



**MANAGEMENT DISCUSSION & ANALYSIS
FORM 51-102F1**

**SEPTEMBER 30, 2008
THIRD QUARTER**

INTRODUCTION

This discussion and analysis of operations and financial position is prepared as of November 24, 2008 and should be read in conjunction with the financial statements for the nine months ended September 30, 2008 of Goldsource Mines Inc. (the "Company") Those financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). All dollar figures included therein and in the following discussion and analysis ("MD&A") are quoted in Canadian dollars, unless specifically noted. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. It should be read in conjunction with all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com and the Company's website at www.goldsourcemines.com. The Company is listed on the TSX Venture Exchange with the trading symbol **GXS**.

OVERALL PERFORMANCE

The Company's recent discovery of a major, good quality coal seam in east-central Saskatchewan has resulted in the shift in emphasis from exploration for diamondiferous kimberlites to exploration and development of this new coal discovery. Extensive drilling for kimberlites on the Company's Big River, Sturgeon Lake and Cross Roads projects did not result in the identification of any kimberlite and these land positions have been allowed to expire. The Company has focussed its efforts on the delineation of the Durango Coal Seam identified on the Border Property.

High-lights for the reporting period are as follows:

- In August, the Company completed 9 HQ core holes at the Border Project in eastern Saskatchewan and intersected several horizons containing the Durango Coal Seam.
- Five of the holes, including re-drilling of the discovery holes intercepted thicknesses of coal ranging from 8.8 metres to 22.6 metres plus broader horizons of mixed coal and mudstones. Three holes intercepted varying intervals of high ash, carbonaceous materials and one hole did not encounter anything of interest.
- Approximately 213 samples were submitted to Loring Labs in Calgary for analyses.
- Significant reductions of mineral claim holdings were made at Sturgeon Lake, Cowan Lake and Crossroads.
- Permitting for a major winter drill program at Border was commenced. Initial plans call for approximately 50 drill holes to further define the Durango Seam in the discovery area in order to prepare a resource estimation and to test other potential coal occurrences within the larger permit areas.
- Write-off of \$4,766,527 in mineral property expenditures related to diamond exploration in Saskatchewan.
- On October 9, 2008 Mr. Eric Friedland was appointed to the Board of Directors.

The proposed business objectives of the Company involve a high degree of risk and there is no assurance that future acquisitions or participations will be identified. Moreover, if potential acquisitions or participations are identified, the Company may determine that the current market, pricing conditions or terms of participation may make the acquisition or participation unattractive. The Company will be in competition with others with greater resources. The Company may find that, even if the terms of the acquisition or participation are reasonable, additional funds may be required to complete the acquisition or participation, and the Company may not be able to obtain financing on the terms acceptable to the Company, or at all. Where an acquisition or participation is financed by the issuance of shares from the treasury, control of the Company may change and shareholders may suffer dilution to their investment.

LIQUIDITY AND CAPITAL RESOURCES

On June 27, 2008 the Company issued 1,532,000 common shares for gross proceeds of \$18,001,000 pursuant to a brokered private placement. The Company realized \$16,880,952 after cash share issuance costs. The Company also issued 91,920 compensation warrants, at an exercise price of \$13.80 until June 27, 2009, to the agent of the brokered private placement.

During the nine months ended September 30, 2008 the Company incurred \$4,509,016 of mineral property expenditures on a cash basis compared to \$204,831 in the comparative period. A total of \$4,252,752 was advanced to the Province of Manitoba as deposits for quarry permit applications, of which \$3,200,000 is expected to be refunded in the near term and the balance of \$1,052,752 will be refundable upon the completion of a qualifying work program. In addition the Company advanced \$500,000 on a drilling contract of which \$96,625 has been recovered to-date.

The Company incurred a net loss of \$4,436,402 for the nine months ended September 30, 2008 compared to a net loss of \$103,705 in the comparative period. The Company 's working capital as of September 30, 2008 was \$15,056,588 which is more than adequate to fund the exploration programs planned for the ensuing year.

As a mineral exploration company the Company is reliant upon equity financings to fund its exploration activities. However, there can be no assurance that the Company will be successful in obtaining additional future financing.

	September 30, 2008	September 30, 2007
	\$	\$
Cash and cash equivalents	120,796	37,940
Short-term investments	12,097,574	3,863,733
Working capital	15,056,588	3,866,594

FINANCIAL SUMMARY

For the three months ended September 30, 2008 the Company had a net and comprehensive loss of \$4,076,084 (YTD - \$4,436,402) (2007 -\$21,333; 9 months \$103,705).

The principal differences during the three months ended September 30, 2008 compared to the same period of 2007 were:

- Professional fees of \$53,083 (YTD - \$137,678) (2007 - \$11,006; 9 months - \$44,979) due to increased activity related to projects, financing, contractual matters and the shareholders rights plan.
- Stock-based compensation of \$74,125 (YTD - \$293,625) (2007 - \$Nil; 9 months - \$9,375) related to the vesting of portions of 555,000 stock options granted on April 23, 2008 and 100,000 stock options granted on June 2, 2008.
- Interest income of \$107,027 (YTD - \$172,054) (2007 - \$39,236; 9 months - \$120,903) due to increased funds on deposit during the period.
- Write-off of mineral property expenditures of \$4,766,527 (YTD - \$4,766,527) (2007 - \$Nil; 9 months - \$Nil) related to the Big River and Crossroads mineral properties due to a lack of results from exploration efforts.
- Future tax recovery of \$643,316 (YTD - \$643,316) (2007 - \$Nil; 9 months - \$Nil) as a result of writing off related mineral property expenditures in the third quarter.

GOLDSOURCE MINES INC.
MANAGEMENT DISCUSSION AND ANALYSIS

For the three month period ended September 30, 2008

TSX.V:GXS

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, short term investments, amounts receivable, accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair market value of these financial instruments, approximate their carrying values unless otherwise noted.

SUMMARY OF QUARTERLY RESULTS

Period	Revenue (\$)	Net Income (Loss) (\$)	Net Loss per Share (\$)
September 30, 2008	-	(4,076,084)	(0.22)
June 30, 2008	-	(319,418)	(0.02)
March 31, 2008	-	(40,900)	(0.00)
December 31, 2007	-	3,439	0.00
September 30, 2007	-	(21,333)	(0.01)
June 30, 2007	-	(51,117)	(0.00)
March 31, 2007	-	(31,255)	(0.00)
December 31, 2006	-	19,403	0.00

The net loss per share is calculated on a weighted average, basic and fully diluted basis. The net loss for the quarter ended June 30, 2008 is due primarily to stock-based compensation expense of \$219,500 which was revised pursuant to Note 6 of the financial statements and the net loss for the quarter ended September 30, 2008 is due primarily to the write-off of mineral property expenditures of \$4,596,930.

SHARE CAPITAL

Authorized

Unlimited number of common shares without nominal or par value

Unlimited Class "A" preference shares without nominal or par value (none outstanding)

Unlimited Class "B" preference shares without nominal or par value (none outstanding)

Issued and fully paid - common shares	Share Capital		Contributed Surplus
	Number	Amount	Amount
December 31, 2006	17,648,181	\$ 8,901,524	\$ 4,769,924
Issued pursuant to acquisition of Mineral Properties	50,000	16,500	-
Stock-based compensation	-	-	9,375
December 31, 2007	17,698,181	8,918,024	4,779,299
Issuance pursuant to acquisition of Mineral Properties	75,000	12,750	-
Issuance pursuant to exercise of stock options	6,500	9,490	(3,640)
Issuance pursuant to private placement	1,532,000	18,001,000	-
Share issuance costs	-	(2,104,295)	961,483
Stock-based compensation	-	-	293,625
September 30, 2008	19,311,681	\$ 24,836,969	\$ 6,030,767

GOLDSOURCE MINES INC.
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SHARE CAPITAL (continued)

Stock options

At September 30, 2008, stock options were outstanding, enabling holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
300,000	\$0.35	July 08, 2009
100,000	\$0.30	December 08, 2009
793,500	\$0.90	December 23, 2010
555,000	\$0.38	April 23, 2013
100,000	\$6.45	June 02, 2103

1,848,500

1,571,000 currently exercisable

Warrants

At September 30, 2008 share purchase warrants were outstanding enabling holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
91,920	\$13.80	June 27, 2009

Fully Diluted Share Capital, as of the date of this report

Common shares issued	19,311,681
Stock options outstanding	1,948,500
Warrants outstanding	91,920
	<u>21,352,101</u>

OFF-BALANCE SHEET ARRANGEMENTS

At September 30, 2008 the Company had no off-balance sheet arrangements, such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instrument obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

RELATED PARTY TRANSACTIONS

During the three month period ended September 30, 2008, the Company paid fees of \$22,500 (YTD – \$67,500) (2007 - \$22,500; 9 months - \$67,500) respectively for management services to a Company, which is wholly owned and controlled by a Director and Officer of the Company.

PROPOSED TRANSACTIONS

In the normal course of business, the Company evaluates property acquisition transactions and, in some cases, makes proposals to acquire such properties. These proposals, which are usually subject to Board, regulatory and, sometimes, shareholder approvals, may involve future payments, share issuances and property work commitments. These future obligations are usually contingent in nature and generally the Company is only required to incur the obligation if it wishes to continue with the transaction. As of this date, the Company has a number of possible transactions that it is examining. Management is uncertain whether any of these proposals will ultimately be completed.

INVESTOR RELATIONS ACTIVITIES

During the period Company personnel performed all investor relations services.

APPOINTMENT OF DIRECTOR

On October 9, 2008 the Company announced the appointment of Mr. Eric Frieland as a director of the Company. Mr. Friedland has over 25 years of experience in mineral exploration and development and mining as well as mining finance and is currently the Chairman and CEO of Peregrine Diamonds Ltd. (TSX-PGD). Previously Mr. Friedland was the President and Director of Fairbanks Gold Ltd. and played a primary role in the creation, development and financing of the Fort Knox gold discovery in Alaska and the subsequent sale of Fairbanks Gold to Amax Gold Corp. He was formerly CEO and Director of Carson Gold Corp., which explored and developed gold mining assets in Venezuela and subsequently became DiamondWorks Ltd., which under Mr. Friedland's direction developed two producing diamond mines in Angola and re-opened the Koidu Diamond Mine in Sierra Leone. Mr. Friedland was also a Director of Ivanhoe Mines Ltd. (TSX-IVN, NYSE-IVN) from Ivanhoe's inception to its world-class copper-gold discovery in Mongolia called Oyu Tolgoi. Mr. Friedland has a B.Sc. degree in Geophysics with a minor in Geology from the Colorado School of Mines.

On October 9, 2008 the Company granted stock options ("Options") to Mr. Friedland for the purchase of 100,000 common shares of the Company for a term of 5 years at an exercise price of \$2.20 per share. The options will vest as to 25% on granting and 25% at the end of six, twelve and eighteen months from the date of grant. All shares issuable pursuant to the exercise of the Options are subject to a four-month hold period commencing from the date the Options were granted. In addition, certain of the options granted exceed the 10% limit imposed by the Company's rolling stock plan and will not be exercisable until such time as the common shares related to such options together with the common shares reserved under the plan do not in aggregate constitute more than 10% of the common shares of the Company at the time of purchase or exercise.

RESULTS OF OPERATIONS

(a) Big River Property, Saskatchewan

On October 25, 2005 the Company finalized an agreement with BEC International Corporation ("BEC") of Saskatoon, Saskatchewan to acquire a 90% interest in two blocks of mineral claims in the Big River Area of Saskatchewan (the "Property"). A detailed technical report (NI 43-101 compliant) supporting the acquisition, was prepared by independent Qualified Persons and is filed on SEDAR.

Historic Activities

Early in 2006, the Company engaged Fugro Airborne Surveys Corp to carry out a 3,900 line kilometer geotem and magnetic survey over the Sturgeon Lake claim block.

The Company completed 6 drill holes on its Sturgeon Lake claim block. Three holes tested priority geophysical targets that exhibited electro-magnetic resistivity ("EM") signatures somewhat similar to those generally associated with kimberlite pipes in the Fort à la Corne area. Only one minor intercept of kimberlite was encountered in the hole drilled nearest to the Sturgeon Lake occurrence.

The Company flew approximately 3,200 line kilometers in 2007 of Fugro airborne geophysics in the Cowan Lake area of the Big River project. This survey identified 2 high priority geophysical anomalies as well as several second priority targets in the same general area.

Current Activities

Completion of an extensive exploration program did not identify any kimberlites so the Company allowed the mineral claims to lapse and has accordingly written-off all related mineral property expenditures.

RESULTS OF OPERATIONS

(b) Border and Crossroads Properties, Saskatchewan

Historic Activities

In 2007, the Company acquired 100% interest in approximately 148,600 hectares of mineral claims (the Border claim block) in the eastern portion of the province and staked an additional 11,484 hectares to cover a second prospective area (the "Crossroads" claim block). An airborne geophysical survey of approximately 7,750 line kilometers using the Fugro Geotem system was completed covering both the Border and Crossroads areas in 2006. The data was interpreted and several drill targets that were potential kimberlite pipes were identified. In February and March of 2008, the Company drilled four holes at Crossroads and 2 holes at the Border Property. No kimberlites were encountered in the drilling on either property.

Drilling of two core holes on the Border project to test priority geophysical anomalies was completed. No kimberlite was encountered but significant coal intercepts were drilled. The top 22.6 metres of the coal seam appears consistent in both holes with few visible partings (less than 0.1metres). The lower 4.5 to 11.6 metres is mixed coal and sandy/silty partings. The stratigraphy over-lying (glacial till and mudstones) the top of the seam is also consistent between drill holes and there is only about 1.6 metres difference in the elevations of the tops of the seam although the holes are 1.64 kilometres apart. The depth from surface to the top of coal seam is approximately 80 metres. It is initially assumed that the coal seam is the same in both holes and although the deposit appears to be of low complexity as defined by Paper 88-21 of the Geological Survey of Canada for the standardized reporting of coal reserves and resources in Canada, additional drilling will be needed to confirm this.

Forty seven coal samples were submitted to Loring Labs in Calgary from the two coal intercepts. On the basis of proximate analyses, most of the coal from the two intercepts is ranked, in accordance with standard ASTM-D388, as **High Volatile Bituminous C and Sub-Bituminous A**. The Company believes that the coal encountered in the drill holes is from the Mannville/Swan River Group of Cretaceous age. The coal is black and moderately hard and the 47 samples have been ranked according to ASTM - D388 as follows; High volatile bituminous B (1); High volatile bituminous C (21) Sub-bituminous A (20); Sub-bituminous B (4); Sub-bituminous C (1). Overall, the initial proximate analyses for the 22.6 metres of continuous coal in each hole show a range of Calorific Values (dry basis) of 18,900 to 23,150 Kj/Kg (8,100 to 10,000 BTU/lb) with an average of approximately 21,000 Kj/Kg (9,200 BTU/lb). The initial sulfur content ranges from 0.25 to 3.84% with an average around 1.5%. Coal intervals with partings located below the continuous coal seam intercepts have widths of 4.6 and 10.0 metres respectively. These lower intervals have Calorific Values of 13,700 Kj/Kg (5,900 BTU/lb) and 10,400 Kj/Kg (4,400 BTU/lb).

In response to its applications, the Company received 180 coal permits for approximately 128,352 hectares covering the area of interest issued in accordance with the Coal Disposition Act of Saskatchewan.

Current Activities at Crossroads Property

Upon completion of an exploration program the Company abandoned the Crossroads mineral properties and has accordingly written-off all related mineral property expenditures.

RESULTS OF OPERATIONS

(b) Border Properties, Saskatchewan

Current Activities at Border Property

In August, the Company completed 9 HQ core holes at the Border Project in eastern Saskatchewan and intersected several horizons containing the Durango Coal Seam. Five of the holes, including re-drilling of the discovery holes intercepted thicknesses of coal ranging from 8.8 metres to 22.6 metres plus broader horizons of mixed coal and mudstones. Three holes intercepted varying intervals of high ash, carbonaceous materials and one hole did not encounter anything of interest. Approximately 213 samples were submitted to Loring Labs in Calgary for analyses.

The initial lab results have confirmed the quality and ranking established by the results from original discovery holes. Details of the program and initial drill results have been reported in press releases dated July 14, July 21, July 28, August 5 and August 19, 2008. Approximately 213 core samples were sent to Loring Labs in Calgary, Alberta for proximate and ultimate analysis. Detailed data on coal quality has been received and was reported in a press release dated November 11, 2008..

Permitting for a major winter drill program at Border was commenced. Initial plans call for approximately 50 drill holes to further define the Durango Seam in the discovery area for a resource estimation and to test other potential coal occurrences within the larger permit areas.

The Company has made also application for an additional 252 coal permits (approximately 189,632 hectares) in Saskatchewan to the northwest of its current holdings at the Border Project. The Company is still awaiting issuance of these coal permits. The Company has also applied for quarry permits to cover prospective coal deposits in three areas in Manitoba which required deposits totalling \$4,252,752. Subsequent to the initial applications but prior to the issuance of the quarry permits, the Company re-configured and reduced the number of hectares applied for such that \$3,200,000 of the initial deposits will be refunded. The remaining Manitoba quarry deposit of \$1,052,752 is refundable upon completion of a qualifying work program.

Due to the additional lands acquired through coal disposition applications the estimated budget for exploration work on all coal properties for 2008 will be approximately \$5 million. This budget is subject to management discretion and may change substantially depending upon ongoing results and the success on each of the programs undertaken. The exploration expenditures are subject to receipt of additional permits in Saskatchewan and Manitoba as well as exploration work program approvals.

INDUSTRY AND ECONOMIC FACTORS AFFECTING PERFORMANCE

Certain factors affect the Company's ability to finance and to carry on normal business. These include commodities prices, competition amongst exploration firms for attractive mineral properties, the interest of investors in providing high-risk equity capital to exploration companies, and the availability of qualified staff and drilling equipment to conduct exploration. For the Company, which is focused on exploration and development of natural resources, the availability of equity funds is a very important factor.

RISKS AND UNCERTAINTIES

Mineral exploration and development involves a high degree of risk and few properties are ultimately developed into producing mines. Should any resource be defined on the Company's properties there can be no assurance that the mineral resources can be commercially mined or that processing will produce economically viable, saleable products.

Future operations, if any, of the Company, including development activities and commencement of production on its properties, will require permits from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

RISKS AND UNCERTAINTIES (continued)

Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the construction of any mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A and elsewhere constitute forward-looking statements. 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 materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made.

ADOPTION OF NEW ACCOUNTING STANDARDS

Effective January 1, 2008 the Company adopted the following accounting standards updates issued by the Canadian Institute of Chartered Accountants ("CICA").

(i) Assessing Going Concern (Section 1400)

The Accounting Standards Board (AcSB) amended the Section 1400, to include requirements for management to assess an entity's ability to continue as a going concern and to disclose material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern. The adoption of this standard did not have an impact on our financial statements.

(ii) Capital Disclosures (Section 1535)

This new pronouncement establishes standards for disclosing information about an entity's capital and how it is managed. Section 1535 also requires the disclosure of any externally-imposed capital requirements, whether the entity has complied with them, and if not, the consequences.

(iii) Financial Instruments – Disclosure (Sections 3862) and Presentation (Section 3863)

These new standards considers 1) how the term "routinely denominated" in Section 3855.A34(d) should be interpreted, and 2) what factors can be used to determine whether a contract for the purchase or sale of a non-financial item such as a commodity is routinely denominated in a particular currency in commercial transactions around the world. The adoption of this standard did not have an impact in our financial statements

ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

Effective January 1, 2009, the Company is required to adopt the following accounting standards updates issued by the CICA:

(iv) Goodwill and intangible assets (Section 3064)

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Other Intangible Assets". This new standards provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the adoption of this standard, EIC 27, "Revenue and Expenditures in the Pre-operating Period", will be withdrawn. We are currently assessing the impact of this new accounting standard on our consolidated financial statements.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

DISCLAIMER

This document contains forward-looking statements, which address future events and conditions, which are subject to various risks and uncertainties. The Company's actual results, programs and financial position could differ materially from those anticipated in such forward-looking statements as a result of numerous factors, some of which may be beyond the Company's control. These factors include: 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 and reserve estimations, receipt and security of coal permits and mineral property titles; project cost overruns or unanticipated costs and expenses, fluctuations in product prices; currency fluctuations; 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, undue reliance should not be placed on forward-looking statements.

The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. It should be read in conjunction and in context with all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented.

Certain data included in this document may be historical in nature and as such may not conform to the requirements of NI- 43-101, may not have been verified by the Company's qualified person and therefore should not be relied upon.