Annual Information Form
For the Year Ended December 31, 2011

July 31, 2012

TABLE OF CONTENTS

CAUTION NOTE REGARDING FORWARD-LOOKING STATEMENTS

Except for statements of historical fact relating to Sandspring Resources Ltd., (the "**Company**" or "**Sandspring**"), certain information contained in this annual information form ("**AIF**") constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future price of gold; success of exploration activities; costs and timing of future exploration and development; the estimation of mineral resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans," "expects," or "does not expect," "is expected," "budget," "scheduled," "estimates," "forecasts," "intends," "anticipates," or "does not anticipate," "believes," or variations of such words and phrases. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of the management of the Company made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that the management of the Company believes to be relevant and reasonable in the circumstances at the date that such statements are made. Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: the Company's goal of creating shareholder value by concentrating on the development of the Toroparu Gold prospect (the "**Toroparu Project**"), believing that it has the potential to contain economic gold deposits; the Company's assessment of future plans for those certain mineral and prospecting interests in the Upper Puruni Property (as defined herein) area within the Republic of Guyana, South America; management's economic outlook regarding future trends; the Company's exploration budget on the Upper Puruni Property, and in particular, the availability of skilled labour, timing and the amount of the expected budget; the Company's ability to meet its working capital needs at the current level in the short term; expectations with respect to raising capital; sensitivity analysis on financial instruments may vary from the amounts disclosed; and government regulation and environmental liability. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, other factors could also cause materially different results. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

This AIF contains references to both United States dollars and Canadian dollars. All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars and United States dollars are referred to as "US$".

The closing, high, low and average exchange rates for the United States dollar in terms of Canadian dollars for the years ended December 31, 2011, December 31, 2010 and December 31, 2009, based on the noon spot rate reported by the Bank of Canada, were as follows:

	December 31		
	2011	**2010**	**2009**
Closing	$0.98	$0.99	$1.05
High	1.05	1.08	1.30
Low	0.94	0.99	1.03
Average[(1)]	0.99	1.03	1.14

(1) Calculated as an average of the daily noon rates for each period.

On July 30, 2012, the Bank of Canada noon rate of exchange was $1.00 = US$0.9967.

CORPORATE STRUCTURE

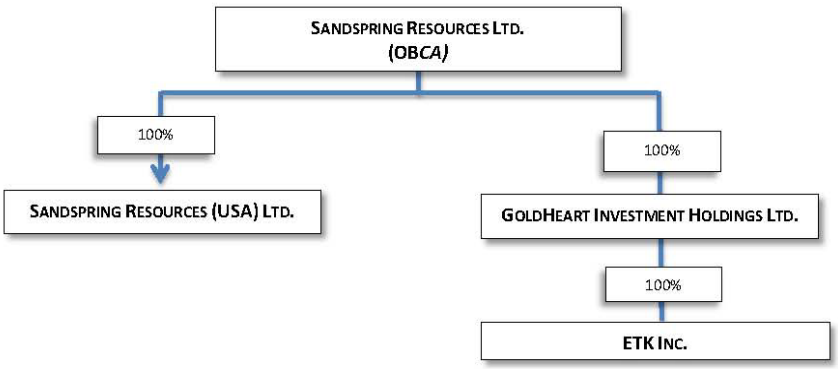
Name, Address and Incorporation

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on September 20, 2006. The Company was classified as a capital pool company ("**CPC**") as defined in Policy 2.4 of the TSX Venture Exchange (the "**TSXV**") until completion of its acquisition of 100% of the issued and outstanding shares of GoldHeart Investment Holdings Ltd. ("**GoldHeart**") on November 24, 2009, which constituted the Company's qualifying transaction (the "**Qualifying Transaction**") in accordance with the policies of the TSXV. See "General Development of the Business". Effective on March 31, 2010, Sandspring filed articles of continuance to continue under the laws of Ontario pursuant to the *Business Corporations Act* (Ontario) (the "**OBCA**").

The head office of the Company is located at 8000 South Chester, Suite 375, Centennial CO 80112 and its registered and records office is located at 50 Richmond Street East, Suite 101, Toronto, Ontario M5C 1N7.

Intercorporate Relationships

Set forth below is a corporate organizational chart reflecting each of the direct and indirect subsidiaries of the Company, their respective jurisdiction of incorporation and the percentage of shares held by the Company.



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The Company is currently a junior mineral exploration and development company with a primary focus on exploration and development of the Toroparu Project in Guyana, through its wholly-owned subsidiary, ETK Inc. ("**ETK**").

Prior to completion of the Qualifying Transaction, the Company was classified as a CPC and its sole business was the identification of assets or a business to acquire which would constitute a qualifying transaction for the Company pursuant to the policies of the TSXV.

On November 24, 2009, the Company completed an acquisition (the "**Acquisition**") of 100% of the issued and outstanding shares of GoldHeart, which constituted its Qualifying Transaction, pursuant to the terms of a share purchase agreement (the "**Share Purchase Agreement**") dated May 11, 2009, as amended August 19, 2009 and September 29, 2009, among the Company, GoldHeart, Crescent Global Gold Ltd. ("**CGG**"), Mercedario Limited ("**Mercedario**"), ETK, Crescent Global Resources Ltd. ("**CGR**") and certain other entities and individuals collectively referred to in the Share Purchase Agreement as the "Lenders". GoldHeart, through its wholly-owned subsidiary ETK, holds certain mineral and prospecting rights to the Upper Puruni Property. ETK's business prior to the Acquisition was the exploration and development of the Toroparu Project, during which time it conducted an exploration program at the Upper Puruni Property consisting of drilling, geochemistry and airborne and ground geophysics. Pursuant to the terms of the Acquisition, the Company purchased 800 common shares in the capital of GoldHeart from CGG and 200 common shares in the capital of GoldHeart from Mercedario, which in the aggregate represented 100% of the issued and outstanding common shares of GoldHeart. The consideration paid by the Company to acquire all of the common shares of GoldHeart was the issuance of 38,156,288 common shares of the Company (common shares in the capital of the Company hereinafter defined as the "**Common Shares**") consisting of 30,525,030 Common Shares issued to CGG and 7,631,258 Common Shares issued to Mercedario, at a deemed per share price of $0.6552, representing an aggregate acquisition price of $25,000,000. At the closing, the Company also assumed and paid all amounts outstanding in respect of certain convertible debt issued by GoldHeart in 2008 and 2009, through the issuance of 5,294,832 Common Shares at a deemed per share value of US$0.50 and the issuance of 1,578,511 units with a deemed per unit value of $0.35, respectively. The units issued to the holders of the 2009 convertible debt pursuant to the terms of the Acquisition carry the same terms and conditions as the Financing Units (as defined and described below).

In addition, the Company assumed a debt owed by ETK to CGR, a company controlled by CGG, in the amount of $1,074,268. A cash payment by the Company of US$250,000 in respect of the debt was made from the proceeds of the private placement described below. In addition, US$500,000 of the debt was paid at the closing of the Qualifying Transaction by way of the issuance of 1,571,429 units which carry the same terms and conditions as the Financing Units. The balance of the debt amount was repaid in accordance with the terms and conditions of a settlement agreement and release dated as of July 11, 2010, between the Company and CGR.

Pursuant to the terms of an underwriting agreement dated August 14, 2009 between the Company and Research Capital Corporation and Richardson Partners Financial Limited, as underwriters, the Company also completed a bought-deal private placement (the "**2009 Financing**") of 17,143,000 subscription receipts ("**Subscription Receipts**") at a price of $0.35 per Subscription Receipt for gross proceeds of $6,000,050, concurrently with the closing of the Acquisition. Pursuant to the terms of a subscription

receipt agreement dated August 14, 2009, as amended September 16, 2009, among the Company, Research Capital Corporation and Computershare Trust Company of Canada ("**Computershare**"), as subscription receipt agent, each Subscription Receipt was exercisable, for no additional consideration, for one unit (the "**Financing Units**") consisting of one Common Share and one-half of one common share purchase warrant of the Company. Pursuant to the terms of a warrant indenture (the "**Warrant Indenture**") dated November 24, 2009 between the Company and Computershare, as warrant agent, each whole warrant (collectively, the "**Warrants**") entitles the holder thereof to acquire one-half an additional Common Share at an exercise price of $0.50 until November 24, 2012. The Common Shares and Warrants underlying the Subscription Receipts were qualified through the filing of a final long form prospectus of the Company. In addition, the Company issued an aggregate of 1,714,300 compensation warrants (the "**Compensation Warrants**") to the underwriters in the 2009 Financing, with each Compensation Warrant entitling the holder thereof to acquire one Financing Unit at an exercise price of $0.35 per Financing Unit until November 24, 2011. For further information concerning the Acquisition and the Qualifying Transaction, please refer to the Company's final long form prospectus dated November 13, 2009, which is available electronically under the Company's profile at www.sedar.com.

On March 25, 2010, the Company concluded an early exercise warrant incentive program for its Warrants. The Company offered an inducement of an additional 0.08 of a Common Share (the "**Incentive Shares**") per Warrant to each warrantholder that exercised its Warrants during a 30-day early exercise period that commenced February 23, 2010 and expired on March 25, 2010. Under the program, the Company received gross proceeds of approximately $2.9 million and issued 5,825,739 Common Shares pursuant to the exercise of the Warrants by holders during the early exercise period in accordance with the original terms of the Warrants and issued 466,059 Incentive Shares to warrantholders.

On March 26, 2010, the Company completed a bought-deal private placement offering of special warrants (the "**Special Warrants**"). In connection with the private placement, the Company raised gross proceeds of $12,000,000, including the exercise of the full underwriters' option of $2,000,000. Each Special Warrant was automatically exercised for one Common Share following the filing of a short-form qualification prospectus dated April 28, 2010.

On August 30, 2010, the Company appointed of Mr. Dennis Kerstiens as Technical Coordinator for the Toroparu Project.

On October 14, 2010, the Company completed a bought-deal private placement offering of 19,633,077 Common Shares at a price of $2.60 per Common Share for total proceeds of $51,046,000, including the exercise of the full underwriters' option of $6,006,000.

On November 18, 2010, the Company appointed Scott Issel as Chief Financial Officer of the Company. Mr. Issel joined the Company in May 2009 as Controller of GoldHeart.

On January 6, 2011, the Company appointed David Constable to the Company's Board of Directors and P. Greg Barnes as Executive Vice President.

On January 20, 2011, the Company announced the establishment of an exploration & development office in Guyana and the appointments of L. Werner Claessens as Vice President, Exploration and Pascal van Osta as Exploration Manager effective as of February 1, 2011. Both Messrs. Claessens and van Osta operate out of Sandspring's new exploration and development office located in Georgetown, Guyana to support development of the Toroparu Project and exploration of additional district scale gold targets.

On September 21, 2011, Mark Maier resigned as a director and Abraham P. Drost resigned as President and a director of the Company. The Company appointed George M. Bee and Suresh Beharry as directors to fill the vacancies left by Messrs. Maier and Drost.

On November 9, 2011, the Company signed a mineral agreement (the "**Mineral Agreement**") with the Government of Guyana, which details all fiscal, property, import-export procedures, taxation provisions and other related conditions for the continued exploration, mine development and operation of the open pit mine at the Toroparu Project. The Mineral Agreement implements a two-tiered gold royalty structure of 5% of gold sales at gold prices up to US$1,000 per ounce ("**oz.**"). and 8% of gold sales at gold prices above US$1,000/oz., and a royalty of 1.5% on sales of copper and other valuable minerals. The Mineral Agreement also imposes a corporate income tax rate of 30% and no withholding tax on interest payments to lenders, and duty and value added tax exemptions on all imports of equipment and materials for all continuing operations at the Toroparu Project (including the construction and operation of a planned port facility, road and power improvements and the construction and operation of the mine at the Toroparu Project). Under the Mineral Agreement, there are two pre-conditions to the issuance of a mining license for the Toroparu Project: (i) issuance of an environmental authorization by the Guyana Environmental Protection Agency, and (ii) delivery of a feasibility study to the Government of Guyana. Pre-feasibility work has commenced and subject to a positive pre-feasibility study, the Company intends to proceed thereafter through to feasibility.

On March 30, 2012, the Company completed a bought deal public offering of 23,150,000 Common Shares for gross proceeds of $25 million.

On June 8, 2012, the Company announced that the environmental permit for the development, construction and operation of a mine at its Toroparu Project has been issued by the Guyana Environmental Protection Agency. The issuance of the environmental permit satisfies one of the two pre-conditions under the Mineral Agreement for the Company to acquire a mining license for the Toroparu Project.

DESCRIPTION OF THE BUSINESS

The Company is currently a junior mineral exploration and development company with a primary focus on exploration and development of the Toroparu Project in Guyana, through its wholly-owned subsidiary ETK.

Employees

As at July 31, 2012, the Company had 6 employees and the Company's subsidiaries, ETK and Sandspring Resources (USA) Ltd. had 117 employees and 12 employees, respectively.

Environmental Protection

All phases of the operations of the Company are subject to environmental regulation in Guyana. During the year ended December 31, 2011, applicable environmental legislation and requirements had no material financial or operational effect on the capital expenditures, earnings or competitive position of the Company, and no such material effects are expected in the near future.

Foreign Operations

All of the current operations of the Company are conducted in Guyana, South America. Any changes in regulations or shifts in political attitudes in this jurisdiction are beyond the control of the Company and may adversely affect its business. Future development and operations may be affected in varying degrees by such factors as government regulations (or changes thereto) with respect to the restrictions on production, export controls, income taxes, expropriation of property, repatriation of profits, environmental

legislation, land use, water use, land claims of local people, mine safety and receipt of necessary permits. The effect of these factors cannot be accurately predicted. See " – Risk Factors".

Competitive Conditions

Competition in the mineral exploration business is intense, and 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. The Company is competing with many other exploration companies possessing greater financial resources and technical facilities than that currently held by the Company. See " – Risk Factors".

Risk Factors

The operations of the Company are speculative due to the high-risk nature of its business. In addition to information set out elsewhere in this AIF, the factors set forth below could materially affect the Company's financial condition and/or future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Limited Operating History and History of Losses

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

Exploration and Mining Risks

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

Additional Capital

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

Environmental Risks and Hazards

All phases of the Company's operations are subject to environmental regulation. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's business, conditions or operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at this time. Government approvals, licenses and permits are currently and will in the future be required in connection with the operations of the Company. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or 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) medium scale prospecting permits ("**PPMSs**") granted by the Government of Guyana, acting by and through the Guyana Geology and Mines Commission (the "**GGMC**"), (ii) medium scale mining permits ("**MPs**") granted by the Government of Guyana, acting by and through the GGMC, and (iii) prospecting licenses ("**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 joint venture agreement with Mr. Alfro Alphonso, from which ETK obtained rights in respect of 145 PPMSs, 10 MPs and 7 small scale claims located in the Upper Puruni Property, Mr. Alphonso has agreed to convert the 10 MPs and 7 small scale claims subject to the 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. See "Legal Proceedings and Regulatory Actions". 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 its 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 supply 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 joint ventures with each of Messrs. Alfro Alphonso and Wallace Daniels, and with the Godette family. As a result, unless the Company acquires additional property interests, any adverse developments affecting any of the properties comprising the Upper Puruni Property, could have a material adverse effect upon the Company and could materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations of the Company.

Government Regulation

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

Price and Volatility of Public Stock

The market price of Common Shares has experienced fluctuations which may not necessarily be related to the financial condition, operating performance, underlying asset values or prospects of the Company. It

may be anticipated that any market for the Common Shares will be subject to market trends generally and the value of the Common Shares on the TSXV or such other stock exchange as the Common Shares may be listed from time to time, may be affected by such volatility.

Dependence on Key Personnel

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

Dividend Policy

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

Resource Estimates Are Uncertain

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

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

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

Uncertainty of Cost Estimates and Timing of New Projects

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

Conflicts of Interest

Certain directors of the Company are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company will be required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors of the Company, any director in a conflict situation

will be required to disclose his or her interest and abstain from voting in connection with the matter giving rise to the conflict. In determining whether or not the Company will participate in any project or opportunity, its directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the relevant time.

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

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

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

Currency

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

Technical Information

The estimated mineral resources for the Toroparu Project set forth herein have been calculated in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") Council – Definitions adopted by CIM Council on November 27, 2010 (the "**CIM Standards**"). The following definitions are reproduced from the CIM Standards:

The term "***Mineral Resource***" means a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

The term "***Inferred Mineral Resource***" means that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

The term "***Indicated Mineral Resource***" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

The term "***Measured Mineral Resource***" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources

This section uses the terms "Measured", "Indicated" and "Inferred" Resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. **United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.**

Material Properties

The information set forth in this section, other than the information under the heading "– Exploration Update", is substantially derived from, and in some instances are extracts from, the technical report (the "**Toroparu Technical Report**") entitled: "Technical Report – Updated Resource Estimate and Preliminary Economic Assessment of the Toroparu Copper-Gold Deposit – Upper Puruni Property – Upper Puruni River Area, Guyana", dated March 12, 2012, prepared by Dr. Wayne Ewert, P.Geo., Mr. Eugene Puritch, P.Eng., Mr. Kirk Rodgers, P.Eng., Mr. David Orava, P.Eng., Mr. Harnam Trehin, P. Eng., Mr. David Burga, P. Geo., Ms. Tracy Armstrong, P. Geo. and Mr. Antoine Yassa, P.Geo. of P&E Mining Consultants Inc. ("**P&E**"), Mr. Ernie Burga, P.Eng. of Andeburg Consulting Services Inc., Mr. Frank Daviess, SME of SRK Consulting (U.S.) Inc. ("**SRK**"), and Mr. Graham Holmes, P.Eng. of Jacobs Minerals Canada Inc. Each of Dr. Ewert, Mr. Puritch, Mr. Rodgers, Mr. Orava, Mr. Trehin, Mr. Yassa, Mr. D. Burga, Ms. Armstrong, Mr. E. Burga, Mr. Daviess and Mr. Holmes are qualified persons in accordance with National Instrument 43-101 ("**NI 43-101**"). See "Interest of Experts". The following is a summary only and readers should consult the full text of the Toroparu Technical Report to obtain the full details regarding the Toroparu Project. The Toroparu Technical Report is available electronically under the Company's profile at www.sedar.com.

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 (referred to as the "**Upper Puruni Property**" or the "**Property**"). The Upper Puruni Property consists of seven small scale claims, 167 contiguous PPMSs and 13 MPs that together cover an area of 184,693 acres (74,742 hectares) and five contiguous PLs that cover an area of 57,997 acres (23,471 hectares). The Upper Puruni Property is currently the Company's sole resource property, which is held and operated through ETK, the Company's wholly-owned subsidiary.

Ten parcels of land are subject to applications for the issuance of PPMSs filed by Mr. Wallace Daniels, a local Guyana resident. Ownership of PPMSs covering these ten parcels of land is the subject of a dispute between Mr. Daniels and a third party. See "Legal Proceedings and Regulatory Actions". 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 Toroparu Technical Report.

On November 9, 2011, the Company signed the Mineral Agreement with the Government of Guyana, which details all fiscal, property, import-export procedures, taxation provisions and other related conditions for the continued exploration, mine development and operation of the open pit mine at the Toroparu Project. The Mineral Agreement implements a two-tiered gold royalty structure of 5% of gold sales at gold prices up to US$1,000/oz. and 8% of gold sales at gold prices above US$1,000/oz., and a royalty of 1.5% on sales of copper and other valuable minerals. The Mineral Agreement also imposes a corporate income tax rate of 30% (or the prevailing corporate income tax rate in Guyana, if lower than 30%) and no withholding tax on interest payments to lenders, and duty and value added tax exemptions on all imports of equipment and materials for all continuing operations at the Toroparu Project (including the construction and operation of a planned port facility, road and power improvements and the construction and operation of the mine at the Toroparu Project). Under the Mineral Agreement, there are two pre-conditions to the issuance of a mining license for the Toroparu Project: (1) issuance of an environmental authorization by the Guyana Environmental Protection Agency, and (2) delivery of a feasibility study to the Government of Guyana. The Company is in the final stages of securing the environmental authorization for mining operations at the Toroparu Project. Pre-feasibility work has commenced and subject to a positive pre-feasibility study, the Company intends to proceed thereafter through to feasibility.

All mineral tenure in Guyana is owned by the Government of Guyana and is regulated by the GGMC. The Guyanese mineral tenure system is structured to permit four scales of operation. These include small scale claim licenses of 460 x 245 metres ("**m**") 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.

ETK holds interest in PPMSs, MPs and small scale claim licenses in the Upper Puruni Property through joint ventures with local Guyanese individuals (Messrs. Alfro Alphonso and Wallace Daniels, and the Godettes) 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 Toroparu Technical Report. 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.

Upper Puruni Joint Venture

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

The Upper Puruni Joint Venture Agreement stipulates that ETK is the sole operator and has the sole decision-making discretion in all matters related to the conduct of prospecting, exploration, development activities, and mining activities for the recovery of gold or other metals, minerals or gemstones from the joint venture lands. An in-kind royalty of 6% is payable to Mr. Alphonso on all gold production from the claims subject to the Upper Puruni Joint Venture Agreement and ETK paid Mr. Alphonso during its test and alluvial mining operations. If production is not achieved by January 1, 2013, the Upper Puruni Joint Venture Agreement requires that ETK pay a penalty of US$250,000 per year until commercial production is achieved.

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

Rentals and Royalties

Unless a company has executed a mineral agreement, all minerals produced from Guyana mineral claims are subject to royalties of 5% payable in cash or kind to the Government of Guyana. Mineral claims are also subject to annual rentals. The rental rates for each of the MPs are the sum of US$1.00 per acre per annum. Rental rates for PLs are US$0.50 per acre for the year; US$0.60 per acre for the second year; and US$1.00 per acre for the third year. An application fee of US$100 and a work performance bond equal to 10% of the approved budget is also required. Sandspring acknowledges that the rentals are paid in full for all claims as of the effective date of the Toroparu Technical Report and as of the date of this AIF. Rentals on the claims controlled by ETK are payable annually by the expiry date of each claim.

Environmental Liabilities

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

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

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

mine workings, tailing ponds, ore storage, waste storage and historic alluvial workings are contained on the main Toroparu Project pit area and on other areas.

Permits Required to Conduct Exploration Work

ETK has all necessary permits and permissions currently required to conduct its exploration work and seasonal mining and gravity recovery of gold and other minerals on the Toroparu Project.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Upper Puruni Property and the Toroparu Project can be accessed from Georgetown by air (220 kilometres ("**km**")) and by road (358 km), which includes various river crossings. Heavy equipment and cargo is transported by ocean going vessels and barges on the river to the port at Itaballi, where it is loaded on to trucks and transported 225 km on the Puruni Road to Toroparu. A one-hour flight by charter aircraft from Ogle airfield in Georgetown is available twice-weekly to the 2,500 foot certified airstrip at the Toroparu camp.

The Upper Puruni Property and the Toroparu Project are situated in deep jungle and temperatures are in the range of 25˚ C to 30˚ C throughout most of the year. A wet season occurs in December to February and a second wet period in May to July may curtail mining operations when flooding occurs and roads become difficult to negotiate. The dry season from July to November is the most advantageous time to carry out exploratory surveys such as geochemical sampling, drilling and geophysical surveys.

Labourers with a variety of experience in heavy equipment operation are available in Georgetown and from villages situated along the rivers. Water for drilling is readily available throughout the year. There is no nearby electricity grid and 300 kVA power is generated on site by four large diesel generators. Pursuant to the Mineral Agreement, the Company has the right to use the surface area of all lands that are ultimately included in the mining licence to be issued under the Mineral Agreement.

The topography is flat to gently undulating to hilly with a relief of a few hundred metres that is occasionally interspersed with steep hills of meta-basic rock, whereas the metasediments represent flatter topographies. The Toroparu Project pit is adjacent to a very gentle valley and the area surrounding the pit has had small berms constructed to contain the tailings from past mining operations. Areas for future waste disposal or heap leach pads and potential processing plant sites are readily available in the vicinity of the present operations.

History

Historic exploitation of alluvial gold and diamonds in the area of the Toroparu Project dates back to about 1887. It has been estimated that 60,000 oz. of gold may have been produced historically over a 70-year period from the Toroparu area.

Mr. Alphonso commenced alluvial mining at Toroparu in 1997, which continued until 2001. At first, old tailings were mined as was river alluvium, by washing material into a pit with high pressure water jets and then pumping the slurry up to a sluice box. By 1999, much of the alluvial material was exhausted and work proceeded deeper into the underlying saprolite so that the surficial alluvial area was gradually developed into the Toroparu Project pit.

In 2000, the GGMC carried out regional mapping and geochemical drainage sampling that showed an anomalous gold and copper area in the immediate Toroparu area. Also in 2000, ETK entered into an exploration joint venture with Mr. Alphonso and commenced rehabilitation and upgrading a 240 km access road into the property. ETK carried out auger drill sampling in 1999, 2001, and 2003 to the east

and west of the Toroparu Project pit area using a mechanized auger and evaluated the possibility of re-working the tailings. This work reportedly identified an estimated 1.4 million tonnes ("**Mt**") of historic auriferous tailings located southeast of the main pit area.

In 2003 and 2004, drainage geochemical sampling was carried out to the north and around the Toroparu Project pit itself, reporting that gold mineralization could extend at least 6 km to the northwest and one km to the southeast of the Toroparu Project pit.

ETK commissioned a gravity circuit to test-mine the gold-bearing tailings and saprolite and also conducted exploration for additional gold sources defined in the GGMC regional geochemical and prospecting survey of the Upper Puruni area. From December 2004 to April 2007 ETK conducted intermittent, seasonal test-mining from saprolite, in the Toroparu Project pit using a combination of hydraulic sluicing and a gravity circuit with screens, ball mill, Falcon centrifugal concentrators and shaker tables.

In 2005 and 2006, two phases of trench-channel sampling were completed. A zone of gold mineralization was identified in the saprolitic rock of the Toroparu Project pit area and prompted the proposal to explore the Toroparu Project pit area with diamond drilling.

TerraQuest Ltd. conducted a 5 km x 4.5 km high resolution Tri-sensor Magnetic and Radiometric Airborne Survey around the Toroparu Project pit area in October 2006. The pit area was found to lie within a magnetically low area just to the south of a large magnetic high area of unknown provenance. The survey outlined a number of magnetic and radiometric anomalies in the areas adjacent to the Toroparu Project.

ETK initiated a drill program in December 2006, which included the drilling of 13 NQ cored drill holes (3,480 m) under and around the Toroparu Project pit by March 2007. Phase II drilling of an additional 10 NQ cored drill holes (3,748 m) was completed in August 2007. This drilling defined a mineralized block of 600 m x 300 m x 300 m around the Toroparu Project pit area.

The third phase of the ETK drill program consisted of six NQ cored drill holes (2,590 m) from April to May 2008. A total of 30 drill holes comprising 10,218 m defined a zone of mineralization of 650 m x 350 m x 425 m that was open in all directions. ETK carried out additional auger drill sampling in 2008 to the northwest of the Toroparu Project pit area over a 2 km x 3 km area, using a mechanized auger. Nine north-easterly lines of auger samples, spaced 500 m apart, were sampled to five m depths at approximately 50 m sample intervals. This survey tested the saprolitic rocks beneath the alluvial cover for gold and copper in an area of historic gold workings to the northwest of the Toroparu Project pit area.

On November 24, 2009, Sandspring acquired GoldHeart, which held all of ETK's issued and outstanding stock, and at this time became involved in the exploration activities at the Toroparu Project. See "General Development of the Business".

Geologic Setting

The Guiana Shield, located in the northern portion of the Amazonian Craton, is a dismembered portion of the West African Craton well known for its gold potential. The geologic setting of the Northern Guiana Shield consists primarily of alternating volcano-sedimentary belts intruded by large granitoid batholiths and stocks of Paleo-proterozoic age. Numerous economic gold deposits have been discovered in both the West African and Guiana Shields Lower Proterozoic volcano-sedimentary sequences over the last few decades. Most of West African deposits are in production, including the Obuassi, Ahafo, Tarkwa, Chirano gold deposits in Ghana; the Sadiola, Morila and Syama deposits in Mali; the Essakane, Taparko, Mana and Youga deposits in Burkina Faso and the Tongon gold deposit in Côte d'Ivoire. In contrast to West

Africa, few of the Guiana Shield deposits are in production, and the majority of the Guiana Shield is geologically underexplored. Geological mapping and regional exploration is hampered in the Guiana Shield by tropical vegetation and thick weathering profiles. Several significant gold discoveries have been made, including Las Christinas and Las Brisas in Venezuela, Omai in Guyana, Gros Rosebel and Nassau in Suriname, and Paul Isnard, Camp Caiman and others in French Guiana. Historically, Omai in Guyana, and presently, Gros Rosebel in Suriname, are the producing gold mines on the Guiana Shield.

In the northern part of the Guiana Shield, the supracrustal sequences constitute the Barama-Mazaruni Supergroup and form three sub-parallel northwest oriented belts, having similar lithostratigraphy. Each of the belts features a base comprised of mafic tholeiitic basalts and minor ultramafic rocks, overlain by volcanics of intermediate composition alternating with terrigenous sediments. Crustal shortening is reflected by polyphased deformation, which resulted in shear zone dominated strain and tight folding, arranging the volcano-sedimentary sequences in more or less elongated belts. The supracrustal sequences are intruded by numerous, large and small calc-alkaline felsic to intermediate granitoid intrusions, called the "granitoid complex". These plutons form large batholithic zones in between the volcano-sedimentary belts and small plutons within the belts.

The Paleoproterozoic terranes of the Guiana Shield are marked by several large scale shear zones. The most prominent of these structural corridors stretches over 500-600 km in a west-north-westerly direction across most of the Guiana Shield, known as the Makapa-Kuribrong Shear Zone.

Regional Geology

The Upper Puruni Property is located in the Upper Puruni River Area, of the Cuyuni-Mazaruni Region (Region 7) of western Guyana. The north-eastern part of the Upper Puruni Property is underlain by north-westerly trending volcano-sedimentary sequences of the Barama-Mazaruni Supergroup. These sequences are composed of alternating volcanic flows and pyroclastics of felsic to mafic composition, rarely ultramafic. Intercalations of sedimentary rocks, generally schists and greywackes, are frequent. Regional metamorphic grade is greenschist facies and can reach amphibolite facies in the vicinity of the granitoid intrusions.

Calc-alkaline felsic to intermediate intrusive rocks form a batholith sized composite pluton in the south-western part of the Upper Puruni Property (known as the Putareng River Zone). These rocks range in composition from granite over tonalite to diorite. The Toroparu Project is located at the north-eastern border of a small granitoid pluton.

The Upper Puruni Property area is marked by sets of north-north-west and west-north-west oriented lineaments well visible on the satellite images and airborne geophysical maps. This lineament pattern is the expression of fault and/or shear fractures, which are probably part of the regional Makapa-Kuribrong Shear zone system. The Toroparu Project occurs close to the intersection of the west-north-west trending Puruni Fault/Shear and the north-north-west oriented Wynamu Fault/Shear. Most of the gold occurrences in the Guiana Shield are close to major structural lineaments.

Thin section descriptions of surface samples of Barama-Mazaruni Group rock types include greenschist-facies phyllitic claystones that grade into volcanic sediments of acid to intermediate composition, such as fine-grained feldspar and quartz. Several varieties of rhyolitic tuffs were noted, exhibiting traces of volcanic glass in the matrix. Metamorphosed sedimentary and volcanic rocks locally display a well-developed foliation as a result of the alignment of sericite and chlorite which imparts schistose textures. Some lavas of intermediate composition were recognized in thin section, consisting of altered plagioclase with chlorite, epidote and quartz. Several samples of silica-rich rock with high iron oxide content suggest a siliceous exhalative origin, as ascertained by previous workers.

Property Geology

Historic gold workings are distributed over a 7 km x 1.2 km northwest-trending corridor in the immediate area of the Toroparu Project deposit. This zone of alluvial gold mineralization, which is roughly coincident with the Puruni fault and shear zone, led to the discovery of the Toroparu Project deposit.

The bedrock geology of the Toroparu area is inferred from indirect evidence because the entire area lies within deep jungle and a laterite/saprolite weathering layer extends typically to a depth of 30 to 40 m, as determined by core drilling. Fresh rock outcrop exposures are very rare and most of the rock types are weathered to saprolite, a mixture of oxidized material and clay. Original rock compositions and some of the rock textures are obscured.

The dominant lithologies of the Upper Puruni Property are metamorphosed (greenschist facies), often fine grained, acid to mafic volcanics (pyroclastics) and sediments. The volcano-sedimentary sequences are reported to be locally foliated sometimes sheared with quartz veins, displaying foliation and vein orientations of 110° to 140°. In the north-eastern part of the Property, metamorphosed argillaceous and fine-grained arenaceous sediments form quartz-sericite (chlorite) schists with an east-west foliation in a 2 km-wide belt. The limited presence of mafic extrusive facies and the apparent predominance of andesitic and felsic volcanic rocks with sediments suggest that the upper part of the Barama-Mazaruni sequence is widespread within the map area. The regional northwest-southeast foliation appears to be deflected adjacent to major faults.

Limited field observations, radiometric airborne and ground Induced Polarization geophysics suggest that the regional schistosity is an axial plane foliation. Local variations in strike directions were imparted during later fault movements along the major shear systems. Granitoid plutons, south and north of Toroparu, are described as diorite, quartz diorite or granodiorite, from saprolitic rock samples.

Limited mapping information suggests that the large granitoid complex located in the southwestern part of the Upper Puruni Property is composed of different types of plutons, displaying syn-late or post-tectonic textures. The granitoid intrusions of late to post-deformation signature are thought to be related to gold mineralization. In some of the core drill holes the observation of porphyritic granite or granodiorite, often irregular veins intruding the metavolcanic sequence suggests a porphyry type of gold deposit.

Alteration at Toroparu seems to have a potassic component, as interpreted from airborne radiometrics and as deduced from ICP analyses of saprolite samples. This geochemical signature suggests a granitic derivation and indicates a possible granitoid source that may be associated with the Cu-Au-Ag-Mo mineralization. Heavy mineral concentrates from the pit also show the presence of magnetite and hematite in pit samples from the saprolite. The occurrence of iron oxides along with the potassic alteration can be an indication for the typical association of iron oxide copper-gold deposit model.

Bedrock Geology

Core holes demonstrate that the eastern mineralized zone is hosted by a sequence of greenschist metamorphic pyroclastics of predominantly intermediate composition, showing fragmental pyroclastics (possible volcanic breccia or debris flows) alternating with fine-grained tuffaceous facies grading locally into coarser lapilli. This succession seems to be intruded by a subvolcanic (hypabyssal) facies often finely porphyritic and dacitic in composition. In the northern part of the deposit area, the pyroclastics grade into fine grained and laminated arenaceous sediments. In the western, southern and southeastern parts of the Toroparu Project deposit area, these sequences are intruded by a porphyritic granodiorite. Core logging demonstrates that the western portion of the Toroparu mineralized zone developed in the roof zone of the granodiorite pluton and that the volcanic sequence in the eastern part is intruded in depth by the same granodiorite. The intrusive contact zone seems irregular and is reflected, for instance, in the

core by finger-like intrusive bodies invading the volcanic/sedimentary country rocks. The western and eastern mineralized zones of the deposit area seem to be separated by a northwest-oriented fault controlled intrusive contact zone. The majority of the host volcanic sequence and the granodiorite pluton did not undergo strong deformation.

The volcano-sedimentary sequence appears as massive, non- or weakly foliated facies and the granitoid intrusive shows an overall massive, often porphyritic texture. Detailed core logging indicates that the gold-copper mineralization is associated with and controlled by locally developed discrete to moderate fine fracture networks, often filled with quartz and/or carbonate, with a clear relationship between the intensity of the fracturing and the grade of gold and copper mineralization. Field observations in the old mining pit and logging of core holes drilled parallel to higher grade zones (>1.5 grams per tonne ("**g/t**")) reveal locally a dominant east-west fracture set. On a deposit scale, relatively dense fracture networks seem to occur by preference in elongated east-west-oriented and west-plunging lenticular bodies, which, in particular in the eastern mineralized zone, appear as higher grade features. A similar feature, but less well expressed has been detected in the western part of the deposit. This configuration can be interpreted as east-west dilational zones within an oblique sinistral strike-slip fault zone, although more litho-structural evidence is needed to fully support this interpretation of higher grade lenses within the overall west-north-west-oriented ore body. The mineralization displays good Au and Cu grades within the pyroclastic successions, going along with the fracture intensity, but becomes progressively weaker within granodioritic intrusives, where the fracturing seems to be less well-developed.

In summary, the core logging suggests that the current Toroparu Project deposit is hosted within a typical Paleoproterozoic volcano-sedimentary sequence with mineralization controlled, at least in part, by a moderately developed fracture zone and associated quartz-carbonate veinlet stockwork.

Over most of the Toroparu Project deposit area, the volcano-sedimentary sequences are invaded by irregular zones of silicification and sericitization, with associated epidote and chlorite, which demonstrate the existence of a large alteration system. Carbonate is ubiquitous in most lithologies as small disseminated grains in the groundmass, sometimes giving the rock a micro-porphyritic aspect. A possible potassium component of the alteration system is eventually reflected by the occasional or sporadic presence of K-feldspars in some of the facies. Pyrite is less wide-spread, but seems to occur in halo around the Au-Cu mineralized zones. Quartz-carbonate veining and associated fine (millimetre to centimetre ("**cm**") widths) fracturing seems to control the main mineralization system.

The milky to clear veinlets, sometimes containing free gold with associated tourmaline, are typically 0.5 cm to 1 cm thick and several decimetres long. They have been observed within 1 to 2 m-wide pit exposures over a several metre strike length, trending west and west-northwest. Gold is also present as free disseminated grains in saprolite that is devoid of quartz veins. This mode of occurrence suggests that the gold may have been originally encapsulated in disseminated sulphide blebs or in hairline fracture-coatings that are now oxidized and clay-altered. Gold content in saprolite devoid of quartz veins typically returned less elevated, but significant, gold grades of 0.5 to 1.5 g/t Au.

Core logging indicates that the primary style of Au-Cu mineralization is fine to coarse grained disseminations of sulphide blebs, aggregates and clusters of chalcopyrite and subordinate pyrite, bornite, molybdenite, chalcocite and very rarely arsenopyrite. Total sulphide content is low, commonly 0.5 to 1%, and rarely over 3%. Zones of higher grade Au-Cu mineralization (> 1.5 g/t) are associated with the presence of higher concentrations of bornite and somewhat more abundant molybdenite. Furthermore these zones contain frequent visible fine gold grains, mainly appearing in the quartz-carbonate veinlets and fine fractures. Copper mineralization disappears or becomes very weak in the western mineralized zone, where acid porphyritic intrusives are more abundant and fracture networks are less well-developed.

ICP MS analyses were carried out on samples from a selected number of core holes. The results indicate that samples within the main mineralized zones are anomalous in Au, Cu, Ag, Bi, Te, Se, W, Sn, Pb and Mo. Within the gold-copper higher grade zones, silver correlates well with copper and reaches often interesting concentrations as an eventual by-product. In the first quarter of 2012, additional assays on samples of the higher grade zones are planned to investigate if Ag can be considered as an economic by-product.

The limited mineralogical and chemical information along with the presence of a porphyritic acid intrusive suggest that the Toroparu Project belongs to the class of porphyry Au-Cu deposits. However further petrographical, mineralogical and chemical work as well as additional litho-structural investigation is required to provide more evidence in support of this interpretation.

Exploration

A significant regional grid geochemical sampling program was completed by employees of ETK, under the management of the Vice President Exploration and Exploration Manager of Sandspring, over the course of 2011 with the objective to find whether there are satellite deposits in the proximity of the Toroparu Project deposit. A total of 4,500 geochemical samples were collected and several encouraging gold anomalous zones were defined. Follow up prospection is planned for 2012.

Reprocessed airborne geophysical results combined with geochemical results demonstrate that several regional gold anomalies are located within a 5 km wide north-western oriented low mag corridor, which coincides with the regional structural Puruni lineament, stretching over several hundreds of kilometers. Within this corridor low mag lenses could correspond to small elongate intrusive features. The gold anomalies seem to occur on the edge of the low mag structures, as is the case with the Toroparu Project deposit.

Mineralization

The existing exploration results suggest that the Toroparu Project is a gold-copper-bearing mineralizing system hosted by a sequence of metamorphosed pyroclastics and minor volcanic flows and sediments adjacent to an altered granodiorite pluton. The mineralization consists of disseminated sulphides in a veinlet – fine fracture stock work, which could be shear-related.

The genesis of the mineralizing system and related alteration is not well understood and still based mainly on macroscopic observations (core logging). Additional geological, petrographical, mineralogical and chemical work is required to help define the deposit model and its geological context.

Compared to other gold and gold-copper deposits in the Guiana Shield, the tenor, distribution and host lithologies of the sulphide mineralization at Toroparu most closely resemble that at the Brisas de Cuyuni gold-copper deposit in the eastern part of Venezuela some 150 km southwest of Toroparu.

The Archean-aged Boddington deposit, hosted within an epiclastic felsic volcanic stratigraphic package, is interpreted as a structurally controlled, low-sulphidation, intrusion-related Au-Cu deposit formed by two overprinting magmatic-hydrothermal events. The bulk of the mineralization and associated alteration are genetically related to a potassium-rich post tectonic magmatic suite of intrusions.

Drilling

A secondary two-phase drill program commenced in August of 2009 by ETK (later continued by Sandspring) and was carried out to December of 2009, while the second phase of drilling was carried out from January through March of 2010. Both phases of drilling focused on the Toroparu Project pit area

carrying out infill and definition drilling while also extending the known pit to the west and east. The initial phase of drilling was comprised of twenty-one NQ diamond drill holes for a total of 10,102 m. Thirteen holes totalling 8,010 m were drilled over the Toroparu open pit area with depths upwards of 500 m. A second phase of infill drilling comprised of fourteen NQ diamond drill holes for a total of 7,337 m was completed during the January 2010 to March 2010 period. These holes were typically inclined from between -50^{o} to -60^{o}, towards either the northeast (at an azimuth of 027^{o}) or southwest (at an azimuth of 207^{o}) and reached depths upwards of 600 m.

All holes were cored with HQ rods within saprolite sections followed by NQ rods within the hard rock and angled roughly perpendicular to the trend of mineralization. Recoveries ranged between 70-90% in saprolite to 98-100% in hard rock. All drill holes were drilled across the strike of the Toroparu Project pit and were spaced variably at 25 to 50 m spacing where possible.

Approximately 2,500 saprolite samples were collected using hand and power augers during 2009 to depths from one metre to 15 m. The soil grids were oriented perpendicular to regional structures, extending approximately 4.5 km to the west-north-west from the Toroparu Project resource area. Assay results show several areas of gold enrichment along trend with the highest assay value equal to 9.94 g Au/t. Forty-one trenches totalling 6,000 m spaced at regular intervals and oriented perpendicular to the regional structural trend where possible were completed from August to October along a 5 km strike length to the northwest of the Toroparu Project open pit.

2011 Sandspring Drilling Program

Definition Drilling Program

The main drill activity during 2011 was infill core drilling within the eastern mineralized zone of the Toroparu Project. Information from 87 core holes with a total length of 42,320 m drilled from January to September 11, 2011, was used to update the mineral resource estimate. The objective of this drill program was the increase in overall resources and the average grades of gold and copper, as well as the conversion of resources from the Inferred to Measured and or Indicated categories. Priority was given to the eastern mineralized zone of the deposit, which has a higher average gold/copper grade and contains around 65-70% of the known global resources. Two core rigs were used for this program operating 24-hours/day and seven days per week. At the end of 2011, and over a period of 5 years (December 2006 – December 2011), a total length of 147,529 m of drilling from 342 core holes was completed in the Toroparu Project deposit area.

Extension Drilling

Areas immediately adjacent in a northwest and southeast direction and along strike of the deposit were actively explored to find significant extensions of the known mineralization, nearby satellite deposits to the southeast along the Puruni river structural lineament, and nearby satellite deposits to the northwest along the borders and within the Toroparu Project granodiorite pluton. One core rig (with an occasional addition of a second) was allocated to this exploration program, which will continue through 2012.

Drill results from this program show scattered gold and copper mineralization in most of the step-out holes, indicating a good potential to find extensions and/or additional satellite deposits, and justifying the continuation of the program in the zones northwest and southeast, along strike of the Toroparu Project deposit.

Sampling and Analysis

All sampling of drill core for holes was done under the supervision of Pascal van Osta, Exploration Manager for Sandspring. This work is carried out on site in a specially constructed core logging and core storage facility. The core storage is housed in a large industrial steel container with wooden core racks that can be secured with locks. Adjacent to the core storage, long core logging tables, with fluorescent lighting and a diamond saw core-splitting area, facilitate the core logging and sampling processes.

Acme Analytical Laboratories ("**Acme**") implemented a quality system compliant with the International Standards Organization (ISO) 9001 Model for Quality Assurance and ISO/IEC 17025 General Requirements for the Competence of Testing and Calibration Laboratories.

In 2011 all Acme laboratories across South America were recertified under ISO 9001:2008. Acme is an arms-length client of Sandspring with no relationship other than a commercial contract for sample preparation and assay services.

At Acme in Georgetown, the samples are dried and the entire sample is crushed to better than 70%, passing -10 mesh. A 1,000 gram split is taken and pulverized to better than 85% passing -200 mesh. Effective June 1, 2011, a large percentage of the core samples were processed through the new Acme preparation facility on site at Toroparu and forwarded to either Acme in Santiago or Vancouver for analysis.

All copper samples were analysed by four-acid digest with AAS finish. The majority of gold samples were analysed by lead collection fire assay method with AAS finish (50 gram charge). All samples with results >10 g/t were further analysed by lead collection fire assay method with a gravimetric finish.

The authors of the Toroparu Technical Report state that no obvious drilling, sample or recovery factors would impact the reliability of samples.

Security of Samples

The core is first cleaned, labelled and tagged and then photographed in three box batches for reference. The core is marked in mostly 1.5 m lengths logged and then split. HQ saprolite samples are split with a knife and the NQ hard rock core is sawn in half with a diamond saw. Half of the core is put in marked sample bags with an appropriate tag. The other half is placed in the core box storage. Ten samples are placed in rice bags which are then labelled, weighed and marked for analyses. During the first five months of the year all core samples were stored at the Toroparu Project camp in a locked steel shipping container and then transported by truck to the prep lab facility in Georgetown for sample preparation, and forwarded to either Acme in Chile or Vancouver for analysis.

The sample preparation procedures, security and analytical procedures carried out at the Toroparu Project mine site and at the various analytical laboratories are all in accordance with industry best practices and accepted industry standards.

Data Verification

The Toroparu Project was visited by Antoine Yassa, P. Geo., in February, 2011. Data verification sampling was done during the visit by taking ¼ splits of the remaining half core, with a total of 18 samples taken from seven holes. The samples were then documented, bagged, and sealed with packing tape were brought to Acme in Georgetown where they were coarse crushed and shipped to the offices of P&E in Brampton, Ontario. From there the samples were sent via courier to AGAT Labs ("**AGAT**") in Mississauga, Ontario for analysis. At no time, prior to the time of sampling, were any employees or other

associates of Sandspring advised as to the location or identification of any of the samples to be collected. Most AGAT laboratories are registered or are pending registration to ISO 9001:2000.

Verification of assay data entry was performed on 92,800 assay intervals by Sandspring with a few very minor data entry errors observed, all of which were subsequently corrected. The 92,800 verified intervals were checked against digital assay lab certificates from Acme. The checked assays represented 98% of the data to be used for the resource estimate and approximately 96% of the entire database. All verification of assay data, reviews and examinations of quality control programs, reviews of the performance of blanks, certified materials and duplicates was performed by P&E. The bulk densities used were likewise determined by P&E.

Quality Control Program

Samples were grouped into numbered batches consisting of 35 samples, which included the insertion of two certified reference materials, a blank, as well as a field duplicate, a coarse reject duplicate and a pulp replicate. In April 2011, it was decided to stop the practise of taking a field duplicate, and only coarse reject and pulp duplicates were continued. Over 52,000 samples were sent to Acme for analysis from January through December, 2011. Included in this number were some 2,900+ certified reference material samples and 1,490+ blank samples. There were a cumulative total of 1,347 pairs of coarse rejects and 1,307 pairs of pulp duplicates available for precision statistics.

Sandspring inserted between six and seven different certified reference materials. Results for all reference materials were examined in detail and any failure of the Au or Cu reference materials to meet the criteria was examined in detail and dealt with. All the data included for the current resource passed the rigorous quality control program.

The blank material BL-7 was purchased at CDN Resource Labs in British Columbia. Whereas BL-7 is not certified as being sterile for copper, the average copper value was extremely low. All blank values were examined and any questionable values were dealt with to ensure a clean database. In April, a coarse sterile drill core blank was introduced, and by September this was the only blank being used at the Toroparu Project deposit.

Statistics on the cumulative 1,347 pairs of coarse reject and 1,307 pairs of pulp duplicates were completed using an Absolute Relative Difference plot and a Thompson-Howarth Precision plot and comparing results from the two. Precision for gold had been an issue in the early part of 2011, and subsequently, changes were made to the preparation procedures at the lab in order to deal with the high humidity in Guyana.

The prep protocol changes were responsible for increased precision at the pulp level, which reported at 8% for gold. Copper pulp duplicates demonstrated excellent precision at the pulp level of between 2% and 3%. The authors of the Toroparu Technical Report are of the view that the data are of good quality for use in a mineral resource estimate.

Mineral Resource Estimate

The following estimate of the mineral resources of the Toroparu Project is prepared pursuant to NI 43-101 and CIM Standards. The resource estimate was undertaken by Frank Daviess, associate principal resource geologist, SRK.

The resource is an “in-pit resource”; the resource model was investigated by P&E with a Whittle pit optimization to ensure a reasonable stripping ratio was applied and a reasonable assumption of potential economic extraction could be made.

Updated Mineral Resource Estimate in Optimized Pit at Cut-Off Grade of 0.28 g/t Au

	Tonnes (000's)	Au (g/t)	Au oz. (000's)	Cu (%)	Cu (M lb.)
Measured	43,993	0.91	1,288	0.10	100
Indicated	196,897	0.75	4,746	0.07	320
Measured & Indicated	240,891	0.78	6,034	0.08	420
Inferred	179,183	0.69	3,972	0.04	169

(1) All resources in the revised mineral resource statement are in-pit resources reported within an optimized pit shell above an economic cut-off grade of 0.28 g/t Au. The economic cut-off grade was determined using a gold price of US$1,200/oz., a copper price of US$2.50/lb., average metallurgical recoveries of 88.5% for gold and 80% for copper, processing and general and administrative costs of US$9.60/tonne (including US$0.20/t for smelting deductions, treatment, refining, and freight charges, and US$0.69/t for royalties). Pit slopes used in the pit optimization varied from 42 to 50 degrees as per recommendations by Knight Piesold. The mining costs utilized in the construction of the pit for in-pit resource estimates as per P&E are US$1.20/tonne for fresh rock and US$0.89 for saprolite.

(2) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues and are subject to the findings of a full feasibility study.

(3) The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.

SRK constructed a block model using the Datamine Studio3® mining software package, for the Toroparu Project deposit with data provided by Sandspring. The model has the following characteristics and limits:

Model Limits
Toroparu

Direction	Minimum (m)	Maximum (m)	10 m Blocks	
Easting	824,600	826,800	220	Columns
Northing	713,700	715,460	176	Rows
Elevation	-600	150	75	Levels

The block size of ten metres square was considered appropriate and equal to the bench height (expected for open pit mining in the area). No sub-cells (or part cells) were used and the resolution is to the full block size which is adequate for the global resource model but needs to be reviewed for constructing a model intended to be used for any detailed mine planning especially with regard to addressing internal/external dilution and "separable waste". If it can be assumed that with some form of effective grade control better selectivity can be achieved, possibly the use of a smaller block size could be supported.

Resource Classification

For many resource models the block-by-block resource classifications should be smoothed into geologically sensible and coherent zones that reflect a realistic level of geological and grade estimation confidence taking into account the amount, distribution and quality of data. A common way of implementing this "smoothing" process is to create resource classifications based on block estimation attributes and the broader geological and data considerations and then to adjust the classifications of all blocks. This process includes geological rather than purely mathematical input and is seen as an integral part of the resource classification process. Subsequent to an initial optimization exercise using the

parameters shown in the footnotes in the "Updated Mineral Resource Estimate in Optimized Pit at Cut-Off Grade of 0.28 g/t Au" table above (utilizing all blocks including Inferred) the confidence classification of all blocks falling within the pit were examined and modifications were made to minimize the existence of "spots" of, for example, blocks classified mathematically as Inferred that are encompassed by those classified as Indicated, within areas with reasonable geological continuity and sufficient sampling.

The resource model was further investigated with a Whittle pit optimization to ensure a reasonable stripping ratio was applied and a reasonable assumption of potential economic extraction could be made. Whittle software was used to generate a pit shell using operating cost inputs described in footnote (1) in the "Updated Mineral Resource Estimate in Optimized Pit at Cut-Off Grade of 0.28 g/t Au" table above.

The Inferred mineral resources included in the mineral resource estimates have not been sufficiently drilled to confidently demonstrate economic viability. In addition, the work undertaken on the Toroparu Project to date is considered to be at conceptual levels of study only. As such, and according to NI 43-101, it is not possible to declare a mineral reserve of any kind.

Preliminary Economic Assessment

A preliminary economic assessment (a "**PEA**") has been developed to assess the potential of economically extracting metals from the deposit. This PEA prepared in accordance with NI 43-101 is based on a potentially economic portion of the mineral resource which is presented in the following table:

	Potentially Economic Portion of the Mineral Resources				
	Tonnes (000's)	**Au g/t**	**Cu %**	**Au oz. (000's)**	**Cu lb. (millions)**
Saprolite					
Measured	2,213	0.73	0.05	52	2
Indicated	5,008	0.67	0.04	108	4
Measured & Indicated	7,221	0.69	0.04	160	6
Inferred	5,240	0.56	0.04	94	5
Fresh Rock					
Measured	20,567	1.24	0.14	820	64
Indicated	75,213	1.03	0.10	2,491	166
Measured & Indicated	95,780	1.07	0.11	3,311	230
Inferred	13,125	0.97	0.07	409	20
Fresh Rock Stockpile					
Measured & Indicated	69,899	0.39	0.07	876	108
Inferred	17,537	0.37	0.05	209	19
Total					
Measured & Indicated	172,900	0.78	0.09	4,347	344
Inferred	35,902	0.62	0.05	712	44

(1) The estimated tonnes and grade shown above are based on grade of 0.28 g/t Au, 7% mine dilution at a diluting grade of 0.15 g/t and 0.03% Cu, with 2.5% mining losses. The metal prices used were based on a December 31, 2011 three-year trailing average as follows: Au US$1,255/oz. and Cu US$3.25/lb. Mining costs were US$1.38 per tonne of Fresh Rock and US$0.87 per tonne of saprolite. Processing and

G&A costs were US$8.16/tonne. Pit optimization slopes were 45 degrees (representing a 49 degree inter ramp slope).

(2) The mineral resources in the table above contain Inferred mineral resources. The reader is cautioned that Inferred mineral resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that value from such mineral resources would be realized either in whole or in part. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The "potentially economic open pit resource estimate", prepared by P&E is based on the revised mineral resources. SRK did not participate in, or review, any of the aspects, or details, of economic or engineering analyses required for the "potentially economic open pit resource estimate".

Mining Operations

Mining Plan and Methods

The conceptual Toroparu Project mine plan is modeled in four phases using variable cut off grades in each phase which are elevated from the resource cut-off grade of 0.28 g/t Au in order to improve early cash flows and minimize the payback period of pre-production capital expenditures. This strategy produces a low grade stockpile grading 0.38 g/t Au and 0.07% Cu that can either be reclaimed from the waste rock pile once open pit mining operations are complete, or replaced with higher grade mineralization if the resource expansion and exploration programs are successful. The definition of life of mine in the PEA, therefore, includes both the 14-year open pit mining and processing of mineralized material from the open pit operation, as well as an eight-year reclamation and processing of material from the low grade stockpile after open pit mining operations are completed.

The Toroparu Project open pit would be a conventional mining operation for mining and processing the saprolite and fresh (primary) rock; stockpiling and processing of low-grade potentially economic resource materials; and managing disposal of waste rock.

The proposed open pit mining methodology and mining equipment were selected taking the Toroparu Project location; pit layout and mine production schedule; geology and material characteristics; projected hydrologic, hydrogeologic and field conditions; projected haul profiles and mine equipment requirements; labour requirements; health and safety aspects; environmental protection and mine closure planning; and other aspects into consideration. The open pit would be developed and operated by the mine owner using its own labour force and equipment with the assistance of specialist contractors and suppliers such as the explosive supplier. The proposed open pit includes 10% gradient, 30 m wide haul roads. The open pit equipment fleet would be progressively expanded and the mine would have dedicated trainers and training equipment and materials. The mine owner would be responsible for employee recruitment and training, mine consumables procurement and logistics, equipment maintenance, pit dewatering, on-site camp operation and mine planning, geology, grade control and health, safety and environmental protection. An explosives supplier would set up its plant in a secure location on the Toroparu Project mine property and provide the mine with comprehensive blasting services including blast design; explosives, blasting agents and blasting accessories; and blast hole loading and blast initiation services.

The mill tailings would be disposed in the engineered tailings management facility while the open pit is being mined. Tailings would begin to be disposed in the open pit after the pit has been mined-out. The sustaining capital costs include provisional cost allowance for the relocation of the tailings pipeline and water reclaim/treatment system in year 14. The Toroparu Project mine site would be progressively rehabilitated and closed-out in an orderly manner following the cessation of processing operations in year 22.

Processing

The Toroparu Project process plant is designed to recover gold and copper from mineralized material delivered from the nearby Toroparu Project deposit and from low grade stockpiles that have been constructed from material mined from the same deposit. The basic flowsheet comprises primary and secondary crushing, grinding, gravity separation and flotation, to produce copper concentrate and saleable doré gold leached from the gravity concentrate, cleaner flotation tailings and saprolite. The processing rate is discussed under "Production Forecast" below.

Production Forecast

A total of 12.5 Mt of saprolite is scheduled to be mined in years 1, 3, 4 and 7 to 11. The saprolite would be milled or placed in a stockpile and later reclaimed and milled. Saprolite material would be milled in years 1 to 12.

A total of 109 Mt of potentially economic fresh rock is scheduled to be mined and processed in years 1 to 14. In addition, 87 Mt of low grade fresh rock would be mined and stockpiled and later reclaimed and processed. A total of 196 Mt of fresh rock would be processed in years 1 to 22. This material would be processed at a nominal rate of 15 kilo tonnes per day ("**ktpd**") in years 1 to 6, and 30 ktpd in years 7 to 22. The throughput capacity of the processing plant is scheduled to be expanded to 30 ktpd capacity in year 6.

Infrastructure

The PEA takes the following project infrastructure components into consideration:

- The development of a wharf facility on the Cuyuni River in the general vicinity of Itaballi.
- The upgrading of the access road from Itaballi to the Toroparu Project mine site.
- The development of the mine site camp including change house and medical facilities commencing at the pre-production phase.
- The development of the heavy fuel oil-fired electrical power generation station including auxiliary and fuel unloading, storage and handling systems, and the on-site electrical power distribution system. The capacity of the power plant would be increased in year 3 and again in year 6 by adding generators.
- The construction of the mill and support facilities.
- The development of the tailings management area and water management pond.
- The development of the open pit mine, mine power distribution and pit dewatering systems.
- The construction of the mine offices, mine shop, warehouse and outbuildings.
- Training materials and equipment.
- Laydown and material storage facilities.
- Designated waste stockpile areas.
- On-site airstrip, roads and pipelines.
- Water management facilities including water supply intake and pipelines.
- Drainage works and run-on diversion and flood berms.
- Domestic non-hazardous solid waste and industrial waste handling facilities.
- Upgraded communications/data transfer system.
- Support equipment such as fire-fighting/rescue equipment.
- Environmental monitoring equipment.

Markets and Contracts for Sale of Products

There were no market studies completed or contracts in place to support the Toroparu Technical Report. However, the commercial products produced by the Toroparu Project will be gold bullion for shipment to any of several available refineries and a saleable copper concentrate. Prices for these products will be based on the then-current copper and gold prices less respective smelting and refining charges.

Environmental Conditions

Sandspring and ETK have commenced the environmental and social assessment and permitting process for the Toroparu Project. As described in the Final Environmental and Social Impact Assessment ("**ESIA**") report and based on relevant Guyanese regulatory requirements; environmental assessment and permitting progress; planned feasibility study; and the site closure strategy and environmental and socio-cultural baseline and mitigation measure recommendations presented in the ESIA, there does not appear to be any insurmountable barriers to the environmental permitting.

The ESIA indicates that the port facilities will be constructed at a site on the west side of the Cuyuni River in the general vicinity of Itaballi and that an ESIA addendum for port facility construction and operation will be issued following the completion of ongoing discussions with the Guyana Lands and Surveys Commission. The ESIA indicates that there are few communities located in the proximity of the Toroparu Project components and that direct impacts on human populace in neighbourhoods, villages and towns are expected to be limited.

The preliminary closure plan presented in the ESIA includes measures to mitigate potential impacts from acid rock drainage. The ESIA indicates that the results of a preliminary geochemistry assessment indicated low sulphide potential and generally non-acid tailings and waste rock, and that a more detailed assessment of the acid rock drainage and metal leaching potential of the waste rock and tailings is underway and results are pending, though the potential impacts would be mitigated by capping the acid generating materials. The results of preliminary testwork conducted on both primary and saprolite material indicate that none of the process residue streams are likely to be acid generating.

On June 8, 2011, the Company announced that the environmental permit for the development, construction and operation of a mine at the Toroparu Project was issued by the Guyana Environmental Protection Agency. See "General Development of the Business – Three Year History".

Mine Life

The open pit would be pre-stripped in the pre-production phase and the saprolite would be stockpiled for processing commencing in year one. The open pit would be operated in years one to 14 during which time the mine waste material would be disposed at designated waste management areas and the mill feed would be hauled to the mill or stockpiled for later processing. After the pit ceases operation in year 14 the mill would be fed utilizing material reclaimed from the low grade stockpiles.

Costs

Estimated Pre-production Capital Costs

	Total (US$M)
Mine and stockpile saprolite [(1)]	7.76
Pre-strip waste rock [(2)]	17.98
On-site infrastructure capital [(3)]	11.70
Off-site infrastructure capital [(4)]	81.88

Pre-production indirect costs [5]	35.69
Mine equipment capital	61.53
Processing plant capital (expansion)	151.52
Power plant & electrical	37.63
Tailings management area	13.30
Capital contingency (15%)	62.85
Totals	**481.84**

The following table sets out the estimated pre-production capital costs.

(1) It is expected that this work would be done by the mine owner-operator using its labour force and equipment. The saprolite pre-stripping capital cost is based on 5.79 Mt of saprolite and a unit cost of US$1.34/t saprolite.

(2) It is expected that the waste rock would be pre-stripped by the mine owner-operator using its own labour force and equipment. The waste rock pre-stripping capital cost is based on stripping 10.40 Mt of waste rock and a unit cost of US$1.73/t waste rock comprised of US$0.39/t for drilling and blasting and US$1.34/t for loading and haulage costs.

(3) The total US$11.7M on-site infrastructure capital cost includes: US$6.1M for on-site infrastructure improvements (i.e. fuel farm, firefighting system, laydown area, lubrication oil storage, main gate building with weigh scales, river dyke, air strip, and project communications system improvements); US$5.6M for camp and health and safety infrastructure (i.e. camp improvements, trash incinerator, potable water storage tank; potable water treatment system, sewage treatment plant, domestic garbage truck, sewage pump truck, three buses, an ambulance, a fire and rescue truck, and medical center equipment).

(4) The estimated US$81.9M off-site infrastructure capital expenditure includes US$10M for port facility construction, US2.4M for port equipment, US$4.5M for road transport equipment, and mine site access road construction and road maintenance equipment costs.

(5) The US$35.7M pre-production indirect capital cost includes: US$24M for project development general and administration salaries and wages, non-labour overhead costs, and camp and travel costs; US$9M for a construction camp, shop, change house and offices; US$2.6M for camp operating and personnel travel costs incurred during the pre-production phase, power house operating and maintenance labour costs, and environmental assessment and feasibility study costs.

In addition to the pre-production costs set out above, the process mill estimated capital expenditure for the expansion to 30,000 tonnes per day is US$104.32 million (years 4-6). The sustaining cost for mine equipment is expected to be US$193.37 million (to year 15); the sustaining capital cost for the power plant and power distribution is US$48.15 million (to year 10); and the sustaining capital cost for the tailings management area is expected to be US$86.68 million (to year 15).

The projected operating costs are shown in the following table:

Projected Operating Costs

Item	Average Unit Cost (US$)
Saprolite mining cost	$1.30/t saprolite mill feed[1]
Fresh rock mining cost	$1.71/t fresh rock mill feed[2]
Stockpile reclaim cost	$0.86/t reclaimed[3]
Waste rock stripping cost	$1.64/t waste rock
Processing cost	$6.83/t milled[4]
Tailings disposal operating cost	$0.38/t milled
General and administrative cost	$1.43/t milled[5]

(1) The estimated average saprolite mining cost in years 1 to 11 is US$1.30/t saprolite mill feed.

(2) The estimated average fresh rock mining cost in years 1 to 14 is US$1.71/t fresh rock mill feed.

(3) The estimated average cost to reclaim stockpiled mill feed is US$0.86/t reclaimed.

(4) The estimated processing cost includes processing, operating and processing plant electrical power costs.

(5) The estimated general and administrative cost includes: indirect operating costs, infrastructure electrical power costs, and heavy fuel oil powerhouse operating and maintenance labour costs.

The estimated electrical power cost of US$0.132/kwh is based on a projected heavy fuel oil cost of US$100/bbl delivered to site. The electrical power costs are included in the above mining, processing and general and administrative costs.

Cashflow and Expected Payback Period of Capital

The projected average cash costs including royalties are US$450/oz. Au (net of copper credits) in the first five years and US$600/oz. Au (net of copper credits) over the 14 year pit life ("**LOM**").

Results of the Preliminary Cashflow Analysis

Parameter	Results of the cashflow analysis of the Base case	
	Pre-tax	**After Tax**
LOM undiscounted cashflow	US$1,743M	US$1,220M
Project NPV(5%)	US$805M	US$540M
Projected IRR	21.3%	17.9%
Projected payback	--	4.7 years of operation

The potential economic viability of the Toroparu Project has been assessed using a base case gold price of US$1,255/oz. Au which is appropriate in relation to the three-year trailing average.

Sensitivity Analysis

Pre-tax and After-Tax NPV Sensitivity Analysis Results

Item **Variation in Parameters**	**70%**	**80%**	**90%**	**100%**	**110%**	**120%**	**130%**
			Pre-tax NPV (5%) (US$M)				
Gold price	-93	206	505	805	1,104	1,404	1,703
Operating costs	1,292	1,129	967	805	643	480	318
Capital costs	1,018	947	876	805	734	663	592
			After-tax NPV (5%) (US$M)				
Gold price	-107	113	328	540	750	960	1,170
Operating costs	1,026	864	702	540	377	215	53
Capital costs	696	644	592	540	487	433	379

The PEA is most sensitive to changes in gold price and offers a positive after-tax net present value only with a gold price of US$1,000/oz. Au or higher.

Other Factors

P&E notes that the potentially economic portion of the mineral resources developed for the PEA was based on an elevated cut-off grade in order to improve early cash flows and minimize the payback period of pre-production capital expenditures. This approach would also allow the construction of a low-grade stockpile from the waste rock generated from the mine, which could potentially be reclaimed and processed at a later date, once open pit mining operations are complete. Alternatively, this may eventually be added to higher grade mineralization from areas from a potential resource expansion, if exploration programs are successful.

Exploration Update

The information set forth under this heading, "– Exploration Update", has been reviewed and approved by Mr. Brian Ray, P.Geo., Senior Resource Geologist with Sandspring, a qualified person in accordance with NI 43-101. See "Interest of Experts".

In May 2012, the Company discovered a new gold mineralized body, called the SE zone, which is situated 1.2 km southeast of the eastern edge of its Toroparu Project gold deposit. A drill campaign comprised of 20 core holes along 50 m spaced fences east and west of the initial discovery hole, was carried out in two phases, TPD 363 to 370 and TPD 378 to 390, to vertical depths of 200 to 300 m. The gold intercepts in these core holes have apparent widths of 25 m to more than 100 m and show a good grade distribution of disseminated medium-grade interspersed with higher-grade zones. 3D modeling of the assay results identified an east-west orientated and west plunging mineralized envelope, which is quite similar in form and orientation as the higher-grade core zone in the Main East zone of the Toroparu Project gold deposit. Mineralization is open to the east and to depth. Much less abundant copper sulphides in the SE zone highlights a difference in mineralization style between this area and the Main East zone of the Toroparu Project gold deposit.

DIVIDENDS

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.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value and an unlimited number of preferred shares. As of December 31, 2011, there were 108,749,772 Common Shares and no preferred shares were issued and outstanding.

Holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Company, to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of Common Shares are entitled to receive on a pro-rata basis such dividends, if any, as and when declared by the Board of Directors of the Company at its discretion from funds legally available therefore and upon the liquidation, dissolution or winding up of the Company. Holders of Common Shares are also entitled to receive on a pro-rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro-rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

TRADING PRICE AND VOLUME

Market for Securities

The Common Shares are listed and traded on the TSXV under the symbol "SSP." The following table indicates the high and low trading prices and the trading volume for the Common Shares on the TSXV on a monthly basis for the financial year ended December 31, 2011.

Period	High ($)	Low ($)	Volume
December 2011	1.69	1.20	2,790,884
November 2011	1.86	1.54	2,457,677
October 2011	1.67	1.33	2,068,747
September 2011	2.04	1.33	2,703,883
August 2011	2.62	1.80	3,126,003
July 2011	2.96	2.09	2,231,896
June 2011	2.52	2.02	2,041,935
May 2011	2.89	1.95	4,528,068
April 2011	3.18	2.66	6,527,440
March 2011	3.60	2.59	10,255,620
February 2011	3.00	2.56	4,785,487
January 2011	3.60	2.87	2,217,508

DIRECTORS AND OFFICERS

The following table sets forth the name, province or state and country of residence, position held with the Company and period(s) during which each director of the Company has served as a director, the principal occupation of each director and executive officer of the Company currently, and over the past five years. All directors of the Company hold office until the next annual meeting of shareholders of the Company or until their successors are elected or appointed.

Name & Province/State and Country of Residence	Position with the Company	Principal Occupation Currently and During Past Five Years
John R. Adams Colorado, USA	Lead Director from November 24, 2009 to January 1, 2011 and Chairman of the Board of Directors effective January 1, 2011	Mr. Adams is the President and a director of ETK Inc. He is also the Chairman, President and a director of the privately held Energy Fuels Corporation group of companies based in Steamboat Springs, Colorado.
P. Greg Barnes Colorado, USA	Executive Vice President since January 6, 2011 and director since February 3, 2010	Mr. Barnes is currently a director of the privately held Hunter Energy LLC and Hunter Resource Capital Inc.
Abraham P. Drost[(1)] Ontario, Canada	President from November 24, 2009 to September 21, 2011 and Director from March 25, 2010 to September 21, 2011	Mr. Drost was the President and Chief Executive Officer of Source Exploration Corp. from July 2008 to September 2009 and is a director of that company (since September 2007). In addition, Mr. Drost served as president of Sabina Gold and Silver Corp. from December 2004 to August 2007 and as director of that company from September 2004 to June 2008.

Name & Province/State and Country of Residence	Position with the Company	Principal Occupation Currently and During Past Five Years
Richard A. Munson Colorado, USA	Director, Chief Executive Officer and Corporate Secretary since November 24, 2009	Mr. Munson is currently the Executive Vice President and a director of ETK Inc. Mr. Munson is also Executive Vice President and a director of the privately held Energy Fuels Corporation group of companies based in Steamboat Springs, Colorado.
Mark C. Maier[(2)] Alberta, Canada	Director from September 9, 2006 to September 21, 2011	Mr. Maier was employed by Merrill Lynch (London) as an Associate Vice President, whereafter; he worked in Florida, USA, as a Risk Manager for AVM L.P., a registered broker/dealer and service company to III Associates L.P., a hedge fund advisor. Currently, Mr. Maier is the Vice President Corporate Development of Aurum Group and investment manager for Alpha Vest Partners and Aurum Venture Partners.
Gerald W. Grandey[(4)] Saskatchewan, Canada	Director since March 25, 2010	Mr. Grandey was the President, Chief Executive Officer and a director of Cameco Corporation until his retirement in July 2011. His prior appointments include Vice-Chair and Chief Executive Officer of the Concord Mining Business Unit. Mr. Grandey also served as President of Energy Fuels Corporation and Energy Fuels Nuclear, Inc.
Brad L. Doores[(3)] Ontario, Canada	Director since March 25, 2010	Mr. Doores is currently Vice President and Deputy General Counsel of Barrick Gold Corporation and prior to 2011 he was Vice President and Assistant General Counsel and held such position for more than the past five years.
David Constable[(3)(4)] Ontario, Canada	Director since January 6, 2011	Mr. Constable is Chairman of U308 Corp. and Rockcliff Resources Inc. and was Vice President, Investor Relations for FNX Mining Company Inc. from 2002 through 2010 until the company's merger with Quadra Mining Ltd.
George M. Bee[(3)]	Director since September 21, 2011	Mr. Bee is President, Chief Executive Officer and a director of Andina Minerals Inc. and serves on the board of directors of Peregrine Metals Ltd. He has held the position since 2009. Prior to Andina Minerals, Mr. Bee was COO at Aurelian Resources Inc. for two years and spent 16 years with Barrick Gold Corporation.
Suresh Beharry[(4)]	Director since September 21, 2011	Mr. Beharry is Chairman of Edward B. Beharry & Company Ltd., a business conglomerate active in a number of industry sectors in Guyana and the Caribbean. He has held such position for the past five years.

(1) Mr. Drost resigned as President and a director of the Company on September 21, 2011.
(2) Mr. Maier resigned as a director of the Company on September 21, 2011.
(3) Member of the Audit Committee.
(4) Member of the Compensation Committee

Based on the disclosure available on the System for Electronic Disclosure by Insiders (SEDI), as of the date hereof, the current directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over approximately 1,635,604 Common Shares, representing approximately 1.24% of the total number of Common Shares outstanding as at the date

hereof.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Company is, as at the date hereof, or has been, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including Sandspring) that:

(a) was subject to a cease trade or similar order, or an order that denied the company access to any exemption under securities legislation, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to a cease trade or similar order, or an order that denied the company access to any exemption under securities legislation, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer, that was in effect for a period of more than 30 consecutive days.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially control of the Company,

(a) is as of the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including Sandspring) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to the bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of the Company's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest between the Company and any directors or officers of the Company, except that certain of the directors and officers serve as directors, officers, promoters and members of management of other public or private companies and therefore it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be

disclosed by such directors or officers in accordance with the OBCA and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than as disclosed below, there are no legal proceedings to which the Company is or was a party to, or that any of its property is or was the subject of, during the financial year ended December 31, 2011.

Pursuant to a joint venture agreement between Mr. Wallace Daniels and ETK, ten PPMSs held pursuant to the joint venture agreement are currently subject to a title dispute. The PPMSs subject to the title dispute are not included in the 167 PPMSs previously identified in which ETK has an interest and the Company does not characterize the dispute as material to its business.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described elsewhere herein, none of the directors, executive officers or persons or companies who beneficially own, or control or direct, directly or indirectly, more than 10 percent of any class of outstanding voting securities of the Company, nor any associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the past three financial years or during the current financial year, that has materially affected or is reasonably expected to have material affect on the Company.

TRANSFER AGENTS AND REGISTRAR

The registrar and transfer agent of the Company is Computershare Trust Company of Canada at its principal office in Calgary, Alberta and Toronto, Ontario.

MATERIAL CONTRACTS

The only material contracts entered into by the Company, other than in the ordinary course of business, within the most recently completed financial year, or prior thereto and are still in effect as at the date hereof, are set forth below described herein. Copies of these material contracts are available electronically under the Company's profile at www.sedar.com.

1. Underwriting agreement dated March 14, 2012 among the Company, RBC Dominion Securities Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc. and Clarus Securities Inc., in respect of the bought-deal private placement offering of Common Shares. See "General Development of the Business – Three Year History".

2. Underwriting agreement dated October 14, 2010 among the Company, Jennings Capital Inc., GMP Securities L.P., Mackie Research Capital Corporation, and Cormark Securities Inc., in respect of bought-deal private placement offering of Common Shares. See "General Development of the Business – Three Year History".

3. Warrant Indenture. See "General Development of the Business – Three Year History".

4. Share Purchase Agreement. See "General Development of the Business – Three Year History".

5. Amended and Restated Upper Puruni Joint Venture Agreement dated September 17, 2008. See "Material Properties – Upper Puruni Joint Venture".

6. Mineral Agreement. See "General Development of the Business – Three Year History".

AUDIT COMMITTEE

Audit Committee Mandate

The Audit Committee is a committee of the Board of Directors established for the purpose of overseeing the accounting and financial reporting process of the Company and annual external audits of the financial statements. The Audit Committee has set out its responsibilities and composition requirements in fulfilling its oversight in relation to the Company's internal accounting standards and practices, financial information, accounting systems and procedures.

A copy of the Audit Committee's Charter is set out in Schedule "A" hereto.

Composition of the Audit Committee

The Audit Committee consists of David Constable (Chairman), Brad L. Doores and George M. Bee, all of whom are independent with the meaning of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). All members are considered to be financially literate.

Relevant Education and Experience of Audit Committee Members

David Constable – Chair of the Audit Committee - Mr. Constable is an exploration geologist and has more than 40 years experience in mineral exploration, development and strategic investor relations throughout Canada and internationally. From 2002 - 2010, Mr. Constable was Vice President Investor Relations for FNX Mining Company Inc., retiring after the 2010 merger with Quadra Mining Ltd. to create QuadraFNX Mining Ltd. (QUX:TSX). Previously, from 1996 - 2002, he listed Australia's Normandy Mining Limited on the TSX and marketed Australia's largest gold producer in North America until its acquisition in 2002 by Newmont Mining Corporation. Mr. Constable has a BSc (Hons.) from Mount Allison University in New Brunswick, an MBA (Hons.) from Sudbury's Laurentian University and possesses an ICD.D designation from the Institute of Canadian Directors.

Brad L. Doores – Director - Mr. Doores is VP and Deputy General Counsel for Barrick Gold Corp. He is a US attorney licensed in the state of Colorado with over 30 years of legal experience in the mining industry. Over the course of his career, Mr. Doores has served as an officer, director and legal counsel for both private and public, and senior and junior, natural resources companies. Mr. Doores has a B.A. from Duke University (1972) and a J.D. from the University of Michigan School of Law (1975).

George M. Bee – Director - Mr. Bee currently serves as President, CEO and director of Andina Minerals Inc. and sits on the board of directors of Peregrine Metals Ltd., which was recently purchased by Stillwater Mining Company. Previously, he worked at Aurelian Resources Inc. (acquired by Kinross Gold Corporation) where he was the Chief Operating Officer. Prior to that Mr. Bee was the Director, Technical Projects for Barrick Gold Corporation. During his 16-year career at Barrick he was responsible for a number of operating and development projects. Mr. Bee is a graduate of the Camborne School of Mines in Cornwall, United Kingdom.

External Auditor Service Fees

The following table discloses the fees billed to the Company by its external auditor during the last two financial years:

Financial Year Ended	Audit Fees	Audited-Related Fees[(1)]	Tax Fees[(2)]	All Other Fees[(3)]
2011	91,299	96,479	12,439	182,391
2010	201,253	Nil	Nil	56,424

(1) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not disclosed in the "Audit Fees" column.
(2) The aggregate fees billed for tax compliance, tax advice and tax planning services.
(3) The aggregate fees billed for professional services other than those listed in the other three columns.

Exemptions

During the most recently completed financial year, the Company, as a "venture issuer", has relied on the exemptions provided by section 6.1 of NI 52-110 with respect to Part 3 - *Composition of the Audit Committee* and Part 5 — *Reporting Obligations*.

INTEREST OF EXPERTS

Technical information set forth herein relating to the Company's material mineral project, the Toroparu Project, other than the technical information under the heading "Description of the Business – Material Properties – Exploration Update", is substantially derived from, and in some instances are extracts from, the Toroparu Technical Report prepared in accordance with NI 43-101, dated March 12, 2012, prepared by Dr. Wayne Ewert, P.Geo., Mr. Eugene Puritch, P.Eng., Mr. Kirk Rodgers, P.Eng., Mr. David Orava, P.Eng., Mr. Harnam Trehin, P. Eng., Mr. David Burga, P. Geo., Ms. Tracy Armstrong, P. Geo. and Mr. Antoine Yassa, P.Geo. of P&E, Mr. Ernie Burga, P.Eng. of Andeburg Consulting Services Inc., Mr. Frank Daviess, SME of SRK, and Mr. Graham Holmes, P.Eng. of Jacobs Minerals Canada Inc. Each of Dr. Ewert, Mr. Puritch, Mr. Rodgers, Mr. Orava, Mr. Trehin, Mr. Yassa, Mr. D. Burga, Ms. Armstrong, Mr. E. Burga, Mr. Daviess and Mr. Holmes are qualified persons in accordance with NI 43-101. A copy of the Toroparu Technical Report is available electronically under the Company's profile at www.sedar.com.

Technical information set forth under this heading, "Description of the Business – Material Properties – Exploration Update", has been reviewed and approved by Mr. Brian Ray, P.Geo., Senior Resource Geologist with Sandspring, a qualified person in accordance with NI 43-101.

The aforementioned firms and persons held either less than one percent or no securities of the Company or of any associate or affiliate of the Company at or following the time when they prepared the Toroparu Technical Report or the technical information set forth under the heading, "Description of the Business –

Material Properties – Exploration Update", as applicable, and either did not receive any or received less than a one percent direct or indirect interest in any securities of the Company or of any associate or affiliate of the Company in connection with the preparation of such technical information.

None of the aforementioned persons, nor any directors, officers or employees of the aforementioned firms is currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

KPMG LLP, Chartered Accountants, are the independent auditors of the Company and were independent at the time of the preparation of the audited financial statements of the Company for the year ended December 31, 2011, in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, as applicable, are contained in the Company's management information circular filed in connection with its 2012 annual and special shareholders' meeting. Additional financial information is provided in the Company's financial statements and managements' discussion and analysis for the fiscal year ended December 31, 2011. Additional financial information relating to the Company may also be found under the Company's profile at www.sedar.com.

SCHEDULE "A"

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

I PURPOSE

The Audit Committee (the "**Committee**") will consist of independent directors and is appointed by the Board of Directors (the "**Board**") of Sandspring Resources Ltd. (the "Corporation") to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee's primary duties and responsibilities are to:

- conduct such reviews and discussions with management and the independent auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel;
- review the quarterly and annual financial statements and management's discussion and analysis of the Corporation's financial position and operating results and report thereon to the Board for approval of same;
- select and monitor the independence and performance of the Corporation's outside auditors (the "**Independent Auditors**"), including attending at private meetings with the Independent Auditors and reviewing and approving all renewals or dismissals of the Independent Auditors and their remuneration; and
- provide oversight to related party transactions entered into by the Corporation.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part III of this Charter.

II AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

(a) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(b) set and pay the compensation for advisors employed by the Committee; and

(c) communicate directly with the internal and external auditors.

III COMPOSITION AND MEETINGS

1. The Committee and its membership shall meet all applicable legal and listing requirements, including, without limitation, those of the TSX Venture Exchange ("**TSXV**"), its incorporating statute and all applicable securities regulatory authorities.

2. The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair.

3. Each member of the Committee shall be "financially literate" (as defined by applicable securities laws and regulations).

4. The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two of the members of the Committee present either in person or by telephone shall constitute a quorum.

5. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.

6. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

7. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by, the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.

8. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.

9. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.

10. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it may see fit, from time to time, to attend at meetings of the Committee.

11. The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.

12. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Audit Committee shall require the approval of the Board prior to implementation.

IV RESPONSIBILITIES

A Financial Accounting and Reporting Process and Internal Controls

1. The Committee shall review the annual audited financial statements and interim financial statements to satisfy itself that they are presented in accordance with applicable Canadian and international accounting standards (including the International Financing Reporting Standards (IFRS) as adopted by the applicable regulatory agencies), and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. With respect to the annual and interim financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the Independent Auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.

2. The Committee shall review management's internal control report and the evaluation of such report by the Independent Auditors, together with management's response.

3. The Committee shall review the financial statements, management's discussion and analysis relating to annual and interim financial statements, annual and interim earnings press releases and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information.

4. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection (3), and periodically assess the adequacy of these procedures.

5. The Committee shall meet no less frequently than annually with the Independent Auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, deems appropriate.

6. The Committee shall inquire of management and the Independent Auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.

7. The Committee shall review the post-audit or management letter containing the recommendations of the Independent Auditors and management's response and subsequent follow-up to any identified weaknesses.

8. The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.

9. The Committee shall establish procedures for:

   (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

   (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

10. The Committee shall provide oversight to related party transactions entered into by the Corporation.

B **Independent Auditors**

1. The Committee shall be directly responsible for the selection, appointment, compensation and oversight of the Independent Auditors and the Independent Auditors shall report directly to the Committee.

2. The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.

3. The Committee shall pre-approve all audit and non-audit services (including, without limitation, the review of any interim financial statements of the Corporation by the Independent Auditors at the discretion of the Committee) not prohibited by law to be provided by the Independent Auditors.

4. The Committee shall monitor and assess the relationship between management and the Independent Auditors and monitor, confirm, support and assure the independence and objectivity of the Independent Auditors. The Committee shall establish procedures to receive and respond to complaints with respect to accounting, internal accounting controls and auditing matters.

5. The Committee shall review the Independent Auditor's audit plan, including scope, procedures and timing of the audit.

6. The Committee shall review the results of the annual audit with the Independent Auditors, including matters related to the conduct of the audit, and receive and review the auditor's interim review reports.

7. The Committee shall obtain timely reports from the Independent Auditors describing critical accounting policies and practices, alternative treatments of information within applicable Canadian and international accounting principles (including the IFRS as adopted by the applicable regulatory agencies), that were discussed with management, their ramifications, and the Independent Auditors' preferred treatment and material written communications between the Corporation and the Independent Auditors.

8. The Committee shall review fees paid by the Corporation to the Independent Auditors and other professionals in respect of audit and non-audit services on an annual basis.

9. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.

10. The Committee shall monitor and assess the relationship between management and the external auditors, and monitor and support the independence and objectivity of the external auditors.

C **Other Responsibilities**

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.