Form 8937 (December 2011) Department of the Treasury Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-2224

Part I Reporting I	ssuer						
1 Issuer's name				2 Issuer's employer identification number (EIN)			
Sandstorm Metals & Energ	ıy Ltd.	98-1030192					
3 Name of contact for add	4 Telephon	e No. of contact	5 Email address of contact				
Denver Harris - Investor Re		604-628-1178	dharris@sandstormLTD.com				
6 Number and street (or P	P.O. box if mail is not	7 City, town, or post office, state, and Zip code of contact					
Suite 1400, 400 Burrard St	reet	Vancouver, BC V6C 3A6 Canada					
8 Date of action	9 Class	ification and description	Varicouver, DC VOC SAO Cariada				
			G				
May 29, 2014	44 Carial number/a	Commor	<u> </u>	42 Account number(c)			
10 CUSIP number 11 Serial number(s)		5)	12 Ticker symbol	13 Account number(s)			
Foreign Organization	Foreign		CVE:SND	You hook of form for additional guartiens			
				See back of form for additional questions.			
				ate against which shareholders' ownership is measured for			
Please	refer to Attachment	10 F01111 893	7 (Part II - Question 14)				
Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► Please refer to Attachment to Form 8937 (Part II - Question 15)							
Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► Please refer to Attachment to Form 8937 (Part II - Question 16)							

Part I	Organizational Action (continued)		
17 Lis	st the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax t	reatmen	t is based ▶
IRC sec	tion 1001		
IRC sec	tion 1011		
2 4 4 7 7	tion 1012		
18 Ca	an any resulting loss be recognized? Yes, provided the Issuer shareholder's basis i	n their Is	ssuer shares is greater than the
	eration received from SGL. Please note the deductibility of capital losses is subject		
Fach II	S shareholder of Issuer shares should consult with their US tax advisor to determine	thoir sr	pecific outcome
Lacii o.	Silareriolder of issuer silares silouid consult with their os tax advisor to determine	uleli S	becine outcome.
19 Pr	ovide any other information necessary to implement the adjustment, such as the reportab	le tax ve	ear > The reportable tay year is 2014
	ovide any other information necessary to implement the adjustment, saon as the reportati	ic tax ye	The reportable tax year is 2014.
-	Under populties of perium. I declare that I have exemined this return instruction accounts to	dulas	atataments, and to the best of multiproduction
	Under penalties of perjury, I declare that I have examined this return, including accompanying sche belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all info		
٥.	based off all fillo	madon 0	milon properti has any knowledge.
Sign			
Here	Signature ► "Erfan Kazemi"	Date ▶	July 7, 2014
	Print your name ► Erfan Kazemi	Title ▶	CFO, Sandstorm Metals & Energy Ltd.
			,

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Sandstorm Metals & Energy Ltd. Attachment to Form 8937

Acquisition of Issuer by Sandstorm Gold Ltd.

Date of Action: May 29, 2014

Part II - Question 14

On May 29, 2014, Sandstorm Gold Ltd. (SGL) acquired all of the issued and outstanding common shares of the Issuer (Common Shares), other than the Issuer shares already owned by SGL, by way of a statutory plan of arrangement (the Arrangement) pursuant to the Business Corporations Act (British Columbia). The Arrangement was effected pursuant to an arrangement agreement dated effective April 21, 2014.

Under the Arrangement, the Issuer's shareholders received 0.178 of a common share of SGL and CAD\$0.35 in cash for each Issuer share held (the Consideration). Shareholders of the Issuer voted in favor of the Arrangement at an annual and special meeting of shareholders held on May 27, 2014 and the Issuer received final court approval for the Arrangement on May 28, 2014.

Part II - Question 15

A US Holder's exchange of Common Shares for the Consideration pursuant to the Arrangement should be a taxable transaction for US federal income tax purposes. However, neither the Issuer nor SGL has sought or obtained either a ruling from the IRS or a legal opinion from legal counsel regarding any of the tax consequences of the Arrangement. Accordingly, there can be no assurance that the IRS will not challenge the status of the Arrangement as a taxable transaction or that the US courts will uphold the status of the Arrangement as a taxable transaction in the event of an IRS challenge.

Subject to the PFIC rules, the aggregate tax basis of SGL Shares received by a US Holder of Common Shares in the Arrangement should be equal to the aggregate fair market value of SGL Shares at the time of their receipt.

For a discussion regarding the potential consequences of PFIC status of SGL please refer to pages 71 -73 of the Management Information Circular dated April 24, 2014.

In addition, see "Other Considerations – Receipt of Foreign Currency" found on page 74 of the Management Information Circular dated April 24, 2014.

Each US shareholder of Issuer shares should consult with their US tax advisor to determine their specific outcome.

Part II - Question 16

The aggregate tax basis of SGL Shares received by a US Holder of Common Shares in the Arrangement should be equal to the aggregate fair market value of SGL Shares at the time of their receipt.

On May 29, 2014, SGL's common shares closing list price on the TSE was CAD\$5.72, and USD\$5.26 on the NYSE.

Each US shareholder of Issuer shares should consult with their US tax advisor to determine their specific outcome.