SANDSPRING RESOURCES LTD.

Management's Discussion and Analysis
Three and Six Months Ended June 30, 2013

Prepared by:
Sandspring Resources Ltd.
8000 S. Chester St. Suite 375
Centennial, Colorado, USA
www.sandspringresources.com

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 and six months ended June 30, 2013. References to "Sandspring" in the MD&A refer to the Company and its subsidiaries taken as a whole. This discussion is dated August 19, 2013, unless otherwise indicated and should be read in conjunction with the unaudited condensed consolidated interim financial statements of Sandspring for the three and six months ended June 30, 2013, 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 Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2013 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

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 Investment 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 mineral reserve consisting of 4.107 million ounces of gold and 211 million pounds of copper contained within 127.1 million tonnes at a grade of 1.00 g/t gold and 0.11% copper in the proven and probable mineral categories. Further, Toroparu hosts a mineral resource consisting of (i) 6.89 million ounces of gold and 444 million pounds of copper contained within 240.2 million tonnes at a grade of 0.89 g/t gold and 0.084% copper in the measured and indicated mineral resource categories, and (ii) 3.09 million ounces of gold and 120 million pounds of copper contained within 129.5 million tonnes at a grade of 0.74 g/t gold and 0.042% copper in the inferred mineral resource category. Further information is contained in the Company's technical report (the "Technical Report") prepared in accordance with National Instrument 43-101 ("NI 43-101") available on www.sedar.com.

The Company is in the process of exploring the Upper Puruni Property. The Company's ability to ensure continuing operations is dependent on, among other things, 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 18, 2013, the Company agreed to an amendment of the Alphonso joint venture. The agreement previously stated that in the event ETK had not achieved commercial production by January 1, 2016, 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 one year, to January 1, 2017.

On April 9, 2013, the Company announced the completion of a positive pre-feasibility study containing an initial reserve report for its wholly-owned Toroparu Gold Project (the "Project") in Guyana. The PFS went beyond the strong economics outlined in the Updated Preliminary Economic Assessment completed by the Company in 2012 and presented a plan that provides several positive changes to the Project, including:

- Estimated annual gold production of 246,000 ounces at a mill head grade of 1.32 g/t produced at a cash cost of $504 per payable ounce of gold on average over the first four years and 228,000 ounces at a cash cost of $700[1] per ounce on average over the 16 year life of mine.
- Proven and Probable mineral reserve of 4.1 million ounces of gold contained in 127 million tonnes of ore at a grade of 1.00 g/t Au, a 32% increase in life of mine gold grades.
- A redesign of the processing flow sheet to produce 78% of gold in doré on site.
- After-tax NPV of US$691 million and IRR of 23.1% with an attractive payback period of 2.6 years at a long-term gold price of $1400/ounce.

Further, the Company announced the engagement of Cutfield Freeman & Co., a leading independent advisory firm in the mining sector, to conduct a process to determine the options available for financing the development of the Project.

On May 8, 2013, the Company announced the adoption by its board of directors of amendments to its by-laws to add a provision that requires advance notice to the Company in circumstances where director nominations are made by shareholders of the Company, other than in connection with (i) the requisition of a shareholders' meeting, or (ii) a shareholder proposal, in each case made pursuant to the Business Corporations Act (Ontario).

[1] Cash costs are non GAAP measures, and are calculated by adding the per ounce of payable gold mining costs, processing costs, site G&A costs, smelting, refining, and freight charges, royalties, and subtracting the copper credits.

On May 24, 2013, the Company filed its Technical Report, with an effective date of May 8, 2013. The report was prepared by SRK Consulting (U.S.), Inc, and signed by Alex Fisher, B.Sc. Geological Engineering, P.E., Allan Moran, B.Sc., Geol. Eng., RG, CPG, D. Erik Spiller, MMSA, Daniel Lloyd Evans, CFM, PE, Daniel Y. Yang, MEng., PEng., Dawn H. Garcia, PG, CPG, Fernando Rodrigues, BS Mining, MBA, MAusIMM, MMSAQP, Frank Daviess, MAusIMM, R.M. SME, José Enrique Sánchez Marrou, M.Sc, P.Eng, Keith Mountjoy, MASc, PGeo, Peter Clarke, BSc Mining, MBA, PE, and Thomas A Chapel, CPG, P.E., each of whom is independent of the Company.

At June 30, 2013, the Company had working capital of $3,040,374 compared to $8,501,370 at December 31, 2012. The Company had cash and cash equivalents of $4,260,694 at June 30, 2013, compared to $11,278,902 at December 31, 2012. The decrease in cash and cash equivalents during the six months ended June 30, 2013 of about $7 million is primarily due to exploration and evaluation expenditures, and general and administrative costs incurred.

During the six months ended June 30, 2013, the Company spent $4,231,054 on exploration and evaluation activities in the Upper Puruni Property as compared to $11,764,197 for the six months ended June 30, 2012. The following table sets forth a breakdown of material components of the Company's exploration expenditures for the three and six months ended June 30, 2013 and 2012.

	Three Months Ended		Six Months Ended	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012
	$	$	$	$
Upper Puruni Exploration Costs				
Camp Expenses	119,218	995,930	411,397	2,168,394
Consulting	3,990	213,214	42,377	315,633
Depreciation	177,570	184,092	358,092	365,772
Drilling Costs	-	1,231,760	-	3,004,694
Engineering Studies	470,806	339,453	1,324,268	971,822
Lab Fees	14,755	393,908	51,666	1,011,484
Office and Administrative Costs	76,690	196,663	145,920	516,375
Salaries and Benefits	703,971	1,322,790	1,413,467	2,512,328
Travel and Accommodation	61,172	258,281	90,479	508,933
Production Commitment Fees	-	-	241,448	-
Prospecting Licenses	53,136	197,518	151,940	388,762
Total Exploration Costs	1,681,308	5,333,609	4,231,054	11,764,197

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 the 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, 2012, 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 June 30, 2013, 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

Property Description and Location

The Toroparu Project is located within Sandspring's 242,690.8 acres (98,214 hectares) mineral exploration concession area in the Upper Puruni River Area, Region 7 of northwestern Guyana, South America and is 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.

Ten parcels of land are subject to applications for the issuance of PPMSs filed by Mr. Wallace Daniels, a local Guyana resident. Ownership of PPMSs covering these ten parcels of land is the subject of a dispute between Mr. Daniels and a third party. The Company does not consider the disputed parcels as having any material value and the parcels do not form any part of the resource estimate for the Toroparu Project and are not included in the Technical Report.

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 licenses of 460 x 245 meters or a river claim consisting of one mile of a navigable river and are restricted to ownership by Guyanese. PPMSs and MPs cover between 150 to 1,200 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 claim licenses. PLs covering between 500 and 12,800 acres are granted to domestic and 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.

The rights to the five PLs acquired by ETK from the Government of Guyana were held directly by and are registered solely in the name of ETK. The term for PLs is three years with two rights of renewal for one year each. After renewing the PLs twice, ETK was given permission to recommence the five-year process and apply for new PLs. ETK has paid all rentals for the PLs that are expected to be issued on the undertaking of GGMC that such issuance will occur. Material components of project expenditures for the PLs that were incurred in the six months ended June 30, 2013 total $151,940 (June 30, 2012 - $388,762). 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 individuals (Messrs. Alfro Alphonso ("Alphonso") and Wallace Daniels ("Daniels"), and the Godette family ("Godette")) who have been issued the various types of claim ownership by GGMC. Only a portion of the Upper Puruni Joint Venture Agreement (the "Upper Puruni Agreement") is the subject of the Technical Report.

Upper Puruni Joint Venture

ETK has rights to 148 PPMSs, ten MPs and seven small scale claims pursuant to the Upper Puruni Agreement between ETK and Mr. Alfro Alphonso. The Toroparu Project is subject to the terms of the Upper Puruni Joint Venture Agreement. In 2004, in anticipation of the test mining to be conducted by ETK, ETK requested that Mr. Alphonso seek the permission of GGMC to convert certain PPMSs into the ten MPs.

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 joint venture 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. 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 this year. This penalty will be applied in years 2014 and 2015 if commercial production is not yet achieved.

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.

The bulk of the Company's work has focused on the Toroparu Project 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 Upper Puruni Agreement. The total amount spent on exploration and development on these areas during the six months ended June 30, 2013 was $4,231,054 (June 30, 2012 - $11,764,197).

Rentals and Royalties

Unless a company has executed a mineral agreement, all minerals produced from Guyana mineral claims are subject to royalties of 5% payable in cash or 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.

Environmental Liabilities

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

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

The Toroparu Project is located within the exterior boundaries of the Upper Puruni Property. The area comprising the Toroparu Project is the only area within the Upper Puruni Property on which mineral resources have been defined. Although the entire Upper Puruni Property has not been surveyed formally on the ground, surveys have been conducted in parts of the Upper Puruni Property relating to road-building and access into the Toroparu Project pit area. Several GPS surveys have been performed by ETK personnel to locate drill collar points in order to locate geological features, sample points, trenches, bench faces, buildings, pit dimensions, tailings, impoundments, old workings, roads and other pertinent features surrounding the main operations around the Toroparu Project pit. The known mineral zones and mine workings, tailing ponds, ore storage, waste storage and historic alluvial workings are contained on the main Toroparu Project pit area and on other areas.

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 Toroparu Project.

Exploration and Development, Toroparu Project

Field activities in the second quarter of 2013 consisted mainly of additional detailed geochem sampling over the Makapa geochem anomaly. This anomaly was noted trough the 2012 regional geochem campaign. It is located 9 km North-North-East of the Toroparu site. A total of 378 saprolite samples were collected with a hand auger at average depths of around 2 m. The samples were submitted to ACME Laboratories in Vancouver for gold analysis (method 3AO2 - Aqua Regia digestion / ICP–MS, 30gr, detection limits 0.5 ppb - 10 ppm).

Furthermore a selected set of 224 drill core pulp samples of the Toroparu Gold-Copper Deposit were submitted to SGS Canada Inc. in Vancouver to be tested for Au with FAA515 method (50g Fire Assay, AAS - Atomic Absorption finish, detection limits 5 – 10000 ppb) as an additional check-assays QAQC procedure.

2013 Budget

Management has outlined a 2013 budget as described below:

Project/Property Name	Amount Budgeted for 2013 [5] $	Expenditures to June 30, 2013 $	Remaining Budgeted Expenditures [5] $
Toroparu Deposit [1]	400,000	346,308	53,692
Technical Studies [2]	1,000,000	1,324,268	-
Upper Puruni Exploration [3]	1,800,000	865,411	934,589
Off-Site Infrastructure	600,000	305,429	294,571
Prospecting Licenses [4]	200,000	151,940	48,060
General and Administrative	4,500,000	3,027,256	1,472,744
Totals:	8,500,000	6,020,612	2,803,656

(1) Costs incurred to define the mineral reserves and mineral resources of the Toroparu deposit through advancing the project towards feasibility.
(2) Pre-feasibility engineering work at Toroparu. Completed in Q2, was over budget due to additional work required by the third party consultants to complete the PFS.
(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, P.Geo, a Qualified Person for the Company as defined under NI 43-101, has reviewed and approved all technical and scientific information contained in this MD&A.

Certain information set out herein is based on the Technical Report.

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 $
Jun 30 2013	(2,826,281) (1)	(0.02)
Mar 31 2013	(3,712,701) (2)	(0.03)
Dec 31 2012	(6,280,395) (3)	(0.05)
Sept 30 2012	(4,090,818) (4)	(0.03)
Jun 30 2012	(6,647,275) (5)	(0.05)
Mar 31 2012	(9,029,151) (6)	(0.08)
Dec 31 2011	(9,127,838) (7)	(0.08)
Sep 30 2011	(10,225,693) (8)	(0.09)

(1) Net loss of $2,826,281 principally related to exploration expenditures in Guyana of $1,399,206 (excluding share based payments of $104,532 and amortization of $177,570). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of $14,452.

(2) Net loss of $3,712,701 principally related to exploration expenditures in Guyana of $2,278,954 (excluding share based payments of $88,416 and amortization of $180,522). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of $16,883.

(3) Net loss of $6,280,395 principally related to exploration expenditures in Guyana of $5,166,070 (excluding share based payments of $8,416 and amortization of $173,297). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of $31,407.

(4) Net loss of $4,090,818 principally related to exploration expenditures in Guyana of $2,680,303 (excluding share based payments of $98,831 and amortization of $191,908). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of $39,878.

(5) Net loss of $6,647,275 principally related to exploration expenditures in Guyana of $4,907,303 (excluding share based payments of $242,213 and amortization of $184,092). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of $54,025.

(6) 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.

(7) 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.
(8) 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.

Results of Operations

Six months ended June 30, 2013, compared with six months ended June 30, 2012

The Company's net loss totaled $6,538,982 for the six months ended June 30, 2013, with basic and diluted loss per share of $0.05. This compares with a net loss of $15,676,426 with basic and diluted loss per share of $0.13 for the six months ended June 30, 2012. The decrease in net loss of $9,137,444 was due to:

- Operations expenditures decreased $3,260,666 during the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. The decrease in operations was a result of the field work associated with the resource definition for the PFS being completed, and a smaller exploration program than was in place during 2012.

- Drilling expenses were not incurred during the six months ended June 30, 2013, as compared to $3,004,694 for the six months ended June 30, 2012. The drilling expenses ceased due to the Company completing the resource definition drilling required by the PFS around Toroparu.

- The Company granted 2,410,000 stock options in the six months ended June 30, 2013 as compared to 2,942,000 for the six months ended June 30, 2012. Further, the weighted average grant date fair value of the options issued during the six months ended June 30, 2012 was $0.77 as compared to $0.21 for the options granted in the six months ended June 30, 2013. This contributed to stock based compensation expense being $1,282,050 less during the six months ended June 30, 2013 than the six months ended June 30, 2012.

- Salaries and other benefits for the six months ended June 30, 2013 totaled $2,172,701 as compared to $3,014,476 for the six months ended June 30, 2012. The salary decreases are a result of the Company's reduction in administrative and operational staffing throughout the last three quarters of 2012.

- Consulting fees for the six months ended June 30, 2013 totaled $1,610,025 as compared to $785,647 for the six months ended June 30, 2012. This is due to the completion of the PFS and the fees incurred to complete the study.

- Administrative costs decreased $486,303 for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. This is due to the Company conserving costs and

becoming more streamlined in its support of operations, along with a decrease in the amount of operations in 2013.

- Travel fees for the six months ended June 30, 2013 totaled $216,317 as compared to $663,143 for the six months ended June 30, 2012. The decrease in these fees is a direct result of the Company hosting fewer site visits for analysts during 2013, along with less employee travel cost.

- Shareholder information costs for the six months ended June 30, 2013 totaled $155,754 as compared to $490,080 for the six months ended June 30, 2012. The decrease in these fees is due primarily to the company doing less marketing as a result of its executives finishing the PFS. These fees are expected to return to more historic levels as the Company introduces the findings of the PFS to investors.

- A foreign exchange gain of $105,437 was incurred during the six months ended June 30, 2013 as a result of the Company's exposure to the US dollar during times of appreciation relative to the Canadian dollar.

- All other expenses related to general working capital purposes.

Three months ended June 30, 2013, compared with three months ended June 30, 2012

The Company's net loss totaled $2,826,281 for the three months ended June 30, 2013, with basic and diluted loss per share of $0.02. This compares with a net loss of $6,647,275 with basic and diluted loss per share of $0.05 for the three months ended June 30, 2012. The decrease in net loss of $3,820,994 was due to:

- Operations expenditures decreased $1,626,509 during the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. The decrease in operations was a result of the field work associated with the resource definition for the PFS being completed, and a smaller exploration program than was in place during the second quarter of 2012.

- Drilling expenses were not incurred during the three months ended June 30, 2013, as compared to $1,231,760 for the three months ended June 30, 2012. The drilling expenses decreased due to the Company completing the resource definition drilling required by the PFS around Toroparu.

- Salaries and other benefits for the three months ended June 30, 2013 totaled $1,072,376 as compared to $1,616,804 for the three months ended June 30, 2012. The salary decreases are a result of the Company's reduction in administrative and operational staffing throughout the last three quarters of 2012.

- Consulting fees for the three months ended June 30, 2013 totaled $663,751 as compared to $372,991 for the three months ended June 30, 2012. This is due to the completion of the PFS and the fees incurred to complete the study.

- Stock based compensation was lower in the three months ended June 30, 2013 than the three months ended June 30, 2012 by $239,175. The higher amount of options issued in the first six months of 2012, coupled with the fact that their fair value was more than double those issued in the first half of 2013, explains this variation.

- Travel fees for the three months ended June 30, 2013 totaled $123,475 as compared to $316,544 for the three months ended June 30, 2012. The decrease in these fees is a direct result of the Company hosting fewer site visits for analysts during the first half of 2013, along with less employee travel cost.

- Administrative costs decreased $160,119 for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. This is due to the Company conserving costs and becoming more streamlined in its support of operations, along with a decrease in the amount of operations.

- Shareholder information costs for the three months ended June 30, 2013 totaled $71,340 as compared to $174,673 for the three months ended June 30, 2012. The decrease in these fees is due primarily to the company doing less marketing as a result of its executives finishing the PFS. These fees are expected to return to more historic levels as the Company introduces the findings of the PFS to investors.

- A foreign exchange gain of $22,511 was incurred during the three months ended June 30, 2013 as a result of the Company's exposure to the US dollar during times of appreciation in the first quarter relative to the Canadian dollar.

- 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. However, there is no assurance that further equity capital, or other forms of finance, 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 June 30, 2013, the Company had working capital of $3,040,374, compared to $8,501,370 at December 31, 2012. The Company had cash and cash equivalents of $4,260,694 at June 30, 2013, compared to $11,278,902 at December 31, 2012. The decrease in cash and cash equivalents during the six months ended June 30, 2013 of about $7 million is primarily due exploration and evaluation expenditures, along with general and administrative costs incurred.

The budgeted corporate activities of the Company account for about $2.8 million for the remainder of 2013, while the budgeted exploration costs of the Upper Puruni Property and development of Toroparu account for about $1 million. 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 equity securities to generate the funds required to advance its projects. Management does not believe the Company has

sufficient working capital to fund operations for the next 12 months. As a result the Company will need to raise additional financing to fund operations beyond 2013. There are no assurances that the Company will be successful in achieving this goal. This condition indicates the existence of a material uncertainty that may cast significant doubt regarding the applicability of the going concern assumption. The unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2013 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.

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 on January 1, 2013 or in lieu thereof pay Mr. Alphonso an annual sum of the Guyana dollar equivalent of USD $250,000 in years 2014 and 2015 if commercial production has not commenced. If commercial production has not been commenced by 2017, 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.

Share Capital

The Company is authorized to issue an unlimited number of Common Shares. As of the date of this discussion, the Company had 132,358,606 Common Shares outstanding on a non-diluted basis. The Company also has 12,021,600 options outstanding that are outlined in the following tables:

Options:

Expiry Date	Options Outstanding	Exercise Price	Remaining Contractual Life (Yrs)	Options Exercisable
November 24, 2014	2,803,100	$ 0.50	1.27	2,803,100
January 8, 2015	50,000	$ 1.25	1.39	50,000
February 8, 2015	65,000	$ 1.44	1.47	65,000
March 29, 2015	615,000	$ 1.60	1.61	615,000
July 7, 2015	295,000	$ 1.24	1.88	295,000
January 6, 2016	125,000	$ 3.54	2.38	125,000
January 24, 2016	125,000	$ 3.10	2.43	125,000
February 25, 2016	1,292,500	$ 2.70	2.52	1,292,500
August 1, 2016	135,000	$ 2.52	2.95	135,000
September 29, 2016	500,000	$ 1.53	3.12	500,000
January 10, 2017	845,000	$ 1.26	3.40	636,250
January 16, 2017	1,750,000	$ 1.38	3.41	1,593,750
September 6, 2017	1,011,000	$ 0.60	4.05	677,667
February 7, 2018	2,410,000	$ 0.41	4.47	1,172,500
	12,021,600		2.89	10,085,767

As of the date of this discussion, the Company had 144,380,206 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:

		6/30/2013		12/31/2012
Travel expenses reimbursed to officers and directors of the Company,	$	33,475	$	33,114
Administrative expenses reimbursed to officers and directors of the Company,		934		2,597
Administrative, occupancy and salary expenses reimbursable to a company controlled by a director/V.P. of the Company, P. Greg Barnes		-		21,616
	$	34,409	$	57,327

(b) The Company had the following related party transactions during the six months ended June 30, 2013.

		6/30/2013		6/30/2012
Travel expenses reimbursed to officers and directors of the Company,	$	118,128	$	129,229
Administrative expenses reimbursed to officers and directors of the Company,		17,293		7,444
Administrative, occupancy and salary expenses reimbursable to a company controlled by a director/V.P. of the Company, P. Greg Barnes		73,030		223,079
	$	208,451	$	359,752

Change in 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, 2012.

<u>*Adoption of new or amended IFRS*</u>

On January 1, 2013, the Company adopted the following new accounting standards that were previously issued by the International Accounting Standards Board ("IASB"):

IFRS 10 *Consolidated Financial Statements*

IFRS 10 replaces parts of IAS 27, *Consolidated and Separate Financial Statements* and all of SIC-12, *Consolidation –Special Purpose Entities*. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. Under IFRS 10, an investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The adoption of IFRS 10 did not have a material effect on our condensed consolidated interim financial statements for the current period or prior period presented.

IFRS 11 *Joint Arrangements*

In May 2011, the IASB issued IFRS 11 Joint Arrangements, which is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11 joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method. The adoption of IFRS 11 did not have a material effect on our condensed consolidated interim financial statements for the current period or prior period presented.

IFRS 12 *Disclosure of Interest in Other Entities*

IFRS 12 establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure that address the nature of, and risks associated with, an entity's interests in other entities. The standard includes disclosure requirements for entities covered under IFRS 10 and IFRS 11. IFRS 12 does not require the disclosures to be included for any period presented that precedes the first annual period for which IFRS 12 is applied. Accordingly, we will include additional disclosures about interests in other entities in our annual consolidated financial statements for the year ended December 31, 2013.

IFRS 13 *Fair Value Measurement*

IFRS 13 provides guidance on how fair value should be applied where its use is already required or permitted by other standards within IFRS, including a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The Company's adoption of IFRS 13 did not have a material financial impact upon the consolidated financial position or results of operations, however, certain new or enhanced disclosures are required and can be found in Note 5 of the Company's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2013.

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

In October 2011, the IASB issued IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. The interpretation, which has an effective date for annual periods beginning on or after January 1, 2013, sets out the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. The main requirements of the interpretation are as follows:

- Waste removal costs (stripping costs) incurred in the production phase of surface mining are accounted for in accordance with IAS 2 *Inventories* to the extent they relate to current period production.
- Production stripping costs are recognized as a non-current asset ("stripping activity asset") if all the following criteria are met; (i) it is probable that future economic benefits will flow to the entity, (ii) the entity can identify the component of the ore body to which access has been improved, (iii) the costs incurred can be measured reliably. The stripping activity asset is amortized over the useful life of the component of the ore body to which access has been improved.
- When the costs are not separately identifiable between a stripping activity asset versus current period inventory, costs are allocated based on a production method.
- Application of the interpretation is on a prospective basis, with transitional adjustments being recognized in opening retained earnings.

There was no change on the adoption of this accounting policy as the Company's mineral properties are not in operation.

IAS 1 *Presentation of Financial Statements*

In June 2011, the IAS issued amendments to IAS 1 that requires an entity to group items presented in the statement of comprehensive income on the basis of whether they may be reclassified to earnings subsequent to initial recognition. For those items presented before taxes, the amendments to IAS 1 also require that the taxes related to the two separate groups be presented separately. The application of the amendments to IAS 1 did not have a material impact on the consolidated financial statements.

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 consolidated interim financial statements. These standards include IFRS 9 *Financial Instruments*, and IAS 32 *Financial Instruments: Presentation, and Investment Entities*.

IFRS 9 *Financial Instruments*

In November 2009, the IASB issued, and subsequently revised in October 2010, IFRS 9 *Financial Instruments* ("IFRS 9") as part of its ongoing project to replace IAS 39. IFRS 9 will be effective for annual periods beginning on or after January 1, 2015, with earlier application permitted. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, 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. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. Management is evaluating the impact, if any, the adoption of this standard will have on the disclosures in its financial statements.

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.

Please refer to Note 3 of the Company's 2012 annual consolidated financial statements for more information.

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 $4,260,694 (December 31, 2012 – $11,278,902) to settle current liabilities of $1,395,577 (December 31, 2012 – $3,057,042). 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 June 30, 2013:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents				
Cash	$ 1,209,087	$ -	$ -	$ 1,209,087
Cash equivalents	-	3,051,607	-	3,051,607
	$ 1,209,087	$ 3,051,607	$ -	$ 4,260,694

Level 2 fair values are determined, directly or indirectly, using inputs that are observable for the asset or liability. Fair values falling within the Level 2 category are determined through the use of quoted prices in active markets, which in some cases are adjusted for factors specific to the asset or liability. The Company includes, in Level 2, Canadian guaranteed investment certificates held with a major Canadian financial institution.

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 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.

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 defined exploration programs and to meet its ongoing administrative costs. The Company considers its capital to be total shareholders' equity (managed capital) which at June 30, 2013, totaled $30,197,198 (December 31, 2012 - $36,156,536).

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 six months ended June 30, 2013.

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 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 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 audited annual financial statements for the fiscal year ended December 31, 2012, available on SEDAR at www.sedar.com.

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 June 30, 2014; 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 mineral 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. 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, including the Company's annual information form for the year ended December 31, 2012, is available on SEDAR at www.sedar.com.