



INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

JUNE 30, 2006
SECOND QUARTER

The accompanying unaudited interim financial statements of the company have been prepared by and are the responsibility of the company's management.

The company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

GOLDSOURCE MINES INC.
INTERIM STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited - Prepared by Management)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
GENERAL AND ADMINISTRATIVE EXPENSES				
Administrative services	\$ 9,900	\$ 5,735	\$ 19,800	\$ 12,050
General exploration	1,408	-	1,408	-
Investor relations	51,875	-	76,990	-
Management fees	22,500	15,000	45,000	30,000
Office and general	9,472	3,221	14,706	2,434
Professional fees	17,316	13,276	40,881	42,900
Rent and telephone	6,012	6,359	12,377	12,072
Shareholder communications	7,898	2,891	10,714	3,533
Stock-based compensation	-	-	49,000	-
Trade shows and conferences	15,588	-	41,523	-
Transfer agent and regulatory fees	7,594	3,404	13,734	6,389
Loss before other items	(149,563)	(50,747)	(326,133)	(110,239)
Other items				
Interest income	42,349	4,409	85,747	9,309
NET LOSS FOR THE PERIOD	(107,214)	(46,338)	(240,386)	(100,930)
Deficit, beginning of the period	(6,230,360)	(5,390,679)	(6,097,188)	(5,336,087)
Deficit, end of the period	\$ (6,337,574)	\$ (5,437,017)	\$ (6,337,574)	\$ (5,437,017)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average number of shares outstanding	16,943,772	4,689,431	16,705,667	4,689,431

See accompanying notes

GOLDSOURCE MINES INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited – Prepared by Management)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
OPERATING ACTIVITIES				
Loss for the period	\$ (107,214)	\$ (46,338)	\$ (240,386)	\$ (100,930)
Stock-based compensation	-	-	49,000	-
Accrued interest	(35,773)	-	(75,225)	9,080
Changes in operating assets and liabilities				
Receivables and pre-paid expenses	(42,331)	(3,495)	(38,532)	(6,890)
Accounts payable and accrued liabilities	59,502	9,337	57,020	(12,083)
	(125,816)	(40,496)	(248,123)	(110,823)
INVESTING ACTIVITIES				
Redemption of short term investments	300,000	-	300,000	900,000
Change in accounts payable and accrued liabilities relating to mineral property expenditures	617,647	-	617,647	-
Mineral property expenditures	(1,300,993)	(544)	(1,703,754)	(4,304)
	(383,346)	(544)	(786,107)	895,696
FINANCING ACTIVITIES				
Issuance of share capital	43,750	-	43,750	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	(465,412)	(41,040)	(990,480)	784,873
CASH AND CASH EQUIVALENTS, beginning of the period	807,076	1,092,517	1,332,144	266,604
CASH AND CASH EQUIVALENTS, end of the period	341,664	1,051,477	341,664	1,051,477
Supplemental cash flow information				
Interest paid	-	-	-	-
Income taxes paid	-	-	-	-

See accompanying notes

1. NATURE OF OPERATIONS

Goldsourc Minos Inc. (tho "Company") is exploring its mineral properties and has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. Tho recoverability of the carrying values of mineral properties is dependent upon the discovery of economically recoverable ore reserves in its mineral properties and the Company obtaining the necessary financing to complete exploration, development and construction of processing facilities, obtaining government approvals and attaining future profitable production of the mineral resources.

The Company was incorporated under the laws of the Yukon Territory on December 7, 1983 and effective August 3, 2005 was continued into the jurisdiction of the Province of British Columbia pursuant to the British Columbia Business Corporations Act.

These financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern and do not reflect adjustments related to the carrying values and balance sheet classification of assets and liabilities that would be necessary, were the going concern assumption inappropriate.

These interim financial statements have been prepared using the same accounting policies as used in the financial statements for the year ended December 31, 2005 and should be read in conjunction with the audited financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. Tho preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Tho financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality. Tho interim financial statements should be read in conjunction with the most recent audited annual financial statements. Tho significant accounting policies follow that of the most recently reported annual financial statements.

Cash and Cash Equivalents and Short-Term Investments

Cash and cash equivalents include highly liquid investments with original maturities of three months or less.

Short-term investments comprise highly liquid Canadian dollar denominated guaranteed investment certificates with terms to maturity greater than ninety days, but not more than one year, that are readily convertible to contracted amounts of cash.

Short-term investments are carried at the lower of cost or recoverable amount.

Mineral Properties

The Company capitalizes all acquisition, exploration and development costs related to exploration and development of mineral properties on a property-by-property basis. Tho costs of abandoned properties are charged to income in the year of abandonment or when it is determined that potential for discovery of economic mineralization is limited.

The costs of producing properties are amortized using the unit of production method based upon estimated reserves. Tho amounts recorded as mineral properties represent costs to date and do not necessarily reflect present or future values.

Flow-through Shares

The Company issued flow-through shares in 2005 to finance some of its exploration activities. Tho shares were issued for cash in exchange for the Company giving up the tax benefits arising from the exploration expenditures. Tho amount of these tax benefits are renounced to investors in accordance with Canadian tax legislation. Tho Company records issuances of flow-through shares by crediting share capital for the full value of cash consideration received. Tho cost of the future tax benefits arising at the time that the Company renounces the eligible expenditures to the investors, is accounted for as a share issue cost.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

In accordance with EIC-146 *Flow-through shares*, issued in March 2004, the Company records future income tax assets that are caused by the renouncement of tax benefits as a recovery of income tax expense.

3. SHORT-TERM INVESTMENTS

Short-term investments comprise highly liquid Canadian dollar denominated guaranteed investment certificate with term to maturity of greater than 90 days but not more than one year. Short-term investment is carried at the lower of cost or recoverable amount. The counter-parties include Canadian based financial institutions. At June 30, 2006, the instrument was yielding an interest rate of bank prime less 2.05% with a maturity of December 14, 2006.

The fair market value of the Company's cash short-term investment approximates its carrying value at the balance sheet dates.

4. MINERAL PROPERTIES

Big River Property, Saskatchewan

On October 25, 2005 the Company finalized an agreement with BEC International Corporation ("BEC") of Saskatoon, Saskatchewan to acquire a 90% interest in two blocks of mineral claims in the Big River Area of Saskatchewan (the "Property"). The Company will carry all costs of exploration and development on the Property to the conclusion of a positive Bankable Feasibility Study as defined in the purchase agreement. BEC may then elect to back-in to a 25% working interest in the Property by reimbursing to the Company 25% of all past expenditures, or retain a 10% carried working interest in the Property whereby the Company will fund BEC's share of capital and operating costs to be recovered solely from 80% of BEC's share of cash flow from any future production from the Property.

As consideration for the 90% interest in the Property, the Company paid BEC \$55,000 in cash and issued 2.0 million common shares at an issue price of \$0.40 per share, the fair market value. In connection with the transaction, the Company issued 188,750 common shares as a finder's fee at an issue price of \$0.40 per share.

Border Property, Saskatchewan

On April 12, 2006 the Company finalized an agreement with Minera Pacific Inc., ("Minera") for the exclusive rights to use certain information generated from Minera's proprietary UMSERT Methodology which will assist the Company in identifying areas in Saskatchewan and Manitoba that may be prospective for diamonds.

In order to maintain the exclusive rights to use the Information, the Company has agreed to pay staged cash payments over a period of two years to Minera totaling \$160,000 (\$35,000 paid) and issue a total of 325,000 common shares of the Company (50,000 shares issued) over a period of four years and, by the end of the fifth year, pay an additional \$500,000 or issue 250,000 common shares, whichever is the lesser, as determined by the Company in its sole discretion.

The Company has also agreed to pay to Minera \$1,000,000 (Feasibility Payment) in the event that the Company completes an independent feasibility study on any property acquired by the Company as a result of the UMSERT Methodology. The Company has agreed to make non-refundable payments to Minera of \$100,000 in each of the third, fourth and fifth years from the effective date of the Agreement as advances against the Feasibility Payment. Minera is further entitled to receive a 2% gross overriding royalty ("GOR") on commercial production from any such property, and the Company is entitled at any time to purchase one-half of the GOR for \$2,000,000.

The Agreement may be terminated by the Company at any time upon written notice to Minera, in which case Minera may elect to receive an assignment of any properties acquired by the Company as a result of the UMSERT Methodology.

4. MINERAL PROPERTIES (continued)

	BIG RIVER PROPERTY June 2006	BORDER PROPERTY June 2006	TOTAL 2006	BIG RIVER PROPERTY December 2005
Balance, beginning of period	\$ 1,601,786	\$ -	\$ 1,601,786	\$ -
Additions				
Acquisition and staking costs	56,043	116,847	172,890	1,018,280
Exploration Costs				
Drilling	298,762	-	298,762	-
Engineering and consulting	49,500	5,500	55,000	16,759
Exploration and general	879	-	879	2,333
Geophysical surveys	726,488	479,735	1,206,223	110,983
	1,131,672	602,082	1,733,754	1,148,355
Future Income Taxes	-	-	-	453,431
Balance, end of period	\$ 2,733,458	\$ 602,082	\$ 3,335,540	1,601,786

5. RELATED PARTY TRANSACTIONS

During the three month period ended June, 2006, the Company paid management fees of \$22,500 [2005 - \$15,000] to a company owned by an officer and director of the Company.

6. SHARE CAPITAL AND CONTRIBUTED SURPLUS

- (a) Authorized
Unlimited number of common shares without nominal or par value
Unlimited Preference shares without nominal or par value
- (b) Issued and fully paid - common shares

	Share Capital		Contributed Surplus Amount
	Number	Amount	
Balance, December 31, 2004	4,689,431	\$ 2,392,643	\$ 4,243,287
Issuance pursuant to acquisition of the Big River Property	2,188,750	875,500	
Exercise of warrants	225,000	78,750	-
Issuance of share capital pursuant to private placement of flow-through shares	1,550,000	1,085,000	-
Issuance of share capital pursuant to private placement - for cash	7,932,500	4,759,500	-
- for services	67,500	40,500	-
Share issue costs	-	(320,917)	69,262
Stock-based compensation	-	-	399,000
Balance, December 31, 2005	16,653,181	\$ 8,910,976	\$ 4,711,549
Exercise of warrants	125,000	43,750	
Issuance pursuant to acquisition of the Border Property	50,000	30,000	
Future income taxes on renunciation of flow through shares	-	(370,202)	-
Stock-based compensation	-	-	49,000
Balance, June 30, 2006	16,828,181	\$ 8,614,524	\$ 4,760,549

6. SHARE CAPITAL AND CONTRIBUTED SURPLUS

Subsequent Event

Subsequent to June 30, 2006 the Company issued 820,000 common shares pursuant to the exercise of share purchase warrants for proceeds of \$287,000.

Stock Options

The Company has a stock option plan under which it is authorized to grant stock options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The exercise price of each option equals the market price of the Company's stock as calculated on the date of the grant. The options can be granted for a maximum term of 5 years.

At June 30, 2006, the Company had outstanding stock options, enabling holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
300,000	\$0.35	July 8, 2009
100,000	\$0.30	December 8, 2009
800,000	\$0.90	December 23, 2010
75,000	\$0.60	October 10, 2007
1,275,000		

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
As at December 31, 2004	400,000	\$ 0.34
Granted	800,000	\$ 0.90
As at December 31, 2005	1,200,000	\$ 0.71
Granted	75,000	\$0.60
As at June 30, 2006	1,275,000	\$0.71
Number of options currently exercisable	1,200,000	\$ 0.71

Stock-based compensation

The stock-based compensation expense recognized based on vesting for the period was \$49,000 (2005 - \$NIL) leaving an unamortized balance of \$18,750 (2005 - \$NIL).

6. **SHARE CAPITAL AND CONTRIBUTED SURPLUS** (continued)

Warrants

At June 30, 2006 the following share purchase warrants enabling holders to acquire shares were outstanding:

Number of Shares	Exercise Price	Expiry Date
1,150,000	\$.35	July 21, 2006
3,047,500	\$.75	December 1, 2007
137,500	\$.75	December 9, 2007
1,057,370	\$.75	December 20, 2007
5,392,370		

Warrant transactions for the six months ended June 30, 2006 are summarized as follows.

	Number of Warrants
As at December 31, 2005	5,517,370
Exercised	(125,000)
As at June 30, 2006	5,392,370

7. **FUTURE INCOME TAXES**

Balance, December 31, 2005	\$ 388,925
Increase in future income tax liability as a result of the renunciation of tax benefits associated with flow-through shares	370,202
Balance, June 30, 2006	\$ 759,127

8. **SUBSEQUENT EVENTS**

Subsequent to June 30, 2006 the Company issued 820,000 common shares pursuant to the exercise of share purchase warrants for proceeds of \$287,000 and 330,000 share purchase warrants expired.