MANAGEMENT DISCUSSION & ANALYSIS OF

FINANCIAL CONDITIONS & RESULTS OF OPERATIONS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2014

FORM 51-102F1

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 six months ended June 30, 2014. 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 unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2014 and 2013 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The following should also be read in conjunction with the audited financial statements, the related MD&A for the year ended December 31, 2013, and all other disclosure documents of the Company. 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 August 21, 2014. This MD&A contains forward looking information. Reference to the risk factors described in the "Cautionary Statement" on page 8 of this MD&A is advised.

OVERVIEW OF THE BUSINESS

Goldsource Mines Inc. (TSX-V: GXS) is a Canadian resource company engaged in exploration and development. Goldsource is working aggressively to develop its advanced-stage, 100%-owned Eagle Mountain gold project in Guyana towards initial staged production in 2015.The project has an existing NI 43-101 resource of 188,000 Indicated and 792,000 Inferred gold ounces, with strong potential to expand its resources. Goldsource is led by an experienced management team, proven in making exploration discoveries, achieving construction on time and budget, and fast-tracking production. Goldsource's other mineral interests presently consist of coal exploration properties located in Saskatchewan, referred to as the "Border Coal Project".

OUTLOOK

The Company's current focus is to accelerate the development of the Eagle Mountain gold project. The Company is working aggressively towards the commencement of initial staged production in 2015, which may generate strong cash flow to accelerate growth. The Company anticipates completing construction financing in the coming months which will enable the commencement of development work.

HIGHLIGHTS OF SECOND QUARTER AND SIX MONTHS ENDED JUNE 30, 2014

- On April 30, 2014, the Company initiated an arrangement for the mining permitting process for a mid-scale operation in Guyana. The process is still in progress, but at its final stage. It is expected to be concluded in Q3 2014.
- On April 14, 2014, the Company adopted a new "rolling 10%" Stock Option Plan (the "New Plan"), which was approved by Shareholders on June 11, 2014. The New Plan replaces and supersedes the Company's previous fixed number stock option plan that was originally adopted in May 2009. The stock option plan authorizes the grant of stock options to executive officers and directors, employees and consultants enabling them to acquire common stock of the Company to a maximum of 10% of the then issued and outstanding share capital. The exercise price of any option will be the market price of the Company's stock as at the date of the grant. The options can be granted for a maximum term of 10 years with vesting determined by the Board of Directors.
- On March 6, 2014, the Company executed an Amendment Agreement with Omai Gold Mines Ltd. ("OGML"), a subsidiary of IAMGOLD Corporation with respect to the Eagle Mountain Gold Project (the "Project") in Guyana. The summary of amending terms includes:
    - *I.* Goldsource will issue to OGML 3,389,279 common shares (**issued**).
    - *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 Project, or
        - 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.

HIGHLIGHTS OF SECOND QUARTER AND SIX MONTHS ENDED JUNE 30, 2014 (continued)

- On February 28, 2014, Goldsource and Eagle Mountain Gold Corp. ("Eagle Mountain") completed their combination as jointly announced on November 26, 2013. As a result, the shareholders of Eagle Mountain became shareholders of Goldsource and a corporation into which Eagle Mountain was amalgamated became a wholly owned subsidiary of Goldsource. Pursuant to the 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. As part of the transaction, 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 $0.16 to $3.79 per share. The options and warrants issued by Goldsource were on the same terms and conditions as those exchanged by the Eagle Mountain holders.

Highlights subsequent to June 30, 2014

- On July 31, 2014, the Company announced the summary results of its Preliminary Economic Assessment ("PEA") Technical Report for the near-surface oxide resources ("saprolite") at its Eagle Mountain gold project ("Eagle Mountain") located in Guyana, South America approximately 230 kilometres southwest of the capital, Georgetown. Conceptually, the PEA results suggest that the project has low capital and operating costs, minimized technical risk and a short development timeline. A Technical Report compliant with NI43-101 is being completed by A.C.A. Howe International Limited of Toronto, Canada ("ACA Howe"), to be filed on SEDAR at www.sedar.com within 45 days (**refer to Exploration section below for disclosure of PEA Highlights**).

EXPLORATION

EAGLE MOUNTAIN GOLD PROJECT, Guyana

Eagle Mountain is an advanced, 100%-owned gold project. The project consists of an area of approximately 5,050 hectares (12,480 acres) in central Guyana, South America, approximately 200 kilometers southwest of the capital Georgetown and 45 kilometers from the historical Omai gold mine, which was in production from 1993 to 2005.

Resource Estimate (NI 43-101 Technical Report, dated November 31, 2012)

Category	Tonnes [1]	Au g/t	Ounces Au
Indicated	3,921,000	1.49	188,000
Inferred	20,635,000	1.19	792,000

[1] A block cut-off value of 0.5 g/t Au was applied to all resource blocks. All numbers are rounded.

The current resource covers only a small portion of the property so there is excellent potential for expansion. The deposit remains open in three lateral directions and at depth, showing strong mineralization along its edges.

On July 31, 2014, Goldsource announced the summary results of its PEA Technical Report for the near-surface oxide resources ("saprolite") at Eagle Mountain. The conceptual approach encompasses a "Phase I" starter open cut for mining at 1,000 tonnes per day ("tpd") with subsequent low impact and low cost gravity-only processing. Upon successful completion of Phase I, the Company plans to systematically install and operate three additional similar plants over a four-year schedule with a cumulative rate of 3,500 to 4,000 tpd. Conceptually, additional processing plants will be paid for through operating cash flow. The project has several potential opportunities to accelerate PEA-defined production once initial success in Phase I is achieved.

PRELIMINARY ECONOMIC ASSESSMENT HIGHLIGHTS

The PEA incorporates a gold price of $1,250 per ounce gold. All values are presented as US dollars unless specified. Highlights of the Base Case economic estimates are as follows:

- Pre-tax Net Present Value ("NPV") (5%) of $69.4 million and after-tax NPV (5%) of $45.6 million.
- Pre-tax NPV (7%) of $61.1 million and after-tax NPV (7%) of $39.8 million.
- Pre-tax Internal Rate of Return ("IRR") of 84% and after-tax IRR of 63%.
- Phase I, pre-production capital costs of $5.9 million including a 15% contingency.
- Total capital costs including all proposed expansions (Phase II, III & IV expansions) and sustaining capital are estimated at $24.2 million.
- Cash operating costs, exclusive of sustaining capital, for saprolite mine life averages $480 per ounce gold including a 15% contingency.
- Cost per tonne of mill feed averages $8.96.
- Pre-tax undiscounted operating cash flow before capital expenditures totalling $123.4 million.
- 8-year LOMP PEA mine plan totalling 8.6 million tonnes at an average grade of 1.20 g/tonne gold (diluted and recoverable).
- Of the 8.6 million tonnes, only 7.3 million tonnes (undersize sub-2mm) grading 1.20 g/tonne gold will be conceptually processed. The remaining tonnes (oversize larger than 2mm) would be stockpiled for further metallurgical test work and potential further processing.

EXPLORATION (continued)

- Conceptually, the first four years of gold production would be 5,600, 14,400, 21,600 and 28,800 ounces gold, respectively.
- Life of mine production of an estimated 168,700 ounces gold from gravity-only processing at estimated 60% recovery.
- Inventory of 161,900 oz Au in settlement ponds from gravity-only processing rejects for potential future reprocessing using standard technologies.
- Not considered in the PEA are the in-situ “fresh-rock” resources of Indicated 2,331,000 tonnes @ 1.52 g/tonne Au containing 114,000 oz and Inferred 13,433,000 tonnes @ 1.13 g/tonne, containing 486,000 oz (both at 0.5 g/t Au cut-off).

The Eagle Mountain mining and processing schedules are based on a phased-approach model with four phases proposed over four years. Phase I mining rates would be 1,000 tpd (one 12-hour shift, 7-days per week) in year one ramping up to 4,000 tpd by year four. Conventional open cut mining of soft weathered rock (gold mineralized saprolite) is proposed using a team of excavators, bulldozers and wheel-loaders to excavate and separate materials within the open cut with downhill gravity transport by slurry to the processing facility. The stripping ratio is low and estimated at an average of 0.9:1 (waste:ore) over mine life. No blasting or truck hauling is required for mineralized saprolite.

Management is extremely pleased with the PEA results for this relatively low-risk phase of development for the Eagle Mountain gold project. The results exhibit very attractive Rates of Return. The creativity of the phased construction approach, its modular design and the simplicity of the mining and processing of the low-strip ratio saprolite material have resulted in an optimized development scenario for this deposit. In addition, the inventory of potentially recoverable ounces of gold in the oversize materials and the underlying hard rock resource provide us with a significant ‘blue-sky’ potential for further development. A Technical Report compliant with NI43-101 is being completed by A.C.A. Howe International Limited of Toronto, Canada (“ACA Howe”), to be filed on SEDAR at www.sedar.com by mid September.

RECOMMENDATIONS & FUTURE OPPORTUNITIES

The majority of the proposed plant feed consists of Inferred mineral resources. Further sampling and surveying should be carried out within and surrounding the proposed pits in an effort to upgrade Inferred blocks to higher resource categories with adequate QA/QC and additional density data collection.

Resources are open in most directions and good potential exists to initially expand mineralized saprolite. Further drilling is recommended to potentially expand resources for consideration in the phased development of the project.

This project envisions screening-out any material that is larger than 2mm and stockpiling it for potential further processing. If this material were ground finer in a grinding mill, it could be fed into the proposed processing plant. Further metallurgical testing and economic analysis should be carried out to determine whether this gold could be profitably recovered.

Using gravity processing methods alone, gold recovery is expected to be 60% with the remainder of the gold flowing to the tailings storage area. Most of this gold may be recovered with further processing such as flotation or cyanidation. Further metallurgical testing and economic analysis should be carried out to determine whether this gold could be profitably recovered from the tailings. This work should also include further tailings characterization and deposition properties.

Based on the positive results of the PEA, mineral resource estimates should be updated, the economic analysis refined and updated, and a mineral reserve statement prepared to a Pre-Feasibility Study level. Mining the "fresh" rock that would require drilling and blasting should be considered during this work. A budget of $820,000 is recommended for this work.

DEVELOPMENT UPDATE

Final detailed work is being completed on the project in preparation for development and construction in Q4, 2014/Q1, 2015. This ongoing work includes;

a. Bulk sample metallurgical test work at Met Solve labs in Langley, BC, Canada.
b. Finalizing process flow-sheet for design and construction with assistance from Sepro Mineral Systems of Langley, BC, Canada.
c. Mining equipment quotes for purchasing a fleet and processing plant.

Goldsource anticipates completing a construction financing in Q3 2014 and starting development work in Q4 2014.

EXPLORATION (continued)

BORDER COAL PROJECT, Saskatchewan

The Company holds 34 coal mineral licenses comprising 16,074 hectares. These licenses were granted by the Saskatchewan Ministry of Energy and Resources and cover all of the coal deposits discovered to date as well as areas that are considered favourable for the discovery of additional coal deposits.

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

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 holding the project 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. The annual care and maintenance cost for the project is approximately $100,000.

RESULTS OF OPERATION AND FINANCIAL CONDITION

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:

	Q2 June 30, 2014	Q1 March 31, 2014	Q4 December 31, 2013	Q3 September 30, 2013	Q2 June 30, 2013	Q1 March 31, 2013	Q4 December 31, 2012	Q3 September 30, 2012
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Comprehensive loss for the period	(285,477)	(209,064)	(3,867,216)	(177,451)	(286,281)	(111,565)	(15,809,181)	(80,551)
Loss per share - basic and diluted	(0.01)	(0.00)	(0.14)	(0.01)	(0.01)	(0.00)	(0.58)	(0.00)
Total assets (1) (2)	8,478,403	8,167,491	588,229	4,185,946	4,313,789	4,597,943	4,693,453	20,509,271
Total liabilities (2)	176,570	535,271	95,969	77,705	53,006	83,064	67,009	73,646

1) The significant loss and corresponding decrease in assets recorded in the fourth quarter of 2012 and 2013 resulted primarily from impairment charges taken on the carrying value of the Border Coal Project and the Joint Venture with Westcore Energy Ltd. ("Westcore").

2) The significant increase in assets and liabilities in Q1 2014, primarily relates to the combination with Eagle Mountain and the related net assets acquired.

Comparison of the three and six months ended June 30, 2014 to June 30, 2013

The loss and comprehensive loss was $285,477 for the second quarter and $494,541 for the first six months of 2014, compared to $286,281 and $397,848, respectively for 2013. The principal differences and significant amounts of note are as follows:

- General and administrative expenses decreased to $194,075 (2013 - $214,952) for the second quarter, primarily due to foreign exchange gain of $83,424 (2013 - $Nil) on translation of intercompany loans as the Canadian dollar strengthened against the United States dollar in the period. General and administrative expenses increased to $377,143 (2013 - $320,900) for the six months ended June 30, 2014, primarily due to an increase in remuneration and professional expenses. Remuneration expenses increased to $196,642 (2013 - $109,702) and professional fees increased to $111,032 (2013 - $62,435) with the addition of new corporate personnel and professional expenditures from the amalgamation with Eagle Mountain. The increase in costs was partially offset by a foreign exchange gain of $73,658 (2013 - $nil) during the first six months of 2014.

- Share based compensation increased to $140,828 (2013 - $32,186) during the second quarter and $151,933 (2013 - $32,186) during the six months ended June 30, 2014, due to the vesting of a greater number of stock options. The Company granted 3,415,182 (2013 – 875,000) incentive stock options during the six months ended June 30, 2014, with a weighted average fair value per option granted of $0.21 (2013 - $0.12) for total value of $302,284 (2013 – $108,167).

- 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 June 30, 2014, the Company's held-for-trading securities consist of 675,000 (2013 – 675,000) Westcore common shares and 300,000 (2013 - Nil) Para Resources Inc. common shares. The Company recorded an unrealized loss on held-for-trading securities of $6,000 (2013 - $49,575) for the second quarter and $21,750 (2013 - $54,000) for the six month period ended June 30, 2014.

- In June 2014, the Company recorded $50,000 in other income in relation to a promissory note receivable from Para Resources Inc. Eagle Mountain had recorded an impairment charge against the receivable amount during fiscal 2013.

OFF-BALANCE SHEET ARRANGEMENTS

As at June 30, 2014, 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		Six months ended	
For the period ended June 30,	**2014**	**2013**	**2014**	**2013**
Cash-flows from:				
Operating Activities	(591,431)	(247,636)	(1,079,755)	(334,685)
Financing Activities	(5,119)	-	2,344,920	-
Investing Activities	(363,485)	231,879	(425,460)	332,658
Net decrease in cash	(960,035)	(15,757)	839,705	(2,027)
Cash beginning of period	2,012,360	44,525	212,620	30,795
Cash end of period	1,052,325	28,768	1,052,325	28,768

Operating Activities

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

Financing Activities

On February 28, 2014, Goldsource completed a private placement 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 three years until February 28, 2017. No commission or finder's fee was payable on the private placement. The Company incurred $55,080 (2013 - $Nil) in share issuance costs during the first six month period ended June 30, 2014.

Investing Activities

During the six month period ended June 30, 2014 the Company redeemed short term investments of $125,000 (2013 – $100,000).

The Company incurred $200,859 (2013 - $Nil) in transaction costs, and acquired $36,711 (2013 - $Nil) in cash while completing the combination with Eagle Mountain.

The Company incurred $368,910 (2013 - $Nil) during the second quarter and $393,539 (2013 - $Nil) during the first six months of 2014 on exploration and evaluation expenditures on the Eagle Mountain gold project.

Goldsource received $5,427 (2013 - $6,879) during the second quarter and $7,227 (2013 - $7,658) during the first six months of 2014 from interest on short term investments.

LIQUIDITY AND CAPITAL RESOURCES

		June30, 2014	December 31, 2013
Assets			
Cash and short term investments	(i)	$ 1,052,325	$ 338,562
Other current assets	(i)	151,877	46,054
Non-current assets		7,274,201	203,613
Total Assets		8,478,403	588,229
Liabilities			
Current liabilities	(ii)	176,570	95,969
Working Capital	(i-ii)	$ 1,027,632	$ 288,647

Cash and short term investments increased primarily from the completion of the $2.4 million 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 has sufficient funds available to continue operations for the next 12 months but management needs to raise during Q3 2014, the necessary capital to construct the Eagle Mountain. 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.

Other assets and liabilities have increased significantly during the first six months of 2014, in relation to the combination with Eagle Mountain.

RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

Legal Fees

Paid or accrued $58,947 (2013 - $42,540) for legal fees which were included in professional fees, $26,618 (2013 - $Nil) for share issuance costs and $92,580 (2013 - $Nil) for transaction costs to a law firm of which an officer of the Company is a partner, of which $17,169 was payable at June 30, 2014. The Company recognized $2,273 (2013 - $920) in share-based payments to this partner.

Key Management Compensation

		2014		2013
Salaries and short-term benefits [1]				
Remuneration on the statement of operations	$	132,500	$	82,500
Share-based payments		138,118		29,427
	$	270,618	$	111,927

[1] Total remuneration recorded in the statement of operations paid to the President, Chief Executive Officer, Chief Operating Officer and Chief Financial Officer of Goldsource.

Other Transactions

The Company shares rent, salaries, administrative services and other reimbursable expenses with SilverCrest Mines Inc., a company related by common directors and officers. During the six month period ended June 30, 2014, the Company incurred $93,261 (2013 - $48,976) for its share of these expenses, of which $40,620 (2013 - $25,973) was payable at June 30, 2014.

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 June 30, 2014, the Company had 79,129,557 common shares outstanding. In addition the Company had 4,140,813 outstanding share purchase options and 26,622,430 outstanding warrants which, if exercised, would result in fully diluted common shares outstanding of 109,892,800.

As at the date hereof, the Company had 79,129,557 common shares outstanding. In addition the Company had 4,119,708 outstanding share purchase options and 26,622,430 outstanding warrants which, if exercised, would result in fully diluted common shares outstanding of 109,871,695.

More information on these instruments and the terms of their conversion is set out in note 10 of our unaudited condensed consolidated interim financial statements.

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
Commitment to June 30, 2015		29,789
Commitment to June 30, 2016		2,482
	$	32,271

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, short term investments, held-for-trading securities, taxes receivable, deposit and accounts payable and accrued liabilities. The carrying value of taxes receivable and accounts payable and accrued liabilities approximate their fair values due to the short periods until settlement. The Company's cash, short term investments and held-for-trading securities are measured using the fair value hierarchy level 1 inputs. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

CRITICAL JUDGMENTS AND ESTIMATES

The preparation of Goldsource's condensed consolidated interim 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 condensed consolidated interim financial statements and the reported amounts of expenditures during the period.

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 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, 2014. These changes were made in accordance with the applicable transitional provisions.

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

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

RISK FACTORS

Risk management is an ongoing exercise upon which the Company spends a substantial amount of time. 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. Important risk factors to consider, among others, are

- Financing risks
- Licenses and permits risks
- Key personnel
- Operating hazards and risks
- Fluctuating commodity price risk
- No assurance of titles

A number of new important risk factors listed below could negatively affect the Company's business and the value of the Company's common shares, .

- Foreign Exchange Rate Fluctuations

  Operations in Canada and Guyana are subject to foreign currency exchange fluctuations. The Company raises its funds through equity or debt issuances which are priced in Canadian dollars. Corporate expenditures and exploration costs are denominated in Canadian dollars, United States dollars and Guyanese dollars. The Company may suffer losses due to adverse foreign currency fluctuations.

- Mining Capital and Operating Costs

  The capital costs required by the Company's projects may be significantly higher than anticipated. Capital and operating costs, production and economic returns, and other estimates contained in the Company's current technical reports, may differ significantly from those provided for in future studies and estimates and from management guidance, and there can be no assurance that the Company's actual capital and operating costs will not be substantially higher than currently anticipated. In addition, delays to construction and exploration schedules may negatively impact the net present value and internal rates of return from the Company's mineral properties as set forth in the applicable reports. Similarly, there can be no assurance that historical rates of production, grades of ore processed, rates of recoveries or mining cash costs will not experience fluctuations or differ significantly from current levels over the course of the mining operations conducted by the Company.

- Infrastructure

  Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploitation or development of the Company's projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploitation or development of the Company's projects will be commenced or completed on a timely basis, if at all, that the resulting operations will achieve the anticipated production volume, or the construction costs and ongoing operating costs associated with the exploitation and/or development of the Company's advanced projects will not be higher than anticipated. In addition, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations and profitability.

- Calculation of Reserves and Resources and Precious Metal Recoveries

  There is a degree of uncertainty attributable to the calculation and estimates of reserves and resources and their corresponding metal grades to be mined and recovered. Until reserves or resources are actually mined and processed, the quantities of mineralization and metal grades must be considered as estimates only. Any material change in the quantity of mineral reserves, mineral resources, grades and recoveries may affect the economic viability of the Company's properties.

- Acquisition Strategy

  As part of the Company's business strategy, it has sought and will continue to seek new mining and development opportunities in the mining industry. In pursuit of such opportunities, it may fail to select appropriate acquisition candidates, negotiate appropriate acquisition terms, conduct sufficient due diligence to determine all related liabilities or to negotiate favourable financing terms. The Company may encounter difficulties in transitioning the business, including issues with the integration of the acquired businesses or its personnel into the Company. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit its business.

- Government Regulation

  The Company's operations, exploration and development activities are subject to extensive foreign federal, state and local laws and regulations governing such matters as environmental protection, management and use of toxic substances and explosives, management of natural resources, health, exploration and development of mines, production and post-closure reclamation, safety and labour, mining law reform, price controls, import and export laws, taxation, maintenance of claims, tenure, government royalties and expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations. The activities of the Company require licenses and permits from various governmental authorities.

RISK FACTORS (continued)

The costs associated with compliance with these laws and regulations are substantial, and possible future laws and regulations, changes to existing laws and regulations and more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of its properties. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety practices of the Company's past and current operations, or possibly even those actions of parties from whom the Company acquired its mines or properties, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. The Company retains competent and well trained individuals and consultants in jurisdictions in which it does business; however, even with the application of considerable skill the Company may inadvertently fail to comply with certain laws. Such events can lead to financial restatements, fines, penalties, and other material negative impacts on the Company.

- Environmental Factors

  All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that any future changes in environmental regulation, will not adversely affect the Company's operations. The costs of compliance with changes in government regulations have the potential to reduce the profitability of future operations. Environmental hazards that may have been caused by previous or existing owners or operators may exist on the Company's mineral properties, but are unknown to the Company at the present.

- Potential dilution of present and prospective shareholdings

  In order to finance future operations and development efforts, the Company may raise funds through the issue of common shares or securities convertible into common shares. The Company cannot predict the size of future issues of common shares or securities convertible into common shares or the effect, if any, that future issues and sales of the Company's common shares will have on the market price of its common shares. Any transaction involving the issue of shares, or securities convertible into shares, could result in dilution, possibly substantial, to present and prospective holders of shares.

Additional risks and uncertainties currently not known to the Company or that the Company considers immaterial may also impair the business operations of the Company. If any such risks or uncertainties actually were to occur, the Company's business, prospects, financial condition and operating results could be materially harmed. While it is not possible to eliminate all of the risks inherent to the mining business, the Company strives to manage these risks, to the greatest extent possible, to ensure that its assets are protected.

CAUTIONARY STATEMENT AND DISCLAIMER

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 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 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 COO for Goldsource Mines, who is a 'Qualified Person' for the purpose of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101").