

**TAX ELECTION INSTRUCTIONS**  
**FOR FORMER SHAREHOLDERS OF SANDSTORM METALS & ENERGY LTD.**

**Acquisition of**  
**Sandstorm Metals & Energy Ltd.**  
**by**  
**Sandstorm Gold Ltd.**

Capitalized terms not defined in these instructions have the meaning assigned to them in the arrangement agreement dated April 21, 2014 between Sandstorm Gold Ltd. and Sandstorm Metals & Energy Ltd. (the “**Arrangement Agreement**”), and in the Notice of Meeting and Management Information Circular for the Annual General and Special Meeting of Shareholders of Sandstorm Metals & Energy Ltd. dated April 24, 2014 (the “**Information Circular**”).

**These instructions are of a general nature only and are not intended to be (nor should they be construed to be) legal or tax advice to any particular Eligible Holder. Furthermore, apart from providing these materials to Eligible Holders for their convenience, neither Sandstorm Gold Ltd. (“Sandstorm Gold”) nor Sandstorm Metals & Energy Ltd. (“Sandstorm Metals”) will provide Eligible Holders with any advice on making the joint tax election. Accordingly, Eligible Holders should consult with their own tax advisors for specific advice in respect of whether or not to make a joint tax election, the making of the joint tax election and complying with the requirements for making such an election having regard to their own particular circumstances.**

Please review the tax election questionnaire very carefully and consult your tax advisor as to the proper completion and delivery and the applicable filing deadlines. You are also advised to review Information Circular 76-19R3 and Interpretation Bulletin IT-291R3 issued by the Canada Revenue Agency (the “**CRA**”) for information in respect of the joint tax election under the *Income Tax Act* (Canada) (the “**Tax Act**”). In addition, if applicable to you, you should also review Interpretation Revenu Québec Bulletins IMP. 520.1-1/R1 and IMP.521.2-1/R1 for information about the joint election under the *Taxation Act* (Québec).

## Eligible Holders

An Eligible Holder may obtain a full or partial tax-deferred rollover by making a joint election with Sandstorm Gold under subsection 85(1) of the Tax Act, or in the case of an Eligible Holder that is a partnership, under subsection 85(2) of the Tax Act (in either case, a “**Tax Election**”). The procedure for making a Tax Election is set out herein and generally under the heading “*Exchange of Common Shares – Section 85 Election by Eligible Holders*” on page 62 of the Information Circular.

“Eligible Holder” is defined on page 7 of the Information Circular to be a “Canadian Resident” or an “Eligible Non-Resident.” A “Canadian Resident” means a beneficial owner of Sandstorm Metals shares immediately prior to the Effective Time who is a resident of Canada for purposes of the Tax Act (other than a Tax Exempt Person), or a partnership any member of which is a resident of Canada for the purposes of the Tax Act (other than a Tax Exempt Person). An “Eligible Non-Resident” means a beneficial owner of Sandstorm Metals shares immediately prior to the Effective Time, who is not, and is not deemed to be, a resident of Canada for the purposes of the Tax Act, and whose Sandstorm Metals shares are “taxable Canadian property” and not “treaty-protected property”, in each case as defined in the Tax Act, or a partnership any member of which is not, and is not deemed to be, a resident of Canada for the purposes of the Tax Act, and whose Sandstorm Metals shares are “taxable Canadian property” and not “treaty protected property”, in each case as defined in the Tax Act. All Eligible Holders are encouraged to review their own situation and consult their tax advisor before making a Tax Election with respect to the Arrangement.

### Summary of what you need to do to make a Tax Election:

1. Submit your Tax Election information using the attached Tax Election Questionnaire to Sandstorm Gold so that it is received on or before the Tax Election deadline of **August 27, 2014**. Your information must be submitted in paper format. For help in submitting the required information please refer to this Tax Election Instructions Letter.
2. Your Tax Election(s) will be compiled based solely on the information you submit. It is your responsibility to ensure the information provided is in compliance with the requirements imposed under the Tax Act (or applicable provincial income tax law) to make a valid Tax Election. Sandstorm Gold will send two electronic copies of the completed Tax Election to you by email. You can expect to receive your completed Tax Election form(s) within 90 days after the Tax Election deadline of **August 27, 2014**. If you do not receive a Tax Election, it will be your responsibility to contact the hotline described below.
3. Review the Tax Elections that you receive from Sandstorm Gold with your own tax advisor to ensure that you agree with the content, calculation and other disclosures. If you do not so agree, immediately contact the hotline noted below. Do not make changes to a Tax Election that has been executed by Sandstorm Gold.
4. If you and your tax advisor are satisfied that the Tax Election is accurate and complete, sign and date both copies of the Tax Election in the area marked “Signature of Transferor, of Authorized Officer or Authorized Person” at the bottom of page 3 for the federal Tax Election (form T2057 or T2058) and in the area marked “Signature of transferor or authorized signee” at the bottom of page 4 for the Quebec Tax Election (form TP-518-V or TP-529-V).

5. File one copy of the signed Tax Election form with the tax authorities immediately (refer to page 11 of this Tax Election Instructions Letter for the mailing addresses). Keep one copy of the Tax Election for your records.
6. Report the disposition of your Sandstorm Metals Shares on your tax return for the year in which the disposition took place. The proceeds of disposition should be equal to the “elected amount” on page 3 of the Federal and Quebec Tax Election. For future reference, the tax cost of the Sandstorm Gold Shares acquired on the Arrangement is generally this “elected amount”, subject to certain provisions in the Tax Act.

If you require further assistance please contact us using the following telephone hotline:

1-855-393-3545 (outside Vancouver)  
604-646-6394 (in the Greater Vancouver Area)

We recommend you consult with your tax advisor for specific advice in respect of the Tax Election and related tax matters.

### **Deadline for Submitting Tax Election Information to Sandstorm Gold**

The Tax Election process is time sensitive. Under the terms of the Arrangement Agreement, Sandstorm Gold is obliged to make a Tax Election jointly with Eligible Holders who provide correct and complete Tax Election information that is in compliance with the requirements imposed under the Tax Act (or applicable provincial income tax law) to Sandstorm Gold (or an appointed representative) within 90 days after the Effective Date. **The deadline for submitting your Tax Election information to Sandstorm Gold is on or before August 27, 2014.**

**If the Tax Election information of an Eligible Holder is not received by Sandstorm Gold in accordance with the procedures set out in this Tax Election Instructions Letter by August 27, 2014 that Eligible Holder may not benefit from the tax-deferred rollover provisions of the Tax Act (or the corresponding provisions of any applicable provincial tax law).**

### **Execution of Tax Election Forms**

In order to make a Tax Election, the applicable Tax Election form must be signed and properly completed with the necessary information, including the number of Sandstorm Metals Shares transferred, the cash amount and number of Sandstorm Gold Shares received by the Eligible Holder and the applicable elected amounts for the purposes of such election. Neither Sandstorm Gold nor Sandstorm Metals will be responsible for the proper completion or filing of any Tax Election forms.

Sandstorm Gold will execute any Tax Election form for which correct and complete Tax Election information has been submitted to it by an Eligible Holder in the time and manner specified herein, and will forward two copies of such Tax Election form by email to the Eligible Holder to the email address provided within 90 days after the Tax Election deadline (**August 27, 2014**). Sandstorm Gold is not required to execute Tax Election forms where the Tax Election information is incomplete or provided by an Eligible Holder after the Tax Election deadline, although it may do so in its sole discretion. Sandstorm Gold will not execute any Tax Election form that does not comply with the provisions of the Tax Act (or any applicable provincial income tax law).

**None of Sandstorm Gold or Sandstorm Metals will be responsible or liable for taxes, interest, penalties, damages or expenses resulting from the failure by an Eligible Holder to properly complete any Tax Election form in the manner prescribed under the Tax Act (or the corresponding provisions of any applicable provincial tax law).**

### **Deadline for Filing Tax Election Forms**

In order for the CRA to accept a Tax Election without a late filing penalty being paid by an Eligible Holder, the completed Tax Election form must be received by the CRA on or before the date that is the earliest of the day on which either Sandstorm Gold or the Eligible Holder is required to file an income tax return for the year in which the Arrangement occurs.

Sandstorm Gold's taxation year is scheduled to end on December 31, 2014, although Sandstorm Gold's taxation year could end earlier if Sandstorm Gold enters into certain transactions later in the 2014 calendar year. Sandstorm Gold (being a corporation resident in Canada) is required to file its income tax return under the Tax Act within six months after the end of its taxation year.

Since it is uncertain whether Sandstorm Gold will enter into any transactions which would cause its 2014 taxation year to end before December 31, 2014, Eligible Holders that wish to make the Tax Election are urged to file such election with the CRA as soon as possible. However, regardless of such deadline, the Tax Election information of an Eligible Holder must be received by Sandstorm Gold no later than the Tax Election deadline.

**None of Sandstorm Gold or Sandstorm Metals will be responsible for the filing of any Tax Election forms. Each Eligible Holder will be solely responsible for complying with all applicable requirements relating to the making and filing of the Tax Election form.**

**None of Sandstorm Gold or Sandstorm Metals will be responsible or liable for taxes, interest, penalties, damages or expenses resulting from the failure by an Eligible Holder to properly file the Tax Election form within the time prescribed under the Tax Act (or the corresponding provisions of any applicable provincial tax law). Eligible Holders will be solely responsible for the payment of any late filing penalties.**

### **Provincial Tax Elections**

In order to achieve a deferral of tax in some provinces or territories (such as the Province of Québec) similar to the federal tax deferral resulting from the Tax Election, it may be necessary to file an additional Tax Election form with the taxing authority of such province or territory (a "**Provincial Tax Election**"). Sandstorm Gold will execute a Provincial Tax Election with an Eligible Holder under the same conditions for which it is willing to make the Tax Election.

Eligible Holders are entirely responsible for determining whether a Provincial Tax Election is applicable and appropriate in their circumstances and (if so) obtaining and submitting the related Provincial Tax Election information to Sandstorm Gold on or before **August 27, 2014**.

## **Completing the Tax Election Preparation Process**

Each Eligible Holder that wishes to make a Tax Election must submit their Tax Election information using a paper-based questionnaire (the “**Manual Questionnaire**”). This requirement applies regardless of whether the Eligible Holder is an individual, a corporation, a partnership or a trust. This Tax Election Instructions Letter describes how to use the Manual Questionnaire to complete the Tax Election form.

### Manual Questionnaire

Eligible Holders wishing to make a Tax Election are required to answer a number of questions on a seven page Manual Questionnaire. A copy of the Manual Questionnaire is attached as Appendix A to this Tax Election Instructions Letter.

Eligible Holders that have completed the Manual Questionnaire must send a copy to Sandstorm Gold at the following address:

Sandstorm Gold - Tax Election Process  
PO Box 10426, Pacific Centre  
777 Dunsmuir Street  
Vancouver, BC, V7Y 1K3

Sandstorm Gold must receive the copy of the Manual Questionnaire on or before **August 27, 2014**.

## **Delivery of the Completed Tax Election Form**

After receiving a complete and correct Manual Questionnaire, Sandstorm Gold will prepare and execute a Tax Election form and forward two electronic copies to the email address provided by the Eligible Holder within 90 days of the Tax Election deadline. The Eligible Holder is required to sign each copy and file one copy of the completed Tax Election form with the CRA (and the applicable provincial income tax authority) and retain one copy for the Eligible Holder’s records.

Any Manual Questionnaire containing information that is incomplete, incorrect or does not appear to be in compliance with the applicable provisions of the Tax Act (or the corresponding provisions of any applicable provincial tax law) will be returned to the Eligible Holder for correction. Eligible Holders that fail to submit outstanding Tax Election information to Sandstorm Gold (or its representative) before the **August 27, 2014** deadline may not benefit from the tax-deferred rollover provisions of the Tax Act (or the corresponding provisions of any applicable provincial tax law).

**Filing the Tax Election Form with the CRA  
(and any Applicable Provincial Tax Authorities)**

Each Eligible Holder is solely responsible for ensuring that the Tax Election form is completed correctly and filed with the CRA (and any applicable provincial tax authorities) by the applicable filing deadline (see page 7 for a discussion on applicable deadlines).

**Each Eligible Holder will be solely responsible and liable for any taxes, interest, penalties, damages or expenses resulting from the failure by the Eligible Holder to properly complete or file a Tax Election form in the form and manner and within the time prescribed by the Tax Act (and the corresponding provisions of any applicable provincial tax law). Although Sandstorm Gold has agreed to execute and deliver a signed Tax Election form for which correct and complete Tax Election information has been submitted to it by an Eligible Holder in the time and manner specified herein, the responsibility for correctly completing the Tax Election form rests solely with the Eligible Holder. The Eligible Holder should review the Tax Election form to ensure that he, she or it agrees with the content, calculations and other disclosures.**

## Key Information

### *Key Contact Information:*

- Technical Assistance Hotline: 1-855-393-3545 (outside Vancouver)  
604-646-6394 (in the Greater Vancouver Area)

The Technical Assistance Hotline is in operation from 8:30 am to 5:00 pm (Vancouver time) Monday to Friday (excluding holidays). A voicemail box will be available to leave messages during busy times and when calling outside of the hours noted above.

The telephone hotline is for technical assistance only. For tax advice, Eligible Holders should contact their own tax advisor.

### *Deadlines:*

The deadline for receipt by Sandstorm Gold of completed Manual Questionnaires:

- On or before **August 27, 2014**

Deadline for filing completed Tax Election forms with the tax authorities:

- The Tax Election form is due on or before the earliest day by which either Sandstorm Gold or the Eligible Holder is required to file an income tax return for the year in which the Arrangement occurs.
- Sandstorm Gold's 2014 taxation year is scheduled to end on December 31, 2014, which means Sandstorm Gold would generally be required to file its income tax return within six months after the end of its taxation year (i.e., June 30, 2015). However, Sandstorm Gold's 2014 taxation year could end earlier if Sandstorm Gold enters into certain transactions later in the 2014 calendar year. Due to this uncertainty, Eligible Holders that wish to make the Tax Election are urged to file such election with the CRA as soon as possible. Eligible Holders are urged to consult their own tax advisors respecting the deadlines applicable to their own particular circumstances.

## Summary of Transaction

In a joint press release dated April 21, 2014, Sandstorm Gold and Sandstorm Metals announced that they had entered into a definitive agreement pursuant to which Sandstorm Gold will acquire all of the outstanding common shares of Sandstorm Metals by way of a plan of arrangement.

On May 27, 2014 the shareholders of Sandstorm Metals approved the Arrangement with an excess of 99% of the votes cast at the meeting in favour of the Arrangement.

Under the terms of the Arrangement Agreement:

- Each shareholder of Sandstorm Metals is entitled to receive 0.178 of a common share of Sandstorm Gold and \$0.35 in cash in exchange for each Sandstorm Metals share held.
- No fractional shares of Sandstorm Gold will be issued. The number of Sandstorm Gold shares to be issued to a shareholder of Sandstorm Metals will be rounded down to the nearest whole share in the event that the shareholder is entitled to a fractional share representing less than a whole Sandstorm Gold share.
- Any cash consideration payable to a Sandstorm Metals shareholder will be rounded up to the next whole cent.

The transaction will result in a disposition of the Sandstorm Metals shares held by each shareholder of Sandstorm Metals. A Sandstorm Metals shareholder may make a joint tax election with Sandstorm Gold pursuant to subsection 85(1) of the Tax Act (or, in the case of a Sandstorm Metals shareholder that is a partnership, pursuant to subsection 85(2) of the Tax Act) in order to obtain a full or partial tax-deferred rollover for federal (and provincial, if applicable<sup>1</sup>) income tax purposes.

The Effective Date of the transaction is May 29, 2014.

**The Manual Questionnaire required to obtain the tax-deferred rollover by a Sandstorm Metals shareholder must be received by Sandstorm Gold on or before August 27, 2014.**

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<sup>1</sup>Sandstorm Metals shareholders filing tax returns in Québec may also make a joint election under section 518 of the Québec Tax Act.



## Completing the Tax Election Questionnaire

### *Getting Started*

Before starting, you will need:

1. Identification related information, including the Eligible Holder's name, address, social insurance number or business number, relevant taxation year, and, if applicable, similar information for co-owners of the Sandstorm Metals shares;
2. The number of Sandstorm Metals shares you owned prior to the Arrangement;
3. The aggregate adjusted cost base (as described on pages 13-14) of the Sandstorm Metals shares you owned prior to the Arrangement;
4. The total amount of cash (in Canadian dollars) and the total number of Sandstorm Gold shares received from Sandstorm Gold on the exchange; and,
5. A copy of the Manual Questionnaire found in Appendix A to this Tax Election Instructions Letter.

### *About the Questionnaire*

The Manual Questionnaire is separated into two parts as follows:

- Part I – Identification
- Part II – Required Tax Information

To assist you in understanding the information requirements of each of these parts, the following pages of this Tax Election Instructions Letter will briefly provide descriptions of these requirements. The numbers of each description coincide with the related question in the Manual Questionnaire.

## Part I – Identification

This Part requires the Eligible Holder to provide the following information:

### 1. Name of Eligible Holder.

Enter the legal name of the Eligible Holder (e.g., Joe Smith or ABC Company Ltd.). In general, the Eligible Holder is the beneficial owner of the Sandstorm Metals shares that were exchanged for Sandstorm Gold shares. An Eligible Holder is defined on page 7 of the Information Circular.

### 2. Type of Eligible Holder.

Each Eligible Holder will be an individual, a corporation, a trust or a partnership.

You will also be asked to confirm the residency of the individual, corporation or trust as Canadian, or if any of the partners are residents of Canada, in the case of partnerships.

### 3. Social Insurance Number, Business Number, Trust Account Number or Partnership Identification Number.

Provide the relevant tax identification number of the Eligible Holder. All individuals, corporations, trusts and partnerships should have their/its own unique identification number.

### 4. Address of Eligible Holder.

Provide the address of the Eligible Holder. In most circumstances, this will be the same address listed on the Eligible Holder's income tax return.

### 5. Taxation Year of Eligible Holder.

The taxation year that the Eligible Holder must provide is the taxation year that includes the Effective Date of the Arrangement (i.e., May 29, 2014).

- a) Individuals are taxed on a calendar year basis and have a December 31<sup>st</sup> taxation year end. Eligible Holders that are individuals will, generally, provide the taxation year as January 1, 2014 to December 31, 2014.
- b) Corporations may have a taxation year that ends at any time of the year. Eligible Holders that are corporations must provide the taxation year that includes the Effective Date. For example, if the corporation's year began on July 1, 2013 and ends on June 30, 2014, the taxation year should be July 1, 2013 to June 30, 2014.
- c) *Inter vivos* trusts are taxed on a calendar year basis and have a December 31<sup>st</sup> taxation year. Eligible Holders that are *inter vivos* trusts and that were established on or before January 1, 2014 will, generally, provide the taxation year as January 1, 2014 to December 31, 2014.
- d) Testamentary trusts may have a taxation year that ends at any time of the year. Eligible Holders that are testamentary trusts must provide the taxation year that includes the Effective Date. For example, if the testamentary trust's year began on March 15, 2014

and ends on March 14, 2015, the taxation year will be March 15, 2014 to March 14, 2015.

- e) Partnerships with at least one partner that is a corporation may have a taxation year that ends at any time of the year. Eligible Holders that are partnerships must provide the taxation year that includes the Effective Date. For example, if the partnership's year began on August 1, 2013 and ends on July 31, 2014, the taxation year should be August 1, 2013 to July 31, 2014.

## 6. Tax Services Office of Eligible Holder.

Each Eligible Holder is required to disclose the Tax Services Office for which they file their income tax return each year.

The CRA has designated specific Tax Services Offices for all corporations and individuals, depending on where they are located. For an Eligible Holder that is a corporation or an individual, the Tax Services Offices and the locations that they serve are listed as follows:

Tax Services Office	Location of Eligible Holder
Surrey Tax Centre	British Columbia, Yukon and Regina
Winnipeg Tax Centre	Alberta, Manitoba, Northwest Territories, Saskatoon, London, Windsor, and Thunder Bay
Sudbury Tax Centre	Sudbury (the area of Sudbury/Nickel Belt only), Toronto Centre, Toronto East, Toronto West, Toronto North, and Barrie
Shawinigan Tax Centre	Montréal, Laval, Ottawa, Sherbrooke, Rouyn-Noranda, Sudbury (other than the area of Sudbury/Nickel Belt), and Nunavut
Jonquière Tax Centre	Québec, Chicoutimi, Rimouski, Trois-Rivières, Outaouais, and Montérégie-Rive-Sud
St. John's Tax Centre	Nova Scotia, New Brunswick, Newfoundland and Labrador, Kingston, Peterborough, and St. Catharines
Summerside Tax Centre	Prince Edward Island, Belleville, Hamilton, and Kitchener/Waterloo
International Tax Services Office (Ottawa)	Non-residents of Canada

For an Eligible Holder that is a trust or a partnership, the Tax Services Office is the Ottawa Technology Centre regardless of where the Eligible Holder is located.

## 7. Contact Information.

Sandstorm Gold may need to contact an Eligible Holder (or the contact person for the Eligible Holder) to clarify the information contained in the Manual Questionnaire submitted. Sandstorm Gold requests that each Eligible Holder provide a telephone number, facsimile number and e-mail address to facilitate any contact.

Sandstorm Gold also requires the Eligible Holder's email address in order to send the completed copies of the Tax Election form. Without a valid email address, a copy of the Tax Election will not be provided.

#### **8. Name of Co-owner(s) of the Sandstorm Metals Shares**

If you owned Sandstorm Metals shares together with another owner or owners (a “**co-owner**” or “**co-owners**”, as the case may be), a single Manual Questionnaire completed by one of the co-owners designated for such purpose may be used for purposes of the Tax Election. In this case, the Eligible Holder completing the questionnaire must identify each electing co-owner and provide the information requested (including contact information, the percentage share, etc.). A Tax Election will be prepared for each co-owner and each Tax Election must then be signed and filed with the tax authorities.

If no co-owner is designated to file the Tax Election on behalf of all electing co-owners (i.e. answer “No” to the question 8a “Are you requesting a Tax Election on behalf of all electing co-owners?”), then each co-owner can complete their own questionnaire and a Tax Election form will be prepared for them to sign and file with the tax authorities.

Refer to Question 1 of the Frequently Asked Questions section of the Tax Election Instructions Letter for more information about completing a Tax Election if there are co-owners.

**Please note that co-owners filing in Quebec cannot file a single Provincial Tax Election form and instead each co-owner must file their own Provincial Tax Election form.**

## **Part II – Required Tax Information**

This Part requires the Eligible Holder to provide information that will be used by the CRA to determine the tax consequences resulting from the disposition of the Sandstorm Metals Shares.

### **9. Are any of the properties disposed of capital properties?**

Whether the Sandstorm Metals shares are held as capital property or inventory will determine how any gain or loss is treated for tax purposes. Gains on Sandstorm Metals shares held as capital property will be taxed as a capital gain, only one-half of which will be taxable. Sandstorm Metals shares held as inventory will be fully taxable as income.

The determination of whether the Sandstorm Metals shares are capital property or inventory to an Eligible Holder is a question of fact, whereby it is necessary to consider the Eligible Holder's particular circumstances. Sandstorm Metals shares will generally constitute capital property to an Eligible Holder unless the Eligible Holder held such shares as inventory in the course of carrying on a business or as part of an adventure in the nature of trade.

Most Eligible Holders will hold the Sandstorm Metals shares as capital property and will answer this question as "Yes". Some Shareholders, however, will hold the Sandstorm Metals shares as inventory and will answer this question as "No".

An Eligible Holder who is unsure of the nature of their Sandstorm Metals shares should consult with their tax advisor.

### **10. Are you required to file a Québec income tax return?**

Eligible Holders that are required to file a Québec income tax return are also required to file an additional Québec Tax Election form in order to obtain a tax deferred rollover for Québec income tax purposes. For Eligible Holders that answer "Yes" to this question, Sandstorm Gold will prepare a Québec Tax Election form based on the information provided by the Eligible Holder in the Manual Questionnaire, and send the Québec Tax Election form to the Eligible Holder to sign and file with the Québec taxation authority.

An Eligible Holder filing the Québec Tax Election form with the Québec taxation authority must also file the federal Tax Election form with the CRA.

### **11. The amount of cash and Sandstorm Gold shares received by the Eligible Holder.**

The amount of cash and Sandstorm Gold shares received can be found on your brokerage statement that includes the Effective Date of the Arrangement (i.e., May 29, 2014).

In the case of co-owners, you should enter the total amount of cash and the total number of Sandstorm Gold shares received by all co-owners, including those of any co-owners that decide not to elect. The total amounts are required to properly reflect the proportionate interest for each electing co-owner.

### **12. The total number of Sandstorm Metals shares disposed of by the Eligible Holder (and all co-owners, if applicable).**

The number of Sandstorm Metals shares disposed of can be found on your brokerage statement that includes the Effective Date of the Arrangement.

### **13. Adjusted cost base of the Sandstorm Metals shares disposed of by the Eligible Holder.**

The adjusted cost base (“ACB”) of an Eligible Holder’s Sandstorm Metals shares will generally be the amount paid by the Eligible Holder to acquire the Sandstorm Metals shares. The ACB may be adjusted in certain circumstances (e.g., where an Eligible Holder received their Sandstorm Metals shares due to a previous tax-deferred transaction or where an Eligible Holder received their Sandstorm Metals shares as a gift).

The rules for determining the ACB are complex. Sandstorm Gold does not have access to information that can assist Eligible Holders in determining their particular ACB. Eligible Holders should consult their tax advisor to obtain assistance in determining the correct ACB of their Sandstorm Metals Shares.

### **14. Elected amount.**

The Elected Amount (as discussed in the Information Circular) is chosen by the Eligible Holder, within certain parameters defined in the Tax Act, to affect the tax results of the disposition of the Sandstorm Metals shares. The Elected Amount will be the proceeds of disposition reported in the Eligible Holder’s income tax return for purposes of computing any gain or loss.

Eligible Holders that wish to minimize any gain on the disposition of the Sandstorm Metals shares should answer “Yes” to Question 14 of the Questionnaire. By answering “Yes” the lowest possible Elected Amount allowed by the Tax Act will be used in completing the Tax Election form.

Alternatively, Eligible Holders may choose to use another amount as their Elected Amount, subject to the rules outlined below. Eligible Holders that answer “No” must manually input their Election Amount in the second part of Question 14.

The Elected Amount must be within the range required by the Tax Act. Eligible Holders may choose any Elected Amount within the range determined in accordance with the following rules:

- (1) The Elected Amount may not be less than the amount of cash received on the disposition of Sandstorm Metals shares.
- (2) The Elected Amount may not be less than the lesser of the ACB (or cost amount, if the Sandstorm Metals shares were inventory) of the Eligible Holder, determined at the time of the disposition, and the fair market value of the Sandstorm Metals shares at that time.
- (3) The Elected Amount may not exceed the fair market value of the Sandstorm Metals Shares at the time of disposition.

If the fair market value of the Sandstorm Metals shares is less than the ACB (that is, the disposition results in a loss), an Eligible Holder cannot file a Tax Election form.

**Eligible Holders should consult their tax advisors regarding the selection of the appropriate Elected Amount in respect of the Sandstorm Metals shares disposed.**

**15. Individuals in a “financial reporting oversight role” (FROR).**

To ensure the rules and regulations of the Securities Exchange Commission (SEC) are not violated by any party, we must be informed if any Eligible Holder making a Tax Election is an individual in a FROR of a SEC registrant company. The SEC’s FROR rules and regulations only apply to individuals. If the Eligible Holder is a corporation, a trust or a partnership, the answer to this question should be “No”.

Persons in a financial reporting oversight role (FROR) are considered to include individuals in the roles of Chief Executive Officer, President, Chief Financial Officer, Chief Operating Officer, general counsel, Chief Administrative Officer, controller, director of internal audit, director of financial reporting, treasurer and any equivalent position of an SEC registrant company. The spouse of an Eligible Holder includes a spouse or a spousal-equivalent (e.g., common-law spouse or domestic partner).

### Part III - Frequently Asked Questions

***Q1. I owned Sandstorm Metals Shares together with other co-owners (e.g., my spouse). Who should complete and sign the Tax Election form? Whose Social Insurance Number should be provided?***

A1. A single Manual Questionnaire may be used for the federal Tax Election if one co-owner is chosen to file on behalf of all co-owners. If a single Manual Questionnaire is being used, you must respond “yes” to the question 8(a) “Are you authorized to file a Tax Election on behalf of other co-owners?” in the Part I - Identification section of the questionnaire.

The person completing the questionnaire as the Eligible Holder will be considered the “**Designated Co-Owner**” and must provide the required information for each electing co-owner. Note that such information should be included in the Questionnaire. The Designated Co-Owner will receive one electronic copy of the Tax Election (and any other relevant provincial forms) for each co-owner to be signed by the Designated Co-Owner. One completed copy of each Tax Election form together with a list of all co-owners electing and proof of authority to sign on behalf of such co-owners should be filed with the CRA.

Alternatively, each co-owner can sign his or her own Tax Election form and each Tax Election form, together with a list of all co-owners electing, should be filed by the Designated Co-Owner.

Alternatively, each co-owner may complete his or her own Manual Questionnaire. In this case, each co-owner should set out his or her respective ownership interest in the Sandstorm Metals Shares and report amounts on his or her Manual Questionnaire (as the case may be) corresponding to that ownership percentage. The co-owner should also choose his or her own Elected Amount in respect of his or her particular ownership interest in the Sandstorm Metals Shares. If separate election forms are filed, each co-owner is able to choose his or her own particular Elected Amount.

**Please note that Co-owners filing in Québec cannot file a single Provincial Election form and instead each co-owner must file their own Provincial Election form.**

***Q2. How do I determine how many Sandstorm Metals Shares I exchanged pursuant to the Arrangement?***

A2. Your securities broker can provide you with this information. Alternatively, this information should be on your brokerage statement for the period that includes the Effective Date of the Arrangement (i.e., May 29, 2014).

***Q3. Will Sandstorm Gold or Sandstorm Metals help me complete the Tax Election form?***

A3. No. After receiving the completed Manual Questionnaire, a Tax Election form will be compiled based solely on the information that the Eligible Holder provides. It is each Eligible Holder’s responsibility to review the Tax Election for accuracy and completeness, sign it and file it with the CRA (and Revenu Québec, if applicable). The Tax Election form will be compiled based on the information provided by the Eligible Holder or their representative; Sandstorm Gold will not verify the accuracy of the information contained in the Manual Questionnaire. The Eligible Holder should review the Tax Election form before submitting it to the CRA (and, if applicable, Revenu Québec).



This Tax Election Instructions Letter describes how to complete the Manual Questionnaire. Additionally, shareholders may call the Technical Assistance Hotline at 1-855-393-3545 (outside Vancouver) or 604-646-6394 (in the Greater Vancouver Area) for technical assistance regarding use of the Manual Questionnaire. No tax advice will be given on the hotline.

**Eligible Holders will be solely responsible or liable for any taxes, interest, penalties, damages or and any expenses resulting from the compilation or other preparation of any Tax Election, failure by the Eligible Holder to provide complete, accurate and necessary Tax Election information, to properly review any Tax Election form or to properly file it in the form and manner and within the time prescribed under the Tax Act (or the corresponding provisions of any applicable provincial tax law). Although Sandstorm Gold is facilitating the compilation of the Tax Election form, the responsibility for correctly completing the form rests with the Eligible Holder and such Eligible Holder should review the form with his, her or its own tax advisors to ensure that the Eligible Holder agrees with the content and calculations before it is filed.**

***Q4. Is there a fee for filing the Tax Election Form?***

A4. No, you are not required to pay any fees to file the Tax Election form, provided it is filed within the prescribed time. The CRA or Revenu Québec (if applicable) may levy a penalty for a late filed election form.

***Q5. What was the fair market value of a Sandstorm Metals share for tax reporting purposes?***

A5. The fair market value of a Sandstorm Metals share for tax reporting purposes was \$1.37 per share.

***Q6. How do I calculate the adjusted cost base of my Sandstorm Metals shares?***

A6. The adjusted cost base of an Eligible Holder's Sandstorm Metals shares must be computed in accordance with certain averaging provisions of the Tax Act and a number of adjustments must be taken into account. We recommend that Eligible Holders consult their own tax advisor to obtain assistance.

***Q7. What happens if I do not provide my information to Sandstorm Gold within the 90 day deadline?***

A7. Sandstorm Gold has agreed to make a Tax Election only if complete and correct information is provided within the 90 day deadline, so it is important to provide your complete and correct information by that deadline.

***Q8. I filed the Tax Election and was able to defer all of the gain on the exchange of Sandstorm Metals shares for Sandstorm Gold shares and cash. Do I have to report the exchange on my tax return for the period that includes the transaction?***

A8. Yes, you must report the exchange of Sandstorm Metals shares for Sandstorm Gold shares even though you filed a Tax Election and were able to defer all or a portion of the gain you would otherwise have realized on the exchange.

***Q9. I received my Sandstorm Metals shares from my spouse or common law partner through an inheritance or gift. What is my adjusted cost base?***

A9. The rules in this area are complex and you should consult your tax advisor for more information.

***Q10. I have completed and submitted the Manual Questionnaire. What do I do next?***

A10. After receiving a properly completed Manual Questionnaire, a Tax Election form will be compiled using the information that the Eligible Holder has provided. Sandstorm Gold will execute (sign) the electronic copy of the Tax Election form and send it to you using the email address provided in the Manual Questionnaire.

You will then review the prepared Tax Election form. If you do not agree with the content, calculations or any disclosures, contact the hotline indicated in the Tax Election Instruction Letter. If you are satisfied, sign and file the Tax Election form with the CRA and Revenu Québec (if applicable). Please also refer to section “Delivery of the Completed Tax Election Form” on page 5.

***Q11. I am a non-resident of Canada. What are my tax consequences resulting from the Arrangement?***

A11. A summary of the Canadian income tax consequences to non-residents of Canada can be found on pages 66-67 of the Information Circular dated April 24, 2014. A summary of the U.S. federal income tax considerations to U.S. Holders can be found on page 69-75 of the Information Circular. A copy of the Information Circular can be found on the Sandstorm Gold’s website.

**Non-residents should generally not be considered Eligible Holders and therefore would not be eligible to make a Tax Election with Sandstorm Gold.**

**Eligible Holders should consult their tax advisors regarding the tax consequences of the Arrangement.**

**FORMER SHAREHOLDERS OF SANDSTORM METALS & ENERGY LTD.  
TAX ELECTION QUESTIONNAIRE**

Any personal information you submit to Sandstorm Gold Ltd. on this Tax Election Questionnaire will be used solely for the purposes of your Tax Election form and any subsequent enquiries or proceedings, and you consent to our collection and use of your personal information for such purposes. Your personal information will not be used to market any goods or services to you.

If your Sandstorm Metals & Energy Ltd. shares are held in a TFSA or RRSP, there is no need to file a Tax Election. Please consult your tax advisor.

**PART I : Identification**

*(please print clearly)*

<b>1</b>	<b>Name of Eligible Holder</b>		
<b>2</b>	<b>Type of Eligible Holder</b>	<input type="checkbox"/> Individual	<input type="checkbox"/> Partnership
		<input type="checkbox"/> Corporation	<input type="checkbox"/> Trust
	2(a) Is the Eligible Holder a non-resident of Canada for tax purposes?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	2(b) If the Eligible Holder is a partnership, are any partners non-residents of Canada?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> N/A
<b>3</b>	<b>Social Insurance Number, Business Number, Trust Account Number or Partnership Number of Eligible Holder</b>		
<b>4</b>	<b>Address of Eligible Holder</b>		
	Number and street		
	City, Province / State		
	Postal / ZIP code		
<b>5</b>	<b>Taxation year of Eligible Holder</b>	Y Y Y Y M M D D	to <span style="background-color: #cccccc; text-align: center;">Y Y Y Y M M D D</span>
<b>6</b>	<b>Tax Services Office of Eligible Holder</b>		
<b>7</b>	<b>Contact information</b>		
	Title of Contact Person		(Mr., Mrs., Ms., etc.)
	Name of Contact Person		c/o
	Telephone		-
	Facsimile		-
	Email (Required)		
	Is the mailing address of the Contact Person the same as the Eligible Holder's address above?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**FORMER SHAREHOLDERS OF SANDSTORM METALS & ENERGY LTD.  
TAX ELECTION QUESTIONNAIRE**

**7 (continued)**

*If "No", complete the following:*

Number and street

City, Province / State

Postal / ZIP code

**8 Are the shares co-owned?**

Yes  No

If "No", continue to the next question.

If "Yes", what is the Eligible Holder's percentage share (i.e., undivided interest) in the co-owned shares?

8(a) Are you requesting a tax election on behalf of all electing co-owners?

Yes  No

*If "Yes", provide the following information for each co-owner.*

**Co-owner #1**

(i) Name of Co-owner

(ii) Type of Co-owner

Individual  Partnership  
 Corporation  Trust

(iii) Is the Co-owner a non-resident of Canada for tax purposes?

Yes  No

(iv) Social Insurance Number, Business Number, Trust Account Number or Partnership Number of Co-owner

(v) Address of Co-owner:

Number and street

City, Province

Postal code

(vi) Taxation year of Co-owner

Y Y Y Y M M D D to Y Y Y Y M M D D

(vii) Tax Services Office of Co-owner

(viii) What is the Co-owner's percentage share?

*Additional space is available at the end of the Manual Questionnaire if there are more than one Co-owners.*

**FORMER SHAREHOLDERS OF SANDSTORM METALS & ENERGY LTD.  
TAX ELECTION QUESTIONNAIRE**

**PART II : Required Tax Information**

*(please print clearly)*

**9 Are any of the Sandstorm Metals shares disposed of capital properties?**  Yes  No

**10 Are you required to file a tax return in Québec?**  Yes  No

*If "Yes", please provide the following information, if applicable:*

a) Québec Enterprise Number (if applicable)

b) Québec Partnership Identification Number (if applicable)

**11 The total amount of cash (in Canadian dollars) and the total number of Sandstorm Gold shares received from Sandstorm Gold on the exchange.**

Cash received (in Canadian dollars)	<input style="width: 100px; height: 15px;" type="text"/> \$
Number of shares received	<input style="width: 100px; height: 15px;" type="text"/>

**12 The total number of Sandstorm Metals shares disposed of by the Eligible Holder (and all co-owners, if applicable).**

**13 Adjusted cost base of the total number of Sandstorm Metals shares disposed of by the Eligible Holder (i.e., the total number of shares multiplied by the adjusted cost base per share).**  \$ (in Canadian dollars)

*For Québec purposes only:*

*If the answer to Question #10 is "Yes", please answer the following:*

a) Is your adjusted cost base for federal tax purposes different than your adjusted cost base for Québec tax purposes?  Yes  No

b) If "Yes", what is your Québec adjusted cost base?  \$ (in Canadian dollars)

**The following conditions must be satisfied to make a different Tax Election for federal purposes than for Québec purposes:**

- (i) The parties carried on at least 90% of their business in Québec in the taxation year in which the transfer took place.
- (ii) If one of the parties is an individual, he or she was a resident in Québec on the last day of the transfer year.

**FORMER SHAREHOLDERS OF SANDSTORM METALS & ENERGY LTD.  
TAX ELECTION QUESTIONNAIRE**

**13 (continued)**

*For Québec purposes only (continued):*

- (iii) If the amounts in the federal Tax Election and the Québec Tax Election differ, the following question is answered:

Is the difference between the amounts entirely (or almost entirely) attributable to the difference between the cost amount of the property used to calculate Québec income tax and the cost amount used to compute federal income tax?

Yes  No

If you answered “No”, briefly explain the difference:

(Note: The reason must be deemed reasonable in the circumstances by the Minister of Revenue.)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

- c) Does the Eligible Holder meet the above requirements allowing for a different federal and Québec Tax Election?

Yes  No

**14 Elected amount**

I wish to minimize any tax gain on the disposition of the Sandstorm Metals shares

Yes  No

If “No”, I choose to elect the following Elected Amount:

\$ \_\_\_\_\_ (in Canadian dollars)

*For Québec purposes only:*

*If the answer to Question #10 is “Yes”, please answer the following:*

I wish to minimize any tax gain for Québec purposes on the disposition of the shares

Yes  No

If “No”, I choose to elect the following Elected Amount:

\$ \_\_\_\_\_ (in Canadian dollars)

- 15 If the Eligible Holder or a Co-owner is an individual, is the individual, the spouse of the individual or a dependent of the individual a person in a “financial reporting oversight role” (FROR) of a SEC registrant public company or an affiliate of such company?**

Yes  No

*If “Yes”, please name the SEC registrant(s) for which the individual, the individual’s spouse and/or the individual’s dependent is a person in a FROR:*

1) \_\_\_\_\_

2) \_\_\_\_\_

3) \_\_\_\_\_

**FORMER SHAREHOLDERS OF SANDSTORM METALS & ENERGY LTD.  
TAX ELECTION QUESTIONNAIRE**

**Question #8 continued****Additional Co-owner information (if required)***(please print clearly)***Co-owner #2**

- (i) Name of Co-owner
- (ii) Type of Co-owner  
 Individual                       Partnership  
 Corporation                       Trust
- (iii) Is the Co-owner a non-resident of Canada for tax purposes?  
 Yes                       No
- (iv) Social Insurance Number, Business Number, Trust Account Number or Partnership Number of Co-owner
- (v) Address of Co-owner:  
Number and street   
City, Province    
Postal code
- (vi) Taxation year of Co-owner  Y Y Y Y M M D D to  Y Y Y Y M M D D
- (vii) Tax Services Office of Co-owner
- (viii) What is the Co-owner's percentage share?

**Co-owner #3**

- (i) Name of Co-owner
- (ii) Type of Co-owner  
 Individual                       Partnership  
 Corporation                       Trust
- (iii) Is the Co-owner a non-resident of Canada for tax purposes?  
 Yes                       No
- (iv) Social Insurance Number, Business Number, Trust Account Number or Partnership Number of Co-owner
- (v) Address of Co-owner:  
Number and street   
City, Province    
Postal code
- (vi) Taxation year of Co-owner  Y Y Y Y M M D D to  Y Y Y Y M M D D
- (vii) Tax Services Office of Co-owner
- (viii) What is the Co-owner's percentage share?

**FORMER SHAREHOLDERS OF SANDSTORM METALS & ENERGY LTD.  
TAX ELECTION QUESTIONNAIRE**

**Question #8 continued****Additional Co-owner information (if required)***(please print clearly)***Co-owner #4**

- (i) Name of Co-owner
- (ii) Type of Co-owner  
 Individual                       Partnership  
 Corporation                       Trust
- (iii) Is the Co-owner a non- resident of Canada for tax purposes?  
 Yes                       No
- (iv) Social Insurance Number, Business Number, Trust Account Number or Partnership Number of Co-owner
- (v) Address of Co-owner:  
Number and street   
City, Province    
Postal code
- (vi) Taxation year of Co-owner  Y Y Y Y M M D D to  Y Y Y Y M M D D
- (vii) Tax Services Office of Co-owner
- (viii) What is the Co-owner's percentage share?

**Co-owner #5**

- (i) Name of Co-owner
- (ii) Type of Co-owner  
 Individual                       Partnership  
 Corporation                       Trust
- (iii) Is the Co-owner a non- resident of Canada for tax purposes?  
 Yes                       No
- (iv) Social Insurance Number, Business Number, Trust Account Number or Partnership Number of Co-owner
- (v) Address of Co-owner:  
Number and street   
City, Province    
Postal code
- (vi) Taxation year of Co-owner  Y Y Y Y M M D D to  Y Y Y Y M M D D
- (vii) Tax Services Office of Co-owner
- (viii) What is the Co-owner's percentage share?