



SANDSPRING

RESOURCES LTD.

**Management's Discussion and Analysis
Three and Six Months Ended June 30, 2018**

Prepared by:

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Sandspring Resources Ltd.

Management's Discussion and Analysis

Three and Six Months Ended June 30, 2018

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 and six months ended June 30, 2018. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2017, and the related notes thereto. Information contained herein is presented as at August 16, 2018 unless otherwise indicated. Further information about the Company and its operations is available on Sandspring's website at www.sandspringresources.com or on the System for Electronic Document Analysis and Retrieval ("SEDAR") at 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. In July 2018, the Company completed the acquisition of 100% interest in the Chicharron Project, located in Antioquia, Colombia.

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 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 identified a large hydrothermal halo that extends for 20km x 7km around the Toroparu Deposit, with a cluster of gold anomalies that represent advanced-stage exploration targets. Additional exploration drilling in 2015, 2016 and 2017 identified a resource at one of the anomalies (Sona Hill) and a discovery of gold mineralization at a second anomaly (Wynamu Hill).

As at June 30, 2018, the Company had working capital deficit of \$2,448,836 (December 31, 2017: positive working capital \$2,526,650), an accumulated deficit of \$148,065,239 (December 31, 2017: \$142,362,455), incurred losses in the six months ended June 30, 2018 amounting to \$5,702,784 (2017: \$4,654,282), and used cash in operating activities during the six months ended June 30, 2018 of \$4,244,795 (2017: 2,392,784). In July 2018, the Company completed an equity financing for gross proceeds of \$10,250,000. With this financing in place, management believes there is sufficient funding to finance the Company into 2019.

Sandspring Resources Ltd.

Management's Discussion and Analysis

Three and Six Months Ended June 30, 2018

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 both the Upper Puruni Property and the Chicharron Project, and (ii) evaluating, and acquiring if appropriate, other mineral opportunities.

Chicharron Project

In July 2019, the Company completed the acquisition of 100% of the rights to a land package in Antioquia, Colombia known as the Chicharron Project, which includes the historic silver-gold producing Guia Antigua Mine. The Company acquired control of 100% of the Chicharron Project through a series of transactions that included consideration of the issuance of 36,000,000 shares, a cash payment of US\$1,000,000, reimbursement of certain expenses and a best efforts commitment to incur US\$1,000,000 in exploration expenses over the next 24 months.

The above acquisition was completed concurrently with an equity financing that raised gross proceeds of \$10,250,000 through the issuance of 41,000,000 units where each unit consisted of one common share and one share purchase warrant entitling the holder to acquire one additional common share at a price of \$0.40 until July 20, 2023.

The Chicharron Project was acquired through a series of transactions that included the issuance of 15,000,000 common shares to Gran Colombia Gold Corp. ("Gran Colombia"), who hold the Segovia mining title in Antioquia, Colombia on which the Chicharron Project is located. In addition, Gran Colombia participated in the concurrent financing and acquired 16,000,000 units of the Company. As a result, Gran Colombia now controls approximately 14.78% of the issued and outstanding common shares of Sandspring, on an undiluted basis.

In connection with acquisition of the Chicharron Project, each of Gran Colombia and AAVN Consulting Corporation ("AAVN Consulting") have received the right to nominate one director to the board of the Company. These rights are ongoing provided that Gran Colombia and AAVN Consulting maintain certain ownership interests in the Company. Gran Colombia has initially nominated its CEO, Lombardo Paredes Arenas, and AAVN Consulting has nominated Federico Restrepo-Solano, both of whom have been appointed to the board of directors effective immediately.

Wheaton Agreement

In November 2013, the Company entered into a precious metals purchase agreement (the "Purchase Agreement") with Silver Wheaton (Caymans) Ltd., who subsequently changed its name to Wheaton Precious Metals (Caymans) Ltd. ("Wheaton"). Under this Purchase Agreement, 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, Wheaton will make continuing payments to Sandspring of the lesser of the market price and US\$400 per payable ounce of gold delivered to 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.

Sandspring Resources Ltd.

Management's Discussion and Analysis

Three and Six Months Ended June 30, 2018

In April 2015, the Company amended the Purchase Agreement with Wheaton to include a silver stream under which 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, 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 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, as amended, the Company is required to complete a final feasibility study for its Toroparu Project before December 31, 2018, upon receipt of which Wheaton can elect to proceed and pay the balance of the US\$138 million owed under the Purchase Agreement to finance construction of the Toroparu Project, or can elect to terminate the Purchase Agreement. The Company's ability to finance activities is dependent on whether Wheaton elects to proceed after completion of the feasibility study, 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 Wheaton. There are no assurances that 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.

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 grams gold per ton ("g/t") cut-off grade, US\$1,400/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 7.1 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 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.

On February 23, 2017 the Company issued a press release declaring a maiden resource at Sona Hill. The release is available on the Company's web site and on SEDAR and sets out the following highlights:

Sandspring Resources Ltd.

Management's Discussion and Analysis

Three and Six Months Ended June 30, 2018

- Pit-constrained maiden gold only resource containing 195,000 ounces of Measured & Indicated Gold and 241,000 ounces of Inferred resource at a cut-off grade of 0.31 g/t.
- Significant quantities of higher grade gold-only mineralization, including 178,000 ounces Measured & Indicated Gold at 1.30g/t and 218,000 inferred ounces at 1.29 g/t at elevated cutoff grade of 0.5 g/t Au, are present in both weathered Saprolite and Fresh Rock.
- 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.
- Mineralization at Sona Hill remains open at depth and along strike.

During the period ended June 30, 2018, management continued working with its consultants, SRK Consulting (Denver) to incorporate the new resource at Sona Hill into the mine plan presented in the pre-feasibility study. The work with SRK during the period between March 31, 2018 and June 30, 2018 expanded from a focus on saprolite ore to include the fresh rock ore at the main Toroparu and SE zone Proven and Probable pits and the saprolite from Sona Hill.

2017 – 2018 Exploration Program

Since 2015, Sandspring has been conducting annual small-phased exploration programs that have been focused on identifying additional saprolite ore and shallow hard rock ore resources. The work led to the identification of the Sona Hill resource and some encouraging mineralization at the Wynamu Hill target.

Based on the recommendations of the Sandspring geologic team, Sandspring commenced a two-phased, 12,000-15,000 meter drill program consisting of infill, step-out, and reconnaissance drilling in November 2017 utilizing two drill rigs in the Sona Hill and Wynamu prospect areas.

On January 25, 2018, Sandspring announced the results of Phase 1 of the program and noted the following highlights from the drilling at the Sona Hill and Wynamu Prospect Areas:

- 12.07 g/t over 5.05m* in Sona Hill Drill (SOD120) (step-out), 1.35 g/t over 9m and 1.96 g/t over 8m in SOD 113 (step-out), 1.78 g/t over 20.5m in SOD 128 (infill), and 5.58 g/t over 4.78m in SOD 128 (infill) from 3119m of exploratory, step-out, and infill drilling at Sona Hill.
- 1.68 g/t over 16.5m* in Wynamu Drill hole 22 (WYD022) (exploration), 1.72 g/t over 6.15m in WYD035 (exploration), 1.04 g/t over 17.2m in WYD 040 (exploration), and 1.54 g/t over 5.2m, 1.25 g/t over 3.9m, & 1.92 g/t over 10.23m in WYD043 (exploration) from 2813.5m of exploratory drilling at Wynamu Hill.

*All results reported as true widths.

Phase 2 of the program commenced in early January 2018 after analysis of assays results from the Phase 1 program. The Phase 2 program focused on infill drilling within the constrained resource pit at Sona Hill (6,565 metres planned, 6,320 metres actual) and some further exploration drilling at Wynamu (1,856 metres planned, 1,941.5 metres actual) and an additional target generally referred to as the Ameeba prospect (415 metres planned, 415.5 metres actual).

Sandspring Resources Ltd.

Management's Discussion and Analysis

Three and Six Months Ended June 30, 2018

Sandspring also completed some geotechnical drilling at the SE Pit reserve area and the Sona Hill resource area to provide information for use in the final feasibility study that the Company expects to complete during the remaining months of 2018.

Sandspring estimated a total cost of the 2017–2018 programs at US\$3.5 million and drilling is concluded as of May 2018. The program was on schedule to end by April 13, 2018 and a final cost for the 2017–2018 program was US\$3.4 million.

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, 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 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 June 30, 2018, 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.

Sandspring Resources Ltd.

Management's Discussion and Analysis

Three and Six Months Ended June 30, 2018

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 through December 31, 2017. At the request of Mr. Alphonso, the 2018 penalty payment of US\$250,000 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. At the request of Mr. Alphonso, the payment of US\$1,000,000 will be made in accordance with payment directions to be issued by Mr. Alphonso, specifying a payment date.

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.

At June 30, 2018, the current liability to Mr. Alphonso amounted to \$1,316,800.

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.

The Sona Hill prospect described above in the section entitled Toroparu Project Review and Outlook is located on the Godette property.

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

Sandspring Resources Ltd.

Management's Discussion and Analysis

Three and Six Months Ended June 30, 2018

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 to acquire the right to explore 25,605 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 between ETK and B.M. Mining Company ("B.M. Mining") and its owner was signed on October 12, 2017 and the payment of the Guyana dollar equivalent of US\$10,000 was paid.

Under the terms of the final Joint Venture Agreement as signed on October 12, 2017, 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, which were amended in the final Joint Venture Agreement:

Annual Renewal Payment	Amount in U.S. Dollars (to be Paid in the Guyana Dollar Equivalent Amount)
November 1, 2018	\$70,000
November 1, 2019	\$90,000
November 1, 2020	\$100,000
November 1, 2021	\$100,000
November 1, 2022	\$100,000
November 1, 2023	\$100,000
November 1, 2024	\$100,000

The 2016 and 2017 payments were paid upon execution of the final Joint Venture Agreement between B.M. Mining and ETK on October 12, 2017.

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 in May 2016 and May 2017 and the Company reimbursed B.M. Mining for the rentals payments when the final Joint Venture Agreement between B.M. Mining and ETK was signed in October 2017.

ETK has the right to buy B.M. Mining's interest in the B.M. Mining Agreement for US\$200,000 and the issuance of a 3% net smelter royalty ("NSR"). ETK also has the right to buy all of the 3% NSR 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.

Sandspring Resources Ltd.

Management's Discussion and Analysis

Three and Six Months Ended June 30, 2018

The amounts shown below are the amended terms as per the final Joint Venture Agreement.

Price of Gold (US Dollars)/Oz	Amount of Buy-out (US Dollars)
Up to \$1,400	\$2,000,000
\$1,401 to \$2,000	\$3,000,000
\$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 June 30, 2018, 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, 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.

Sandspring Resources Ltd.

Management's Discussion and Analysis

Three and Six Months Ended June 30, 2018

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 and six months ended June 30, 2018 and 2017.

	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Upper Puruni exploration costs				
Camp expenses	\$ 146,651	\$ 108,861	\$ 564,483	\$ 267,123
Consulting	52,715	49,875	377,724	154,341
Drilling	35,356	-	1,077,439	-
Engineering studies	544,589	33,085	942,241	124,937
Lab fees	37,760	14,592	307,380	69,692
Office and administrative costs	70,787	34,316	130,231	60,392
Salaries and benefits	96,352	101,290	207,897	212,384
Travel and accommodation	102,355	34,664	279,615	88,391
Production commitment fees	58,314	50,346	405,741	405,523
Prospecting licenses	52,189	37,497	204,009	118,641
Stock-based compensation	-	-	-	129,783
Exploration costs sub-total	\$ 1,197,068	\$ 464,526	\$ 4,496,760	\$ 1,631,207
Depreciation	11,469	7,620	22,770	15,323
Total exploration costs	\$ 1,208,537	\$ 472,146	\$ 4,519,530	\$ 1,646,530

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 \$
Jun 30, 2018	(1,696,812)	(0.01)
Mar 31, 2018	(4,005,972)	(0.03)
Dec 31, 2017	(2,553,387)	(0.02)
Sep 30, 2017	(801,319)	(0.01)
Jun 30, 2017	(845,866)	(0.01)
Mar 31, 2017	(3,808,416)	(0.03)
Dec 31, 2016	(2,249,735)	(0.02)
Sep 30, 2016	(2,502,023)	(0.02)

Sandspring Resources Ltd.

Management's Discussion and Analysis

Three and Six Months Ended June 30, 2018

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

Six Months Ended June 30, 2018, compared with Six Months Ended June 30, 2017

The Company's net loss totaled \$5,702,784 for the six months ended June 30, 2018, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$4,654,282 with basic and diluted loss per share of \$0.04 for the six months ended June 30, 2017. The increase in net loss of \$1,048,502 was due to:

- Exploration expenditures increased \$2,865,554 during the six months ended June 30, 2018 as compared to the six months ended June 30, 2017, primarily due to a more significant exploration program.
- Stock-based compensation expense varies due to the grant date fair value of options awarded. No options were granted by the Company in the six months ended June 30, 2018.
- Salaries and other benefits for the six months ended June 30, 2018 totaled \$326,886 as compared to \$342,708 for the six months ended June 30, 2017. The decrease is a result of the conversion rate variance.
- Investor relations and marketing costs for the six months ended June 30, 2018 increased \$126,585 as compared to the six months ended June 30, 2017. The increase is due to the addition of a corporate advisory firm, marketing consultant, and additional trade show participation.
- Loss on settlement of debt of \$236,006 as pertains to shares and warrants issued for a portion of deferred management compensation.
- A foreign exchange gain of \$24,220 was incurred during the six months ended June 30, 2018, driven by variance with the U.S. dollar relative to the Canadian dollar.
- All other expenses related to general working capital purposes.

Three Months Ended June 30, 2018, compared with Three Months Ended June 30, 2017

The Company's net loss totaled \$1,696,812 for the three months ended June 30, 2018, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$845,866 with basic and diluted loss per share of \$0.01 for the three months ended June 30, 2017. The increase in net loss of \$850,946 was due to:

- Exploration expenditures increased \$732,542 during the three months ended June 30, 2018 as compared to the three months ended June 30, 2017, primarily due to a more significant exploration program.
- Stock-based compensation expense varies due to the grant date fair value of options awarded. No options were granted by the Company in the three months ended June 30, 2018.

Sandspring Resources Ltd.

Management's Discussion and Analysis

Three and Six Months Ended June 30, 2018

- Salaries and other benefits for the three months ended June 30, 2018 totaled \$163,870 as compared to \$169,670 for the three months ended June 30, 2017.
- Investor relations and marketing costs for the three months ended June 30, 2018 totaled \$136,069 as compared to \$106,280 for the three months ended June 30, 2017. The increase in these fees is primarily due to the addition of a corporate advisory firm, marketing consultant, and additional trade show participation.
- A foreign exchange loss of \$26,683 was incurred during the three months ended June 30, 2018, 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 June 30, 2018, the Company has an obligation of \$611,874 (December 31, 2017: \$1,015,777) pertaining to management compensation and severance amounts owed in connection with a corporate restructuring that occurred in the fourth quarter of 2014.

In November 2017, the Company agreed to settle \$432,852 of its deferred management compensation through the issuance of an aggregate of 1,234,745 units with a fair value of \$668,858. Each unit consisted of one common share and one share purchase warrant entitling the holder to acquire one additional common share at a price of \$0.50 for a period of five years. In January 2018, the units were issued with a fair value of \$668,858 and the liability of \$432,852 was extinguished, resulting in a loss on settlement of debt of \$236,006. The balance of the deferred management compensation liability has been extended to December 31, 2019.

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 June 30, 2018, the Company had working capital deficit of \$2,448,836 (December 31, 2017: positive working capital \$2,526,650), an accumulated deficit of \$148,065,239 (December 31, 2017: \$142,362,455), incurred losses in the six months ended June 30, 2018 amounting to \$5,702,784 (2017: \$4,654,282), and used cash in operating activities during the six months ended June 30, 2018 of \$4,244,795 (2017: 2,392,784). In July 2018, the Company completed an equity financing for gross proceeds of \$10,250,000. With this financing in place, management believes there is sufficient funding to finance the Company into 2019.

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 credit risk with financial

Sandspring Resources Ltd.

Management's Discussion and Analysis

Three and Six Months Ended June 30, 2018

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 and the Chicharron Project until such time as revenue-generating activities are 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.

Contingencies

The Company's mining and exploration activities are subject to various government laws and regulations relating to environmental protection. As at June 30, 2018, 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

In November 2011, the Company 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 Purchase Agreement, 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 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, 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 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, 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 Wheaton over the life of the Toroparu Project, subject to a 1% annual increase starting on the fourth anniversary of production.

Sandspring Resources Ltd.

Management's Discussion and Analysis

Three and Six Months Ended June 30, 2018

The Company has certain commitments to maintain its rights under the B.M. Mining Agreement consisting of annual payments in 2018 of US\$70,000 increasing to US\$100,000 in 2020 and onwards. Refer to B. M. Mining Agreement for further details.

The Company also has a commitment to complete US\$1,000,000 of exploration work on the Chicharron Project within two years, on a best efforts basis.

Share Capital

During the six months ended June 30, 2018, the Company issued 1,236,718 units to settle \$432,852 in outstanding indebtedness. Each unit consists of one common share and one share purchase warrant entitling the holder to acquire one additional common share at a price of \$0.50 until January 23, 2023. The units were valued on the date of issuance in January 2018 based on the price of the shares, being \$432,852, plus the Black-Scholes valuation of the warrants, being \$236,006, for a total value of \$668,858. The fair value of the warrants was determined using the following Black Scholes assumptions: i) expected share price volatility of 75%, ii) risk free interest rate of 1.96%, iii) dividend yield of \$nil; and iv) expected life of 5 years.

Subsequent to June 30, 2018, the Company completed a financing for gross proceeds of \$10,250,000 through the issuance of 41,000,000 units, where each unit consisted of one common share and one share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.40 until July 20, 2023. The Company paid cash commissions of \$140,950 in conjunction with this financing.

The Company is authorized to issue an unlimited number of common shares. As of the date of this MD&A, the Company had 209,677,672 common shares outstanding on a non-diluted basis. The Company also had 10,370,000 stock options and 95,497,118 common share purchase warrants outstanding, which are exercisable to acquire one common share of the Company.

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 \$26,336 (December 31, 2017: \$5,860) due to officers and directors of the Company.
- b) Remuneration of directors and key management of the Company was as follows:

	Six Months Ended	
	June 30, 2018	June 30, 2017
Salaries and benefits for management	\$ 190,208	\$ 178,463
Stock-based compensation	-	1,936,447
	\$ 190,208	\$ 2,114,910

Sandspring Resources Ltd.

Management's Discussion and Analysis

Three and Six Months Ended June 30, 2018

The Company's Directors elected to waive fees for 2018.

Financial Instruments

Effective January 1, 2018, the Company has adopted IFRS 9 Financial Instruments ("IFRS 9") on a prospective basis. Prior periods were not restated and no material changes resulted from adopting this new standard. IFRS 9 introduced a revised model for classification and measurement, and there were no quantitative impacts from adoption on the Company's financial statements. See Note 3 to the June 30, 2018 condensed consolidated interim financial statements for further details.

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 June 30, 2018, the Company had cash and restricted cash of \$753,589 (December 31, 2017: \$4,984,097) to settle current liabilities of \$3,322,325 (December 31, 2017: \$2,597,266). In July 2018, the Company completed an equity financing for gross proceeds of \$10,250,000. With this financing in place, management believes there is sufficient funding to finance the Company into 2019.

The Company's cash and restricted cash are measured using Level 1 inputs as at June 30, 2018.

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

Sandspring Resources Ltd.

Management's Discussion and Analysis

Three and Six Months Ended June 30, 2018

administrative costs. The Company considers its capital to be total shareholders' equity (managed capital) which, at June 30, 2018, totaled \$5,211,028 (December 31, 2017: \$10,238,087).

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 six months ended June 30, 2018.

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.

Technical Disclosure

Mr. Pascal van Osta is a Qualified Person as defined under NI 43-101. Mr. van Osta 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".

Sandspring Resources Ltd.

Management's Discussion and Analysis

Three and Six Months Ended June 30, 2018

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 June 30, 2019; 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.

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.

Sandspring Resources Ltd.

Management's Discussion and Analysis

Three and Six Months Ended June 30, 2018

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com, or on the Company's website at www.sandspringresources.com.