SANDSPRING RESOURCES LTD.

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Management's Discussion and Analysis
Three and Nine Months Ended September 30, 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 and nine months ended September 30, 2012. References to "Sandspring" in the MD&A refer to the Company and its subsidiaries taken as a whole. This discussion is dated November 16, 2012, unless otherwise indicated and should be read in conjunction with the unaudited condensed consolidated interim financial statements of Sandspring for the three and nine months ended September 30, 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 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 nine months ended September 30, 2012 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 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 ("The Toroparu Project") which hosts a mineral resource estimate classified in accordance with National Instrument 43-101 ("NI 43-101") and 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 resource 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 resource 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 mineral reserves that are economically recoverable. The Company's ability to ensure continuing operations is dependent on the discovery of economically recoverable mineral 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 US$750 million was projected from an initial investment of US$482 million. The updated preliminary economic assessment contained average cash costs including royalties of US$450/oz. gold (net of copper credits) in the first five years of operation and US$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 US$1,255, carried an undiscounted pre-tax cash flow of US$1,743 million, a net present value at a 5% discount rate of US$805 million, and a pre tax internal rate of return 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 seven surface gold anomalies within 15 kilometers of the Toroparu Project. 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 Property. The Company has performed 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 Dominion Securities Inc. and Scotia Capital Inc. at a price of $1.08 per Common Share for gross proceeds of $25.0 million.

On May 31, 2012, the Company announced the discovery of a new gold mineralized body, called the SE zone, which is situated 1.2 km southeast of the eastern edge of the Toroparu Project. A gold anomaly identified by a semi-regional geochemical program led to the discovery of mineralization in the SE zone. A follow-up drill campaign comprised of 20 core holes along 50 meter spaced fences east and west of the initial discovery hole was carried out following the discovery. The Company is still processing and gathering data in the SE zone.

On June 8, 2012, the Company announced that the environmental permit for the development, construction and operation of a large-scale mine at the Toroparu Project was issued by the Guyana Environmental Protection Agency. Under the mineral agreement between Sandspring and the Government of Guyana, signed in November of 2011, issuance of the environmental permit satisfies one of the two conditions for the Company to acquire its large scale mining license, the remaining condition being the demonstration to the Government of Guyana of the feasibility of a mining operation at the Toroparu Project.

On September 7, 2012, the Company announced the appointment of Mr. Yani Roditis as President and Chief Operating Officer of Sandspring. Mr. Roditis most recently served as Vice President, Operations of Teranga Gold Corporation. Prior to joining Teranga, he was Chief Operating Officer of Gabriel Resources Ltd., where he was primarily responsible for stakeholder engagement, engineering, permitting and the operational aspects of the Rosia Montana project. Formerly, Mr. Roditis spent 11 years with Barrick Gold Corporation, gaining extensive experience in operations and mine development through a number of progressively senior positions at the company's operating mines and development projects in the United States, Peru, Chile and Argentina. Mr. Roditis holds two Master of Science degrees from the University of Arizona and a Bachelor of Science Degree on Mining and Metallurgical Engineering from the National Technical University in Athens, Greece. Mr. Roditis will begin by overseeing the ongoing optimization of the Toroparu operating plan, which includes the evaluation of a number of scenarios based on selective mining of the higher grade core of the Toroparu deposit instead of bulk mining the resource as previously defined. The objectives of the optimization include defining an operation that provides a smaller initial project capital cost and a capability to expand to optimal throughputs financed from internally generated cash flow while maintaining life of mine gold and copper production ranges reported in the Company's updated preliminary economic assessment.

At September 30, 2012, the Company had working capital of $14,194,439 compared to $7,498,614 at December 31, 2011. The Company had cash and cash equivalents of $15,640,366 at September 30, 2012, compared to $12,003,357 at December 31, 2011. The increase in cash and cash equivalents during the nine months ended September 30, 2012 of about $3.6 million is primarily due to the closing of the $25.0 million bought deal offering, offset by exploration and evaluation expenditures, and general and administrative costs incurred.

During the nine months ended September 30, 2012, the Company spent $14,735,239 on exploration and evaluation activities in the Upper Puruni Property as compared to $20,694,073 for the nine months ended September 30, 2011. The following table sets forth a breakdown of material components of the Company's exploration expenditures for the three and nine months ended September 30, 2012 and 2011.

	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
	$	$	$	$
Upper Puruni Exploration Costs				
Camp Expenses	610,276	1,540,910	2,778,670	3,374,877
Consulting	230,422	212,883	546,055	536,343
Depreciation	191,908	45,867	557,680	109,552
Drilling Costs	463,194	2,677,480	3,467,888	8,114,568
Engineering Studies	58,495	377,102	1,030,317	1,393,459
Lab Fees	56,822	833,124	1,068,306	1,704,195
Office and Administrative Costs	117,404	345,365	633,779	1,562,474
Salaries and Benefits	1,009,316	970,064	3,521,644	2,474,513
Travel and Accommodation	98,957	329,595	607,890	907,866
Prospecting Licenses	134,248	223,834	523,010	516,226
Total Exploration Costs	2,971,042	7,556,224	14,735,239	20,694,073

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, 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 September 30, 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

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 nine month period ended September 30, 2012 total $523,010 (September 30, 2011 - $516,226). 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 (as described below) 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 a joint venture agreement between ETK and Mr. Alphonso (the "Upper Puruni Joint Venture Agreement"). 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 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 Mr. Alphonso on all gold production from the claims subject to the Upper Puruni Joint Venture Agreement and ETK paid Mr. Alphonso during its test and alluvial mining operations. If production is not achieved by January 1, 2013, the Upper Puruni Joint Venture Agreement requires that ETK pay a penalty of US$250,000 per year until commercial production is achieved.

The Upper Puruni Joint Venture 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 Joint Venture Agreement. The total amount spent on exploration and development on these areas during the nine months ended September 30, 2012 was $14,212,229 (September 30, 2011 - $20,177,847).

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

Diamond drilling conducted into the third quarter successfully tested the Toroparu Project deposit along strike to the west and southeast, as well as at depth. A total of 113 holes were drilled (holes TPD 327-433A) comprising 24,960 metres with the average hole length being 220.9 metres. All diamond drill holes were cased using HQ size drill bits followed by NQ size core bits. In addition, 123 R/C (Reverse Circulation) holes were drilled in the area west and northwest of the main deposit.

Multiple 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 the Toroparu Project area.

Host rock geology intersected by drilling includes a sequence of mixed intermediate tuffaceous volcanic fragmentals and derived volcaniclastic rocks. Feldspar porphyry units, granodioritic rocks sand 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 as described below:

Project/Property Name	Original Amount Budgeted for 2012 (approx.) [5] $	Revised 2012 Budget (approx.) $	Expenditures to September 30, 2012 $	Remaining Budgeted Expenditures $
Toroparu Deposit [1]	6,150,000	6,150,000	3,123,800	3,026,200
Technical Studies [2]	2,250,000	2,250,000	1,030,317	1,219,683
Upper Puruni Exploration [3]	13,905,000	5,000,000	3,566,201	1,433,799
Off-Site Infrastructure	1,250,000	1,250,000	1,170,918	79,082
Prospecting Licenses [4]	1,545,000	1,000,000	523,010	476,990
General and Administrative	6,000,000	6,000,000	4,157,008	1,842,992

(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. Due to market conditions and the Company's need to preserve cash, management has reduced the initial 2012 exploration budget by roughly 70%.

(4) Continued exploration of the PL's comprised of reconnaissance, geologic mapping, and improving access. Due to market conditions and the Company's need to preserve cash, management has reduced the initial 2012 exploration budget by roughly 35%.

(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 all 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 the Company.

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 $
Sept 30 2012	(4,090,818) (1)	(0.03)
Jun 30 2012	(6,647,275) (2)	(0.05)
Mar 31 2012	(9,029,151) (3)	(0.08)
Dec 31 2011	(9,127,838) (4)	(0.08)
Sep 30 2011	(10,225,693) (5)	(0.09)
Jun 30 2011	(9,792,910) (6)	(0.09)
Mar 31 2011	(7,706,971) (7)	(0.07)
Dec 31 2010	(7,586,036) (8)	(0.09)

(1) 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.

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(6) 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.

(7) 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.

(8) 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.

Results of Operations

Nine months ended September 30, 2012, compared with nine months ended September 30, 2011

The Company's net loss totaled $19,767,244 for the nine months ended September 30, 2012, with basic and diluted loss per share of $0.16. This compares with a net loss of $27,731,773 with basic and diluted loss per share of $0.26 for the nine months ended September 30, 2011. The decrease in net loss of $7,964,529 was due to:

- Drilling expenses for the nine months ended September 30, 2012 totaled $3,467,888 as compared to $8,114,568 for the nine months ended September 30, 2011. The drilling expenses incurred have decreased due to the Company slowing resource definition drilling around Toroparu and its utilization of R/C rigs to perform exploration drilling more economically.

- Operations expenditures decreased $1,850,143 during the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. The decrease in operations was a direct result of the Company's efforts to preserve cash due to adverse market conditions. By slowing the drilling campaign, the Company's operational expenses required to support the campaign were decreased.

- Stock based compensation expense varies due to the grant date fair value of options awarded. The Company issued 3,953,000 options in the nine months ended September 30, 2012, as compared to 2,450,000 in the nine months ended September 30, 2011. However, the weighted average grant date fair value of those issued in 2012 was $0.67 compared to $1.49 in 2011. Therefore, the Company recognized $778,127 less stock based compensation in the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011.

- Administrative costs decreased $974,944 for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This is due to the Company becoming more streamlined in its support of operations. Further, the Company has cut its administrative staff in Toronto due to market conditions and the need to conserve cash.

- Depreciation for the nine months ended September 30, 2012 totaled $773,375 as compared to $129,357 for the nine months ended September 30, 2011. The increase in depreciation is due primarily to a change in the Company's estimation of useful life with regard to depreciation. As of January 1, 2012, the Company changed its depreciation schedules to accelerate depreciation in an effort to more accurately reflect the condition of its equipment.

- Salaries and other benefits for the nine months ended September 30, 2012 totaled $4,344,469 as compared to $3,780,261 for the nine months ended September 30, 2011. The salary increases are a direct result of the Company's efforts to increase staffing, especially within middle and senior management, in order to effectively guide Toroparu towards feasibility and develop an efficient exploration program for the Upper Puruni Property.

- Travel fees for the nine months ended September 30, 2012 totaled $802,168 as compared to $1,172,855 for the nine months ended September 30, 2011. The decrease in these fees is a direct result of the Company hosting fewer site visits for analysts during the first nine months of 2012.

- Consulting fees for the nine months ended September 30, 2012 totaled $1,100,659 as compared to $1,394,140 for the nine months ended September 30, 2011. The decrease in these fees is a direct result of the Company's effort to employ quality professionals and rely less on outside consultants.

- A foreign exchange loss of $114,070 was incurred during the nine months ended September 30, 2012 as a result of the decrease in value of the US dollar as it compares to the Canadian dollar during this time.

- All other expenses related to general working capital purposes.

Three months ended September 30, 2012, compared with three months ended September 30, 2011

The Company's net loss totaled $4,090,818 for the three months ended September 30, 2012, with basic and diluted loss per share of $0.03. This compares with a net loss of $10,225,693 with basic and diluted loss per share of $0.09 for the three months ended September 30, 2011. The decrease in net loss of $6,134,875 was due to:

- Drilling expenses for the three months ended September 30, 2012 totaled $463,194 as compared to $2,677,480 for the three months ended September 30, 2011. The drilling expenses incurred have decreased due to the Company slowing resource definition drilling around Toroparu. During July and August, no drilling was done in the Upper Puruni Property as the Company curtailed operations during Guyana's rainy season.

- Operations expenditures decreased $2,339,374 during the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. The decrease in operations was a result of the road repair and infrastructure work being reduced in the Upper Puruni Property as well as the overall operations slowing toward the end of the third quarter.

- The Company granted 1,011,000 stock options in the three months ended September 30, 2012 as compared to 735,000 for the three months ended September 30, 2011. However the weighted average grant date fair value of the options issued during the three months ended

September 30, 2011 was $1.08 as compared to $0.35 for the options granted in the three months ended September 30, 2012. This contributed to stock based compensation expense being $455,612 less during the three months ended September 30, 2012 than the three months ended September 30, 2011.

- Salaries and other benefits for the three months ended September 30, 2012 totaled $1,330,691 as compared to $1,692,447 for the three months ended September 30, 2011. The salary decreases are a result of the Company's reduction in administrative staffing.

- Administrative costs decreased $358,779 for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This is due to the Company becoming more streamlined in its support of operations. Further, the Company's administrative support duties slowed as Guyana entered the rainy season.

- Travel fees for the three months ended September 30, 2012 totaled $140,281 as compared to $450,531 for the three months ended September 30, 2011. The decrease in these fees is a direct result of the Company hosting fewer site visits for analysts during the third quarter of 2012, along with less employee travel cost.

- Depreciation for the three months ended September 30, 2012 totaled $264,254 as compared to $56,785 for the three months ended September 30, 2011. The increase in depreciation is due primarily to a change in the Company's estimation of useful life with regard to depreciation. As of January 1, 2012, the Company changed its depreciation schedules to accelerate depreciation in an effort to more accurately reflect the condition of its equipment.

- Professional fees for the three months ended September 30, 2012 totaled $91,679 as compared to $283,607 for the three months ended September 30, 2011. The Company worked with a staffing agency in the third quarter of 2011 and hired several professionals during this time. In 2012, the Company did not add professionals via any agency and thus did not incur these fees.

- A foreign exchange loss of $34,704 was incurred during the three months ended September 30, 2012 as a result of the decrease in value of the US dollar as it compares to the Canadian dollar during this time.

- 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 nine months ended September 30, 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 September 30, 2012, the Company had working capital of $14,194,439, compared to $7,498,614 at December 31, 2011. The Company had cash and cash equivalents of $15,640,366 at September 30, 2012, compared to $12,003,357 at December 31, 2011. The increase in cash and cash equivalents during the nine months ended September 30, 2012 of about $3.6 million is primarily due to the closing of the $25 million bought deal financing 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 Property and development of Toroparu account for about $15.6 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 equity securities 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 Guyanese dollar equivalent of US$250,000 in years 2013, 2014 and 2015 if commercial production is not commenced. If commercial production has not 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 US$20,000,000. In addition, the Company is required to spend US$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 132,281,606 Common Shares outstanding on a non-diluted basis. The Company also has 9,924,100 options, and 5,238,017 warrants 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	2.02	2,803,100
January 8, 2015	50,000	$ 1.25	2.15	50,000
February 8, 2015	65,000	$ 1.44	2.23	65,000
March 29, 2015	615,000	$ 1.60	2.36	615,000
July 7, 2015	295,000	$ 1.24	2.64	295,000
January 6, 2016	125,000	$ 3.54	3.14	125,000
January 24, 2016	125,000	$ 3.10	3.19	125,000
February 25, 2016	1,365,000	$ 2.70	3.28	1,130,000
August 1, 2016	170,000	$ 2.52	3.71	85,000
September 29, 2016	500,000	$ 1.53	3.87	500,000
January 10, 2017	1,050,000	$ 1.26	4.15	262,500
January 16, 2017	1,750,000	$ 1.38	4.17	1,281,250
September 6, 2017	1,011,000	$ 0.60	4.81	510,500
	9,924,100		3.28	7,336,850

Warrants:

Number of Warrants	Allocated Value	Exercise Price	Expiry Date
5,238,017	$ 1,417,151	$ 0.50	November 24, 2012

As of the date of this discussion, the Company had 147,443,723 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:

		9/30/2012		12/31/2011
Travel expenses reimbursed to officers and directors of the Company,	$	26,245	$	24,519
Administrative expenses reimbursed to officers and directors of the Company,		583		191
Administrative, occupancy and salary expenses reimbursable to a company controlled by a Vice President of the Company, P. Greg Barnes		45,094		72,480
	$	71,922	$	97,190

b) The Company had the following related party transactions during the nine months ended September 30, 2012:

		9/30/2012		9/30/2011
Travel expenses reimbursed to officers and directors of the Company,	$	167,866	$	194,986
Administrative expenses reimbursed to officers and directors of the Company,		11,256		29,015
Administrative, occupancy and salary expenses reimbursable to a company controlled by a Vice President of the Company, P. Greg Barnes		311,663		569,740
	$	490,785	$	793,741

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

		9/30/12		9/30/11
Salaries and benefits for management	$	972,231	$	1,347,234
Directors fees		137,336		81,750
Share based payments		1,607,392		2,376,844
	$	2,716,959	$	3,805,828

Change in Accounting Policies

During the nine months ended September 30, 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

IFRS 7 *Financial Instruments: Disclosures*

In October 2010, the IASB issued amendments to IFRS 7 regarding *Disclosures – Transfer of Financial Assets*, which are effective for annual periods beginning on or after July 1, 2011 with earlier application permitted. These amendments comprise additional disclosures on transfer transactions of financial assets and will not have an impact on the statement of operations or balance sheet of the Company as they are only disclosure requirements.

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, 2013, 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 has not yet determined the impact that IFRS 9 will have on the Company's consolidated financial statements.

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.

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 a 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 of a stripping activity asset versus current period inventory are not separately identifiable, 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.

The Company is currently reviewing how this interpretation may impact its record keeping and accounting policies in future periods and has not determined when it will adopt this interpretation.

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 $15,640,366 (December 31, 2011 – $12,003,357) to settle current liabilities of $1,760,535 (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 September 30, 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 September 30, 2012 totaled $42,111,327 (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 nine months ended September 30, 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 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 Annual Information Form for the fiscal year ended December 31, 2011, 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, 2013; 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, 2011, is available on SEDAR at www.sedar.com.