



**GOLDSOURCE MINES INC.
MANAGEMENT DISCUSSION & ANALYSIS
FORM 51-102F1**

DECEMBER 31, 2007

GOLDSOURCE MINES INC.
MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2007

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.

PRELIMINARY INFORMATION

The Management Discussion and Analysis (MDA) is an overview of the activities of **Goldsource Mines Inc.** (the "Company") for the year ended December 31, 2007. The MDA should be read in conjunction with the audited financial statements for the year ended December 31, 2007 and the notes attached thereto which are available on the Company's website www.goldsource.com and on SEDAR at www.sedar.com.

The effective date of this Management Discussion & Analysis is April 9, 2008.

OVERALL PERFORMANCE

The Company is a natural resource company engaged in the acquisition, exploration and development of mineral properties.

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 comprising 163,200 hectares in the Big River Area of Saskatchewan (the "Property"). These lands are prospective for the diamondiferous kimberlites. The Company subsequently acquired additional exploration lands in Saskatchewan which brought its total land holdings to approximately 614,000 hectares. The Company has flown nearly 15,000 line kilometres of Fugro GEOTEM surveys in 4 separate areas and carried out an initial 6 hole drill program to test geophysical anomalies in the Sturgeon Lake area. The Company is selectively applying qualified work expenditures to what are considered to be priority claim areas. Other non priority claims are being allowed to lapse as their expiry dates arrive. As of December 31, 2007, the Company's land position totaled approximately 415,140 hectares. This land position is expected to be reduced in 2008 as expiry dates for certain claims come due. The Company is seeking other property interests and business opportunities which will advance its corporate goal of acquiring or discovering significant mineral assets.

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

The Company is in a strong financial position with \$3,795,684 (2006 - \$4,210,243) in working capital, including cash and short term investments of \$3,808,863 (2006 - \$4,213,837). These funds are sufficient to meet the planned 2008 exploration programs for the Company's properties and to finance general and administrative expenses for the next year. Mineral property expenditures are estimated to be approximately \$670,000 for 2008 and may vary depending on results achieved.

GOLDSOURCE MINES INC.
MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2007

LIQUIDITY AND CAPITAL RESOURCES (continued)

The Company currently has no source of income and is entirely reliant upon raising equity capital to fund its operations and general administrative costs.

	December 31, 2007	December 31, 2006
Cash and cash equivalents	\$ 9,625	\$ 4,213,837
Short-term investments	\$ 3,799,238	\$ -
Working capital	\$ 3,795,684	\$ 4,210,243

FINANCIAL SUMMARY

Three months ended December 31, 2007

General and administrative expenses, net of stock based compensation, for the three months ended December 31, 2007 were \$82,256 (2006 - \$101,320). The largest decrease in expenses was \$19,015 paid for trade shows and conferences as the Company presented at fewer conferences while it waits to commence its exploration programs on its Saskatchewan projects in 2008.

Year ended December 31, 2007

General and administrative expenses, net of stock based compensation, for the year ended December 31, 2007 were \$297,489 (2006 - \$466,476). The major decreases in expenses were a decrease of \$92,822 in investor relations and a decrease of \$63,400 in trade show expenses. These decreases are a result of the Company delaying investor awareness activities to coincide with anticipated exploration activities.

Stock based compensation declined significantly as stock options to purchase 37,500 common shares vested during the year and no new stock options were granted. Interest income decreased by \$14,166 which reflects receiving interest on declining cash balances and short term investments.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, short term investments, accounts 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.

SELECTED ANNUAL INFORMATION

	2007	2006	2005
	\$	\$	\$
Total revenues	-	-	-
Net loss for the year	(100,266)	(263,712)	(761,101)
Net loss per share	(0.01)	(0.02)	(0.13)
Total assets	7,908,780	8,024,108	7,967,462
Total long term financial liabilities	-	-	-
Future Income Taxes	643,316	689,710	388,925

- (1) All per share amounts are calculated on a weighted average, basic and fully diluted basis.
(2) Total assets increased in 2005 as a result of raising a net \$5,712,095 from the issuance of share capital by means of a private placement and the exercise of warrants and by the acquisition of the Big River Property.

GOLDSOURCE MINES INC.
MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2007

SUMMARY OF QUARTERLY RESULTS

Period	Revenue (\$)	Net Income (Loss) (\$)	Net Loss per Share (\$)
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
September 30, 2006	-	(42,729)	(0.00)
June 30, 2006	-	(107,214)	(0.01)
March 31, 2006	-	(133,172)	(0.01)

(1) The net loss per share is calculated on a weighted average, basic and fully diluted basis.

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 Amount
	Number	Amount	
December 31, 2005	16,653,181	\$ 8,910,976	\$ 4,711,549
Exercise of warrants	945,000	330,750	-
Issuance pursuant to acquisition of the Border Property	50,000	30,000	-
Future income taxes on renunciation of flow through shares	-	(370,202)	-
Stock-based compensation	-	-	58,375
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

GOLDSOURCE MINES INC.
MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2007

SHARE CAPITAL

Stock options

Stock option transactions for the year ended December 31, 2007 are summarized as follows:

	Number of Options	Weighted Average Exercise Price
As at December 31, 2006	1,275,000	\$ 0.71
Expired	(75,000)	\$ 0.60
As at December 31, 2007	1,200,000	\$ 0.71
Number of options currently exercisable	1,200,000	\$ 0.71

Warrants

Warrant transactions for the year ended December 31, 2007 are summarized as follows:

	2007	2006
Balance, beginning of the year	4,242,370	5,517,370
Exercised	-	(945,000)
Expired	(4,242,370)	(330,000)
Balance, end of the year	-	4,242,370

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

	2007	2006
Common shares issued	17,698,181	17,648,171
Stock options outstanding	1,200,000	1,275,000
Warrants outstanding	-	4,242,370
	18,898,181	23,165,541

OFF-BALANCE SHEET ARRANGEMENTS

At December 31, 2007 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.

GOLDSOURCE MINES INC.
MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2007

RELATED PARTY TRANSACTIONS

The Company entered the following transactions with related parties:

- (a) Paid management fees of \$90,000 (2006 - \$90,000) to a company owned by an officer and director of the Company.
- (b) Paid or accrued \$7,871 (2006 - \$17,878) for legal fees paid to a law firm in which an officer of the Company is a partner, which were included in professional fees and share issue costs.

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 year the Company's officers performed all investor relation functions.

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

Prior to the Company's efforts, the most recent, serious exploration work on the Big River Property (Sturgeon Lake claims) was carried out more than 10 years ago. Although the area includes the site of the first discovery of diamonds in Saskatchewan, it had never been systematically explored using current geophysical techniques or applying the extensive knowledge base that has been developed for the kimberlite pipes of the Fort à la Corne area. Work carried out by previous operators on the Sturgeon Lake claim block and immediate area included 5 core and 27 rotary drill holes. Intercepts of kimberlite were reported in 19 holes in four widely separated areas. The two holes for which detailed analyses are available reported recoveries of micro-diamonds and significant indicator minerals from both holes.

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 survey was completed in February, 2006 and results identified several drill targets that could represent diamondiferous kimberlites.

Subsequent to the initial property acquisition, the Company acquired an additional 186,000 hectares of mineral claims (the "Deben" claim block) covering the favourable geologic horizons between its Sturgeon Lake block and its Cowan Lake block to the northwest. At this point, the Company controlled a 90% interest in the Big River Property which comprised a block of contiguous claims totaling approximately 459,260 hectares.

GOLDSOURCE MINES INC.
MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2007

RESULTS OF OPERATIONS (continued)

(a) Big River Property, Saskatchewan (continued)

Historic Activities (continued)

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. One of these holes intersected approximately 2.2 metres of what appears to be a fine grained pyroclastic unit within mudstones that are stratigraphically the same units that contain kimberlites in the Fort à la Corne area. This unit was sampled for further study but did not result in the identification of a previously unidentified kimberlite.

The remaining three drill holes tested kimberlite occurrences identified by previous operators in the Sturgeon Lake area. These holes served to confirm local stratigraphy and helped to define the extent and nature of the known kimberlite occurrences and their relationship to the recently acquired magnetic and electro-magnetic data. Only one minor intercept of kimberlite was encountered in the hole drilled nearest to the Sturgeon Lake occurrence.

Current Activities

The Company has re-evaluated the results of the airborne geophysics in the Sturgeon Lake area and has selected 2 priority and 2 secondary targets to be drilled in 2008.

The Company also 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. These targets are expected to be drilled in 2008. The timing of the program is subject to permitting and drill rig availability. The land position in the Cowan Lake area was reduced to 12,544 hectares which is sufficient to retain the priority targets. The Company also reduced its land position in the Sturgeon Lake area as the expiry dates of certain non-priority claims came due. The estimated land position of the Sturgeon Lake, Cowan Lake and Debden claims block totals approximately 225,056 hectares.

Mineral Property Expenditures – Big River Property

	2007	2006
Acquisition and staking costs	\$ -	\$ 56,043
Deficiency deposit	150,528	-
Geophysical surveys	-	781,401
Drilling	-	573,696
Technical consulting	18,126	81,477
Assays and laboratory	-	1,581
Exploration and other	16,097	1,520
	\$ 184,751	\$ 1,495,718

(b) Border and Crossroads Properties, Saskatchewan

Historic Activities

On April 12, 2006 the Company finalized an agreement with Minera Pacific Inc., (“Minera”) for the exclusive rights to use certain information generated from Minera’s proprietary UMSERT Methodology which will assist the Company in identifying areas in Saskatchewan and Manitoba that may be prospective for diamonds.

GOLDSOURCE MINES INC.
MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2007

RESULTS OF OPERATIONS (continued)

(b) Border and Crossroads Properties, Saskatchewan (continued)

Historic Activities (continued)

In order to maintain the exclusive rights to use the Information, the Company has agreed to pay staged cash payments over a period of two years to Minera totaling \$160,000 (\$85,000 paid) and issue a total of 325,000 common shares of the Company (100,000 shares issued) over a period of four years and, by the end of the fifth year, pay an additional \$500,000 or issue 250,000 common shares, whichever is the lesser, as determined by the Company in its sole discretion. In order to maintain the agreement in good standing the next payments of \$75,000 and 75,000 common shares of the Company must be paid prior to April 12, 2008.

The Company has also agreed to pay to Minera \$1,000,000 (Feasibility Payment) in the event that the Company completes an independent feasibility study on any property acquired by the Company as a result of the UMSERT Methodology. The Company has agreed to make non-refundable payments to Minera of \$100,000 in each of the third, fourth and fifth years from the effective date of the Agreement as advances against the Feasibility Payment. Minera is further entitled to receive a 2% gross overriding royalty ("GOR") on commercial production from any such property, and the Company is entitled at any time to purchase one-half of the GOR for \$2,000,000.

The Agreement may be terminated by the Company at any time upon written notice to Minera, in which case Minera may elect to receive an assignment of any properties acquired by the Company as a result of the UMSERT Methodology.

Based on this independent research, 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 has staked an additional 11,484 hectares to cover a second prospective area (the "Cross Roads" claim block).

Current Activities

An airborne geophysical survey of approximately 7,750 line kilometers using the Fugro Geotem system was completed covering both areas in 2006. The data has been interpreted and several drill targets that may be potential kimberlite pipes have been identified. The priority targets may possibly be subject to follow-up ground geophysical programs and the priority targets are expected to be drilled in 2008. A subsequent examination of a number of secondary targets will follow, depending in part on the results obtained from the priority targets.

With the claim reductions in the Cowan Lake and Sturgeon Lake areas, the Company's entire land position in Saskatchewan is now in the order of 415,000 hectares which will serve as a basis for ongoing exploration work in an effort to discover Saskatchewan's second major diamondiferous kimberlite field. This land position is expected to be further reduced as expiry dates come due in 2008.

The estimated budget for exploration work on all properties in Saskatchewan for 2008 is approximately \$670,000. This budget is subject to management discretion and may change substantially depending upon ongoing results and the success on each of the programs undertaken. These exploration programs are subject to permit approval and drill rig availability.

GOLDSOURCE MINES INC.
MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2007

RESULTS OF OPERATIONS (continued)

(b) Border and Crossroads Properties, Saskatchewan (continued)

Current Activities (continued)

Unexpected delays have been encountered in the permitting process and obtaining a drill rig and crew to carry out a planned drilling program on the Border, Crossroads and Cowan Lake blocks. A permit application was filed in May 2007 with Saskatchewan Environment and extensive discussions have been held with various governmental agencies to finalize the application. Notice was received subsequent to the period that the amended application has been accepted by Saskatchewan Environment. There is a mandatory 30 day consultation period during which the application and the proposed work program is open for comment by concerned First Nations and Métis groups as well as certain other stake holders. Once the consultation process is completed it is expected that Saskatchewan Environment will issue exploration for all three areas. The Company has proposed to drill 8 holes at Cowan Lake, 5 holes at Crossroads and 9 holes at Border. Some of these holes may be drilled prior to freeze-up but the holes at Border, because of the swampy nature of the area will require that the ground becomes completely frozen before work can proceed. The Company finally received its exploration permits for all three areas from Saskatchewan Environment in January 2008 and contacted a drill rig and crew from Cabo Drilling (Pacific) Corp to carry out the work program. To the date of this report 3 holes have been completed at Cross Roads and 2 at Border.

Mineral Property Expenditures – Border Block

	2007	2006
Acquisition and staking costs	\$ 33,250	\$ 116,847
Geophysical surveys	-	516,344
Technical consulting	17,781	23,986
	\$ 51,031	\$ 657,176

Mineral Property Expenditures – Crossroads Block

	2007	2006
Acquisition and staking costs	\$ 33,250	\$ 22,968
Technical consulting	19,102	12,367
Exploration & other	5,640	-
	\$ 57,992	\$ 35,335

The estimated budget for exploration work on all properties in Saskatchewan for 2008 is approximately \$670,000. This budget is subject to management discretion and may change substantially depending upon ongoing results and the success on each of the programs undertaken.

INDUSTRY AND ECONOMIC FACTORS AFFECTING PERFORMANCE

Certain factors affect the Company's ability to finance and to carry on normal business. These include precious metal 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 exclusively on exploration and development of diamond resources, diamond prices, and the availability of equity funds are important factors.

GOLDSOURCE MINES INC.
MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2007

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.

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.

DISCLAIMER

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 statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: silver exploration and development costs and results, fluctuations of silver prices, foreign operations and foreign government regulations, competition, uninsured risks, recovery of reserves, capitalization and commercial viability and requirement for obtaining permits and licenses.

GOLDSOURCE MINES INC.
MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2007

DISCLAIMER (continued)

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.

ADDITIONAL INFORMATION

Additional information about the Company is available on SEDAR at www.sedar.com and at the Company's website www.goldsourcemines.com.