Management's Discussion and Analysis
For the Year Ended December 31, 2018

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Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Sandspring Resources Ltd. and its subsidiaries (collectively the "Company" or "Sandspring") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2018. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2018, and the related notes thereto. Information contained herein is presented as at April 25, 2019 unless otherwise indicated. Further information about the Company and its operations is available on Sandspring's website at www.sandspringresources.com or on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

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

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

Company Overview

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on September 20, 2006. On November 24, 2009, the Company announced the completion of the acquisition (the "Acquisition") of 100% of the issued and outstanding shares of GoldHeart Investment Holdings Ltd. ("GoldHeart"). GoldHeart, through its wholly-owned subsidiary ETK Inc. ("ETK"), holds certain mineral and prospecting interests in an area within the Republic of Guyana, South America that the Company refers to as the Upper Puruni Property. In July 2018, the Company completed the acquisition of 100% interest in the Chicharron Project, located in Antioquia, Colombia.

The majority of Sandspring's efforts to date have been focused on exploring and advancing the Toroparu Project, located within the Upper Puruni Property. Through more than 190,000 meters of drilling, Sandspring delineated the main Toroparu and satellite deposits that were included in a May 2013 pre-feasibility study for the Toroparu Project, along with other mineralized areas and promising anomalies within the Company's 62,603-hectare mineral concession. Extensive geochemical surveys identified a large hydrothermal halo that extends for 20km x 7km around the Toroparu Deposit, with a cluster of gold anomalies that represent advanced-stage exploration targets. Additional exploration drilling in 2015, 2016 and 2017 identified a resource at one of the anomalies (Sona Hill) and a discovery of gold mineralization at a second anomaly (Wynamu Hill).

As at December 31, 2018, the Company had working capital of $2,001,402 (December 31, 2017: $2,526,650), an accumulated deficit of $152,547,651 (December 31, 2017: $142,362,455), incurred losses in 2018 amounting to $10,185,196 (2017: $5,455,601), and used cash in operating activities in 2018 of $8,901,271(2017: $3,067,291). 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.

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

Chicharron Project

In July 2018, the Company completed the acquisition of 100% of the rights to a land package in Antioquia, Colombia known as the Chicharron Project, which includes the historic silver-gold producing Guia Antigua Mine. The Company acquired control of 100% of the Chicharron Project through a series of transactions that included consideration of the issuance of 36,000,000 shares, a cash payment of US$1,000,000, reimbursement of certain expenses totaling US$124,500 and a best efforts commitment to incur US$1,000,000 in exploration expenses over the next 24 months.

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

The Chicharron Project was acquired through a series of transactions that included the issuance of 15,000,000 common shares to Gran Colombia Gold Corp. ("Gran Colombia"), which holds the Segovia mining title in Antioquia, Colombia on which the Chicharron Project is located. In addition, Gran Colombia participated in the concurrent financing and acquired 16,000,000 units of the Company.

In connection with acquisition of the Chicharron Project, each of Gran Colombia and AAVN Consulting Corporation ("AAVN Consulting") received the right to nominate one director to the board of the Company. Gran Colombia nominated its CEO, Lombardo Paredes Arenas, and AAVN Consulting nominated Federico Restrepo-Solano, both of whom were appointed to the board of directors effective immediately after the closing of the acquisition and both of whom will serve until they stand for nomination and re-election at the next annual meeting of the Company.

In October 2018, Gran Colombia purchased the 4,000,000 common shares of the Company owned by AAVN in a private transaction. As a result of that acquisition, Gran Colombia and the Company entered into an Amended and Restated Nominating Rights Agreement whereby Gran Colombia has the right to nominate two directors to the board of the Company so long as it holds at least 15% of the outstanding Sandspring shares and if Gran Colombia holds less than 15% but more than 10% of the outstanding Sandspring shares, it will have the right to nominate one director to the board of the Company.

In February 2019, Gran Colombia announced that it had purchased an additional 2,500,000 common shares of the Company in a private transaction. Gran Colombia now controls approximately 17.88% of the issued and outstanding common shares of Sandspring, on an undiluted basis.

SRK Consulting (Denver), the Company's primary technical consultant on the Toroparu Project, has worked extensively on Gran Colombia's Segovia Mining District operations including completing the NI 43-101 Technical Prefeasibility Study, dated May 10, 2018, for Gran Colombia's Segovia Project. Sandspring worked with the SRK team in the Company's initial evaluation of the Chicharron Project and after closing of the acquisition, the Company engaged the SRK team to conduct a geologic study of the Guía Antigua vein. SRK delivered a proposed exploration plan to the Company in the 4th calendar quarter which included initial recommendations for a 10-20 hole diamond drilling program to an average depth of approximately 100m from surface in areas extending the strike length to the northeast and southwest of the historical underground workings and across the faulted zone to the north. The drilling program began in late November and was continuing after year end.

Wheaton Agreement

In November 2013, the Company entered into a precious metals purchase agreement (the "Purchase Agreement") with Silver Wheaton (Caymans) Ltd., who subsequently changed its name to Wheaton Precious Metals (Caymans) Ltd. ("Wheaton"). Under this Purchase Agreement, Wheaton will pay Sandspring incremental up-front cash payments totaling US$148.5 million for 10% of the payable gold production from the Company's Toroparu Project in Upper Puruni, Guyana (the "Toroparu Project").

In addition, Wheaton will make continuing payments to Sandspring of the lesser of the market price and US$400 per payable ounce of gold delivered to Wheaton over the life of the Toroparu Project, subject to a 1% annual increase starting after the third year of production. Sandspring has received an initial draw down of US$13.5 million of the cash payment, to be used primarily for advancement of the final feasibility study for the Toroparu Project.

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

Under the terms of the Purchase Agreement, as amended, the Company is required to complete a final feasibility study for its Toroparu Project before December 31, 2019, 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. As of the date of this MD&A, the Company and Wheaton have agreed to extend the due date for the final report to December 31, 2019.

The Company's ability to finance activities is dependent on whether Wheaton elects to proceed after completion of the feasibility study, as well as on the Company's ability to raise additional equity financing to fund ongoing activities, including the portion of project construction not financed by Wheaton. There are no assurances that Wheaton will elect to fund construction of the Toroparu Project, or that the Company will be successful in raising equity financing at all or, if available, on terms acceptable to the Company.

Toroparu Project Review and Outlook

In May 2013, the Company completed a pre-feasibility study for the Toroparu Project. The pre-feasibility study outlined the design of an open-pit mine producing more than 200,000 ounces of gold annually over an initial 16-year mine life. The pre-feasibility study also estimated proven and probable gold reserves for the project using a 0.3 grams gold per ton ("g/t") cut-off grade, US$1,400/oz gold and $3.25/lb copper. The

Toroparu Project is estimated to host a mineral reserve consisting of 127.1 million tonnes at a grade of 1.00 g/t gold and 0.11% copper for contained proven and probable reserves of 4.1 million ounces of gold and 211 million pounds of copper.

These reserves are included in the overall mineral resource estimated at 7.1 million ounces of gold and 444 million pounds of copper contained within 240.2 million tonnes grading 0.89 g/t gold and 0.084% copper in the measured and indicated mineral resource categories, with an additional 3.09 million ounces of gold and 120 million pounds of copper contained within 129.5 million tonnes grading 0.74 g/t gold and 0.042% copper in the inferred mineral resource category. Further information regarding the Toroparu Project is contained in a technical report (the "Technical Report") with an effective date of May 8, 2013 titled "NI 43-101 Technical Report Pre-Feasibility Study, Toroparu Gold Project, Upper Puruni River Area, Guyana", which was prepared in accordance with National Instrument 43-101 ("NI 43-101") and is available on the Company's website and on SEDAR.

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

In February 2017, the Company issued a press release declaring a pit-constrained maiden gold only resource containing 195,000 ounces of Measured & Indicated Gold and 241,000 ounces of Inferred resource at a cut-off grade of 0.31 g/t maiden resource at Sona Hill. The release is available on the Company's web site and on SEDAR.

In September 2018, the Company announced the completion of its 2017 – 2018 Exploration Program in April 2018. The focus of the program was to obtain further information on the Sona Hill and Wynamu Hill prospects. Initial drilling results were reported in January of 2018. See Press Release dated January 26, 2018. The remainder of the drilling program focused on infill drilling at Sona Hill to assists in an updated resource estimate for Sona Hill and the Toroparu Project.

The Company also announced in the September 2018 release that the addition of the higher-grade gold mineralization contained in both saprolite and hard rock at Sona Hill to a revised production schedule does provide the basis for a smaller scale project start-up followed by an expansion phase later in the mine life. Sandspring and its Technical Team have been evaluating this alternative through re-scoping the project development plan for Toroparu to focus on an initial phase of gold only production at a rate of less than one half that defined in the 2013 PFS. Higher grade gold-only mineralization from near surface mineralization at Sona Hill, the gold-only mineralization from the SE Zone satellite deposit and select areas of gold-only mineralization in the shallow portions of the Toroparu main pit area provide the basis for the smaller scale gold-only start up with a potentially lower initial capital cost.

The Company has elected to engage SRK to prepare a Preliminary Economic Assessment detailing the re-scoping effort and announced retaining SRK in a press release dated February 26, 2019 which is available on the Company's web site and on SEDAR. It must be noted that the technical feasibility and economic validity of the smaller scale project start-up are not supported at this time by a Preliminary Economic Assessment, a Prefeasibility Study or a Feasibility study.

The September 2018 release also noted that certain members of Gran Colombia's management and technical team designed, built and operated the Choco Mine owned by Bolivar Gold in Venezuela before its sale to Gold Fields Ltd. in 2006. Gran Colombia personnel have been made available to assist the Company and have joined SRK in the analysis of the requirements and associated capital cost reductions for the re-scoping of the Toroparu project.

The September 2018 release also announced that the Government of Guyana had completed its review of the Company's work to date on the Kurupung River Hydroelectric Project located at Kumurau Falls, approximately 50 km southwest of the Toroparu Gold Project. Following the review, the Company and Government signed on August 6, 2018 an Amended and Restated Memorandum of Understanding granting the Company exclusive rights for the development of the hydroelectric project through December 31, 2021.

In September 2018, the Company announced an updated Mineral Resource Estimate (2018 MRE) for the Toroparu Project. Highlights of the 2018 MRE include an increase of 459,000 ounces of the Measured resource and 60,000 ounces of the Inferred gold resource as compared to the Company's previous Mineral Resource Estimate provided in the 2013 Toroparu Prefeasibility Study. The 2018 MRE was completed by SRK Consulting (Denver), the same group that prepared the previous Mineral Resource Estimate. The 2018 MRE was done at a 0.30 g/t cutoff at a $1,350 per ounce gold price.

The Company also presented in the September 2018 press release a sensitivity analysis of gold ounces, grades and mineralized tons contained in the resource estimate at various cutoff grades (within the resource pit volumes) above and below the 0.30 g/t gold cutoff grade used to calculate the 2018 MRE, corresponding to a range of gold prices, which illustrated the consistent nature of the grade-tonnage relationship over various gold price assumptions.

The September 26, 2018 release is available on the Company's web site and on SEDAR.

The Company's Toroparu Project is primarily subject to the Upper Puruni Agreement (Note 8) which gives the vendor the right to declare the agreement in default if the property is not in commercial production by January 1, 2020; however, the Company has an option to buy out the vendor's entire interest in the Upper Puruni Agreement and the vendor's underlying rights (except the right to continue alluvial mining) in the Toroparu Project, including the 6% in-kind royalty, at any time for US$20 million. The Company intends to exercise the buy-out option prior to January 2, 2020, but there are no assurances the Company will be able to successfully implement the buy out or re-negotiate the commercial production requirement on terms acceptable to the Company and if it fails to do so, the vendor will have the right to declare the Company in default of the Upper Puruni Agreement and potentially terminate the Agreement, causing the Company to lose its interest in the Toroparu Project.

Toroparu Project Acquisition and Agreements

Property Description and Location

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

Upper Puruni

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

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

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

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

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

Accordingly, as of December 31, 2018, the Upper Puruni Property covers a total of 138,740 acres (56,146 hectares) comprising seven small scale claims, 98 PPMSs and 13 MPs, and two contiguous PLs.

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

The Upper Puruni Agreement stipulates that ETK is the sole operator and has the sole decision-making discretion in all matters related to the conduct of prospecting, exploration, development activities, and mining activities for the recovery of gold or other metals, minerals or gemstones. An in-kind royalty of 6% is payable to Mr. Alphonso on all gold and other mineral production from the claims subject to the Upper Puruni Agreement, and ETK paid Mr. Alphonso royalties on the gold production from its test and alluvial mining operations. The original Upper Puruni Agreement provided that ETK would commence commercial production, defined as production of 50,000 ounces of gold per year, beginning on January 1, 2013 or, in lieu thereof, pay Mr. Alphonso an annual sum of the Guyana dollar equivalent of US$250,000 until commercial production has commenced. As production was not achieved by January 1, 2013, the Company paid US$250,000 to Mr. Alphonso in January 2013. The Company has made all annual payments through December 31, 2018.

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.

ETK paid Mr. Alphonso the Guyana Dollar equivalent of the sum of US$1,000,000 ($1,363,700) in December 2018.

The Company's Toroparu Project is primarily subject to the Upper Puruni Agreement (Note 8) which gives Mr. Alphonso the right to declare the agreement in default if the property is not in commercial production by January 1, 2020; however, the Company has the right to buy-out the vendor's 6% in-kind royalty at any time for US$20 million. The right of the Company to continue development of the PPMSs and MPs could be impacted if the buy-out option is exercised prior to the conversion of the PPMSs and MPs to large-scale mining licenses. There are no credits against the US$20 million option price for royalty or other payments made by ETK to Mr. Alphonso. There are no assurances the Company will be able to meet the commitments pursuant to this agreement or re-negotiate it on terms acceptable to the Company.

<u>Godette Agreement</u>

The Company, through its wholly-owned subsidiary ETK, has rights to three MPs pursuant to the Godette Joint Venture Agreement (the "Godette Agreement") acquired in 2016. ETK has sole operatorship and sole decision-making discretion in all matters pertaining to gold exploration on the lands subject to the Godette Agreement. ETK also has the sole and exclusive right to sell all gold, other precious metals or gemstones it may recover from the properties. The MPs that are the subject of the Godette Agreement are not evaluated or considered in the May 2013 Technical Report.

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

ETK purchased 100% of the Godettes' interest in the Godette Agreement for the sum of US$300,000 in 2016.

<u>B.M. Mining Agreement</u>

In September 2015, ETK entered into a binding agreement (the "B.M. Mining Agreement") with B.M. Mining Company ("B.M. Mining") and its owner to acquire the right to explore 25,605 acres of property in the Otomung River area (the "Otomung Block") which is located immediately adjacent to the northwestern boundary of ETK's current property block in the Upper Puruni area. The Otomung River area lies to the northwest of an interpreted large geologic flexure in the Puruni Shear Corridor, the geologic feature that hosts the Toroparu Deposit. The Puruni Shear Corridor continues for more than 150 km within the Puruni volcano-sedimentary belt into producing goldfields in Venezuela. In the fourth quarter of 2015, Sandspring extended its regional geochemical survey grid into the Otomung Block with the objective of identifying gold anomalous features that could indicate new mineralized systems.

The B.M. Mining Agreement provides that ETK shall pay B.M. Mining the Guyana dollar equivalent of US$10,000 upon execution of a final joint venture agreement between B.M. Mining and ETK for the right to conduct exploration activities for a period of one year. The final joint venture agreement between ETK and B.M. Mining Company ("B.M. Mining") and its owner was signed on October 12, 2017 and the payment of the Guyana dollar equivalent of US$10,000 was paid.

Under the terms of the final Joint Venture Agreement as signed on October 12, 2017, ETK has the option to extend the B.M. Mining Agreement annually by making payment to B.M. Mining of the amounts set forth below, which were amended in the final Joint Venture Agreement:

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

The 2016 and 2017 payments were paid upon execution of the final Joint Venture Agreement between B.M. Mining and ETK in October 2017. The 2018 payment was paid in November 2018.

The B.M. Mining Agreement further provides that ETK shall pay the annual rentals on the 23 PPMSs that comprise the Otomung Block. B.M. Mining paid the rentals on the PPMSs in May 2016 and May 2017 and the Company reimbursed B.M Mining for the rentals payments when the final Joint Venture Agreement between B.M. Mining and ETK was signed in October 2017. The 2018 rentals were paid in May 2018.

ETK has the right to buy B.M. Mining's interest in the B.M. Mining Agreement for US$200,000 and the issuance of a 3% net smelter royalty ("NSR"). ETK also has the right to buy all of the 3% NSR upon payment to B.M. Mining of an amount that is tied to the price of gold per ounce at the time ETK exercises its option to purchase.

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

Price of Gold (US Dollars)/Oz	Amount of Buy-out (US Dollars)
Up to $1,400	$2,000,000
$1,401 to $2,000	$3,000,000
$2,001 and greater	$4,000,000

Summary of Property Holding

After the restructuring efforts undertaken by the Company with regard to the PPMSs held under the agreement with Mr. Alphonso, the assignment of the three PLs to Mr. Alphonso and the addition of the B.M.

Mining PPMSs, as of December 31, 2018, the Upper Puruni Property covers a total of 138,740 acres (56,146 hectares) comprising seven small scale claims, 98 PPMSs and 13 MPs, and two contiguous PLs.

Rentals and Royalties

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

Mineral claims are also subject to annual rentals. The rental rates for each of the MPs are US$1.00 per acre per annum. Rental rates for PLs are US$0.50 per acre for the first year, US$0.60 per acre for the second year, and US$1.00 per acre for the third year. The PLs held by the Company were issued in October 2013. The Company has applied to renew two of the PLs, which are pending at the date of this MD&A and has assigned the other PLs to Mr. Alphonso. An application fee of US$100 and a work performance bond equal to 10% of the approved budget is also required. Rentals on the claims controlled by ETK are payable annually by the expiry date of each claim.

Environmental Liabilities

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

Toroparu Permits

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

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

Exploration Expenditures

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

The following table sets forth a breakdown of material components of the Company's exploration expenditures for the year ended December 31, 2018 and 2017 for Toroparu and for the period from July 20, 2018 until December 31, 2018 for Chicharron.

	Year Ended December 31, 2018	Year Ended December 31, 2017
Chicharron exploration costs		
Camp expenses	$ 56,406	$ -
Consulting	91,483	-
Drilling	175,461	-

Engineering studies		37,256		-
Lab fees		2,227		-
Office and administrative costs		6,410		-
Salaries and benefits		82,103		-
Travel and accommodation		5,155		-
Total Chicharron exploration costs	$	456,501	$	-
Upper Puruni exploration costs				
Camp expenses	$	1,046,159	$	1,070,644
Consulting		570,424		489,839
Drilling		1,077,439		585,842
Engineering studies		1,609,566		233,370
Lab fees		384,902		138,082
Office and administrative costs		184,181		206,857
Salaries and benefits		421,097		401,607
Travel and accommodation		427,131		287,970
Production commitment fees		480,716		484,008
Prospecting licenses		323,230		287,105
Exploration costs sub-total	$	6,524,845	$	4,185,324
Stock-based compensation		27,903		129,783
Depreciation		46,239		34,121
Total Upper Puruni exploration costs	$	6,598,987	$	4,349,228
Total exploration costs	$	7,055,488	$	4,349,228
Less: Depreciation	$	(46,239)	$	(34,121)
Total exploration costs net of depreciation	$	7,009,249	$	4,315,107

Summary of Quarterly Results

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

Three Months Ended	Net Loss $	Basic and Diluted Loss Per Share $
Dec 30, 2018	(2,058,628)	(0.01)
Sep 30, 2018	(2,423,784)	(0.01)
Jun 30, 2018	(1,696,812)	(0.01)
Mar 31, 2018	(4,005,972)	(0.03)
Dec 31, 2017	(2,553,387)	(0.02)
Sep 30, 2017	(801,319)	(0.01)
Jun 30, 2017	(845,866)	(0.01)
Mar 31, 2017	(3,808,416)	(0.03)
Dec 31, 2016	(2,249,735)	(0.02)

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

Results of Operations

Year Ended December 31, 2018, compared with Year Ended December 31, 2017

The Company's net loss totaled $10,185,196 for the year ended December 31, 2018, with basic and diluted loss per share of $0.06. This compares with a net loss of $8,008,988 with basic and diluted loss per share of $0.07 for the year ended December 31, 2017. The increase in net loss of $2,176,208 was due to:

- Exploration expenditures increased $2,694,142 during the year ended December 31, 2018 as compared to the year ended December 31, 2017, primarily due to an increase of $667,112 for drilling, $1,413,452 for engineering, $175,068 for consulting, $249,047 for lab fees, and $144,316 for travel. Chicharron exploration costs of $456,501 are included in the increase for year ended December 31, 2018.

- Stock-based compensation expense as related to G&A overhead decreased by $996,439 due to the option grant price of $0.24 in September 2018, compared to the option grant price of $0.53 in March 2017.

- Investor relations and marketing costs for the year ended December 31, 2018 increased $200,435 as compared to the year ended December 31, 2017. The increase is due to the addition of a corporate advisory firm, marketing consultant, and additional trade show participation.

- Loss on settlement of debt of $236,006 as pertains to shares and warrants issued for a portion of deferred management compensation.

- A foreign exchange gain of $193,813 was incurred during the year ended December 31, 2018, driven by variance with the U.S. dollar relative to the Canadian dollar.

- All other expenses related to general working capital purposes.

Deferred Management Compensation

At December 31, 2018, the Company has a remaining obligation of $633,666 (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 debt of $236,006. The remaining balance due of $633,666 has been extended to December 31, 2019.

Liquidity and Capital Resources

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

As at December 31, 2018, the Company had working capital of $2,001,402 (December 31, 2017: $2,526,650), an accumulated deficit of $152,547,651 (December 31, 2017: $142,362,455), incurred losses in 2018 amounting to $10,185,196 (2017: $5,455,601), and used cash in operating activities in 2018 of $8,901,271 (2017: $3,067,291). 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.

The Company's liquidity and ability to access capital resources fluctuates based on the trends identified under the heading "Trends". Apart from these and the risk factors noted under the heading "Risk Factors" below, management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's liquidity and capital resources.
The Company remains debt free and maintains nominal credit or interest rate risk. Accounts payable and accrued liabilities are short-term and non-interest bearing. The Company's credit risk with financial instruments is minimal as excess cash is invested with major Canadian chartered banks in guaranteed investment certificates.

Trends

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

Contingencies

The Company's mining and exploration activities are subject to various government laws and regulations relating to environmental protection. As at December 31, 2018, the Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future and anticipates that such obligations will arise only when mine development commences.

Off-Balance Sheet Arrangements

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

Select Annual Financial Information

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Net Loss	$ (10,185,196)	$ (8,008,988)	$ (7,235,240)
Net loss per share basic and diluted	$ (0.06)	$ (0.07)	$ (0.07)

	As at December 31, 2018	As at December 31, 2017	As at December 31, 2016
Mineral properties under exploration	$ 34,295,548	$ 25,061,071	$ 25,061,071
Total assets	$ 37,881,768	$ 30,359,078	$ 29,660,329
Current liabilities	$ 1,455,981	$ 2,597,266	$ 1,475,625

- The net loss for the year ended December 31, 2018 was composed of exploration expenses of $7,009,249 associated with the 2017-2018 Toroparu exploration program and the addition of Chicharron with exploration costs of $456,501. Stock-based compensation as related to G&A overhead totaled $1,195,455 which related to the grant of 7,015,000 options. Marketing and shareholder information expenses of $613,806 increased with the addition of a corporate advisory firm, marketing consultant, and additional trade show participation. Travel expenses of $119,222 increased due the additional travel as related to Guyana and Colombia. Administrative expenses totaled $198,617, with further expenditures of $202,250 of consulting fees, $104,410 of professional fees. Salaries and other benefits totaled $660,649.

- The net loss for the year ended December 31, 2017 was composed of exploration expenses of $4,315,107 associated with the 2017-2018 exploration program. Salaries and other benefits totaled $661,426 with a slight increase due to employee benefit costs. Stock-based compensation as related to G&A overhead totaled $2,191,894 which related to the grant of 5,635,000 options. Consulting fees of $201,415 decreased due to financial advisory fees in 2016. Administrative expenses totaled $211,453, with further expenditures of $106,952 of professional fees, $85,673 of travel expenses and $413,371 of marketing and shareholder information expenses with the decrease due to the discontinuation of a promotional campaign.

- The net loss for the year ended December 31, 2016 was composed of exploration expenses of $5,274,675 associated with the 2016 exploration program. Salaries and other benefits totaled $631,498 as the Company reduced operational and management salaries. Stock-based compensation totaled $72,779 with only stock options granted to an officer of the company in 2016. Consulting fees of $247,500 increased due to external management fees. Administrative expenses totaled $214,549, with further expenditures of $119,629 of professional fees, $76,474 of travel expenses and $572,348 of marketing and shareholder information expenses with the increase due to the revitalized marketing efforts in 2016.

Commitments

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

In November 2011, the Company executed a mineral agreement with the Government of Guyana that stipulates a royalty of 8% on gold (1.5% on copper) produced from its mineral claims payable in cash or in kind to the Government of Guyana. Mineral claims are also subject to annual rentals, as previously described. An in-kind royalty of 6% is payable to Mr. Alphonso on all gold and other mineral production from the claims subject to the Upper Puruni Agreement.

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

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

The Chicharron project is subject to a 1% net smelter returns royalty ("NSR") on 70% of the project, payable in kind or in cash at the election of the royalty holder.

Share Capital

In January 2018, the Company issued 1,236,718 units to settle $432,852 in outstanding indebtedness. 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 $280,453 were incurred as share issue costs related to the private placement of which $218,450 and $62,003 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, the Company issued 36,000,000 common shares at an exercise price of $0.21 per common share.

The Company is authorized to issue an unlimited number of common shares. As of the date of this MD&A, the Company had 209,677,672 common shares outstanding on a non-diluted basis. The Company also had 17,385,000 stock options and 95,497,118 common share purchase warrants outstanding, which are exercisable to acquire one common share of the Company.

Proposed Transactions

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

Related Party Transactions

As consideration for 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 , and as at December 31, 2018, Gran Colombia owned 16.69% on an undiluted basis of the Company.

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 $34,259 (December 31, 2017: $5,860) due to officers and directors of the Company.

b) Included in accounts payable and accrued liabilities is $87,547 (December 31, 2017: $nil) due to Gran Colombia for reimbursement of exploration expenditures.

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

	Year Ended	
	December 31, 2018	December 31, 2017
Salaries and benefits for management	$ 385,774	$ 347,376
Stock-based compensation	1,037,631	1,936,447
	$ 1,423,405	$ 2,283,823

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

Financial Instruments

Effective January 1, 2018, the Company has adopted IFRS 9 Financial Instruments ("IFRS 9") on a prospective basis. Prior periods were not restated and no material changes resulted from adopting this new standard. IFRS 9 introduced a revised model for classification and measurement, and there were no quantitative impacts from adoption on the Company's financial statements. See Note 3 to the December 31, 2018 financial statements for further details.

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

Credit Risk

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

Liquidity Risk and Fair Value Hierarchy

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. The Company generates cash primarily through its financing activities. At December 31, 2018, the Company had cash and restricted cash of $3,252,657 (December 31, 2017: $4,984,097) to settle current liabilities of $1,455,981 (December 31, 2017: $2,597,266). In July 2018, the Company completed an equity financing for gross proceeds of $10,250,000. With this financing in place, management believes there is sufficient funding to finance the Company into 2019, 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.
The Company's cash and restricted cash are measured using Level 1 inputs as at December 31, 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 and Guyanese dollar 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.

Management of Capital

The Company manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out the Company's planned exploration programs and to meet its ongoing administrative costs. The Company considers its capital to be total shareholders' equity (managed capital) which, at December 31, 2018, totaled $19,483,744 (December 31, 2017: $10,238,087).

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

The Company's capital management objectives, policies and processes have remained unchanged during the nine months ended December 31, 2018.

Significant Accounting Policies

See Note 3 to the Company's financial statements for the year ended December 31, 2018, which details the changes in the Company's accounting policies, including future accounting changes. During the year ended December 31, 2018, the Company adopted IFRS 9 Financial Instruments, which had no material changes on the Company's financial statements.

Disclosure of Internal Controls

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

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

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's GAAP.

Technical Disclosure

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

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

Cautionary Note Regarding Forward-looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the potential of Sandspring's properties to contain copper and gold deposits that can be profitably extracted; the Company's ability to meet its working capital needs at the current level for the 12-month period ending December 31, 2019; the plans, costs, timing and capital for future exploration and development of Sandspring's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations; management's outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; market prices and price volatility for gold, silver and copper; and general business and economic conditions.

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

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

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.

<u>Critical Accounting Estimates</u>

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. Management considers various factors including overall economic viability of the project, resource prices and long-term forecasts, ability to maintain title and finance the asset, and market capitalization, when evaluating whether there are any indicators of impairment. 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, 2018 (2017: $Nil).

(ii) 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, 2018, the Company recognized $1,223,358 in stock-based compensation expense as related to G&A overhead (December 31, 2017: $2,321,677).

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, 2018 and 2017 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 resource assets.

(ii) Going Concern

Management is required to apply judgment regarding the going concern assumption of the Company as discussed in Note 1 to the Annual Financial Statements. Management considers various factors including current working capital, budgeted and committed expenditures, discretionary expenditures and available financing opportunities. As at December 31, 2018, management determined the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

Risk Factors

The operations of the Company are speculative due to the high-risk nature of its business. In addition to information set out elsewhere in this MD&A, the factors set forth below could materially affect the Company's financial condition and/or future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Limited Operating History and History of Losses

The Company has not commenced commercial mining operations and is not currently generating cash flows from operations, and there can be no assurances that it will generate positive cash flows from operations in the future.

No History of Mineral Production

The mineral reserves contained in this MD&A are estimated quantities of proven and probable mineral reserves that can be mined legally and economically, and processed by extracting their mineral content under current conditions and conditions anticipated in the future. The mineral resources contained in this MD&A are estimated quantities of measured, indicated and inferred mineral resources. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserves. Furthermore, the quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category. There is no assurance that commercial quantities of metals and minerals will be discovered at the Toroparu Project, Chicharron Project or any future properties, nor is there any assurance that the exploration programs of the Company thereon will yield any positive results. Even if commercial quantities of metals and minerals are discovered, there can be no assurance that any property of the Company will ever be brought to a stage where mineral resources can profitably be produced thereon. Factors which may limit the ability of the Company to produce mineral resources from its properties include, but are not limited to, the price of the mineral resources which are currently being explored for, availability of additional capital and financing, the actual costs of bringing properties into production, and the nature of any mineral deposits.

Additional Capital

The development of the Company's Resource Assets, or any future reserves found in them, will require substantial additional future financing. Failure to obtain sufficient financing could result in the delay or indefinite postponement of construction, development or production on any or all such property or even loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. In addition, any future financing may be dilutive to existing shareholders of the Company.

Exploration and Mining Risks

Resource exploration and development is a speculative business and involves a high degree of risk. The mineral resources contained in this MD&A are estimated quantities of measured, indicated and inferred mineral resources. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserves. Furthermore, the quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category. The mineral reserves contained in this MD&A are estimated quantities of proven and probable mineral reserves that can be mined legally and economically, and processed by extracting their mineral content under current conditions and conditions anticipated in the future. There is no certainty that the expenditures to be made by the Company in the exploration of the Upper Puruni Property or the Chicharron Project will result in discoveries of additional commercial quantities of metals or minerals, or that the Company will be able to profitably extract mineralization. Further, the Company's operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of metals and minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken by the Company, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability. Although the Company intends to maintain when reasonable and possible, liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial condition. The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, including: (i) the particular attributes of the deposit, such as size, grade and proximity to infrastructure; (ii) metal prices, which are highly cyclical; and (iii) government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The precise effect of these factors cannot be accurately predicted; however, a combination of these factors may result in the Company not receiving an adequate return on invested capital.

<u>Resource and Reserve Estimates Are Uncertain</u>

The mineral resources contained in this MD&A are estimated quantities of measured, indicated and inferred mineral resources. The mineral reserves contained in this MD&A are estimated quantities of proven and probable mineral reserves that can be mined legally and economically, and processed by extracting their mineral content under current conditions and conditions anticipated in the future. There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral resource or mineral reserve estimate is a function of, among other things, the quantity and quality of available data, the assumptions made and judgments used in engineering and geological interpretation. Mineral resource and mineral reserve estimates are also uncertain because they are based on limited sampling and not the entire ore body. In addition, there can be no assurance that gold or copper recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. There is no assurance that the estimated amount of mineral reserves will be recovered, or that it will be recovered at costs that the Company assumed in determining such mineral reserves. As the Company gains more knowledge and understanding of an ore body through on-going exploration and mining activity, the mineral resource and mineral reserve estimates may change significantly, either positively or negatively. In particular, results of drilling, metallurgical testing, production, the evaluation of mine plans and fluctuations in gold or copper prices subsequent to the date of any estimate may require revisions of such estimate. Any material reductions in mineral resource or mineral reserve estimates, or of the Company's ability to extract the mineral reserves, could have a material adverse effect on the Company's results of operations and financial condition.

<u>Uninsurable Risks</u>

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's property interests or the properties of others, delays in mining, monetary losses and possible legal liability. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of the securities of the Company. It is anticipated that the Company will not be insured against most environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. It is anticipated that the Company will periodically evaluate the cost and coverage of the insurance against certain environmental risks that is available to determine the appropriateness of obtaining such insurance. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds available to the Company to pay such liabilities and could result in bankruptcy. Should the Company be unable to fund fully the remedial cost of an environmental incident, it could potentially be required to enter into interim compliance measures pending completion of the required remedy.

Environmental and Regulatory Risks

All phases of the Company's operations are subject to environmental regulation. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's business, conditions or operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at this time.

Government approvals, licenses and permits are currently and will in the future be required in connection with the operations of the Company. To the extent such approvals are required and not obtained the Company may be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures, production costs, or reduction in levels of production at producing properties in the future, or require abandonment or delays in development of new mining properties in the future.

Permits and Licenses

Operations of the Company will require licenses and permits from various governmental authorities. Although the Company believes it currently has all required licenses and permits for its operations as currently conducted, there is no assurance that delays will not occur in connection with obtaining all necessary renewals of such licenses and/or permits for the existing operations or additional licenses and/or permits for all future operations. The Company anticipates that it will be able to obtain in the future all necessary licenses and permits to carry on the activities which it intends to conduct, and intends to comply in all material respects with the terms of such licenses and permits. However, there can be no guarantee that the Company will be able to obtain and maintain, at all times, all necessary licenses and permits required to undertake its proposed exploration and development or to place properties into commercial production and to operate mining facilities thereon. In the event of commercial production, the cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or preclude the economic development of the Toroparu Project and Chicharron Project.

Government Regulation

The mining, processing, development and mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labor standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. Exploration may also be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploration and production, price controls, export controls, currency availability, foreign exchange controls, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, limitations on foreign ownership, expropriation of property, ownership of assets, environmental legislation, labor relations, limitations on repatriation of income and return of capital, limitations on mineral exports, high rates of inflation, increased financing costs, and site safety. This may affect both the Company's ability to undertake exploration and development activities in respect of present and future properties in the manner contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. Although the Company believes that its exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development or future potential production. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof, could have a substantial adverse impact on the Company.

Mineral Tenure in Foreign Jurisdictions

There are certain risks associated with the Guyanese and Colombian mineral tenure regimes which are either not present, or are considerably reduced, in mineral tenure regimes in Canada and elsewhere. Such risks include the inability to definitively search government registries for certain underlying claims which may exist within areas, and the potential uncertainty regarding the ability of the holder of a permit to explore for minerals which are not specifically identified in the relevant license or permit. Also, the Company may not be the registered holder certain of its claims in accordance with the laws in Colombia or Guyana or pursuant to the underlying agreements.

Territorial Risks

During 2015 the Government of Venezuela made several pronouncements related to the Venezuela-Guyana border that indicated that Venezuela was disputing the agreed border between the two countries. The Venezuela-Guyana border dispute was resolved and agreed upon by all parties under the 1899 Arbitration Agreement and any claims made outside of such agreement violate international law. The matter is currently before the United Nations, however Venezuela's border claim is widely viewed by the international community to be without merit.

If the Toroparu Project were to be encroached upon by the government of Venezuela, the Company would likely be unable to continue operations at Toroparu. Political instability in relation to these or other matters could also have a material adverse impact upon the Company's ability to access suitable financing on acceptable terms.

Although considered highly unlikely, the possibility that Venezuela may secure control over the land underlying the Company's property interests and the potential expropriation of such assets cannot be ruled out. The occurrence of these uncertainties cannot be accurately predicted and may constrain the Company's ability to secure claim to its mineral properties, and/or impact its inability to operate its properties as permitted or enforce its rights with respect to its property interests. Any such loss, reduction or expropriation of its entitlements would have a material adverse effect upon the Company.

No Assurance of Title and Title Disputes

The Company does not maintain insurance against title and the ability of the Company to ensure that it has obtained secure title to individual mineral properties or mining concessions may be severely constrained. Furthermore, the Company has not conducted boundary surveys of the claims in which it holds interests and, therefore, the precise area and location of such claims may be in doubt or challenged. Accordingly, the Company's properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects which could have a material adverse impact on the Company's business operations, condition and results of operations. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

The title to the Company's Chicharron Project is held directly by Gran Colombia and its subsidiaries in Colombia pursuant to their Segovia mining title in Antioquia, Colombia. Gran Colombia has pledged this mining title as security against certain of its debt instruments and the Company may suffer losses if there is an adverse event with regards to Gran Colombia's debt obligations.

Political Risks

All of the Company's current operations are presently conducted in South America and as such, are exposed to various levels of political, economic and other risks and uncertainties present in emerging nations. Such risks and uncertainties vary from country to country and include, but are not limited to: (i) currency exchange rates; (ii) high rates of inflation; (iii) labor unrest; (iv) renegotiation or nullification of existing concessions, licenses, permits and contracts; (v) changes in taxation policies; (vi) restrictions on foreign exchange and changing political conditions; (vii) currency controls; and (viii) governmental regulations that favor or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Future political actions in Guyana and Colombia cannot be predicted and may adversely affect the Company. Changes, if any, in mining or investment policies or shifts in political attitude in the country of Guyana or Colombia may adversely affect the Company's business, results of operations and financial condition. Future operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. The possibility that future governments may adopt substantially different policies, which may extend to the expropriation of assets, cannot be ruled out. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's consolidated business, results of operations and financial condition.

Infrastructure

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supplies are important requirements, which affect capital and operating costs. Unusual or infrequent weather, natural phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's future operations, financial condition and results of operations.

Limited Market for Securities

The Company's common shares are currently listed on the TSXV; however, there can be no assurance that an active and liquid market for the common shares will be maintained and an investor may find it difficult to resell securities of the Company.

Price and Volatility of Public Stock

The market price of the Company's common shares has experienced fluctuations which may not necessarily be related to the financial condition, operating performance, underlying asset values or prospects of the Company. It may be anticipated that any market for the common shares will be subject to market trends generally and the value of the common shares on the TSXV, or such other stock exchange as the common shares may be listed from time to time, may be affected by such volatility.

Future Sales of Common Shares by Existing Shareholders and Future Issuances of Common Shares or Equity-Related Securities

Sales of a large number of common shares in the public markets, or the potential for such sales, could decrease the trading price of such common shares and could impair the ability of the Company to raise capital through future sales of such common shares.

Any issuance of additional equity securities could dilute the interests of existing shareholders and could substantially decrease the trading price of the common shares. The Company may issue equity securities in the future for a number of reasons, including to finance its operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions) and to satisfy the Company's obligations upon the exercise of outstanding warrants or options or for other reasons. Sales of a substantial number of common shares or other equity-related securities in the public market (or the perception that such sales may occur) could depress the market price of the common shares and impair the Company's ability to raise capital through the sale of additional equity securities. The Company cannot predict the effect that future sales of the common shares or other equity-related securities would have on the market price of the common shares.

Commodity Prices

Factors beyond the control of the Company may affect the marketability and price of minerals discovered, if any. Resource prices have fluctuated widely in recent years and months and are affected by numerous factors beyond the control of the Company, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors cannot be accurately predicted.

Global Financial Conditions

Securities of mining and mineral exploration companies, including the common shares of the Company, have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada and globally, and market perceptions of the attractiveness of particular industries. The price of the securities of the Company is also significantly affected by short-term changes in commodity prices, base and precious metal prices or other mineral prices, currency exchange fluctuation and the political environment in the countries in which the Company does business. As of the date of this document, the global economy continues to be in a period of significant economic volatility.

Litigation

Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Like most companies, the Company is subject to the threat of litigation and may be involved in disputes with other parties in the future which may result in litigation or other proceedings. The results of litigation or any other proceedings cannot be predicted with certainty. If the Company is unable to resolve these disputes favorably, it could have a material adverse effect on the Company's financial position, results of operations or the Company's property development.

Reliance on Limited Number of Property Interests

The only property interests held by the Company are the Chicharron Project, Upper Puruni Property and the interests held in connection with the Alphonso Upper Puruni Agreement, the Godette Agreement and the B.M. Mining Agreement. As a result, unless the Company acquires additional property interests, any adverse developments affecting any of the properties comprising the Upper Puruni Property or the Chicharron Project could have a material adverse effect upon the Company and could materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations of the Company.

Uncertainty of Cost Estimates and Timing of New Projects

The capital expenditure and time required to develop new mines or other projects is considerable and changes in costs and/or construction schedules, can affect project economics. There are a number of factors that can affect costs and construction schedules, including, among others: availability of labor, power, transportation, commodities and infrastructure; changes in input commodity prices and labor costs; fluctuations in currency exchange rates; availability and terms of financing; difficulty of estimating construction costs over a period of years; delays in obtaining environmental or other government permits; weather and severe climate impacts; and potential delays related to social and community issues.

Competition

Competition in the mineral exploration business is intense and could adversely affect the ability of the Company to suitably develop the properties in which it holds its interests. The Company will be competing with other exploration companies potentially possessing greater financial resources and technical facilities. Accordingly, there is a high degree of competition for desirable mineral leases, suitable prospects for drilling operations and necessary mining equipment, as well as for access to funds. There can be no assurance that necessary funds can be raised by the Company or that any projected work will be completed.

Shortages of Critical Parts, Equipment and Skilled Labor May Adversely Affect Operations and Development Projects

The mining industry has been increasingly impacted by increased demand for critical resources such as input commodities, drilling and other equipment and skilled labor. These shortages may cause unanticipated cost increases and delays, thereby impacting operating costs, capital expenditures and production schedules.

Dependence on Key Personnel

The Company's future success and growth depends in part upon the experience of a number of key management personnel. If for any reason, any one or more of such key personnel do not continue to be active in the Company's management, the operations and business prospects of the Company could be adversely affected.

Conflicts of Interest

Certain directors of the Company are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company will be required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors of the Company, any director in a conflict situation will be required to disclose his or her interest and abstain from voting in connection with the matter giving rise to the conflict. In determining whether or not the Company will participate in any project or opportunity, its directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the relevant time.

Currency

The fair value of, or future cash flows from, the Company's financial instruments will fluctuate based on changes in foreign exchange rates. 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.

Dividend Policy

No dividends on the common shares have been paid by the Company to date. Payment of any future dividends, if any, will be at the discretion of the Company's Board of Directors after taking into account many factors, including the Company's consolidated operating results, financial condition, and current and anticipated cash needs.

Cyber Security Threats

Information systems and other technologies, including those related to the Company's financial and operational management, are an integral part of the Company's business activities. Network and information systems-related events, such as computer hackings, cyber-attacks, computer viruses, worms or other destructive or disruptive software, process breakdowns, denial of service attacks, malicious social engineering or other malicious activities, or any combination of the foregoing, or power outages, natural disasters, terrorist attacks or other similar events, could result in damage to the Company's property, equipment and data. These events also could result in significant expenditures to repair or replace the damaged property or information systems and/or to protect them from similar events in the future.

Further, any security breaches, such as misappropriation, misuse, leakage, falsification or accidental release or loss of information maintained in the Company's information technology systems, including personnel and other data, could damage its reputation and require the Company to expend significant capital and other resources to remedy any such security breach. Insurance maintained by the Company against losses resulting from any such events or security breaches may not be sufficient to cover any consequent losses or otherwise adequately compensate the Company for any disruptions to its business that may result, and the occurrence of any such events or security breaches could have a material adverse effect on the business of the Company. There can be no assurance that these events and security breaches will not occur in the future or not have an adverse effect on the business of the Company.

Compliance with Anti-Corruption Laws

The Company is subject to various anti-corruption laws and regulations including but not limited to the Canadian Corruption of Foreign Public Officials Act 1999. In general, these laws prohibit a company and its employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. The Company's primary operations are located in Guyana and Colombia and, according to Transparency International, these countries are perceived as having higher levels of corruption relative to the selected sample of countries around the world. The Company cannot predict the nature, scope or effect of future regulatory requirements to which its operations might be subject or the manner in which existing laws might be administered or interpreted. Failure to comply with the applicable legislation and other similar foreign laws could expose the Company and its senior management to civil and/or criminal penalties, other sanctions and remedial measures, legal expenses and reputational damage, all of which could materially and adversely affect the Company's business, financial condition and results of operations. Likewise, any investigation of any potential violations of the applicable anti-corruption legislation by Canadian or foreign authorities could also have an adverse impact on the Company's business, financial condition and results of operations, as well as on the market price of the Common Shares. As a consequence of these legal and regulatory requirements, the Company has instituted policies with regard to the code of business conduct and ethics. There can be no assurance or guarantee that such efforts have been and will be completely effective in ensuring the Company's compliance, and the compliance of its employees, consultants, contractors and other agents, with all applicable anti-corruption laws.

Additional Information

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