SANDSPRING RESOURCES LTD.

Management's Discussion and Analysis
Three Months Ended March 31, 2012

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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. (the "Company" or "Sandspring") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2012. References to "Sandspring" in the MD&A refer to the Company and its subsidiaries taken as a whole. This discussion is dated May 29, 2012, unless otherwise indicated and should be read in conjunction with the unaudited condensed consolidated interim financial statements of Sandspring for the three months ended March 31, 2012, and the related notes thereto. 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.

The unaudited condensed consolidated interim financial statements for the three months ended March 31, 2012 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

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".

Description of Business

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 Investments Holdings Ltd. ("GoldHeart") which qualified as the Company's qualifying transaction (the "Qualifying Transaction"). GoldHeart, through its wholly-owned subsidiary ETK Inc. ("ETK"), holds certain mineral and prospecting interests in an area within the Republic of Guyana, South America that the Company refers to as the Upper Puruni Property. The Company continued out of Alberta and into Ontario effective March 31, 2010.

The Company holds, within the exterior boundaries of the Upper Puruni Property, Toroparu which hosts a National Instrument 43-101 ("NI 43-101") compliant resource consisting of (i) 6.03 million ounces of gold and 420 million pounds of copper contained within 240.9 million tonnes at a grade of 0.78 g/t gold and 0.08% copper in the measured and indicated mineral categories, and (ii) 3.97 million ounces of gold and 169 million pounds of copper contained within 179.2 million tonnes at a grade of 0.69 g/t gold and 0.04% copper in the inferred mineral category. Further information is contained in the Company's technical report entitled "Technical Report, Updated Resource Estimate and Preliminary Economic Assessment of the Toroparu Gold-Copper Deposit, Upper Puruni Property, Upper Puruni River Area, Guyana" (the "Technical Report") issued by P&E Mining Consultants Inc. ("P&E") dated March 12, 2012 and effective as of January 30, 2012. The preliminary economic assessment is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized either in whole or in part. The full text of the Technical Report is posted on SEDAR at www.sedar.com.

The Company is in the process of exploring the Upper Puruni Property and has not yet established whether it contains reserves that are economically recoverable. The Company's ability to ensure continuing operations is dependent on the discovery of economically recoverable reserves, confirmation of its interest in the underlying mineral claims, and its ability to obtain necessary financing to complete exploration activities, development and future profitable production.

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

Outlook and Overall Performance

On January 30, 2012, the Company announced an increase in measured and indicated mineral resources to 6 million ounces of gold, along with an updated preliminary economic assessment projecting average fresh rock head grade of 1.2g/t gold and 0.18% copper for the first five years of production. The expected five year cash flow of USD$750 million was projected from an initial investment of USD$482 million. The updated preliminary economic assessment contained average cash costs including royalties of USD$450/oz. gold (net of copper credits) in the first five years of operation and USD$600/oz. gold (net of copper credits) over the 14 year mine life. The base case cash flow model associated with the preliminary economic assessment, using a gold price of USD$1,255, carried an undiscounted pre-tax cash flow of USD$1,743 million, an NPV at a 5% discount rate of USD$805 million, and a pre tax IRR of 21.3%. The preliminary economic assessment is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized either in whole or in part. For additional details, see the Technical Report available on SEDAR at www.sedar.com.

On February 22, 2012, the Company announced that it had identified 7 surface gold anomalies within 15 kilometers of Toroparu. These multi-kilometer scale geochemical features have been identified as a result of regional and semi-regional geochemical surveys conducted from March through December 2011 over a 300 square kilometer investigation area within the Upper Puruni. The Company is planning extensive drilling in these areas in 2012 as the core of its exploration activities.

On March 30, 2012, the Company completed a bought deal offering of 23,150,000 Common Shares with a syndicate of underwriters co-led by RBC Capital Markets and Scotiabank at a price of $1.08 per Common Share for gross proceeds of $25.0 million.

At March 31, 2012, the Company had working capital of $23,588,638 compared to $7,498,614 at December 31, 2011. The Company had cash and cash equivalents of $27,532,740 at March 31, 2012, compared to $12,003,357 at December 31, 2011. The increase in cash and cash equivalents during the three months ended March 31, 2012 of about $15.5 million is primarily due to the closing of a $25.0 million bought deal offset by exploration and evaluation expenditures, along with general and administrative costs incurred.

During the three months ended March 31, 2012, the Company spent $6,430,588 on exploration and evaluation activities in the Upper Puruni Property as compared to $4,978,420 for the three months ended March 31, 2011. The following table sets forth a breakdown of material components of the Company's exploration expenditures for the three months ended March 31, 2012 and 2011.

	Three Months Ended	
	3/31/2012	3/31/2011
	$	$
Upper Puruni Exploration Costs		
Camp Expenses	1,172,464	581,954
Consulting	102,419	179,997
Depreciation	181,680	19,378
Drilling Costs	1,772,934	2,103,574
Engineering Studies	632,369	381,077
Lab Fees	617,576	361,294
Office and Administrative Costs	319,712	456,971
Salaries and Benefits	1,189,538	572,311
Travel and Accommodation	250,652	215,622
Prospecting Licenses	191,244	106,242
Total Exploration Costs	6,430,588	4,978,420

Trends

The Company anticipates that it will continue to experience net losses as a result of ongoing exploration of the Upper Puruni Property and operating costs until such time as revenue-generating activity is commenced. The Company's future financial performance is dependent on many external factors. Both the price of, and the market for, gold is volatile, difficult to predict, and subject to changes in domestic and international political, social, and economic environments. Circumstances and events such as current economic conditions and ongoing volatility in the capital markets could materially affect the future financial performance of the Company. For a summary of other factors and risks that have affected, and which in future may affect, the Company and its financial position, please refer to the sections entitled "Trends" and "Risk Factors" in the Company's management's discussion and analysis for the fiscal year ended December 31, 2011, available on SEDAR at www.sedar.com.

Contingencies

The Company's mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment. As at March 31, 2012, 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 only arise when mine development commences.

Off-Balance Sheet Arrangements

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

Mineral Properties Under Exploration

PPMSs, MPs, PLs and small scale claims

All mineral tenure in Guyana is owned by the Government of Guyana and is regulated by the Guyana Geology and Mines Commission ("GGMC"). The Guyanese mineral tenure system is structured to permit four scales of operation. These include small scale claims of 1500 x 800 ft. or a river claim consisting of one mile of a navigable river and are restricted to ownership by Guyanese. Medium scale prospecting permits ("PPMSs") and medium scale mining permits ("MPs") cover between 140 to 1200 acres each and are restricted to ownership by Guyanese. Foreigners may enter into joint venture arrangements whereby the two parties jointly develop property subject to PPMSs, MPs and small scale claims. Prospecting licenses ("PLs") covering between 500 and 12,800 acres are granted to foreign companies. Large areas for geological surveys are granted as Permission for Geological and Geophysical Surveys with the objective of applying for PLs over favourable ground.

ETK's Positions of Claim Ownership

The Upper Puruni Property consists of a claim block located in the Upper Puruni area of western Guyana which is approximately 210 km west of Georgetown, the capital city of Guyana. This claim block, roughly 47 km by 32 km in size, is comprised of 164 contiguous PPMSs, 13 MPs and 7 small scale claims that together cover an area of 194,661 acres (78,810 hectares) and 5 contiguous PLs that cover an area of 57,997 acres (23,471 hectares).

Toroparu is located within the exterior boundaries of the Upper Puruni Property and is the subject of the Technical Report.

ETK, the Company's wholly owned subsidiary, acquired the rights to 5 PLs on September 18, 2002, from the Government of Guyana. These PLs are held by ETK in its own name. Material components of project expenditures for the PLs that were incurred in the three month period ended March 31, 2012 total $191,244. These expenditures included geologic mapping equipment, environmental testing and reconnaissance and exploration.

ETK also holds interest in PPMSs, MPs and small scale claims in the Upper Puruni Property through joint ventures with local Guyanese businessmen: namely, Alfro Alphonso ("Alphonso"), Wallace (Edgar) Daniels ("Daniels") and the Godette family ("Godette") who hold PPMSs, MPs and small scale claims.

Alphonso Joint Venture

The Company has rights to 145 PPMSs, 10 MPs and 7 small scale claims pursuant to the joint venture agreement between ETK and Alphonso (the "Alphonso Joint Venture"). Toroparu is located within MP A-4/MP/011, which is subject to the terms of the Alphonso Joint Venture. The Alphonso Joint Venture 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 from the joint venture lands. An in-kind royalty of 6% is payable to Alphonso on all gold production from the claims subject to the Alphonso Joint Venture.

The Alphonso Joint Venture also gives ETK the option (the "Buy-Out Option") of purchasing 100% of Alphonso's interest in the Alphonso Joint Venture for the sum of USD$20,000,000. The Buy-Out Option does not have an expiry date**.** There are no credits against the USD$20,000,000 option price for royalty or other payments made by ETK to Alphonso.

The bulk of the Company's work has focused on Toroparu and the surrounding area. All exploration expenditures (excluding those incurred on the PLs) listed under "Outlook and Overall Performance" above were incurred on areas contained within the Alphonso Joint Venture. The total amount spent on exploration and development on these areas during the three months ended March 31, 2012 was $6,239,344 (March 31, 2011 - $4,872,178).

Daniels Joint Venture

Pursuant to the Joint Venture Agreement with Daniels (the "Daniels Joint Venture"), the Company, through its wholly owned subsidiary ETK, has rights to 19 PPMSs and ten parcels of land for which Daniels has applied for the issuance of PPMSs. Pursuant to the Daniels Joint Venture, ETK acquired sole operatorship and sole decision-making discretion in all matters pertaining to gold exploration of the lands subject to the Daniels Joint Venture. ETK has the exclusive right to mine and sell all gold and other precious metals it may recover from the lands subject to the Daniels Joint Venture. The Daniels Joint Venture provides for a payment to Daniels of an annual rental equal to 10% of the total rental payments for claims which are subject to the Daniels Joint Venture and a 1% net profits interest to Daniels of up to, but not to exceed, USD$50,000 over the term of the Daniels Joint Venture.

The rights to the ten parcels of land mentioned above that are included within the Daniels Joint Venture are subject to a title dispute with a third-party. The Company monitors the dispute but does not consider it to be of any material significance to the Company as the ten parcels of land do not contain any known material mineral resource.

No geologic work, including surface sampling, trenching, drilling, or mapping has been performed on any of the lands subject to the Daniels Joint Venture Agreement by ETK and no material value has been assigned by the Company to any of these lands at this time. None of the lands subject to the Daniels Joint Venture Agreement are evaluated or considered in the Technical Report. Exploration expenditures on the Daniels Joint Venture totalled $nil for the three month period ended March 31, 2012 (March 31, 2011 - $nil).

Godette Joint Venture

The Company, through its wholly owned subsidiary ETK, has rights to 3 MPs pursuant to the Godette Joint Venture Agreement (the "Godette Joint Venture") subject to the obligation of ETK to make monthly rental payments to the Godettes. ETK has sole operatorship and sole decision-making discretion in all matters pertaining to gold exploration on the lands subject to the Godette Joint Venture. ETK also has the sole and exclusive right to sell all gold, other precious metals or gemstones it may recover from the properties. The Godette Joint Venture also gives ETK the option of purchasing 100% of the Godettes' interest in the Godette Joint Venture for the sum of USD$300,000. The buyout option does not have an expiry date. There are no credits against the USD$300,000 option price for royalty or other payments made by ETK to the Godettes. The MPs that are the subject of the Godette Joint Venture are not evaluated or considered in the Technical Report.

Limited geologic work has been performed by ETK on the land subject to the Godette Joint Venture Agreement and no material value has been assigned by the Company to this land at this time. Exploration expenditures on the Godette Joint Venture totalled $nil for the three month period ended March 31, 2012 (March 31, 2011 - $nil).

Rentals and Royalties

All mineral claims in Guyana are renewed annually through payment of annual rentals on the anniversary of the issue date. Rentals on the claims controlled by ETK are payable annually. ETK has been, and will continue to remain responsible for the payment of rentals. All rentals are paid in full for all claims as of the date of this discussion.

The Company's mineral agreement implements a two-tiered gold royalty structure of 5% of gold sales at gold prices up to US$1,000/ounce and 8% of gold sales at gold prices above US$1,000/ounce, and a royalty of 1.5% on sales of copper and other valuable minerals. The mineral agreement also imposes a corporate income tax rate of 30% and no withholding tax on interest payments to lenders, and duty and value added tax exemptions on all imports of equipment and materials for all continuing operations at Toroparu (including the construction and operation of a planned port facility, road and power improvements and the construction and operation of the mine at Toroparu).

Environmental Liabilities

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

Location of Known Mineralization, Resources, Mine Workings, Tailings Ponds and Improvements

Exploration work within the Upper Puruni Property conducted by ETK has defined a gold/copper resource at Toroparu. Toroparu is comprised of a 250 x 200 x 30 meter open pit, a gravity separation mill, 60 person camp, administration buildings, mechanical shop, and airstrip.

Permits Required to Conduct Exploration Work

ETK has all necessary permits and permissions currently required to conduct its exploration work and seasonal mining and gravity recovery of gold and other minerals on the Upper Puruni Property.

Exploration and Development, Toroparu Project

Diamond drilling conducted into the first quarter successfully tested the Toroparu deposit along strike to the west and southeast, as well as at depth. A total of 52 holes were drilled (holes TPD 327-377) comprising 13,128 metres with the average hole length being 252.4 metres. All diamond drill holes were cased using HQ size drill bits followed by NQ size core bits. In addition to that 53 RC (Reverse Circulation) exploration holes were drilled in the area NW of the main deposit approximately 4,550 metres with the average hole length being 86 metres testing a potential mineralization in shallow depth.

Several peripheral targets were tested on the basis of an established "footprint" of mineralization for the main Toroparu asset. The Company has identified several other promising areas of interesting structural and geochemical associations which are being tested by geochemical surveying and diamond drilling for evidence of new mineral deposits. However, the focus continues to be on Toroparu.

Host rock geology intersected by drilling includes a sequence of mixed intermediate tuffaceous volcanic fragmentals and derived volcaniclastic rocks. Feldspar porphyry units, granodioritic rocks and associated dykes were also intersected. Mineralization and alteration include chalcopyrite, minor molybdenite and rare visible gold with occasional quartz stringers in a weakly pyritic and silica, sericite and epidote/actinolite alteration assemblage.

All samples were prepared in the new on-site sample preparation facility operated by Acme Analytical Laboratories in Toroparu and then sent to Acme Analytical (Laboratories) Guyana Inc., in East Coast Demerara to be forwarded to either Acme Analytical Laboratories S.A., of Santiago, Chile or Acme Analytical Laboratories (Vancouver) Ltd., of Vancouver, British Columbia for analysis.

2012 Budget

Management has outlined a 2012 budget of approximately $31.1 million further described below:

Project/Property Name	Amount Budgeted for 2012 (approx.) [5] $	Expenditures to March 31, 2012 $	Remaining Budgeted Expenditures $
Toroparu Deposit [1]	6,150,000	1,738,536	4,411,464
Technical Studies [2]	2,250,000	632,369	1,617,631
Upper Puruni Exploration [3]	13,905,000	1,926,857	11,978,143
Off-Site Infrastructure and Maintenance	1,250,000	529,781	720,219
Prospecting Licenses [4]	1,545,000	191,244	1,353,756
General and Administrative	6,000,000	1,494,643	4,505,357

(1) Costs incurred to define the reserve potential of the Toroparu deposit through advancing the project towards feasibility by continuing in-fill drilling.

(2) Pre-feasibility engineering work at Toroparu.

(3) Establishment of prospect pipeline within the property boundaries in the Upper Puruni by undertaking reconnaissance R/C or RAB drill program across the surface anomalies that have been identified coupled with geochemical survey programs.

(4) Continued exploration of the PL's comprised of reconnaissance, geologic mapping, and improving access.

(5) Discretionary, subject to change if management decides to scale back or accelerate operations.

Technical Disclosure

Mr. Brian Ray, an employee of the Company, is a Qualified Person as defined under NI 43-101. Mr. Ray has reviewed and approved the information contained under the subheading "Exploration and Development, Toroparu Project" under the Section "Mineral Properties Under Exploration" above along with all other technical and scientific information contained in this MD&A.

Certain information set out herein is based on the Technical Report which was prepared by Dr. Wayne Ewert, P.Geo., Mr. Eugene Puritch, P.Eng., Mr. Kirk Rodgers, P.Eng., Mr. David Orava, P.Eng., Mr. Harnan Trehin, P.Eng., Mr. Ernie Burga, P.Eng., Ms. Tracy Armstrong, P.Geo., Mr. David Burga, P.Geo., and Mr. Antoine Yassa, P.Geo., of P&E, Mr. Frank Daviess, SME., of SRK Consulting (U.S.), Inc., and Mr. Graham Holmes, P.Eng., of Jacobs Minerals Canada Inc., each of whom are independent of their respective companies.

Summary of Quarterly Results

Three Months Ended	Net Loss $	Basic and Diluted Loss Per Share $
Mar 31 2012	(9,029,151) (1)	(0.08)
Dec 31 2011	(9,127,838) (2)	(0.08)
Sep 30 2011	(10,225,693) (3)	(0.09)
Jun 30 2011	(9,792,910) (4)	(0.09)
Mar 31 2011	(7,706,971) (5)	(0.07)
Dec 31 2010	(7,586,036) (6)	(0.09)
Sep 30 2010	(5,330,675) (7)	(0.06)
Jun 30 2010	(5,773,622) (8)	(0.07)

(1) Net loss of $9,029,151 principally related to exploration expenditures in Guyana of $5,983,648 (excluding share based payments of $265,260 and amortization of $181,680). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of $15,327.

(2) Net loss of $9,127,838 principally related to exploration expenditures in Guyana of $7,803,895 (excluding share based payments of $114,632 and amortization of $56,983). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of $43,602.

(3) Net loss of $10,225,693 principally related to exploration expenditures in Guyana of $7,323,125 (excluding share based payments of $187,232 and amortization of $45,867). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of $68,626.

(4) Net loss of $9,792,910 principally related to exploration expenditures in Guyana of $7,918,021 (excluding share based payments of $197,098 and amortization of $44,007). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of $96,188.

(5) Net loss of $7,706,971 principally related to exploration expenditures in Guyana of $4,872,694 (excluding share based payments of $86,348 and amortization of $19,378). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of $122,593.

(6) Net loss of $7,586,036 principally related to exploration expenditures in Guyana of $5,606,155 (excluding share based payments of $285,361 and amortization of $20,221). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of $108,831.

(7) Net loss of $5,330,675 principally related to exploration expenditures in Guyana of $4,199,928 (excluding amortization of $15,463). All other expenses related to general working capital purposes

and management and director compensation. All expenses were offset by interest income of $9,335.

(8) Net loss of $5,773,622 principally related to exploration expenditures in Guyana of $4,267,952 (excluding amortization of $11,785). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of $17,142.

Results of Operations

Three months ended March 31, 2012, compared with three months ended March 31, 2011

The Company's net loss totaled $9,029,151 for the period ended March 31, 2012, with basic and diluted loss per share of $0.08. This compares with a net loss of $7,706,971 with basic and diluted loss per share of $0.07 for the period ended March 31, 2011. The increase in net loss of $1,322,180 was due to:

- Operational expenses increased by $1,309,868 during Q1 2012, compared with Q1 2011, as a result of the additional road repair and infrastructure work being done in Upper Puruni as well as the operations related to the development of Toroparu.

- Salaries and other benefits for the period ended March 31, 2012 totaled $1,398,642 as compared to $952,535 for the period ended March 31, 2011. The salaries are a direct result of the Company's efforts to increase staffing in order to effectively manage the growing exploration efforts in the Upper Puruni Property as well as the development of Toroparu and the Upper Puruni.

- Depreciation during the period ended March 31, 2012 was $253,542 compared to $25,530 for the period ended March 31, 2011. This was due to the fact that the Company has added about $1.4 million dollars of equipment over the last year. Further, the company changed its accounting policy with regard to depreciation at December 31, 2011 to more accurately reflect the useful life of the equipment.

- Shareholder information expenses for the period ended March 31, 2012, were $314,982, an increase of $141,271 compared to the same period in 2011. This increase can be attributed to the Company's marketing efforts in Europe during the first quarter of 2012.

- Drilling expenses for the three months ended March 31, 2012 totaled $1,772,934 as compared to $2,103,574 for the three months ended March 31, 2011. The drilling expenses incurred have decreased due to the Company's current utilization of three drill rigs as opposed to the four rigs that were operating during the three months ended March 31, 2011

- Stock based compensation expense varies due to the grant date fair value of options awarded. The Company issued 2,942,000 options in the first quarter of 2012, as compared to 1,715,000 in the first quarter of 2011. However, the weighted average grant date fair value of those issued in 2012 was $0.78 compared to $1.66 in the first quarter of 2011.

- Consulting fees for the period ended March 31, 2012 totaled $413,451 as compared to $600,055 for the period ended March 31, 2011. The decrease in consulting fees is a direct result of the Company having more employees and not having to rely as greatly on consultants.

- A foreign exchange loss of $14,054 was incurred during the year as a result of the decrease in value of the US dollar during the three months ended March 31, 2012.

- All other expenses related to general working capital purposes.

Liquidity and Capital Resources

Historically the Company's sole source of funding has been the issuance of equity securities for cash. For the period ended March 31, 2012, the Company raised $25 million in a bought deal financing. However, there is no assurance that further equity 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.

At March 31, 2012, the Company had working capital of $23,588,638, compared to $7,498,614 at December 31, 2011. The Company had cash and cash equivalents of $27,532,740 at March 31, 2012, compared to $12,003,357 at December 31, 2011. The increase in cash and cash equivalents during the three months ended March 31, 2012 of about $15.5 million is primarily due to the closing of the $25 million bought deal offset by exploration and evaluation expenditures, along with general and administrative costs incurred.

The budgeted corporate activities of the Company account for about $6 million in 2012, while the budgeted exploration costs of the Upper Puruni and development of Toroparu account for about $20 million in 2012. However, Toroparu is currently not in the production stage. As a result, the Company has no current sources of revenue and relies on the issuance of Common Shares to generate the funds required to advance its projects. Management believes the Company has sufficient working capital to fund operations for the next 12 months.

The Company's liquidity and ability to access capital resources fluctuates based on the trends previously 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 its credit and interest rate risk is limited to guaranteed investment certificates. Accounts payable and accrued liabilities are short-term and non-interest bearing. The Company's liquidity risk with financial instruments is minimal as excess cash is invested with major Canadian chartered banks in guaranteed investment certificates.

Commitments

The Alphonso joint venture provides that ETK shall commence commercial production, defined as production of 50,000 ounces of gold per year, beginning January 1, 2013 or in lieu thereof pay Mr. Alphonso an annual sum of the Guyana dollar equivalent of USD $250,000 in years 2013, 2014 and 2015 if commercial production is not commenced. If commercial production has not been commenced by 2016, Mr. Alphonso may declare a default under the agreement unless the Company has exercised its option to purchase Mr. Alphonso's interest in the joint venture for the sum of USD $20,000,000. In addition, the Company is required to spend USD $250,000 on exploration and development during the year ending December 31, 2012 under the Alphonso joint venture.

Share Capital

The Company is authorized to issue an unlimited number of Common Shares. As of the date of this discussion, the Company had 132,033,106 Common Shares outstanding. The Company also has 9,785,100 options, and 5,486,517 warrants outstanding that are outlined in the following tables:

Expiry Date	Options Outstanding	Exercise Price		Remaining Contractual Life (Yrs)	Options Exercisable
September 21, 2012	500,000	$	2.60	0.48	500,000
November 24, 2014	2,903,100	$	0.50	2.65	2,903,100
January 8, 2015	50,000	$	1.25	2.78	50,000
February 8, 2015	65,000	$	1.44	2.86	65,000
March 29, 2015	615,000	$	1.60	2.99	615,000
July 7, 2015	295,000	$	1.24	3.27	295,000
January 6, 2016	125,000	$	3.54	3.77	125,000
January 24, 2016	125,000	$	3.10	3.82	125,000
February 25, 2016	1,430,000	$	2.70	3.91	968,750
August 1, 2016	235,000	$	2.52	4.34	58,750
September 29, 2016	500,000	$	1.53	4.50	500,000
January 10, 2017	1,067,000	$	1.26	4.78	-
January 16, 2017	1,875,000	$	1.38	4.80	1,125,000
	9,785,100			3.57	7,330,600

Number of Warrants	Allocated Value		Exercise Price		Expiry Date
5,486,517	$	1,591,101	$	0.50	November 24, 2012

The Company had 147,304,723 Common Shares outstanding on a fully diluted basis.

Proposed Transactions

There are no proposed transactions of a material nature being considered by the Company.

Related Party Transactions

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

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

	3/31/2012	12/31/2011
Travel expenses reimbursed to officers and directors of the Company,	$ 47,537	$ 24,519
Administrative expenses reimbursed to officers and directors of the Company,	562	191
Administrative, occupancy and salary expenses reimbursable to a company controlled by a Vice President of the Company, P. Greg Barnes	128,230	72,480
	$ 176,329	$ 97,190

(b) The Company had the following related party transactions during the three months ended March 31, 2012.

	3/31/2012	3/31/2011
Travel expenses reimbursed to officers and directors of the Company,	$ 71,053	$ 58,750
Administrative expenses reimbursed to officers and directors of the Company,	3,911	14,777
Administrative, occupancy and salary expenses reimbursable to a company controlled by a Vice President of the Company, P. Greg Barnes	147,741	192,627
	$ 222,705	$ 266,154

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

	3/31/12	3/31/11
Salaries and benefits for management	$ 328,938	$ 289,318
Directors fees	33,250	27,250
Share based payments	1,100,108	1,391,744
	$ 1,462,296	$ 1,708,312

Change in Accounting Policies

During the three months ended March 31, 2012, the Company adopted no new accounting policies.

Critical Accounting Judgments and Estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. the recoverability of amounts receivable that are included in the unaudited condensed statements of financial position;
ii. the inputs used in accounting for share based payment transactions in statement of loss and comprehensive loss; and
iii. management's assumption of no material restoration, rehabilitation and environmental provision, based on the facts and circumstances that existed during the period.

How financial assets and liabilities are categorized is an accounting policy that requires management to make judgments or assessments.

Future accounting changes

A number of new standards, amendments to standards and interpretations, are not yet effective and have not been applied in preparing these unaudited condensed interim consolidated financial statements. These standards and amendments are fully described in the Company's 2011 audited financial statements. Management has not yet determined the impact that these new standards and amendments will have on the Company's consolidated financial statements.

Financial Instruments

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

Credit Risk

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

Liquidity Risk and Fair Value Hierarchy

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. The Company generates cash primarily through its financing activities. The Company has cash and cash equivalents of $27,532,740 (December 31, 2011 – $12,003,357) to settle current liabilities of $4,268,429 (December 31, 2011 – $4,712,358). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

Currency Risk

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

Interest Rate Risk

Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and assets. In the normal course of business, the Company is exposed to interest rate fluctuations as a result of cash equivalents being invested in interest-bearing instruments. Interest rate risk is minimal as the Company's interest-bearing instruments have fixed interest rates.

Fair Value

As at March 31, 2012, the carrying and fair value amounts of the Company's financial instruments were approximately equivalent due to their short term maturities.

Management of Capital

The Company manages its capital with the following objectives:

i. to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
ii. to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be total shareholders' equity (managed capital), which as at March 31, 2012 totaled $51,984,276 (December 31, 2011 - $36,122,255).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is regularly updated based on activities related to its mineral properties. Selected information is frequently provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the three months ended March 31, 2012.

The Company is not subject to any capital requirements imposed by a lending institution.

Disclosure of Internal Controls

Management has established processes to provide sufficient knowledge to support representations that it has exercised reasonable diligence that (i) the unaudited condensed 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 unaudited condensed consolidated financial statements, and (ii) the unaudited condensed 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 IFRS as issued by the IASB.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Risk Factors

The operations of the Company are speculative due to the high-risk nature of its business. An investment in securities of the Company involves significant risks, which should be carefully considered by prospective investors before purchasing such securities. In addition to information set out elsewhere in this MD&A, investors should carefully consider the risk factors which have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Refer to the section entitled "Risk Factors" in the Company's MD&A for the fiscal year ended December 31, 2011, available on SEDAR at www.sedar.com. There have been no significant changes to such risk factors since the date thereof other than as discussed herein.

Caution 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; the Company's ability to meet its working capital needs at the current level for the twelve-month period ending March 31, 2012; 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; prices and price volatility for gold and copper and other economic deposits; 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, gold and copper deposits, price volatility, changes in debt and equity markets, timing and availability of external financing on acceptable terms, the uncertainties involved in interpreting geological data and 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 following: 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.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.