



SANDSPRING

RESOURCES LTD.

Consolidated Interim Financial Statements
Three and Nine Months Ended September 30, 2018 and 2017

Prepared by:
Sandspring Resources Ltd.
9137 East Mineral Circle, Suite 180
Centennial, Colorado, USA
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Expressed in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed consolidated interim financial statements of Sandspring Resources Ltd. have been prepared by and are the responsibility of the Company's management.

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2018 and 2017.

SANDSPRING RESOURCES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)

(Expressed in Canadian Dollars)

| As at | | September 30, 2018 | December 31, 2017 |
|--|--------------|--------------------|-------------------|
| ASSETS | | | |
| | <u>Notes</u> | \$ | \$ |
| Current | | | |
| Cash | | 6,265,076 | 4,802,907 |
| Restricted cash | 4 | 187,209 | 181,190 |
| Prepaid expenses | | 266,015 | 139,819 |
| | | 6,718,300 | 5,123,916 |
| Equipment | 7 | 141,393 | 174,091 |
| Mineral properties under exploration | 8 | 34,437,676 | 25,061,071 |
| | | 41,297,369 | 30,359,078 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | 916,943 | 1,023,107 |
| Deferred property obligation | 8 | 1,294,500 | 1,141,307 |
| Deferred management compensation | | - | 432,852 |
| | | 2,211,443 | 2,597,266 |
| Non-current liabilities | | | |
| Deferred management compensation | 9 | 601,511 | 582,925 |
| Deferred revenue | 10 | 16,940,800 | 16,940,800 |
| | | 17,542,311 | 17,523,725 |
| SHAREHOLDERS' EQUITY | | | |
| Common shares | 11 | 149,951,914 | 134,161,312 |
| Equity reserve | 12, 13 | 22,080,724 | 18,439,230 |
| Deficit | | (150,489,023) | (142,362,455) |
| | | 21,543,615 | 10,238,087 |
| | | 41,297,369 | 30,359,078 |

Going concern - Note 1

Commitments - Notes 8, 10, 11, 16

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

On behalf of the Board of Directors:

"Signed"

Rich Munson, CEO/Director

"Signed"

P. Greg Barnes, EVP/Director

SANDSPRING RESOURCES LTD.**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS****(Unaudited)***(Expressed in Canadian Dollars, except share and per share amounts)*

| | | Three Months Ended September 30, 2018 | Three Months Ended September 30, 2017 | Nine Months Ended September 30, 2018 | Nine Months Ended September 30, 2017 |
|--|--------------|--|--|---|---|
| | <u>Notes</u> | \$ | \$ | \$ | \$ |
| Expenditures | | | | | |
| Administrative | | 50,131 | 47,823 | 151,747 | 160,617 |
| Consulting | | 52,272 | 48,869 | 152,776 | 151,933 |
| Depreciation | 7 | 12,521 | 8,275 | 36,969 | 25,698 |
| Foreign exchange gain | | (82,689) | (52,395) | (106,909) | (127,632) |
| Exploration expenses | 8 | 769,822 | 450,866 | 5,266,583 | 2,082,073 |
| Professional fees | | 45,618 | 28,882 | 95,338 | 90,402 |
| Salaries and other employee benefits | | 203,859 | 158,522 | 530,745 | 501,230 |
| Investor relations and marketing | | 146,970 | 106,962 | 481,209 | 314,616 |
| Stock-based compensation | | 1,195,455 | - | 1,195,455 | 2,191,894 |
| Regulatory and transfer agent | | 9,983 | 1,650 | 34,333 | 29,405 |
| Travel | | 41,290 | 4,442 | 86,279 | 63,867 |
| | | 2,445,232 | 803,896 | 7,924,525 | 5,484,103 |
| Interest income | | 21,448 | 2,577 | 33,963 | 28,502 |
| Loss on settlement of deferred management compensation | 9 | - | - | 236,006 | - |
| Net loss and comprehensive loss for the period | | (2,423,784) | (801,319) | (8,126,568) | (5,455,601) |
| Loss per share | | | | | |
| Basic and diluted | | (0.01) | (0.01) | (0.05) | (0.05) |
| Weighted average number of shares outstanding | | | | | |
| Basic and diluted | | 193,600,749 | 114,145,188 | 152,953,158 | 114,129,670 |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

SANDSPRING RESOURCES LTD.**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY****(Unaudited)***(Expressed in Canadian Dollars, Except Share Amounts)*

| | Common Shares | Common Shares | Equity Reserve | Deficit | Total |
|--------------------------------------|--------------------|--------------------|-------------------|----------------------|-------------------|
| | # | \$ | \$ | \$ | \$ |
| Balance, December 31, 2016 | 114,060,958 | 130,594,813 | 13,984,600 | (134,353,467) | 10,225,946 |
| Stock-based compensation | - | - | 2,321,677 | - | 2,321,677 |
| Shares issued on exercise of options | 128,331 | 40,857 | (15,190) | - | 25,667 |
| Share issue costs | - | (788) | - | - | (788) |
| Net loss for the period | - | - | - | (5,455,601) | (5,455,601) |
| Balance, September 30, 2017 | 114,189,289 | 130,634,882 | 16,291,087 | (139,809,068) | 7,116,901 |
| Stock-based compensation | - | - | - | - | - |
| Shares issued on exercise of options | - | - | - | - | - |
| Shares issued on private placement | 17,200,000 | 3,740,777 | 2,279,223 | - | 6,020,000 |
| Share issue costs | - | (214,347) | (131,080) | - | (345,427) |
| Net loss for the period | - | - | - | (2,553,387) | (2,553,387) |
| Balance, December 31, 2017 | 131,389,289 | 134,161,312 | 18,439,230 | (142,362,455) | 10,238,087 |
| Stock-based compensation | - | - | 1,223,358 | - | 1,223,358 |
| Shares issued in settlement of debt | 1,236,718 | 432,852 | 236,006 | - | 668,858 |
| Share issue costs | - | (218,450) | (62,003) | - | (280,453) |
| Shares issued on exercise of options | 51,665 | 15,758 | (5,425) | - | 10,333 |
| Shares issued on private placement | 41,000,000 | 8,000,442 | 2,249,558 | - | 10,250,000 |
| Shares issued to GA Mine | 21,000,000 | 4,410,000 | - | - | 4,410,000 |
| Shares issued to Gran Colombia | 15,000,000 | 3,150,000 | - | - | 3,150,000 |
| Net loss for the period | - | - | - | (8,126,568) | (8,126,568) |
| Balance, September 30, 2018 | 209,677,672 | 149,951,914 | 22,080,724 | (150,489,023) | 21,543,615 |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

SANDSPRING RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited)

(Expressed in Canadian Dollars)

| | Nine Months Ended | Nine Months Ended |
|--|---------------------------|--------------------|
| | September 30, 2018 | September 30, 2017 |
| Cash (used in) provided by: | \$ | \$ |
| Operating activities | | |
| Net loss for the period | (8,126,568) | (5,455,601) |
| Adjustments for: | | |
| Depreciation | 36,969 | 25,698 |
| Stock-based compensation | 1,223,358 | 2,321,677 |
| Accretion of deferred property obligation | 153,193 | 67,647 |
| Deferred management compensation foreign exchange | 18,586 | (45,357) |
| Loss on settlement of deferred management compensation | 236,006 | - |
| Restricted cash | (6,019) | 13,811 |
| Change in non-cash working capital: | | |
| Prepaid expenses | (126,196) | 72,088 |
| Accounts payable | (106,164) | (67,254) |
| | (6,696,835) | (3,067,291) |
| Investing activities | | |
| Acquisition of Chicharron | (1,816,605) | - |
| Purchase of equipment | (4,271) | - |
| | (1,820,876) | - |
| Financing activities | | |
| Shares issued on private placement | 10,250,000 | - |
| Proceeds from exercise of stock options | 10,333 | 25,667 |
| Share issuance costs | (280,453) | (788) |
| | 9,979,880 | 24,879 |
| Cash beginning of period | 4,802,907 | 4,099,220 |
| Change in cash | 1,462,169 | (3,042,412) |
| Cash end of period | 6,265,076 | 1,056,808 |

The Company's non-cash financing activity for the nine months ended September 30, 2018 included the settlement of deferred management compensation with a value of \$432,852 through the issuance of shares and warrants valued at \$668,858.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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Notes to the Consolidated Financial Statements
Three and Nine months Ended September 30, 2018
(Expressed in Canadian Dollars)
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1. Corporate Information and Going Concern

Sandspring Resources Ltd. (“Sandspring” or “the Company”) is a resource exploration company, incorporated in Canada on September 20, 2006 under the Business Corporations Act (Alberta). The Company continued out of Alberta and into Ontario effective March 31, 2010. Sandspring is focused on the exploration for, and resource expansion of, gold and related minerals in Guyana and Colombia. Sandspring’s principal place of business is located at 9137 East Mineral Circle, Suite 180, Centennial, Colorado in the United States of America.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

As at September 30, 2018, the Company had working capital of \$4,506,857 (December 31, 2017: \$2,526,650), an accumulated deficit of \$150,489,023 (December 31, 2017: \$142,362,455), incurred losses in the nine months ended September 30, 2018 amounting to \$8,126,568 (2017: \$5,455,601), and used cash in operating activities during the nine months ended September 30, 2018 of \$6,696,835 (2017: \$3,067,291). 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, however the Company will need to raise additional funds to advance its exploration projects into development. Although the Company has been successful in the past obtaining financing, there is no assurance that it will be able to obtain adequate financing or that such financing will be on terms that are acceptable to the Company.

In conjunction with the July 2018 financing, the Company also acquired 100% of the rights to a land package located in Antioquia, Colombia, known as the Chicharron Project (Note 8) which includes the historic silver-gold producing Guia Antigua Mine.

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\$153.5 million for 10% of the payable gold production and 50% of the silver production from the Company’s Toroparu Project in Upper Puruni, Guyana (the “Toroparu Project”). Sandspring has received initial draw downs of US\$15.5 million of the cash payment, used primarily for advancement of the final feasibility study for 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

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Company will be successful in raising equity financing at all or, if available, on terms acceptable to the Company.

These conditions indicate the existence of material uncertainties that may cast significant doubt regarding the applicability of the going concern assumption. These condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. These adjustments could be material.

2. Basis of Presentation

Statement of Compliance

These condensed consolidated interim financial statements of the Company are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed consolidated interim financial statements are prepared in accordance with IAS 34, Interim Financial Reporting, on a going concern basis, under the historical cost convention, except for certain financial instruments that have been measured at fair value. The condensed consolidated interim financial statements are presented in Canadian dollars, except when otherwise indicated. The Board of Directors approved the condensed consolidated interim financial statements on November 27, 2018.

3. Significant Accounting Policies

Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries; Sandspring Resources (USA) Ltd. (“Sandspring USA”), GoldHeart Investment Holdings Ltd. (“GoldHeart”), ETK Inc. (“ETK”), Industrias Argentum S.A.S. (“Argentum”), Arcadian Minerals Corporation (“Arcadian”) and GA Mines Corp. (“GA Mines”). Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. All inter-company transactions and balances are eliminated in full.

Adoption of new accounting standards

Effective January 1, 2018, the Company has adopted IFRS 9 Financial Instruments (“IFRS 9”) which replaced IAS 39 Financial Instruments and elected to use the exemption to not restate comparative information for prior periods. 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.

As a result of the adoption of IFRS 9, The Company’s accounting policy for financial instruments under IFRS 9 has been updated as follows:

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Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified at FVTPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial instrument has been classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI.

The classification determines the method by which financial assets are carried on the balance sheet subsequent to inception and how changes in value are recorded. Cash and cash equivalents, and accounts receivable are measured at amortized cost with subsequent impairments recognized in the consolidated statements of operations and comprehensive loss. Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. Financial liabilities, other than financial liabilities classified as FVTPL, are measured in subsequent periods at amortized cost using the effective interest method. Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities and carried on the balance sheet at amortized cost.

Impairment and uncollectibility of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered impaired if objective evidence that can be estimated reliably indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

If a financial asset measured at amortized cost is impaired, an amount equal to the difference between its carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate is recognized as an impairment loss in the consolidated statement of operations. If it has been determined that the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount to a maximum of the carrying amount that would have been determined had no impairment charge been recognized in prior periods. Reversals of impairment charges are recognized in the consolidated statements of operations and comprehensive loss in the period in which they occur.

Impact of change in accounting policy

Upon initial application of IFRS 9, there is no impact to the condensed consolidated interim financial statements as of the date of initial application. Under IFRS 9, the Company's financial instruments are classified and subsequently measured as follows: cash and cash equivalents, accounts payable and accrued liabilities, deferred property obligation and deferred management compensation are valued at amortized cost.

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Future Accounting Changes

IFRS 16 - *Leases*

IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact of the adoption of this proposed new standard.

4. Restricted Cash

Restricted cash consists of \$187,209 (December 31, 2017: \$181,190) held as security for performance bonds in favor of the Guyana Geology and Mines Commission (\$174,180) and the Guyana Customs and Trade Administration (\$13,029).

5. Capital Management

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 defined exploration programs and to meet its ongoing administrative costs. The Company considers its capital to be total shareholders' equity (managed capital) which, at September 30, 2018, totaled \$21,543,615 (December 31, 2017: \$10,238,087). The Company is not subject to any externally imposed capital requirements.

This capital management is achieved by the Board of Directors' review and acceptance of exploration budgets that are achievable using existing capital 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 remained unchanged during the nine months ended September 30, 2018.

6. 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 restricted cash. The maximum credit risk represented by the Company's financial assets is represented by their carrying amounts. The Company holds its cash and restricted cash with reputable financial institutions, from which management believes the risk of loss to be minimal.

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Liquidity Risk

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 September 30, 2018, the Company had cash and restricted cash of \$6,452,285 (December 31, 2017: \$4,984,097) to settle current liabilities of \$2,211,443 (December 31, 2017: \$2,597,266). In July 2018, the Company completed an equity financing for gross proceeds of \$10,250,000. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity (Note 1).

The Company's cash and restricted cash are measured using Level 1 inputs as at September 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 and Colombia on a cash call basis using U.S. dollar currency and maintains U.S. dollar, Guyanese dollar and Colombian peso bank accounts. The Company is subject to gains and losses from fluctuations in the U.S. dollar, Guyanese dollar, and Colombian peso against the Canadian dollar.

The following table summarizes, in Canadian dollar equivalents, the Company's major foreign currency exposures to the U.S. dollar as at September 30, 2018. The Company manages its U.S. dollar currency risk by maintaining resources in its U.S. dollar bank accounts sufficient to meet its U.S. dollar operational requirements. The Company's exposure to the currency risk of Guyanese dollars and Colombian pesos is not material.

| | September 30, 2018 |
|-------------|--------------------|
| Cash | \$ 768,875 |
| Liabilities | \$ (2,748,159) |
| | \$ (1,979,284) |

The table below summarizes a sensitivity analysis for significant unsettled currency risk exposure with respect to the Company's financial instruments as at September 30, 2018, with all other variables held constant.

| | Sensitivity Analysis, Change in USD | Increase (Decrease) in Net Income |
|------------------------|--|--------------------------------------|
| Decrease in Net Income | -1% | \$ 19,793 |
| Increase in Net Income | 1% | \$ (19,793) |

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7. Equipment

| | Camp Equipment | Heavy Equipment | Other Equipment | Vehicles | Furniture and Office Equipment | Total |
|---------------------------------|-------------------|--------------------|--------------------|------------|--------------------------------------|--------------|
| Cost | | | | | | |
| As at December 31, 2017 | \$ 98,397 | \$ 2,941,572 | \$ 352,899 | \$ 247,460 | \$ 253,830 | \$ 3,894,158 |
| Additions | 1,824 | - | - | - | 2,446 | 4,270 |
| Disposals | - | - | - | - | - | - |
| As at September 30, 2018 | \$ 100,221 | \$ 2,941,572 | \$ 352,899 | \$ 247,460 | \$ 256,276 | \$ 3,898,428 |
| Accumulated Depreciation | | | | | | |
| As at December 31, 2017 | \$ 79,148 | \$ 2,909,118 | \$ 308,205 | \$ 178,364 | \$ 245,232 | \$ 3,720,067 |
| Disposals | - | - | - | - | - | - |
| Charge for the period | 3,938 | 5,432 | 7,917 | 16,732 | 2,949 | 36,968 |
| As at September 30, 2018 | \$ 83,086 | \$ 2,914,550 | \$ 316,122 | \$ 195,096 | \$ 248,181 | \$ 3,757,035 |
| Net Book Value | | | | | | |
| As at December 31, 2017 | \$ 19,249 | \$ 32,454 | \$ 44,694 | \$ 69,096 | \$ 8,598 | \$ 174,091 |
| As at September 30, 2018 | \$ 17,135 | \$ 27,022 | \$ 36,777 | \$ 52,364 | \$ 8,095 | \$ 141,393 |

8. Mineral Properties Under Exploration

Colombia

Chicharron Project

On July 20, 2018, the Company completed the acquisition of 100% of the rights to a land package in Antioquia, Colombia known as the Chicharron Project. 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 (with a fair value of \$7,560,000), a cash payment of US\$1,000,000, reimbursement of certain expenses totaling US\$124,500 and a best efforts commitment to incur US\$1,000,000 in exploration expenses over the next 24 months. The Company also incurred transaction costs of \$230,145 in connection with this acquisition.

The Chicharron Project was acquired through a series of transactions that included the acquisition of GA Mines, Argentum and Arcadian, which has been accounted for as an acquisition of assets and liabilities as the entities acquired do not meet the definition of a business in accordance with IFRS 3. The acquisition of the 100% interest was by way of 30% from Gran Colombia Gold Corp ('Gran Colombia') and 70% from certain vendors, including previous joint venture partners of Gran Colombia.

Total consideration of \$9,264,027 was allocated to the net assets acquired and liabilities assumed was allocated to the Chicharron resource property.

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The following tables describe the consideration paid and the estimated fair value of assets acquired and liabilities assumed as at the date of acquisition:

| Consideration | |
|--------------------------------|--------------|
| Issuance of 36,000,000 shares | \$ 7,560,000 |
| Cash payments of US\$1,124,500 | 1,473,882 |
| Transaction costs | 230,145 |
| Total consideration | \$ 9,264,027 |
| Net assets acquired | |
| Cash | \$ 102,220 |
| Current assets | 2,928 |
| Resource property – Chicharron | 9,376,605 |
| Current liabilities | (217,726) |
| Total net assets acquired | \$ 9,264,027 |

The Chicharron Project encompasses the exploration, development and mining rights to an area located within the Gran Colombia's Segovia mining title but outside the areas associated with Gran Colombia's mining operations and exploration activities. In addition, the Segovia mining title is pledged as direct security against certain debt issued by Gran Colombia in April 2018 which matures in 2024.

As consideration of the 30% interest in the Chicharron project, Gran Colombia received 15,000,000 common shares of the Company, and has the right to nominate at least two members to the Company's board of directors. In addition, Gran Colombia also acquired 16,000,000 units of the Company in the concurrent financing (Note 11), and 4,000,000 through a private transaction with an unrelated entity in October 2018. As a result, Gran Colombia currently owns 16.69% on an undiluted basis (22.60% on a diluted basis) of the Company.

Guyana

The Company has held mineral exploration concessions in the Upper Puruni River Area of northwestern Guyana, South America, referred to as the "Upper Puruni Property". The Upper Puruni Property consists of certain small scale claims, medium scale prospecting permits ("PPMSs"), medium scale mining permits ("MPs") and prospecting licenses ("PLs"). The Upper Puruni Property is held and operated through ETK, the Company's wholly-owned subsidiary.

Certain of the PPMSs, MPs and small scale claims are held pursuant to an agreement between ETK and Mr. Alfredo 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. ETK has been restructuring its mineral exploration concessions to ensure that exploration work and resources are focused on the areas

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considered to be most prospective. As an initial step in the land restructuring, ETK acquired rights in 2015 to the "Otomung Property" to the Northwest of the Toroparu Deposit.

Alfro Alphonso Joint Venture (Upper Puruni Agreement)

The Upper Puruni Agreement stipulates that ETK is the sole operator and has 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 from the lands. 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. 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 has not yet been achieved, the Company commenced paying US\$250,000 annually 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.

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 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 buy-out price for royalty or other payments made by ETK to Mr. Alphonso.

In November 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 30, 2018. 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 following table shows the continuity of the discounted long-term liability to Mr. Alphonso:

| | | |
|------------------------------------|------------------|---------------------|
| Balance, December 31, 2016 | | \$ 1,017,958 |
| Additions: | Accretion | \$ 196,904 |
| | Foreign exchange | (73,555) |
| Balance, December 31, 2017 | | \$ 1,141,307 |
| Additions: | Accretion | \$ 116,179 |
| | Foreign exchange | 37,014 |
| Balance, September 30, 2018 | | \$ 1,294,500 |

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As at September 30, 2018, the carrying amount of the Company's interest in mineral properties is as follows:

| | September 30, 2018 | December 31, 2017 |
|-----------------------|----------------------|----------------------|
| Toroparu – Guyana | \$ 25,061,071 | \$ 25,061,071 |
| Chicharron - Colombia | 9,376,605 | - |
| Balance | \$ 34,437,676 | \$ 25,061,071 |

The carrying value of mineral properties under exploration represents the cost of acquired properties. All costs related to exploration activities are expensed as incurred. Mineral properties under exploration are not depreciated and will be reclassified once technical feasibility and commercial viability can be demonstrated.

The following table sets forth a breakdown of material components of the Company's exploration expenditures for the three and nine months ended September 30, 2018 and 2017 for Toroparu. No material expenditures were made on the Chicharron project.

| | Three Months Ended | | Nine Months Ended | |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| Upper Puruni exploration costs | | | | |
| Camp expenses | \$ 132,565 | \$ 179,911 | \$ 697,048 | \$ 447,034 |
| Consulting | 90,714 | 14,900 | 468,438 | 169,241 |
| Drilling | - | - | 1,077,439 | - |
| Engineering studies | 227,098 | 8,798 | 1,169,339 | 133,735 |
| Lab fees | 43,151 | 8,143 | 350,531 | 77,835 |
| Office and administrative cost | 26,078 | 25,950 | 156,309 | 86,339 |
| Salaries and benefits | 109,171 | 92,795 | 317,068 | 305,179 |
| Travel and accommodation | 69,385 | 43,191 | 349,000 | 131,582 |
| Production commitment fees | 3,016 | 34,823 | 408,757 | 440,346 |
| Prospecting licenses | 40,742 | 42,358 | 244,751 | 160,999 |
| Stock-based compensation | 27,903 | - | 27,903 | 129,783 |
| Exploration costs sub-total | \$ 769,823 | \$ 450,869 | \$ 5,266,583 | \$ 2,082,073 |
| Depreciation | 11,668 | 7,703 | 34,438 | 23,026 |
| Total exploration costs | \$ 781,491 | \$ 458,572 | \$ 5,301,021 | \$ 2,105,099 |

B.M. Mining Agreement

In October 2017, the Company, through its wholly owned subsidiary ETK, executed a final joint venture agreement (the "B.M. Mining Agreement") with B.M. Mining Company ("B.M. Mining") whereby ETK has the right to explore certain property adjacent to current holdings. As consideration for this right to explore, the Company must make annual payments of US\$70,000 in 2018 increasing to US\$100,000 in 2020. The Company also paid US\$10,000 for signing of the agreement and US\$75,000 being the total annual payments for 2016 and 2017, as the original binding agreement was entered into in 2015.

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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 buyout 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 being a sliding scale of US\$2,000,000 if the price of gold is up to US\$1,400 per ounce, to US\$4,000,000 if the price of gold is equal to or greater than US\$2,001 per ounce.

9. Deferred Management Compensation

At September 30, 2018, the Company has an obligation of \$601,511 (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. 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 the liability of \$236,006. The balance due of the deferred management compensation liability has been extended to December 31, 2019.

10. Deposit on Gold Purchase Agreement and Deferred Revenue

In 2013, the Company announced that it had entered into a Purchase Agreement with Wheaton under which Wheaton would pay the Company upfront cash payments totaling US\$148.5 million for 10% of the payable gold production from the Company's Toroparu Project. 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.

The Company received an initial draw down of US\$13.5 million of the cash payment in December 2013 to be used primarily for advancement of the final feasibility study for the Toroparu Project.

In April 2015, the Company amended the Purchase Agreement 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, bringing the total contemplated payment from Wheaton to US\$153.5 million. 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 US\$2.0 million of the incremental US\$5.0 million cash payment in four equal installments over the course of 2015, with the remainder payable in installments during construction of the Toroparu Project.

The balance of the US\$138 million is subject to Wheaton's election to proceed and is payable in installments during construction of the Toroparu Project once all necessary mining licenses have been obtained and conditions pertaining to final feasibility, the availability of project capital finance, the

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granting of security to Wheaton and other customary conditions are satisfied. If the feasibility study has not been delivered by December 31, 2018, or Wheaton elects not to proceed after receiving the feasibility study, Wheaton may elect (a) not to pay the balance of the deposit and to reduce the gold stream percentage from 10% to 0.909% and the silver stream percentage from 50% to nil, or (b) not to proceed with the streaming transaction and to convert the portion of the deposit already paid less US\$2 million into debt of the Company that will become due and payable in whole or in part upon the occurrence of certain events including, but not limited to, a “change of control” of the Company or the Company obtaining certain levels of debt or equity financing. If Wheaton elects to reduce the streams, Sandspring may return the amount of the deposit already advanced less US\$2 million to Wheaton and terminate the agreement. In the event the Company does not deliver sufficient gold and silver to repay the total balance of the deposit, the Company will be required to pay any remaining balance in cash.

11. Share Capital

The Company is authorized to issue an unlimited amount of common shares. The common shares do not have a par value.

During the nine months ended September 30, 2018, the Company issued 1,236,718 units to settle \$432,852 in outstanding indebtedness (Note 9). 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 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.

In July 2018, the Company completed a private placement 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 one additional common share at a price of \$0.40 until July 20, 2023. The warrants issued in connection with the financing were allocated a fair value of \$2,420,953 on a relative fair value basis. The fair value of the warrants was determined using the Black Scholes valuation model with the following assumptions: i) expected share price volatility of 67%; ii) risk free interest rate of 2.06%; iii) dividend yield of \$nil; and iv) expected life of 3 years.

Cash transaction costs of \$276,987 were incurred as share issue costs related to the private placement of which \$26,197 and \$60,790 were deducted from share capital and reserves respectively, based on the pro rata allocation of the fair value on issuance of the units to share capital and reserves.

In July 2018, pursuant to the acquisition of Chicharron Project (Note 6), the Company issued 36,000,000 common shares at fair value of \$7,560,000.

As at September 30, 2018, the Company had a total of 209,677,672 common shares outstanding.

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12. Warrants

As at September 30, 2018, the Company had a total of 95,497,118 warrants outstanding. The following table shows the continuity of warrants during the year:

| | Number of Warrants Outstanding | Weighted Average Exercise Price |
|--------------------------------------|--------------------------------------|---------------------------------------|
| Balance, December 31, 2016 | 39,502,758 | \$ 0.41 |
| Warrants exercised | (3,442,358) | \$ 0.90 |
| Warrants issued on private placement | 17,200,000 | 0.50 |
| Balance, December 31, 2017 | 53,260,400 | \$ 0.41 |
| Warrants issued | 1,236,718 | \$ 0.50 |
| Warrants issued on private placement | 41,000,000 | \$ 0.40 |
| Balance, September 30, 2018 | 95,497,118 | \$ 0.41 |

The following warrants are outstanding as at September 30, 2018:

| Expiry Date | Exercise Price | Number of Warrants |
|--------------------|----------------|--------------------|
| September 11, 2020 | \$ 0.30 | 15,666,650 |
| May 6, 2021 | \$ 0.42 | 20,393,750 |
| October 12, 2022 | \$ 0.50 | 17,200,000 |
| January 23, 2023 | \$ 0.50 | 1,236,718 |
| July 20, 2023 | \$ 0.40 | 41,000,000 |
| | | 95,497,118 |

During the nine months ended September 30, 2018, 1,236,718 warrants were issued pursuant to a share for debt issuance agreement at an exercise price of \$0.50 expiring on January 23, 2023.

During the nine months ended September 30, 2018, 41,000,000 warrants were issued pursuant to the private placement at an exercise price of \$0.40 expiring on July 20, 2023.

13. Stock Options

The Company's stock option plan was approved by shareholders for the purpose of advancing the interests of the Company by encouraging the directors, officers, and employees of the Company, and of its subsidiaries and affiliates, to acquire common shares in the share capital of the Company, thereby increasing their interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company. The number of stock options that may be granted under the plan is limited to not more than 10% of the issued common shares of the Company at the time of the stock option grant. The exercise price of stock options granted in

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accordance with the plan will be not less than the closing price of the common shares on the trading day immediately prior to the effective date of grant.

As at September 30, 2018, the Company had a total of 17,385,000 stock options outstanding. The following table shows the continuity of stock options during the period:

| | Number of Options Outstanding | | Weighted Average Exercise Price |
|-----------------------------|----------------------------------|----|------------------------------------|
| Balance, December 31, 2016 | 5,698,323 | \$ | 0.50 |
| Options granted | 5,635,000 | \$ | 0.53 |
| Options expired | (374,997) | | 4.14 |
| Options exercised | (128,331) | | 0.20 |
| Balance, December 31, 2017 | 10,829,995 | \$ | 0.38 |
| Options granted | 7,015,000 | \$ | 0.24 |
| Options expired | (408,330) | | 0.85 |
| Options exercised | (51,665) | | 0.20 |
| Balance, September 30, 2018 | 17,385,000 | \$ | 0.32 |

The following are the stock options outstanding as at September 30, 2018:

| Exercise Price | Outstanding | Exercisable | Weighted Average Remaining Years |
|----------------|-------------|-------------|-------------------------------------|
| \$ 0.15 | 175,000 | 175,000 | 6.47 |
| \$ 0.18 | 350,000 | 350,000 | 3.73 |
| \$ 0.20 | 4,210,000 | 4,210,000 | 7.11 |
| \$ 0.24 | 7,015,000 | 7,015,000 | 9.97 |
| \$ 0.53 | 5,635,000 | 5,635,000 | 8.48 |
| | 17,385,000 | 17,385,000 | 4.60 |

During the nine months ended September 30, 2018, 51,665 options were exercised for total proceeds of \$10,333.

During the nine months ended September 30, 2018, 200,000 options expired at an exercise price of \$0.45 and 208,330 options expired at an exercise price of \$1.23.

On September 17, 2018, the Company granted 7,015,000 stock options exercisable for one common share each at a price of \$0.24 with an expiry date of September 17, 2028. The fair value of the stock options was estimated on the date of grant in the amount of \$1,223,358 using the Black-Scholes valuation model with the following assumptions: i) expected share price volatility of 67%; ii) risk free interest rate of 1.13%; iii) dividend yield of \$nil; and iv) expected life of 10 years. All of the options vested immediately.

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During the nine months ended September 30, 2018, \$1,223,358 (2017: \$2,321,677) of share based compensation was recognized, which includes \$27,903 that relates to exploration expenses in the statement of operations.

14. 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 \$5,519 (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:

| | Nine Months Ended | |
|--------------------------------------|--------------------|--------------------|
| | September 30, 2018 | September 30, 2017 |
| Salaries and benefits for management | \$ 287,433 | \$ 262,297 |
| Stock-based compensation | 1,037,631 | 1,936,447 |
| | \$ 1,325,064 | \$ 2,198,744 |

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

15. Segmented Information

The Company primarily operates in one reportable operation segment, being the exploration of its gold projects in Guyana and Colombia. The Company has administrative offices in Vancouver, Canada and Centennial, USA. Segmented information on a geographic basis is as follows:

| | United States | Guyana | Colombia | Total |
|--------------------|---------------|---------------|----------|---------------|
| Equipment | \$ 7,873 | \$ 166,218 | \$ - | \$ 174,091 |
| Mineral properties | - | 25,061,071 | | 25,061,071 |
| December 31, 2017 | \$ 7,873 | \$ 25,227,289 | \$ - | \$ 25,235,162 |

| | United States | Guyana | Colombia | Total |
|--------------------|---------------|---------------|--------------|---------------|
| Equipment | \$ 5,342 | \$ 136,051 | \$ - | \$ 141,393 |
| Mineral properties | - | 25,061,071 | 9,376,605 | 34,437,676 |
| September 30, 2018 | \$ 5,342 | \$ 25,197,122 | \$ 9,376,605 | \$ 34,579,069 |

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16. 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.