



Goldsource Receives Positive Preliminary Assessment for the Border Coal Project

TSX-V: GXS

FWB: G5M

For Immediate Release

VANCOUVER, B.C. Feb 28, 2011 – Goldsource Mines Inc. (“Goldsource” or the “Company”) is pleased to report that its Preliminary Assessment (“PA”) NI 43-101 Technical Report for its Border Coal Project in Saskatchewan is complete and results are positive based on preliminary economics for a coal to liquids conversion process. This report was prepared by Marston Consultants of Calgary (“Marston”) and EBA Engineering Consultants of Vancouver (a Tetra Tech Company, “EBA”).

Marston, EBA and other independent qualified representatives conclude that, based upon this PA, development of the Border Coal project has the potential to be technically and economically feasible. The following recommendations are provided for consideration to advance the project to a Pre-Feasibility Study (PFS) level:

- Consider coal liquefaction (CTL) processes which are based on standard petroleum refinery technologies and taking advantage of the current and expected low price for natural gas to provide the hydrogen to convert coal to liquids, in particular high value transportation fuels.
- Complete bulk sampling of 5-10 tonnes to test CTL technologies, to develop or refine plant design, produce an updated product slate and product yield estimates and update the capital and operating cost estimates.
- A rigorous marketing study is recommended to determine the impact of bringing these products, in the projected quantities, to the marketplace.
- Due to the high capital cost associated with supplying natural gas to the site for CTL processing, a potential option would be to locate the processing facilities closer to the Province’s main natural gas transmission and other product pipelines in southern Saskatchewan. This may provide an economic benefit on the cost side as well as possibly providing easier access to the market for the finished products.
- There are several potential technologies that could be used to monetize the Border resource, such as the Quantex Energy Inc. (Quantex) of Calgary, AB, CTL processing or the Synthesis Energy Systems (“SES”) gasification processing. It is recommended that Goldsource pursue these options in conjunction with further resource development. Capital and operating costs for the Quantex CTL process may be significantly lower than other processes, however, these processes requires further testing before being demonstrated as a proven commercial technology.
- Electrical on-site power generation was initially considered, however, the Border coals contain moderate to high amounts of sodium which causes problems (fouling) with coal-fired generators. Reduction in sodium may be possible with further test work. On-site power generation is still considered an alternative for energy production. The PA recommends using of part of the bulk sample to carry testwork for sodium and sulphur reduction.
- Carry out proposed additional work on Border Coal Project to:
 - a. collect a cumulative 5-10 tonne coal bulk sample from Pasquia 2, Chemong 3 and Niska 107 by way of large diameter drilling,
 - b. do coal to liquids laboratory test work and sodium and sulphur reduction testing,

- c. drill to convert Speculative resources to Indicated for several of the Border deposits and,
 - d. drill several new exploration targets including the Pasquia 98 basin and Red Deer basin for potential increased resources. Significant potential exists for additional coal resources which can possibly increase mine life and decrease capital and operating costs.
- Compile the results of this bulk sample program and previous work into a PFS to be targeted for completion in 2012 and ~~continue~~collecting environmental baseline data during 2011.

Based on the current economics of the Border Coal Project, EBA, Marston and other Independent Qualified Representatives recommend completing the work as outlined above to help enhance the project. The estimated cost to complete the exploration and bulk sampling and testing program prior to a pre-feasibility study is US\$3 million.

J. Scott Drever, President stated: "We believe that this preliminary assessment has served its purpose in that it has highlighted the challenges involved for the development and monetization of this valuable asset and future energy source. Major capital projects such as this often require a combination of favorable investment climate, timing, commodity pricing and technology changes to demonstrate rates of return commensurate with the capital at risk – Alberta oil sands development being a perfect case in point. The fact that our preliminary assessment showed a positive rate of return at this stage using an existing commercial process known to have high capital and operating costs, is a clear indication that potential improvements in capital and operating costs may be possible particularly through emerging technologies. We expect to pursue the recommendations of the report, in particular those relating to test work for alternative technologies while at the same time recognizing the need for a participant that has the expertise and financial capacity to bring the project to fruition."

Following a detailed review of the coal quality properties and extensive discussions with various power plant and coal to liquids technology providers, results suggested that the current most likely economic market for the Border coal would be coal to liquids conversion. Based on evaluation of available technologies and their relative maturity, the quality of the Border and location of the coal resource, Marston recommended coal-to-liquids processing technology to produce transportation fuels (diesel, naphtha and LPG/propane) as a basis for the PA. This technology was the primary choice under consideration because it was a proven technology based on historical operating CTL plants and petroleum refining technology with the ability to process high alkali coal feeds with low ash melting points and slagging/fouling potential. The process is able to directly produce marketable transportation fuels which can be shipped via rail from the plant site and can be built as a modular design allowing expansion as needed.

Coal to Liquids Project Economic Parameters

Marston relied on CTL sources for the capital cost estimates associated with the coal to liquids facility. The total installed cost of the facility has been estimated to be \$1.94 billion and was allocated over five years with commencement depending on the rate of advancement of Pre-Feasibility and Feasibility studies. There would be an additional \$90 million dollars of sustaining capital required over the life the project. All capital and operating costs are to a Preliminary Assessment level and were established using quotes, experience, and factored industry standard numbers. Costs are to a +/-30% accuracy as are typical for this level of evaluation.

Under the assumptions of this Preliminary Assessment, the project will produce approximately 6.45 billion gallons of saleable products at production rates of approximately 14,000 barrels per day. With assumed market prices of \$2.25 per gallon for diesel and \$2.11 and \$1.29 per gallon for naphtha and LPG/propane respectively, the estimated annual product revenues average \$425 million/year with estimated operating costs of approximately \$266 million/year. Based on the pro-forma development plan, technology for upgrading, and estimated costs of operations, the project generates a positive pre-tax internal rate of return of approximately 6.3% and a payback period of 13 years with a minimum project life of 30 years. Sensitivity analyses show that the project rate of return is much more sensitive to changes in revenue (product prices) than either operating or capital costs.

Based on the revised coal resources (see below), the project contemplates mining coal at a rate of 3.0 million raw tonnes per year (1.8 million clean tonnes per year) over a 30 year life. The proposed operations would produce just over 90 million tonnes (Mt) of run-of-mine (ROM) coal with clean coal production of about 54 Mt.

The potential operation would consist of coal mining from 7 different coal deposits conveniently located next to rail and proximal to each other. A CTL plant would be constructed and operated on-site or alternatively coal will be shipped to southern Saskatchewan by rail to current established infrastructure.

Other key factors that favour the development of the Border Coal project are:

- Border coal deposits have an estimated average strip ratio of 5.6:1 (bcm waste to tonne of ROM coal) compared to an average 8:1 for southern Saskatchewan and Alberta coals.
- Moisture content and Calorific Values are superior to the southern Saskatchewan lignite coals.
- There are sufficient resources to support at least a 30 year project and most of the defined coal deposits are within 2 km of rail and/or highway.

The province of Saskatchewan is currently a favourable investment environment for development of this type of project with government support. The Hudson Bay community is in strong support of the project and land use is amenable to resource development and overall impact can be mitigated.

Resource Estimates

The revised resource estimates show a conversion of approximately 20% of the Inferred resources to the Indicated category with substantial additions to the speculative category. Decreases in the inferred category were due mainly to stricter definition of deposit boundaries provided by detailed airborne gravity surveys. The addition of the Niska 105 deposit accounted for much of the increase to the speculative category. There are a number of priority targets yet to be tested that could add to the overall resource base of the area.

REVISED COAL RESOURCES AT THE BORDER PROJECT		
Category	2009 (000's Tonnes)	2011 (000's Tonnes)
Indicated	63,500	79,161
Inferred	89,600	34,893
Speculative	18,700	61,183

Washability

Preliminary washability testing was completed on samples from both the 2008/2009 and 2009/2010 drill programs. Initial indications are that there is an economic advantage to be gained by washing the run-of-mine coal ahead of further downstream processing in a CTL unit. Capturing the floats at a 1.60 specific gravity cut off provided an estimate of the expected qualities of a washed product. Please refer to the Table below. On an air dried basis the % ash decreases from 22.9% to 15.7% with an associated air dried yield of 70.7%. The % sulphur decreased only slightly which should be expected as the majority (75%) of the sulphur is organic in nature.

WASHABILITY SUMMARY							
	% Moisture	% Volatile Matter	% Ash	% Fixed Carbon	% Sulphur	Calorific Value (Kj/Kg)	% Yield
Head Sample*	7.76	29.88	22.94	39.42	2.80	19,773	70.7
Floats @ 1.60 s.g. cut off	4.78	33.96	15.66	45.60	2.47	22,911	
* air dried basis							

This assessment is preliminary in nature and the economic analysis includes inferred resources that are considered too speculative geologically to have economic considerations applied to them in order to be categorized as mineral reserves. The mineral resources utilized in the study are not reserves and do not have economic implications. There is no certainty that the

results of this preliminary assessment will be realized. This report complies with NI 43-101 standards. The full report will be filed on SEDAR upon final receipt of QP approvals and consents.

Lara Reggin, P.Geo., Engineering Geologist and Project Director, EBA Engineering Consultants Ltd., Mohammed Dadmanesh, P.Eng., Mining Engineer and Project Manager, EBA Engineering Consultants Ltd, John Chow, AusIMM, Mining Engineer, EBA Engineering Consultants Ltd, and James McQuaid P.Eng., Mining Engineer and Vice President of Marston Canada Ltd. are the Qualified Persons for this news release and have 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 well financed and 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.**

Contact: Fred Cooper
Telephone: (604) 694-1760
Fax: (604) 694-1761
Toll Free: 1-866-691-1760 (Canada & USA)
Email: info@goldsourcemines.com
Website: www.goldsourcemines.com
570 Granville Street, Suite 501
Vancouver, British Columbia V6C 3P1

Neither TSX Venture Exchange nor its Regulation Services Provider (as defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.