

VANCOUVER, B.C., Nov. 14, 2016 (GLOBE NEWSWIRE) -- [Goldsourc e Mines Inc.](#) ("Goldsourc e" or the "Company") (TSX-V:GXS) (OTCBB:GXSFF) (FWB:G5M) announces revised 2016 production guidance range of 600 to 800 ounces of gold, down from previous guidance of 1,400 to 2,100 ounces of gold. The drop in Phase I Proof of Concept production guidance for 2016 primarily reflects lower than expected throughput and recovery as well as unexpected downtime related to equipment and water availability for the Eagle Mountain Saprolite Gold Mine.

Revised 2016 Guidance

Goldsourc e anticipates a total production of approximately 600 to 800 ounces of gold for 2016, down from the previous guidance of 1,400 to 2,100 ounces of gold for 2016 (new release August 25, 2016). The revised production forecast is based on the following assumptions:

- Average throughput of 500 tonnes per day (tpd) in November 2016 and 750 tpd for December 2016, down from the previous guidance of 1,200 tpd in November and 1,500 tpd in December 2016.
- Average net recovery to dore of 20-25%, down from budgeted net gold recovery of 25-30% for H2 2016.
- Average head-grade of 1.2 g/t gold, down from an average head-grade of 1.4 g/t gold.

The Company previously announced starting a night shift in Q4 2016 to increase throughput to 1,500 tpd by December 2016. Given the recovery issues and water related throughput constraints, the Company has deferred the night shift until the process plant has been optimized for designed throughput and recovery.

Throughput and Recovery Summary

In early September, the Company began processing higher grade material from Pit #4, with the average grade increasing to 1.21 g/t gold, up from the average grade of <0.35 g/t gold in June and July 2016. While the head-grade improved substantially, the gold recovery from the Falcon concentrators ("Falcon") dropped to average of approximately 15% in September and an estimated 17% in October, short of the targeted minimum recovery rate of an estimated 30% for economic viability. In early October, Goldsourc e hired a qualified process engineer to optimize the plant at Eagle Mountain to improve throughput and recovery for the gravity only operation. The most recent production results for the first week in November suggests that recovery has improved to an estimated 24% with further optimization work ongoing.

The Company produced 137 ounces of gold in September and 78 ounces of gold in October. Production during these months was materially impacted by equipment related downtime and water shortages due to the dry season. Critical equipment is currently being upgraded to reduce downtime and a new reservoir is expected to be online in mid-November which should address water availability. Onsite management is also testing the potential to improve throughput by liberating more gold from the oversize material using a small crusher. The Company is working closely with Sepro Mineral Systems Corp., designers of the Eagle Mountain plant, to understand and test the current plant recoveries of 20 to 25% versus lab test work showing optimized gravity recoveries of 50 to 60% that was completed for the Eagle Mountain PEA Technical Report.

Outlook

The sub-optimal performance of the gravity recovery plant requires further test work which will result in a delay in the phased expansion of the Eagle Mountain Mine. The Company has deferred Phase II capital purchases in order to focus funds on plant and recovery optimization rather than expansion. Management is targeting the completion of further test work on plant optimization with potential improvement to gold recovery rates by mid-December.

As of November 14, 2016, Goldsourc e has C\$686,000 in cash (including C\$261,000 in restricted cash). The Company is exploring financing alternatives to address working capital requirements and fund optimization capital to increase throughput and recovery of the Eagle Mountain process plant.

The Qualified Person under National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* for this news release is N. Eric Fier, CPG, P.Eng, and Chief Operating Officer for Goldsourc e, who has reviewed and approved its contents.

ABOUT GOLDSOURCE MINES INC.

[Goldsourc e Mines Inc.](#) (www.goldsourc emines.com) is a Canadian resource company that is currently in the Proof of Concept Phase at its 100%-owned Eagle Mountain Gold Project, located in Guyana. Goldsourc e is led by an experienced management team, proven in making exploration discoveries and in project construction.

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CAUTIONARY STATEMENT AND FORWARD-LOOKING DISCLAIMER

Management's production decision for the Eagle Mountain Gold Project is not based on a feasibility study of mineral reserves demonstrating economic and technical viability. This project has a much higher risk of economic or technical failure and may adversely impact the Company's projected profits, if any. The risks associated with this decision are set forth in the Company's latest annual management's discussion and analysis available on the Company's website and the under Goldsource's SEDAR profile on www.sedar.com.

This news release contains "forward-looking statements" within the meaning of Canadian securities legislation. Such forward-looking statements concern Goldsource's strategic plans and expectations for the development of the Eagle Mountain Gold Project based on the PEA and variations to mining plans as mining operations progress and decrease gold production is encountered; the amount of future production of gold over any period; cash operating costs per ounce of gold; life of mine; estimated pre-production cost; the amount of expected grades and ounces of metals, gold recoveries mine life and gold production rates of the Eagle Mountain Gold Project; and expectations regarding the Company's ability to manage capital resources and meet working capital requirements. Such forward-looking statements or information are based on a number of assumptions, which may prove to be incorrect. Assumptions have been made regarding, among other things: conditions in general economic and financial markets; ability to realize the PEA and develop and finance the project and ability to positively adjust mining operations when assumptions and expectations on which mining operations are based are not fully met; accuracy of the interpretations and assumptions used in calculating inferred mineral resource estimates; availability of mining equipment; availability of skilled labour; timing and amount of capital expenditures; performance of available laboratory and other related services; and future operating costs. The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors including: 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 estimations; uncertainty as to actual capital costs, operating costs, production and economic returns at the Eagle Mountain Gold Project; reliance on the PEA for initial mining operations and on management decisions to appropriately adjust mining operations and depart from mining plans contemplated in the PEA when considered warranted; 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, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made. The Company undertakes no obligation to update or revise any forward-looking statements included in this news release if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law.

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