



GOLDSOURCE MINES INC. SIGNS DEFINITIVE ARRANGEMENT AGREEMENT WITH ZERO EMISSION ENERGY PLANTS LTD.

VANCOUVER, BRITISH COLUMBIA – September 1, 2011 – Goldsource Mines Inc. ("**Goldsource**") (TSXV: GXS) is pleased announce that Goldsource and Zero Emission Energy Plants Ltd. ("**ZEEP**") have entered into a definitive arrangement agreement dated August 24, 2011 (the "**Arrangement Agreement**") in connection with the arm's length business combination of Goldsource and ZEEP previously announced on July 11, 2011.

About Goldsource

Goldsource is a publicly-listed Canadian resource company engaged in the exploration and development of Canada's newest coal field in the province of Saskatchewan. Goldsource is responsible for recently identifying one of the country's most promising new coal deposits in Eastern Saskatchewan and has to date outlined more than 79 million tonnes of indicated, 33 million tonnes of inferred and 61 million tonnes of speculative good quality, sub-bituminous thermal coal resources. Headquartered in Vancouver, British Columbia, Goldsource is managed by experienced mining and business professionals.

About ZEEP

ZEEP is a private Bermuda company at arm's length to Goldsource that was founded in 2008 to commercialize and deploy certain gasification technologies (the "**PWR Technology**") developed by Pratt & Whitney Rocketdyne, Inc. ("**PWR**").

Gasification is an environmentally friendly method to use petroleum coke ("**petcoke**"), coal or biomass to generate synthetic gas ("**syngas**") which, in turn, can be efficiently converted to end products such as hydrogen, chemical feedstocks, transportation fuels or synthetic natural gas. Carbon dioxide, and other pollutants otherwise generated through the traditional combustion of coal are contained in the gasification process and can be sold as valuable by-products.

ZEEP holds a world-wide license to use the PWR Technology and intends to commercialize the PWR Technology by building, owning and operating gasification facilities in "energy centres" that convert coal, petcoke or biomass into a wide variety of high quality end-products such as hydrogen, carbon monoxide, carbon dioxide, methanol, gasoline and electricity. ZEEP also intends to acquire and develop coal resources that can be processed in its poly-generation energy centres. ZEEP also plans to sub-license the PWR Technology to other project developers.

ZEEP is managed by a team of professionals with extensive experience in gasification technologies and the acquisition and development of large energy projects. For further information please go to www.ZEEP.com.

The Arrangement Agreement

The Arrangement Agreement contemplates the following (collectively, the "**Transactions**"):

- under the terms of the Arrangement Agreement, Goldsource and ZEEP will effect a business combination whereby ZEEP will acquire all of the issued and outstanding common shares ("**Goldsource Shares**") of Goldsource in exchange for 1.2727 Class A common shares ("**ZEEP Shares**") of ZEEP for each Goldsource share held, and Goldsource will become a wholly-owned subsidiary of ZEEP (the "**Arrangement**");
- any warrants to acquire Goldsource Shares, if outstanding immediately prior to the effective time of the Arrangement, shall remain outstanding and exercisable for ZEEP Shares in accordance with the warrant adjustment provisions contained in the terms of such warrants;
- each stock option to acquire a Goldsource Share shall be exchanged for a ZEEP replacement stock option to purchase such number of ZEEP Shares equal to the number of Goldsource Shares that were the subject of such Goldsource stock option so exchanged multiplied by 1.2727. The exercise price, the term to expiry and vesting schedule of each ZEEP replacement stock option shall be the same as that of the Goldsource stock option;
- a new management team will be appointed led by Ronald E. Oligney as Chief Executive Officer and Bradley J. Thomson as Chief Financial Officer (the "**New Management**") (see biographical information below);
 - a new board of directors will be comprised of three representatives of ZEEP, Ronald E. Oligney, Bruce A. Bernard and Barry A. Williamson, two representatives of Goldsource, J. Scott Drever and Steven B. Simpson, as well as two independent directors to be mutually agreed upon by ZEEP and Goldsource (the "**New Directors**") (see biographical information below);
- ZEEP shall have completed a financing for minimum aggregate proceeds of \$10,000,000; and
- ZEEP will be continued into the Province of Alberta under the name "Zero Emission Energy Plants Ltd.".

Completion of the Arrangement is subject to the satisfaction of a number of conditions under the Arrangement Agreement, including receipt of the approval of the TSX Venture Exchange (the "**Exchange**") to the listing of the ZEEP shares, approval of the Arrangement and election of the New Directors by not less than 50% of the votes cast at the ZEEP shareholder meeting, approval of the Arrangement by not less than two-thirds of the votes cast at the Goldsource shareholder meeting, approval by the Supreme Court of British Columbia (the "**Court**"), receipt of all other required regulatory and third party approvals and consents; and such other conditions as may be required to complete and effect the Arrangement.

Goldsource has also requested an exemption from the sponsorship requirements of the Exchange. Goldsource's information circular is expected to be mailed to Goldsource shareholders in late September and the special meeting of Goldsource shareholders is expected to be held on or about October 18, 2011. ZEEP's information circular is expected to be mailed to ZEEP shareholders in late September and the special meeting of ZEEP shareholders is expected to be held on or about October 14, 2011. The Transactions are expected to close on or about October 20, 2011 assuming that Goldsource and ZEEP receive the requisite approvals and all of the conditions to closing are satisfied.

The terms of the Arrangement Agreement provide for termination of the Arrangement Agreement and the Arrangement if the Transactions are not completed by an outside date of October 21, 2011, unless extended by the parties. In addition to the terms of the Arrangement Agreement discussed above, the Arrangement Agreement contains reciprocal, non-solicitation covenants,

customary representations, warranties, covenants and conditions and provides for reciprocal non-completion fees under certain circumstances of \$250,000 or a reimbursement of costs of up to \$250,000. The complete Arrangement Agreement will be accessible under Goldsource's profile on SEDAR at www.sedar.com.

ZEEP Financings

As a condition to the completion of the Arrangement, ZEEP must complete a financing for minimum aggregate proceeds of \$10,000,000. ZEEP is currently undertaking a non-brokered private placement (the "**ZEEP Private Placement**") of units (the "**Units**") at a price of \$0.55 per Unit for gross proceeds of up to \$5,000,000. Each Unit consists of one ZEEP Share and one-half of one common share purchase warrant of ZEEP, each whole warrant entitling the holder thereof to purchase one ZEEP Share at a price of \$0.70 for a period of not more than two years from the date of issuance of such warrant. In addition, ZEEP is expected to commence a brokered private placement (the "**ZEEP Financing**") that, when added to the gross proceeds of the ZEEP Private Placement will aggregate not more than \$15,000,000 and the terms of which will be announced upon the entering into of the engagement agreement with an agent for such financing.

Upon completion of the ZEEP Private Placement and the ZEEP Financing, it is expected that ZEEP will have raised the minimum aggregate proceeds of \$10,000,000, meeting the condition to the completion of the Arrangement. The net proceeds from the ZEEP Private Placement and the ZEEP Financing will be used to fund ZEEP's business objectives.

New Management Team and New Board of Directors

The New Management and the New Directors bring a long and successful track record in the resource and energy industry and have the experience and expertise needed to finance, build and operate large-scale commercial clean energy facilities for the on-going business of ZEEP. Upon completion of the Transactions the following persons are expected to comprise the New Management and the New Directors of ZEEP.

Ronald E. Oligney, Director and Chief Executive Officer

Mr. Oligney founded, built, and served as a Director and Chairman of various energy and environmental companies, private and public, for 20 years. Most recently, Mr. Oligney was the Chief Executive Officer and, subsequently, the Chairman, of Opal Energy Corp., a company listed on the Exchange. Mr. Oligney has been an advisor to the Clinton and Bush Administrations, the State of Texas, Fortune 500 companies, and national oil companies. He is co-author of the international best selling book, "The Color of Oil". Mr. Oligney has a BS in Petroleum Engineering from the University of Alaska and a MSc. in Science and Technology Journalism from Texas A&M University.

Barry A. Williamson, Director

Mr. Williamson is an attorney who has extensive experience at the federal and state government levels. Mr. Williamson has served as Vice Chairman of the Interstate Oil and Gas Compact Commission and as Chairman of its Legal and Regulatory Affairs Committee. He also served as a member of the Texas High Speed Rail Authority. He was past Chairman of the Texas Alternative Fuels Council, a member of the Texas Coastal Coordination Council and served on the Gas Committee of the National Association of Regulatory Utility Commissioners. Most recently, Mr. Williamson was the Chief Executive Officer of Tejas Inc. Mr. Williamson graduated from the University of Arkansas and received his J.D. from the University of Arkansas Law School.

Bruce A. Bernard, Director and Executive Vice President

Mr. Bernard was employed with Tejas Power Corporation in the late 1980s where he developed the "Tolling-PLUS" business strategy. Mr. Bernard applied this business strategy at Cheniere Energy, shepherding growth of the company from US\$20 million to over US\$2 billion between 2001 and 2004. He acted as lead consultant for Lodi Gas Storage, which grew from US\$37 million to US\$250 million. Mr. Bernard was co-founder and Chief Executive Officer of RRC Leasing, LP and Chief Executive Officer of Bruce A. Bernard Consulting, Inc. Mr. Bernard received a BS in Mechanical Engineering from Louisiana Tech University.

Bradley Thomson, Chief Financial Officer

Mr. Thomson is a Chartered Accountant with over 25 years experience in senior finance and corporate development roles. He was an officer of a number of fast growth businesses including TransCanada Corp., TransCanada Power LP, Metronet Communications and the Northridge Group of Companies. He currently serves on the Board Of Directors of CE Franklin Ltd. and previously served on boards such as The Canadian Electrical Association, Bruce Power Inc. and CCS Income Trust. Mr. Thomson received a Bachelor of Commerce from the University of Calgary and is a member of the Alberta Institute of Chartered Accountants and the Canadian Institute of Corporate Directors.

J. Scott Drever, Director

Mr. Drever has 45 years of business experience and geological expertise. He has dealt extensively with strategic planning, mergers & acquisitions, and operations for international mining corporations. Mr. Drever has served as an Executive Officer and Director of a number of public companies listed on the TSX and the TSX Venture Exchange, including Placer Dome Ltd., Blackdome Mining Corp., and SilverCrest Mines Inc. Since 2003, Mr. Drever has been the Chairman and President of SilverCrest Mines Inc., a mineral exploration, development and production company and since 1995, and has been the President of Nemesis Enterprises Ltd., a management consulting company.

Steven B. Simpson, Director

Mr. Simpson has been a consultant of Triton Advisory Group, a Singapore based investment firm, since 2001. Mr. Simpson has been an Australian certified practicing accountant (CPA) since 1977. He is also a Chartered Secretary and member of the Institute of Directors. He is a Commerce graduate from the University of New South Wales and is a former partner of Price Waterhouse (now PriceWaterhouseCoopers LLP) in both the Australian and Asian markets.

Mr. Simpson sits on the board of publicly-listed companies and is a member of audit committees in Singapore for such companies. Mr. Simpson is a principal of Triton Advisory Group, a mergers and acquisitions, fixed income trading, asset management and corporate advisory group located in Singapore.

Philip E. Lewis, Chief Technology Officer

Mr. Lewis has been directly involved in resource development as an owner, manager and technical services provider for over 30 years. Mr. Lewis has served as an executive for several private US oil and gas companies and the Chief Operating Officer of Texas Energy Center. He developed and marketed *FraPS*, the first reservoir simulator available on personal computers, and was a chief architect of FRACPRO, the dominant hydraulic fracture design program. These programs are in use at many major oil companies around the world. He has provided web-based management solutions to the large drilling contractors and producers in the Gulf of Mexico and the North Sea, an expertise that he translated to other major capital-intensive endeavors such as

Wal-Mart's construction program. Mr. Lewis has designed and constructed a pilot-scale fluidized bed coal combustor for characterization of Mid-Continent coals. He is a registered professional engineer and received his MSPE from the University of Houston, MSChE from the University of Tulsa and BSChE from the University of Oklahoma.

Bryce C. Tingle, Corporate Secretary

Mr. Tingle is involved in various capacities with several early stage companies in the finance sector. Mr. Tingle was a partner of TingleMerrett LLP from 1994 to December 2006. He was the general counsel of a private oil and gas company from 2006 to 2008. Since 2008, Mr. Tingle has served as a consultant and director of ZEEP as well as consulting with a variety of other public and private companies. Mr. Tingle received his LL.B. from the University of Alberta, a Master of Law (E-Business) from Osgood Hall Law School, York University and a Master of Law from Duke University Law School. He is an instructor at the University of Calgary Law School and has taught at other U.S. and Canadian law schools. He is a member of the Securities Advisory Committee of the Alberta Securities Commission.

It is expected that two additional independent directors will be confirmed prior to the mailing of the respective management information circulars to each of the Goldsource shareholders and the ZEEP shareholders. Biographies and further details of the two additional independent directors will be provided once available.

Proposed Capitalization

Goldsource currently has 27,033,729 Goldsource Shares outstanding and ZEEP currently has 87,014,237 ZEEP Shares outstanding and 18,606,879 Series I preferred shares outstanding. Under the terms of the Arrangement Agreement, each outstanding Goldsource Share will be exchanged for 1.2727 ZEEP Shares, resulting in the issuance of approximately 34,405,826 ZEEP Shares to the Goldsource shareholders. In addition, immediately prior to the completion of the Arrangement, it is expected that all of the ZEEP Series I preferred shares will be converted into ZEEP Shares on a 1 for 1 basis, resulting in the issuance of 18,606,879 ZEEP Shares. Assuming the completion of the ZEEP Private Placement for gross proceeds of \$2.5 million and the completion of the ZEEP Financing for gross proceeds of \$10 million, it is estimated that an aggregate of an additional 22,727,272 ZEEP Shares will be issued.

Based on the assumptions outlined above, it is expected that immediately upon completion of the Transactions there will be approximately 162,754,200 ZEEP Shares outstanding, of which approximately 18.4% will be held by former Goldsource shareholders on an undiluted basis (and Goldsource security holders holding 23.1% on a fully diluted basis).

Corporate Strategy

Upon completion of the Transactions, ZEEP will have an experienced management team and a board of directors with relevant experience to commercialize gasification technologies and to finance, build and operate large-scale commercial clean energy facilities. Upon completion of the Transactions, ZEEP's business objectives will be to:

- monetize the PWR Technology represented by the licence agreement between PWR and ZEEP, leveraging this position into project value and generating direct sublicensing revenues;
- build, own and operate gasification facilities and energy centers, using a series of project companies to minimize early dilution of shareholders; and

- lock-up and develop strategic energy resources, specifically coal, which can be acquired at attractive prices and then monetized using the PWR Technology and ZEEP's project development capabilities.

ZEEP also plans to continue the 2011 exploration program on the the coal deposits held by Goldsource located in the Province of Saskatchewan commenced by Goldsource in August 2011. The program's objective is to expand the Border coal resource base by conducting drilling of up to 10 diamond drill holes to test new coal targets and expand previously defined targets based on Goldsource's proprietary geophysical information.

Fairness Opinion

The board of directors of Goldsource retained retained Ross Glanville & Associates Ltd. and Bruce McKnight Minerals Advisor Services to provide a fairness opinion in connection with the Transactions. Based upon and subject to the scope of the review, analysis undertaken and various assumptions, limitations and qualifications set forth in such fairness opinion, Ross Glanville & Associates Ltd. and Bruce McKnight Minerals Advisor Services were of the opinion that the ZEEP Shares to be received by the Goldsource shareholders pursuant to the Arrangement is fair, from a financial point of view.

Boards of Directors' Recommendations

The board of directors of each of Goldsource and ZEEP has considered the Transactions and other matters and has, based upon the fairness opinion provided to Goldsource and on the opinion of each party's board of directors, unanimously determined that the Arrangement is fair to their respective shareholders and is in the best interests of Goldsource and ZEEP, respectively, and recommends that their respective shareholders approve the Arrangement and the Transactions. Members of the board of directors and officers of each of Goldsource and ZEEP have agreed to enter into support agreements in which they will have agreed, among other things, to vote in favour of the Arrangement, subject to certain conditions.

Trading Halt

Trading of the Goldsource Shares has been halted pending finalization of the terms of the Arrangement and this news release describing the Transactions. Trading of the Goldsource Shares is expected to resume upon the completion of the ZEEP Financing which is expected to occur sometime in late September, 2011.

For further information with respect to the Goldsource, ZEEP and the Transactions, please contact:

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The securities described herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("1933 Act") or any state securities laws, and may not be offered or sold in the United States unless registered under the 1933 Act or unless an exemption from registration is available.

Reader Advisory

Investors are cautioned that, except as disclosed in the Goldsource information circular to be prepared in connection with the Transactions, any information released or received with respect to the Transactions may not be accurate or complete and should not be relied upon. Trading in the securities of Goldsource and ZEEP should be considered highly speculative.

The proposed Transactions have not been approved by the TSX Venture Exchange and remains subject to TSX Venture Exchange approval.

Completion of the Transactions are subject to a number of conditions, including but not limited to, TSX Venture Exchange acceptance, shareholder approvals and Court approval. The Transactions cannot close until the required approvals are obtained. There can be no assurance that the Transactions will be completed as proposed or at all.

Except for statements of historical fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "budget", "scheduled", "estimates", "forecast" and other similar words or variations thereof, or statements that certain events or conditions "may", "could", "would", "might" or "will" occur. In particular, forward-looking information in this press release includes, but is not limited to, statements with respect to timing and completion of the Transactions, the merits of the Arrangement, timing, size and completion of the ZEEP Private Placement and the ZEEP Financing, the satisfaction of the conditions precedent to the Arrangement (including receipt of TSX Venture Exchange approval, shareholder approvals and Court approval), the timing for calling and holding shareholders meetings of Goldsource and ZEEP, the growth and business strategies, operational plans and strategies and the timing thereof, development and exploration plans and strategies and the timing and expected costs thereof, and future production levels. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: additional funding required by ZEEP on an ongoing basis to maintain the PWR License Agreement; utilizing and proving the PWR Technology on a commercial scale for the first time; market competition against third parties with greater financial and human resources; lack of exclusivity with respect to the license of the PWR Technology; the protection of PWR's intellectual property rights to the PWR Technology; the protection of ZEEP's intellectual property rights; actual results of exploration activities; estimation or realization of mineral reserves and resources; timing and amount of estimated future production; costs of production; capital expenditures; costs and timing of the construction of commercial gasification facilities and development of acquired mineral deposits; requirements for additional capital; future prices of coal, natural gas, oil and other petroleum products; possible variations in mineral grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the coal gasification and mining industries; delays in obtaining governmental approvals, permits or financing or in the completion of development or construction activities; title disputes; claims limitations on insurance coverage; the timing and possible outcome of pending litigation and the possibility of new litigation; risks associated with international operations; risks related to joint venture operations or other material customer or supply agreements; risks related to the integration of acquisitions; fluctuations in the currency markets; changes in national and local government legislation, controls, regulations and political or economic developments in Canada, the United States or other countries in which Goldsource or ZEEP carries on or may carry on business in the future; operating or technical difficulties in connection with mining or development activities; the speculative nature of the PWR gasification technology, mineral exploration and development, including the risks of obtaining necessary licences and permits. In addition, there are risks and hazards associated with the business of coal exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected geologic formations,

pressures, cave-ins, flooding (and the risk of inadequate insurance, or inability to obtain insurance, to cover these risks). There are also certain risks related to the consummation of the Arrangement and the business and operations of Goldsource including, but not limited to, the risk that the businesses of Goldsource and ZEEP may not be integrated successfully or that such integration may be more difficult, time-consuming or costly than expected; the risk that the expected combination benefits may not be fully realized or not realized within the expected time frame; risks associated with realizing the increased earnings and enhanced growth opportunities currently anticipated for ZEEP in the future; risks associated with meeting key production and cost estimates by ZEEP; construction and technological risks related to ZEEP; capital requirements and operating risks associated with the expanded operations of ZEEP and the market price of the ZEEP Shares. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this news release is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities to be offered have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended and may not be offered or sold in the United States or to a U.S. person absent registration or an applicable exemption from the registration requirements.

The TSX Venture Exchange has in no way passed upon the merits of the proposed Transactions and has neither approved nor disapproved the contents of this press release.

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