



GOLDSOURCE MINES INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

QUARTERLY HIGHLIGHTS

SEPTEMBER 30, 2022

1. OVERVIEW

Goldsource Mines Inc. (the “Company” or “Goldsource”) is a Canadian resource company engaged in exploration activities. It is headquartered in Vancouver, BC, and its common shares trade on the TSX Venture Exchange (“TSX-V”) under the symbol “GXS” and on the OTCQX under the symbol “GXSFF”. This Interim Management’s Discussion and Analysis – Quarterly Highlights (“Interim MD&A”) is an overview of all material information about the Company’s operations, liquidity, and capital resources for the three and nine months ended September 30, 2022. The Interim MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2022 and 2021 and the related notes contained therein which have been prepared under International Accounting Standard 34 – Interim Financial Reporting as issued by the International Accounting Standards Board. The following should also be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2021 and 2020 and the related notes contained therein. 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 first, second, third, and fourth quarters of the Company’s fiscal years are referred to as “Q1”, “Q2”, “Q3”, and “Q4”, respectively.

The effective date of this Interim MD&A is November 24, 2022. This Interim MD&A contains forward looking information. Reference to “7. Cautionary Statements and Disclaimers” is advised.

All amounts are in Canadian dollars unless noted.

2. HIGHLIGHTS

The Company’s key events and highlights during the nine months ended September 30, 2022 and to date include the following:

a. Eagle Mountain Gold Project

Overview

The Company’s focus is the Eagle Mountain Gold Project (“Eagle Mountain” or “Project”) for which it has a 100% interest in the Eagle Mountain Prospecting License (“EMPL”) and the Kilroy Mining Permit (collectively the “Property”), save and exempt all claims lawfully held and occupied. The Property consists of an area of approximately 5,050 hectares (12,480 acres) in central Guyana, South America. 4,784 hectares (11,860 acres) of the Eagle Mountain Property relate to the Eagle Mountain Prospecting License while 266 hectares (660 acres) relate to the Medium Scale Mining Permit held by Kilroy Mining Inc. (“Kilroy”), a Guyanese Company, on which Stronghold Guyana Inc. (“Stronghold”), a wholly-owned subsidiary of Goldsource, has a long-term lease with a 2% net smelter return royalty. Within the EMPL there are third-party small-scale claims (“Artisanal Claims”) that predate the Company’s Property. The Artisanal Claims that are licensed or recommended for license total approximately 123 hectares (305 acres). Additionally, one medium scale permit (referred to as Bishop Growler) is located in the central part of the EMPL north-east of the Eagle Mountain resource area. This was under an option and purchase agreement by Goldsource in 2018/19 that has since expired. Goldsource constantly reassesses the size of its land package as exploration work is completed.

On April 7, 2022, the Company announced an updated Mineral Resource Estimate (“2022 MRE”). The 2022 MRE reflected the Company’s infill and expansion drilling completed in 2021 and is comprised of an estimated 31.1 million tonnes (“Mt”) grading 1.18 grams per tonne (“gpt”) gold for 1,183,000 oz of gold in Indicated Resources, and 18.4 Mt grading 0.98 gpt gold for 582,000 oz of gold in Inferred Resources. The 2022 MRE includes the Eagle Mountain and Salbora deposits in addition to the Toucan and Powis prospects. Eagle Mountain and Salbora, in particular, feature gold mineralization starting at surface in saprolite (soft rock, meaning the weathered, oxidized layer) and extending into the underlying fresh rock. The 2022 MRE was estimated at 0.30 gpt gold cut-off grade for saprolite and 0.50 gpt gold cut-off grade for fresh rock. It was defined by a total of 772 core holes for 75,430 metres drilled, which includes infill and exploration drilling up to December 31, 2021.

A description of the resource methodology for the 2022 MRE is detailed in the Company news release dated April 7, 2022, and in a report titled “Eagle Mountain Gold Project, Potaro – Siparuni Region Guyana, NI 43-101 Technical Report”, dated May 24, 2022 with an effective date of April 5, 2022 located on the Company’s website and on SEDAR.

The 2022 MRE will be used as a basis for a Pre-Feasibility Study (“PFS”) focusing on establishing shallow, low strip open-pit mineable mineral reserves. Opportunities for a phased development plan will be evaluated, specifically with initial and baseline production provided by soft-rock saprolite material followed by an expansion to incorporate the fresh rock mineralization. The PFS is expected to be delivered in H1, 2023.

The 2022 program includes drilling and generative exploration activities as well as a significant increase in technical work to progress the pre-feasibility study. The Company's 2022 exploration and engineering objectives include:

- 1) An initial 11,000-metre drilling program ("2022 - Phase 1"), which will include testing of known target areas along the Salbora-Powis trend; and infill drilling of the Eagle Mountain deposit to upgrade new inferred mineralization.
- 2) The re-initiation of a generative exploration program, inclusive of geochemistry, and trenching, among other techniques, to add to the pipeline of prospective greenfield gold targets for follow-up drilling.
- 3) Complete and compile additional engineering data, including metallurgical, hydrogeology, geotechnical, and environmental to support the completion of a prefeasibility study focusing on establishing potential reserves in shallow and low strip ratio open pits.

Generative exploration has seen a lesser focus in recent years as the Company's activities centred on expanding the mineral resources of the Eagle Mountain and Salbora deposits. Consequently, there remains a number of under-explored areas, including several with historical artisanal workings on the western and eastern sides of the EMPL.

Based on the 2022 MRE¹ announced on April 7, 2022, the Company's mineral resources at the Eagle Mountain Project are as follows:

Classification	Tonnes (000 t)	Gold (gpt)	Ounces Au (oz)
Indicated			
Saprolite & Transition	12,400	1.04	417,000
Fresh rock	18,700	1.28	766,000
Total	31,100	1.18	1,183,000
Inferred			
Saprolite & Transition	6,100	0.71	139,000
Fresh rock	12,300	1.12	443,000
Total	18,400	0.98	582,000

- Estimated at 0.30 gpt gold cut-off grade for the saprolite and 0.50 gpt gold cut-off grade for the fresh rock, unchanged from the MRE announced on February 22, 2021.
- Numbers have been rounded to reflect the precision of a Mineral Resource estimate. Totals may vary due to rounding.
- Gold cut-off has been calculated based on a gold price of US\$1,600/oz, mining costs of US\$1.5/tonne ("t") for saprolite-transition and US\$2.0/t for fresh rock, processing costs of US\$6.0/t for saprolite-transition and US\$12.0/t for fresh rock, and mine-site administration costs of US\$3.0/t. Metallurgical recoveries of 95% are based on prior test work of Eagle Mountain deposit composite samples.
- Mineral Resources conform to National Instrument 43-101 ("NI 43-101"), and the 2019 CIM Estimation of Mineral Resources & Mineral Reserves Best Practice Guidelines and 2014 CIM Definition Standards for Mineral Resources & Mineral Reserves.
- The Company is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, or political factors that might materially affect these Mineral Resource estimates.
- Mineral Resources are not Mineral Reserves as they do not have demonstrated economic viability. The quantity and grade of reported Inferred Resources in this Mineral Resource estimate are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as Indicated or Measured Resources, however, it is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

¹ The 2022 MRE was prepared by ERM Consultants Canada Ltd. in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum Definition. Mineral Resources are not Mineral Reserves as they do not have demonstrated economic viability. Refer to the 2022 MRE news release, dated April 7, 2022.

Eagle Mountain Project Activities – 2022

During the nine months ended September 30, 2022, the Company incurred \$3.5 million of exploration and evaluation expenses for the Eagle Mountain Gold Project (refer to section 3 below – Results of Operations and Financial Condition). As at September 30, 2022, the Company's cumulative exploration and evaluation expenditures, including acquisition costs, on the Eagle Mountain Gold Project totaled \$40.7 million, of which \$34.0 million is related to exploration activities.

Generative Exploration

In 2022, the Company commenced its generative exploration program, which focused on underexplored areas outside of both the 2022 MRE outline and the Salbora-Powis trend with the aim of locating additional mineralized areas and corridors within the EMPL. During the nine months ended September 30, 2022, the Company completed 18,000 metres of auger lines sampled at 25-metre intervals for a total of 720 auger sites and 2,577 metres of auger drilling that was principally focused in the northeast and northwest corners of the EMPL. Additionally, 573 metres of trenching was completed during the nine months ended September 30, 2022.

Subsequent to September 30, 2022, the focus of the generative program shifted to an area 600 metres north of the 2022 MRE, which has historically seen limited exploration. Recent exploration includes two trenches totaling 254 metres in length and approximately 90 auger holes in saprolite. Initial results are expected for saprolite samples taken along a 2-metre-deep trench and for auger samples, from a depth of up to 6-metres, taken from the base of the trench. A core drill was brought into the area to test the area to depth below the saprolite. The Company expects to continue exploration activities in this area and along the flanks of the Eagle Mountain sill to the north-east. This work is designed to test lateral extensions of the sub-horizontal zones along the northern flanks of Eagle Mountain where their surface expression is interpreted based on elevation and pre-existing auger results.

Drilling

On March 11, 2022, the Company announced drill results for the Soca Prospect area of the Eagle Mountain Prospecting License. Reported results represented 20 core holes totaling 3,126 metres drilled in late 2021. Drilling intersected mineralization along an estimated 250 metres of strike and down to 170 metres depth, with high-grade gold intervals as well as broader zones of lower grade mineralization. Drill hole EMX21-010 intersected 6.0 metres grading 18.31 gpt gold at 130 metres vertical depth. This included a higher-grade sub-interval of 1.5 metres grading 69.96 gpt gold. Additionally, drill hole EMX21-012 intersected 9.0 metres grading 9.29 gpt gold at 103 metres vertical depth, EME21-167 intersected 21.0 metres grading 3.13 gpt gold at 105 metres vertical depth, EME21-171 intersected 36.0 metres grading 2.12 gpt gold at 77.0 metres vertical depth, and EME21-161 intersected 13.5 metres grading 4.70 gpt gold within a wider zone of 54.0 metres grading 1.31 gpt gold at 55.0 metres vertical depth. While Soca shares certain characteristics with the Eagle Mountain and Salbora deposits, the Soca mineralization is associated more directly with quartz saturation alteration and quartz veining, thereby providing a new style of mineralization for consideration along the Salbora-Powis trend.

Since January 1, 2022, the Company has completed approximately 7,823 metres of core drilling. During the nine months ended September 30, 2022, the Company completed 7,142 metres of core drilling, with tight-spaced variography and exploration drilling accounting for 1,497 metres and 5,645 metres, respectively. Highlights of the 2022 drill program to date are as follows:

- Tight-spaced variography drilling comprised 24 holes at 5-metre spacing for 1,497 metres in the Eagle Mountain deposit. Geological and geostatistical studies of the data are planned to assess continuity of mineralization in the saprolite and fresh rock and derive definition and recommendations of Modifying Factors for mineral reserve estimation as part of prefeasibility study work.
- In H1, 2022, exploration drilling was focused on early-stage target areas, including to the east and southeast of the Saddle area of the Eagle Mountain deposit to test for lateral extensions of the sub-horizontal mineralized zones on the opposite side of the topographic ridge formed by dolerite dykes and sills; a north-south striking geophysical anomaly to the southeast of the Salbora deposit; and follow-up drilling in the Ann prospect area to test for lateral extensions of mineralized zones. These areas did not produce significant mineralization. While continuation of the structures controlling mineralization was observed in the Saddle and Ann areas, dolerite and porphyritic intrusions constrained the potential for lateral extensions.
- During Q3, 2022, exploration drilling focused on the delineation of known prospects along the Salbora-Powis trend, including Toucan and Montgomery, as well as infill drilling of the Eagle Mountain deposit with targets derived from ongoing geostatistical work, completed by ERM Consultants Canada Ltd., of the 2022 MRE and drill database.

Engineering

Metallurgical Review

- In Q1, 2022, the Company shipped approximately 760 kilograms comprised of 26 saprolite and fresh rock samples taken from 49 drill holes covering all major areas within the 2022 MRE to SGS Canada Inc. (“SGS”) for metallurgical test work. The metallurgical program, designed in consultation with Orway Mineral Consultants (“OMC”), includes grinding, leaching, hardness and abrasion testing to establish design criteria for a prefeasibility-level study. This study expands upon the metallurgical test work completed by SGS in 2018. The 2018 program included 22 saprolite samples from the Eagle Mountain deposit. Refer to the Company news release dated May 17, 2018.
- Results for the 2022 metallurgical program are expected in Q4, 2022.

Pit Shell Analysis and Geostatistics

- In Q3, 2022 the Company engaged ERM Consultants Canada Ltd. to complete pit optimization iterations using the 2022 MRE as the basis for scenario analyses. This work is expected to (1) to help inform mining rates and pit sequencing for various production and phased development scenarios; and (2) combined with a geostatistical review of the existing MRE block model and drill holes, derive a probabilistic model for infill drilling to target the conversion of more Inferred Resources to pit-constrained Indicated Resources.

2022 MRE

The 2022 MRE, reported on April 7, 2022, comprises:

- 31.1 Mt grading 1.18 gpt gold for 1,183,000 oz of gold contained in Indicated Resources; and
- 18.4 Mt grading 0.98 gpt gold for 582,000 oz of gold in Inferred Resources.

The MRE includes the Eagle Mountain and Salbora deposits as well as the earlier-stage Toucan and Powis prospects. Gold mineralization starts at surface in saprolite with the base of the saprolite marked by a narrow transition zone and extending into the underlying fresh rock. Overall, the saprolite and transition contain 35% of the gold in Indicated Resource and 24% in Inferred Resource.

The Indicated Resource, representing 67% of the gold in the 2022 MRE, is laterally extensive and generally shallow. At the Eagle Mountain deposit the Indicated Resource extends from surface to a maximum depth of 150 metres and has an average depth of 35 metres. 75% of the Indicated Resource is within 50 metres of surface. At the Salbora deposit the Indicated Resource extends from surface to a maximum depth of 156 metres and has an average depth of 49 metres, and 58% of the Indicated Resource is within 50 metres of the surface.

Eagle Mountain Prospecting License

Pursuant to the Mining Act, the term of prospecting licenses is three years with two rights of renewal of one year each, for a total of five years. After five years, the license may be further renewed through submission of a new license application. On August 19, 2022, the Guyana Geology and Mines Commission approved the first one-year renewal of the EMPL, which will expire on October 18, 2023.

Ann Mining Claim Option-Purchase Agreement

On August 8, 2022, the Company and the optionor amended the terms of the option agreement to acquire 100% interest in the Ann Mining Claim, at the Minnehaha Creek area. Pursuant to the amended terms, the Company and the optionor agreed to extend the option period for two additional years, expiring on October 20, 2024, for a total additional consideration of US\$40,000. All other terms of the agreement remain unchanged, including the right to terminate the agreement at any time without any further liabilities. The remaining payments are scheduled as follows:

- US\$20,000 in October 2022 (paid);
- US\$20,000 in October 2023; and
- US\$250,000 upon the exercise of the option.

b. Corporate

During the nine months ended September 30, 2022, corporate highlights include the following:

- The Company granted 57,500 stock options to an employee and a consultant that can be exercised at a price of \$0.48 per share until August 2, 2027. These stock options vest immediately, except for 50,000 stock options 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.
- 20,000 stock options with exercise prices ranging from \$0.80 to \$1.30 per common share were forfeited, and 172,500 stock options with exercise prices ranging from \$1.30 to \$1.70 per common share expired unexercised.
- 3,349,803 warrants with exercise prices ranging from \$1.10 to \$1.60 per common share expired unexercised.
- In November 2019, Kilroy received a demand for foregone customs duty and taxes of \$419,272 (\$73,056,644 Guyanese dollars) from the Guyana Revenue Agency (“GRA”). The GRA alleged that the joint venture agreement between Kilroy and Stronghold had breached the terms of the customs duty and tax exemption granted to Kilroy during 2015 and 2016 on the purchase of mining equipment. In March 2022, the Company received a court judgement stating that Kilroy was indebted to the GRA for the customs and duty taxes in the amount of \$73,056,644 Guyanese dollars. On June 14, 2022, the Company entered into a settlement agreement with the GRA for the amount of \$84,337 (\$14,695,437 Guyanese dollars). The settlement deemed the case fully settled and released the Company from all claims arising from this matter.
- On June 20, 2022, the Company held its Annual General Meeting, whereby shareholders voted in favor of all items of business, including the re-election of each director, re-appointment of its auditors and approval of the amended and restated “rolling 10%” stock option plan. At the Board of Directors meeting following the AGM, the Board re-appointed all executive officers and committee members.

Subsequent to September 30, 2022:

- On October 17, 2022, the Company made an option payment of \$27,550 (US\$20,000) pursuant to the Ann Mining Claim Option Agreement; and
- 10,000 stock options with an exercise price of \$0.94 per common share were forfeited unexercised.

COVID-19 Update

The Company’s business could be adversely affected by the effects of the ongoing outbreak of respiratory illness caused by COVID-19. Since early March 2020, significant measures have been implemented in Canada, Guyana, and the rest of the world by governmental authorities in response to COVID-19. The Company cannot accurately predict the impact COVID-19 will have on the ability of third parties to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In particular, the continued spread of COVID-19 globally could materially and adversely impact the Company’s business including without limitation, employee health, limitations on travel, the availability of industry experts and personnel, restrictions on planned drill programs, and other factors that depend on future developments beyond the Company’s control. In addition, COVID-19 has resulted in a widespread health crisis that has adversely affected the economies and financial markets of many countries (including Canada and Guyana), resulting in an economic downturn that may negatively impact the Company’s financial position, financial performance, cash flows, and its ability to raise capital. The current circumstances are dynamic and the impacts of COVID-19 on the Company’s exploration activities, including the impact on the timing of its planned pre-feasibility study, cannot be reasonably estimated at this time. The COVID-19 cases and variants globally may impact the Company’s operations due to additional government mandated shutdowns or closures.

3. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Comparison of the three and nine months ended September 30, 2022 and 2021

During the three and nine months ended September 30, 2022, comprehensive losses were \$1,079,801 and \$4,288,735 respectively, compared to \$2,460,085 and \$6,459,001 for the same period in 2021. The principal differences and significant amounts are as follows:

	Three months ended September 30,			Nine months ended September 30,			Variance Explanation
	2022	2021	Variance	2022	2021	Variance	
Exploration and evaluation expenditures	987,780	2,338,856	(1,351,076)	3,469,930	5,785,557	(2,315,627)	The decrease in exploration and evaluation expenditures is a result of reduced drilling run-rates consistent with the transition to a higher proportion of earlier-stage generative exploration. Exploration activities in 2021 were above normal run rates as the Company focused on infill and expansion drilling of the Eagle Mountain and Salbora deposits in preparation for the 2022 MRE.
Foreign exchange gain	(178,398)	(220,598)	42,200	(229,281)	(326,880)	97,599	The Company is primarily exposed to foreign exchange risk through holding US dollars. The decrease in foreign exchange gain during 2022 is due to lower amounts of US dollars held, offset by the appreciation of the US dollar in relation to the Canadian dollar during the period.
Legal settlement	-	-	-	84,337	-	84,337	The legal settlement relates to the legal claim for forgone customs and duty taxes owed to the Guyana Revenue Agency (refer to Section 2b - Corporate). In Q2, 2022, the Company reached a settlement with the Guyana Revenue Agency for the amount of \$84,337 (\$14,695,437 Guyanese dollars).
Loss (gain) on change in rehabilitation provision	(3,386)	49,553	(52,939)	70,167	77,623	(7,456)	The gain on change in rehabilitation provision in Q3, 2022 compared to the loss in Q3, 2021, and the decrease in the loss during the nine months ended September 30, 2022, compared to the same period in 2021, primarily relates to the decrease in projected inflation rates during Q3, 2022, and the decrease in additions to the retirement obligation, which is driven by exploration activity per quarter.
Professional fees	14,437	20,348	(5,911)	69,911	101,887	(31,976)	The decrease in professional fees is due to one-off expenses incurred in 2021 including website redesign fees and legal costs associated with the share consolidation. No similar expenses were incurred in 2022.
Remuneration	145,638	137,096	8,542	478,594	446,308	32,286	The increase in remuneration is due to salary increases in 2022.

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During the three and nine months ended September 30, 2022, exploration and evaluation expenditures were \$987,780 and \$3,469,930 respectively, compared to \$2,338,856 and \$5,785,557 for the same period in 2021. The significant variances between these periods include the following:

Exploration and evaluation expenditures	Three months ended September 30,			Nine months ended September 30,			Variance Explanation
	2022	2021	Variance	2022	2021	Variance	
Assays	60,630	163,943	(103,313)	163,614	320,625	(157,011)	The decrease in assays expense is due to decreased drilling activity during 2022, resulting in fewer core samples being sent for assaying.
Camp costs	145,150	292,087	(146,937)	522,259	686,087	(163,828)	The decrease in camp costs is due to reduced camp capacity as a result of decreased drilling activity in 2022. During 2021, camp capacity was higher than normal due to additional contractors and drill crews at the Eagle Mountain Camp to support the increased drilling activity.
Depreciation	34,035	57,487	(23,452)	121,050	213,291	(92,241)	The decrease in depreciation expense in 2022 is due to several capital assets being fully depreciated in 2021 and the impairment of a bunk house in Q3, 2022.
Drilling	48,172	1,146,522	(1,098,350)	595,422	2,402,196	(1,806,774)	The decrease in drilling expense is a result of decreased exploration activity in 2022 (7,142 meters drilled during the nine months ended September 30, 2022 vs 21,110 meters drilled during the same period in 2021), as the Company transitioned to the 2022 - Phase 1 drilling program. In 2021, the Company had increased drilling capacity to focus on infill and expansion drilling in preparation for the 2022 MRE.
Operations and general	134,182	143,126	(8,944)	509,937	387,610	122,327	The increase in operations and general expense during the nine months ended September 30, 2022, compared to the same period in 2021, is due to several one-off expenses including significant equipment repairs and maintenance, office relocation costs, and costs associated with demobilizing select exploration equipment out of Eagle Mountain. The decrease in operations and general expense in Q3, 2022, compared to Q3, 2021, is due to reduced activity and staffing at the Eagle Mountain camp.
Salaries	388,965	463,283	(74,318)	1,241,649	1,352,638	(110,989)	The decrease in salaries expense is due to reduced drilling during 2022 resulting in fewer personnel required to assist with operations of both the Company-owned and contractor drill rigs, offset by salary increases and severance payments.
Technical services and consulting	176,646	72,408	104,238	315,999	423,110	(107,111)	The increase in technical services and consulting expenses in Q3, 2022 is due to technical consultants engaged to conduct metallurgical testing and studies to support the technical work required for the delivery of a PFS, including mining and metallurgical evaluations. During Q3, 2021 the Company primarily incurred consulting fees for a drilling contractor and to consultants completing a PFS Gap analysis. The decrease during the nine months ended September 30, 2022, compared to the same period in 2021, is due to the decrease in drilling activity, offset by an increase in legal fees during 2022. During 2021, the Company paid consulting fees to a contractor for drilling services and to technical consultants for a biodiversity survey and PFS Gap Analysis, which were completed during 2021.

4. LIQUIDITY AND CAPITAL RESOURCES

a. Assets

At September 30, 2022, Goldsource held cash and cash equivalents of \$4,175,190 (December 31, 2021 – \$8,410,211). The Company continues to monitor cash resources against anticipated expenditures associated with advancing the Eagle Mountain Project. Other current assets consist of prepaid expenses and other of \$350,758 (December 31, 2021 – \$237,293) and amounts receivable of \$16,657 (December 31, 2021 – \$22,098).

The Company has deposits totalling \$286,217, including \$283,290 (US\$206,200) (December 31, 2021 – \$261,818 (US\$206,200)) 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 \$720,237 (December 31, 2021 – \$841,165), primarily due to the impairment of a bunk house of \$14,949 (September 30, 2021 - \$Nil) and depreciation of \$150,440 (September 30, 2021 – \$241,680), offset by property and equipment additions of \$44,461 (September 30, 2021 – \$347,497). Significant additions include ATVs and the construction of additional buildings at the Eagle Mountain camp.

b. Liabilities

As at September 30, 2022, current liabilities include accounts payable and accrued liabilities of \$487,567 (December 31, 2021 – \$546,876), which relate to various contractual commitments in the normal course of business.

As at September 30, 2022, the Company recorded a rehabilitation provision of \$496,217 (December 31, 2021 – \$409,234). The present value of the rehabilitation provision was calculated using an effective discount rate of 5% (December 31, 2021 – 5%) and reflects anticipated cash flows to be incurred over approximately the next five years. The undiscounted value of these obligations is \$452,341 (US\$349,903) (December 31, 2021 – 447,888 (US\$346,431)) calculated using a long-term inflation rate assumption of 7% for 2022 and 3% for 2023 to 2027 (December 31, 2021 – 4.5% for 2021 and 1% for 2022 to 2027).

c. Liquidity Outlook and Risks

As at September 30, 2022, the Company had cash and cash equivalents of \$4.2 million (December 31, 2021 – \$8.4 million), accumulated losses of \$79.9 million (December 31, 2021 – \$75.8 million) and working capital² of \$4.0 million (December 31, 2021 – \$8.1 million). As at November 24, 2022, the cash and cash equivalents held by the Company are \$3.1 million.

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 program, 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 and discover economically viable mineral deposits. Ongoing exploration work at Eagle Mountain may be delayed or disrupted, will 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 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, EVENTS AND UNCERTAINTIES

Other than disclosed below, there was no commitment, event or uncertainty which materially affected the Company's operations, liquidity, and capital resources during Q3, 2022, or which may have a material effect going forward.

On October 1, 2015, as amended May 7, 2018, the Company entered into a lease agreement for office space, commitments for minimum lease payments are as follows:

Undiscounted lease payments	September 30, 2022	December 31, 2021
Not later than 1 year	\$ 14,276	\$ 59,572

² Working capital is a non-IFRS measure widely used in the mining industry and which the Company defines as current assets less current liabilities, as reported in the condensed consolidated interim statements of financial position. In the context of liquidity, it relates to the maintenance of sufficient current asset balances to settle current liabilities, as they come due in the normal course of business.

6. RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2022, the Company entered into the following transactions with related parties:

a. 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 Chief Executive Officer ("CEO"), President, Vice President of Finance ("VP Finance"), Executive Chairman, and directors. Key management personnel compensation is summarized as follows:

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Management remuneration ⁽¹⁾	\$ 480,000	\$ 378,750
Directors fees	45,000	33,750
Share-based compensation ⁽²⁾	29,928	46,369
	\$ 554,928	\$ 458,869

⁽¹⁾ The Company paid management fees to companies controlled by the President and Executive Chairman and remuneration to the CEO and VP Finance.

⁽²⁾ Share-based compensation is the vested portion of the fair value at the grant date of stock options awarded to key management personnel.

b. Legal fees

During the nine months ended September 30, 2022, legal fees of \$28,199 (September 30, 2021 – \$41,018), included in professional fees, and capital stock issuance costs of \$Nil (September 30, 2021 – \$85,484) were paid or accrued to Koffman Kalef LLP, a law firm of which an officer of the Company is a partner. As at September 30, 2022, \$3,919 (December 31, 2021 – \$Nil) was payable to Koffman Kalef LLP.

c. Other transactions

The Company has a cost sharing agreement with SilverCrest Metals Inc. ("SilverCrest"), a company related by common directors and officers (N. Eric Fier and Graham Thody), whereby the Company shares administrative services and other expenses including employee benefits, and salaries. During the nine months ended September 30, 2022, the Company was allocated \$67,834 (September 30, 2021 – \$94,872) for its share of these expenses, of which \$26,121 (December 31, 2021 – \$29,408) was payable to SilverCrest at September 30, 2022.

7. CAUTIONARY STATEMENTS AND DISCLAIMERS

a. Risk Factors

In addition to liquidity risks described in section 4, readers of this Interim MD&A are directed to read the "Risk Factors" contained in the Company's Annual MD&A dated April 25, 2022, available on www.goldsourcemines.com and under the Company's SEDAR profile on www.sedar.com. Important risk factors to consider among others are:

- Impact of COVID-19;
- Risks inherent in the mining business;
- No history of earnings or production revenues;
- Licenses and permits;
- Mineral resource estimates;
- Financing risks;
- Key employees; and
- Environmental risks and hazards.

b. Forward-Looking Statement

This Interim MD&A contains “forward-looking statements” within the meaning of Canadian securities legislation. Such forward-looking statements involve a number of known and unknown risks, uncertainties, potential time delays 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 Interim MD&A contains forward-looking statements pertaining to the following: exploration and drilling programs at the Eagle Mountain Project, including the Eagle Mountain and Salbora deposits and exploration prospects; information regarding high-grade areas projected from sampling results; the impact of the COVID-19 pandemic on the timing and completion of exploration programs, technical reports and studies, including the Company’s PFS scheduled for 2023 contemplating a low strip ratio open pit mining operation; information with respect to 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 for the Project; 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 of general economic and financial markets; precious metals prices; the ability to realize technical studies and develop and finance the project; the accuracy of the interpretations and assumptions used in calculating Inferred Mineral Resource estimates; the availability of mining equipment and skilled labour; the timing and amount of capital expenditures; the performance of available laboratory and other related services; effects of regulation by governmental agencies; future operating costs; and the impact of the COVID-19 pandemic.

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 Interim 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; the 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 for the Project; operating and hazards risks and limitations on insurance; fluctuations in precious metals prices; currency fluctuations; political and economic risks; and public health concerns (including health epidemics or outbreaks of communicable diseases such as the COVID-19 pandemic); 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 Interim MD&A if these beliefs, estimates, and opinions or other circumstances should change, except as otherwise required by applicable law.

c. Qualified Person

Technical information contained in this Interim MD&A has been prepared by or under the supervision of N. Eric Fier, CPG, P.Eng, and Executive Chairman for Goldsource, who is a ‘Qualified Person’ for the purpose of NI 43-101.