



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND NOTES

FOR THE SIX MONTHS ENDED JUNE 30, 2018

(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

	June 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 285,128	\$ 268,849
Amounts receivable	29,101	21,287
Prepaid expenses	88,672	86,888
Held-for-trading securities (note 8)	8,120	12,180
Total current assets	411,021	389,204
Non-current assets		
Deposit (note 4)	255,819	244,575
Rent deposit	46,576	46,576
Mineral property (note 4)	6,668,283	6,575,508
Property, plant and equipment (note 5)	3,894,487	4,330,903
Total non-current assets	10,865,165	11,197,562
TOTAL ASSETS	\$ 11,276,186	\$ 11,586,766
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	\$ 334,036	\$ 352,018
Loan payable (notes 6, 9)	-	100,000
Total current liabilities	334,036	452,018
Non-current liabilities		
Rehabilitation provision (note 7)	371,506	380,712
Total liabilities	705,542	832,730
Shareholders' equity		
Capital stock (note 10)	54,136,960	52,409,850
Private placement subscriptions received	-	126,000
Reserves (note 10)	6,111,481	6,073,390
Deficit	(49,677,797)	(47,855,204)
Total shareholders' equity	10,570,644	10,754,036
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 11,276,186	\$ 11,586,766

Nature and continuance of operations (note 1)

Subsequent event (note 13)

Approved by the Board and authorized for issue on August 15, 2018.

"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 OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30,

	Three months ended		Six months ended	
	2018	2017	2018	2017
Accretion (note 7)	\$ 4,566	\$ 3,733	\$ 9,039	\$ 7,406
Borrowing costs (note 6)	-	-	-	22,443
Depreciation (note 5)	15,118	11,679	29,776	22,901
Exploration and evaluation expenditures (note 4)	739,300	632,799	1,404,478	1,204,539
Foreign exchange loss (gain)	5,924	40,550	(1,952)	33,682
General exploration expenditures	5,640	-	5,640	-
Insurance	17,531	13,840	35,193	27,680
Interest income	(1,393)	(2,367)	(2,041)	(3,527)
Office and miscellaneous	3,374	6,111	6,950	7,831
Professional fees (note 9)	16,805	22,316	29,646	46,169
Regulatory and transfer agent fees	10,260	9,535	15,776	17,925
Remuneration (note 9)	83,847	102,147	176,786	229,742
Rent and communications	13,666	20,879	29,413	42,522
Share-based compensation (notes 9, 10)	2,549	2,893	114,598	210,375
Shareholder and investor relations	17,883	36,218	41,849	41,800
Tradeshaw and travel	900	7,412	16,096	28,298
Unrealized loss on held-for-trading securities (note 8)	1,015	13,500	4,060	10,950
Net and comprehensive loss for the period	\$ (936,985)	\$ (921,245)	\$ (1,915,307)	\$ (1,950,736)
Basic and diluted comprehensive loss per common share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	203,623,366	166,965,366	199,977,819	161,312,855

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 THREE AND SIX MONTHS ENDED JUNE 30,

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (1,915,307)	\$ (1,950,736)
Items not affecting cash:		
Accretion expense	9,039	7,406
Interest expense	-	22,443
Depreciation	456,812	433,728
Foreign exchange (gain) loss	(11,244)	8,865
Interest income	(2,041)	(3,527)
Share-based compensation	130,805	239,007
Unrealized loss on held-for-trading securities	4,060	10,950
Changes in non-cash working capital items:		
Amounts receivable	(7,104)	(9,713)
Taxes receivable	168	(4,944)
Prepaid expenses	(1,784)	(97,298)
Accounts payable and accrued liabilities	(20,622)	(240,030)
Net cash used in operating activities	(1,357,218)	(1,583,849)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan principal paid	(100,000)	(1,747,795)
Loan interest and fee payments	-	(29,249)
Capital stock issued	1,694,900	4,459,687
Capital stock issuance costs	(93,790)	(102,534)
Net cash provided by financing activities	1,501,110	2,580,109
CASH FLOWS FROM INVESTING ACTIVITIES		
Mineral property	(92,775)	-
Purchase of property, plant and equipment	(36,001)	(353,246)
Interest received	1,163	2,120
Net cash used in investing activities	(127,613)	(351,126)
Change in cash and cash equivalents, during the period	16,279	645,134
Cash and cash equivalents, beginning of the period	268,849	291,219
Cash and cash equivalents, end of the period	\$ 285,128	\$ 936,353
Cash and cash equivalents is represented by:		
Cash	51,628	122,690
Cash equivalents	233,500	813,663
	\$ 285,128	\$ 936,353
Non-cash investing activities		
Capitalized to property, plant and equipment		
Rehabilitation provision	\$ 18,245	\$ 39,554
Accounts payable and accrued liabilities	\$ 60,058	\$ 60,224

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		Subscriptions received	Reserves	Deficit	Total
	Number	Amount		Share-based payments		
Balance at December 31, 2016	140,731,916	\$48,052,697	\$ -	\$ 5,869,723	\$(44,250,722)	\$ 9,671,698
Private placement	26,233,450	4,459,687	-	-	-	4,459,687
Capital stock issuance costs	-	(102,534)	-	-	-	(102,534)
Stock options expired	-	-	-	(34,709)	34,709	-
Share-based compensation	-	-	-	239,007	-	239,007
Net and comprehensive loss for the period	-	-	-	-	(1,950,736)	(1,950,736)
Balance at June 30, 2017	166,965,366	52,409,850	-	6,074,021	(46,166,749)	12,317,122
Private placement subscriptions received	-	-	126,000	-	-	126,000
Share-based compensation	-	-	-	17,789	-	17,789
Stock options expired or forfeited	-	-	-	(18,420)	18,420	-
Net and comprehensive loss for the period	-	-	-	-	(1,706,875)	(1,706,875)
Balance at December 31, 2017	166,965,366	52,409,850	126,000	6,073,390	(47,855,204)	10,754,036
Private placement (note 10)	36,418,000	1,820,900	(126,000)	-	-	1,694,900
Capital stock issuance costs (note 10)	240,000	(93,790)	-	-	-	(93,790)
Share-based compensation (note 10)	-	-	-	130,805	-	130,805
Stock options expired (note 10)	-	-	-	(92,714)	92,714	-
Net and comprehensive loss for the period	-	-	-	-	(1,915,307)	(1,915,307)
Balance at June 30, 2018	203,623,366	\$54,136,960	\$ -	\$ 6,111,481	\$(49,677,797)	\$10,570,644

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 and development. The Company’s primary business objective is to expand and improve the quality of its existing resources through exploration in order to enable it to become a low cost gold producer 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”. 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, on the basis of 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 June 30, 2018, the Company had cash and cash equivalents of \$285,128, accumulated losses of \$49.7 million, and working capital of \$76,985. Although the Company closed a private placement of \$1.0 million subsequent to June 30, 2018 (note 13), the Company will require substantial additional funds to support its exploration and operational activities at its Eagle Mountain Property and meet working capital requirements in the next 12 months. These factors represent a material uncertainty that may cast a significant doubt about 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 statement of operations that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

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, 2017, 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, save for the adoption of IFRS 9 and 15, starting on January 1, 2018, 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, 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.

These condensed consolidated interim financial statements were approved for issuance by the Board of Directors on August 15, 2018.

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 Guyana 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting policy – financial instruments

The Company adopted all of the requirements of IFRS 9 – *Financial Instruments* (“IFRS 9”) as of January 1, 2018. IFRS 9 replaces IAS 39 – *Financial Instruments: Recognition and Measurement* (“IAS 39”). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company’s new accounting policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Held-for-trading securities	FVTPL	FVTPL
Amounts receivable	Amortized cost	Amortized cost
Accounts payable	Amortized cost	Amortized cost
Loan payable	Amortized cost	Amortized cost

The Company did not restate prior periods and determined that the adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on January 1, 2018.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

GOLDSOURCE MINES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
SIX MONTHS ENDED JUNE 30, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting policy – financial instruments (continued)

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

Change in accounting policy – revenue from contracts with customers

The Company adopted all of the requirements of IFRS 15 *Revenue from Contracts with Customers* (“IFRS 15”) as of January 1, 2018. IFRS 15 utilizes a methodical framework for entities to follow in order to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. As the Company has no revenues, the change did not impact accumulated deficit or any assets and liabilities on the transition date.

3. NEW STANDARDS NOT YET ADOPTED

On January 13, 2016, the IASB issued IFRS 16 – *Leases*, the new leases standard. The standard is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has also been applied. The Company has not yet completed the process of assessing the impact that IFRS 16 will have on its consolidated financial statements or whether to early adopt this new requirement.

4. MINERAL PROPERTY AND EXPLORATION AND EVALUATION EXPENDITURES

Eagle Mountain Gold Project – Guyana

	As at December 31, 2016	Additions during the year	As at December 31, 2017	Additions during the period	As at June 30, 2018
Mineral property acquisition costs					
Mineral property acquired	\$ 5,722,081	\$ -	\$ 5,722,081	\$ 92,775	\$ 5,814,856
Shares issued	853,427	-	853,427	-	853,427
Total mineral property acquisition costs	\$ 6,575,508	\$ -	\$ 6,575,508	\$ 92,775	\$ 6,668,283

During the six months ended June 30, 2018, the Company entered into an option agreement to acquire a 100% interest in the Bishop Growler Property, located three kilometres from the Eagle Mountain Gold Project, for total consideration of US\$1,025,000. The Company made an option payment of \$92,038 (US\$75,000). At June 30, 2018, the remaining payments are scheduled as followed:

- US\$150,000 in January 2019;
- US\$150,000 in January 2020;
- US\$150,000 in January 2021; and
- US\$500,000 upon the exercise of the option.

GOLDSOURCE MINES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
SIX MONTHS ENDED JUNE 30, 2018

4. MINERAL PROPERTY AND EXPLORATION AND EVALUATION EXPENDITURES (continued)

	Cumulative to December 31, 2016	Expenditures during the year	Cumulative to December 31, 2017	Expenditures during the period	Cumulative to June 30, 2018
Exploration and evaluation expenditures:					
Assays	171,736	54,183	225,919	86,949	312,868
Borrowing costs	24,210	-	24,210	-	24,210
Camp costs	1,223,031	323,370	1,546,401	179,375	1,725,776
Depreciation (note 5)	653,234	814,408	1,467,642	427,036	1,894,678
Drilling	4,747	21,220	25,967	71,959	97,926
Operations and general	1,859,870	314,316	2,174,186	148,271	2,322,457
Road maintenance	684,907	-	684,907	-	684,907
Sale of gold ounces ⁽¹⁾	(622,414)	(101,170)	(723,584)	(88)	(723,672)
Salaries (note 9)	2,296,788	829,631	3,126,419	390,372	3,516,791
Share-based compensation (notes 9, 10)	81,844	28,632	110,476	16,207	126,683
Tailings	17,723	-	17,723	-	17,723
Technical services and consulting	292,478	115,455	407,933	84,397	492,330
Total exploration and evaluation expenditures	6,688,154	2,400,045	9,088,199	1,404,478	10,492,677

⁽¹⁾ As at and during the six months ended June 30, 2018, a majority of the Company's mineral resources are inferred whereby economic viability of such resources cannot be determined. Accordingly, the removal of the gold concentrate from the Company's Eagle Mountain Gold Project is considered an exploration and evaluation activity, and as such, all costs associated with the removal of gold concentrate are recognized as an exploration and evaluation activity. Sales received from the Eagle Mountain Gold Project are recognized as a recovery of exploration and evaluation expenditures given that the Company has not yet completed a positive economic analysis of its mineral interests.

In connection with the acquisition of Eagle Mountain Gold Corp. in 2014, 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;
 - b. Ninety days after having completed one year of gold production under a large-scale Mining License issued by the Guyana Geology and Mines Commission ("GGMC"); or
 - c. Five days after the date on which the 20-day VWAP of Goldsource exceeds \$0.75 per share, provided such date is not earlier than March 1, 2015.
- III. Goldsource shall pay OGML an additional US\$5,000,000 ("Final Payment") in cash or, at Goldsource's option, US\$2,500,000 cash and US\$2,500,000 in common shares of Goldsource, at a price per share equal to a five percent (5%) discount to the 20-day VWAP of Goldsource's common shares. The Final Payment shall be made one year after the earlier of:
 - a. The payment set out in, ("II a.") above has been made; or
 - b. After having completed one year of gold production under a large-scale Mining License issued by the GGMC.

The Company pledged a \$255,819 (US\$194,540) (December 31, 2017 – \$244,575 (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 MINES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
SIX MONTHS ENDED JUNE 30, 2018

4. MINERAL PROPERTY AND EXPLORATION AND EVALUATION EXPENDITURES (continued)

Goldsources's subsidiary Stronghold holds a prospecting license on the Eagle Mountain Property. 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 the Eagle Mountain Property. 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.

5. PROPERTY, PLANT AND EQUIPMENT

	Eagle Mountain Gold Project				Corporate office	Total
	Construction in progress	Processing plant ⁽¹⁾	Other equipment ⁽²⁾			
Cost						
As at December 31, 2016	\$ 149,474	\$ 3,339,218	\$ 2,129,027	\$ 60,848	\$ 5,678,567	
Additions	100,513	38,002	155,412	4,770	298,697	
Changes in asset retirement obligation	-	64,942	-	-	64,942	
Reclassification	(162,593)	22,305	140,288	-	-	
Disposals	-	(120,903)	(50,523)	-	(171,426)	
As at December 31, 2017	87,394	3,343,564	2,374,204	65,618	5,870,780	
Additions	-	-	35,753	2,888	38,641	
Changes in asset retirement obligation	-	(18,245)	-	-	(18,245)	
As at June 30, 2018	\$ 87,394	\$ 3,325,319	\$ 2,409,957	\$ 68,506	\$ 5,891,176	
Accumulated depreciation						
As at December 31, 2016	-	233,542	434,417	60,848	728,807	
Depreciation for the year	-	460,186	398,242	1,478	859,906	
Disposals	-	(30,433)	(18,403)	-	(48,836)	
As at December 31, 2017	\$ -	\$ 663,295	\$ 814,256	\$ 62,326	\$ 1,539,877	
Depreciation for the period ⁽³⁾	-	237,336	217,739	1,737	456,812	
As at June 30, 2018	\$ -	\$ 900,631	\$ 1,031,995	\$ 64,063	\$ 1,996,689	
Carrying amounts						
As at December 31, 2017	\$ 87,394	\$ 2,680,269	\$ 1,559,948	\$ 3,292	\$ 4,330,903	
As at June 30, 2018	\$ 87,394	\$ 2,424,688	\$ 1,377,962	\$ 4,443	\$ 3,894,487	

⁽¹⁾ Additions to processing plant during the year ended December 31, 2017 included the purchase and installation of a Krebs cyclone and Marok pumping system.

⁽²⁾ Other Equipment consists of vehicles, buildings, and equipment. During the six months ended June 30, 2018, additions to other equipment included the purchase of a sonic drill.

⁽³⁾ During the six months ended June 30, 2018, depreciation of \$427,036 (June 30, 2017 – \$410,827) was included in exploration and evaluation expenditures (note 4).

GOLDSOURCE MINES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
SIX MONTHS ENDED JUNE 30, 2018

6. LOAN PAYABLE

	Six months ended	Year ended
	June 30, 2018	December 31, 2017
Balance, beginning of period (year)	\$ 100,000	\$ 1,754,601
Interest expense	-	22,443
Repayment	(100,000)	(1,758,504)
Foreign exchange	-	(18,540)
Drawdown	-	100,000
Balance, end of period (year)	\$ -	\$ 100,000

On December 21, 2015, the Company obtained a loan of \$1.4 million (US\$1.0 million) (the "Loan") with Mitan Holdings Ltd. ("Mitan"), a company controlled and directed by a former director of the Company. The purpose of the Loan was to provide the Company with additional funds, which were necessary for capital requirements towards the Eagle Mountain Gold Project. The Loan was repayable in full, twelve months after the draw-down and bore interest at a rate of 12% per annum, payable quarterly. Goldsource pledged the shares of its wholly-owned subsidiary, Eagle Mountain Gold Corp., to Mitan as security for the Loan and paid a commitment fee of \$19,660 (US\$15,000) upon execution of the Loan.

On December 14, 2016, the Company obtained a loan of \$393,900 (US\$300,000) (the "Additional Loan") with Mitan. The purpose of this loan was to provide short-term working capital. The Additional Loan was repayable in full upon maturity at March 14, 2017 and bore interest at a rate of 12% per annum, payable upon maturity.

During the six months ended June 30, 2017, the Company paid the principal of both the Loan and Additional Loan in full. The Company incurred interest of \$22,443 (US\$17,021). Total interest paid during the period was \$29,249 (US\$22,183).

On December 21, 2017, the Company entered into a promissory note of \$100,000 with Maverick Mining Consultants Inc. ("Maverick"), a company controlled by the Company's Executive Chairman and Chief Operating Officer ("COO"). The purpose of this loan was to provide short-term working capital. The loan was due on demand and bore interest at a rate of 5% per annum. During the six months ended June 30, 2018, the Company repaid the promissory note in full and all accrued interest was forgiven by Maverick.

7. REHABILITATION PROVISION

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

	Six months ended	Year ended
	June 30, 2018	December 31, 2017
Balance, beginning of period (year)	\$ 380,712	\$ 301,361
Changes in obligation	3,810	41,118
Accretion expense	9,039	14,409
Changes in estimates	(22,055)	23,824
Balance, end of period (year)	\$ 371,506	\$ 380,712

The present value of the rehabilitation provision, using an effective discount rate of 5% (December 31, 2017 – 5%), is currently estimated at \$371,506 (US\$248,440) (December 31, 2017 – \$380,712 (US\$262,515)), reflecting anticipated cash flows to be incurred over approximately the next four years. The undiscounted value of these obligations is \$415,346 (US\$321,500) (December 31, 2017 – \$410,828 (US\$318,000)), calculated using a long-term inflation rate assumption of 0.9% (December 31, 2017 – 2.1%).

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.

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8. HELD-FOR-TRADING SECURITIES

	Six months ended June 30, 2018	Year ended December 31, 2017
Opening balance	\$ 12,180	\$ 95,850
Proceeds from sale of marketable securities	-	(49,195)
Loss on sale of marketable securities	-	(35,490)
Changes in marked-to-market value	(4,060)	1,015
Closing balance	\$ 8,120	\$ 12,180

Held-for-trading securities are recorded at fair value at each reporting date and the resulting gains or losses are included in the results for the year. For the six months ended June 30, 2018, the Company's 101,500 (December 31, 2017 – 101,500) Westcore Energy Ltd. ("Westcore") common shares had an unrealized market-to-market loss of \$4,060. For the six months ended June 30, 2017, the Company's 101,500 Westcore and 300,000 Para Resources Inc. ("Para Resources") common shares had an unrealized marked-to-market loss of \$10,950. During the year ended December 31, 2017, the Company sold 33,500 of its Westcore and its 300,000 Para Resources common shares for total proceeds of \$49,195. As a result, the Company recorded a loss of \$35,490.

9. RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2018, the Company entered into the following transactions with related parties:

Legal fees

Legal fees of \$8,239 (June 30, 2017 – \$15,468), included in professional fees, legal fees of \$737 (June 30, 2017 – \$Nil), capitalized as acquisition costs (note 4), and capital stock issuance costs of \$37,375 (June 30, 2017 – \$45,396) were paid or accrued to Koffman Kalef LLP, a law firm of which an officer of the Company is a partner, of which \$3,947 (December 31, 2017 – \$12,782) was payable at June 30, 2018.

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 President, COO, and Chief Financial Officer ("CFO"). Key management personnel compensation is summarized as follows:

	Six months ended June 30, 2018	Six months ended June 30, 2017
Management remuneration ⁽¹⁾	\$ 111,750	\$ 119,063
Share-based compensation ⁽²⁾	92,778	186,428
	\$ 204,528	\$ 305,491

⁽¹⁾ During the six months ended June 30, 2018, the Company paid management fees to companies controlled by the COO and the President of the Company, and paid remuneration and short-term benefits to the CFO. During the six months ended June 30, 2017, the Company paid management fees to companies controlled by the CFO and the President of the Company.

⁽²⁾ Share-based compensation is the fair value of the vested portion of stock options that have been granted to directors and officers of the Company.

Other transactions

The Company paid remuneration of \$2,250 (June 30, 2017 – \$22,932) and recognized share-based compensation of \$4,862 (June 30, 2017 – \$6,778) to an employee who is an immediate family member of the COO. Remuneration and share-based payments incurred to this employee were recorded as exploration and evaluation expenditures (note 4).

The Company has a cost sharing agreement with SilverCrest Metals Inc. ("SilverCrest"), a company related by common directors and officers, whereby the Company shares salaries, administrative services, and other reimbursable expenses. During the six months ended June 30, 2018, the Company was allocated \$80,659 (June 30, 2017 – \$95,188) for its share of these expenses, of which \$109,148 (December 31, 2017 – \$61,104) was payable to SilverCrest at June 30, 2018.

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9. RELATED PARTY TRANSACTIONS (continued)

Other transactions (continued)

During the six months ended June 30, 2018, the Company fully repaid a promissory note to a company controlled by the Company's COO (note 6). During the six months ended June 30, 2017, the Company incurred interest costs of \$22,443 on, and fully repaid, the Loan with Mitan, a company controlled by a former director of the Company (note 6).

10. 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 June 30, 2018, the Company had 203,623,366 common shares and no preferred shares outstanding.

Six months ended June 30, 2018

The Company completed a private placement of 36,418,000 units at a price of \$0.05 per unit for gross proceeds of \$1,820,900. Each unit consisted of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.10 until January 18, 2020. Finder's fees totaling \$51,930 were paid in connection with the private placement, of which \$39,930 was paid in cash. The remaining \$12,000 was paid with 240,000 units at a price of \$0.05 per unit. Each unit consisted of one common share and one warrant, which are exercisable on the same terms as those issued in the private placement except that they are non-transferrable. In connection with the private placement, the Company incurred \$53,860 of capital stock issuance costs, in addition to finder's fees.

Year ended December 31, 2017

The Company completed a private placement of 26,233,450 units at a price of \$0.17 per unit for gross proceeds of \$4,459,687. Each unit contained one common share and one warrant. Each warrant is exercisable at a price of \$0.23 until February 8, 2019. In connection with the private placement, the Company incurred \$102,534 in capital stock issuance costs.

Warrants

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

	Six months ended June 30, 2018		Year ended December 31, 2017	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
Outstanding, beginning of period (year)	26,233,450	\$ 0.23	29,850,912	\$ 0.27
Issued	36,658,000	0.10	26,233,450	0.23
Expired	-	-	(29,850,912)	0.27
Outstanding, end of period (year)	62,891,450	\$ 0.15	26,233,450	\$ 0.23

The warrants outstanding at June 30, 2018 are as follows:

Expiry date	Exercise price	Remaining life (years)	Number of Warrants
February 8, 2019	\$ 0.23	0.61	26,233,450
January 18, 2020	\$ 0.10	1.55	36,658,000
			62,891,450

The weighted average remaining life of warrants outstanding is 1.16 years.

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10. CAPITAL STOCK (continued)

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 equal 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.

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

	Six months ended June 30, 2018		Year ended December 31, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period (year)	9,735,000	\$ 0.19	7,474,012	\$ 0.22
Issued	1,800,000	0.10	3,025,000	0.15
Expired	(750,000)	0.16	(354,012)	0.32
Forfeited	-	-	(410,000)	0.26
Outstanding, end of period (year)	10,785,000	\$ 0.19	9,735,000	\$ 0.19

Six months ended June 30, 2018

The Company granted:

- 1,800,000 stock options to directors, officers, employees, and consultants that can be exercised at a price of \$0.10 per share until January 31, 2023. These stock options vest immediately except for 100,000, 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.

Year ended December 31, 2017

The Company granted:

- 25,000 stock options to an employee that can be exercised at a price of \$0.18 per share until February 1, 2022. These stock options vest immediately;
- 1,800,000 stock options to directors, officers, employees, and consultants that can be exercised at a price of \$0.17 per share until February 21, 2022. These stock options vest immediately except for 50,000, 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;
- 500,000 stock options to a newly appointed director that can be exercised at a price of \$0.16 per share until March 28, 2022. These stock options vest immediately;
- 200,000 stock options to employees and contractors that can be exercised at a price of \$0.13 per share until May 30, 2022. These stock options vest immediately except for 100,000, 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; and
- 500,000 stock options to a consultant that can be exercised at a price of \$0.10 per share until December 6, 2020. These stock options vest immediately.

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10. CAPITAL STOCK (continued)

Stock options (continued)

Stock options outstanding and exercisable at June 30, 2018 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
April 10, 2019	\$ 0.24	1,650,000	0.78	1,650,000
February 16, 2020	\$ 0.20	2,325,000	1.63	2,325,000
October 1, 2020	\$ 0.16	35,000	2.26	35,000
December 6, 2020	\$ 0.10	500,000	2.44	500,000
December 16, 2020	\$ 0.21	1,975,000	2.47	1,975,000
February 1, 2021	\$ 0.28	100,000	2.59	100,000
February 21, 2022	\$ 0.17	1,700,000	3.65	1,700,000
March 28, 2022	\$ 0.16	500,000	3.75	500,000
May 30, 2022	\$ 0.13	200,000	3.92	200,000
January 31, 2023	\$ 0.10	1,800,000	4.59	1,725,000
		10,785,000		10,710,000

The weighted average remaining life of options outstanding is 2.65 years.

Share-based compensation

The fair value of options granted during the six months ended June 30, 2018 and 2017 was estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	Six months ended June 30, 2018	Six months ended June 30, 2017
Expected option life (years)	4.33	4.43
Expected volatility	107%	76%
Expected dividend yield	-	-
Risk-free interest rate	2.04%	0.74%
Expected forfeiture rate	1.00%	1.00%
Fair value per share	\$ 0.07	\$ 0.10
Total fair value	\$ 131,675	\$ 245,364

During the six months ended June 30, 2018, the Company recognized share-based compensation of \$129,712, for the vested portion of options granted during the period, of which \$113,505 was expensed and \$16,207 was considered exploration expenditures (note 4). The Company also recognized share-based compensation expense of \$1,093 for the vested portion of options previously granted.

During the six months ended June 30, 2017, the Company recognized share-based compensation expense of \$238,820, for the vested portion of options granted during the period, of which \$210,299 was expensed and \$28,521 was considered exploration expenditures. The Company also recognized share-based compensation of \$187 for the vested portion of options previously granted of which \$76 was expensed and \$111 was considered exploration expenditures.

Share-based payment reserve

The share-based payment reserve records items recognized as share-based compensation and the fair value of warrants issued based on the residual method. When stock options or warrants are exercised, the corresponding amount is reallocated to share capital or, if cancelled or expired, the corresponding amount is reallocated to deficit.

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10. CAPITAL STOCK (continued)

Share-based payment reserve (continued)

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

	Six months ended June 30, 2018	Year ended December 31, 2017
Balance, beginning of period (year)	\$ 6,073,390	\$ 5,869,723
Share-based compensation	130,805	256,796
Stock options expired, reallocated to deficit	(92,714)	(53,129)
Balance, end of period (year)	\$ 6,111,481	\$ 6,073,390

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:

June 30, 2018	Canada	Guyana	Total
Net loss for the period	\$ 519,292	\$ 1,396,015	\$ 1,915,307
Asset information			
Deposit	\$ -	\$ 255,819	\$ 255,819
Rent deposit	\$ 46,576	\$ -	\$ 46,576
Mineral property	\$ -	\$ 6,668,283	\$ 6,668,283
Property, plant and equipment	\$ 4,445	\$ 3,890,042	\$ 3,894,487

June 30, 2017	Canada	Guyana	Total
Net loss for the period	\$ 750,704	\$ 1,200,032	\$ 1,950,736
Asset information			
Deposit	\$ -	\$ 252,991	\$ 252,991
Rent deposit	\$ 46,576	\$ -	\$ 46,576
Mineral property	\$ -	\$ 6,575,508	\$ 6,575,508
Property, plant and equipment	\$ 4,494	\$ 4,783,139	\$ 4,787,633

12. FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT

Financial instruments carrying value and fair value

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, held-for-trading securities, accounts payable, and loan payable. The carrying value of amounts receivable, accounts payable and loan payable approximates the fair value 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.

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12. FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT (continued)

Financial instruments carrying value and fair value (continued)

The following table summarizes the classification and carrying values of the Company's financial instruments at June 30, 2018 and 2017:

June 30, 2018	FVTPL	Amortized cost (financial assets)	Amortized cost (financial liabilities)	Total
Financial assets				
Cash and cash equivalents	\$ 285,128	\$ -	\$ -	\$ 285,128
Amounts receivable	-	29,101	-	29,101
Held-for-trading securities	8,120	-	-	8,120
Total financial assets	\$ 293,248	\$ 29,101	\$ -	\$ 322,349
Financial liabilities				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 334,036	\$ 334,036
June 30, 2017				
Financial assets				
Cash and cash equivalents	\$ 936,353	\$ -	\$ -	\$ 936,353
Amounts receivable	-	21,225	-	21,225
Held-for-trading securities	84,900	-	-	84,900
Total financial assets	\$ 1,021,253	\$ 21,225	\$ -	\$ 1,042,478
Financial liabilities				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 159,387	\$ 159,387

13. SUBSEQUENT EVENT

Subsequent to June 30, 2018, the Company completed a private placement of 18,294,544 units at a price of \$0.055 per unit for gross proceeds of \$1,006,200. Each unit consists of one common share and one half-warrant. Each whole warrant is exercisable at a price of \$0.09 per share until August 10, 2020.