MANAGEMENT'S DISCUSSION & ANALYSIS OF

FINANCIAL CONDITIONS & RESULTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017 The MD&A should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2017 and 2016, and the related notes contained therein, which have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Additional information related to the Company is available on SEDAR at www.sedar.com and on the Company's website www.goldsourcemines.com.

The first, second, third, and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3", and "Q4", respectively. All amounts are stated in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is April 4, 2018. This MD&A contains forward-looking information.

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: exploration and drilling programs at Eagle Mountain and Bishop Growler; information regarding high grade areas projected from sampling results; timing and completion of a preliminary feasibility study on a low cost large scale open pit gravity cyanidation operation; information with respect 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 Eagle Mountain; 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 (as defined under section "1. Overview") 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; fluctuations in precious metals prices; currency fluctuations; political and economic 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.

QUALIFIED PERSON

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

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1. OVERVIEW

Goldsource is headquartered in Vancouver, BC and its common shares trade on the TSX Venture Exchange ("TSX-V") under the symbol GXS. It is an advanced staged exploration company that is currently focused on its Eagle Mountain Gold Project ("Eagle Mountain") located on its 100% owned Eagle Mountain Property (the "Property") which consists of an area of approximately 5,050 hectares (12,480 acres) in central Guyana, South America.

Goldsource's current objective is to increase saprolite resources to a minimum of 600,000 ounces grading 1.0 to 1.5 grams per tonne ("gpt") gold with a strip ratio of less than 1:1 (waste:ore). The Company believes that this will support the completion of a Pre-Feasibility Study ("PFS") on a low cost large-scale, 4,000 to 5,000 tpd, open pit gravity-cyanidation operation.

Currently, the Company's resources[1] at Eagle Mountain are as follows:

Category	Tonnes	Gold Grade (gpt)*	Contained Ounces Gold
Indicated	**3,921,000**	**1.49**	**188,000**
Inferred	**20,635,000**	**1.19**	**792,000**

The following table shows only saprolite resources:

Category	Tonnes	Gold Grade (gpt)*	Contained Ounces Gold
Indicated	**1,590,000**	**1.45**	**74,100**
Inferred	**7,202,000**	**1.32**	**305,600**

*Estimated at 0.5 gpt cut-off for gold.

Goldsource's other mineral interests comprising the Border Coal Project located in Saskatchewan are under care and maintenance. The Company currently holds four coal mineral licenses with the Saskatchewan Ministry of Energy and Resources over an area of 1,025 hectares. Additional information related to the Company's Border Coal Project is available on its website www.goldsourcemines.com.

2. HIGHLIGHTS

Eagle Mountain Gold Project

2017 Eagle Mountain Summary of Main Operating and Exploration Activities

During 2017, the following events occurred at Eagle Mountain:

- Q1, 2017:
  - In relation to the optimization efforts of the Company for the gravity-only processing plant and given the ultra-fine nature of most of the gold grains of the deposit, the Krebs cyclone[2] was installed on February 12, 2017 to improve gold recovery. Initial assay results suggested gold recoveries of 15% to 50%, depending on cyclone parameters and processing feed rates. Work continued through the quarter to define the optimal operating parameters for both short and long-term planning.
  - Operations for the pilot gravity plant consisted of a feed mix of dry (truck-excavator) and wet mining (Marok pumping).
  - Gold recovered during testing was 34.90 ounces resulting in revenue of $50,636 (US$40,026), net of royalties.
- Q2, 2017:
  - The Company intermittently operated the plant at a reduced average rate (below 300 tpd – plant capacity of 100 tph) with subsequent reduction in onsite costs. Other important reasons for operating were: (1) to further test the wet mining system for potential large-scale mining, (2) cyclone optimization, and (3) mining and metallurgical test work for the proposed PFS.

[1] Refer to Technical Report titled "Preliminary Economic Assessment of the Eagle Mountain Saprolite Gold Project, Guyana", dated September 12, 2014 ("PEA"). The Company cautions that the PEA is preliminary in nature in that it is based 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.

[2] The Krebs cyclone is a materials classifier that has been successful at other gravity operations for increasing gold recovery.

- The high-density polyethylene ("HDPE") slurry pipeline, to reduce operating downtime, was installed by mid-May. Successful testing of the HDPE piping took place following the mobilization of the Marok system to Pit 6.
- The Company continued to monitor and expand the tailings facility on an as needed basis.
- The Company commenced a drill program in late May 2017, which was originally planned for an estimated 75 core holes, totalling 1,500 metres, and 450 holes with manual auger drills, totalling 2,700 metres. See "Drilling Summary" below.
- Gold recovered was 29.17 ounces resulting in additional revenue of $36,804 (US$30,261), net of royalties.

- Q3, 2017:
  - The Company drilled 56 core holes and 226 auger holes from May 21, 2017 to September 30, 2017. The Company increased its planned core drilling program from 150 holes to approximately 225 holes. See "Drilling Summary" below.
  - Expansion core drilling has identified mineralized saprolite between the current resource pits, while expansion auger drilling has defined a continuous northeast-southwest mineralized trend measuring approximately 600 metres by 300 metres, as well as an area northwest of Pit #4 and Pit #5 (see figures of the Company's November 16, 2017 news release).
  - In addition to both core and auger drilling, the Company, under the supervision of Tetra Tech Canada, Inc. ("Tetra Tech"), designed and initiated mining cost estimation studies and metallurgical cyanidation studies for a gravity / CIL plant, while it completed the fieldwork for geotechnical studies over the current and future tailings storage areas.
- Q4, 2017:
  - The Company drilled an additional 59 core holes and nil auger holes during Q4. See "Drilling Summary" below.
  - Drilling program paused in early December for desktop analysis of all historical drilling and the 2017 drilling results. New expansion target areas were defined for drilling in 2018.
  - The Company initiated negotiations with a Guyanese individual to acquire a 100% interest in the strategic Bishop Growler Property (or "Bishop Growler"), located three kilometres along the mineralized trend from Eagle Mountain. This property has geological similarities with the Eagle Mountain deposit and includes artisanal mining operations.
  - The Company collected 400 kilograms of representative metallurgical samples of mineralized saprolite from excavated trenches, pits, drill cores and current pilot gravity plant tailings. The samples were sealed and exported to SGS Laboratories at Lakefield, Ontario, Canada for subsequent testing in H1 2018. Key program deliverables will include chemical characterization, petrographic evaluation, gold deportment studies, comminution evaluation, gravity and cyanidation process development, recovery variability and grinding cost-benefit analysis.
  - In relation to the Q3 2017 tailings facility geotechnical studies by Tetra Tech, laboratory testing of recovered soil samples was carried out in accordance with ASTM standards by Ground Structure Engineering Consultants Ltd., Georgetown, Guyana. Preliminary review of this work shows positive results for Eagle Mountain geotechnical parameters related to tailings facilities. Final data and report results will be included within the PFS.
  - Gold recovered was 10.38 ounces resulting in revenue of $13,730 (US$10,797), net of royalties.

<u>2017 Drilling Summary</u>

A summary of completed core and auger drill holes of the 2017 program from May to December 31, 2017 is as follows:

	Core drilling		Auger drilling	
Period	Holes	Metres	Holes	Metres
Plan announced May 2, 2017, expanded August 28, 2017	150	1,750	450	2,700
Plan expanded (core) / adjusted (auger) November 16, 2017	225	2,500	450	1,800
Holes Drilled - May 31 to December 31, 2017	(115)	(1,118)	(226)	(830)
Total remaining to drill	**110**	**1,382**	**224**	**970**

By the end of 2017, the Company was expecting to complete the drill program in H1 2018. Depending on the successful acquisition and initial drilling of the Bishop Growler property (see 2018 Eagle Mountain Plans below), the drill program may be extended into H2 2018.

The following results are considered the most significant intercepts of the 341 core and auger holes drilled in 2017 that have been announced on August 28, 2017 and November 16, 2017:

Hole ID	Drill Type	From (m)	To (m)	True Thickness Interval (m)	Au (gpt)**
EMCR17-01	Core	5.0	8.0	3.0	1.38
EMCR17-03	Core	7.0	8.4	1.4	2.03
EMCR17-06	Core	0.0	6.7	6.7	7.51
Including		5.0	6.0	1.0	43.99
EMCR17-07	Core	0.0	4.6	4.6	1.45
EMCR17-15	Core	0.0	2.4	2.4	1.82
EMCR17-26	Core	5.0	17.0	12.0	1.31
Including		14.0	17.0	3.0	2.44
EMCR17-31	Core	0.0	15.0	15.0	0.70
EMCR17-32	Core	0.0	19.0	19.0	3.04
Including		16.0	18.0	2.0	20.54
EMCR17-33	Core	0.0	15.0	15.0	1.05
EMCR17-36	Core	0.0	3.0	3.0	1.30
EMCR17-45	Core	1.0	6.7	5.7	0.93
EMCR17-74	Core	0.0	11.0	11.0	1.19
EMCR17-78	Core	0.0	7.0	7.0	1.97
EMCR17-83	Core	0.0	11.0	11.0	1.99
EMCR17-86	Core	1.0	11.5	10.5	1.35
EMCR17-88	Core	0.0	4.9	4.9	1.24
EMA17-013	Auger	3.0	5.0	2.0	1.41
EMA17-016	Auger	1.0	3.0	2.0	1.68
EMA17-025	Auger	2.0	3.0	1.0	1.98
EMA17-032	Auger	0.0	4.0	4.0	1.47
EMA17-036	Auger	5.0	6.0	1.0	1.26
EMA17-054	Auger	0.0	6.0	6.0	2.16
EMA17-070	Auger	3.0	4.0	1.0	1.30
EMA17-100	Auger	4.0	5.0	1.0	1.50
EMA17-039	Auger*	0.0	0.3	0.3	10.06
EMA17-050	Auger*	0.0	0.3	0.3	2.66
EMA17-059	Auger*	0.0	0.3	0.3	1.14
EMA17-080	Auger*	0.0	0.3	0.3	1.56
EMA17-117	Auger*	0.0	0.3	0.3	1.90
EMA17-186	Auger	0.0	1.0	1.0	0.85
EMA17-189	Auger	0.0	6.0	6.0	0.91
EMA17-190	Auger	0.0	3.0	3.0	0.65
EMA17-209	Auger	0.0	5.0	5.0	0.57
EMA17-215	Auger	0.0	6.0	6.0	0.89

Note: All numbers rounded. All holes are drilled vertical.
*Short hand auger hole with grab sample below soil vertical horizon.
**Cutoff grade of 0.5 gpt Au

2018 Eagle Mountain Plans

- In January 2018, the Company concluded negotiations and entered into an option agreement to acquire a 100% interest in the Bishop Growler, by making total payments of US$525,000 over three years, with an additional US$500,000 due upon the exercise of the option. The first payment of US$75,000 was paid in on March 29, 2018 upon execution of a definitive agreement.
- Bishop Growler enlarges Goldsource's gold mineralized footprint in the area and, together with the Company's surrounding prospecting license, provides access to this northeastern trend for a comprehensive exploration effort. The Company believes the newly optioned area has good potential for additional gold mineralized saprolite, as well as mineralized hard rock.
- The Company plans to follow up newly discovered mineralized saprolite areas at Eagle Mountain with deeper core drilling utilizing the recently purchased diamond drill. The two core drills will continue on potential expansion of mineralization and in-fill holes. The focus of the auger drilling will shift towards the east, south and southeast directions, where historical results have indicated possible extensions of the saprolite gold mineralization.
- With the acquisition of the Bishop Growler, the Company plans to allocate funds to initiate exploration work in Q1 2018. Goldsource main focus remains the completion of the Pre-Feasibility Study at Eagle Mountain as previously announced with completion now targeted for H2 2018.
- Upon completion of the drill program and studies in Q2, 2018, the Company plans to provide an updated resource estimate anticipated for mid-2018, with a subsequent PFS estimated to be completed in H2 2018.

Corporate

Financing

During 2017, the Company completed a non-brokered private placement of 26,233,450 units ("Unit") at a price of $0.17 per Unit for gross proceeds of $4.5 million. Each Unit consisted of one common share and one common share purchase warrant of Goldsource, with each warrant being exercisable for one common share of Goldsource at a price of $0.23 per share until February 8, 2019. The Company paid 6% finders' fees totalling $28,529 in respect of the placement of certain Units. As planned, the proceeds of the private placement have been applied to the capital and operating improvements completed to date as outlined in the 2017 Eagle Mountain plans above, repayment of the Mitan loan principal and interest totalling $1.8 million (US$1.3 million) and general corporate purposes. The Company used the balance of the proceeds of the private placement for the 2017 Eagle Mountain activities and for general working capital.

Subsequent to December 31, 2017, the Company completed a private placement of 36,418,000 units at a price of $0.05 per unit for gross proceeds of $1.8 million, of which $126,000 was received prior to December 31, 2017. Each unit consisted of one common share and one common share purchase warrant of Goldsource, with each warrant being exercisable for one common share of Goldsource at a price of $0.10 per share until January 18, 2020. Finder's fees totaling $51,930 were paid in connection with the private placement, of which $39,930 was paid in cash. The remaining $12,000 was paid with 240,000 units at a price of $0.05 per unit. Each unit consisted of one common share and one warrant, which are exercisable on the same terms as those issued in the private placement except that they are non-transferrable. Proceeds from the private placement will be used for the Company's Eagle Mountain resource expansion, pre-feasibility study costs and general corporate purposes. At April 4, 2018, the Company had cash of $946,620.

Loan Payable

On December 21, 2015, the Company obtained a loan of $1.4 million (US$1.0 million) (the "Loan") with Mitan Holdings Ltd. ("Mitan Holdings"), a company controlled and directed by a former director of the Company. The purpose of the Loan was to provide the Company with additional funds, which were necessary for capital requirements towards the Eagle Mountain Gold Project. The Loan was repayable in full, twelve months after the draw-down and bore interest at a rate of 12% per annum, payable quarterly. Goldsource pledged the shares of its wholly-owned subsidiary, Eagle Mountain Gold Corp., to Mitan Holdings as security for the Loan and paid a commitment fee of $19,660 (US$15,000) upon execution of the Loan.

On December 14, 2016, the Company obtained a loan of $393,900 (US$300,000) (the "Additional Loan") with Mitan Holdings. The purpose of this loan was to provide short-term working capital. The Additional Loan was repayable in full upon maturity at March 14, 2017 and bore interest at a rate of 12% per annum, payable upon maturity.

During the 2017, the Company paid the principal of both the Loan and Additional Loan in full. The Company incurred interest of $22,443 (US$17,021) (2016 – $161,250 (US$121,676)). Total interest paid during the year was $29,249 (US$22,183) (2016 – $170,114 (US$130,000)).

On December 21, 2017, the Company obtained a promissory note of $100,000 with Maverick Mining Consultants Inc. ("Maverick"), a company controlled by the Company's Chief Operating Officer. The purpose of this loan was to provide short-term working capital. The loan was due on demand and bore interest at a rate of 5% per annum. Subsequent to December 31, 2017, the Company repaid the promissory note in full and all accrued interest was forgiven by Maverick.

Stock Options

During 2017, the Company granted stock options to directors, officers, employees, and consultants exercisable for 3,025,000 at exercise prices ranging between $0.10 per share and $0.18 per share for a period ranging between three to five years. Of the stock options granted, 150,000 are subject to a one year vesting schedule pursuant to which 25% vested on three months from the grant date and a further 25% shall vest every three months thereafter until fully vested.

During 2017, the Company cancelled 764,012 stock options with exercise prices ranging between $0.17 and $0.47 per share.

Subsequent to December 31, 2017, the Company granted 1,800,000 stock options to directors, officers, employees, and consultants that can be exercised at a price of $0.10 per share until January 31, 2023. These stock options vest immediately except for 100,000, which vest over a one year period with 25% vesting after each of three months, six months, nine months, and twelve months after the grant date, respectively.

Board Update

Effective March 28, 2017, the Company appointed Mr. Haytham Hodaly to the Board.

On May 31, 2017, Goldsource held its Annual General Meeting of Shareholders (“AGM”), in Vancouver, BC. Shareholders voted in favour of all items of business, including fixing the number of directors at four and the re-election of each of the director nominees: N. Eric Fier, Haytham Hodaly, Graham C. Thody and Ioannis Tsitos. In addition, shareholders voted and re-appointed Davidson & Company LLP, Chartered Professional Accountants, as auditor of the Company and approved the Company’s “rolling 10%” Stock Option Plan. Steven Simpson did not stand for re-election as a director at this year's AGM. At the Board of Directors meeting following the AGM, the Board re-appointed Mr. Thody as Chairman of the Board, Mr. Tsitos as President, Mr. Fier as Chief Operating Officer, Nicholas Campbell as Chief Financial Officer and Bernard Poznanski as Corporate Secretary.

On February 1, 2018, Goldsource announced that N. Eric Fier, currently a Director and the Chief Operating Officer of the Company was also been appointed the Executive Chairman of the Board of Directors. The former Chairman of the Board of Directors, Graham Thody, remains an Independent Director and Chairman of the Audit Committee of Goldsource and has been appointed Lead Director of the Company.

3. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Selected Annual Information

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

	2017	2016	2015
Loss and comprehensive loss for the year (1)	$ (3,657,611)	$ (4,895,742)	$ (3,590,175)
Loss per share - basic and diluted	$ (0.02)	$ (0.04)	$ (0.03)
Total assets (2)	$ 11,586,766	$ 12,248,276	$ 13,032,150

(1) Loss and comprehensive loss increased significantly in 2016 from 2015 as the Company incurred $2.2 million and $3.7 million in expenditures on Eagle Mountain in 2015 and 2016 respectively (excluding plant and equipment construction costs and purchases).

(2) Decrease in total assets primarily due to the reduction of property, plant and equipment as the Company recorded depreciation of $859,906.

Comparison of the Twelve Months Ended December 31, 2017 to December 31, 2016

The net loss and comprehensive loss was $3,657,611 for 2017, compared to $4,895,742 for 2016. The principal differences and significant amounts to note are as follows:

- Borrowing costs decreased to $22,443 in 2017 (2016 – $174,042), as the Company repaid the loan in early February 2017. See “Loan Payable” under “2. Highlights – Corporate”.
- Depreciation increased to $45,498 in 2017 (2016 – $14,726), as the Company recognized a full year of depreciation related to its decommissioning liability at Eagle Mountain.

- Exploration and evaluation expenditures at Eagle Mountain decreased to $2,400,045 (2016 – $3,711,737) during 2017 due to an overall decrease in activity and headcount at Eagle Mountain. During 2017, the Company decreased camp costs by $440,232, operations and general by $974,393, and salaries by $664,792. These decreases were offset by increases in depreciation of $291,808 and technical services and consulting of $36,854. Costs in 2017 were offset by sales of gold by $101,170 (2016 – $622,414).
- Remuneration decreased to $364,915 (2016 – $506,180) during 2017. This decrease was due primarily to a reduction in the number of employees working for the Company.
- Rent and communications decreased to $85,281 (2016 – $117,955) during 2017 as the Company and SilverCrest Metals Inc. ("SilverCrest"), a company with common directors and officers, agreed to amend its operating lease agreement to change the allocation of shared rent.
- The Company granted 3,025,000 (2016 – 420,000) incentive stock options during 2017, with a weighted average fair value per option granted of $0.09 (2016 – $0.15) for total value of $257,702 (2016 – $60,432). During 2017, the Company recognized share-based compensation of $256,609, for the vested portion of options granted during the year, of which $228,088 was expensed and $28,521 was considered exploration expenditures. The Company also recognized share-based compensation of $187 for the vested portion of options previously granted of which $76 was expensed and $111 was considered exploration expenditures. In comparison, during 2016, the Company recognized share-based compensation of $60,357 for vested portion of options granted during that period, of which $3,396 was expensed and $56,961 was considered exploration expenditures. The Company also recognized share-based compensation of $52,926 for the vested portion of options previously granted of which $51,635 was expensed and $1,291 was considered exploration expenditures.
- Unrealized marked-to-market gain decreased to $1,015 (2016 – $51,975) because of change in market value of securities and sale of held-for-trading securities. During 2017, the Company sold 33,500 of its Westcore Energy Ltd. ("Westcore") and 300,000 of its Para Resources Inc. ("Para Resources") common shares for total proceeds of $49,195. As a result, the Company recorded a realized loss of $35,490 (2016 – $Nil). As at December 31, 2017, the Company held 101,500 (2016 – 135,000) Westcore common shares and Nil (2016 – 300,000) Para Resources common shares.
- Disposal of property, plant and equipment increased to $122,590 (2016 – $Nil) during 2017 as the Company sold back some equipment to a vendor and disposed of some non-functioning components of the processing plant.

Summary of Quarterly Results

	Q4 December 31, 2017	Q3 September 30, 2017	Q2 June 30, 2017	Q1 March 31, 2017	Q4 December 31, 2016	Q3 September 30, 2016	Q2 June 30, 2016	Q1 March 31, 2016
Comprehensive loss for the period	(861,438)	(845,437)	(921,245)	(1,029,491)	(1,087,647)	(1,378,303)	(1,221,422)	(1,208,370)
Loss per share - basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

Comprehensive loss gradually decreased per quarter during 2017 primarily due to overall decrease in activity and headcount at Eagle Mountain and head office.

Fourth Quarter Changes

The net loss and comprehensive loss was $861,438 for Q4, 2017, compared to $1,087,647 for Q4, 2016. The principal differences and significant amounts to note are as follows:

- Borrowing costs were $Nil (Q4, 2016 - $42,173) during Q4, 2017, as the Company repaid the loan during Q1, 2017.
- Exploration and evaluation expenditures at Eagle Mountain decreased to $586,207 (Q4, 2016 – $965,177) during Q4, 2017. Overall, during Q4, 2017, the Company had less equipment in use and fewer contractors and personnel on site when compared to Q4, 2016. The decrease from Q4, 2016 is explained primarily by decreases in camp costs of $51,373, operations and general of $400,114, road maintenance of $60,273, salaries of $270,941, and technical services and consulting of $55,573.
- During Q4, 2017, the Company had a realized loss on the sale of held-for-trading securities of $35,490 (Q4, 2016 – $Nil). The Company did not sell any held-for-trading securities in Q4, 2016.
- During Q4, 2017, remuneration decreased to $72,989 (Q4, 2016 – $107,764). This was due to the Company having fewer employees during the quarter as compared to Q4, 2016.

During December, 2017, the Company received a loan of $100,000 a company controlled by the Chief Operating Officer. See "7. Related Parties Transactions" and "Loan Payable" under "2. Highlights – Corporate" for more information.

4. LIQUIDITY AND CAPITAL RESOURCES

Assets

At December 31, 2017, Goldsource held cash and cash equivalents of $268,849 (2016 – $291,219). Goldsource continues to monitor cash resources against anticipated expenditures associated with advancing Eagle Mountain. Other current assets totalling $120,355 consist primarily of prepaid expenses of $86,888.

The Company has a deposit of $244,575 (US$194,540) which is pledged as a reclamation site bond in the form of a non-interest bearing bank guarantee deposit to the Guyana Geology and Mines Commission for exploration permits on the Property.

Property, plant and equipment decreased to $4,330,903 (2016 – $4,949,760). The decrease was primarily due to depreciation of $859,906 and the disposal of an excavator of $50,523 and electrical panel of 120,903, and was offset by purchases which included the Krebs cyclone, Marok pump, and other equipment (including two drills) totalling $298,697. In comparison, during 2016, property, plant and equipment included additional cost for Phase I construction in progress and other equipment of $1,447,683, offset by gold sales of $286,683 and change in estimate of rehabilitation provision of $85,375. Other equipment purchased during 2016 included various field vehicles of $170,530, excavators of $342,457 and an articulating truck of $225,302 and completion of camp facilities of $215,409.

Liabilities

At December 31, 2017, current liabilities include accounts payable and accrued liabilities of $352,018 (2016 – $520,616), which relate to various contractual commitments in the normal course of business, and loans payable of $100,000 (2016 – $1,754,601).

As at December 31, 2017, the Company recorded rehabilitation provision of $380,712 (2016 – $301,361), which was also included in property, plant and equipment. The present value of rehabilitation provision, using an effective discount rate of 5% (2016 – 5%), is currently estimated at $380,712 (US$262,515) (2016 – $301,361 (US$212,589)), reflecting anticipated cash flows to be incurred over approximately the next five years. The undiscounted value of these obligations is $410,828 (US$318,000) (2016 – $376,419 (US$282,000)), calculated using a long-term inflation rate assumption of 2.1% (2016 – 0.8%).

Liquidity Outlook and Risks

As at December 31, 2017, the Company had cash of $268,849 (2016 – $291,219), accumulated losses of $47.9 million (2016 – $44.3 million) and working capital deficiency of $62,814 (2016 – $1.9 million). Subsequent to December 31, 2017, the Company received gross proceeds of $1.8 million upon the closing of the private placement. The Company used part of the proceeds to fully repay the promissory note of $100,000. The Company plans to use the remaining proceeds from the private placement as outlined in "2. Highlights – 2017 Eagle Mountain Plans" and for working capital. Despite the completion of the private placement in early 2018, the Company will require additional funds to maintain its operations and meet its working capital requirements for the next twelve months. At April 4, 2018, the Company had cash of $946,620.

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 ability to continue as a going concern is dependent on its ability to raise debt or equity financing, profitably operate Eagle Mountain and discover additional economically viable mineral deposits. Although the Company has been successful in raising funds to date, there is no assurance that future equity capital or debt facilities 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.

5. COMMITMENTS

The Company has entered into an operating lease agreement for office space and paid a deposit of $46,576 toward this commitment, which represents five months' rent. Total lease payments for 2018 are $33,034.

6. CONTINGENCIES

Eagle Mountain

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 Property. 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 20 trading days prior to issuance, upon the earliest to occur of the following:

a. If average market price of gold is US$1,400 per ounce 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 is to be made 90 days after 50,000 ounces have been produced from Eagle Mountain;
b. 90 days after having completed one year of gold production under a large scale Mining License issued by the Guyana Geology and Mines Commission("GGMC"); and
c. Five days after the date on which the 20-day VWAP of Goldsource exceeds $0.75 per share.

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 to occur of the following:
a. The payment set out in II a above has been made,; and
b. One year of gold production having been completed under a large scale Mining License issued by the GGMC.

The Company pledged a $244,575 (US$194,540) (2016 – $261,856 (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 Property.

Goldsource's subsidiary Stronghold Guyana Inc. ("Stronghold") holds a prospecting license on the 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 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 Eagle Mountain. Kilroy has granted Stronghold the exclusive right to conduct mining operations on Eagle Mountain including any additional areas acquired by Kilroy. Stronghold will fund all expenditures on Eagle Mountain 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.

Border Coal Project

Minera Pacific Inc., a company controlled by an officer of Goldsource, is entitled to receive a $700,000 feasibility payment if the Company completes an independent positive feasibility study on the Border Coal Project and is entitled to a 2% gross overriding royalty on commercial production.

Para Resources Inc.

The Company has a 2% net smelter royalty ("NSR") from the production of minerals from Para Resources' Tucuma Property, located in Para State, Brazil, subject to Para Resources' right to purchase the NSR from Goldsource for $1.5 million, which is exercisable at any time.

7. RELATED PARTY TRANSACTIONS

During the 2017, the Company entered into the following transactions with related parties:

Legal fees

Legal fees of $28,715 (2016 – $41,690), included in professional fees, and capital stock issuance costs of $45,396 (2016 – $Nil) were paid or accrued to Koffman Kalef LLP, a law firm of which an officer of the Company is a partner, of which $12,782 (2016 – $11,857) was payable at December 31, 2017.

Key management compensation

The Company's key management personnel have the authority and responsibility for planning, directing, and controlling the activities of the Company and include the Company's President, Chief Operating Officer, Chief Financial Officer, and former Chief Executive Officer. Key management personnel compensation is summarized as follows:

		2017		2016
Management fees (1)	$	205,521	$	331,000
Share-based compensation (2)		186,428		29,440
	$	391,949	$	360,440

(1) Management fees were paid to companies controlled by the former Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, and President of the Company.
(2) Share-based compensation is the fair value of the vested portion of stock options that have been granted to directors and officers of the Company.

Other transactions

The Company paid remuneration of $28,696 (2016 – $72,121) and recognized share-based compensation of $6,778 (2016 – $4,762) to an employee who is an immediate family member of the Chief Operating Officer. Remuneration and share-based payments incurred to this employee were recorded as exploration and evaluation expenditures.

On October 1, 2015, the Company entered into a cost sharing agreement with SilverCrest, a company related by common directors and officers, whereby the Company shares salaries, administrative services, and other reimbursable expenses. During 2017, the Company was allocated $176,174 (2016 – $183,675) for its share of these expenses, of which $61,104 (2016 – $40,360) was payable to SilverCrest at December 31, 2017.

The Company incurred interest costs of $22,443 (2016 – $161,250) on, and fully repaid, the Loan with Mitan, a company controlled by a former director of the Company.

The Company obtained a promissory note from a company controlled by the Company's Chief Operating Officer.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, held-for-trading securities, deposits, 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. Please refer to Note 15 of the audited consolidated financial statements for the year ended December 31, 2017. Where material, these risks are reviewed and monitored by the Board of Directors.

11. NEW STANDARDS NOT YET ADOPTED

In July 2014, the IASB issued the final version of IFRS 9 – *Financial instruments* ("IFRS 9) to 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 determined that adopting IFRS 9 will not have a material impact on its consolidated financial statements.

IFRS 15 – *Revenue from contracts with customers* ("IFRS 15") was issued by the IASB on May 28, 2014, and will replace IAS 18 – *Revenue*, IAS 11 – *Construction Contracts*, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2018.

The Company has determined that adopting IFRS 15 will not have a material impact on its consolidated financial statements.

On January 13, 2016, the IASB issued IFRS 16 – *Leases* ("IFRS 16"), the new leases standard. The standard is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has also been applied.

The Company has not yet completed the process of assessing the impact that IFRS 16 will have on its consolidated financial statements, or whether to early adopt this new requirement.

12. OUTSTANDING SHARE CAPITAL

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

Issued & Outstanding Shares:			203,383,366
	$ per share	Expiry	
Warrants:	$0.10 - $0.23	February 8, 2019 – January 18, 2020	62,891,450
Options:	$0.10 - $0.28	May 14, 2018 – January 31, 2023	11,535,000
Fully Diluted			277,809,816

13. 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

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 ongoing development of the Eagle Mountain Gold Project will continue to 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. Required permits have been obtained by the Company's joint operator and management believes that 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 further explore and develop its properties and, with reference to development of a mining operation on Eagle Mountain, operation of mining facilities or to maintain continued operations that economically justify the cost.

Mineral 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 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 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 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 have been significantly higher than anticipated. Capital and operating costs, production and economic returns, and other estimates contained in the Company's current PEA may also 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 at Eagle Mountain.

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 at a consistent rate 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.

Key Employees

The Company is dependent on the services of its key executives, in particular, the Company's President, Chief Financial Officer, Chief Operating Officer, as well as other highly skilled and experienced executives and personnel. Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in acquisition, exploration, development and operation of mining properties is limited and competition for such persons is intense. The departure of any of its key executives and failure of the Company to replace any key executives or employees could impair the efficiency of its operations and have an adverse impact on the Company's future development.

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, 2017, the Company pledged a US$194,540 ($244,575) 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.