Sandspring Resources Ltd.

Condensed Consolidated Interim Financial Statements
(Unaudited)
Expressed in Canadian Dollars
Three Months Ended March 31, 2014

SANDSPRING RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(Expressed in Canadian Dollars)

		3/31/2014	12/31/2013
ASSETS	Notes	$	$
Current			
Cash and cash equivalents		9,510,068	14,460,919
Prepaid expenses		466,459	253,785
		9,976,527	14,714,704
Equipment	6	1,422,538	1,629,674
Mineral properties under exploration	7	25,061,071	25,061,071
		36,460,136	41,405,449
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		2,515,746	2,730,742
		2,515,746	2,730,742
Non-current liabilities			
Deferred revenue	8	14,358,600	14,358,600
		14,358,600	14,358,600
SHAREHOLDERS' EQUITY			
Common Shares	9	117,099,645	117,099,645
Contributed Surplus		2,230,785	2,208,490
Stock Option Reserve	10	7,676,299	7,671,317
Deficit		(107,420,939)	(102,663,345)
		19,585,790	24,316,107
		36,460,136	41,405,449

Going Concern - Note 1

Subsequent Event - Note 7

Commitments - Note 14

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

SANDSPRING RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited)

(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
	$	$
Expenditures		
Administrative	124,561	111,187
Consulting	1,969,182	944,217
Depreciation	208,384	249,504
Foreign exchange gain	(524,971)	(102,621)
Operations	1,269,866	743,646
Other	11,688	11,592
Professional fees	86,127	84,204
Salaries and other benefits	1,293,638	1,099,848
Shareholder information	69,283	84,271
Stock based compensation	27,277	375,934
Transfer, listing and filing fees	31,819	34,768
Travel	193,056	93,034
	4,759,910	3,729,584
Other		
Interest income	2,316	16,883
	2,316	16,883
Net loss and comprehensive loss for the period	(4,757,594)	(3,712,701)
Loss per share		
Basic	(0.04)	(0.03)
Diluted	(0.04)	(0.03)
Weighted average number of shares outstanding		
Basic	132,358,606	132,358,606
Diluted	132,358,606	132,358,606

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

SANDSPRING RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY

(Unaudited)

(Expressed in Canadian Dollars)

Three Months Ended March 31, 2013	Common Shares	Contributed Surplus	Stock Option Reserve	Deficit	Total
Balances, December 31, 2012	**117,099,645**	**2,062,859**	**7,062,637**	**(90,068,605)**	**36,156,536**
Stock based compensation	-	-	375,934	-	375,934
Stock options expired	-	145,631	(145,631)	-	-
Net loss for the period	-	-	-	(3,712,701)	(3,712,701)
Balances, March 31, 2013	**$ 117,099,645**	**$ -**	**$ 7,292,940**	**$ (93,781,306)**	**$ 32,819,769**

Three Months Ended March 31, 2014	Common Shares	Contributed Surplus	Stock Option Reserve	Deficit	Total
Balance, December 31, 2013	**$ 117,099,645**	**$ 2,208,490**	**$ 7,671,317**	**$ (102,663,345)**	**$ 24,316,107**
Stock based compensation	-	-	27,277	-	27,277
Stock options expired	-	22,295	(22,295)	-	-
Net loss for the period	-	-	-	(4,757,594)	(4,757,594)
Balance, March 31, 2014	**$ 117,099,645**	**$ 2,230,785**	**$ 7,676,299**	**$ (107,420,939)**	**$ 19,585,790**

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

SANDSPRING RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(Unaudited)

(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Cash provided by:	$	$
Operating Activities		
Net loss	(4,757,594)	(3,712,701)
Adjustments for:		
Depreciation	208,384	249,504
Stock-based compensation	27,277	375,934
Change in non-cash working capital		
Prepaid expenses	(212,674)	(46,601)
Accounts payable	(214,996)	(1,040,492)
	(4,949,603)	(4,174,356)
Investing Activities		
Sale (purchase) of equipment	(1,248)	1,648
	(1,248)	1,648
Cash and cash equivalents, beginning of period	14,460,919	11,278,902
Net (decrease) increase in cash	(4,950,851)	(4,172,708)
Cash and cash equivalents, end of period	9,510,068	7,106,194

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

1. Corporate Information and Going Concern

Sandspring Resources Ltd. ("Sandspring" or "the Company") is a resource exploration company, incorporated in Canada on September 20, 2006 under the Business Corporations Act (Alberta). The Company continued out of Alberta and into Ontario effective March 31, 2010. Sandspring is focused on the exploration for, and resource expansion of, gold and related minerals in Guyana, South America. Sandspring's principal place of business is located at 8000 South Chester Street, Suite 375, Centennial, Colorado in the United States of America.

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2014, the Company had a deficit of $107,420,939 (December 31, 2013 - $102,663,345), incurred losses in the three months ended March 31, 2014 amounting to $4,757,594 (three months ended March 31, 2013 - $3,712,701), and had negative cash flows from operating activities in the three months ended March 31, 2014 of $4,949,603 (three months ended March 31, 2013 - $4,174,356). The Company has entered into an agreement with Silver Wheaton whereby Silver Wheaton has funded US $13.5 million, which management expects will be sufficient to finance the remaining work on a feasibility study and corporate overhead costs through the completion of the feasibility study. The Company's ability to finance activities after this time is dependent on whether Silver Wheaton elects to finance the project costs for construction of the Company's Toroparu Project in Upper Puruni, Guyana (the "Toroparu Project") as well as on raising equity financing to fund operating and investing activities beyond construction of the Toroparu Project not financed by Silver Wheaton. There are no assurances that the US $13.5 million funding from Silver Wheaton will finance all costs related to the feasibility study, whether Silver Wheaton will make the election to fund the Toroparu Project, or that the Company will be successful in raising equity financing. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the applicability of the going concern assumption. These unaudited condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. These adjustments could be material.

2. Basis of Presentation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly these unaudited condensed consolidated interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year end reporting purposes and should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2013.

3. Significant Accounting Policies

Except as disclosed below, the significant accounting policies have not changed from the significant accounting policies presented in the audited consolidated financial statements for the year ended December 31, 2013.

Adoption of new or amended IFRS

On January 1, 2014, the Company adopted the following new accounting standards that were previously issued by the International Accounting Standards Board ("IASB"):

IAS 32 *Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)*

On December 16, 2011 the IASB published amendments to IAS 32 Financial Instruments: Presentation to clarify the application of the offsetting requirements. The amendments are effective for annual periods beginning on or after January 1, 2014, with earlier application permitted. The adoption of this amendment did not have a material effect on our condensed consolidated interim financial statements for the current period or prior period presented.

IFRIC 21 Levies

In May 2013, the IASB issued IFRIC 21, Levies. This IFRIC is effective for annual periods commencing on or after January 1, 2014 and is to be applied retrospectively. The IFRIC provides guidance on accounting for levies in accordance with the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It also notes that levies do not arise from executory contracts or other contractual arrangements. The interpretation also confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The adoption of this interpretation did not have a material effect on our condensed consolidated interim financial statements for the current period or prior period presented.

Future accounting changes

IFRS 9 *Financial Instruments*

IFRS 9 was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The standard was originally intended to be effective January 1, 2015, however, because the classification and measurement and impairment phase of IFRS 9 are not yet completed, the IASB tentatively decided on a mandatory effective date for annual periods beginning on or after January 1, 2018. The Company does not intend to early adopt IFRS 9 in its financial statements for the annual period beginning January 1, 2014 but will continue to monitor and evaluate the impact of any required changes to its consolidated financial statements based on the characteristics of its financial instruments up to the date of adoption.

4. Capital Management

The Company manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out the Company's defined exploration programs and to meet its ongoing administrative costs. The Company considers its capital to be total shareholders' equity (managed capital) which at March 31, 2014, totaled $19,585,790 (December 31, 2013 - $24,316,107).

This capital management is achieved by the Board of Directors' review and acceptance of exploration budgets that are achievable within 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.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the three months ended March 31, 2014.

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

5. 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 $9,510,068 (December 31, 2013 – $14,460,919) to settle current liabilities of $2,515,746 (December 31, 2013 – $2,730,742). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity (Note 1).

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at March 31, 2014:

	Level 1	Level 2	Level 3	Total
Financial Instruments				
Cash	$ 9,510,068	$ -	$ -	$ 9,510,068

Currency Risk

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

(Expressed in Canadian Dollars)

6. Equipment

	Camp Equipment	Heavy Equipment	Other Equipment	Vehicles	Furniture and Office Equipment	Total
Cost						
As at December 31, 2013	$ 73,613	$ 2,892,138	$ 299,973	$ 149,605	$ 452,722	$ 3,868,051
Additions	1,248	-	-	-	-	1,248
As at March 31, 2014	$ 74,861	$ 2,892,138	$ 299,973	$ 149,605	$ 452,722	$ 3,869,299
Accumulated Depreciation						
As at December 31, 2013	$ 51,223	$ 1,547,149	$ 159,145	$ 87,206	$ 393,654	$ 2,238,377
Charge for the period	4,794	156,362	17,180	8,154	21,894	208,384
As at March 31, 2014	$ 56,017	$ 1,703,511	$ 176,325	$ 95,360	$ 415,548	$ 2,446,761
Net Book Value						
As at December 31, 2013	$ 22,390	$ 1,344,989	$ 140,828	$ 62,399	$ 59,068	$ 1,629,674
As at March 31, 2014	$ 18,844	$ 1,188,627	$ 123,648	$ 54,245	$ 37,174	$ 1,422,538

7. Mineral Properties Under Exploration

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

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

(Expressed in Canadian Dollars)

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 from the lands. An in-kind royalty of 6% is payable to Mr. Alphonso on all gold and other mineral production from the claims subject to the Upper Puruni Agreement and ETK paid Mr. Alphonso during its test and alluvial mining operations. The Upper Puruni Agreement provides that ETK shall 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 in years 2014 and 2015 if commercial production has not commenced. As production was not achieved by January 1, 2013, the Upper Puruni Agreement required that ETK pay a penalty of US $250,000 to Mr. Alphonso, which the Company paid in January of 2013. On April 22, 2014, Mr. Alphonso and the Company amended the Upper Puruni Agreement, such that the 2014 penalty of US $250,000 as due and payable will be paid on the due date of the penalty for the 2015 calendar year at which time the penalty payments for 2014 and 2015 shall be paid in full.

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

The Upper Puruni Agreement also gives ETK the option of purchasing 100% of Mr. Alphonso's interest in the Upper Puruni Property for the sum of US $20 million. This buy-out option does not have an expiry date. The right of the Company to continue development of the PPMSs and MPs could be impacted if the buy-out option is exercised prior to the conversion of the PPMSs and MPs to large scale licenses. There are no credits against the US $20 million option price for royalty or other payments made by ETK to Mr. Alphonso.

As at March 31, 2014, the carrying amount of the Company's interest in mineral properties is as follows:

	March 31, 2014	December 31, 2013
Toroparu Project	$ 25,061,071	$ 25,061,071

(Expressed in Canadian Dollars)

The carrying value of mineral properties under exploration represents the cost of acquired properties. All costs related to exploration activities are expensed as incurred. Mineral properties under exploration are not depreciated, and will be reclassified once technical feasibility and commercial viability can be demonstrated. The following table sets forth a breakdown of material components of the Company's exploration expenditures for the three months ended March 31, 2014 and 2013.

	Three Months Ended	
	3/31/2014	3/31/2013
Upper Puruni Exploration Costs		
Camp Expenses	$ 710,924	$ 292,179
Consulting	29,466	38,387
Depreciation	165,266	180,522
Engineering Studies	1,877,487	853,462
Lab Fees	146,938	36,911
Office and Administrative Costs	105,381	69,230
Salaries and Benefits	648,101	709,496
Travel and Accommodation	157,717	29,307
Production Commitment Fees	291,463	239,594
Prospecting Licenses	161,806	98,804
Total Exploration Costs	$ 4,294,549	$ 2,547,892

8. Deposit on Gold Purchase Agreement and Deferred Revenue

On November 11, 2013 the Company announced that it had entered into a Gold Purchase Agreement ("GPA") with Silver Wheaton under which Silver Wheaton, will pay the Company upfront cash payments totaling US $148.5 million for 10% of the payable gold production from ETK's Toroparu Project in Guyana, South America. In addition, Silver Wheaton will make ongoing payments to the Company of the lesser of the market price and US $400 per payable ounce of gold delivered to Silver Wheaton over the life of the Toroparu Project, subject to a 1% annual increase starting after the third year of production.

(Expressed in Canadian Dollars)

The Company received an initial draw down of US $13.5 million of the cash payment on December 23, 2013 to be used primarily for advancement of the final feasibility documentation for the Toroparu Project. The balance of the US $148.5 million is subject to Silver Wheaton's election to proceed and is payable in installments during construction of the Toroparu Project once all necessary mining licenses have been obtained and conditions pertaining to final feasibility, the availability of project capital finance, the granting of security to Silver Wheaton and other customary conditions are satisfied. If the feasibility documentation has not been provided by December 31, 2015 or following the receipt of such feasibility documentation Silver Wheaton elects not to proceed, the Company may elect to either return US $11.5 million to Silver Wheaton and terminate the agreement or reduce the stream percentage from 10% to 0.774%. In the event the Company does not deliver sufficient gold to repay the total balance of the deposit, the Company will be required to pay any remaining balance in cash.

9. Share Capital

The Company is authorized to issue an unlimited amount of common shares. The issued and outstanding common shares consist of the following:

	Number of Common Shares		Amount
Balance, December 31, 2013	132,358,606	$	117,099,645
Balance, March 31, 2014	132,358,606	$	117,099,645

10. Stock Options

The following table shows the continuity of stock options during the three month period ended March 31, 2014:

	Number of Options		Allocated Value of Vested Options		Weighted Average Exercise Price
Balance, December 31, 2013	11,846,600	$	7,671,317	$	1.12
Value of options vested during the year	-		47,683		-
Forfeited	(95,000)		(20,406)		0.41
Expired	(27,500)		(22,295)		1.38
Balance, March 31, 2014	11,724,100	$	7,676,299	$	1.13

(Expressed in Canadian Dollars)

The following are the stock options outstanding as at March 31, 2014:

Expiry Date	Options Outstanding	Exercise Price		Remaining Contractual Life (Yrs)	Options Exercisable
November 24, 2014	2,793,100	$	0.50	0.65	2,793,100
January 8, 2015	50,000	$	1.25	0.78	50,000
February 8, 2015	65,000	$	1.44	0.86	65,000
March 29, 2015	615,000	$	1.60	0.99	615,000
July 7, 2015	295,000	$	1.24	1.27	295,000
January 6, 2016	125,000	$	3.54	1.77	125,000
January 24, 2016	125,000	$	3.10	1.82	125,000
February 25, 2016	1,285,000	$	2.70	1.91	1,285,000
August 1, 2016	135,000	$	2.52	2.34	135,000
September 29, 2016	500,000	$	1.53	2.50	500,000
January 10, 2017	795,000	$	1.26	2.78	636,250
January 16, 2017	1,750,000	$	1.38	2.80	1,593,750
September 6, 2017	1,011,000	$	0.60	3.44	844,333
February 7, 2018	2,180,000	$	0.41	3.86	1,172,500
	11,724,100			1.53	10,234,933

11. Loss per Share

The calculation of basic and diluted loss per share for the three months ended March 31, 2014 was based on the loss attributable to common shareholders of $4,757,594 (three months ended March 31, 2013 - $3,712,701) and the weighted average number of common shares outstanding of 132,358,606 (three months ended March 31, 2013 – 132,358,606). Diluted loss per share did not include the effect of 11,724,100 share purchase options (three months ended March 31, 2013 – 12,021,600) as they are anti-dilutive.

SANDSPRING
RESOURCES LTD.

(Expressed in Canadian Dollars)

12. 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:

	3/31/2014	12/31/2013
Travel expenses reimbursed to officers and directors of the Company,	$ 28,777	$ 49,073
Administrative expenses reimbursed to officers and directors of the Company,	178	12,826
	$ 28,955	$ 61,899

(b) The Company had the following related party transactions during the three months ended March 31, 2014.

	3/31/2014	3/31/2013
Travel expenses reimbursed to officers and directors of the Company,	$ 50,053	$ 63,462
Administrative expenses reimbursed to officers and directors of the Company,	9,690	5,159
Administrative and occupancy expenses reimbursable to a company controlled by a director/V.P. of the Company, P. Greg Barnes	-	46,174
	$ 59,743	$ 114,795

(Expressed in Canadian Dollars)

13. Segmented information

The Company primarily operates in one reportable operation segment, being the development of its property for production of gold and copper in Guyana. The Company has administrative offices in Toronto, Canada and Centennial, U.S.A. Segmented information on a geographic basis is as follows:

December 31, 2013

	Canada	United States	British Virgin Islands	Guyana	Total
Current assets	$ 9,076	$ 8,552,347	$ 5,801,943	$ 351,338	$ 14,714,704
Non-current assets	587	23,599	-	26,666,559	26,690,745
	$ 9,663	$ 8,575,946	$ 5,801,943	$ 27,017,897	$ 41,405,449

March 31, 2014

	Canada	United States	British Virgin Islands	Guyana	Total
Current assets	$ 32,470	$ 3,150,526	$ 6,006,275	$ 787,256	$ 9,976,527
Non-current assets	-	15,474	-	26,468,135	26,483,609
	$ 32,470	$ 3,166,000	$ 6,006,275	$ 27,255,391	$ 36,460,136

14. Commitments

The Company has executed a mineral agreement with the Government of Guyana that stipulates a royalty of 8% on gold (1.5% on copper) produced from its mineral claims payable in cash or in kind to the Government of Guyana. Mineral claims are also subject to annual rentals. The rental rates for each of the MPs are the sum of US$1.00 per acre per annum. Rental rates for PLs are US$0.50 per acre for the year; US$0.60 per acre for the second year; and US$1.00 per acre for the third year. An application fee of US$100 and a work performance bond equal to 10% of the approved budget is also required. Sandspring acknowledges that the rentals are paid in full for all claims as of the effective date of the Technical Report and as of the date of this MD&A. Rentals on the claims controlled by ETK are payable annually by the expiry date of each claim.