SANDSPRING
RESOURCES LTD.

Consolidated Financial Statements
Years Ended December 31, 2015 and 2014

Prepared by:
Sandspring Resources Ltd.
9137 East Mineral Circle, Suite 180
Centennial, Colorado, USA
www.sandspringresources.com

Expressed in Canadian Dollars

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Sandspring Resources Ltd. were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 3 to the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management as well as with the independent auditors to review the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

/s/ Rich Munson	/s/ Harpreet Dhaliwal
Chief Executive Officer	Chief Financial Officer

Toronto, Canada
April 20, 2016

KPMG LLP
Bay Adelaide Centre
333 Bay Street Suite 4600
Toronto ON M5H 2S5
Canada

Telephone (416) 777-8500
Fax (416) 777-8818
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Sandspring Resources Ltd.

We have audited the accompanying consolidated financial statements of Sandspring Resources Ltd., which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, the consolidated statements of operations and comprehensive loss, shareholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sandspring Resources Ltd. as at December 31, 2015 and December 31, 2014, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that Sandspring Resources Ltd.'s future viability is dependent on its ability to raise financing to fund operating and investing activities. This condition, along with other matters as set forth in Note 1 in the consolidated financial statements, indicates the existence of material uncertainties that may cast significant doubt about Sandspring Resources Ltd.'s ability to continue as a going concern.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

April 20, 2016
Toronto, Canada

SANDSPRING RESOURCES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

As at	Notes	December 31, 2015	December 31, 2014
ASSETS		**$**	$
Current			
Cash		**2,596,210**	294,747
Restricted cash	5	**205,160**	145,967
Prepaid expenses		**89,507**	138,406
		2,890,877	579,120
Equipment	8	**236,467**	845,731
Mineral properties under exploration	9	**25,061,071**	25,061,071
		28,188,415	26,485,922
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**656,677**	1,015,939
		656,677	1,015,939
Non-current liabilities			
Deferred property obligation	9	**873,955**	610,778
Deferred management compensation	10	**1,077,203**	255,024
Deferred revenue	11	**16,940,800**	14,358,600
		18,891,958	15,224,402
SHAREHOLDERS' EQUITY			
Common shares	12	**123,834,403**	118,204,900
Warrant reserve	13	**1,225,955**	946,993
Contributed surplus		**5,840,056**	3,058,659
Stock option reserve	14	**4,857,593**	6,885,709
Deficit		**(127,118,227)**	(118,850,680)
		8,639,780	10,245,581
		28,188,415	26,485,922

Going concern - Note 1
Commitments - Note 19
Subsequent events - Note 9, 12, 13, 14

The accompanying notes are an integral part of these consolidated 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

(Expressed in Canadian Dollars, except share and per share amounts)

	Notes	**For the year ended December 31, 2015**	For the year ended December 31, 2014
		$	$
Expenditures			
Administrative		**363,564**	488,158
Consulting		**539,728**	7,637,197
Depreciation	8	**684,853**	804,067
Drilling		**315,844**	-
Foreign exchange loss (gain)		**179,877**	(427,665)
Operations		**2,054,242**	2,581,566
Other		**32,446**	638
Professional fees		**483,677**	306,546
Salaries and other employee benefits		**2,560,182**	4,008,503
Shareholder information		**127,810**	179,615
Stock-based compensation		**659,218**	64,561
Transfer, listing and filing fees		**75,370**	58,584
Travel		**374,024**	562,176
		8,450,835	16,263,946
Other			
Interest income		**1,601**	4,963
Write-down of amounts payable		**197,565**	114,686
Forgiveness of debt		**-**	423,606
Interest expense		**(15,878)**	-
		183,288	543,255
Net loss and comprehensive loss for the year		**(8,267,547)**	(15,720,691)
Loss per share	15		
Basic		**(0.14)**	(0.35)
Diluted		**(0.14)**	(0.35)
Weighted average number of shares outstanding			
Basic		**58,474,315**	44,921,180
Diluted		**58,474,315**	44,921,180

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

SANDSPRING RESOURCES LTD.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

	Common Shares	Contributed Surplus	Warrant Reserve	Stock Option Reserve	Deficit	Total
	$	$	$	$	$	$
Balance, December 31, 2013	**117,099,645**	**2,208,490**	**-**	**7,671,317**	**(103,129,989)**	**23,849,463**
Stock-based compensation	-	-	-	64,561	-	64,561
Shares issued on private placement	1,118,423	-	-	-	-	1,118,423
Share issue cost from private placement	(13,168)	-	-	-	-	(13,168)
Warrant reserve	-	-	946,993	-	-	946,993
Stock options expired	-	850,169	-	(850,169)	-	-
Net loss for the year	-	-	-	-	(15,720,691)	(15,720,691)
Balance, December 31, 2014	**118,204,900**	**3,058,659**	**946,993**	**6,885,709**	**(118,850,680)**	**10,245,581**
Stock-based compensation	-	-	-	659,218	-	659,218
Shares issued in settlement of promissory note, net of share issue costs	153,093	-	-	-	-	153,093
Shares issued on exercise of options	11,664	-	-	(414)	-	11,250
Shares issued on acquisition - Notes 4, 12	5,464,746	-	-	-	-	5,464,746
Warrants issued on acquisition - Notes 4, 13	-	-	278,962	-	-	278,962
Stock options issued on acquisition - Notes 4, 14	-	-	-	94,477	-	94,477
Stock options expired	-	2,781,397	-	(2,781,397)	-	-
Net loss for the year	-	-	-	-	(8,267,547)	(8,267,547)
Balance, December 31, 2015	**123,834,403**	**5,840,056**	**1,225,955**	**4,857,593**	**(127,118,227)**	**8,639,780**

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

SANDSPRING RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOW

(Expressed in Canadian Dollars)

		For the year ended December 31, 2015	For the year ended December 31, 2014
Cash (used in) provided by:	**Notes**	**$**	$
Operating activities			
Net loss for the period		**(8,267,547)**	(15,720,691)
Adjustments for:			
Depreciation		**684,853**	804,067
Stock-based compensation		**659,218**	64,561
Accretion of deferred property obligation	9	**263,177**	144,134
Deferred management compensation	10	**822,179**	255,024
Change in non-cash working capital:			
Prepaid expenses		**63,196**	(18,446)
Accounts payable		**(385,531)**	(1,714,803)
Deferred revenue	11	**2,582,200**	-
		(3,578,255)	(16,186,154)
Investing activities			
Restricted cash		**(59,193)**	(12,142)
Cash acquired on acquisition of PNO Resources	4	**5,850,157**	-
Purchase of equipment	8	**(75,589)**	(20,124)
		5,715,375	(32,266)
Financing activities			
Proceeds received from promissory note, net of share issue costs	12	**153,093**	-
Proceeds received from private placement		**-**	2,052,248
Proceeds from exercise of stock options		**11,250**	-
		164,343	2,052,248
Cash beginning of year		**294,747**	14,460,919
Change in cash		**2,301,463**	(14,166,172)
Cash end of year		**2,596,210**	294,747

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

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, South America. Sandspring's principal place of business is located at 9137 East Mineral Circle, Suite 180, Centennial, Colorado in the United States of America.

These consolidated 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 December 31, 2015, the Company had working capital of $2,234,200 (December 31, 2014: $436,819 deficit) and an accumulated deficit of $127,118,227 (December 31, 2014: $118,850,680), incurred losses in 2015 amounting to $8,267,547 (2014: $15,720,691), and had negative cash flows from operating activities during 2015 of $3,578,255 (2014: $16,186,154).

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

On April 22, 2015, the Company amended the Purchase Agreement with Silver Wheaton to include a silver stream under which Silver Wheaton will pay Sandspring incremental up-front cash payments totaling US$5.0 million for 50% of the payable silver production from the Toroparu Project. In addition, Silver Wheaton will make ongoing payments to Sandspring of the lesser of the market price and $3.90 per payable ounce of silver delivered to Silver Wheaton over the life of the Toroparu Project, subject to a 1% annual increase starting on the fourth anniversary of production. Sandspring is entitled to and has received 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.

With the completion of the acquisition of PNO Resources, management believes that there is sufficient funding to finance the remaining work to complete the feasibility study and corporate overhead costs in 2016. However, there is no certainty that the budgeted expenditures will be achieved in which case additional financing will be required. On April 19, 2016 the Company announced a non-brokered private placement for $6.5 million. However, completion of this private placement is subject to approval by the TSX Venture Exchange and as a result, receipt of this financing cannot be assured.

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

These conditions indicate the existence of material uncertainties that may cast significant doubt regarding the applicability of the going concern assumption. These consolidated 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

These consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accountings Standards Board ("IASB"). The consolidated financial statements are prepared on a going concern basis, under the historical cost convention, except for certain financial instruments that have been measured at fair value. The consolidated financial statements are presented in Canadian dollars, except when otherwise indicated. The Board of Directors approved the consolidated financial statements on April 20, 2016.

3. Significant Accounting Policies

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries; Sandspring Resources (USA) Ltd. ("Sandspring USA"), GoldHeart Investment Holdings Ltd. ("GoldHeart") and ETK Inc. ("ETK"). 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.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with original maturities of three months or less, and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Translation of Foreign Currency

The Company's functional and presentation currency is the Canadian dollar. The Canadian dollar is also the functional currency of all the Company's subsidiaries.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities not denominated in the functional currency are translated at the period end rates of exchange. Foreign exchange gains and losses are recognized in the statement of operations. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Equipment

Equipment is measured at cost less accumulated depreciation and accumulated impairment. Depreciation is based on cost less residual value and is provided on a straight-line basis over the following expected useful lives of the assets:

Heavy Equipment – 5 years
Office Furniture and Equipment – 3 years
Camp Equipment – 5 years
Motor Vehicles – 5 years
Other Equipment – 5 years

The depreciation method, residual values, and useful lives of property plant and equipment are reviewed annually and any change in estimate is applied prospectively.

Exploration Expenses and Mineral Properties Under Exploration

Exploration expenditures include the costs of acquiring licenses, and costs associated with exploration and evaluation activities. Exploration expenditures are expensed as incurred except for expenditures associated with the acquisition of exploration and evaluation assets, which are recognized at the fair value at the acquisition date.

Once a project has been established as commercially viable and technically feasible, which management determines as when the project has a positive feasibility study, planned financing established and the Board of Directors has approved a decision to develop the project, and subject to an impairment analysis, related exploration and evaluation assets and development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit.

The carrying value of the Company's mineral properties under exploration is assessed for impairment, based on guidance in IFRS 6 - *Exploration for and Evaluation of Mineral Resources*, when indicators of such impairment exist. If such an indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less costs of disposal or value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Where that does not exist, fair value less costs of disposal is assessed using discounted cash flow techniques, less an amount for costs of disposal. In assessing value in use, the estimated future cash flows are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of operations.

Stock-based Compensation

The Company offers a stock option plan for its directors, officers, employees and consultants. Stock options granted are settled with shares of the Company. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The expense is determined based on the fair value of the award granted and recognized over the period in which services are received, which is usually the vesting period. Fair value of the awards is measured at the date of grant using the Black-Scholes option pricing model. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. At the end of each reporting period, the Company re-assesses its estimates of the number of awards that are expected to vest and recognizes the impact of the revisions in the statement of operations.

Financial Instruments

The Company recognizes financial assets and financial liabilities when the Company becomes a party to a contract. Financial assets and financial liabilities, with the exception of financial assets classified as fair value through profit or loss, are measured at fair value plus transaction costs on initial recognition. Financial assets at fair value through profit or loss are measured at fair value on initial recognition and transaction costs are expensed when incurred.

The Company has classified its financial instruments as follows:

Category	Financial Instrument
Fair value through profit or loss	Cash and restricted cash
Other financial liabilities	Accounts payable and accrued liabilities
Other financial liabilities	Deferred management compensation
Loans and receivables	Deferred property obligation

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

i) significant financial difficulty of the issuer or counterparty;
ii) default or delinquency in interest or principal payments; or
iii) it becoming probable that the borrower will enter bankruptcy or financial re-organization.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Instruments Recorded at Fair Value

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

i) Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
ii) Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
iii) Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Measurement in Subsequent Periods Depends on the Classification of the Financial Instrument

i) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the consolidated statements of operations.

The Company's financial assets classified as FVTPL include cash and cash equivalents. The Company does not currently hold any derivative instruments.

ii) Other financial liabilities

Other financial liabilities are financial liabilities that are not classified as FVTPL. Other financial liabilities are initially measured at fair value, net of transaction costs. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

Accounts payable, accrued liabilities, deferred property obligation, and deferred management compensation are classified as other financial liabilities.

The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or to the net carrying amount on initial recognition.

Deferred Revenue

Deferred revenue consists of payments received by the Company in consideration for future commitments to deliver payable gold and silver at contracted prices. As deliveries are made, the Company will record a portion of the deferred revenue as sales, based on a proportionate share of deliveries made compared with the total estimated commitment.

Decommissioning Liabilities

The Company is required to recognize a liability when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. As of December 31, 2015 and December 31, 2014, the Company has not incurred any such obligations.

Impairment of Long-Lived Assets

At each financial position reporting date the carrying amounts of the Company's assets, excluding mineral properties under exploration, are reviewed to determine whether there is an indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less costs of disposal or value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Where that does not exist, fair value less costs of disposal is assessed using discounted cash flow techniques, less an amount for costs of disposal. In assessing value in use, the estimated future cash flows are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of operations.

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares from the assumed exercised common share purchase warrants and options outstanding, if dilutive.

Significant Accounting Estimates and Judgments

The preparation of these consolidated financial statements require management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Critical Accounting Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

i) Impairment of assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs of disposal. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. No impairments of non-financial assets have been recorded for the year ended December 31, 2015 (2014: $Nil).

ii) Useful life of equipment

Equipment is amortized over the estimated useful life of the assets. Changes in the estimated useful lives could significantly increase or decrease the amount of depreciation recorded during the year and the carrying value of equipment. Total carrying value of equipment at December 31, 2015 was $236,467 (December 31, 2014: $845,731).

iii) Stock-based compensation

Management is required to make certain estimates when determining the fair value of stock option awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as stock-based compensation in the statement of operations. For the year ended December 31, 2015 the Company recognized $659,218 in stock-based compensation expense (2014: $64,561).

Critical Accounting Judgments

In the preparation of these consolidated financial statements management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the financial statements.

i) Mineral properties under exploration

Management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for the mineral properties. Once technical feasibility and commercial viability of a property can be demonstrated, exploration costs will be reclassified to mineral properties under exploration and subject to different accounting treatment. As at December 31, 2015 and 2014 management had determined that no reclassification of exploration expenditures was required as no positive feasibility has been derived, no planned financing was in place and the Board of Directors had not approved the development of the Toroparu Project.

ii) Income taxes

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

Adoption of New or Amended IFRS

IFRS 7 - *Financial Instruments: Disclosures*

On December 16, 2011, the IASB published amendments to IFRS 7 - *Financial Instruments: Disclosures to Provide Additional Guidance on Disclosure of Financial Instruments*. The Company adopted this standard as of January 1, 2015, and determined its impact not to be significant.

Future Accounting Changes

IFRS 9 - *Financial Instrument*s

IFRS 9 introduces the new requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 - *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value, and all financial liabilities classified as subsequently measured at amortized cost except for financial liabilities measured at fair value through profit and loss. In July 2014, the IASB issued the final version of IFRS 9 - *Financial Instruments* bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 - *Financial Instruments: Recognition and Measurement.* The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the impact of adopting IFRS 9 on its consolidated financial statements.

IFRS 15 - *Revenue from Contracts with Customers*

IFRS 15 introduces a new framework for determining the nature, amount, timing and uncertainty of revenues and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the potential impact of the new standard on its consolidated financial statements.

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 evaluating the potential impact of the new standards on its consolidated financial statements.

4. Acquisition of PNO Resources Ltd.

On September 14, 2015, the Company closed the acquisition of PNO Resources Ltd. ("PNO") by way of a court approved plan of arrangement whereby all of the issued and outstanding common shares of PNO were acquired by the Company in consideration of the issuance of 34,283,292 common shares of the Company. Also in connection with the acquisition, all outstanding stock options and warrants of PNO were exchanged for stock options and warrants of the Company.

(Expressed in Canadian Dollars)

The transaction has been accounted for on the basis of an acquisition of assets as PNO did not meet the definition of a business, with the consideration being limited to the net identifiable assets of PNO and the equity allocated based on the relative fair value of equity instruments issued. The fair value of these instruments was determined based on Sandspring's share price of $0.21 on September 14, 2015.

The following table summarizes the consideration paid and the fair value of the assets acquired and liabilities assumed, recognized as of the acquisition date:

Fair value of assets acquired and liabilities assumed		
Cash and cash equivalents	$	5,850,157
Amounts receivable		13,047
Prepaid expenses		1,250
Accounts payable		(26,269)
	$	5,838,185
Fair value of equity issued		
Common shares	$	5,464,746
Option reserve		94,477
Warrant reserve		278,962
	$	5,838,185

5. Restricted Cash

Restricted cash consists of $205,160 (December 31, 2014: $145,967) held as security for performance bonds in favor of the Guyana Geology and Mines Commission ($191,230) and the Guyana Customs and Trade Administration ($13,930).

6. 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 December 31, 2015, totaled $8,639,780 (December 31, 2014: $10,245,581).

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 2015. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of six months.

7. 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.

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 December 31, 2015 the Company had cash and restricted cash of $2,801,370 (December 31, 2014: $440,714) to settle current liabilities of $656,677 (December 31, 2014: $1,015,939). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity (Note 1). The Company is actively seeking additional sources of capital.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2015:

	Level 1	Level 2	Level 3	Total
Financial Instruments				
Cash	$ 2,596,210	$ -	$ -	$ 2,596,210
Restricted cash	205,160	-	-	205,160
	$ 2,801,370	$ -	$ -	$ 2,801,370

Currency Risk

The Company's functional and presentation 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 converted from its Canadian dollar bank accounts held in Canada. The Company maintains U.S. dollar bank accounts in the United States, British Virgin Islands, and Guyana, and Guyanese dollar bank accounts in Guyana. The Company is subject to gains and losses from fluctuations in the U.S. dollar and Guyanese dollar 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 December 31, 2015 and 2014. 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 is not material.

	December 31, 2015	December 31, 2014
Cash	$ 649,989	$ 325,083
Accounts payable and accrued liabilities	(384,549)	(902,907)
	$ 265,440	$ (577,824)

The table below summarizes a sensitivity analysis for significant unsettled currency risk exposure with respect to the Company's financial instruments as at December 31, 2015, with all other variables held constant. It shows how comprehensive loss would have been affected by changes in the relevant risk variable that were reasonably possible at that date.

	Sensitivity Analysis Change in USD	Increase (Decrease) in Net Income
Decrease in net income	-1%	$ (2,654)
Increase in net income	1%	$ 2,654

(Expressed in Canadian Dollars)

8. Equipment

	Camp Equipment	Heavy Equipment	Other Equipment	Vehicles	Furniture and Office Equipment	Total
Cost						
As at December 31, 2013	$ 73,613	$ 2,892,138	$ 299,973	$ 149,605	$ 452,722	$ 3,868,051
Additions	1,248	-	8,435	-	10,441	20,124
Disposals	-	-	-	-	(151,215)	(151,215)
As at December 31, 2014	$ 74,861	$ 2,892,138	$ 308,408	$ 149,605	$ 311,948	$ 3,736,960
Additions	1,498	49,434	-	18,607	6,050	75,589
Disposals	-	-	-	-	(19,618)	(19,618)
As at December 31, 2015	$ 76,359	$ 2,941,572	$ 308,408	$ 168,212	$ 298,380	$ 3,792,931
Accumulated Depreciation						
As at December 31, 2013	$ 51,223	$ 1,547,149	$ 159,145	$ 87,206	$ 393,654	$ 2,238,377
Charge for the year	14,976	633,295	70,906	33,069	51,821	804,067
Disposals	-	-	-	-	(151,215)	(151,215)
As at December 31, 2014	$ 66,199	$ 2,180,444	$ 230,051	$ 120,275	$ 294,260	$ 2,891,229
Charge for the year	6,762	587,327	54,567	23,400	12,797	684,853
Disposals	-	-	-	-	(19,618)	(19,618)
As at December 31, 2015	$ 72,961	$ 2,767,771	$ 284,618	$ 143,675	$ 287,439	$ 3,556,464
Net Book Value						
As at December 31, 2014	$ 8,662	$ 711,694	$ 78,357	$ 29,330	$ 17,688	$ 845,731
As at December 31, 2015	$ 3,398	$ 173,801	$ 23,790	$ 24,537	$ 10,941	$ 236,467

9. Mineral Properties Under Exploration

The Company holds a 242,690.8 acre (98,214 hectare) mineral exploration concession area in the Upper Puruni River Area, Region 7 of northwestern Guyana, South America, referred to as the "Upper Puruni Property". The Upper Puruni Property consists of seven small scale claims, 167 contiguous medium scale prospecting permits ("PPMSs") and 13 medium scale mining permits ("MPs") that together cover an area of 184,693 acres (74,742 hectares), and five contiguous prospecting licenses ("PLs") that cover an area of 57,997 acres (23,471 hectares). The Upper Puruni Property is currently the Company's sole resource property, and is held and operated through ETK, the Company's wholly-owned subsidiary.

ETK has rights to 148 PPMSs, ten MPs and seven small scale claims pursuant to the Upper Puruni Agreement (the "Upper Puruni Agreement"), an agreement between ETK and Mr. Alfro Alphonso. The Toroparu Project is subject to the terms of the 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.

(Expressed in Canadian Dollars)

On November 1, 2013, the Company agreed to an amendment of the Upper Puruni Agreement. The agreement previously stated that in the event ETK had not achieved commercial production by January 1, 2017, Mr. Alphonso had the right to declare a default under the terms of the agreement. The agreement was amended to extend the deadline for achieving commercial production by three years, to January 1, 2020. Further, ETK shall pay to Mr. Alphonso the Guyana Dollar equivalent of the sum of US$1,000,000 on or before June 30, 2018. On November 1, 2013 the Upper Puruni Agreement was also amended to provide that only six of the ten MPs would be included in the mining license.

The following table shows the continuity of the discounted long-term liability to Mr. Alphonso:

Balance, December 31, 2013	**$**	**466,644**
Additions:		
Accretion	$	96,947
Foreign exchange		47,187
Balance, December 31, 2014	**$**	**610,778**
Additions:		
Accretion	$	134,221
Foreign exchange		128,956
Balance, December 31, 2015	**$**	**873,955**

On April 22, 2014, Mr. Alphonso and the Company again amended the Upper Puruni Agreement, such that the 2014 penalty of US$250,000 as due and payable would be paid on the due date of the penalty for the 2015 calendar year. In January 2015, the 2014 penalty payment was made. On April 24, 2015, the Upper Puruni Agreement was further amended, confirming the agreement of the parties that the 2015 penalty was deferred to two installments of US$150,000 on April 30, 2015 (paid) and a second payment of US$100,000 on June 30, 2015 (paid). At the request of Mr. Alphonso, the 2016 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.

(Expressed in Canadian Dollars)

As at December 31, 2015, the carrying amount of the Company's interest in mineral properties is as follows:

	December 31, 2015	December 31, 2014
Toroparu	$ 25,061,071	$ 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 years ended December 31, 2015 and 2014.

	Year Ended December 31, 2015	Year Ended December 31, 2014
Upper Puruni exploration costs		
Camp expenses	$ 1,231,065	$ 1,489,849
Consulting	307,065	93,195
Depreciation	680,115	667,176
Drilling	315,844	-
Engineering studies	66,186	7,433,498
Lab fees	114,093	235,563
Office and administrative costs	165,864	297,462
Salaries and benefits	1,440,997	2,066,334
Travel and accommodation	226,071	343,042
Production commitment fees	422,844	359,502
Prospecting licenses	330,017	390,036
Total exploration costs	$ 5,300,161	$ 13,375,657

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 Godette Agreement gives ETK the option of purchasing 100% of the Godettes' interest in the Godette Agreement for the sum of US$300,000. Pursuant to an amendment to the Godette Agreement in 2012, the sum of US$200,000 was paid to the Godettes as partial payment of the purchase price and in exchange for the agreement of the Godettes that they would no longer have the right to conduct alluvial mining operations on the lands subject to the Godette Agreement. Pursuant to a further amendment to the Godette Agreement in 2015, ETK agreed to pay the remaining balance of the purchase price of US$100,000 in four equal installments on October 1, 2015, January 5, 2016, April 1, 2016 and July 1, 2016. Installments one, two and three had been paid as of April 20, 2016.

10. Deferred Management Compensation

At December 31, 2015, the Company has recognized $1,077,203 (December 31, 2014: $255,024) pertaining to management compensation and severance amounts owed in connection with a corporate restructuring that occurred in the fourth quarter of 2014. On December 31, 2015, the Company amended the deferred compensation agreements resulting in a further $822,179 being deferred, pertaining to services rendered in 2015. In accordance with underlying agreements, all parties have agreed to defer payment of the balances owed, subject to certain liquidity conditions of the Company and at the discretion of the compensation committee, until December 31, 2017.

11. Deposit on Gold Purchase Agreement and Deferred Revenue

On November 11, 2013, the Company announced that it had entered into a Purchase Agreement with Silver Wheaton under which Silver 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, Silver Wheaton will make ongoing payments to the Company of the lesser of the market price and US$400 per payable ounce of gold delivered to Silver Wheaton over the life of the Toroparu Project, subject to a 1% annual increase starting after the third year of production.

The Company received an initial draw down of US$13.5 million of the cash payment on December 23, 2013 to be used primarily for advancement of the final feasibility study for the Toroparu Project.

On April 22, 2015, the Company amended the Purchase Agreement to include a silver stream under which Silver Wheaton will pay Sandspring incremental up-front cash payments totaling US$5.0 million for 50% of the payable silver production from the Toroparu Project, bringing the total contemplated payment from Silver Wheaton to US$153.5 million. In addition, Silver Wheaton will make ongoing payments to Sandspring of the lesser of the market price and $3.90 per payable ounce of silver delivered to Silver Wheaton over the life of the Toroparu Project, subject to a 1% annual increase starting on the fourth anniversary of production. Sandspring received 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 Silver 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 granting of security to Silver Wheaton and other customary conditions are satisfied. If the feasibility study has not been delivered by December 31, 2016, or Silver Wheaton elects not to proceed after receiving the feasibility study, Silver 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

(Expressed in Canadian Dollars)

Company or the Company obtaining certain levels of debt or equity financing. If Silver Wheaton elects to reduce the streams, Sandspring may return the amount of the deposit already advanced less US$2 million to Silver 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.

12. Share Capital

On September 10, 2015, the Company's shares were consolidated on a 3:1 basis. All common shares, share options, share purchase warrants, and per share amounts in these annual audited consolidated financial statements have been retrospectively restated to present post-consolidation amounts.

The Company is authorized to issue an unlimited amount of common shares. The common shares do not have a par value. The issued and outstanding common shares consist of the following:

	Number of Common Shares		Amount
Balance, December 31, 2013	44,119,535	$	117,099,645
Issued on private placement	3,442,358	$	2,052,248
Value Allocated to Warrants	-		(946,993)
Balance, December 31, 2014	47,561,885	$	118,204,900
Issued on settlement of promissory note, net of share issue costs (i)	674,368	$	153,093
Shares issued on acquisition of PNO Resources (Note 4)	34,283,292		5,464,746
Issued on exercise of options	75,000		11,250
Value of options exercised	-		414
Balance, December 31, 2015	82,594,545	$	123,834,403

i) On April 24, 2015, a promissory note to Gerald Grandey, a former director of the Company, was settled through the issuance of 674,368 common shares.

ii) Subsequent to year end, 100,000 shares were issued at a deemed price of $0.15 to an arms-length party as settlement of $15,000 in invoices. The shares will be subject to a four-month hold period.

iii) On April 19, 2016, the Company announced a non-brokered private placement of 20,312,500 units ("Units") at a price of $0.32 per Unit for gross proceeds of $6.5 million. Each Unit consists of one common share of the Company ("Share") and one share purchase warrant entitling the holder to purchase one Share at $0.42 for a period of five years from the date of issuance. A finder's fee of 5% will be paid on a portion of the orders. Completion of the private placement and the payment of the finder's fee remain subject to the acceptance for filing of the TSX Venture Exchange. The securities issued by the Company in connection with this Offering are subject to a four-month "hold period" as prescribed by the TSX Venture Exchange and applicable securities laws. The Company intends to use the proceeds to undertake an exploration program on its Toroparu Gold Project in Guyana, South America, and for general working capital.

(Expressed in Canadian Dollars)

13. Warrants

As at December 31, 2015, the Company had a total of 29,284,008 warrants outstanding. The following table shows the continuity of warrants during the period:

	Number of Warrants	Allocated Value	Average Value Per Warrant
Balance, December 31, 2013	-	$ -	$ -
Warrants issued	3,442,358	946,993	0.28
Balance, December 31, 2014	3,442,358	$ 946,993	$ 0.28
Warrants issued on acquisition of PNO Resources (Note 4)	25,841,650	278,962	0.01
Balance, December 31, 2015	29,284,008	$ 1,225,955	$ 0.04

The following warrants were outstanding as at December 31, 2015:

Expiry Date	Exercise Price	Number of Warrants
February 27, 2016 (i)	$ 0.15	5,000,000
October 7, 2017	$ 0.90	3,442,358
September 11, 2020	$ 0.30	20,841,650
		29,284,008

i) Subsequent to December 31, 2015, 5,000,000 warrants were exercised at a price of $0.15 for net proceeds of $750,000.

14. Stock Options

The Company's stock option plan was approved by shareholders on March 16, 2007, 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 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.

The Company records a charge to the statement of operations and comprehensive loss account using the Black-Scholes fair valuation option pricing model. The valuation is dependent on a number of estimates, including the risk free interest rate and the level of stock volatility, together with an estimate of the level of forfeiture. The level of stock volatility is calculated with reference to the historical traded daily closing share price at the date of issue. Due to the Company's small sample of historical share price, the Company also references the volatility of the closing share price of a group of industry peers in its calculation of volatility.

(Expressed in Canadian Dollars)

The following table shows the continuity of stock options during the period:

	Number of Options	Allocated Value of Vested Options	Weighted Average Exercise Price
Balance, December 31, 2013	3,948,867	$ 7,671,317	$ 1.12
Value of options vested during the year	-	91,680	-
Forfeited	(42,083)	(27,119)	0.41
Expired	(940,200)	(850,169)	0.51
Balance, December 31, 2014	2,966,583	$ 6,885,709	$ 1.33
Value of options vested during the period	-	3,371	-
Expired	(1,802,277)	(2,781,397)	2.43
Exercised	(75,000)	(414)	0.15
Issued on acquisition of PNO Resources (Note 4)	1,235,000	94,477	0.17
Granted (i)	4,645,000	639,718	0.20
Repriced options (ii)		16,129	(0.64)
Balance, December 31, 2015	6,969,306	$ 4,857,593	$ 0.10

i) On November 6, 2015, the Company granted 4,595,000 stock options exercisable for one common share each at a price of $0.20 with an expiry date of November 6, 2025. These stock options vested immediately. The grant date fair value of $638,530 was estimated by using the Black-Scholes valuation model with the following assumptions: a 10-year expected term; 75% volatility; risk-free rate of 1.72% per annum; and a dividend rate of nil. Accordingly, $638,530 was expensed to stock-based compensation. On November 6, 2015, the Company also granted 50,000 stock options exercisable for one common share each at a price of $0.20 per share with an expiry date of November 6, 2020. These stock options will vest at a rate of 25% at each of 3, 6, 9, and 12 months after the date of grant. The grant date fair value of $3,799 was estimated by using the Black-Scholes valuation model with the following assumptions: a 5-year expected term; 75% volatility; risk-free rate of 1.72% per annum; and a dividend rate of nil. Accordingly, $1,188 was expensed to stock-based compensation.

ii) On November 23, 2015, 387,658 employee stock options were re-priced to $0.20, with all other terms remaining the same. The re-pricing value of $16,129 was calculated using the Black-Scholes method, and was expensed to stock-based compensation.

(Expressed in Canadian Dollars)

The following are the stock options outstanding as at December 31, 2015:

	Weighted Average Exercise Price	Outstanding	Exercisable	Weighted Average Remaining Contractual Life (Years)
$	0.15	175,000	175,000	9.2
	0.18	385,000	385,000	6.4
	0.20	5,032,658	4,982,658	9.1
	1.23	359,993	359,993	1.5
	3.78	43,332	43,332	0.1
	4.14	499,995	499,995	1.0
	4.59	166,666	166,666	0.7
	8.10	223,330	223,330	0.4
	9.30	41,666	41,666	0.1
	10.62	41,666	41,666	0.0
$	1.03	6,969,306	6,919,306	7.3

i) Subsequent to year end, 299,994 stock options expired and 50,000 stock options were exercised for net proceeds of $10,000.

15. Loss per Share

The calculation of basic and diluted loss per share for the year ended December 31, 2015 was based on the loss attributable to common shareholders of $8,267,547 (December 31, 2014: $15,720,691) and the weighted average number of common shares outstanding of 58,474,315 (December 31, 2014: 44,921,180). Diluted loss per share did not include the effect of 36,253,314 share purchase options and warrants, as they are anti-dilutive.

(Expressed in Canadian Dollars)

16. Income Tax

Reconciliation between tax expense and the product of accounting loss multiplied by the Company's domestic tax rate is as follows:

	December 31, 2015	December 31, 2014
Net income (loss) before tax	$ (8,267,547)	$ (15,720,691)
Statutory tax rate	26.50%	26.50%
Expected tax recovery at statutory rate	(2,190,900)	(4,165,983)
Differences in foreign and statutory income tax rates	(3,053,510)	(2,525,305)
Change in unrecognized deferred tax assets	2,964,586	3,653,213
Permanent items	2,279,824	3,038,075
Total tax expense	$ -	$ -

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off the current tax assets and current tax liabilities or deferred tax assets and liabilities and they relate to taxes levied by the same tax authority.

The Company's net deferred tax liabilities at December 31, 2015 and December 31, 2014 include the following components:

	December 31, 2015	December 31, 2014
Deferred tax assets		
Tax losses carried forward	$ 2,598,199	$ 1,072,395
Deferred tax liabilities	-	-
Other	(2,598,199)	(1,072,395)
Total tax expense	$ -	$ -

The tax benefit of the following unused tax losses and deductible temporary differences have not been recognized in the financial statements due to the unpredictability of future earnings.

	December 31, 2015		
	Canada	Guyana	U.S.
Tax loss carry-forwards	$ 4,123,752	$ 37,871,123	$ 16,808,450
Other temporary differences	-	3,211,651	-
Equipment	97,324	357,350	87,269
Share issue costs	315,489	-	-
	$ 4,536,565	$ 41,440,124	$ 16,895,719

(Expressed in Canadian Dollars)

	December 31, 2014		
	Canada	Guyana	U.S.
Tax loss carry-forwards	$ 8,987,162	$ 30,876,534	$ 12,644,248
Other temporary differences	-	1,242,591	-
Equipment	97,324	323,895	99,620
Share issue costs	613,710	-	-
	$ 9,698,196	$ 32,443,020	$ 12,743,868

As at December 31, 2015, the Company has unused non-capital losses that expire as follows:

Expiry Date	Amount	Amount	Amount
	Canada	Guyana	U.S.
2027 to 2035	$ 13,928,276	$ -	$ 16,808,450
Indefinite	-	37,871,123	-

17. Related Party Transactions

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

a) Included in accounts payable and accrued liabilities are the following amounts due to related parties:

	December 31, 2015	December 31, 2014
Travel expenses reimbursed to officers and directors of the Company	$ 4,293	$ 2,305
Administrative expenses reimbursed to officers and directors of the Company	27	211
	$ 4,320	$ 2,516

(Expressed in Canadian Dollars)

b) The Company had the following related party transactions during the year ended December 31, 2015 and 2014.

	December 31, 2015	December 31, 2014
Travel expenses reimbursed to officers and directors of the Company	$ 126,370	$ 197,772
Administrative expenses reimbursed to officers and directors of the Company	53,646	25,705
Crescent Global Resources Ltd. ("Crescent") Crescent relieved the Company of an outstanding payable which has been recorded as a gain on forgiveness of debt in the consolidated statement of operations and comprehensive loss. Several members of the Board of Directors and certain members of management are common between Crescent and the Company.	-	(423,606)
	$ 180,016	$ (200,129)

c) Remuneration of directors and key management of the Company was as follows:

	December 31, 2015	December 31, 2014
Salaries and benefits for management	$ 958,529	$ 1,632,761
Directors' fees	5,042	139,048
Share-based payments	502,288	52,672
	$ 1,465,859	$ 1,824,481

As of September 30, 2015, the Company expensed $22,500 (2014: $Nil) to Marrelli Support Services Inc. (“Marrelli Support”) for Robert D.B. Suttie, Vice President of Marrelli Support, to act as Chief Financial Officer (“CFO”).

During the last four months of 2015, the Company expensed $15,000 (2014: $Nil) to Fiore Management & Advisory Corp (“Fiore”) for various administrative services including the services of Jeremy Crichton, Vice President, Corporate Finance of Fiore, to act as Chief Financial Officer of the Company.

The Company’s Directors elected to waive fees for 2015, which resulted in the amount of $149,707 being waived (2014: $50,019).

On January 29, 2015, Gerald Grandey, a director of the Company, advanced US$130,000 (C$163,943) for general working capital purposes under the terms of a promissory note bearing interest at a rate of 10% per annum. On April 24, 2015, the Company settled the promissory note through the issuance of 674,368 common shares.

By means of two promissory notes issued on April 9, 2015 and May 19, 2015, the Company was advanced an aggregate of US$200,000 by the Company’s Chief Executive Officer (“CEO”) for general working capital purposes. The promissory notes bore interest at 10% and were due on demand. These notes were paid in September 2015.

(Expressed in Canadian Dollars)

On June 18, 2015, P. Gregory Barnes, the Company's Executive Vice President and a Director, advanced US$30,000 to ETK for general working capital purposes. The promissory note bore interest at 10% and was due on demand. This note was paid in July 2015.

On June 19, 2015, the Company's CEO advanced US$60,000 to ETK for general working capital purposes. The promissory note bore interest at 10% and was due on demand. This note was paid in September 2015.

18. Segmented Information

The Company primarily operates in one reportable operation segment, being the development of its Toroparu Project for eventual production of gold, copper and silver in Guyana. The Company has administrative offices in Vancouver, Canada and Centennial, USA. Segmented information on a geographic basis is as follows:

December 31, 2014

	Canada	United States	British Virgin Islands	Guyana	Total
Current assets	$ 112,117	$ 134,092	$ 7,730	$ 325,181	$ 579,120
Non-current assets	-	12,158	-	25,894,644	25,906,802
	$ 112,117	$ 146,250	$ 7,730	$ 26,219,825	$ 26,485,922

December 31, 2015

	Canada	United States	British Virgin Islands	Guyana	Total
Current assets	$ 2,177,792	$ 192,967	$ 143,585	$ 376,533	$ 2,890,877
Non-current assets	-	10,941	-	25,286,597	25,297,538
	$ 2,177,792	$ 203,908	$ 143,585	$ 25,663,130	$ 28,188,415

19. Commitments

The Company has executed a mineral agreement with the Government of Guyana that stipulates a royalty of 8% on gold (1.5% on copper) produced from its mineral claims payable in cash or in kind to the Government of Guyana. Mineral claims are also subject to annual rentals. 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. After the third year of the term of the PLs, the Company may request a further extension of two more annual extensions at higher rental rates. 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.

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

Under the terms of the Silver Wheaton Purchase Agreement, Silver Wheaton may purchase 10% of the gold produced from the Company's Toroparu Project in exchange for funding of US$148.5 million and 50% of the of the silver produced from the Company's Toroparu Project in exchange for funding of US$5 million, for total contemplated funding from Silver Wheaton of US$153.5 million.