prices ranging from \$0.48 to \$1.30 per common share were forfeited unexercised;
- On October 17, 2023, Stronghold renewed its office rental agreement for a period of two years commencing January 1, 2024, for monthly payments of US\$3,000; and
- On October 18, 2023, the Company made an option payment of \$27,332 (US\$20,000) pursuant to the Ann Mining Claim Option Agreement.