



# SANDSPRING

RESOURCES LTD.

**Management's Discussion and Analysis  
For the three months ended March 31, 2017**

**Prepared by:  
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## **Sandspring Resources Ltd.**

Management's Discussion and Analysis  
Three Months Ended March 31, 2017

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### **Introduction**

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Sandspring Resources Ltd. and its subsidiaries (collectively the "Company" or "Sandspring") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2017. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2016, and the related notes thereto. Information contained herein is presented as at May 25, 2017 unless otherwise indicated. Further information about the Company and its operations is available on Sandspring's website at [www.sandspringresources.com](http://www.sandspringresources.com) or on the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com).

The Company's outstanding common shares (the "common shares") are listed on the TSX Venture Exchange (the "TSXV") under the symbol "SSP".

This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. Results are reported in Canadian dollars, unless otherwise noted.

### **Company Overview**

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on September 20, 2006. On November 24, 2009, the Company announced the completion of the acquisition (the "Acquisition") of 100% of the issued and outstanding shares of GoldHeart Investment Holdings Ltd. ("GoldHeart"). GoldHeart, through its wholly-owned subsidiary ETK Inc. ("ETK"), holds certain mineral and prospecting interests in an area within the Republic of Guyana, South America that the Company refers to as the Upper Puruni Property. The Company continued out of Alberta and into Ontario effective March 31, 2010.

The majority of Sandspring's efforts to date have been focused on exploring and advancing the Toroparu Project, located within the Upper Puruni Property. Through more than 190,000 meters of drilling, Sandspring has delineated the main Toroparu and satellite deposits that were included in a May 2013 pre-feasibility study for the Toroparu Project, along with other mineralized areas and promising anomalies within the Company's 62,603-hectare mineral concession. Extensive geochemical surveys have identified a large hydrothermal halo that extends for 20km x 7km around the Toroparu Deposit, with a cluster of ten gold anomalies that represent advanced-stage exploration targets.

As at March 31, 2017, the Company had working capital of \$1,572,403 (December 31, 2016: \$2,996,684) and an accumulated deficit of \$138,161,883 (December 31, 2016: \$134,353,467), incurred losses in the three months ended March 31, 2017 amounting to \$3,808,416 (2016: \$1,298,922), and used cash in operating activities during the three months ended March 31, 2017 of \$1,108,518 (2016: \$1,152,310).

The Company's goal is to provide superior returns to its shareholders by (i) focusing on the exploration and development of its mineral and prospecting interests in the Upper Puruni Property and (ii) evaluating, and acquiring if appropriate, other mineral opportunities within Guyana.

## **Sandspring Resources Ltd.**

Management's Discussion and Analysis  
Three Months Ended March 31, 2017

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### **Silver Wheaton Agreement**

In November 2013, the Company entered into a precious metals purchase agreement (the "Purchase Agreement") with Silver Wheaton (Caymans) Ltd. ("Silver Wheaton") under which Silver Wheaton will pay Sandspring incremental up-front cash payments totaling US\$148.5 million for 10% of the payable gold production from the Company's Toroparu Project in Upper Puruni, Guyana (the "Toroparu Project"). In addition, Silver Wheaton will make continuing payments to Sandspring of the lesser of the market price and US\$400 per payable ounce of gold delivered to Silver Wheaton over the life of the Toroparu Project, subject to a 1% annual increase starting after the third year of production. Sandspring has received an initial draw down of US\$13.5 million of the cash payment, to be used primarily for advancement of the final feasibility study for the Toroparu Project.

In April 2015, the Company amended the Purchase Agreement with Silver Wheaton to include a silver stream under which Silver Wheaton will pay Sandspring incremental up-front cash payments totaling US\$5.0 million for 50% of the payable silver production from the Toroparu Project. In addition, Silver Wheaton will make ongoing payments to Sandspring of the lesser of the market price and US\$3.90 per payable ounce of silver delivered to Silver Wheaton over the life of the Toroparu Project, subject to a 1% annual increase starting on the fourth anniversary of production. Sandspring received an initial draw down of US\$2.0 million of the cash payment in four equal installments over the course of 2015, with the remaining US\$3.0 million payable in installments during construction of the Toroparu Project.

Under the terms of the Purchase Agreement, the Company was required to complete a final feasibility study for its Toroparu Project before December 31, 2016, upon receipt of which Silver Wheaton can elect to proceed and pay the balance of the US\$138 million owed to finance construction of the Toroparu Project, or can elect to terminate the Purchase Agreement. The Company's ability to finance activities after completion of the feasibility study is dependent on whether Silver Wheaton elects to proceed, as well as on the Company's ability to raise additional equity financing to fund ongoing activities, including the portion of project construction not financed by Silver Wheaton. There are no assurances that Silver Wheaton will elect to fund construction of the Toroparu Project, or that the Company will be successful in raising equity financing at all or, if available, on terms acceptable to the Company. The Company and Silver Wheaton have amended the agreement to extend the due date to December 31, 2017.

### **Toroparu Project Review and Outlook**

In May 2013, the Company completed a pre-feasibility study for the Toroparu Project. The pre-feasibility study outlined the design of an open-pit mine producing more than 200,000 ounces of gold annually over an initial 16-year mine life. The pre-feasibility study also estimated proven and probable gold reserves for the project using a 0.3 g/t cut-off grade, US\$1400/oz gold and \$3.25/lb copper. The Toroparu Project is estimated to host a mineral reserve consisting of 127.1 million tonnes at a grade of 1.00 g/t gold and 0.11% copper for contained proven and probable reserves of 4.1 million ounces of gold and 211 million pounds of copper.

These reserves are included in the overall mineral resource estimated at 6.89 million ounces of gold and 444 million pounds of copper contained within 240.2 million tonnes grading 0.89 g/t gold and 0.084% copper in the measured and indicated mineral resource categories, with an additional 3.09 million ounces of gold and 120 million pounds of copper contained within 129.5 million tonnes grading 0.74 g/t gold and 0.042% copper in the inferred mineral resource category. Further information regarding the Toroparu Project is contained in a technical report (the "Technical Report") with an effective date of May 8, 2013 titled "NI 43-101 Technical

## **Sandspring Resources Ltd.**

### Management's Discussion and Analysis

Three Months Ended March 31, 2017

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Report Pre-Feasibility Study, Toroparu Gold Project, Upper Puruni River Area, Guyana", which was prepared in accordance with National Instrument 43-101 ("NI 43-101") and is available on the Company's website and on SEDAR.

In February 2015, the Company issued a press release declaring a silver resource at the Toroparu Project. The project is estimated to contain 240.2 million tonnes grading 0.815 g/t silver for 6.3 million contained ounces of silver in the measured and indicated category, along with 129.5 million tonnes grading 0.074 g/t silver for 310,000 contained ounces of silver in the inferred category.

Sandspring continues to conduct exploration work on the lands controlled by the Company in Guyana with the continued assistance of Mr. L. Werner Claessens and Mr. Pascal van Osta (the "Sandspring geologic team"). Mr. Claessens and Mr. van Osta were employees of the Company from February 1, 2011 through June 30, 2015 and continue to work with the Company under consulting contracts effective as of September 14, 2015.

During the period ended March 31, 2017, the Sandspring Geologic team completed the analysis of exploration data acquired during the 2016 exploration campaign which was conducted in the latter half of 2016. In general, the exploration campaign resulted in intercepts of additional high-grade gold mineralization at the Sona Hill prospect southwest of the main Toroparu Pit, the discovery of mineralization at the Wynamu Hill prospect northwest of the main Toroparu Pit and completion of geochemical and geophysical surveys west of Sona Hill, and infill geochemical sampling at the Otomung concession, which is located 25 km to the northwest of Toroparu.

A press release summarizing the results of the 2016 exploration campaign was issued by the Company on February 13, 2017. The press release is available on the Company's website and on SEDAR.

#### Sona Hill Drill Program Summary

Prior exploration work on the property block controlled by Sandspring has identified a 20 km by 7 km hydrothermal alteration halo around Toroparu. A cluster of ten geochemical gold features (the "Anomalies") within that halo suggest that the main Toroparu deposit may be part of a larger regional mineralized system and that the Toroparu deposit may be surrounded by other mineralized systems in different geologic settings.

Located approximately five km southeast of the Toroparu Deposit, Sona Hill is the eastern most Anomaly. A small drilling program in 2012 led Sandspring's geologic team to identify Sona Hill as the highest priority Anomaly and the team recommended a drilling program for Sona Hill with a minimum of 7,500 meters. Management elected to divide the program into two phases, with the first phase of 3,691-meters completed by December 2015. The objective of the first phase program was to gather sufficient analytical and geological information about the grade and continuity of gold mineralization to determine if a detailed resource definition drilling program is warranted.

The results of the drilling in 2012 and 2015 confirmed management's belief that the Sona Hill Anomaly hosts higher-grade, shallower mineralization that could complement the existing Toroparu and Satellite deposits and improve project economics. To further confirm the continuity of mineralization between existing drill holes at Sona Hill, Sandspring initiated an infill drilling program in August of 2016 comprised of 50 diamond drill holes on 50m x 50m spacing. This drill density was designed to allow the Company to model and estimate a resource for the Sona Hill anomaly that can be incorporated into the mine plan for the Toroparu Project.

## **Sandspring Resources Ltd.**

Management's Discussion and Analysis  
Three Months Ended March 31, 2017

---

The 2016 Program for drilling at the Sona Hill Satellite Deposit ("Sona Hill") consisted of 8,084 metres ("m") of infill and step out drilling. The results of the first 20 infill holes (2,776m) were reported in a November 3, 2016 Press Release. Highlights from results of the remaining 4,568m infill and 740m step-out drilling program at Sona Hill include 7.89 g/t Au over 13.5m in Sona Hill Drill Hole ("SOD")081 (infill), 39.56 g/t Au over 10.5m in SOD090 (infill), 3.58 g/t Au over 14.6m in SOD097 (infill), 1.94 g/t Au over 28.5m in SOD100 (infill), 2.49 g/t Au over 15.7m in SOD-107 (step-out), and 4.91 g/t Au over 3.0m in SOD109 (step-out).

As part of the Sona Hill 2016 Program, an 18 line-km IP (Induced Polarization, pole-dipole) and magnetics geophysical survey was conducted over the saprolite geochemical survey grid that was established in 2012 west of Sona Hill. This ground geophysics program focused on possible extensions to the west of the mineralization at Sona Hill at depth in the low angle shear zone associated with intense hydrothermal alteration. Concurrently, a saprolite geochemical survey was filled in to a tighter 100m by 50m grid over the same area to add data to the exploration efforts.

Additionally, SRK Consulting (U.S.) Inc. completed the maiden resource calculation for Sona Hill and delivered a report (the "Resource Report") to the Company in February 2017.

A press release summarizing the Resource Report was issued by the Company on February 23, 2017. The release is available on the Company's web site and on SEDAR and set out the following highlights from the Resource Report:

- Pit-constrained maiden gold only resource containing 195,000 ounces ("kozs.") of Measured & Indicated Gold ("M&I") and 241,000 ounces of Inferred ("Inf.") resource at a cut-off grade of 0.31grams gold per ton ("g/t");
- Significant quantities of higher grade gold-only mineralization, including 178 kozs M&I at 1.30g/t and 218 kozs at 1.29 g/t at elevated cutoff grade of 0.5 g/t Au, are present in both weathered Saprolite and Fresh Rock (see Tables below);
- Shallow Mineralization near main Toroparu pit: 80% of total mineralization located within 120m of surface within single optimized Whittle pit including 25% of the total Measured & Indicated resource contained in weathered Saprolite rock from surface; and
- Mineralization at Sona Hill remains open at depth and along strike.

### Otomung Saprolite Geochemistry Program Summary

Through ETK, Sandspring controls 25,602 acres of property in the Otomung River area (the "Otomung Block"). The Otomung area lies to the northwest of an interpreted large geologic flexure in the Puruni Shear Corridor, the geologic feature that hosts the Toroparu Deposit and can be traced for more than 150 km within the Puruni volcano-sedimentary belt into producing goldfields in Venezuela.

The Company conducted a small geochemical survey on a portion of the Otomung Block in 2015. The results of the 2015 survey indicated that gold anomalous values occurred at the border of a geochemical feature interpreted as an elongated granitoid intrusion in the center of the survey area. This interpretation is consistent with indications from earlier exploration work in the area that suggested the presence of intrusives

## **Sandspring Resources Ltd.**

Management's Discussion and Analysis

Three Months Ended March 31, 2017

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in the same zones and reflects a geological setting comparable to Toroparu, as predicted by Sandspring's restraining shear bending zone geologic model for the area.

The 2016 geochemical survey at Otomung included an infill survey in which 660 samples were collected on a 250m x 100m grid over the anomalous gold features identified in the 2015 geochemical survey. In addition, 305 samples were collected from a 30 km<sup>2</sup> area extending the 2015 1000m x 100m regional grid to the northwest boundary of the concession. The results of the geochemical survey are still being reviewed as of the date of this MD&A.

### Wynamu Hill Discovery Summary

Wynamu Hill is the site of another high priority Anomaly. Wynamu is located approximately 9 km to the northwest of the main Toroparu deposit.

A gold anomalous feature at Wynamu Hill was first identified during regional geochemical surveys conducted in 2012. A 2013 geochemistry campaign confirmed the gold anomaly, which forms a NNE oriented, 1 km long - 500m wide feature of continuous 100+ ppb values, including a dozen high values of >500 ppb. Initial air-core test holes conducted in 2014 confirmed the presence of gold in saprolite and upper layers of bedrock.

The 2016 Program for Wynamu Hill consisted of 1,127m of drilling. Highlights from the discovery of gold mineralization in saprolite and fresh rock include 1.18 g/t Au over 19.5m in Wynamu Drill Hole ("WYD") 003 and 7.51 g/t Au over 21.5m in WYD013.

Management continues to review the results of the 2016 exploration campaign and resource report and is evaluating the recommendations of Mr. Claessens and Mr. van Osta for Sona Hill, Wynamu, and Otomung.

## **Toroparu Project Acquisition and Agreements**

### Property Description and Location

The Company has held mineral exploration concessions in the Upper Puruni River Area of northwestern Guyana, South America, covering an area of 242,690.8 acres (98,214 hectares) referred to as the "Upper Puruni Property". The Upper Puruni Property consisted of seven small scale claims; 167 contiguous medium scale prospecting permits ("PPMSs") and 13 medium scale mining permits ("MPs"); and five contiguous prospecting licenses ("PLs").

### Upper Puruni

The Upper Puruni Property is currently the Company's primary resource property, and is held and operated through ETK, the Company's wholly-owned subsidiary.

ETK had rights to 142 PPMSs, ten MPs and seven small scale claims pursuant to an agreement between ETK and Mr. Alfro Alphonso (the "Upper Puruni Agreement"). The Toroparu Project is located within the holdings subject to the terms of the Upper Puruni Agreement.

The Company continuously reviews the composition of its mineral exploration concessions based on the results of exploration work completed on the Upper Puruni Property. The results of exploration work to date,

## **Sandspring Resources Ltd.**

Management's Discussion and Analysis  
Three Months Ended March 31, 2017

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including drilling and surface exploration (primarily geochemical and airborne surveys), indicate that the Company should concentrate its land holdings along the Puruni Shear Zone, a regional geologic structure that hosts the Toroparu Deposit. The Puruni Shear Zone runs northwest-southeast along the Puruni River and is believed to extend from the Toroparu Deposit into the Venezuelan gold district. Accordingly, the Company has been restructuring its mineral exploration concessions to ensure that exploration work and resources are focused on the areas considered to be most prospective.

As an initial step in the land restructuring, the Company acquired rights in 2015 to the "Otomung Property" to the Northwest of the Toroparu Deposit. The Otomung Property is composed of 23 PPMSs covering 25,605 acres (10,361 hectares).

In June of 2016, as a second step in the land restructuring, the Company agreed to surrender 67 PPMSs to Mr. Alphonso covering 69,156 acres (27,986 hectares), and to assign to Mr. Alphonso of the rights to three PLs that cover 26,641 acres (10,781 hectares).

Accordingly, as of March 31, 2017, the Upper Puruni Property covers a total of 138,740 acres (56,146 hectares) comprising seven small scale claims, 98 PPMSs and 13 MPs, and two contiguous PLs.

The Company will consider further land adjustments as additional exploration work is completed.

The Upper Puruni Agreement stipulates that ETK is the sole operator and has the sole decision-making discretion in all matters related to the conduct of prospecting, exploration, development activities, and mining activities for the recovery of gold or other metals, minerals or gemstones. An in-kind royalty of 6% is payable to Mr. Alphonso on all gold and other mineral production from the claims subject to the Upper Puruni Agreement, and ETK paid Mr. Alphonso royalties on the gold production from its test and alluvial mining operations. The original Upper Puruni Agreement provided that ETK would commence commercial production, defined as production of 50,000 ounces of gold per year, beginning on January 1, 2013 or, in lieu thereof, pay Mr. Alphonso an annual sum of the Guyana dollar equivalent of US\$250,000 until commercial production has commenced. As production was not achieved by January 1, 2013, the Company paid US\$250,000 to Mr. Alphonso in January 2013. The Company has made all annual payments to date, with the exception of the 2017 penalty payment which at the request of Mr. Alphonso, will be made in accordance with payment directions to be issued by Mr. Alphonso specifying a payment date.

On November 1, 2013, the Company agreed to an amendment of the Upper Puruni Agreement. The agreement previously stated that in the event ETK had not achieved commercial production by January 1, 2017, Mr. Alphonso had the right to declare a default under the terms of the agreement. The agreement was amended to extend the deadline for achieving commercial production by three years, to January 1, 2020. Further, ETK shall pay to Mr. Alphonso the Guyana Dollar equivalent of the sum of US\$1,000,000 on or before June 2018.

The Upper Puruni Agreement also gives ETK the option of purchasing all of Mr. Alphonso's interest in the Upper Puruni Property, except his right to continue to conduct alluvial mining on the property, for the sum of US\$20 million. This buy-out option does not have an expiry date. The right of the Company to continue development of the PPMSs and MPs could be impacted if the buy-out option is exercised prior to the conversion of the PPMSs and MPs to large-scale mining licenses. There are no credits against the US\$20 million option price for royalty or other payments made by ETK to Mr. Alphonso.

## **Sandspring Resources Ltd.**

Management's Discussion and Analysis  
Three Months Ended March 31, 2017

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At March 31, 2017, the discounted long-term liability to Mr. Alphonso amounted to \$1,056,487.

### Godette Agreement

The Company, through its wholly-owned subsidiary ETK, has rights to three MPs pursuant to the Godette Joint Venture Agreement (the "Godette Agreement"). ETK has sole operatorship and sole decision-making discretion in all matters pertaining to gold exploration on the lands subject to the Godette Agreement. ETK also has the sole and exclusive right to sell all gold, other precious metals or gemstones it may recover from the properties. The MPs that are the subject of the Godette Agreement are not evaluated or considered in the May 2013 Technical Report.

Limited geologic work was performed by ETK on the land subject to the Godette Agreement in 2012 and a more extensive exploration program was conducted in the fourth quarter of 2015. During the Fall 2015 exploration program, an alluvial sampling program and a core drilling program of approximately 3,700 meters were conducted. The results of the Fall 2015 exploration program were positive and the Company's exploration consultants have recommended that additional exploration be undertaken, as financing can be obtained.

ETK purchased 100% of the Godettes' interest in the Godette Agreement for the sum of US\$300,000.

### B.M. Mining Agreement

In September of 2015, ETK entered into a binding agreement (the "B.M. Mining Agreement") with B.M. Mining Company ("B.M. Mining") and its owner, Bryan Stephens of Bartica, Guyana, to acquire the right to explore 25,602 acres of property in the Otomung River area (the "Otomung Block") which is located immediately adjacent to the northwestern boundary of ETK's current property block in the Upper Puruni area. The Otomung River area lies to the northwest of an interpreted large geologic flexure in the Puruni Shear Corridor, the geologic feature that hosts the Toroparu Deposit. The Puruni Shear Corridor continues for more than 150 km within the Puruni volcano-sedimentary belt into producing goldfields in Venezuela. In the fourth quarter of 2015, Sandspring extended its regional geochemical survey grid into the Otomung Block with the objective of identifying gold anomalous features that could indicate new mineralized systems.

The B.M. Mining Agreement provides that ETK shall pay B.M. Mining the Guyana dollar equivalent of US\$10,000 upon execution of a final joint venture agreement between B.M. Mining and ETK for the right to conduct exploration activities for a period of one year. The final joint venture agreement has not been executed as of the date of this MD&A.

## Sandspring Resources Ltd.

Management's Discussion and Analysis  
Three Months Ended March 31, 2017

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ETK has the option to extend the B.M. Mining Agreement annually by making payment to B.M. Mining of the amounts set forth below:

<b>Year (to be Paid on or Before the Anniversary Date of the Date of the Definitive Agreement)</b>	<b>Amount in U.S. Dollars (to be Paid in the Guyana Dollar Equivalent Amount)</b>
2016	\$25,000
2017	\$35,000
2018	\$45,000
2019	\$55,000
2020	\$65,000
2021	\$75,000
2022	\$75,000
2023	\$75,000
2024	\$75,000

The 2016 annual payment of \$25,000 will be paid upon execution of the final joint venture agreement between B.M. Mining and ETK.

The B.M. Mining Agreement further provides that ETK shall pay the annual rentals on the 23 PPMSs that comprise the Otomung Block. B.M. Mining paid the rentals on the PPMSs that came due in May 2016 and the Company will reimburse B.M. Mining for the rentals payments when the receipts are received.

ETK has the right to buy all of B.M. Mining's interest in the B.M. Mining Agreement and the underlying Otomung Block upon payment to B.M. Mining of an amount that is tied to the price of gold per ounce at the time ETK exercises its option to purchase.

<b>Price of Gold (US Dollars)/Oz</b>	<b>Amount of Buy-out (US Dollars)</b>
Up to \$1,400	\$1,500,000
\$1,401 to \$2,000	\$2,500,000
\$2,001 and greater	\$4,000,000

### Summary of Property Holding

After the restructuring efforts undertaken by the Company with regard to the PPMSs held under the agreement with Mr. Alphonso, the assignment of the three PLs to Mr. Alphonso and the addition of the B.M. Mining PPMSs, as of March 31, 2017, the Upper Puruni Property covers a total of 138,740 acres (56,146 hectares) comprising seven small scale claims, 98 PPMSs and 13 MPs, and two contiguous PLs.

### Rentals and Royalties

The Company has executed a mineral agreement with the Government of Guyana that stipulates a royalty of 8% on gold (1.5% on copper) produced from its mineral claims payable in cash or in kind to the Government of Guyana.

Mineral claims are also subject to annual rentals. The rental rates for each of the MPs are US\$1.00 per acre per annum. Rental rates for PLs are US\$0.50 per acre for the first year, US\$0.60 per acre for the second year,

## Sandspring Resources Ltd.

Management's Discussion and Analysis  
Three Months Ended March 31, 2017

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and US\$1.00 per acre for the third year. The PLs held by the Company were issued in October of 2013. The Company has applied to renew two of the PLs and has assigned the other PLs to Mr. Alphonso. An application fee of US\$100 and a work performance bond equal to 10% of the approved budget is also required. Rentals on the claims controlled by ETK are payable annually by the expiry date of each claim.

### Environmental Liabilities

The Upper Puruni Property is not the subject of any known environmental liabilities.

### Toroparu Permits

ETK has all the necessary permits and permissions currently required to conduct its exploration work and medium-scale mining and gravity recovery of gold and other minerals on the Toroparu Project. In addition, the project has its Environmental Authorization, Mineral Agreement and Fiscal Stability Agreement in place.

Sandspring has also signed a Memorandum of Understanding with the Guyana Government giving Sandspring exclusive rights to develop the Kurupung Hydro Project, approximately 50 km south of the Toroparu Project. Optimizing the project's power supply by building the proposed run-of-river hydroelectric facility could significantly reduce the project's life-of-mine operating costs.

### **Exploration Expenditures**

The bulk of the Company's work to date has focused on the Toroparu Project and surrounding areas.

The following table sets forth a breakdown of material components of the Company's exploration expenditures for the three months ended March 31, 2017 and 2016.

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Upper Puruni exploration costs		
Camp expenses	\$ 158,262	\$ 183,828
Consulting	104,466	48,694
Engineering studies	91,852	-
Lab fees	55,100	39,751
Office and administrative costs	26,075	21,348
Salaries and benefits	111,094	119,057
Travel and accommodation	53,727	33,165
Production commitment fees	355,177	345,834
Prospecting licenses	81,144	78,660
Stock-based compensation	129,783	-
Exploration costs sub-total	\$ 1,166,680	\$ 870,337
Depreciation	7,703	114,185
Total exploration costs	\$ 1,174,383	\$ 984,522

## Sandspring Resources Ltd.

Management's Discussion and Analysis  
Three Months Ended March 31, 2017

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### Summary of Quarterly Results

The selected quarterly financial information prepared in accordance with IFRS for the past eight financial quarters is outlined below.

Three Months Ended	Net Loss \$	Basic and Diluted Loss Per Share \$
Mar 31, 2017	(3,808,416)	(0.03)
Dec 31, 2016	(2,249,735)	(0.02)
Sep 30, 2016	(2,502,023)	(0.02)
Jun 30, 2016	(1,184,560)	(0.01)
Mar 31, 2016	(1,298,922)	(0.02)
Dec 31, 2015	(2,864,455)	(0.03)
Sep 30, 2015	(1,847,775)	(0.02)
Jun 30, 2015	(1,482,945)	(0.03)

The Company's net loss related primarily to exploration expenditures in Guyana. All other expenses related to general working capital purposes and management compensation.

### Results of Operations

#### Three Months Ended March 31, 2017, Compared with Three Months Ended March 31, 2016

The Company's net loss totaled \$3,808,416 for the three months ended March 31, 2017, with basic and diluted loss per share of \$0.03. This compares with a net loss of \$1,298,922 with basic and diluted loss per share of \$0.02 for the three months ended March 31, 2016. The increase in net loss of \$2,509,494 was due to:

- Exploration expenditures increased \$296,343 during the three months ended March 31, 2017 as compared to the three months ended March 31, 2016, primarily due to an increase in costs related to the feasibility study, lab fees in the 2016 exploration program, and stock-based compensation of \$129,783 incurred from the grant of options as related to exploration costs.
- Stock-based compensation expense as related to G&A overhead increased by \$2,191,894 during the three months ended March 31, 2017 which related to the grant of 5,635,000 options. No options were granted by the Company for three months ended March 31, 2016.
- Salaries and other benefits for the three months ended March 31, 2017 totaled \$173,038 as compared to \$162,462 for the three months ended March 31, 2016. The increase is a result of higher health insurance premiums.
- Investor relations and marketing costs for the three months ended March 31, 2017 totaled \$101,374 as compared to \$56,461 for the three months ended March 31, 2016. The increase in these fees is due to the Company's revitalized marketing efforts.

## **Sandspring Resources Ltd.**

Management's Discussion and Analysis  
Three Months Ended March 31, 2017

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- A foreign exchange gain of \$15,724 was incurred during the three months ended March 31, 2017, driven by variance with the U.S. dollar relative to the Canadian dollar.
- All other expenses related to general working capital purposes.

### **Deferred Management Compensation**

At March 31, 2017, the Company recognized \$1,051,818 (December 31, 2016: \$1,057,422) pertaining to management compensation and severance amounts owed in connection with a corporate restructuring that occurred in the fourth quarter of 2014. In accordance with underlying agreements, all parties have agreed to defer payment of the balances owed, subject to certain liquidity conditions of the Company and at the discretion of the Compensation Committee, until December 31, 2017. Effective January 1, 2016, the Company amended the management employment agreements for Mr. Munson (CEO) and Mr. Barnes (Executive Vice President) resulting in a reduction to fifty percent (50%) of base salary, which eliminated further salary deferrals.

### **Liquidity and Capital Resources**

There is no assurance that equity, or any other form of capital, will be available to the Company in the amounts or at the times desired by the Company, or on terms that are acceptable to the Company. See "Risk Factors" below and "Note 1 to the Annual Financial Statements for going concern discussion".

As at March 31, 2017, the Company had working capital of \$1,572,403 (December 31, 2016: \$2,996,684). The Company had cash of \$3,005,740 at March 31, 2017 (December 31, 2016: \$4,099,220) and restricted cash of \$198,290 (December 31, 2016: \$200,033). The Company will exercise discretion on the amount and timing of its expenditures and evaluate financing needs throughout 2017 as required.

The Company's liquidity and ability to access capital resources fluctuates based on the trends identified under the heading "Trends". Apart from these and the risk factors noted under the heading "Risk Factors" below, management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's liquidity and capital resources.

The Company remains debt free and maintains nominal credit or interest rate risk. Accounts payable and accrued liabilities are short-term and non-interest bearing. The Company's liquidity risk with financial instruments is minimal as excess cash is invested with major Canadian chartered banks in guaranteed investment certificates.

### **Trends**

The Company anticipates that it will continue to experience net losses as a result of operating costs and ongoing exploration and evaluation of the Upper Puruni Property until such time as revenue-generating activity is commenced. The Company's future financial performance is dependent on many external factors. Both the price of, and the market for, gold is volatile, difficult to predict, and subject to changes in domestic and international political, social, and economic environments. Circumstances and events such as current economic conditions and ongoing volatility in the capital markets could materially affect the future financial performance of the Company.

## **Sandspring Resources Ltd.**

Management's Discussion and Analysis  
Three Months Ended March 31, 2017

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### **Contingencies**

The Company's mining and exploration activities are subject to various government laws and regulations relating to environmental protection. As at March 31, 2017, the Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future and anticipates that such obligations will arise only when mine development commences.

### **Off-Balance Sheet Arrangements**

As of the date of this MD&A, the Company has no material off-balance sheet arrangements, such as guarantee contracts, derivative instruments, or any other obligations that would trigger financing, liquidity, market or credit risk to actual or proposed transactions.

### **Commitments**

The Company has executed a mineral agreement with the Government of Guyana that stipulates a royalty of 8% on gold (1.5% on copper) produced from its mineral claims payable in cash or in kind to the Government of Guyana. Mineral claims are also subject to annual rentals, as previously described.

An in-kind royalty of 6% is payable to Mr. Alphonso on all gold and other mineral production from the claims subject to the Upper Puruni Agreement.

Under the terms of the Silver Wheaton Purchase Agreement, Silver Wheaton may purchase 10% of the gold produced from the Company's Toroparu Project in exchange for funding of US\$148.5 million and 50% of the silver produced from the Company's Toroparu Project in exchange for funding of US\$5 million, for a total commitment from Silver Wheaton of US\$153.5 million. Up-front payments of US\$15.5 million have already been received, with the remainder to be paid out in installments during project construction. In addition, Silver Wheaton will make ongoing payments to the Company of the lesser of the market price and US\$400 per payable ounce of gold delivered to Silver Wheaton over the life of the Toroparu Project, subject to a 1% annual increase starting after the third year of production. With regard to silver production, Silver Wheaton will make ongoing payments to Sandspring of the lesser of the market price and US\$3.90 per payable ounce of silver delivered to Silver Wheaton over the life of the Toroparu Project, subject to a 1% annual increase starting on the fourth anniversary of production.

### **Share Capital**

In March 2017, 5,635,000 stock options were granted with an exercise price of \$0.53 and a term of ten years.

During the three months ended March 31, 2017, 74,999 stock options were exercised for net proceeds of \$15,000.

The Company is authorized to issue an unlimited number of common shares. As of the date of this MD&A, the Company had 114,135,957 common shares outstanding on a non-diluted basis. The Company also had 10,883,327 stock options and 39,502,758 common share purchase warrants outstanding, exercisable to acquire one common share of the Company.

## Sandspring Resources Ltd.

Management's Discussion and Analysis  
Three Months Ended March 31, 2017

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### Proposed Transactions

As of the date of this MD&A, there are no proposed transactions of a material nature being considered by the Company, other than those disclosed in this document.

### Related Party Transactions

The Company's transactions are in the normal course of business and all amounts due to related parties are non-interest bearing and payable on demand.

- a) Included in accounts payable and accrued liabilities is \$14,171 (December 31, 2016: \$30,591) due to officers and directors of the Company.
- b) Remuneration of directors and key management of the Company was as follows:

	March 31, 2017	March 31, 2016
Salaries and benefits for management	\$ 88,529	\$ 81,486
Stock-based compensation	1,936,447	-
	\$ 2,024,976	\$ 81,486

The Company's Directors elected to waive fees for 2017.

### Financial Instruments

The Company's activities potentially expose it to a variety of financial risks including credit risk, liquidity risk, currency risk and interest rate risk.

#### Credit Risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligation. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The maximum credit risk represented by the Company's financial assets is represented by their carrying amounts. The Company holds its cash and guaranteed investment certificates with reputable financial institutions, from which management believes the risk of loss to be minimal.

#### Liquidity Risk and Fair Value Hierarchy

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. The Company generates cash primarily through its financing activities. At March 31, 2017, the Company had cash and restricted cash of \$3,204,030 (December 31, 2016: \$4,299,253) to settle current liabilities of \$1,851,548 (December 31, 2016: \$1,475,625). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity (Note 1). The Company is actively seeking additional sources of capital.

The Company's cash and restricted cash are measured using Level 1 inputs as at March 31, 2017.

## **Sandspring Resources Ltd.**

Management's Discussion and Analysis  
Three Months Ended March 31, 2017

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### Currency Risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in Guyana on a cash call basis using U.S. dollar currency and maintains U.S. dollar and Guyanese dollar bank accounts. The Company is subject to gains and losses from fluctuations in the U.S. dollar and Guyanese dollar against the Canadian dollar.

### **Management of Capital**

The Company manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out the Company's planned exploration programs and to meet its ongoing administrative costs. The Company considers its capital to be total shareholders' equity (managed capital) which, at March 31, 2017, totaled \$8,754,245 (December 31, 2016: \$10,225,946).

This capital management is achieved by the Board of Directors' review and acceptance of exploration budgets that are achievable using existing resources and the timely matching and release of the next stage of expenditures with the resources made available from private placements or other fundraising.

The Company's capital management objectives, policies and processes have remained unchanged during the three months ended March 31, 2017.

### **Disclosure of Internal Controls**

Management has established processes to provide sufficient knowledge to support representations that it has exercised reasonable diligence that (i) the audited consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements, and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's GAAP.

## **Sandspring Resources Ltd.**

Management's Discussion and Analysis  
Three Months Ended March 31, 2017

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### **Technical Disclosure**

Mr. Lucas Werner Claessens is a Qualified Person as defined under NI 43-101. Mr. Claessens has reviewed and approved all technical and scientific information contained in this MD&A.

Certain information set out herein is based on the pre-feasibility study Technical Report which was prepared by SRK Consulting (U.S.) Inc. with an effective date of May 8, 2013, entitled "NI 43-101 Technical Report, Pre-Feasibility Study, Toroparu Gold Project, Upper Puruni River Area, Guyana".

### **Cautionary Note Regarding Forward-looking Statements**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the potential of Sandspring's properties to contain copper and gold deposits that can be profitably extracted; the Company's ability to meet its working capital needs at the current level for the 12-month period ending December 31, 2017; the plans, costs, timing and capital for future exploration and development of Sandspring's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations; management's outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; market prices and price volatility for gold, silver and copper; and general business and economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Sandspring's ability to predict or control. These risks, uncertainties and other factors include, but are not limited to, price volatility, changes in debt and equity markets, timing and availability of external financing on acceptable terms, the uncertainties involved in interpreting geological data, uncertainty regarding Sandspring confirming title to its properties, the possibility that future exploration results will not be consistent with Sandspring's expectations, increases in costs, environmental compliance and changes in environmental and other local legislation and regulation, interest rate and exchange rate fluctuations, changes in economic and political conditions and other risks involved in the mining industry, as well as those risk factors listed in the "Risk Factors" section below. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, assumptions about the availability of financing for Sandspring's exploration and development activities; operating and exploration costs; the Company's ability to retain and attract skilled staff; timing of the receipt of regulatory and governmental approvals for exploration projects and other operations; market competition; and general business and economic conditions.

## **Sandspring Resources Ltd.**

Management's Discussion and Analysis

Three Months Ended March 31, 2017

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Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Sandspring's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

### **Additional Information**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com), or on the Company's website at [www.sandspringresources.com](http://www.sandspringresources.com).