SANDSPRING RESOURCES LTD.

Management's Discussion and Analysis
For the Year Ended December 31, 2012

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Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Sandspring Resources Ltd. (the "Company" or "Sandspring") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2012. References to "Sandspring" in the MD&A refer to the Company and its subsidiaries taken as a whole. This discussion is dated April 29, 2013, unless otherwise indicated and should be read in conjunction with the consolidated financial statements of Sandspring for the year ended December 31, 2012, and the related notes thereto. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. Results are reported in Canadian dollars, unless otherwise noted.

The Company's 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 December 31, 2012, the Company had a deficit of $90,068,605, incurred losses in 2012 amounting to $26,047,639 (2011 - $36,853,412), and had negative cash flows from operating activities of $24,322,971 (2011 - $31,869,194). The Company's ability to continue as a going concern is dependent on the ability of the Company to raise equity financing. There are no assurances that the Company will be successful in achieving this goal. This condition indicates the existence of a material uncertainty that may cast significant doubt regarding the applicability of the going concern assumption. The consolidated financial statements of the Company 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.

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".

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 December 31, 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 economic deposits; and general business and economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Sandspring's ability to predict or control. These risks, uncertainties and other factors include, but are not limited to, gold and copper deposits, price volatility, changes in debt and equity markets, timing and availability of external financing on acceptable terms, the uncertainties involved in interpreting geological data and confirming title to its properties, the possibility that future exploration results will not be consistent with Sandspring's expectations, increases in costs, environmental compliance and changes in environmental and other local legislation and regulation, interest rate and exchange rate fluctuations, changes in economic and political conditions and other risks involved in the mining industry, as well as those risk factors listed in the "Risk Factors" section below. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, assumptions about the following: the availability of financing for Sandspring's exploration and development activities; operating and exploration costs; the Company's ability to retain and attract skilled staff; timing of the receipt of regulatory and governmental approvals for exploration projects and other operations; market competition; and general business and economic conditions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Sandspring's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on September 20, 2006. On November 24, 2009, the Company announced the completion of the acquisition (the "Acquisition") of 100% of the issued and outstanding shares of GoldHeart Investment Holdings Ltd. ("GoldHeart") which qualified as the Company's qualifying transaction (the "Qualifying Transaction"). GoldHeart, through its wholly-owned subsidiary ETK Inc. ("ETK"), holds certain mineral and prospecting interests in an area within the Republic of Guyana, South America that the Company refers to as the Upper Puruni Property. The Company continued out of Alberta and into Ontario effective March 31, 2010.

The Company holds, within the exterior boundaries of the Upper Puruni Property, Toroparu which hosts a mineral reserve estimate consisting of 4.107 million ounces of gold and 211 million pounds of copper contained within 127.1 million tonnes at a grade of 1.00 g/t gold and 0.11% copper in the proven and probable mineral categories.

March 31, 2013 Mineral Reserve Estimate

Material	Reserve Classification	Tonnes (000's)	Gold (g/t)	Gold (koz.)*	Copper (%)	Copper (Mlbs.)*	AuEq (g/t)	AuEq** (koz.)*
Saprolite Au Ore	Proven	1,621	0.95	50	0.09	***	0.95	50
	Probable	3,400	0.90	98	0.10	***	0.90	98
	Proven + Probable	**5,022**	**0.91**	**148**	**0.10**	***	**0.91**	**148**
Fresh Au Ore	Proven	13,976	0.93	419	0.05	***	0.93	419
	Probable	56,333	0.88	1,587	0.05	***	0.88	1,587
	Proven + Probable	**70,309**	**0.89**	**2,006**	**0.05**	***	**0.89**	**2,006**
Fresh Au/Cu Ore	Proven	14,183	1.27	581	0.20	64	1.62	740
	Probable	37,597	1.14	1,373	0.18	147	1.44	1,740
	Proven + Probable	**51,780**	**1.17**	**1,953**	**0.18**	**211**	**1.49**	**2,480**
All Ore Types	Proven	29,780	1.10	1,049	0.13	64	1.26	1,209
	Probable	97,331	0.98	3,058	0.10	147	1.09	3,425
	Proven + Probable	**127,111**	**1.00**	**4,107**	**0.11**	**211**	**1.13**	**4,634**

Notes on Reserve Estimate;

1. Mineral reserves are inclusive of mineral resources;
2. Mineral reserves are based on a gold cut-off-grade (CoG) price of US$1,070/oz. for Fresh Rock and US$970/oz. for saprolite. Cash flow Base Case used a gold price of US$1,400/oz. and copper price of $3.25/lb.;
3. Open pit reserves assume complete mine recovery;
4. Open pit reserves are diluted (further to dilution inherent in the resource model and assumes selective mining unit of 5 m x 5 m x 5 m);
5. * Contained In-situ gold ounces do not include metallurgical recoveries of 96% for gold in saprolite (Oxide), 85% for gold in Au/Cu Fresh Rock, 91% for copper in Au/Cu Fresh Rock, and 96% for gold in Au Fresh Rock;
6. ** AuEq= Gold Equivalent ounce calculated using US$1,403/oz. Au ($1,394/oz. after refining), US$3.47/lb. Cu ($3.17/lb. after NSR deductions), 85.46% gold recovery, 91% copper recovery, Formula 1% Cu = 1.714 g/t-Au);
7. *** No copper will be recovered from this ore type (and thus the Gold Equivalent Grade = Gold Grade);
8. Waste tonnes within pit is 468.9 Mt at a strip ratio of 3.69:1 (waste to ore);
9. An open pit CoG of 0.35 g/t-Au saprolite and 0.38 g/t-Au fresh rock was applied to open pit resources constrained by the final pit design;
10. Mineral reserve tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding;
11. "(000)" = thousands, "g/t" = gram per metric tonne, "koz" = thousand troy ounces. Ore tonnes are rounded to the nearest one thousand tonnes, Gold to nearest 1000 oz Au, gold grade to nearest 0.01 g/t Au, Copper rounded to nearest million pounds.
12. The mineral reserve estimate for the Project was calculated by Fernando P. Rodrigues, BSc, MBA MMSAQP #01405QP of SRK Consulting, Inc. in accordance with the Canadian Securities Administrators National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and generally accepted Canadian Institute of Mining, Metallurgical and Petroleum "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines ("CIM Guidelines"); and
13. Reserves Effective Date: March 31, 2013.

Further, Toroparu hosts a mineral resource estimate consisting of (i) 6.89 million ounces of gold and 444 million pounds of copper contained within 240.2 million tonnes at a grade of 0.89 g/t gold and 0.084% copper in the measured and indicated mineral categories, and (ii) 3.09 million ounces of gold and 120 million pounds of copper contained within 129.5 million tonnes at a grade of 0.74 g/t gold and 0.042% copper in the inferred mineral category.

March 31, 2013 Mineral Resource Estimate within Resource Pit Shell, Cut-Off Grade 0.30 g/t Au

Toroparu Deposit					
Resource Classification *(All rock types)*	**Tonnes (000's)**	**Au (g/t)**	**Au oz. (000's)**	**Cu %**	**Cu (M lb.)**
Measured	41,542	0.98	1,307	0.109	100
Indicated	185,957	0.87	5,203	0.082	334
Measured & Indicated	**227,500**	**0.89**	**6,510**	**0.087**	**434**
Inferred	127,756	0.74	3,045	0.042	118
South East Deposit					
Resource Classification *(All rock types)*	**Tonnes (000's)**	**Au (g/t)**	**Au oz. (000's)**	**Cu %**	**Cu (M lb.)**
Measured	2,905	0.97	91	0.037	2
Indicated	9,836	0.93	294	0.035	8
Measured & Indicated	**12,741**	**0.94**	**384**	**0.036**	**10**
Inferred	1,768	0.78	45	0.041	2
All Deposits					
Resource Classification *(All rock types)*	**Tonnes (000's)**	**Au (g/t)**	**Au oz. (000's)**	**Cu %**	**Cu (M lb.)**
Measured	44,447	0.98	1,398	0.104	102
Indicated	195,793	0.87	5,497	0.079	342
Measured & Indicated	**240,240**	**0.89**	**6,894**	**0.084**	**444**
Inferred	129,525	0.74	3,090	0.042	120

Notes on Resource Estimate;

1. All resources in the revised mineral resource statement are In-Pit resources reported within an optimized pit shell (Resource Pit Shell) above an economic cut-off grade of 0.30 g/t Au. The economic cut-off grade was determined using a gold price of $1,350/oz. Au, an average metallurgical recovery of 95.9% for gold, processing and G&A costs of $11.49/t processed, and includes $112/oz. Au for freight, smelting, refining and royalties. Copper metallurgical recovery used was 91%. Pit slopes used in the pit optimization were 45 degrees, and the mining costs used were $2.06/t mined for fresh rock.
2. Mineral resources are reported in accordance with NI 43-101 and have been estimated in conformity with generally accepted CIM Guidelines;
3. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserves estimate;
4. Mineral resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding;
5. While the estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues, the Company is not aware of any such issues;
6. The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category; and
7. Bulk densities of 2.76 t/m^3 and 1.84 t/m^3 were used respectively for Fresh Rock and saprolite tonnage calculations.

8. "(000)" = thousands, "g/t" = gram per metric tonne, ""koz" = thousand troy ounces. Ore tonnes are rounded to the nearest one thousand tonnes, Gold to nearest 1000 oz. Au, gold grade to nearest 0.01 g/t Au, Copper rounded to nearest million pounds.

Further information is contained in the Company's April 9, 2013 press release announcing the completion of a Pre-feasibility Study ("PFS") (See "Subsequent Events" below). A technical report prepared in accordance with National Instrument 43-101 will be available on or before May 24, 2013.

The Company is in the process of exploring the Upper Puruni Property. The Company's ability to ensure continuing operations is dependent on, among other things, confirmation of its interest in the underlying mineral claims and its ability to obtain necessary financing to complete exploration activities, development and future profitable production.

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

Outlook and Overall Performance

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

On February 22, 2012, the Company announced that it had identified seven surface gold anomalies within 15 kilometers of Toroparu. These multi-kilometer scale geochemical features have been identified as a result of regional and semi-regional geochemical surveys conducted from March through December 2011 over a 300 square kilometer investigation area within the Upper Puruni. The Company is planning drilling in these areas in 2013 as part of its exploration activities.

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

On May 31, 2012, the Company announced the discovery of a new gold mineralized body, called the SE Deposit, which is situated 1.2 km southeast of the eastern edge of the Toroparu Deposit. A gold anomaly identified by a semi-regional geochemical program led to the discovery of mineralization in the SE Deposit. 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 Deposit.

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 began 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

On November 26, 2012, the Company announced the completion of resource definition drilling at Toroparu. The Company also reported significant progress in the advancement of the PFS study for Toroparu, which was completed on April 9, 2013 (See "Subsequent Events" below). Since the resource update reported in January of 2012, the Company completed an additional 55,100 meters of resource definition drilling that increased the drill hole database by more than 40%. The objective of this in-fill drill program was to upgrade inferred resources to measured and indicated. Zones of higher-grade mineralization were confirmed and extended in the main east zone of Toroparu, where initial mining is planned. Additionally, further drill results in the recently discovered SE Deposit, located 1.2 km southeast of Toroparu, confirmed continuity of gold mineralization within this satellite deposit, which was included in the resource update in the PFS.

At December 31, 2012, the Company had working capital of $8,501,370 compared to $7,498,614 at December 31, 2011. The Company had cash and cash equivalents of $11,278,902 at December 31, 2012, compared to $12,003,357 at December 31, 2011. The decrease in cash and cash equivalents during the year ended December 31, 2012 of $724,455 is primarily due to exploration and evaluation expenditures, and general and administrative costs incurred, offset by the closing of the $25.0 million bought deal offering.

During the year ended December 31, 2012, the Company spent $20,083,021 on exploration and evaluation activities in the Upper Puruni Property as compared to $28,669,280 for the year ended December 31, 2011. The following table sets forth a breakdown of material components of the Company's exploration expenditures for the years ended December 31, 2012 and 2011.

	Year ended	
	12/31/2012	12/31/2011
Upper Puruni Exploration Costs		
Camp Expenses	$ 3,742,322	$ 5,223,301
Consulting	666,787	841,329
Depreciation	730,977	166,235
Drilling Costs	4,852,336	10,330,863
Engineering Studies	1,856,219	1,952,887
Lab Fees	1,469,647	2,529,329
Office and Administrative Costs	739,297	1,893,204
Salaries and Benefits	4,564,999	3,757,156
Travel and Accommodation	758,301	1,236,163
Prospecting Licenses	702,136	738,813
Total Exploration Costs	$ 20,083,021	$ 28,669,280

Trends

The Company is a Canadian-based mineral exploration company primarily focused on the acquisition, exploration and development of gold deposits in the Guiana Shield of South America. The Company may acquire properties in Guyana should such acquisitions be consistent with the objectives and acquisition criteria of the Company. The Company's future financial success will be dependent upon the development of the Toroparu into a producing gold and copper mine. In addition, 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. Although there have been large equity raises in the recent past, there can be no assurance that the demand for precious metal equity offerings will continue.

The Company remains cautious in case the economic factors that impact the mining industry deteriorate. The Company is aware that some governments around the world are looking to the resource sector as a possible source of additional revenue, be it through taxes or royalties. The Company has negotiated a mineral agreement it considers to be fair which it expects will benefit all stakeholders. 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 business, financial condition or results of operations.

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 December 31, 2012, the Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future and anticipates that such obligations will only arise when mine development commences.

Off-Balance Sheet Arrangements

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

Selected Annual Financial Information

	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2010
Net Loss	$ (26,047,639)	$ (36,853,412)	$ (23,180,457)
Net loss per share basic	$ (0.21)	$ (0.34)	$ (0.27)
Net loss per share diluted	$ (0.21)	$ (0.34)	$ (0.27)

	As at December 31, 2012	As at December 31, 2011	As at December 31, 2010
Mineral properties under exploration	$ 25,061,071	$ 25,061,071	$ 25,061,071
Total assets	$ 39,213,578	$ 40,834,613	$ 71,972,930
Current liabilities	$ 3,057,042	$ 4,712,358	$ 3,183,577

- The net loss for the year ended December 31, 2012 was comprised largely of operational and drilling expenses of $6,574,811 and $4,852,336 respectively, as the Company continued infill drilling at Toroparu as well as step out drilling and exploration around the area. Salaries and other benefits totaled $5,872,482 and stock based compensation totaled $2,411,774 as the Company continued to secure and retain talented employees. Further, administrative expenses to support the Company's operations totaled $1,108,144. Other expenses included $1,988,067 of consulting expenses, $1,026,548 of travel expenses, $628,979 of shareholder information expenses, and $489,520 of professional fees as the Company maintained the advancement of Toroparu and day to day activities.

- The net loss for the year ended December 31, 2011 was comprised largely of drilling expenses of $10,330,863 as the Company continued infill drilling at Toroparu as well as step out drilling around the area. The operations expenses totaled $9,688,838 as the Company supported the drilling efforts in and around Toroparu. Salaries and other benefits totaled $5,773,853 and stock based compensation totaled $3,256,128 as the Company continued to secure and retain talented employees. Further, administrative expenses to support the Company's operations totaled $2,354,555. Other expenses included $1,949,150 of consulting expenses, $1,599,988 of travel expenses, $910,436 of shareholder information expenses, and $809,691 of professional fees as the Company maintained the advancement of Toroparu and day to day activities.

- The net loss for the year ended December 31, 2010 was comprised largely of drilling expenses of $5,808,582 as the Company continued drilling at Toroparu. The operations expenses totaled $4,850,638 as the Company supported this drilling. Salaries and other benefits totaled $3,304,402 and stock based compensation totaled $2,488,544 as the Company began to add staff to support the increased efforts in Guyana. As the Company began to ramp up the exploration and development of its properties, $2,422,649 was spent on consulting. Further, administrative expenses to support the Company's operations totaled $1,448,470. Other expenses included $1,151,849 of travel expenses, $809,853 of shareholder information expenses, and $779,977 of professional fees as the Company maintained the advancement of Toroparu and day to day activities.

- As the Company presently has no revenue, the ability to fund its operations is dependent on its ability to secure financing through equity or the sale of assets. The value of any resource asset is dependent upon the existence of economically recoverable mineral reserves, the ability to obtain the necessary financing to complete exploration and development and the future profitable production or proceeds from deposition of such properties. See "Trends" above, and "Risk Factors" below.

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 year ended December 31, 2012 total $702,136 (December 31, 2011 - $738,813). 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. Alfro 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. As production was 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 Company has paid this penalty for 2013.

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 year ended December 31, 2012 was $19,380,885 (December 31, 2011 - $27,930,467).

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 fourth quarter 2012 was focused on completing the resource infill core drill program of the Toroparu Deposit. The objective was to convert a maximum of inferred resource into the measured/indicated category and subsequently accomplish a final resource model update at the beginning of 2013 for a prefeasibility study. In the course of the fourth quarter a total of 8,824 m and 35 holes were performed on the Toroparu Deposit area. A total of 34,036 m and 150 core holes were realized in the resource definition drilling program of 2012.

Throughout 2012 exploration drilling consisted for the larger part of reverse circulation ("RC") holes, drilled on the main gold anomalous geochem features, with the objective to find satellite mineralization systems in the region around the Toroparu Deposit. A total of 3,925 m in 40 holes were realized on two different target areas, Red Dragon Road and Sona Hill, during the fourth quarter of 2012. RC drilling totaled 15,680 meters and 177 holes for the year ending December 31, 2012. In additions, a small exploration core drill program, comprising of 811 m in five holes was carried out on Sona Hill, in order to obtain better geological information on this promising zone.

Systematic regional sampling continued in the northwestern part of the Upper Puruni concession. In the course of the last weeks of the fourth quarter, several gold anomalies put in evidence by the regional program, were tested by infill line sampling. Furthermore additional infill geochem sampling was carried out in the area just south of the Sona Hill zone. A special geochem sampling program consisting of sampling the historic tailings area at Toroparu in order to have an idea of the gold resource contained by these old mine rejects was also executed in 2012. A total of 3,440 samples were collected over the year ending December 31, 2012 by the geochemistry teams.

All samples were prepared in the 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. The Vancouver lab analyzed all resource drill samples for copper and all geochem samples with the ICP 1FO3 analytical method, 37 multi-elements. The Santiago lab carried out the gold assays on all the drill samples. It should be mentioned that 2,049 core drill samples (incl. QAQC samples) of the resource definition program were submitted to second laboratory, ActLab, in the context of a QAQC procedure of check assays.

2012 Budget

	Original Amount Budgeted for 2012 (approx.) $	Revised 2012 Budget (approx.) $	Actual 2012 Expenditures $	(Over) Under Budget $
Toroparu Deposit (1)	6,150,000	6,150,000	4,341,525	1,808,475
Technical Studies (2)	2,250,000	2,250,000	1,856,219	393,781
Upper Puruni Exploration (3)	13,905,000	5,000,000	4,875,794	124,206
Off-Site Infrastructure	1,250,000	1,250,000	1,513,774	(263,774)
Prospecting Licenses (4)	1,545,000	1,000,000	702,136	297,864
General and Administrative	6,000,000	6,000,000	5,447,877	552,123

(1) Costs incurred to define the reserve potential of the Toroparu Deposit through advancing the project towards feasibility by continuing in-fill drilling. The in-fill drilling program was not as expensive as originally projected.
(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%.

2013 Budget

Management has outlined a 2013 budget of approximately $8.5 million further described below:

	Amount Budgeted for 2013 [5] **$**
Toroparu Deposit [1]	400,000
Technical Studies [2]	1,000,000
Upper Puruni Exploration [3]	1,800,000
Off-Site Infrastructure and Maintenance	600,000
Prospecting Licenses [4]	200,000
General and Administrative	4,500,000

(1) Costs incurred to define the reserve potential of the Toroparu deposit through advancing the project towards feasibility by continuing in-fill drilling.
(2) Pre-feasibility engineering work at Toroparu.
(3) Establishment of prospect pipeline within the property boundaries in the Upper Puruni by undertaking reconnaissance R/C or RAB drill program across the surface anomalies that have been identified coupled with geochemical survey programs.
(4) Continued exploration of the PL's comprised of reconnaissance, geologic mapping, and improving access.
(5) Discretionary, subject to change if management decides to scale back or accelerate operations.

Technical Disclosure

Mr. Brian Ray, an employee of the Company, is a Qualified Person as defined under NI 43-101. Mr. Ray has reviewed and approved all technical and scientific information contained in this MD&A.

Certain information set out herein is based on the PFS Report which was prepared by Frank Daviess, MAusIMM, Registered Member SME (Resource Estimation - SRK Consulting (US) Inc.); Fernando P. Rodrigues, MMSA, #1405QP (Mining/Reserves Estimation - SRK Consulting (US) Inc.); Peter I. Clarke, P.Eng., #13473 - British Columbia (Mining/Economics - SRK Consulting (US) Inc.); D. Erik Spiller, MMSA, #01021QP (Metallurgical Process Design—Tetra Tech); Thomas A. Chapel, CPG, PE, # 33848 - Colorado (On-site Infrastructure—Tetra Tech); Daniel Lloyd Evans, CFM, P.E., #32081 – Colorado (Water Management – Tetra Tech); each of whom is independent of the Company.

Summary of Quarterly Results

Three Months Ended	Net Loss $	Basic and Diluted Loss Per Share $
Dec 31 2012	(6,280,395) (1)	(0.05)
Sept 30 2012	(4,090,818) (2)	(0.03)
Jun 30 2012	(6,647,275) (3)	(0.05)
Mar 31 2012	(9,029,151) (4)	(0.08)
Dec 31 2011	(9,127,838) (5)	(0.08)
Sep 30 2011	(10,225,693) (6)	(0.09)
Jun 30 2011	(9,792,910) (7)	(0.09)
Mar 31 2011	(7,706,971) (8)	(0.07)

(1) Net loss of $6,280,395 principally related to exploration expenditures in Guyana of $5,166,070 (excluding share based payments of $8,416 and amortization of $173,297). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of $31,407.
(2) 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.
(3) 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.
(4) 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.
(5) 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.
(6) 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.
(7) 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.

(8) 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.

Results of Operations

Year ended December 31, 2012, compared with year ended December 31, 2011

The Company's net loss totaled $26,047,639 for the year ended December 31, 2012, with basic and diluted loss per share of $0.21. This compares with a net loss of $36,853,412 with basic and diluted loss per share of $0.34 for the year ended December 31, 2011. The decrease in net loss of $10,805,773 was due to:

- Drilling expenses for the year ended December 31, 2012 totaled $4,852,336 as compared to $10,330,863 for the year ended December 31, 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 $3,114,027 during the year ended December 31, 2012 as compared to the year ended December 31, 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.

- Administrative costs decreased $1,246,411 for the year ended December 31, 2012 as compared to the year ended December 31, 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.

- Stock based compensation expense varies due to the grant date fair value of options awarded. The Company issued 3,953,000 options in the year ended December 31, 2012, as compared to 2,450,000 in the year ended December 31, 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 $844,354 less stock based compensation in the year ended December 31, 2012 as compared to the year ended December 31, 2011.

- Depreciation for the year ended December 31, 2012 totaled $1,040,105 as compared to $195,700 for the year ended December 31, 2011. The increase in depreciation is due primarily to a change in the Company's estimation of useful life with regard to depreciation, along with additions in 2011 being depreciated for the full year. As of January 1, 2012, the Company changed its estimates of assets' useful lives to more accurately reflect the condition of its equipment.

- Salaries and other benefits for the year ended December 31, 2012 totaled $5,872,482 as compared to $5,773,853 for the year ended December 31, 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 year ended December 31, 2012 totaled $1,026,548 as compared to $1,599,988 for the year ended December 31, 2011. The decrease in these fees is a direct result of the Company hosting fewer site visits for analysts during 2012.

- A foreign exchange loss of $55,579 was incurred during the year ended December 31, 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 year ended December 31, 2012, the Company issued 23,150,000 Common Shares with a syndicate of underwriters co-led by RBC Capital Markets and Scotiabank at a price of $1.08 per Common Share for gross proceeds of $25.0 million. There is no assurance that 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.

As at the year ended December 31, 2012, the Company had working capital of $8,501,370, compared to $7,498,614 at December 31, 2011. The Company had cash and cash equivalents of $11,278,902 at December 31, 2012, compared to $12,003,357 at December 31, 2011. The decrease in cash and cash equivalents during the year ended December 31, 2012 of $724,455 is primarily due to exploration expenditures of $18,737,324 along with general and administrative costs incurred, offset by roughly $25 million in bought deal proceeds.

The budgeted corporate activities of the Company account for about $8.5 million in 2013. 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 on January 1, 2013 or in lieu thereof pay Mr. Alphonso an annual sum of the Guyana dollar equivalent of USD $250,000 in years 2013, 2014 and 2015 if commercial production is not commenced. If commercial production has not been commenced by 2017, Mr. Alphonso may declare a default under the agreement unless the Company has exercised its option to purchase Mr. Alphonso's interest in the joint venture for the sum of USD $20,000,000 (See "Subsequent Events" below).

Subsequent Events

On January 18, 2013, the Company agreed to an amendment of the Alphonso joint venture. The agreement stated that in the event ETK had not achieved commercial production by January 1, 2016, Mr. Alphonso had the right to declare a default under the terms of the agreement. This was amended to extend the deadline to achieve commercial production one year to January 1, 2017.

On February 10, 2013 the Company granted 2,410,000 stock options to purchase common shares of the Company to officers, directors and employees. The stock options are exercisable at $0.41 per share and will expire on February 7, 2018.

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

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

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

On April 19, 2013 the Company announced that it signed a binding Memorandum of Understanding ("MOU") with the Government of Guyana granting the Company the exclusive right to evaluate and develop a hydroelectric power plant on the Kurupung River, approximately 30 miles from Toroparu. The terms of the five-year MOU contemplate that the hydroelectric facility would be developed on a timeline that supports the conversion to hydroelectric power as mining and processing are expanded in the fourth year of the Company's plan defined in the PFS.

Share Capital

The Company is authorized to issue an unlimited number of Common Shares. As of the date of this discussion, the Company had 132,358,606 Common Shares outstanding. The Company also has 12,034,100 options, outstanding that are outlined in the following table:

Expiry Date	Options Outstanding	Exercise Price	Remaining Contractual Life (Yrs)	Options Exercisable
November 24, 2014	2,803,100	$ 0.50	1.58	2,803,100
January 8, 2015	50,000	$ 1.25	1.71	50,000
February 8, 2015	65,000	$ 1.44	1.79	65,000
March 29, 2015	615,000	$ 1.60	1.93	615,000
July 7, 2015	295,000	$ 1.24	2.20	295,000
January 6, 2016	125,000	$ 3.54	2.70	125,000
January 24, 2016	125,000	$ 3.10	2.75	125,000
February 25, 2016	1,295,000	$ 2.70	2.84	1,295,000
August 1, 2016	135,000	$ 2.52	3.27	101,250
September 29, 2016	500,000	$ 1.53	3.43	500,000
January 10, 2017	855,000	$ 1.26	3.72	427,500
January 16, 2017	1,750,000	$ 1.38	3.73	1,437,500
September 6, 2017	1,011,000	$ 0.60	4.37	677,333
February 7, 2018	2,410,000	$ 0.41	4.79	770,000
	12,034,100		3.21	9,286,683

As of the date of this discussion, the Company had 144,392,706 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:

	12/31/2012	12/31/2011
Travel expenses reimbursed to officers and directors of the Company,	$ 33,114	$ 24,519
Administrative expenses reimbursed to officers and directors of the Company,	2,597	191
Administrative, occupancy and salary expenses reimbursable to a company controlled by a Vice President of the Company, P. Greg Barnes	21,616	72,480
	$ 57,327	$ 97,190

b) The Company had the following related party transactions during the year ended December 31, 2012 and 2011.

	12/31/2012	12/31/2011
Travel expenses reimbursed to officers and directors of the Company,	$ 206,401	$ 302,446
Administrative expenses reimbursed to officers and directors of the Company,	17,165	30,285
Administrative, occupancy and salary expenses reimbursable to a company controlled by a Vice President of the Company, P. Greg Barnes	354,711	688,581
	$ 578,277	$ 1,021,312

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

	12/31/2012	12/31/2011
Salaries and benefits for management	$ 1,771,783	$ 1,818,827
Directors fees	182,980	115,000
Share based payments	1,759,554	2,459,719
	$ 3,714,317	$ 4,393,546

Critical Accounting Policies and Estimates

Significant Accounting Estimates and Judgments

The preparation of these consolidated financial statements require management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Critical Accounting Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

i) Impairment of assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. No impairments of non-financial assets have been recorded for the year ended December 31, 2012 (2011 – Nil).

ii) Useful life of equipment

Equipment is amortized over the estimated useful life of the assets. Changes in the estimated useful lives could significantly increase or decrease the amount of depreciation recorded during the year and the carrying value of equipment. Total carrying value of equipment at December 31, 2012 was approximately $2.6 million (December 31, 2011 - $3.6 million).

iii) Stock based compensation

Management is required to make certain estimates when determining the fair value of stock option awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as stock based compensation in the statement of operations. For the year ended December 31, 2012 the Company recognized approximately $2.4 million of stock based compensation expense (2011 – $3.3 million).

Critical Accounting Judgments

In the preparation of these consolidated financial statements management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the financial statements.

i) Mineral properties under exploration

Management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for the mineral properties. Once technical feasibility and commercial viability of a property can be demonstrated, exploration costs will be reclassified to mineral properties under exploration and subject to different accounting treatment. As at December 31, 2012 and 2011 management had determined that no reclassification of exploration expenditures was required.

ii) Income Taxes

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

Financial Instruments

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

Credit Risk

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

Liquidity Risk and Fair Value Hierarchy

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. The Company generates cash primarily through its financing activities. The Company has cash and cash equivalents of $11,278,902 (December 31, 2011 – $12,003,357) to settle current liabilities of $3,057,042 (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.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2012:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents				
Cash	$ 1,555,040	$ -	$ -	$ 1,555,040
Cash equivalents	-	9,723,862	-	9,723,862
	$ 1,555,040	$ 9,723,862	$ -	$ 11,278,902

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.

The following table summarizes, in Canadian dollar equivalents, the Company's major foreign currency exposures as of December 31, 2012 to the US dollar. The Company's exposure to the currency risk of Guyanese dollars is not material.

Cash	$ 1,382,693
Accounts payable and accrued liabilities	1,233,415
Net exposure to the US dollar	$ 149,278

The table below summarizes a sensitively analysis for significant unsettled currency risk exposure with respect to the Company's financial instruments as at December 31, 2012 with all other variables held constant. It shows how comprehensive loss would have been affected by changes in the relevant risk variable that were reasonably possible at that date.

	Sensitivity Analysis, Change in USD	Increase (decrease) in net income
Decrease in Net Income	-1%	$ (1,493)
Increase in Net Income	1%	$ 1,493

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 December 31, 2011, 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 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 December 31, 2012, totaled $36,156,536 (December 31, 2011 - $36,122,255).

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 years ended December 31, 2012 and 2011.

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 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 consolidated financial statements, and (ii) the 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 the issuer's GAAP.

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. In addition to information set out elsewhere in this AIF, the factors set forth below could materially affect the Company's financial condition and/or future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Limited Operating History and History of Losses

The Company has not commenced commercial mining operations and is not currently generating cash flows from operations and there can be no assurances that it will generate positive cash flows from operations in the future.

Exploration and Mining Risks

Resource exploration and development is a speculative business and involves a high degree of risk. There is no known body of commercial ore on the Upper Puruni Property. There is no certainty that the expenditures to be made by the Company in the exploration of the Upper Puruni Property, will result in discoveries of commercial quantities of minerals. Further, the Company's operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of base minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken by the Company, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability. The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, including: (i) the particular attributes of the deposit, such as size, grade and proximity to infrastructure; (ii) metal prices which are highly cyclical;

and (iii) government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The precise effect of these factors cannot be accurately predicted, however, a combination of these factors may result in the Company not receiving an adequate return on invested capital.

Additional Capital

The development of the Toroparu Project, or any future reserves found in the Upper Puruni Property, will require substantial additional future financing. Failure to obtain sufficient financing could result in the delay or indefinite postponement of construction, development or production on any or all such property or even loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. In addition, any future financing may be dilutive to existing shareholders of the Company.

Environmental Risks and Hazards

All phases of the Company's operations are subject to environmental regulation. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's business, conditions or operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at this time.

Government approvals, licenses and permits are currently and will in the future be required in connection with the operations of the Company. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures, production costs, or reduction in levels of production at producing properties in the future, or require abandonment or delays in development of new mining properties in the future.

Mineral Tenure in Guyana

There are certain risks associated with the Guyanese mineral tenure regime which are either not present, or are considerably reduced, in mineral tenure regimes in Canada and elsewhere. Such risks include the inability to definitively search government registries in Guyana for certain underlying small scale claims which may exist within areas subject to (i) PPMSs granted by the Government of Guyana, acting by and through the GGMC, (ii) MPs granted by the Government of Guyana, acting by and through the GGMC, and (iii) PLs granted by the Government of Guyana, acting by and through the GGMC, and the potential uncertainty regarding the ability of the holder of a PL or MP or medium scale permit to explore for minerals which are not specifically identified in the relevant license or permit. Also, the Company is not the registered holder of any of the PPMSs, or small scale claims comprising the Company's Upper Puruni Property as Guyana law prohibits these claims from being held in the name of a foreign controlled entity and limits their activities thereunder. Pursuant to the Company's Alphonso Joint Venture Agreement, pursuant to which ETK obtained rights in respect of 145 PPMS, 10 MPs and 7 small scale claims located in the Upper Puruni Property, Alphonso has agreed to convert the 10 MPs and 7 small scale claims subject to the Alphonso Joint Venture into one or more large scale mining licenses registered in ETK's name, however, the GGMC has not formally approved such conversion as of the date hereof.

Limited Market for Securities

The Common Shares are currently listed on the TSXV, however there can be no assurance that an active and liquid market for the Common Shares will be maintained and an investor may find it difficult to resell securities of the Company.

No Assurance of Title and Title Disputes

Although the Company has received a title opinion from Guyana local counsel in connection with the Upper Puruni Property, title insurance generally is not available, and the ability of the Company to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. Furthermore, the Company has not conducted surveys of the claims in which it holds interests and, therefore, the precise area and location of such claims may be in doubt or challenged. Accordingly, the Company's properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects which could have a material adverse impact on the Company's business operations, condition and results of operations. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties. Further, ten parcels of land held pursuant to the joint venture agreement between Mr. Wallace Daniels and ETK are subject to a title dispute. The outcome of this dispute cannot be accurately predicted and could potentially have an adverse impact on the business of the Company although the Company does not ascribe any significant value to the lands subject to the joint venture with Mr. Daniels.

Commodity Prices

Factors beyond the control of the Company may affect the marketability and price of minerals discovered, if any. Resource prices have fluctuated widely in recent years and months and are affected by numerous factors beyond the control of the Company, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors cannot be accurately predicted.

Uninsurable Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's property interests or the properties of others, delays in mining, monetary losses and possible legal liability. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of the securities of the Company. It is anticipated that the Company will not be insured against most environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. It is anticipated that the Company will periodically evaluate the cost and coverage of the insurance against certain environmental risks that is available to determine the appropriateness of obtaining such insurance. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds available to the Company to pay such liabilities and could result in bankruptcy. Should the Company be unable to fund fully the remedial cost of an environmental incident, it could potentially be required to enter into interim compliance measures pending completion of the required remedy.

Litigation

Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Like most companies, the Company is subject to the threat of litigation and may be involved in disputes with other parties in the future which may result in litigation or other proceedings. The results of litigation or any other proceedings cannot be predicted with certainty. If the Company is unable to resolve these disputes favourably, it could have a material adverse effect on the Company's financial position, results of operations or the Company's property development.

No History of Mineral Production

There is no assurance that commercial quantities of minerals will be discovered at Toroparu or any future properties, nor is there any assurance that the exploration programs of the Company thereon will yield any positive results. Even if commercial quantities of minerals are discovered, there can be no assurance that any property of the Company will ever be brought to a stage where mineral resources can profitably be produced thereon. Factors which may limit the ability of the Company to produce mineral resources from its properties include, but are not limited to, the price of the mineral resources which are currently being explored for, availability of additional capital and financing, the actual costs of bringing properties into production, and the nature of any mineral deposits.

Operating Hazards and Risks

Operations in which the Company will have a direct or indirect interest, will be subject to all the hazards and risks normally incidental to exploration, development and production of minerals, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. Although the Company intends to maintain when reasonable and possible, liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial condition.

Permits and Licenses

Operations of the Company will require licenses and permits from various governmental authorities. Although the Company believes it currently has all required licenses and permits for its operations as currently conducted, there is no assurance that delays will not occur in connection with obtaining all necessary renewals of such licenses and/or permits for the existing operations or additional licenses and/or permits for all future operations. The Company anticipates that it will be able to obtain in the future, all necessary licenses and permits to carry on the activities which it intends to conduct, and intends to comply in all material respects with the terms of such licenses and permits. However, there can be no guarantee that the Company will be able to obtain and maintain, at all times, all necessary licenses and permits required to undertake its proposed exploration and development or to place properties into commercial production and to operate mining facilities thereon. In the event of commercial production, the cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or preclude the economic development of Toroparu.

Global Financial Conditions

Global financial conditions in the recent past have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the value and the price of the Company's common shares and other securities could continue to be adversely affected.

Political Risks

All of the Company's current operations are presently conducted in Guyana, South America and as such, are exposed to various levels of political, economic and other risks and uncertainties present in emerging nations. Such risks and uncertainties vary from country to country and include, but are not limited to: (i) currency exchange rates; (ii) high rates of inflation; (iii) labour unrest; (iv) renegotiation or nullification of existing concessions, licenses, permits and contracts; (v) changes in taxation policies; (vi) restrictions on foreign exchange and changing political conditions; (vii) currency controls; and (viii) governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Future political actions in Guyana cannot be predicted and may adversely affect the Company. Changes, if any, in mining or investment policies or shifts in political attitude in the country of Guyana may adversely affect the Company's business, results of operations and financial condition. Future operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. The possibility that future governments may adopt substantially different policies, which may extend to the expropriation of assets, cannot be ruled out. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's consolidated business, results of operations and financial condition.

Competition

Competition in the mineral exploration business is intense and could adversely affect the ability of the Company to suitably develop the properties in which it holds its interests. The Company will be competing with many other exploration companies possessing greater financial resources and technical facilities. Accordingly, there is a high degree of competition for desirable mineral leases, suitable prospects for drilling operations and necessary mining equipment, as well as for access to funds. There can be no assurance that necessary funds can be raised by the Company or that any projected work will be completed.

Infrastructure

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supplies are important requirements, which affect capital and operating costs. Unusual or infrequent weather, phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's future operations, financial condition and results of operations.

Reliance on Limited Number of Property Interests

The only property interests held by the Company are the Upper Puruni Property and the interests held in connection with the Alphonso Joint Venture, the Daniels Joint Venture and Godette Joint Venture. As a result, unless the Company acquires additional property interests, any adverse developments affecting any of the properties comprising the Upper Puruni Property, could have a material adverse effect upon the Company and could materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations of the Company.

Government Regulation

The mining, processing, development and mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. Exploration may also be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploration and production, price controls, export controls, currency availability, foreign exchange controls, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, limitations on foreign ownership, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on repatriation of income and return of capital, limitations on mineral exports, high rates of inflation, increased financing costs, and site safety. This may affect both the Company's ability to undertake exploration and development activities in respect of present and future properties in the manner contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. Although the Company believes that its exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development or future potential production. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof, could have a substantial adverse impact on the Company.

Price and Volatility of Public Stock

The market price of Common Shares has experienced fluctuations which may not necessarily be related to the financial condition, operating performance, underlying asset values or prospects of the Company. It may be anticipated that any market for the Common Shares will be subject to market trends generally and the value of the Common Shares on the TSXV, or such other stock exchange as the Common Shares may be listed from time to time, may be affected by such volatility.

Dependence on Key Personnel

The Company's future success and growth depends in part upon the experience of a number of key management personnel. If for any reason, any one or more of such key personnel do not continue to be active in the Company's management, the operations and business prospects of the Company could be adversely affected.

Dividend Policy

No dividends on the Common Shares have been paid by the Company to date. Payment of any future dividends, if any, will be at the discretion of the Company's Board of Directors after taking into account many factors, including the Company's consolidated operating results, financial condition, and current and anticipated cash needs.

Resource Estimates Are Uncertain

Estimates of resources are subject to considerable uncertainty. Such estimates are, to a large extent, based on the price of gold and interpretations of geologic data obtained from drill holes and other exploration techniques. Companies engaged in the production of gold use feasibility studies to derive estimates of capital and operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the predicted configuration of the ore body, expected recovery rates of metals from the ore, the costs of comparable facilities, the costs of operating and processing equipment and other factors. Actual operating costs and economic returns on projects may differ significantly from original estimates.

Shortages of Critical Parts, Equipment and Skilled Labour May Adversely Affect Operations and Development Projects

The mining industry has been increasingly impacted by increased demand for critical resources such as input commodities, drilling and other equipment and skilled labour. These shortages may cause unanticipated cost increases and delays, thereby impacting operating costs, capital expenditures and production schedules.

Uncertainty of Cost Estimates and Timing of New Projects

The capital expenditure and time required to develop new mines or other projects is considerable and changes in costs and/or construction schedules, can affect project economics. There are a number of factors that can affect costs and construction schedules, including, among others: availability of labour, power, transportation, commodities and infrastructure; changes in input commodity prices and labour costs; fluctuations in currency exchange rates; availability and terms of financing; difficulty of estimating construction costs over a period of years; delays in obtaining environmental or other government permits; weather and severe climate impacts; and potential delays related to social and community issues.

Conflicts of Interest

Certain directors of the Company are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company will be required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors of the Company, any director in a conflict situation will be required to disclose his or her interest and abstain from voting in connection with the matter giving rise to the conflict. In determining whether or not the Company will participate in any project or opportunity, its directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the relevant time.

Future Sales of Common Shares by Existing Shareholders and Future Issuances of Common Shares or Equity-Related Securities

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of such Common Shares and could impair the ability of the Company to raise capital through future sales of such Common Shares. The Company has previously issued Common Shares at an effective price per share which is lower than the current market price of its Common Shares. Accordingly, a significant number of shareholders of the Company have an investment profit in such Common Shares that they may seek to liquidate.

Any issuance of additional equity securities could dilute the interests of existing shareholders and could substantially decrease the trading price of the Common Shares. The Company may issue equity securities in the future for a number of reasons, including to finance its operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions) and to satisfy the Company's obligations upon the exercise of outstanding warrants or options or for other reasons. Sales of a substantial number of Common Shares or other equity-related securities in the public market (or the perception that such sales may occur) could depress the market price of the Common Shares, and impair the Company's ability to raise capital through the sale of additional equity securities. The Company cannot predict the effect that future sales of the Common Shares or other equity-related securities would have on the market price of the Common Shares.

Currency

The fair value of, or future cash flows from, the Company's financial instruments will fluctuate based on changes in foreign exchange rates. The Company's functional 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 United States dollars converted from its Canadian dollar bank accounts held in Canada. The Company maintains United States dollar bank accounts in the United States and Guyana and Guyanese bank accounts in Guyana. The Company is subject to gains and losses based on fluctuations in the United States dollar and Guyanese dollar against the Canadian dollar which could have a material adverse impact on the Company's financial position.

Additional Information

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