GOLDSOURCE MINES INC.

MANAGEMENT'S DISCUSSION & ANALYSIS OF

FINANCIAL CONDITIONS & RESULTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2013

This Management's Discussion and Analysis ("MD&A") is an overview of the activities of **Goldsource Mines Inc.** (the "Company" or "Goldsource") for the three and twelve months ended December 31, 2013. The MD&A is intended to help the reader understand the Company's operations, financial performance and present and future business environment. The MD&A should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2013 and 2012, and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All amounts are stated in Canadian dollars unless otherwise indicated. Additional information related to the Company is available for view on SEDAR at www.sedar.com and on the Company's website www.goldsourcemines.com. The effective date of this MD&A is March 25, 2014. This MD&A contains forward looking information. Reference to the risk factors described in the "Cautionary Statement" on page 9 of this MD&A is advised.

HIGHLIGHTS OF FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2013

- In November 2013, Goldsource entered into an agreement (the " Letter Agreement") with Eagle Mountain Gold Corp. ("Eagle Mountain") to effect a business combination of the two companies. Eagle Mountain's gold project ("Eagle Mountain Gold Project") in Guyana, South America has an existing NI 43-101 compliant resource of 188,000 indicated ounces and 792,000 inferred ounces of gold located on 250 hectares of the 5,050-hectare prospecting license ("PL") with excellent potential for expansion of resources and nearby initial infrastructure for development. An estimated 40% of the gold resource is considered mineralized saprolite which will be the initial focus of development with the remaining 60% as fresh rock. The saprolite and fresh rock both remain open laterally and to depth, showing strong mineralization along defined edges. On February 28, 2014, Goldsource and Eagle Mountain completed the business combination (see "**Business Combination with Eagle Mountain Gold Corp.**" section).
- On December 16, 2013, the Company completed a private placement of 2,140,000 units at a price of $0.12 per unit for gross proceeds of $256,800. Each unit consisted of one common share of Goldsource and one-half of a warrant of Goldsource, with each whole warrant being exercisable for one common share of Goldsource at a price of $0.20 per share for a 24-month term until December 16, 2015.

OVERVIEW OF THE BUSINESS

Goldsource Mines Inc. (TSX-V: GXS) is a Canadian resource company engaged in the exploration and development of a substantial coal field in the province of Saskatchewan. Its mineral interests at December 31, 2013 consisted of coal exploration properties located in Saskatchewan, referred to as the "Border Coal Project" and a 25% joint venture interest in certain coal lands in Saskatchewan and Manitoba, in Canada.

Goldsource has aggressively drilled only a portion of the thermal coal field and has discovered 17 coal deposits of various sizes with coal zone thicknesses up to 126 metres within the permit area of the Border Coal Project. This project has a NI 43-101 compliant indicated resource of 117 million tonnes of coal and an inferred resource of 33 million tonnes of coal (**see "Exploration" section**).

Management recognizes the project requires a special expertise and financial capacity to bring it to fruition and will actively seek out a participant with these capabilities. The Company is maintaining the Border Property on a care and maintenance basis until such time as a suitable market and/or applicable conversion process can be identified or until such time as an appropriate partner can be identified to advance the project.

OUTLOOK

While the Company intends to continue its efforts to surface value for the Border Coal Project, Management and the Board of Directors have determined that it is prudent business to examine opportunities in commodities other than coal which may not require such significant amounts of capital and can be readily developed in a more timely fashion than the Border coal. The Company has been actively reviewing potential acquisitions in Mexico, South America, Canada and the United States for base metals and gold projects that fit certain selective criteria.

BUSINESS COMBINATION WITH EAGLE MOUNTAIN GOLD CORP.

In November 2013, Goldsource entered into an agreement (the " Letter Agreement") with Eagle Mountain Gold Corp. ("Eagle Mountain") to effect a business combination of the two companies whereby, Eagle Mountain would amalgamate with a wholly-owned subsidiary of Goldsource. On February 28, 2014, Goldsource and Eagle Mountain completed the business combination.

As a result, all of the shareholders of Eagle Mountain have become shareholders of Goldsource and a corporation into which Eagle Mountain was amalgamated has become a wholly owned subsidiary of Goldsource. Pursuant to the business combination, each common share of Eagle Mountain has been exchanged for 0.52763 of a common share of Goldsource. Accordingly, a total of 29,173,691 common shares of Goldsource were issued. All outstanding Eagle Mountain share purchase options and warrants were exchanged at the exchange ratio of 0.52763 resulting in 1,340,182 new Goldsource options and 16,981,001 new Goldsource warrants exercisable for common shares of Goldsource at exercise prices ranging from $0.19 to $3.79 per share. Subsequent to this issue, 242,711 options expired unexercised. The acquisition of Eagle Mountain is being accounted for as a net assets acquisition.

Upon the completion of the business combination, Goldsource's directors and officers are as follows:

- J. Scott Drever - Chief Executive Officer and Director
- Ioannis (Yannis) Tsitos - President and Director
- Jonathan Dubois-Phillips - Director
- Steven B. Simpson - Director
- Graham C. Thody - Chairman and Director
- N. Eric Fier - Chief Operating Officer
- Barney Magnusson - Chief Financial Officer
- Bernard Poznanski - Corporate Secretary

As a requirement of the Letter Agreement, Goldsource was required to complete an equity financing ("Equity Finance") effective upon closing of the business combination for a minimum of $1.5 million to be comprised of common shares and warrants of Goldsource (**see "Subsequent Events" section below for completion of $2.4 million Equity Finance**).

SUBSEQUENT EVENTS

The following events took place subsequent to December 31, 2013:

- On February 28, 2014, Goldsource and Eagle Mountain completed their business combination (**discussed in the previous section**).

- On February 28, 2014, Goldsource completed the Equity Finance (**discussed in the previous section**) of 17,142,858 units at a price of $0.14 per unit for gross proceeds of $2.4 million. Each unit consisted of one common share of Goldsource and one-half of a warrant of Goldsource, with each whole warrant being exercisable for one common share of Goldsource at a price of $0.20 per share for a term of three years until February 28, 2017. Goldsource will have the right to accelerate the expiry date of the warrants if the Volume Weighted Average Price of the common shares of Goldsource on the TSX Venture Exchange is greater than $0.65 per share for any 20 consecutive trading days after the first 18 months of the term. In such case, upon notice by Goldsource, any warrants which remain unexercised will expire 30 days after such notice. Proceeds from the Equity Finance will be used to advance the Eagle Mountain Gold Project and for general working capital purposes. No commission or finder's fee was payable on the Equity Finance.

- On March 5, 2014, Goldsource issued 250,000 shares at $0.14 per share as a finder's fee in respect of the completed business combination between Goldsource and Eagle Mountain.

- On March 6, 2014, Goldsource and Eagle Mountain executed an Amendment Agreement with Omai Gold Mines Ltd. ("OGML"), a subsidiary of IAMGOLD Corporation with respect to the Eagle Mountain Gold Property (the "Property") in Guyana.

  The summary of amending terms includes:

  I. Goldsource will issue to OGML 3,389,279 common shares subject to TSX Venture Exchange approval.

  II. Goldsource shall pay OGML, US$3,025,500.94 ("Initial Payment") in cash or, at Goldsource's option in common shares of Goldsource, at a price per share equal to a five percent (5%) discount to the Volume Weighted Average Price ("VWAP") of Goldsource's common shares for the twenty trading days prior to issuance, upon the earlier of:

    a. If average market price of gold is US$1,400/oz. or higher upon achieving total production of 40,000 ounces of gold, then the Initial Payment is due 90 days after 40,000 ounces have been produced, otherwise payment to be made 90 days after 50,000 ounces produced from the Property, or

SUBSEQUENT EVENTS (continued)

b. Ninety days after having completed one year of gold production under a large scale Mining License issued by the Guyana Geology and Mines Commission ("GGMC"), or

c. Five days after the date on which the 20-day VWAP of Goldsource exceeds $0.75 per share, provided such date is not earlier than March 1, 2015.

III. Goldsource shall pay OGML, an additional US$5,000,000 ("Final Payment") in cash or at Goldsource's option, US$2,500,000 cash and US$2,500,000 in common shares of Goldsource, at a price per share equal to a five percent (5%) discount to the 20-day VWAP of Goldsource's common shares. The Final Payment shall be made one year after the earlier of:

a. The payment set out in, ("II a.") above has been made, or

b. After having completed one year of gold production under a large scale Mining License issued by the GGMC.

EXPLORATION

BORDER COAL PROPERTY, Saskatchewan

In May 2013, the Company renewed 34 coal mineral leases (16,074 hectares) granted by the Saskatchewan Ministry of Energy and Resources that cover all of the coal deposits discovered to date as well as areas that are considered favourable for the discovery of additional coal deposits. The current coal lease holdings will be reviewed annually and may be reduced periodically to minimize holding costs.

Current Resource Estimate (NI 43-101 Technical Report, dated March 19, 2012)

Category	(000's Tonnes) *
Indicated	117,017
Inferred	33,003

*based on using an average coal density of 1.38 from lab and downhole geological test work. This updated resource estimate relies on work completed and reported on in the Preliminary Economic Assessment ("PEA") Report on the Border Coal Project Saskatchewan, Canada (effective date February 15th, 2011 and amended March 5th, 2012) that was independently prepared by Marston Consultants of Calgary, AB ("Marston") and EBA Engineering Consultants of Vancouver, BC ("EBA").

In the event a suitable market or applicable conversion process can be identified, the likely next steps in the development of the Border Coal Project would be to collect a cumulative 5-10 tonne coal bulk sample by way of large diameter drilling, do coal technology (coal to liquids ("CTL") and gasification) laboratory test work including sodium and sulphur reduction testing and continue collecting environmental baseline data. For further information, please refer to News Release dated March 19, 2012, on the Company's website at www.goldsource.com, and filed on SEDAR at www.sedar.com.

The Company is holding the Border Coal Property on a care and maintenance basis until such time as a suitable market and/or applicable conversion process can be identified or until such time as an appropriate partner can be identified to advance the project. For the year ended December 31, 2012 an impairment charge of $14,971,248 was recognized in respect of the Border Property. The triggers for the impairment tests were primarily the effect of market conditions being experienced in the junior exploration market and the decline in price of thermal coal. As the Company is currently pursuing opportunities in commodities other than coal an additional impairment charge of $3,800,000 was recorded in fiscal 2013, bringing the book value of the asset to zero.

Westcore Energy Ltd. Agreement

In March 2011, the Company executed a definitive Joint Venture Agreement with Westcore Energy Ltd. ("Westcore") pursuant to a letter agreement dated December 10, 2009 by which Goldsource earned a 25% working interest in certain of Westcore's Manitoba and Saskatchewan coal permits. Under the terms of JV Agreement, Goldsource has the option to participate as to its 25% in any subsequent coal lands acquired by Westcore in Manitoba and Saskatchewan.

The Company does not consider its 25% interest in the Black Diamond Property, earned under this agreement, to be material to the Company at this time. The Company wrote-off the accumulated carrying value of $750,000 in fiscal 2012, to the statement of operations and comprehensive loss. Westcore has not notified the Company of any planned programs for 2014 under its Joint Venture Agreement.

RESULTS OF OPERATION AND FINANCIAL CONDITION

Selected Annual Information

The following financial data has been prepared under IFRS:

YEAR ENDED DECEMBER 31,		2013		2012		2011
Total revenues [(1)]	$	Nil	$	Nil	$	Nil
Loss and comprehensive loss for the year [(2)]	$	(4,442,516)	$	(16,208,145)	$	(1,035,685)
Loss per share - basic and diluted [(3)]	$	(0.16)	$	(0.60)	$	(0.04)
Total assets	$	588,229	$	4,693,453	$	21,361,720
Total non-current financial liabilities	$	Nil	$	Nil	$	60,095
Shareholders' equity	$	492,260	$	4,626,444	$	20,811,021
Cash dividends declared per share	$	Nil	$	Nil	$	Nil

1) The Company currently has no operations from which to derive revenues.

2) The increase in losses in fiscal 2012 and 2013 were primarily from impairment charges taken on the carrying value of the Border Property. Goldsource is holding the Border Property on a care and maintenance basis until such time as a suitable market and/or applicable conversion process can be identified or until such time as an appropriate partner can be identified to advance the project.

3) All per share amounts are calculated on a weighted average basis.

Summary of Quarterly Results

The following financial data is selected information for the Company for the eight most recently completed financial quarters, prepared in accordance with IFRS:

	Q4 December 31, 2013	Q3 September 30, 2013	Q2 June 30, 2013	Q1 March 31, 2013	Q4 December 31, 2012	Q3 September 30, 2012	Q2 June 30, 2012	Q1 March 31, 2012
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Comprehensive loss for the	(3,867,218)	(177,451)	(286,281)	(111,566)	(15,809,181)	(80,551)	(152,472)	(165,941)
Loss per share - basic and dil	(0.14)	(0.01)	(0.01)	(0.00)	(0.58)	(0.00)	(0.01)	(0.01)
Total assets [(1)]	588,229	4,185,946	4,313,789	4,597,943	4,693,453	20,509,271	20,608,013	20,870,738
Total liabilities [(2)]	95,969	77,705	53,006	83,064	67,009	73,646	91,836	202,090

1) The increase in losses and decrease in assets in the fourth quarter of 2012 and 2013 resulted primarily from impairment charges taken on the carrying value of the Border Property. During the fourth quarter of 2012, the Company also wrote-off the carrying value of $750,000 attributed to a 25% Joint Venture interest in certain coal lands in Saskatchewan and Manitoba.

2) Liabilities fluctuate if an exploration program is taking place.

RESULTS OF OPERATION AND FINANCIAL CONDITION (continued)

Comparison of the three and twelve months ended December 31, 2013 to December 31, 2012

The loss and comprehensive loss was $3,867,218 for the fourth quarter and $4,442,516 for the year ending December 31, 2013, compared to $15,809,181 and $16,208,145 respectively for 2012. The principal differences and significant amounts of note are as follows:

- General and administrative expenses decreased to $52,573 (2012 - $73,041) for the fourth quarter but showed an increase to $521,262 (2012 - $441,277) for the year ending December 31, 2013. For fiscal 2013, the Border Coal Property was being held on a care and maintenance basis so related expenditures are recorded in the statement of operations. The Company recorded a total of $113,402 (2012 - $Nil) for care and maintenance on the Border Coal Property which included $88,404 in annual rental fees to renew the 34 coal leases relating to the Border Coal Property.
- Share-based compensation increased to $22,036 (2012 - $Nil) for the fourth quarter, and $79,131 (2012 - $22,742) for the year ending December 31, 2013 with the vesting of a greater number of stock options. In June, 2013 stock options for the purchase of 2,575,000 common shares, were reduced to options for the purchase of 825,000 common shares with an amended exercise price of $0.16 per share for a five-year term expiring on June 11, 2018. The Company also granted new stock options to two executive officers of the Company for the purchase of up to 50,000 common shares of the Company at an exercise price of $0.16 per share for a five-year term expiring on June 11, 2018.
- Under IFRS, held-for-trading securities are to be recorded at fair value at each reporting date, with the resulting gains or losses recorded in the statement of operations. At December 31, 2013, the Company's held-for-trading securities consist of 675,000 (2012 – 675,000) Westcore common shares. The Company recorded an unrealized gain on held-for-trading securities of $6,750 (2012 – loss of $16,875) for the fourth quarter, and an unrealized loss of $47,250 (2012 – $94,500) during the year ending December 31, 2013.
- Impairment charges recorded were $3,800,000 (2012 - $14,971,248) during the fourth quarter of 2013 as a result of a management impairment assessment on the Border Project in Saskatchewan. During the fourth quarter of 2012, the Company also wrote-off the carrying value of $750,000 attributed to a 25% Joint Venture interest in certain coal lands in Saskatchewan and Manitoba.

OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2013, the Company had no off-balance sheet arrangements, such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instrument obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

CASHFLOWS

The Company has financed its operations to date primarily through the issuance of common shares. The Company currently has no operations from which to derive revenues.

	Three months ended December 31,		Year ended December 31,	
	2013	**2012**	**2013**	**2012**
Cash-flows from:				
Operating Activities	(64,968)	(77,278)	(516,646)	(484,934)
Financing Activities	244,576	-	244,576	-
Investing Activities	20,941	(28,715)	453,895	100,690
Net increase/(decrease) in cash	200,549	(105,993)	181,825	(384,244)
Cash beginning of period	12,071	136,788	30,795	415,039
Cash end of period	212,620	30,795	212,620	30,795

Operating Activities

Refer to results of operation section above for discussion on operating activities.

Financing Activities

On December 16, 2013, the Company completed a private placement of 2,140,000 units at a price of $0.12 per unit for gross proceeds of $256,800. Each unit consisted of one common share of Goldsource and one-half of a warrant of Goldsource, with each whole warrant being exercisable for one common share of Goldsource at a price of $0.20 per share for a 24-month term until December 16, 2015. The Company incurred $12,224 in share issuance costs related to the private placement.

Investing Activities

Goldsource redeemed short term investments of $200,000 (2012 - $Nil) during the fourth quarter and $625,000 (2012 - $750,000) in 2013, for general corporate activities and general exploration expenditures at the Border Coal Property. During the fourth quarter, the Company incurred $130,205 (2012 - $Nil) in transaction costs and advanced $50,000 to Eagle Mountain (2012 - $Nil) in relation to the business combination with Eagle Mountain.

Goldsource received $1,146 (2012 - $Nil) during the fourth quarter and $9,100 (2012 – $17,409) in 2013, from interest on short term investments.

LIQUIDITY AND CAPITAL RESOURCES

			December 31, 2013		December 31, 2012
Assets					
Cash and short term investments	(i)	$	338,562	$	785,710
Other current assets	(i)		46,054		92,824
Non-current assets			203,613		3,814,919
Total Assets			588,229		4,693,453
Liabilities					
Current liabilities	(ii)		95,969		67,009
Working Capital	(i-ii)	$	288,647	$	811,525

Cash and short term investments decreased primarily from the redemption of $625,000 in short term investments, which were used to fund 2013 general corporate activities and general exploration costs at the Border Coal Property. The decrease was partially offset by the $229,201 net proceeds received from the December 2013 private placement.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets which are revised periodically based on the results of its exploration programs, availability of financing and industry conditions. The Company's ability to continue for the next 12 months is dependent on the ability of the Company to raise new equity to meet its planned business objectives. The Company believes it will be able to raise capital as required in the short term, but recognizes there will be risks involved that may be beyond its control. Subsequent to December 31, 2013, Goldsource completed an equity financing (**see "Subsequent Events" section**) for gross proceeds of $2.4 million which will be used to advance the Eagle Mountain Gold Project and for general working capital purposes.

Non-current assets consist primarily of deferred transaction costs related to the business combination with Eagle Mountain. During fiscal 2013, the Company advanced Eagle Mountain $50,000 and incurred $150,865 in transaction costs relating to due diligence professional and technical costs. As the Company is currently pursuing opportunities in commodities other than coal an impairment charge of $3,800,000 was recorded in the fourth quarter of 2013, against the carrying value of the Border Property.

RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

Legal Fees

Paid or accrued $48,891 (2012 - $53,302) for legal fees which were included in professional fees, $15,799 (2012 - $Nil) for share issuance costs and $62,812 (2012 - $Nil) for deferred transaction costs to a law firm of which an officer of the Company is a partner. The Company recognized $2,261 (2012 - $843) in share-based payments to this partner.

Key Management Compensation

		2013		2012
Salaries and short-term benefits [1]				
Remuneration on the statement of operations	$	165,000	$	140,000
Capitalized to the Border Property		-		80,000
		165,000		220,000
Share-based payments		72,348		20,244
	$	237,348	$	240,244

[1] Total remuneration paid to the President, Chief Operating Officer and Chief Financial Officer of Goldsource.

Other Transactions

The Company shares rent, salaries, and administrative services with SilverCrest Mines Inc., a company related by common directors and officers. The Company paid or accrued $86,188 (2012 - $98,152) for its share of rent, salaries, and administrative expenses.

COMMITMENT

The Company has entered into an operating lease agreement for office space. This agreement requires the Company to make the following lease payments:

		Office Lease
Year ending December 31, 2014		29,789
Year ending December 31, 2015		17,377
	$	47,166

OUTSTANDING SHARE CAPITAL

Capital stock

a) Unlimited number of common shares without nominal or par value authorized.

b) Unlimited number of preferred shares without nominal or par value (none outstanding) authorized.

As at December 31, 2013, the Company had 29,173,729 common shares outstanding. In addition the Company had 1,250,000 outstanding share purchase options and 1,070,000 outstanding share purchase warrants which, if exercised, would result in fully diluted common shares outstanding of 31,493,729.

As at the date hereof, Goldsource had 75,740,278 common shares outstanding. In addition the company had 2,347,471 outstanding share purchase options with exercise prices ranging between $0.16 and $3.79 per share and 18,051,001 outstanding share purchase warrants with exercise prices ranging between $0.19 and $0.36 per share, would result in fully diluted common shares outstanding of 96,138,750. (**Refer to "Business Combination with Eagle Mountain Gold Corp." and "Subsequent Events" section for further details**).

More information on these instruments and the terms of their conversion is set out in note 11 of our audited consolidated financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, short term investments, held-for-trading securities, advance receivable, taxes receivable, accounts payable and accrued liabilities. They are initially recorded at amounts that approximate their fair values.

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, interest rate risk and market risk. Where material these risks are reviewed and monitored by the Board of Directors.

a. Capital Risk Management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in the shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets, incur debt, or return capital to shareholders. As at December 31, 2013, the Company did not have any debt and is not subject to externally imposed capital requirements.

b. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company's cash is invested in business accounts with a quality financial institution and which is available on demand for the Company's programs, and is not invested in any asset backed commercial paper.

The Company will require significant additional funding in the future to continue to explore and develop its Border Coal Project and examine opportunities in new projects. Accordingly, there is a risk that the Company may not be able to secure adequate funding on reasonable terms, or at all, at that future date.

c. Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and short term investments. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and short term investments with a high-credit quality financial institution.

d. Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash and short term investments. The Company's practice has been to invest cash at floating rates of interest, in short term investments, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in short term investments as they are generally held with a large and stable financial institution. As at December 31, 2013, with all other variables unchanged, a 1 percentage point change in interest rates would not have a significant impact on the Company's loss and comprehensive loss for the period.

e. Market Risk

The Company's exposure to market risk arises from its held-for-trading securities in Westcore. There is a risk the Company would recognize a loss as a result of a decrease in the fair value of the investment given the nature of Westcore, a mining exploration company.

CRITICAL JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts and the valuation of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenditures during the year.

These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the estimates. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. Information about such judgments and estimates is contained in the description of accounting policies (note 2) and/or other notes to the financial statements. Management has made the following critical judgments and estimates:

Functional currency

The functional currency for each of the Company's operations is the currency of the primary economic environment in which the entity operates. The Company has determined the functional currency for all entities within the Group is the Canadian dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Impairment of Non-Current Assets

Non-current assets are tested for impairment annually, or when indicators of impairment are present. Calculating the estimated fair values of cash generating units for non-current asset impairment tests requires management to make estimates and assumptions with respect to metal selling prices, future capital expenditures, reductions in the amount of recoverable reserves, resources, and exploration potential, production cost estimates, discount rates and exchange rates. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future non-expansionary capital expenditures, reductions in the amount of recoverable reserves, resources, and exploration potential, and/or adverse current economics can result in a write-down of the carrying amounts of the Company's non-current assets.

Income Taxes

Management is required to make estimations regarding the tax basis of assets and liabilities and related deferred income tax assets and liabilities, the measurement of income tax expense and indirect taxes. A number of these estimates require management to make estimates of future taxable profit, and if actual results are significantly different than estimates, the ability to realize the deferred tax assets recorded on the statement of financial position could be impacted. The Company is subject to assessments by tax authorities who may interpret the tax law differently. These factors may affect the final amount or the timing of tax payments.

CHANGES IN ACCOUNTING STANDARDS

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions.

IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements, IFRS 12, Disclosure of Interests in Other Entities, IFRS 13, Fair Value Measurement.

The adoption of these new accounting standards had no material impact on the Company's consolidated financial statements.

NEW STANDARDS NOT YET ADOPTED

The International Accounting Standards Board ("IASB") issued the following pronouncements that are effective for years beginning January 1, 2014, or later and may affect the Company's future consolidated financial statements.

- IFRS 8, Operating Segments.
- IFRS 9, Financial Instruments.
- IAS 32, Financial Instruments Presentation.
- IAS 36, Impairment of Assets.
- IFRIC 21, Levies

These new and revised accounting standards have not yet been adopted by Goldsource, and the Company has not yet completed the process of assessing the impact that they will have on its consolidated financial statements, or whether to early adopt any of the new requirements.

CAUTIONARY STATEMENT AND DISCLAIMER

Readers of this MD&A are encouraged to read the "Risk Factors" contained in the Company's revised Annual Information Form ("AIF") dated March 26, 2013. There have been no major changes from the reported risks factors outlined in this AIF. Important risk factors to consider, among others, are

- Financing risks
- Licenses and permits risks
- Mineral reserve and resource estimate risks
- Exploration and Development risks
- Operating hazards and risks
- Fluctuating commodity price risk

Certain statements contained in this MD&A and elsewhere constitute "forward-looking statements" within the meaning of Canadian securities legislation and the United States Securities Litigation Reform Act of 1995. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include: the availability of funds; the timing and content of work programs; results of exploration and evaluation activities, the interpretation of drilling results and other geological data, the uncertainties of resource and reserve estimations, receipt and security of coal permits and mineral property titles; project cost overruns or unanticipated costs and expenses, fluctuations in product prices; currency fluctuations; 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 information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. It should be read in conjunction and in context with all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Information provided in this MD&A, including the consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

QUALIFIED PERSON

Technical information contained in this MD&A has been prepared by or under the supervision of N. Eric Fier, CPG, P.Eng, and Chief Operating Officer for Goldsource Mines Inc. who is a 'Qualified Person' for the purpose of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101").