MANAGEMENT DISCUSSION & ANALYSIS
FORM 51-102F1

SEPTEMBER 30, 2005
THIRD QUARTER

The Management Discussion and Analysis (MDA) is an overview of the activities of **GOLDSOURCE MINES INC.** (the "Company") for the three month period ended September 30, 2005. The MDA should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2004 and the notes attached thereto. The effective date of this Management Discussion & Analysis is November 18, 2005.

OVERALL PERFORMANCE

The Company is a natural resource company engaged in the acquisition, exploration and development of mineral properties.

The Company currently has a mineral property interest in British Columbia in which it may earn an initial 80% interest by making certain cash mineral payments and completing certain work requirements. A further 20% may be earned by paying $750,000 in a combination of cash and shares of the Company. A stage 1 exploration program was completed late in 2004 which included mapping, geochemical sampling and an IP Geophysical survey (See "Results of Operations" below).

Subsequent to the period, the Company entered into an agreement to acquire a 90% interest in two blocks of mineral claims comprising of 163,200 hectares in the Big River area of Saskatchewan. These lands are prospective for the diamondiferous kimberlites (see subsequent events below). The Company is actively seeking other property interests and business opportunities which will advance its corporate goal of acquiring or discovering significant mineral assets.

The proposed business objectives of the Company involve a high degree of risk and there is no assurance that future acquisitions or participations will be identified. Moreover, if potential acquisitions or participations are identified, the Company may determine that the current market, pricing conditions or terms of participation may make the acquisition or participation unattractive. The Company will be in competition with others with greater resources. The Company may find that, even if the terms of the acquisition or participation are reasonable, additional funds may be required to complete the acquisition or participation, and the Company may not be able to obtain financing on the terms acceptable to the Company, or at all. Where an acquisition or participation is financed by the issuance of shares from the treasury, control of the Company may change and shareholders may suffer dilution to their investment.

LIQUIDITY AND CAPITAL RESOURCES

The Company is in a strong financial position with $898,734 in working capital, including cash and cash equivalents of $916,155. These funds are sufficient to meet the maintenance requirements for the Company's projects and to finance general and administrative expense for the next year. Additional funds may be required if the Company undertakes extensive exploration programs on the ROX 1 mining claim unit or the Big River Property or to implement a program of property acquisitions.

The Company currently has no source of income and is entirely reliant upon raising equity capital to fund its operations and general administrative costs.

FINANCIAL SUMMARY

Three months ended September 30, 2005

General and administrative expenses for the three months ended September 30, 2005 were $47,727 compared to general and administrative expenses, net of stock based compensation, of $60,145 for the three months ended September 30, 2004. Office and general expenses increased by $3,820 and professional fees decreased by $11,272 during the period.

Nine months ended September 30, 2005

General and administrative expenses for the nine months ended September 30, 2005 were $157,966. This compares to general and administrative expenses of $183,421, net of stock based compensation, for the nine months ended September 30, 2004. Notable changes were decreases in management fees of $55,565 and in transfer agent and regulatory fees of $12,624.

Working capital for the nine month period ended September 30, 2005 declined by $253,900 compared to December 31, 2004 due mainly to the net loss for the period of $143,195, mineral property expenditures on the ROX 1 claims of $83,494 and deferred acquisition costs related to the Big River Property of $27,211.

SELECTED ANNUAL INFORMATION

	December 31, 2004 $	December 31, 2003 $	December 31, 2002 $
Total revenues	-	-	-
Net loss from continuing operations	(276,479)	(498,401)	(309,026)
Loss per share	(0.07)	(0.05)	(0.02)
Net earnings (loss) for the year	(276,479)	(32,237)	105,419
Net earnings (loss) per share	(0.07)	(0.01)	0.01
Total assets	1,324,263	1,022,817	6,805,478
Total long term financial liabilities	-	-	66,665
Cash dividends per share	-	-	-

(1) All per share amounts are calculated on a weighted average, basic and fully diluted basis.
(2) Total assets increased in 2004 as a result of the cash realized from the exercise of stock options and the proceeds from the closing of the private placement.
(3) Total assets decreased in 2003 as a result of the Corporate Restructuring.

SUMMARY OF QUARTERLY RESULTS

Period	Revenue ($)	Net loss ($)	Net loss per Share ($)
September 30, 2005		(42,265)	(0.01)
June 30, 2005	-	(46,338)	(0.01)
March 31, 2005	-	(54,592)	(0.01)
December 31, 2004	-	(67,809)	(0.01)
September 30, 2004	-	(110,639)	(0.03)
June 30, 2004	-	(27,614)	(0.01)
March 31, 2004	-	(70,417)	(0.02)
Dec. 31, 2003	-	(183,225)	(0.02)

(1) The net loss per share is calculated on a weighted average, basic and fully diluted basis.
(2) There were no discontinued operations or extraordinary items to report during the previous eight quarters.

OUTSTANDING SHARE CAPITAL

Authorized

Unlimited number of common shares without nominal or par value
Unlimited preference shares without nominal or par value

Issued and fully paid - common shares	Number
Balance, December 31, 2003	2,514,431
Exercise of stock options	675,000
Issued pursuant to a private placement	1,500,000
Balance, December 31, 2004 and September 30, 2005	4,689,431

WARRANTS

As of the date of this report the Company has warrants outstanding to purchase 1,400,000 common shares at a price of $.35 per share for a two year period expiring July 21, 2006. If the closing trading price for common shares of the Company is $1.00 per share or greater for ten consecutive trading days, the Company may elect to provide notice to holders of the Warrants and the Warrants will then expire 30 days after the date notice is given

STOCK OPTIONS

The Company has a stock option plan under which it is authorized to grant stock options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The exercise price of each option equals the market price of the Company's stock as calculated on the date of the grant. The options can be granted for a maximum term of 5 years.

At September 30, 2005, the Company had outstanding stock options, enabling holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
300,000	$0.35	July 8, 2009
100,000	$0.30	December 8, 2009

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
As at December 31, 2003	675,000	$ 0.21
Granted	400,000	0.34
Exercised	(675,000)	0.21
As at December 31, 2004 and September 30, 2005	400,000	$ 0.34
Number of options currently exercisable	400,000	$ 0.34

RELATED PARTY TRANSACTIONS

During the three month period ended September 30, 2005, the Company paid fees of $15,000 (2004 - $15,000) for management services to Nemesis Enterprises Ltd., which is wholly owned and controlled by a Director and Officer of the Company.

Effective March 31, 2004, the Company entered into a management agreement with Nemesis Enterprises Ltd. (“Nemesis”) whereby the Company retained Nemesis to provide managerial, administrative and consulting services to the Company and, in particular, to provide the services of J. Scott Drever to serve as President and a Director of the Company. Nemesis is a company wholly-owned by Mr. Drever.

INVESTOR RELATIONS ACTIVITIES

Investor relations activities were handled by the Company and no professional fees were incurred using consultants.

RESULTS OF OPERATIONS

On December 18, 2003 the Company entered into an option agreement to acquire a 100% interest in 20 claim units covering an area of 500 hectares in the Omineca Mining Division of British Columbia. The Company can earn an initial 80% interest in the claims by making staged cash payments of $145,000 and completing exploration expenditures of $500,000 over a four year period. Upon the exercise of the initial option, the Company has a further option to acquire the remaining 20% by paying $750,000 in cash or at the discretion of the Company, a combination of cash and common shares of the Company provided that the share component does not exceed 50% of the value of the total payment. An initial option payment of $20,000 was made upon execution of the agreement and a further option payment of $25,000 was made in December 2004.

The ROX 1 mineral claim is situated in the Central Interior of the Province of British Columbia, approximately 90 kilometres south of the town of Houston, BC. The claim lies in the Omineca Mining Division on NTS map sheet 093E/15W. The vendor acquired the Property by staking in September 1997 and holds the property under mineral tenure No. 372796. The Rox 1 claim was converted from a four post claim and Rox 2 and Rox 3 claims comprising 401 hectares and 344 hectares respectively were added in January, 2005.

RESULTS OF OPERATIONS (cont'd)

The property is considered to be at an early stage of exploration and has no known mineral reserves. The technical report states that from the surface exposures and sampling completed, the mineralization encountered indicates the presence of an epithermal precious metal system filling veins or cavities in the country rock. The level of information is not sufficient to estimate the grade or width of the occurrence. Electromagnetic surveying has proven to be of use in generating drill targets.

In December 2003, the Company retained Peter L. Ogryzlo, M.Sc., P. Geo. (BC) as an independent Qualified Person to provide a technical report on the property. The technical report, dated December 2003 was filed on Sedar on February 10, 2004. In the technical report, a program of additional geological mapping, geophysical surveying and diamond drilling was recommended at a cost of Cdn. $93,300. Contingent upon the results of this program, the technical report stated that provision should be made for additional drilling at a cost of approximately $132,400 for a total of $225,700.

Deferred exploration expenditures	**Three months ended September 2005**	**Nine months ended September 2005**
	$	$
Assays	1,113	1,657
Drilling	65,326	65,326
Engineering consulting	14,843	16,511
	79,190	83,494
Balance, beginning	106,513	102,209
Balance, ending	$ 185,703	$ 185,703

PROJECT ACTIVITY

During the period a four-hole diamond drill program (595 metres) was completed on the ROX group of mineral claims at a cost of $79,190. The claim group covers recently discovered gold, silver and base metals mineralization in the sediments of the Smithers Formation and in a diorite intrusion.

The Company previously carried out geophysical, preliminary geological and limited geochemical surveys over an approximate two square kilometre grid area on the claims. A 3D-IP survey outlined three main zones of anomalous chargeability with coincident anomalous geochemical results for gold, silver, lead and zinc over a portion of one of the two IP anomalies sampled. The drill program was designed to test these three geophysical anomalies and returned the following significant assay results:

				Weighted Average Grades			
DH Hole Number	**From (metres)**	**To (metres)**	**Interval (metres)**	**Au g/t**	**Ag g/t**	**Zn %**	**Pb %**
R05-1	42.45	42.67	**0.22**	0.52	4	1.19	-
R05-2	15.82	15.92	**0.10**	0.19	85	0.82	3.59
	17.70	17.78	**0.08**	1.51	9	1.41	0.36
	23.0	28.0	**5.0**	0.37	3.4	-	-
	34.0	37.0	**3.0**	0.57	2.3	0.95	-
	37.0	40.0	**3.0**	0.24	-	-	-
	44.0	47.0	**3.0**	0.55	2.7	-	-
R05-3	12.0	13.0	**1.0**	0.15	9	1.35	-
	35.1	35.5	**0.5**	1.43	8	1.11	-
	117.0	117.015	**0.015**	0.37	9	6.66	-
	129.5	130.0	**0.5**	0.43	6	1.33	-
R05-4	5.0	6.0	**1.0**	5.11	32	2.69	-
	20.0	20.5	**0.5**	1.11	5	0.56	-
	42.45	42.67	**0.22**	0.52	4	1.19	-

PROJECT ACTIVITY (cont'd)

The gold, silver and zinc values are associated with pyrite, sphalerite and other metallic sulphides in narrow veins and stringers within clear quartz and carbonates. Pyrite is disseminated throughout most of the core and in places there are significant volumes of pyrite in the 3% to 5% range. There is strong evidence for vertical metal zoning in the system with pyrite-sphalerite-arsenopyrite-galena-chalcopyrite forming an upper vein assemblage and pyrite-sphalerite marking a lower assemblage. The best gold, silver, zinc and lead values have been obtained from the upper zone. The rocks encountered in these four holes are predominantly sandy, shallow marine sediments. A mineralized diorite intrusive was intersected in drill hole R05-3.

The amount of pyrite present in the drill holes is more than sufficient to explain the IP geophysical anomalies. However, the core will be re-examined to determine if any lateral zoning of mineralization is identifiable and additional sampling of the core will be carried out in some un-sampled pyritized zones. Any further work will be dependent upon the results of the sampling and the determination as to whether the mineralization encountered may be more pervasive in untested portions of the IP anomalies.

The project work was supervised by Anthony L'Orsa, P.Geo. and Qualified Person for the purposes of NI 43-101. The 3-D IP survey was carried out by SJ Geophysics Ltd. of Delta, BC. The drill core samples were analysed for 22 elements (aqua regia, ICP-MS). Gold and silver were determined by lead collection fire assay on one assay-ton samples. Quality controls include the use of blanks and reject reruns. The analytical work was done by Acme Analytical Laboratories Ltd of Vancouver, BC, an ISO 9001: 2000 accredited company.

SUBSEQUENT EVENTS

(a) On October 25, 2006 the Company finalized an agreement with BEC International Corporation ("BEC") of Saskatoon, Saskatchewan to acquire a 90% interest in two blocks of mineral claims in the Big River Area of Saskatchewan (the "Property") comprising 163,200 hectares. The Company will carry all costs of exploration and development on the Property to the conclusion of a positive Bankable Feasibility Study. BEC may then elect to back-in to a 25% working interest in the Property by reimbursing to the Company 25% of all past expenditures, or retain a 10% carried working interest in the Property whereby the Company will fund BEC's share of capital and operating costs to be recovered solely from 80% of BEC's share of cash flow from any future production from the Property.

    As consideration for the 90% interest in the Property, the Company paid BEC $55,000 in cash and will issue 2.0 million common shares ("Purchase Shares") to BEC and such other persons as BEC shall direct at an issue price of $0.30 per share. Of the 2.0 million Purchase Shares, 1.1 million Purchaser Shares were issued at Closing and the balance will be issuable only at such time as the aggregate number of Purchase Shares represents less than 20% of the issued and outstanding common shares of the Company. In connection with the transaction, the Company issued 103,813 common shares as a finder's fee at a deemed issue price of $0.30 per share and will issue an additional 84,397 common shares on the same basis as the BEC common shares.

(b) Subsequent to September 30, 2005 the Company issued 100,000 common shares pursuant to the exercise of warrants for proceeds of $35,000.

DISCLAIMER

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.

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve 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 expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: silver exploration and development costs and results, fluctuations of silver prices, foreign operations and foreign government regulations, competition, uninsured risks, recovery of reserves, capitalization and commercial viability and requirement for obtaining permits and licenses.

Certain data included in this document may be historical in nature and as such may not conform to the requirements of NI- 43-101, may not have been verified by the Company's qualified person and therefore should not be relied upon.