



GOLDSOURCE
MINES INC.

MANAGEMENT'S DISCUSSION & ANALYSIS OF
FINANCIAL CONDITIONS & RESULTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2015. 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, 2015 and 2014 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). 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 April 21, 2016. This MD&A contains forward looking information. Reference to the risk factors described on pages 11 to 13 and in the "Cautionary Statement" on page 13 of this MD&A is advised.

OVERVIEW OF THE BUSINESS

Goldsource is a Canadian resource company engaged in mineral exploration and development and listed on the TSX Venture Exchange ("TSX-V") under the symbol GXS. On February 28, 2014, Goldsource and Eagle Mountain Gold Corp. ("EMGC") completed their amalgamation as jointly announced on November 26, 2013. In connection with the acquisition of EMGC, the Company indirectly acquired a 100% interest in the Eagle Mountain Property located in Guyana, South America. Goldsource is led by an experienced management team, proven in making exploration discoveries and achieving construction on time and budget. Goldsource's other mineral interests presently consist of coal exploration properties located in Saskatchewan.

OUTLOOK

The Company's immediate focus is to develop the "Phase 1" 1,000 tonnes per day ("tpd") starter open pit operation (the "Eagle Mountain Gold Project") on the Eagle Mountain Property in Q2, 2016 (refer to "Mineral Resources" section).

FOURTH QUARTER ("Q4") HIGHLIGHTS AND SUBSEQUENT EVENTS

Eagle Mountain Gold Project

As at December 31, 2015, the Company received at site all shipments of processing plant and mining equipment. A commissioning team arrived mid-November 2015 to finalize construction and target initial production. Commissioning tasks began on January 28, 2016 with the Company successfully completing its first gold pour on March 6, 2016 and its first gold shipment and sale on April 14, 2016. Commercial production is anticipated in the second quarter of 2016, which requires achieving 80% of nameplate capacity (1,000 tpd) and 45% recovery in gold concentrate, over an average period of 30 days. See "Mineral Resources" section for details of construction and commissioning activities for 2015 and to the date hereof. All current plans are based on the PEA (defined below).

Corporate

The Company entered into a loan agreement (the "Loan") with Mitán Holdings Ltd. ("Mitán Holdings"), a company controlled and directed by a director of the Company, for a principal amount of US\$1.0 million (\$1,384,000). The purpose of the Loan was to provide the Company with additional funds, which were necessary for working capital requirements at the Eagle Mountain Gold Project. The Loan is repayable in full, twelve months after the draw-down on December 21, 2015 and bears interest at a rate of 12% per annum, payable quarterly. Goldsource has pledged the shares of its wholly-owned subsidiary, EGMC, to Mitán Holdings as security for the Loan and has paid a commitment fee of \$19,660 (US\$15,000) upon execution of the Loan Agreement.

The Company granted stock options to an employee to purchase 35,000 common shares of the Company at a price of \$0.16 per share for a five year term expiring October 1, 2020. The options are subject to an 18-month vesting schedule pursuant to which 25% vested as of the date of grant and a further 25% shall vest every 6 months thereafter until fully vested.

The Company granted of stock options to directors, officers, employees and consultants exercisable for 2,140,000 common shares of the Company at a price of \$0.21 per share for a five year term expiring December 16, 2020. Of the stock options granted, 50,000 will be subject to a 12-month vesting schedule pursuant to which 25% vested on March 16, 2016 and a further 25% shall vest every 3 months thereafter until fully vested.

The Company announced the appointment of Nicholas Campbell to the position of Chief Financial Officer ("CFO"), effective January 1, 2016. Mr. Campbell succeeds Barney Magnusson, who retired effective December 31, 2015. Mr. Magnusson's services will remain available to the Company on a consulting basis for a period of three years.

Subsequent to December 31, 2015, a total of 5,141,000 warrants issued in February 2014 and December 2014, and expiring February 28, 2017 and December 12, 2017 respectively, were exercised for gross proceeds of \$1,243,375. Of the warrants exercised, a total of 3,533,500 were exercised by insiders of the Company. The Company will use the gross proceeds for working capital and acceleration of planned production expansion at its Eagle Mountain Gold Project.

MINERAL RESOURCES**Eagle Mountain Gold Project, Guyana**

Eagle Mountain Property consists of an area of approximately 5,050 hectares (12,480 acres) in central Guyana, South America and is approximately 200 kilometres southwest of the capital Georgetown and 45 kilometres from the historical Omai gold mine, which was in production from 1993 to 2005. Guyana is a republic within the British Commonwealth. The official language is English. The currency is the Guyanese dollar and the legal system is based mainly on the English common law.

In September 2014, Goldsource filed a Preliminary Economic Assessment (“PEA”) report titled “Preliminary Economic Assessment of the Eagle Mountain Saprolite Gold Project, Guyana”, dated September 12, 2014 with an effective date of June 15, 2014. The PEA was completed by A.C.A. Howe International Limited of Toronto, Canada and can be found under the Company’s profile on SEDAR at www.sedar.com or on the Company’s website www.goldsourcemines.com.

The Company cautions that the PEA is preliminary in nature in that it is based largely on inferred mineral resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be characterized as mineral reserves, and there is no certainty that the results or recommendation of the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Management’s production decision for the Eagle Mountain Gold Project is not based on a feasibility study of mineral reserves demonstrating economic and technical viability. This project has a much higher risk of economic or technical failure and may adversely impact the Company’s projected profits, if any.

Resource Estimate (NI 43-101 Technical Report, with effective date June 15, 2014)

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 gpt Au was applied to all resource blocks. All numbers are rounded.

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

The PEA’s conceptual approach encompasses a “Phase I” starter open cut for mining at 1,000 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 production rate of 3,500 tpd to 4,000 tpd. Conceptually, additional processing plants are expected to be financed through operating cash flow. The Project has several potential opportunities to accelerate and improve upon the PEA-defined production once initial success in Phase I is achieved. These opportunities include:

- Adding a second shift: The expansion outlined in the PEA is based on a single 12-hour shift. Adding a second shift, would allow the Company to increase throughput and production with minimal incremental capital requirements.
- Incorporating a small intensive cyanidation unit to process the falcon concentrate: The Company is exploring the incorporation of a Sepro Leach Reactor (SLR unit) into the process flow sheet to process the gravity gold concentrate generated by the Falcon concentrators at the Eagle Mountain Gold Project. Initial testwork suggests that the incorporation of an SLR unit would substantially mitigate the recovery losses associated with tabling the gravity gold concentrate with minimal incremental operating costs. The Company is currently stockpiling table reject concentrate, which could be processed once an SLR unit is installed to recover additional gold from current operations.

Preliminary Economic Assessment Highlights (NI 43-101 Technical Report, June 15, 2014)

The PEA incorporates a gold price of US\$1,250 per ounce gold. Highlights of the Base Case economic estimates are as follows:

- Pre-tax Net Present Value (“NPV”) (5%) of US\$69.4 million and after-tax NPV (5%) of US\$45.6 million.
- Pre-tax NPV (7%) of US\$61.1 million and after-tax NPV (7%) of US\$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 US\$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 US\$24.2 million.
- Cash operating costs, exclusive of sustaining capital, for saprolite mine life averages US\$480 per ounce gold including a 15% contingency.
- Cost per tonne of processing plant feed averages US\$8.96.
- Pre-tax undiscounted operating cash flow before capital expenditures totalling US\$123.4 million.

- 8-year LOM PEA mine plan totalling 8.6 million tonnes at an average grade of 1.20 gpt gold (diluted and recoverable).
- Of the 8.6 million tonnes to be processed, only 7.3 million tonnes (undersize sub-2mm) grading 1.20 gpt gold will be (processed through the gravity separation plant) conceptually processed. The remaining tonnes (oversize larger than 2mm) would be stockpiled for further metallurgical test work and potential further processing.
- 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 estimated 168,700 ounces gold from gravity-only processing at estimated 60% recovery.
- Inventory of 161,900 ounces gold in settlement ponds from gravity-only processing rejects for potential future reprocessing using standard technologies.

The 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 the mine life. No blasting or truck hauling is required for mineralized saprolite.

The Phase I capital costs summary is as follows:

Preliminary Economic Assessment (June 15, 2014)					
Capital expense item (Phase I)	Estimated cost (US\$)	Revised cost, Q3, 2015 (US\$)	As of December 31, 2015 (US\$)	As of March 31, 2016 (US\$)	Completion %
Mining equipment purchases	\$ 1,167,000	\$ 645,000	\$ 702,203	\$ 743,030	100%
Process plant including, lab, refinery, construction and EPCM	\$ 2,345,000	\$ 2,353,000	\$ 2,338,650	\$ 2,437,861	100%
Tailings	\$ 468,000	\$ 353,000	\$ 55,515	\$ 56,919	100%
Road maintenance	\$ 315,000	\$ 406,000	\$ 465,314	\$ 488,942	100%
Indirect (Includes Working Capital)	\$ 828,000	\$ 587,000	\$ 1,223,731	\$ 1,873,760	100%
Contingency at 15%	\$ 769,000	\$ 326,000	\$ -	\$ -	0%
Initial capital including contingency	\$ 5,892,000	\$ 4,670,000	\$ 4,785,413	\$ 5,600,511	

Financing for the Phase I capital expenditures was completed on December 30, 2014. During fiscal 2015, the Company also received the Loan of US\$1 million to support the operating capital requirements during the commissioning phase. As at December 31, 2015, the Company incurred US\$4,785,413 (CAD\$6,106,233) in Phase I capital costs, of which US\$3,190,604 (CAD\$4,068,005) was recorded as property, plant and equipment and US\$1,594,809 (CAD\$2,038,228) was recorded under exploration and evaluation assets on the consolidated statement of financial position.

Phase I Construction and Commissioning Update (April 21, 2016)

Significant construction activities completed are as follows:

- Construction of gold processing plant (100 tonnes per hour) from Sepro Minerals Systems Corp. ("Sepro"), Langley, Vancouver, BC, delivered to Guyana (100% completed)
- Rehabilitation of the existing ten kilometre road between Mahdia town (commercial airport) and Eagle Mountain camp (100% completed).
- Procurement & purchase of major mining equipment (100% completed).
- Procurement & purchase of secondary gold processing plant for exploiting existing old tailings area for construction aggregate and residual gold recovery (100% completed and operating).
- Pre-production auger drilling program for confirmation and condemnation (100% completed).
- Recruitment of key operations personnel (100% completed).
- Site preparation of all facilities (100% completed).
- Site assembly of semi-modular process plant (100% completed).

Highlights from January 1, 2016 to April 21, 2016 (Commissioning-Stage):

- Start of commissioning on January 28, 2016.
- In February and March, re-designed and re-fabricated the mine grizzly and processing gold room.
- Mined an estimated 17,919 tonnes year to date.
- Processed an estimated 16,726 tonnes grading 0.76 gpt gold year to date.

- Average of 236 tpd processed year to date. So far, for April, an average of 470 tpd has been processed or 47% of nameplate capacity.
- Estimated 45% gravity recovery for the plant year to date. April recoveries are estimated to have increased to 50%.
- Estimated 58% gravity recovery from table concentrate year to date. April recoveries are estimated to have increased to 68%.
- First gold pour on March 6, 2016.
- Produced 104 ounces of gold year to date.
- First gold shipment and sale on April 14, 2016 of 81.7 ounces of gold at US\$1,240 per ounce with estimated inventory of 22.3 ounces of gold.
- Estimated 40,000 man-hours worked during commissioning, with no lost time accidents.

Management continues to optimize the operation with peak daily throughput of approximately 777 tonnes processed. Estimated gravity recovery to concentrate increased from an estimated 40% in February to currently 50%. The average tpd from April 1 to April 17 was 470 or 47% of nameplate capacity. Significant increased capacity is anticipated in the next 30 days with the installation of a re-designed larger diameter feed chute to the scrubber, which is currently limiting daily production.

The average grade of the compliant saprolite resource is 1.2 gpt gold. As anticipated, the current grades are lower at 0.6 to 0.8 gpt gold as tonnes were mined from areas close to the scrubber for testing and commissioning purposes. Mine grades should start to increase over the next 30 days as mining transitions into a higher grade portion of the resource.

With the introduction of a second excavator and other ancillary equipment, plans to start a second shift by the end of Q2 are being accelerated. Originally, the plan and budget were scheduled for a second shift in mid-Q3. With the inclusion of a second shift, tonnage throughput should be increased significantly with subsequent additional gold production.

The tailings storage facility is expected to be sufficient to support operations for the next six months before expansion is required. In addition, the Company has constructed a clarification pond to reduce water turbidity prior to planned recycling or discharge.

The Company continues to evaluate the potential to utilize low impact intensive cyanide leaching of the gold concentrates to improve the overall gold recovery and production for the Eagle Mountain Gold Project.

PEA Recommendations & Future Opportunities

The majority of the proposed plant feed consists of Inferred Mineral Resources. Further sampling and surveying will be carried out within and surrounding the proposed pits in an effort to upgrade Inferred Blocks with adequate quality assurance and quality control and additional density data collection.

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

This process envisions screening-out any material that is larger than 2mm and stockpiling it for potential further processing. Grinding the material to a finer size in a grinding mill would allow it to 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 will be carried out to determine whether this gold could be profitably recovered from the tailings. This work will also include further tailings characterization and deposition properties.

EXPLORATION

Border Coal Project, Saskatchewan

The Company currently holds 15 (2014 – 23) coal mineral licenses comprising 7,452 hectares (2014 – 12,214 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 certain areas that are considered favourable for the discovery of additional coal deposits. Additional information related to the Company's Border Coal Project is available on Goldsource's website www.goldsourcemines.com. During the year ended December 31, 2015, the Company incurred \$40,984 (2014 – \$67,176) in annual rental fees and received a refund of \$49,937 (2014 – \$nil) for a deposit previously held by the Manitoba Mines Branch, which are included in general exploration and other income, respectively, on the statement of operations and comprehensive loss.

Management recognizes the project requires a special expertise and financial capacity to bring it to fruition and has been searching for 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 \$40,000.

RESULTS OF OPERATION AND FINANCIAL CONDITION

Selected Annual Information

The following financial data has been prepared in accordance with IFRS:

	2015	2014	2013
Total revenues ⁽¹⁾	\$ Nil	\$ Nil	\$ Nil
Loss and comprehensive loss for the year ⁽²⁾	\$ (1,355,188)	\$ (1,132,327)	\$ (4,442,516)
Loss per share - basic and diluted ⁽³⁾	\$ (0.01)	\$ (0.02)	\$ (0.16)
Total assets ⁽⁴⁾	\$ 16,008,567	\$ 14,963,825	\$ 588,229
Total non-current financial liabilities	\$ Nil	\$ Nil	\$ Nil
Shareholders' equity ⁽⁴⁾	\$ 14,124,072	\$ 14,770,236	\$ 492,260
Cash dividends declared per share	\$ Nil	\$ Nil	\$ Nil

⁽¹⁾ As at December 31, 2015 and 2014, the Company had no operations from which to derive revenues.

⁽²⁾ The loss in fiscal 2013 was primarily from impairment charge of \$3,800,000 in 2013 taken on the carrying value of the Border Coal Project. Goldsource is holding the Border Coal 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. Increase in loss in fiscal 2015 compared to fiscal 2014 was primarily from increase in share-based compensation to \$603,817 (2014 – \$259,013) related 5,315,000 (2014 – 2,075,000) options granted to directors, officers, employees and consultants.

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

⁽⁴⁾ The significant increase in assets and shareholders' equity in 2014 resulted primarily from the completion of two non-brokered private placements for gross proceeds of approximately \$9.5 million and from the amalgamation with EMGC and the related net assets acquired of approximately \$5.3 million.

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:

	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Comprehensive loss for the period ⁽¹⁾	(614,828)	(119,312)	(256,569)	(364,785)	(195,253)	(329,082)	(285,477)	(209,064)
Loss per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)
Total assets ⁽²⁾	16,008,261	14,524,471	14,672,876	14,667,865	14,963,825	8,123,024	8,364,952	8,167,491
Total liabilities ⁽²⁾	1,884,495	175,391	278,140	108,550	193,589	155,439	176,570	535,271

⁽¹⁾ The decrease in loss for Q3 2015 resulted primarily from the increase in currency translation gain on US dollar purchases. The increase in loss in Q4 2015 compared to Q4 2014 was primarily from increase in share-based compensation to \$286,904 (2014 – \$35,847) related to 2,140,000 (2014 – Nil) options granted to directors, officers, employees and consultants during Q4 2015.

⁽²⁾ The increase in assets in Q4 2014 resulted primarily from the completion of a non-brokered private placement for gross proceeds of approximately \$7.1 million. The increase in assets and liabilities in Q4 2015 resulted primarily from obtaining the Loan of US\$1,000,000 in December 2015.

Comparison of the three and twelve months ended December 31, 2015 to December 31, 2014

The net loss and comprehensive loss was \$614,522 for the fourth quarter and \$1,355,188 for the twelve months of 2015, compared to \$195,253 and \$1,132,327, respectively for 2014. The principal differences and significant amounts to note are as follows:

- Share-based compensation increased to \$286,904 (2014 – \$35,847) for the fourth quarter, and \$603,817 (2014 – \$259,013) for the year. The Company granted 5,315,000 (2014 – 2,075,000) incentive stock options during 2015, with a weighted average fair value per option granted of \$0.12 (2014 – \$0.15) for total value of \$610,820 (2014 – \$302,284);
- Professional fees increased to \$36,169 (2014 – \$9,783) for the fourth quarter primarily from an increase in corporate legal matters related to the execution of the loan facility and transition in CFO and from an increase in audit accrual for the year-end audit. However, over the twelve months in 2015, professional fees decreased to \$80,217 (2014 – \$148,643). This decrease was primarily

from the reduction in corporate legal and accounting matters compared to 2014, which included the adoption of a new stock option plan and other corporate legal matters related to the amalgamation with EMGC;

- Rent and communications increased to \$31,777 (2014 – \$5,023) for the fourth quarter, and \$54,536 (2014 – \$29,272) for the year ended December 31, 2015 as a result of entering into an operating lease agreement for shared office space at the Company's head office during the fourth quarter of 2015 with SilverCrest Metals Inc. ("SilverCrest Metals");
- Shareholder and investors relations increased to \$30,883 (2014 – \$18,278) for the fourth quarter, and \$106,353 (2014 – \$78,153) for the year ended December 31, 2015 and tradeshow and travel increased to \$25,478 (2014 – \$525) for the fourth quarter, and \$55,694 (2014 – \$34,860) for the year ended December 31, 2015 as a result of increased investor relations activities including two road shows in November 2015;
- Regulatory and transfer agent fees decreased to \$25,321 (2014 – \$49,118) for the year ended December 31, 2015 as a result of less share issuance activities compared to 2014, which included amalgamation with EMGC in February 2014 and completion of non-brokered private placements in February 2014 and December 2014;
- General exploration expenditure decreased to \$745 (2014 – \$7,700) for the fourth quarter, and \$47,828 (2014 – \$76,142) for the year ended December 31, 2015 as a result of reduction in annual rental fee payment made for the Border Coal Project; and
- Other income of \$49,937 received and recorded in 2015 related to a refund of a consultation deposit held by the Government of Manitoba. Other income of \$50,000 received and recorded in 2014, related to a promissory note receivable from Para Resources Inc. EMGC had recorded an impairment charge against the receivable amount during 2013.

COMMITMENTS

Capital commitments

In addition to entering into various operational commitments in the normal course of business, the Company has entered into a number of contractual commitments related to design and acquisition of plant and equipment for Phase I of Eagle Mountain Gold Project.

During the year ended December 31, 2015, these commitments totalled approximately \$2,363,609 (paid) related to the construction of the plant at the Eagle Mountain Gold Project and totalled approximately \$1,270,997 (\$1,185,817 paid) related to other contractual agreements for the Eagle Mountain Gold Project.

Other commitments

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	
2016	\$	113,529
2017		113,529
2018		66,225
	\$	<u>293,283</u>

As at December 31, 2015, the Company contributed \$46,576 towards this commitment which represents five months' rent deposit.

CONTINGENCIES

In connection with the acquisition of EMGC, the Company acquired a 100% interest in the Eagle Mountain Property located in Guyana. 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 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\$3,025,501 ("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:
- The payment set out in, (“II a.”) above has been made, or
 - After having completed one year of gold production under a large scale Mining License issued by the GGMC.

The Company pledged a \$270,294 (US\$194,540) (2014 – 206,825 (US\$194,540)) reclamation site bond, in the form of a non-interest bearing bank guaranteed deposit, to the Guyana Geology and Mines Commission for exploration permits on the Eagle Mountain Property.

Goldsource’s subsidiary Stronghold Guyana Inc. (“Stronghold”) holds a prospecting license on the Eagle Mountain Property. In August 2014, the Guyana Geology and Mines Commission granted a Medium Scale Mining Permit (the “Permit”) to Kilroy Mining Inc. (“Kilroy”) to mine gold, diamonds, precious metals and minerals on a portion of the Eagle Mountain Property. As the Permit is required under Guyana law to be held by a Guyanese national, Stronghold has entered into agreements with Kilroy, a private arm’s length Guyanese company pursuant to which Stronghold and Kilroy will jointly operate the Eagle Mountain Gold Project. Kilroy has granted Stronghold the exclusive right to conduct mining operations on the Eagle Mountain Gold Project including any additional areas acquired by Kilroy. Stronghold will fund all expenditures on the Eagle Mountain Gold Project and receive 100% of all revenues, subject to applicable government royalties and a 2% net smelter return royalty to Kilroy as compensation for its participation. As part of the agreements, Goldsource issued to Kilroy 250,000 common shares of the Company, subject to a 12-month hold period.

OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2015, 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

As at December 31, 2015 and 2014, the Company had no operations from which to derive revenues and had financed its operations to date primarily through the issuance of common shares.

For the periods ended December 31	Three months ended		Twelve months ended	
	2015	2014	2015	2014
Cash-flows provided by (used in):				
Operating Activities	\$ (310,249)	\$ (228,652)	\$ (852,923)	\$ (1,655,991)
Financing Activities	1,476,159	7,059,750	1,487,649	9,398,693
Investing Activities	(1,680,843)	(109,615)	(6,087,703)	(709,498)
Net increase (decrease) in cash and cash equivalents	(514,933)	6,721,483	(5,452,977)	7,033,204
Cash and cash equivalents, beginning of period	2,307,780	524,341	7,245,824	212,620
Cash and cash equivalents, end of period	\$ 1,792,847	\$ 7,245,824	\$ 1,792,847	\$ 7,245,824

Operating Activities

Refer to “Results of Operation and Financial Condition” section for discussion on operating activities.

Financing Activities

2015

On December 21, 2015, the Company received the Loan of US\$1 million (\$1,395,490) from a related party. Proceeds from the Loan will be used for capital requirements towards the Eagle Mountain Gold Project. As at December 31, 2015, the Company incurred interest of \$4,550 (US\$3,288), which together with the commitment fee of \$19,660 (US\$15,000), was capitalized to the cost of the Eagle Mountain Gold Project construction in progress as part of the cost of the asset. Refer to “Fourth Quarter Highlights” section for details of the Loan.

During fiscal 2015, the Company issued 455,526 common shares for the exercise of warrants for gross proceeds of \$92,159.

2014

On December 30, 2014, Goldsource completed a private placement of 47,138,166 units at a price of \$0.15 per unit for gross proceeds of \$7,070,725. 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 \$0.25 per share for a 36-month term. The private placement was completed in two tranches and the Company incurred \$116,207 in share issuance costs related to the private placement, of which \$16,952 has been paid during 2014 and \$99,255 has been recorded as accrued liabilities. Proceeds from the private placement are for Phase I of Eagle Mountain Gold Project and general working capital purposes (Refer to “Mineral Resources” section for details of the estimated

budget).

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 \$61,058 in share issuance costs during the year ended December 31, 2014. Proceeds from the private placement were used for general working capital purposes and expenditures advancing the Eagle Mountain Gold Project.

Investing Activities

In relation to the Eagle Mountain Gold Project, the Company paid \$611,214 (2014 – \$nil) during the fourth quarter of 2015 and \$4,003,460 (2014 – \$nil) during fiscal 2015 towards property plant and equipment. In addition, the Company paid \$981,385 (2014 – \$115,668) during the fourth quarter of 2015 and \$2,066,347 (2014 – \$684,843) during fiscal 2015 towards exploration and evaluation expenditures. Refer to "Liquidity and Capital Resources – Assets" section for more information.

Goldsource received \$nil (2014 – \$6,056) during the fourth quarter and \$28,986 (2014 – \$14,494) during fiscal 2015 from interest on cash and cash equivalents.

During fiscal 2014, the Company incurred \$200,860 in transaction costs, acquired \$36,711 in cash relating to the amalgamation with EMGC and redeemed short term investments of \$125,000 for general working capital purposes.

LIQUIDITY AND CAPITAL RESOURCES

		December 31, 2015	December 31, 2014
Assets			
Cash and cash equivalents	(i) \$	1,792,847	\$ 7,245,824
Other current assets	(i)	106,214	144,521
Non-current assets		14,109,506	7,573,480
Total Assets		16,008,567	14,963,825
Liabilities			
Current liabilities	(ii)	1,680,805	193,589
Working Capital	(i-ii) \$	218,256	\$ 7,196,756

Assets

At December 31, 2015, Goldsource held cash and cash equivalents of \$1.8 million (December 2014 – \$7.2 million). Goldsource continues to monitor cash resources against expenditures forecasts associated with advancing the Company's Eagle Mountain Gold Project.

Property, plant and equipment increased to \$4,240,711 (2014 – \$49,717). The significant items incurred during fiscal 2015 were towards the acquisition and delivery of the Sepro processing plant and parts for \$2,987,976, a bull dozer for \$245,633, generator for \$71,336, a front loader for \$74,843, an excavator for \$261,937, camp vehicles for \$116,092 and a trommel for \$65,313.

During fiscal 2015, exploration and evaluation increased to \$9,551,925 (2014 – \$7,316,938) from expenditures incurred at Eagle Mountain Gold Project. The significant items incurred were \$424,057 (2014 – \$35,372) for camp costs, \$463,293 (2014 – \$107,868) for operations and general costs, \$594,788 (2014 – \$nil) for road maintenance and \$541,617 (2014 – \$260,748) for salaries. In addition, the Company incurred other exploration expenditures of \$210,926, which comprised mainly of \$32,487 (2014 – \$107,171) for assays, \$109,643 (2014 – \$20,991) of depreciation from Eagle Mountain Equipment and \$34,737 (2014 – \$179,140) for technical services and consulting.

Liabilities

At December 31, 2015, accounts payable and accrued liabilities increased to \$292,255 (2014 – \$193,589). The balance relates to various contractual commitments in the normal course of business.

As at December 31, 2015, the Company recorded rehabilitation provision of \$203,690 (2014 – \$nil), which was also included in property, plant and equipment. The present value of rehabilitation provision, using an effective discount rate of 5%, is currently estimated at

US\$147,175 (2014 – \$nil), reflecting anticipated cash flows to be incurred over approximately the next 8 years. The undiscounted value of these obligations is \$283,028 (US\$204,500), calculated using a long-term inflation rate assumption of 0.2%.

Liquidity Outlook

As at December 31, 2015, the Company has a working capital of \$218,256 (2014 – \$7.2 million) and cash and cash equivalents of \$1.8 million. Subsequent to December 31, 2015, the Company received gross proceeds of \$1.24 million for the early exercise of warrants and received approximately \$120,000 (US\$94,000) for completing Eagle Mountain Gold Project's first gold shipment and sale during the commissioning phase. The Company plans to use funds for working capital and to accelerate planned expansion of production at the Eagle Mountain Gold Project. Refer to the Company's news releases dated April 18, 2016 and April 20, 2016, available on Goldsource's website (www.goldsourcemin.com) or under the Company's SEDAR profile (www.sedar.com).

Commercial production of Phase I is anticipated in the Q2, 2016, which would provide cash flow to the Company. Phase I calls for a 1,000 tonnes per day open pit - gravity plant with post-commissioning and ramp up cash operating costs of US\$500 to US\$600 per ounce of gold. Refer to the "Capital Commitments" and "Mineral Resources" sections for more information.

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 and development programs, availability of financing and industry conditions. The Company's financial success is dependent on its ability to discover economically viable mineral deposits. Commercial production for Phase I of the Eagle Mountain Gold Project may be delayed, require substantial additional financing and is subject to a number of factors many of which are beyond the Company's control. Although the Company has been successful in raising funds to date, there is no assurance that future equity capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all. Comp

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2015, the Company entered into the following transactions with related parties:

Legal Fees

Legal fees of \$32,970 (2014 – \$80,299), which were included in professional fees, \$nil (2014 – \$98,029) for share issuance costs and \$nil (2014 – \$92,580) for transaction costs, were paid or accrued to Koffman Kalef LLP, a law firm of which an officer of the Company is a partner, of which \$4,583 (2014 – \$61,087) was payable as December 31, 2015. The Company recognized \$6,390 (2014 – \$3,796) in share-based payments to this officer.

Key management compensation

Key management compensation

		2015		2014
Key management short-term benefits ⁽¹⁾	\$	315,000	\$	290,000
Share-based payments ⁽²⁾		489,754		237,139
	\$	804,754	\$	527,139

⁽¹⁾ Goldsource's key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company. Total key management remuneration was recorded in the statements of operations and comprehensive loss and paid to the President, Chief Executive Officer, Chief Operating Officer and Chief Financial Officer of Goldsource.

⁽²⁾ Share-based payments recorded for all directors and officers the Company and recognized in the statement of operations and comprehensive loss.

Other Transactions

Paid in remuneration \$49,588 (2014 – \$nil) for technical and administrative services and recognized \$4,087 (2014 – \$nil) in share-based payments to two personnel who are immediate family members of individuals who are part of key management personnel.

The Company shared rent, salaries, administrative services and other reimbursable expenses with SilverCrest Mines Inc. ("SilverCrest Mines"), a company related by common directors and officers until September 30, 2015. During the year ended December 31, 2015, the Company incurred \$157,001 (2014 – \$174,122) for its share of these expenses, of which \$nil (2014 – \$16,947) was payable to SilverCrest Mines at December 31, 2015. Effective October 1, 2015, the Company and SilverCrest Mines terminated their agreement dated January 1, 2011 and concurrently, the Company and SilverCrest Metals, a newly incorporated company related by common directors and officers,

entered into an allocation of costs agreement. During the year ended December 31, 2015, the Company incurred \$114,528 for its share of these expenses, of which \$78,565 was payable to SilverCrest Metals at December 31, 2015.

PROPOSED TRANSACTION

As at December 31, 2015 and the date hereof, the Company had no proposed transaction.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, held-for-trading securities, deposit, accounts payable and loan payable. The carrying value of accounts payable approximates the fair value due to the short periods until settlement. The Company's cash and cash equivalents and held-for-trading securities are measured using level 1 inputs.

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

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 of December 31, 2015, the Company had the following common shares, share purchase warrants and options issued and outstanding:

Issued & Outstanding Shares:			126,973,249
	<u>\$ per share</u>	<u>Expiry</u>	
Warrants:	\$0.20 - \$0.36	February 28, 2017 – December 30, 2017	41,537,606
Options:	\$0.16 - \$0.47	September 30, 2016 – December 16, 2020	9,164,735
Fully Diluted			177,675,590

Subsequent to December 31, 2015:

- the Company granted stock options to employees and consultants of the Company to purchase an aggregate of 385,000 common shares of the Company at an exercise price of \$0.28 per share for a five year term expiring February 1, 2021;
- issued 5,141,000 common shares for the exercise of warrants for gross proceeds of \$1,243,375; and
- issued 63,250 common shares for the exercise of options for gross proceeds of \$12,800.

As of the date hereof, the Company had the following common shares, share purchase warrants and options issued and outstanding:

Issued & Outstanding Shares:			132,177,499
	<u>\$ per share</u>	<u>Expiry</u>	
Warrants:	\$0.20 - \$0.36	February 28, 2017 – December 30, 2017	36,396,606
Options:	\$0.16 - \$0.47	September 30, 2016 – February 16, 2021	9,486,485
Fully Diluted			178,060,590

NEW STANDARDS NOT YET ADOPTED

IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption still permitted. The Company has not yet completed the process of assessing the impact that IFRS 9 will have on its consolidated financial statements, or whether to early adopt this new requirement.

IFRS 11 – Joint Arrangements

IFRS 11 is amended to provide specific guidance on accounting for acquisition of an interest in a joint operation that is a business. The amended standard is effective for annual periods beginning on or after January 1, 2016.

IAS 16 – Property, Plant and Equipment and IAS 38 – Intangibles

IAS 16 and IAS 38 were issued in May 2014 and prohibit the use of revenue-based depreciation methods for property, plant and equipment and limit the use of revenue-based amortization for intangible assets. These amendments are effective for annual periods beginning on or after January 1, 2016 and are to be applied prospectively.

IFRS 15 – Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRS 18 – Transfers of Assets from Customers and SIC 31, Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a single five step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is currently mandatory for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has not yet completed the process of assessing the impact that IFRS 15 will have on its consolidated financial statements, or whether to early adopt this new requirement.

RISK FACTORS

Risk management is an ongoing exercise upon which the Company spends a substantial amount of time. The following factors are those which are the most applicable to the Company. The discussion which follows is not inclusive of all potential risks.

Risks Inherent in the Mining Business

The business of exploring for mineral resources is inherently risky. Few properties that are explored are ultimately developed into producing mines. The business involves significant financial risks over a significant period of time that even a combination of careful evaluation, experience and knowledge may not eliminate. It is impossible to ensure that the Company's current or proposed exploration programs, and in particular, the Eagle Mountain Gold Project, will result in commercially viable mining operations.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. There is no certainty that the expenditures made by the Company towards the search, evaluation and development of mineral deposits will result in commercial quantities of ore.

No History of Earnings or Production Revenues

As at December 31, 2015, the Company has no history of earnings and has not commenced commercial production on any of its properties. The Company has experienced losses from operations and expects to continue to incur losses for the foreseeable future. There can be no assurance that the Company will be profitable in the future. The Company's operating expenses and capital expenditures are likely to increase in future years as needed consultants, personnel and equipment associated with advancing exploration, development and potentially, commercial production of its properties, are added.

The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties, government regulatory processes and other factors, many of which are beyond the Company's control. The Company expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Eagle Mountain Gold Project will require the commitment of substantial resources. There can be no assurance that the Company will generate any revenues or achieve profitability.

Licenses and Permits

The Company's operations require licenses and permits from various governmental authorities. A medium scale mining permit is required under Guyana law to be held by a Guyanese national. The Company, through its wholly owned subsidiary, has entered into an agreement with a private arm's length Guyanese company to jointly operate the Eagle Mountain Gold Project. Although the required permits have been obtained by its joint operator, management believes the Company and its joint operator hold all material licenses and permits required under applicable laws and regulations for operation of the Eagle Mountain Gold Project on the Eagle Mountain Property and that they are presently complying in all material respects with the terms of such licenses and permits. However, the terms and conditions of such licenses and permits are subject to change in various circumstances. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties and, with reference to development of a mining operation on the Property, commence construction or operation of mining facilities or to maintain continued operations that economically justify the cost.

Mineral Reserve and Resource Estimates

Where used by the Company, figures for mineral resources are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that reasonable levels of recovery will be realized. The Eagle Mountain Gold Project PEA Technical Report is preliminary in nature in that it is based largely on Inferred Mineral Resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be characterized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no assurance that mineral resources will be upgraded to mineral reserves as a result of continued exploration. 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 Eagle Mountain Gold Project. In addition, there can be no assurance that gold recoveries or other metal recoveries in small scale laboratory tests will be duplicated in a larger scale test under on-site conditions or during production. Fluctuations in gold and other base or precious metals prices, results of drilling, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of mineral resources or reserves could have a material adverse effect on the Company's results of operations and financial condition.

Mining Capital and Operating Costs

The capital costs required by the Eagle Mountain Gold Project may be significantly higher than anticipated. Capital and operating costs, production and economic returns, and other estimates contained in the Company's current PEA 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 Eagle Mountain Gold Project as estimated in the PEA. Similarly, there can be no assurance that rates of production, grades of ore processed, rates of recoveries or mining cash costs estimated in the PEA will not experience fluctuations or differ significantly over the course of actual mining operations if and when commenced by the Company.

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.

Financing Risks

The Company's financial resources are limited. Substantial financial resources and sources of operating cash flow will be required in order to advance the exploration and development of the Eagle Mountain Gold Project. There can be no assurance that the Company has adequate financing to bring the Eagle Mountain Gold Project into production or that the Company will be able to obtain additional financing if required, or that the terms of such financing will be favorable. Failure to obtain such financing could result in delay or indefinite postponement of development of the Eagle Mountain Gold Project or further exploration and development of other mineral exploration projects with the possible loss of such properties.

Environmental Risks and Hazards

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. The Company believes it is currently in compliance in all material respects with all

applicable environmental laws and regulations. There is no assurance that any future changes in environmental regulation, will not adversely affect the Company's operations or affect the mineral resource estimates of the Eagle Mountain Gold Project. The costs of compliance with changes in environmental regulations have the potential to reduce the profitability of future operations.

Mining is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of exploration and production. Environmental liability may result from mining activities conducted by others prior to the Company's ownership of a property and unknown to the Company. To the extent the Company is subject to uninsured environmental liabilities, the payment of such liabilities would negatively impact the Company's financial position and could have a material adverse effect on the Company. Should the Company be unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy, which could have a material adverse effect on the Company. The Company may not have coverage for certain environmental losses and other risks as such coverage cannot be purchased at a commercially reasonable cost.

As at December 31, 2015, the Company pledged a US\$194,540 (\$270,294) reclamation site bond, in the form of a non-interest bearing bank guaranteed deposit, to the Guyana Geology and Mines Commission for exploration permits on the Eagle Mountain Gold Project.

CAUTIONARY STATEMENT AND DISCLAIMER

Certain statements contained in this MD&A and elsewhere constitute "forward-looking statements" within the meaning of applicable Canadian securities legislation. 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. In particular, the MD&A contains forward-looking statements pertaining to the following: strategic plans and expectations in the PEA for the development of the Eagle Mountain Gold Project; information with respect to the metal price assumptions, cash flow forecasts, internal rate of return, projected capital and operating costs, the amount of future production of gold over any period, the amount of expected grades and ounces of metals, gold recoveries mine life and gold production rates of the Eagle Mountain Gold Project; the Company's expectations regarding its ability to commence commercial production in Q2 2016 and expectations regarding the Company's ability to manage capital resources and meet working capital requirements.

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. Assumptions have been made regarding, among other things: the conditions in general economic and financial markets; precious metals prices; ability to realize the PEA and develop and finance the project; accuracy of the interpretations and assumptions used in calculating inferred mineral resource estimates; availability of mining equipment; availability of skilled labour; timing and amount of capital expenditures; performance of available laboratory and other related services; effects of regulation by governmental agencies; and future operating costs.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A: the availability of funds; the timing and content of work programs; results of exploration activities and development of mineral properties; the interpretation of drilling results and other geological data; the uncertainties of resource estimations; receipt, maintenance and security of permits and mineral property titles; environmental and other regulatory risks; project cost overruns or unanticipated costs and expenses; uncertainty as to actual capital costs, operating costs, production and economic returns; uncertainty that development will result in a profitable mining operation at the Eagle Mountain Gold Project; reliance on the PEA; operating and hazards risks and limitations on insurance risk; fluctuations in precious metals prices; currency fluctuations; political and economical risks; and general market and industry conditions.

Forward-looking statements are based on the expectations and opinions of the Company's management on the date the statements are made. The assumptions used in the preparation of such statements, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made. The Company undertakes no obligation to update or revise any forward-looking statements included in this MD&A if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law.

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.

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, who is a 'Qualified Person' for the purpose of NI 43-101.