

January 13, 2009

Goldsource Mines Inc.

GXS-V: \$2.38

TARGET: **\$6.00**

RECOMMENDATION: **BUY**

RISK RATING: **SPECULATIVE**

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(all figures in C\$, unless noted)

GXS to commence drilling at Border, and new permits received

Price (1/12/2009)	\$2.38
Total return to target	152.1%
Shares O/S (m)	19.3
Shares F/D (m)	21.4
Market cap F/D (\$m)	\$ 50.9
Market value (\$m)	\$ 46.0
10-day Ave Daily Vol (k)	100.0
Debt (m)	\$0.0
Cash (\$m)	\$15.6
Fully-diluted cash (\$m)	\$20.3
12-mo Burn-rate	\$10.0
Shareholders	-15% Management
President	J. Scott Drever
COO	Wendy Mathison
Chief consultant	Eric Fier
Key Director	Eric Friedland

News/Event

- Yesterday, after market close, GXS announced the initiation of a winter drill program at its 100%-owned Border property in east central Saskatchewan.
- GXS also announced it received coal permit certificates at its new Ballantyne property located approximately 240 km northwest of the Border project.

Highlights

- **Border drilling to start next week** – Two drills are onsite to drill 58 holes (7,000 metres), mainly at 500-metre spacing. Of the 58 planned holes, 39 are expected to be used in the subsequent NI 43-101 resource estimation and 15 are to be used to test three new targets within the Border property.
- **New Ballantyne property** – 13 coal permits were issued for the Ballantyne property located approximately 240 km northwest of the Border property, Saskatchewan. The 162,704 hectare Ballantyne property is accessible year-round by gravel roads. GXS is working to obtain permits for 20 drill holes to be drilled in 2009. Historical work includes two +17-metre thick intersections of “coal zones” by Anglo American in 1970, and 13 intersections by Consolidated Pine Channel Gold Corp. in 1994. All intersections appear to be within the same stratigraphic interval as the Border coal.

Analysis/Conclusion

- Impact – Positive. GXS is poised to systematically drill its Border coal discovery and work towards an NI 43-101 resource estimate.
- GXS has also used its first mover status to secure exploration rights to a new coal target with similar characteristics as the Border property.
- We recommend Goldsource Mines as a **BUY** with a 12-month target price of **\$6.00**. Goldsource is **Speculative** and suitable for risk-tolerant investors only.

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NV – non-voting shares RS – restricted voting shares SV – subordinate voting shares UN – units

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Additional Disclosures

Genuity Capital Markets has acted as an underwriter in a distribution for Goldsource Mines Inc. in the last 12 months.

A portion of the travel expenses for a recent trip to the Border property were paid for by Goldsource Mines Inc.