



Consolidated Financial Statements
Three Months Ended March 31, 2017 and 2016

Prepared by:
Sandspring Resources Ltd.
9137 East Mineral Circle, Suite 180
Centennial, Colorado, USA
www.sandspringresources.com

Expressed in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed consolidated interim financial statements of Sandspring Resources Ltd. have been prepared by and are the responsibility of the Company's management.

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements for the three months ended March 31, 2017 and 2016.

SANDSPRING RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(Expressed in Canadian Dollars)

As at		March 31, 2017	December 31, 2016
ASSETS	Notes	\$	\$
Current			
Cash		3,005,740	4,099,220
Restricted cash	4	198,290	200,033
Prepaid expenses		219,921	173,056
		3,423,951	4,472,309
Equipment	7	118,058	126,949
Mineral properties under exploration	8	25,061,071	25,061,071
		28,603,080	29,660,329
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		799,730	418,203
Deferred management compensation	9	1,051,818	1,057,422
		1,851,548	1,475,625
Non-current liabilities			
Deferred property obligation	8	1,056,487	1,017,958
Deferred revenue	10	16,940,800	16,940,800
		17,997,287	17,958,758
SHAREHOLDERS' EQUITY			
Common shares	11	130,617,703	130,594,813
Equity reserve	12, 13	16,298,425	13,984,600
Deficit		(138,161,883)	(134,353,467)
		8,754,245	10,225,946
		28,603,080	29,660,329

Going concern - Note 1

Commitments - Notes 8, 10, 16

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

On behalf of the Board of Directors:

"Signed"

Rich Munson, CEO/Director

"Signed"

P. Greg Barnes, EVP/Director

SANDSPRING RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited)

(Expressed in Canadian Dollars, except share and per share amounts)

		Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
	Notes	\$	\$
Expenditures			
Administrative		61,130	70,270
Consulting		51,185	52,789
Depreciation	7	8,891	115,387
Foreign exchange gain		(15,724)	(85,714)
Exploration expenses	8	1,166,680	870,337
Professional fees		31,984	27,281
Salaries and other employee benefits		173,038	162,462
Investor relations and marketing		101,374	56,461
Stock-based compensation	13	2,191,894	1,409
Regulatory and transfer agent		11,887	9,731
Travel		29,964	21,193
		3,812,303	1,301,606
Other			
Interest income		3,887	2,684
		3,887	2,684
Net loss and comprehensive loss for the period		(3,808,416)	(1,298,922)
Loss per share			
Basic and diluted		(0.03)	(0.02)
Weighted average number of shares outstanding			
Basic and diluted		113,489,633	85,199,045

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

SANDSPRING RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY

(Unaudited)

(Expressed in Canadian Dollars, Except Share Amounts)

	Common Shares	Common Shares	Equity Reserve	Deficit	Total
	#	\$	\$	\$	\$
Balance, December 31, 2015	82,594,545	123,834,403	11,923,604	(127,118,227)	8,639,780
Stock-based compensation	-	-	1,409	-	1,409
Shares issued in settlement of debt	100,000	15,000	-	-	15,000
Shares issued on exercise of options	50,000	16,950	(6,950)	-	10,000
Shares issued on exercise of warrants	5,000,000	1,028,962	(278,962)	-	750,000
Net loss for the period	-	-	-	(1,298,922)	(1,298,922)
Balance, March 31, 2016	87,744,545	124,895,315	11,639,101	(128,417,149)	8,117,267
Stock-based compensation	-	-	71,370	-	71,370
Shares issued on exercise of options	597,663	168,039	(49,206)	-	118,833
Shares issued on exercise of warrants	5,250,000	1,592,926	(8,926)	-	1,584,000
Share units issued on private placement	20,312,500	4,082,557	2,417,443	-	6,500,000
Share units issued as finder's fees	156,250	31,404	18,596	-	50,000
Share issue costs	-	(175,428)	(103,778)	-	(279,206)
Net loss for the period	-	-	-	(5,936,318)	(5,936,318)
Balance, December 31, 2016	114,060,958	130,594,813	13,984,600	(134,353,467)	10,225,946
Stock-based compensation	-	-	2,321,677	-	2,321,677
Shares issued on exercise of options	74,999	22,890	(7,852)	-	15,038
Net loss for the period	-	-	-	(3,808,416)	(3,808,416)
Balance, March 31, 2017	114,135,957	130,617,703	16,298,425	(138,161,883)	8,754,245

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

SANDSPRING RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(Expressed in Canadian Dollars)

		Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Cash (used in) provided by:	Notes	\$	\$
Operating activities			
Net loss for the period		(3,808,416)	(1,298,922)
Adjustments for:			
Depreciation		8,891	115,387
Stock-based compensation		2,321,677	1,409
Accretion of deferred property obligation	8	38,529	(14,914)
Deferred management compensation foreign exchange		(5,604)	(40,855)
Restricted cash		1,743	12,319
Change in non-cash working capital:			
Prepaid expenses		(46,865)	(28,825)
Accounts payable		381,527	102,091
		(1,108,518)	(1,152,310)
Financing activities			
Proceeds received from settlement of debt		-	15,000
Proceeds from exercise of stock options	13	15,038	10,000
Proceeds from exercise of warrants		-	750,000
		15,038	775,000
Cash beginning of period		4,099,220	2,596,210
Change in cash		(1,093,480)	(377,310)
Cash end of period		3,005,740	2,218,900

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

Sandspring Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements
Three Months Ended March 31, 2017
(Expressed in Canadian Dollars)
(Unaudited)

1. Corporate Information and Going Concern

Sandspring Resources Ltd. ("Sandspring" or "the Company") is a resource exploration company, incorporated in Canada on September 20, 2006 under the Business Corporations Act (Alberta). The Company continued out of Alberta and into Ontario effective March 31, 2010. Sandspring is focused on the exploration for, and resource expansion of, gold and related minerals in Guyana, South America. Sandspring's principal place of business is located at 9137 East Mineral Circle, Suite 180, Centennial, Colorado in the United States of America.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

As at March 31, 2017, the Company had working capital of \$1,572,403 (December 31, 2016: \$2,996,684) and an accumulated deficit of \$138,161,883 (December 31, 2016: \$134,353,467), incurred losses in the three months ended March 31, 2017 amounting to \$3,808,416 (2016: \$1,298,922), and used cash in operating activities during the three months ended March 31, 2017 of \$1,108,518 (2016: \$1,152,310). The Company will exercise discretion on the amount and timing of its expenditures and evaluate financing needs throughout 2017 as required.

In November 2013, and amended in April 2015, the Company entered into a precious metals purchase agreement (the "Purchase Agreement") with Silver Wheaton (Caymans) Ltd. ("Silver Wheaton") under which Silver Wheaton will pay Sandspring incremental up-front cash payments totaling US\$153.5 million for 10% of the payable gold production and 50% of the silver production from the Company's Toroparu Project in Upper Puruni, Guyana (the "Toroparu Project"). Sandspring has received initial draw downs of US\$15.5 million of the cash payment, to be used primarily for advancement of the final feasibility study for the Toroparu Project.

Under the terms of the Purchase Agreement, as amended, the Company is required to complete a final feasibility study for its Toroparu Project before December 31, 2017, upon receipt of which Silver Wheaton can elect to proceed and pay the balance of the US\$138 million owed under the Purchase Agreement to finance construction of the Toroparu Project, or can elect to terminate the Purchase Agreement. The Company's ability to finance activities is dependent on whether Silver Wheaton elects to proceed after completion of the feasibility study, as well as on the Company's ability to raise additional equity financing to fund ongoing activities, including the portion of project construction not financed by Silver Wheaton. There are no assurances that Silver Wheaton will elect to fund construction of the Toroparu Project, or that the Company will be successful in raising equity financing at all or, if available, on terms acceptable to the Company.

These conditions indicate the existence of material uncertainties that may cast significant doubt regarding the applicability of the going concern assumption. These condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. These adjustments could be material.

Sandspring Resources Ltd.

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2. Basis of Presentation

Statement of Compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC, and therefore should be read in conjunction with the Company's audited annual consolidated financial statements as at and for the year ended December 31, 2016.

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on May 25, 2017.

3. Significant Accounting Policies

Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries; Sandspring Resources (USA) Ltd. ("Sandspring USA"), GoldHeart Investment Holdings Ltd. ("GoldHeart") and ETK Inc. ("ETK"). Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. All inter-company transactions and balances are eliminated in full.

Future Accounting Changes

IFRS 9 - Financial Instruments

IFRS 9 introduces the new requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 - *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value, and all financial liabilities classified as subsequently measured at amortized cost except for financial liabilities measured at fair value through profit and loss. In July 2014, the IASB issued the final version of IFRS 9 - *Financial Instruments* bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 - *Financial Instruments: Recognition and Measurement*. The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 introduces a new framework for determining the nature, amount, timing and uncertainty of revenues and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

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IFRS 16 - Leases

IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance. The standard is effective for annual periods beginning on or after January 1, 2019.

The Company is currently evaluating the potential impact of the above new standards on its condensed consolidated interim financial statements, but does not expect the impact to be material.

4. Restricted Cash

Restricted cash consists of \$198,290 (December 31, 2016: \$200,033) held as security for performance bonds in favor of the Guyana Geology and Mines Commission (\$184,893) and the Guyana Customs and Trade Administration (\$13,397).

5. Capital Management

The Company manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out the Company's defined exploration programs and to meet its ongoing administrative costs. The Company considers its capital to be total shareholders' equity (managed capital) which, at March 31, 2017, totaled \$8,754,245 (December 31, 2016: \$10,225,946). The Company is not subject to any externally imposed capital requirements.

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

The Company's capital management objectives, policies and processes remained unchanged during the three months ended March 31, 2017.

6. Financial Instruments

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

Credit Risk

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

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Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. The Company generates cash primarily through its financing activities. At March 31, 2017, the Company had cash and restricted cash of \$3,204,030 (December 31, 2016: \$4,299,253) to settle current liabilities of \$1,851,548 (December 31, 2016: \$1,475,625). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity (Note 1). The Company is actively seeking additional sources of capital.

The Company's cash and restricted cash are measured using Level 1 inputs as at March 31, 2017.

Currency Risk

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 U.S. dollar currency and maintains U.S. dollar and Guyanese dollar bank accounts. The Company is subject to gains and losses from fluctuations in the U.S. dollar and Guyanese dollar against the Canadian dollar.

The following table summarizes, in Canadian dollar equivalents, the Company's major foreign currency exposures to the U.S. dollar as at March 31, 2017. The Company manages its U.S. dollar currency risk by maintaining resources in its U.S. dollar bank accounts sufficient to meet its U.S. dollar operational requirements. The Company's exposure to the currency risk of Guyanese dollars is not material.

	March 31, 2017
Cash	\$ 935,244
Liabilities	(1,325,152)
	\$ (389,908)

The table below summarizes a sensitivity analysis for significant unsettled currency risk exposure with respect to the Company's financial instruments as at March 31, 2017, with all other variables held constant.

	Sensitivity Analysis, Change in USD	Increase (Decrease) in Net Income
Decrease in Net Income	-1%	\$ 3,899
Increase in Net Income	1%	\$ (3,899)

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7. Equipment

	Camp Equipment	Heavy Equipment	Other Equipment	Vehicles	Furniture and Office Equipment	Total
<u>Cost</u>						
As at December 31, 2016	\$ 91,147	\$ 2,941,572	\$ 308,408	\$ 219,704	\$ 299,765	\$ 3,860,596
Additions	-	-	-	-	-	-
As at March 31, 2017	\$ 91,147	\$ 2,941,572	\$ 308,408	\$ 219,704	\$ 299,765	\$ 3,860,596
<u>Accumulated Depreciation</u>						
As at December 31, 2016	\$ 75,319	\$ 2,901,305	\$ 303,432	\$ 161,118	\$ 292,473	\$ 3,733,647
Charge for the period	865	2,019	764	3,942	1,301	8,891
As at March 31, 2017	\$ 76,184	\$ 2,903,324	\$ 304,196	\$ 165,060	\$ 293,774	\$ 3,742,538
<u>Net Book Value</u>						
As at December 31, 2016	\$ 15,828	\$ 40,267	\$ 4,976	\$ 58,586	\$ 7,292	\$ 126,949
As at March 31, 2017	\$ 14,963	\$ 38,248	\$ 4,212	\$ 54,644	\$ 5,991	\$ 118,058

8. Mineral Properties Under Exploration

The Company has held mineral exploration concessions in the Upper Puruni River Area of northwestern Guyana, South America, referred to as the "Upper Puruni Property". The Upper Puruni Property consists of certain small scale claims, medium scale prospecting permits ("PPMSs"), medium scale mining permits ("MPs") and prospecting licenses ("PLs").

The Upper Puruni Property is currently the Company's primary resource property, and is held and operated through ETK, the Company's wholly-owned subsidiary.

Certain of the PPMSs, MPs and small scale claims are held pursuant to an agreement between ETK and Mr. Alfro Alphonso (the "Upper Puruni Agreement"). The Toroparu Project is located within the holdings subject to the terms of the Upper Puruni Agreement.

The Company continuously reviews the composition of its mineral exploration concessions based on the results of exploration work completed on the Upper Puruni Property and the Company has been restructuring its mineral exploration concessions to ensure that exploration work and resources are focused on the areas considered to be most prospective. As an initial step in the land restructuring, the Company acquired rights in 2015 to the "Otomung Property" to the Northwest of the Toroparu Deposit. The Company will consider further land adjustments, including the surrender or assignment of holdings, as additional exploration work is completed.

The Upper Puruni Agreement stipulates that ETK is the sole operator and has 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 lands. An in-kind royalty of 6% is payable to Mr. Alphonso on all gold and other mineral production from the claims subject to the Upper Puruni Agreement. The original Upper Puruni Agreement provided that ETK would

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commence commercial production, defined as production of 50,000 ounces of gold per year, beginning on January 1, 2013, or in lieu thereof, pay Mr. Alphonso an annual sum of the Guyana dollar equivalent of US\$250,000 until commercial production has commenced. As production has not yet been achieved, the Company commenced paying US\$250,000 annually to Mr. Alphonso in January 2013.

In November 2013, the Company agreed to an amendment of the Upper Puruni Agreement. The agreement previously stated that in the event ETK had not achieved commercial production by January 1, 2017, Mr. Alphonso had the right to declare a default under the terms of the agreement. The agreement was amended to extend the deadline for achieving commercial production by three years, to January 1, 2020. Further, ETK shall pay to Mr. Alphonso the Guyana Dollar equivalent of the sum of US\$1,000,000 on or before June 30, 2018.

The following table shows the continuity of the discounted long-term liability to Mr. Alphonso:

Balance, December 31, 2015	\$	873,955
Additions:		
Accretion	\$	167,777
Foreign exchange		(23,774)
Balance, December 31, 2016	\$	1,017,958
Additions:		
Accretion	\$	47,143
Foreign exchange		(8,614)
Balance, March 31, 2017	\$	1,056,487

The Upper Puruni Agreement also gives ETK the option of purchasing all of Mr. Alphonso's interest in the Upper Puruni Property, except his right to continue to conduct alluvial mining on the property, for 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 mining licenses. There are no credits against the US\$20 million buy-out price for royalty or other payments made by ETK to Mr. Alphonso.

As at March 31, 2017, the carrying amount of the Company's interest in mineral properties is as follows:

	March 31, 2017	December 31, 2016
Toroparu	\$ 25,061,071	\$ 25,061,071

The carrying value of mineral properties under exploration represents the cost of acquired properties. All costs related to exploration activities are expensed as incurred. Mineral properties under exploration are not depreciated, and will be reclassified once technical feasibility and commercial viability can be demonstrated.

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The following table sets forth a breakdown of material components of the Company's exploration expenditures for the periods ended March 31, 2017 and 2016.

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Upper Puruni exploration costs		
Camp expenses	\$ 158,262	\$ 183,828
Consulting	104,466	48,694
Engineering studies	91,852	-
Lab fees	55,100	39,751
Office and administrative costs	26,075	21,348
Salaries and benefits	111,094	119,057
Travel and accommodation	53,727	33,165
Production commitment fees	355,177	345,834
Prospecting licenses	81,144	78,660
Stock-based compensation	129,783	-
Exploration costs sub-total	\$ 1,166,680	\$ 870,337
Depreciation	7,703	114,185
Total exploration costs	\$ 1,174,383	\$ 984,522

Godette Agreement

The Company, through its wholly-owned subsidiary ETK, has rights to certain MPs pursuant to the Godette Joint Venture Agreement (the "Godette Agreement"). ETK has sole operatorship and sole decision-making discretion in all matters pertaining to gold exploration on the lands subject to the Godette Agreement. ETK also has the sole and exclusive right to sell all gold, other precious metals or gemstones it may recover from the properties.

ETK purchased 100% of the Godettes' interest in the Godette Agreement for the sum of US\$300,000.

9. Deferred Management Compensation

At March 31, 2017, the Company recognized \$1,051,818 (December 31, 2016: \$1,057,422) pertaining to management compensation and severance amounts owed in connection with a corporate restructuring that occurred in the fourth quarter of 2014. In accordance with underlying agreements, all parties have agreed to defer payment of the balances owed, subject to certain liquidity conditions of the Company and at the discretion of the Compensation Committee, until December 31, 2017. Effective January 1, 2016, the Company amended the management employment agreements for Mr. Munson (CEO) and Mr. Barnes (Executive Vice President) resulting in a reduction to fifty percent (50%) of base salary, which eliminated further salary deferrals.

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10. Deposit on Gold Purchase Agreement and Deferred Revenue

In 2013, the Company announced that it had entered into a Purchase Agreement with Silver Wheaton under which Silver Wheaton would pay the Company upfront cash payments totaling US\$148.5 million for 10% of the payable gold production from the Company's Toroparu Project. In addition, Silver Wheaton will make ongoing payments to the Company of the lesser of the market price and US\$400 per payable ounce of gold delivered to Silver Wheaton over the life of the Toroparu Project, subject to a 1% annual increase starting after the third year of production.

The Company received an initial draw down of US\$13.5 million of the cash payment in December 2013 to be used primarily for advancement of the final feasibility study for the Toroparu Project.

In April 2015, the Company amended the Purchase Agreement to include a silver stream under which Silver Wheaton will pay Sandspring incremental up-front cash payments totaling US\$5.0 million for 50% of the payable silver production from the Toroparu Project, bringing the total contemplated payment from Silver Wheaton to US\$153.5 million. In addition, Silver Wheaton will make ongoing payments to Sandspring of the lesser of the market price and US\$3.90 per payable ounce of silver delivered to Silver Wheaton over the life of the Toroparu Project, subject to a 1% annual increase starting on the fourth anniversary of production. Sandspring received US\$2.0 million of the incremental US\$5.0 million cash payment in four equal installments over the course of 2015, with the remainder payable in installments during construction of the Toroparu Project.

The balance of the US\$138 million is subject to Silver Wheaton's election to proceed and is payable in installments during construction of the Toroparu Project once all necessary mining licenses have been obtained and conditions pertaining to final feasibility, the availability of project capital finance, the granting of security to Silver Wheaton and other customary conditions are satisfied. If the feasibility study has not been delivered by December 31, 2017, or Silver Wheaton elects not to proceed after receiving the feasibility study, Silver Wheaton may elect (a) not to pay the balance of the deposit and to reduce the gold stream percentage from 10% to 0.909% and the silver stream percentage from 50% to nil, or (b) not to proceed with the streaming transaction and to convert the portion of the deposit already paid less US\$2 million into debt of the Company that will become due and payable in whole or in part upon the occurrence of certain events including, but not limited to, a "change of control" of the Company or the Company obtaining certain levels of debt or equity financing. If Silver Wheaton elects to reduce the streams, Sandspring may return the amount of the deposit already advanced less US\$2 million to Silver Wheaton and terminate the agreement. In the event the Company does not deliver sufficient gold and silver to repay the total balance of the deposit, the Company will be required to pay any remaining balance in cash.

11. Share Capital

The Company is authorized to issue an unlimited amount of common shares. The common shares do not have a par value.

During the three months ended March 31, 2017, 74,999 stock options were exercised for net proceeds of \$15,000.

Sandspring Resources Ltd.

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12. Warrants

As at March 31, 2017, the Company had a total of 39,502,758 warrants outstanding. The following table shows the continuity of warrants during the period:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2015	29,284,008	\$ 0.37
Warrants exercised	(5,000,000)	0.30
Balance, March 31, 2016	24,284,008	\$ 0.39
Warrants issued on private placement	20,468,750	\$ 0.42
Warrants exercised	(5,250,000)	0.23
Balance, December 31, 2016 and March 31, 2017	39,502,758	\$ 0.41

The following warrants were outstanding as at March 31, 2017:

Expiry Date	Exercise Price	Number of Warrants
October 7, 2017	\$ 0.90	3,442,358
September 11, 2020	\$ 0.30	15,666,650
May 6, 2021	\$ 0.42	20,393,750
		39,502,758

13. Stock Options

The Company's stock option plan was approved by shareholders on March 16, 2007, for the purpose of advancing the interests of the Company by encouraging the directors, officers, and employees of the Company, and of its subsidiaries and affiliates, to acquire common shares in the share capital of the Company, thereby increasing their interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company. The number of stock options that may be granted under the plan is limited to not more than 10% of the issued common shares of the Company at the time of the stock option grant. The exercise price of stock options granted in accordance with the plan will be not less than the closing price of the common shares on the trading day immediately prior to the effective date of grant.

In March 2017, 5,635,000 stock options were granted with an exercise price of \$0.53 and a term of ten years.

The Company records a charge to the statement of operations and comprehensive loss account using the Black-Scholes fair valuation option pricing model.

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The following table shows the continuity of stock options during the period:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2015	6,969,306	\$ 0.10
Options expired	(299,994)	\$ 7.20
Options exercised	(50,000)	0.20
Balance, March 31, 2016	6,619,312	\$ 0.76
Options granted	200,000	\$ 0.45
Options expired	(523,326)	5.21
Options exercised	(597,663)	0.20
Balance, December 31, 2016	5,698,323	\$ 0.50
Options granted	5,635,000	\$ 0.53
Options expired	(374,997)	4.14
Options exercised	(74,999)	0.20
Balance, March 31, 2017	10,883,327	\$ 0.39

The following are the stock options outstanding as at March 31, 2017:

Exercise Price	Outstanding	Exercisable	Weighted Average Remaining Years
\$ 0.15	175,000	175,000	8.0
\$ 0.18	350,000	350,000	5.2
\$ 0.20	4,314,997	4,314,997	8.4
\$ 0.45	200,000	200,000	0.8
\$ 0.53	5,635,000	5,635,000	10.0
\$ 1.23	208,330	208,330	0.9
	10,883,327	10,883,327	8.8

On March 24, 2017, the Company granted 5,635,000 stock options exercisable for one common share each at a price of \$0.53 with an expiry date of March 24, 2027. The fair value of the stock options was estimated on the date of grant in the amount of \$2,321,677 using the Black-Scholes valuation model with the following assumptions; i) exercise share price of \$0.53; ii) expected share price volatility of 75%; iii) risk free interest rate of 1.13%; iv) no dividend yield. All of the options vested immediately.

During the three months ended March 31, 2017, \$2,321,677 (2016: \$1,409) of share based compensation was recognized, which includes \$129,783 that relates to exploration expenses in the statement of operations.

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Notes to the Condensed Consolidated Interim Financial Statements
Three Months Ended March 31, 2017
(Expressed in Canadian Dollars)
(Unaudited)

14. Related Party Transactions

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

- a) Included in accounts payable and accrued liabilities is \$14,171 (December 31, 2016: \$30,591) due to officers and directors of the Company.
- b) Remuneration of directors and key management of the Company was as follows:

	March 31, 2017		March 31, 2016	
Salaries and benefits for management	\$	88,529	\$	81,486
Share-based payments		1,936,447		-
	\$	2,024,976	\$	81,486

The Company's Directors elected to waive fees for 2017.

15. Segmented Information

The Company primarily operates in one reportable operation segment, being the exploration of its Toroparu Project in Guyana. The Company has administrative offices in Vancouver, Canada and Centennial, USA. Segmented information on a geographic basis is as follows:

	United States		Guyana		Total
Equipment	\$	6,106	\$	120,843	\$ 126,949
Mineral properties		-		25,061,071	25,061,071
December 31, 2016	\$	6,106	\$	25,181,914	\$ 25,188,020

	United States		Guyana		Total
Equipment	\$	4,919	\$	113,139	\$ 118,058
Mineral properties		-		25,061,071	25,061,071
March 31, 2017	\$	4,919	\$	25,174,210	\$ 25,179,129

17. Commitments

The Company has executed a mineral agreement with the Government of Guyana that stipulates a royalty of 8% on gold (1.5% on copper) produced from its mineral claims payable in cash or in kind to the Government of Guyana.