



MANAGEMENT'S DISCUSSION & ANALYSIS

QUARTERLY HIGHLIGHTS

SEPTEMBER 30, 2020

1. OVERVIEW

Goldsource Mines Inc. (the “Company” or “Goldsource”) 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 nine months ended September 30, 2020. 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, 2020 and 2019 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, 2019 and 2018, 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 MD&A is November 23, 2020. 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, 2020 and to date include the following:

a. Eagle Mountain Gold Project

Overview

The Company’s focus is the 100% owned Eagle Mountain Gold Project (“Eagle Mountain”). The Eagle Mountain 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., a Guyanese Company, on which Stronghold, a subsidiary of Goldsource, has a long term lease with a 2% NSR. Goldsource constantly reassesses the size of its land package as exploration work is completed.

Goldsource’s current objective is to build a critical mass of mineral resources of 1.3 to 1.6 million ounces of gold (or “Au”) grading greater than 1.0 grams per tonne (“gpt”) Au, based on a low strip ratio (waste:ore), open pit operation, through expansion of the main Eagle Mountain gold deposit and additional discoveries of both saprolite and hard rock gold mineralization. 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 tonnes per day, open pit gravity-cyanidation operation.

The Company’s mineral resources at Eagle Mountain, based on the 2014 Preliminary Economic Assessment¹ (“PEA”) 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 mineral 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.

¹ Refer to Technical Report titled “Preliminary Economic Assessment of the Eagle Mountain Saprolite Gold Project, Guyana”, effective June 14, 2014 and 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.

To expand and re-categorize current saprolite and hardrock mineral resources from the Inferred category to the Indicated and Measured categories, Goldsource has defined several greenfield exploration targets within the Property, as well as expansion and in-fill areas within the existing geological resource wireframe; relevant drill programs commenced in May 2017 and continue to date.

During the period from January 1, 2020 to November 23, 2020, the Company completed the following drilling:

	Total Number of Holes	Total DDH Meters Drilled	Number of Announced Holes	DDH Meters Drilled and Announced
2020 Drilling to November 23, 2020	106	15,700	53	7,988
Salbora Deposit (incl. above)	17	3,393	7	1,779

During the nine months ended September 30, 2020, the Company incurred \$4.2 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 September 30, 2020, the Company's cumulative exploration and evaluation expenditures, including acquisition costs, on the Eagle Mountain Gold Project totaled \$27.4 million.

2020 Eagle Mountain Activities

Geophysical survey

During Q1, 2020, the Company successfully completed the expansion of the ground geophysical survey. Phase II ground geophysics included an additional 62 line-kilometres of gradient array Induced Polarization ("IP"), 62 line-km of high-resolution ground magnetic survey and 10 line-km of Pole-Dipole ("PDP") detailing IP survey over selected targets. Additional geophysical anomalies merit further exploration and will be used to guide exploration drilling in Q4, 2020.

Resource estimate

During 2020, the Company has engaged CSA Global Consultants Canada Ltd ("CSA Global"), an ERM Group company, to provide Goldsource with an independent assessment and gap analysis of geology and gold mineralization to guide the Company's current drill program and convert current Inferred mineral resources into the Indicated classification, and a Mineral Resource Estimate ("MRE") update for the Eagle Mountain gold deposit and a maiden MRE for the recent gold discoveries hosted on the Property, including the Salbora gold deposit. An updated resource estimate is planned for December 2020 or early January 2021. This resource will outline areas required for in-filling drilling to be completed in 2021 for a second resource update along with the completion of the PFS.

Drilling

Since January 1, 2020, the Company has completed approximately 15,700 metres of core drilling. Drilling has resulted in (1) the discoveries of the Powis target and the Toucan target, and (2) expansion of the Friendly target, Salbora target and the Eagle Mountain gold deposit (No. 1 Hill, Baboon and Kilroy zones) (please refer to the Company's news releases dated February 5, 2020, April 14, 2020, May 2020, July 29, 2020 and October 22, 2020).

The Powis target is an area of extensive historical artisanal workings, 600 metres along strike from the Toucan target, which has a historical adit grading 18.5 gpt gold over a 23.0 metre length (in-vein). The Company announced the discovery of this target on February 5, 2020, reporting seven drill holes, totalling 1,319 metres. On July 29, 2020, the Company announced infill drill results of five core holes for 1,389 metres. As of July 29, 2020, the prospect remains open, and there is a gold mineralized footprint of 200 metres long by 40 metres wide to a minimum depth of 200 metres. Excluding intercepts below the Company's cut-off grade of 0.3 gpt Au, the weighted average grade (uncut undiluted) of the drill intercepts from the announced drilling to date is 4.01 gpt Au.

The Toucan target is located within the north-south trending Salbora-Powis structural corridor (est. two kilometres in length) adjacent to the Eagle Mountain gold deposit. The Company announced the discovery of this target on April 14, 2020, reporting four holes over 694 metres. When combined with previous work, these results suggest that the Toucan discovery is initially 250 metres long by 20 to 40 metres wide, open along strike and to depth, and may be connected to the Powis target, 600 metres to the south. Excluding intercepts below the Company's cut-off grade of 0.3 gpt Au, the weighted average grade (uncut undiluted) of the drill intercepts from the announced drilling to date is 2.39 gpt Au.

The Friendly target is located immediately north of the Eagle Mountain gold deposit. On May 20, 2020, the Company announced expansion drill results for 10 core holes over 2,065 metres. Combined with previous drilling by Goldsource and historical drilling totalling 17 core holes (1,670 metres) at the Friendly target, this suggests potential for an initial strike of 350 metres long and 500 metres wide, which includes numerous near vertical, closely-spaced, and parallel gold mineralized structures. The prospect remains open along strike and to depth and

may be connected to the Bottle Bank area, located 500 metres to the south, which is part of the Eagle Mountain gold deposit.

During the nine months ended September 30, 2020, the Company continued drilling on the northern area of the Salbora discovery, which was announced on January 23, 2019. On July 29, 2020, the Company announced expansion step-out drilling results for the northern part of the deposit and to depth. Drill results for seven core holes over 1,779 metres were reported and represented an expanded high-grade footprint (surface) of 300 metres long by 100 metres wide. Excluding intercepts below the Company's cut-off grade of 0.3 gpt Au, the weighted average grade (uncut undiluted) of the drill intercepts from the announced drilling to date is 2.47 gpt Au.

The No.1 Hill zone and the adjacent Baboon zone represent an expansion step out of approximately 450 by 450 metres directly west of the Eagle Mountain deposit resource estimation, and is the down dropped extension of the Kilroy zone. Geologically, the No. 1 Hill and Baboon zones show the same characteristics to the main Eagle Mountain deposit, with gold located in shallowly dipping mineralized zones, within chloritic fractures containing pyrite crosscutting granodiorite (granitoid), with silicification. This extension may expand resources that were previously limited by a fault. On July 29, 2020, the Company announced drill results at the No. 1 Hill area for five core holes for 595 metres. On October 22, 2020, the Company announced drill results at the Eagle Mountain gold deposit (No. 1 Hill and Baboon zones) for 11 core holes for 1,814 metres. Additional drilling is planned on Eagle Mountain gold deposit (No. 1 Hill and Baboon zones) for Q4, 2020.

During the nine months ended September 30, 2020, the Company conducted drilling on the Eagle Mountain gold deposit (Kilroy zone), where hole positioning has been designed in order to re-categorize inferred to indicated resources. On October 22, 2020, the Company announced the in-fill drilling results of 15 core holes for 724 meters, that provided confirmation of historical results and geological model.

Previous drilling and work at the Powis, Toucan, Friendly and No. 1 Hill area targets were completed as follows:

- Limited diamond core drilling over parts of Powis, Toucan, Friendly and No. 1 Hill took place between 1940s and 2008.
- In 1940, Anaconda Mining Company drilled holes AD01 to AD13 at the No. 1 Hill. These holes did not recover saprolite and not all intervals were assayed.
- The Guyana Geological Survey, now called GGMC, in the 1970s was searching for molybdenum in the Powis area and drilled nine holes. These holes did not recover saprolite nor assay all intervals for gold.
- In 1997, Golden Star Resources Ltd. ("GSR") drilled two holes in the Toucan target, two holes in the Powis target, one hole in Friendly target and one hole in No. 1 Hill area. Partial core has survived and had been re-assayed by IAMGOLD Corporation ("IAMGOLD") in 2008.
- In 2008, IAMGOLD drilled three additional holes in the Powis area and five holes in the Friendly area, with their core surviving to date.
- Construction of an exploration adit (the "Coolie Adit") in the 1940's potentially done by Anaconda Mining Company. The adit was re-sampled and re-assayed by IAMGOLD in 2006.
- Goldsource completed 11 shallow diamond drill holes in 2018 as part of the saprolite expansion program.

The significant results from the above previous work (uncut, undiluted) in the Powis, Toucan, Friendly and No. 1 Hill area targets are available in news releases dated February 5, 2020, April 14, 2020, May 20, 2020, July 29, 2020 and October 22, 2020. The Company is not treating the historical drill intercept, mineralization estimates and other sampling intercepts from GSR, Geological Survey or IAMGOLD as current mineral resources or mineral reserves, has not verified them and is not relying on them. The Company is currently only using the historical results to enhance its exploratory drilling efforts, but plans to further verify the historical results in the future.

Historically, previous companies focused on the Eagle Mountain deposit for its near surface bulk mineable potential with smaller high-grade targets, like Powis, Toucan and Friendly, of lesser priority. Goldsource believes these targets, like Salbora that was discovered in 2019, could add significant ounces to help obtain the critical mass to complete a PFS.

During Q3, 2020, the contracted Drilcor man-portable diamond core drill has become operational. The Company plans to complete another 8,000 to 10,000 metres of drilling with three drills on in-fill, expansion, and potential discovery drilling to target the Salbora deposit (in-fill), Eagle Mountain deposit (in-fill), No.1 Hill & Baboon Target zones (expansion & in-fill), and Minnehaha new target (exploration).

b. Corporate

During the nine months ended September 30, 2020, corporate highlights include the following:

- On March 24, 2020, the Company completed a private placement of 60,026,500 units at a price of \$0.11 per unit for gross proceeds of \$6,602,915. 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 \$0.16 until September 24, 2022. The Company paid cash commissions of \$371,777 and issued 3,571,590 agents' warrants with a fair value of \$290,708 in connection with the private placement. Each agent warrant entitles the holder to purchase one common share at a price of \$0.11 per share until March 24, 2022. The Company incurred capital stock issuance costs of \$217,242 in connection with the private placement. The Company plans to use a portion of the proceeds of the private placement for the Eagle Mountain resource expansion, PFS costs, and general corporate purposes.
- The Company issued 15,543,499 common shares at prices ranging from \$0.09 to \$0.12 per common share for gross proceeds of \$1,406,934 upon the exercise of warrants. Accordingly, the Company reallocated \$29,644 from reserves to capital stock.
- On June 15, 2020, the Company held its Annual General Meeting, whereby shareholders voted in favour of all items of business, including the election of each director and re-appointment of its auditors. At the Board of Directors meeting following the AGM, the Board re-appointed all executive officers, except for Nicholas Campbell, Chief Financial Officer, who had resigned his position. N. Eric Fier, the Company's Executive Chair and Chief Operating Officer, has assumed the position of interim Vice-President, Finance.

Subsequent to September 30, 2020:

- the Company issued 1,100,000 common shares at prices ranging from \$0.09 to \$0.12 per common share for gross proceeds of \$102,000 upon the exercise of warrants.
- the Company appointed Steve Parsons as Chief Executive Officer of the Company and granted him 1,000,000 stock options that can be exercised at a price of \$0.125 per share until November 16, 2025. These stock options vest over a three-year period with 33% vesting after 1 year, 2 years, and 3 years after the grant date, respectively;
- the Company granted 75,000 stock options to an employee of the Company that can be exercised at a price of \$0.125 per share until November 13, 2025. These stock options vest immediately;
- 85,000 stock options expired or were forfeited, unexercised; and
- On October 20, 2020 the Company entered into an option and purchase agreement to acquire a 100% interest in the Ann Mining Claim, at the Minnehaha Creek area, for total consideration of US\$290,000. The terms of the agreement include immediate access to the land for exploration purposes for 2 years, the right to purchase the claim for US\$250,000, and the right to terminate the agreement at any time. If not exercised, the option will expire after 2 years. The Company made an option payment of \$26,726 (US\$20,000) upon the signing of the agreement. The remaining payments are scheduled as follows:
 - US\$20,000 in October 2021; and
 - US\$250,000 upon the exercise of the option.

c. COVID-19 Update

The Company's business could be adversely affected by the effects of the recent outbreak of respiratory illness caused by COVID-19. Since early March 2020, several significant measures have been implemented in Canada, Guyana, and the rest of the world by authorities in response to the increased impact from 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 due to 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 the 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, the significant outbreak of contagious disease 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. Following the policies and guidelines, relevant to the COVID-19 pandemic, by both Canadian and Guyanese authorities, the Company temporarily suspended its drilling and exploration activities at Eagle Mountain, beginning April 5, 2020 and resumed exploration activities on June 11, 2020. In Guyana, COVID-19 restrictions are still in place. However, the International airport in Georgetown, Guyana was re-opened on October 12th, 2020. Goldsource has had instances of COVID-19 at the site but these have not materially impacted operations. As a precautionary measure, the Eagle Mountain camp has taken all appropriate sanitization measures and all Goldsource employees and contractors in Guyana have been tested for COVID-19. 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 duration and impact on its planned resource update and PFS cannot be reasonably estimated at this time. The recent increase in COVID-19 cases 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, 2020 and 2019

During the three and nine months ended September 30, 2020, comprehensive losses were \$1,978,412 and \$5,117,657 respectively, compared to \$1,852,040 and \$4,340,494 for the same periods in 2019. The principal differences and significant amounts to note are as follows:

	Three months ending September 30,			Nine months ending September 30,			Variance Explanation
	2020	2019	Variance	2020	2019	Variance	
Exploration and evaluation expenditures	1,641,576	1,594,327	47,249	4,198,414	3,047,316	1,151,098	The increase in exploration and evaluation expenditures at Eagle Mountain in 2020, compared to 2019, is primarily due to the increased exploration activity on the property in 2020. This was offset by the suspension of drilling and exploration activities from April 5 to June 11, 2020 due to COVID -19.
Foreign exchange loss (gain)	83,596	(44,534)	128,130	87,902	64,810	23,092	The increase in foreign exchange loss during Q3, 2020, compared to Q3, 2019, is due to an increase in the exchange rate between the US dollar and the Canadian dollar during the period.
Marketing	42,337	69,419	(27,082)	146,050	176,028	(29,978)	The decrease in marketing expenses in 2019 to compared to 2020 is due to travel restrictions limiting travel to trade shows and conferences, caused by the COVID-19 pandemic.
Remuneration	134,295	131,620	2,675	418,418	503,668	(85,250)	The decrease in remuneration during the nine months ended September 30, 2020 as compared to the nine months ended September 30, 2019 is due to bonuses paid during the first nine months of 2019. No similar amount was paid during the first nine months of 2020. Additionally, remuneration decreased due to lower recruitment costs, coupled with a decrease in the allocation of corporate staff time that was shared between the Company and SilverCrest Metals Inc. ("SilverCrest"). This was slightly offset by annual salary increases, resulting in a slight increase in remuneration expenses during Q3, 2020 as compared to Q3, 2019.
Share-based compensation	886	37,884	(36,998)	19,224	356,130	(336,906)	The decrease in share-based compensation expense from 2019 to 2020 is due to the timing of stock option grants. No stock options were granted in the first nine months of 2020, and share-based compensation expense recognized in the period relates to the vesting of stock options granted in 2019.

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During the three and nine months ended September 30, 2020, exploration and evaluation expenditures were \$1,641,576 and \$4,198,414 respectively, compared to \$1,594,327 and \$3,047,316 for the same periods in 2019. The significant variations between these periods included the following:

Exploration and evaluation expenditures	Three Months Ending September 30,			Nine Months Ending September 30,			Variance Explanation
	2020	2019	Variance	2020	2019	Variance	
Assays	94,419	143,075	(48,656)	183,373	203,239	(19,866)	The decreased assay costs during Q3, 2020 vs. Q3, 2019, are due to the temporary suspension of drilling due to COVID-19 restrictions, in Q2, 2020. As core samples are sent in batches to be assayed due to the remote location of the Eagle Mountain camp, the decrease in drilling during Q2, 2020 resulted in fewer samples requiring assaying in early Q3, 2020.
Camp costs	159,145	188,851	(29,706)	375,301	420,552	(45,251)	Decreased camp costs during Q3, 2020 are due to the timing of drilling crews arrival on site during Q3, 2020, compared to Q3, 2019.
Depreciation	141,913	116,241	25,672	600,144	352,485	247,659	The increase in depreciation expense for the period is due to capital assets purchased in the quarter, as well as the write off of several assets held in Guyana.
Drilling	776,932	647,366	129,566	1,478,052	763,331	714,721	The increased drilling expense during the period is due to more diamond drilling in 2020, compared to 2019. The increase was slightly offset with the temporary suspension of drilling during Q2, 2020 due to COVID-19.
Operations and general	117,517	119,581	(2,064)	419,260	285,910	133,350	The increase in operations and general expense from the first nine months of 2019 to the first nine months of 2020 is due to the timing of purchases of supplies as well as an increase in the number of personnel at the Eagle Mountain Camp. The expenditures in Q3, 2020 were consistent with the expenditures in Q3, 2019 due to similar operations at the Eagle Mountain camp during the periods.
Salaries	333,076	313,346	19,730	993,608	816,612	176,996	The increase in salaries during the nine months ended September 30, 2020 results from additional personnel hired to support the increased drilling in 2020.
Share-based compensation	-	-	-	-	46,065	(46,065)	The decrease in share-based compensation between 2019 and 2020 is due to the timing of stock option grants. No stock options were granted or expensed as part of exploration expenditures in 2020.
Technical services and consulting	18,574	65,867	(47,293)	148,676	159,122	(10,446)	The decrease in technical services and consulting costs in Q3, 2020 vs. Q3, 2019 is due to the completion of geophysical surveys of the Eagle Mountain property in Q1, 2020. No similar costs were incurred during Q3, 2020.

4. LIQUIDITY AND CAPITAL RESOURCES

a. Assets

At September 30, 2020, Goldsource held cash and cash equivalents of \$6,007,554 (December 31, 2019 – \$3,159,068). Goldsource continues to monitor cash resources against anticipated expenditures associated with advancing the Eagle Mountain Project. Other current assets totalling \$224,029 consist primarily of prepaid expenses of \$180,748 (December 31, 2019 – \$58,635) and amounts receivable of \$41,758 (December 31, 2019 – \$62,641).

The Company has deposits totalling \$284,611, including \$275,550 (US\$206,200) (December 31, 2019 – \$268,387 (US\$206,200)) which is pledged as a reclamation site bond in the form of a non-interest-bearing bank guarantee deposit to the GGMC for exploration permits on the Property.

Property, plant and equipment decreased to \$2,483,067 (December 31, 2019 – \$3,067,855), primarily due to the depreciation of \$643,540 (September 30, 2019 – \$400,202), slightly offset by the purchase of equipment of \$120,717 (September 30, 2019 – \$118,556), with significant purchases including purchase of a vehicle and ATV's, as well as the construction of additional bunk houses for the Eagle Mountain camp.

b. Liabilities

At September 30, 2020, current liabilities include accounts payable and accrued liabilities of \$620,571 (December 31, 2019 – \$475,417), which relate to various contractual commitments in the normal course of business.

As at September 30, 2020, the Company has recorded a rehabilitation provision of \$334,310 (December 31, 2019 – \$391,051), which was also included in property, plant and equipment. The present value of the rehabilitation provision was calculated using an effective discount rate of 5% (December 31, 2019 – 5%) and reflects anticipated cash flows to be incurred over approximately the next eight years (December 31, 2019 – nine years). The undiscounted value of these obligations is \$436,292 (US\$337,250) (December 31, 2019 – \$429,185 (US\$332,000)), calculated using a long-term inflation rate assumption of 0.3% (December 31, 2019 – 2.4%).

c. Liquidity Outlook and Risks

As at September 30, 2020, the Company had cash and cash equivalents of \$6.0 million (December 31, 2019 – \$3.2 million), accumulated losses of \$62.6 million (December 31, 2019 – \$57.8 million) and working capital² of \$5.6 million (December 31, 2019 – \$2.7 million). As at November 23, 2020, the cash and cash equivalents held by the Company are \$5.0 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 Q3, 2020, 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 which requires the Company to make the following lease payments:

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.

Undiscounted lease payments	September 30, 2020		December 31, 2019	
Not later than 1 year	\$	60,395	\$	60,395
Later than 1 year and not later than 5 years		74,671		119,967
	\$	135,066	\$	180,362

- In November 2019, Kilroy Mining Inc. (“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 Guyana Inc., a wholly owned subsidiary of the Company, 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 \$458,767 (\$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.

6. RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2020, 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 President, Chief Operating Officer and Interim Vice President of Finance (“COO”), former Chief Financial Officer (“CFO”), and directors. Key management personnel compensation is summarized as follows:

	Nine months ended September 30, 2020		Nine months ended September 30, 2019	
Management remuneration ⁽¹⁾	\$	246,213	\$	206,875
Directors fees		27,000		6,000
Share-based compensation ⁽²⁾		-		258,562
	\$	273,213	\$	471,437

⁽¹⁾ The Company paid management fees to Maverick Mining Consultants Ltd. and Laurium Mining Services Inc. (companies controlled by the COO and the President), and paid remuneration and short-term benefits to the CFO.

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

b. Legal fees

During the nine months ended September 30, 2020, legal fees of \$45,810 (September 30, 2019 – \$24,006), included in professional fees, and capital stock issuance costs of \$90,414 (September 30, 2019 – \$73,260) were paid or accrued to Koffman Kalef LLP, a law firm of which an officer of the Company is a partner, of which \$Nil (December 31, 2019 – \$1,377) was payable at September 30, 2020.

c. Other transactions

During the nine months ended September 30, 2020, the Company paid remuneration of \$Nil (September 30, 2019 – \$2,917) and recognized share-based compensation of \$Nil (September 30, 2019 – \$4,607) to Nathan Fier (son of the COO, providing technical services to the Company). Remuneration and share-based payments incurred to this consultant was recorded as exploration and evaluation expenditures.

The Company has a cost sharing agreement with SilverCrest, a company related by common directors and officers (N. Eric Fier, Nicholas Campbell, and Graham Thody), whereby the Company shares salaries, administrative services, and other expenses. During the nine months ended September 30, 2020, the Company was allocated \$107,345 (September 30, 2019 – \$180,582) for its share of these expenses, of which \$12,973 (December 31, 2019 – \$36,428) was payable to SilverCrest at September 30, 2020.

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, 2020, 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 Salbora, Powis, Toucan, Friendly, No.1 Hill, Baboon and Kilroy areas; information regarding high grade areas projected from sampling results; the impact of the COVID-19 pandemic on operations and on the timing and completion of exploration programs, technical reports and studies, including the Company’s updated resource estimate for the Eagle Mountain Gold Project scheduled for late 2020 to early 2021 and preliminary feasibility study scheduled for 2021; 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 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 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 ultimate 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 at Eagle Mountain; reliance on the PEA; 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).

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 and Corporate Officer for Goldsource, who is a ‘Qualified Person’ for the purpose of NI 43-101.