GOLDSOURCE MINES INC.

MANAGEMENT'S DISCUSSION & ANALYSIS OF

FINANCIAL CONDITIONS & RESULTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2018

This Management's Discussion and Analysis ("MD&A") is an overview of the activities of Goldsource Mines Inc. (the "Company" or "Goldsource") for the three and twelve months ended December 31, 2018. The MD&A should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2018 and 2017, and the related notes contained therein, which have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Additional information related to the Company is available on SEDAR at www.sedar.com and on the Company's website www.goldsourcemines.com.

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

The effective date of this MD&A is April 24, 2019. This MD&A contains forward-looking information.

CAUTIONARY STATEMENT AND DISCLAIMER

Certain statements contained in this MD&A and elsewhere constitute "forward-looking statements" within the meaning of applicable Canadian securities legislation. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. In particular, the MD&A contains forward-looking statements pertaining to the following: exploration and drilling programs at Eagle Mountain, Salbora and Bishop Growler; information regarding high grade areas projected from sampling results; timing and completion of a preliminary feasibility study on a low cost large scale open pit gravity cyanidation operation; information with respect 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 (as defined under section "1. Overview") and develop and finance the project; accuracy of the interpretations and assumptions used in calculating inferred mineral resource estimates; availability of mining equipment; availability of skilled labour; timing and amount of capital expenditures; performance of available laboratory and other related services; effects of regulation by governmental agencies; and future operating costs.

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

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

QUALIFIED PERSON

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

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1. OVERVIEW

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

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

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

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

The following table shows only saprolite resources:

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

*Estimated at 0.5 gpt cut-off for gold.

To expand total saprolite resources as per above and re-categorize current saprolite resources from the Inferred category to the Indicated category, Goldsource has defined exploration targets within the Property and commenced a drill program during May 2017.

2. HIGHLIGHTS

Eagle Mountain Gold Project

2018 Eagle Mountain Summary of Exploration Activities

- In March 2018, the Company entered into an option agreement to acquire a 100% interest in the Bishop Growler Property, located three kilometres from the Eagle Mountain Gold Project, for total consideration of US$1,025,000. During the year, the Company made an option payment of $92,775 (US$75,000). At December 31, 2018, as subsequently amended, the remaining payments are scheduled as follows:
    - US$25,000 in April 2019 (paid);
    - US$150,000 in January 2020;
    - US$150,000 in January 2021; and
    - US$625,000 upon the exercise of the option.
- In January 2018, the diamond drill rig, which was purchased in Q3, 2017, became operational and was added to the Eagle Mountain exploration program. The Company's expansion drilling and trenching program includes the Bishop Growler Property, the Salbora Area (discovered in May, 2018, see discussion below), in-fill and expansion drilling at the main Eagle Mountain deposit and other targets.
- For drilling statistics, refer to "2018 Drilling and Trenching Summary" table below.
- In May and September 2018, the Company reported high metallurgical recoveries and positive grinding cost-benefit analysis at Eagle Mountain. The metallurgical results showed an average gold recovery of 96.7%, of which 24.4% of the recovery was from gravity tests

[1] Refer to Technical Report titled "Preliminary Economic Assessment of the Eagle Mountain Saprolite Gold Project, Guyana", dated September 12, 2014 ("PEA"). The Company cautions that the PEA is preliminary in nature in that it is based on inferred mineral resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be characterized as mineral reserves, and there is no certainty that the results or recommendation of the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

and the remaining recovery was through cyanidation. The metallurgical test-work was conducted by SGS Canada Inc. at Lakefield, Ontario, under the supervision of Tetra Tech Inc. ("Tetra Tech"). The Company has retained the services of Tetra Tech, an independent Vancouver based company to complete a PFS for a potential large-scale open pit, gravity-cyanidation operation at Eagle Mountain. Refer to the Company's news releases dated May 17, 2018 and September 13, 2018 for more information.

2018 Drilling and Trenching Summary

- A summary of completed drill-holes and trenches from May 2017 to December 31, 2018 is as follows:

Time Period and Type of Drilling	Number of Holes or Trenches	Metres
2017 Program (May to December)		
Geoprobe Core Drilling	119	1,172
Auger Drilling	226	830
2018 Program (January to December)		
Diamond Core Drilling	53	2,119
Geoprobe Core Drilling	156	1,739
Auger Drilling	386	1,203
Sampling along Trenches	46	1,570
Total Program to December 31, 2018		
Total Core Drilling	328	5,030
Total Auger Drilling	612	2,033
Total Trenching	46	1,570

- The Company announced drill results for its drilling program on August 28, 2017; November 16, 2017; May 24, 2018; July 12, 2018; and October 25, 2018. The most significant results from the drilling and trenching up to the end of December 2018 are:
  - Hole EMCR17-32, with 19.0 metres grading 3.04 gpt gold;
  - Hole EMCR17-06, with 6.7 metres grading 7.51 gpt gold;
  - Hole EMCR17-26, with 12.0 metres grading 1.31 gpt gold;
  - Hole EMCR17-83, with 11.0 metres grading 1.99 gpt gold;
  - Hole EMCR17-86, with 10.5 metres grading 1.35 gpt gold;
  - Hole EMD18-011, with 6.0 metres grading 1.51 gpt gold;
  - Hole EMD18-018, with 21.4 metres grading 1.22 gpt gold;
  - Hole EMC18-057, with 8.0 metres grading 2.65 gpt gold;
  - Hole EMC18-066, with 2.0 metres grading 87.51 gpt gold;
  - Hole EMC18-085, with 1.0 metre grading 13.60 gpt gold;
  - Hole EMC18-094, with 17.0 metre grading 1.85 gpt gold;
  - Hole EMC18-095, with 15.0 metres grading 3.84 gpt gold;
  - Trench TRSB18-002, with 123.0 metres (horizontal width) grading 1.92 gpt gold;
  - Trench TRSB18-005, with 28.0 metres (horizontal width) grading 2.88 gpt gold; and
  - Trench TRSB18-011, with 37.0 metres (horizontal width) grading 1.70 gpt gold.
- For more information on the above drill results, please refer to the August 28, 2017; November 16, 2017; May 24, 2018; July 12, 2018; and October 25, 2018 news releases available on Goldsource's website www.goldsourcemines.com.

2019 Eagle Mountain Activities and the Salbora Discovery

- During April 2019, the Company amended the payment terms of an option agreement to acquire a 100% interest in the Bishop Growler Property (see "2018 Eagle Mountain Summary of Exploration Activities").
- From January 1, 2019 to April 20, 2019, the Company completed diamond drilling in 6 holes for 905 metres, all at the Salbora target; except for Salbora results below, the remaining assays were not available for these holes or trenches as at the date of this MD&A.
- Salbora exploration results, as announced January 23, 2019 and March 6, 2019, have initially drill-tested a gold mineralized footprint of approximately 150 metres long by 100 metres wide by 30 to 60 metres deep, and is open to depth and along strike. The weighted average grade of the drill intercepts from diamond core drilling in this initial footprint is 3.30 g/t Au. The drill-tested area is inclusive

of a larger, more regional, and potentially mineralized surface footprint of 500 to 1000 metres long, 50 to 100 metres wide, and open to depth. The most significant results from the inclined diamond drilling at Salbora announced to date are:

- Hole EMD18-052, with 44.7 metres (17 metres of true width), grading 2.82 gpt gold;
- Hole EMD18-053, with 69.0 metres (40 metres of true width), grading 6.52 gpt gold;
- Hole EMD18-054, with 39.0 metres (25 metres of true width), grading 2.78 gpt gold;
- Hole EMD18-055, with 49.5 metres (32 metres of true width), grading 2.90 gpt gold;
- Hole EMD18-057, with 49.5 metres (32 metres of true width), grading 2.36 gpt gold

- Further step out drilling of a minimum of 2,500 metres (15 to 20 additional holes) is planned at Salbora in H1, 2019 to help better define this new high-grade discovery. Subject to success, more diamond drilling will take place in subsequent quarters within 2019 and till the Company fully understands the Salbora body mineralization and its size.
- Subsequent to completion of this drilling program, the Company plans to release an updated resource estimate in H2, 2019 and determine the next drilling / exploration program, as well as other activities in order to conclude the PFS in H1 2020.
- In April 2019, the Company is re-processing and re-interpreting an historical airborne magnetic and radiometric survey, flown in 2010 by IAMGOLD Corp, which covers the western half of the Eagle Mountain Prospecting License, inclusive of the Salbora target. Results will be announced when they become available in Q2 2019. In addition, and given the direct relationship of the gold mineralization to the presence of sulphides (mainly pyrite) at Salbora, a ground Induced Polarization ("IP") survey will also take place over a selected area in Q2 2019. Details of the airborne and ground geophysical plans will be announced in near future Company news releases.
- The Company is in the process of renewing its Eagle Mountain prospecting license, which is due to expire in October 2019.

Corporate

<u>Financings</u>

During 2018,

- the Company completed a private placement of 36,418,000 units at a price of $0.05 per unit for gross proceeds of $1,820,900. Each unit consisted of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of $0.10 until January 18, 2020. Finder's fees totalling $51,930 were paid in connection with the private placement, of which $39,930 was paid in cash. The remaining $12,000 was paid with 240,000 units at a price of $0.05 per unit. Each unit consisted of one common share and one warrant, which are exercisable on the same terms as those issued in the private placement except that they are non-transferrable. In connection with the private placement, the Company incurred $53,860 of capital stock issuance costs, in addition to finder's fees. As planned, proceeds from the private placement were used for the Company's Eagle Mountain resource expansion, PFS costs and general corporate purposes.
- the Company completed a private placement of 18,294,544 units at a price of $0.055 per unit for gross proceeds of $1,006,200. 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 $0.09 until August 10, 2020. In connection with the private placement, the Company incurred $26,280 in capital stock issuance costs. As planned, the Company used the proceeds of the private placement for the Eagle Mountain resource expansion, PFS costs and general corporate purposes.

Subsequent to December 31, 2018,

- the Company completed a private placement of 26,000,000 units at a price of $0.05 per unit for gross proceeds of $1,300,000, of which $438,404 was received prior to December 31, 2018. Each unit consisted of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of $0.09 until January 17, 2021. Cash finder's fees totalling $28,500 were paid in connection with the private placement. As planned, the Company used the proceeds of the private placement for the Eagle Mountain resource expansion, PFS costs and general corporate purposes.
- the Company completed a private placement of 62,330,000 units at a price of $0.12 per unit for gross proceeds of $7,479,600. Each unit consisted of one common share and one-half warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.20 until April 11, 2021. Cash commissions of $448,776 were paid in connection with this private placement. The Company also issued 3,739,800 agent options that can be exercised at a price of $0.12 until April 11, 2021. Proceeds from the private placement will be used to drill-test extensions of the recent high-grade Salbora discovery at Eagle Mountain, complete an updated resource, continue its PFS, inclusive of the Salbora discovery, and for general corporate purposes. At April 24, 2019, the Company had cash of $7,315,258.

Stock Options

During 2018,

- the Company granted 1,800,000 stock options to directors, officers, employees, and consultants that can be exercised at a price of $0.10 per share until January 31, 2023. These stock options vest immediately except for 100,000, which vest over a one year period with 25% vesting after each of three months, six months, nine months, and twelve months after the grant date, respectively.
- 750,000 stock options with an exercise price of $0.16 expired unexercised. The Company also cancelled 1,250,000 stock options with exercise prices ranging between $0.10 and $0.24 per share.

Subsequent to December 31, 2018,

- the Company granted 3,400,000 stock options to directors, officers, employees, and consultants that can be exercised at a price of $0.13 per share until January 25, 2024. These stock options vest immediately except for 150,000, which vest over a one year period with 25% vesting after each of three months, six months, nine months, and twelve months after the grant date, respectively.
- 1,400,000 stock options with an exercise price of $0.24 expired unexercised and 25,000 stock options with an exercise price of $0.28 were forfeited.

Board Update

- On May 31, 2018, Goldsource held its Annual General Meeting of Shareholders ("AGM") in Vancouver, BC. Shareholders voted in favour of all items of business, including fixing the number of directors at four and the re-election of each of the director nominees: N. Eric Fier, Haytham Hodaly, Graham Thody, and Ioannis Tsitos. In addition, shareholders voted and re-appointed Davidson & Company LLP, Chartered Professional Accountants, as auditor of the Company and approved the Company's "rolling 10%" Stock Option Plan. At the Board of Directors meeting following the AGM, the Board re-appointed Mr. Fier as Executive Chairman of the Board and Chief Operating Officer, Mr. Tsitos as President, Nicholas Campbell as Chief Financial Officer, Bernard Poznanski as Corporate Secretary, and Mr. Thody as Lead director.
- The Company's next AGM will be held on May 30, 2019 and items of business to be voted on, which are similar to the 2018 AGM, are available on the Goldsource website www.goldsourcemines.com, or under the Company's SEDAR profile on www.sedar.com.

3. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Selected Annual Information

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

	2018	2017	2016
Loss and comprehensive loss for the year [(1)]	$ (3,710,462)	$ (3,657,611)	$ (4,895,742)
Loss per share - basic and diluted	$ (0.02)	$ (0.02)	$ (0.04)
Total assets [(2)]	$ 10,933,947	$ 11,586,766	$ 12,248,276

(1) Loss and comprehensive loss decreased significantly in 2017 from 2016 as the Company incurred $3.7 million in expenditures on Eagle Mountain in 2016 (excluding plant and equipment construction costs and purchases).
(2) Decrease in total assets over the years shown above is primarily due to the reduction of property, plant and equipment as the Company recorded depreciation.

Comparison of the Twelve Months Ended December 31, 2018 to December 31, 2017

The net loss and comprehensive loss was $3,710,462 for 2018, compared to $3,657,611 for 2017. The principal differences and significant amounts to note are as follows:

- Exploration and evaluation expenditures at Eagle Mountain increased to $2,845,994 (2017 – $2,400,045) during 2018 due to an overall increase in activity and headcount at Eagle Mountain. During 2018, assays increased by $145,614, depreciation increased by $43,795 and drilling increased by $111,933. These increases were offset by a decrease in operations and general of $25,722. Costs in 2018 were offset by sales of gold by $89 (2017 – $101,170).
- Rent and communications decreased to $59,672 (2017 – $85,281) during 2018 as the Company and SilverCrest Metals Inc. ("SilverCrest"), a company with common directors and officers, agreed to amend its operating lease agreement during 2017 to change the allocation of shared rent.

- The Company granted 1,800,000 (2017 – 3,025,000) incentive stock options during 2018, with a weighted average fair value per option granted of $0.07 (2017 – $0.09) for total value of $131,675 (2017 – $257,702). During 2018, the Company recognized share-based compensation of $131,537, for the vested portion of options granted during the year, of which $115,330 was expensed and $16,207 was considered exploration expenditures. The Company also recognized share-based compensation expense of $1,093 for the vested portion of options previously granted. In comparison, during 2017, the Company recognized share-based compensation of $256,609, for the vested portion of options granted during the year, of which $228,088 was expensed and $28,521 was considered exploration expenditures. The Company also recognized share-based compensation of $187 for the vested portion of options previously granted of which $76 was expensed and $111 was considered exploration expenditures.
- Shareholder and investor relations decreased to $46,860 (2017 – $88,774) during 2018 as the Company did not renew certain investor relations service contracts.
- Tradeshow and travel decreased to $27,315 (2017 – $72,689) during 2018 as the Company attended less trade shows.
- Disposal of property, plant and equipment decreased to $Nil (2017 – $122,590) during 2018 as the Company had no disposals during 2018, but sold back some equipment to a vendor and disposed of some non-functioning components of the processing plant during 2017.

Summary of Quarterly Results

	Q4 December 31, 2018	Q3 September 30, 2018	Q2 June 30, 2018	Q1 March 31, 2018	Q4 December 31, 2017	Q3 September 30, 2017	Q2 June 30, 2017	Q1 March 31, 2017
Comprehensive loss for the period	(877,518)	(917,637)	(936,985)	(978,322)	(861,438)	(845,437)	(921,245)	(1,029,491)
Loss per share - basic and diluted	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)

Comprehensive loss increased during Q1, 2018, but then gradually increased per quarter during 2018 primarily due to overall increase in activity and headcount at Eagle Mountain and head office.

Fourth Quarter Changes

The net loss and comprehensive loss was $877,518 for Q4, 2018, compared to $861,438 for Q4, 2017. The principal differences and significant amounts to note are as follows:

- Exploration and evaluation expenditures at Eagle Mountain increased to $708,167 (Q4, 2017 – $586,207) during Q4, 2018. Overall, during Q4, 2018, the Company had more equipment in use and more contractors and personnel on site when compared to Q4, 2017.
- During Q4, 2018, the Company had a realized loss on the sale of marketable securities of $Nil (Q4, 2017 – $35,490). The Company did not sell any marketable securities in Q4, 2018, but did sell some marketable securities during Q4, 2017.
- During Q4, 2018, foreign exchange gain decreased to $14,243 (Q4, 2017 – $78,678). This was due to a change in foreign currency rates and the amount of foreign currency denominated balances held by the Company.

4. LIQUIDITY AND CAPITAL RESOURCES

Assets

At December 31, 2018, Goldsource held cash and cash equivalents of $398,144 (2017 – $268,849). Goldsource continues to monitor cash resources against anticipated expenditures associated with advancing Eagle Mountain.

The Company has a deposit of $265,610 (US$194,540) which is pledged as a reclamation site bond in the form of a non-interest bearing bank guarantee deposit to the Guyana Geology and Mines Commission for exploration permits on the Property.

Property, plant and equipment decreased to $3,464,341 (2017 – $4,330,903). The decrease was primarily due to depreciation of $918,753 (2017 – $859,906), and was offset by equipment purchases which included additional equipment for the portable sonic drill rig totalling $40,531. In comparison, during 2017, the Company disposed of an excavator of $50,523 and electrical panel of 120,903, which were offset by purchases which included the Krebs cyclone, Marok pump, and other equipment (including two drills) totalling $298,697.

Liabilities

At December 31, 2018, current liabilities include accounts payable and accrued liabilities of $327,600 (2017 – $352,018), which relate to various contractual commitments in the normal course of business, and loans payable of $Nil (2017 – $100,000).

As at December 31, 2018, the Company recorded rehabilitation provision of $410,709 (2017 – $380,712), which was also included in property, plant and equipment. The present value of rehabilitation provision, using an effective discount rate of 5% (2017 – 5%), is currently estimated at $410,709 (US$271,330) (2017 – $380,712 (US$262,515)), reflecting anticipated cash flows to be incurred over approximately the next four years. The undiscounted value of these obligations is $419,899 (US$325,000) (2017 – $410,828 (US$318,000)), calculated using a long-term inflation rate assumption of 2.2% (2017 – 2.1%).

Liquidity Outlook and Risks

As at December 31, 2018, the Company had cash of $398,144 (2017 – $268,849), accumulated losses of $51.3 million (2017 – $47.9 million) and working capital of $172,060 (2017 – deficiency of $62,814). Subsequent to December 31, 2018, the Company received gross proceeds of $8.8 million upon the closing of two private placements and plans to use the proceeds from the private placements as outlined in "2. Highlights – Financing". The Company will not require additional funds to maintain its operations and meet its working capital requirements for the next twelve months.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets which are revised periodically based on the results of its exploration and development programs, availability of financing and industry conditions. The Company's ability to continue as a going concern is dependent on its ability to raise debt or equity financing, profitably operate Eagle Mountain and discover additional economically viable mineral deposits. Although the Company has been successful in raising funds to date, there is no assurance that future equity capital or debt facilities will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all.

5. 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 2018, or which may have a material effect going forward.

On October 1, 2015, as amended May 7, 2018, the Company entered into an operating lease agreement for office space which requires the Company to make future lease payments as follows:

		2018		2017
Lease payments				
Within one year	$	60,395	$	32,035
Later than one year but not later than five years		216,414		-
Later than five years		-		-
Total	$	276,809	$	32,035
Sub-Lease payments				
Future minimum lease payments to be received in relation to non-cancellable sub-leases of operating leases	$	28,037	$	125

The Company has paid a deposit of $36,053 (2017 – $46,576) toward this commitment.

6. CONTINGENCIES

Eagle Mountain

On March 6, 2014, the Company executed an Amendment Agreement with Omai Gold Mines Ltd. ("OGML"), a subsidiary of IAMGOLD Corporation with respect to the Property. The summary of amending terms includes:

I. Goldsource will issue to OGML 3,389,279 common shares (issued);

II. Goldsource shall pay OGML, US$3,025,501 ("Initial Payment") in cash or, at Goldsource's option, in common shares of Goldsource, at a price per share equal to a five percent (5%) discount to the Volume Weighted Average Price ("VWAP") of Goldsource's common shares for the 20 trading days prior to issuance, upon the earliest to occur of the following:

a. If average market price of gold is US$1,400 per ounce or higher upon achieving total production of 40,000 ounces of gold, then the Initial Payment is due 90 days after 40,000 ounces have been produced; otherwise, payment is to be made 90 days after 50,000 ounces have been produced from Eagle Mountain;
b. 90 days after having completed one year of gold production under a large scale Mining License issued by the Guyana Geology and Mines Commission("GGMC"); and
c. Five days after the date on which the 20-day VWAP of Goldsource exceeds $0.75 per share.

III. Goldsource shall pay OGML, an additional US$5,000,000 ("Final Payment") in cash or, at Goldsource's option, US$2,500,000 cash and US$2,500,000 in common shares of Goldsource, at a price per share equal to a five percent (5%) discount to the 20-day VWAP of Goldsource's common shares. The Final Payment shall be made one year after the earlier to occur of the following:
a. The payment set out in II a above has been made,; and
b. One year of gold production having been completed under a large scale Mining License issued by the GGMC.

The Company pledged a $265,610 (US$194,540) (2017 – $244,575 (US$194,540)) reclamation site bond, in the form of a non-interest bearing bank guaranteed deposit, to the Guyana Geology and Mines Commission for exploration permits on the Property.

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

Border Coal Project

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

Para Resources Inc.

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

7. RELATED PARTY TRANSACTIONS

During 2018, the Company entered into the following transactions with related parties:

Legal fees

Legal fees of $43,979 (2017 – $28,715), included in professional fees, legal fees of $737 (2017 – $Nil), capitalized as acquisition costs, and capital stock issuance costs of $56,473 (2017 – $45,396) were paid or accrued to Koffman Kalef LLP, a law firm of which an officer of the Company is a partner, of which $35,003 (2017 – $12,782) was payable at December 31, 2018.

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, COO, and Chief Financial Officer ("CFO"). Key management personnel compensation is summarized as follows:

		2018		2017
Management remuneration[(1)]	$	222,375	$	205,521
Share-based compensation[(2)]		92,778		186,428
	$	315,153	$	391,949

(1) During 2018, the Company paid management fees to companies controlled by the COO and the President of the Company, and paid remuneration and short-term benefits to the CFO. During 2017, the Company paid management fees to companies controlled by the

CFO and the President of the Company. As at December 31, 2018, $10,500 of management fees were owing to a company controlled by the COO and $8,360 of reimbursable expenses were owing to the President of the Company. These amounts are included in accounts payable and accrued liabilities.

(2) Share-based compensation is the fair value of the vested portion of stock options that have been granted to directors and officers of the Company.

Other transactions

The Company paid remuneration of $2,625 (2017 – $28,696) and recognized share-based compensation of $4,862 (2017 – $6,778) to an employee (Nathan Fier), who is an immediate family member of the COO. Remuneration and share-based payments incurred to this employee were 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, Graham Thody, and Nicholas Campbell), whereby the Company shares salaries, administrative services, and other expenses. During 2018, the Company was allocated $138,541 (2017 – $176,174) for its share of these expenses, of which $79,105 (2017 – $61,104) was payable to SilverCrest at December 31, 2018.

During 2017, the Company incurred interest costs of $22,443 on, and fully repaid, the Loan with Mitan Holdings Ltd., a company controlled by a former director of the Company (Steve Simpson).

During 2017, the Company obtained a promissory note from a company controlled by the Company's COO. The loan was repaid during 2018.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, marketable securities, deposits and accounts payable. The carrying value of accounts payable approximates the fair value due to the short periods until settlement. The Company's cash and cash equivalents and marketable securities are measured using level 1 inputs. The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, foreign currency risk, credit risk, interest rate risk and market risk. Please refer to Note 15 of the audited consolidated financial statements for the year ended December 31, 2018. Where material, these risks are reviewed and monitored by the Board of Directors.

9. NEW STANDARDS NOT YET ADOPTED

The Company plans to apply IFRS 16 effective January 1, 2019 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize lease obligations related to its lease commitments for its office lease. It will be measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at January 1, 2019. The associated right of use asset will be measured at the lease obligation amount, less prepaid lease payments, resulting in no adjustment to the opening balance of retained earnings. The Company intends to apply the following practical expedients permitted under the new standard:

- leases of low dollar value will continue to be expensed as incurred; and
- the Company will not apply any grandfathering practical expedients.

As at January 1, 2019 the Company expects to recognize approximately $178,000 in right-of-use assets and $178,000 of incremental lease obligations.

10. OUTSTANDING SHARE CAPITAL

As of April 24, 2019, the Company had the following common shares, share purchase warrants and options issued and outstanding:

Issued & Outstanding Shares:			312,538,310
	$ per share	Expiry	
Warrants:	$0.09 - $0.20	January 18, 2020 – April 11, 2021	104,419,672
Options:	$0.10 - $0.28	October 1, 2020 – January 25, 2024	11,510,000
Fully Diluted			428,467,982

11. RISK FACTORS

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

Risks Inherent in the Mining Business

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

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

No History of Earnings or Production Revenues

The Company has experienced losses from operations and expects to continue to incur losses for the foreseeable future. There can be no assurance that the Company will be profitable in the future. The Company's operating expenses and capital expenditures are likely to increase in future years as needed consultants, personnel and equipment associated with advancing exploration, development and potentially, commercial production of its properties, are added.

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

Licenses and Permits

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

Mineral Resource Estimates

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

Mining Capital and Operating Costs

The capital costs required by the Eagle Mountain Gold Project have been significantly higher than anticipated. Capital and operating costs, production and economic returns, and other estimates contained in the Company's current PEA may also differ significantly from those provided for in future studies and estimates and from management guidance, and there can be no assurance that the Company's actual capital and operating costs will not be substantially higher than currently anticipated. In addition, delays to construction and exploration schedules may negatively impact the net present value and internal rates of return from the Eagle Mountain Gold Project as estimated in the PEA. Similarly, there can be no assurance that rates of production, grades of ore processed, rates of recoveries or mining cash costs estimated in the PEA will not experience fluctuations or differ significantly over the course of actual mining operations at Eagle Mountain.

Additional risks and uncertainties currently not known to the Company or that the Company considers immaterial may also impair the business operations of the Company. If any such risks or uncertainties actually were to occur, the Company's business, prospects, financial condition and operating results could be materially harmed. While it is not possible to eliminate all of the risks inherent to the mining business, the Company strives to manage these risks, to the greatest extent possible, to ensure that its assets are protected.

Financing Risks

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

Key Employees

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

Environmental Risks and Hazards

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The Company believes it is currently in compliance in all material respects with all applicable environmental laws and regulations. There is no assurance that any future changes in environmental regulation, will not adversely affect the Company's operations or affect the mineral resource estimates of the Eagle Mountain Gold Project. The costs of compliance with changes in environmental regulations have the potential to reduce the profitability of future operations.

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

As at December 31, 2018, the Company pledged a US$194,540 ($265,610) reclamation site bond, in the form of a non-interest bearing bank guaranteed deposit, to the Guyana Geology and Mines Commission for exploration permits on the Eagle Mountain Gold Project.