



**Part II** Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ \_\_\_\_\_

IRC section 1001

IRC section 1011

IRC section 1012

18 Can any resulting loss be recognized? ▶ Yes, provided the Issuer shareholder's basis in their Issuer shares is greater than the Consideration received from SGL. Please note the deductibility of capital losses is subject to limitations.

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

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable tax year is 2014.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶ "Erfan Kazemi" Date ▶ July 7, 2014

Print your name ▶ Erfan Kazemi Title ▶ CFO, Sandstorm Metals & Energy Ltd.

**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.