

VANCOUVER, BC / ACCESSWIRE / January 9, 2017 / [Goldsource Mines Inc.](#) (TSXV: GXS) (OTC PINK: GXSFF) (FWB: G5M) ("Goldsource" or the "Company") announces the fourth quarter ("Q4") and annual production results for the year ending December 31, 2016 and development plans for 2017 at its Eagle Mountain Gold Project ("Eagle Mountain") located in Guyana, South America.

Eagle Mountain Production Highlights Q4, 2016 vs Q3, 2016

- Processed 39,513 tonnes; 13% increase.
- Average throughput of 527 tpd; 13% increase.
- Estimated gravity recovery to concentrate of 27%; 8% increase.
- 253 gold ounces produced; 45% increase.
- 353.3 gold ounces sold; 425% increase.

Ioannis Tsitos, President, commented, "We continue to make improvements at Eagle Mountain by increasing throughput and gold recovery through our optimization program with the goal of achieving free cash flow from operations. In Q4, throughput increased 13% and plant recoveries increased by 8% which, when combined with improved mine grades, led to a gold production increase of 45% compared to previous quarter. The process plant ("Main Plant") was shut down on December 23rd for equipment installation including replacement of pipelines, pumps and a Krebs cyclone which should further increase throughput and recovery in early 2017. Beginning early February we plan to operate a low cost "Secondary" gravity operation and reduce corporate and in-country costs to supplement cash flow. Overall, 2016 was a challenging year with a variety of factors affecting throughput and lower than expected recovery. Management remains optimistic that the initiatives scheduled in early 2017 will further address the throughput and recovery issues. In association with ongoing work, we will consider permitting a substantially larger operation supported by a planned expansion of saprolite resources."

| Eagle Mountain Gold Mine Statistics ⁽²⁾⁽³⁾ | Q4, 2016 | Q3, 2016 | % Change | 2016 Total / Average |
|---|----------|----------|------------|----------------------|
| | Total | Total | (Q4 vs Q3) | |
| Mined tonnes | 46,784 | 35,473 | 32% | 142,766 |
| Processed tonnes at minus 2mm | 39,513 | 35,043 | 13% | 131,396 |
| Average tpd ⁽¹⁾ processed | 527 | 467 | 13% | 477 |
| Average estimated gold grade, gpt | 0.98 | 0.91 | 8% | 0.74 |
| Estimated gravity recovery for plant | 27% | 25% | 8% | 31% |
| Estimated gravity recovery for table | 90% | 75% | 20% | 71% |
| Gold ounces produced | 253.0 | 175.0 | 45% | 620.9 |
| Gold ounces sold | 353.3 | 67.3 | 425% | 620.9 |

(1) Based on 25 operating days per month

(2) All numbers are rounded.

(3) Daily production sampling at site is analyzed offsite at Actlabs in Georgetown, Guyana, which is an independent certified lab. Standard practice mined volumes are used and drill hole assays, also from Actlabs, are used for mine reconciliation.

During Q4, 2016, Eagle Mountain processed 39,513 tonnes of material (Q3, 2016: 35,043 tonnes), with an average of 527 tpd (Q3, 2016: 467 tpd) grading 0.98 gpt gold. As previously announced in the Company's revised production guidance (see news release dated November 14, 2016), operations in the second half of the year were interrupted by equipment delivery delays, faulty pumps, and drought conditions. In November, the process was altered to bypass the recirculation of plus 2mm oversize material and to stockpile it in inventory. This significantly decreased plant maintenance requirements with less downtime and improved throughput. By mid-December, operations were running continuously at near capacity. In December (to the 23rd), the mine operated for 18 days, processing 12,497 tonnes of material at an average throughput rate of 694 tonnes per day. Estimated gravity recovery to concentrate averaged 27% for Q4, 2016 (Q3, 2016: 25%).

In Q4, 2016, the Company poured 253.0 ounces of gold and sold 353.3 ounces of gold at an average realized price of US\$1,232 per ounce.

While onsite management was able to incrementally improve gravity gold recovery to concentrate in Q4 to 27% (up from 25% in Q3), the recovery rate remains well below design of 35-40% for a gravity only operation. As a result, the Main Plant at Eagle Mountain was shut down on December 23, 2016 and one half of the workforce at Eagle Mountain was released to reduce in country costs while the Company completes further plant modifications intended to improve throughput and recovery.

In 2017, Goldsource plans to:

- Install a Krebs cyclone in the Main Plant to de-slime the scrubbed material prior to gravity recovery through the Falcon concentrators. This should result in a significant improvement in the recovery of fine gold to concentrate. The cyclone delivery to Eagle Mountain is scheduled for late January, with the goal of restarting of the Main Plant to test for increased recovery in February.
- Install a HDPE slurry pipeline to replace the current 1,200 metres of PVC pipeline. This should allow the process plant to operate more reliably reducing losses of production due to pipe bursts. The HDPE slurry pipeline is onsite and is being prepared for installation.
- Install and operate a low cost Secondary gravity operation. The Company is currently making preparations to begin a sluice operation to process colluvium, alluvium and some saprolite gold resources. Set up and initial production for this operation should be completed by late January.
- Complete a low cost drilling campaign to increase the Company's current NI 43-101 saprolite (indicated and inferred) resources, which are estimated at 380,000 gold ounces. Drill results may expand the saprolite resource with the goal of supporting a large scale, low strip, gravity-cyanidation operation at Eagle Mountain.
- Depending on results for saprolite resource expansion in H1, 2017, initiate a Pre-Feasibility Study in late 2017 for a large scale operation. As part of this study, the Company will do further environmental work to start the permitting process for a large scale operation.

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 Goldsource, who has reviewed and approved its contents.

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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 forwardlooking 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 forwardlooking 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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SOURCE: [Goldsource Mines Inc.](#)