SANDSPRING
RESOURCES LTD.

Consolidated Financial Statements
Years Ended December 31, 2018 and 2017

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

Expressed in Canadian Dollars

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Sandspring Resources Ltd. were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 3 to the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management as well as with the independent auditors to review the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

/s/ Rich Munson
Chief Executive Officer

/s/ Jessica Van Den Akker
Chief Financial Officer

Toronto, Canada
April 25, 2019

KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, ON M5H 2S5
Canada
Tel 416-777-8500
Fax 416-777-8818

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Sandspring Resources Ltd.

Opinion

We have audited the consolidated financial statements of Sandspring Resources Ltd. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2018 and December 31, 2017;
- the consolidated statements of operations and comprehensive loss for the years ended December 31, 2018 and December 31, 2017;
- the consolidated statements of changes in shareholders' equity for the years ended December 31, 2018 and December 31, 2017;
- the consolidated statements of cash flow for the years ended December 31, 2018 and December 31, 2017;
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2018 and December 31, 2017, and its consolidated results of operations and comprehensive loss and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that Sandspring Resources Ltd. has incurred losses, used cash in operating activities and has an accumulated deficit.

As stated in Note 1 in the consolidated financial statements, this condition, along with other matters as set forth in Note 1 in the consolidated financial statements, indicates that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises:

- Information, other than the financial statements and the auditors' report thereon, included in the Management Discussion and Analysis document.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Information, other than the financial statements and the auditors' report thereon, included in the Management Discussion and Analysis document as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

The engagement partner on the audit resulting in this auditor's report is Daniel Gordon Ricica.
Toronto, Canada
April 25, 2019

SANDSPRING RESOURCES LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

As at		**December 31, 2018**	December 31, 2017
ASSETS	**Notes**	**$**	**$**
Current			
Cash		**3,055,182**	4,802,907
Restricted cash	4	**197,475**	181,190
Prepaid expenses		**204,726**	139,819
		3,457,383	5,123,916
Equipment	7	**128,837**	174,091
Mineral properties under exploration	8	**34,295,548**	25,061,071
		37,881,768	30,359,078
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**822,315**	1,023,107
Deferred property obligation	8	**-**	1,141,307
Deferred management compensation	9	**633,666**	432,852
		1,455,981	2,597,266
Non-current liabilities			
Deferred management compensation		**-**	582,925
Deferred revenue	10	**16,940,800**	16,940,800
		16,940,800	17,523,725
SHAREHOLDERS' EQUITY			
Common shares	11	**149,951,914**	134,161,312
Equity reserve	12, 13	**22,080,724**	18,439,230
Deficit		**(152,547,651)**	(142,362,455)
		19,484,987	10,238,087
		37,881,768	30,359,078

Going concern - Note 1

Commitments - Notes 8, 10, 11

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

On behalf of the Board of Directors:

"Signed"	"Signed"
Rich Munson, CEO/Director	P. Greg Barnes, EVP/Director

SANDSPRING RESOURCES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars, except share and per share amounts)

	Notes	**Year Ended December 31, 2018**	Year Ended December 31, 2017
		$	$
Expenditures			
Administrative		**198,617**	211,453
Consulting		**202,250**	201,415
Depreciation	7	**49,524**	38,452
Foreign exchange gain		**(193,813)**	(218,445)
Exploration expenses	8	**7,009,249**	4,315,107
Professional fees		**104,410**	106,952
Salaries and other employee benefits		**660,649**	661,426
Investor relations and marketing		**613,806**	413,371
Stock-based compensation		**1,195,455**	2,191,894
Regulatory and transfer agent		**47,959**	44,539
Travel		**119,222**	85,673
Total expenditures		**10,007,328**	8,051,837
Interest income		**58,138**	42,849
Loss on settlement of deferred management compensation	9	**236,006**	-
Net loss and comprehensive loss for the year		**(10,185,196)**	(8,008,988)
Loss per share			
Basic and diluted		**(0.06)**	(0.07)
Weighted average number of shares outstanding			
Basic and diluted		**167,290,123**	117,924,958

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

SANDSPRING RESOURCES LTD.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars, Except Share Amounts)

	Common Shares	Common Shares	Equity Reserve	Deficit	Total
	#	$	$	$	$
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	128,331	40,857	(15,190)	-	25,667
Shares and warrants issued on private placement	17,200,000	3,740,777	2,279,223	-	6,020,000
Shares and warrants issue costs	-	(215,135)	(131,080)	-	(346,215)
Net loss for the year	-	-	-	(8,008,988)	(8,008,988)
Balance, December 31, 2017	**131,389,289**	**134,161,312**	**18,439,230**	**(142,362,455)**	**10,238,087**
Stock-based compensation	-	-	1,223,358	-	1,223,358
Shares and warrants issued in settlement of debt	1,236,718	432,852	236,006	-	668,858
Shares and warrants issue costs	-	(218,450)	(62,003)	-	(280,453)
Shares issued on exercise of options	51,665	15,758	(5,425)	-	10,333
Shares and warrants issued on private placement	41,000,000	8,000,442	2,249,558	-	10,250,000
Shares issued for the Chicharron asset to GA Mines	21,000,000	4,410,000	-	-	4,410,000
Shares issued for the Chicharron asset to Gran Colombia	15,000,000	3,150,000	-	-	3,150,000
Net loss for the year	-	-	-	(10,185,196)	(10,185,196)
Balance, December 31, 2018	**209,677,672**	**149,951,914**	**22,080,724**	**(152,547,651)**	**19,484,987**

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

SANDSPRING RESOURCES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOW

(Expressed in Canadian Dollars)

	Year Ended December 31, 2018	Year Ended December 31, 2017
Cash (used in) provided by:	**$**	$
Operating activities		
Net loss for the year	**(10,185,196)**	(8,008,988)
Adjustments for:		
Depreciation	**49,524**	38,452
Stock-based compensation	**1,223,358**	2,321,677
Accretion of deferred property obligation	**222,393**	123,349
Deferred management compensation foreign exchange	**50,741**	(41,645)
Loss on settlement of deferred management compensation	**236,006**	-
Restricted cash foreign exchange	**(16,285)**	18,843
Change in non-cash working capital:		
Prepaid expenses	**(64,907)**	33,237
Accounts payable	**(416,905)**	604,904
	(8,901,271)	(4,910,171)
Investing activities		
Payment of property obligation	**(1,363,700)**	-
Cash received on acquisition of Chicharron	**103,714**	-
Acquision of Chicharron	**(1,562,078)**	-
Purchase of equipment	**(4,270)**	(85,594)
	(2,826,334)	-
Financing activities		
Shares issued on private placement	**10,250,000**	5,673,786
Proceeds from exercise of stock options	**10,333**	25,666
Share issuance costs	**(280,453)**	-
	9,979,880	5,699,452
Cash beginning of period	**4,802,907**	4,099,220
Change in cash	**(1,747,725)**	703,687
Cash end of period	**3,055,182**	4,802,907

The Company's non-cash financing and investing activities for the year ended December 31, 2018 included the settlement of deferred management compensation with a value of $432,852 through the issuance of shares and warrants valued at $668,858 (Note 9) and the acquisition of the Chicharron asset for total consideration of $9,264,027, which includes $7,560,000 of non cash share consideration (Note 8).

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 and Colombia. Sandspring's principal place of business is located at 9137 East Mineral Circle, Suite 180, Centennial, Colorado in the United States of America.

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

At December 31, 2018, the Company had working capital of $2,001,402 (December 31, 2017: $2,526,650), an accumulated deficit of $152,547,651 (December 31, 2017: $142,362,455), incurred losses in 2018 amounting to $10,185,196 (2017: $8,008,988), and used cash in operating activities during 2018 of $8,901,271 (2017: $4,910,171). Although the Company has been successful in the past obtaining financing, there is no assurance that it will be able to obtain adequate financing or that such financing will be on terms that are acceptable to the Company.

In conjunction with the July 2018 financing, the Company also acquired 100% of the rights to a land package located in Antioquia, Colombia, known as the Chicharron Project (Note 8) which includes the historic silver-gold producing Guia Antigua Mine.

In November 2013, the Company entered into a precious metals purchase agreement (the "Purchase Agreement") with Silver Wheaton (Caymans) Ltd., who subsequently changed its name to Wheaton Precious Metals (Caymans) Ltd. ("Wheaton"). Under this Purchase Agreement, 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, 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, 2019, upon receipt of which 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 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 Wheaton. There are no assurances that 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.

The Company's Toroparu Project is primarily subject to the Upper Puruni Agreement (Note 8) which gives the vendor the right to declare the agreement in default if the property is not in commercial production by January 1, 2020; however, the Company has an option to buy out the vendor's entire interest in the Upper Puruni Agreement and the vendor's underlying rights (except the right to continue alluvial mining) in the Toroparu Project, including the 6% in-kind royalty, at any time for US$20 million. The Company intends to exercise the buy-out option prior to January 2, 2020, but there are no assurances the Company will be able to successfully implement the buyout or re-negotiate the commercial production requirement on terms acceptable to the Company and if it fails to do so, the vendor will have the right to declare the Company in default of the Upper Puruni Agreement and potentially terminate the Agreement, causing the Company to lose its interest in the Toroparu Project.

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

2. Basis of Presentation

Statement of Compliance

These consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accountings Standards Board ("IASB"). These consolidated financial statements are prepared on a going concern basis, under the historical cost convention, except for certain financial instruments that have been measured at fair value. The consolidated financial statements are presented in Canadian dollars, except when otherwise indicated. The Board of Directors approved the consolidated financial statements on April 25, 2019.

3. Significant Accounting Policies

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries; Sandspring Resources (USA) Ltd. ("Sandspring USA"), GoldHeart Investment Holdings Ltd. ("GoldHeart"), ETK Inc. ("ETK"), Industrias Argentum S.A.S. ("Argentum"), Arcadian Minerals Corporation ("Arcadian") and GA Mines Corp. ("GA Mines"). 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.

Business Combinations

The Company uses the acquisition method of accounting for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at fair value at the acquisition date. On an acquisition-by-acquisition basis, the Company recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognized directly in the consolidated statement of operations.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with original maturities of three months or less, and which are subject to an insignificant risk of change in value.

Translation of Foreign Currency

The Company's functional and presentation currency is the Canadian dollar. The Canadian dollar is also the functional currency of all the Company's subsidiaries.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities not denominated in the functional currency are translated at the period end rates of exchange. Foreign exchange gains and losses are recognized in the statement of operations. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Equipment

Equipment is measured at cost less accumulated depreciation and accumulated impairment. Depreciation is based on cost less residual value and is provided on a straight-line basis over the following expected useful lives of the assets:

Heavy Equipment – 5 years
Office Furniture and Equipment – 3 years
Camp Equipment – 5 years
Vehicles – 5 years
Other Equipment – 5 years

The depreciation method, residual values, and useful lives of property plant and equipment are reviewed annually and any change in estimate is applied prospectively.

Exploration Expenses and Mineral Properties Under Exploration

Exploration expenditures include the costs of acquiring licenses, and costs associated with exploration and evaluation activities. Exploration expenditures are expensed as incurred except for expenditures associated with the acquisition of exploration and evaluation assets, which are recognized at the fair value at the acquisition date.

Once a project has been established as commercially viable and technically feasible, which management determines as when the project has a positive feasibility study, planned financing established and the Board of Directors has approved a decision to develop the project, and subject to an impairment analysis, related exploration and evaluation assets and development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit.

The carrying value of the Company's mineral properties under exploration is assessed for impairment, based on guidance in IFRS 6 - *Exploration for and Evaluation of Mineral Resources*, when indicators of such impairment exist. If such an indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less costs of disposal or value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Where that does not exist, fair value less costs of disposal is assessed using discounted cash flow techniques, less an amount for costs of disposal. In assessing value in use, the estimated future cash flows are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of operations.

Stock-based Compensation

The Company offers a stock option plan for its directors, officers, employees and consultants. Stock options granted are settled with shares of the Company. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The expense is determined based on the fair value of the award granted and recognized over the period in which services are received, which is usually the vesting period. Fair value of the awards is measured at the date of grant using the Black-Scholes option pricing model. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. At the end of each reporting period, the Company re-assesses its estimates of the number of awards that are expected to vest and recognizes the impact of the revisions in the statements of operations and comprehensive loss.

Financial Instruments

Effective January 1, 2018, the Company has adopted IFRS 9 Financial Instruments ("IFRS 9") which replaced IAS 39 Financial Instruments and elected to use the exemption to not restate comparative information for prior periods. Prior periods were not restated and no material changes resulted from adopting this new standard. IFRS 9 introduced a revised model for classification and measurement, and there were no quantitative impacts from adoption on the Company's financial statements.

As a result of the adoption of IFRS 9, The Company's accounting policy for financial instruments under IFRS 9 has been updated as follows:

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified at FVTPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial instrument has been classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL). All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI.

The classification determines the method by which financial assets are carried on the balance sheet subsequent to inception and how changes in value are recorded. Cash and cash equivalents, and accounts receivable are measured at amortized cost with subsequent impairments recognized in the consolidated statements of operations and comprehensive loss. Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. Financial liabilities, other than financial liabilities classified as FVTPL, are measured in subsequent periods at amortized cost using the effective interest method. Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities and carried on the balance sheet at amortized cost.
Impairment and uncollectibility of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered impaired if objective evidence that can be estimated reliably indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

If a financial asset measured at amortized cost is impaired, an amount equal to the difference between its carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate is recognized as an impairment loss in the consolidated statement of operations. If it has been determined that the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount to a maximum of the carrying amount that would have been determined had no impairment charge been recognized in prior periods. Reversals of impairment charges are recognized in the consolidated statements of operations and comprehensive loss in the period in which they occur.

Impact of change in accounting policy

Upon initial application of IFRS 9, there is no impact to the consolidated financial statements as of the date of initial application. Under IFRS 9, the Company's financial instruments are classified and subsequently measured as follows: cash and cash equivalents, accounts payable and accrued liabilities, deferred property obligation and deferred management compensation are valued at amortized cost.

Fair values

The fair value of quoted investments is determined by reference to market prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis; and, pricing models.

Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

> Level 1: fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Deferred Revenue

Deferred revenue consists of payments received by the Company in consideration for future commitments to deliver payable gold and silver at contracted prices. As deliveries are made, the Company will record a portion of the deferred revenue as sales, based on a proportionate share of deliveries made compared with the total estimated commitment.

Decommissioning Liabilities

The Company is required to recognize a liability when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. As of December 31, 2018, and December 31, 2017, the Company has not incurred any such obligations.

Impairment of Long-Lived Assets

At each financial position reporting date, the carrying amounts of the Company's assets, excluding mineral properties under exploration, are reviewed to determine whether there is an indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less costs of disposal or value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Where that does not exist, fair value less costs of disposal is assessed using discounted cash flow techniques, less an amount for costs of disposal. In assessing value in use, the estimated future cash flows are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of operations.

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares from the assumed exercised common share purchase warrants and options outstanding, if dilutive.

Significant Accounting Estimates and Judgments

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

Critical Accounting Estimates

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

i) Impairment of assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Management considers various factors including overall economic viability of the project, resource prices and long-term forecasts, ability to maintain title and finance the asset, and market capitalization, when evaluating whether there are any indicators of impairment. Recoverable amount is the greater of value in use and fair value less costs of disposal. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. No impairments of non-financial assets have been recorded for the year ended December 31, 2018 (2017: $Nil).

ii) Stock-based compensation

Management is required to make certain estimates when determining the fair value of stock option awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as stock-based compensation in the statement of operations. For the year ended December 31, 2018 the Company recognized $1,223,358 in stock-based compensation expense (2017: $2,321,677).

Critical Accounting Judgments

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

i) Mineral properties under exploration

Management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for the mineral properties. Once technical feasibility and commercial viability of a property can be demonstrated, exploration costs will be reclassified to mineral properties under exploration and subject to different accounting treatment. As at December 31, 2018 and 2017 management had determined that no reclassification of exploration expenditures was required as no positive feasibility has been derived, no planned financing was in place and the Board of Directors had not approved the development of the Toroparu Project.

ii) Going Concern

Management is required to apply judgment regarding the going concern assumption of the Company as discussed in Note 1 to the Annual Financial Statements. Management considers various factors including current working capital, budgeted and committed expenditures, discretionary expenditures and available financing opportunities. As at December 31, 2018, management determined the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

Future Accounting Changes

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 assessing the impact of the adoption of this proposed new standard.

4. Restricted Cash

Restricted cash consists of $197,475 (December 31, 2017: $181,190) held as security for performance bonds in favor of the Guyana Geology and Mines Commission ($183,750) and the Guyana Customs and Trade Administration ($13,725).

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 December 31, 2018, totaled $19,484,987 (December 31, 2017: $10,238,087). 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 2018.

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.

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 December 31, 2018, the Company had cash and restricted cash of $3,252,657 (December 31, 2017: $4,984,097) to settle current liabilities of $1,455,981 (December 31, 2017: $2,597,266). In July 2018, the Company completed an equity financing for gross proceeds of $10,250,000. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity (Note 1).

The Company's cash and restricted cash are measured using Level 1 inputs as at December 31, 2018.

Currency Risk

The Company's functional currency is the Canadian dollar and major purchases including acquisitions and financings are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in Guyana and Colombia on a cash call basis using U.S. dollar currency and maintains U.S. dollar, Guyanese dollar and Colombian peso bank accounts. The Company is subject to gains and losses from fluctuations in the U.S. dollar, Guyanese dollar, and Colombian peso 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 December 31, 2018. 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 and Colombian pesos is not material.

	December 31, 2018
Cash	$ 634,933
Liabilities	(1,204,921)
	$ (569,989)

(Expressed in Canadian Dollars)

The table below summarizes a sensitivity analysis for significant unsettled currency risk exposure with respect to the Company's financial instruments as at December 31, 2018 with all other variables held constant.

	Sensitivity Analysis, Change in USD	Increase (Decrease) in Net Income
Decrease in Net Income	-1%	$ 5,700
Increase in Net Income	1%	$ (5,700)

7. Equipment

	Camp Equipment	Heavy Equipment	Other Equipment	Vehicles	Furniture and Office Equipment	Total
Cost						
As at December 31, 2016	$ 91,147	$ 2,941,572	$ 308,408	$ 219,704	$ 299,765	$ 3,860,596
Additions	7,250	-	44,491	27,756	6,097	85,594
Disposals	-	-	-	-	(52,032)	(52,032)
As at December 31, 2017	$ 98,397	$ 2,941,572	$ 352,899	$ 247,460	$ 253,830	$ 3,894,158
Additions	1,824	-	-	-	2,446	4,270
As at December 31, 2018	$ 100,221	$ 2,941,572	$ 352,899	$ 247,460	$ 256,276	$ 3,898,428
Accumulated Depreciation						
As at December 31, 2016	$ 75,319	$ 2,901,305	$ 303,432	$ 161,118	$ 292,473	$ 3,733,647
Charge for the year	3,829	7,813	4,773	17,246	4,791	38,452
Disposals	-	-	-	-	(52,032)	(52,032)
As at December 31, 2017	$ 79,148	$ 2,909,118	$ 308,205	$ 178,364	$ 245,232	$ 3,720,067
Charge for the year	5,280	7,261	10,586	22,372	4,025	49,524
As at December 31, 2018	$ 84,428	$ 2,916,379	$ 318,791	$ 200,736	$ 249,257	$ 3,769,591
Net Book Value						
As at December 31, 2017	$ 19,249	$ 32,454	$ 44,694	$ 69,096	$ 8,598	$ 174,091
As at December 31, 2018	$ 15,793	$ 25,193	$ 34,108	$ 46,724	$ 7,019	$ 128,837

8. Mineral Properties Under Exploration

Colombia

In July 2018, the Company completed the acquisition of 100% of the rights to a land package in Antioquia, Colombia, known as the Chicharron Project. The Company acquired control of 100% of the Chicharron Project through a series of transactions that included consideration of the issuance of 36,000,000 shares (with a fair value of $7,560,000), a cash payment of US$1,000,000, reimbursement of certain expenses totaling US$124,500 and a best efforts commitment to incur US$1,000,000 in exploration expenses over the next 24 months. The Company also incurred transaction costs of $230,145 in connection with this acquisition.

(Expressed in Canadian Dollars)

The Chicharron Project was acquired through a series of transactions that included the acquisition of GA Mines, Argentum and Arcadian, which has been accounted for as an acquisition of assets and liabilities as the entities acquired do not meet the definition of a business in accordance with IFRS 3. The acquisition of the 100% interest was by way of 30% from Gran Colombia Gold Corp ('Gran Colombia') and 70% from certain vendors, including previous joint venture partners of Gran Colombia.

Total consideration of $9,264,027 was allocated to net assets acquired and liabilities assumed; the excess of the fair value of consideration paid over the net assets acquired was allocated to the Chicharron resource property.

The following tables describe the consideration paid and the estimated fair value of assets acquired, and liabilities assumed as at the date of acquisition:

Consideration		
Issuance of 36,000,000 shares	$	7,560,000
Cash payments of US$1,124,500		1,473,882
Transaction costs		230,145
Total consideration	$	9,264,027
Net assets acquired		
Cash	$	103,714
Resource property – Chicharron		9,234,477
Current liabilities		(74,164)
Total net assets acquired	$	9,264,027

The Chicharron project is subject to a 1% net smelter returns royalty ("NSR") on 70% of the project, payable in kind or in cash at the election of the royalty holder.

The Chicharron Project encompasses the exploration, development and mining rights to an area located within the Gran Colombia's Segovia mining title but outside the areas associated with Gran Colombia's mining operations and exploration activities. In addition, the Segovia mining title is pledged as direct security against certain debt issued by Gran Colombia in April 2018 which matures in 2024.

Guyana

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 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.

(Expressed in Canadian Dollars)

The Company continuously reviews the composition of its mineral exploration concessions based on the results of exploration work completed on the Upper Puruni Property. ETK 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, ETK acquired rights in 2015 to the "Otomung Property" to the Northwest of the Toroparu Deposit.

In November 2011, the Company 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.

Alfro Alphonso Joint Venture (Upper Puruni Agreement)

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 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. The Company has made all annual payments through December 31, 2018.

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.

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. As consideration for the extension, ETK paid Mr. Alphonso the Guyana Dollar equivalent of the sum of US$1,000,000 ($1,363,700) in December 2018.

As at December 31, 2018, the carrying amount of the Company's interest in mineral properties is as follows:

		December 31, 2018		December 31, 2017
Toroparu – Guyana	$	25,061,071	$	25,061,071
Chicharron - Colombia		9,234,477		-
Balance	**$**	**34,295,548**	**$**	**25,061,071**

(Expressed in Canadian Dollars)

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

The following table sets forth a breakdown of material components of the Company's exploration expenditures for the year ended December 31, 2018 and 2017 for Toroparu and for the period from July 20, 2018 to December 31, 2018 for Chicharron.

		Year Ended December 31, 2018		Year Ended December 31, 2017
Chicharron exploration costs				
Camp expenses	$	56,406	$	-
Consulting		91,483		-
Drilling		175,461		-
Engineering studies		37,256		-
Lab fees		2,227		-
Office and administrative costs		6,410		-
Salaries and benefits		82,103		-
Travel and accommodation		5,155		-
Total Chicharron exploration costs	$	456,501	$	-
Upper Puruni exploration costs				
Camp expenses	$	1,046,159	$	1,070,644
Consulting		570,424		489,839
Drilling		1,077,439		585,842
Engineering studies		1,609,566		233,370
Lab fees		384,902		138,082
Office and administrative costs		184,181		206,857
Salaries and benefits		421,097		401,607
Travel and accommodation		427,131		287,970
Production commitment fees		480,716		484,008
Prospecting licenses		323,230		287,105
Exploration costs sub-total	$	6,524,845	$	4,185,324
Stock-based compensation		27,903		129,783
Depreciation		46,239		34,121
Total Upper Puruni exploration costs	$	6,598,987	$	4,349,228
Total exploration costs	$	7,055,488	$	4,349,228
Less: Depreciation	$	(46,239)	$	(34,121)
Total exploration costs net of depreciation	$	7,009,249	$	4,315,107

B.M. Mining Agreement

In October 2017, the Company, through its wholly owned subsidiary ETK, executed a final joint venture agreement (the "B.M. Mining Agreement") with B.M. Mining Company ("B.M. Mining") whereby ETK has the right to explore certain property adjacent to current holdings. As consideration for this right to explore, the Company must make annual payments of US$70,000 in 2018 increasing to US$100,000 in 2020. The Company paid US$10,000 for signing of the agreement and US$75,000 being the total annual payments for 2016 and 2017, and the 2018 US$70,000 payment in November 2018.

ETK has the right to buy B.M. Mining's interest in the B.M. Mining Agreement for US$200,000 and the issuance of a 3% net smelter royalty ("NSR"). ETK also has the right to buy all of the 3% NSR buyout upon payment to B.M. Mining of an amount that is tied to the price of gold per ounce at the time ETK exercises its option to purchase being a sliding scale of US$2,000,000 if the price of gold is up to US$1,400 per ounce, to US$4,000,000 if the price of gold is equal to or greater than US$2,001 per ounce.

9. Deferred Management Compensation

At December 31, 2018, the Company has a remaining obligation of $633,666 (December 31, 2017: $1,015,777) pertaining to management compensation and severance amounts owed in connection with a corporate restructuring that occurred in the fourth quarter of 2014.

In November 2017, the Company agreed to settle $432,852 of its deferred management compensation through the issuance of an aggregate of 1,236,718 units. Each unit consisted of one common share and one share purchase warrant entitling the holder to acquire one additional common share at a price of $0.50 for a period of five years. In January 2018, the units were issued with a fair value of $668,858 and the liability of $432,852 was extinguished resulting in a loss on settlement of the liability of $236,006. The remaining balance due of $633,666 was extended to December 31, 2019.

10. Deposit on Gold Purchase Agreement and Deferred Revenue

In 2013, the Company announced that it had entered into a Purchase Agreement with Wheaton under which 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, 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 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 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 Wheaton to US$153.5 million. In addition, 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 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 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 Wheaton and other customary conditions are satisfied. If the feasibility study has not been delivered by December 31, 2019, or Wheaton elects not to proceed after receiving the feasibility study, 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 Wheaton elects to reduce the streams, Sandspring may return the amount of the deposit already advanced less US$2 million to 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.

In January 2018, the Company issued 1,236,718 units to settle $432,852 in outstanding indebtedness. Each unit consisted of one common share and one share purchase warrant entitling the holder to acquire one additional common share at a price of $0.50 until January 23, 2023. The units were valued on the date of issuance in January 2018 based on the price of the shares, being $432,852, plus the Black-Scholes valuation of the warrants, being $236,006, for a total value of $668,858. The fair value of the warrants was determined using the following Black Scholes assumptions: i) expected share price volatility of 75%, ii) risk free interest rate of 1.96%, iii) dividend yield of $nil; and iv) expected life of 5 years.

In July 2018, the Company completed a private placement for gross proceeds of $10,250,000 through the issuance of 41,000,000 units where each unit consisted of one common share and one share purchase warrant entitling the holder to acquire one additional common share at a price of $0.40 until July 20, 2023. The warrants issued in connection with the financing were allocated a fair value of $2,420,953 on a relative fair value basis. The fair value of the warrants was determined using the Black Scholes valuation model with the following assumptions: i) expected share price volatility of 67%; ii) risk free interest rate of 2.06%; iii) dividend yield of $nil; and iv) expected life of 3 years.

Cash transaction costs of $280,453 were incurred as share issue costs related to the private placement of which $218,450 and $62,003 were deducted from share capital and reserves respectively, based on the pro rata allocation of the fair value on issuance of the units to share capital and reserves.

In July 2018, pursuant to the acquisition of Chicharron Project, the Company issued 36,000,000 common shares at an exercise price of $0.21 per common share.

(Expressed in Canadian Dollars)

12. Warrants

As at December 31, 2018, the Company had a total of 95,497,118 warrants outstanding. The following table shows the continuity of warrants during the year:

	Number of Warrants Outstanding		Weighted Average Exercise Price
Balance, December 31, 2016	39,502,758	$	0.41
Warrants exercised	(3,442,358)	$	0.90
Warrants issued on private placement	17,200,000		0.50
Balance, December 31, 2017	53,260,400	$	0.41
Warrants issued	1,236,718	$	0.50
Warrants issued on private placement	41,000,000		0.40
Balance, December 31, 2018	95,497,118	$	0.41

The following warrants are outstanding as at December 31, 2018:

Expiry Date		Exercise Price	Number of Warrants
September 11, 2020	$	0.30	15,666,650
May 6, 2021	$	0.42	20,393,750
October 12, 2022	$	0.50	17,200,000
January 23, 2023	$	0.50	1,236,718
July 20, 2023	$	0.40	41,000,000
			95,497,118

During the year ended December 31, 2018, 1,236,718 warrants were issued pursuant to a share for management compensation at an exercise price of $0.50 expiring on January 23, 2023.

During the year ended December 31, 2018, 41,000,000 warrants were issued pursuant to the private placement at an exercise price of $0.40 expiring on July 20, 2023.

13. Stock Options

The Company's stock option plan was approved by shareholders 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.

(Expressed in Canadian Dollars)

As at December 31, 2018, the Company had a total of 17,385,000 stock options outstanding. The following table shows the continuity of stock options during the period:

	Number of Options Outstanding		Weighted Average Exercise Price
Balance, December 31, 2016	5,698,323	$	0.50
Options granted	5,635,000	$	0.53
Options expired	(374,997)		4.14
Options exercised	(128,331)		0.20
Balance, December 31, 2017	10,829,995	$	0.38
Options granted	7,015,000	$	0.24
Options expired	(408,330)		0.85
Options exercised	(51,665)		0.20
Balance, December 31, 2018	17,385,000	$	0.32

The following are the stock options outstanding as at December 31, 2018:

	Exercise Price	Outstanding	Exercisable	Weighted Average Remaining Years
$	0.15	175,000	175,000	6.21
$	0.18	350,000	350,000	3.48
$	0.20	4,210,000	4,210,000	6.85
$	0.24	7,015,000	7,015,000	9.72
$	0.53	5,635,000	5,635,000	8.23
		17,385,000	17,385,000	8.38

During the year ended December 31, 2018, 51,665 options were exercised for total proceeds of $10,333.

During the year ended December 31, 2018, 200,000 options expired at an exercise price of $0.45 and 208,330 options expired at an exercise price of $1.23.

In September 2018, the Company granted 7,015,000 stock options exercisable for one common share each at a price of $0.24 with an expiry date of September 17, 2028. The fair value of the stock options was estimated on the date of grant in the amount of $1,223,358 using the Black-Scholes valuation model with the following assumptions: i) expected share price volatility of 67%; ii) risk free interest rate of 1.13%; iii) dividend yield of $nil; and iv) expected life of 10 years. All of the options vested immediately.

During the year ended December 31, 2018, $1,223,358 (2017: $2,321,677) of share based compensation was recognized, which includes $27,903 that relates to exploration expenses in the statement of operations.

(Expressed in Canadian Dollars)

14. Income Tax

Reconciliation between tax expense and the product of accounting loss multiplied by the Company's domestic tax rate is as follows:

	December 31, 2018	December 31, 2017
Net loss before tax	$ (10,185,196)	$ (8,008,988)
Statutory tax rate	27.00%	26.50%
Expected tax recovery at statutory rate	(2,750,000)	(2,122,382)
Difference in tax rates in foreign jurisdictions	(855,000)	536,553
Impact of future tax rate difference	-	2,531,265
Foreign exchange	(1,158,000)	(858,826)
Change in unrecognized deferred tax assets	3,884,000	(1,631,820)
Permanent items and other	879,000	1,545,210
Total tax expense	$ -	$ -

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off the current tax assets and current tax liabilities or deferred tax assets and liabilities and they relate to taxes levied by the same tax authority .

The Company's net deferred tax liabilities at December 31, 2018 and December 31, 2017 include the following components:

	December 31, 2018	December 31, 2017
Deferred tax assets		
Tax losses carried forward	$ 3,269,000	$ 2,075,316
Deferred tax liabilities		
Other	(3,269,000)	(2,075,316)
Total tax expense	$ -	$ -

The tax benefit of the following unused tax losses and deductible temporary differences have not been recognized in the financial statements due to the unpredictability of future earnings.

	December 31, 2018	December 31, 2017
Tax loss carry-forwards	$ 79,912,000	$ 70,185,175
Mineral properties under exploration	2,267,000	1,505,948
Equipment	528,000	504,107
Share issue costs	543,000	450,129
	$ 83,250,000	$ 72,645,359

(Expressed in Canadian Dollars)

As at December 31, 2018, the Company had unused non-capital losses that expire as follows:

Expiry Date		Canada		Guyana		U.S.
2027 to 2037	$	6,803,930	$	-	$	21,218,941
Indefinite	$	-	$	51,886,020	$	-

15. Related Party Transactions

As consideration for the 30% interest in the Chicharron project, Gran Colombia received 15,000,000 common shares of the Company, and has the right to nominate at least two members to the Company's board of directors. In addition, Gran Colombia also acquired 16,000,000 units of the Company in the concurrent financing (Note 11), and as at December 31, 2018, Gran Colombia owned 16.69% on an undiluted basis of the Company.

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 $34,259 (December 31, 2017: $5,860) due to officers and directors of the Company.

b) Included in accounts payable and accrued liabilities is $87,547 (December 31, 2017: $nil) due to Gran Colombia for reimbursement of exploration expenditures.

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

	Year Ended			
		December 31, 2018		December 31, 2017
Salaries and benefits for management	$	385,774	$	347,376
Stock-based compensation		1,037,631		1,936,447
	$	1,423,405	$	2,283,823

Included in accounts payable and accrued liabilities are amounts due to Gran Colombia and affiliates, of $87,547 related to reimbursement of Chicharron exploration expenses.

The Company's Directors elected to waive fees for 2018.

(Expressed in Canadian Dollars)

16. Segmented Information

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

	United States	Guyana	Colombia	Total
Equipment	$ 7,873	$ 166,218	$ -	$ 174,091
Mineral properties	-	25,061,071	-	25,061,071
December 31, 2017	$ 7,873	$ 25,227,289	$ -	$ 25,235,162

	United States	Guyana	Colombia	Total
Equipment	$ 4,587	$ 124,250	$ -	$ 128,837
Mineral properties	-	25,061,071	9,234,477	34,295,548
December 31, 2018	$ 4,587	$ 25,185,321	$ 9,234,477	$ 34,424,385