UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

o REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

OR

x ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2013

Commission file number: 001-35617

Sandstorm Gold Ltd.

(Exact Name of Registrant as Specified in its Charter)

British Columbia, Canada	**1041**	**Not Applicable**
(Province or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

Suite 1400, 400 Burrard Street
Vancouver, British Columbia, Canada V6C 3A6
(604) 689-0234
(Address and Telephone Number of Registrant's Principal Executive Offices)

C T Corporation System
111 Eighth Avenue
New York, New York 10011
(212) 590-9070
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class:	**Name of Each Exchange On Which Registered:**
Common Shares, no par value	NYSE MKT LLC; Toronto Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check mark the information filed with this form:

x Annual Information Form x Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 100,028,138 (as of December 31, 2013)

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. x Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). o Yes o No

EXPLANATORY NOTE

Sandstorm Gold Ltd. (the "Company" or the "Registrant") is a Canadian issuer eligible to file its annual report pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on Form 40-F pursuant to the multi-jurisdictional disclosure system of the Exchange Act. The Company is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act. Equity securities of the Company are accordingly exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the Exchange Act pursuant to Rule 3a12-3.

FORWARD-LOOKING STATEMENTS

This annual report and the exhibits attached hereto and incorporated herein may contain "forward-looking statements" as defined in Section 27A of the Securities Act of 1933 (the "Securities Act"), Section 21E of the Exchange Act, the Private Securities Litigation Reform Act of 1995 (the "PSLRA") or in releases made by the Securities and Exchange Commission ("SEC"), all as may be amended from time to time. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company or industry results to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements.

Statements that are not historical fact are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the words "plan," "believe," "expect," "anticipate," "intend," "estimate," "project," "may," "will," "would," "could," "should," "seeks," "scheduled to" or other similar words, or the negative of these terms or other variations of these terms or comparable language, or by discussion of strategy or intentions. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act and the PSLRA with the intention of obtaining the benefits of the "safe harbor" provisions of such laws. The Company cautions investors that any forward-looking statements made by the Company are not guarantees or indicative of future performance. Important assumptions and other important factors that could cause actual results to differ materially from those forward-looking statements with respect to the Company include, without limitation: the impact of general business and economic conditions; delays in the construction of the Bachelor Lake mine, the Bracemac-McLeod mine, the Summit mine, the Ming mine, the Serra Pelada mine, the Deflector mine and the Entrée JV Project and operations at the Mt. Hamilton project, the Coringa project and the Ann Mason project; the absence of control over mining operations from which the Company will purchase gold and other precious metals and risks related to those mining operations, including risks related to international operations, government and environmental regulation, actual results of current exploration activities, conclusions of economic evaluations and changes in project parameters as plans continue to be refined; problems inherent to the marketability of gold and other precious metals; industry conditions, including fluctuations in the price of metals, fluctuations in foreign exchange rates and fluctuations in interest rates; government entities interpreting existing tax legislation in a manner different from the way the Company does or enacting new tax legislation in a way that adversely affects the Company; stock market volatility; competition; and those factors discussed in the section entitled "Risk Factors" in the Company's annual information form for the year ended December 31, 2013 (the "AIF") attached as Exhibit 99.1 to this annual report on Form 40-F and incorporated by reference herein.

Forward-looking information in this Annual Report on Form 40-F and the exhibits attached hereto include, among other things, disclosures regarding: the Company's existing gold streams and royalties, including with Luna Gold Corp. ("Luna"), SilverCrest Mines Inc. ("SilverCrest"), Rambler Metals & Mining plc., Santa Fe Gold Corp., Brigus Gold Corp. ("Brigus"), Metanor Resources Inc. ("Metanor"), Donner Metals Ltd., Colossus Minerals Inc., Mutiny Gold Ltd., Entrée Gold Inc., Solitario Exploration & Royalty Corp., Magellan Minerals Ltd., Anglo Gold Ashanti Ltd. and Yamana Gold Inc., its underlying royalties with Premier Royalty Inc., as well as its future outlook and the mineral reserve and mineral resource estimates for Luna, SilverCrest, Brigus and Metanor. Forward-looking information is based on assumptions management believes to be reasonable, including but not limited to the continued operation of the mining operations from which the

Company will purchase gold and other precious metals, no material adverse change in the market price of commodities, that the mining operations will operate in accordance with their public statements and achieve their stated production outcomes, and such other assumptions and factors as set out therein.

Although the Company believes that its plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, actual results could differ materially from a projection or assumption in any of its forward-looking statements. The Company's future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The forward-looking statements contained in this annual report on Form 40-F are made only as of the date hereof. The forward-looking statements contained in the exhibits incorporated by reference into this annual report are made only as of the respective dates set forth in such exhibits. The Company does not have, or undertake, any obligation to update or revise any forward-looking statements whether as a result of new information, subsequent events or otherwise, unless otherwise required by law.

NOTE TO UNITED STATES READERS -
DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Company is permitted, under a multi-jurisdictional disclosure system adopted by the United States, to prepare this annual report in accordance with Canadian disclosure requirements, which are different from those of the United States. The Company is also subject to Canadian auditing and auditor independence standards.

The Company prepares its financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, including the report of the independent registered public accounting firm with respect thereto. Consequently, the Company's financial statements may not be comparable to those prepared by U.S. companies. The Company's audited financial statements ("Audited Financial Statements") and the Company's management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2013 (the "MD&A") are included in the annual report of the Company (the "Annual Report") which is attached hereto as Exhibit 99.2 to this annual report on Form 40-F.

CURRENCY

Unless otherwise indicated, all dollar amounts in this annual report on Form 40-F are in United States dollars. The exchange rate of United States dollars into Canadian dollars, on December 31, 2013 based upon the noon rate as published by the Bank of Canada, was U.S. $1.00=CDN$1.0636. The exchange rate of United States dollars into Canadian dollars, on March 10, 2014 based upon the noon rate as published by the Bank of Canada, was U.S. $1.00=CDN$1.1105.

RESOURCE AND RESERVE ESTIMATES

The Company's AIF, attached as Exhibit 99.1 to this annual report on Form 40-F, and the Annual Report, attached as Exhibit 99.2 to this annual report on Form 40-F, have been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws. Unless otherwise indicated, all resource and reserve estimates included in the AIF and the Annual Report have been prepared in accordance with Canadian National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") - *CIM Definition Standards on Mineral Resources and Mineral Reserves* , adopted by the CIM Council, as amended. NI 43-101 is a rule developed by the Canadian Securities Administrators, which established standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with NI 43-101 and

the CIM standards. These definitions differ from the definitions in SEC Industry Guide 7 ("SEC Industry Guide 7") under the Securities Act. Under SEC Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in and required to be disclosed by NI 43-101 and the CIM standards; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this annual report on Form 40-F and the portions of documents incorporated by reference herein containing descriptions of the Company's mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

At the end of the period covered by this annual report on Form 40-F, an evaluation was carried out under the supervision and with the participation of the Company's management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a - 15(e) and 15d - 15(e) under the Exchange Act). Based on that evaluation, the CEO and the CFO have concluded that as of the end of the period covered by this annual report on Form 40-F, the Company's disclosure controls and procedures were effective in ensuring that: (i) information required to be disclosed by the Company in reports that it files or submits to the SEC under the Exchange Act was recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and (ii) material information required to be disclosed in the Company's reports filed under the Exchange Act was accumulated and communicated to the Company's management, including the CEO and the CFO, as appropriate, to allow for accurate and timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of financial statements for external purposes in accordance with generally accepted accounting principles.

The Company's management, including its CEO and CFO, does not expect that its disclosure controls and procedures or internal controls and procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

With the participation of the CEO and CFO, management conducted an evaluation of the design and operation of the Company's internal control over financial reporting as of December 31, 2013, based on the criteria set forth in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management concluded in its report that the Company's internal control over financial reporting was effective as of December 31, 2013.

Management's annual report on internal control over financial reporting (the "Report") is included with the Audited Financial Statements which are included in the Annual Report attached as Exhibit 99.2 to this annual report on Form 40-F.

Attestation Report of the Independent Registered Public Accounting Firm

The Company's Independent Registered Public Accounting Firm have issued an attestation report on the Company's internal control over financial reporting as of December 31, 2013 included with the Audited Financial Statements which are included in the Annual Report attached as Exhibit 99.2 to this annual report on Form 40-F.

Under the Jumpstart Our Business Startups Act ("JOBS Act") enacted in 2012, an "emerging growth company" is exempt from Section 404(b) of the Sarbanes-Oxley Act, which generally requires public companies to provide in their annual reports an independent auditor

attestation of management's assessment of internal control over financial reporting . Although the Company qualifies as an "emerging growth company" under the JOBS Act it has voluntarily included an independent auditor attestation of management's assessment of internal control over financial reporting in this Annual Report. As long as the Company continues to qualify as an "emerging growth company", there can be no assurance that the Company will continue to include this independent auditor attestation of management's assessment of internal control over financial reporting in the Company's future Annual Reports.

Changes in Internal Control over Financial Reporting

During the period covered by this annual report on Form 40-F, no changes occurred in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

REGULATION BTR

The Company was not required by Rule 104 of Regulation BTR to send any notice to its directors and executive officers during the fiscal year ended December 31, 2013 concerning any equity security subject to a blackout period under Rule 101 of Regulation BTR.

AUDIT COMMITTEE

Identification

The Company has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Audit Committee is comprised of three individuals: John P.A. Budreski, Davie E. De Witt (Chair) and Andrew T. Swarthout. In the opinion of the Company's Board of Directors ("Board"), each of the members of the Audit Committee is financially sophisticated and independent, as such terms are defined by the NYSE MKT listing standards applicable to the Company and as determined under Rule 10A-3 of the Exchange Act.

Audit Committee Financial Experts

The Board has determined that each of John P.A. Budreski, David E. De Witt and Andrew T. Swarthout is an audit committee financial expert under the applicable criteria prescribed by the NYSE MKT and the SEC in the general instructions of Form 40-F.

The SEC has indicated that the designation of a person as an audit committee financial expert does not make such person an "expert" for any purpose, impose on such person any duties, obligations or liability that are greater than those imposed on such person as a member of the Audit Committee and Board in the absence of such designation, or affect the duties, obligations or liability of any other member of the Audit Committee or Board.

Audit Committee Charter

The Company's audit committee charter is available for review on the Company's website at *www.sandstormgold.com* and in print without charge to any shareholder that provides the Company with a written request addressed to the Company's Corporate Secretary.

CODE OF ETHICS

The Company's Board has adopted a Code of Conduct and Ethics (the "Code") that applies to all directors, officers and employees of the Company. The Code addresses the items required to be included in a "code of ethics" as set forth in paragraph 9(b) of General Instruction B of Form 40-F, as well as various other topics.

The Code is available on SEDAR at *www.sedar.com*, on the Company's website at *www.sandstormgold.com* and has been filed as Exhibit 99.6 to this annual report. The Company will provide a copy of the Code in print without charge to any shareholder that provides the Company with a written request addressed to the Company's Corporate Secretary.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

Deloitte LLP acted as the Company's Independent Registered Public Accounting Firm for the fiscal year ended December 31, 2013. For a description of the total amount billed to the Company by Deloitte LLP for services performed in the last two financial years by category of service (audit fees, audit related fees, tax fees and all other fees), see "Audit Committee - External Auditor Service Fees" on page 87 of the AIF, which is attached as Exhibit 99.1 to this annual report and incorporated by reference herein.

For a description of the Company's pre-approval policies and procedures related to the provision of non-audit services, see "Audit Committee - Pre-Approval Policies and Procedures" on page 87 of the AIF, which is attached as Exhibit 99.1 to this annual report on Form 40-F and incorporated by reference herein.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table lists as of December 31, 2013 information with respect to the Company's known contractual obligations:

Contractual Obligations	Total	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
Long-Term Debt Obligations	–	–	–	–	–
Capital (Finance) Lease Obligations	–	–	–	–	–
Operating Lease Obligations	$ 1,346,466	$ 436,561	$ 909,905	–	–
Purchase Obligations	–	–	–	–	–
Other Long-Term Liabilities	–	–	–	–	–
Total	$ 1,346,466	$ 436,561	$ 909,905	–	–

The Company is a resource-based Company that acquires gold streams from companies that have advanced stage development projects or operating mines. Gold streams are acquired by entering into gold streaming agreements which provide that in return for making a one-time up-front payment, the Company receives the right to purchase, at a fixed price per unit, a percentage of a mine's production for the life of the mine. Accordingly, the Company's purchase commitments with respect to each gold stream are not based on time periods, such as less than 1 year or 1 to 3 years, but rather continue for the life of the mine. For a description of the purchase commitments of the Company, see "Contractual Obligations" and "Note 15 - Contractual Obligations" on pages 36 and 76, respectively, of the Annual Report attached as Exhibit 99.2 to this annual report on Form 40-F and incorporated by reference herein.

CORPORATE GOVERNANCE

As a Canadian corporation listed on NYSE MKT, the Company is not required to comply with most of the NYSE MKT corporate governance standards, so long as it complies with Canadian corporate governance practices. However, pursuant to NYSE MKT rules, the Company must disclose the significant differences between its corporate governance practices and those required to be followed by U.S. domestic issuers under NYSE MKT's corporate governance standards.

NYSE MKT'S quorum requirement provides that a quorum for a shareholder meeting of a NYSE MKT-listed company must be at least 33-1/3% of the issued and outstanding common shares of the company. The Company instead follows applicable Canadian laws with respect to quorum requirements. The Company's articles provide that the quorum requirement for a shareholder meeting shall be one person present or represented by proxy.

The Company reviews its governance practices and monitors developments in Canada and the United States on an ongoing basis to ensure it is in compliance with applicable rules and standards. The board is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Audited Financial Statements, and MD&A and the AIF, can be found on SEDAR at *www.sedar.com*, on the SEC website at *www.sec.gov* or on the Company's website at *www.sandstormgold.com*. Shareholders may also contact the Company's Corporate Secretary by phone at (604) 689-0234 or by e-mail at info@sandstormLTD.com to request copies of these documents and this annual report on Form 40-F for no charge.

UNDERTAKING

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the SEC staff, and to furnish promptly, when requested to do so by the SEC staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

The Company has previously filed with the SEC a written consent to service of process and power of attorney on Form F-X. Any change to the name or address of the Company's agent for service shall be communicated promptly to the SEC by amendment to the Form F-X referencing the file number of the Company.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Company certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

SANDSTORM GOLD LTD.

By: /s/ Nolan Watson
Name: Nolan Watson
Title: President & Chief Executive Officer

Date: March 11, 2014

EXHIBIT INDEX

Exhibit	Description
99.1	Annual Information Form for the year ended December 31, 2013
99.2	Annual Report for the year ended December 31, 2013, which includes Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2013 and Audited annual consolidated financial statements for the fiscal year ended December 31, 2013
99.3	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14 of the Securities Exchange Act of 1934
99.4	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.5	Consent of Deloitte LLP, Chartered Accountants
99.6	Code of Conduct and Ethics
99.7	Consent of G. Peter Mah
99.8	Consent of Leah Mach
99.9	Consent of Pascal Hamelin
99.10	Consent of Howard Bird
99.11	Consent of Nathan Eric Fier

Exhibit 99.1



SANDSTORM

GOLD

SANDSTORM GOLD LTD.

ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2013

March 10, 2014

Suite 1400, 400 Burrard Street
Vancouver, B.C. V6C 3A6

SANDSTORM GOLD LTD.
ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2013

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INTRODUCTORY NOTES

Cautionary Note Regarding Forward-Looking Information

This annual information form ("**AIF**") contains "forward-looking statements" or "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information is provided as of the date of this AIF and Sandstorm Gold Ltd. ("**Sandstorm Gold**" or the "**Company**") does not intend, and does not assume any obligation, to update this forward-looking information, except as required by law.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on reasonable assumptions that have been made by Sandstorm Gold as at the date of such information and is subject to known and unknown risks, uncertainties and other factors that may cause the actual actions, events or results to be materially different from those expressed or implied by such forward-looking information, including but not limited to: the impact of general business and economic conditions; the absence of control over mining operations from which Sandstorm Gold will purchase gold and other precious metals and risks related to those mining operations, including risks related to international operations, government and environmental regulation, delays in mine construction and operations, actual results of mining and current exploration activities, conclusions of economic evaluations and changes in project parameters as plans continue to be refined; problems inherent to the marketability of gold and other precious metals; industry conditions, including fluctuations in the price of the primary commodities mined at such operations, fluctuations in foreign exchange rates and fluctuations in interest rates; government entities interpreting existing tax legislation or enacting new tax legislation in a way which adversely affects Sandstorm Gold; stock market volatility; competition; as well as those factors discussed in the section entitled "Risk Factors" herein.

Forward-looking information in this AIF includes, among other things, disclosure regarding: Sandstorm Gold's existing eight gold streams plus its 27 royalties as well as its future outlook and the mineral reserve and mineral resource estimates for the Aurizona Mine, Santa Elena Mine, Black Fox Mine and the Bachelor Lake Mine (as defined below). Forward-looking information is based on assumptions management believes to be reasonable, including but not limited to the continued operation of the mining operations from which Sandstorm Gold will purchase gold and other precious metals, no material adverse change in the market price of commodities, that the mining operations will operate in accordance with their public statements and achieve their stated production outcomes, and such other assumptions and factors as set out therein.

Although Sandstorm Gold has attempted to identify important factors that could cause actual actions, events or results to differ materially from those contained in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as future actions and events and actual results could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

Currency Presentation

All dollar amounts referenced, unless otherwise indicated, are expressed in United States dollars.

CORPORATE STRUCTURE

The Company was incorporated under the *Business Corporations Act* (British Columbia) on March 23, 2007. The Company changed its name from "Sandstorm Resources Ltd." to "Sandstorm Gold Ltd." on February 17, 2011.

The Company's head, registered, and records office are located at Suite 1400, 400 Burrard Street, Vancouver, British Columbia, V6C 3A6.

The Company has three principal wholly-owned subsidiaries, Sandstorm Gold (Barbados) Limited, incorporated under the laws of Barbados, Sandstorm Gold (Canada) Ltd., incorporated under the laws of the Province of British Columbia and Premier Royalty Inc. ("**Premier Royalty**"), incorporated under the laws of the Province of Ontario.

GENERAL DEVELOPMENT OF THE BUSINESS

Public Offerings

On April 23, 2009, the Company completed a public offering of 116,909,580 subscription receipts at a price of C$0.40 per subscription receipt for gross proceeds of approximately C$46.8 million (the "**April 2009 Offering**"). The gross proceeds from the April 2009 Offering were held in escrow until May 15, 2009, and were released upon completion of the transactions with each of Luna (as defined below) and SilverCrest (as defined below) as described below. On May 22, 2009, each subscription receipt was automatically exercised, without payment of additional consideration, into one common share (each, a "**Common Share**") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "**2009 Warrant**"). As adjusted to reflect the 5:1 consolidation of the Company's Common Shares described below, each five 2009 Warrants entitle the holder to acquire one Common Share at a price of $3.00 until April 23, 2014. A portion of the net proceeds from the April 2009 Offering were used to fund the Luna and SilverCrest transactions described below as well as a transaction with Santa Fe Gold Corp. with respect to its Summit Mine in the United States. The remaining net proceeds were used for general corporate and working capital purposes.

On October 14, 2009, the Company completed a public offering of 81,778,800 units at a price of C$0.45 per unit for gross proceeds of C$36.8 million (the "**October 2009 Offering**"). Each unit was comprised of one Common Share and one-half of one 2009 Warrant. A portion of the net proceeds from the October 2009 Offering were used to fund the Rambler (as defined below) transaction described below. The remaining net proceeds were used by the Company for the acquisition of gold and other precious metals purchase agreements ("**Gold Streams**") from Metanor (as defined below) and Rambler (as defined below).

On October 19, 2010, the Company completed a public offering of 78,768,100 units at a price of C$0.73 per unit for gross proceeds of C$57.5 million (the "**October 2010 Offering**"). Each unit was comprised of one Common Share and one-quarter of one common share purchase warrant (each whole common share purchase warrant, a "**2010 Warrant**"). As adjusted to reflect the 5:1 consolidation of the Company's Common Shares described below, each five 2010 Warrants entitle the holder to purchase one Common Share at a price of $5.00 until October 19, 2015. A portion of the net proceeds were used to fund the Brigus (as defined below) and Metanor transactions described below. The remaining net proceeds were used for general corporate and working capital purposes.

On September 7, 2012, the Company completed a public offering of 15,007,500 units at a price of C$10.00 per unit for gross proceeds of approximately C$150.1 million (the "**September 2012 Offering**"). Each unit was comprised of one Common Share and one-third of one common share purchase warrant (each whole common share purchase warrant, a "**2012 Warrant**"). Each 2012 Warrant entitles the holder to purchase one Common Share at a price of $14.00 until September 7, 2017.

The net proceeds from the September 2012 Offering have been and continue to be used to finance the acquisition of Gold Streams and royalties, including the Colossus (as defined below) and Mutiny (as defined below) Gold Streams described below, and for working capital purposes.

Credit Facility

On January 12, 2012, the Company entered into a revolving credit agreement with The Bank of Nova Scotia, which allowed the Company to borrow up to $50 million (the "**Revolving Loan**"). The Revolving Loan had a term of three years, which was extendable by mutual consent of The Bank of Nova Scotia and the Company.

On February 11, 2013 (as amended February 15, 2014), the Company amended the Revolving Loan to increase the amount which the Company is permitted to borrow thereunder to up to $100 million (the "**Amended Revolving Loan**"). The Amended Revolving Loan has a term of four years, which is extendable by mutual consent of The Bank of Nova Scotia, Bank of Montreal, National Bank of Canada and the Company. The Amended Revolving Loan will continue to be used for the acquisition of Gold Streams. The amounts drawn on the Amended Revolving Loan are subject to interest at LIBOR plus 3.00%-4.25% per annum, and the undrawn portion of the Amended Revolving Loan is subject to a standby fee of 0.75%-1.05% per annum, dependent on the Company's leverage ratio. At December 31, 2013, the Company had not drawn down on the Amended Revolving Loan and the full balance remained available.

Mineral Interests

Aurizona Gold Stream

On May 15, 2009, the Company entered into an agreement (the " **Aurizona Gold Stream**") with Luna Gold Corp. (" **Luna**") to purchase 17% of the life of mine gold produced from Luna's Aurizona mine, located in Brazil (the "**Aurizona Mine**"), for $17.8 million and 5,500,000 Common Shares as an upfront payment, plus ongoing per ounce payments equal to the lesser of $400 (subject to a 1% annual inflationary adjustment beginning on February 9, 2014) and the then prevailing market price per ounce of gold.

On September 19, 2012, the Company agreed to contribute up to $10 million in capital towards the Phase 1 expansion (the " **Phase 1 Expansion**") at the Aurizona Mine. The Company's contribution towards the Phase 1 Expansion will be equal to 17% of the capital costs incurred by Luna towards the Phase 1 Expansion to a maximum contribution of $10 million. As at December 31, 2013, the Company had remitted $4.9 million to Luna in connection with the Phase 1 Expansion. Luna has agreed to complete the Phase 1 Expansion by not later than June 15, 2014.

In addition, in September of 2013, the Company made a loan to Luna in the principal amount of $10 million (the " **Loan**"), which is to be used solely to fund the Phase 1 Expansion and associated exploration costs. The Loan bears interest at a rate of 12% per annum (subject to certain conditions) and is due and payable on June 30, 2017. Also, under certain circumstances, the Loan and all accrued and unpaid interest may, at the option of the Company, be exchanged for common shares of Luna at an exchange price equal to the volume weighted average closing price of Luna's common shares on the Toronto Stock Exchange over the five trading days immediately prior to the exchange date.

If Luna decides to develop an underground mine on the Aurizona property (the " **Aurizona Underground Mine**"), the Company has the right to purchase 17% of the gold from the underground mine at a per ounce price equal to the lesser of $500 (subject to a 1% annual inflationary adjustment beginning three years after the mine achieves commercial production (an "**Inflationary Adjustment**")) and the then prevailing market price per ounce of gold. If Sandstorm Gold elects to exercise its right to purchase gold from the Aurizona Underground Mine, Sandstorm Gold will be required to pay 17% of the capital expenditures incurred to determine the economic viability and to construct the mine.

For further details regarding the Aurizona Mine, see "Technical Information - Aurizona Mine, Brazil" below.

Santa Elena Gold Stream

On May 15, 2009, the Company entered into an agreement (the "**Santa Elena Gold Stream**") with SilverCrest Mines Inc. ("**SilverCrest**") to purchase 20% of the life of mine gold produced from SilverCrest's Santa Elena mine, located in Mexico (the "**Santa Elena Mine**"), for $12.0 million and 3,500,000 Common Shares as an upfront payment, plus ongoing per ounce payments equal to the lesser of $350 (subject to a 1% annual inflationary adjustment beginning on July 13, 2014) and the then prevailing market price per ounce of gold.

SilverCrest is also developing an underground mine on the Santa Elena property (the "**Santa Elena Underground Mine**") and the Company had the right to purchase 20% of the gold from the underground mine at a per ounce price equal to the lesser of $450 (subject to an Inflationary Adjustment) and the then prevailing market price per ounce of gold. Subsequent to year-end, Sandstorm Gold elected to exercise its right to purchase gold from the Santa Elena Underground Mine. For consideration, the Company made a $10 million payment to SilverCrest and will continue to make per ounce payments equal to $350 until 50,000 ounces of gold have been delivered to the Company (inclusive of the ounces already received from the open-pit production), at which time the ongoing per ounce payments will increase to $450.

For further details regarding the Santa Elena Mine, see "Technical Information - Santa Elena Mine, Mexico" below.

Ming Gold Stream

On March 4, 2010 (as amended), the Company entered into an agreement (the "**Ming Gold Stream**") to purchase approximately 25% of the first 175,000 ounces of gold produced, and 12% of the gold produced thereafter, from Rambler Metals & Mining plc's ("**Rambler**") Ming mine, located on the Baie Verte Peninsula in Newfoundland, Canada (the "**Ming Mine**"). For consideration, the Company paid $7.0 million in 2010 and $13.0 million in 2011 for a total of $20.0 million in up front payments. There are not ongoing per ounce payments required by the Company in respect of the Ming Gold Stream. In the event that the metallurgical recoveries of gold at the Ming Mine are below 85%, the percentage of gold that the Company is entitled to purchase will be increased proportionately.

Black Fox Gold Stream

On November 9, 2010, the Company entered into an agreement (the "**Black Fox Gold Stream**") with Brigus to purchase 12% of the life of mine gold produced from Brigus Gold Corp.'s ("**Brigus**") Black Fox mine, located in Ontario, Canada (the "**Black Fox Mine**"), for $56.3 million in upfront payments plus ongoing per ounce payments equal to the lesser of $500 (subject to an inflationary adjustment beginning in 2013, not to exceed 2% per annum - the per ounce payments are currently $509) and the then prevailing market price per ounce of gold.

Brigus had the option (the "**Repurchase Option**"), until January 1, 2013, to repurchase 50% of the gold to be purchased under the Black Fox Gold Stream by making a $36.6 million payment to the Company. Upon receipt of the payment from Brigus, the Company was to reduce the percentage of gold to be purchased from the Black Fox Mine from 12% to 6%. In November 2012, Brigus partially exercised the Repurchase Option and paid the Company $24,396,668 which reduced the percentage of gold to be purchased by the Company from the Black Fox Mine to 8%.

The Company also had the right to purchase, by remitting the per ounce payments (described above), 10% of the gold produced from an area defined under the Black Fox Gold Stream as the "**Black Fox Extension**", covering a portion of Brigus' Pike River property. As a result of the partial exercise of the Repurchase Option by Brigus, the Company's right to purchase 10% of the gold produced from the Black Fox Extension has been reduced to 6.3%.

NOTE: Effective March 6, 2014, Primero Mining Corp. (TSX:P; NYSE:PPP) acquired all of the issued and outstanding shares of Brigus by way of plan of arrangement under the *Canada Business Corporations Act*, however, the Company's rights under the Black Fox Gold Stream remain intact.

For further details regarding the Black Fox Mine, see “Technical Information - Black Fox Mine, Canada” below.

Bachelor Lake Gold Stream

On January 17, 2011, the Company entered into an agreement (the “**Bachelor Lake Gold Stream**”) with Metanor to purchase 20% of the life of mine gold produced from Metanor Resources Inc.’s (“**Metanor**”) Bachelor Lake Gold project located outside of Val d’Or, Quebec (the “**Bachelor Lake Mine**”), for an upfront payment of $20.0 million plus ongoing per ounce payments equal to the lesser of $500 and the then prevailing market price per ounce of gold.

Metanor has provided a guarantee that the Company will receive a minimum of $1.0 million in pre-tax cash flow in 2012 (which has been met); $5.5 million in pre-tax cash flow in 2013 (which has been met), 2014, and 2015; and $2.5 million in pre-tax cash flow in 2016.

For further details regarding the Bachelor Lake Mine, see “Technical Information - Bachelor Lake Mine, Canada” below.

Bracemac-McLeod Gold Stream

On July 12, 2011 (as amended), the Company entered into an agreement (the “**Donner Gold Stream**”) with Donner Metals Ltd. (“**Donner**”) via a back-to-back agreement with Sandstorm Metals & Energy Ltd. (“**Sandstorm Metals**”) to purchase 24.5% of the life of mine gold produced from the Bracemac-McLeod development project (the “**Bracemac-McLeod Mine**”). For consideration, the Company made an upfront payment of $5.0 million in June 2012 and an upfront payment of $3 million in November 2012 and makes ongoing per ounce payments equal to the lesser of $350 per ounce of gold or gold equivalent and the then prevailing market price of gold.

Donner held a 35% participating interest in the Bracemac-McLeod Mine but, during the summer of 2013, Donner announced their inability to meet the cash calls under their operating agreement with the owner/operator of the project, Glencore Xstrata plc (“**Glencore**”). Accordingly, on August 30, 2013, the Company was granted a 0.6% net smelter return royalty on 100% of the production from the Bracemac-McLeod Mine from Glencore and the Company relinquished its Gold Stream on Bracemac-McLeod.

As a result of the conversion of the Donner Gold Stream into a 0.6% net smelter return royalty, the Company recorded an impairment charge of $3.2 million during the three months ended September 30, 2013.

Colossus Gold Stream

On September 18, 2012, the Company entered into an agreement (the “**Colossus Gold Stream**”) with Colossus Minerals Inc. (“**Colossus**”) and Colossus Mineração Ltda. (“**Colossus Brazil**”) to purchase, for a period of 40 years (which may be extended), an amount equal to 1.5% of the gold and 35% of the platinum produced from the Serra Pelada mine, located in Brazil (the “**Serra Pelada Mine**”), for $60 million plus ongoing per ounce payments equal to the lesser of $400 per ounce for the gold and the then prevailing market price per ounce of gold and the lesser of $200 per ounce for the platinum and the then prevailing market price per ounce of platinum (subject to a 1% annual inflationary adjustment beginning in September 2015). Colossus guaranteed certain minimum annual deliveries for the initial 10 year period, commencing in 2013, so long as the Serra Pelada Mine was in operation. Colossus also provided a guarantee that if the Serra Pelada Mine shut down for a period of 24 months and the Company had not recognized cash flow equal to the initial upfront deposit, then Colossus would refund the balance to the Company. In addition, Colossus agreed to refund a pro-rata portion of the upfront deposit if the Serra Pelada Mine did not achieve a completion test within 48 months of funding.

As part of the transaction, the Company also agreed to purchase an amount equal to 35% of the palladium produced from the Serra Pelada Mine (the "**Palladium Stream**") in exchange for paying a $15 million deposit plus ongoing per ounce payments and the Company concurrently entered into a back-to-back agreement with Sandstorm Metals whereby Sandstorm Metals purchased the Palladium Stream from the Company for $15 million.

In late 2013, Colossus advised the Company that it was in dire financial circumstances and the Company and a group of holders of Colossus Convertible Gold Linked Notes (the "**Gold Linked Notes**") proposed a restructuring plan for Colossus. The proposal provides for a restructuring of Colossus' capital structure through the conversion of its Gold Linked Notes and the Colossus Gold Stream into equity (the "**Restructuring**"). Colossus filed a notice of intention to make a proposal under the Bankruptcy and Insolvency Act (Canada) which is intended to enable Colossus to pursue the Restructuring and a sale process with the benefit of creditor protection and under Court supervision. As part of the Restructuring, the Company has agreed to cancel the Colossus Gold Stream in exchange for a 1.6% net smelter return royalty on the Serra Pelada Mine plus common shares of Colossus. When the Restructuring is completed (which is expected to be in mid to late March 2014), the Company expects to own approximately 31% of the issued and outstanding shares of Colossus. Upon completion of the Restructuring, the Company will also cancel the Sandstorm Metals back-to-back agreement with respect to the Palladium Stream and Sandstorm Metals will receive a 0.4% net smelter return royalty on the Serra Pelada Mine and approximately 8% of the outstanding common shares of Colossus.

As a result of the Restructuring of the Colossus Gold Stream as detailed above, the Company recorded an impairment charge of $52.2 million for the fiscal year ended December 31, 2013.

Mutiny Gold Stream

On December 5, 2012, the Company entered into an agreement (the "**Mutiny Gold Stream**") with Mutiny Gold Ltd. ("**Mutiny**") and three of its subsidiaries, Deflector Gold Pty Ltd., Gullewa Gold Project Pty Ltd. and Central Infrastructure Pty Ltd. to purchase, for a period of 40 years (which may be extended), an amount equal to 15% of the gold produced from Mutiny's Deflector project, located in Western Australia (the "**Deflector Mine**"), for $9 million (the "**Initial Deposit**"). The Company agreed to make a future cash remittance of $29 million (the "**Second Deposit**") once Mutiny had received final mining permits for the Deflector Mine as well as completing certain funding conditions. In addition, the Company agreed to make ongoing per ounce payments equal to the lesser of $500 per ounce for the gold and the then prevailing market price per ounce of gold (subject to an annual variable inflationary adjustment beginning on the fourth anniversary of the date on which the Second Deposit was made). If the Deflector Mine produced more than 85,000 ounces of gold in a given year, the Company was to make a one time $4 million payment to Mutiny.

In August of 2013, the Company amended the Mutiny Gold Stream. In accordance with the amended Mutiny Gold Stream, the Company agreed to purchase an amount equal to 2.6% of the gold produced from the Deflector Mine in exchange for an upfront payment of $6 million. Since the $6 million payment was previously remitted to Mutiny by the Company in the form of a loan, there are no additional payments which are required to be made to Mutiny by the Company with respect to the Deflector Mine.

Entrée Metal Credits Agreement

On February 14, 2013, the Company entered into a funding agreement (the "**Entrée Metal Credits Agreement**") with Entrée Gold Inc. ("**Entrée**") to purchase, for a period of 50 years (which may be extended), metal credits equal to:

(a) 6.77% of the gold, 6.77% of the silver and 0.50% of the copper produced from the Hugo North Extension deposit (Lower Level);

(b) 10.15% of the gold, 10.15% of the silver and 0.75% of the copper produced from the Hugo North Extension deposit (Upper Level);

(c) 5.13% of the gold, 5.13% of the silver and 0.50% of the copper produced from the Heruga Deposit (Lower Level); and

(d) 7.70% of the gold, 7.70% of the silver and 0.75% of the copper produced from the Heruga Deposit (Upper Level);

(all of which are subject to adjustment upon the occurrence of certain stated events). The above-mentioned deposits are all located in the South Gobi desert of Mongolia and form part of the Oyu Tolgoi mining complex (the lower and upper levels of the Hugo North Extension and the lower and upper levels of the Heruga Deposit collectively referred to herein as the **"Entrée JV Project**"), for $40 million. In addition, the Company will make ongoing payments equal to the lesser of the prevailing market price and $220 per ounce for the gold, $5 per ounce for the silver and $0.50 per pound for the copper, until approximately 8.6 million ounces of gold, 40.3 million ounces of silver and 9.1 billion pounds of copper have been produced from the Entrée JV Project (the "**Initial Fixed Prices**"). Thereafter, the ongoing payments will increase to the lesser of the prevailing market price and $500 per ounce for the gold, $10 per ounce for the silver and $1.10 per pound for the copper (the "**Subsequent Fixed Prices**").

The Initial Fixed Prices are all subject to a 1% annual inflationary adjustment beginning on the fourth anniversary of the date upon which the Company commences receiving payable gold, silver and copper. The Subsequent Fixed Prices are all subject to a 1% annual inflationary adjustment beginning on the first anniversary of the date upon which the fixed prices which the Company pays for the gold, silver and copper are adjusted from the Initial Fixed Prices to the Subsequent Fixed Prices.

The Entrée Metal Credits Agreement does not require the delivery of physical metal and Entrée may use future cash flows from any of its mineral property interests to delivery metal credits to the Company to fulfill its requirements under the Entrée Metal Credits Agreement. In addition, Entrée has provided the Company with a right of first refusal on any future production-based funding agreements on Entrée's share of production from the Entrée JV Project.

Concurrently, the Company entered into a similar back-to-back agreement with Sandstorm Metals whereby Sandstorm Metals purchased the copper portion of the Entrée Metal Credits Agreement (the "**Copper Agreement**") from the Company in exchange for issuing $5 million in common shares of Sandstorm Metals to the Company. Upon receiving acceptance from the TSX Venture Exchange (the "**TSXV**"), Sandstorm Metals issued 1,113,333 (post-consolidation) common shares to the Company at a post-consolidation price of C$4.50 per share.

The Hugo North Extension is one of the world's richest porphyry copper-gold deposits and the Heruga Deposit is a copper-gold-molybdenum porphyry deposit. Both are located in the South Gobi desert of Mongolia, approximately 570 kilometres south of the capital city of Ulaanbaatar and 80 kilometres north of the border with China. The Hugo North Extension and the Heruga Deposit are part of the Oyu Tolgoi mining complex and are being developed by Oyu Tolgoi LLC, a subsidiary of Ivanhoe Mines Ltd. (now known as Turquoise Hill Resources Ltd.) and the Government of Mongolia, and its project manager Rio Tinto plc. Entrée retains a 20% interest in the resources of the Hugo North Extension and Heruga deposits. The first development production from Entrée's joint venture ground is expected in 2015.

Entrée Private Placement

The Company has also purchased 17,857,142 common shares of Entrée (the " **Entrée Shares**") at a price of C$0.56 per Entrée Share, for gross proceeds to Entrée of C$10 million (the "**Private Placement**"). Following completion of the Private Placement and before taking into account any exercise by Rio Tinto International Holding Limited of its pre-emptive rights, the Company owns approximately 12% of the issued and outstanding common shares of Entrée.

Solitario Royalty

On June 11, 2012, the Company entered into agreements (the "**Solitario Royalty**") with Solitario Exploration & Royalty Corp. ("**Solitario**") and Mt. Hamilton LLC ("**Hamilton**") pursuant to which it purchased, in perpetuity, a 2.4% net smelter return royalty (the "**Mt. Hamilton NSR**") on the Mt. Hamilton gold project, located in White Pine County, Nevada, USA (the "**Mt. Hamilton Project**") for $10 million (of which $6 million was paid in fiscal 2012 and the remaining $4 million was paid in 2013). The Mt. Hamilton Project is held by Mt. Hamilton which is 80% owned by Solitario and 20% owned by Ely Gold & Minerals Inc.

Mt. Hamilton has the option (the "**Repurchase Option**"), until December 11, 2014, to repurchase the Mt. Hamilton NSR for $12 million provided that Mt. Hamilton enters into a Gold Stream with the Company having an upfront deposit of not less than $30 million. The Company has received a guarantee from Mt. Hamilton that the Company will receive minimum before tax cash flow of $10 million by December 21, 2022. In addition, Mt. Hamilton has provided the Company with a right of first refusal on any future royalty or metals stream financing for the Mt. Hamilton Project.

Spin-out of Sandstorm Metals

On May 13, 2010, Sandstorm Gold completed a plan of arrangement (the "**Arrangement**") with Sandstorm Metals. Under the Arrangement, Sandstorm Gold spun-out its option agreement on the Eagle Lake property owned by Eagle Plains Resources Ltd. located in Saskatchewan, Canada and working capital of C$500,000 to Sandstorm Metals in exchange for 6,836,810 shares of Sandstorm Metals. Thereafter, Sandstorm Gold distributed all of its shares of Sandstorm Metals to the existing Sandstorm Gold shareholders.

Consolidation of Common Shares

On May 9, 2012, the Common Shares were consolidated on a 5:1 basis.

For clarification, only the Common Shares were consolidated. The 2009 Warrants and the 2010 Warrants were not consolidated, but their exercise terms were adjusted in accordance with the provisions contained in their respective warrant indentures. Supplemental warrant indentures describing these adjustments are filed on SEDAR at www.sedar.com.

Listing on the NYSE MKT LLC

On August 20, 2012, the Common Shares commenced trading on the NYSE MKT LLC ("**NYSE MKT**") under the symbol "**SAND**".

The Company's three series of publicly traded warrants (namely the 2009 Warrants, the 2010 Warrants and the 2012 Warrants) are not listed on the NYSE MKT, nor are the Listed Premier Warrants (as defined below) which trade on the Toronto Stock Exchange under the symbol SSL.WT.C.

Listing on the Toronto Stock Exchange

On November 23, 2012, the Common Shares and the Company's three series of publicly traded warrants (namely the 2009 Warrants, the 2010 Warrants and the 2012 Warrants) commenced trading on the Toronto Stock Exchange ("**TSX**") and were delisted from trading on the TSXV.

Acquisition of 100% Interest in Premier Royalty

The Acquisition

In 2013, the Company acquired 100% of the issued and outstanding common shares of Premier Royalty.

Through a series of transactions conducted in January 2013, the Company acquired an aggregate of 46,678,221 common shares and 6,965,676 warrants of Premier Royalty. The 46,678,221 common shares of Premier Royalty owned by the Company at that time represented approximately **59.9**% of Premier Royalty's issued and outstanding shares and the Company SEDAR filed a Form 51-102F4, Business Acquisition Report under National Instrument 51-102, in respect of these initial transactions.

Subsequently, on August 14, 2013, the Company announced that it had entered into an arrangement agreement (the " **Arrangement Agreement**") with Premier Royalty pursuant to which the Company would acquire 100% of the issued and outstanding common shares of Premier Royalty ("**Premier Shares**") on the basis of **0.145** of a fully paid and non-assessable common share of the Company (the "**Consideration Shares**") for each outstanding Premier Share (other than the 46,678,221 Premier Shares already owned by the Company), by way of a court-approved statutory plan of arrangement under section 182 of the *Business Corporations Act* (Ontario) (the "**Premier Arrangement**"). On October 4, 2013, the Company completed the Premier Arrangement and acquired an additional 31,849,015 common shares of Premier Royalty by issuing an aggregate of 4,618,109 Consideration Shares to the shareholders of Premier Royalty.

In accordance with the terms of outstanding warrants to acquire Premier Royalty shares (each, a " **Premier Royalty Warrant**"), each holder of a Premier Royalty Warrant outstanding immediately prior to the effective time of the Premier Arrangement will receive, on subsequent exercise of such holder's Premier Royalty Warrant, in accordance with its terms, for the same aggregate consideration payable for such warrant, 0.145 of a Common Share of the Company. Also, in accordance with the terms of outstanding stock options to acquire Premier Royalty shares (each, a "**Premier Royalty Option**"), each holder of a Premier Royalty Option outstanding immediately prior to the effective time of the Premier Arrangement will receive, on subsequent exercise of such holder's Premier Royalty Option, in accordance with its terms, for the same aggregate consideration payable for such option, 0.145 of a Common Share of the Company.

There are an aggregate of 22,715,815 Premier Royalty Warrants outstanding which are exercisable into an aggregate of 3,293,794 Common Shares of the Company at a post-Premier Arrangement price per Common Share ranging from approximately C$12.07 - C$17.24. Of the outstanding 22,715,815 Premier Royalty Warrants, 1,643,750 are listed on the TSX under the symbol SSL.WT.C (the "**Listed Premier Warrants**"). The remainder of the Premier Royalty Warrants are unlisted.

There are an aggregate of 2,873,333 Premier Royalty Options outstanding which are exercisable into an aggregate of 416,333 Common Shares of the Company at a post-Premier Arrangement price per Common Share ranging from approximately C$10.62 - C$16.345.

Business of Premier Royalty

Premier Royalty is a public company whose common shares, until October 9, 2013, were listed for trading on the TSX. Premier Royalty was in the business of acquiring royalty interests in mineral properties that are advanced staged development projects or operating mines. Premier Royalty does not conduct mining operations, nor is it required to contribute to capital costs, exploration costs, environmental costs or other mining costs on the properties in which it holds royalty interests.

As a result of obtaining 100% of Premier Royalty's common shares, the Company added a number of quality royalty assets to its portfolio along with over $30 million in cash.

Three of Premier's (and thus, the Company's) operating royalty interests are:

Gualcamayo Royalty - a 1.0% net smelter return royalty on the Gualcamayo open pit, heap leach gold mine which is located in San Juan province, Argentina and is owned and operated by Yamana Gold Inc.

Emigrant Springs Royalty - a 1.5% net smelter return royalty on the Emigrant Springs open pit, heap leach gold mine which is located in the Carlin Trend in Nevada, U.S.A. and is owned and operated by Newmont Mining Corp.

Mine Waste Solutions Royalty - a 1.0% net smelter return royalty on the gold produced from Mine Waste Solutions gold and uranium tailings recovery operation which is located near Stilfontein, South Africa, and is owned and operated by AngloGold Ashanti Ltd.

DESCRIPTION OF THE BUSINESS

Sandstorm Gold is a non-operating gold streaming company which generates its revenue primarily from the sale of gold and other precious metals. The Company is listed on the TSX (symbol: SSL) and the NYSE MKT (symbol: SAND). In addition, the Company's 2009 Warrants, 2010 Warrants, 2012 Warrants and the Listed Premier Warrants all trade on the TSX (symbols: SSL.WT, SSL.WT.A, SSL.WT.B and SSL.WT.C, respectively).

Sandstorm Gold currently has a portfolio of eight Gold Streams and 27 net smelter return royalty (" **NSR**") agreements, of which 13 of the underlying mines are producing gold.

Sandstorm Gold seeks to acquire Gold Streams from companies which have advanced stage development projects or operating mines. In return for making a one-time upfront payment to acquire a Gold Stream, Sandstorm Gold receives the right to purchase, at a fixed price per unit, a percentage of a mine's production for the operating life of the asset. Sandstorm Gold is focused on acquiring Gold Streams on mines with low production costs, significant exploration potential and strong management teams.

A royalty is a payment to a royalty holder by a property owner or an operator of a property and is typically based on a percentage of the minerals or other products produced or the revenues or profits generated from the property. Royalties are not typically working interests in a property and, depending on the nature of a royalty interest and the laws applicable to it and the project, the royalty holder is generally not responsible for, and has no obligation to contribute additional funds for any purpose, including, but not limited to, operating or capital costs or environmental or reclamation liabilities. An NSR royalty is generally based on the value of production or net proceeds received by an operator from a smelter or refinery. These proceeds are usually subject to deductions or charges for transportation, insurance, smelting and refining costs as set out in the specific royalty agreement. For gold royalties, the deductions are generally minimal. NSR's generally provide cash flow which is free of any operating or capital costs and environmental liabilities. A smaller percentage NSR in a project can effectively equate to the economic value of a larger percentage profit or working interest in the same project.

Gold Streams and royalties are an alternative to other more conventional forms of financing, including equity, convertible securities and debt financings which can be used to finance mineral projects. Sandstorm Gold competes directly with these other sources of capital to provide financing and assists other companies in the resource industry grow their businesses, while acquiring attractive assets in the process. Sandstorm Gold plans to grow and diversify its low cost production profile through the acquisition of additional Gold Streams.

The Company is actively pursuing future growth opportunities, primarily by way of entering into Gold Streams. There is no assurance, however, that any potential transaction will be successfully completed.

Principal Product

The Company's principal product is gold that it has agreed to purchase in the future pursuant to its Gold Stream agreements. There is a worldwide gold market into which the Company can sell the gold purchased under the gold purchase agreements and, as a result, the Company will not be dependent on a particular purchaser with regard to the sale of the gold that it expects to acquire pursuant to its gold purchase agreements. The Company also expects to receive payments pursuant to its NSR royalty agreements.

The following table summarizes the gold and other precious metals interests currently owned by the Company (collectively the " **Mining Operations**"):

Property	Mine Owner	Location of Mine	Attributable Production to be Purchased	
			Gold	Other
Sandstorm - Gold Streams:				
Aurizona Mine	Luna	Brazil	17%	
Santa Elena Mine	SilverCrest	Mexico	20%	
Ming Mine	Rambler	Canada	Approximately 25% of the first 175,000 ounces of gold produced and 12% thereafter	
Black Fox Mine	Brigus	Canada	8% from the Black Fox Mine plus 6.3% from the Black Fox Extension	
Bachelor Lake Mine	Metanor	Canada	20%	
Serra Pelada Mine *(1)*	Colossus	Brazil	1.5%	35% of the platinum
Deflector Mine *(2)*	Mutiny	Australia	2.6%	
Hugo North Extension and Heruga deposits *(3)*	Entrée	Mongolia	25.7% and 33.8% of Entrée's 20% share of the gold and silver by-products	
Summit Mine	Santa Fe Gold Corp.	United States	50% of the first 10,000 ounces of gold produced and 22% thereafter	
Sandstorm - Royalty Portfolio:				
Coringa	Magellan Minerals Ltd.	Brazil	2.5% NSR	
Ann Mason Deposits	Entrée	United States	0.4% NSR	
Bracemac-McLeod Mine	Glencore	Canada	0.6% NSR	
Mt. Hamilton	Solitario	United States	2.5% NSR	
Paul Isnard Project	Columbus Gold Corp.	French Guiana	1.0% NSR	
Prairie Creek Project	Canadian Zinc Corporation	Canada	1.2% NSR	

Premier - Royalty Portfolio: *(4)*				
Producing:				
Gualcamayo Mine	Yamana Gold	Argentina	1.0% NSR	
Emigrant Springs Mine	Newmont	United States	1.5% NSR	
Mine Waste Solutions	Anglogold Ashanti	Africa	1.0% NSR	
San Andres	Aura Minerals	Honduras	1.5% NSR	
Thunder Creek	Lake Shore Gold	Canada	1.0% NSR	
Non-Producing:				
Argosy	Cangold Limited	Canada	0.5% NSR	
Newman-Madsen	Sabina Gold	Canada	0.5% NSR	
East My-Ritt	Mega Precious Metals	Canada	0.5% NSR	
Pickle Crow	PC Gold	Canada	0.5% NSR	
Skinner Gold	Sabina Gold	Canada	7.5% Net Profit Interest *(5)*	
Red Ridge	Tone Resources	United States	3.0% NSR	
Cerro Prieto	Oroco	Mexico	2.0% NSR	
Don Nicholas	Minera IRL	Argentina	$3.00/ounce royalty up to $2 million	
Rain	Newmont	United States	1.5% NSR	
Broulan Reef	Goldcorp	Canada	2.0% NSR	
HM Claim Property	Kirkland Lake Gold	Canada	2.0% NSR	

(1) Please refer to "GENERAL DEVELOPMENT OF THE BUSINESS - Mineral Interests - Colossus Gold Stream" herein for clarification with respect to the pending re-structuring of this Gold Stream.
(2) Please refer to "GENERAL DEVELOPMENT OF THE BUSINESS - Mineral Interests - Mutiny Gold Stream" herein for clarification with respect to the terms of this Gold Stream.
(3) Please refer to "GENERAL DEVELOPMENT OF THE BUSINESS - Mineral Interests - Entrée Metal Credits Agreement" herein for further clarification with respect to the terms of this Gold Stream.
(4) The Company acquired all of these royalties by virtue of its takeover of Premier Royalty on October 4, 2013.
(5) Net Profit Interest ("**NPI**") is based on the profit realized after deducting costs related to production as set out in the applicable royalty agreement. NPI payments generally begin after payback of capital costs and ongoing operating costs and some also allow deductions for prior exploration and interest costs. Although the royalty holder is not responsible for providing capital, covering operating losses or environmental liabilities, increases in production costs will affect net profits and royalties payable.

The following table summarizes the ounces of gold sold and the respective revenue received by the Company from each of its producing gold interests for the year ended December 31, 2013:

Property	**Ounces Sold**	**Sales & Royalty Revenue ($000's)**
Aurizona Mine	13,678	19,264
Santa Elena	6,097	8,441
Ming Mine	1,274	1,667
Black Fox Mine	7,925	11,322
Bachelor Lake Mine	7,172	10,239
Royalties	N/A *(1)*	8,903
Total	**36,146**	**59,836**

NOTES:

(1) The Company does not receive gold ounces from the royalties. Please refer to "DESCRIPTION OF BUSINESS - Principal Product" herein for clarification with respect to the royalties.

Further details regarding the purchase agreements entered into by the Company in respect of its **material** Gold Streams and NSR's (excepting the portfolio of royalties acquired pursuant to the Company's takeover of Premier Royalty) can be found under the heading "GENERAL DEVELOPMENT OF THE BUSINESS" above.

Competitive Conditions

Sandstorm Gold competes with other companies to identify suitable Gold Streams and enter into agreements for the purchase of gold and other precious metals. The ability of the Company to acquire additional precious metals in the future will depend on its ability to select suitable properties and enter into similar Gold Streams. See "Description of the Business - Risk Factors - Competition".

Operations

Raw Materials

The Company expects to purchase gold and other precious metals pursuant to the purchase agreements described above under "Description of the Business - Principal Product".

Employees

At the end of the most recently completed financial year, the Company and its subsidiaries had 16 employees. No management functions of the Company are performed to any substantial degree by a person other than the directors or executive officers of the Company.

Foreign Interests

The Company currently purchases or expects to be purchasing gold and/or other precious metals or expects to receive payments under its NSR royalty agreements from mines in Brazil, Mexico, the United States, Western Australia, Mongolia, South Africa, Argentina, Honduras and Canada. Any changes in legislation, regulations or shifts in political attitudes in such countries are beyond the control of the Company and may adversely affect its business. The Company may be affected in varying degrees by such factors as government legislation and regulations (or changes thereto) with respect to the restrictions on production, export controls, income and other taxes, expropriation of property, repatriation of profits, environmental legislation, land use, water use, land claims of local people and mine safety. The effect of these factors cannot be accurately predicted. See "Description of the Business - Risk Factors - Risks Relating to the Mining Operations - International Interests".

RISK FACTORS

The operations of the Company are speculative due to the nature of its business which is principally the investment in Gold Streams. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. The risks described herein are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also materially and adversely affect its business.

Risks Relating to the Company

Global Financial Conditions

Global financial conditions have always been subject to volatility. Access to public financing has been negatively impacted by sovereign debt concerns in Europe and emerging markets, as well as concerns over global growth rates and conditions. These factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Company. Increased levels of volatility and market turmoil can adversely impact the Company's operations and the value and the price of the Common Shares could to be adversely affected.

Subject to the Same Risk Factors as the Mining Operations

To the extent that they relate to the production of gold from, or the continued operation of, the Mining Operations, the Company will be subject to the risk factors applicable to the operators of such mines or projects, some of which are set forth below under "Risks Relating to the Mining Operations."

Market Price of the Common Shares, 2009 Warrants, 2010 Warrants, 2012 Warrants and Listed Premier Warrants

The Common Shares, 2009 Warrants, 2010 Warrants, 2012 Warrants and the Listed Premier Warrants are all listed and posted for trading on the TSX. The Common Shares are also listed and posted for trading on the NYSE MKT. An investment in the Company's securities is highly speculative. Securities of companies involved in the resource industry have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. The price of the Common Shares, 2009 Warrants, 2010 Warrants, 2012 Warrants and the Listed Premier Warrants are also likely to be significantly affected by short-term changes in commodity prices, the Company's financial condition or results of operations as reflected in its quarterly and annual financial statements, currency exchange fluctuations and the other risk factors identified herein.

No Control Over Mining Operations

The Company has agreed to purchase a certain percentage of the gold and other precious metals produced from certain of the Mining Operations and also expects to receive payments under its NSR royalty agreements from certain of the Mining Operations.

The Company is not directly involved in the ownership or operation of mines and has no contractual rights relating to the operation of the Mining Operations.

Except in limited circumstances, the Company will not be entitled to any material compensation if any of the Mining Operations do not meet their forecasted production targets in any specified period or if the operations shut down or discontinue their operations on a temporary or permanent basis. All of the Mining Operations may not commence commercial production within the time frames anticipated, if at all, and there can be no assurance that the production from such Mining Operations will ultimately meet forecasts or targets. At any time, any of the operators of the Mining Operations or their successors may decide to suspend or discontinue operations. The Company is subject to the risk that the Mining Operations may shut down on a temporary or permanent basis due to issues including but not limited to economic conditions, lack of financial capital, floods, fire, weather related events, mechanical malfunctions, community or social related issues, social unrest, the failure to receive permits or having existing permits revoked, exploration and other risks. These issues are common in the mining industry and can occur frequently. There is a risk that the carrying values of the Company's assets may not be recoverable if the mining companies operating the Mining Operations cannot raise additional finances to continue to develop those assets. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Mining Operations becoming uneconomic resulting in their shutdown and closure. The Company is not entitled to purchase gold if no gold is produced from the Mining Operations.

Acquisition Strategy

As part of the Company's business strategy, it has sought and will continue to seek to purchase Gold Streams from third party natural resource companies. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable arrangements, including arrangements to finance the acquisitions or integrate the acquired businesses and their personnel into the Company. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms or at all, or that any acquisitions or business arrangements completed will ultimately benefit the Company.

Operating Model Risk

The Company is not directly involved in the ownership or operation of mines. The Gold Stream agreements that the Company enters into are subject to most of the significant risks and rewards of a mining company, with the primary exception that, under such agreements, the Company acquires gold at a fixed cost. As a result of the Company's operating model, the cash flow of the Company is dependent upon the activities of third parties which creates the risk that at any time those third parties may: (a) have business interests or targets that are inconsistent with those of the Company, (b) take action contrary to the Company's policies or objectives, (c) be unable or unwilling to fulfill their obligations under their agreements with the Company, or (d) experience financial, operational or other difficulties, including insolvency, which could limit a third party's ability to perform its obligations under the third party arrangements. In addition, the termination of one or more of the Company's Gold Stream agreements could have a material adverse effect on the results of operations or financial condition of the Company.

Taxes and Accounting Rules

The Company has a subsidiary in Barbados which entered into Gold Streams in connection with the Aurizona Mine, Santa Elena Mine and Summit Mine. Also, the Company's new subsidiary, Premier Royalty, has subsidiary companies in the United States and Argentina which own the rights to certain NSR royalties in those jurisdictions. The introduction of new tax laws or regulations, or changes to, or differing interpretation of, or application of, existing tax laws or regulations in Canada, Barbados, Argentina and the United States or any of the countries in which the Mining Operations are located or to which shipments of gold or other precious metals are made, could result in an increase in the Company's taxes, or other governmental charges, duties or impositions. The Company's international transactions have not yet been reviewed by the Canada Revenue Agency and, should such transactions be reviewed, no assurances can be given that the tax matters will be resolved favourably. The Company's remaining Gold Streams and royalties have been entered into directly by Canadian based subsidiaries and will, therefore, be subject to Canadian, and/or U.S. taxation, as the case may be.

No assurance can be given that new tax laws or regulations will not be enacted or that existing tax laws or regulations will not be changed, interpreted or applied in a manner which could have a material adverse effect on the Company.

In addition, the introduction of new tax laws or regulations or accounting rules or policies, or changes to, or differing interpretations of, or application of, existing tax laws or regulations or accounting rules or policies, could make Gold Streams less attractive to counterparties. Such changes could adversely affect the Company's ability to enter into new Gold Streams.

Credit and Liquidity Risk

The Company is exposed to counterparty risks and liquidity risks including, but not limited to: (i) through the companies with which the Company has gold and other precious metals purchase agreements or royalty agreements; (ii) through financial institutions that hold the Company's cash and cash equivalents; (iii) through companies that have payables to the Company; (iv) through the Company's insurance providers; and (v) through the Company's lenders. The Company is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If these risks materialize, the Company's operations could be adversely impacted and the trading price of the Common Shares, 2009 Warrants, 2010 Warrants, 2012 Warrants and the Listed Premier Warrants could be adversely affected.

Dependence Upon Key Management Personnel

The Company is dependent upon the services of a small number of key management personnel who are highly skilled and experienced. The Company's ability to manage its activities will depend in large part on the efforts of these individuals. The Company faces intense competition for qualified personnel, and there can be no assurance that the Company will be able to attract and retain such personnel. The loss of the services of one or more of such key management personnel could have a material adverse effect on the Company.

Commodity Prices

The price of the Common Shares, 2009 Warrants, 2010 Warrants, 2012 Warrants and the Listed Premier Warrants and the Company's financial results may be significantly adversely affected by a decline in the price of gold. The price of gold fluctuates widely, especially in recent years, and is affected by numerous factors beyond the Company's control, including but not limited to, the sale or purchase of gold by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold-producing countries throughout the world.

In the event that the prevailing market price of gold is at or below the price at which the Company can purchase such pursuant to the terms of the agreements associated with its gold interests, the Company will not generate positive cash flow or earnings.

The following table sets forth the high, low and annual average London Bullion Market Association afternoon fixed price per ounce of gold in United States dollars for the past 10 years:

Year	Average per Ounce of Gold ($)	High (per ounce) ($)	Low (per ounce) ($)
2013	1,411.23	1,693.75	1,192.00
2012	1,668.98	1,791.75	1,540.00
2011	1,571.52	1,895.00	1,319.00
2010	1,224.52	1,421.00	1,058.00
2009	972.98	1,212.50	810.00
2008	871.96	1,011.25	712.50
2007	695.39	841.10	608.40
2006	603.77	725.00	524.75
2005	444.45	536.50	411.10
2004	409.17	454.20	375.00

Competition

The Company competes with other companies for Gold Streams and similar transactions, some of which may possess greater financial and technical resources. Such competition may result in the Company being unable to enter into desirable Gold Streams or similar transactions, to recruit or retain qualified employees or to acquire the capital necessary to fund its Gold Streams. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for entering into additional Gold Streams, royalties and similar transactions in the future.

Dividend Policy

No dividends on the Common Shares have been paid by the Company to date. The Company does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Company's Board of Directors after taking into account many factors including the Company's operating results, financial condition and current and anticipated cash needs.

Equity Price Risk

The Company holds shares, convertible debentures and warrants of other exploration and mining companies with a combined market value as at December 31, 2013 of $13 million.

The Company is exposed to equity price risk as a result of holding long-term investments in these companies. The daily exchange traded volume of these shares, including the shares underlying the warrants, may not be sufficient for the Company to liquidate its position in a short period of time without potentially affecting the market value of such shares. Just as investing in the Company is inherent with risks such as those set out in this AIF, by investing in these other companies, the Company is exposed to the risks associated with owing equity securities and those risks inherent in the investee companies. The Company does not actively trade these investments.

Conflicts of Interest

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration, development and mining operations and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the *Business Corporations Act* (British Columbia) and other applicable laws.

Future Sales or Issuances of Securities

Sandstorm Gold may issue additional securities to finance future activities. Sandstorm Gold cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of securities will have on the market price of the Common Shares, 2009 Warrants, 2010 Warrants, 2012 Warrants and the Listed Premier Warrants. Sales or issuances of substantial numbers of Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices of the Common Shares, 2009 Warrants, 2010 Warrants, 2012 Warrants and the Listed Premier Warrants. With any additional sale or issuance of Common Shares or the exercise of the 2009 Warrants, 2010 Warrants, 2012 Warrants or the Premier Royalty Warrants, investors will suffer dilution to their voting power and Sandstorm Gold may experience dilution in its earnings per share.

The Company may fail to achieve and maintain the adequacy of internal control over financial reporting pursuant to the requirements of the Sarbanes-Oxley Act

The Company is required to assess its internal controls in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 ("**SOX**"). SOX requires an annual assessment by management of the effectiveness of the Company's internal control over financial reporting and an attestation report by the Company's independent registered Chartered Accountants addressing this assessment beginning with the Company's fiscal year ended December 31, 2013. The Company may fail to achieve and maintain the adequacy of its internal control over financial reporting, as such standards are modified, supplemented or amended from time to time, and the Company may not be able to ensure that it can conclude on an ongoing basis that it has effective internal controls over financial reporting in accordance with Section 404 of SOX. The Company's failure to satisfy the requirements of Section 404 of SOX on an ongoing, timely basis could result in the loss of investor confidence in the reliability of its financial statements which, in turn, could harm the Company's business and negatively impact the trading price of the Common Shares, 2009 Warrants, 2010 Warrants, 2012 Warrants and the Listed Premier Warrants. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's operating results or cause it to fail to meet its reporting obligations. There can be no assurance that the Company will be able to remediate material weaknesses, if any, identified in future periods, or maintain all of the controls necessary for continued compliance, and there can be no assurance that the Company will be able to retain sufficient skilled finance and accounting personnel.

During the year ended December 31, 2013, the Company acquired a 100% interest in Premier Royalty and, as such, the Company's officers and management have limited the scope of the design of the disclosure controls and procedures and the internal controls over financial reporting to exclude controls, policies and procedures of Premier Royalty.

Future acquisitions of companies, if any, may provide the Company with challenges in implementing the required processes, procedures and controls in its acquired operations. Future acquired companies, if any, may not have disclosure controls and procedures or internal control over financial reporting that are as thorough or effective as those required by securities laws currently applicable to the Company.

No evaluation can provide complete assurance that the Company's internal control over financial reporting will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be reported. The effectiveness of the Company's controls and procedures could also be limited by simple errors or faulty judgments. In addition, as the Company continues to expand, the challenges involved in implementing appropriate internal controls over financial reporting will increase and will require that the Company continue to improve its internal controls over financial reporting. Although the Company intends to devote substantial time and incur costs, as necessary, to ensure compliance, the Company cannot be certain that it will be successful in complying with Section 404 of SOX on an ongoing basis.

Risks Relating to the Mining Operations

Exploration, Development and Operating Risks

Mining operations generally involve a high degree of risk. The Mining Operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of metals, including weather related events, unusual and unexpected geology formations, seismic activity, rock bursts, cave-ins, pit-wall failures, flooding, environmental hazards and the discharge of toxic chemicals, explosions and other conditions involved in the drilling, blasting and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to property, injury or loss of life, environmental damage, work stoppages, delays in production, increased production costs and possible legal liability. Any of these hazards and risks and other acts of God could shut down mining operations temporarily or permanently. Mining operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability for the owners or operators of the Mining Operations.

The exploration for, development, mining and processing of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenditures may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the owners or operators of the Mining Operations will result in profitable commercial mining operations. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection; and political stability. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in one or more of the Mining Operations not receiving an adequate return on invested capital. Accordingly there can be no assurance the Mining Operations which are not currently in production will be brought into a state of commercial production.

Commodity Prices for Other Metals Produced from the Mining Operations

The price of metals has fluctuated widely in recent years, and future serious price declines could cause continued development of and commercial production from the Mining Operations to be impracticable. Depending upon the price of other metals produced from the mines which generate cash flow to the owners, cash flow from mining operations may not be sufficient and such owners could be forced to discontinue production and may lose their interest in, or may be forced to sell, some of their properties. Future production from the Mining Operations is dependent on metal prices that are adequate to make these properties and projects economically viable.

In addition to adversely affecting the reserve estimates and financial conditions, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Environmental Risks and Hazards

All phases of the Mining Operations are subject to governmental regulation including environmental regulation in the various jurisdictions in which they operate. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and heightened responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Mining Operations. Also, environmental hazards may exist on the properties which are unknown to the owners or operators of the Mining Operations at present which were caused by previous or existing owners or operators of the properties and which could impair the commercial success, levels of production and continued feasibility and project development and mining operations on these properties. One or more of the mining companies may become liable for such environmental hazards caused by previous owners or operators of the properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Government Regulation, Permits and Licenses

The exploration and development activities related to the Mining Operations are subject to extensive laws and regulations governing exploration, development, production, exports, taxes, labour standards, waste disposal, protection and remediation of the environment, reclamation, historic and cultural resources preservation, mine safety and occupational health, handling, storage and transportation of hazardous substances and other matters.

The costs of discovering, evaluating, planning, designing, developing, constructing, operating and closing the Mining Operations in compliance with such laws and regulations are significant. It is possible that the costs and delays associated with compliance with such laws and regulations could become such that the owners or operators of the Mining Operations would not proceed with the development of or continue to operate a mine. Moreover, it is possible that future regulatory developments, such as increasingly strict environmental protection laws, regulations and enforcement policies thereunder and claims for damages to property and persons resulting from the Mining Operations could result in substantial costs and liabilities for the owners or operators of the Mining Operations in the future such that they would not proceed with the development of, or continue to operate, a mine.

Government approvals, licences and permits are currently, and will in the future be, required in connection with the Mining Operations. To the extent such approvals are required and not obtained, the Mining Operations may be curtailed or prohibited from proceeding with planned operations, which could have an impact on the business and financial condition of the Company. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Mining Operations, resulting in increased capital expenditures or production costs, reduced levels of production at producing properties or abandonment or delays in development of properties.

Permitting

The Mining Operations are subject to receiving and maintaining permits from appropriate governmental authorities. Although the Company believes that, other than as discussed elsewhere herein, the owners and operators of the Mining Operations currently have all required permits for their respective operations as currently conducted, there is no assurance that delays will not occur in connection with obtaining all necessary renewals of such permits for the existing operations, additional permits for any possible future changes to operations or additional permits associated with new legislation. Prior to any development on any of the properties, permits from appropriate governmental authorities may be required. There can be no assurance that the owners or operators of the Mining Operations will continue to hold all permits necessary to develop or continue operating at any particular property.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, may have a material adverse impact on the owners or operators of the Mining Operations, resulting in increased capital expenditures or production costs, reduced levels of production at producing properties or abandonment or delays in development of properties.

See “Permitting, Construction, Development and Expansion Risk” for additional permitting risks associated with developmental projects.

Infrastructure

Natural resource exploration, development and mining activities are dependent on the availability of mining, drilling and related equipment in the particular areas where such activities are conducted. A limited supply of such equipment or access restrictions may affect the availability of such equipment to the owners and operators of the Mining Operations and may delay exploration, development or extraction activities. Certain equipment may not be immediately available, or may require long lead time orders. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration, development or production at the Mining Operations.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Mining Operations.

Uncertainty of Mineral Resource and Mineral Reserve Estimates

The life-of-mine estimates for the Mining Operations may not be correct. The figures for mineral resources and mineral reserves presented in this AIF and derived from the technical reports filed in respect of the Aurizona Mine, the Santa Elena Mine, the Black Fox Mine and the Bachelor Lake Mine are estimates only and no assurance can be given that the estimated mineral reserves and mineral resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and mineral resource estimates are based on limited sampling and geological interpretation, and, consequently, are uncertain because the samples may not be representative. Mineral reserve and mineral resource estimates may require revision (either up or down) based on actual production experience. Market fluctuations in the price of metals, as well as increased production costs or reduced recovery rates, may render certain mineral reserves and mineral resources uneconomic and may ultimately result in a restatement of estimated mineral reserves and/or mineral resources.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty of inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to proven and probable mineral reserves as a result of continued exploration.

Replacement of Depleted Mineral Reserves

Because mines have limited lives based primarily on proven and probable mineral reserves, the mining companies which own and/or operate the Mining Operations must continually replace and expand their mineral reserves depleted by their mine's production to maintain production levels over the long-term. Mineral reserves can be replaced by expanding known ore bodies, locating new deposits or making acquisitions. Exploration is highly speculative in nature. Once a site with mineralization is discovered, it may take several years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves and to construct mining and processing facilities. As a result, there is no assurance that current or future exploration programs will be successful. There is a risk that depletion of mineral reserves will not be offset by discoveries or acquisitions.

Competition

The mining companies which own and/or operate the Mining Operations each face competition from a number of large established companies with substantial capabilities, and greater financial and technical resources. These mining companies compete with these other mining companies for the acquisition of prospective, explored, developing and developed mining and mineral properties, as well as for the recruitment and retention of qualified directors, professional management, employees and contractors.

Dependence on Good Relations with Employees

Production at the Mining Operations depends on the efforts of its employees. There is intense competition for geologists and persons with mining expertise. The ability of the mining companies to hire and retain geologists and persons with mining expertise is key to the Mining Operations. Further, relations with employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in the jurisdictions in which the Mining Operations are conducted. Changes in such legislation or otherwise in the mining companies' relationships with their employees may result in strikes, lockouts or other work stoppages, any of which could have a material adverse effect on the Mining Operations, results of operations and financial condition.

Uninsured Risks

The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. Where each of the mining companies considers it practical to do so, it maintains insurance in amounts that it believes to be reasonable, including insurance for workers' compensation, theft, general liability, all risk property, automobile, directors and officers liability and fiduciary liability and others. Such insurance, however, contains exclusions and limitations on coverage. Accordingly, the mining companies' insurance policies may not provide coverage for all losses related to their business (and specifically do not cover environmental liabilities and losses). The occurrence of losses, liabilities or damage not covered by such insurance policies could have a material adverse effect on the mining companies' profitability, results of operations and financial condition.

Land Title

Although title to the Mining Operations has been reviewed by or on behalf of the Company, no assurances can be given that there are no title defects affecting the properties and mineral claims owned or used by the Mining Operations. The mining companies may not have conducted surveys of the claims in which they hold direct or indirect interests; therefore, the precise area and location of such claims may be in doubt. It is possible that the Mining Operations may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, the mining companies may be unable to operate the Mining Operations as permitted or to enforce their rights with respect to the Mining Operations which may ultimately impair the ability of these owners and operators to fulfill their obligations under their agreements with the Company.

Off-take Agreements

Rambler is required by contract to sell all concentrate produced from the Ming Mine to a third party processor whose facilities are used to process the concentrate mined from the property. Access to the facilities is regulated by an off-take agreement agreed to between Rambler and the third party processor. The off-take agreement establishes the price paid for the metals. The third party processor and the Company may need to enter into an agreement or agreements that are similar (as to payment terms) to the payment terms contained in the off-take agreement between Rambler and the third party processor. Such a form of agreement will streamline the payment process as between the third party processor and Rambler, and the third party processor and the Company. If Rambler (on behalf of the Company) and the third party processor are unable to negotiate such an agreement, Rambler and the Company will be obliged to accept payments "in kind" from the third party processor under the existing off-take agreement.

International Interests

The operations with respect to the majority of the Company's gold and other precious metals interests are conducted in the United States, Brazil, Mexico, Australia, Mongolia, Argentina and South Africa and as such the operations are all exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to, terrorism, hostage taking, military repression, crime, political instability, currency controls, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits, approvals and contracts, illegal mining, changes in taxation and mining laws, regulations and policies, restrictions on foreign exchange and repatriation, and changing political conditions and governmental regulations relating to foreign investment and the mining business. Several of the countries have experienced political, social and economic unrest in the past and protestors have from time to time targeted foreign mining companies.

Changes, if any, in mining or investment policies or shifts in political attitude may adversely affect the operations or profitability of the Mining Operations in these countries. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use, mine safety and the rewarding of contracts to local contractors or requiring foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation, cancellation or dispute of licenses or entitlements which could result in substantial costs, losses and liabilities in the future.

The occurrence of these various factors and uncertainties related to the economic and political risks for operations in foreign jurisdictions cannot be accurately predicted and could have an adverse effect on the Mining Operations resulting in substantial costs, losses and liabilities in the future.

In particular, any changes or unfavourable assessments with respect to (i) the validity, ownership or existence of the Entrée concessions; as well as (ii) the validity or enforceability of Entrée's joint venture agreement with Oyu Tolgoi LLC may adversely affect the Company's profitability or profits realized under the Entrée Gold Stream. The Company's interest in the Serra Pelada Mine may be adversely impacted if the Cooperative de Mineração dos Garimpeiros de Serra Pelada, which holds a 25% interest in the Serra Pelada Mine, takes any unfavourable actions. In addition, Colossus Brazil has payables in excess of $30 million and accordingly, there is a risk that they may be unable to repay their debts, resulting in their insolvency.

Permitting, Construction, Development and Expansion Risk

Some of the Mining Operations are currently in various stages of permitting, construction, development and expansion. Construction, development and expansion of such projects is subject to numerous risks, including, but not limited to: delays in obtaining equipment, material and services essential to completing construction of such projects in a timely manner; delays or inability to obtain all required permits; changes in environmental or other government regulations; currency exchange rates; labour shortages; and fluctuation in metal prices. There can be no assurance that the owners or operators of such projects will have the financial, technical and operational resources to complete the permitting, construction, development and expansion of such projects in accordance with current expectations or at all.

Indigenous Peoples

Various international and national laws, codes, resolutions, conventions, guidelines, and other materials relate to the rights of indigenous peoples. The Company holds royalty or streaming interests on operations located in some areas presently or previously inhabited or used by indigenous peoples. Many of these materials impose obligations on government to respect the rights of indigenous people. Some mandate that government consult with indigenous people regarding government actions which may affect indigenous people, including actions to approve or grant mining rights or permits. The obligations of government and private parties under the various international and national materials pertaining to indigenous people continue to evolve and be defined. The mining companies' current or future operations are subject to a risk that one or more groups of indigenous people may oppose continued operation, further development, or new development on those projects or operations on which the Company holds a royalty or streaming interest. Such opposition may be directed through legal or administrative proceedings or protests, roadblocks or other forms of public expression against the Company or the owner/operator's activities. Opposition by indigenous people to such activities may require modification of or preclude operation or development of projects or may require the entering into of agreements with indigenous people. Claims and protests of indigenous people may disrupt or delay activities of the owners/operators of the Company's royalty/stream assets.

TECHNICAL INFORMATION

CIM Standards Definitions

The estimated Mineral Reserves and Mineral Resources set forth below for the Aurizona Mine, Santa Elena Mine, Black Fox Mine and the Bachelor Lake Mine have been estimated in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") - Definitions adopted by CIM Council on November 27, 2010 (the "**CIM Standards**").

The term "***Mineral Resource***" is a concentration or occurrence of diamonds, natural, solid, inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

The term "***Inferred Mineral Resource***" is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

The term "***Indicated Mineral Resource***" is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

The term "***Measured Mineral Resource***" is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

The term "***Mineral Reserve***" is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

The term "***Probable Mineral Reserve***" is the economically mineable part of an Indicated Mineral Resource and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

The term "***Proven Mineral Reserve***" is the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Mineral Resources

This section and elsewhere in this AIF use the terms “Measured”, “Indicated” and “Inferred” Mineral Resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission (the “**SEC**”) does not recognize them. “Inferred Mineral Resources” have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. **United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.**

Summary of Mineral Reserves and Mineral Resources

The following tables set forth the estimated Mineral Reserves and Mineral Resources (gold only) for the projects or mines relating to which the Company has **MATERIAL** purchase agreements, adjusted where applicable to reflect the Company's percentage entitlement to gold produced from such projects or mines, as of December 31, 2013, unless otherwise noted. The tables are based on information available to the Company as of the date of this AIF, and therefore will not reflect updates, if any, after such date:

ATTRIBUTABLE PROVEN AND PROBABLE MINERAL RESERVES

(AS OF DECEMBER 31, 2013, UNLESS OTHERWISE NOTED)

Property	***Proven***			***Probable***			***Proven & Probable***		
	Tonnage	*Grade*	*Contained*	*Tonnage*	*Grade*	*Contained*	*Tonnage*	*Grade*	*Contained*
	kt	*(grams per tonne)*	*(ounces)*	*kt*	*(grams per tonne)*	*(ounces)*	*kt*	*(grams per tonne)*	*(ounces)*
Aurizona Mine (1 - 12)	3,368	1.26	137,256	6,059	1.35	263,160	9,427	1.32	400,416
Bachelor Lake Mine (29 - 34)	39	8.33	10,349	130	7.1	29,687	169	7.38	40,036
Black Fox Mine - Stockpile & Open Pit (35 - 44)	42	1.60	2,214	379	3.20	39,350	421	3.04	41,564
Black Fox Mine - Underground (35 - 44)	-	-	-	362	5.90	67,201	352	5.90	67,201
Santa Elena Mine - Underground (45, 46, 49, 50)	-	-	-	692	1.57	43,560	692	1.57	43,560
Santa Elena Mine - Open Pit (45,47,48)	-	-	-	285	1.52	13,966	285	1.52	13,966
Santa Elena Mine - Leach Pad Reserves (45, 48, 50)	-	-	-	569	0.65	11,884	569	0.65	11,884
TOTAL CONTAINED GOLD			**149,819**			**484,148**			**618,627**

ATTRIBUTABLE MEASURED AND INDICATED MINERAL RESOURCES

(AS OF DECEMBER 31, 2013, UNLESS OTHERWISE NOTED)

Property	***Measured***			***Indicated***			***Measured & Indicated***		
	Tonnage	*Grade*	*Contained*	*Tonnage*	*Grade*	*Contained*	*Tonnage*	*Grade*	*Contained*
	kt	*(grams per tonne)*	*(ounces)*	*kt*	*(grams per tonne)*	*(ounces)*	*kt*	*(grams per tonne)*	*(ounces)*
Aurizona Mine (13 - 28)	3,317	1.36	144,500	10,622	1.38	472,770	81,990	1.38	617,270
Bachelor Lake Mine (29 - 34)	39	8.8	10,901	130	7.49	31,270	168	7.79	42,171
Black Fox Mine - Stockpile & Open Pit (35 - 44)	-	-	-	380	4.40	54,264	380	4.40	54,264
Black Fox Mine - Underground (35 - 44)	-	-	-	301	7.20	69,502	301	7.20	69,502
Santa Elena Mine - Underground (45, 46, 49, 50, 51)	-	-	-	2,142	1.69	116,000	2,142	1.69	116,000
TOTAL CONTAINED GOLD			**155,401**			**743,806**			**899,207**

ATTRIBUTABLE INFERRED MINERAL RESOURCES

(AS OF DECEMBER 31, 2013, UNLESS OTHERWISE NOTED)

Property	Inferred		
	Tonnage	Grade	Contained
	kt	*(grams per tonne)*	*(ounces)*
Aurizona Mine (13 - 28)	3,152	1.74	176,120
Bachelor Lake Mine (29 - 34)	85	6.52	17,873
Santa Elena Mine - Underground (45, 46, 49, 50, 51)	298	1.5	14,400
TOTAL CONTAINED GOLD			**208,393**

All Mineral Reserves and Mineral Resources set forth above have been estimated in accordance with the CIM Standards and National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("**NI 43-101**").

Aurizona Mine

(1) Luna Gold Mineral Resource update effective as at January 29, 2013

(2) April 2013 Reserve is based on a gold price of US$1,350 per ounce.

(3) The model was depleted to the end of month topography December 2012.

(4) Includes 98% mining recovery.

(5) Includes 10% mine dilution.

(6) Includes foreign exchange conversion rate of 1.95 Brazilian Real to 1 US Dollar.

(7) Break even cut off grades of 0.44 grams per tonne, 0.49 grams per tonne and 0.51 grams per tonne were used for saprolite and laterite, transition and fresh rock ore types, respectively.

(8) Metallurgical recoveries are included in the cut-off grade calculations and calculated to be 92% for saprolite and laterite, 91% for transition and 91% for fresh rock, respectively.

(9) Gold ounces exclude metallurgical recoveries.

(10) April 2013 Reserve is presented in accordance with the classification standards established by the Canadian Institute of Mining, Metallurgy and Petroleum.

(11) The estimates of Mineral Reserves may be materially affected by geotechnical, environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.

(12) The Qualified Person ("**QP**"), as defined by NI 43-101, for the technical information regarding the Aurizona Mine contained in this document, including the review and verification of the Mineral Reserve estimates as detailed above, is G. Peter Mah, P.Eng Ontario, who is the Chief Operating Officer of Luna.

(13) Open Pit resources (Whittle pit® optimization) are constrained by a 0.30 grams per tonne gold grade domain and stated at the following cut-off grades for Piaba, Boa Esperança, Ferradura and Conceiçao: Laterite & Saprolite - 0.322 grams per tonne gold , Transition - 0.364 grams per tonne gold and Fresh Rock - 0.400 grams per tonne gold based on a gold price of $1,500 per ounce, pit slopes of 45 for Laterite/Saprolite/Transition and 55 for Fresh Rock, mining cost of $1.80/t material moved, process and G&A cost of $14.00/t (Laterite/Saprolite), US$15.50/t (Transition) and $17.00/t (Fresh), recoveries of 92% (Laterite/Saprolite) and 90% (Transition/Fresh Rock) and selling cost (transportation, insurance, royalty) of $30.00/ounce.

(14) Open Pit resources (Whittle pit® optimization) are constrained by a 0.30 grams per tonne gold grade domain and stated at the following cut-off grades for Tatjuba: Laterite & Saprolite - 0.368 grams per tonne gold, Transition - 0.411 grams per tonne gold and Fresh Rock - 0.447 grams per tonne gold based on the same parameters as outlined in above plus an additional cost of $2.00/t for transportation to the Aurizona mill.

(15) Fresh rock resources outside the pit shell are stated at the following cut-off grades for Piaba: 1.50 grams per tonne gold based on a gold price of $1,500 per ounce, mining cost of $45.00/t moved, process and G&A cost of $19.00/t, recovery of 90% selling cost of $30.00/ounce and an additional 1% royalty increase.

(16) Aurizona topography is current as of October 31, 2012 for the Mineral Resources.

(17) Maptek's Vulcan v8.1.4 was used in the resources estimation including compositing and grade estimation. Internal waste blocks are included inside the 0.30 grams per tonne gold grade shell.

(18) Internal waste blocks were designated through indicator kriging. Gold was estimated separately in the internal waste blocks and the mineralized blocks by the ID3 algorithm.

(19) Block dimensions are ten metres x five metres in the xy plane x three metres on the z axis. Sub-blocking to one metre x one metre in the xy plane and three metres in the z axis was performed at the 0.30 grams per tonne gold grade domain margins and at topography.

(20) The Aurizona resource estimates are supported by the following number of individual specific gravity measurements: Piaba - 12,657; Boa Esperança - 1,273; Ferradura - 1,000; Conceiçao - 473. Tatajuba specific gravity was based on the Piaba data in 2008 when the Tatajuba resource was estimated.

(21) The Piaba database contains 77,574 metres consisting of 351 diamond drill holes, 142 reverse circulation holes and 448 auger drill holes.

(22) The Boa Esperança database contains 9,015 metres consisting of 15 diamond drill holes, 142 reverse circulation holes, 175 auger drill holes and 8 trenches.

(23) The Tatajuba database consists of 4,740 metres in 45 diamond drill holes (2008).

(24) The following capping values were used prior to compositing: Piaba (Laterite - 11 grams per tonne gold , Saprolite - 18 grams per tonne gold , Transition/Fresh Rock - 25 grams per tonne gold), Tatajuba - ten grams per tonne gold , Boa Esperança - six grams per tonne gold , Ferradura - ten grams per tonne gold and Conceiçao - three grams per tonne gold.

(25) Tonnes are rounded to the nearest 10,000. Ounces are rounded to the nearest 1,000 and small tonnage and grade differences may be found due to rounding.

(26) Mineral Resources that are not Mineral Reserves do not have a demonstrated economic viability.

(27) There may be political, environmental, legal and other risks that may materially affect the mineral resource estimate.

(28) The QP for the technical information regarding the Aurizona Mine contained in this document, including the review and verification of the Mineral Resources estimates as detailed above, is Leah Mach, CPG, M.Sc., of the Denver office of SRK Consulting (U.S.) Inc.

Bachelor Lake Mine

(29) Bachelor Lake Mineral Reserves are inclusive of Mineral Resources.

(30) The QP for the technical information regarding the Bachelor Lake Mine contained in this document, including the review and verification of the Mineral Reserve and Mineral Resources estimates as detailed above, is Pascal Hamelin, Vice President of Metanor. The Mineral Reserves are classified as proven and probable, and are based on the CIM Standards.

(31) The underground mineral reserves have been calculated using a cut-off grade of 3.43 grams per ton, recovery of 90%, and dilution of 10% in the stoping areas.

(32) Proven and Probable Mineral Reserves are a subset of Measured and Indicated Mineral Resources.

(33) Mineral Resources are not known with the same degree of certainty as Mineral Reserves and do not have demonstrated economic viability.

(34) Bachelor Lake Mineral Reserves and Mineral Resources are reported as of December 2010 and based on a gold price forecast per ounce using the Bloomberg consensus average gold price of: 2012: $1,381; 2013: $1,416; and 2014 and beyond: $1,177.

Black Fox Mine

(35) Black Fox Mineral Reserves are fully included in the Mineral Resources.

(36) Black Fox Reserves and Resources are reported as of October 31, 2010.

(37) The QP for the technical information regarding the Black Fox Mine contained in this document, including the review and verification of the Mineral Reserve and Mineral Resources estimates as detailed above, is Howard Bird, former Senior Vice President, Exploration of Brigus.

(38) Cut-off grade for the open-pit reserves and resources is 0.88 grams per tonne gold.

(39) Cut-off grade for the underground reserves and resources is 2.54 grams per tonne gold.

(40) Metal prices used for initial cut-off calculations are $1,150 per ounce for 88% of the gold sold and $500 per ounce of gold sold through the Black Fox Gold Stream.

(41) The estimated underground reserves include 10% unplanned dilution at 0 grams per tonne from the backfill and 15% planned dilution at one gram per tonne from the walls for a total dilution of 25%. The estimated open pit reserves include 30% dilution at 0 grams per tonne and a 95% mining recovery factor for both. The higher average gold grades for the open pit and underground in the Indicated Resources compared to the Probable Reserves are the result of no dilution being applied to Indicated Resources.

(42) The Mineral Resources were estimated using the ordinary kriging method. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

(43) The Mineral Reserves were estimated from the life of mine plan, which defined sustaining capital requirements and mine operating costs, to demonstrate that these reserves can be economically extracted and processed. Mining losses and dilution were determined based on sub-surface geotechnical conditions, the mining method and equipment capabilities for each area of the mine.

(44) Contained metal in estimated reserves remains subject to metallurgical recovery losses.

Santa Elena Mine

(45) The QP for the technical information regarding the Santa Elena Mine contained in this document, including the review and verification of the Mineral Reserve and Mineral Resources estimates as detailed above, is Nathan Eric Fier, C.P.G., P.Eng, Chief Operating Officer of SilverCrest.

(46) Underground Probable Reserve is based on a cutoff grade of 1.47 grams per tonne gold equivalent with an average 10% dilution and 90% mine recovery. Average true thickness of the designed stopes is 13.4 metres.

(47) Open Pit Reserve is based on a cutoff grade of 0.20 grams per tonne gold equivalent in a constrained pit shell with applied capping of eight grams per tonne gold and 300 grams per tonne silver.

(48) Leach Pad Reserve based on production and drill hole data for volumetrics and grade model using a cutoff grade of 0.5 grams per tonne gold equivalent. No capping was applied.

(49) Underground Resources are exclusive of Probable Reserves and based on one gram per tonne gold equivalent grade shell, a cutoff grade of 1.4 grams per tonne gold equivalent, and applied capping of 12 grams per tonne gold and 600 grams per tonne silver.

(50) Underground and Leach Pad Reserves and Resources are based on three year historic metal price trends of $28 per ounce silver, $1,450 per ounce gold and metallurgical recoveries of 92% gold and 67.5% silver with a metal ratio of silver:gold at 70:1 used for grade cutoff determination.

(51) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

Each of the below described mines or projects are considered to be material mineral properties to the Company.

Aurizona Mine, Brazil

A technical report was prepared in accordance with NI 43-101 entitled "NI 43-101 Technical Report, Aurizona Resource and Reserve Update, Brazil" dated April 29, 2013 but having an effective date of January 29, 2013 (the "**Aurizona Report**")**.**

The following description of the Aurizona Mine has been summarized, in part, from the Aurizona Report and readers should consult the Aurizona Report to obtain further particulars regarding the Aurizona Mine. The Aurizona Report is available for review under Luna's profile on the SEDAR website located at www.sedar.com. Information that updates the information in the Aurizona Report has been provided by Luna.

The Aurizona Mine is owned by Mineração Aurizona S.A. (" **Mineração Aurizona**"), which is in turn wholly-owned by Aurizona Goldfields Corporation ("**Aurizona Goldfields**"), a wholly-owned subsidiary of Luna. On December 21, 2006, Luna entered into a share purchase agreement with Eldorado Gold ("**Eldorado**"), Brascan Recursos Naturais S.A. and Brascan Natural Resources S.A. (collectively, " **Brascan**") pursuant to which it acquired 100% of the issued shares of Aurizona Goldfields.

Project Description and Location

The Aurizona Mine is located in the municipality of Godofredo Viana (population 10,500) in the state of Maranhão. The area is on the northern coast of Brazil, 220 kilometres northwest of the state capital city of São Luís.

The mineral licenses for the Aurizona Mine are 100% held by Luna through Mineração Aurizona. At the time of the Aurizona Report, the property included a mining license (Portaria de Lavra) totalling 9,981 hectares and three exploration licenses totalling approximately 5,427 hectares. The mining license is subject to a government royalty of 1%, which is applied to gross gold sales less costs incurred in selling, transportation and insurance. The exploration licenses are subject to annual payments to the Brazilian government and completion of a work report and are subject to an annual exploration tax according to the claim size and time held. There are no other royalties on gold production from the property.

The Aurizona Mine contains the Piaba, Tatajuba, Boa Esperança, Ferradura and Conceição gold deposits and over ten near mine exploration targets which are being actively explored by Mineração Aurizona.

The Piaba resource, reserve and associated mine facilities described in the Aurizona Report are completely contained within Brazilian Mines Department ("**DNPM**") Mining License 800.256/78. The Tatajuba resource described in the Aurizona Report is completely contained within exploration license 806.042/03. The other near mine exploration targets are located within DNPM Mining Permit 800.256/78 and DNPM Exploration Permits 860.042/03, 806.195/07 and 806.111/96.

The Aurizona coastal region is Federal Government land administered by the Serviço do Patrimônio da União, an institution within the Ministry of Economy. Nevertheless the region has been occupied for many years by squatters and garimpeiros.

In September 2007, Mineração Aurizona completed a detailed survey of the title situation of land occupiers and garimpeiros, which included a register of the recognized occupiers, a ground survey of the area occupied, and an inventory of any improvements or assets on the lands. In October 2007, Mineração Aurizona started a buyout program of the plots considered necessary for the project that were not already owned. By December 31, 2012, 1,400 hectares of the surface rights required for the project had been acquired. As the plots are acquired, the Mineração Aurizona property fence is adjusted and sign-posted as required by law.

Aurizona currently consists of a developed mine camp, open pit operation, process plant and associated infrastructure. Mineração Aurizona currently employs over 900 employees and contractors from the local communities (80%) and from around Brazil.

Mineração Aurizona has almost completed infrastructure development and the development of various management plans. The social and environmental plans have been developed.

The Aurizona region has a long tradition as a gold producer, almost solely from garimpeiros. An inspection conducted in 1989 by the Ministry of Mines and Energy and the State Secretariat for the Environment for Maranhão verified the uncontrolled exploitation of the area by prospectors and concluded the area was contaminated. During the Environmental Impact Study/Environmental Impact Assessment process, levels of mercury were measured. In August 2009, several soil, sediments, and water mercury assays were performed on areas potentially impacted by mining activities by garimpeiros in the Aurizona region. Mercury was detected in soil and sediment samples; however, the values were lower than reference values required for contaminated areas intervention, the record of which is chronicled in environmental resolution Conama Number 420/2009.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Aurizona Mine is on the Atlantic coast of Brazil within three kilometres of an ocean inlet. All year road access is available from the state capital cities of Belém, Pará (400 kilometres), and São Luís, Maranhão (320 kilometres), the latter requiring a ferry transfer from São Luís island to the mainland or longer bypass road on land. The main federal highway connecting both capitals, BR316, has been resurfaced in both states and is in good condition. State highway MA206 connects BR316 with the town of Godofredo Viana, a distance of 110 kilometres, from which the property is accessed by 16 kilometres of a regularly maintained 8 metre wide laterite road. Mineração Aurizona, in partnership with local authorities, has upgraded the landing strip at Godofredo Viana. Travel time between Aurizona and São Luis or Belém is approximately one hour by light aircraft.

The coastline is characterized by the occurrence of mangrove swamps and has an elevation of two metres to three metres above mean sea level in and on the edges of saline waterways. The vegetation consists of grasses in the low-lying areas with denser tropical vegetation consisting of larger shrubs, vines, and hardwood tropical trees on the low rounded hills. The elevation in the project area varies from 0 to 90 metres above mean sea level. The isthmus that joins the Aurizona Peninsula to the mainland consists of low-lying flats that are subject to mild flooding at high neap tides. This does not affect project access.

The climate is tropical, often humid, with annual rainfalls of up to 3,000 millimetres. The rainy season occurs from mid-December to mid-July, with the heaviest rains from January through April. The area is close to the equator and has relatively steady temperatures, ranging from an average low of 24 degrees Celsius to an average high of 31 degrees Celsius.

The Aurizona Mine location benefits from a local population of inexpensive labour and abundant water. The principal facilities in support of the process plant are a gold room, assay laboratory and four 2.5 kilovolt diesel generators, fuelling station, compressors, electrical building and substation, warehouse, laydown, helicopter pad and office space. There is a plant maintenance workshop that currently exists as well as a two bay heavy equipment workshop. There is currently a camp located at Aurizona with an infirmary, offices, lodging facilities and kitchen/dining area for serving meals mainly to the administration staff, including short term contractors. All essential mine facilities except expanded camp accommodations, site airstrip and maintenance shop have been constructed. External laydown areas and a horticultural nursery are located adjacent to the mine camp.

Tailings infrastructures have been raised to the 27 metre level prior to the rainy season of 2013. The current elevation allows water collection of over three million cubic metres of water while augmenting storage capacity to over 9.2 million tonnes of tailings. Uplift to 31 metres elevation is planned to resume during the dry season in 2013 and studies to conduct a further uplift to a level of 45 metres is underway. There are two other potential locations for extra tailings dam capacity (which are located within the mining lease area) and preliminary studies for these areas, together with the total capacity of the current dam provides a potential total capacity of 67 million tonnes.

Grid power is controlled and supplied by Companhía Energética do Maranhão (“ **CEMAR**”). As of July 2012, CEMAR was able to guarantee the supply of 4.6 megawatts of power which will be enhanced to 7.8 megawatts for the Phase I Expansion. In addition to grid power, Mineração Aurizona relies on four 2.5 kilovolt generators that act as a back-up. CEMAR will have sufficient capacity for continual operations in 2014 and beyond.

Potable water in the camp area is drawn from an existing cased well which has a flow rate of four cubic metres per hour. Potable water also comes from the municipal water treatment plant.

Process water comes from the tailings dam, old pit workings and recirculation of solution recovered during the thickening process. The life of mine demand is estimated at 382 cubic metres per hour. The tailings from the carbon-in-leach process report to a thickener, which concentrates the solids and recovers a large part of the water as thickener overflow. An estimated 190 cubic metres per hour of thickener supernatant, with a residual cyanide concentration of 80 milligrams per litre, is recycled to process, and the tailings pulp sent to the neutralization process before final discharge to the tailings dam. The make-up water supply for the grinding process of 176 cubic metres per hour comes from the supernatant of the tailings dam.

The industrial requirement will include showers, toilets, carbon washing and general cleaning purposes and firefighting. Industrial water comes from a small dam on the back of Pirocaua hill and potentially from clean water pumped from the pit. It will have a separate line, pump and header tank with a capacity of 400 cubic metres.

History

The Aurizona region has a long history of gold production dating back to the Jesuits in the 17th Century. There are anecdotal reports that companies were active in the area in the 1880's, but that they left due to problems with the indigenous Urubus people. In 1912, there was considerable activity around the village of Aurizona and again in 1931 when the government declared a "free mining area except for the tax on gold production payable to the State". Garimpeiros have been active in the region, on a discontinuous basis since that time.

In 1978, Brascan, through subsidiary companies, started exploration programs in the alluvium that lasted through 1985. In 1988, a subsidiary of Brascan, Mineração Aurizona Ltd., received a license to mine within DNPM area 800.256/78. In 1991, an application for a five-year suspension of mining operations was applied for with the purpose of carrying out an evaluation of the primary gold resources.

In 1991, a joint venture between Cesbra S/A, a Brascan Brazil subsidiary, and Unamgen Mineração e Metalurgia S.A. (" **Unamgen**"), an exploration subsidiary of Gencor Ltd. ("**Gencor**"), was formed. Unamgen assumed the position of operator of the joint venture company, Mineração Aurizona. Exploration from 1991 to 1993 consisted of an airborne magnetic and radiometric heliborne survey, photogrammetry survey, soil geochemical surveys, geologic mapping and sampling of garimpeiro pits and follow-up ground geophysical surveys consisting of induced polarization, electromagnetic, magnetic, and gamma spectrometry. The Piaba deposit was drill tested with auger, reverse circulation ("**RC**"), and diamond drilling. Auger drilling consisted of shallow drilling to an average depth of eight metres to verify gold anomalies. Unamgen drilled 142 diamond drillholes and 67 reverse circulation holes, initially on 50 metre spaced sections, later infilled to 25 metres.

In 1994, following preliminary process tests at Mintek in South Africa, more comprehensive test works were carried out in Brazil at the Metais de Goías S/A metallurgical process facility in Goiania, and at the laboratory of Paulo Abib Engenharia S.A., a mining engineering company subsequently acquired by Kilborn Engineering, now SNC-Lavalin Inc., located in São Paulo. The emphasis at that time was on gravity concentration techniques. An economic viability study and environmental impact assessment were completed. This work terminated in a positive economic evaluation of working the Piaba deposit using mining equipment from Cesbra's tin operations in Rondonia, a gravity-only process plant and diesel powered electricity generation. At the same time, a technical study report and an environmental impact assessment to mine the weathered part of the Piaba deposit were submitted to government agencies and public audiences were held. Unamgen terminated its joint venture with Cesbra in 1995.

In 1996, Gencor agreed to sell its gold assets in Brazil to Eldorado and in the process introduced Eldorado to Cesbra. This resulted in a new project joint venture with Unamgen, as a subsidiary of Eldorado, as the operator. In 1997, an exploration program commenced that included 61 diamond drillholes and 26 rotary circulation drillholes of the extensions of the Piaba deposit along strike to the east and west, scout drilling at some of the nearby targets and evaluation of targets. Regional exploration was conducted involving reconnaissance-scale mapping, sampling of garimpeiro pits and evaluation of specific regional targets via soil sampling. Airborne magnetic and radiometric surveys were completed.

In 1999, Brascan commissioned a gravity pilot plant to test the Saprolite and tailings at Piaba. The pilot plant testwork was completed in February 2000. The property was on care and maintenance from 2000 until March 2007, when Luna commenced a new exploration program at Aurizona focused on the Piaba and Tatajuba deposits and more recently included systematic exploration of the Aurizona area via soil sampling, geologic mapping, geophysical surveying, shallow auger drilling, trenching, diamond and reverse circulation drilling.

Historic production from the Aurizona properties has been by garimpeiros mining in small pits and cannot be quantified. Luna's production for the period 2010 - 2012 is detailed herein under "Mining Operations".

Geological Setting

Regional Geology

The Aurizona Mine is located within the São Luís Craton (" **SLC**"), defined as the Precambrian continental crust at the border between the states of Pará and Maranhão in northern Brazil. The SLC extends approximately 400 kilometres east-west and 120 kilometres north-south and consists of a metavolcano-sedimentary succession ("**Aurizona Group**"), subordinate volcanic rocks and several granitoid suites (" **Tromaí Intrusive Suite**") which are covered by Phanerozoic sedimentary basin deposits and recent coastal sediments. Collectively the Aurizona Group and Tromaí Intrusive Suite are referred to as the Granite Greenstone Terrain of Northwest Maranhão. The SLC and the Palaeoproterozoic basement rocks of the Neoproterozoic Gurupi Belt in northern Brazil are part of an orogen having an early accretionary phase at 2,240 to 2,150 million years and a late collisional phase. Despite the extent of the SLC, outcrop is limited to discontinuous erosive and tectonic windows within the sedimentary cover. The western limit of the SLC is defined by the Tracuatuea Intrusive Suite and the eastern limit is placed approximately 30 kilometres east of the state capital of Maranhão, São Luís. The southern boundary is defined by the regionally important north by northwest-south by southeast trending sinistral strike-slip Tentugal Shear Zone, which contains the gold deposits of the Gurupi Gold Belt. The northern contact is not well defined due to the Phanerozoic coastal basins.

The rock associations inferred geologic settings and the crustal evolution displayed by the SLC are similar to that described in Paleoproterozoic domains of major geotectonic units of the South American Platform including the São Francisco Craton, the southeastern Guyana Shield and the West African Craton. Several studies suggest that the SLC is a fragment of the West African Craton that was left behind on the South American Platform following the break-up of the Pangea super continent.

Local Geology

The Aurizona Mine area is underlain by east/northeast trending greenstone volcano sediments and acid intrusives of the Aurizona Group and Tromai Intrusive Suite. There is a strong structural control on the gold mineralization in the Aurizona area which can be seen by the close association of magnetic lineaments and the gold deposits and the near mine exploration targets. Mineralization is hosted within district scale shear zones and generally at or close to contacts with a volcano sedimentary unit which generally forms the footwall to the mineralization.

The Piaba deposit is a 3.3 kilometre long, east/northeast trending, orogenic gold deposit hosted in greenstone belt rocks of the Aurizona Group located within the east/northeast trending Aurizona Shear Zone ("**ASZ**"). The ASZ has been traced for several kilometres and also hosts the Tatajuba gold deposit, a near mine deposit at Aurizona, located 2.4 kilometres west/southwest of Piaba. The footwall of the Piaba deposit is a distinctive volcano sedimentary unit which dips steeply to the north. The principal hanging wall lithologies are felsic intrusives, predominantly tonalite and quartz porphyrys and dacite volcanics intruded by minor dikes. Metamorphic grade is greenschist faces (chlorite zone). The host units are intensely overprinted by several hydrothermal and mineralizing events including sericitization, chloritization, graphitization, carbonatization and silicification which frequently mask the host protolith. Gold mineralization preferentially occurs within the tonalite and quartz porphyry units due to the fact that they are more brittle and fractured more easily than the volcanics and thus provided greater permeability for mineralizing gold fluids within the shear zone. Piaba is a large, low-grade, deeply weathered (average depth of oxidation is 60 metres) tabular-shaped gold deposit dipping north/northwest. Zones (shoots) of high-grade gold mineralization controlled by oblique sheer zones occur within the lower-grade deposit. These high-grade zones are controlled by structures oblique to the main orebody strike. Drilling to date has been focused on defining the strike and depth extent of the main orebody. However, future drilling will also target the high-grade lodes at depth.

The widest portion of the Piaba deposit is located at a bend in the ASZ. Analysis of structural fabrics and textures in drill core shows limited shear fabrics (confined to graphitic slip planes) which indicate that the maximum depth of current drilling has mainly tested the brittle and brittle-ductile transition zones of the Piaba deposit. The deposit is currently open at depth on all drill sections within the 3.3 kilometre strike. The Tatajuba, Boa Esperança, Ferradura and Conceição deposits and the near mine exploration targets are hosted by similar lithological units and structural settings as the Piaba deposit.

Property Geology

The Piaba deposit represents an east/northeast trending mineralized envelope of low-grade gold mineralization within a major east/northeast trending shear zone in the Aurizona Group. The mineralized envelope displays several flexures along its length though it is not significantly faulted. There is a clearcut stratigraphic and structural footwall to the south of the deposit defined by a sub-vertical to steeply north-dipping volcano-sedimentary package. Graded bedding, erosional channels and truncated trough bedding within the laminated sediment footwall indicate the movement is up to the north (normal). Shearing occurs locally along the footwall contact.

The Tatajuba deposit is located 2.4 kilometres west/southwest from Piaba within the Aurizona shear zone. The deposit extends over an 800 metre strike length and, like Piaba, contains gold mineralization associated with a sub-vertical to moderately north-dipping structure within the Aurizona shear zone. Mineralization is hosted in amafic to ultramafic volcano-sedimentary sequence and is similar to Paiba although the lateration and mineralization zone at Tatajuba is more restricted and the weathering profile less deep.

The Boa Esperança deposit is represented by a long linear gold-in-soil anomaly associated with a well defined magnetic structure located one kilometre due southeast of the Piaba deposit. Gold mineralization at Boa Esperança is hosted in a mixed sequence of intrusives and volcanics and the footwall to the mineralization is the same as the Piaba deposit footwall.

The Ferradura deposit is located 1.7 kilometres due southeast of the Piaba deposit. Mineralization trends east/northeast along a 0.60 kilometre strike length and, like Boa Esperança, is hosted in a sub-vertical shear zone that is steeply dipping to the north.

The Conceição deposit is located 1.6 kilometres south/southwest of the Piaba deposit and 0.5 kilometres west/southwest along strike from the Ferradura target and hosted within the same shear zone. Mineralization is hosted in a sub-vertical shear zone and is steeply dipping to the north.

Over ten near mine targets occur in the immediate vicinity of the Piaba deposit. The near mine targets which occur to the north and south of the main Piaba deposit may occur along separate sub-parallel shear zones/splays or they may occur along flower structures which developed in the principal deformation zone of the Aurizona shear zone.

Exploration

In January 2010, Luna retained Reconsult Geofísica Ltda. to reprocess and interpret the historic airborne magnetic and radiometric survey data collected by Unamgen in 1991 and 1996. Both surveys were reprocessed and merged using Geosoft Oasis Montaj 7.1.1, followed by interpretation and integration with existing geological maps and databases in order to improve understanding of geologic controls on gold mineralization in the Aurizona Mine. The data quality of the surveys is excellent and no survey correction or decorrugation was required. Due to the deep tropical weathering in the area the radiometric data shows mainly cover sequences and drainage patterns. However, the magnetic database provided important information on the structural control on the Piaba and near mine targets at Aurizona.

Luna has completed soil sampling and reconnaissance-scale mapping programs covering much of the entire Aurizona area with the objective of defining the surface gold anomalies associated with the near mine targets. These programs are supervised by trained mining technicians who also map the soil and laterite profiles during sampling. Luna also conducts rock grab sampling concomitantly. The soil sampling programs have identified the following near mine targets at Aurizona: Boa Esperança, Tatajuba Extensions, Ferradura, Conceição, São Lourenço, Pirocaua SE, Micote, Genipapo, Barriguda, Agenor and Pico. Soil sampling has also been completed over the LDW area located on the western side of the Tromai River estuary and several new gold in soil anomalies have been defined in this area.

Luna conducts its own ground magnetic surveys using trained company employees and equipment. Luna owns three GSM-19 v7.0 Overhauyser Magnetometer Units running Novatel SuperStar II GPS board adaptation kits. Surveys have been completed covering the near mine targets and the data are processed by Reconsult. Luna will finalize ground magnetic surveys over new mineralized structures where required.

Luna has completed several auger drill grids at Aurizona using company owned motorized Honda auger drills fabricated by Trado Equipamentos e Servicos Ltda, Belo Horizonte. Initially the auger drill programs were focused on condemnation exploration programs in areas intended for mine areas and infrastructure. These were completed in 2009. Subsequent auger drill programs are focused on the systematic testing of the near mine targets associated with structural lineaments and in the shallow drilling of the Aurizona gold deposits. Auger drilling has a very low environmental impact and has been successful in defining sub-cropping mineralization. Luna conducts trench programs to verify and reveal the nature of certain gold anomalies that are identified through soil sampling, mapping and auger drill programs. Condemnation exploration programs involving soil sampling, channel sampling and auger drilling were completed in all areas intended for mine areas and plant infrastructure and reports finalized. Future condemnation programs will be required as the project expands into new areas.

Luna conducted diamond drilling in 2007 and 2008 on the Piaba and Tatajuba deposits. Between May 2009 and November 2011, Luna completed a large diamond drill program at the Piaba deposit totalling 153 holes. In 2012, Luna conducted resource diamond drilling at the Boa Esperança, Ferradura and Conceição deposits in addition to six deep drillholes and eight infill holes at the Piaba deposit and all programs have been successful in extending the known mineralization at these deposits.

Luna has conducted detailed geological studies at the Piaba, Tatajuba, Boa Esperança, Ferradura and Conceição deposits including re-logging of all drill core and RC chips, petrographic analysis of select lithologies and field mapping. Core logging was done using a dedicated core logging software called GeoticLOG. This work has significantly improved understanding of deposit geology and ore controls.

The exploration programs conducted by Luna and its predecessors are appropriate for gold deposits occurring in relatively narrow structures. The Aurizona property has few rock outcrops and geophysical surveys were used to identify structural trends and to refine the geological interpretation of the area. Airborne magnetic and radiometric surveys were used to identify structural trends and ground electro-resistivity was used in locating the footwall of the structure. Because of the lack of outcrop, mapping is most useful in the garimpeiro pits. The historic drilling includes diamond core and reverse circulation. Luna is using predominantly diamond core drilling in the resource areas. The holes are oriented perpendicular to the strike of the structure and angled to intersect the structure at angles between 40 degrees and 20 degrees.

Mineralization

Piaba is a large low-grade gold deposit within a major shear zone containing second and possibly third order structures which control high-grade ore shoots attaining values of 30 grams per tonne of gold and higher. Mineralization occurs within the volcanic sequence though preferentially occurs within tonalite and quartz porphyry intrusions, due to their competency contrast with the volcanics. The widest portion of the deposit is located at a bend in the ASZ which is an area where increased extension likely occurred. Mineralization is strongly associated with quartz veining. The alteration assemblage is composed of quartz, chlorite, carbonate (ankerite and calcite), graphite, alkali feldspar, sericite, pyrite and minor amounts of tourmaline. Mineralization and alteration are strong to intense particularly within the centre of the deposit. Metamorphic grade is chlorite zone greenschist facies. Quartz occurs in vein form and in silicification fronts. Chlorite occurs as matrix replacive and in veinlets and its intensity is likely linked to the occurrence of mafic wall rocks. Ankerite and carbonate occur as matrix replacement and in veinlets and commonly as accessory minerals in quartz veins. Tourmaline occurs solely in quartz veins. Both tourmaline and calcite appear to increase with depth. Pyrite occurs in quartz veins although it predominantly forms a matrix replacement, particularly at deeper levels. Minor pyrrhotite occurs at deeper levels. Graphite alteration is locally moderate to strong and is closely associated with gold mineralization. The graphite may have been sourced from the footwall at deeper levels in the ASZ early in the deposit formation and subsequently acted as a reductant trap for gold mineralizing fluids. Graphite introduction also occurred along oblique shears. No significant base metals occur at Piaba.

Drilling

Luna has conducted drilling programs at Aurizona since its acquisition of the property in January 2007. Prior to drill mobilization, the exploration manager obtains all required permits. A field visit to the planned drill sites is conducted to document and photograph the area, vegetation type, proximity to any preservation areas and access. Prior to drill mobilization, the senior project mining technician liaises with landowners to discuss the program and obtain their authorization for the drill to mobilize to their property. Drilling only commences following agreement with the landowner.

All drilling is carried out with diamond drill rigs with HQ (63.5 millimetres) core tools. The drill hole locations, orientation, and final depth are checked by the senior project mining technician prior to start of drilling each hole. Azimuth and dip of each drill hole are checked by the senior project mining technician at regular intervals during drilling to monitor any deviation which may occur.

The drill company is informed of the strict requirement to collect quality core samples. Onsite supervision is maintained and site inspection visits are carried out at regular intervals to ensure that the contractor is working within the contractual parameters. All holes outside the mine area are sealed and marked with a concrete plinth and metal marker showing hole azimuth and dip and are surveyed by the company surveyor. Approximately one metre of casing is left in the top of holes to permanently mark the collar and to allow for down-hole surveys which are carried out on all inclined holes using a Devico, a miniature multishot instrument with a 30 centimetre diameter, or similar instrument. This unit is lowered to the bottom of the hole following completion and readings are taken on 50 metre intervals.

The core boxes are labelled and arrows drawn so that the core is systematically laid in the box. A wooden marker or aluminum tag is placed in the core box after each run and the metres down hole is written on the marker. Transfer of the core from the core barrel to the box is done as carefully as possible so that no core is allowed to fall on the ground. A plastic or rubber mallet is used to loosen core from the core tube. As soon as a core box is full a lid is properly secured. Regular inspections are carried out to ensure that core boxes are clean, sturdy and suitable for core storage. Intervals of ground core and any other irregularities are documented to address potential inaccuracies in depth labelling of the core boxes.

Resource estimates were completed for the Piaba, Tatajuba, Boa Esperança, Ferradura and Conceição deposits and therefore individual drill hole intercepts will not be listed in this section.

Sampling and Analysis

Sample interval selection is the responsibility of the geologist responsible for core logging. The sample interval is a nominal 2.0 metre in barren hanging wall rocks which is reduced 1 metre or less within the mineralization. Sample intervals are selected on the basis of lithology, mineralogy, weathering, structures and veins. Sample intervals are marked on the core box. The geologist marks the core using red and yellow crayons in two parallel lines separated by 0.3 centimetres. The red line is marked on the right side of the core, the yellow line on the left. An arrow is marked pointing down hole on the left side of the core. Core is marked respecting any foliation (perpendicular) and in a manner which best produces as similar core halves as possible. An electric saw is used to cut hard drill core. Saprolite and soft rock which would suffer washing during cutting is cut manually with a large knife or machete. The saw is washed between each sample interval. When approved by the geologist, the core is sent for sampling. Core is consistently sampled on one side (right - red line). The remaining core half is stored in the box for future reference. The core logging geologist checks the sample intervals with the core sampler (mining technician) who is responsible of all sampling procedures including the physical insertion of QA/QC controls in the sample stream. Samples are placed in pre-labelled thick polythene bags and closed with sealed ties. All samples are double bagged. A sample ticket is placed inside the bag. The sample bags are then placed in cloth sacks which are sewn shut, addressed and compiled into batches. The sample sequence, including the internal control samples (blanks, certified reference material and duplicates) are recorded in GeoticLOG. When the drill core has been sampled it is stored in the core storage facility for future reference. Reverse circulation samples are collected at the drill rig by Servitec personnel. The entire sample representing one metre is collected and no sample processing or quartering is conducted on the project. The samples are shipped to the commercial assay laboratory where they are dried and processed in the same manner as the drill core samples.

Soil samples are collected at a nominal depth of 0.50 metres on a 100 metres x 25 metres north south orientated grid which is surveyed using a total station. Several types of ancillary data are also recorded. Samples are assayed for gold via fire assay (30 grams) and a suite of 35 elements using inductively coupled plasma atomic emission spectroscopy ("**ICP-AES**") at ALS Chemex Laboratory Group (" **ALS Chemex**"), Belo Horizonte (preparation) and ALS Chemex, Lima (assay and induced couple plasma ("**ICP**")). Luna operates a laboratory Quality Assurance/Quality control ("**QA**/**QC**") program for soil samples which involves the insertion of blanks, certified reference materials (" **CRM**") and sample duplicates at the rate of 6% of each sample per batch.

Luna initially used ACME Analytical Laboratories Ltd (" **Acme**") as its primary lab for sample preparation (Maraba, Pará) and analysis (Vancouver, Canada). During this time Luna used ALS Chemex in Belo Horizonte as its secondary laboratory. Since January 2008, Luna has been using ALS Chemex in Belo Horizonte and Goiania as its primary preparation laboratory and ALS Chemex in Lima Peru and Perth Australia as its primary assay laboratory. From September 2011 to December 2011, Luna also used Acme Labs in Goiania and Santiago, Chile as a primary lab due to backlogs at ALS Chemex. Acme is accredited under the general ISO 9001:2000 regulations, but does not have ISO 17025 laboratory accreditation. ALS Chemex in Lima has ISO 17025 accreditation and ALS Chemex Vancouver has ISO 9001:2008 accreditation.

For both laboratories Luna has a policy of a minimum of 80% passing 10 mesh for all drill core samples and 85% passing 200 mesh for all drill core pulps. After January 3, 2008, a 1 kilogram split is pulverized to 85% passing 200 mesh (Acme - 0.50 kilogram split) to better address any coarse gold associated with high-grade quartz veins. For drill samples prepped by Acme, approximately 125 gram aliquot of each sample was shipped to Acme in Vancouver, Canada and Santiago Chile via international courier for assay. All drill samples assayed by Acme were analyzed in sequential order. Lower detection limit for this package is 0.01 grams per tonne of gold. Over limit samples, greater than 10 grams per tonne gold, were automatically analyzed via gravimetric gold analysis.

For all drill samples prepped by ALS Chemex, approximately 150 gram aliquot of each sample is shipped to ALS Chemex in Lima, Peru or Perth, Australia for assay. In 2008, ALS Chemex assayed samples in Belo Horizonte. All drill samples assayed by ALS Chemex are analyzed in sequential order. The lower detection limit for this package is 0.005 grams per tonne of gold. Over limit samples greater than 10 grams per tonne of gold are automatically assayed via an ore grade package.

All reject and pulp samples are returned to Luna on a regular basis. These samples are checked for consistency and to ensure that return QA/QC samples correspond with the originals. They are sealed in new sample bags and stored for future reference.

QA/QC is conducted to ensure high quality drill data. The Exploration Manager is responsible for all the activities related to QA/QC including: preparation and validation of standards and blanks or purchase of standards; selection and validation of primary and secondary laboratories; drafting of laboratory contract; preparation of logic table of failures; supervision on the insertion of control materials; supervision of core sampling and batch assembly; lab audit(s); validation of batches and uploading to diamond drill hole database; corrective actions when necessary; record keeping; submission of samples for check assays at secondary lab; submission of coarse crush replicates and core duplicates; submission of coarse rejects for particle size analysis; variance studies; and QA/QC report.

The laboratory is instructed to prepare and analyze all samples in numerical order. This is adhered to and is backed-up by unannounced site visits to the sample preparation laboratories by Luna technical personnel. These site visits are documented in audit reports. Internal control samples are inserted randomly within the drill core sequence by the core logging geologist. The location of the control samples is noted on the sample log and GeoticLOG database. Luna utilized a system of random insertion which makes identification of sample controls by the laboratory more difficult. Internal control samples have the same numbering system as the drill core samples. The analyses of the blanks and SRM's indicate that Acme and ALS Chemex perform at an industry standard level. Limited screened metallic fire assays indicate that there is a component of course gold at the Piaba deposit. SRK has indicated that the sample preparation, analytical procedures and security meet industry best practices.

The historic data was not available in digital format, but all the paper lab certificates had been preserved in excellent quality. Luna prepared the database from the historic data as a double entry (two people independently entered the data and then checked the resulting databases). Assays from Luna's drilling program is received in digital format and entered directly into the database, thus eliminating transcription errors. SRK checked the database in 2008, 2009, 2010 and 2012 against the original assay certificates. Errors in the 2008 database were reported to Luna and the necessary corrections were made. Since then, Luna has completely audited its database and no errors were found by SRK in its 2009, 2010 and 2012 checks. SRK's opinion is that the database has been verified and is suitable for use in resource estimation.

Security of Samples

Drill core sample security from the drill site to the analytical laboratory is a vital component of the drilling program. Luna's procedure involves direct drill management, secure transportation methods, secure sampling and logging areas and secure sample storage facilities. Core is not left unattended and all core and sample storage facilities are locked and monitored when not in use. Drill samples are accompanied from project to the analytical laboratory by Luna personnel. Core is secured from outside inspection and interference or accidental internal interference. Chain of custody is strictly maintained during transportation, sample collection, shipping and preparation to avoid tampering or inappropriate release of privileged information. Assay results are maintained confidential and only released to those on a need to know basis.

In addition, a single access point to the Aurizona operation is secured by double gates and spikes allowing only authorized personnel to the working area. Radio communication with the supervisor is required prior to gaining access.

Mineral Resource and Mineral Reserve Estimates

The following table sets forth the estimated consolidated Mineral Resources for the Aurizona project, inclusive of Mineral Reserves, as at January 29, 2013: **(1 to 8)**

Deposit	**Type**	**Classification**	**Tonnes (000s)**	**Gold Grade (grams per tonne)**	**Contained Gold (ounces)**
Piaba	Pit Constrained	Measured	19,510	1.36	850,000
		Indicated	59,010	1.40	2,652,000
		Measured and Indicated	78,520	1.39	3,502,000
		Inferred	6,990	1.61	362,000
	Outside Pit Shell	Inferred	9,450	1.95	592,000
Tatajuba	Pit Constrained	Indicated	1,380	1.40	62,000
		Inferred	810	1.39	36,000
Boa Esperança	Pit Constrained	Indicated	1,430	0.79	36,000
		Inferred	970	1.00	31,000
Conceição	Pit Constrained	Indicated	160	0.75	4,000
		Inferred	60	0.82	2,000
Ferradura	Pit Constrained	Indicated	500	1.65	27,000
		Inferred	260	1.65	14,000
Total	**Pit Constrained and Outside Pit**	**Measured**	**19,510**	**1.36**	**850,000**
		Indicated	**62,480**	**1.38**	**2,781,000**
		Measured and Indicated	**81,990**	**1.38**	**3,631,000**
		Inferred	**18,540**	**1.74**	**1,036,000**

(1) Resources are stated at the following cut-off grades for open pit:
Piaba, Boa Esperança, Conceição and Ferradura
- Laterite and Saprolite 0.322 grams per tonne gold
- Transition 0.364 grams per tonne gold; and
- Fresh rock 0.400 grams per tonne gold.

Tatajuba
- Laterite and Saprolite 0.368 grams per tonne gold;
- Transition 0.411 grams per tonne gold; and
- Fresh rock 0.447 grams per tonne gold

(2) Resources are stated at the following cut-off grades for outside pit:
- Piaba fresh rock 1.5 grams per tonne gold

(3) Piaba topography is current as of October 31, 2012
(4) Tonnes are rounded to the nearest 10,000; ounces are rounded to the nearest 1,000
(5) Small tonnage and grade differences may be found due to rounding.
(6) All Mineral Resources have been estimated in accordance with the CIM Standards and NI 43-101.
(7) Mineral resources that are not mineral reserves do not have a demonstrated economic viability.
(8) The Mineral Resource estimates set out in the above table have been reviewed and verified by Leah Mach, C.P.G., M.Sc., Principal Resource Geologist of SRK Consulting (US) ("**SRK**"), who is a qualified person under NI 43-101.

The following table sets forth the estimated Mineral Reserves for the Piaba deposit at the Aurizona project, effective as of January 29, 2013:

Proven and Probable Mineral Reserves (1 - 12)

Deposit	Classification	Tonnes	Gold Grade (grams per tonne)	Contained Gold (ounces)
Piaba	Proven	19,810,270	1.26	807,389
	Probable	35,643,165	1.35	1,547,887
	Proven and Probable	**55,453,435**	**1.32**	**2,355,276**

(1) Luna Mineral Resource Update effective as at January 29, 2013.
(2) April 2013 Mineral Reserve is based on a gold price of $1,350 per ounce
(3) The model was depleted to the end of month topography December 2012
(4) Includes 98% mine recovery
(5) Includes 10% mine dilution
(6) Includes foreign exchange conversion rate of 1.95 Brazilian Real to one US Dollar
(7) Break even cut-off grades of 0.44 grams per tonne, 0.49 grams per tonne and 0.51 grams per tonne were used for saprolite and laterite, transition and fresh rock ore types, respectively.
(8) Metallurgical recoveries are included in the cut-off grade calculations and calculated to be 92% for saprolite and laterite, 91% for transition and 91% for fresh rock, respectively
(9) Gold ounces exclude metallurgical recoveries
(10) The April 2013 Mineral Reserves have been estimated in accordance with the CIM Standards and NI 43-101
(11) The estimates of mineral reserves may be materially affected by geotechnical, environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues
(12) The Mineral Reserves estimates set out in the above table have been reviewed and verified by G. Peter Mah, P. Eng. Ontario, Chief Operating Officer of Luna, who is a qualified person under NI 43-101.

Mining Operations

Mining operations for the Piaba deposit are comprised of 100% owner operations for main earthworks and grade control. From time to time, Luna will utilize contractors to assist in excess earthworks movement. Mining operations are mainly owner operated with the exception of a very small portion of load and haul and the explosives charge up crew. The extra load and haul equipment conducts day works which are not necessarily production related but assist with the development of the mine, i.e. creating sumps, helping with stockpiles and handling boulders. The team has developed the skills to conduct the technical services as well as executing the short term plans. Drilling and blasting takes place in some areas containing competent material. The procedure is performed almost entirely by the mining team. The only portion which is left for third party contractors to complete is the loading of emulsion which the contractor delivers by transport truck and subsequently leaves the mine property on the same day after the blast has occurred. The mining team also conducts grade control and with current results often surpassing drilling rates of 380 metric tonnes per day.

Mining operations are conducted in soft saprolite and laterite material, encountering some intrusions of transitional rock at times. The harder fresh rock material will only form part of the production in mid-2014. The pit faces its challenges during the rainy season and historically there have been seasons when it has rained as much as three metres. The pit has been designed with the latest software technology, NPV scheduler for the pit optimizations and Deswik CAD for designs and schedules. The schedules take into account the slower production rates during the wet season and the design aims for the higher up areas which permit work to be conducted while minimizing exposure to the wet saprolitic material. The production fleet is composed of twelve CAT 740 articulated dump trucks and CAT 374 excavators. The production drilling is done with a Ranger 800 and the grade control is done with Explorac 50 RC. Mine roads require sheeting and compaction to maintain safe, continuous mining conditions during periods of high rainfall. Sufficient pumping capacity is also included in the planning to avoid flooding of the pit.

The current life of mine plan assumes production from open pit sources at an average annual production rate of 135,000 ounces of gold produced until 2028, for a life of mine of 16 years.

The environmental impact studies were completed in 1995 and submitted to regulatory authorities for review and approval. SEMA-MA issued Aurizona with an Operating License ("LO") on July 11, 2007 to initiate the mining and processing of gold within the limits of DNPM Mining License 800.256/1978, an area comprising 9,981.47 hectares. The LO, No. 259/2007, was renewed and a new LO, No. 108/2010 was issued in March 2010 valid until March 2012. The renewal process for this license was initiated in November 2011. The LO was conditional upon Aurizona filing a conceptual closure plan, an update to the impacted areas and revised project description. This was submitted in October 2007. In 2009, 2010 and 2011, updates to clearing and operating licenses and a license for effluent dilution or pumping water from the tailings dam were issued and additional licenses for control of substances were issued by the army and police.

Gold markets are global and mature and there are no restrictions on gold sales outside of Brazil. Luna currently produces high-grade doré gold product that is transported by air to Umicore Refinery and then to London for sale on the spot market through a sales contract with Auramet Trading LLC. The terms contained within the sales contract are typical and consistent with standard industry practice. 17% of the gold production is forward sold to Sandstorm.

Luna's production for the period 2010 - 2012 is shown below:

Description	2010	2011	2012	Total
Dry Ore (Tonnes)	747,329	1,275,652	2,155,204	4,178,205
Au g/t	1.15	1.30	1.21	1.23
Contained Ounces	27,642	53,313	83,841	164,796
Recovery %	59	78	87	79
Recovered Ounces	15,759	43,055	74,269	133,083

Exploration and Development

Luna commenced an expansion to the process plant ("**Phase I Expansion**") to increase annual production capacity ore throughput to 10,000 Mt per day resulting in annual gold production averaging 135,000 ounces per annum. The Phase I Expansion commenced in December 2012 and is expected to be completed in the fourth quarter of 2013 (please see below - Luna has recently announced that the revised deadline for completion of the Phase I Expansion will be the first half of 2014).

The expansion is targeting low capital cost improvements to the existing Aurizona process plant with minimal impact to the plant's established footprint or current operations, while further expansion studies are being completed. Aurizona's increased capacity will be facilitated as follows: commissioning of an intense leach reactor and four electrowinning cells; carbon regeneration kiln; new elution and acid wash columns to improve the efficiency of the elution circuit; installation of two new high-rate thickeners and installation of three new CIL tanks and ancillary equipment; improvements to ore receiving; and improvements to the existing grinding circuit.

Aurizona Mine Milestones

Current activities at the Aurizona Mine include:

- In January 2014, Luna reported that the Aurizona Mine produced 22,177 ounces of gold during the fourth quarter of 2013. Luna's total gold production for 2013 from the Aurizona Mine was 79,229 ounces.

- Luna also announced in January 2014 that the Aurizona Gold Mine Phase I Expansion is progressing and that the overall engineering, including detailed site engineering, reached 97% complete, procurement awarded reached 90% complete, construction reached 42% complete and they advised that completion of the Phase I Expansion remains targeted for the first half of 2014. In addition, Luna provided 2014 guidance which included (a) expected annual gold production of 85,000 to 95,000 ounces; (b) anticipated delivery of an updated NI 43-101 Resource and Reserve Estimate for the Aurizona Mine during the third quarter of 2014; and (c) targeted release of a Preliminary Feasibility Study for Phase II of Aurizona's expansion during the third quarter of 2014.

Santa Elena Mine, Sonora, Mexico

A technical report was prepared in accordance with NI 43-101 entitled "Santa Elena Expansion Pre-Feasibility Study and Open Pit Reserve Update" dated July 25, 2013 but having an effective date of April 30, 2013 (the "**Santa Elena Report**")**.**

The following description of the Santa Elena Mine has been summarized, in part, from the Santa Elena Report and readers should consult the Santa Elena Report to obtain further particulars regarding the Santa Elena Mine. The Santa Elena Report is available for review under SilverCrest's profile on the SEDAR website located at *www.sedar.com*. Information that updates the information in the Santa Elena Report has been provided by SilverCrest.

Project Description and Location

The Santa Elena Mine is currently producing gold and silver from an approximately 2,500 tonne per day open pit and heap leaching operation which declared commercial production in July of 2011. The Santa Elena Mine is located in Sonora, Mexico, approximately 150 kilometres northeast of the state capital city of Hermosillo and seven kilometres east of Banámichi. The Santa Elena Mine consists of six contiguous concessions (the "**Santa Elena Concessions**") covering approximately 3,142.81 hectares registered in the name of Nusantara de México, S.A. de C.V. ("**Nusantara**"), a wholly owned subsidiary of SilverCrest. Nusantara filed the Santa Elena 7 concession, which surrounds the other concessions. All concessions were ground surveyed by a registered land surveyor at the time of staking.

On December 8, 2005, Nusantara entered into an option agreement with Tungsteno de Baviacora (" **Tungsteno**") to acquire a 100% interest in the Santa Elena Mine through staged option payments over 5 years for a total cost of $4 million paid in cash and SilverCrest shares. Payments were completed in August of 2009 with SilverCrest owning 100% of the Santa Elena Mine with no underlying royalties. SilverCrest has maintained all of the necessary permits for exploration and facilities at the Santa Elena Mine. In 2009, the Santa Elena Mine received its Manifestacion de Impacto Ambiental ("**MIA**") and operating permit from Secretaría de Medio Ambiente y Recursos Naturales (" **SEMARNAT**"). Taxes based on the surface area of the concession are approximately $10,000 per year and have been paid to date. A further MIA was submitted to SEMARNAT in early January of 2013 for an amendment of the land use licence related to the underground expansion project and was approved in May 2013. The amendment approval allows for tailings facilities that were not previously approved for the current operation.

All mining concessions in Mexico are valid for a period of 50 years. A mining concession in Mexico does not confer any ownership of surface rights. The Santa Elena Concessions are located on Ejido land, and on November 12, 2007, a lease agreement with the surface owners was signed which allows SilverCrest access and authorization to complete mining exploration activities for 20 years for a maximum of 841 hectares. In July 2013, the surface rights agreement was amended to extend the lease for 20 years after ratification by the Ejido Agrarian court which took place in August 2013. Lease obligations have been met to date.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Santa Elena Mine can be accessed year round by paved highways 90 kilometres east from Hermosillo to Ures, then 50 kilometres north along a paved secondary road to the community of Banamichi, then by a gravel maintained road seven kilometres east to the mine site. The Santa Elena Mine is located on the western edge of the northtrending Sierra Madre Occidental mountain range geographically adjacent to the Sonora River Valley. Property elevations range from 800 metres above sea level to 1,000 metres above sea level. The property is located on the range front at a low elevation in relation to the mountains immediately east and west, respectively. Vegetation is scarce during the dry season, limited primarily to juvenile and mature mesquite trees and cactus plants. During the wet season, various blooming cactus, trees and grasses are abundant in drainage areas.

The climate is typical Sonoran desert, with a dry season from October to May. Average rainfall is estimated at 300 millimetres per annum. There are two wet seasons, July to September and October to May. The summer rains are short with heavy thunderstorms whereas the winter rains are longer and lighter. Seasonal temperatures vary from 0 degrees Celsius to 40 degrees Celsius. Summer afternoon thunderstorms are common and can temporarily impact the local electrical service. Flash flooding is common in the area.

Water for the Santa Elena Mine is available from two wells which were installed and tested in 2009 and 2011. A small amount of electrical line power is available from nearby sources that currently supply municipalities and agriculture but is insufficient for the Santa Elena Mine operation. Additional power for production is provided by onsite diesel generators. Future line power is possible, but requires permitting and a significant capital expenditure.

The Santa Elena Mine facilities consist of a seven kilometre main access road from the paved highway and local community of Banamichi, a 2,500 tonnes per day ore open pit mine, a waste dump with the estimated permitted capacity of 35 million tonnes, a 3-stage crusher, two lined and certified leach pads, a lined and certified barren and pregnant solution pond, a lined and certified emergency pond designed for 100 year event, Merrill Crowe plant and refinery, an on-site laboratory for production and exploration work, an administration office, four diesel generators, a core storage and logging facility and all required piping, power and security. Construction of infrastructure to support an underground mine expansion, new mill and processing facility is currently underway on site. The material on the existing heap leach facility will be removed, and there is space on the facility for rehandling of the tailings prior to transport to the waste dump as dry stack tailings. In January of 2012, the expansion of the Santa Elena Mine from an open pit heap leach operation to an underground mill operation was commenced with ground breaking of the underground portal. As of April 31, 2013, the expansion was approximately 30% complete with all major equipment purchased and the completion of all earthworks for the new processing facility, tank construction underway and approximately 1,300 metres of underground ramping and development.

Northern Mexico has significant precious and base metal mines and there is a significant workforce of trained mining and processing personnel. The communities of Cananea, located approximately 100 kilometres north, and Hermosillo, located 150 kilometres southwest of the Santa Elena Mine, are both considered exploration and mining centres and can provide services for heavy machine purchase and repair, materials fabrication and engineering services and supplies to the Santa Elena Mine. Alternatively, Tucson, Arizona is approximately a four hour drive north across the international Mexican USA border from the Santa Elena Mine.

History

Although minor amounts of historic production are evident at the Santa Elena Mine, the documentation in support of this work is sparse, not detailed and cannot be relied upon for future projections of economic viability.

Consolidated Fields operated the Santa Elena Mine from the late 19 th century until the onset of the Mexican revolution in 1910. It is estimated that the most extensive underground development occurred during this period. The recent commencement of open cut mining has made the underground workings unsafe to enter. SilverCrest estimates that approximately 35,000 tonnes of the original tailings from Consolidated Fields' operations remain onsite. During the 1960's, Industrias Peñoles S.A de C.V. drilled two or three holes on the Santa Elena Mine. During the early 1980's, Tungsteno mined 45,000 tonnes grading 3.5 grams per tonne of gold and 60 grams per tonne of silver from an open cut at the Santa Elena Mine.

After 2003, Tungsteno periodically surface mined high silica/low fluorine material from the Santa Elena Mine. During 2003, Tungsteno conducted an exploration program at the Santa Elena Mine consisting of 117 surface and underground samples. This data is considered unreliable and has not been used for the purposes of the Santa Elena Report. In late 2003, Nevada Pacific Gold Inc. completed a brief surface and underground sampling program with the collection of 119 samples. A report was completed and provided to the owner which was subsequently misplaced. Only the ALS Chemex assay sheets and a rough location map were available for review. Sample lengths are unclear.

In early 2004, Fronteer Development Group ("**Fronteer**") completed an extensive surface and underground mapping and sampling program. A total of 145 channel samples (89 underground and 56 surfaces) were collected and analyzed by ALS Chemex of Hermosillo, Mexico. This data has been used by SilverCrest for exploration purposes only and has not been used in the Santa Elena Report.

SilverCrest acquired the Santa Elena Mine in December of 2005 and the Santa Elena open pit has been in commercial production of gold and silver since 2011, with a mining rate of approximately 2,500 tonnes per day.

Geological Setting

Regional Geology

The Santa Elena Mine is located in northwestern Mexico where much of the geology can be attributed to the subduction and related volcanism of the Farallon Plate beneath the North American Plate. The east-directed subduction of the Farallon Plate began approximately 200 million years ago with the tectonic rifting of the supercontinent Pangea. The resulting northwest/southeast trending Sierra Madre Occidental extends from the USA-Mexican border to Guadalajara in the southeast, a distance of over 1,200 kilometres. It is proposed that subduction of the Farallon Plate occurred at a relatively shallow angle, resulting in continental uplift across northern Mexico with accretionary terrains developing along the western fringes. The shallow subduction is also thought to be responsible for the tectonics that produced the Laramide orogeny. Continental arc volcanism culminated with the Laramide orogeny in the early to late Eocene. The waning of compression coincides with the first part of Basin and Range extension. The silicic volcanism is thought to be related to fractional crystallization of mantle sourced basalts from subduction. The five main igneous deposits of the Sierra Madre Occidental are: (1) plutonic/volcanic rocks: Late Cretaceous - Paleocene; (2) Andesite and lesser Dacite-Rhyolite: Eocene (Lower Volcanic Complex); (3) Silicic ignimbrites: Early Oligocene and Miocene (Upper Volcanic Complex); (4) Basaltic-andesitic flows: late stage of and after ignimbrites pulses; and (5) repeat and episodic volcanic events relating to rifting of the Gulf of California (alkaline basalt and ignimbrite) emplaced to western flanks: Late Miocene Pliocene and Quaternary. During the final stages of the deformation period during the Paleocene-Early Eocene, east-west and east/northeast-west/southwest extension occurred in the Lower Volcanic Complex that now hosts many porphyry deposits of the Sierra Madre Occidental. These porphyry deposits are hosted to middle Jurassic to Tertiary aged intrusions, located at Cananea, Nacozari and La Caridad. This east-west and east/northeast-west/southwest extensional direction is similar in orientation to the Santa Elena vein. Early Oligocene extensional tectonics occurred along the eastern Sierra Madre Occidental flank forming the typical basin and range province. By early to mid-Miocene, extension migrated west into Northern Sonora and along the western flank of the Sierra Madre Occidental resulting in north/northwest striking normal faults. This extensional regime caused major deformation across the Sierra Madre Occidental exhuming pre-Cambrian basement rocks, especially in the Northern Sierra Madre Occidental. Northwest trending shear and fault zones appear to be an important control on mineralization in the Sonora region. Mineralizing fluids may have been sourced from Cenozoic intrusions. The structural separation along the faults formed conduits for mineral bearing solutions. The heat source for the mineralizing fluids was likely from the plutonic rocks that commonly outcrop in Sonora. To the west of the Sierra Madre Occidental are the parallel ranges and valleys that show structural similarities to the extensional tectonic regimes of the Basin and Ranges Province to the east. Elevations in the west are lower than the eastern Provinces, with transition to the Coastal plains and Gulf of California.

Local and Property Geology

The Santa Elena property is located at the northwest extent of the Sierra Madre Occidental. The primary rock types observed on the Santa Elena Mine are the tertiary andesite and rhyolite flows. These units have been uplifted and strike north-south with a dip of 10 degrees to 45 degrees east/northeast. All the volcanic units in the immediate area of the Santa Elena Mine deposit exhibit propylitic to silicic alteration. Within the main mineralized structure, widespread argillic alteration and silicification proximal to quartz veining is present. Within the andesite beds, chloritic alteration increases away from the mineralized zone. The main mineralized zone is associated with an east-west structure cross-cutting the volcanic units. The structure hosts an epithermal quartz calcite vein that has been mapped for approximately 1.2 kilometres in length with a width from one metre to 35 metres averaging approximately 15 metres. The structure dips from 40 degrees to 60 degrees to the south and has been drill-tested to a down-dip depth of approximately 600 metres from surface. Splaying and cross-cutting northwest trending structures appear to influence mineralization at intersections and along a northwest trend. Andesite and granodoritic dikes have been identified at the Santa Elena Mine deposit. The heat source for mineralization is unknown but an intrusive at depth is postulated. The main structure is infilled with quartz veining, quartz veinlets and stockwork, banded quartz, vuggy quartz and black calcite. Breccias are found locally at areas of fault intersections. Adularia has been identified in a few hand-specimens. Iron oxides including limonite, jarosite, goethite and hematite are associated with mineralization. Results of induced polarization, resistivity and magnetometer surveys by Pacific Geophysical Ltd. in 2007 showed that the main zone is a resistivity high (silica) and induced polarization low (minor sulphides) which can be traced for approximately 1.2 kilometres along strike of the zone.

Exploration

During 2006 and the first half of 2007, SilverCrest completed an extensive exploration program. The exploration work included surface mapping and channel sampling, underground mapping, underground channel sampling and core drilling. A total of 289 samples were collected and analyzed by ALS-Chemex in Hermosillo, Mexico and North Vancouver, British Columbia. This program focused on the identification of mineralization in the footwall (north) of the main mineralized zone. Selective sampling shows some anomalous lead, zinc and copper suggesting a possible mineralized intrusive (porphyry) at depth. Initial results from the 2007 geophysical program indicate deep-seated induced polarization highs. Several areas of additional mineralization were identified for follow up exploration work. Independent review of the exploration activities and reported significant intercepts have been previously conducted for the Santa Elena Mine. The authors of the Santa Elena Report have read the previous reviews and are of the opinion that the previous sampling was supervised by professionals and in general appears to meet accepted industry standards for use in the preliminary assessment.

In 2012, SilverCrest began construction of the underground portal and exploration decline. Mapping was conducted along the decline for geotechnical purposes in addition to sampling.

Mineralization

Mineralization occurs as a series of replacement veins, stockworks and hydrothermal breccias typical of other high level low-sulphidation epithermal deposits found in the Sierra Madres. These deposits form in predominantly felsic sub-aerial volcanic complexes in extensional and strike-slip structural regimes. Samples previously collected by various parties including SilverCrest show a geochemical signature of gold + silver + antimony + lead + zinc + barium +calcium +manganese which is consistent with a high calcium, high level, low-sulphidation system. The mineralization is the result of ascending structurally controlled low-sulphidation silica-rich fluids into a near-surface environment. Mineral deposition takes place as the fluids undergo cooling by fluid mixing, boiling and decompression. Brecciation of the mineralized zone appears to be due to explosive venting from an assumed intrusive at depth followed by deposition of the mineralization by ascending fluids.

The Santa Elena Mine is estimated to contain silver and gold with minor lead, zinc and copper. The structure consists of multiple banded quartz veins and stockwork with associated adularia, fluorite, calcite and minor sulphides. Bonanza ore shoots (greater than 500 grams per tonne of silver and 30 grams per tonne of gold) appear to be locally present but require more definition to determine their full extent. Metal zonation appears to exist with higher grades and thicker mineralized widths near the epithermal boiling zone, one of which daylights in the open pit area. A trend of higher grades and thicker veining is apparent with a plunge of approximately 25 degrees to the east. Drill hole SE-12-74 intersected the vein at approximately 500 vertical metres depth with an average uncapped grade of 1.56 grams per tonne gold and 133 grams per tonne silver over seven metres (not calculated as true width) along this plunging trend from the current open pit operation. Zonation also appears to correspond to northwest-trending cross-cutting structures that intersect the main zone and form high grade shoots. Vertical zonation shows gold content consistent with depth and silver content increasing. At the surface, the silver to gold ratio is 20:1. At 500 metres below surface, the ratio is approximately 100:1. Minor sulphides have been observed in a few locations within the mineralized zone. The andesite in the hanging-wall shows disseminated pyrite averaging 5%. Calcite is found in close proximity to pyrite and averages about the same. Some select locations in the hanging-wall show greater than 30% of finely disseminated pyrite spatially associated with greater than 30% disseminated and veinlet calcite. Hydrothermal breccias exist in the hanging-wall andesites proximal to the Main Zone with drill holes intercepting up to 200 metres of breccia with a pyrite/calcite matrix.

Alteration within the deposit is widespread and pervasive, with the most significant being silicification, kaolinization, and chloritization. Kaolin and alunite has formed primarily along structures and contacts, which are deeply weathered and oxidized. Limonite within the oxide zone consists of a brick-red colour after pyrite, brown goethite and local yellow jarosite. Manganese occurs locally as pyrolusite and minor psilomelane near the surface. Gangue minerals consist of quartz, calcite, adularia, chlorite and fluorite. Analysis shows calcium content of up to 15%.

Drilling

During 2006, a core drill program consisting of 19 holes totalling 2,572 metres was completed by Major Drilling de Mexico (" **Major**"). Core holes (NQ size) were drilled on 100 metre sections along the east-west trending strike of the mineralized zone. All holes but two were drilled north at angles from negative 45 to negative 70 degrees.

SilverCrest completed a core drill program in 2007 consisting of 21 additional holes totalling 1,951.4 metres and, during 2008, a drill program consisting of an additional 48 core holes (9,939 metres), 4 geotechnical core holes (1,163 metres) and 21 reverse circulation drill holes (4,308 metres). Drilling for both programs was completed by Cabo Drilling de Mexico and Intercore Drilling de Mexico of Guadalajara.

SilverCrest completed a pre-production in-fill drill program in 2009 consisting of 11 in-fill reverse circulation drill holes (577 metres). Reverse circulation drilling was completed as pre-collars for coring and condemnation drilling in the proposed waste dump and leach pad areas.

From 2006 to 2009 a total of 144 combined drill holes were drilled at Santa Elena for a total of 25,088.8 metres.

During 2012 - 2013, SilverCrest targeted delineation of shallow, below-pit mineralization and deep mineralization with additional drilling and three drilling companies were contracted. A number of the deep drill holes were reverse circulation collared with diamond tails at depth in the mineralization. This drilling focused on delineating and extending the areas along trend and down-dip of the vein. Other drilling was located off strike to explore for near parallel mineralization. A total of 20 drill holes were collared using reverse circulation to expedite hanging wall drilling, then finished with diamond core from approximately 40 - 50 metres before the vein target depth. This practice was discontinued due to significant deviation in the pre-collared holes. A total of 149 holes (48,980.18 metres including reverse circulation with DD tails) were drilled during the 2012 - 2013 program, including holes drilled from within the current pit. Down hole surveys were performed on a total of 134 drill holes from the 2012 - 2013 drill program. Surveys were taken at 50 metre intervals down the hole in addition to just below the casing and at the end of the hole.

In early May 2013, SilverCrest completed 25 large diameter drill holes, totaling 359 metres, on the current leach pad for the purposes of validating production date. Drill holes were spaced on a 25 by 25 metre grid and drilled to five to 20 metres deep. Enough material and space was left between the collar of the hole and the liner to prevent any damage to the liner and were stopped several metres above the surveyed location of the liner. All drilling operations were performed without the addition of water or other additives and full sample was collected per each interval drilled without any rejects on the drill site. A total of 164 samples were collected for analysis.

Core recovery for the 2012 - 2013 drilling program was measured in relation to market blocks and was generally good. Rock-quality designation was also measured and recorded during core logging.

Sampling and Analysis

During the 2005 to 2008 core drilling programs core was collected in plastic core boxes and labelled for hole identification and location. Each day, the core boxes were collected and delivered to the core laydown area located on the property. The core was measured for further identification and recovery and then geologically logged. After identifying the mineralized zone, core was selected for splitting in half with a hydraulic hand splitter. Sampling intervals were determined geologically. Once split, the core was placed in a plastic bag with a label and marked with the sample number. The remaining core was stored on the property in an enclosed area at the camp site or in the yard (under cover) at the company house in Cumpas.

The surface sampling conducted by SilverCrest in 2006 consisted of continuous channel sampling along exposed road cuts and outcrops. Sample locations were marked in the field with flagging and paint with subsequent survey of selective control points for sampling coordinates. The 2006 underground verification channel sampling program consisted of semi-continuous horizontal sampling of sample locations identified by Fronteer.

The 2008 reverse circulation drilling program consisted of collecting chips, placing the chips in plastic boxes at two metre intervals and labelling them for interval and hole identification. All surveying, including drill hole collars, was completed by GPS or a registered surveyor. Eagle Mapping of Vancouver, British Columbia completed an aerial flight in 2007 with detailed (one to two metre) contouring of the Santa Elena Mine. All drill pads and holes were validated using the new surface topography. The drill collars were marked in the field with a concrete cap. A similar process was used in the 2009 reverse circulation drilling program.

The 2012 - 2013 drilling program included procedures for the collection and labelling of the drill core. The drill core was recovered and stored in vinyl boxes, each of which contains approximately 2.25 metres of core. Drill runs were identified in the field by drillers using markers in the core boxes at three metre intervals. These intervals were validated by SilverCrest geologists. Recovered drill core was boxed by the drillers on-site. The core boxes were collected and delivered twice daily to the on-site core logging facility where the core was logged and sampled by SilverCrest technical staff. Core is currently stored on-site for future viewing and reference. Core logging procedures included review of the core quality and recording of recovery, lithological, geotechnical and mineralogical data within standardized company logging forms. After characterizing the mineralization, SilverCrest geologists marked the start and end of each interval for sampling. The average sample length used in the 2013 resource is 1.74 metres. Sample intervals were recorded on the core box with sample tags. The intervals were marked on the drill core which was cut in half by a SilverCrest technician using a diamond saw blade. Half of the core was sealed in a sample bag with the corresponding sample tag. The other half of the core sample was returned to the core box for company record and future viewing. Sample numbers, intervals and descriptions were recorded on the standardized drill logs. SilverCrest inserted Certified Reference Material, blanks and duplicates samples at regular intervals into the sampling stream. In addition, internal laboratory QA/QC procedures were followed. For the 2012 - 2013 sampling, two independent analytical laboratories were used for sample analysis - Nusantara, an on-site grade control laboratory for the Santa Elena operations and ALS Chemex. Nusantara either prepared and analysed samples, or prepared and transported samples to ALS Chemex in Chihuahua or Hermosillo for further preparation before being sent to ALS Chemex in Vancouver for analysis.

For the heap leach sampling, all sampling was carried out by SilverCrest's geologists and sampling protocols adopted the following procedures - plastic bags were placed in a tray in the vertical outlet of the cyclone and into a container to avoid loss of material; full interval was sampled and samples were taken at multiple orders according to the depth of the hole; for holes with a length of ten and 20 metres, samples were taken every two metres; for holes with a length of 15 metres, samples were collected every three metres and only one five metre sample was collected for holes with a five metre length; all bags were labelled with the corresponding depth; samples were delivered to the Santa Elena lab for splitting to pulverization and additional splitting to generate aliquot for analysis. All samples were handled by geologists at Santa Elena site and samples were sent to the Santa Elena lab for analysis. Blanks and Certified Reference Material were inserted by exploration personnel prior to the sampling at the Santa Elena lab to carry out a QA/QC protocol in the preparation and analysis of the samples collected by the drilling program on the pad. The results did not indicate deviations from the blanks and CRM assay values.

The authors of the Santa Elena Report are of the opinion that the sample preparation, analysis and security are acceptable, were supervised by professionals and in general meet accepted industry standards.

Security of Samples

Gravimetric analysis was completed for over limit assays on gold and silver. Internal standards and checks on the laboratory analyses were completed by both ALS Chemex and Acme. SilverCrest did not insert standards or blanks in the field. Security for the SilverCrest samples was completed using typical tagging and tracking of samples up to delivery to the laboratory. Although reliant on internal laboratory control procedures the authors of the Santa Elena Report are of the opinion that the data was processed and verified properly and is suitable for estimating the resources and the sample preparation, analysis and security are acceptable, were supervised by professionals and in general meet accepted industry standards.

Data Verification

During April 2006, Scott Wilson Roscoe Postle Associates (" **SWRPA**") collected select samples for verification, including an underground continuous channel sample and quarter splits of drill core and sent to ALS Chemex in Hermosillo with a regular shipment of core samples. Overall, the grade comparisons are considered to be within acceptable ranges.

In May 2006, SilverCrest collected 15 underground channel samples to verify the sampling results of Fronteer samples. Although there was variation in the data, SWRPA considered it acceptable at this stage of property development to use the Fronteer data in the resource estimate. Gravimetric silver grades were consistently higher compared to both the Fronteer and the SilverCrest silver fire with AA finish results. The result lends support to the higher values. The fire assay with AA results was used in the resource estimate as they were more similar to the Fronteer results which were also used.

In addition to the underground sampling by SilverCrest, SilverCrest completed silver geochemical analysis on 289 surface samples for fire assay AA finish and fire assay gravimetric analysis. Results show an overall 20.3% increase in silver grade using silver gravimetric assays. AA silver results were used in the resource estimation and are considered conservative for grade estimation. For QA/QC, duplicate analyses on 16 of 298 samples were completed at ACME Laboratories in Vancouver on ALS-Chemex pulps from core sampling and preparation. Although the ACME results have a higher detection limit, the limited results on the duplicate pulps show consistent correlation of grades between laboratories. During the 2008 drilling, approximately every 20th sample was duplicated in a different laboratory for QA/QC purposes. The comparison for 2008 drill sample results show average gold and silver results to be similar and within acceptable limits for QA/QC. The authors of the Santa Elena Report are of the opinion that the data meet accepted industry standards and are suitable for use in estimating resources.

James Barr, P. Geo, visited the Santa Elena Mine between May 10-11, 2012 and October 13-14, 2012 during the 2012 - 2013 drilling campaign at which time rock exposure in the open pit and exploration underground decline were inspected, sample collection and logging procedures were reviewed, verification samples were collected and recommendations for sampling quality control measures were made.

For verification of Santa Elena results against ALS-Chemex, 751 samples were sampled at both Santa Elena and ALS-Chemex from the 2012 - 2013 Santa Elena drilling. Samples analysed at Santa Elena prior to sending to ALS-Chemex facilities in Hermosillo or Chihuahua were at the drill core, pulp or reverse circulation cutting stage of preparation. Samples of up to 250 grams of pulverized material, with 85% passed a 75 micron screen, were transferred internally to ALS-CHemex in Vancouver, British Columbia for analysis. A total of 175 samples within the resource are using results analysed from Santa Elena.

The authors of the Santa Elena Report are of the opinion that the data was processed and verified properly, meets accepted industry standards and is suitable for use in estimating resources.

Mineral Resource and Mineral Reserve Estimates

The following table sets forth the estimated Mineral Reserves and Mineral Resources for the Santa Elena Mine from the Santa Elena Report (gold only, excludes silver grades for Sandstorm reporting purposes):

Category [1]	Tonnes (000s)	Gold Grade (grams per tonne)		Contained Gold (ounces)
Underground Diluted and Recoverable Reserves [2]				
Probable	3,920	1.57		198,170
Open Pit Reserves [3]				
Probable	1,427	1.52		69,830
Leach Pad Reserves [4]				
Probable	2,844	0.65		59,420
TOTAL RESERVES	**8,192**	**1.24**		**327,430**
Underground Resources [5]				
Indicated	2,143	1.69		116,000
Inferred	1,490	1.50		72,000

All numbers are rounded. Underground and Leach Pad Mineral Reserves and Mineral Resources are based on three year historic metal price trends of $28 per ounce silver, $1,450 per ounce gold and metallurgical recoveries of 92% gold and 67.5% silver with metal ratio of Ag:Au at 70:1 used for grade cutoff determination. All Mineral Resources and Mineral Reserves conform to NI 43-101, 43-101CP and CIM definitions for Mineral Resources and Mineral Reserves. Inferred Mineral Resources have been estimated from geological evidence and limited sampling and must be treated with a lower level of confidence than Indicated Mineral Resources.

(1) Open Pit and Leach Pad Probable Mineral Reserves were classified by SilverCrest. Underground Mineral Reserves and Mineral Resources were classified by EBA, a Tetra Tech Company.
(2) Underground Probable Reserve is based on a cutoff grade of 1.47 grams per tonne gold equivalent with an average 10% dilution and 90% mine recovery. Average true thickness of the designed stopes is 13.4 metres.
(3) Open Pit Reserve is based on a cutoff grade of 0.20 grams per tonne gold equivalent in a constrained pit shell with applied capping of 8 grams per tonne gold and 300 grams per tonne silver.
(4) Leach Pad Reserve based on production and drill hole data for volumetrics and grade model using a cut-off grade of 0.5 grams per tonne gold equivalent. No capping was applied.
(5) Underground Mineral Resources are exclusive of Probable Mineral Reserves and based on 1 gram per tonne gold equivalent grade shell, a cutoff grade of 1.4 grams per tonne gold equivalent and applied capping of 12 grams per tonne gold and 600 grams per tonne silver.

Mining Operations and Exploration and Development

Santa Elena Mine Open Pit Mining

The Santa Elena Mine is a conventional open pit and on September 9, 2010, the Santa Elena Mine poured its first gold and silver dore ounces. All drilling, blasting and mining is completed by a local Mexican mine contractor utilizing a fleet of four 40 tonnes Caterpillar 740 carticulating trucks, three 70 tonnes Caterpillar 769 haul trucks, support equipment including one D8 and two D9 dozers, two excavators, two air track drills (Tamrock and G. Denver), one 140H Caterpillar grader, explosives truck and maintenance vehicles plus auxillary equipment including a water truck and light vehicles. The current optimized pit is designed for an estimated mine life of four years, which was originally 6.5 years. The design was changed to avoid a strip ratio up to 10:1 in year three and prevent excavation with a subsequent high cost diversion of the adjacent Tinaja gulch which has high water flows in the rainy season. With the optimization of the original pit, a portion of the original reserves have been transferred to underground. The overall strip ratio for the pit is approximately 4:1.

Spent ore will be delivered to the mill using a 3.5 cubic meter loader and a conveyor belt (grasshopper and stacker). A loader will load the spent ore from the leach pad onto a 24 inch wide conveyor belt capable of handling 220 tonnes per hour to be delivered to a stockpile area for blending with underground ore using a reclaim tunnel at the processing facility. Grade control will be performed on spent ore using a belt sampler. For the Santa Elena Report, a 50/50 blend is used to maintain a nominal 3,000 tonnes per day feed to the processing facility (1,500 tonnes per day underground ore and 1,500 tonnes per day spent ore from the leach pad). The tailings produced from the processing facility will be filtered and deposited as dry-stack tailings.

The ore from both underground and open pit resources will be processed by conventional cyanide leaching technology. In addition, partially leached material from the existing heap leach operations will be blended with underground ore at a variable rate and reprocessed through the same plant. The process plant has been designed to treat a nominal 3,000 tonne per day of ore, a mixture of freshly mined material and partially leached heap residue and has been designed to treat any proportion of these two types of feed.

The waste rock storage facility at Santa Elena has been designed for a capacity of 35 million tonnes and fully covers all planned open pit and underground waste and dry stack tailings.

The plan for open pit closure will be to transform the land back to its near original condition for best future land use. The open pit is not required to be backfilled but is required to be stable and fenced to prevent accidents.

Santa Elena Mine Underground Mining

The Santa Elena ore body varies in dip and thickness along strike and at depth. As a result, three well established underground mining methods have been selected for ore extraction, being longitudinal long hole stoping, transverse long hole stoping and mechanized cut and fill. In general, conventional mechanized mining methods have been selected. The basis of the development of the mining methods and consequent equipment selection has been that SilverCrest will undertake production drilling, blasting and loading using a contractor for the waste rock and ore haulage to surface. Initially a contractor will be retained to carry out mine development with jumbo drill rigs purchased later in the mining life, after which development will be done in-house. SilverCrest will undertake general mine infrastructure development, mine management and planning, general underground maintenance and provision of supplies, ore drilling and blasting, ore loading and ore development and tunneling (after purchase of a drilling jumbo). The haulage contractor will undertake haulage of all waste rock and ore to surface and backhaul of all backfill rock and tailings to underground. The development contractor will undertake initial ramp, ore drift and other tunneling underground.

Longitudinal long hole stoping is a sublevel bulk mining method involving a narrow, steeply dipping vein with competent ore and host rock. SilverCrest will employ longitudinal long hole stoping when the ore has a width of less than 15 metres. Stoping will begin by drilling and blasting the lower sublevel to initiate ore flow and provide an open face into which the ore will be blasted. The mining will then continue on the upper level and will retreat towards the cross cut intersection from the ramp from which the stope is accessed. In areas with a proposed stope thickness of greater than 15 metres, the transverse long hole mining method will be used. When mining transversely, access drifts will be driven perpendicular to the strike of the ore body from the initial footwall developments. Mining occurs by retreating from the hanging wall to the footwall, initiating ore flow by blasting from the footwall towards free face reated against the hanging wall. To mine the stope, it is divided into primary, secondary and possibly tertiary stopes. When the dip of the ore body results in stopes with a footwall inclination of less than 50 degrees, long hole stoping will not be suitable and mechanized cut and fill mining will be considered for those areas. Once each cut is mined out, it will be filled with cemented rock fill. Support will be required for the exposed cut back (roof) of each cut during mining, for safety of personnel operating machinery and working in the stopes.

Additional mining equipment will be required for the underground mine and the purchasing of the equipment has been scheduled based on when the equipment will be required in SilverCrest's capital cost estimate schedule, with consideration for equipment delivery lead times. For the purpose of the pre-feasibility study contained within the Santa Elena Report, a preliminary schedule has been developed so that the stope tonnes and grades can be applied to a mining timeline. The development schedule was established by ensuring that the required development for all stopes operating in a particular period was completed in advance of production commencing. Allowance has also been made for a ramp up period. The mining schedule contained within the Santa Elena Report anticipates peak production to be reached in year six when both access ramps are actively producing. Mechanized cut and fill mining in the lower portions of the mine have been scheduled later in the life of mine.

Santa Elena Expansion Project

The Santa Elena Expansion Project involves combined processing of ore from the remaining reserves in the open pit, new reserves from underground development and reprocessing of spent ore from the existing heap leach pad in a new milling and processing plant. Construction of a 3,000 tonne per day mill and plant facility is currently underway on the property. An underground decline is being developed and has intersected the main mineralized zone at an elevation of 625 metres above sea level. The purpose of the Santa Elena Report is to document a pre-feasibility study completed for the Santa Elena Expansion Project and support the mineral resource and mineral reserve estimates announced by SilverCrest on May 29, 2013.

Environmental Conditions

Environmental studies have been conducted on the existing open pit excavation occurring at the Santa Elena Mine.

Sale of Product

Santa Elena is an operating mine and currently sells gold and silver as part of ongoing operations. 20% of the gold production is forward sold to Sandstorm.

Santa Elena Mine Milestones

Current activities at the Santa Elena Mine include:

- As mentioned above, on May 29, 2013, SilverCrest announced updated reserve and resource estimations for the Santa Elena Mine. The updated Probable Reserves (underground, open pit and leach pad) are estimated at 8.2 million tonnes grading 74.9 grams per tonne silver and 1.25 grams per tonne gold containing 19.7 million ounces of silver and 327,430 ounces of gold, representing a 103% increase in contained silver and a 50% increase in contained gold over the previous Probable Reserves statement. Updated Indicated Resources (exclusive of Probable Reserves) are estimated at 2.1 million tonnes grading 114.9 grams per tonne silver and 1.69 grams per tonne gold containing 7.9 million ounces of silver and 116,000 ounces of gold, representing a 127% increase in contained silver and a 99% increase in contained gold over the previous Indicated Resources.

- In January 2014, SilverCrest announced that the Santa Elena Mine produced record production in 2013 of 2.66 million ounces of silver equivalent, 779,026 ounces of silver and 31,099 ounces of gold. They also provided an update on their 2013 construction and expansion plan progress and advised that the 3,000 tonnes per day mill and Counter Current Decantation/Merrill Crowe plan is approximately 90% complete. Current construction activities are focused on piping and electrical work for all mill components. The mill is scheduled to start up late in Q1 of 2014, due to one month delay in receiving the ball mill.

- In February 2014, SilverCrest reported that, as of January 31, 2014, total underground lateral development (including ramp access) has progressed to approximately 2,730 metres and 675 metres of ore development and 430 metres of raise development have been completed by an independent contractor. In addition, twenty-two closely-spaced underground drill holes, totaling 1,590 metres have been completed to better define underground resources and verify widths and grades for the first planned production stopes to be mined in 2014. The drill program, with estimated 25 metre centres, confirmed the consistent continuity and geometry of the main mineralized zone and drill result reconciliation with previous wider-spaced drilling in this area showed comparable widths and grades. With the arrival of SilverCrest's underground production equipment in May 2014, test stoping is scheduled for late Q2 and early Q3 of 2014. SilverCrest stated that they are looking forward to transitioning from their current open pit heap leach operation to underground mining with a 3,000 tonnes per day conventional mill by the second half of 2014.

Black Fox Mine, Canada

A technical report was prepared in accordance with NI 43-101 entitled "Black Fox Project, National Instrument 43-101 Technical Report Prepared for Brigus Gold Corp." dated January 6, 2011 (the "**Black Fox Report**"). The following description of the Black Fox Mine has been summarized, in part, from the Black Fox Report and readers should consult the Black Fox Report to obtain further particulars regarding the Black Fox Mine which is available for review under Brigus' profile on the SEDAR website located at www.sedar.com. Information that updates the information in the Black Fox Report has been provided by Brigus.

Project Description and Location

The Black Fox property (the "**Black Fox Property**") is located 10 kilometres east of Matheson, Ontario, along Hwy 101 east and approximately 655 kilometres north of Toronto, Ontario. It is located in the Hislop and Beatty townships, District of Cochrane, in the Larder Lake Mining District 90.

The Black Fox Property includes approximately 1,761.41 hectares of land. All of the claims for the Black Fox Property are current and the required claim fees and work commitments have been completed. All of the claim corners have been surveyed. Brigus owns: (i) 12 claims with the surface and mineral rights, (ii) 15 claims with surface rights, and (iii) one claim with mineral rights, and leases (i) three claims with surface and mineral rights, (ii) one with mineral rights and (iii) 22 other mining claims.

A closure plan has been developed for the development of the project in compliance with legislation and directives from all pertinent regulatory bodies.

The Black Fox Mine is currently permitted under the following approvals:

- Certificate of Approval for Industrial Sewage Works 4-0125-96-006;
- Amended Certificate of Approval - Air - (mine heaters and generators) 3505-56R2JP;
- Amended Certificate of Approval - Air - (laboratory) 3505-56R2JP; and
- Permit to Take Water - (mine dewatering) 00-P-6025.

Upon obtaining the Black Fox Property, Brigus has undertaken to clarify historical permits and obtain new permits required by new or amended legislation.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Black Fox Property is located ten kilometres east of Matheson, Ontario and 65 kilometres east of Timmins, Ontario, Canada. Access is via Highway 101 East, which crosses the Black Fox claim block at the properties center from east to west. The mine site and its facilities are located on the south side of Highway 101 East. Supplies and services are available in Matheson or Timmins and can be delivered with a 12-hour turnaround. The primary industries are forestry and mining and the Black Fox Property is located in a well-established mining camp. Mining and exploration personnel as well as equipment can be found locally for projects in the area. The property is also contacted by two other roads: Hislop 2 Road to the east and Hislop 6 Conc to the south.

Access to the mine and mill sites, including the pit and tailings impoundments, is limited. Security gates and guardhouses are positioned on the main access roads at the entry points to the project areas. Entry is controlled by a guardhouse operated 24 hours per day, 365 days per year. The security team's responsibilities include maintaining a constant, 24/7 presence at the site access guardhouse, performing roving patrols around the site, and performing plant security and loss protection.

Temperature ranges from 20 degrees Celsius to 33 degrees Celsius during the summer months and -30 degrees Celsius to 10 degrees Celsius during the cooler winter months of October to May. The average precipitation is 873.4 millimetres per year and ranges between 44.5 millimetres in February to 100.1 millimetres in July. Rapid melting of accumulated snowfall can produce local flooding on the Black Fox Property for short periods during the spring months. Average monthly wind speeds for the region are 11 to 15 kilometres per hour. Past operations at the property have not been affected by weather. The surface at the Black Fox Property is mainly agricultural land with secondary growth of poplar and willow shrub.

The Black Fox Property is predominantly agricultural land with a mature willow shrub, poplar, black spruce, and white birch forest located to the south and eastern borders of the property. The region is characterized by outwash deposits from continental glaciation including raised beaches, flat clay pans and eskers. Relief includes rock knobs and ridges. Surface waters include lakes, rivers, and their associated habitats. Lakes include Froome Lake located 0.7 kilometres west of the mine, Leach Lake located 1.4 kilometres northwest of the mine and Lawler Lake located 1.7 kilometres south. Two other lakes, Salve located 5.2 kilometres north and Nickel located 5.9 kilometres north, form the headwaters of the Salve Creek. Salve Lake is designated as a Forest Reserve and Recommended Conservation Reserve. The property is located on the Salve Creek and Pike River watersheds, which are both tributaries of the Black River. The Black River flows north into to the Abitibi River which in turn flows into the Moose River. The Moose River ultimately flows into James Bay. The Black Fox property has low to moderate topography with elevation ranging from 295 to 330 metres above mean sea level.

The infrastructure of the Black Fox Property consists of Highway 101 East, which is adjacent to the project site and facilities. The existing surface site facilities consist of established infrastructure, including a fresh water well, offices, an approved mine treatment system, hydropower lines and waste rock and ore storage pad areas.

The plant is being fed from an existing 27 kilovolt power line to the plant site. Power will be distributed at the plant site from this 27 kilovolt power line, a 5 mega volt ampere ("**MVA**"), 4,160 volt ("**V**"), 3 phase, 60 hertz distribution transformer will be installed. The system is being upgraded to adequately handle the new loads.

Fresh water is being supplied from a fresh water well. Fire water will be pumped from the maintenance facility which will source water from the mine polishing pond. The underground mine water is currently being pumped at the rate of 25 to 35 cubic metres per hour. Mine run off is anticipated to average above 16 cubic metres per hour. Underground mine water reports to the mine holding pond for recycling and or discharge through the Black Fox water treatment facility. Excess water will be treated during the spring and summer months for discharge to the environment through the water treatment system.

Firewater will be fed by an electric firewater pump with a diesel backup pump in the event of a power failure. Firewater will be delivered to the maintenance shop via buried distribution piping, while the administration complex is supplied with fire extinguishers. The fresh water discharge connection is at an elevation above the tank bottom and ensures the remaining volume will be available for firewater purposes. Municipal fire department is located within 10 kilometres of the Black Fox Property.

History

The Black Fox Property was first explored by Dominion Gulf in 1952 and then by Hollinger in 1962. In 1988, Glimmer Mine Inc. ("**Glimmer**") put together the property package using a combination of crown and private lands. In 1989, Noranda Exploration Company Ltd. ("**Noranda**") entered into a joint venture agreement with Glimmer. As a result of this agreement, Noranda held a 60% interest in the property. During their ownership, Noranda merged with Hemlo Gold Mines Inc. ("**Hemlo**"). Exall purchased the property from Hemlo in April 1996, obtaining approximately 60% interest in the property with Glimmer retaining 40%. Apollo Gold Corporation ("**Apollo Gold**") acquired a 100% ownership in the fall of 2002 and renamed the property "Black Fox". In June 2010 Apollo and Linear Gold Corporation ("**Linear**") merged to form Brigus.

The first drilling on the property was done by Dominion Gulf in 1952. Hollinger next tested the area in 1962 near the diabase dikes located in the easternmost part of the property. Between 1989 and 1994, Noranda, and later Hemlo, completed eight surface diamond drill programs with a total of 28,014 metres of drilling in 143 drillholes. The result of these drilling programs was the definition of an intensive grouping of ore zones in two areas of the property. These ore zones were all within 250 metres of the surface. Some high-grade intercepts, including abundant visible gold, were recovered during the drilling program. Between 1995 and 1999, Exall completed another 142 surface diamond drillholes, as well as 708 underground diamond drillholes with mine development. Eight hundred and ninety-six (896) diamond drillholes were completed by Apollo Gold between 2002 and 2008.

Noranda first performed detailed geological mapping of the property and much of the surrounding area in 1989. A total field magnetic survey over most of the property was conducted along with a complete inductive source resistivity survey and a conventional induced polarity ("**IP**") survey over portions of the property at that time. Additional IP surveys were completed in 1997 by Glimmer.

Ore mined from the Black Fox Mine was custom milled from 1997 through September 1999 at the St. Andrew Goldfields Stock Mill located 34 kilometres from the mine. From October 1999 through May 2001, ore was milled at Kinross Gold Corporation's Macassa facility in Kirkland Lake, subsequent to mineral tests carried out by Lakefield Research and other metallurgical laboratories. These mills used cyanidation of the whole ore to process the ore. Test work has indicated that gravity pre-concentration may improve gold recovery.

Black Fox was formally owned and operated by Exall. The previously estimated ore reserves were 3.1 million tonnes (" **Mt**") with a grade of 4.6 grams per tonne gold (449 100 ounces of gold) all from open pit mining. The open pit total waste is 47.2 Mt of waste rock and overburden material with an equivalent overall strip ratio of 15.4 waste to one ore. The underground ore resources (below 9,815 metres) were 1.6 million tonnes with a grade of 8.1 grams per tonne gold.

Exall mined portions of the deposit from the bottom of the crown pillar to the 225 metre level (measured vertically 225 metres below the surface) using conventional underground mining methods including jumbo drills, diesel load haul dump ("**LHD's**") loaders and haul trucks in a random room and pillar method.

Geological Setting

The Black Fox Property is located east of the city of Timmins in northeastern Ontario located on the Destor-Porcupine Fault Zone ("**DPFZ**"). The DPFZ has a strike length of about 200 kilometres, and many of Ontario's gold mines are located on or near the DPFZ.

The Black Fox Property is located within Precambrian age metavolcanics and metasedimentary rocks of the Abitibi Greenstone Belt. The area hosts five main rock groups, most of which have tectonic contacts of varying intensity. These include:

- Blake River Group
- Kinojevis Group
- Stoughton-Roquemaure Group (Black Fox Host Units)
- Hunter Mine Group
- Porcupine Group

The Blake River Group consists of calc-alkalic basalt, andesite, dacite and rhyolite flows and tuffs. It is the youngest of the volcano-sedimentary rocks and stratigraphically overlies the Kinojevis Group. The Kinojevis Group is a sequence of iron rich tholeiitic volcanic rocks that occur on both sides of the Blake River synclinorium. The Stoughton-Roquemaure Group stratigraphically underlies the Kinojevis Group and is a mixture of ultramafic to basaltic komatiite lavas and magnesium-rich tholeiitic basalts that host the Black Fox gold zones. This is underlain by calc-alkalic rocks of the Hunter Mine Group. The Hunter Mine Group consists primarily of calcalkalic pyroclastic and flow rocks in the dacite-rhyolite compositional range. The Porcupine Group of wacke, siltstone and argillite sediments are the youngest in the region. They are separated from the above mentioned volcanic groups by a major fault contact interpreted to have once been a thrust fault. This group lies predominantly north of the Black Fox Property. Pre- to syn-kinematic granitic rocks occur throughout the section, cross-cutting all older lithologic units.

The Black Fox Property is situated within a deeply rooted ductile shear zone accompanied by large-scale isoclinal folds. The mineralization is situated on the southern limb of a regional anticline and on the northern limb of the Blake River Syncline. At Black Fox, the axial plane of the syncline strikes roughly northwest to southeast. The DPFZ hosts gold mineralization comparable to the Cadillac Break to the South and Casa Berardi Fault Zones located to the North. These regional fault fabrics typically strike east to southeast and dip to the south. They are deeply rooted structures that likely penetrate to the mantle, as indicated by the associated ultramafics of the DPFZ and the syenites of the Ross Mine Syenitic Belt ("**RMSB**"). Zones of intense hydrothermal alteration measured in thousands of feet are locally associated with these belts. These types of deep-rooted faults are considered to be the main channel way for the upward migration of deep fluids. The main structural feature on the Black Fox Property is the intersection of the DPFZ with the RMSB.

Most of the Black Fox Property is rather flat and lacking in outcrops. Pleistocene overburden averages 20 metres thick and is composed of lacustrine clay, gravel and till. The main bedrock types consist of variably sheared, faulted, carbonatized and mineralized sequences of komatiitic ultramafic volcanics, belonging to the Stoughton-Roquemaure Group. These strike northwest-southeast across the property, dipping 45 degrees southwest, parallel to the DPFZ.

Numerous syenitic and feldspar ± quartz porphyry sills and dykes of various ages occur, primarily within the main ankerite alteration zone. They are commonly massive to brecciated, silicified and pyritic with occasional sericite and hematite alteration and a more common black chlorite alteration at the contacts. Fragments of these dykes frequently occur within the more strongly deformed green carbonate zones and they can contain very high gold grades.

Surface, underground and exploration drilling has delineated five major rock types in the vicinity of the Black Fox mineralization. These include: Mafic volcanic units; Metasediments; Green carbonate schist; Ultramafic volcanics; and Felsic intrusive units.

The mafic volcanic units are further subdivided into massive mafic volcanics (“ **MV**”), pillowed mafic volcanics (“**PMV**”) and bleached mafic volcanic flows (“**BMV**”). The MV and PMV are fine grained typically hosting a significant degree of chlorite alteration. These units occur primarily within the hanging wall of the deposit. In the hanging wall, they are fractured and contain minor amounts of quartz-calcite veins. Where they occur in the footwall, they lack carbonate veining and have more prevalent quartz and chlorite alteration.

The BMV, also known as the “Flow Zones”, is a medium to fined grained, bleached mafic volcanic rock, which is generally located just above the footwall of the mineralization. This unit has weak chlorite and sericite alteration and is associated with fine grained disseminated pyrite. Stronger sericite and pyrite alteration is found near the upper contact of the BMV. Pyrite in this unit is associated with gold. The BMV dips 45 degrees to 55 degrees southwest and is moderately foliated.

The metasedimentary rocks overlie the BMV and also occur as lens of greywacke (“ **SED**”) within the green carbonate schists (“ **CGR**”) as described below. At the top of the BMV, the greywacke layers are interbedded with siltstone. This unit is discontinuous, varies from 0.05 metres to 1 metre thick and displays graded bedding with stratigraphic tops to the southwest.

The CGR, ranges from 15 metres to 75 metres thick and is continuous along strike and dip across the property. It is characterized by intense ductile and brittle deformation shown by multiple generations of foliation and veining. The CGR host a quartzankerite-fuchsite-leucoxene alteration assemblage accompanied by varying levels of retrograde chlorite alteration. This unit contains numerous small bodies and blocks of felsic dikes and sills with a syenitic composition. A complex stockwork of quartzankerite veins cross cut the main CGR fuchsite assemblage and the felsic material. The lapilli sized fragments have been deformed to their current elliptical shape, elongate parallel to foliation. Mineralogy, microscopic texture and structures suggest that the CGR is an ultramafic pyroclastic rock, which has undergone intense ductile deformation. Medium to coarse-grained pyrite is a minor component and is estimated at approximately 1%. Gold occurs as fine-grained free gold located along chlorite slips, as disseminated grains in quartz veins and associated with the felsic dikes.

The ultramafic volcanic rocks are divided into five units. These include; chlorite-talc ultramafic (“ **CUV**”), talc ultramafic (“**TUV**”), grey carbonate (“**CGY**”), silicified grey carbonate (“**SUV**”) and ankerite ultramafic (“ **AUV**”). Generally, the ultramafic volcanics occur stratigraphically above the CGR.

The CUV is massive, brecciated in places and often magnetic ultramafic rock. This unit does not display pervasive carbonate alteration and carbonate is restricted to late veins and fractures. Tremolite is present, the two primary mineral assemblages are tremolite-talc-chlorite and talc-chlorite-carbonate. Locally, the CUV occurs within the mineralized envelope as a non-brecciated unit and the CUV is not of major economic significance.

The TUV is fine grained, marbled with quartz-ankerite fragments and massive ultramafic volcanic rock. It tends to be strongly foliated proximal to shear zones, ranging from 0.3 m to 15 m thick. It is most often associated with the stockwork CGY.

The CGY is composed of a fine grained, massive matrix composed primarily of magnesite-quartz. Relic outlines of pyroxene and preserved black chromite grains are visible in hand specimen. This unit contains several generations of quartz veining. The CGY is 0.5 metre to 2 metre thick, generally occurs above the CGR and is bound by talc ultramafic shear zones.

The AUV is fine-medium grained rock composed of a quartzankerite- calcite-chlorite assemblage cross cut by quartz-ankerite veining. Chloritization varies throughout this unit with matrix ankerite and calcite alternating downward through the package. Visible gold occurs in highly chloritized area as well as in association with the quartz-ankerite stockwork. The AUV generally occurs above the CGR and is one of the dominant rock types at the Black Fox Property.

Many types of felsic intrusive (“**FI**”) have been recognized within a number of different lithologies at the Black Fox Property. Most of the felsic intrusives are fine to medium grained, massive and moderately fractured, but some coarser grained porphyritic bodies have also been observed.

They are often cross cut by quartz-ankerite stockwork and most are strongly affected by sericite and albite alteration. Varying amounts of fine-grained disseminated pyrite are a strong indication of gold mineralization. Gold occurs as free gold associated with quartz veins. Syenitic pods have been observed in the CGR. These are coarse grained and contain a relatively high concentration of pyrite, at 5 to 15% they typically have an average gold grade of 15 grams per tonne.

Mineralization

Gold mineralization at Black Fox occurs mainly within an ankerite alteration zone 1 kilometre along strike and 20 metres to 100 metres wide. This alteration envelope occurs primarily within komatiitic ultramafics and lesser mafic volcanics within the outer boundaries of the DPFZ. In some areas, the auriferous zones are concordant, which follow lithological contacts and have been subsequently deformed to slightly discordant zones that are associated with syenitic sills. Other auriferous zones occur in quartz veins and stockworks discordant to lithology.

The three main styles of gold mineralization observed at the Black Fox Property are:

- Low-sulfide mineralization associated with abundant quartz veining and quartz stockwork within strong ankerite-fuchsite altered ultramafic volcanic rocks.
- Mineralization hosted within mafic volcanic units associated with greater than 5% pyrite and minor to moderate quartz veining.
- Mineralization hosted by silicified felsic dikes.

The first style is low sulfide mineralization occurring within quartz-rich portions of the AUV and CGR rock types. This includes the green carbonate alteration of the “Main Zone”. The typical host is the ankerite-fuchsite altered ultramafic volcanic rocks, commonly found throughout the DPFZ. Quartz veining and quartz stockwork show multiple phases of veining and structural episodes. Visible gold is common in high-grade areas.

The second style of mineralization is hosted within mafic volcanic units coded as BMV or MV. This style is referred to as the “Flow Zones”. It is typically associated with greater than 5% fine-grained pyrite, minor to moderate quartz veining and a strong bleaching may be present. The quartz veins are typically parallel to foliation, and visible gold is characteristically absent. This style of mineralization is common in the footwall portion of the DPFZ. It has been tested mainly by the eastern part of the 235 Level underground drilling.

The third style of mineralization is hosted in silicified felsic bodies. These include both quartz-feldspar porphyries and finer grained units which are possibly syenitic in origin. Mineralization in the felsic units is associated with increased silicification, pyrite and some quartz veining all associated with a fracture foliation. In the middle and hanging wall portions of the DPFZ, felsic-hosted mineralization can be correlated from hole to hole over short distances. In the footwall portions, blocks and lenses of felsic material are encountered which do not correlate from hole to hole. There have been 15 separate mineralized structures identified within the ankerite envelope. The two main gold-bearing zones of their classification are the A1 at the hanging wall contact and the C0 located at the footwall contact. The other smaller zones located between these two generally have less continuity and width and represent parallel, mineralized shears and faults. Previous underground mining indicates that sub-horizontal, mineralized bodies located within the “Main Zone”, can be up to 15 metres thick and very high grade. This suggests that zones of dilation were produced during episodes of structural movements. The majority of the other mineralized zones and quartz veins are one to five metres in width.

At least three generations of structurally controlled quartz veining have been identified in the underground workings. Quartz veins and stockwork zones within the main mineralized envelope are concentrated along shear/fault zones. These structures parallel the main mineralized envelope suggesting they are responsible for the location and formation of the mineralization. The presence of sigmoidal vein structures, multiple quartz injections and re-sheared vein material with chloritic slips indicate complex and repeated structural movements during a cyclic brittle-ductile deformation period. In the quartz stockwork zones, gold mineralization can be erratic possibly related to certain vein sets carrying gold, whereas others are barren.

Exploration

During the spring of 2003, Brigus contracted with Quantec Geophysical, Inc., Toronto, Ontario, to complete an IP survey covering the entire property. Lines were spaced every 200 metres with 100 metre dipole spacing. This survey has shown many chargeability and resistivity anomalies along both the DPFZ and the northwest projection of the Ross Fault. The Ross Fault is the host for the Ross Mine, located approximately 7,500 metres southeast of the Black Fox mine. In addition to these, a number of north-south trending anomalies were found. The intersections of these trends are considered to be prime exploration targets. It appears that the data from the earlier Noranda magnetic survey will also be valuable in defining exploration targets.

In 2010 Brigus contracted Scott Hogg & Associates Ltd. of Toronto, Ontario to carry out a helicopter towed aeromagnetic gradient survey at a 75 metre line spacing and contracted Quentec Geosciences Ltd. of Toronto, Ontario to conduct a Titan Deep IP geophysical survey at a 200 metre line spacing. The magnetic survey covered the entire Black Fox Property and the IP survey filled in areas that were not surveyed by the Quantec IP survey conducted in 2004. The results of both surveys are in the process of being interpreted.

Drilling

The initial portion of the Brigus surface drilling program concentrated on finding new ore zones below the Black Fox Property known resources, along strike and adjacent to the known zones. The targets were the intersection of secondary faults with the DPFZ and also dilation zones within it. The mineralization is so tightly controlled by structures that a hole a few metres away could miss a high-grade zone. Fans were spaced approximately 25 metres along strike and the intersections of the holes with the DPFZ were planned to be approximately 25 metres apart. The result of this program was the identification of a number of small, high-grade ore shoots that generally plunge at a 20 to 40 degree angle to the southeast or southwest, along the DPFZ. This is consistent with the intersection of two 45 to 70 degree dipping faults or with a zone of dilation along a fault that has both horizontal and vertical movement. Many of these ore shoots are still open with depth. A near-surface portion of high-grade mineralization was drilled on 12.5 metre spacing to improve the definition of this higher-grade mineralization.

There was no surface or underground exploration drilling in 2008, 2009 and 2010 conducted on the Black Fox deposit by Brigus, except for the completion of 11 NQ-sized condemnation surface diamond drill holes. The condemnation holes have an average depth of 231 metres and total to 2,544 metres.

The last Brigus exploration drilling in 2007 continued from previous campaigns on 12.5 to 25 metre fence lines. The two main emphases included infill delineation of existing mineralization and to explore for areas of new mineralization. In 2004, a 1,250 metre long exploratory underground drift (4 metre x 4 metre) was developed in the hanging wall down to 235 metre below the surface, to establish drill stations for an underground drilling program. The underground drilling program consisted of 78,650 metre of diamond drilling from 396 core holes. Surface drilling continued and by the end of 2007, Brigus had completed 896 diamond drill holes on the property, totalling 225,334 metres. The Brigus drilling consisted of 500 surface drill holes for a total of 146,684 metres and 396 underground drill holes for a total of 78,650 metres.

Norex Drilling International from Porcupine, Ontario, has completed most of the surface drilling at Black Fox for Brigus. The holes are typically NQ diameter core unless conditions require a reduction in core size. In general, ground conditions have been very good with average core recovery approximately 95%. The following sections document drilling, chain of custody and logging procedures employed by Brigus. Although no records are available to document the procedure used by the prior operators, there is no reason to suspect they did not follow standard industry practices of the time.

The core is removed from the wire line inner barrel and placed in wooden core boxes. Each box can hold up to six metres of NQ core. The depth at the end of the core run, along with the length of the run and the amount of core actually recovered, is written on wooden blocks, which are placed in the box at the end of the core run. When the box is full, the drillhole number, along with the beginning and ending depth is written on the outside of the box. A wooden lid is then placed on the box and the box is sealed with wire. The core is stacked at the side of the drill until it is picked up by representatives of Brigus. During this time, the core is under the direct supervision of the driller.

The core samples are picked up by Brigus personnel each morning and at various times during the day as necessary. It is loaded into a company truck and taken to the core logging facility on the project site. The core is then unloaded from the truck, the wire ties are removed and the core is inspected for any damage that might have occurred during transport. Each box is then placed in racks within the core logging facility to await logging by Brigus geologists. When the geologist begins logging a hole, a logging form is first computer generated with data regarding the hole ID, depth, date logged, location and the logging geologist. All logging is done electronically with no handwritten data. This eliminates a separate data entry step and the subsequent errors that it can introduce. The geologist moves the boxes of core from the rack to the core logging table. The lids are removed and placed outside for later reuse. The pieces of core are then reassembled, within the box, just as it would have come out of the hole. The core is then measured and that measurement is compared to the core depth markers placed in the box by the drillers. This is documents core recovery and provides a check against any lost or missing core not accounted for by the drillers. All of this data, along with all geological data, are entered into the computer spreadsheet by the geologist. The core is then digitally photographed on the logging bench. This digital record is stored in the computer files for that hole. All of the geological information is backed up on the server daily.

Prior to removing the drill string, the downhole deflection is measured with a Reflex E-Z Shot digital tool (E-Z Shot). Measurements are taken approximately every 50 metres down the hole. Occasionally a spurious reading will be obtained near a particularly strongly magnetic rock unit. The geologists review all surveys and any such readings are discarded. As a check, three holes were re-surveyed using a Maxi-bore gyroscopic tool. The Maxi-bore survey duplicated the E-Z Shot survey very well. On average, the E-Z Shot gave readings that were within 3.1% on bearing and 0.4% on dip from the Maxi-bore survey information. All drillholes have their collars located by a licensed surveyor upon completion.

The Brigus drilling program has targeted two main areas of the mineralization. The first is the near-surface area where about half of the surface drillholes were completed. Drilling typically is located along sections oriented 36 degrees azimuth at inclinations of -45 degrees to -50 degrees to provide an alignment oriented nearly perpendicular to the DPFZ.

The second targeted area of mineralization is down dip of the previous drilling. At depth, the DPFZ has the same southeasterly strike, but the dip steepens to an average of -60 degrees. The mineralization still occurs along structural intersections and at dilation zones along the fault. These appear to rake at about -40 degrees to the southeast or southwest. In this area, the shoots tend to be smaller, thinner and less continuous than those encountered near the surface. The drillholes, which test this area, were collared from both the surface and underground. Typically, fans were used so that the structure was tested on 12.5 to 25 metre spacing. Eventually, more tightly-spaced drilling from underground platforms will be required to improve the delineation of the mineralization.

Sampling and Analysis

The sampling procedure begins with the geologist defining each sample interval and designating such with a sample tag documented in a sample book. They next mark the core with a center line cut mark and replace the core box lids for transfer to the sawing station. In the sawing room technicians saw the core sample in half with a diamond saw and place one half in a bag which is marked with the sample number and includes a sample tag. The half core that remains in the core box has the lid replaced and is placed back in the rack by the technician. Blank and standard samples are inserted approximately every 20 samples and are numbered in sequence with the core samples. The samples are then stored inside the core facility until they are picked up by Swastika Laboratories ("**Swastika**") from Swastika, Ontario. The samples are placed into their truck, with each sample being checked off a list as it is being loaded and then taken directly to the laboratory where they are unloaded into a secure facility. At the logging area, once a truck load of split core has accumulated, the boxes are labelled with hole number and footage on stainless steel tags and then moved to covered storage racks located outdoors.

There have been reported two serious sampling issues at the Black Fox Mine. Both of which are related to coarse gold and sample size resulting in analyses that tend to report less gold than is actually present. The first issue relates to obtaining a large enough sample to represent the area it will influence. The gold at the Black Fox deposit appears to be concentrated in small areas causing drill hole samples to occasionally get too much gold in the sample or more commonly, missing the area of concentration and get too little gold in the sample.

The second issue relates to the particle size and distribution of the gold. When the particles are relatively large and not evenly distributed, the core holes can be too small to obtain a representative sample. This has a similar effect, in some cased it will overestimate the gold content but more typically underestimate it. Some samples may even appear to be waste having not encountered any gold particles that may be located relatively close by. It is likely that holes several metres in diameter would be required to obtain representative samples of the deposit. Some areas that were mined when compared with the drilling present and found many instances of drill indicated waste which were subsequently stoped.

This second issue is accentuated by getting the representative amount of gold in the sample pulp once the core sample has been split, crushed, split again and then pulverized. Gold particles up to 0.15 centimetres have been observed and particles of 0.06 centimetres are very common. With gold this coarse, it is easy to create sub-samples that contain too many or too few gold particles if the sample size is not based on the size of the gold particles in the deposit. In order to sample the 0.15 centimetres gold particles that occur at Black Fox, samples of up to 109 kilograms must be processed in their entirety. If the sample contains 0.06 centimetres gold particles, which commonly occur in the deposit, a seven kilogram sample must be processed in its entirety. These sample sizes are much larger than the typical 30 gram fire assay sample or even the generally larger than the 1,000 gram screen metallic assay sample. Once again, the samples result in a few assays containing too much gold, with far more containing less than is actually present in the whole sample.

Without proper size samples the database for the deposit likely contains a few samples that are too high in grade, but far more that are too low in grade.

Quality Control

During the development of the SRK Pre-Feasibility Study, Analytical Solutions (" **ASL**") of Toronto Canada was contracted to provide an independent QA/QC review of historical and current sampling at Black Fox. The following paragraphs summarize their findings ASL has been contracted to review documentation related to assay quality control and sampling for the Black Fox mine. The principal objective was to justify use of the existing assay database for Resource calculations.

The focus of the studies by ASL was to determine (a) whether there was any evidence of bias in the assay database and (b) the effect of coarse gold on the reliability of the assays. The Black Fox Mine assay data includes 128,026 assays. The 50th percentile for the dataset is 0.06 grams per tonne gold, the 90th percentile is 0.77 grams per tonne gold and the 95th percentile is 2.23 grams per tonne gold. It is apparent that only the upper 5% of the samples will influence the Resource calculation and the focus of the review should be this relatively small percentage of samples in the database.

No evidence has been found by previous consultants, who have done extensive reviews of procedures and data, of a bias in the gold assays. A systematic bias over a significant amount of time would affect a resource calculation but this problem has not been identified. Concerns have been raised regarding sample representivity of the Black Fox Mine. Thousands of pulp and reject duplicates confirm that it is difficult to reproduce assays within an arbitrary ± 10% but the assay reproducibility is typical of similar deposits and does not represent a material risk.

Brigus has implemented a significantly improved check assay program where there is a check assay on each mineralized interval. In addition to the blank and standard check samples, Swastika runs its own internal check samples. All of the samples are run using a 30 gram fire assay. Relatively higher-grade zones are selected from the fire assay results by Brigus personnel and these intervals are re-run with a 1,200 gram screened metallic assay. Two of these samples are selected out of each ore zone at random and the rejects are sent to SGS Laboratories in Rouyn, Quebec where they are re-prepped and run for a second screen metallic assay. This is used as the quality check on the first assay set run by Swastika. All of the assay data is sent to Brigus in digital format where it is merged with the geological spreadsheet for that hole.

Brigus has completed screen metallic assays on 594 samples. Of these, 512 assays can be compared to normal fire assays. The screen metallic assays are 17% higher in grade than the average of the fire assays from these intervals. A total of 289 screen metallic assays are higher in grade to the average of the fire assays, while 223 are equal to or lower in grade. Other assay methods will find too much gold on occasion, but the majority will find less than is in the core.

Brigus submitted standards and blanks within each set of samples submitted for assay. Four labs were used with most of the assays completed by Swastika. Several thousand tests were completed and the blanks typically agreed. A number of sample standards have been run within each group of samples. Swastika has reported reasonable ability to accurately assay the standards.

If the blank or standard failed, then the entire batch (20 samples) would be reassayed, as well as the failed standard or blank.

A total of 8,425 sample pulps have been rerun by the original assayer. These samples indicate good agreement between the original sample and the rerun sample. The check was required to be within ± 10%. If not, the pulp would be reassayed a second time.

A total of 2,618 assay intervals have been checked by a different lab using splits from the sample rejects. The results indicate that the original sample is higher than the check by about 4%. Of the 2,618 checks, a total of 905 or about 35% have differences of greater than 30%. If the checks were not within 20%, a second pulp would be prepared from the rejects. These relative differences are very significant and point out the need for a more substantial sampling and assaying program.

Large composites averaging about 14 kilograms in weight were made by combining drillhole core and/or rejects. Typically, nine drillhole intervals were composited into one minibulk sample, however the range was four to 17 kilograms. A total of 47 composites were made from mostly ore-grade intervals. Twenty-one of the 47 ore-grade composites contained high-grade. Since these tests use a much larger sample than the assay pulp, one would expect in a coarse gold deposit that the results of the mini-bulk sample gravity tests would be more reliable than the 30 gram pulps used for fire assay. The results of the 47 ore-grade mini-bulk gravity tests indicated a 9% lower grade in the mini-bulk samples compared to the individual assays. This is the opposite of what would be expected, and it is likely due to more high-grade material being in the mini-bulk samples than in the deposit as an average.

After the core was logged, the core samples were split by a diamond saw to obtain the assay lab sample. The 50% split was bagged at the site and either picked up by assay lab personnel or shipped to the assay lab. The sample was dried, crushed, split, pulverized, and blended to obtain fire assay pulps. The labs prepared 15 gram to 30 gram assay ton samples for assay. Most of the assays were completed by fire assay methods with a gravimetric finish.

Data Verification

Site visits were conducted from August 31 to September 2, 2010 and again from November 17 to 19, 2010. During these site visits, inspections were conducted of the site, including the open pit, underground and mill location.

Seven drill holes were spot checked by Wardrop Engineering Inc. (“ **Wardrop**”). These holes were selected to provide a cross section of geographic location, mineralization intersected and of the various diamond drilling campaigns. The core was reviewed and compared with the paper drill logs on November 19, 2010. No issues were identified with the core logging and transcription.

Each of these drill holes were cross checked with the paper and digital drill logs for the collar coordinates and down hole surveys. The assays for each of the drillholes were crosschecked with their assay certificates. No errors were found.

Security of Samples

Brigus sawed the core and shipped half of the drill core to either Swastika or SGS Laboratories. The labs prepared a 30 gram sample for fire assay with a gravimetric finish. The core was first crushed -10 mesh and a 400 gram split then pulverized. As a quality check, the coarse reject sample material from each mineralized zone, over 1.0 gram per tonne gold is sent to the other lab. The rejects are re-split, pulverized and re-assayed using a 30 gram fire assay with a gravimetric finish. This procedure provided a check on the entire assay process, from sample preparation through to the gravimetric finish. Many of the higher grade samples were run with a screened metallic fire assay. All check data was subjected to a standard QA/QC analysis. Swastika sent certificates of analysis and electronic data files directly to the Brigus office in Matheson, Ontario. Hard copy results and assay certificate were also faxed to Brigus. The faxed certificates, were marked up with specific hole intervals and cross checked to the digital file for errors. After confirmed to be correct, the faxed copies were stamped complete, and added to the audit file for back referencing. The digital assay file was cut and pasted directly into the electronic core logs. Once the results were pasted in, the sample numbers were cross-referenced to ensure no pasting errors occurred. The completed drilling logs were then saved into a separate file and were put into a locked folder on the Black Fox database, which can only be accessed as a read-only file. All editing of these files must be done through the Administrator (Project Manager). Once the file has been saved to this folder, the file was sent to Apollo’s offices in the United States for modeling and reporting purposes.

All reported assays are final assays, and original certificates of analysis are stored in a separate binder and stored in a fire proof safe at the Black Fox Property. All assay reporting goes through the Black Fox Property Manager. Since 2008, Brigus has not completed any further exploration drilling on the Black Fox Property, so no additional procedures are reported.

Mineral Resource and Mineral Reserve Estimates

The following table sets forth the estimated Mineral Resources for the Black Fox Mine:

Indicated and Inferred Mineral Resources (1 to 10)
(Inclusive of Mineral Reserves)

	Category	Tonnes (000s)	Gold Grade (grams per tonne)	Contained Gold (ounces)
Open Pit	Indicated	3,164.2	4.445	452,200
	Inferred	667.1	2.61	56,000
Underground	Indicated	2,504.8	7.182	579,200
	Inferred	115.2	5.816	21,500
Total Indicated		5,669.0	5.654	1,031,000
Total Inferred		782.3	3.082	78,000

(1) Black Fox Mineral Reserves are fully included in the Mineral Resources.
(2) Black Fox Mineral Reserves and Mineral Resources are reported as of October 31, 2010.
(3) The Mineral Resources have been reviewed and verified by Howard Bird, former Senior Vice President, Exploration of Brigus, who is a qualified person under NI 43-101.
(4) Cut-off grade for the open-pit reserves and resources is 0.88 grams per tonne gold.
(5) Cut-off grade for the underground reserves and resources is 2.54 grams per tonne gold.
(6) Metal prices used for initial cut-off calculations are $1,150 per ounce for 88% of the gold sold and $500 per ounce of gold sold through the Black Fox Gold Stream.
(7) The estimated underground reserves include 10% unplanned dilution at 0 grams per tonne from the backfill and 15% planned dilution at one gram per tonne from the walls for a total dilution of 25%. The estimated open pit reserves include 30% dilution at 0 grams per tonne and a 95% mining recovery factor for both. The higher average gold grades for the open pit and underground in the Indicated Resources compared to the Probable Reserves are the result of no dilution being applied to Indicated Resources.
(8) The mineral resources were estimated using the ordinary kriging method.
(9) The mineral reserves were estimated from the life of mine plan, which defined sustaining capital requirements and mine operating costs, to demonstrate that these reserves can be economically extracted and processed. Mining losses and dilution were determined based on sub-surface geotechnical conditions, the mining method and equipment capabilities for each area of the mine.
(10) Contained metal in estimated reserves remains subject to metallurgical recovery losses.

The following table sets forth the estimated Mineral Reserves for the Black Fox Mine:

Proven and Probable Mineral Reserves (1 to 9)

	Category	Tonnes (000s)	Gold Grade (grams per tonne)	Contained Gold (ounces)
Open Pit	Probable	3,159.8	3.228	327,920
Underground	Probable	2,936.0	5.933	560,008
Stockpile	Proven	352.1	1.630	18,446
Total	Proven + Probable	6,447.9	4.372	906,375

(1) Black Fox Mineral Reserves and Mineral Resources are reported as of October 31, 2010.
(2) The Mineral Reserves have been reviewed and verified by Howard Bird, former Senior Vice President, Exploration of Brigus, who is a qualified person under NI 43-101.
(3) Cut-off grade for the open-pit reserves and resources is 0.88 grams per tonne gold.
(4) Cut-off grade for the underground reserves and resources is 2.54 grams per tonne gold.
(5) Metal prices used for initial cut-off calculations are $1,150 per ounce for 88% of the gold sold and $500 per ounce of gold sold through the Black Fox Gold Stream.
(6) The estimated underground reserves include 10% unplanned dilution at 0 grams per tonne from the backfill and 15% planned dilution at one gram per tonne from the walls for a total dilution of 25%. The estimated open pit reserves include 30% dilution at 0 grams per tonne and a 95% mining recovery factor for both. The higher average gold grades for the open pit and underground in the Indicated Resources compared to the Probable Reserves are the result of no dilution being applied to Indicated Resources.
(7) The Mineral Resources were estimated using the ordinary kriging method.
(8) The Mineral Reserves were estimated from the life of mine plan, which defined sustaining capital requirements and mine operating costs, to demonstrate that these reserves can be economically extracted and processed. Mining losses and dilution were determined based on sub-surface geotechnical conditions, the mining method and equipment capabilities for each area of the mine.
(9) Contained metal in estimated mineral reserves remains subject to metallurgical recovery losses.

Mining Operations

Open Pit

The alluvial till is being mined by a fleet of owner operated equipment, consisting of two CAT 320CL hydraulic backhoe excavators and twelve CAT D740 articulated dump trucks. Support equipment consists of two CAT D6 Low Ground Pressure ("**LGP**") dozers. Till material is being dumped in separate overburden dumps located to the east of the offices. The overburden is dumped in three metre lifts in cells created by forming up rock bunds from waste excavation. This method ensures that the free running nature of the overburden is contained. Rock haul roads are constructed to allow the safe passage of the trucks. The LGP dozers are used to form up the rock bunds and dress the overburden.

In areas known to contain only waste, the drillhole spacing and drillhole depth is different from areas containing mineralization. About 75% of the waste rock mined will be from areas containing only waste. Blasted waste rock is mined by a 12 cubic metres Komatsu PC2000 hydraulic backhoe excavator and 91 tonne CAT 777F rigid dump trucks haul trucks. A 6.5 cubic metres CAT 988H front-end loader is used as a backup for the excavator and for general duties.

The mineralized zones average 4.75 metre wide, but can be as narrow as one metre. The minimization of dilution of the ore is a critical element of the mining operation due to the characteristics of the orebody. For this reason, the ore is mined in 3 metre lifts or benches, so that identification of ore blocks can be carried out with the most accuracy and the material mined with the minimum of dilution. The drill cuttings from all blastholes are sampled and assayed in order to provide the basis for ore grade control. The sampling requirements influence the spacing of the blastholes which in turn influences the blasthole diameter.

Mining in the mineralized area is accomplished using two, four cubic metres CAT 385CL hydraulic backhoe excavators to minimize dilution. For this study, all of the ore was scheduled using the smaller excavator but in the larger ore zones the 12.0 cubic metres excavator could be used to decrease the loading times. The 91 tonne rigid haul trucks are also used for hauling the ore, despite the fact that this will require 11 to 12 passes. The benefit of this is that the truck fleet is standardized. The loading of the ore zones is restricted to daytime shifts only to provide better control in mining the ore.

Additional factors have been added to the equipment requirement calculations to allow for the extra time and costs that will be encountered during the mining through the existing underground workings. Mining in the existing underground workings is scheduled using the smaller four cubic metre excavator. The production rate for mining in these areas is calculated at 65% of the normal production rate to allow for the extra time that is expected in these areas. The 91 tonne haul trucks are used for hauling the ore. As this operation is necessarily slow in these areas the additional number of passes is offset by less trucks and standardization of the truck fleet. The loading of the old working areas is restricted to daytime shifts only for safety concerns.

To ensure that the old workings are safe to work it is necessary to identify the potential area of old workings from existing survey information. These areas are flagged to delineate a safe working zone. Holes are drilled, plugged and blasted to collapse the old workings. Further holes are then drilled to probe the collapsed old workings to ensure they are safe to work.

Underground

For ramp and level development, two-boom electric hydraulic (" **EH**") jumbo drills will be used to drill blastholes. Blastholes will be nominal 1 3/4 inch (45 millimetre) diameter x 12 feet (3.7 metre) average length for development headings. Single boom EH jumbo will be used in MCF production drilling. Holes are 1 1/4 inch (32 millimetre) x 11 feet (3.4 metre).

Overall explosive consumption has been based on the use of ANFO and packaged emulsions (13%) at a powder factor of 1.63 pounds per ton for mine development. It is assumed that emulsions are not needed in the MCF stopes, resulting in powder factor of 1.00.

During ramp and lateral development, blasted waste rock will be mucked by an eight cubic yard (LHD) unit and hauled to a remuck bay, or ideally directly into a 30-tonne truck fitted with an ejector box which will deliver to an empty stope for backfill. As a last resort, waste must be hauled to surface when all underground openings suitable for storage have been filled. Waste that is brought to surface will be piled in a designated area in the open pit, preferably in close proximity to the ramp portal. It will be retrieved, backhauled to underground by ore trucks once a stope is ready for backfilling.

The primary backfill material will be the waste rock produced from underground development. If necessary, supplemental material will be sourced from the open pit waste dump.

A cement binder will be added to the fill in the sill cut. A slurry tank will be set up in the vicinity of the stope, equipped with a mixer and a pump. The pump will deliver the slurry to the stope via a pipeline. The pipeline will fork into two or three perforated branch lines strung to the back of the stope. The slurry will spray and percolate the rockfill. Cement slurry will be placed at a ratio of five parts cement to 95 parts (w/w%) or 5% by weight.

Markets

Markets for doré are readily available. Gold markets are mature, global markets with reputable smelters and refiners located throughout the world. Demand is presently high with prices for gold showing remarkable increases during recent times. The 36-month average London PM gold price fix through 2010 is $1018 per ounce.

Black Fox Mine Milestones

Current activities and milestones at the Black Fox Mine include:

- In October 2013, Brigus announced two high grade gold intersections from its underground drilling at Black Fox. One test hole assayed 18.09 grams per tonne gold over 37.80 metres, including 39.45 grams per tonne gold over 10.35 metres and the second hole assayed 40.71 grams per tonne gold over 26.75 metres, including 103.20 grams per tonne gold over 8.35 metres. With these positive results, exploration drilling at the Black Fox mine recommenced and this new phase of exploration is to consist of 12 - 15 additional holes to be drilled from underground to further test and define the new zone. The Black Fox orebody remains open for expansion both laterally and at depth.

- In January 2014, Brigus reported annual production of 98,710 ounces of gold from the Black Fox Mine. They further reported an average grade of 4.34 grams per tonne gold and an average recovery of 93.9% for the year. Throughput was 2,063 tonnes per day milled, 752,959 tonnes milled for the year.

Bachelor Lake Mine, Canada

A technical report was prepared in accordance with NI 43-101 entitled "Technical Report on the Bachelor Lake Gold Project Prepared for Metanor Resources" dated April 26, 2011 (the "**Bachelor Lake Report**"). The following description of the Bachelor Lake Mine has been summarized, in part, from the Bachelor Lake Report and readers should consult the Bachelor Lake Report to obtain further particulars regarding the Bachelor Lake Mine. The Bachelor Lake Report is available for review under Metanor's profile on the SEDAR website located at *www.sedar.com*. Information that updates the information in the Bachelor Lake Report has been provided by Metanor.

Property Description and, Location

The Bachelor Lake Mine is a previously mined gold property currently under development. The Bachelor Lake Mine is located in the Le Sueur Township approximately 225 kilometres northeast of Val d'Or and is composed of five blocks totalling 241 claims and two mining concessions (total area 7,566.73 hectares) which are 100% owned by Metanor Resources Inc. ("**Metanor**"). The Geonova Block is composed of 51 claims and two mining concessions totalling an area of 1,867.67 hectares. The Hewfran Block is composed of 38 claims totalling 683.5 hectares. The Hansens Block is composed of 12 claims totalling 311.33 hectares. The MJL-1 Block is composed of 76 claims totalling 1,672.12. The MJL-2 Block is composed of 64 claims totalling 3,032.1 hectares.

The Bachelor Lake Mine infrastructure is located on mining concessions which is comprised of surface and underground rights to explore and extract mineral resources as well as to erect and operate all required infrastructure to support mineral extraction activities. Surface rights are sufficient for the proposed mining operations. Mining concessions are renewed every year. Claims do not comprise surface rights and are renewed every two years at their expiration date. Since various blocks of claims have been registered at different periods of time, their expiration dates differ. For the Bachelor Lake Mine, the total renewal fees to be paid over one cycle of renewal are $9,984. The total work required to cover one cycle of all claims renewal total is $342,720. The total excess of work credits total is $2,028,467.

The property was not surveyed with the exception of the two mining concessions. There are no major environmental issues, land claim issues, ownership disputes pending. In early 2010, Metanor appointed GENIVAR to undertake an environmental evaluation for the proposed mine development. The application for Certificate of Authorization to proceed with a bulk sample was submitted to the Ministère du Développement Durable, de l' Environnement, de la Faune et des Parcs ("**MDDEFP**") in 2010. All necessary environmental permits to proceed to commercial production were obtained in July 2012. Metanor is in the process of obtaining the necessary permits and authorizations from government and regulatory agencies.

The following permits have been obtained in relation to the Bachelor Lake Mine: A Certificate of Authorization for mill process; a Modified Certificate of Authorization to process 500,000 tonnes at a rate of 800 tonnes per day (Barry Project); A Certificate of Authorization for the installation of a cyanide destruction process (OZONE); A Certificate of Authorization to increase the mill capacity at 1,200 tonners per day; A Certificate of Authorization to process a bulk sample of 5,000 tonnes (Bachelor Lake Gold Mine); A permit to extract 900,000 tonnes from Bachelor Lake Gold Mine; and a Certificate of Authorization for Land Reclamation Program.

The Bachelor Lake Mine is subject to five royalties. The first royalty is 1% of the revenue with Jubilee Gold Exploration up to a maximum of $1,750,000. The second royalty is 2% of the revenue generated from the Hewfran claims portion of the property with Teck Cominco. The third royalty is 0.5% of the revenue generated from the Bachelor claims portion with Gold Royalties. The fourth royalty is 0.5% of the revenue generated from the Bachelor claims portion with Sandstorm Gold. The fifth royalty is 0.25% of the revenue generated from the Bachelor claims portion with Wolfden Resources Inc. ("**Wolfden**").

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Bachelor Lake Mine is located 3.5 kilometres south east of the village of Desmaraisville. The community is serviced by bus and truck transport, and is connected to the provincial power grid and telecommunication systems. A large population of experienced miners and related tradespersons is available within a 240 kilometre radius of the mine. The Bachelor Lake Mine is at an elevation of 355 metres above sea level and is relatively flat. The outcrop exposure is minimal and wetlands cover the central and southern part of the property. The property is accessible via Hwy 113 which connects Chibougamau to Val d'Or. The property is located in the municipality of James Bay, 3.5 kilometres south east of Desmaraisville, which is accessible by a gravel road.

The average daily temperature is slightly above one degree Celsius. An average precipitation of 929.4 millimetres falls annually of which 703.8 millimetres is rain and 225.6 millimetres is snow. Operations can occur throughout the year.

Existing mine buildings are located atop a rocky hill. East of the mine is the tailings ponds with an area of approximately 50 hectares and the polishing pond with an area of five hectares. The surface infrastructure includes, an underground mine, including hoistroom, compressor room, headframe, and shaft; a tailings pond, polishing pond, dykes and drainage ditches; a mill including the assay laboratory, refinery, and crushing room; an administrative office and warehouse; a garage and fuel tanks; storage for hazardous materials; and an upgraded security system. A camp facility was built to house workers about two kilometres from the mine. The housing capacity of the camp will allow for expansion to meet rising labour needs. There are offices for the management staff of various departments, a first aid facility, and a security gatehouse directly on the mine site.

Several phases of refurbishing work have been completed by Metanor during the past few years. The mill was completely renovated and put into operation in January 2008. The grinding capacity was increased by the addition of a new ball mill the same year, raising the throughput to 700 tonnes per day. A rod mill was commissioned in February 2010 increasing grinding capacity to over 1,000 tonnes per day. Major work has been completed to bring the old tailings ponds into current regulation as required by the MDDEFP. A berm was built to divide the old impoundment into two sections (tailings pond and decantation pond). Another berm was built on the west side of the tailings ponds to prevent any spills into the environment. Observation wells were also installed to sample the water table around the tailings area.

The compressor room and compressors were also completely overhauled. These compressors are now automated and the output is 3,500 cubic feet per minute. The site is equipped with automated back-up diesel generators. The hoisting infrastructure was refurbished in 2009. Currently the site is fed by four mega volt amps from Hydro Quebec and is sufficient for the current plan.

History

The Bachelor Lake Mine was originally staked by O'Brien Gold Mines Ltd. (" **O'Brien**") in 1946. This discovery was followed by various exploration works: trenching, geophysical surveys and numerous drill holes. In 1951 the Quebec Department of Mines performed geological mapping of the Bachelor Lake Mine.

Bachelor Claims

During the 1960's, Sturgeon River Mines Ltd. (" **Sturgeon**") sank a shaft and launched an underground drill program. Surface and underground exploration was carried out by Quebec Sturgeon River Mines from 1972 to 1975. In the 1980's, Bachelor Lake Gold Mine Inc., a subsidiary of Sturgeon, conducted several underground development work phases and commercial production commenced in 1982. From 1984 to 1985 Bachelor Lake Gold Mines Inc. performed humus geochemical survey; with a total of 1,283 samples being taken. From 1985 to 1987 very low frequency and electromagnetic and health surveys were carried out. The deepening of the shaft to Level 12 was completed in 1987, and production ceased in 1989 with a total of 130,341 ounces of refined gold. Ore dilution was excessive and was undoubtedly the main reason for the financial difficulties. The mine was placed on a care and maintenance basis, when costs exceeded revenues.

Hewfran Claims

In 1946, S-Francis Mining discovered Agar #1 and #2 which was followed by geological mapping and trenching. In 1948 Batch River Gold Mines discovered two zinc showings and a gold showing in the northern third of Lots 12-19, RV. This was followed by numerous geophysical surveys, mapping and trenching. Dome Exploration did testing for Coniagas-type massive sulphide mineralization. The extension of Agar #2 showed 34 diamond drill holes totalling 4,066 metres. In 1957 Quebec Bachelor Mining Corp. performed a magnetometric survey of the north-western part of the Hewfran property. In 1960 a geological survey was performed by Roxford Mining. An induced polarization survey and drilling program was performed by Sturgeon River Mines in 1965 and Valdex Mines ("**Valdex**") in 1970 discovering several weak anomalies. Valdex went on to perform magnetometric and electromagnetic surveys in 1971. Valdex carried out geophysical surveys searching for Coniagas-type massive sulphides and Bachelor-type gold.

In 1978, Brominco Inc. ("**Brominco**") carried out induced polarization surveys in several parts of the property. In 1983 detailed mapping was carried out through Kretschmer with a very low frequency electromagnetic survey and lithogeochemistry covering the north east corner of the property. Detailed geology, humus surveys and diamond drilling was carried out by Brominco. In 1986, Aur Resources Inc. (" **Aur**") commenced a program to explore for the extension of the Bachelor Lake Mine, with a major exploration drilling program from May 1987 to May 1989. In 1988, Aur tested bulk samples from the Main Zone.

Prior Ownership

In 1990, a joint venture agreement was negotiated with Hecla Mining Company of Canada (" **Hecla**") whereby Hecla could earn a 60% interest for placing the property back into production. After Hecla acquired control of Acadia Mineral Ventures Ltd ("**Acadia**") the Bachelor Lake Mine was assigned to Acadia. Acadia carried out 167.64 metres of underground drifting to establish 2 drill stations. A number of significant gold intersections were cut.

Espalau Mining Corporation ("**Espalau**") acquired the Bachelor Lake Property and from 1994 to 1995 realized surface diamond drilling holes as a follow-up program to a magneto metric and very low frequency survey. GéoNova Explorations Inc. ("**GéoNova**") acquired a 100% interest in the Bachelor Lake Mine in March of 2001, including buildings (offices, shops, compressor rooms, headframe, cyanidation plan and crusher room).

Between 2003 and 2004, Wolfden signed an agreement to acquire a 50% interest from GéoNova after incurring $3,000,000 in exploration over three years and dewatering was undertaken.

In 2004, Metanor acquired the 100% interest held by GéoNova for $2.3 million. Halo Resources Inc. (“ **Halo**”) satisfied its commitments to acquire a 50% undivided ownership in the property in 2005 and the Bachelor Lake joint venture (“**BLJV**”) between Halo and Metanor was created. The BLJV commissioned a 2005 technical report by InnovExplo Inc. (“**InnovExplo**”).

Metanor acquired 100% of the Bachelor Lake Mine from Halo in November, 2007.

Geological Setting

Regional Geology

The Bachelor Lake Mine is located within the Northern Volcanic Zone of the Abitibi sub-province, Superior province. The Bachelor Lake Mine is situated near the western limit of the Chibougamau-Chapais greenstone belt. The mafic to felsic volcanic and volcanoclastic rocks of the Bachelor Lake Mine are part of the basal mafic-dominated sequence referred to as the Volcanic Cycle I. The Northern Volcanic Zone of the Abitibi sub-province is interpreted as a diffuse arc passing laterally into a back-arc environment with numerous felsic and mafic-felsic edifices and intra-arc sedimentary basins.

The Bachelor Lake Mine lies along a local northeast trend which is deviated from the general east-west pattern of the Abitibi sub-province due to significant synvolcanic pluton emplacement and the influence of the major northeast-trending Wedding-Lamarck fault in the Bachelor Lake area. Rock units typically include mafic, intermediate and felsic flows and their intrusive equivalents. Post-tectonic lamprophyre dykes are also present.

Local Geology

The Bachelor Lake Mine is underlain by Archean volcanic rocks of the Obatogamau Formation in a poorly known and poorly explored area of the Abitibi greenstone belt. Based on the absence of marker horizons and the paucity of outcrops, it is difficult to establish a well defined rock sequence in the Coniagas-Bachelor Lake area. The Obatogamau Formation includes mafic, intermediate and felsic flows and synvolcanic intrusive equivalents which are the host for the volcanogenic massive sulphide occurrences. A local composite stratigraphic section shows a typical complex volcano-sedimentary assemblage. This stratigraphic sequence includes the 280 metre thick Coniagas Mine sequence represented by a maficdominated volcanoclastic sequence. A significant 500 to 700 metre thick, lenticular and dome shaped felsic unit composed of massive to brecciaed rhyolitic to rhyodacitic lava flows occurs up-section. This felsic-dominated unit corresponds to the Bachelor Lake Mine gold deposit host rocks. Mafic volcanic and volcanoclastic rocks make up the upper part of the sequence. The Auger Lake and Bachelor Lake sedimentary rocks remain enigmatic, but probably mark the top of the sequence. The late emplacement of several plutons, adds to the complexity of the region. Post-tectonic lamprophyre dykes are also common at the Bachelor Lake Mine and kimberlitic dykes were documented in the Desmaraisville area.

The local northeast trending sequence deviates from the general east-west pattern of the Abitibi sub-province due to the presence of significant pluton emplacement and the influence of the major northeast-trending Wedding-Lamarck fault. The folded volcanic rock sequence shows local changes in trend from North 25 degrees to North 65 degrees, with vertical to steep northwest dips (60 degrees to 77 degrees). Folding and faulting are responsible for stratigraphic repetition and disruption of the volcano-sedimentary sequence. Foliation relationships indicate a possible third phase of deformation. Five post-ore fault system striking North 110 degrees are recognized at the Bachelor Lake Mine and effect the gold-bearing zones.

Property Geology

The Bachelor Lake Mine hosts a wide variety of deposit types from volcanogenic polymetallic type to syn-orogenic to late-orogenic gold mineralization. On the Bachelor Lake Mine, volcanic hosted massive sulphide potential is illustrated by the Coniagas Horizon, Zinc Showing #1 and #2, Area-Opawica showings.

The Bachelor Lake Mine gold mineralization is related to brittle deformational features and dilatational zones (stockwork) and to brittle-ductile shear zones. The Bachelor Lake gold deposit can be either classified an "*orogenic lode gold deposit*" or an *"intrusion related gold deposit"*. The gold distribution appears to be controlled by both structural and lithological features (e.g. the rhyolite being more fractured compared to the agglomerate). The Bachelor Lake Mine gold mineralization has also been interpreted to be associated with the late-tectonic granitic to granodioritic intrusion.

Exploration

The actual Mineral Resources estimation is based on data provided by diamond drilling programs of 2004 to 2005 and before. Since then, Metanor has executed additional diamond drilling at the Bachelor Lake Gold Mine and in the vicinity of the deposit. From September 2005 to the date of the Bachelor Lake Report, 50 diamond drill holes totalling 13,424 metres have been completed. Since February 2006 to the date of the Bachelor Lake Report, all exploration work has been executed under the supervision of Metanor.

In 2010 a new gold zone was discovered by Metanor approximately 2.5 kilometres to the northwest of the Bachelor Lake Mine mill during an exploration program. This discovery was made using technology developed by Diagnos Inc. and was mandated by Metanor to conduct exploration on the identified targets. A series of samples greater than ten grams per metric tonne were found two to ten metres from the road leading to the mill, and this new mineralized zone is comprised of quartz veins in an east-west orientated shear zone. Metanor completed a diamond drilling program of 20 short holes totalling 1,200 metres to follow the extension of this structure. At the date of the Bachelor Lake Report, this program was still in progress.

Mineralization

The Bachelor Lake Mine hosts several gold and base metal showings occurring on the surface and hosts six gold-bearing zones, namely the Main, A, B, C, A West and B West Zones, which were all included in the 2005 resource estimate.

Two types of gold-bearing zones have been identified at Bachelor Lake: silica-flooding and hematite-altered ± stockwork zones, illustrated by the Main Zone and the B Zone. In both cases, gold is spatially associated with pyrite and the gold content correlates well with the pyrite content. Gold mineralization at the Bachelor Lake Mine occurs predominately within the pyrite (greater than 70%), as grains attached to the pyrite (-18%) or as free gold enclosed in the gangue (-10%). This was demonstrated in a polished-thin section examination done on the Hewfran claims. The gold is fine grained with an average diameter between six to eight millimetres, and visible gold is more characteristic of the B Zone. Pyrite is usually finely disseminated (2% to 10%) hosted in strongly altered rocks, often brecciaed and occasionally injected by quartz/carbonate veins and veinlets. At surface, traces of gold, chalcopyrite and ilmenite occurrences have been observed. Gold has been introduced late in the paragenetic sequence as were fluorite and some of the carbonates.

The Main Zone

The Main Zone has contributed 90% of the ore derived from the Bachelor Lake Mine gold mine and is characterized by pervasive moderate to strong silicification and hematitization with 2 to 10% pyrite generally associated with hematite alteration. It is cross-cut by quartz-carbonate veinlets usually less than two centimetres and some local narrow late siliceous hydraulic breccias are described. Some intense altered zone intersections show association with ankeritization. The Main Zone contains also minor amounts of epidote, chlorite, amethyst, micas, magnetite and base metal sulphides. A distinctive deep brick red hematite alteration characterizes the Main Zone. The Main Zone trends North 110 degrees, dipping at 55 degrees south-west near the surface, steepens to near vertical at Level 12, and changes to 60 degrees to 75 degrees at depth. The Main Zone alteration envelope increases in width with depth, while ore values are not uniformly distributed, which results in an anastomosing mineralized pattern. There is a recurrent presence of a weaker and narrower alteration zone of three to five metres in the footwall of the Main Zone. This northern branch is clearly related to the same event, but rarely shows economic interest. The average width of the Main Zone, above Level 6, was 1.82 metres, and increased to an average of 2.44 metres below this level. The Main Zone has an average horizontal width of 2.8 metres and reached a maximum horizontal width of 12.8 metres. This alteration system is recognized over 1,150 metres and was mined over 335 metres from the western limit of the Bachelor Lake Mine claims to the western contact of the O'Brien pluton. The new interpretation proved the Main Zone continuity to be over 488 metres horizontally and 900 metres vertically.

The B Zone

The B Zone may represent a potential for additional resources, but until now limited mining has occurred in this zone. Test mining has indicated that the B Zone has competent walls and an average horizontal width of 3.1 metres and reaches a maximum horizontal width of 10.5 metres. The B Zone generally dips steeper than the Main Zone at approximately 75 degrees to 85 degrees to the south, south-west, and is interpreted to be the result of a younger geological event and formed after the Main Zone mineralization. It is characterized by a hydraulic glassy to white silica breccia with angular fragments of the altered unit and cut by quartz veins. Its alteration is similar to the Main Zone and is represented by strong to intense silicification and hematitization and generally by moderate ankeritization. Mineralization is characterized by two percent to seven percent pyrite generally associated with the late quartz breccias. The presence of visible gold is often seen in this alteration zone.

The A Zone

The A Zone was discovered by drilling from Level 9 and has been traced up to Level 4. Test mining at the Bachelor Lake Mine, using shrinkage techniques, has shown an unacceptable level of dilution on this zone. It is a highly altered and sheared zone which strikes north 60 degrees to 70 degrees and dips 45 degrees to 50 degrees to the southeast and cross cuts the Main and B Zones. It has previously been interpreted as a gold-bearing zone as well, but the last underground drilling campaign demonstrated a poor grade development of this zone when alone. The best values in the A Zone are related to its junction with other zones. Significant intersections have been documented while crossing the Main or B Zones, probably due to gold remobilization. The last interpretation showed increases in thickness at these junctions.

The C Zone

The newly interpreted C Zone has similar characteristics to the Main Zone, although it seems to be less continuous, and it appears that it can be a branch of the Main Zone. The C Zone has been documented in the Bachelor Lake Mine area in the eastern portion of the 2005 interpretation.

The A West and B West Zones

The A West and B West Zones have been delineated in the West Zone area of the Hewfran claims. These zones are interpreted to be the continuity of the A and B Zones identified at the Bachelor Lake Mine area.

The A West Zone lies within the western extension of the A shear and the mineralized zone documented at the Bachelor Lake Mine. The discovery hole intersected the zone, 487 metres west of the last encountered ore grade within the A Zone at 13,500 east. The hole was drilled to test the eastern extension of the mineralized shear structure identified in the Agar #1 outcrop which had been mechanically stripped, washed and channel sampled during the summer of 1987. Lateral continuity of the structure from section to section is obvious, but gold mineralization appears sporadic and essentially concentrated in the vicinity of sections 12,100 East and 12,300 East.

The B West Zone seems to be the extension of the B Zone documented at the Bachelor Mine. The zone dips at approximately 80 to 85 degrees (almost vertically) and shows only very sporadic grades over a cut-off grade of 3.43 grams per metric tonne gold. This zone is characterized by a strong silica and hematite alteration, and by local brecciation.

Drilling

The last drilling campaign on the Hewfran claims, included in the resources estimation, was completed between 1987 and 1989 by Aur. The Aur program included 47 surface holes for 14,255.5 metres (46,770 feet) and 96 underground holes for 10,401 metres. Between 1990 and the 2005 underground drilling program, two drilling programs were completed on the Bachelor claims: one program in 1990 and one in 1995. In 1990, Acadia drilled 34 holes for a total of 4,807 metres from the underground workings at various locations on Levels 11 and 12. In 1995, Espalau completed 10 drill holes from surface for a total of 2,572 metres. This surface drilling program was executed by Géospex. From 1987 to 1989, the Hewfran claims were the site of a major drilling program: 47 holes drilled from surface for a total of 14,259 metres, and 96 holes drilled from underground for a total of 10,404 metres.

In 2005, the Bachelor Lake Joint Venture partners, Metanor and Halo, completed a major underground drilling program consisting of 69 holes for a total of 13,345 metres. This program was initiated by Halo and continued by Metanor and the BLJV. The main goals of the 2005 underground drilling program were to upgrade the and increase the mineral resources.

The 69 holes comprising the 2005 drilling program was completed from two fixed drill stations located on Level 12 by using azimuth drilling. Drilling was completed using BQ size by Forage Orbit of Val d'Or. The drill program was initiated by Halo with a clear objective of upgrading the resources by completing twenty 25 metre drill centers on the Main Zone and to some extents on the B and A Zones, which are located closer to the two drill stations.

Despite the fact that this program was completed from a limited platform, it successfully filled the central gap between the T1 Fault and the A Zone and also between the two main ore shoots with seventeen holes. The program also in-filled the gaps left from the previous exploration programs with 24 drill holes, extended the mineralized zones laterally to the west, on the footwall of the Waconichi Fault and at depth with 19 holes, extended and connected the Bachelor Lake resources to the west with the Hewfran claims with six holes and extended the mineralized zones to the east side with three holes.

Between September 2005 and January 2006 a diamond drilling program consisting of 11 holes totalling 6,394 metres was completed by the BLJV and designed to test the gold potential within a mineralized corridor immediately west of the Bachelor Lake Mine development. Holes were collared to replicate and confirm historic estimates and to validate results. A hole encountered an intensely hematite altered, locally silicified zone of alteration. The hole was positioned below the East Zone and demonstrated the presence of a well-developed alteration zone extending to depth.

From December 2006 to February 2007, a diamond drilling program was completed by Metanor consisting of eight holes totalling 2,906 metres. The program was designed to test extensions of the West Zone, B West Zone, East Zone and the area to the north of the Main Zone of the Bachelor Lake Mine attempting to localize its northern and displaced extension on the property.

A stripping campaign completed during autumn 2008 allowed Metanor to locate the extension on surface of the West Zone of Hewfran and to expose this strongly hematized and mineralized zone on a horizontal distance of approximately 40 metres with thickness reaching six metres. This zone was originally defined in drilling over a horizontal distance of approximately 300 metres and between the depths of 180 metres and 330 metres. The two gold bearing zones oriented east-west and the north-east, which comprise the West Zone, correspond to those of the A Zone and the Main Zone of the Bachelor Lake Mine. Grab and chip samples were taken along the east-west mineralized zone and along the north-east sheared zone.

In 2008 to 2009, a drilling campaign of 11 holes totalling 2,924 metres tested extensions of the West Zone and the continuity at shallow depth of the gold bearing zones exposed on surface after the stripping program. In 2010 20 holes were drilled to test a new gold zone exposed on the surface at approximately 2.5 kilometres Northwest of the Bachelor Lake Mine.

Sampling and Analysis

From April to July 2005, 69 BQ size (36.5 millimetre diameter) drill holes were completed by Forage Orbit Inc. using the industry standard wire line methods. All holes were drilled from two underground drill stations at Level 12. Fifty-two reached the mineralized zones in the Bachelor Lake Mine claims, while 17 reached the mineralized zones in the Hewfran claims. Holes were planned using the Main Zone longitudinal section with intercepts every 22.8 metres. The 2005 drill hole database contains a total of 3,555 samples. One hundred percent of the 2005 drilling program was stored and categorized for future reference purposes in the core library located at the Bachelor Lake Mine.

During the 2005 drilling, 3,251 samples were submitted for gold analysis, representing 3,347.63 metres (24.4% of total drilled length). Inserted throughout these samples, 304 blanks and standards were also shipped for a controlled follow-up for a total of 3,555 samples.

Every altered zone (especially hematization and silicification) containing pyrite and every wide altered zone was considered potentially mineralized and therefore sampled. This systematic exploration sampling allowed confirming the attitude of mineralization within the altered zones, as well as other lateral small mineralized zones. At the Bachelor Lake Mine, samples collected through the diamond drilling are of good quality; the mineralization in the core is generally intact with no possibility of loss due to wash out. The hardness nature of the mineralized zones explains the excellent recovery for the mineralized zones. The core was rarely ground on short distances (less than 0.5 metres). Overall, the drill core sample recovery from the mineralized zones can be considered to be representative.

Sampling, preparation, security and analytical procedures used on the property were judged to be adequate. The performance of the laboratory during the 2005 drilling program was good.

Sampling and laboratory protocol for the 2005 drilling program were defined by InnovExplo. During the program, core samples were sent to ALS Chemex Chimitec in Val d'Or, certified ISO 9001:2000. At the laboratory, all the bags were opened and conformed to the laboratory protocols. The laboratory delivered results in electronic format with assay results reported in grams per tonne.

Quality Assurance

Contamination was not discovered during the 2005 drill program. The good performance of the laboratory for external standards (field standard) is an evidence of accurate determinations being made by the laboratory. The QA/QC analysis of the pulp duplicate demonstrates a reasonable level of precision with overall approximate errors of 12%. This level of error is not uncommon for Archean gold deposits where the principal component of the ore is often "freely" liberated gold. In fact, many coarse "nugget" gold deposits demonstrate much poorer levels of precision in pulp duplicate sample results. Precision of metallic screen assay (150 mesh pulp duplicate) was analyzed. The metallic sieve method incorporates duplicate fire assay determinations of the -150 mesh fraction of the screened pulp. The results demonstrate that precision levels of the screened pulp duplicate assays are overall approximate 6.5%. A 5% residual "nugget" effect at 150 mesh is quite acceptable for this type of gold mineralization.

The results for the coarse duplicate was not that good. The extremely large introduction of error between coarse and pulp duplicates is clearly indicative of unrepresentative 1 kilogram coarse crush sample splits. The cause may be inappropriate crush/splitting specifications or related to original field sample size, while this type of error may not result in any global change in resource estimation.

Data Verification

The Gemcom database used for the 2005 resource estimation includes 15,192 assay results from 394 diamond drill hole records. From the total, 325 were historical holes that were compiled and 69 holes were from the 2005 program. Both the historical and the new data acquired were validated.

Security of Samples

In October 2005, InnovExplo re-sampled 24 samples within the "A West" mineralized zones from six drill holes of the Hewfran claims. Fifteen samples were from the Hewfran West area and nine samples from the Hewfran East area. Core boxes containing mineralized zones intersections were already in Val d'Or, at the Alexis Mineral core shack. Selected cores were transported to Metanor's core shack and examined and resampled by InnovExplo's team. Quarter splitting was then completed by Metanor's technician for the 15 Hewfran West BQ core samples while the other nine samples were entirely samples because of their AQ size. Two high grade certified standards were also inserted into sequences, and samples were sent to ALS Chemex Laboratory in Val d'Or.

All check samples were assembled and separated into four groups:

- Two samples below the cut-off grade (under 0.1 ounces per short ton gold) had a difference of 0.003 ounces her short ton gold;
- Six samples close to the cut-off grade (from 0.1 to 0.15 gold) had an average difference of 0.004 ounces per short ton gold. This important verification minimized the risk associated to misclassification of ore and waste block material;
- The samples close to the resource average grade (from 0.15 to 0.3 ounces per short ton gold) had an average difference of 0.015 ounces per short ton gold. This significant low difference also means that the overall average may not change drastically. Although some absolute difference can be as high as 0.284 ounces per short ton gold, meaning that on a local basis, some ore blocks may have been overestimated or underestimated; and
- Ten samples with high grade assay results (over 0.3 ounces per short ton gold) had a greater average grade difference (0.043 ounces per short ton gold). Locally, some grade can be either over or underestimated.

BLJV completed a surface exploration program at Bachelor Lake in October 2005. The current drilling exploration program includes one confirmation drill hole located in the Hewfran East area in order to confirm results.

Mineral Resource and Mineral Reserve Estimates

The following table sets forth the estimated Mineral Resources for the Bachelor Lake Mine as at December 2010:

Measured, Indicated and Inferred Mineral Resources (1 to 3)
(Inclusive of Mineral Reserves)

Deposit	Category	Tonnes	Gold Grade (grams per tonne)	Contained Gold (ounces)
Bachelor Lake	Measured	177,898	8.83	50,487
	Indicated	465,928	7.63	114,329
	Measured + Indicated	643,826	7.96	164,815
	Inferred	207,517	6.76	45,083
Hewfran	Measured	14,696	8.50	4,018
	Indicated	183,069	7.14	42,024
	Measured + Indicated	197,765	7.24	46,042
	Inferred	218,630	6.30	44,283
Total	Measured	192,594	8.80	54,504
	Indicated	648,997	7.49	156,352
	Measured + Indicated	841,591	7.79	210,857
	Inferred	426,148	6.52	89,366

(1) The Mineral Resource estimates for the Bachelor Lake Mine set out in the table above have been reviewed and verified by Pascal Hamelin, Vice President of Metanor, who is a qualified person under NI 43-101. The Mineral Resources are classified as measured, indicated and inferred, and are based on the CIM Standards.
(2) Mineral Resources are not known with the same degree of certainty as Mineral Reserves and do not have demonstrated economic viability.
(3) Numbers may not add up due to rounding.

The following table sets forth the estimated Mineral Reserves for the Bachelor Lake Mine as at December 2010:

Proven and Probable Mineral Reserves (1 to 4)

Deposit	Category	Tonnes	Gold Grade (grams per tonne)	Contained Gold (ounces)
Bachelor Lake	Proven	178,359	8.36	47,930
	Probable	467,1352	7.23	108,538
	Proven + Probable	645,494	7.54	156,467
Hewfran	Proven	14,734	8.05	3,814
	Probable	183,543	6.76	39,895
	Proven + Probable	198,278	6.86	43,710
Total	Proven	193,093	8.33	51,743
	Probable	650,679	7.10	148,433
	Proven + Probable	843,772	7.38	200,177

(1) The Mineral Reserve estimates for the Bachelor Lake Mine set out in the table above have been reviewed and verified by Pascal Hamelin, Vice President of Metanor, who is a qualified persons under NI 43-101. The Mineral Reserves are classified as proven and probable, and are based on the CIM Standards.
(2) The underground mineral reserves have been calculated using a cut-off grade of 3.43 grams per tonne, recovery of 90%, and dilution of 10% in the stoping areas.
(3) Proven and Probable Mineral Reserves are a subset of Measured and Indicated Mineral Resources.
(4) Numbers may not add up due to rounding.

Mining Operations

Mining Method

Ore should be extracted using sublevel stoping and longhole blasting due to the dip and continuity of the zones, as well as the quality of the vein wall. To obtain a high degree of accuracy (and thereby minimize dilution), the ideal drill-hole length of approximately 13.5 metres was used to determine the sublevel spacings. The veins will be entirely excavated on every sublevel. This means that the width of a sublevel could also exceed 9.0 metres. The walls of the sublevels have to be inclined according to the dip of the vein to minimize dilution. The height, on the other hand, must be kept at 2.74 metres to allow the longhole drilling equipment to have the necessary manoeuvring space. Production of 200,177 ounces of gold mined is forecasted up to 2016. The mill was put into operation in January 2008, and the throughput is 700 tonnes per day. A rod mill was commissioned in February 2010 increasing grinding capacity to over 1,000 tonnes per day. Work has been completed to bring the old tailings ponds to regulation and observation wells were installed to sample water table around the tailings area.

Metallurgical Process

In December 2010, GENIVAR was commissioned by Metanor to conduct a milling capacity study for the Bachelor Lake Mine ore. The maximum capacity for the Bachelor Lake mill using Bachelor Lake Mine ore is 775 tonnes per day at ± 8% accuracy with availability of 92%. Operating costs were estimated at approximately $22.90 per tonne to treat approximately 260,300 tonnes per year. With the current processing circuit, and a 775 tonne per day treatment rate, the leaching time is estimated at 31 hours with 55% solids in the tanks. The effect of reducing the leaching time on the recovery of Bachelor Lake Mine's ore is not known. Therefore metallurgical testing is required to determine the recovery that should be expected. Among the proposed tests include gravity tests, leaching tests, thickening tests, filtration tests, tests to validate the use of activated carbon, grindability tests, and chemical analysis. These tests should be completed on all mineralized zones that are planned to be extracted and have different characteristics that could affect the performance of the processing circuit.

GENIVAR is confident that a recovery of 93% is achievable with Bachelor Lake ore. However, for this recovery, additional leaching time may be required. Leaching tests in the laboratory will confirm the time required. The financial analysis used present supplier's quotes for capital items which increases the accuracy of the data to above a pre-feasibility study operating costs where compared to the contractor presently on site, which again increases the accuracy of the analysis. A conservative value of gold per ounce using the August 2010 Bloomberg Report was inputted for the four years of production. The financial results produced an IRR of 85% with a payback period of 10 months. With the good exploration potential it is expected that the mine life will be more than four years. There is also a potential to increase the mill capacity beyond the 800 tonnes per day which will allow for the treatment of the Barry Open Pit material.

Exploration and Development

The deposit remains open in several directions and it is reasonable to believe that new resources will be discovered during the production years. This will help to extend the life of the mine. The Barry Open Pit has not been included in the Bachelor Lake Report, but its economical resource will help to lower overhead costs and will contribute to the life of the mine.

In 2010 a new gold zone was discovered by Metanor approximately 2.5 kilometres to the northwest of the Bachelor Lake Mine mill during an exploration program. Metanor completed a diamond drilling program of 22 diamond drill holes totalling 1,587.5 metres of shallow, lateral extensions of this new discovery. This program is still in progress.

Bachelor Lake Mine Milestones

Current activities at the Bachelor Lake Mine include:

- In January and February 2014, Metanor reported the results from its underground drilling program at the Bachelor Lake Mine to extend the known mineralized zones and increase the mineral resources.

- In November 2013, Metanor announced that it had achieved commercial production at the Bachelor Lake Mine and advised that it expects to produce over 40,000 ounces for the year ending June 30, 2014. In addition, Metanor advised that it maintains it objective of increasing the production at its Bachelor Lake Mine toward 713 tonnes per day.

DIVIDENDS

The Company currently intends to retain future earnings, if any, for use in its business and does not anticipate paying dividends on the Common Shares in the foreseeable future. Any determination to pay any future dividends will remain at the discretion of the Company's Board of Directors and will be made taking into account its financial condition and other factors deemed relevant by the Board. The Company has not paid any dividends since its incorporation.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of Common Shares. As of March 10, 2014, 104,539,896 Common Shares are issued and outstanding.

Holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Company, to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Company's Board of Directors at its discretion from funds legally available therefor and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the TSX under the symbol " **SSL**" and on the NYSE MKT under the symbol "**SAND**".

The 2009 Warrants, the 2010 Warrants, the 2012 Warrants and the Listed Premier Warrants are all listed and posted for trading on the TSX under the symbols "**SSL.WT**", "**SSL.WT.A**", "**SSL.WT.B**" and "**SSL.WT.C**" respectively. None of these warrants are listed for trading on the NYSE MKT.

Common Shares

The following table sets forth information relating to the trading of the Common Shares on the TSX for the most recently completed financial year.

Month	High (C$)	Low (C$)	Volume
January 2013	13.15	11.16	4,219,767
February 2013	12.50	9.18	6,739,562
March 2013	10.55	8.49	5,458,736
April 2013	9.62	6.47	7,493,444
May 2013	8.10	6.67	6,733,701
June 2013	8.44	5.00	7,783,966
July 2013	6.93	5.80	9,213,020
August 2013	7.84	5.15	8,667,203
September 2013	7.05	5.34	6,551,009
October 2013	6.19	4.87	7,303,148
November 2013	5.79	4.30	5,500,043
December 2013	4.80	4.17	6,062,136

The price of the Common Shares as quoted by the TSX at the close of business on December 31, 2013 was C$4.59 and on March 7, 2014 was C$5.84.

Warrants

SSL.WT

The following table sets forth information relating to the trading of the 2009 Warrants on the TSX for the most recently completed financial year.

Month	High (C$)	Low (C$)	Volume
January 2013	2.05	1.65	1,181,662
February 2013	1.91	1.22	3,994,573
March 2013	1.50	1.10	2,003,350
April 2013	1.29	0.67	2,552,216
May 2013	1.00	0.75	1,092,144
June 2013	1.06	0.40	1,634,689
July 2013	0.79	0.56	1,714,445
August 2013	0.95	0.43	1,939,498
September 2013	0.79	0.48	1,738,645
October 2013	0.61	0.355	2,914,829
November 2013	0.53	0.255	2,521,405
December 2013	0.295	0.20	2,558,695

The price of the 2009 Warrants as quoted by the TSX at the close of business on December 31, 2013 was C$0.25 and on March 7, 2014 was C$0.50.

SSL.WT.A

The following table sets forth information relating to the trading of the 2010 Warrants on the TSX for the most recently completed financial year.

Month	High (C$)	Low (C$)	Volume
January 2013	1.80	1.45	443,602
February 2013	1.61	0.98	1,812,489
March 2013	1.30	0.80	1,528,606
April 2013	1.02	0.51	1,409,477
May 2013	0.81	0.56	468,587
June 2013	0.85	0.335	570,450
July 2013	0.65	0.41	255,549
August 2013	0.88	0.39	1,525,541
September 2013	0.75	0.48	372,994
October 2013	0.53	0.35	746,424
November 2013	0.50	0.30	445,213
December 2013	0.37	0.26	864,417

The price of the 2010 Warrants as quoted by the TSX at the close of business on December 31, 2013 was C$0.30 and on March 7, 2014 was C$0.465.

SSL.WT.B

The following table sets forth information relating to the trading of the 2012 Warrants on the TSX for the most recently completed financial year.

Month	High (C$)	Low (C$)	Volume
January 2013	4.30	3.56	212,899
February 2013	3.95	2.36	419,298
March 2013	2.90	1.93	360,290
April 2013	2.47	1.70	318,419
May 2013	2.06	1.66	129,646
June 2013	1.95	0.85	307,370
July 2013	1.45	1.00	280,324
August 2013	2.45	1.01	377,376
September 2013	2.25	1.40	238,481
October 2013	1.76	1.36	248,443
November 2013	1.50	1.01	199,228
December 2013	1.18	0.75	340,413

The price of the 2012 Warrants as quoted by the TSX at the close of business on December 31, 2013 was C$0.79 and on March 7, 2014 was C$1.71.

SSL.WT.C

The following table sets forth information relating to the trading of the Listed Premier Warrants on the TSX for the most recently completed financial year.

Month	High (C$)	Low (C$)	Volume
January 2013	1.16	0.85	18,505
February 2013	0.86	0.59	11,750
March 2013	0.50	0.50	1,000
April 2013	0.45	0.30	13,000
May 2013	0.25	0.25	1,000
June 2013	0.22	0.16	3,870
July 2013	N/A	N/A	N/A
August 2013	0.16	0.16	1,200
September 2013	N/A	N/A	N/A
October 2013	0.09	0.08	2,000
November 2013	0.08	0.08	25
December 2013	N/A	N/A	N/A

The price of the Listed Premier Warrants as quoted by the TSX at the close of business on November 4, 2013, being the last date upon which the Listed Premier Warrants traded to December 31, 2013, was C$0.08 and on March 7, 2014 was C$0.16.

DIRECTORS AND OFFICERS

The following table sets forth the name, province/state and country of residence, position held with the Company and principal occupation of each person who is a director and/or an executive officer of the Company.

Name, Province/State and Country of Residence	Position(s) with the Company	Principal Occupation
Nolan Watson British Columbia, Canada	President, Chief Executive Officer and Director since September 2008; Chairman of the Board since January 2013	Chairman of the Board, President and Chief Executive Officer of the Company and Sandstorm Metals & Energy Ltd.
David Awram British Columbia, Canada	Director since March 2007; Executive Vice President from July 2009 to January 2013; Senior Executive Vice President since January 2013	Senior Executive Vice President of the Company and Sandstorm Metals & Energy Ltd.
John P.A. Budreski (1) British Columbia, Canada	Director since June 2009	President and Chief Executive Officer of Morien Resources Corp.
David E. De Witt (1) British Columbia, Canada	Director since April 2008; Lead Independent Director since January 2013	Independent Businessman; Chairman of Pathway Capital Ltd. ("**Pathway**")
Andrew T. Swarthout (1) Arizona, United States	Director since March 2009	Chief Executive Officer and Director of Bear Creek Mining Corporation; Director of Rio Cristal Resources Corporation
Erfan Kazemi British Columbia, Canada	Chief Financial Officer since August 2011	Chief Financial Officer of the Company and Sandstorm Metals & Energy Ltd.

(1) Member of the Audit Committee.

Each director's term of office expires at the next annual meeting of shareholders of the Company or when his successor is duly elected or appointed, unless his term ends earlier in accordance with the articles or by-laws of the Company, he resigns from office or he becomes disqualified to act as a director of the Company.

The principal occupations, businesses or employments of each of the Company's directors and executive officers within the past five years are disclosed in the brief biographies set forth below.

Nolan Watson - Chairman of the Board, President, Chief Executive Officer and Director. Mr. Watson has been the President and Chief Executive Officer of the Company since September 2008 and its Chairman since January 2013. Since May 13, 2010, Mr. Watson has been President and Chief Executive Officer of Sandstorm Metals and its Chairman since January 2013. From July 2008 to September 2008, Mr. Watson was an independent businessman. From April 2006 to July 2008, Mr. Watson was the Chief Financial Officer of Silver Wheaton Corp. ("**Silver Wheaton**"). Mr. Watson was the Corporate Controller of Silver Wheaton from 2005 to 2006. From 2003 to 2004, Mr. Watson was a financial advisor and merger and acquisition specialist with Deloitte & Touche LLP. Mr. Watson is a Chartered Financial Analyst Charterholder, a Chartered Accountant (Valedictorian of the Institute of Chartered Accountants of British Columbia), and holds a Bachelor of Commerce degree (with honours) from the University of British Columbia.

David Awram - Senior Executive Vice President and Director. Mr. Awram was Executive Vice President of the Company from July 2009 to January 2013 and has been its Senior Executive Vice President since January 2013. Mr. Awram has been Executive Vice President of Sandstorm Metals since January 2010 and then its Senior Executive Vice President since January 2013. From July 2008 to July 2009, Mr. Awram was an independent businessman. From May 2005 to July 2008, Mr. Awram was the Director of Investor Relations for Silver Wheaton. Prior to May 2005, he was Manager, Investor Relations with Diamond Fields International Ltd. from April 2004 to April 2005. He holds a Bachelor of Science degree (Honours) in Geology from the University of British Columbia in 1996.

John P.A. Budreski - Director. Mr. Budreski has been the President and Chief Executive Officer of Morien Resources Corp. since November 2012. He was a Managing Director and a Vice Chairman with Cormark Securities Inc. from 2009 to 2012. He was the President and Chief Executive Officer of Orion Securities Inc. from 2005 to 2007. Prior to this, he filled the roles of a Managing Director of Equity Capital Markets and Head of Investment Banking for Scotia Capital Inc. from March 1998 to February 2005 after starting out as a Managing Director of US Institutional Equity Group for Scotia Capital. He also held senior roles in investment banking and equity sales and trading for RBC Dominion Securities and worked for Toronto Dominion Bank. He holds an MBA from the University of Calgary and a Bachelor of Engineering from TUNS/Dalhousie.

David E. De Witt - Lead Independent Director. Since October 2004, Mr. De Witt has been a co-founder and Chairman of Pathway, a Vancouver-based private venture capital company. Mr. De Witt graduated with a BComm/LLB from the University of British Columbia in 1978 and practiced corporate, securities and mining law until his retirement from the practice of law in January 1997. He currently holds directorships in a number of public companies involved in the natural resource field and has experience in resource projects located in Latin America, North America and Asia.

Andrew T. Swarthout - Director. Mr. Swarthout has been the Chief Executive Officer and a director of Bear Creek Mining Corporation since 2003. He was also its President until February 2011 and then again from August 2013 to present. Mr. Swarthout was a Director of Rio Cristal Resources Corporation from December 2006 to September 2013 and he was a Director of Esperanza Resources Corp. from May 2012 to August 2013. Formerly he was an officer and member of the management committee of Southern Peru Copper Corporation from 1995 to 2000 where he participated in decision making during a dynamic period of corporate expansions, financing and project development. Mr. Swarthout served as a member of the National Mining Society of Peru's Committee for the Promotion of Private Investment, where he initiated favourable environmental and taxation policies to promote foreign mining investment in Peru. Mr. Swarthout graduated in 1974 from the University of Arizona with a Bachelor of Geosciences degree and he is a Professional Geologist.

Erfan Kazemi - Chief Financial Officer. Since August 2011, Mr. Kazemi has been the Chief Financial Officer of the Company and of Sandstorm Metals. Formerly, Mr. Kazemi was a Senior Manager at PricewaterhouseCoopers LLP where he worked commencing in January 2005 (as an Associate) until June 2011 and where he managed the audits of billion dollar multinational entities and co-authored several publications. In the community, Mr. Kazemi is a former member of the Vancouver Public Library Board and of the University of British Columbia Board of Governors. Mr. Kazemi is a Chartered Accountant and also holds a Bachelor of Science (Mathematics) from the University of British Columbia.

As at March 10, 2014, the directors and executive officers of Sandstorm Gold, as a group, beneficially owned, directly and indirectly, or exercised control or direction over, 2,328,100 Common Shares, representing approximately 2.2% of the total number of Common Shares outstanding before giving effect to the exercise of options, restricted share rights or warrants to purchase Common Shares held by such directors and executive officers.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company, is, or within ten years prior to the date of this AIF has been, a director, chief executive officer or chief financial officer of any company (including Sandstorm Gold) that,

(i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially control of the Company,

(i) is, or within ten years prior to the date of this AIF has been, a director or executive officer of any company (including Sandstorm Gold) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, other than John P.A. Budreski, who was a director of EarthFirst Canada Inc. until March 2, 2010, a company engaged in the development of wind power and related generation facilities, when it obtained creditor protection under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") on November 4, 2008. The CCAA process has now been completed and EarthFirst Canada Inc. has been amalgamated with another company and no longer exists as a separate entity; or

(ii) has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of Sandstorm Gold's knowledge, and other than as disclosed in this AIF, there are no known existing or potential material conflicts of interest between Sandstorm Gold and any director or officer of Sandstorm Gold, except that certain of the directors and officers serve as directors and officers of other public companies and therefore it is possible that a conflict may arise between their duties as a director or officer of Sandstorm Gold and their duties as a director or officer of such other companies. See "Description of the Business - Risk Factors - Risks Relating to the Company - Conflicts of Interest".

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described below, no directors, executive officers or principal shareholders of Sandstorm Gold or any associate or affiliate of the foregoing have had any material interest, direct or indirect, in any transactions in which Sandstorm Gold has participated since January 1, 2011, which has materially affected or is reasonably expected to materially affect Sandstorm Gold.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at its principal offices in Vancouver, British Columbia and Toronto, Ontario. The co-transfer agent and registrar for the Common Shares in the United States of America is Computershare Trust Company, N.A. in Golden, Colorado.

The warrant agent for the 2009 Warrants, the 2010 Warrants and the 2012 Warrants is Computershare Trust Company of Canada at its principal offices in Vancouver, British Columbia and Toronto, Ontario. The warrant agent for the Listed Premier Warrants is Valiant Trust Company at its principal office in Toronto, Ontario.

MATERIAL CONTRACTS

The only material contracts entered into by the Company within the financial period ended December 31, 2013 or since such time or before such time that are still in effect, other than in the ordinary course of business, are as follows:

1. The Aurizona Gold Stream dated May 15, 2009 between the Company and Luna. See “General Development of the Business - Mineral Interests - Aurizona Gold Stream” for further details.

2. The Santa Elena Gold Stream dated May 15, 2009 between the Company and SilverCrest. See “General Development of the Business - Mineral Interests - Santa Elena Gold Stream” for further details.

3. The Black Fox Gold Stream dated November 9, 2010 between the Company and Brigus. See “General Development of the Business - Mineral Interests - Black Fox Gold Stream” for further details.

4. The Bachelor Lake Gold Stream dated January 17, 2011 between the Company and Metanor. See “General Development of the Business - Mineral Interests - Bachelor Lake Gold Stream” for further details.

5. The Arrangement Agreement with respect to the acquisition by the Company of a 100% interest in Premier Royalty. See “General Development of the Business - Acquisition of 100% Interest in Premier Royalty” for further details.

6. The Amended and Restated Credit Agreement dated February 15, 2014 between the Company and The Bank of Nova Scotia, Bank of Montreal and National Bank of Canada. See “General Development of the Business - Credit Facility” for further details.

INTERESTS OF EXPERTS

Qualified Persons Under NI 43-101

Leah Mach, C.P.G., M.Sc., Principal Resource Geologist of SRK, and G. Peter Mah, P.Eng Ontario and Chief Operating Officer of Luna, both qualified persons under NI 43-101, have reviewed and approved the scientific and technical disclosure relating to the Aurizona Mine.

Nathan Eric Fier, C.P.G., P.Eng, Chief Operating Officer of SilverCrest, a qualified person under NI 43-101, has reviewed and approved the scientific and technical disclosure relating to the Santa Elena Mine.

Howard Bird, former Senior Vice President, Exploration of Brigus, a qualified person under NI 43-101, has reviewed and approved the scientific and technical disclosure relating to the Black Fox Mine.

Pascal Hamelin, Vice President of Metanor, a qualified person under NI 43-101, has reviewed and approved the scientific and technical disclosure relating to the Bachelor Lake Mine.

Each of the aforementioned firms or persons are independent of the Company and held no securities of the Company or of any associate or affiliate of the Company at the time of preparation of the respective reports and/or at the time of the preparation of the technical information contained in this AIF and did not receive any direct or indirect interest in any securities of the Company or of any associate or affiliate of the Company. None of the aforementioned persons are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

Auditors

Deloitte LLP are the independent auditors for the Company. Deloitte LLP have advised the Company that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia and the rules and standards of the PCAOB and the securities laws and regulations administered by the SEC.

AUDIT COMMITTEE

The Company's Audit Committee is responsible for monitoring the Company's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of the Company's external auditors. The committee is also responsible for reviewing the Company's annual audited financial statements, unaudited quarterly financial statements and management's discussion and analysis of financial results of operations for both annual and interim financial statements and review of related operations prior to their approval by the full board of directors of the Company.

The Audit Committee's charter sets out its responsibilities and duties, qualifications for membership, procedures for committee member removal and appointment and reporting to the Company's Board of Directors. A copy of the charter is attached hereto as Schedule "A" to this AIF.

The following are the current members of the Committee:

John P.A. Budreski	Independent (1)	Financially literate (1)
David E. De Witt	Independent (1)	Financially literate (1)
Andrew T. Swarthout	Independent (1)	Financially literate (1)

(1) As defined by National Instrument 52-110 *Audit Committees* ("**NI 52-110**").

Relevant Education and Experience

As noted above, each member of the Audit Committee is financially literate, i.e. has the ability to read and understand financial statements. Collectively, the Audit Committee members have the education and experience to fulfill their responsibilities as outlined in the Audit Committee Charter.

Set out below is a description of the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member.

John P.A. Budreski - Mr. Budreski has been involved in capital markets since 1987 and has acted as an advisor or consultant on a variety of capital markets matters. From 2009 to 2012, he was a Managing Director and a Vice Chairman with Cormark Securities Inc. He was the President and Chief Executive Officer of Orion Securities Inc. from 2005 to 2007. Mr. Budreski's work has required extensive review and analysis of financial statements. He graduated in 1981 from TUNS/Dalhousie with a Bachelor of Engineering degree and then in 1986 from the University of Calgary with an MBA degree.

David E. De Witt - Mr. De Witt is a founding partner and the Chairman of Pathway Capital Ltd., a private venture capital company which was founded in October 2004. He has been a director and officer of numerous publicly traded companies since 1991 and his work has required extensive review and analysis of financial statements. Mr. De Witt graduated in 1975 from the University of British Columbia with a Bachelor of Commerce degree and then in 1978 with a Bachelor of Laws degree.

Andrew T. Swarthout - In addition to being a Director of the Company and of Sandstorm Metals & Energy Ltd., Mr. Swarthout has been the Chief Executive Officer and a Director of Bear Creek Mining Corporation since 2003. He was a Director of Rio Cristal Resources Corporation from December 2006 to September 2013 and a Director of Esperanza Resources Corp. from May 2012 to August 2013. These are all publicly traded companies and Mr. Swarthout's work has required extensive review of financial statements. Mr. Swarthout graduated in 1974 from the University of Arizona with a Bachelor of Geosciences degree and he is a Professional Geologist.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on any exemption from NI 52-110.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors of the Company.

Pre-Approval Policies and Procedures

The Audit Committee's charter sets out responsibilities regarding the provision of non-audit services by the Company's external auditors. This policy encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditor's independence and requires Audit Committee pre-approval of permitted audit and audit-related services.

External Auditor Service Fees

The aggregate fees billed by the Company's external auditors in each of the last two financial years are as follows:

Financial Year Ending	*Audit Fees*	*Audit-Related Fees* [1]	*Tax Fees*	*All Other Fees*
2013 (December 31)	$251,033 (C$267,000)	NIL	NIL	NIL
2012 (December 31)	$136,768 (C$136,070)	NIL	NIL	NIL

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the management information circular of the Company dated March 26, 2013 filed on SEDAR at www.sedar.com. This information will also be contained in the management information circular of the Company to be prepared in connection with the Company's 2014 annual meeting of shareholders currently scheduled to be held in May 2014 which will be available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. Additional financial information is provided in the Company's audited consolidated financial statements and management's discussion and analysis for the financial year ended December 31, 2013.

SCHEDULE "A"

SANDSTORM GOLD LTD.

(the "Company")

AUDIT COMMITTEE CHARTER

I. Mandate

The primary function of the Audit Committee (the "**Committee**") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting, and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements.
- Oversee the audit of the Company's financial statements.
- Review and appraise the performance of the Company's external auditors.
- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

II. Composition

The Committee shall be comprised of three or more directors as determined by the Board of Directors. Each of these directors shall be independent as required by the applicable rules of the Company's regulators. No member of the Committee is permitted to have participated in the preparation of the financial statements of the Company or any current subsidiary at any time during the past three years.

If permitted by applicable stock exchange laws and regulations in effect from time to time, one director who (i) is not independent as defined and required under applicable stock exchange rules, and (ii) is not a current employee or an immediate family member (as defined under applicable stock exchange rules) of such employee, may be appointed to the Audit Committee if the Board, under exceptional and limited circumstances, determines that membership on the Audit Committee by the individual is required in the best interests of the Company and its stockholders. In such event, the Board will disclose in the Company's next annual proxy statement the nature of that director's relationship with the Company and the reasons for that determination. A director appointed to the Committee pursuant to this exception may not serve in excess of two consecutive years and may not chair the Committee.

Each member of the Committee will be able to read and understand fundamental financial statements. At least one member of the Committee shall have accounting or related financial management expertise to qualify as a financial expert. A financial expert is a member who understands generally accepted accounting principles and financial statements; can assess the general application of such principles in connection with the accounting for estimates, accruals, and reserves; has experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements, or experience actively supervising one or more persons engaged in such activities; understands internal control over financial reporting; and understands audit committee functions.

The members of the Committee shall be elected by the Board of Directors. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

III. Meetings

The Committee shall meet at least quarterly , or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

IV. Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

1. Review and update this Charter annually.

2. Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

3. Review the expenses of the Chief Executive Officer on an annual basis.

External Auditors

4. Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.

5. Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company.

6. Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.

7. Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.

8. Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.

9. At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.

10. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.

11. Review with management and the external auditors the audit plan for the year-end financial statements.

12. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:

    i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;

    ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and

    iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

    Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

13. In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.

14. Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

15. Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.

16. Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.

17. Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

18. Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements. Where there are significant unsettled issues, the Committee shall ensure that there is an agreed course of action for the resolution of such matters.

19. Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.

20. Solicit and review complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.

21. Review certification process.

22. Allow for the solicitation of confidential and/or anonymous submissions by employees of the Company of concerns regarding questionable accounting or auditing matters.

23. Review any related-party transactions.

General

24. The Committee shall be empowered to retain independent counsel and other advisers as necessary to carry out its duties.

25. The Committee shall be provided appropriate funding from the Company, as determined by the Committee, for payment of compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit review or attest services for the Company, to any advisers employed by the Committee, and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

APPROVED by the Audit Committee of SANDSTORM GOLD LTD. on May 3, 2012.

APPROVED AND ADOPTED by the Board of Directors of SANDSTORM GOLD LTD. on May 3, 2012.

SANDSTORM GOLD LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Annual 2013

For The Year Ended December 31, 2013

This management's discussion and analysis ("MD&A") for Sandstorm Gold Ltd. and its subsidiary entities ("Sandstorm" or the "Company") should be read in conjunction with the consolidated financial statements of Sandstorm for the year ended December 31, 2013 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The information contained within this MD&A is current to March 10, 2014 and all figures are stated in U.S. dollars unless otherwise noted.

HIGHLIGHTS

- Record gold sales, excluding Premier Royalty's attributable ounces, for the three months and year ended December 31, 2013 were 10,523 ounces and 36,146 ounces, respectively, representing an increase of 45% and 8% over the comparable periods in 2012.
- Record revenue for the three months and year ended December 31, 2013 were $15.8 million and $59.8 million, respectively, representing an increase of 27% and 7% over the comparable periods in 2012.
- The Company acquired 100% of the common shares of Premier Royalty Inc. With this acquisition, Sandstorm has a cash balance of approximately $100 million and a portfolio of eight gold streams and 27 gold royalties.
- The Company entered into a $35.0 million production based metal credit purchase agreement. Sandstorm has agreed to purchase metal credits equivalent to 25.7% and 33.8% of Entrée's 20% share of the gold and silver by-products produced from the Heruga and Hugo North Extension deposits, respectively.
- Luna announced a reserve and resource update stating that expected annual production could increase to as high as 125,000 ounces of gold per year at its Aurizona Mine.
- The Company remitted a $10 million loan to Luna Gold Corp. in accordance with its previously announced commitment to issue a non-revolving loan facility to Luna. The loan is subject to interest at a rate of 12% per annum, subject to certain conditions, and will mature on June 30, 2017. The proceeds from the Loan will be used towards the Phase I expansion and exploration activities at Luna's Aurizona Mine.
- The Company acquired a 1.0% net smelter returns royalty on the Paul Isnard gold project owned by Columbus Gold Corporation. Columbus Gold recently completed a phase I drilling program that consisted of 15,721 metres in 45 core holes in the Montagne d'Or deposit which is located within the Paul Isnard gold project area. This drill program significantly increased the inferred gold resource to 117.1 million tonnes at 1.43 grams per tonne gold (5.37 million ounces). The Montagne d'Or deposit is one of numerous prospects and projects located within the large 149 kilometres^2 Paul Isnard project. For consideration, Sandstorm made an upfront payment of $5.0 million. As part of the agreement, Columbus Gold has provided Sandstorm with a right of first refusal on any future royalty or gold stream financing for the Paul Isnard project.
- Metanor recently announced the Bachelor Lake Mine has reached commercial production and continues to progress towards full production.

- The Company amended the previously announced Gold Stream agreement with Mutiny Gold Ltd. In accordance with the amended Gold Stream, Sandstorm has agreed to purchase an amount equal to 2.6% of the gold produced from the Deflector property in exchange for an upfront payment of $6 million which has been remitted to Mutiny.
- Subsequent to year end, Colossus received approval from the majority of its creditors to complete a court-supervised-restructuring which provides for a reorganization of Colossus' capital structure through the conversion of its Gold Linked Notes and its precious metals purchase agreements with Sandstorm into equity. As part of this restructuring, Sandstorm has agreed to cancel its gold and platinum purchase agreements (previously entered into on September 19, 2012), in exchange for a 1.6% NSR and common shares of Colossus. The Restructuring, which is expected to close in March 2014, would result in Sandstorm owning over 30% of the outstanding common shares of Colossus.
- Subsequent to year end, the Company exercised its option to purchase an amount equal to 20% of the gold produced from the Santa Elena underground mine. In consideration and as complemented in the original purchase agreement, Sandstorm agreed to make an upfront payment of $10 million which represents approximately 20% of the upfront capital expenditures relating to gold production and will continue to make ongoing per ounce payments equal to $350 until 50,000 ounces of gold have been delivered to Sandstorm (inclusive of ounces already received from open-pit production), at which time the ongoing per ounce payments will increase to $450.

OVERVIEW

The Company is a growth-focused company that seeks to acquire gold and other precious metal purchase agreements (“Gold Streams”) from companies that have advanced stage development projects or operating mines. In return for making upfront payments to acquire a Gold Stream, Sandstorm receives the right to purchase, at a fixed price per ounce, a percentage of a mine’s gold or silver ("Gold Equivalent") production for the life of the mine. Sandstorm helps other companies in the resource industry grow their businesses, while acquiring attractive assets in the process. The Company is focused on acquiring Gold Streams from mines with low production costs, significant exploration potential and strong management teams. The Company currently has eight Gold Streams and 27 net smelter returns royalties (“NSR”s), of which 13 of the underlying mines are producing gold.

OUTLOOK

Based on the existing Gold Streams and including attributable production relating to the Company’s NSRs, forecasted 2014 attributable production is between 40,000 - 50,000 Gold Equivalent ounces, increasing to approximately 60,000 of Gold Equivalent ounces per annum by 2016. This growth is largely driven by the Company’s portfolio of Gold Streams with mines, most of which are either currently producing or expected to commence production by 2015.

AURIZONA GOLD STREAM

Luna Gold Corp.

The Company has a Gold Stream to purchase 17% of the life of mine gold produced from Luna Gold Corp.'s ("Luna") open-pit Aurizona mine, located in Brazil (the "Aurizona Mine") for a per ounce cash payment equal to the lesser of $404 and the then prevailing market price of gold.

As at December 31, 2013, the Company had paid $4.9 million and will contribute another $5.1 million in capital towards the phase one production expansion project ("Phase 1 Expansion") at Luna's Aurizona Mine. Sandstorm's contribution will be equal to 17% of the capital costs incurred by Luna towards the Phase 1 Expansion to a maximum contribution of $10.0 million.

In addition, the Company remitted a $10.0 million loan to Luna in accordance with its previously announced commitment to issue a non-revolving loan facility to the company. The loan is subject to interest at a rate of 12% per annum, subject to certain conditions, and will mature on June 30, 2017. The proceeds from the Loan will be used towards the Phase I Expansion and exploration activities at Luna's Aurizona Mine.

Current activities at the Aurizona Mine include:

- Luna recently announced a $20 million equity financing which closed in February 2014.
- Luna announced an increase in reserves to 2.36 million ounces of gold which extends the mine life to 15 years with production estimated to be between 125,000 and 140,000 ounces per annum at its Aurizona Mine. For further information regarding the results please visit the Luna Gold website at www.lunagold.com.

BLACK FOX GOLD STREAM

Brigus Gold Corp.

The Company has a Gold Stream to purchase 8% of the life of mine gold produced from Brigus Gold Corp.'s ("Brigus") open pit and underground Black Fox mine, located in Ontario, Canada (the "Black Fox Mine"), and 6.3% of the life of mine gold produced from Brigus' Black Fox Extension (the "Black Fox Extension"), which includes a portion of Brigus' Pike River concessions, for a per ounce payment equal to the lesser of $509 and the then prevailing market price of gold.

The Black Fox Mine began operating as an open pit mine and in mid-2010, Brigus began development of an underground mine. Both open pit and underground operations are running concurrently, feeding the 2,200 tonne-per-day mill.

Current activities at the Black Fox Mine include:

- Brigus and Primero Mining Corp. (“Primero”) recently completed an arrangement whereby Primero acquired all of the outstanding common shares of Brigus; thereby creating a diversified, Americas based mid-tier gold producer.
- Brigus continues its underground exploration at the Black Fox Mine. The exploration program is intended to expand the gold deposit and extend the mine life. As part of the exploration program, Brigus recently announced two test holes which were drilled from underground and intersected the Black Fox mineralization. The first test hole intersected 40.71 grams per tonne gold over 26.75 metres, including 103.20 grams per tonne gold over 8.35 metres; while the second drill hole assayed 18.09 grams per tonne gold over 37.80 metres, including 39.45 grams per tonne gold over 10.35 metres. For more information on the results refer to www.brigusgold.com.

SANTA ELENA GOLD STREAM

SilverCrest Mines Inc.

The Company has a Gold Stream to purchase 20% of the life of mine gold produced from SilverCrest Mines Inc.’s (“SilverCrest”) open-pit and underground Santa Elena mine, located in Mexico (the “Santa Elena Mine”), for a per ounce cash payment equal to (i) the lesser of $350 and the then prevailing market price of gold for the open-pit mine and (ii) the lesser of $350 until 50,000 ounces of gold have been delivered to Sandstorm (inclusive of ounces already received from open-pit production), at which time the on-going per ounce payments will increase to $450 and the then prevailing market price of gold for the underground mine.

SilverCrest has implemented a three year expansion plan to increase metals production at the Santa Elena Mine (open pit and underground) and to transition from a heap leach operation to a conventional mill. Subsequent to year end, the Company received official notification of SilverCrest’s intention to develop an underground mine and milling operation. As contemplated in the original purchase agreement, Sandstorm exercised its option to purchase an amount equal to 20% of the gold produced from the Santa Elena underground mine. In consideration, Sandstorm agreed to make an upfront payment of $10.0 million which represents approximately 20% of the upfront capital expenditures relating to gold production and will continue to make ongoing per ounce payments equal to $350 until 50,000 ounces of gold have been delivered to Sandstorm (inclusive of ounces already received from open-pit production), at which time the ongoing per ounce payments will increase to $450.

Current activities at the Santa Elena Mine include:

- SilverCrest announced an expansion pre-feasibility study including updated reserve and resource estimations for the Santa Elena Mine. The updated probable reserves (underground, open pit and leach pad) are estimated at 8.2 million tonnes grading 74.9 grams per tonne silver and 1.24 grams per tonne gold containing 19.7 million ounces of silver and 327,430 ounces of gold, representing a 103% increase in contained silver and a 50% increase in contained gold over the previous probable reserves statement.

- The expansion plan includes the installation of a conventional milling and processing facility at the Santa Elena Mine. It is contemplated that this facility will utilize mill feed from the Santa Elena open pit, the Santa Elena underground, Cruz de Mayo satellite deposit and re-treatment of the material on the heap leach pads to recover residual silver and gold values. The construction of a 3,000 tonne per day mill at Santa Elena is nearing completion and SilverCrest is expecting to commission the plant during the second quarter of 2014. The initial mill feed will be from open-pit operations, transitioning to an underground and heap leach pad ore mix in the third quarter of 2014.

BACHELOR LAKE GOLD STREAM

Metanor Resources Inc.

The Company has a Gold Stream to purchase 20% of the life of mine gold produced from Metanor Resources Inc.'s ("Metanor") Bachelor Lake gold mine located in Quebec, Canada (the "Bachelor Lake Mine"), for a per ounce cash payment equal to the lesser of $500 and the then prevailing market price of gold. Metanor has provided a guarantee that Sandstorm will receive a minimum of $20.0 million in pre-tax cash flow by the end of 2017.

Production at the Bachelor Lake Mine began in early 2013 and the findings from the 2011 pre-feasibility study showed an expected ramp up to 60,000 ounces of gold per year at full commercial production. The Bachelor Lake Mine is a long hole mining operation with an operating mill and surface infrastructure.

Current activities at the Bachelor Lake Mine include:

- Metanor recently announced positive results from its underground drilling campaign. The intention of the campaign is to increase the resources at the Bachelor Lake Mine. For further information regarding the results please visit the Metanor website at www.metanor.ca.
- Metanor recently announced the Bachelor Lake Mine has reached commercial production and continues to progress towards full production.

MING GOLD STREAM

Rambler Metals & Mining PLC

The Company has a Gold Stream to purchase approximately 25% of the first 175,000 ounces of gold produced and 12% of the life of mine gold produced thereafter, from Rambler Metals & Mining PLC's ("Rambler") Ming Copper-Gold mine, located in Newfoundland, Canada (the "Ming Mine"). There are no ongoing per ounce payments required by Sandstorm in respect of the Ming Mine Gold Stream. In the event that the metallurgical recoveries of gold at the Ming Mine are below 85%, the percentage of gold that Sandstorm shall be entitled to purchase shall be increased proportionally. Based on 2013 metallurgical recoveries, Sandstorm's 2014 gold purchase entitlement was increased to 33%.

Current activities at the Ming Mine include:

- Rambler recently provided a reserve and resource estimate update for the Ming Mine. The reserve update shows the replacement of all tonnes mined from the 1807 Zone to-date; thereby, extending the mine life by one year. Additionally, all zones remain open to further exploration.
- Rambler released a favorable preliminary economic assessment that sees the potential for an expansion of the Ming Mine into the lower footwall zone following additional value optimization studies and a feasibility study.

HUGO NORTH EXTENSION & HERUGA STREAM

Entrée Gold Inc.

Sandstorm has a Gold Stream with Entrée Gold Inc. ("Entrée") to purchase an amount equal to 25.7% and 33.8% of Entrée's 20% share of the gold and silver by-products produced from the Hugo North Extension and Heruga deposits located in Mongolia, (the "Hugo North Extension" and "Heruga", respectively).

For consideration, during the year ended December 31, 2013, the Company paid an upfront cash deposit of $35.0 million and will make ongoing per ounce cash payments equal to the lesser of $220 per ounce of gold and $5 per ounce of silver (subject to inflationary adjustments). Additionally, Sandstorm also purchased 17,857,142 common shares of Entrée (the "Shares") at a price of C$0.56 per Share for consideration of approximately C$10.0 million.

The Company also entered into an agreement with Entree, to purchase an amount equal to 2.5% of Entrée's 20% share of the copper produced from Hugo North Extension and Heruga, for an upfront payment of $5.0 million. Concurrently, the Company entered into an agreement with Sandstorm Metals & Energy Ltd. ("Sandstorm Metals & Energy") to sell all of the copper purchased from Entrée in return for Sandstorm Metals & Energy making a payment of $5.0 million in common shares to Sandstorm Gold and remitting the ongoing per pound payments.

The Company also acquired a 0.4% NSR on the future sale of any metals and minerals derived from a portion of the Ann Mason project (which includes the Ann Mason and Blue Hill deposits) in Nevada (the "Ann Mason Project"). In consideration for the royalty, Sandstorm made a $5.0 million payment to Entrée. In addition, Entrée has granted Sandstorm a right of first refusal on any future royalty or metal stream financing for the Ann Mason Project.

The Company is not required to contribute any further capital, exploration, or operating expenditures to Entrée.

Hugo North Extension is a rich porphyry copper-gold deposit and Heruga is a copper-gold-molybdenum porphyry deposit. Both projects are located in the South Gobi desert of Mongolia, approximately 570 kilometers south of the capital city of Ulaanbaatar and 80 kilometers north of the border with China. Hugo North Extension and Heruga are part of the Oyu Tolgoi mining complex and are being developed by Oyu Tolgoi LLC, a subsidiary of Turquoise Hill Resources and the Government of Mongolia, and its project manager Rio Tinto PLC. Entrée retains a 20% interest in the resource deposits of the Hugo North Extension and Heruga.

DEFLECTOR GOLD STREAM

Mutiny Gold Ltd.

The Company has a Gold Stream to purchase 2.6% of the life of mine gold produced from Mutiny Gold Ltd.'s ("Mutiny") open pit Deflector project, located in Western Australia (the "Deflector Mine") for a per ounce cash payment equal to the lesser of $500 and the then prevailing market price of gold.

During the year ended December 31, 2013, Sandstorm amended its previously announced Gold Stream agreement with Mutiny (the "Amended Gold Stream"). In accordance with the Amended Gold Stream, Sandstorm has agreed to purchase an amount equal to 2.6% of the gold produced from the Deflector Mine in exchange for an upfront payment of $6.0 million. The payment was previously remitted to Mutiny in the form of a loan; therefore, no additional payments are required to be made by Sandstorm.

The Deflector Mine is a high-grade gold and copper deposit located in the South Murchison, Western Australia. A definitive feasibility study completed in October 2012 projects 55,000 ounces of annual gold production from the Deflector Mine over a 7.5 year mine life. Production is anticipated to begin from an open pit operation and expand underground, with ore from both the open pit and underground being processed through the existing Gullewa processing facility.

PREMIER ROYALTIES

Premier Royalty Inc.

During the year ended December 31, 2013 and through a series of transactions, the Company acquired 100% of the common shares of Premier Royalty Inc. ("Premier Royalty").

The Company initially acquired a controlling position in Premier Royalty in January 2013 when the Company acquired 46.7 million common shares and 7.0 million warrants of Premier Royalty or 59.9% of the then currently issued and outstanding shares. In acquiring this initial position, the Company entered into a share purchase agreement (the "Agreement") with Premier Gold Mines Ltd. ("Premier Gold"). Pursuant to the terms of the Agreement, Sandstorm issued Premier Gold 5.6 million special warrants ("Special Warrants") each being exercisable into one common share of Sandstorm for no additional consideration. As at December 31, 2013, Premier Gold had exercised all of the Special Warrants.

Subsequently, on October 4, 2013, the Company closed an arrangement agreement (the "Arrangement Agreement") whereby Sandstorm acquired the remaining common shares of Premier Royalty, which combined with its existing position resulted in Sandstorm owning 100% of the outstanding common shares of Premier Royalty. Under the Arrangement Agreement, Premier Royalty shareholders received common shares of Sandstorm (the "Sandstorm Shares") on the basis of 0.145 of a Sandstorm Share for each Premier Royalty common share held, or 4.6 million shares to the shareholders of Premier Royalty for a total value of approximately of $23.3 million (the "Additional Consideration"). Furthermore, in accordance with the terms of the outstanding warrants to acquire Premier Royalty Shares (each, a "Premier Royalty Warrant"), each holder of a Premier Royalty Warrant outstanding immediately prior to the effective time of the Arrangement Agreement will receive on subsequent exercise of such holder's Premier Royalty Warrant, in accordance with its terms, for the same aggregate consideration payable for such warrant, 0.145 of a Sandstorm Share.

As a result of obtaining 100% of the common shares of Premier Royalty, Sandstorm adds a number of quality royalty assets to its portfolio along with over $30 million in cash, placing the Company in an excellent position for continued growth.

Business Combination

When the Company acquired an initial 59.9% controlling interest in Premier Royalty, the transaction was accounted for as a business combination. As such, the Company was required to consolidate all the operating results of Premier Royalty post acquisition date (January 30, 2013) and reflect the consolidated financial results for both companies.

The total consideration of $90.2 million for the 59.9% interest, consisting of (i) $25.8 million cash and (ii) $64.4 million representing the fair value of the Special Warrants was allocated to the identifiable assets acquired, liabilities assumed and non-controlling interest as follows:

Purchase price:	**January 30, 2013**
Fair value of 5,604,277 Special Warrants	$ 64,394
Cash paid	25,812
	$ 90,206

Allocation of purchase price:	
Cash	$ 39,911
Accounts receivable and other	2,282
Royalty interests in mineral properties	61,596
Premier Royalty common share purchase warrants	877
Goodwill	36,813
Accounts payable and accruals	(1,298)
Redeemable warrants	(1,130)
Deferred income tax liability	(8,871)
Non-controlling interest	(39,974)
	$ 90,206

Upon closing the Arrangement Agreement and acquiring the remaining issued and outstanding shares of Premier Royalty, the Company recognized the difference between the Additional Consideration of $23.3 million and the non-controlling interest recognized on initial acquisition as an increase of $16.7 million to equity. During the year ended December 31, 2013, the Company assessed the goodwill which arose on the acquisition of Premier Royalty and recognized an impairment charge of $35.8 million for the full amount of goodwill.

GUALCAMAYO ROYALTY

Yamana Gold Inc.

The Company has a 1.0% NSR on the Gualcamayo gold mine (the "Gualcamayo Mine") which is located in San Juan province, Argentina and owned and operated by Yamana Gold Inc. ("Yamana"). The Gualcamayo Mine is an open pit, heap leach operation encompassing three substantial zones of gold mineralization. An expansion of the operation is expected to increase sustainable production.

EMIGRANT SPRINGS ROYALTY

Newmont Mining Corp.

The Company has a 1.5% NSR on the Emigrant Springs mine (the "Emigrant Springs Mine") which is located in the Carlin Trend in Nevada, U.S.A. and is owned and operated by Newmont Mining Corp. ("Newmont"). The Emigrant Springs Mine is an open pit, heap leach operation. In the third quarter of 2012, construction of the mine was completed and commercial production commenced.

MINE WASTE SOLUTIONS ROYALTY

Anglogold Ashanti Ltd.

The Company has a 1% NSR on the gold produced from Mine Waste Solutions tailings recovery operation ("MWS") which is located near Stilfontein, South Africa, and is owned and operated by AngloGold Ashanti ltd. ("AngloGold"). MWS is a gold and uranium tailings recovery operation. The operation processes multiple tailings dumps in the area through three production modules, the last of which was commissioned in 2011. It also includes a modern tailings storage facility approximately 15 kilometres from the gold plant modules where residues from the treatment plants are deposited.

MT. HAMILTON ROYALTY

Solitario Exploration & Royalty Corp.

The Company has a 2.4% NSR on the Mt. Hamilton gold project (the "Mt. Hamilton Project"). The Mt. Hamilton Project is located in White Pine County, Nevada, U.S.A. and is held by Mt. Hamilton LLC (“MH-LLC”) which is 80% owned by Solitario Exploration & Royalty Corp. (“Solitario”) and 20% owned by Ely Gold & Minerals Inc. For consideration, the Company made an initial upfront payment of $6.0 million during the year ended December 31, 2012 and a subsequent $4.0 million payment in January 2013.

Sandstorm has granted MH-LLC an option, exercisable prior to December 11, 2014, to repurchase the NSR for $12.0 million provided that MH-LLC enters into a Gold Stream with Sandstorm with an upfront deposit of no less than $30.0 million. In addition, MH-LLC has provided Sandstorm with a right of first refusal on any future royalty or gold stream financing for the Mt. Hamilton Project.

BRACEMAC-MCLEOD GOLD ROYALTY

Glencore-Xstrata PLC.

Sandstorm has a 0.6% NSR based on 100% of the production from the Bracemac-McLeod development property located in Matagami, Quebec, Canada (“Bracemac-McLeod” or the “Bracemac-McLeod Mine”) which is owned and operated by a subsidiary of Glencore Xstrata plc (“Glencore”). The Bracemac-McLeod Mine began initial production in the second half of 2013.

Sandstorm previously entered into a Gold Stream agreement with Donner Metals Ltd. (“Donner”), but when Donner announced its inability to meet the cash calls under their operating agreement with Glencore, Sandstorm converted its Gold Stream into a 0.6% NSR. As a result of this conversion, the Company recorded an impairment charge of $3.2 million during the year ended December 31, 2013.

SERRA PELADA ROYALTY

Colossus Minerals Inc.

The Company has agreed to receive a 1.6% NSR based on a 100% of the production from the Serra Pelada mine located in Para, Brazil (the “Serra Pelada Mine”) which is owned and operated by Colossus Minerals Inc. (“Colossus”).

Sandstorm previously entered into a Gold Stream agreement with Colossus, which entitled the Company to purchase an amount equal to 1.5% of the gold and 35% of the platinum produced from the Serra Pelada Mine, but in 2013 Colossus announced its inability to secure the necessary financing required to bring the mine into production. As a result and subsequent to the year ended December 31, 2013, Colossus filed a proposal under the Bankruptcy and Insolvency Act (Canada), to allow it to pursue a restructuring and a sale process with the benefit of creditor protection under Court-supervision. The terms of the court-supervised-restructuring provide for a reorganization of Colossus’ capital structure through the conversion of its Gold Linked Notes and its precious metals purchase agreements with Sandstorm into equity (the “Restructuring”).

As part of the Restructuring, Sandstorm has agreed to cancel its gold and platinum purchase agreements (previously entered into on September 19, 2012), in exchange for a 1.6% NSR and common shares of Colossus. The Restructuring, which is expected to close in March 2014, would result in Sandstorm owning over 30% of the outstanding common shares of Colossus.

Sandstorm Metals & Energy, via a back-to-back agreement with Sandstorm Gold, entered into a palladium purchase agreement (the "Palladium Stream") with Colossus and has agreed to cancel the Palladium Stream in exchange for a 0.4% NSR and approximately 8% of the outstanding common shares of Colossus.

The Serra Pelada Mine is a high grade gold-platinum-palladium deposit located in the mineral and mining prolific Carajas region in Para State, northern Brazil. The existing infrastructure and accessibility to the site are excellent due to the close proximity of a number of major mines. During the 1980's, the Serra Pelada Mine hosted the largest ever gold rush in Latin America with up to 80,000 artisanal miners producing 2.0 million ounces of gold, plus platinum and palladium, from a hand-dug open pit.

Impairment

Given the development delays at Serra Pelada and the additional capital needed to bring the mine into production, the Company re-evaluated its investment in Colossus. As a result of its review and circumstances specific to certain assets, the Company recorded an impairment charge to the Serra Pelada Gold Stream in the amount of $52.2 million during the year ended December 31, 2013. Sandstorm believes any future restructuring associated with Colossus may provide Sandstorm the opportunity to extract value from its initial investment.

REVOLVING CREDIT FACILITY

During the year ended December 31, 2013, the Company amended its revolving credit agreement to allow the Company to borrow up to $100 million (the "Revolving Loan") from a syndicate of banks including the Bank of Nova Scotia, Bank of Montreal and National Bank of Canada (the "Syndicate"). The Revolving Loan includes an increase of available credit to $100 million from $50 million (previously entered into on January 10, 2012) and an extension of the term from three years to four years, which is extendable by mutual consent of Sandstorm and the Syndicate. The Revolving Loan will continue to be used for the acquisition of Gold Streams and loan commitments the Company has made to other companies. The amounts drawn on the Revolving Loan remain subject to interest at LIBOR plus 3.00% - 4.25% per annum, and the undrawn portion of the Revolving Loan remain subject to a standby fee of 0.75% - 1.05% per annum, dependent on the Company's leverage ratio. As at December 31, 2013, the Company had not drawn down on its credit facility and therefore, the full balance remains available for future acquisitions.

SUMMARY OF ANNUAL RESULTS

Year Ended

In $000s	December 31, 2013	December 31, 2012	December 31, 2011
Total revenue	$ 59,836	$ 55,943	$ 29,967
Gold ounces sold	36,146	33,514	18,516
Gold sales	50,644	55,943	29,967
Royalty revenue	9,192	-	-
Average realized gold price per ounce [1]	1,401	1,669	1,618
Average cash cost per ounce [1]	420	356	420
Cash flow from operations	32,217	37,624	20,662
Cash flow from operations per share (basic) [1]	0.34	0.50	0.32
Cash flow from operations per share (diluted) [1]	0.31	0.44	0.27
Net (loss) income attributable to shareholders of Sandstorm	(73,752)	21,927	12,489
Net (loss) income	(74,629)	21,927	12,489
Basic income per share	(0.78)	0.29	0.19
Diluted income per share	(0.78)	0.25	0.16
Total assets	379,703	341,427	152,792
Total long-term liabilities	6,134	-	-

1. See non-IFRS measures section below.

The Company's operating segments for the year ended December 31, 2013 are summarized in the table below:

In $000s	Ounces sold	Sales and royalty revenue	Cost of sales (excluding depletion)	Depletion	Impairment mineral interests and goodwill	(Loss) income before taxes	Cash flow from operations
Aurizona	13,678	$ 19,264	$ 5,471	$ 1,267	$ -	$ 12,526	$ 13,793
Bachelor Lake	7,172	10,239	3,586	4,315	-	2,338	6,653
Black Fox	7,925	11,322	3,997	5,645	-	1,680	7,325
Ming	1,274	1,667	-	872	-	795	1,667
Santa Elena	6,097	8,444	2,131	3,324	-	2,989	6,313
Serra Pelada	-	-	-	-	(52,204)	(52,204)	-
Royalties[1]		8,900		8,515	(38,974)	(42,977)	4,017
Corporate	-	-	-	-	-	(14,258)	(7,551)
Consolidated	**36,146**	**$ 59,836**	**$ 15,185**	**$ 23,938**	**$ (91,178)**	**$ (89,111)**	**$ 32,217**

[1] *Includes Bracemac-McLeod and Premier Royalty.*

The Company's operating segments for the year ended December 31, 2012 are summarized in the table below:

In $000s	Ounces sold	Sales	Cost of sales (excluding depletion)	Depletion	Other Income	(Loss) income before taxes	Cash flow from operations
Aurizona	11,554	$ 19,271	$ 4,622	$ 1,698	$ -	$ 12,951	$ 14,574
Bachelor Lake	1,144	1,940	572	599	-	769	1,420
Black Fox	8,391	13,981	4,196	5,659	5,630	9,756	9,798
Ming	5,205	8,589	-	3,145	-	5,444	8,589
Santa Elena	6,967	11,755	2,438	2,932	-	6,385	9,316
Summit	253	407	101	286	-	20	306
Corporate	-	-	-	-	-	(13,398)	(6,379)
Consolidated	**33,514**	**$ 55,943**	**$ 11,929**	**$ 14,319**	**$ $5,630**	**$ 21,927**	**$ 37,624**

SUMMARY OF QUARTERLY RESULTS

(in accordance with IFRS)

Quarters Ended

In $000s	Dec. 31, 2013	Sep. 30, 2013	Jun. 30, 2013	Mar. 31, 2013
Total revenue	$ 15,767	$ 15,352	$ 13,353	$ 15,364
Gold ounces sold	10,523	9,570	7,473	8,581
Gold sales	13,360	12,671	10,582	14,031
Royalty revenue	2,407	2,681	2,771	1,333
Average realized gold price per ounce [1]	1,270	1,324	1,416	1,635
Average cash cost per ounce [1]	407	430	417	427
Cash flow from operations	8,138	8,577	8,539	6,963
Cash flow from operations per share (basic) [1]	0.08	0.09	0.09	0.08
Cash flow from operations per share (diluted) [1]	0.08	0.08	0.08	0.07
Net (loss) income attributable to shareholders of Sandstorm [2]	(39,863)	(1,446)	(14,975)	(17,468)
Net loss [2]	(39,863)	(1,917)	(15,228)	(17,621)
Basic (loss) income per share	(0.40)	(0.02)	(0.16)	(0.19)
Diluted (loss) income per share	(0.40)	(0.02)	(0.16)	(0.19)
Total assets[2]	379,703	420,623	418,206	445,476
Total long-term liabilities	6,134	6,848	8,113	9,622

In $000s	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012
Total revenue	$ 12,423	$ 15,102	$ 14,954	$ 13,464
Gold ounces sold	7,243	9,066	9,259	7,946
Gold sales	12,423	15,102	14,954	13,464
Royalty revenue	-	-	-	-
Average realized gold price per ounce [1]	1,715	1,666	1,615	1,694
Average cash cost per ounce [1]	410	408	298	314
Cash flow from operations	6,504	10,598	11,258	9,264

Cash flow from operations per share (basic) [1]	0.08	0.14	0.16	0.14
Cash flow from operations per share (diluted) [1]	0.06	0.12	0.14	0.11
Net (loss) income attributable to shareholders of Sandstorm	7,367	4,861	5,283	4,416
Net (loss) income	7,367	4,861	5,283	4,416
Basic income per share	0.09	0.06	0.07	0.06
Diluted income per share	0.07	0.05	0.06	0.05
Total assets	341,427	332,436	178,046	166,896
Total long-term liabilities	-	-	187	-

1. *See non-IFRS measures section below.*
2. *The net loss attributable to shareholders of Sandstorm, net loss and total assets have changed from the amounts reported during the previous quarters to reflect the adjustments to the purchase price allocation for the acquisition of Premier Royalty, which were made retrospectively. As a result of these adjustments the net loss and net loss attributable to shareholders of Sandstorm for the three months ended September 30, 2013 and June 30, 2013 decreased by $0.1 million and $2.0 million respectively, and increased by $5.4 million for the three month period ended March 31, 2013. Total assets at June 30, 2013 and at September 30, 2013 decreased by $0.3 million and $0.2 million respectively.*

Changes in sales, net income and cash flow from operations from quarter to quarter are affected primarily by fluctuations in production at the mines, the timing of shipments, changes in the price of gold, as well as acquisitions of Gold Stream agreements and the commencement of operations of mines under construction. For more information refer to the quarterly commentary discussed below.

The Company's operating segments for the three months ended December 31, 2013 are summarized in the table below:

In $000s	Ounces sold	Sales and royalty revenues	Cost of sales (excluding depletion)	Depletion	Impairment of mineral interest	Income (loss) before income taxes	Cash flow from operations
Aurizona	3,300	$ 4,168	$ 1,320	$ 391	$ -	$ 2,457	$ 2,900
Bachelor Lake	2,628	3,527	1,314	1,562	-	651	2,226
Black Fox	1,770	2,280	894	1,266	-	120	1,386
Ming	656	825	-	499	-	326	861
Santa Elena	2,169	2,726	759	1,295	-	673	1,968
Serra Pelada	-	-	-	-	52,204	(52,204)	401
Royalties[1]	-	2,241	-	1,905	-	(1,935)	-
Corporate	-	-	-	-	-	(3,208)	(1,604)
Consolidated	**10,523**	**$ 15,767**	**$ 4,287**	**$ 6,918**	**$ 52,204**	**$ (53,120)**	**$ 8,138**

[1] *Includes Bracemac-McLeod and Premier Royalty.*

THREE MONTHS ENDED DECEMBER 31, 2013
COMPARED TO THE THREE MONTHS ENDED DECEMBER 31, 2012

For the three months ended December 31, 2013, net loss and cash flow from operations were $39.9 million and $8.1 million, respectively, compared with net income and cash flow from operations of $7.4 million and $6.5 million for the comparable period in 2012. The change is attributable to a combination of factors including:

- Non-cash impairment charges of $52.2 million relating to the Serra Pelada Gold Stream recorded during the three months ended December 31, 2013;
- A $4.2 million increase in depletion expense largely driven by an increase in gold ounces sold and the inclusion of the royalty revenue and related depletion expense from the consolidation of Premier Royalty's financial results;
- A $1.4 million increase in severance costs largely related to the Company's cost cutting initiatives; partially offset by
- A $13.3 million income tax recovery largely related to the non-cash impairment charge recognized on the Serra Pelada Gold Stream;
- A $0.9 million decrease in employee salaries and benefits largely related to a lack of bonuses being awarded in 2013; and
- A number of non-recurring items recorded during the three months ended December 31, 2012, including the recognition of a $5.6 million gain which represented the premium paid by Brigus in exercising its option to repurchase a portion of the Gold Stream and no such gain was recorded during the three months ended December 31, 2013.

For the three months ended December 31, 2013, revenue was $15.8 million compared with $12.4 million for the comparable period in 2012.

The increase is largely attributed to a number of factors including:

- 45% increase in the number of gold ounces sold, due to:
    i. An additional 2,072 ounces in gold sales from the Bachelor Lake Mine largely related to the mine recently reaching commercial production and the timing of shipments (whereby 542 gold ounces were in inventory at the end of the third quarter of 2013 and subsequently sold);
    ii. 15% increase in gold ounces sold from the Aurizona Mine largely related to its continued ramp up of operations;
    iii. 29% increase in gold ounces sold relating to the Santa Elena Mine largely related to the timing of shipments whereby 525 gold ounces were in inventory at the end of the third quarter 2013 and subsequently sold; and
- The recognition of $2.2 million in royalty revenue largely arising from the consolidation of Premier Royalty's financial results; partially offset by
- 26% decrease in the average realized selling price of gold.

YEAR ENDED DECEMBER 31, 2013
COMPARED TO THE YEAR ENDED DECEMBER 31, 2012

For the year ended December 31, 2013, net loss and cash flow from operations were $74.6 million and $32.2 million, respectively, compared with net income and cash flow from operations of $21.9 million and $37.6 million for the comparable period in 2012. The decrease in net income and cash flow from operations is attributable to a combination of factors including:

- A non-cash impairment charge of $52.2 million relating to the Serra Pelada Gold Stream;
- A non-cash impairment charge of $35.8 million on goodwill arising from the Premier Royalty business combination;
- A $9.6 million increase in depletion expense largely driven by an increase in gold ounces sold and the inclusion of the royalty revenue and related depletion expense from the consolidation of Premier Royalty's financial results;
- A $6.5 million increase in administration expenses largely driven by (i) the requirement to consolidate 100% of Premier Royalty's administration expenses as a result of the business combination; (ii) $1.9 million increase in corporate administration expenses resulting from increased corporate activity; (iii) $3.0 million increase in non-cash share based payments arising from the vesting of previously issued options/RSRs and related severance; and (iv) $1.4 million increase in severance costs largely related to the Company's cost cutting initiatives;
- A non-cash impairment charge of $3.2 million in 2013 arising from the conversion of the Company's Bracemac-McLeod Gold Stream into a 0.6% NSR;
- A $2.6 million non-cash loss primarily driven by the revaluation of the Company's investments in Premier Royalty's warrants;
- A $1.3 million increase in project evaluation costs primarily related to (i) costs related to the acquisition of 100% of the Premier Royalty shares and (ii) increased corporate activity;
- An additional $0.6 million in combined interest expense and non-cash amortization costs associated with the Company's Revolving Loan; partially offset by
- A $14.5 million income tax recovery largely related to the non-cash impairment charge recognized on the Serra Pelada Gold Stream;
- A number of non-recurring items recorded during the year ended December 31, 2012, including the recognition of a $5.6 million gain which represented the premium paid by Brigus in exercising its option to repurchase a portion of the Gold Stream and no such gain was recorded during the three months ended December 31, 2013; and
- Fluctuations in foreign exchange rates between periods. During the year ended December 31, 2012, the Company recognized a loss of $1.7 million largely resulting from the settlement of a foreign exchange contract relating to the conversion of the Company's Canadian dollar-denominated public offering into US dollars. As there were no similar transactions during the year ended December 31, 2013, the Company did not recognize any significant foreign exchange gains/losses in net income.

For the year ended December 31, 2013, revenue was $59.8 million compared with $55.9 million for the comparable period in 2012. The increase is largely attributed to a number of factors including:

- The recognition of $9.2 million in royalty revenue primarily arising from the consolidation of Premier Royalty's financial results;

- 8% increase in the number of gold ounces sold, due to:
    i. An additional 6,028 ounces in gold sales from the Bachelor Lake Mine, as Metanor had not begun mining and processing the bulk ore sample from the mine until the end of the second quarter of 2012;
    ii. 18% increase in gold ounces sold from the Aurizona Mine largely related to its continued ramp up of operations and the timing of the receipt of shipments; partially offset by
    iii. 76% decrease in attributable gold ounces sold from the Ming Mine, primarily related to Rambler's commissioning of the copper concentrator and switch from the 1806 gold zone to the 1807 copper zone; and
- 16% decrease in the average realized selling price of gold.

THREE MONTHS ENDED DECEMBER 31, 2013 COMPARED TO THE REMAINING QUARTERS

When comparing net loss of $39.9 million and cash flow from operations of $8.1 million for the three months ended December 31, 2013 with net income and operating cash flow for the remaining quarters, the following items impact comparability of analysis:

- A non-cash impairment charge of $52.2 million relating to the Serra Pelada Gold Stream recognized during the three months ended December 31, 2013;
- A non-cash goodwill impairment charge of $19.9 million and $15.9 million arising from the Premier Royalty business combination during the three months ended March 31, 2013 and three months ended June 30, 2013, respectively;
- A non-cash impairment charge of $3.2 million arising from the conversion of the Company’s Bracemac-McLeod Gold Stream into a 0.6% NSR recognized during the three months ended September 30, 2013;
- An increase in administration expenses largely driven by the requirement to consolidate 100% of Premier Royalty’s administration expenses as a result of the business combination and increased corporate activity;
- As a result of consolidating Premier Royalty’s financial results, the Company began recognizing royalty revenue in the first quarter of 2013;
- Gold sales have increased over the course of the last three years as (i) the Aurizona Mine, the Santa Elena Mine, and the Summit Mine began initial production late in 2010; (ii) the Company began purchasing gold from the Black Fox Mine in 2011; (iii) the Ming Mine began mining and processing ore from the high grade gold 1806 zone in 2012; and (iv) the Bachelor Lake Mine began producing from its bulk sample in 2012;
- A gain of $5.6 million which represents the premium paid by Brigus in exercising its option to repurchase a portion of the Gold Stream was recognized during the three months ended December 31, 2012; and
- A loss of $1.4 million primarily resulting from the settlement of a foreign exchange contract relating to the conversion of the Company’s Canadian dollar-denominated public offering into US dollars was recognized during the three months ended September 30, 2012.

CHANGE IN TOTAL ASSETS

The Company's total assets increased by $38.3 million from December 31, 2012 to December 31, 2013 primarily resulting from (i) the assets acquired in the Premier Royalty business combination and (ii) operating cash flows; which were partially offset by (i) the non-cash impairments described earlier and (ii) depletion expense. The Company's total assets increased by $9.0 million from September 30, 2012 to December 31, 2012 primarily resulting from operating cash flow, partially offset by depletion expense. The Company's total assets increased by $154.4 million from June 30, 2012 to September 30, 2012 primarily resulting from the Company's September 7, 2012 equity financing. Total assets increased by $11.2 million from March 31, 2012 to June 30, 2012 primarily resulting from (i) operating cash flows; and (ii) the exercise of warrants; which were partially offset by depletion expense.

NON-IFRS MEASURES

The Company has included, throughout this document, certain non-IFRS performance measures, including (i) average cash cost per ounce; (ii) cash flow from operations per share (basic and diluted); and (iii) average realized gold price per ounce.

i. Average cash cost per ounce is calculated by dividing the Company's cost of sales (excluding depletion) by the number of ounces sold. The Company presents average cash cost per ounce as it believes that certain investors use this information to evaluate the Company's performance in comparison to other companies in the precious metals mining industry who present results on a similar basis.

   The following table provides a reconciliation of average cash cost of gold on a per ounce basis.

	Three Months Ended Dec. 31, 2013	Three Months Ended Dec. 31, 2012	Year Ended Dec. 31, 2013	Year Ended Dec. 31, 2012
Cost of Sales (excluding depletion)	$ 4,287	$ 2,973	$ 15,185	$ 11,929
Cash cost of sales is comprised of:				
Total cash cost of gold sold	4,287	2,973	15,185	11,929
Divided by:				
Total ounces of gold sold	10,523	7,243	36,146	33,514
Equals:				
Average cash cost of gold (per ounce)	$ 407	$ 410	$ 420	$ 356

ii. Cash flows from operations per share (basic and diluted) is calculated by dividing cash generated by operating activities by the weighted average number of shares outstanding (basic and diluted). The Company presents operating cash flows per share as it believes that certain investors use this information to evaluate the Company's performance in comparison to other companies in the precious metals mining industry that present results on a similar basis.

The following table provides a reconciliation of cash flow from operations per share (basic and diluted).

	Three Months Ended Dec. 31, 2013	Three Months Ended Dec. 31, 2012	Year Ended Dec. 31, 2013	Year Ended Dec. 31, 2012
Cash generated by operating activities	$ 8,138	$ 6,504	$ 32,217	$ 37,624
Divided by:				
Basic weighted average number of shares outstanding	99,773,049	85,914,720	94,607,833	75,191,865
Diluted weighted average number of shares outstanding 1	108,883,871	102,323,201	104,812,434	86,379,483
Equals:				
Operating cash flow per share - basic	0.08	0.08	0.34	0.50
Operating cash flow per share - diluted	$ 0.08	$ 0.06	$ 0.31	$ 0.44

1. *The diluted weighted average number of shares includes stock options and share purchase warrants that would have been dilutive if the Company had positive net income for the period.*

iii. Average realized gold price per ounce is calculated by dividing the Company's sales by the number of ounces sold. The Company presents average realized gold price per ounce as it believes that certain investors use this information to evaluate the Company's performance in comparison to other companies in the precious metals mining industry that present results on a similar basis.

The following table provides a reconciliation of average realized gold price per ounce.

	Three Months Ended Dec. 31, 2013	Three Months Ended Dec. 31, 2012	Year Ended Dec. 31, 2013	Year Ended Dec. 31, 2012
Sales	$ 13,360	$ 12,423	$ 50,644	$ 55,943
Divided by:				
Total gold ounces sold	10,523	7,243	36,146	33,514
Equals:				
Average realized gold price per ounce	$ 1,270	$ 1,715	$ 1,401	$ 1,669

These non-IFRS measures do not have any standardized meaning prescribed by IFRS, and other companies may calculate these measures differently. The presentation of these non-IFRS measures is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2013, the Company had cash and cash equivalents of $98.9 million (December 31, 2012 - $127.4 million) and working capital of $98.1 million (December 31, 2012 - $141.5 million). The Company invests surplus cash in short-term, high credit quality, money market instruments. As described earlier, the Company has an additional $100.0 million available under its revolving bank debt facility. In the opinion of management, cash flows, cash balances and available credit facilities are sufficient to support the Company's normal operating requirements on an ongoing basis.

During the year ended December 31, 2013, the Company generated operating cash flows of $32.2 million compared with $37.6 million during the comparable year in 2012, with the difference being primarily attributable to (i) a decrease in the realized selling price of gold; and (ii) an increase in corporate activity; partially offset by an increase in gold ounces sold.

During the year ended December 31, 2013, the Company had cash outflows from investing activities of $67.4 million, which were primarily the result of (i) the Company's acquisition of the Entrée Gold Stream; (ii)a $10 million loan to Luna to be used towards the Phase 1 Expansion and exploration activities; (iii) the upfront payments of $5.0 million to Columbus Gold Corp and $3.2 million to Canadian Zinc Corp in connection with the their respective royalties; partially offset by (i) the receipt of a $15.0 million payment in connection with the Serra Pelada back-to-back agreement with Sandstorm Metals & Energy; and (ii) the Premier Royalty cash obtained in the acquisition of Premier Royalty, offset by the cash paid by Sandstorm in the making of the Premier Royalty acquisition. During the year ended December 31, 2012, the Company had net cash outflows relating to investing activities of $79.4 million, which were primarily the result of (i) the upfront payment of $60.0 million related to the Serra Pelada Gold Stream; (ii) $15.0 million payment in connection with the back-back agreement with Sandstorm Metals & Energy; (iii) upfront payments of $8.0 million to Donner, $7.5 million to Magellan and $6.0 million to Solitario in connection with their respective Gold Stream and royalties; (iv) $9.0 million relating to the acquisition of investments; and (v) $4.0 million in a loan advance. These cash outflows were partially offset by cash inflows of (i) $24.4 million payment received from Brigus; and (ii) $9.4 million resulting from the disposal of investments.

During the year ended December 31, 2013, the Company had net cash inflows from financing activities of $9.6 million, which were primarily comprised of $11.4 million in proceeds from the exercise of warrants. During the year ended December 31, 2012, the Company had net cash inflows from financing activities of $157.7 million largely attributed to the Company's 2012 equity financing partially offset by share issuance costs.

CONTRACTUAL OBLIGATIONS

In connection with its Gold Streams, the Company has committed to purchase the following:

Gold Stream	% of Life of Mine Gold [5,6]	Per Ounce Cash Payment: lesser of amount below and the then prevailing market price of gold [1, 2, 3, 4]
Aurizona	17%	$404
Bachelor Lake	20%	$500
Black Fox	8%	$509
Deflector	2.6%	$500
Entrée (Gold)	6.76% on Hugo North Extension and 5.14% on Heruga	$220
Ming	25% of the first 175,000 ounces of gold produced, and 12% thereafter	$nil
Santa Elena	20%	$350
Summit	50% of the first 10,000 ounces of gold produced, and 22% thereafter	$400

1 *Subject to an annual inflationary adjustment except for Ming*

2. *For the Entrée Gold Stream, after approximately 8.6 million ounces of gold have been produced from the joint venture property, the price increases to $500 per gold ounce.*

3. *For the Entrée Silver Stream, percentage of life of mine is 6.76% on Hugo North Extension and 5.14% on Heruga which the Company can purchase for the lesser of the prevailing market price and $5 per ounce of silver until 40.3 million ounces of silver have been produced from the entire joint venture property. Thereafter, the purchase price will increase to the lesser of the prevailing market price and $10 per ounce of silver.*

4. *For the Santa Elena Gold Stream, the Company can purchase for a per ounce cash payment equal to (i) the lesser of $350 and the then prevailing market price of gold for the open-pit mine and (ii) the lesser of $350 until 50,000 ounces of gold have been delivered to Sandstorm (inclusive of ounces already received from open-pit production), at which time the on-going per ounce payments will increase to $450 and the then prevailing market price of gold for the underground mine.*

5. *For the Entrée Gold and Silver Stream, percentage of life of mine is 6.76% on Hugo North Extension and 5.14% on Heruga if the minerals produced are contained below 560 metres in depth.*

6. *For the Entrée Gold and Silver Stream, percentage of life of mine is 10.15% on Hugo North Extension and 7.7% on Heruga if the minerals produced are contained above 560 metres in depth.*

As at December 31, 2013, the Company had paid $4.9 million and will contribute another $5.1 million in capital towards the Phase 1 Expansion at Luna's Aurizona Mine. Sandstorm's contribution will be equal to 17% of the capital costs incurred by Luna towards the Phase 1 Expansion to a maximum contribution of $10.0 million.

The Company has a commitment to Sandstorm Metals & Energy to share a reasonable allocation, agreed to by both companies, of costs paid by Sandstorm Metals & Energy that are incurred for the benefit of Sandstorm. Sandstorm Metals & Energy is contractually obligated to make annual rental payments ranging from $0.2 million to $0.4 million during 2014-2016 and Sandstorm will reimburse Sandstorm Metals & Energy for a reasonable allocation of these rental costs.

SHARE CAPITAL

On May 9, 2012, the Company completed a five-for-one consolidation (the “Consolidation”) of the Company's common shares. The 349,658,858 common shares issued and outstanding prior to the Consolidation were consolidated to 69,931,771 common shares. The Company's outstanding stock options were adjusted on the same basis with proportionate adjustments being made to the stock option exercise prices.

The Company's listed warrants were not consolidated. Following the Consolidation, each five (5) listed warrants of SSL.WT (expiring on April 23, 2014) will entitle the holder to purchase one post-Consolidation common share at the adjusted total exercise price of $3.00. Each five (5) listed warrants of SSL.WT.A (expiring on October 19, 2015) will entitle the holder to purchase one post-Consolidation common share at the adjusted total exercise price of $5.00.

All comparative period information has been adjusted to reflect this Consolidation.

On September 7, 2012 the Company completed a public offering of 15,007,500 units at a price of C$10.00 per unit, for gross proceeds of C$150.1 million ($153.5 million). Each unit was comprised of one common share of the Company and one-third of one listed warrant (SSL.WT.B). In connection with the offering, the Company paid agent fees of C$7.5 million ($7.7 million), representing 5% of the gross proceeds. The amount attributable to common shares was $145.6 million, with the remainder allocated to the warrants. As previously announced, the net proceeds from the public offering have been and continue to be used to finance the acquisition of Gold Streams and royalties (recent acquisitions are described earlier in greater detail).

As of March 10, 2014 the Company had 104,539,896 common shares outstanding.

A summary of the Company’s share purchase options as of March 10, 2014 are as follows:

Number outstanding	Vested	Exercise Price per Share (C$)	Expiry Date
505,000	505,000	$2.25	June 16, 2014
140,000	140,000	$2.20	July 6, 2014
200,000	200,000	$2.175	July 28, 2014
20,000	20,000	$3.35	May 19, 2015
1,323,500	1,323,500	$3.40	November 26, 2015
91,000	60,668	$6.30	August 25, 2016
1,139,500	756,670	$6.35	November 25, 2016
402,133	402,133	$16.345	December 11, 2017
150,000	50,001	$11.78	December 21, 2017
10,875	10,875	$11.31	February 19, 2018
3,625	3,625	$10.62	March 1, 2018
3,987,133	3,474,472	$5.46	

A summary of the Company's warrants as of March 10, 2014 are as follows:

	Number of Warrants on a Pre-consolidated Basis	Pre-Consolidated Exercise Price Per Warrant	Number of Warrants on a Post-Consolidated Basis	Post-Consolidated Exercise Price Per Warrant	Shares to be Issued Upon Exercise of the Warrants	Adjusted Exercise Price Per Share	Expiry Date
SSL.WT	34,052,728	$0.60	-	-	6,810,546	$3.00	April 23, 2014
SSL.WT.C	-	-	238,345	$13.79	238,345	$13.79	October 7, 2014
-	-	-	145,000	C$17.38	145,000	$17.38	November 9, 2014
-	-	-	563,303	C$12.07	563,303	$12.07	December 4, 2014
-	-	-	108,750	C$13.79	108,750	$13.79	January 17, 2015
SSL.WT.A	19,662,599	$1.00	-	-	3,932,521	$5.00	October 19, 2015
-	-	-	1,155,873	C$13.79	1,155,873	$13.79	December 4, 2016
-	-	-	72,500	C$17.24	72,500	$17.24	February 28, 2016
SSL.WT.B	-	-	5,002,500	$14.00	5,002,500	$14.00	September 7, 2017
	53,715,327		**8,296,294**		**18,029,338**		

The Company has 456,266 Restricted Share Rights ("RSRs") outstanding as at March 10, 2014.

KEY MANAGEMENT PERSONNEL COMPENSATION

The remuneration of directors and those persons having authority and responsibility for planning, directing and controlling activities of the Company are as follows:

In $000s	Year Ended December 31, 2013	Year Ended December 31, 2012
Short-term employee salaries and benefits	$ 1,636	$ 2,875
Share-based payments	2,898	1,286
Accelerated share-based payments arising on termination and other severance costs	1,893	-
Total key management compensation expense	**$ 6,427**	**$ 4,161**

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, trade receivables and other, investments, loan receivable, trade and other payables and common share purchase warrants of Premier Royalty. All financial instruments are initially recorded at fair value.

Credit Risk

The Company's credit risk is limited to cash and cash equivalents, trade receivables and other, and loan receivable in the ordinary course of business. The Company sells gold exclusively to large corporations with strong credit ratings and the balance of trade and other receivables owed to the Company in the ordinary course of business is not significant.

Currency Risk

The Company is exposed to the fluctuations of the Canadian to U.S. dollar from time to time as it holds investments denominated in the Canadian dollar. Based on the Company's Canadian dollar denominated monetary assets and monetary liabilities at December 31, 2013, a 10% increase or decrease of the value of the Canadian dollar relative to the United States dollar would decrease or increase net (loss) income by $3.5 million and other comprehensive (loss) income by $0.8 million, respectively.

Other Risks

Sandstorm holds common shares, convertible debentures, and warrants of other companies with a combined market value as at December 31, 2013, of $13.0 million (December 31, 2012 - $7.5 million). The daily exchange traded volume of these shares, including the shares underlying the warrants, may not be sufficient for the Company to liquidate its position in a short period of time without potentially affecting the market value of the shares. The Company is not subject to significant interest rate or other price risks and the Company's exposure to these risks has not changed significantly from the prior year.

RISKS TO SANDSTORM

The primary risk factors affecting the Company are set forth below. For additional discussion of risk factors, please refer to the Company's annual information form dated March 10, 2014, which is available on www.sedar.com.

Risks Relating To Mineral Projects

To the extent that they relate to the production of gold from, or the operation of, the Aurizona Mine, the Serra Pelada Mine, the Santa Elena Mine, the Deflector Mine, the Ming Mine, the Black Fox Mine, the Bachelor Lake Mine, the Premier Royalty portfolio of royalties, the Hugo North Extension and Heruga projects, the Mt. Hamilton Project, the Gualcamayo Mine, the Emigrant Springs Mine, MWS, and the Bracemac-McLeod Mine (the "Mines"), the Company will be subject to the risk factors applicable to the operators of such Mines. Whether the Mines will be commercially viable depends on a number of factors, including cash costs associated with extraction and processing, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The Mines are also subject to other risks that could lead to their shutdown and closure including flooding and weather related events, the failure to receive permits or having existing permits revoked, as well as community or social related issues. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Mines becoming uneconomic resulting in their shutdown and closure. The Company is not entitled to purchase gold if no gold is produced from the Mines.

No Control Over Mining Operations

The Company has no contractual rights relating to the operation or development of the Mines. Except for any payments which may be payable in accordance with applicable completion guarantees or cash flow guarantees, the Company will not be entitled to any material compensation if these mining operations do not meet their forecasted gold production targets in any specified period or if the Mines shut down or discontinue their operations on a temporary or permanent basis. The Mines may not commence commercial production within the time frames anticipated, if at all, and there can be no assurance that the gold production from such properties will ultimately meet forecasts or targets. At any time, any of the operators of the Mines or their successors may decide to suspend or discontinue operations. The Company is subject to the risk that the Mines shut down on a temporary or permanent basis due to issues including, but not limited to economics, lack of financial capital, floods, fire, mechanical malfunctions, social unrest, expropriation and other risks. These issues are common in the mining industry and can occur frequently.

Government Regulations

The Mines are subject to various foreign laws and regulations governing prospecting, exploration, development, production, exports, taxes, labour standards, waste disposal, protection and remediation of the environment, reclamation, historic and cultural resources preservation, mine safety and occupation health, handling, storage and transportation of hazardous substances and other matters. It is possible that the risks of expropriation, cancellation or dispute of licenses could result in substantial costs, losses and liabilities in the future. The costs of discovering, evaluating, planning, designing, developing, constructing, operating and closing the Mines in compliance with such laws and regulations are significant. It is possible that the costs and delays associated with compliance of such laws and regulations could become such that the owners or operators of the Mines would not proceed with the development of or continue to operate the Mines. Moreover, it is possible that future regulatory developments, such as increasingly strict environmental protection laws, regulations and enforcement policies thereunder, and claims for damages to property and persons resulting from the Mines could result in substantial costs and liabilities in the future.

International Operations

The Aurizona Mine and the Serra Pelada Mine are located in Brazil, the Santa Elena Mine is located in Mexico, the Emigrant Springs Mine and the Mt. Hamilton Project are located in the United States of America, the Deflector Mine is located in Australia, the Gualcamayo Mine is located in Argentina, MWS is located in South Africa, the Hugo North Extension and Heruga projects are located in Mongolia, and each of the Ming Mine, the Black Fox Mine, Bachelor Lake Mine, and the Bracemac-McLeod Mine are located in Canada and as such, the Mines are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to, terrorism, hostage taking, military repression, crime, political instability, currency controls, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits, approvals and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation, and changing political conditions, and governmental regulations.

Changes, if any, in mining or investment policies or shifts in political attitude in Mexico, Brazil, Mongolia, the United States of America, Australia, Argentina, French Guiana or Canada may adversely affect the operations or profitability of the Mines in these countries. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use, mine safety and the rewarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Any changes or unfavorable assessments with respect to (i) the validity, ownership or existence of the Entrée concessions; as well as (ii) the validity or enforceability of Entrée's joint venture agreement with Oyu Tolgoi LLC may adversely affect the Company's profitability or profits realized under the Entrée Gold Stream. The Serra Pelada Gold Stream cash flow or profitability may be adversely impacted if the Cooperative de Mineracao dos Garimpeiros de Serra Pelada, which hold a 25% interest in the Serra Pelada Mine, take any unfavourable actions. In addition, Colossus' Brazilian subsidiary has payables in excess of $30 million and accordingly, there is a risk that they may be unable to repay their debts, resulting in insolvency and loss any rights to the Serra Pelada Mine. A failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Mines.

Income Taxes

The Company has a subsidiary in Barbados, Sandstorm Gold (Barbados) Limited, which entered into Gold Streams in connection with the Aurizona and Santa Elena transactions. No assurance can be given that new taxation rules will not be enacted or that existing rules will not be applied in a manner which could result in the Company's past and future profits being subject to increased level of income tax. The Company's international transactions have not yet been reviewed by the Canada Revenue Agency, and should such transactions be reviewed no assurances can be given that the tax matters will be resolved favorably. The Company's Gold Streams and royalties in connection with Serra Pelada, Black Fox, Ming, Defector, Hugo North Extension and Heruga, MWS, Bachelor Lake, Mt. Hamilton and Bracemac-McLeod transactions have been entered into directly by Canadian based subsidiaries and will therefore, be subject to Canadian, and/or U.S. taxation, as the case may be. The Gualcamayo NSR was entered into through an Argentinian subsidiary and therefore, may subject to Canadian, and/or Argentinian taxation, as the case may be. The Emigrant Springs NSR was entered into through a US subsidiary and therefore, may be subject to Canadian, and/or US taxation, as the case may be.

Gold Prices

The price of the common shares, warrants, and the Company's financial results may be significantly adversely affected by a decline in the price of gold. The price of gold fluctuates widely, especially in recent years, and is affected by numerous factors beyond the Company's control, including but not limited to, the sale or purchase of gold by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the U.S. dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold-producing countries throughout the world. In the event that the prevailing market price of gold is less than $509 per ounce in the case of the Brigus Gold Stream, $500 per ounce in the case of the Bachelor Lake Gold Stream, $500 per ounce in the case of Deflector Gold Stream, $400 per ounce in the case of the Aurizona Gold Stream, $350 or $450 per ounce in the case of the Santa Elena Gold Stream and $220 per ounce in the case of the Hugo North Extension and Heruga Gold Stream, the purchase price will be the then prevailing market price per ounce of gold and the Company will not generate positive cash flow or earnings on those Gold Streams. Furthermore, if the gold price drops below the cost of producing gold at the Mines, then the Mines may not produce any gold. As a result, the Company will not be entitled to purchase any gold.

Solvency Risk

The price of the common shares and the Company's financial results may be significantly affected by the Mines operators' ability to continue as a going concern and have access to capital. The lack of access to capital could result in these companies entering bankruptcy proceedings and as a result, Sandstorm may not be able to realize any value from its respective streams or royalties.

OTHER

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditures during the periods presented. Note 3 of the Company's 2013 annual consolidated financial statements describes all of the significant accounting policies.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and the Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. The Company's system of disclosure controls and procedures includes, but is not limited to, our Disclosure Policy, our Code of Conduct, our Stock Trading Policy, our Corporate Governance, the effective functioning of our Audit Committee and procedures in place to systematically identify matters warranting consideration of disclosure by the Audit Committee.

As at the end of the period covered by this Management's Discussion and Analysis, management of the Company, with the participation of Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as required by applicable rules of the Canadian Securities Administrators (or Canadian securities regulatory authorities). The evaluation included documentation review, enquiries and other procedures considered by management to be appropriate in the circumstances. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings and other reports filed or submitted under applicable securities laws, is recorded, processed, summarized and reported within time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as such term is defined in the rules of the United States Securities and Exchange Commission and the Canadian Securities Administrators. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes:

- maintaining records, that in reasonable detail, accurately and fairly reflect our transactions and dispositions of the assets of the Company;
- providing reasonable assurance that transactions are recorded as necessary for preparation of our consolidated financial statements in accordance with IFRS as issued by the IASB;
- providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and
- providing reasonable assurance that unauthorized acquisition, use or disposition of Company assets that could have a material effect on the Company's consolidated financial statements would be prevented or detected on a timely basis.

The Company's internal control over financial reporting may not prevent or detect all misstatements because of inherent limitations. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because changes in conditions or deterioration in the degree of compliance with the Company's policies and procedures.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2013 based on the criteria set forth in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of December 31, 2013, the Company's internal control over financial reporting is effective and no material weaknesses were identified. The Company has certified the above in its annual filings with both the U.S. Securities and Exchange Commission on Form 40-F as required by the United States Sarbanes-Oxley Act and with Canadian securities regulatory authorities.

Deloitte LLP, the Company's Independent Registered Public Accounting Firm, have audited the annual consolidated financial statements of the Company for the year ended December 31, 2013, and have also issued a report on the internal controls over financial reporting based on the criteria established in the *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

During the year ended December 31, 2013, the Company acquired 100% of the common shares of Premier Royalty and as such the Company has excluded from its assessment the internal control over financial reporting of Premier Royalty. Premier Royalty's financial statements constitute 24% and 50% of net and total assets, and 14% of total revenue and 2% of net loss of the consolidated financial statement amounts as of and for the year ended December 31, 2013.

Changes in Internal Controls

During the year ended December 31, 2013, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

CHANGES IN ACCOUNTING POLICIES

Adoption Of Accounting Policies

The International Accounting Standards Board ("IASB") issued a number of new and revised accounting standards which are effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. These standards include the following:

- IFRS 10, Consolidated Financial Statements;
- IFRS 11, Joint Arrangements;
- IFRS 12, Disclosure of Interests in Other Entities;
- IFRS 13, Fair Value Measurement;
- Amended IAS 27, Separate Financial Statements; and
- Amended IAS 28, Investments in Associates and Joint Ventures.

In June 2011, the IASB also issued amended IAS 1, Presentation of Financial Statements, which is effective for annual periods beginning on or after July 1, 2012.

Effective January 1, 2013, the Company adopted all of the above standards. The adoption of these standards did not have a material impact on the consolidated financial statements.

FORWARD LOOKING STATEMENTS

This MD&A and any exhibits attached hereto and incorporated herein, if any, contain "forward-looking statements", within the meaning of the U.S. Securities Act of 1933, as amended, the U.S. Securities exchange Act of 1934, as amended, the United States Private Securities Litigation Reform Act of 1995, and applicable Canadian and other securities legislation, concerning the business, operations and financial performance and condition of Sandstorm. Forward-looking information is provided as of the date of this MD&A and Sandstorm does not intend, and does not assume any obligation, to update this forward-looking information, except as required by law.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on reasonable assumptions that have been made by Sandstorm as at the date of such information and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Sandstorm to be materially different from those expressed or implied by such forward-looking information, including but not limited to: the impact of general business and economic conditions; delays in the construction of the Serra Pelada Mine, Ming Mine, the Deflector Mine, the Gualcamayo Mine, the Emigrant Springs Mine, MWS, the Hugo North Extension and Heruga deposits, the mines underlying the Premier Royalty portfolio of royalties, the Bachelor Lake Mine, Mt. Hamilton mine, or the Bracemac-McLeod Mine; the absence of control over mining operations from which Sandstorm will purchase gold and risks related to those mining operations, including risks related to international operations, government and environmental regulation, actual results of current exploration activities, conclusions of economic evaluations and changes in project parameters as plans continue to be refined; problems inherent to the marketability of minerals; industry conditions, including fluctuations in the price of metals, fluctuations in foreign exchange rates and fluctuations in interest rates; government entities interpreting existing tax legislation or enacting new tax legislation in a way which adversely affects Sandstorm; stock market volatility; competition; as well as those factors discussed in the section entitled "Risks to Sandstorm" herein and those risks described in the section entitled "Risk Factors" contained in Sandstorm's most recent Annual Information Form for the year ended December 31, 2013 available at www.sedar.com and www.sec.gov and incorporated by reference herein.

Forward-looking information in this MD&A includes, among other things, disclosure regarding: Sandstorm's existing eight Gold Streams and 27 royalties as well as its future outlook, the mineral reserve and mineral resource estimates for each of the Aurizona Mine, the Serra Pelada Mine, the Gualcamayo Mine, the Emigrant Springs Mine, MWS, the Santa Elena Mine, the Ming Mine, the Black Fox Mine, the Deflector Mine, the Hugo North Extension and Heruga deposits, the mines underlying the Premier Royalty portfolio of royalties, the Bachelor Lake Mine, the Mt. Hamilton Mine and the Bracemac-McLeod Mine. Forward-looking information is based on assumptions management believes to be reasonable, including but not limited to the continued operation of the mining operations from which Sandstorm will purchase gold, no material adverse change in the market price of commodities, that the mining operations will operate in accordance with their public statements and achieve their stated production outcomes, and such other assumptions and factors as set out therein.

Although Sandstorm has attempted to identify important factors that could cause actual actions, events or results to differ materially from those contained in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

SANDSTORM GOLD LTD.

FINANCIAL STATEMENTS

Annual 2013

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Sandstorm Gold Ltd. and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management on a going concern basis in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not exact since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

Sandstorm Gold Ltd. maintains systems of internal accounting and administrative controls in order to provide, on a reasonable basis, assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board, and all of its members are independent directors. The Committee meets at least four times a year with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the quarterly and the annual reports, the financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the external auditors. The consolidated financial statements have been audited by Deloitte LLP, Chartered Accountants, in accordance with Canadian generally accepted auditing standards and standards of the Public Company Accounting Oversight Board (United States) on behalf of the shareholders. Deloitte LLP have full and free access to the Audit Committee.

“Nolan Watson”	“Erfan Kazemi”
President & Chief Executive Officer	Chief Financial Officer

March 10, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Sandstorm Gold Ltd.

We have audited the accompanying consolidated financial statements of Sandstorm Gold Ltd. and subsidiaries (the “Company”), which comprise the consolidated statements of financial position as at December 31, 2013 and December 31, 2012, and the consolidated statements of (loss) income, comprehensive (loss) income, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sandstorm Gold Ltd. and subsidiaries as at December 31, 2013 and December 31, 2012, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other Matter

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 10, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte LLP

Chartered Accountants
March 10, 2014
Vancouver, Canada

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Sandstorm Gold Ltd.

We have audited the internal control over financial reporting of Sandstorm Gold Ltd. and subsidiaries (the “Company”) as of December 31, 2013, based on the criteria established in *Internal Control-Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management’s Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over financial reporting of Premier Royalty Inc. (“Premier Royalty”) which was acquired in January 2013. Premier Royalty’s financial statements constitute 24% and 50% of net and total assets, and 14% of total revenue and 2% of net loss of the consolidated financial statement amounts as of and for the year ended December 31, 2013. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2013 of the Company and our report dated March 10, 2014 expressed an unqualified opinion on those financial statements.

/s/ Deloitte LLP

Chartered Accountants
March 10, 2014
Vancouver, Canada

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Expressed in U.S. dollars ($000s)	Note	December 31, 2013	December 31, 2012
ASSETS			
Current			
Cash and cash equivalents		$ 98,936	$ 127,359
Trade receivables and other		2,625	381
Promissory note	7	-	15,000
Loan receivable	7	-	4,000
		$ 101,561	$ 146,740
Non-current			
Mineral interests and royalties	7	237,940	185,000
Investments	8	12,989	7,542
Deferred financing costs	9	1,631	618
Loan receivable	7	10,302	-
Deferred income tax assets	11	14,414	386
Other		866	1,141
Total assets		**$ 379,703**	**$ 341,427**
LIABILITIES			
Current			
Trade and other payables		$ 2,306	$ 1,247
Mineral interest payable	7	-	4,000
Common share purchase warrants - Premier Royalty	7	1,127	-
		$ 3,433	**$ 5,247**
Non-current			
Deferred income tax liability		6,134	-
		$ 9,567	**$ 5,247**
EQUITY			
Share capital	10	$ 383,082	$ 281,495
Reserves	10	28,188	26,852
(Deficit) retained earnings		(29,385)	27,669
Accumulated other comprehensive (loss) income		(11,749)	164
Total equity attributable to shareholders of Sandstorm		$ 370,136	$ 336,180
Total liabilities and equity		**$ 379,703**	**$ 341,427**

Subsequent events (Note 7)

Contractual obligations (Note 15)

ON BEHALF OF THE BOARD: "Nolan Watson", Director "David DeWitt", Director

CONSOLIDATED STATEMENTS OF (LOSS) INCOME

Expressed in U.S. dollars ($000s)

	Note		Year Ended December 31, 2013		Year Ended December 31, 2012
Sales	16	$	50,644	$	55,943
Royalty revenue	16		9,192		-
		$	**59,836**	**$**	**55,943**
Cost of sales, excluding depletion			15,185		11,929
Depletion			23,938		14,319
Total cost of sales		**$**	**39,123**	**$**	**26,248**
Gross profit			20,713		29,695
					29,695
Expenses and other (income)					
Administration expenses [1]	12		13,732		7,235
Project evaluation			1,843		549
Foreign exchange loss			123		1,666
Loss on revaluation of investments	8		2,561		201
Finance income			(1,112)		(146)
Finance expense			1,283		643
Other expenses			216		-
Gain on disposal of mineral interest	7		-		(5,630)
Goodwill impairment	6		35,808		-
Mineral interest impairment	7		55,370		-
(Loss) income before taxes		**$**	**(89,111)**	**$**	**25,177**
Income tax (recovery) expense	11		(14,482)		3,250
Net (loss) income for the year		**$**	**(74,629)**	**$**	**21,927**
Net (loss) income attributable to					
Shareholders of Sandstorm			(73,752)		21,927
Non-controlling interests	6		(877)		-
Net (loss) income for the year			**(74,629)**		**21,927**
Basic earnings per share		$	(0.78)	$	0.29
Diluted earnings per share		$	(0.78)	$	0.25
Weighted average number of common shares outstanding					
Basic	10 (f)		94,607,833		75,191,865
Diluted	10 (f)		94,607,833		86,379,483
[1] Equity settled stock based compensation (a non-cash item) is included in administration expenses.			4,670		1,705

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

Expressed in U.S. dollars ($000s)

	Note	Year Ended December 31, 2013	Year Ended December 31, 2012
Net (loss) income for the year		$ (74,629)	$ 21,927
Other comprehensive (loss) income for the year			
Items that may subsequently be reclassified to net (loss) income:			
Currency translation differences		(5,145)	-
Items that will not subsequently be reclassified to net (loss) income:			
Unrealized (loss) gain on investments	8	(7,922)	151
Total other comprehensive (loss) income for the year		(13,067)	151
Total comprehensive (loss) income for the year		**$ (87,696)**	**$ 21,776**
Total other comprehensive (loss) income attributable to:			
Shareholders of Sandstorm		(11,913)	151
Non-controlling interests		(1,154)	-
		$ (13,067)	$ 151
Total comprehensive (loss) income attributable to:			
Shareholders of Sandstorm		(85,665)	21,776
Non-controlling interests		(2,031)	-
Total comprehensive (loss) income for the year		**$ (87,696)**	**$ 21,776**

CONSOLIDATED STATEMENTS OF CASH FLOWS

Expressed in U.S. dollars ($000s)

Cash flow from (used in):	Note	Year Ended December 31, 2013	Year Ended December 31, 2012
Operating activities			
Net (loss) income for the year		$ (74,629)	$ 21,927
Items not affecting cash:			
» Goodwill impairment		35,808	-
» Depletion and depreciation and financing amortization		24,736	14,715
» Mineral interest impairment		55,370	(5,630)
» Deferred income tax (recovery) expense		(15,512)	3,250
» Share-based payment		4,670	1,705
» Loss on revaluation of investments	8	2,572	200
» Unrealized foreign exchange loss		347	1,639
Changes in non-cash working capital	13	(1,145)	(182)
		$ 32,217	**$ 37,624**
Investing activities			
Acquisition of mineral interests and royalties	7	(71,092)	(85,080)
Acquisition of investments and other assets	8	(15,738)	(9,153)
Repurchase of Mineral Interest		-	24,397
Funds received (advanced) from promissory note	7	15,000	(15,000)
Loan issuance	7	(10,000)	(4,000)
Proceeds on disposal of investments	8	339	9,392
Acquisition of Premier Royalty, net of cash acquired of $39.9M	6	14,099	-
		$ (67,392)	**$ (79,444)**
Financing activities			
Proceeds on equity financings and exercise of warrants, options and compensation warrants	10	11,382	166,865
Share issue costs	10	(394)	(8,232)
Deferred financing costs	9	(1,375)	(903)
		$ 9,613	**$ 157,730**
Effect of exchange rate changes on cash		(2,861)	(1,624)
Net (decrease) increase in cash and cash equivalents		$ (28,423)	$ 114,286
Cash and cash equivalents - beginning of the year		127,359	13,073
Cash and cash equivalents - end of the year		**$ 98,936**	**$ 127,359**
Cash and cash equivalents, at the end of the year			
Cash at bank		$ 57,676	$ 31,391
Short-term deposit		$ 41,260	$ 95,968

Supplemental cash flow information (note 13)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Expressed in U.S. dollars ($000s)

	Note	Share Capital		Reserves			Retained Earnings (Deficit)	Accumulated Other Compre- hensive Income (Loss)	Non-controlling interest	Total
		Number	Amount	Share Options	Share Purchase Warrants	Compen-sation Warrants				
At January 1, 2012		66,340,014	125,466	2,633	17,444	358	5,742	315	-	151,958
Shares issued		15,007,500	145,607	-	7,874	-	-	-	-	153,481
Shares issued on exercise of compensation warrants		245,510	528	-	234	(358)	-	-	-	404
Options exercised		413,000	1,156	(199)	-	-	-	-	-	957
Share based payment		-	-	1,705	-	-	-	-	-	1,705
Share issue costs (net of tax)		-	(6,124)	-	-	-	-	-	-	(6,124)
Shares issued on exercise of warrants	10 (c)	4,003,864	14,862	-	(2,839)	-	-	-	-	12,023
Total comprehensive income		-	-	-	-	-	21,927	(151)	-	21,776
At December 31, 2012		86,009,888	$281,495	$ 4,139	$ 22,713	$ -	$ 27,669	$ 164	$ -	$336,180
Shares issued on exercise of warrants	10 (c)	3,753,029	13,868	-	(2,608)	-	-	-	-	11,260
Options exercised		36,500	130	(8)	-	-	-	-	-	122
Special Warrants issued on acquisition of Premier Royalty	10 (d)	-	-	-	64,394	-	-	-	39,974	104,368
Shares issued on exercise of Special Warrants	10(d)	5,604,278	64,394	-	(64,394)	-	-	-	-	-
Dilution of controlling interest in Premier Royalty		-	-	-	-	-	-	-	1,367	1,367
Acquisition of non-controlling interest of Premier Royalty	6	4,618,109	23,256	-	-	-	16,698	-	(39,954)	-
Share issue costs (net of tax of $259)		-	(135)	-	-	-	-	-	-	(135)
Vesting of restricted stock rights		6,334	74	(74)	-	-	-	-	-	-
Share based payment		-	-	4,026	-	-	-		644	4,670
Net(loss) for the year		-	-	-	-	-	(73,752)	-	(877)	(74,629)
Other comprehensive loss		-	-	-	-	-	-	(11,913)	(1,154)	(13,067)
At December 31, 2013		100,028,138	$383,082	$ 8,083	$ 20,105	$ -	$(29,385)	$ (11,749)	$ -	$370,136

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

Notes To The Consolidated Financial Statements

December 31, 2013

Expressed in U.S. dollars

1. NATURE OF OPERATIONS

Sandstorm Gold Ltd. was incorporated under the Business Corporations Act of British Columbia on March 23, 2007 under the name Sandstorm Resources Ltd. Effective February 17, 2011, the Company changed its name to Sandstorm Gold Ltd. Sandstorm Gold Ltd. and its subsidiary entities ("Sandstorm" or the "Company") is a resource-based company that seeks to acquire gold and other precious metal purchase agreements (“Gold Streams”) from companies that have advanced stage development projects or operating mines. In return for making an upfront payment to acquire a Gold Stream, Sandstorm receives the right to purchase, at a fixed price per unit, a percentage of a mine’s production for the life of the mine.

The head office, principal address and registered office of the Company are located at Suite 1400, 400 Burrard Street, Vancouver, British Columbia, V6C 3A6.

These consolidated financial statements were authorized for issue by the Board of Directors of the Company on March 10, 2014.

2. ADOPTION OF ACCOUNTING POLICIES

The International Accounting Standards Board ("IASB") issued a number of new and revised accounting standards which are effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. These standards include the following:

- IFRS 10, Consolidated Financial Statements;
- IFRS 11, Joint Arrangements;
- IFRS 12, Disclosure of Interests in Other Entities;
- IFRS 13, Fair Value Measurement;
- Amended IAS 27, Separate Financial Statements; and
- Amended IAS 28, Investments in Associates and Joint Ventures.

In June 2011, the IASB also issued amended IAS 1, Presentation of Financial Statements, which is effective for annual periods beginning on or after July 1, 2012.

Effective January 1, 2013, the Company adopted all of the above standards. The adoption of these standards did not have a material impact on the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

B. Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

The consolidated financial statements are presented in United States dollars, and all values are rounded to the nearest thousand except as otherwise indicated.

C. Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Sandstorm Gold (Barbados) Limited, Sandstorm Gold (Canada) Ltd, Sandstorm Gold (US) Inc, Sandstorm Gold (Luxembourg) S.A.R.L., Sandstorm Gold (Canada) Holdings Ltd., Whirlwind Capital Ltd., Bridgeport Gold Inc., Inversiones Mineras Australes Holdings (BVI) Inc., Inversiones Mineras Australes S.A., Premier Royalty Inc., and Premier Royalty U.S.A. Inc. Subsidiaries are fully consolidated from the date the Company obtains control, and continue to be consolidated until the date that control ceases. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intercompany balances, transactions, revenues and expenses have been eliminated on consolidation.

D. Business Combinations

On the acquisition of a business, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the identifiable assets and liabilities on the basis of fair value at the date of acquisition. Provisional fair values allocated at a reporting date are finalized as soon as the relevant information is available, within a period not to exceed twelve months from the acquisition date with retroactive restatement of the impact of adjustments to those provisional fair values effective as at the acquisition date. Incremental costs related to acquisitions are expensed as incurred.

When the amount of purchase consideration is contingent on future events, the initial cost of the acquisition recorded includes an estimate of the fair value of the contingent amounts expected to be payable in the future. When the fair value of contingent consideration as at the date of acquisition is finalized before the purchase price allocation is finalized, the adjustment is allocated to the identifiable assets and liabilities acquired. Subsequent changes to the estimated fair value of contingent consideration are recorded in the consolidated statement of income.

When the cost of the acquisition exceeds the fair values of the identifiable net assets acquired, the difference is recorded as goodwill. If the fair value attributable to the Company’s share of the identifiable net assets exceeds the cost of acquisition, the difference is recognized as a gain in the consolidated statement of income.

Non-controlling interests represent the fair value of net assets in subsidiaries, as at the date of acquisition, which are not held by the Company and are presented in the equity section of the consolidated statement of financial position.

E. Goodwill

The Company allocates goodwill arising from business combinations to each cash-generating unit or group of cash-generating units that are expected to receive the benefits from the business combination. Irrespective of any indication of impairment, the recoverable amount of the cash-generating unit or group of cash-generating units to which goodwill has been allocated is tested annually for impairment and when there is an indication that the goodwill may be impaired. Any impairment is recognized as an expense immediately. Any impairment of goodwill is not subsequently reversed.

F. Mineral Interest and Royalties

Agreements for which settlements are called for in gold, the amount of which is based on production at the mines and capitalized on a property by property basis, are recorded at cost less accumulated depletion and impairment loss, if any. Project evaluation costs that are not related to a specific agreement are expensed in the period incurred.

Producing mineral interests are depleted using the units-of-production method over the life of the property to which the interest relates, which is estimated using available information of proven and probable reserves and the portion of resources expected to be classified as mineral reserves at the mine corresponding to the specific agreement. For those mineral interests that have commenced production, all costs associated with mineral interests are depleted and no amounts would remain classified as non-depletable.

The acquisition costs of acquired resources and exploration potential is recorded as an asset (non-depletable interest) on the acquisition date. The value of the exploration potential is classified as non-depletable and accounted for in accordance with IFRS 6, *Exploration and Evaluation of Mineral Resources* until such time as the technical feasibility and commercial viability have been established at which point the value of the exploration potential is classified as either depletable or non-depletable in accordance with IAS16, *Property, Plant and Equipment*.

G. Impairment of Mineral Interests

Evaluation of the carrying values of each mineral property is undertaken when events or changes in circumstances indicate that the carrying values may not be recoverable. If any indication of impairment exists, the recoverable amount is estimated to determine the extent of any impairment loss. The recoverable amount is the higher of the fair value less costs to sell and value in use. Estimated values in use are calculated using estimated production, sales prices, and a discount rate. Estimated production is determined using current reserves compiled by qualified persons. Estimated sales prices are determined using an average of long-term metal price forecasts by analysts. The discount rate is estimated using the average discount rate used by analysts to value precious metal royalty companies. If it is determined that the recoverable amount is less than the carrying value then an impairment is recorded with a charge to net income (loss).

An assessment is made at each reporting period if there is any indication that a previous impairment loss may no longer exist or has decreased. If indications are present, the carrying amount of the mineral interest is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount net of depletion that would have been determined had no impairment loss been recognized for the mineral interest in previous periods.

H. Revenue Recognition

Revenue from the sale of precious metals is recognized when persuasive evidence of an arrangement exists, title and risk passes to the buyer, collection is reasonably assured and the price is reasonably determinable. Selling prices are determined at the point revenue is recognized by reference to active and freely traded commodity markets, for example the London Bullion Market for commodities, in an identical form to the product sold. Revenue from the sale of gold may be subject to adjustment upon final settlement of estimated metal prices, weights, and assays. Provisionally-priced revenues are initially recognized based on forward prices. Adjustments to revenue from metal prices are recorded monthly and other adjustments are recorded on final settlement and are offset against revenue when incurred.

Royalty revenue is recognized based upon amounts contractually due pursuant to the underlying royalty agreement. Specifically, revenue is recognized in accordance with the terms of the underlying royalty agreements subject to (i) the pervasive evidence of the existence of the arrangements; (ii) the risks and rewards having been transferred; (iii) the royalty being fixed or determinable; and (iv) the collectability of the royalty being reasonably assured.

I. Foreign Currency Translation

The functional currency of the Company and its subsidiaries is the principal currency of the economic environment in which they operate. For the Company and its subsidiaries Sandstorm Gold (Barbados) Limited, Sandstorm Gold (Canada) Ltd., Sandstorm Gold (US) Inc., Sandstorm Gold (Luxembourg) S.A.R.L., Sandstorm Gold (Canada) Holdings Ltd., Whirlwind Capital Ltd., Bridgeport Gold Inc., Inversiones Mineras Australes Holdings (BVI) Inc. and, Premier Royalty U.S.A. Inc., the functional currency is the U.S. dollar.

For Premier Royalty Inc. and Inversiones Mineras Australes S.A., the functional currencies of these subsidiaries are the Canadian dollar and Argentine Peso, respectively. To translate Premier Royalty Inc. and Inversiones Mineras Australes S.A. to the presentation currency of the U.S. dollar, all assets and liabilities are translated using the exchange rate as of the reporting date and all income and expenses are translated using the exchange rate at the dates of transactions. All resulting exchange differences are recognized in Other comprehensive (loss) income.

Transactions in foreign currencies are initially recorded in the entity's functional currency as the rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the closing rate as at the reporting date.

J. Financial Instruments

The Company has adopted IFRS 9, *Financial Instruments*, effective January 1, 2010. The Company's financial instruments consist of cash and cash equivalents, trade receivables and other, investments, loan receivable, trade and other payables, mineral interest payable and promissory note and common share purchase warrants. All financial instruments are initially recorded at fair value and designated as follows:

Investments in common shares held are classified as fair value through other comprehensive income ("FVTOCI"), as these are held for long-term strategic purposes and provide a more meaningful presentation based on management's intention, rather than reflecting changes in fair value in net income. Cash and cash equivalents, loan receivable, trade receivables and other are classified as financial assets at amortized cost and mineral interest payable and trade and other payables are classified as other financial liabilities and these are measured at amortized cost using the effective interest method.

Investments in warrants and convertible debt instruments are classified as fair value through profit or loss (“FVTPL”) These warrants and convertible debt instruments are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized as a component of net (loss) income under the classification of other (income) expense.

Transaction costs on initial recognition of financial instruments classified as FVTPL are expensed as incurred. Transaction costs incurred on initial recognition of financial instruments classified as loans and receivables and other financial liabilities are recognized at their fair value amount and offset against the related loans and receivables or capitalized when appropriate.

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire. Financial liabilities are derecognized only when the Company’s obligations are discharged, cancelled or they expire. All gains and losses as a result of changes in fair value for FVTPL financial instruments are included in net income (loss) in the period they occur.

Common share purchase warrants, which provide the holder the right to settle in cash, are considered derivative instruments. As such, they are classified as financial liabilities measured at FVTPL and are re-measured at fair value at the end of each reporting period with all changes being recognized as a component net (loss) income under the classification of other (income) expense.

K. Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Financial assets are considered to be impaired if objective evidence indicates that a change in the market, economic or legal environment in which the Company invested has had a negative effect on the estimated future cash flows of that asset. An impairment loss for a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rates. Impairment losses are recognized in profit and loss. For financial assets measured at amortized cost, any reversal of impairment is recognized in profit and loss.

L. Inventory

Inventory is valued at the lower of specifically identifiable cost and net realizable value. Costs included are the agreed upon purchase price under the Gold Stream and depletion of the applicable mineral interest.

M. Cash and Cash Equivalents

Cash and cash equivalents include cash on account, demand deposits and money market investments with maturities from the date of acquisition of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant changes in value.

N. Income Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used are those that are substantively enacted at the reporting date.

Deferred income taxes are provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for accounting. The change in the net deferred income tax asset or liability is included in income except for deferred income tax relating to equity items which is recognized directly in equity. The income tax effects of differences in the periods when revenue and expenses are recognized in accordance with Company accounting practices, and the periods they are recognized for income tax purposes are reflected as deferred income tax assets or liabilities. Deferred income tax assets and liabilities are measured using the substantively enacted statutory income tax rates which are expected to apply to taxable income in the years in which the assets are realized or the liabilities settled. 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 income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity and are intended to be settled on a net basis.

The determination of current and deferred taxes requires interpretations of tax legislation, estimates of expected timing of reversal of deferred tax assets and liabilities, and estimates of future earnings.

O. Share Capital and Share Purchase Warrants

The proceeds from the issue of units are allocated between common shares and share purchase warrants with an exercise price denominated in U.S. dollars on a pro-rata basis based on relative fair values at the date of issuance. The fair value of common shares is based on the market closing price on the date the units are issued and the fair value of share purchase warrants is determined using the quoted market price or if the warrants are not traded, using the Black-Scholes Model (“BSM”) as of the date of issuance. Equity instruments issued to agents as financing costs are measured at their fair value at the date the services were provided.

P. Earnings Per Share

Basic earnings per share is computed by dividing the net income available to common shareholders by the weighted average number of common shares issued and outstanding during the period. Diluted earnings per share is calculated assuming that outstanding share options and share purchase warrants, with an average market price that exceeds the average exercise prices of the options and warrants for the year, are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the common shares for the year.

Q. Share Based Payments

The Company recognizes a stock based compensation expense for all share purchase options and restricted share rights (“RSR’s”) awarded to employees, officers and directors based on the fair values of the share purchase options and RSRs at the date of grant. The fair values of share purchase options and RSRs at the date of grant are expensed over the vesting periods of the share purchase options and RSRs, respectively, with a corresponding increase to equity. The fair value of share purchase options is determined using the Black-Scholes option pricing mode (“BSM”) with market related inputs as of the date of grant. Share purchase options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. The fair value of RSRs is the market value of the underlying shares at the date of grant. 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 any revisions to this estimate in the consolidated statement of earnings.

The BSM requires management to estimate the expected volatility and term of the equity instrument, the risk-free rate of return over the term, expected dividends, and the number of equity instruments expected to ultimately vest. Volatility is estimated using the historical stock price of the Company, the expected term is estimated using historical exercise data, and the expected number of equity instruments expected to vest is estimated using historical forfeiture data.

R. Related Party Transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or significant influence. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

S. Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. All operating segments’ results are reviewed regularly by the Company’s Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

The preparation of the Company’s consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Information about significant areas of estimation uncertainty and judgments made by management in preparing the consolidated financial statements are described below.

A. Accounting For Mineral Interests

The Company's business is the acquisition of Gold Streams. Management accounts for these agreements as mineral interests as they consider the associated mining risks when evaluating the assets to be acquired and assessing the mineral interests over the life of the related mine.

B. Attributable Reserve And Resource Estimates

Mineral Interests are a significant asset of the Company, with a carrying value of $237.9 million at December 31, 2013 (2012: $185.0 million). This amount represents the capitalized expenditures related to the acquisition of the gold interests net of accumulated depletion and any impairments. The Company estimates the reserves and resources relating to each agreement. Reserves are estimates of the amount of gold that can be economically and legally extracted from the mining properties at which the Company has precious metal purchase agreements, adjusted where applicable to reflect the Company's percentage entitlement to gold produced from such mines. The Company estimates its reserves and resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and require complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of the Company's gold interests and depletion charges.

C. Depletion

The Company's gold interests are depleted on a units-of-sale basis, with estimated recoverable reserves and resources being used to determine the depletion rate for each of the Company's gold interests. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves. Changes in the estimated recoverable reserves, resources or exploration potential will directly impact the depletion rate used. Changes to depletion rates are accounted for prospectively.

D. Income Taxes

The interpretation of existing tax laws or regulations in Canada, Barbados, the United States of America, Australia or any of the countries in which the mining operations are located or to which shipments of gold are made requires the use of judgment. Differing interpretation of these laws or regulations could result in an increase in the Company's taxes, or other governmental charges, duties or impositions. In addition, the recoverability of deferred income tax assets, including expected periods of reversal of temporary differences and expectations of future taxable income, are assessed by management at the end of each reporting period and adjusted, as necessary, on a prospective basis.

E. Impairment of Assets

Management considers each gold interest to be a separate cash generating unit, which is the lowest level for which cash inflows are largely independent of those of other assets. At the end of each reporting period, the Company reviews the carrying amounts of each gold interest to determine whether there is any indication that those gold interests have suffered an impairment loss. If such an indication exists, the recoverable amount of the gold interest is estimated in order to determine the extent of the impairment (if any). The recoverable amount of each gold interest is the higher of fair value less costs to sell ("Fair Value approach") and value in use ("Value-in-use approach").

Under the Fair Value approach, the net asset value ("NAV") methodology is used to determine the fair value that could be received from each gold interest in an arm's length transaction at the measurement date. NAV is estimated by using an appropriate discount rate to calculate the present value of expected future cash flows associated with each mineral category, and, or, if appropriate, a liquidation scenario of the underlying assets with reference to external publications. The values are adjusted for each mineral category dependent on the likelihood of conversion from resources to reserves. A market multiple is applied to the NAV computed in order to assess the estimated fair value. Gold Stream and precious metal companies typically trade at a market capitalization that is based on a multiple of their underlying NAV. Consequently, a market participant would generally apply a NAV multiple when estimating the fair value of a gold interest.

Under the Value-in-use approach, the net present value ("NPV") methodology is used. NPV is estimated by using a discount rate to calculate the present value of expected future cash flows. The discount rate is based on the Company's weighted average cost of capital, adjusted for various risks. The expected future cash flows are management's best estimates of expected future revenues and costs. Under each method, expected future revenues reflect the estimated future production for each mine at which the Company has a Gold Stream based on detailed life of mine plans received from each of the partners. Included in these forecasts is the production of mineral resources that do not currently qualify for inclusion in proven and probable ore reserves where there is a high degree of confidence in its economic extraction. This is consistent with the methodology that is used to measure value beyond proven and probable reserves when allocating the purchase price to acquired silver and gold interests. Expected future revenues also reflect management's estimated long term metal prices, which are determined based on current prices, forward pricing curves and forecasts of expected long-term metal prices prepared by analysts. These estimates often differ from current price levels, but are consistent with how a market participant would assess future long-term metal prices. Estimated future cash costs are fixed based on the terms of each Gold Stream, as disclosed in note 15 to the financial statements.

If the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and an impairment charge is reflected as a component of net earnings so as to reduce the carrying amount to its recoverable value. A previously recognized impairment charge is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment charge was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depletion, had no impairment charge been recognized for the asset in prior years. Such reversal is reflected as a component of net (loss) income.

At December 31, 2013, the Company recorded an impairment charge of $55.4 million. No impairment charges were recorded at December 31, 2012.

5. FINANCIAL INSTRUMENTS

CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of $370.1 million ($336.2 million - December 31, 2012) of equity attributable to common shareholders, comprising of issued capital (note 10), accumulated reserves (note 10) and (deficit) retained earnings. The Company is not subject to any externally imposed capital requirements with the exception of complying with the minimum tangible net worth covenant under the credit agreement governing bank debt (note 9). The Company is in compliance with the debt covenants described in note 9 as at December 31, 2013.

Fair Value Estimation

The fair value hierarchy establishes three levels to classify the inputs of valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

Level 1 | Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. Investments in common shares and warrants held that have direct listings on an exchange are classified as Level 1.

Level 2 | Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liabilities. Investments in warrants and convertible debt instruments held that are not listed on an exchange are classified as Level 2.

Level 3 | Prices or valuation techniques that require inputs that are both significant to fair value measurement and unobservable (supported by little or no market activity).

The following table sets forth the Company's financial assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy. As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

In $000s		Total		Quoted prices in active markets for identical assets (Level1)		Significant other observable inputs (Level 2)		Unobservable inputs (Level 3)
Long-term investments - common shares held	$	8,804	$	8,804	$	-	$	-
Long-term investments - convertible debt		4,185		-		4,185		-
	$	**12,989**	**$**	**8,804**	**$**	**4,185**	**$**	**-**
Common share purchase warrants - Premier Royalty		1,127		-		1,127		-

The fair value of the Company's other financial instruments which include cash and cash equivalents, trade receivables and other, loan receivable, and trade and other payables, approximate their carrying values at December 31, 2013.

Currency Risk

Financial instruments that impact the company's net (loss) income or other comprehensive (loss) income due to currency fluctuations include: cash and cash equivalents, trade receivables and other, investments and trade and other payables and common share purchase warrants denominated in Canadian dollars. Based on the Company's Canadian dollar denominated monetary assets and monetary liabilities at December 31, 2013, a 10% increase or decrease of the value of the Canadian dollar relative to the United States dollar would decrease or increase net (loss) income by $3.5 million and other comprehensive (loss) income by $0.8 million, respectively.

6. ACQUISITION OF PREMIER ROYALTY

During the year ended December 31, 2013 and through a series of transactions, the Company acquired 100% of the common shares of Premier Royalty Inc. ("Premier Royalty").

The Company initially acquired a controlling position in Premier Royalty in January 2013, when the Company acquired 46.7 million common shares and 7.0 million warrants of Premier Royalty or 59.9% of the then currently issued and outstanding shares. In acquiring this initial position, the Company entered into a share purchase agreement (the "Agreement") with Premier Gold Mines Ltd. ("Premier Gold"). Pursuant to the terms of the Agreement, Sandstorm issued Premier Gold 5.6 million special warrants ("Special Warrants") each being exercisable into one common share of Sandstorm for no additional consideration. As at December 31, 2013, Premier Gold had exercised all of the Special Warrants.

Subsequently, on October 4, 2013, the Company closed an arrangement agreement (the "Arrangement Agreement") whereby Sandstorm acquired the remaining common shares of Premier Royalty which combined with its existing position resulted in Sandstorm owning 100% of the outstanding common shares of Premier Royalty. Under the Arrangement Agreement, Premier Royalty shareholders received common shares of Sandstorm (the "Sandstorm Shares") on the basis of 0.145 of a Sandstorm Share for each Premier Royalty common share held, or 4,618,109 shares to the shareholders of Premier Royalty for a total value of approximately of $23.3 million (the "Additional Consideration"). As the Company consolidated the operations of Premier Royalty from the date of its original acquisition on January 30, 2013, the difference between the Additional Consideration of $23.3 million and the non-controlling interest resulted in an increase to equity of $16.7 million.

As a result of acquiring a controlling interest in Premier Royalty, the transaction was accounted for as a business combination. As such, the Company consolidated all the operating results of Premier Royalty from the acquisition date (January 30, 2013) and these consolidated financial statements include the results for both companies.

In accordance with IFRS 3 - Business Combinations, the initial consideration of $90.2 million for a 59.9% controlling interest, consisting of (i) $25.8 million cash and (ii) $64.4 million representing the fair value of the Special Warrants, was allocated to the identifiable assets acquired, liabilities assumed and non-controlling interest as follows:

Purchase price:	**January 30, 2013**
Fair value of 5,604,277 special warrants	$ 64,394
Cash paid	25,812
	$ 90,206
Allocation of purchase price:	
Cash	$ 39,911
Accounts receivable and other	2,282
Royalty interests in mineral properties	61,596
Premier Royalty common share purchase warrants	877
Goodwill	36,813
Accounts payable and accruals	(1,298)
Redeemable warrants	(1,130)
Deferred income tax liability	(8,871)
Non-controlling interest	(39,974)
	$ 90,206

An income approach (being the net present value of expected future cash flows) was used to determine the fair values of the royalty interests in mineral properties. Estimates of future cash flows are based on estimated future revenues and expected conversions of resources to reserves at each of the mineral properties. The excess of the total consideration transferred and the non-controlling interest over the identifiable assets acquired and the liabilities assumed has been recorded as goodwill. The non-controlling interest was measured as the non-controlling interests' proportionate share of Premier's net identifiable assets.

During the year ended December 31, 2013, the Company revised its preliminary estimate of the fair value of the Premier Royalty common share purchase warrants, royalty interests and assets held for sale as at January 30, 2013. This resulted in a reduction of royalty interests of $11.2 million, assets held for sale of $4.3 million, and deferred income tax liability of $1.1 million with the difference being attributed to an increase in goodwill of $14.4 million. The Company also decreased its preliminary estimate of the Premier Royalty Warrants held by the Company by $2.7 million and increased its estimate of the non-controlling interest by $2.9 million with the difference of $0.2 million being recorded as a reduction of goodwill. These adjustments were accounted for retrospectively as if they had occurred at the acquisition date. As a result, the reduction of the preliminary estimate of the Premier Royalty Warrants held by the Company resulted in a $2.7 million reduction on the loss on revaluation investments previously recorded in net loss (income) for the year. There were no significant material changes to net (loss) income as a result of the other adjustments.

The fair value of the Premier Royalty Warrants and Premier Royalty Options at January 30, 2013 of $2.8 million were determined using a Black-Scholes model using the following weighted average assumptions:

		Premier Royalty Warrants at January 30, 2013		Premier Royalty Options at January 30, 2013
Premier Royalty common share price	C$	1.96	C$	1.96
Exercise price	C$	1.95	C$	2.37
Expected volatility		10%		10%
Risk-free interest rate		1.34%		1.43%
Expected life of warrants and options		3.10 years		2.60 years

Acquisition costs of $0.5 million have been excluded from the consideration transferred and have been recognized in net loss for the current year within project and evaluation expense. Goodwill arose on the acquisition of Premier Royalty because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies and an assembled workforce. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Included in net loss for the year is $39.1 million loss attributable to the results of the operations of Premier Royalty. Had the acquisition of Premier Royalty been effected at January 1, 2013, the royalty revenue of the Company would have been $9.5 million and the net loss for the year would have been $74.4 million. The Company considers these “pro-forma” numbers to represent an approximate measure of the performance of the combined group on an annualized basis and to provide a reference point for comparison to future periods.

As a result of obtaining 100% of the common shares of Premier Royalty, Sandstorm adds a number of royalty assets to its portfolio along with over $30.0 million in cash.

Goodwill impairment

The Company completed its annual impairment test for the goodwill which arose on the purchase of a controlling interest in Premier Royalty in March 2013 and in subsequent quarters identified impairment indicators and concluded the carrying value of the net assets acquired exceeded the recoverable amount. The recoverable amount was determined by the fair value less costs of disposal method, using quoted market prices for the common shares of Premier Royalty. The Company recognized a total impairment charge of $35.8 million during the year ended December 31, 2013.

A reconciliation of the goodwill for the year ended December 31, 2013 is set out below:

In $000s	Carrying Amount
At December 31, 2012	$ -
Acquisition of Premier Royalty	36,813
Adjustment on currency translation	(1,005)
Impairment charge	(35,808)
At December 31, 2013	**$ -**

In the first quarter of 2013, the Company had previously recognized a goodwill impairment of $14.0 million. As a result of the adjustments to the preliminary purchase price allocation described above, which were applied retrospectively, the goodwill impairment for the first quarter of 2013 increased to $19.9 million.

7. MINERAL INTERESTS AND ROYALTIES

A. Carrying Amount

As of and for the year ended December 31, 2013:

	Cost					Accumulated Depletion				
In $000s	Opening	Additions	Impairment	Foreign exchange translation	Ending	Opening	Depletion	Inventory Depletion Adjustment	Ending	Carrying Amount
Aurizona, Brazil	21,500	4,320	-	-	25,820	3,026	1,267	-	4,293	21,527
Bachelor Lake, Canada	22,171	500	-	-	22,671	652	4,315	(50)	4,917	17,754
Black Fox, Canada	37,758	-	-	-	37,758	8,299	5,645	(28)	13,916	23,842
Hugo North Extension and Heruga, Mongolia	-	37,580	-	-	37,580	-	-	-	-	37,580
Ming, Canada	20,068	-	-	-	20,068	3,145	872	-	4,017	16,051
Santa Elena, Mexico	13,342	-	-	-	13,342	4,405	3,324	-	7,731	5,611
Serra Pelada, Brazil	60,181	23	(52,204)	-	8,000	-	-	-	-	8,000
Royalties[1]	25,973	86,108	(3,166)	(2,430)	106,485	-	8,515	-	8,515	97,970
Other[2]	4,277	6,068			10,345	740	-	-	740	9,605
Total	**205,270**	**134,599**	**(55,370)**	**(2,430)**	**282,069**	**20,269**	**23,938**	**(78)**	**44,129**	**237,940**

1 *Includes Bracemac-McLeod, Coringa, Mt. Hamilton, Paul Isnard, Prairie Creek, Ann Mason and Premier Royalty interests.*

2 *Includes Deflector and Summit.*

As of and for the year ended December 31, 2012:

	Cost				Accumulated Depletion				
In $000s	Opening	Additions	Buyback	Ending	Opening	Depletion	Inventory Depletion Adjustment	Ending	Carrying Amount
Aurizona, Brazil	$ 19,977	$ 1,523	$ -	$ 21,500	$ 1,328	$ 1,698	$ -	$ 3,026	$ 18,474
Bachelor Lake, Canada	20,845	1,326	-	22,171	-	599	53	652	21,517
Black Fox, Canada	56,524	-	(18,766)	37,758	2,614	5,659	25	8,299	29,458
Ming, Canada	20,068	-	-	20,068	-	3,145	-	3,145	16,923
Santa Elena, Mexico	13,342	-	-	13,342	1,473	2,932	-	4,405	8,937
Serra Pelada, Brazil	-	60,181	-	60,181	-	-	-	-	60,181
Royalties[1]	32	25,941	-	25,973					25,973
Other[2]	4,063	214	-	4,277	454	286	-	740	3,537
Total	**$ 134,851**	**$ 89,185**	**$ (18,766)**	**$ 205,270**	**$ 5,869**	**$ 14,319**	**$ 78**	**$ 20,269**	**$ 185,000**

1 *Includes Bracemac-McLeod, Coringa, and Mt. Hamilton.*

2 *Includes Deflector and Summit.*

B. Acquisitions and Update

ACQUISITION | Premier Royalty

As a result of acquiring a controlling interest in Premier Royalty (note 6), the Company has consolidated Premier Royalty's mineral interests in the consolidated financial statements. A number of the royalty interests are summarized below:

- 1% NSR on gold produced from AngloGold Ashanti Limited's Mine Waste Solutions tailings recovery project in the Republic of South Africa;
- 1% NSR on certain mining claims which comprise the Thunder Creek deposit of the Timmins West mine and ancillary lands, located in Timmins, Ontario;
- 1% NSR on Yamana Gold Inc.'s Gualcamayo gold mine, which is located in San Juan, Argentina; and
- 1.5% NSR on Newmont Mining Corporation's Emigrant Springs project, which is located in Nevada, United States of America.

Prior to the Company acquiring a controlling interest in Premier Royalty, Premier Royalty issued warrants to purchase up to 1.0 million common shares of Premier Royalty at an exercise price of C$2.52 per Premier Royalty share, expiring on November 9, 2014. The holder of the warrants has the right, on 30 days prior written notice, to require the Company to purchase for cancellation all outstanding warrants for a price of C$1.25 per warrant prior to expiry. A financial liability has been recorded for the Premier Royalty common share purchase warrants and has been valued using an annual discount rate of 5% during its two year term.

ACQUISITION | Entrée Gold Inc.

Sandstorm has a Gold Stream with Entrée Gold Inc. (“Entrée”) to purchase an amount equal to 25.7% and 33.8% of Entrée’s 20% share of the gold and silver by-products produced from the Hugo North Extension and Heruga deposits located in Mongolia, (the “Hugo North Extension” and “Heruga”, respectively).

For consideration, during the year ended December 31, 2013, the Company paid an upfront cash deposit of $35.0 million and will make ongoing per ounce cash payments equal to the lesser of $220 per ounce of gold and $5 per ounce of silver (subject to inflationary adjustments).

The Company also entered into an agreement with Entree, to purchase an amount equal to 2.5% of Entrée’s 20% share of the copper produced from Hugo North Extension and Heruga, for an upfront payment of $5.0 million. Concurrently, the Company entered into a purchase agreement with Sandstorm Metals & Energy Ltd. (“Sandstorm Metals & Energy”) to sell all of the copper purchased from Entrée in return for Sandstorm Metals & Energy making a payment of $5.0 million in shares to Sandstorm Gold and remitting the ongoing per pound payments.

The Company also acquired a 0.4% NSR on the future sale of any metals and minerals derived from a portion of the Ann Mason project (which includes the Ann Mason and Blue Hill deposits) in Nevada (the “Ann Mason Project”). In consideration for the royalty, Sandstorm made a $5.0 million payment to Entrée. In addition, Entrée has granted Sandstorm a right of first refusal on any future royalty or metal stream financing for the Ann Mason Project.

ACQUISITION | Other Royalties

During the year ended December 31, 2013, the Company acquired a 1.0% NSR on the Paul Isnard gold project (“Paul Isnard” or the “Paul Isnard Project”) which is located in French Guiana and owned by Columbus Gold Corp. (“Columbus Gold”). For consideration, Sandstorm made an upfront payment of $5.0 million to acquire the royalty. As part of the agreement, Columbus Gold has provided Sandstorm with a right of first refusal on any future royalty or gold stream financing at the Paul Isnard Project.

During the year ended December 31, 2013, the Company acquired a 1.2% precious metal NSR on the Prairie Creek project (“Prairie Creek” or the “Prairie Creek Project”) located in the Northwest Territories, Canada and owned by Canadian Zinc Corporation (“Canadian Zinc”). As consideration, Sandstorm has made a cash payment to Canadian Zinc of $3.2 million via a back-to-back agreement with Sandstorm Metals & Energy Ltd. (“Sandstorm Metals & Energy”). In addition, Canadian Zinc has provided Sandstorm, via a back-to-back agreement, with a right of first refusal on any future precious metal royalty or commodity stream financing for the Prairie Creek Project.

ACQUISITION | Subsequent Event

Subsequent to year end, the Company exercised its option to purchase an amount equal to 20% of the gold produced from the Santa Elena underground mine. In consideration, Sandstorm agreed to make an upfront payment of $10 million and will continue to make ongoing per ounce payments equal to $350 until 50,000 ounces of gold have been delivered to Sandstorm (inclusive of ounces already received from open-pit production), at which time the ongoing per ounce payments will increase to $450.

UPDATE | Aurizona Mine

The Company has paid $4.9 million and will contribute another $5.1 million in capital towards the phase one production expansion project (“Phase 1 Expansion”) at Luna Gold Corp.'s (“Luna”) open-pit Aurizona mine (“Aurizona Mine”). Sandstorm’s contribution will be equal to 17% of the capital costs incurred by Luna towards the Phase 1 Expansion to a maximum contribution of $10.0 million.

In addition, the Company remitted a $10.0 million loan to Luna in accordance with its previously announced commitment to issue a non-revolving loan facility to the company. The Loan is subject to interest at a rate of 12% per annum, subject to certain conditions, and will mature on June 30, 2017. The proceeds from the Loan will be used towards the Phase I Expansion and exploration activities at Luna’s Aurizona Mine.

UPDATE | Bracemac-McLeod Mine

Sandstorm has a 0.6% NSR based on 100% of the production from the Bracemac-McLeod development property located in Matagami, Quebec, Canada (“Bracemac-McLeod” or the “Bracemac-McLeod Mine”) which is owned and operated by a subsidiary of Glencore Xstrata plc (“Glencore”).

Sandstorm previously entered into a Gold Stream agreement with Donner Metals Ltd. (“Donner”), but when Donner announced its inability to meet the cash calls under their operating agreement with Glencore, Sandstorm converted its Gold Stream into a 0.6% NSR.

As a result of the conversion of the Gold Stream into a 0.6% NSR, the Company recorded an impairment charge of $3.2 million during the year ended December 31, 2013. The fair value of the 0.6% NSR was calculated using a discounted cash flow model to estimate the fair value less cost of disposal. Key assumptions used in the cash flow forecasts to determine the fair value included the prices of certain minerals and production volumes at the Bracemac-McLeod Mine.

UPDATE | Deflector Mine

During the third quarter of 2013, Sandstorm amended its previously announced Gold Stream agreement with Mutiny Gold Ltd. (the “Amended Gold Stream”). In accordance with the Amended Gold Stream, Sandstorm has agreed to purchase an amount equal to 2.6% of the gold produced from the Deflector project in exchange for an upfront payment of $6 million which was previously remitted to Mutiny.

UPDATES | Colossus Minerals Inc.

The Company has agreed to receive a 1.6% NSR based on a 100% of the production from the Serra Pelada mine located in Para, Brazil (the “Serra Pelada Mine”) which is owned and operated by Colossus Minerals Inc. (“Colossus”).

Sandstorm previously entered into a Gold Stream agreement with Colossus, which entitled the Company to purchase an amount equal to 1.5% of the gold and 35% of the platinum produced from the Serra Pelada Mine, but in 2013 Colossus announced its inability to secure the necessary financing required to bring the mine into production. As a result and subsequent to the year ended December 31, 2013, Colossus filed a proposal under the Bankruptcy and Insolvency Act (Canada), to allow it to pursue a restructuring and a sale process with the benefit of creditor protection under Court-supervision. The terms of the court-supervised-restructuring provide for a reorganization of Colossus’ capital structure through the conversion of its Gold Linked Notes and its precious metals purchase agreements with Sandstorm into equity (the “Restructuring”).

As part of the Restructuring, Sandstorm has agreed to cancel its gold and platinum purchase agreements (previously entered into on September 19, 2012), in exchange for a 1.6% NSR and common shares of Colossus. The Restructuring would result in Sandstorm owning over 30% of the outstanding common shares of Colossus.

Given the development delays at Serra Pelada and the additional capital needed to bring the mine into production, the Company re-evaluated its investment in Colossus. As a result of its review and circumstances specific to certain assets, the Company recorded an impairment charge to the Serra Pelada Gold Stream in the amount of $52.2 million during the year ended December 31, 2013. The fair value less costs of disposal of the Serra Pelada Gold Stream, for impairment purposes, was determined using a liquidation scenario. Key assumptions used in the liquidation scenario included management's assessment that the Gold Stream is senior secured up to $10 million, management's best estimates of the value of the underlying assets and incorporated a reduction to the value of those assets. A change of 5% in the aforementioned reduction would increase or decrease the impairment expense by $0.8 million, respectively.

8. INVESTMENTS

As of and for the year ended December 31, 2013:

In $000s		Fair Value January 1, 2013		Net Additions (Disposals) December 31, 2013		Fair Value Adjustment December 31, 2013		Fair Value December 31, 2013
Common shares	$	2,518	$	14,224	$	(7,938)	$	8,804
Warrants		472		833		(1,305)		-
Convertible debt instrument		4,552		865		(1,232)		4,185
Total	**$**	**7,542**	**$**	**15,922**	**$**	**(10,475)**	**$**	**12,989**

During February 2013, the Company purchased 17,857,142 common shares of Entrée at a price of C$0.56 per share, which represented a premium of 27% to the trading shares on the purchase date. The Company recognized the shares at their fair value and the premium on the common shares, which represent costs to acquire the Entrée Gold Stream, were recorded within Mineral Interests on the consolidated balance sheet. The Company recognized a loss in other comprehensive income of $2.3 million on these shares during the year ended December 31, 2013.

During year ended December 31, 2013, the Company acquired common shares for total consideration of $2.2 million and recognized a loss in other comprehensive income of $0.5 million on these shares during the year ended December 31, 2013.

During the first quarter of 2013, the Company sold 2,287,500 warrants for gross proceeds of $0.3 million.

During the first quarter of 2013, the Company received 1,133,333 common shares of Sandstorm Metals & Energy at a price of C$4.31 per share. The Company recognized a loss in other comprehensive income of $3.6 million on these shares during the year ended December 31, 2013.

As further described in note 6, the Company acquired 6,965,676 warrants of Premier Royalty, of which, 5,508,176 expire on December 4, 2016 (subject to expiry acceleration provisions) and 1,457,500 expire on October 7, 2014. The fair value of the Premier Royalty warrants were included as part of the consideration for the acquisition of the remaining 40.1% of Premier Royalty (note 6).

As of and for the year ended December 31, 2012:

In $000s	Fair Value January 1, 2012	Net Additions (Disposals)	December 31, 2012	Fair Value Adjustment December 31, 2012	Fair Value December 31, 2012
Common shares	$ 7,923	$ (5,168)	$	(237)	$ 2,518
Warrants	439			33	472
Convertible debt instrument	-	4,784		(232)	4,552
Total	**$ 8,362**	**$ (384)**	**$**	**(436)**	**$ 7,542**

During the year ended December 31, 2012, the Company acquired $4.8 million of subordinated secured convertible debentures (the "Convertible Debentures") from Metanor Resources Inc. The Convertible Debentures have a 3 year term, accrue interest at a rate of 10.0% per annum, payable semi-annually, and are convertible at a price of C$0.28 per share. The Convertible Debentures are held for strategic purposes and are classified as financial assets at fair value through profit or loss.

During the year ended December 31, 2012, the Company acquired $4.2 million of common shares and warrants. The Company recognized a loss of $0.24 million on the common shares.

9. REVOLVING LOAN AND DEFERRED FINANCING COSTS

In February 2013, the Company amended its revolving credit agreement to allow the Company to borrow up to $100.0 million (the "Revolving Loan") from a syndicate of banks including the Bank of Nova Scotia, Bank of Montreal and National Bank of Canada (the "Syndicate"). The Revolving Loan includes an increase of available credit to $100.0 million from $50.0 million (previously entered into on January 10, 2012) and an extension of the term from three years to four years, which is extendable by mutual consent of Sandstorm and the Syndicate. The Revolving Loan will continue to be used for the acquisition of Gold Streams and loan commitments the Company has made to other companies. The amounts drawn on the Revolving Loan remain subject to interest at LIBOR plus 3.00% - 4.25% per annum, and the undrawn portion of the Revolving Loan remain subject to a standby fee of 0.75% - 1.05% per annum, dependent on the Company's leverage ratio.

Under the credit agreement, the Company is required to maintain an interest coverage ratio greater than or equal to 4.00:1, a leverage ratio less than or equal to 3.50:1, 2.50:1, and 2.00:1 for the first two years, third year and fourth year of the Revolving Loan, respectively. The Company is further required to maintain a tangible net worth greater than the aggregate of $109.7 million and 50% of positive net income for each fiscal quarter after September 30, 2012. The Revolving Loan is secured against the Company's assets, including the Company's gold interests and investments.

As of December 31, 2013, the Company was in compliance with the covenants of the revolving credit agreement and had not drawn down on its credit facility. Therefore, the full balance remains available for future acquisitions.

Deferred financing costs are capitalized and amortized on a straight-line basis over the term of the debt instrument as presented below:

As of December 31, 2013

In $000s	Cost	Additions	Accumulated Amortization	Carrying Amount
Debt issuance costs	$ 910	$ 1,482	$ (761)	$ 1,631

As of December 31, 2012

In $000s	Cost	Additions	Accumulated Amortization	Carrying Amount
Debt issuance costs	$ 893	$ 17	$ (292)	$ 618

10.SHARE CAPITAL AND RESERVES

A. Shares Issued

The Company is authorized to issue an unlimited number of common shares without par value.

On May 9, 2012, the Company completed a five-for-one consolidation (the “Consolidation”) of the Company's common shares. All comparative period information for common shares and stock options have been adjusted to reflect this Consolidation.

B. Stock Options

The Company has an incentive stock option plan (the “Option Plan”) whereby the Company may grant share options to eligible employees, officers, directors and consultants at an exercise price, expiry date, and vesting conditions to be determined by the Board of Directors. The maximum expiry date is five years from the grant date. All options are equity settled. The Option Plan permits the issuance of options which, together with the Company's other share compensation arrangements, may not exceed 10% of the Company’s issued common shares as at the date of the grant.

A summary of the Company's options and the changes for the year are as follows:

	Number of Options	Weighted Average Exercise Price (C$)
Options outstanding at December 31, 2011	**3,870,000**	**3.95**
Granted	150,000	11.78
Exercised	(413,000)	2.29
Options outstanding at December 31, 2012	**3,607,000**	**4.47**
Exercised	(36,500)	3.40
Addition of outstanding Premier Royalty Options[1] (note 6)	416,633	16.17
Options outstanding at June 30, 2013	**3,987,133**	**5.70**

1 *The number of options and exercise price reflects the exchange ratio of one Premier Royalty share for 0.145 of a Sandstorm share.*

A summary of the Company's share purchase options as of December 31, 2013 is as follows:

Number outstanding	Exercisable	Exercise Price per Share (C$)	Expiry Date
505,000	505,000	$2.25	June 16, 2014
140,000	140,000	$2.20	July 6, 2014
200,000	200,000	$2.175	July 28, 2014
20,000	20,000	$3.35	May 19, 2015
1,325,500	1,325,500	$3.40	November 26, 2015
91,000	60,668	$6.30	August 25, 2016
1,139,000	756,670	$6.35	November 25, 2016
402,133	402,133	$16.35	December 11, 2017
150,000	50,001	$11.78	December 21, 2017
10,875	10,875	$11.31	February 19, 2018
3,625	3,625	$10.62	March 1, 2018
3,987,133	**3,474,472**	**5.46**	

The weighted-average share price at date of exercise for the year ended December 31, 2013 was C$7.40 (C$10.18- year ended December 31, 2012). The weighted average remaining contractual life of the options for the year ended December 31, 2013 was 2.17 years (2.97 years - year ended December 31, 2012).

A summary of share-based payment recognized is as follows:

In $000s	Year Ended December 31, 2013	Year Ended December 31, 2012
Employees	$ 4,670	$ 1,705

C. Share Purchase Warrants

A summary of the Company's warrants and the changes for the period are as follows:

	Number of Warrants on aShares to be Issued Upon Exercise of the Pre-Consolidated Basis	Warrants
Warrants outstanding at December 31, 2011	**114,189,822**	**22,837,964**
Issued	5,002,500	5,002,500
Issued upon exercise of Compensation Warrants	613,775	122,755
Exercised	(20,019,326)	(4,003,865)
Warrants outstanding at December 31, 2012	**99,786,771**	**23,959,354**
Exercised	(18,765,151)	(3,753,029)
Addition of outstanding Premier Royalty Warrants [1] (note 6)	2,283,770	2,283,770
Warrants outstanding at December 31, 2013	**83,305,390**	**22,490,095**

1 The number of options and exercise price reflects the exchange ratio of one Premier Royalty share for 0.145 of a Sandstorm share.

A summary of the Company's warrants as of December 31, 2013 are as follows:

	Number of Warrants on a Pre-consolidated Basis	Pre-Consolidated Exercise Price Per Warrant	Number of Warrants on a Post-Consolidated Basis	Post-Consolidated Exercise Price Per Warrant	Shares to be Issued Upon Exercise of the Warrants	Adjusted Exercise Price Per Share	Expiry Date
SSL.WT	56,356,521	$0.60	-	-	11,271,304	$3.00	April 23, 2014
SSL.WT.C	-	-	238,344	$13.79	238,344	$13.79	October 7, 2014
	-	-	145,000	$17.38	145,000	$17.38	November 9, 2014
	-	-	563,303	$12.07	563,303	$12.07	December 4, 2014
SSL.WT.A	19,662,599	$1.00	-	-	3,932,521	$5.00	October 19, 2015
	-	-	1,155,873	$13.79	1,155,873	$13.79	December 4, 2016
	-	-	108,750	$13.79	108,750	$13.79	January 17, 2016
	-	-	72,500	$17.24	72,500	$17.24	February 28, 2016
SSL.WT.B	-	-	5,002,500	$14.00	5,002,500	$14.00	September 7, 2017
	76,019,120		**7,286,270**		**22,490,095**		

D. Special Warrants

A summary of the Company's Special Warrants and the changes for the year are as follows:

	Number of Special Warrants
Special Warrants outstanding at December 31, 2012	**-**
Issued (note 6)	5,604,278
Exercised	(5,604,278)
Special Warrants outstanding at December 31, 2013	**-**

E. Restricted Share Rights ("RSRs")

On April 4, 2011, the Company adopted a restricted share plan (the "Restricted Share Plan") whereby the Company may grant restricted share rights to eligible employees, officers, directors and consultants at an expiry date to be determined by the board of directors. Each restricted share right entitles the holder to receive a common share of the Company without any further consideration. The Restricted Share Plan, as amended during the second quarter of 2013, permits the issuance of up to a maximum of 2,800,000 RSRs.

During the year ended December 31, 2012, the Company granted 330,000 RSRs with a fair value of $3.9 million, a three year vesting term, and a weighted average grant date fair value of C$11.78 per unit. Of the 330,000 RSRs, 110,000 vested during the year ended December 31, 2013 and the underlying shares were issued.

During the year ended December 31, 2013, the Company granted 141,600 RSRs with a fair value of $0.7 million, a three to five year vesting term, and a weighted average grant date fair value of C$4.93 per unit.

F. Diluted Earnings Per Share

Diluted earnings per share is calculated based on the following:

In $000s	Year Ended December 31, 2013	Year Ended December 31, 2012
Net (loss) income attributable to Shareholders of Sandstorm	$ (73,752)	$ 21,927
Basic weighted average number of shares[1]	94,607,833	75,191,865
Effect of dilutive securities		
» Compensation warrants - shares	-	57,250
» Compensation warrants - warrants	-	36,835
» Stock options	-	1,838,850
» Warrants	-	9,254,683
Diluted weighted average number of common shares	**94,607,833**	**86,379,483**

1. The basic weighted average number of shares outstanding includes the issued Special Warrants (note 10 d) from the date of issuance.

The Company has a net loss for the year ended December 31, 2013; however, the following lists the stock options and share purchase warrants that would have been included in the computation of diluted weighted average number of common shares if the Company had net earnings for the year ended December 31, 2013 as they would have been dilutive:

	Year Ended December 31, 2013	Year Ended December 31, 2012
Stock Options	1,517,224	32,166
Warrants	8,685,443	139,742
RSRs	1,934	70,766

11.INCOME TAXES

The income tax expense differs from the amount that would result from applying the federal and provincial income tax rate to the net income before income taxes.

These differences result from the following items:

In $000s	Year Ended December 31,2013	Year Ended December 31, 2012
(Loss) income before income taxes	$ (89,111)	$ 25,177
Canadian federal and provincial income tax rates	25.8%	25.0%
Income tax expense based on the above rates	$ (22,991)	$ 6,924
Increase (decrease) due to:		
» Non-deductible expenses	1,401	412
» Permanent difference for goodwill impairment	9,489	-
» Difference between statutory and foreign tax rates	(3,518)	(4,151)
» Other	1,137	$ 695
Income tax (recovery) expense	**$ (14,482)**	**$ 3,250**

During the year ended December 31, 2013, the Canadian federal and provincial income tax rates increased from 25.0% to 26%.

The deferred tax assets and liabilities for the year ended December 31, 2013 are shown below:

In $000s	As at December 31, 2013	As at December 31, 2012
Deferred Income Tax Assets		
» Non-capital losses	8,693	2,442
» Share issue costs	1,631	3,946
» Mineral Interests and royalties	4,090	-
Total deferred income tax assets	**14,414**	**6,388**
Deferred Income Tax Liabilities		
» Mineral Interest and royalties	6,134	5,990
» Long term investments in shares and warrants		12
Total deferred income tax liabilities	**6,134**	**6,002**
Total deferred income tax asset, net	**$ -**	**$ 386**

The Company has deductible unused tax losses expiring as follows:

In $000s	Location		Amount	Expiration
Non-capital loss carry-forwards- the Company	Canada	$	33,494	2029-2033
Non-capital loss carry-forwards- Premier Royalty	Canada	$	4,248	2028-2033

12. ADMINISTRATION EXPENSES

The administration expenses for the Company are as follows:

In $000s	Year Ended December 31, 2013	Year Ended December 31, 2012
Corporate administration	$ 3,290	$ 1,423
Employee benefits and salaries	3,128	3,236
Professional fees	1,055	769
Severance	1,413	-
Depreciation	176	102
Administration expenses before share based compensation	**$ 9,062**	**$ 5,530**
Equity settled share based compensation (a non-cash expense)	4,100	1,705
Accelerated share-based payments arising on termination (a non-cash expense)	570	-
Total administration expenses	**$ 13,732**	**$ 7,235**

13.SUPPLEMENTAL CASH FLOW INFORMATION

In $000s	Year Ended December 31, 2013	Year Ended December 31, 2012
Change in non-cash working capital		
» Trade receivables and other	$ (26)	$ (64)
» Trade and other payables	(1,119)	(43)
Net (decrease) increase in cash	**$ (1,145)**	**$ (182)**
Significant non-cash transactions:		
Issuance of Special Warrants of the Company for acquisition of Premier Royalty (note 6)	$ 64,394	$ -
Receipt of common shares (note 7 (b))	$ 5,000	$ -

14.KEY MANAGEMENT COMPENSATION

The remuneration of directors and those persons having authority and responsibility for planning, directing and controlling activities of the Company are as follows:

In $000s	Year Ended December 31, 2013	Year Ended December 31, 2012
Short-term employee salaries and benefits	$ 1,636	$ 2,875
Share-based payments	2,898	1,286
Accelerated share-based payments arising on termination and other severance costs	1,893	-
Total key management compensation expense	**$ 6,427**	**$ 4,161**

15.CONTRACTUAL OBLIGATIONS

A. Gold Streams

In connection with its Gold Streams, the Company has committed to purchase the following:

Gold Stream	% of life of mine gold [4, 5]	Per ounce cash payment: lesser of amount below and the then prevailing market price of gold [1, 2, 3]
Aurizona	17%	$404
Bachelor Lake	20%	$500
Black Fox	8%	$509
Deflector	2.6%	$500
Entrée Gold	6.76% on Hugo North Extension and 5.14% on Heruga	$220
Ming	25% of the first 175,000 ounces of gold produced, and 12% thereafter	$nil
Santa Elena	20%	$350
Summit	50% of the first 10,000 ounces of gold produced, and 22% thereafter	$400

1. *Subject to an annual inflationary adjustment except for Ming.*
2. *For the Entrée Gold Stream, after approximately 8.6 million ounces of gold have been produced from the joint venture property, the price increases to $500 per gold ounce.*
3. *For the Entrée Silver Stream, percentage of life of mine is 6.76% on Hugo North Extension and 5.14% on Heruga which the Company can purchase for the lesser of the prevailing market price and $5 per ounce of silver until 40.3 million ounces of silver have been produced from the entire joint venture property. Thereafter, the purchase price will increase to the lesser of the prevailing market price and $10 per ounce of silver.*
4. *For the Entrée Gold and Silver Stream, percentage of life of mine is 6.76% on Hugo North Extension and 5.14% on Heruga if the minerals produced are contained below 560 metres in depth.*
5. *For the Entrée Gold and Silver Stream, percentage of life of mine is 10.15% on Hugo North Extension and 7.7% on Heruga if the minerals produced are contained above 560 metres in depth.*

As at December 31, 2013, the Company had paid $4.9 million and will contribute another $5.1 million in capital towards the Phase 1 Expansion at Luna's Aurizona Mine. Sandstorm’s contribution will be equal to 17% of the capital costs incurred by Luna towards the Phase 1 Expansion to a maximum contribution of $10.0 million.

16.SEGMENTED INFORMATION

The Company's reportable operating segments, which are components of the Company's business where separate financial information is available and which are evaluated on a regular basis by the Company's Chief Executive Officer, who is the Company's chief operating decision maker, for the purpose of assessing performance, are summarized in the tables below:

For the year ended December 31, 2013

In $000s	Sales	Royalty revenue	Cost of sales (excluding depletion)	Depletion	Impairment mineral interests and goodwill	(Loss) income before taxes	Cash from operations
Aurizona, Brazil	$ 19,264	$ -	$ 5,471	$ 1,267	$ -	$ 12,526	$ 13,793
Bachelor Lake, Canada	9,947	292	3,586	4,315	-	2,338	6,653
Black Fox, Canada	11,322	-	3,997	5,645	-	1,680	7,325
Ming, Canada	1,667	-	-	872	-	795	1,667
Santa Elena, Mexico	8,444	-	2,131	3,324	-	2,989	6,313
Serra Pelada, Brazil					(52,204)	(52,204)	-
Royalties[1]	-	8,900	-	8,515	(38,974)	(42,977)	4,017
Corporate	-	-	-	-	-	(14,258)	(7,551)
Consolidated	**$ 50,644**	**$ 9,192**	**$ 15,185**	**$ 23,938**	**$ (91,178)**	**$ (89,111)**	**$ 32,217**

[1] *Includes Bracemac-McLeod and Premier Royalty.*

For the year ended December 31, 2012

In $000s	Sales	Cost of sales (excluding depletion)	Depletion	Other income	(Loss) income before taxes	Cash from operations
Aurizona, Brazil	$ 19,271	$ 4,622	$ 1,698	$ -	$ 12,951	$ 14,574
Bachelor Lake, Canada	1,940	572	599	-	769	1,420
Black Fox, Canada	13,981	4,196	5,659	5,630	9,756	9,798
Ming, Canada	8,589	-	3,145	-	5,444	8,589
Santa Elena, Mexico	11,755	2,438	2,932	-	6,385	9,316
Summit, U.S.A.	407	101	286	-	20	306
Corporate	-	-	-	-	(13,398)	(6,379)
Consolidated	$ 55,943	$ 11,929	$ 14,319	$5,630	$ 21,927	$ 37,624

Total assets as of:

In $000s	December 31, 2013	December 31, 2012
Aurizona	$ 21,537	$ 18,473
Bachelor Lake	17,754	21,570
Black Fox	23,842	29,471
Entrée	37,580	-
Ming	16,051	16,923
Santa Elena	5,611	8,937
Serra Pelada	8,000	60,181
Royalties [1]	131,006	25,972
Other [2]	9,580	3,537
Corporate	108,742	156,363
Consolidated	**$ 379,703**	**$ 341,427**

1 *Includes Bracemac-McLeod, Coringa, Mt. Hamilton, Paul Isnard, Prairie Creek, Ann Mason and Premier Royalty interests.*

2 *Includes Deflector and Summit.*

Exhibit 99.3

CERTIFICATION

I, Nolan Watson, certify that:

1. I have reviewed this annual report on Form 40-F of Sandstorm Gold Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 11, 2014

/s/ Nolan Watson
Nolan Watson
Chief Executive Officer

CERTIFICATION

I, Erfan Kazemi, certify that:

1. I have reviewed this annual report on Form 40-F of Sandstorm Gold Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 11, 2014

/s/ Erfan Kazemi
Erfan Kazemi
Chief Financial Officer

Exhibit 99.4

CERTIFICATION PURSUANT TO

18 U.S.C. §1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Sandstorm Gold Ltd. (the "Company") on Form 40-F for the period ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nolan Watson, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 11, 2014

/s/ Nolan Watson
Nolan Watson
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Sandstorm Gold Ltd. and will be retained by Sandstorm Gold Ltd. and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the annual report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Registrant for purposes of §18 of the Securities Exchange Act of 1934, as amended.

CERTIFICATION PURSUANT TO

18 U.S.C. §1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Sandstorm Gold Ltd. (the "Company") on Form 40-F for the period ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Erfan Kazemi, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 11, 2014

/s/ Erfan Kazemi
Erfan Kazemi
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Sandstorm Gold Ltd. and will be retained by Sandstorm Gold Ltd. and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the annual report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Registrant for purposes of §18 of the Securities Exchange Act of 1934, as amended.

Exhibit 99.5

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use of our reports dated March 10, 2014 relating to the consolidated financial statements of Sandstorm Gold Ltd. ("Sandstorm") and the effectiveness of Sandstorm's internal control over financial reporting appearing in this Annual Report on Form 40-F of Sandstorm for the year ended December 31, 2013.

/s/ Deloitte LLP

Chartered Accountants
Vancouver, Canada
March 10, 2014

Exhibit 99.6



CODE OF BUSINESS CONDUCT AND ETHICS

1. PURPOSE OF THIS CODE

a) This *Code of Business Conduct and Ethics* ("**Code**") is intended to document the principles of conduct and ethics to be followed by Sandstorm Gold Ltd. ("**Sandstorm Gold**" or the "**Company**") employees, officers and directors. Its purpose is to:

i) Promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
ii) Promote avoidance of conflicts of interest, including disclosure to an appropriate person of any material transaction or relationship that reasonably could be expected to give rise to such a conflict;
iii) Promote full, fair, accurate, timely and understandable disclosure in reports and documents that Sandstorm Gold files with, or submits to, the securities regulators and in other public communications made by Sandstorm Gold;
iv) Promote compliance with applicable governmental laws, rules and regulations;
v) Promote the prompt internal reporting to an appropriate person of violations of this Code;
vi) Promote accountability for adherence to this Code;
vii) Provide guidance to employees, officers and directors to help them recognize and deal with ethical issues;
viii) Provide mechanisms to report unethical conduct; and
ix) Help foster Sandstorm Gold's culture of honesty and accountability.

b) Sandstorm Gold will expect all its employees, officers and directors to comply at all times with the principles in this Code. Violations of this Code are grounds for disciplinary action up to and including immediate termination of employment and possible legal prosecution.

2. RESPONSIBILITY

a) This Code outlines a framework of guiding principles. As with any statement of policy, the exercise of judgment is required in determining the applicability of this Code to each individual situation.

b) It is the responsibility of every Sandstorm Gold employee, officer and director to read and understand the Code. Individuals must comply with the Code in both letter and spirit. Ignorance of the Code will not excuse individuals from its requirements.

c) Never engage in behavior that harms the reputation of Sandstorm Gold.

3. COMPLIANCE WITH LAW

a) Each employee, officer and director must at all times comply fully with applicable law and should avoid any situation that could be perceived as improper, unethical or indicate a casual attitude towards compliance with the law.

b) No employee, officer or director shall commit or condone an illegal act or instruct another employee to do so.

c) No employee, officer or director shall create or condone the creation of a false record. No employee shall destroy or condone the destruction of a record, except in accordance with Company policies.

d) Employees, officers and directors are expected to be sufficiently familiar with any legislation that applies to their circumstances and shall recognize potential liabilities, seeking advice where appropriate.

e) When in doubt, employees, officers and directors are expected to seek clarification from their immediate supervisor or the Disclosure Committee.

4. CONFLICTS OF INTEREST

a) Employees, officers and directors of Sandstorm Gold shall attempt to avoid situations where their personal interest could conflict with the interests of the Company and its shareholders. Where conflicts arise, the individual will inform either (a) their immediate supervisor or where, the immediate supervisor may be conflicted (b) the Disclosure Committee. In case of the Chief Executive Officer, conflicts of interest should be disclosed to the Board of Directors.

b) Conflicts of interest arise where an individual's position or responsibilities with the Company present an opportunity for personal gain apart from the normal rewards of employment, to the detriment of the Company. They also arise where an employee's, director's or officer's personal interests are inconsistent with those of the Company and create conflicting loyalties. Such conflicting loyalties can cause an employee, officer or director to give preference to personal interests in situations where corporate responsibilities should come first. Employees, officers and directors, shall perform the responsibilities of their positions on the basis of what is in the best interests of the Company and free from the influence of personal considerations and relationships.

c) In the event that any potential conflict of interest arises and the individual involved is an employee of the Company, the individual involved must immediately notify their immediate supervisor and the Disclosure Committee. If such individual is a director of the Company, the Chairman of the Board of Directors or, in the absence of a Chair, all of the members of the Board of Directors must be immediately notified. If the conflicted individual is the Chair of the Board of Directors, then all of the members of the Board of Directors must be notified.

d) While it is not possible to detail every situation where conflicts of interest may arise, the following policies cover the areas that have the greatest potential for conflict:

i) Speculation in Company Securities and Use of Inside Information

(1) There are numerous laws, both federal and provincial, regulating transactions in corporate securities and the securities industry. Violation of these laws may lead to civil and criminal actions against the individual and the company involved. All employees, officers and directors will take all steps to be in compliance with such laws and in order to do so will adhere to the Company's Communications and Corporate Disclosure Policy and Policy on Stock Trading and Use of Material Information.

ii) Personal Financial Interest

(1) Employees and officers shall notify the Disclosure Committee of all financial holdings (i.e. equity, debt, derivatives, etc.) in mining or oil and gas companies in which their position exceeds $50,000 USD.

(2) An employee shall not accept for themselves, or for the benefit of any relative or friend, any payments, loans, services, favors involving more than ordinary social amenity, or gifts of more than nominal value from any organization doing or seeking to do business with the Company, except in accordance with this Code and within normal business practices or in circumstances whereby such exceptions have been approved by the Disclosure Committee.

5. FAIR DEALING

a) Employees and directors should endeavor to deal fairly with Sandstorm Gold's clients, service providers, suppliers, and employees. No employee or director should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any unfair dealing practice.

6. DEALING WITH SUPPLIERS

a) The Company is a valuable customer for many suppliers of goods, services and facilities. People who want to do business, or to continue to do business, with the Company must understand that all purchases by the Company will be made exclusively on the basis of price, quality, service and suitability to the Company's needs.

b) "Kickbacks" and Rebates

i) Purchases of goods and services by the Company must not lead to employees, officers or directors, or their families, receiving any type of personal kickbacks or rebates. Employees, officers or directors, or their families, must not accept any form of “under-the-table” payment.

c) Receipt of Gifts and Entertainment

i) Even when gifts and entertainment are exchanged out of the purest motives of personal friendship, they can be misunderstood. They can appear to be attempts to bribe the Company’s employees, officers or directors into directing business of the Company to a particular supplier. To avoid both the reality and the appearance of improper relations with suppliers or potential suppliers, the following standards will apply to the receipt of gifts and entertainment by employees, officers and directors of the Company:

ii) Gifts.

(1) Employees, officers and directors are prohibited from soliciting gifts, gratuities, or any other personal benefit or favor of any kind from suppliers or potential suppliers. Gifts include not only merchandise and products but also personal services and tickets to sports or other events. The Company acknowledges however that as part of normal good business relationships, suppliers may offer tickets to sports and other events, meals and other forms of normal client development gifts or services. Employees, officers and directors are prohibited from accepting gifts of money.

(a) Employees, officers and directors may accept unsolicited non-monetary gifts provided they are appropriate and customary client development gifts for the industry, and that may not reasonably be considered extravagant for such employee, officer or director.

(2) Any gift falling outside of the above guidelines must be reported to the Company’s Disclosure Committee to determine whether it can be accepted.

iii) Entertainment.

(1) Employees, officers and directors shall not encourage or solicit entertainment from any individual or company with whom the Company does business. Entertainment includes, but is not limited to, activities such as dining, attending, sporting or other special events and travel.

(2) From time to time employees, officers and directors may accept unsolicited entertainment, but only under the following conditions:

(a) the entertainment occurs infrequently; and

(b) it arises out of the ordinary course of business.

7. DEALING WITH PUBLIC OFFICIALS

a) Domestic and foreign laws and regulations may require the Company to be in contact with public officials on a wide variety of matters. Employees, officers and directors who regularly make these contacts have special responsibilities for upholding the Company's good name.

b) No employee shall make any form of payment, direct or indirect, to any public official as inducement to procuring or keeping business or having a law or regulation enacted, defeated, or violated.

c) When not prohibited by law, employees, officers and directors are allowed to give to public officials gifts where the presentation and acceptance of gifts is an established custom and a normal business practice. All such gifts shall be of reasonable value and the presentation approved in advance by the Company's Chief Executive Officer. Moreover, such gifts must be presented in a manner that clearly identifies the Company and the occasion that warrants the presentation.

d) On special ceremonial occasions, senior officers of the Company may publicly give gifts of more than nominal value to public institutions and public bodies. Such gifts can commemorate special events or milestones in the Company's history.

e) From time to time employees, officers and directors may entertain public officials, but only under the following conditions:

i) it is legal and permitted by the entity represented by the official;

ii) the entertainment is not solicited by the public official;

iii) the entertainment occurs infrequently;

iv) it arises out of the ordinary course of business;

v) it does not involve lavish expenditures, considering the circumstances; and

vi) the settings and types of entertainment are reasonable, appropriate and fitting to our employees, officers or directors, their guests, and the business at hand.

8. EQUAL OPPORTUNITY

a) There shall be no discrimination against any employee or applicant because of race, religion, color, sex, sexual orientation, age, national or ethnic origin, or physical handicap (unless demands of the position are prohibitive). All employees, officers and directors will be treated with equality during their employment without regard to their race, religion, color, sex, sexual orientation, age, national or ethnic origin, or physical handicap, in all matters, including employment, upgrading, promotion, transfer, layoff, termination, rates of pay, selection for training and recruitment. The Company will maintain a work environment free of discriminatory practice of any kind.

b) No employee shall have any authority to engage in any action or course of conduct or to condone any action or course of conduct by any other person which shall in any manner, directly or indirectly, discriminate or result in discrimination in the course of one's employment, termination of employment, or any related matter where such discrimination is, directly or indirectly, based upon race, religion, color, sex, sexual orientation, age, national or ethnic origin, or physical handicap.

9. HEALTH, SAFETY, AND ENVIRONMENTAL PROTECTION

a) It is the Company's policy to pay due regard to the health and safety of its employees, officers and directors and others and to the state of the environment. There are federal, provincial, state and local workplace safety and environmental laws which through various governmental agencies regulate both physical safety of employees, officers and directors and their exposure to conditions in the workplace. Should you be faced with an environmental health issue or have a concern about workplace safety, you should contact your supervisor or notify management immediately.

10. USE OF AGENTS AND NON-EMPLOYEES, OFFICERS AND DIRECTORS

a) Agents or other non-employees cannot be used to circumvent the law. Employees, officers and directors will not retain agents or other representatives to engage in practices that run contrary to this Code.

11. INTERNATIONAL OPERATIONS

a) Corporate employees, officers and directors operating outside of Canada have a special responsibility to know and obey the laws and regulations of countries where they act for the Company. Customs vary throughout the world, but all employees, officers and directors must uphold the integrity of the Company in other nations diligently.

12. VIOLATIONS OF STANDARDS

a) Employees, officers and directors must immediately report any violations of this Code, the Company's *Communications and Corporate Disclosure Policy* or the Company's *Policy on Stock Trading and Use of Material Information.* Failure to do so can have serious consequences for the employees, officers or directors and the Company.

b) Reports of violations should be made by employees to their immediate supervisor and to the Company's Disclosure Committee. Alternatively, violations can be reported on an anonymous basis using the Whistleblower Policy.

c) After a violation is investigated, appropriate action will be taken. Management has the right to determine the appropriate disciplinary action for a violation up to and including termination of employment. All proposed disciplinary action is subject to review by the Chief Executive Officer.

d) Employees, officers and directors should be aware that in addition to any disciplinary action taken by the Company, violations of some of this Code and the Company's other

codes of conduct may require restitution and may lead to civil or criminal action against individual employees, officers and directors and any company involved.

e) Retaliation in any form against an individual who reports a violation of this Code or of law in good faith, or who assists in the investigation of a reported violation, is itself a serious violation of this policy. Acts of retaliation should be reported immediately to their supervisor or management, and will be disciplined appropriately.

13. AMENDMENT, MODIFICATION AND WAIVER

a) The Disclosure Committee will review this Code annually and make a recommendation of proposed changes, if any, to the Board of Directors. This Code may be amended, modified or waived by the Board of Directors and waivers may also be granted by the Audit Committee. Employees, officers and directors will be fully informed of any material revisions to the Code.

APPROVED AND ADOPTED by the Board of Directors of SANDSTORM GOLD LTD. on June 20, 2012.

****

I acknowledge that I have read the Sandstorm Gold Ltd. *Code of Business Conduct and Ethics* and agree to conduct myself in accordance with such policy.

_____
Signature

_____ _____
Print Name Date

Exhibit 99.7

CONSENT OF G. PETER MAH

I, G. Peter Mah, P.Eng., Chief Operating Officer of Luna Gold Corp., hereby consent, for and on behalf of Luna Gold Corp.,to the references to, and the use of any information derived from, the technical reports titled "NI 43-101 Technical Report, Mineração Aurizona S.A., Aurizona Mine" dated January 23, 2012 and the reserves portion of the "NI 43-101 Technical Report, Aurizona Resource and Reserve Update, Brazil" dated April 29, 2013, but having an effective date of January 29, 2013 (the "Reports") in the annual report on Form 40-F of Sandstorm Gold, Ltd. for the fiscal year ended December 31, 2013 and any amendments thereto (the "Annual Report") being filed with United States Securities and Exchange Commission, which Annual Report incorporates by reference and attaches as an exhibit the Sandstorm Gold Ltd. Annual Information Form for the year ended December 31, 2013 which refers to information contained in the Reports.

I also consent to the use of my name, including as an expert or "qualified person," in connection with the Annual Report.

Date: March 10, 2014

/s/ G. Peter Mah

Name: G. Peter Mah, P. Eng.
Title: Chief Operating Officer

Exhibit 99.8

CONSENT OF LEAH MACH

I, Leah Mach, hereby consent to the references to, and the use of any information derived from, the technical report titled "NI 43-101 Technical Report, Mineração Aurizona S.A., Aurizona Mine" dated January 23, 2012 and "NI 43-101 Technical Report, Aurizona Resource and Reserve Update, Brazil" dated April 29, 2013, but having an effective date of January 29, 2013 (the "Reports") in the annual report on Form 40-F of Sandstorm Gold, Ltd. for the fiscal year ended December 31, 2013 and any amendments thereto (the "Annual Report") being filed with United States Securities and Exchange Commission, which Annual Report incorporates by reference and attaches as an exhibit the Sandstorm Gold Ltd. Annual Information Form for the year ended December 31, 2013 which refers to information contained in the Reports.

I also consent to the use of my name, including as an expert or "qualified person," in connection with the Annual Report.

Date: March 11, 2014

/s/ Leah Mach

Name: Leah Mach, M.Sc. Geology, CPG
Title: Principal Resource Geologist

Exhibit 99.9

CONSENT OF PASCAL HAMELIN

I, Pascal Hamelin, hereby consent to the references to, and the use of any information derived from, the technical report titled "Technical Report on the Bachelor Lake Gold Project Prepared for Metanor Resources" dated February 17, 2011 (the "Report") in the annual report on Form 40-F of Sandstorm Gold, Ltd. for the fiscal year ended December 31, 2013 and any amendments thereto (the "Annual Report") being filed with United States Securities and Exchange Commission, which Annual Report incorporates by reference and attaches as an exhibit the Sandstorm Gold Ltd. Annual Information Form for the year ended December 31, 2013 which refers to information contained in the Report.

I also consent to the use of my name, including as an expert or "qualified person," in connection with the Annual Report.

Date: March 11, 2014

/s/ Pascal Hamelin

Name: Pascal Hamelin, P. Eng.
Title: Vice President, Operations

Exhibit 99.10

CONSENT OF HOWARD BIRD

I, Howard Bird, hereby consent to the references to, and the use of information derived from, the technical report dated January 6, 2011 titled "Black Fox Project National Instrument, NI 43-101 Technical Report Prepared for Brigus Gold Corp." (the "Report") in the annual report on Form 40-F of Sandstorm Gold, Ltd. for the fiscal year ended December 31, 2013 and any amendments thereto (the "Annual Report") being filed with United States Securities and Exchange Commission, which Annual Report incorporates by reference and attaches as an exhibit the Sandstorm Gold Ltd. Annual Information Form for the year ended December 31, 2013 which refers to information contained in the Report.

I also consent to the use of my name, including as an expert or "qualified person," in connection with the Annual Report.

Date: March 11, 2014

/s/ Howard Bird

Name: Howard Bird
Title: Senior Vice President, Exploration

Exhibit 99.11

CONSENT OF NATHAN ERIC FIER

I, Nathan Eric Fier, CPG, P.Eng, President and Chief Operating Officer of SilverCrest Mines Inc., hereby consent to (a) being named, including as an expert or "qualified person," in the Annual Report on Form 40-F of Sandstorm Gold, Ltd. for the fiscal year ended December 31, 2013 and any amendments thereto (the "Annual Report ") being filed with United States Securities and Exchange Commission, which Annual Report incorporates by reference and attaches as an exhibit the Sandstorm Gold Ltd. Annual Information Form for the year ended December 31, 2013 (the "AIF") and (b) the inclusion in the Annual Report of technical information relating to the Santa Elena Mine from the AIF.

Date: March 11, 2014

/s/ N. Eric Fier

Name: N. Eric Fier

Title: President and Chief Operating Officer