



**GOLDSOURCE
MINES INC.**

**MANAGEMENT'S DISCUSSION & ANALYSIS OF
FINANCIAL CONDITIONS & RESULTS OF OPERATIONS**

FOR THE THREE MONTHS ENDED MARCH 31, 2013

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 months ended March 31, 2013. The MD&A should be read in conjunction with the unaudited condensed interim financial statements for the three months ended March 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. The following should also be read in conjunction with the audited financial statements, the related MD&A and Annual Information Form for the year ended December 31, 2012, 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 May 28, 2013. This MD&A contains forward looking information. Reference to the risk factors described in the "Cautionary Statement" on page 7 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's mineral interests presently consist 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.

The Company's discovery of major thermal coal occurrences in east-central Saskatchewan in 2008 resulted in aggressive exploration and development of this new coal discovery. Since the initial discovery, Goldsource has drilled 154 holes, and found substantial coal resources in 17 deposits with an expenditure as at March 31, 2013 of approximately \$18.9 million since the discovery. Overall, the estimated coal resources at Border consist of 117 million Indicated tonnes and 33.0 million Inferred tonnes, as stated in the "Updated Resource Estimate on the Border Coal Project Saskatchewan, Canada, NI 43-101 Technical Report", dated March 19, 2012, that was prepared by N. Eric Fier, CPG, P.Eng., Chief Operating Officer and Qualified Person for the Company and posted on SEDAR at www.sedar.com. This Updated Resource Estimate relies on work completed and reported on in the Preliminary Assessment 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").

Marston and EBA completed a Preliminary Economic Assessment (PEA) report on the Border Coal Project, in March 2011 (as amended in March 2012). As part of the PEA, Marston examined the economic viability of establishing a facility to convert the Border coals to liquids (CTL). Marston relied on CTL sources for the capital cost estimates associated with such a facility. The total installed cost of the facility has been estimated to be \$1.94 billion and was allocated over five years with commencement depending on the rate of advancement of Pre-Feasibility and Feasibility studies. There would be an additional \$90 million dollars of sustaining capital required over the life the project. All capital and operating costs are to a Preliminary Assessment level and were established using quotes, experience, and factored industry standard numbers. Costs are to a +/-30% accuracy as are typical for this level of evaluation. Under the assumptions of the economic model and using a 5% discount rate, the discounted Net Present Value of the project is estimated to be \$256 million.

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 intends to maintain 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. The current coal lease holdings will be reviewed annually and may be reduced periodically to minimize holding costs.

While the Company intends to continue its efforts to surface value for the Border Property, 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, Canada and the United States for base metals and gold projects that fit certain selective criteria.

EXPLORATION

BORDER COAL PROPERTY, Saskatchewan

The Company holds 53 coal mineral licenses comprising 35,629 hectares.

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

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.

Given the nature of the Company's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. In fiscal, 2011 the Company had objective evidence from negotiations that the fair value was in excess of the carrying value at that time. However, in the absence of recent similar transactions or other evidence, the Company concluded in fiscal, 2012 that it would be appropriate to apply alternative valuation techniques to support the carrying value of the project. Such valuation techniques result in a wide range of possible values being ascribed to the property. The fair value less costs to sell ("FVLCS") for the Border Property was determined based on the Company's market capitalization as adjusted to reflect the premium a market participant would pay to acquire the entire Company. It is the Company's opinion, that this represents the low-end of the possible range of values that could be applied to the Border Property. However, in the absence of similar transactions or a report from third-party specialists to provide an alternative measure of FVLCS, the Company believes that an estimate based on the Company's market capitalization is the most objective basis for estimating the FVLCS of the Border Property.

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.

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 provided Westcore with specific drill sites on its Saskatchewan and Manitoba coal lands. Drilling of these prime coal targets was successful in intersecting substantial thicknesses of coal and accordingly Goldsource received 1,100,000 shares of Westcore and 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. Westcore is also required to spend \$3.0 million on exploration of the permits prior to Goldsource contributing its 25% share.

On November 26, 2012, Westcore announced an initial coal resource evaluation ("Evaluation") from the first four drill programs at the Black Diamond Property in which the Company retains a 25% working interest. The Evaluation was completed by Heartstone Consulting Ltd. in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). For further details, see Westcore's news release dated November 26, 2012. A NI 43-101 Technical Report for the Black Diamond Coal Property, Manitoba dated November 21, 2012 and prepared by Peter Graham, P.Geol., an independent qualified person, and Ellen MacNeil, P.Geol., was filed by Westcore on SEDAR and is available at www.sedar.com.

The Company does not consider its interest in the Black Diamond Property to be material to the Company at this time. The Company wrote-off the accumulated carrying value of \$750,000 to the statement of operations and comprehensive loss effective December 31, 2012. The Company is awaiting notification from Westcore of any planned programs for 2013.

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:

	Q1 March 31, 2013	Q4 December 31, 2012	Q3 September 30, 2012	Q2 June 30, 2012	Q1 March 31, 2012	Q4 December 31, 2011	Q3 September 30, 2011	Q2 June 30, 2011
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Comprehensive loss for the period	(111,565)	(15,809,181)	(80,551)	(152,472)	(165,941)	(103,747)	(548,757)	(265,134)
Loss per share - basic and diluted	(0.00)	(0.58)	(0.00)	(0.01)	(0.01)	(0.00)	(0.02)	(0.01)
Total assets ⁽¹⁾	4,597,943	4,693,453	20,509,271	20,608,013	20,870,738	21,361,720	21,791,314	21,842,438
Total liabilities ⁽²⁾	83,064	67,009	73,646	91,836	202,090	550,699	901,186	464,261

¹⁾ The decrease in assets in the fourth quarter of 2012 resulted from impairment charges taken on the carrying value of the Border Property and JV Agreement with Westcore.

²⁾ Liabilities generally fluctuate if an exploration program is taking place. There is currently no ongoing exploration program.

Comparison of the three months ended March 31, 2013 to March 31, 2012

The loss and comprehensive loss was \$111,565 for the first quarter compared to \$165,941 for the same period in 2012. The principal differences and significant amounts of note are as follows:

- General and administrative expenses decreased to \$105,947 (2012 - \$173,757) during the first quarter, due to a reduced level of corporate activity and less remuneration paid to management.
- Share-based compensation recorded was \$Nil (2012 - \$22,742) during the first quarter related to vesting of previously granted options.
- 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 March 31, 2013, the Company's held-for-trading securities consist of 675,000 (2012 - 675,000) Westcore common shares. The Company recorded an unrealized loss on held-for-trading securities of \$7,425 (2012 - \$33,750) during the first quarter of 2013.

INVESTOR RELATIONS ACTIVITIES

Management and company personnel currently perform all investor relation services. There are no external investor relation contracts or commitments at March 31, 2013. Investor relations activities consist mainly of web-site and print advertising. Shareholder communications comprises communicating with existing shareholders, broadcasting news releases, printing, production work for the Company's website, and direct website expenses. The Company also attends trade shows to present the affairs and merits of the Company to potential investors.

OFF-BALANCE SHEET ARRANGEMENTS

As at March 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 March 31,	2013	2012
Cash-flows from:		
Operating Activities	(87,049)	(190,337)
Investing Activities	100,779	(45,392)
Net increase/(decrease) in cash	13,730	(235,729)
Cash beginning of period	30,795	415,039
Cash end of period	44,525	179,310

Operating Activities

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

Investing Activities

During the three months ended March 31, 2013, the Company received \$100,000 (2012 – \$250,000) from the redemption of short term investments and incurred \$Nil (2012 – \$297,676) on exploration and evaluation at the Border Coal Project.

Goldsource received \$779 (2012 - \$2,284) during the first quarter from interest on short term investments.

LIQUIDITY AND CAPITAL RESOURCES

		March 31, 2013		December 31, 2012
Assets				
Cash and short term investments	(i)	\$ 700,468	\$	785,710
Other current assets	(i)	85,598		92,824
Non-current assets		3,811,877		3,814,919
Total Assets		4,597,943		4,693,453
Liabilities				
Current liabilities	(ii)	83,064		67,009
Working Capital	(i-ii)	\$ 703,002	\$	811,525

Assets

Cash and short term investments decreased primarily from the redemption of \$100,000 in short term investments, which were used to fund 2013 corporate activities. The Company will continue to monitor cash resources against our forecasted expenditures to assess financing requirements.

Other current assets decreased primarily from the fair value change in held-for-trading securities. At March 31, 2013, the fair value of the Company's 675,000 (2012 – 675,000) Westcore common shares amounted to \$66,825 (2012 - \$74,250).

Liabilities

Current liabilities increased to \$83,064 (2012 - \$67,009) from timing of payments relating to corporate activities.

RELATED PARTY TRANSACTIONS

The Company carried out the following transactions with related parties:

Legal Fees

Paid or accrued \$12,914 (2012 - \$35,123) for legal fees which were included in professional fees for transaction costs to a law firm of which an officer of the Company is a partner.

Key Management Compensation

		March 31, 2013		March 31, 2012
Salaries and short-term benefits ⁽¹⁾				
Remuneration on the statement of operations		\$ 41,250	\$	52,500
Capitalized to the Border Property		-		30,000
		41,250		82,500
Share-based payments		-		21,087
		\$ 41,250	\$	103,587

⁽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 a company related by common directors and officers. The Company incurred \$20,601 (2012 - \$28,731) for their share of rent, salaries, and administrative expenses.

OUTSTANDING SHARE CAPITAL

Capital stock

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

As at March 31, 2013, the Company had 27,033,729 common shares outstanding. In addition the Company had 3,595,000 outstanding share purchase options and 3,336,192 outstanding share purchase warrants which, if exercised, would result in fully diluted common shares outstanding of 33,964,921.

Subsequent to March 31st, 2013, 420,000 share purchase options expired unexercised and 75,000 share purchase options were forfeited.

As the date hereof, Goldsource had 27,033,729 common shares outstanding and 3,100,000 outstanding share purchase options which, if exercised, would result in fully diluted common shares outstanding of 30,133,729.

On May 14, 2013, Goldsource announced the Company has entered into agreements with holders of stock options to reduce the total number of common shares issuable and concurrently amend the options by reducing their exercise prices and extending their terms to expiry.

Subject to regulatory and shareholder approvals, stock options for the purchase of 2,575,000 common shares ("Original Options"), including all options held by insiders of the Company, will be reduced to options ("Amended Options") for the purchase of 825,000 common shares. These Amended Options will further be amended by reducing their exercise prices (ranging from \$0.82 to \$1.58 to per share) to \$0.16 per share and extending their terms so that the options will expire on the fifth anniversary after the date (the "Effective Date") that all requisite shareholder and regulatory approvals have been obtained. Previous option expiry dates ranged from May 22, 2014 to December 23, 2015. These Amended Options will be subject to an 18-month vesting schedule pursuant to which 25% shall vest immediately as of the Effective Date and a further 25% shall vest on each 6-month period thereafter until fully vested. As a result of the reduction and amendments, stock options for the purchase of an aggregate of 1,400,000 common shares will be outstanding.

The reduction and amendments to the Original Options are conditional upon the Company obtaining disinterested shareholder approval of such changes to the Original Options held by insiders of the Company ("Shareholder Approval") and TSX Venture Exchange approval. The Company will be seeking Shareholder Approval at the Company's annual general meeting of shareholders to be held on June 11, 2013. If the necessary approvals are not obtained, the proposed changes to the Company's stock options will not take effect, and all currently outstanding stock options will remain in full force and effect without reduction in number and at their original exercise prices and original expiry dates.

The Company's 3,336,192 outstanding share purchase warrants expired unexercised on May 19, 2013.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, short term investments, securities, amounts 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 March 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. However, the Company will require significant additional funding in the future to continue to explore and develop its Border Coal Project. 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.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 March 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 their 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 ACCOUNTING ESTIMATES

The preparation of Goldsource's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Mineral Properties

The cost of acquiring, exploring and developing mineral properties and the cost to increase future output by providing access to additional reserves or resources, are deferred. After a mine commences production, these costs are depleted using the unit of production method.

The Company considers both internal and external sources of information in assessing whether there are any indicators that the Company's mineral properties are impaired. External sources of information considered include changes in market conditions, the economic and legal environment in which the Company operates that are not within its control and the impact these changes may have on the recoverable amount. Internal sources of information include the manner in which the mineral properties are being used or are expected to be used and indications of the economic performance of the assets.

In estimating the recoverable amount of the Company's mineral properties, management estimates the discounted future after-tax cash flows expected to be derived from the Company's mineral properties and the appropriate discount rate. Reductions in commodity price forecasts, increases in estimated future costs of production, increases in estimated future capital costs and reductions in the amount of recoverable reserves and resources could each result in a write-down of the carrying amount of the Company's mineral properties.

Share based payments

The Company uses assumptions to determine the fair value of share based 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, IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine

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

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
- Mineral reserve and resource estimates
- Operating hazards and risks
- Fluctuating prices

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