GOLDSOURCE MINES INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

QUARTERLY HIGHLIGHTS

JUNE 30, 2021

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 OTCQB 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 six months ended June 30, 2021. The Interim MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2021 and 2020 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, 2020 and 2019, 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 August 23, 2021. 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 first half ("H1") of 2021 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"). 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. Goldsource constantly reassesses the size of its land package as exploration work is completed.

Since 2019, the Company's stated objective has been to expand and upgrade mineral resources at the Eagle Mountain Project, targeting an interim mineral resource of between 1.3 and 1.6 million ounces ("oz") of gold (or "Au") with a grade greater than 1.0 grams per tonne ("gpt") Au hosted in shallow open pits. The exploration program over this period, which included in excess of 30,000 metres of drilling, was devised to deliver on this objective while also targeting new discoveries.

On February 22, 2021, Goldsource announced an updated Mineral Resource Estimate ("MRE"), with the result exceeding the top end of the objective range. The MRE comprised an estimated 23 million tonnes ("Mt") grading 1.14 gpt for 848,000 oz gold contained in Indicated Resources and 25 Mt grading 1.09 gpt for 868,000 oz gold contained in Inferred Resources. The MRE includes the Eagle Mountain and Salbora deposits, both of which feature gold mineralization starting at surface in saprolite (soft rock, meaning the weathered, oxidized layer) and extending into the underlying fresh rock. The updated MRE is defined by a total of 674 core holes for 57,550 metres drilled, as well as 158 auger drill holes for 532 metres drilled, which includes infill and exploration drilling up to November 6, 2020.

The five primary objectives for the 2021 drill program are as follows:

1) Follow-up exploration of several new target areas along the prospective Salbora-Powis trend, such as the Toucan, Powis, Ann and Montgomery prospects where the potential exists for Salbora-style mineralization;
2) Testing for new lateral extensions of the dip slope sub-horizontal zones of the Eagle Mountain deposit including Baboon, Bacchus, No.1 Hill and Ounce Hill, and to the north, west and southwest currently outside of the 2021 MRE;
3) Infill drilling of the 2021 MRE to upgrade a significant portion of mineralization currently classified as Inferred Resource to the Measured and Indicated categories;
4) Compile 2021 data, further update the MRE in the second half ("H2") of 2021 and use as the basis for a Pre-Feasibility Study ("PFS") in 2022; and

5) Pursue potential geological, geophysical and other geoscientific studies and analyses that will assist the Company to prioritize target areas near the Company's EMPL.

The H2, 2021 MRE will be used as a basis for a PFS on a low cost large-scale, 4,000 to 5,000 tonnes per day open pit gold mining operation. 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 2022.

Based on the updated MRE[1] announced on February 22, 2021, the Company's mineral resources at the Eagle Mountain Project are as follows:

Classification	Tonnes (000 t)	Gold* (gpt)	Ounces Au (oz)
Indicated			
Saprolite	11,000	0.95	353,000
Fresh rock	12,000	1.32	495,000
Total	**23,000**	**1.14**	**848,000**
Inferred			
Saprolite	5,000	0.82	140,000
Fresh rock	20,000	1.16	728,000
Total	**25,000**	**1.09**	**868,000**

* Estimated at 0.30 gpt gold cut-off grade for the saprolite and 0.50 gpt gold cut-off grade for the fresh rock.

- Numbers have been rounded to reflect the precision of a MRE. Totals may vary due to rounding.
- Gold cut-off has been calculated based on a gold price of US$1,500/oz, mining costs of US$1.5/tonne mined ("t") for saprolite and US$2.0/t mined for fresh rock, processing costs of US$6/t milled for saprolite and US$12/t milled for fresh rock, and mine-site administration costs of US$3/t milled. Metallurgical recoveries of 95% are based on prior test work.
- 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 MRE 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.

Eagle Mountain Project Activities – 2021

During the six months ended June 30, 2021, the Company incurred $3.4 million of exploration and evaluation expenses for the Eagle Mountain Gold Project (please refer to section 3 below – Results of Operations and Financial Condition). As at June 30, 2021, the Company's cumulative exploration and evaluation expenditures, including acquisition costs, on the Eagle Mountain Gold Project totaled $32.7 million, of which $26.1 million is related to exploration activities.

During the period from January 1, 2021 to August 23, 2021, the Company completed the following drilling:

	Total Number of Holes	Total DDH Metres Drilled	Number of Announced Holes	DDH Metres Drilled and Announced
2021 (to August 23)	137	16,516	95	9,770
Infill Drilling	84	9,043	67	5,708
Exploration and Expansion Drilling	53	7,473	28	4,062

[1] The updated MRE was prepared by CSA Global 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 MRE news release, dated February 22, 2021.

Drilling

Since January 1, 2021, the Company has completed approximately 16,516 metres of core drilling. Drilling has resulted in the discovery of the Ann prospect along the Salbora-Powis trend, a previously unknown high-grade feature in the Ounce Hill area of the Eagle Mountain deposit, strike extensions and higher grades at depth at the Toucan prospect and lateral extensions to the existing zones of the Eagle Mountain deposit (please refer to the Company's news releases dated January 6, 2021, February 8, 2021, March 30, 2021, June 17, 2021 and August 12, 2021).

On January 6, 2021, the Company announced drill results for the Ann Mining Claim. This included four core holes totalling 766 metres and an initial discovery located 2.5 kilometres along trend from Salbora and 1.0 kilometre along trend from the previous most southernly known mineralization at Powis. This discovery has expanded the prospective strike of the Salbora-Powis trend to 4.5 kilometres from Ann in the south to Montgomery in the north.

On February 8, 2021, the Company announced high-grade drill results for the Ounce Hill area, located in the northeast of the Eagle Mountain deposit. Infill drill holes EMM21-007 and EMM21-008, which targeted an area that had previously been drilled on a wide spacing (greater than 50 metres), returned grades well above prior results. Drill hole EMM21-007 intersected 20.38 gpt gold over an estimated true width of 34 metres and EMM21-008 intersected 3.41 gpt over an estimated true width of 24.0 metres, with gold mineralization starting from surface and within saprolite.

On March 30, 2021, the Company announced additional drill results for the Ounce Hill and Bacchus areas of the Eagle Mountain deposit. At Ounce Hill a further 651 metres were drilled, including drill hole EMM21-009 which extended the high-grade area, previously defined by holes EMM21-007 and EMM21-008, a further 50 metres to the east. EMM21-009 intersected 2.02 gpt gold from surface over an estimated true width of 44 metres. Mineralization in EMM21-009 extended beyond the saprolite into the underlying fresh rock by 22.5 metres with the intersection grading 2.69 gpt gold. The Company also completed 554 metres of drilling in the Bacchus area which is a target for resource expansion. Infill holes EMD20-150 intersected 21.0 metres grading 1.44 gpt gold and EMD20-149 intersected 37.5 metres grading 1.05 gpt gold.

On June 17, 2021, the Company announced drill results for the Bottle Bank area of the Eagle Mountain deposit and for the Toucan Prospect along the Salbora-Powis trend. At Bottle Bank, the Company completed 1,414 metres of infill drilling. Drilling in a central area of Bottle Bank within the Indicated Mineral Resource has confirmed elevated gold grade-thicknesses at surface and at depth within the shallow sub-horizontal zones of the Eagle Mountain deposit. Drill holes EME21-108 intersected 21.0 metres grading 2.61 gpt gold from surface, EME21-110, which extended the higher-grade area, intersected 16.0 metres grading 1.96 gpt gold, and EME21-111 intersected 10.5 metres grading 2.71 gpt gold. At the Toucan Prospect, the Company completed 1,416 metres of exploration drilling. Drill holes EME21-095 intersected 6.0 metres grading 18.14 gpt gold starting at a depth of 100.5 metres and EME-21-094 intersected 60.0 metres grading 0.70 gpt gold starting at a depth of 49.5 metres.

On August 12, 2021, the Company announced additional infill and expansion drill results for the Zion and Bacchus areas situated in the eastern and northern locations of the Eagle Mountain deposit. Reported results represented 43 core holes totaling 3,786 metres from the Zion and Bacchus areas. The results are providing added definition to the near surface sub-horizontal mineralized zones of the Eagle Mountain deposit, where continuity of mineralization is being confirmed and zones are being expanded, this time, in the Zion and Bacchus areas. At the Zion area, drill hole EMM21-041 intersected 6.0 metres grading 15.73 gpt gold starting at a depth of 57 metres, immediately below and outside of the February 2021 MRE outline. At Bacchus, infill hole EMD20-150 intersected 21.0 metres grading 1.44 gpt gold from surface. Overall, for both Zion and Bacchus, recent drill results have intersected mineralization where it is being modelled as Inferred and has also expanded the zones laterally. Moreover, at depth immediately outside of the modelled resource outline (within 20 metres), drilling has intersected narrower mineralization, but with higher gold grades. These high-grade zones have now been intersected in several holes.

As the Company is preparing for the updated MRE later in 2021, year to date the focus has been on infill and expansion drilling of the Eagle Mountain deposit. This drilling was designed to upgrade a significant portion of Inferred mineral resources to the Indicated category and to test for lateral extensions of the zones. With these activities progressing well with respect to the objectives for the MRE update, drill results through the balance of the year will reflect a higher proportion of exploration drilling, which is also a primary objective of the 2021 drill program. This will encompass follow-up drilling of prospects along the Salbora-Powis structural corridor, including the Toucan Prospect, and testing of known geophysical targets. Based on preliminary success with the Toucan Prospect and the presence of a number of high priority targets, management has approved an expanded scope for exploration drilling. The net result is an approximate 5,000 metre increase to the 2021 drill program, bringing planned drilling to an estimated 21,500 metres.

Three drill rigs are currently operating at the Eagle Mountain Gold Project. With increased geological knowledge, several areas previously un-explored have become targets and will be tested with surface auger sampling and trenching to concentrate further drilling programs in new areas.

Biodiversity

During Q2, 2021, the Company engaged Environmental Management Consultants Inc. of Georgetown, Guyana, to conduct a comprehensive biodiversity survey. This will entail a dry and wet season survey of plants and animals; mapping of the area's vegetation and disturbance; and identification of endangered species and habitats. The biodiversity study is expected to be completed by H2, 2021. The results will supersede those of the study completed in 2013, and will serve to facilitate permitting efforts.

b. Corporate

During the six months ended June 30, 2021, corporate highlights include the following:

- Effective June 4, 2021, the Company completed a 10 to 1 share consolidation of its issued share capital on a ten (10) old for one (1) new basis. The Company will continue to trade under the symbol "GXS" on the TSX-V. All references to capital stock, warrants, options and per share data have been adjusted retrospectively and rounded down to reflect the Company's 10 to 1 share consolidation.
- The Company issued 1,640,000 common shares at a price of $0.90 per share for gross proceeds of $1,476,000 upon the exercise of warrants.
- The Company completed a private placement of 11,500,000 units at a price of $1.10 per unit for gross proceeds of $12,650,000. Each unit consisted of one common share and one-half warrant. Each warrant entitles the holder to purchase one common share at a price of $1.40 until May 20, 2023. The Company paid cash commissions of $729,000, and issued 330,716 agents' warrants with a total fair value of $230,451. Each agent warrant is exercisable to acquire one common share at a price of $1.10 until May 20, 2023. The Company incurred share capital issuance costs of $236,644 in connection with the private placement. The Company plans to use the proceeds for ongoing exploration and pre-feasibility work at the Eagle Mountain and general corporate purposes.
- The Company issued 65,000 common shares at prices ranging from $0.60 to $1.00 per common share for gross proceeds of $43,000 upon the exercise of options.
- 3,656,656 warrants with exercise prices ranging from $0.90 to $2.00 expired unexercised.
- 105,000 stock options with exercise prices ranging from $1.00 to $1.70 were forfeited, and 7,500 stock options with an exercise price of $2.80 expired unexercised.

c. COVID-19 Update

The Company's business could be adversely affected by the effects of the ongoing outbreak of respiratory illness caused by the novel coronavirus ("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. In 2021, Goldsource had instances of COVID-19 at the Eagle Mountain Property; however, with mitigation and ongoing testing measures this has not resulted in a material impact on operations. While the impact of COVID-19 is expected to be temporary, 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 recent increase in 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 six months ended June 30, 2021 and 2020

During the three and six months ended June 30, 2021, comprehensive losses were $1,975,271 and $3,998,916 respectively, compared to $1,473,213 and $3,139,245 for the same period in 2020. The principal differences and significant amounts to note are as follows:

	Three months ending June 30,			Six months ending June 30,			
	2021	2020	Variance	2021	2020	Variance	Variance Explanation
Exploration and evaluation expenditures	1,758,949	1,129,570	629,379	3,446,701	2,650,112	796,589	The increase in exploration and evaluation expenditures during H1, 2021, compared to H1, 2020 is attributable to increased exploration activity. Expenses during H1, 2020 were below normal run rates as exploration activities were temporarily suspended from April 5 to June 11, 2020 due to COVID-19.
Foreign exchange (gain) loss	(162,030)	95,743	(257,773)	(106,282)	4,306	(110,588)	The Company is primarily exposed to foreign exchange risk through holding US dollars. The foreign exchange gain in Q2, 2021, compared to a loss in Q2, 2020, is due to larger amounts of US dollar cash held, and the appreciation of the US dollar in relation to the Canadian dollar during the period.
Loss on change in rehabilitation provision	16,512	-	16,512	28,070	-	28,070	The loss on change in rehabilitation provision relates to the change in estimates and rehabilitation obligations for the processing plant, which was fully impaired during Q4, 2020.
Marketing	68,387	42,349	26,038	91,579	103,487	(11,908)	The increase in marketing expenses in Q2, 2021, compared to Q2, 2020 is primarily due to the redevelopment of the Company's website and increased participation in virtual conferences during Q2, 2021. The decrease in marketing expenses in H1, 2021, compared to H1, 2020, is due to COVID-19 travel restrictions limiting travel to trade shows and conferences.
Remuneration	140,667	121,634	19,033	309,212	207,901	101,311	The increase in remuneration is due to salary increases, additional staff, and recruitment costs in H1, 2021, compared to H1, 2020, which is offset by severance costs paid to the former Chief Financial Officer in Q2, 2020.

During the three and six months ended June 30, 2021, exploration and evaluation expenditures were $1,758,949 and $3,446,701 respectively, compared to $1,129,570 and $2,650,112 for the same period in 2020. The significant variations between these periods included the following:

Exploration and evaluation expenditures	Three months ending June 30, 2021	2020	Variance	Six months ending June 30, 2021	2020	Variance	Variance Explanation
Assays	80,997	15,910	65,087	156,682	88,954	67,728	The increase in assays expense is due to increased drilling activity during H1, 2021, compared to H1, 2020, thus resulting in a larger number of core samples sent for assaying.
Camp costs	206,666	50,006	156,660	394,000	216,156	177,844	The increase in camp costs during H1, 2021, compared to H1, 2020 results from increased camp capacity and additional drill crews at the Eagle Mountain camp. In addition, camp costs decreased during Q2, 2020 due to the suspension of exploration activities.
Depreciation	58,494	404,553	(346,059)	155,804	458,231	(302,427)	The decrease in depreciation expense from H1, 2020 to H1, 2021 is due to the impairment of the processing plant in Q4, 2020 and write off of several assets held in Guyana during Q2, 2020.
Drilling	621,296	37,118	584,178	1,315,484	701,120	614,364	The increase in drilling expense is a result of added drilling capacity and increased drill utilization rates compared to H1, 2020, when exploration activities were suspended from April 5 to June 11, 2020 due to COVID-19.
Operations and general	101,694	246,743	(145,049)	181,654	318,795	(137,141)	The decrease in operations and general expense from H1, 2020 to H1, 2021 is primarily due to import duties incurred in shipping a contractor's drill rig to Guyana during Q2, 2020. There were no such expenses incurred during Q2, 2021. The decrease is further attributable to timing of purchases of supplies required for the operations at the Eagle Mountain camp.
Salaries	392,772	364,398	28,374	843,935	736,754	107,181	The increase in salaries during H1, 2021 results from salary increases and additional personnel hired to support the increased drilling activity in H1, 2021, compared to H1, 2020.
Technical services and consulting	297,030	10,842	286,188	399,142	130,102	269,040	The increase in technical services and consulting expenses during Q2, 2021, compared to Q2, 2020 is due to technical consultants engaged by the Company to conduct biodiversity and lidar surveys, as well as consulting fees paid to a drilling contractor. No similar expenses were incurred during Q2, 2020.

4. LIQUIDITY AND CAPITAL RESOURCES

a. Assets

At June 30, 2021, Goldsource held cash and cash equivalents of $13,509,896 (December 31, 2020 – $4,052,594). Goldsource continues to monitor cash resources against anticipated expenditures associated with advancing the Eagle Mountain Project. Other current assets totalling $268,589 consist primarily of prepaid expenses and other of $237,826 (December 31, 2020 – $193,744) and amounts receivable of $30,763 (December 31, 2020 – $38,177).

The Company has deposits totalling $263,807, including $255,585 (US$206,200) (December 31, 2020 – $262,718 (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 $704,133 (December 31, 2020 – $739,558), primarily due to depreciation of $174,730 (June 30, 2020 – $488,319), offset by property and equipment additions in the amount of $139,305 (June 30, 2020 – $105,132). Significant additions include a drilling mast, ATVs, and construction of additional rooms and bunk houses for the Eagle Mountain camp.

b. Liabilities

At June 30, 2021, current liabilities include accounts payable and accrued liabilities of $555,688 (December 31, 2020 – $365,183), which relate to various contractual commitments in the normal course of business.

As at June 30, 2021, the Company recorded a rehabilitation provision of $404,240 (December 31, 2020 – $359,913). The present value of the rehabilitation provision was calculated using an effective discount rate of 5% (December 31, 2020 – 5%) and reflects anticipated cash flows to be incurred over approximately the next seven years. The undiscounted value of these obligations is $442,938 (US$342,500) (December 31, 2020 – $438,573 (US$339,000)) calculated using a long-term inflation rate assumption of 1.8% (December 31, 2020 – 0.8%).

c. Liquidity Outlook and Risks

As at June 30, 2021, the Company had cash and cash equivalents of $13.5 million (December 31, 2020 – $4.1 million), accumulated losses of $70.3 million (December 31, 2020 – $66.4 million) and working capital[2] of $13.2 million (December 31, 2020 – $3.9 million). As at August 23, 2021, the cash and cash equivalents held by the Company are $12.2 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. COMMITMENT, 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 Q2, 2021, or which may have a material effect going forward.

[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.

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		June 30, 2021		December 31, 2020
Not later than 1 year	$	60,395	$	60,395
Later than 1 year and not later than 5 years		29,374		59,572
	$	89,769	$	119,967

In November 2019, Kilroy received a demand for foregone customs duty and taxes from the Guyana Revenue Agency ("GRA"). The GRA alleges that the joint venture agreement between Kilroy and Stronghold has breached the terms of the customs duty and tax exemption granted to Kilroy during 2015 and 2016 on the purchase of mining equipment. The GRA seeks payment of $416,131 ($73,056,644 Guyanese dollars). Management has been advised that these claims are without merit and intends to defend against the claim. Accordingly, the Company has not accrued any amounts related to this claim.

The Company is exposed to legal claims during the normal course of business. Management believes the claims are without merit and do not impact the financial statements.

6. RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2021, 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, Executive Chairman and Vice President of Finance ("VP Finance"), former Chief Financial Officer ("former CFO"), and directors. Key management personnel compensation is summarized as follows:

		Six months ended June 30, 2021		Six months ended June 30, 2020
Management remuneration[(1)]	$	252,500	$	178,713
Directors fees		22,500		18,000
Share-based compensation[(2)]		30,743		-
	$	305,743	$	196,713

(1) The Company paid management fees to companies controlled by the President and VP Finance and remuneration to the CEO. Remuneration was paid to the former CFO during the six months ended June 30, 2020.

(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 six months ended June 30, 2021, legal fees of $36,030 (June 30, 2020 – $39,908), included in professional fees, and capital stock issuance costs of $85,484 (June 30, 2020 – $90,414) were paid or accrued to Koffman Kalef LLP, a law firm of which an officer of the Company is a partner. As at June 30, 2021, $94,222 (December 31, 2020 – $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 salaries, administrative services, and other expenses. During the six months ended June 30, 2021, the Company was allocated $56,739 (June 30, 2020 – $81,245) for its share of these expenses, of which $30,001 (December 31, 2020 – $32,849) was payable to SilverCrest at June 30, 2021.

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 27, 2021, 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 operations or earnings;
- Licenses and permits;
- Mineral resource estimates;
- Mining capital and operating costs;
- 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 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, an additional resource update scheduled for H2 2021, and PFS scheduled for 2022 contemplating a low cost open pit mining operation (subject to the resolution of the novel coronavirus pandemic); 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 in 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 the 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 VP Finance for Goldsource, who is a 'Qualified Person' for the purpose of NI 43-101.