**INTERIM FINANCIAL STATEMENTS**
(*Unaudited – Prepared by Management*)

**MARCH 31, 2006**
**FIRST 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 BALANCE SHEETS
(Unaudited - Prepared by Management)

| | March 31, 2006 | December 31, 2005 (audited) |
|---|---|---|
| **ASSETS** | $ | $ |
| **Current** | | |
| Cash and cash equivalents | 807,076 | 1,332,144 |
| Short term investments | 5,046,322 | 5,006,870 |
| Receivables and prepaid expenses | 22,863 | 26,662 |
| | 5,876,261 | 6,365,676 |
| **Mineral properties** | | |
| Deferred acquisition costs *[note 7(b)]* | 44,594 | - |
| Mineral property interests *[note 4]* | 1,959,953 | 1,601,786 |
| | 2,004,547 | 1,601,786 |
| | $ 7,880,808 | $ 7,967,462 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Current** | | |
| Accounts payable and accrued liabilities | $ 50,718 | $ 53,200 |
| **Future Income Taxes** *[note 7]* | 759,127 | 388,925 |
| **Shareholders' Equity** | | |
| Share capital *[note 6]* | 8,540,774 | 8,910,976 |
| Contributed surplus *[note 6]* | 4,760,549 | 4,711,549 |
| Deficit | (6,230,360) | (6,097,188) |
| | 7,070,963 | 7,525,337 |
| | $ 7,880,808 | $ 7,967,462 |

***Subsequent events [note 8]***

***See accompanying notes***

**On behalf of the Board:**

***"J. Scott Drever"*** Director
DIRECTOR'S SIGNATURE

***"Graham C. Thody"*** Director
DIRECTOR'S SIGNATURE

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

| | Three Months Ended March 31, 2006 | Three Months Ended March 31, 2005 |
|---|---|---|
| **GENERAL AND ADMINISTRATIVE EXPENSES** | | |
| Administrative services | $ 9,900 | $ 6,315 |
| Investor relations | 25,115 | - |
| Management fees | 22,500 | 15,000 |
| Office and general | 5,234 | (787) |
| Professional fees | 23,565 | 29,623 |
| Rent and telephone | 6,365 | 5,713 |
| Shareholder communication | 2,817 | 642 |
| Stock-based compensation | 49,000 | - |
| Trade shows and conferences | 25,934 | - |
| Transfer agent and regulatory fees | 6,140 | 2,986 |
| **Loss before other items** | 176,570 | 59,492 |
| **Other items** | | |
| Interest income | (43,398) | (4,900) |
| **NET LOSS FOR THE PERIOD** | (133,172) | (54,592) |
| DEFICIT, beginning of the period | (6,097,188) | (5,336,087) |
| **DEFICIT, end of the period** | $ (6,230,360) | $ (5,390,679) |
| Basic and diluted loss per share | $ (0.01) | $ (0.01) |
| Weighted average number of shares outstanding | 16,653,181 | 4,689,431 |

***See accompanying notes***

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

| | Three Months Ended March 31, 2006 | 2005 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Loss for the period | $ (133,172) | $ (54,592) |
| Stock-based compensation | 49,000 | - |
| Changes in operating assets and liabilities | | |
| Receivables and pre-paid expenses | 3,799 | (3,395) |
| Accounts payable and accrued liabilities | (2,482) | (21,420) |
| | (82,855) | (79,407) |
| **INVESTING ACTIVITIES** | | |
| Deferred mineral property acquisition costs | (44,594) | - |
| Mineral property expenditures | (358,167) | (3,760) |
| Redemption of short term investments | 39,452 | 909,080 |
| | (442,213) | 905,320 |
| **INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | (525,068) | 825,913 |
| CASH AND CASH EQUIVALENTS, beginning of the period | 1,332,144 | 266,604 |
| **CASH AND CASH EQUIVALENTS, end of the period** | $ 807,076 | $ 1,092,517 |
| **Supplemental cash flow information** | | |
| Interest paid | - | - |
| Income taxes paid | - | - |

***See accompanying notes***

## 1. NATURE OF OPERATIONS

Goldsource Mines Inc. (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.

The Company is exploring its mineral properties and has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The 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.

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. The 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. The financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality. These interim financial statements should be read in conjunction with the most recent audited annual financial statements. The 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. The 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. The amounts recorded as mineral properties represent costs to date and do not necessarily reflect present or future values.

### *Flow-through Shares*

The Company has issued flow-through shares to finance some of its exploration activities. Such shares were issued for cash in exchange for the Company giving up the tax benefits arising from the exploration expenditures. The amount of these tax benefits are renounced to investors in accordance with Canadian tax legislation. The Company records issuances of flow-through shares by crediting share capital for the full value of cash consideration received. The 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 March 31, 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.

**BIG RIVER PROJECT**

| | **March 2006 (3 months)** | **December 2005 (12 months)** |
|---|---|---|
| Balance, beginning of period | $ 1,601,786 | $ - |
| Additions | | |
| Acquisition and staking costs | 58,088 | 1,018,280 |
| Exploration costs | | |
| Engineering and consulting | - | 16,759 |
| Exploration and general | 1,504 | 2,333 |
| Geophysical surveys | 298,575 | 110,983 |
| | 358,167 | 1,148,355 |
| Future income taxes | - | 453,431 |
| Balance, end of period | $ 1,959,953 | $ 1,601,786 |

## 5. RELATED PARTY TRANSACTIONS

During the three month period ended March, 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 |
|---|---|---|---|
| | Number | Amount | 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 |
| Future income taxes on renunciation of flow through shares | - | (370,202) | - |
| Stock-based compensation | - | - | 49,000 |
| Balance, March 31, 2006 | 16,653,181 | $ 8,540,774 | $ 4,760,549 |

***Subsequent Event***

On April 26, 2006 the Company issued 50,000 common shares pursuant to an Agreement more fully described in Note 7 (b).

***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 March 31, 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 |
| 1,200,000 | | |

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

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 |
| Exercised | - | - |
| As at December 31, 2005 and March 31, 2006 | 1,200,000 | $ 0.71 |
| Number of options currently exercisable | 1,112,500 | $ 0.70 |

***Warrants***

Warrant transactions for the year ended December 31, 2005 are summarized as follows.

| | 2005 | 2004 |
|---|---|---|
| Balance, beginning of the year | 1,500,000 | - |
| Issued | 4,242,370 | 1,500,000 |
| Exercised | (225,000) | - |
| Balance, end of the year | 5,517,370 | 1,500,000 |

At March 31, 2006 the following share purchase warrants enabling holders to acquire shares were outstanding:

| Number of Shares | Exercise Price | Expiry Date |
|---|---|---|
| 1,275,000 | $.35 | July 21, 2006 |
| 3,047,500 | $.75 | December 1, 2007 |
| 137,500 | $.75 | December 9, 2007 |
| 1,057,370 | $.75 | December 20, 2007 |
| 5,517,370 | | |

For the year ended December 31, 2005:

(a) 225,000 warrants were exercised at $0.35 per share for proceeds of $78,750;

(b) 4,000,000 warrants were issued pursuant to a private placement;

(c) 242,370 compensation warrants were issued pursuant to a private placement for which $69,262 was recorded as share issue costs.

## 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, March 31, 2006 | $ | 759,127 |

## 8. SUBSEQUENT EVENTS

**(a) Flow-through**

In February 2006 the Company renounced the $1,085,000 of tax deductions associated with qualified exploration expenditures incurred and to be incurred with flow-through funds.

**(b) Agreement – Minera Pacific Inc.**

The Company entered into an agreement on April 13, 2006 to option the exclusive rights to use certain information 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 the vendor totaling $160,000 ($35,000 on closing $50,000 on each of the first and second anniversaries) and issue a total of 325,000 common shares of the Company over a period of four years (50,000 shares on closing, 50,000 shares on the first anniversary and 75,000 shares on each of the second, third and fourth anniversaries) 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 a $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 information. 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. The vendor 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.

At March 31, 2006 the Company had incurred $44,594 in staking costs in connection with the Agreement. These costs have been recorded as deferred mineral property acquisition costs.

**(c) Agreement – Value Relations GmbH**

On April 10, 2006, the Company signed an agreement with Value Relations GmbH of Frankfurt, Germany to act as consultant with respect to the Company’s investor relations activities in Germany. The services to be provided will include, among other things, the preparation and translation of corporate information brochures, assisting in the dissemination of corporate new releases and liaising with the German media on behalf of the Company. The agreement will be for a period of 90 days at a cost of EUR 25,000. In addition, subject to TSX-Venture Exchange approval, stock options to purchase up to 75,000 common shares of the Company will be granted to Value Relations. The Company has applied for listing on the Frankfurt Stock Exchange and expects to receive approval in due course.