# SANDSPRING RESOURCES LTD.

**Management's Discussion and Analysis**
**For the Year Ended December 31, 2013**

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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, 2013. References to "Sandspring" in the MD&A refer to the Company and its subsidiaries taken as a whole. This discussion is dated April 11, 2014, unless otherwise indicated and should be read in conjunction with the consolidated financial statements of Sandspring for the year ended December 31, 2013, and the related notes thereto. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. Results are reported in Canadian dollars, unless otherwise noted.

The Company'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, 2013, the Company had a deficit of $102,663,345, incurred losses in 2013 amounting to $12,594,740 (2012 - $26,047,639), and had negative cash flows from operating activities of $11,176,583 excluding the effect of funds received from Silver Wheaton Ltd. ("Silver Wheaton") (2012 - $24,322,971). The Company has entered into an agreement with Silver Wheaton whereby Silver Wheaton has funded US $13.5 million, which management expects will be sufficient to finance the remaining work on a feasibility study and corporate overhead costs through the completion of the feasibility study. The Company's ability to finance activities after this time is dependent on whether Silver Wheaton elects to finance the project costs for construction of the Company's Toroparu Project in the Upper Puruni, Guyana (the "Toroparu Project") as well as on raising equity financing to fund operating and investing activities beyond construction of the Toroparu Project not financed by Silver Wheaton. There are no assurances that the US $13.5 million funding from Silver Wheaton will finance all costs related to the feasibility study, whether Silver Wheaton will make the election to fund the Toroparu Project, or that the Company will be successful in raising equity financing. The conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the applicability of the going concern assumption. The consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. These adjustments could be material.

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, 2014; the plans, costs, timing and capital for future exploration and development of Sandspring's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations; management's outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; prices and price volatility for gold and copper and other 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, the Toroparu Project which hosts a mineral reserve consisting of 4.107 million ounces of gold and 211 million pounds of copper contained within 127.1 million tonnes at a grade of 1.00 g/t gold and 0.11% copper in the proven and probable mineral categories.

The 127.1 million tonne reserve includes 51.8 million tonnes of gold ore with average copper, having grades of 1.17 g/t gold and 0.18% copper that will be recovered in flotation & cyanide leach processing circuit; and 70.3 million tonnes of gold ore with low copper grading 0.89 g/t gold, plus 5 million tonnes of saprolite gold ore grading 0.91 g/t gold that will be recovered in the cyanide leach processing circuit.

Further, the Toroparu Project hosts a mineral resource consisting of (i) 6.89 million ounces of gold and 444 million pounds of copper contained within 240.2 million tonnes at a grade of 0.89 g/t gold and 0.084% copper in the measured and indicated mineral resource categories, and (ii) 3.09 million ounces of gold and 120 million pounds of copper contained within 129.5 million tonnes at a grade of 0.74 g/t gold and 0.042% copper in the inferred mineral resource category. Further information is contained in the Company's technical report effective May 8, 2013 (the "Technical Report") prepared in accordance with National Instrument 43-101 ("NI 43-101") available on www.sedar.com.

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

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

## Outlook and Overall Performance

On January 18, 2013, the Company agreed to an amendment of its joint venture in the Upper Puruni, Guyana with Mr. Alfro Alphonso (the "Alphonso joint venture"). The agreement previously stated that in the event ETK had not achieved commercial production by January 1, 2016, Mr. Alphonso had the right to declare a default under the terms of the agreement. The agreement was amended to extend the deadline for achieving commercial production by one year, to January 1, 2017.

On April 9, 2013, the Company announced the completion of a positive pre-feasibility study containing an initial reserve report for its wholly-owned Toroparu 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 US $504 per payable ounce of gold on average over the first four years and 228,000 ounces at a cash cost of US $700[1] per ounce on average over the 16 year life of mine.
- Proven and Probable mineral reserve of 4.1 million ounces of gold contained in 127 million tonnes of ore at a grade of 1.00 g/t Au, a 32% increase in life of mine gold grades.
- A redesign of the processing flow sheet to produce 78% of gold in doré on site.
- After-tax NPV of US $691 million and IRR of 23.1% with an attractive payback period of 2.6 years at a long-term gold price of US $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 the Toroparu Project. 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.

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

On May 24, 2013, the Company filed its Technical Report, with an effective date of May 8, 2013. The report was prepared by SRK Consulting (U.S.), Inc, and signed by Alex Fisher, B.Sc. Geological Engineering, P.E., Allan Moran, B.Sc., Geol. Eng., RG, CPG, D. Erik Spiller, MMSA, Daniel Lloyd Evans,

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

CFM, PE, Daniel Y. Yang, MEng., PEng., Dawn H. Garcia, PG, CPG, Fernando Rodrigues, BS Mining, MBA, MAusIMM, MMSAQP, Frank Daviess, MAusIMM, R.M. SME, José Enrique Sánchez Marrou, M.Sc, P.Eng, Keith Mountjoy, MASc, PGeo, Peter Clarke, BSc Mining, MBA, PE, and Thomas A Chapel, CPG, P.E., each of whom is independent of the Company.

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

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

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

At December 31, 2013, the Company had working capital of $11,983,962 compared to $8,501,370 at December 31, 2012. The Company had cash and cash equivalents of $14,460,919 at December 31, 2013, compared to $11,278,902 at December 31, 2012. The increase in cash and cash equivalents during the year ended December 31, 2013 of about $3.2 million is primarily due to the initial draw of US $13.5 million from Silver Wheaton offset by exploration and evaluation expenditures, and general and administrative costs incurred in 2013. Management expects the current cash balance will be sufficient to finance the remaining work on a feasibility study and corporate overhead costs through the completion of the feasibility study. The Company's ability to finance activities after this time is dependent on whether Silver Wheaton elects to finance the project costs for construction of the Toroparu Project as well as raising additional capital to fund operating and investing activities beyond construction of the Toroparu Project not financed by Silver Wheaton. There are no assurances that the

US $13.5 million funding from Silver Wheaton will finance all costs related to the feasibility study, whether Silver Wheaton will make the election to fund the Toroparu Project, or that the Company will be successful in raising other additional capital. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the applicability of the going concern assumption. The consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. These adjustments could be material.

During the year ended December 31, 2013, the Company spent $7,287,218 on exploration and evaluation activities in the Upper Puruni Property as compared to $20,083,021 for the year ended December 31, 2012. The following table sets forth a breakdown of material components of the Company's exploration expenditures for the years ended December 31, 2013 and 2012.

| | Year ended | |
|---|---|---|
| | 12/31/2013 | 12/31/2012 |
| Upper Puruni Exploration Costs | | |
| Camp Expenses | $ 1,107,387 | $ 3,742,322 |
| Consulting | 57,807 | 666,787 |
| Depreciation | 721,981 | 730,977 |
| Drilling Costs | - | 4,852,336 |
| Engineering Studies | 1,461,750 | 1,856,219 |
| Lab Fees | 52,314 | 1,469,647 |
| Office and Administrative Costs | 273,996 | 739,297 |
| Salaries and Benefits | 2,835,958 | 4,564,999 |
| Travel and Accommodation | 201,039 | 758,301 |
| Production Commitment Fees | 271,973 | - |
| Prospecting Licenses | 303,013 | 702,136 |
| Total Exploration Costs | $ 7,287,218 | $ 20,083,021 |

## 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 Project 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 past, current access to capital for exploration and development companies is difficult.

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, 2013, the Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future and anticipates that such obligations will only arise when mine development commences.

## Off-Balance Sheet Arrangements

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

## Selected Annual Financial Information

| | Year ended December 31, 2013 | Year ended December 31, 2012 | Year ended December 31, 2011 |
|---|---|---|---|
| Net Loss | $ (12,594,740) | $ (26,047,639) | $ (36,853,412) |
| Net loss per share basic | $ (0.10) | $ (0.21) | $ (0.34) |
| Net loss per share diluted | $ (0.10) | $ (0.21) | $ (0.34) |

| | As at December 31, 2013 | As at December 31, 2012 | As at December 31, 2011 |
|---|---|---|---|
| Mineral properties under exploration | $ 25,061,071 | $ 25,061,071 | $ 25,061,071 |
| Total assets | $ 41,405,449 | $ 39,213,578 | $ 40,834,613 |
| Current liabilities | $ 2,730,742 | $ 3,057,042 | $ 4,712,358 |

- The net loss for the year ended December 31, 2013 was comprised of consulting and operational expenses of $3,406,153 and $1,626,288 respectively, as the Company completed the pre-feasibility study at the Toroparu Project. Salaries and other benefits totaled $4,339,919 and stock based compensation totaled $754,311 as the Company reduced its administrative staff while retaining key operational employees. Administrative expenses totaled $490,716 as the company slowed its exploration activities and focused solely on the development of the Toroparu Project. Further expenditures included $450,941 of professional fees, $400,698 of travel expenses, and $195,942 of shareholder information expenses.

- 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 the Toroparu Project 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 the Toroparu Project 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 the Toroparu Project 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 the Toroparu Project. 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 the Toroparu Project 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 additions financing 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 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. On November 1, 2013 the Alphonso joint venture was also amended to provide that only six of the ten MP would be included in the mining license.

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, 2013 total $303,013 (December 31, 2012 - $702,136). 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**

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 Agreement"). The Toroparu Project is subject to the terms of the Upper Puruni Agreement. In 2004, in anticipation of the test mining to be conducted by ETK, ETK requested that Mr. Alphonso seek the permission of GGMC to convert certain PPMSs into the ten MPs.

The Upper Puruni Agreement stipulates that ETK is the sole operator and has the sole decision-making discretion in all matters related to the conduct of prospecting, exploration, development activities, and mining activities for the recovery of gold or other metals, minerals or gemstones from the joint venture lands. An in-kind royalty of 6% is payable to Mr. Alphonso on all gold production from the claims subject to the Upper Puruni Agreement and ETK paid Mr. Alphonso during its test and alluvial mining operations. As production was not achieved by January 1, 2014, the Upper Puruni Agreement requires that ETK pay a penalty of US$250,000 per year until commercial production is achieved.

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

The bulk of the Company's work has focused on the Toroparu Project and the surrounding area. All exploration expenditures (excluding those incurred on the PLs) listed under "Outlook and Overall Performance" above were incurred on areas contained within the Upper Puruni Agreement. The total amount spent on exploration and development on these areas during the year ended December 31, 2013 was $6,984,205 (December 31, 2012 - $19,380,885).

**Rentals and Royalties**

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

**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 and tailings facilities. 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, the Toroparu Project**

The first quarter of 2013 was entirely focused on the completion of the Toroparu Project prefeasibility study and the NI 43-101 compliant technical report. As a consequence no field activities (drilling; geochem sampling etc.) were planned during this period and no samples were submitted to the analytical laboratories.

Field activities in the second quarter of 2013 consisted mainly of additional detailed geochem sampling over the Makapa geochem anomaly. This anomaly was noted during the 2012 regional geochem campaign. It is located 9 km north, north-east of the Toroparu Project. A total of 378 saprolite samples were collected with a hand auger at average depths of around 2 meters.

All samples were prepared in the sample preparation facility operated by Acme Analytical Laboratories in Georgetown, East Coast Demerara, Guyana. The pulps of these samples were then submitted to ACME Laboratories in Vancouver, where all geochem pulp samples were analyzed with the ICP 1FO3 analytical method, 37 multi-elements. Furthermore, a selected set of 224 drill core pulp samples of the Toroparu Project's gold-copper deposit were submitted to SGS Canada Inc. in Vancouver to be tested for Au with FAA515 method (50g Fire Assay, AAS - Atomic Absorption finish, detection limits 5 – 10000 ppb) as an additional check-assays QAQC procedure.

In general the 3$^{rd}$ quarter of each year corresponds to the rainy season in Guyana and no field activities are planned. Office work was focused mainly on the interpretation of the exploration results, which allowed us to update the exploration maps and company presentations.

Exploration and development activities during the fourth quarter of 2013 consisted of preparation for the geotechnical drilling campaign and condemnation drilling campaign required for the feasibility study, which were launched in the first quarter of 2014. In addition, the Company continued its regional geochemistry survey in the area north of the Toroparu Project.

In November and December the Company's road construction team realized 25.5 kilometers of access tracks to areas north-west, north and north-east of the Toroparu Project site, where mining infrastructure is planned following the mine layout as disclosed in the prefeasibility study.

As access was realized to the area where the future tailings dam is planned, it was decided to extend the regional geochemistry grid over the above mentioned zone in an attempt to test for eventual indications of gold mineralization structures. A total 422 samples were collected.

All samples (452, incl. 30 QAQC samples) were prepared in the Georgetown preparation facility of Acme Analytical Laboratories and then sent to Acme Analytical Laboratories (Vancouver) Ltd., of Vancouver, British Columbia for analysis. The Vancouver lab analyzed all geochem samples with the ICP 1FO3 analytical method, 37 multi-elements.

*2013 Budget*

| **Project/Property Name** | **Amount Budgeted for 2013 $** | **Actual Expenditures for 2013 $** | **(Over) Under Budget $** |
|---|---|---|---|
| Toroparu Project [(1)] | 650,000 | 1,197,237 | (547,237) |
| Technical Studies [(2)] | 1,838,312 | 1,461,750 | 376,562 |
| Upper Puruni Exploration [(3)] | 1,000,000 | 1,155,022 | (155,022) |
| Off-Site Infrastructure [(4)] | 325,000 | 442,118 | (117,118) |
| Prospecting Licenses [(5)] | 200,000 | 303,013 | (103,013) |
| General and Administrative | 4,750,000 | 5,159,034 | (409,034) |
| Totals: | 8,763,312 | 9,718,174 | (954,862) |

(1) Costs incurred to define the mineral reserves and mineral resources of the Toroparu Project through advancing the project towards feasibility. Q4 costs include those required to mobilize and prepare for the start of the on sight feasibility costs. The receipt of the initial draw down of US $13.5 million from Silver Wheaton allowed the Company to complete more on site work in Q4 than was initially projected.

(2) Pre-feasibility engineering work at the Toroparu Project totaled roughly $1.3M. Expenditures for Q4 include those costs of starting feasibility work on the Toroparu Project.

(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) Maintaining and repairing the access road to the Toroparu Project represents the bulk of these expenditures.

(5) Continued exploration of the PL's comprised of reconnaissance, geologic mapping, and improving access.

*2014 Budget*

Management has outlined a 2014 budget of approximately $12.45 million further described below:

| Project/Property Name | Amount Budgeted for 2014 [5] $ |
|---|---|
| Field Activities [1] | 900,000 |
| Feasibility Study [2] | 6,500,000 |
| Off-Site Infrastructure [3] | 125,000 |
| Consulting [4] | 500,000 |
| Property Permits | 550,000 |
| General and Administrative | 3,875,000 |
| Totals: | 12,450,000 |

(1) Costs incurred to support the feasibility study on the ground at the Toroparu Project.
(2) Feasibility engineering work as contracted with third parties.
(3) Maintenance of the access road to the Toroparu Project as well as investigation of potential hydro power.
(4) Continued financial advisory services to locate capital required to meet the budgeted expenditures for the feasibility study and take the Toroparu Project up to the construction phase.
(5) Discretionary, subject to change if management decides to scale back or accelerate operations. At present the Company does not have sufficient funds to meet these expenditures; however, a program is in place to locate needed capital in the first half of 2014.

## Technical Disclosure

Mr. Lucas Werner Claessens and Mr. Pascal van Osta, employees of the Company, are Qualified Persons as defined under NI 43-101. Mr. Claessens and Mr. van Osta have 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 2013 | (3,944,453) (1) | (0.03) |
| Sept 30 2013 | (2,111,305) (2) | (0.02) |
| Jun 30 2013 | (2,826,281) (3) | (0.02) |
| Mar 31 2013 | (3,712,701) (4) | (0.03) |
| Dec 31 2012 | (6,280,395) (5) | (0.05) |
| Sept 30 2012 | (4,090,818) (6) | (0.03) |
| Jun 30 2012 | (6,647,275) (7) | (0.05) |
| Mar 31 2012 | (9,029,151) (8) | (0.08) |

(1) Net loss of $3,944,453 principally related to exploration expenditures in Guyana of $1,636,430 (excluding share based payments of $1,205 and amortization of $181,931). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of $2,952.

(2) Net loss of $2,111,305 principally related to exploration expenditures in Guyana of $991,159 (excluding share based payments of $64,335 and amortization of $181,958). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of $5,605.

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

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

(5) 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.

(6) 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.

(7) 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.

(8) 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.

## Results of Operations

***Year ended December 31, 2013, compared with year ended December 31, 2012***

The Company's net loss totaled $12,594,740 for the year ended December 31, 2013, with basic and diluted loss per share of $0.10. This compares with a net loss of $26,047,639 with basic and diluted loss per share of $0.21 for the year ended December 31, 2012. The decrease in net loss of $13,452,899 was due to:

- Operations expenditures decreased $4,948,523 during the year ended December 31, 2013 as compared to the year ended December 31, 2012. The decrease in operations was a direct result of the Company's efforts to preserve cash due to adverse market conditions. By slowing exploration and development activities, the Company's operational expenses were significantly decreased. As the Company embarks on the feasibility study, the development expenditures will increase significantly in 2014.

- Drilling expenses for the year ended December 31, 2012 totaled $4,852,336 as compared to $Nil for the year ended December 31, 2013. The Company did not embark on any drilling programs in 2014 due to the effort to conserve cash. Exploration programs are still at a standstill until the Company can raise additional capital, however, condemnation and geotechnical drilling to advance the feasibility study will be initiated in early 2014.

- Stock based compensation expense varies due to the grant date fair value of options awarded. The Company issued 2,410,000 options in the year ended December 31, 2013, as compared to 3,953,000 options in the year ended December 31, 2012. Further, the weighted average grant date fair value of those issued in 2013 was $0.21 compared to $0.67 in 2012. Therefore, the Company recognized $1,657,463 less stock based compensation in the year ended December 31, 2013 as compared to the year ended December 31, 2012.

- Salaries and other benefits for the year ended December 31, 2013 totaled $4,339,919 as compared to $5,872,482 for the year ended December 31, 2012. The salary decreases are a result of the Company's reduction in administrative and operational staffing throughout 2013. The Company expects to maintain its operational staffing at lower levels in 2014 as the bulk of the feasibility study work is to be performed by third parties.

- Consulting expenses increased $1,418,086 in the year ended December 31, 2013 as compared to the year ended December 31, 2012. The Company paid Cutfield Freeman & Co a success fee for their advisory role in the transaction with Silver Wheaton in December of 2013. This, along with the increase in consulting services related to the beginning of the feasibility study accounted for the increase in consulting expenditures.

- Travel fees for the year ended December 31, 2013 totaled $400,698 as compared to $1,026,548 for the year ended December 31, 2012. The decrease in these fees is a direct result of the Company hosting fewer site visits during 2013 along with a decrease in the expatriates working for the Company.

- Administrative costs decreased $617,428 for the year ended December 31, 2013 as compared to the year ended December 31, 2012. This is due to the Company becoming more streamlined in its support of decreasing operations. Further, the Company has cut its administrative staff in Toronto and Denver due to market conditions and the need to conserve cash.

- Shareholder information costs for the year ended December 31, 2013 totaled $195,942 as compared to $628,979 for the year ended December 31, 2012. The decrease in these fees is due primarily to the company doing less marketing as a result of lower activity levels in the equity markets. These fees are expected to return to more historic levels as the Company updates investors on the feasibility study and future plans for financing.

- A foreign exchange gain of $97,353 was incurred during the year ended December 31, 2013 as a result of the increase 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

In November of 2013 the Company entered into a Gold Purchase Agreement with Silver Wheaton, the first financing for the Company outside of issuing equity securities for cash. For the year ended December 31, 2013, the Company did not issue any additional Common Shares, protecting our investors from dilution. The Company does plan to raise additional capital in the first part of 2014; this may come as equity capital even though the Company is sensitive to the effect of dilution for our investors. There is no assurance that equity, or any other form of capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to the Company. See "Risk Factors" below.

At December 31, 2013, the Company had working capital of $11,983,962 compared to $8,501,370 at December 31, 2012. The Company had cash and cash equivalents of $14,460,919 at December 31, 2013, compared to $11,278,902 at December 31, 2012. The increase in cash and cash equivalents during the year ended December 31, 2013 of about $3.2 million is primarily due to the initial draw of US $13.5 million from Silver Wheaton offset by exploration and evaluation expenditures, and general and administrative costs incurred in 2013.

The budgeted corporate activities of the Company account for about $12.45 million in 2014. However, the Toroparu Project 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 or other forms of financing to generate the funds required to advance its projects. Management does not believe the Company has sufficient working capital to fund operations for the next 12 months. Management has initiated a program to locate additional capital in the first part of 2014 that will allow it to meet its budgeted expenditures for the year.

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 US $250,000 in years 2014 and 2015 if commercial production has not commenced. Furthermore the Company will pay Mr. Alphonso US $1,000,000 on or before June 30, 2018. If commercial production has not been commenced by 2020, Mr. Alphonso may declare a default under the agreement unless the Company has exercised its option to purchase Mr. Alphonso's interest in the joint venture for the sum of US $20,000,000.

## Subsequent Events

On March 28, 2014 the Company announced that its board of Directors (the "Board") had adopted a shareholder rights plan (the "Rights Plan"). The Rights Plan is intended to ensure that in the event of an unsolicited take-over bid for the common shares of the Company, all holders of common shares of the Company and the Board have adequate time to consider and evaluate any such take-over bid, the Board has adequate time to identify, solicit, develop and negotiate value-enhancing alternatives, as considered appropriate, to any such take-over bid and the Company's shareholders are treated fairly in connection with any such take-over bid. The Rights Plan is not intended to prevent a change of control of the Company to the detriment of shareholders.

## 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 11,751,600 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 | 0.61 | 2,803,100 |
| January 8, 2015 | 50,000 | $ | 1.25 | 0.74 | 50,000 |
| February 8, 2015 | 65,000 | $ | 1.44 | 0.82 | 65,000 |
| March 29, 2015 | 615,000 | $ | 1.60 | 0.96 | 615,000 |
| July 7, 2015 | 295,000 | $ | 1.24 | 1.23 | 295,000 |
| January 6, 2016 | 125,000 | $ | 3.54 | 1.73 | 125,000 |
| January 24, 2016 | 125,000 | $ | 3.10 | 1.78 | 125,000 |
| February 25, 2016 | 1,292,500 | $ | 2.70 | 1.87 | 1,292,500 |
| August 1, 2016 | 135,000 | $ | 2.52 | 2.30 | 135,000 |
| September 29, 2016 | 500,000 | $ | 1.53 | 2.46 | 500,000 |
| January 10, 2017 | 805,000 | $ | 1.26 | 2.75 | 805,000 |
| January 16, 2017 | 1,750,000 | $ | 1.38 | 2.76 | 1,750,000 |
| September 6, 2017 | 1,011,000 | $ | 0.60 | 3.40 | 1,011,000 |
| February 7, 2018 | 2,180,000 | $ | 0.41 | 3.82 | 1,525,000 |
| | 11,751,600 | | | 2.21 | 11,096,600 |

As of the date of this discussion, the Company had 144,110,206 Common Shares outstanding on a fully diluted basis.

## Proposed Transactions

There are no proposed transactions of a material nature being considered by the Company.

## Related Party Transactions

The Company's transactions are in the normal course of business and are recorded at the exchange amount. All amounts due to related parties are non-interest bearing and payable on demand.

a) Included in accounts payable and accrued liabilities are the following amounts due to related parties:

| | | 12/31/2013 | | 12/31/2012 |
|---|---|---|---|---|
| Travel expenses reimbursed to officers and directors of the Company, | $ | 49,073 | $ | 33,114 |
| Administrative expenses reimbursed to officers and directors of the Company, | | 12,826 | | 2,597 |
| Administrative, occupancy and salary expenses reimbursable to a company controlled by a director/V.P. of the Company, P. Greg Barnes | | - | | 21,616 |
| | $ | 61,899 | $ | 57,327 |

b) The Company had the following related party transactions during the year ended December 31, 2013 and 2012.

| | | 12/31/2013 | | 12/31/2012 |
|---|---|---|---|---|
| Travel expenses reimbursed to officers and directors of the Company, | $ | 182,071 | $ | 206,401 |
| Administrative expenses reimbursed to officers and directors of the Company, | | 38,573 | | 17,165 |
| Administrative, occupancy and salary expenses reimbursable to a company controlled by a director/V.P. of the Company, P. Greg Barnes | | 74,037 | | 354,711 |
| | $ | 294,681 | $ | 578,277 |

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

| | | 12/31/2013 | | 12/31/2012 |
|---|---|---|---|---|
| Salaries and benefits for management | $ | 1,615,396 | $ | 1,771,783 |
| Directors fees | | 184,490 | | 182,980 |
| Share based payments | | 547,667 | | 1,759,554 |
| | $ | 2,347,553 | $ | 3,714,317 |

## 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, 2013 (2012 – 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, 2013 was approximately $1.6 million (December 31, 2012 - $2.6 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, 2013 the Company recognized approximately $750 thousand of stock based compensation expense (2012 – $2.4 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, 2013 and 2012 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 $14,460,919 (December 31, 2012 – $11,278,902) to settle current liabilities of $2,701,097 (December 31, 2012 – $3,057,042). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2013:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial Instruments | | | | |
| Cash | $ 14,460,919 | $ - | $ - | $ 14,460,919 |

*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, British Virgin Islands and Guyana, and Guyanese dollar bank accounts in Guyana. The Company is subject to gains and losses from fluctuations in the US dollar and Guyanese dollar against the Canadian dollar.

The following table summarizes, in Canadian dollar equivalents, the Company's major foreign currency exposures as of December 31, 2013 to the US dollar. The Company's exposure to the currency risk of Guyanese dollars is not material.

| | |
|---|---|
| Cash | $ 14,456,747 |
| Accounts payable and accrued liabilities | (2,428,357) |
| Total | $ 12,028,390 |

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, 2013 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 US | Increase (decrease) in net income |
|---|---|---|
| Decrease in Net Income | -1% | $ (120,284) |
| Increase in Net Income | 1% | $ 120,284 |

*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, 2013, 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, 2013, totaled $24,316,107 (December 31, 2012 - $36,156,536).

This capital management is achieved by the Board of Directors' review and acceptance of exploration budgets that are achievable within existing resources and the timely matching and release of the next stage of expenditures with the resources made available from private placements or other fundraising.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the years ended December 31, 2013 and 2012.

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

## Disclosure of Internal Controls

Management has established processes to provide sufficient knowledge to support representations that it has exercised reasonable diligence that (i) the 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 MD&A, 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 the Toroparu Project 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 the Toroparu Project.

***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 and Reserve Estimates Are Uncertain***

The mineral resources contained in this MD&A are estimated quantities of measured, indicated and inferred mineral resources. The mineral reserves contained in this MD&A are estimated quantities of proven and probable mineral reserves that can be mined legally and economically, and processed by extracting their mineral content under current conditions and conditions anticipated in the future. There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral resource or mineral reserve estimate is a function of, among other things, the quantity and quality of available data, the assumptions made and judgments used in engineering and geological interpretation. Mineral resource and mineral reserve estimates are also uncertain because they are based on limited sampling and not the entire ore body. In addition, there can be no assurance that gold or copper recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. There is no assurance that the estimated amount of mineral reserves will be recovered, or that it will be recovered at costs that the Company assumed in determining such mineral reserves. As the Company gains more knowledge and understanding of an ore body through on-going exploration and mining activity, the mineral resource and mineral reserve estimates may change significantly, either positively or negatively. In particular, results of drilling, metallurgical testing, production, the evaluation of mine plans and fluctuations in gold or copper prices subsequent to the date of any estimate may require revisions of such estimate. Any material reductions in mineral resource or mineral reserve estimates, or of the Company's ability to extract the mineral reserves, could have a material adverse effect on the Company's results of operations and financial condition.

***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.