



GOLDSOURCE MINES INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2021

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 months and year ended December 31, 2021. The MD&A should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2021 and 2020 and the related notes contained therein 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 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 April 25, 2022. This MD&A contains forward looking information.

All amounts are in Canadian dollars unless noted.

CAUTIONARY STATEMENT AND DISCLAIMER

This MD&A contains "forward-looking statements" within the meaning of Canadian securities legislation. Such forward-looking statements involve a number of known and unknown risks, uncertainties, potential time delays and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. In particular, the MD&A contains forward-looking statements pertaining to the following: exploration and drilling programs at the Eagle Mountain Project ("Project"), including the Eagle Mountain and Salbora deposits and exploration prospects; information regarding high-grade areas projected from sampling results; the impact of the novel coronavirus ("COVID-19") pandemic on the timing and completion of exploration programs, technical reports and studies, including but not limited to, the Company's National Instrument 43-101 ("NI 43-101") Technical Report for the mineral resource update announced on April 7, 2022 and Pre-Feasibility Study ("PFS") contemplating a low strip ratio open pit mining operation; information with respect to projected capital and operating costs, the amount of future production of gold over any period, the amount of expected grades and ounces of metals, gold recoveries, mine life, and gold production rates for the Project; and expectations regarding the Company's ability to manage capital resources and meet working capital requirements.

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. Assumptions have been made regarding, among other things: the conditions of general economic and financial markets; precious metals prices; the ability to realize technical studies and develop and finance the project; the accuracy of the interpretations and assumptions used in calculating Inferred Mineral Resource estimates; the availability of mining equipment and skilled labour; the timing and amount of capital expenditures; the performance of available laboratory and other related services; effects of regulation by governmental agencies; future operating costs; and the impact of the COVID-19 pandemic.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A: the availability of funds; the timing and content of work programs; results of exploration activities and development of mineral properties; the interpretation of drilling results and other geological data; the uncertainties of resource estimations; the receipt, maintenance and security of permits and mineral property titles; environmental and other regulatory risks; project cost overruns or unanticipated costs and expenses; uncertainty as to actual capital costs, operating costs, production and economic returns; uncertainty that development will result in a profitable mining operation for the Project; operating and hazards risks and limitations on insurance; fluctuations in precious metals prices; currency fluctuations; political and economic risks; and public health concerns (including health epidemics or outbreaks of communicable diseases such as the COVID-19 pandemic); and general market and industry conditions.

Forward-looking statements are based on the expectations and opinions of the Company's management on the date the statements are made. The assumptions used in the preparation of such statements, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made. The Company undertakes no obligation to update or revise any forward-looking statements included in this 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, and Executive Chairman for Goldsource, who is a 'Qualified Person' for the purpose of NI 43-101.

Table of Contents

1.	OVERVIEW	4
2.	HIGHLIGHTS	5
3.	RESULTS OF OPERATIONS AND FINANCIAL CONDITION.....	10
4.	LIQUIDITY AND CAPITAL RESOURCES	13
5.	COMMITMENT, EVENTS AND UNCERTAINTIES	14
6.	CONTINGENCIES	14
7.	RELATED PARTY TRANSACTIONS	15
8.	FINANCIAL INSTRUMENTS AND RISK MANAGEMENT	16
9.	OUTSTANDING SHARE CAPITAL.....	16
10.	RISK FACTORS	16

1. OVERVIEW

Goldsources is a Canadian resource company engaged in exploration activities. It is headquartered in Vancouver, BC, and its common shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "GXS" and on the OTCQB under the symbol "GXSFF".

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

On February 22, 2021, Goldsource announced a Mineral Resource estimate ("2021 MRE"), with the result exceeding the top end of the objective range, which since 2019 was set at between 1.3 and 1.6 million ounces ("oz") of gold (or "Au") contained in all categories. The 2021 MRE comprised an estimated 23 million tonnes ("Mt") grading 1.14 gpt for 848,000 oz gold contained in Indicated Resources and 25 Mt grading 1.09 gpt for 868,000 oz gold contained in Inferred Resources. The 2021 MRE included the Eagle Mountain and Salbora deposits, both of which feature gold mineralization starting at surface in saprolite (soft rock, meaning the weathered, oxidized layer) and extending into the underlying fresh rock. The 2021 MRE was estimated at 0.30 gpt gold cut-off grade for saprolite and 0.50 gpt gold cut-off grade for fresh rock. It was defined by a total of 674 core holes for 57,550 metres drilled, 158 auger drill holes for 532 metres drilled, and included infill and exploration drilling up to November 6, 2020.

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

- 1) Infill drilling of the 2021 MRE to upgrade a significant portion of mineralization classified as Inferred Resource to the Measured and Indicated categories;
- 2) Testing for lateral extensions of the sub-horizontal zones of the Eagle Mountain deposit, including in the areas of Baboon, Bacchus, No.1 Hill and Ounce Hill, and to the north, west and southwest outside of the 2021 MRE;
- 3) Follow-up exploration of several target areas along the prospective Salbora-Powis trend, such as the Toucan, Powis, Ann and Montgomery prospects where the potential exists for Salbora-style mineralization;
- 4) In early 2022, provide a further update to the Mineral Resource estimate ("2022 MRE Update") using the 2021 exploration data; and
- 5) Pursue potential geological, geophysical and other geoscientific studies and analyses that will assist the Company to prioritize target areas near the Company's EMPL.

On April 7, 2022, the Company released the 2022 MRE Update. The result, detailed in Section 2 – Eagle Mountain Project Activities - 2022, will be used as a basis for a PFS focusing on establishing shallow, low strip open-pit mineable mineral reserves. Opportunities for a phased development plan will be evaluated, specifically with initial and baseline production provided by soft-rock saprolite material followed by an expansion to incorporate the fresh rock mineralization. The PFS is expected to be delivered in H1 2023.

The Company's mineral resources, as defined by the 2022 MRE Update¹ are as follows:

Classification	Tonnes (000 t)	Gold (gpt)	Ounces Au (oz)
Indicated			
Saprolite & Transition	12,400	1.04	417,000
Fresh rock	18,700	1.28	766,000
Total	31,100	1.18	1,183,000

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

Classification	Tonnes (000 t)	Gold (gpt)	Ounces Au (oz)
Inferred			
Saprolite & Transition	6,100	0.71	139,000
Fresh rock	12,300	1.12	443,000
Total	18,400	0.98	582,000

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

2. HIGHLIGHTS

The Company's key events and highlights during the period include the following:

Eagle Mountain Project Activities – 2021

During 2021, the Company incurred \$7.9 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 December 31, 2021, the Company's cumulative exploration and evaluation expenditures, including acquisition costs, on the Eagle Mountain Gold Project totaled \$37.2 million, of which \$30.6 million is related to exploration activities.

During the period from January 1, 2021 to April 25, 2022, the Company completed the following drilling:

	Total Number of Holes	Total DDH Metres Drilled	Number of Announced Holes	DDH Metres Drilled and Announced
2021				
2021 Total	209	25,956	194	22,454
Infill and Expansion Drilling	172	20,176	182	20,550
Exploration Drilling	37	5,780	12	1,904
2022				
2022 Total (to April 25)	48	4,512	20	3,126
Infill and Expansion Drilling	28	1,805	-	-
Exploration Drilling	20	2,707	20	3,126

Drilling

During 2021, the Company completed approximately 25,956 metres of core drilling, the majority of which represents infill and expansion drilling of the Eagle Mountain deposit. Please refer to the Company's news releases dated January 6, 2021, February 8, 2021, March 30, 2021, June 17, 2021, August 12, 2021, October 7, 2021, November 17, 2021, and December 2, 2021.

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

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

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

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

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

On October 7, 2021, the Company announced additional infill and expansion drill results for the Friendly, Bacchus, Bottle Bank, No. 1 Hill, and Baboon areas of the Eagle Mountain deposit. Reported results were for 55 core holes totaling 7,886 metres. At the Friendly, Bacchus and Bottle Bank areas, the Company completed 5,379 metres of infill and expansion drilling. Expansion drilling in the gap between the Friendly and Bacchus areas intersected mineralization in several structures outside of the 2021 MRE outline. Drill hole EME21-129 intersected 27.0 metres grading 3.87 gpt gold starting 51 metres down the hole. At Bottle Bank, infill drilling within the area with Inferred Mineral Resources confirmed elevated gold-grade thicknesses at surface and at depth. Drill hole EME21-115 intersected 9.0 metres grading 1.66 gpt gold, EME21-116 intersected 4.5 metres grading 4.22 gpt gold, and EME21-127 intersected 8.5 metres grading 1.10 gpt gold. The Company completed 2,507 metres of drilling at the No.1 Hill and Baboon areas. Drill hole EMD21-154 in No.1 Hill intersected a high-grade interval of 1.5 metres grading 32.72 gpt gold starting 43.5 metres down the hole. At the Baboon area, expansion drilling confirmed that the mineralized zones extend approximately 250 metres southeast of the 2021 MRE outline, with several thicker intervals at depth, highlighted by drill hole EMM-044A, which intersected 18.0 metres grading 1.46 gpt gold.

On November 17, 2021, the Company announced results for 29 core holes totaling 3,269 metres from the Bacchus, Bottle Bank, No. 1 Hill and Bucket Shaft areas of the Eagle Mountain deposit and 7 core holes totaling 803 metres for the Salbora Deposit. These represent the final set of infill and expansion drill results from the 2021 program. In the No. 1 Hill area, infill hole EMD21-193 intersected 21.0 metres grading 1.32 gpt starting 93 metres down the hole within the Inferred Mineral Resource. Separately, EMD21-193 intersected a broad interval of high-grade gold mineralization in the upper part of the hole. From 6.0 metres down the hole and within saprolite, EMD21-193 intersected 16.5 metres grading 20.04 gpt gold. Expansion drilling in the Bowl area intersected several new sub-horizontal zones at depth in fresh rock. The uppermost zone in expansion hole EMX21-004 intersected 1.5 metres grading 9.69 gpt starting 39.0 metres down the hole.

In the Salbora deposit, drill hole EME21-153 intersected 4.5 metres grading 7.70 gpt gold starting 112.5 metres down the hole and EME21-155 intersected 1.5 metres grading 37.86 gpt gold starting 124.5 metres down the hole.

On December 2, 2021, the Company announced drill results for the Toucan Prospect along the Salbora-Powis trend. Reported results represented 7 core holes totaling 726 metres. The drilling was designed to test the upward projections of the mineralized structures at Toucan and the potential for localized higher grades at the intersection of the primary sub-vertical breccia structures with sub-horizontal shear structures (zones). Drill hole EMD21-197 intersected 58.5 metres grading 4.30 gpt gold from surface, including 4.5 metres grading 26.77 gpt gold starting at a downhole depth of 12.0 metres. Drill hole EMD21-194 intersected 22.5 metres grading 1.89 gpt gold starting at a downhole depth of 58.5 metres. On the west side of the Salbora-Powis trend, drill hole EMD21-196 expanded the mineralized footprint, intersecting 21.0 metres grading 1.13 gpt gold starting at a downhole depth of 25.5 metres.

One of the Company's primary objectives in 2021 was the completion of infill and expansion drilling of the Eagle Mountain and Salbora deposits in preparation for the 2022 MRE Update. This drilling was designed to upgrade a significant portion of near-surface Inferred Mineral Resources to the Indicated category through infill drilling and to test for lateral and depth extensions through expansion drilling. Overall, the program demonstrated that the tenor of mineralization is strongest within the central areas of the Eagle Mountain deposit. Towards the periphery, mostly in areas with Inferred resources or areas outside the 2021 MRE outline, the tenor of mineralization is less due to lower grades and/or thinner zones.

In September, with the majority of the infill and expansion drilling complete for 2021, the program transitioned to more of an exploration focus, testing known geophysical and artisanal mining areas primarily along the Salbora-Powis trend with a 5,000-metre drill program. Based on preliminary success with the Toucan Prospect, and the presence of a number of high priority targets, in Q3, 2021 the Company expanded the scope of the Phase-2 exploration program to approximately 9,000 metres.

Biodiversity

In June 2021, the Company engaged Environmental Management Consultants Inc. of Georgetown, Guyana, to conduct a comprehensive biodiversity study. This entailed dry and wet season surveys of plants and animals. Both the wet and dry season surveys were completed in 2021. The 2021 biodiversity study superseded the study completed in 2013 and will serve to facilitate permitting efforts.

Mineral Resource Estimate

During 2021, the Company engaged CSA Global Consultants Canada Ltd ("CSA Global"), an ERM Group company, to complete the 2022 MRE Update (completed) and the accompanying NI 43-101 technical report (in progress) for the Eagle Mountain Project. CSA Global also prepared the 2021 MRE.

Pre-Feasibility Gap Analysis

In August 2021, the Company engaged CSA Global and Orway Mineral Consultant ("OMC") – Lycopodium Minerals Canada to complete a PFS Gap Analysis. The review focused on information requirements for a NI 43-101 compliant PFS and included components such as metallurgy and plant design, geotechnical studies, hydrogeology/hydrology, infrastructure requirements, mining, tailings disposal, and environmental assessments.

Ann Mining Claim Option Agreement

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 (10 hectares) 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. In 2021, the Company made an option payment of \$24,127 (US\$20,000) pursuant to the agreement terms. The final payment is scheduled as follows:

- i. US\$20,000 upon signing of the agreement (paid);
- ii. US\$20,000 in October 2021 (paid); and
- iii. US\$250,000 upon exercise of the option for the acquisition of the property.

Eagle Mountain Project Activities – 2022

On March 11, 2022, the Company announced drill results for the Soca Prospect area of the Eagle Mountain Prospecting License. Reported results represented 20 core holes totaling 3,126 metres. Drilling to date has intersected mineralization along an estimated 250 metres of strike and down to 170 metres depth, with high-grade gold intervals as well as broader zones of lower grade mineralization. Drill hole EMX21-010 intersected 6.0 meters grading 18.31 gpt gold at 130 metres vertical depth. This included a higher-grade sub-interval of 1.5 metres grading 69.96 gpt gold. Additionally, drill hole EMX21-012 intersected 9.0 meters grading 9.29 gpt gold at 103 metres vertical depth, EME21-167 intersected 21.0 metres grading 3.13 gpt gold at 105 metres vertical depth, EME21-171 intersected 36.0 metres grading 2.12 gpt gold at 77.0 metres vertical depth, and EME21-161 intersected 13.5 metres grading 4.70 gpt gold within a wider zone of 54.0 metres grading 1.31 gpt gold at 55.0 metres vertical depth.

On April 7, 2022, the Company announced the 2022 MRE Update. This reflected the Company's infill and expansion drilling completed in 2021. The 2021 infill drilling program was designed to upgrade a significant portion of 2021 MRE Inferred Resources to the Indicated category. The 2022 MRE Update comprised an estimated 31.1 Mt grading 1.18 gpt gold for 1,183,000 oz of gold in Indicated Resources and 18.4 Mt grading 0.98 gpt gold for 582,000 oz of gold in Inferred Resources. The 2022 MRE Update includes the Eagle Mountain and Salbora deposits in addition to the, Toucan, and Powis prospects. Eagle Mountain and Salbora, in particular, feature gold mineralization starting at surface in saprolite (soft rock, meaning the weathered, oxidized layer) and extending into the underlying fresh rock. The 2022 MRE Update was defined by a total of 772 core holes for 75,430 metres drilled, which includes infill and exploration drilling up to December 31, 2021.

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

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

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

A Phase-2 drill program in 2022 will be devised based on success with the Phase-1 program and results of the generative exploration. Since January 1, 2022, the Company has completed approximately 4,512 metres of core drilling.

a. Corporate

During the year ended December 31, 2021, corporate highlights include the following:

Effective June 4, 2021, the Company completed a 10 to 1 share consolidation of its issued share capital on a ten (10) old for one (1) new basis. All references to capital stock, warrants, options and per share data have been adjusted retrospectively and rounded down to reflect the Company's 10 to 1 share consolidation.

Financing

- On May 20, 2021, the Company completed a private placement of 11,500,000 units at a price of \$1.10 per unit for gross proceeds of \$12,650,000. Each unit consisted of one common share and one-half warrant. Each warrant entitles the holder to purchase one common share at a price of \$1.40 until May 20, 2023. The Company paid cash commissions of \$729,000 and issued 330,716 agents' warrants with a fair value of \$230,451 in connection with the private placement. Each agent warrant is exercisable to acquire one common share at a price of \$1.10 until May 20, 2023. The Company incurred capital stock issuance costs of \$233,520 in connection with the private placement. The Company plans to use the proceeds for ongoing exploration and pre-feasibility work at Eagle Mountain and for general corporate purposes.

Stock Options and Warrants:

- The Company granted 960,000 stock options to directors, officers, employees, and consultants with exercise prices ranging from \$0.80 to \$0.94 per share for a period of five years. These stock options vest immediately except for 10,000 stock options, which vest over a one-year period with 25% vesting after each of three months, six months, nine months, and twelve months after the grant date and 30,000 stock options, which vest over a four-year period with 25% vesting after each of one year, two years, three years, and four years after the grant date.
- The Company issued 1,640,000 common shares at a price of \$0.90 per share for gross proceeds of \$1,476,000 upon the exercise of warrants.
- The Company issued 65,000 common shares at prices ranging from \$0.60 to \$1.00 per common share for gross proceeds of \$43,000 upon the exercise of options.
- 3,656,656 warrants with exercise prices ranging from \$0.90 to \$2.00 expired unexercised.
- 110,000 stock options with exercise prices ranging from \$1.00 to \$1.70 were forfeited, and 7,500 stock options with an exercise price of \$2.80 expired unexercised.

Board Update:

- On June 15, 2021, the Company held its Annual General Meeting ("AGM"), where shareholders voted in favour of all items of business, including the election of each of the director nominees: N. Eric Fier, Haytham Hodaly, Graham Thody, Drew Anwyll, and Ioannis Tsitos. In addition, shareholders voted for the re-appointment of 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 Chairman of the Board and Vice President of Finance, Mr. Tsitos as President, Bernard Poznanski as Corporate Secretary, and Mr. Thody as Lead Director.
- On October 15, 2021, the Company appointed Kimberly Newsome as Vice President of Finance of the Company and granted her 30,000 stock options that can be exercised at a price of \$0.94 per share until October 15, 2026. These stock options vest over a four-year period with 25% vesting after each of one year, two years, three years, and four years after the grant date, respectively.
- Mr. Fier agreed to remove the title of Vice President of Finance on October 15, 2021. Mr. Fier will maintain the title of Executive Chairman of the Company.

Subsequent to December 31, 2021:

- 167,500 stock options with exercise prices ranging from \$1.60 to \$1.70 per common share expired unexercised; and
- 348,478 warrants with exercise prices of \$1.10 per common share expired unexercised.

- On March 21, 2022, the Company received a court judgement in respect of the GRA Demand Letter for forgone customs and duty taxes granted to Kilroy on the purchase of mining equipment in 2015 and 2016 (please refer to Section 5 below – Commitment, Events and Uncertainties). The court judgement states that Kilroy is indebted to GRA for the forgone customs and duty taxes in the amount of \$425,409 (\$73,056,644 Guyanese dollars). Management believes that the terms of the tax exemption were not breached, and Kilroy has filed an application against GRA at the High Court of the Supreme Court of Guyana to defend its position, appeal the judgement and request an order to restrain the GRA from enforcing the judgement. The application was processed, and a court hearing is set for July 12, 2022.

b. COVID-19 Update

The Company's business could be adversely affected by the effects of the ongoing outbreak of respiratory illness caused by COVID-19. Since early March 2020, significant measures have been implemented in Canada, Guyana, and the rest of the world by governmental authorities in response to COVID-19. The Company cannot accurately predict the impact COVID-19 will have on the ability of third parties to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In particular, the continued spread of COVID-19 globally could materially and adversely impact the Company's business including without limitation, employee health, limitations on travel, the availability of industry experts and personnel, restrictions on planned drill programs, and other factors that depend on future developments beyond the Company's control. In addition, COVID-19 has resulted in a widespread health crisis that has adversely affected the economies and financial markets of many countries (including Canada and Guyana), resulting in an economic downturn that may negatively impact the Company's financial position, financial performance, cash flows, and its ability to raise capital. In 2021, Goldsource had instances of COVID-19 at the Eagle Mountain Property; however, with mitigation, high vaccination rates among employees, and ongoing testing measures this has not resulted in a material impact on operations. The current circumstances are dynamic and the impacts of COVID-19 on the Company's exploration activities, including the impact on the timing of its planned pre-feasibility study, cannot be reasonably estimated at this time. The COVID-19 cases and variants globally may impact the Company's operations due to additional government mandated shutdowns or closures.

3. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Selected Annual Information

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

	2021	2020	2019
Loss and comprehensive loss for the year ⁽¹⁾	\$ (9,520,263)	\$ (9,119,806)	\$ (6,661,753)
Loss per share - basic and diluted	\$ (0.20)	\$ (0.25)	\$ (0.23)
Total assets ⁽²⁾	\$ 16,439,605	\$ 11,932,182	\$ 13,228,654

⁽¹⁾ Loss and comprehensive loss increased in 2021 from 2020 as the Company incurred \$7.9 million in expenditures on Eagle Mountain in 2021 (excluding property, plant and equipment construction costs and purchases), which is offset by the loss on impairment of the processing plant for \$1.7 million in 2020.

⁽²⁾ Total assets increased in 2021 from 2020 primarily due to the increase in funds received from the private placement completed during 2021.

Summary of Quarterly Results

	Q4 December 31, 2021	Q3 September 30, 2021	Q2 June 30, 2021	Q1 March 31, 2021	Q4 December 31, 2020	Q3 September 30, 2020	Q2 June 30, 2020	Q1 March 31, 2020
Comprehensive loss for the period	(3,061,262)	(2,460,085)	(1,975,271)	(2,023,645)	(4,002,149)	(1,978,412)	(1,473,213)	(1,666,032)
Loss per share - basic and diluted	(0.06)	(0.05)	(0.04)	(0.05)	(0.11)	(0.05)	(0.04)	(0.05)

Comprehensive losses for each quarter in 2021, except for Q4, 2021, increased relative to the same quarters in 2020, primarily due to the overall increase in activity at the Eagle Mountain Project and head office. The increase in comprehensive losses in Q1 – Q3, 2021, compared to the same quarters in 2020, were the result of increased exploration activities as the Company focused on infill and expansion drilling of the Eagle Mountain and Salbora deposits in preparation for the 2022 MRE Update. In addition, expenses during 2020 were below normal as exploration activities were temporarily suspended in Q2, 2020 due to COVID-19. The decrease in comprehensive loss in Q4, 2021, compared to Q4, 2020, is primarily due to the impairment of the processing plant in Q4, 2020, which is offset by the increase in drilling expenses and technical consultant services in Q4, 2021.

Comparison of the three months and years ended December 31, 2021 and 2020

During the three months and year ended December 31, 2021, comprehensive losses were \$3,061,262 and \$9,520,263 respectively, compared to \$4,002,149 and \$9,119,806 for the same periods in 2020. The principal differences and significant amounts are as follows:

	Three months ending December 31,			Year ending December 31,			Variance Explanation
	2021	2020	Variance	2021	2020	Variance	
Exploration and evaluation expenditures	2,124,423	1,460,931	663,492	7,909,980	5,798,558	2,111,422	The increase in exploration and evaluation expenditures is attributable to increased exploration activity. Expenses during 2020 were below normal run rates as exploration activities were temporarily suspended from April 5 to June 11 and November 18 to 27 due to COVID-19.
Foreign exchange (gain) loss	30,235	174,042	(143,807)	(296,645)	261,944	(558,589)	The Company is primarily exposed to foreign exchange risk through holding US dollars. The foreign exchange gain during 2021, compared to a loss in 2020, is due to larger amounts of US dollar cash held, and the appreciation of the US dollar in relation to the Canadian dollar. The foreign exchange loss in Q4, 2021 is due to the appreciation of the Canadian dollar in relation to the US dollar during the period.
General and administrative expenses	40,793	29,941	10,852	176,392	136,211	40,181	The increase in the Company's activity during 2021 resulted in an increase in general and administrative expenses such as insurance, office expenses and transfer agent and filing fees.
Interest income	(6,789)	(12,341)	5,552	(28,653)	(53,731)	25,078	The decrease in interest income is due to the effect of lower interest rates in 2021.
Loss (gain) on change in rehabilitation provision	(53,631)	-	(53,631)	23,992	-	23,992	The loss on change in rehabilitation provision in 2021 and the gain in Q4, 2021 relates to the change in estimates of inflation rates and rehabilitation obligations for the processing plant, which was fully impaired in Q4, 2020.
Loss on impairment of property, plant and equipment	-	1,664,644	(1,664,644)	-	1,664,644	(1,664,644)	The impairment loss on property, plant and equipment in 2020 relates to the impairment of the processing plant in Q4, 2020.
Marketing	67,396	30,222	37,174	216,980	175,937	41,043	The increase in marketing expenses in 2021 is primarily due to increased participation in virtual and in-person conferences, as well as increased investor relations services contracted during the year.
Professional fees	36,606	17,040	19,566	138,493	109,332	29,161	The increase in professional fees in 2021 is primarily due an increase in audit fees and professional fees incurred to redesign the Company's website.
Remuneration	265,935	197,993	67,942	712,243	502,736	209,507	The increase in remuneration is due to salary increases, additional staff, and recruitment costs during 2021, which is offset by severance costs paid to the former Chief Financial Officer during 2020.
Share-based compensation	535,905	416,281	119,624	586,169	435,505	150,664	The increase in share-based compensation expense during 2021 is due to 960,000 stock options being granted, compared to 542,500 stock options granted in 2020. In Q4, 2021, the increase also relates to the timing and vesting of stock options granted in the prior year. During 2020, all stock options were granted in Q4, whereas in 2019, stock options subject to vesting terms were granted in Q1, Q2 and Q4.

GOLDSOURCE MINES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021

TSX.V:GXS

During the three months and year ended December 31, 2021, exploration and evaluation expenditures were \$2,124,423 and \$7,909,980 respectively, compared to \$1,460,931 and \$5,798,558 for the same period in 2020. The significant variations between these periods include the following:

Exploration and evaluation expenditures	Three months ending December 31,			Year ending December 31,			Variance Explanation
	2021	2020	Variance	2021	2020	Variance	
Assays	116,853	74,423	42,430	437,478	257,796	179,682	The increase in assays expense is due to increased drilling activity during 2021, resulting in a larger number of core samples sent for assaying.
Camp costs	219,281	181,098	38,183	905,368	556,399	348,969	The increase in camp costs results from increased camp capacity and additional drill crews at the Eagle Mountain camp. In addition, camp costs decreased during 2020 due to the suspension of exploration activities.
Depreciation	45,754	121,206	(75,452)	259,045	721,350	(462,305)	The decrease in depreciation expense in 2021 is due to the impairment of the processing plant in Q4, 2020, and write off of several assets held in Guyana during 2020. No similar impairments occurred during 2021. This is offset by the increase in capital assets purchased during 2021.
Drilling	491,897	270,763	221,134	2,914,026	1,877,616	1,036,410	The increase in drilling expense is a result of added drilling capacity and improved drill utilization rates compared to 2020, when exploration activities were suspended from April 5 to June 11 and November 18 to 27, due to COVID-19.
Operations and general	159,970	129,857	30,113	521,535	431,546	89,989	The increase in operations and general expense in 2021 is due to increased camp capacity at Eagle Mountain and an associated increase in repairs and maintenance.
Salaries	634,941	546,174	88,767	1,987,579	1,640,316	347,263	The increase in salaries expense results from salary increases and additional personnel hired to support the increased drilling activity at Eagle Mountain, including the operation of the Company-owned drill rig.
Technical services and consulting	404,986	95,214	309,772	834,208	271,339	562,869	The increase in technical services and consulting expenses during 2021 is attributable to the increase in drilling and engineering activities. This includes fees paid to contractors for drilling services and to technical consultants for biodiversity and LiDAR surveys, a PFS Gap Analysis and the 2021 and 2022 MREs.

4. LIQUIDITY AND CAPITAL RESOURCES

a. Assets

At December 31, 2021, Goldsource held cash and cash equivalents of \$8,410,211 (2020 – \$4,052,594). Goldsource continues to monitor cash resources against anticipated expenditures associated with advancing the Eagle Mountain Project. Other current assets totalling \$259,391 consist primarily of prepaid expenses of \$149,767 (2020 – \$177,061), prepaid supplies of \$87,526 (2020 - \$14,653) and amounts receivable of \$22,098 (2020 – \$38,177).

The Company has deposits totalling \$264,243, including \$261,818 (US\$206,200) (2020 – \$262,718 (US\$206,200)) which is pledged as a reclamation site bond in the form of a non-interest-bearing bank guarantee deposit to the Guyana Geology and Mines Commission ("GGMC") for exploration permits on the Property.

Property, plant and equipment increased to \$841,165 (2020 – \$739,558), primarily due to property and equipment additions of \$398,724 (2020 – \$156,184), offset by depreciation of \$297,117 (2020 – \$779,292). Significant additions include a drilling mast, ATVs, an excavator, and construction of additional rooms and bunk houses for the Eagle Mountain camp.

b. Liabilities

At December 31, 2021, current liabilities include accounts payable and accrued liabilities of \$546,876 (2020 – \$365,183), which relate to various contractual commitments in the normal course of business.

As at December 31, 2021, the Company recorded a rehabilitation provision of \$409,234 (2020 – \$359,913). The present value of the rehabilitation provision was calculated using an effective discount rate of 5% (2020 – 5%) and reflects anticipated cash flows to be incurred over approximately the next six years. The undiscounted value of these obligations is \$447,888 (US\$346,431) (2020 – \$438,573 (US\$339,000)) calculated using a long-term inflation rate assumption of 4.5% for 2021 and 1% for 2022 to 2027 (2020 – 0.8%).

c. Liquidity Outlook and Risks

As at December 31, 2021, the Company had cash and cash equivalents of \$8.4 million (2020 – \$4.1 million), accumulated losses of \$75.8 million (2020 – \$66.4 million) and working capital² of \$8.1 million (2020 – \$3.9 million). As at April 25, 2022, the cash and cash equivalents held by the Company are \$6.4 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.

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 consolidated 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.

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 2021, or which may have a material effect going forward.

- The Company leases office space and has one other lease which is considered a short-term lease and as such is included in the consolidated statement of loss and comprehensive loss and not the consolidated statement of financial position. Commitments for minimum lease payments in relation to the lease are payable as follows:

	2021	2020
Lease liability	\$ 55,021	\$ 101,739
Less: current portion	(55,021)	(55,720)
Long-term portion	\$ -	\$ 46,019

Undiscounted lease payments	2021	2020
Not later than 1 year	\$ 59,572	\$ 60,395
Later than 1 year and not later than 5 years	-	59,572
	\$ 59,572	\$ 119,967

Changes to the Company's lease liability were as follows:

	2021	2020
Opening balance	\$ 101,739	\$ 140,813
Interest expense	13,677	21,321
Interest paid	(13,677)	(21,321)
Payment of principal portion of lease liabilities	(46,718)	(39,074)
Balance, end of year	\$ 55,021	\$ 101,739

- In November 2019, Kilroy received a demand for foregone customs duty and taxes of \$73,056,644 Guyanese dollars from the Guyana Revenue Agency. The GRA alleges that the joint venture agreement between Kilroy and Stronghold has breached the terms of the customs duty and tax exemption granted to Kilroy during 2015 and 2016 on the purchase of mining equipment. Subsequent to December 31, 2021, the Company received a court judgement stating that Kilroy is indebted to the GRA for the customs and duty taxes in the amount of \$425,409 (\$73,056,644 Guyanese dollars). Management believes that the terms of the tax exemption were not breached, and Kilroy has filed an application against the GRA at the High Court of the Supreme Court of Guyana to defend its position, appeal the judgement, and request an order to restrain the GRA from enforcing the judgement. The application was processed, and a court hearing is set for July 12, 2022. Accordingly, the Company has not accrued any amount related to this claim.

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 338,927 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 twenty trading days prior to issuance, upon the earlier of:
 - a. If average market price of gold is US\$1,400/oz. 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. Ninety days after having completed one year of gold production under a large-scale Mining License issued by the GGMC; or
 - c. Five days after the date on which the 20-day VWAP of Goldsource exceeds \$7.50 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:
- The payment set out in II a above has been made; or
 - One year of gold production having been completed under a large-scale Mining License issued by the GGMC.

The Company pledged a \$261,818 (US\$206,200) (2020 – \$262,718 (US\$206,200)) reclamation site bond, held by the GGMC for exploration permits on the Eagle Mountain Gold Project.

Goldsource's subsidiary Stronghold holds a prospecting license on the Property. In August 2014, the GGMC granted a Medium Scale Mining Permit (the "Permit") to Kilroy to mine gold, diamonds, precious metals and minerals on a portion of the Property. As the Permit is required under Guyanese 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 royalty ("NSR") to Kilroy as compensation for its participation. As part of the agreements, Goldsource issued to Kilroy 25,000 common shares of the Company.

7. RELATED PARTY TRANSACTIONS

During 2021, the Company entered into the following transactions with related parties:

a. Key management compensation

The Company's key management personnel have the authority and responsibility for planning, directing, and controlling the activities of the Company and include the Company's Chief Executive Officer ("CEO"), President, Vice President of Finance ("VP Finance"), Executive Chairman, former Chief Financial Officer ("former CFO"), and directors. Key management personnel compensation is summarized as follows:

	2021		2020	
Management remuneration ⁽¹⁾	\$	691,042	\$	422,776
Directors fees		45,000		36,000
Share-based compensation ⁽²⁾		557,463		354,693
	\$	1,293,505	\$	813,469

⁽¹⁾ The Company paid management fees to companies controlled by the President and Executive Chairman and remuneration to the CEO and VP Finance. Remuneration and severance were paid to the former CFO in 2020.

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

b. Legal fees

During 2021, legal fees of \$43,585 (2020 – \$49,196), included in professional fees, and capital stock issuance costs of \$85,484 (2020 – \$90,414) were paid to Koffman Kalef LLP, a law firm of which an officer of the Company is a partner.

c. Other transactions

During 2021, the Company recognized share-based compensation of \$2,671 (2020 - \$Nil) to Nathan Fier who is an immediate family member of the Executive Chairman. The share-based compensation incurred to this consultant was recorded as exploration and evaluation expenditures.

The Company has a cost sharing agreement with SilverCrest Metals Inc. ("SilverCrest"), a company related by common directors and officers (N. Eric Fier and Graham Thody), whereby the Company shares salaries, administrative services, and other expenses including employee benefits. During 2021, the Company was allocated \$118,162 (2020 – \$132,182) for its share of these expenses, of which \$29,408 (2020 – \$32,849) was payable to SilverCrest at December 31, 2021.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, deposits, accounts payable and accrued liabilities, and lease liabilities. The carrying value of amounts receivable and accounts payable and accrued liabilities approximates the fair value due to the short periods until settlement. The Company's cash and cash equivalents 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 14 of the audited consolidated financial statements for the year ended December 31, 2021. Where material, these risks are reviewed and monitored by the Board of Directors.

9. OUTSTANDING SHARE CAPITAL

As of April 25, 2022, the Company had the following common shares, share purchase warrants and options issued and outstanding:

Issued & Outstanding Shares:			52,289,680
	<u>\$ per share</u>	<u>Expiry</u>	
Warrants:	\$1.10 - \$1.60	September 24, 2022 – May 20, 2023	9,082,040
Options:	\$0.60 - \$1.40	May 30, 2022 – December 13, 2026	2,355,000
Fully Diluted			63,726,720

10. 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.

Activities of the Company may be impacted by the spread of COVID-19.

The Company's business could be significantly adversely affected by the effects of a widespread global outbreak of contagious disease, including the outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will continue to have on third parties' ability 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 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 to planned drill and construction programs, and other factors that will depend on future developments beyond the Company's control. In addition, the significant outbreak of contagious disease in the human population has resulted in a widespread health crisis that has adversely affected the economies and financial markets of many countries (including those in which the Company operates), resulting in an economic downturn that could negatively impact the Company's operating results and ability to raise capital.

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 amount 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 Preliminary Economic Assessment ("PEA") and subsequent mineral resource updates, are preliminary in nature in that they are based largely on Inferred and Indicated 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 or MRE's 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.

Financing Risks

The Company's financial resources are limited. Substantial financial resources and sources of financing 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 CEO, President, Executive Chairman, 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, 2021, the Company pledged a \$261,818 (US\$206,200) reclamation site bond to the GGMC for exploration permits on the Eagle Mountain Gold Project.