Sandspring Resources Ltd.

Condensed Consolidated Interim Financial Statements
(Unaudited)
Expressed in Canadian Dollars
Three and Nine Months Ended September 30, 2013

SANDSPRING RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)

	Notes	9/30/2013	12/31/2012
ASSETS		$	$
Current			
Cash and cash equivalents		**1,953,183**	**11,278,902**
Prepaid expenses		**330,715**	**279,510**
		2,283,898	**11,558,412**
Equipment	6	**1,861,379**	**2,594,095**
Mineral properties under exploration	7	**25,061,071**	**25,061,071**
		29,206,348	**39,213,578**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**990,567**	**3,057,042**
SHAREHOLDERS' EQUITY			
Common Shares	8	**117,099,645**	**117,099,645**
Contributed Surplus		**2,208,490**	**2,062,859**
Stock Option Reserve	9	**7,626,538**	**7,062,637**
Deficit		**(98,718,892)**	**(90,068,605)**
		28,215,781	**36,156,536**
		29,206,348	**39,213,578**

Going Concern - Note 1

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

SANDSPRING RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited)

(Expressed in Canadian Dollars)

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2013	**2012**	**2013**	**2012**
	Notes	**$**	**$**	**$**	**$**
Expenditures					
Administrative		**115,278**	**183,545**	**363,273**	**921,920**
Consulting		**115,176**	**314,663**	**1,735,247**	**1,100,659**
Depreciation		**234,375**	**264,254**	**731,068**	**773,375**
Drilling		**-**	**463,194**	**-**	**3,467,888**
Foreign exchange loss (gain)		**(11,827)**	**34,705**	**(130,620)**	**114,070**
Operations		**288,436**	**811,517**	**1,202,488**	**4,970,199**
Other		**5,026**	**8,908**	**40,046**	**50,884**
Professional fees		**106,528**	**91,679**	**296,639**	**432,166**
Salaries and other employee benefits		**1,034,943**	**1,330,691**	**3,213,597**	**4,344,469**
Shareholder information		**18,004**	**94,415**	**174,406**	**583,822**
Stock based compensation		**129,888**	**387,227**	**709,532**	**2,248,921**
Transfer, listing and filing fees		**1,480**	**5,617**	**55,192**	**65,931**
Travel		**79,603**	**140,281**	**296,365**	**802,168**
		2,116,910	**4,130,696**	**8,687,233**	**19,876,472**
Other					
Interest income		**5,605**	**39,878**	**36,946**	**109,228**
		5,605	**39,878**	**36,946**	**109,228**
Net loss and comprehensive loss for the period		**(2,111,305)**	**(4,090,818)**	**(8,650,287)**	**(19,767,244)**
Loss per share	10				
Basic		**(0.02)**	**(0.03)**	**(0.07)**	**(0.16)**
Diluted		**(0.02)**	**(0.03)**	**(0.07)**	**(0.16)**
Weighted average number of shares outstanding					
Basic		**132,358,606**	**132,033,106**	**132,358,606**	**124,363,398**
Diluted		**132,358,606**	**132,033,106**	**132,358,606**	**124,363,398**

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

SANDSPRING RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY

(Unaudited)

(Expressed in Canadian Dollars)

			Reserves			
Nine Months Ended September 30, 2012	Common Shares	Contributed Surplus	Warrant Reserve	Stock Option Reserve	Deficit	Total
Balance, December 31, 2011	**$ 93,031,310**	**$ -**	**$ 1,591,101**	**$ 5,520,810**	**$ (64,020,966)**	**$ 36,122,255**
Shares issued on exercise of options	13,333	-	-	-	-	13,333
Stock based compensation	-	-	-	2,248,921	-	2,248,921
Shares issued on bought deal	25,002,000	-	-	-	-	25,002,000
Share issue cost from bought deal	(1,507,938)	-	-	-	-	(1,507,938)
Net loss for the period	-	-	-	-	(19,767,244)	(19,767,244)
Balance, September 30, 2012	**$ 116,538,705**	**$ -**	**$ 1,591,101**	**$ 7,769,731**	**$ (83,788,210)**	**$ 42,111,327**
Nine Months Ended September 30, 2013						
Balance, December 31, 2012	**$ 117,099,645**	**$ 2,062,859**	**$ -**	**$ 7,062,637**	**$ (90,068,605)**	**$ 36,156,536**
Stock based compensation	-	-	-	709,532	-	709,532
Stock options expired	-	145,631	-	(145,631)	-	-
Net loss for the period	-	-	-	-	(8,650,287)	(8,650,287)
Balance, September 30, 2013	**$ 117,099,645**	**$ 2,208,490**	**$ -**	**$ 7,626,538**	**$ (98,718,892)**	**$ 28,215,781**

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

SANDSPRING RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW
(Unaudited)
(Expressed in Canadian Dollars)

		Nine Months Ended September 30,	
		2013	**2012**
Cash provided by:	**Notes**	**$**	**$**
Operating Activities			
Net loss		(8,650,287)	(19,767,244)
Adjustments for:			
Depreciation		731,068	773,375
Stock-based compensation		709,532	2,248,921
Change in non-cash working capital			
Prepaid expenses		(51,205)	(106,993)
Accounts payable		(2,066,475)	(2,951,823)
		(9,327,367)	(19,803,764)
Interest received		36,946	109,228
Investing Activities			
Disposal (purchase) of equipment	6	1,648	(66,622)
		1,648	(66,622)
Financing Activities			
Shares issued on private placement net of expenses		-	23,494,062
Proceeds from exercise of stock options		-	13,333
		-	23,507,395
Cash and cash equivalents, beginning of period		11,278,902	12,003,357
Net (decrease) increase in cash		(9,325,719)	3,637,009
Cash and cash equivalents, end of period		1,953,183	15,640,366

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

1. Nature of Operations and Corporate Information

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

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2013, the Company had a deficit of $98,718,892 (December 31, 2012 - $90,068,605), incurred losses in the nine months ending September 30, 2013 amounting to $8,650,287 (nine months ending September 30, 2012 - $19,767,244), and had negative cash flows from operating activities of $9,327,367 (nine months ending September 30, 2012 - $19,803,764). The Company has entered into an agreement with Silver Wheaton Ltd. ("Silver Wheaton") whereby Silver Wheaton has agreed to fund $13.5 million, which management expects will be sufficient to finance the remaining work on a feasibility study and corporate overhead costs through the completion of the feasibility study. The Company's ability to finance activities after this time is dependent on whether Silver Wheaton elects to finance the project costs for construction of the Toroparu mine as well as on raising equity financing to fund operating and investing activities beyond construction of the Toroparu mine not financed by Silver Wheaton. There are no assurances that the $13.5 million funding from Silver Wheaton will finance all costs related to the feasibility study, whether Silver Wheaton will make the election to fund the Toroparu project, or that the Company will be successful in raising equity financing. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the applicability of the going concern assumption. These unaudited condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. These adjustments could be material.

2. Basis of Presentation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly these unaudited condensed consolidated interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year end reporting purposes and should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2012.

3. Significant Accounting Policies

Except as disclosed below, the significant accounting policies have not changed from the significant accounting policies presented in the audited consolidated financial statements for the year ended December 31, 2012.

Adoption of new or amended IFRS

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.

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.

4. Capital Management

The Company manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out the Company's defined exploration programs and to meet its ongoing administrative costs. The Company considers its capital to be total shareholders' equity (managed capital) which at September 30, 2013, totaled $28,215,781 (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 nine months ended September 30, 2013.

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

5. Financial Instruments

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

Credit Risk

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

(Expressed in Canadian Dollars)

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 $1,953,183 (December 31, 2012 – $11,278,902) to settle current liabilities of $990,567 (December 31, 2012 – $3,057,042). Subsequent to September 30, 2013, the Company entered into an agreement with Silver Wheaton that will provide USD $13.5 million in financing (See "Subsequent Events" below). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at September 30, 2013:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents				
Cash	$ 210,972	$ -	$ -	$ 210,972
Cash equivalents	-	1,742,211	-	1,742,211
	$ 210,972	$ 1,742,211	$ -	$ 1,953,183

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.

6. Equipment

	Camp Equipment	Heavy Equipment	Other Equipment	Vehicles	Furniture and Office Equipment	Total
Cost						
As at December 31, 2012	$ 73,613	$ 2,892,138	$ 299,973	$ 149,605	$ 475,237	$ 3,890,566
Disposals	-	-	-	-	(1,648)	(1,648)
As at September 30, 2013	$ 73,613	$ 2,892,138	$ 299,973	$ 149,605	$ 473,589	$ 3,888,918
Accumulated Depreciation						
As at December 31, 2012	$ 31,916	$ 860,311	$ 89,345	$ 49,207	$ 265,692	$ 1,296,471
Charge for the period	14,442	513,717	52,206	28,421	122,282	731,068
As at September 30, 2013	$ 46,358	$ 1,374,028	$ 141,551	$ 77,628	$ 387,974	$ 2,027,539
Net Book Value						
As at December 31, 2012	$ 41,697	$ 2,031,827	$ 210,628	$ 100,398	$ 209,545	$ 2,594,095
As at September 30, 2013	$ 27,255	$ 1,518,110	$ 158,422	$ 71,977	$ 85,615	$ 1,861,379

(Expressed in Canadian Dollars)

7. Mineral Properties Under Exploration

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

ETK has rights to 148 PPMSs, ten MPs and seven small scale claims pursuant to the Upper Puruni Joint Venture Agreement (the "Upper Puruni Agreement"), a joint venture agreement between ETK and Mr. Alfro Alphonso. The Toroparu Project is subject to the terms of the Upper Puruni Agreement. In 2004, in anticipation of the test mining to be conducted by ETK, ETK requested that Mr. Alphonso seek the permission of the Guyana Geology & Mines Commission 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. On November 1, 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, 2017, Mr. Alphonso had the right to declare a default under the terms of the agreement. The agreement was amended to extend the deadline for achieving commercial production by three years, to January 1, 2020.

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

As at September 30, 2013, the carrying amount of the Company's interest in mineral properties is as follows:

	September 30, 2013	December 31, 2012
Toroparu	$ 25,061,071	$ 25,061,071

(Expressed in Canadian Dollars)

The carrying value of mineral properties under exploration represents the cost of acquired properties. All costs related to exploration activities are expensed as incurred. Mineral properties under exploration are not depreciated, and will be reclassified once technical feasibility and commercial viability can be demonstrated. The following table sets forth a breakdown of material components of the Company's exploration expenditures for the three and nine months ended September 30, 2013 and 2012.

	Three Months Ended		Nine Months Ended	
	9/30/2013	9/30/2012	9/30/2013	9/30/2012
	$	$	$	$
Upper Puruni Exploration Costs				
Camp Expenses	250,545	610,276	661,942	2,778,670
Consulting	8,875	230,422	51,252	546,055
Depreciation	181,958	191,908	540,050	557,680
Drilling Costs	-	463,194	-	3,467,888
Engineering Studies	14,044	58,495	1,338,312	1,030,317
Lab Fees	-	56,822	52,018	1,068,306
Office and Administrative Costs	46,653	117,404	192,573	633,779
Salaries and Benefits	633,256	1,009,316	2,046,723	3,521,644
Travel and Accommodation	35,388	98,957	125,867	607,890
Production Commitment Fees	-	-	243,254	-
Prospecting Licenses	66,733	134,248	218,673	523,010
Total Exploration Costs	1,237,452	2,971,042	5,470,664	14,735,239

8. Share Capital

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

	Number of Common Shares		Amount
Balance, December 31, 2012	132,358,606	$	117,099,645
Balance, September 30, 2013	132,358,606	$	117,099,645

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(Expressed in Canadian Dollars)

9. Stock Options

The following table shows the continuity of stock options during the nine month period ended September 30, 2013:

	Number of Options	Allocated Value of Vested Options	Weighted Average Exercise Price
Balance, December 31, 2012	9,742,850	$ 7,062,637	$ 1.32
Value of options vested during the period	-	341,467	-
Granted (i)	2,410,000	375,838	0.41
Forfeited	(12,500)	(7,773)	1.55
Expired	(118,750)	(145,631)	2.08
Balance, June 30, 2013	12,021,600	$ 7,626,538	$ 1.12

i. On February 7, 2013, the Company granted 1,650,000 stock options to employees of the Company exercisable for one common share each at a price of $0.41 per share for a five year period. These stock options will vest at the rate of 25% at each of 6, 12, 18, and 24 months after the date of grant. The grant date fair value of $354,420 was assigned to the stock options as estimated by using the Black-Scholes valuation model with the following assumptions: a 4.55 year expected term; 64.3% volatility; risk-free rate of 1.48% per annum; and a dividend rate of nil. For the nine months ended September 30, 2013, $212,590 was expensed to stock-based compensation. The Company also granted 750,000 stock options to directors of the Company exercisable for one common share each at a price of $0.41 per share for a five year period. These stock options vested immediately. The grant date fair value of $161,100 was assigned to the stock options as estimated by using the Black-Scholes valuation model described above. For the nine months ended September 30, 2013, $161,100 was expensed to stock-based compensation. The Company also granted 10,000 stock options to a consultant of the Company exercisable for one common share each at a price of $0.41 per share for a five year period. These stock options vested immediately. The grant date fair value of $2,148 was assigned to the stock options as estimated by using the Black-Scholes valuation model described above. For the nine months ended September 30, 2013, $2,148 was expensed to stock-based compensation.

ii. The weighted average grant date fair value of the total options granted during the nine months ended September 30, 2013 is $0.21 (September 30, 2012 – $0.67).

(Expressed in Canadian Dollars)

The following are the stock options outstanding as at September 30, 2013:

Expiry Date	Options Outstanding	Exercise Price	Remaining Contractual Life (Yrs)	Options Exercisable
November 24, 2014	2,803,100	$ 0.50	1.15	2,803,100
January 8, 2015	50,000	$ 1.25	1.27	50,000
February 8, 2015	65,000	$ 1.44	1.36	65,000
March 29, 2015	615,000	$ 1.60	1.49	615,000
July 7, 2015	295,000	$ 1.24	1.77	295,000
January 6, 2016	125,000	$ 3.54	2.27	125,000
January 24, 2016	125,000	$ 3.10	2.32	125,000
February 25, 2016	1,292,500	$ 2.70	2.41	1,292,500
August 1, 2016	135,000	$ 2.52	2.84	135,000
September 29, 2016	500,000	$ 1.53	3.00	500,000
January 10, 2017	845,000	$ 1.26	3.28	636,250
January 16, 2017	1,750,000	$ 1.38	3.30	1,593,750
September 6, 2017	1,011,000	$ 0.60	3.94	844,333
February 7, 2018	2,410,000	$ 0.41	4.36	1,172,500
	12,021,600		2.78	10,252,433

10. Loss per Share

The calculation of basic and diluted loss per share for the three months ended September 30, 2013 was based on the loss attributable to common shareholders of $2,111,305 (three months ended September 30, 2012 - $4,090,818) and the weighted average number of common shares outstanding of 132,358,606 (three months ended September 30, 2012 – 132,033,106). Diluted loss per share did not include the effect of 12,021,600 share purchase options as they are anti-dilutive.

The calculation of basic and diluted loss per share for the nine months ended September 30, 2013 was based on the loss attributable to common shareholders of $8,650,287 (nine months ended September 30, 2012 - $19,767,244) and the weighted average number of common shares outstanding of 132,358,606 (nine months ended September 30, 2012 – 124,363,398). Diluted loss per share did not include the effect of 12,021,600 share purchase options as they are anti-dilutive.

(Expressed in Canadian Dollars)

11. 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:

		9/30/2013		12/31/2012
Travel expenses reimbursed to officers and directors of the Company,	$	16,913	$	33,114
Administrative expenses reimbursed to officers and directors of the Company,		4,696		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
	$	21,609	$	57,327

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

		9/30/2013		9/30/2012
Travel expenses reimbursed to officers and directors of the Company,	$	149,105	$	167,866
Administrative expenses reimbursed to officers and directors of the Company,		24,269		11,256
Administrative, occupancy and salary expenses reimbursable to a company controlled by a director/V.P. of the Company, P. Greg Barnes		73,577		311,663
	$	246,951	$	490,785

(Expressed in Canadian Dollars)

12. Segmented information

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

December 31, 2012	Canada	United States	Guyana	Total
Current assets	$ 9,910,389	$ 1,220,895	$ 427,128	$ 11,558,412
Non-current assets	17,970	62,835	27,574,361	27,655,166
	$ 9,928,359	$ 1,283,730	$ 28,001,489	$ 39,213,578

September 30, 2013	Canada	United States	Guyana	Total
Current assets	$ 1,756,403	$ 231,096	$ 296,399	$ 2,283,898
Non-current assets	1,475	32,134	26,888,841	26,922,450
	$ 1,757,878	$ 263,230	$ 27,185,240	$ 29,206,348

13. Subsequent Events

On November 1, 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, 2017, Mr. Alphonso had the right to declare a default under the terms of the agreement. The agreement was amended to extend the deadline for achieving commercial production by three years, to January 1, 2020. Further, ETK shall pay to Alfro Alphonso the Guyana Dollar equivalent of the sum of USD $1,000,000 on or before June 30, 2018.

On November 11, 2013, the Company announced that it had entered into a precious metals purchase agreement with Silver Wheaton under which Silver Wheaton, through its wholly owned subsidiary, Silver Wheaton (Caymans) Ltd., will pay Sandspring upfront cash payments totaling USD $148.5 million for 10% of the payable gold production from Toroparu. In addition, Silver Wheaton will make ongoing payments to Sandspring of the lesser of the market price and US$400 per payable ounce of gold delivered to Silver Wheaton over the life of the Toroparu Project, subject to a 1% annual increase starting after the third year of production.

Upon satisfaction of certain conditions, Sandspring is entitled to an initial draw down of USD $13.5 million of the cash payment to be used primarily for advancement of the final feasibility documentation for Toroparu. The balance of the USD $148.5 million is subject to Silver Wheaton's election to proceed and is payable in installments during construction of Toroparu once all necessary mining licenses have been obtained and conditions pertaining to final feasibility, the availability of project capital finance, the granting of security to Silver Wheaton and other customary conditions are satisfied. If following receipt of feasibility documentation Silver Wheaton elects not to proceed, Sandspring may elect to either return USD $11.5 million to Silver Wheaton and terminate the agreement or reduce the stream percentage from 10% to 0.774%.