UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

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

OR

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

For the fiscal year ended December 31, 2017

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 American, 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: **Common Share Purchase Warrants, expiring November 3, 2020.**

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

☒ Annual Information Form ☒ 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: 182,685,502 (as of December 31, 2017)

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. ☒ Yes ☐ 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). ☐ Yes ☐ No

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

EXPLANATORY NOTE

Sandstorm Gold Ltd. (the "Company", "Sandstorm Gold", 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 on Form 40-F and the exhibits attached hereto and incorporated herein may contain "forward-looking statements" within the meaning of 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, concerning the business, operations and financial performance and condition of Sandstorm Gold. 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 on Form 40-F 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.

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 the Company 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 the Company 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; conditions on the Chapada Mine, the Cerro Moro Project, the Houndé Mine, the Ming Mine, the Gualcamayo Mine, the Karma Mine, the Emigrant Springs Mine, the Thunder Creek Mine, MWS, the Hugo North Extension and Heruga deposits, the mines underlying the Sandstorm portfolio of royalties, the Bachelor Lake Mine, the Diavik Mine, the Mt. Hamilton mine, the Prairie Creek Project, the San Andres Mine, the Hod Maden (formerly "Hot Maden") Project, the Hackett River Project, the Lobo-Marte Project, Agi Dagi and Kirazli or the Bracemac-McLeod Mine (each as defined in the Company's management's discussion and analysis for the year ended December 31, 2017 (the "MD&A")); the absence of control over mining operations from which the Company 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 the Company; stock market volatility; competition; as well as those factors discussed in the section entitled “Risks to Sandstorm” in the MD&A and the section entitled “Risk Factors” contained in Sandstorm’s most recent Annual Information Form for the year ended December 31, 2017 (the “AIF”) attached hereto as Exhibit 99.1 and incorporated by reference herewith.

Forward-looking information in this annual report on Form 40-F includes, among other things, disclosure regarding: the Company’s existing Streams (as defined below) and royalties as well as its future outlook, the mineral reserve and mineral resource estimates for each of the Chapada Mine, the Cerro Moro Project, the Houndé Mine, the Diavik Mine, the Aurizona Mine, the Gualcamayo Mine, the Emigrant Springs Mine, the Thunder Creek Mine, MWS, the Santa Elena Mine, the Ming Mine, the Black Fox Mine, the Hugo North Extension and Heruga deposits, the Karma Mine, the mines underlying the Sandstorm portfolio of royalties, the Bachelor Lake Mine, the Mt. Hamilton Mine, the Prairie Creek Project, the San Andres Mine, the Hod Maden (Formerly “Hot Maden”) Project, the Hackett River Project, the Lobo-Marte Project, Agi Dagi and Kirazli 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 mines from which the Company will purchase gold, other commodities or receive royalties from, 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 in such statements.

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.

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 on Form 40-F 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 reports 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 as at and for the year ended 2017 and 2016 (the "Audited Financial Statements") and the Company's MD&A are included in the 2017 Annual Report of the Company (the "Annual Report") which is attached hereto as Exhibit 99.2 to this annual report on Form 40-F and incorporated by reference herein.

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 29, 2017 based upon the daily average exchange rate as published by the Bank of Canada, was U.S.$1.00=CDN$1.2545. The exchange rate of United States dollars into Canadian dollars, on March 28, 2018 based upon the daily average exchange rate as published by the Bank of Canada, was U.S.$1.00=CDN$1.2902.

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 the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") - Definition Standards adopted by CIM Council (the "CIM Definition Standards") which were incorporated by reference in the Canadian Securities Administrators' National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") which is a rule developed by Canadian Securities Administrators that 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.

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 National Instrument 52-109 in Canada and 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, 2017, following the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control-Integrated Framework (2013 Framework).* 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, 2017.

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 has issued an attestation report on the Company's internal control over financial reporting as of December 31, 2017 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.

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. This assessment includes the Company's implementation and evaluation of its framework of internal control over financial reporting with respect to Mariana Resources Ltd., which it acquired in July of 2017.

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, 2017 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: David E. De Witt (Chair), John P.A. Budreski, 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 American 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 NYSE American 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 attached as an exhibit to the AIF, 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 EDGAR at *www.sec.gov*, and on the Company's website at *www.sandstormgold.com*. The Company will provide a copy of the Code in print without charge to any person that provides the Company with a written request addressed to the Company's Corporate Secretary.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

PricewaterhouseCoopers LLP (“PwC”), the Company’s Independent Registered Public Accounting Firm, was appointed as the Company’s external auditor in June 17, 2016. The Company’s independent auditors prior to June 17, 2016 was Deloitte LLP (“Deloitte”). For a description of the total amount billed to the Company by PwC and Deloitte 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 108 of the AIF, which is attached as Exhibit 99.1 to this annual report on Form 40-F 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 108 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, 2017 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	$ -	$ -	$ -	$ -	$ -
Interest Payments	$ -	$ -	$ -	$ -	$ -
Operating Lease Obligations	$ 2,126,807	$ 587,789	$ 1,180,039	$ 358,979	$ -
Purchase Obligations	$ -	$ -	$ -	$ -	$ -
Other Long-Term Liabilities	$ -	$ -	$ -	$ -	$ -
Total	**$ 2,126,807**	**$ 587,789**	**$ 1,180,039**	**$ 358,979**	**$ -**

The Company is a resource-based Company that acquires gold streams and other metals purchase agreements ("Gold Streams" or "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 or at a variable price based on the spot market price, 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. Furthermore, in connection with the Company's various Streams, certain payments are advanced to companies as their mining projects are advanced. These payments are subject to certain funding conditions and are not based on time periods. For a description of the purchase commitments of the Company, see "Contractual Obligations" and "Note 14 - Contractual Obligations" on pages 27 and 67, respectively, of the Annual Report attached as Exhibit 99.2 to this annual report on Form 40-F and incorporated by reference herein.

MINE SAFETY DISCLOSURE

Not applicable.

CORPORATE GOVERNANCE

As a Canadian corporation listed on NYSE American, the Company is not required to comply with most of the NYSE American corporate governance standards, so long as it complies with Canadian corporate governance practices. However, pursuant to the NYSE American 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 the NYSE American's corporate governance standards.

NYSE American's quorum requirement provides that a quorum for a shareholder meeting of a NYSE American-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 EDGAR 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 29, 2018

EXHIBIT INDEX

Exhibit	Description
99.1	Annual Information Form for the year ended December 31, 2017
99.2	Annual Report for the year ended December 31, 2017, which includes Management's Discussion and Analysis for the fiscal year ended December 31, 2017 and the Audited Annual Consolidated Financial Statements as at and for the fiscal years ended December 31, 2017 and 2016
99.2	Printer Friendly Copy
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 PricewaterhouseCoopers LLP, the Company's Independent Registered Public Accounting Firm
99.6	Consent of Ramon Mendoza Reyes
99.7	Consent of Yohann Bouchard
99.8	Consent of Keith Laskowski
99.9	Consent of Rodney Webster
99.10*	Code of Conduct and Ethics (incorporated herein by reference to Exhibit 99.6 of the Company's Annual Report on Form 40-F for the year ended December 31, 2013 and filed with the SEC on March 11, 2014)
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Labels Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Document

*Not filed herewith, but incorporated herein by reference.

Exhibit 99.1



SANDSTORM GOLD LTD.

ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2017

MARCH 29, 2018

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

SANDSTORM GOLD LTD.
ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2017

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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 results, level of activity, performance or achievements of the Company 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 metals or from which it will receive royalty payments 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 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 Gold Streams (as defined below) and royalties, as well as its future outlook and the mineral reserve and mineral resource estimates for the Santa Elena Mine (as defined below), Chapada Mine (as defined below), the Diavik Mine (as defined below), the Houndé Mine (as defined below) and the Hod Maden Project (as defined below), production and cost estimates and expected plans with regard to certain assets of Mariana Resources (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 commodities or from which it will receive royalty payments, 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 and Exchange Rate Information

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

The high, low, average and closing exchange rates for Canadian dollars in terms of the United States dollar for each of the three years in the period ended December 31, 2017, as quoted by the Bank of Canada, were as follows:

	Year Ended December 31		
	2017	2016	2015
High	C$1.2128	C$1.2544	C$1.1728
Low	C$1.3743	C$1.4589	C$1.3990
Average [1]	C$1.2988	C$1.3253	C$1.2787
Closing	C$1.2588	C$1.3427	C$1.3840

(1) Calculated as an average of the daily noon rates for 2015 and 2016. For 2017, calculated as prior day daily average.

Commodity Price Information

Gold Prices

The high, low, average and closing afternoon fixing gold prices in United States dollars per troy ounce for each of the three years in the period ended December 31, 2017, as quoted by the London Bullion Market Association, were as follows:

	Year Ended December 31		
	2017	2016	2015
High	$1,346	$1,366	$1,296
Low	$1,151	$1,077	$1,049
Average	$1,257	$1,251	$1,160
Closing	$1,291	$1,146	$1,060

Silver Prices

The high, low, average and closing afternoon fixing silver prices in United States dollars per troy ounce for each of the three years in the period ended December 31, 2017, as quoted by the London Bullion Market Association, were as follows:

	Year Ended December 31		
	2017	2016	2015
High	$18.56	$20.71	$18.23
Low	$15.22	$13.58	$13.71
Average	$17.05	$17.14	$15.68
Closing	$16.87	$16.24	$13.82

Copper Prices

The high, low, average and closing official cash settlement copper prices in United States dollars per pound for each of the three years in the period ended December 31, 2017, as quoted by the London Metal Exchange, were as follows:

	Year Ended December 31		
	2017	2016	2015
High	$3.27	$2.69	$2.94
Low	$2.48	$1.96	$2.05
Average	$2.80	$2.21	$2.48
Closing	$3.25	$2.50	$2.13

CORPORATE STRUCTURE

The Company was incorporated under the *Business Corporations Act* (British Columbia) ("**BCBCA**") on March 23, 2007. The Company changed its name from "Sandstorm Resources Ltd." to "Sandstorm Gold Ltd." on February 17, 2011. Effective June 19, 2015, Sandstorm Gold Ltd. amalgamated, by way of vertical short-form amalgamation under the BCBCA (British Columbia), with one of its wholly-owned subsidiaries, Premier Royalty Inc. ("**Premier Royalty**"). Sandstorm Gold Ltd. was the continuing entity as a result of this amalgamation. Effective January 1, 2018, Sandstorm Gold Ltd. amalgamated, by way of vertical short-form amalgamation under the BCBCA, with one of its wholly-owned subsidiaries, Sandstorm Gold (Barbados) Limited. Sandstorm Gold Ltd. was the continuing entity as a result of this amalgamation.

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

The Company has two principal wholly-owned subsidiaries; being: (1) Mariana Resources Limited (" **Mariana Resources**"), a wholly-owned subsidiary of the Company incorporated under the laws of Guernsey, and (2) Mariana Turkey Limited, a wholly-owned subsidiary of Mariana Resources Limited incorporated under the laws of Guernsey.

GENERAL DEVELOPMENT OF THE BUSINESS

Public Offerings

On September 1, 2015, the Company filed a short form base shelf prospectus (the " **2015 Base Shelf Prospectus**") in Canada and the United States which allows the Company to offer for sale and issue from time to time common shares of the Company ("**Common Shares**"), warrants to purchase Common Shares, subscription receipts and units, or any combination thereof, having a total aggregate offering price for such securities, of up to $150,000,000 (or the equivalent thereof in other currencies) during the 25-month period that the 2015 Base Shelf Prospectus, including any amendments thereto, remained effective.

On November 3, 2015, the Company completed a bought deal financing with a syndicate of underwriters of 10,087,800 units of the Company at a price of $2.85 per unit ("**Units**") for gross proceeds of approximately $28.8 million (the " **November 2015 Offering**"). Each Unit was comprised of one Common Share and one-half of one common share purchase warrant, where each full warrant entitles the holder to purchase one Common Share at a price of $4.00 until November 3, 2020. The Units were sold pursuant to an underwriting agreement between the Company and a syndicate of investment dealers co-led by National Bank Financial Inc. and BMO Nesbitt Burns Inc. The Units issued under the November 2015 Offering were offered by way of an amended and restated prospectus supplement (dated October 27, 2015) to the 2015 Base Shelf Prospectus in all of the Provinces of Canada, other than Québec, and in the United States as part of an effective registration statement. The net proceeds from the November 2015 Offering were primarily used to reduce the balance of the Company's revolving credit facility, which facility was used in funding the acquisition of productions streams from up to five projects from Yamana (as defined below), and for working capital purposes.

On July 6, 2016, the Company completed a bought deal financing with a syndicate of underwriters of 12,921,400 Common Shares of the Company at a price of $4.45 per Common Share for gross proceeds of approximately $57,500,230 (the "**July 2016 Offering**"). The Units were sold pursuant to an underwriting agreement between the Company and a syndicate of investment dealers co-led by National Bank Financial Inc. and BMO Nesbitt Burns Inc. The Common Shares issued under the July 2016 Offering were offered by way of a prospectus supplement (dated June 27, 2016) to the 2015 Base Shelf Prospectus in all of the Provinces of Canada, other than Québec, and in the United States as part of an effective registration statement. The net proceeds from the July 2016 Offering were primarily used to repay the outstanding balance under the Company's revolving credit facility, for working capital purposes and to finance the purchase of future Gold Streams/royalties.

On December 16, 2016, the Company filed a short form base shelf prospectus (the " **2016 Base Shelf Prospectus**") in Canada and the United States which allows the Company to offer for sale and issue from time to time Common Shares, warrants to purchase Common Shares, subscription receipts and units, or any combination thereof, having a total aggregate offering price for such securities, of up to $200,000,000 (or the equivalent thereof in other currencies) during the 25-month period that the 2016 Base Shelf Prospectus, including any amendments thereto, remains effective.

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 $50.0 million (the "**Revolving Loan**" or "**Credit Facility**", as amended from time to time). 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 7, 2013 (as amended from time to time), the Company entered into an amended and restated credit agreement and amended the Revolving Loan to increase the amount which the Company was permitted to borrow thereunder to up to $110.0 million. On December 20, 2017, the Company entered into a second amended and restated credit agreement (the "**Second Amended and Restated Credit Agreement**") and amended the Revolving Loan to increase the amount which the Company was permitted to borrow thereunder to up to $150 million (the "**Amended Revolving Loan**", as amended from time to time).

The term of the Amended Revolving Loan expires December 20, 2021, which is extendable by mutual consent of The Bank of Nova Scotia, Bank of Montreal, National Bank of Canada, Canadian Imperial Bank of Commerce, Royal Bank of Canada and the Company. The Amended Revolving Loan can be used for the acquisition of Gold Streams and royalties and general corporate purposes. The amounts drawn on the Amended Revolving Loan are subject to interest at LIBOR plus 2.50% to 3.50% per annum, and the undrawn portion of the Amended Revolving Loan is subject to a standby fee of 0.60%-0.80% per annum, dependent on the Company's leverage ratio. As at December 31, 2017, the Company had not drawn down on the Amended Revolving Loan and the full balance of $150 million remained available. Subsequent to December 31, 2017, the Company utilized a portion of the Amended Revolving Loan to fund the acquisition of the Houndé Royalty (as defined below). As of the date of this AIF, $2.0 million has been drawn on and remains outstanding under the Amended Revolving Loan, leaving $148 million undrawn and available for future acquisitions and for general corporate purposes.

Normal Course Issuer Bid

On March 30, 2016, the Company commenced a Normal Course Issuer Bid (" **2016 NCIB**") in accordance with Toronto Stock Exchange ("**TSX**") rules and Canadian securities laws. Under the 2016 NCIB, the Company was entitled to purchase up to 6,896,539 Common Shares, representing 5% of the Company's issued and outstanding Common Shares as of March 15, 2016. The 2016 NCIB terminated on April 3, 2017. On April 5, 2017, the Company commenced a new Normal Course Issuer Bid ("**2017 NCIB**" and, together with the 2016 NCIB, the " **NCIB**") in accordance with TSX rules and Canadian Securities laws. Under the 2017 NCIB, the Company is entitled to purchase up to 7,597,730 Common Shares, representing 5% of the Company's issued and outstanding Common Shares as of March 22, 2017. The 2017 NCIB will terminate on April 4, 2018.

The NCIB provided the Company with the option to purchase its Common Shares from time to time. Purchases under the NCIB were executed on the open market through the facilities of the TSX or alternative Canadian trading platforms until June 2017, when the Company amended its 2017 NCIB ("**Amended 2017 NCIB**") so that purchases under the Amended 2017 NCIB were extended to include the ability by the Company to also purchase its Common Shares through the facilities of the NYSE American (formerly known as NYSE MKT) or alternative trading platforms in the United States of America. Purchases made by the Company over the NYSE American or such alternative trading platforms were made in compliance with applicable US securities laws. All purchases were made at the market price of the Common Shares at the time of acquisition and were funded by the Company's working capital. All Common Shares acquired by the Company were cancelled. Pursuant to the Amended 2017 NCIB, during 2017, the Company purchased a total of 4,106,772 Common Shares for an aggregate purchase price of (i) $8,886,782 on the NYSE American and alternative trading platforms in the United States of America; and (ii) C$11,190,544 on the TSX and alternative Canadian trading platforms, and these 4,106,772 Common Shares were all returned to treasury for cancellation.

Mineral Interests

Aurizona Mine Royalties

In May 2015, the Company restructured the gold stream (" **Aurizona Gold Stream**") which it entered into in May 2009 with former Luna Gold Corp. ("**Luna**") pursuant to which the Company was entitled to purchase 17% of the life of mine gold produced from Luna's Aurizona mine, located in Brazil (the "**Aurizona Mine**"), and the Company also amended the terms of the Company's outstanding $23,730,306 loan to Luna (the "**Luna Loan**"). Under the terms of the restructuring, the Aurizona Gold Stream was terminated (effective September 30, 2015) and replaced by two net smelter return ("**NSR**") royalties (the "**Aurizona Project NSR**" and the "**Greenfields NSR**") and a $30 million convertible debenture (the "**Debenture**"). The Aurizona Project NSR is a sliding scale royalty based on the price of gold as follows: 3% if the price of gold is less than or equal to $1,500 per ounce; 4% if the price of gold is between $1,500 per ounce and $2,000 per ounce; and 5% if the price of gold is greater than $2,000 per ounce. The Greenfields NSR covers approximately 190,000 – 220,000 hectares of exploration ground held by Luna and is a 2% net smelter return royalty. Luna has the right to purchase one-half of the Greenfields NSR for $10 million at any time prior to commercial production. The Company holds a right of first refusal on any future streams or royalties on the Aurizona project and Greenfields.

Subsequently, a series of business combinations took place from 2016 to 2018 resulting in the formation of Equinox Gold Corp. ("**Equinox**"). Equinox is the successor to former Luna, as a result of the following business combinations: (i) JDL Gold Corp. was formed in October 2016 through the merger of Lowell Copper Ltd., Gold Mountain Mining and Anthem United, following which Lowell Copper Ltd. was the continuing entity and subsequently changed its name to JDL Gold Corp.; (ii) Trek Mining Inc. was formed in March 2017 through the merger of Luna and JDL Gold Corp. following which JDL Gold Corp. was the continuing entity and subsequently changed its name to Trek Mining Inc.; and (iii) Equinox was formed in December 2017 through the merger of Trek Mining Inc., NewCastle Gold and Anfield Gold, following which Trek Mining Inc. was the continuing entity and subsequently changed its name to Equinox Gold Corp.

In 2017, the Company was able to monetize a number of its historical debt and equity investments held in Equinox's predecessor companies. On March 31, 2017, the outstanding Luna Loan (plus accrued interest) was settled in the form of equity and the Company received an aggregate of 19,469,538 common shares and 8,516,642 share purchase warrants of Trek Mining Inc. (now known as Equinox). In addition, on January 3, 3018, the Company sold $18.3 million in debt and equity securities of Equinox to Mr. Ross Beaty, the new Chairman of Equinox. Pursuant to this agreement, Sandstorm Gold sold 4.0 million common shares of Equinox and $15.0 million principal amount of the Debenture, for a combined sale price of approximately $18.3 million. The sale of the Equinox securities to Mr. Beaty was planned as part of the aforementioned business combination to form Equinox which was completed in December 2017.

The Aurizona Mine is located in Maranhão State in northern Brazil and is an orogenic gold deposit hosted in a greenstone belt of the São Luis Craton. There are many mineralized bodies on the Aurizona property, but work to date has focused on the Piaba and Tatajuba deposits on which the current resource is based.

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 was 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. In February 2014, Sandstorm Gold elected to exercise its right to purchase gold from the Santa Elena Underground Mine. For consideration, the Company made a $10.0 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.

NOTE: Effective October 1, 2015, First Majestic Silver Corp. (TSX:FR; NYSE:AG) (" **First Majestic**") acquired all of the issued and outstanding shares of SilverCrest by way of plan of arrangement under the BCBCA and the Company's rights under the Santa Elena Gold Stream remain intact.

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

Ming Gold Stream

On March 4, 2010, the Company entered into an agreement (as amended) (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 upfront payments. There are no 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. Based upon 2017 metallurgical recoveries at the Ming Mine, the Company's 2018 gold purchase entitlement was adjusted to 35%.

Black Fox Gold Stream

On November 9, 2010, the Company entered into an agreement (the "**Black Fox Gold Stream**") with Brigus Gold Corp. ("**Brigus**") to purchase 12% of the life of mine gold produced from 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 $524) 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. 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 5, 2014, Primero Mining Corp. acquired all of the issued and outstanding shares of Brigus by way of plan of arrangement under the *Canada Business Corporations Act*. On October 6, 2017, Primero announced that it had sold the Black Fox Mine and associated assets to McEwen Mining Inc. (NYSE:MUX; TSX:MUX). The Company's rights under the Black Fox Gold Stream remain intact.

Bachelor Lake Gold Stream

In 2011, the Company entered into an agreement (the "**Bachelor Lake Gold Stream**") with Metanor Resources Inc. ("**Metanor**") to purchase 20% of the life of mine gold produced from Metanor's 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 provided a guarantee that the Company would receive minimum pre-tax cash flow for the years 2012 through 2016, which were all met.

On September 18, 2017, the Company and Metanor entered into an agreement amending the Bachelor Lake Gold Stream (the "**Bachelor Amendment**") such that, beginning October 1, 2017, the Company will purchase 20% of the gold produced from the Bachelor Lake Mine at an ongoing cost of $500 per ounce, until 12,000 ounces of gold have been purchased by the Company, at which time the Bachelor Lake Gold Stream will convert into a 3.9% NSR royalty. Metanor has agreed to sell a minimum of 1,500 ounces of gold to the Company on a quarterly basis until the 12,000 ounce threshold has been reached. As consideration for the Bachelor Amendment, the Company will also receive:

- a 3.9% NSR royalty on Metanor's Barry project; and
- $2.0 million in Metanor common shares (3.16 million shares).

Metanor may elect to reduce the 3.9% NSR royalty on its Bachelor Lake Mine or Barry projects by making a $2.0 million payment to the Company (in each case). Upon Metanor exercising either of these purchase options, the related NSR royalty will decrease to 1.8%. In addition to the Bachelor Lake Gold Stream, the Company also has an existing 1% NSR on the Bachelor Lake Mine, which remains unaffected by the Bachelor Amendment.

Entrée Gold Stream

On February 14, 2013 (as amended February 23, 2016), 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:

- 5.619% of the gold, 5.619% of the silver and 0.415% of the copper produced from the Hugo North Extension deposit (Lower Level);
- 8.425% of the gold, 8.425% of the silver and 0.623% of the copper produced from the Hugo North Extension deposit (Upper Level);
- 4.258% of the gold, 4.258% of the silver and 0.415% of the copper produced from the Heruga Deposit (Lower Level); and
- 6.391% of the gold, 6.391% of the silver and 0.623% of the copper produced from the Heruga Deposit (Upper Level);

(all of which are subject to adjustment upon the occurrence of certain stated events and reflect reduced percentages, as further discussed below). 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**").

The amendment entered into on February 23, 2016 reduced the Company's metal credits interests by 17% from the original numbers, for which the Company initially paid $40.0 million in 2013. ***Please note that the metal credits figures set out above are the reduced figures.*** In exchange for the 17% reduction, Entrée paid the Company $5.5 million in cash and issued 5,128,604 common shares of Entrée ("**Entrée Shares**") to the Company (having an aggregate value of $1.3 million). 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. On February 14, 2013, the Company entered into a similar back-to-back agreement with Sandstorm Metals & Energy Ltd. ("**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 $5.0 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. As a result of the SND Acquisition described below in this AIF, Sandstorm Metals' interest in the Entrée JV Project under the Copper Agreement has been added to the Company's asset portfolio (see below under "*Acquisition of 100% Interest in Sandstorm Metals*"). The Company is not required to contribute any further capital, exploration or operating expenditures to Entrée.

In March 2013 and January 2017, the Company participated in certain Entrée private placements and currently owns an aggregate of 23,900,380 Entrée Shares plus share purchase warrants exercisable into 457,317 common shares of Entrée at an exercise price of C$0.65, representing approximately 13.7% of the current issued and outstanding common shares of Entrée.

The Hugo North Extension and the Heruga Deposit are part of the Oyu Tolgoi mining complex and are being developed by Oyu Tolgoi LLC and the Government of Mongolia, and its project manager Rio Tinto plc ("**Rio Tinto**"). Entrée retains a 20% interest in the resources of the Hugo North Extension and Heruga deposits.

Partnership with Franco-Nevada on the Karma Project, West Africa

On August 11, 2014, the Company partnered with Franco-Nevada Corporation (" **Franco-Nevada**") (TSX/NYSE:FNV) by entering into a $120.0 million gold stream agreement (the "**True Gold Stream**") with True Gold Mining Inc. (" **True Gold**") (TSXV:TGM) with respect to its Karma Project located in Burkina Faso, West Africa ("**Karma Project**"). In exchange for an initial $100.0 million in funding, True Gold is obligated to deliver 100,000 ounces of gold over five years (commencing March 31, 2016) (the "**Delivery Period**"). Thereafter, True Gold will deliver an amount of refined gold equal to 6.5% of the equivalent production at the Karma Project for the life of the mine (the "**Additional Period**"). In addition, the Company and Franco-Nevada provided True Gold with an 18 month option to increase funding by up to $20.0 million (the "**Increase Option**") in exchange for eight quarterly deliveries totaling up to 30,000 ounces of gold, based on the pro-rata portion of the amount drawn thereunder, commencing 18 months from when the first tranche under the Increase Option is taken down (the "**Increase Option Period**"). During the Increase Option Period (which has now expired), in 2016, Franco-Nevada and the Company provided a one-time payment of $5 million under the Increase Option which reduced the eight quarterly deliveries to a total of 7,500 ounces of gold. The Company has fully funded the initial $25.0 million which it committed to True Gold and has also advanced $1.25 million under the Increase Option.

The True Gold Stream is syndicated between Franco-Nevada (as to 75%) and the Company (as to 25%) (the " **Syndicate**"). The Company's 25% Syndicate position will result in True Gold delivering 5,000 ounces of gold to the Company each year during the Delivery Period, for a total of 25,000 ounces of gold. During the Additional Period, the Company's share will be 1.625% of the gold produced at the Karma Project. During each of the Delivery Period and the Additional Period, for each ounce of gold delivered, the Syndicate will make per ounce payments to True Gold equal to 20% of the market spot price for gold.

NOTE: Effective April 26, 2016, Endeavour Mining Corporation (TSX:EDV) acquired all of the issued and outstanding shares of True Gold by way of plan of arrangement under the BCBCA and the Company's rights under the True Gold Stream remain intact.

Diavik Mine Royalty

On March 23, 2015, the Company acquired a 1% gross proceeds royalty (" **Diavik Royalty**") over property in Lac de Gras in the Northwest Territories, Canada, including property constituting the Diavik diamond mine ("**Diavik Mine**"). Sandstorm Gold acquired the Diavik Royalty from IAMGOLD Corporation (the previous owner of the Diavik Royalty) for $52.5 million in cash and three million warrants of the Company (the "**Diavik Warrants**"). The Diavik Warrants have a five year term expiring March 23, 2020, a strike price of $4.50 per Common Share and will only be exercisable following initial production from the Diavik Mine's A21 pipe.

The Diavik Mine is owned by the Diavik Joint Venture (" **Diavik Joint Venture**"), which is an unincorporated joint arrangement between Diavik Diamond Mines (2012) Inc. ("**DDMI**") and Dominion Diamond Diavik Limited Partnership (" **DDDLP**"), where DDDLP holds an undivided 40% ownership in the assets, liabilities and expenses of the Diavik Mine and DDMI holds 60%. DDMI is the operator of the Diavik Mine and is a wholly owned subsidiary of Rio Tinto of London, England. DDDLP is a wholly-owned subsidiary of Dominion Diamond Corporation ("**Dominion**").

NOTE: Dominion was taken over by Northwest Acquisitions ULC in November 2017 and became a privately held company.

For further details regarding the Diavik Mine, see "Technical Information – Diavik Mine, Canada" below.

Multi-Asset Stream with Yamana Gold Inc.

On October 27, 2015, the Company entered into three agreements with Yamana Gold Inc. (" **Yamana**") that include production streams from up to five of Yamana's projects (the "**Yamana Transaction**"). For upfront consideration of $152 million in cash (of which $148 million was paid on closing and $4 million was paid in April 2016) plus 15 million warrants of the Company (the "**Yamana Warrants**"), the Company received a silver stream (the "**Silver Stream**") pursuant to a silver purchase agreement dated October 27, 2015 (the " **Silver Purchase Agreement**") on the Cerro Moro development project in Argentina (the "**Cerro Moro Project**") that includes interim silver deliveries during years 2016 to 2018 from currently operating mines, and a copper stream (the "**Copper Stream**") on the operating Chapada mine in Brazil (the " **Chapada Mine**") pursuant to a copper purchase agreement dated October 27, 2015 (the "**Copper Purchase Agreement**") and a potential gold stream on the Agua Rica project in Argentina (the "**Agua Rica Project**"), at the Corporation's sole option (the " **Early Deposit Gold Stream** "). The Yamana Warrants have an exercise price of $3.50 and a term of five years expiring on October 27, 2020 and became exercisable in 2016 based upon the achievement of specific milestones with respect to the construction of the Cerro Moro mine. The Yamana Transaction provides the Company with asset diversification through the Silver Stream which includes production from the Chapada Mine, the Cerro Moro Project, and the Minera Florida mine in Chile (the "**Minera Florida Mine**"), as well as the Copper Stream, and the Early Deposit Gold Stream. In addition, the projects underlying the Yamana Transaction are low cost, economically robust assets with significant exploration upside.

The Silver Stream

In exchange for $70 million, pursuant to the Silver Stream, the Company agreed to purchase an amount of silver from the Cerro Moro Project equal to 20% of the silver produced, up to a maximum of 1.2 million ounces of silver annually, until Yamana has delivered 7.0 million ounces of silver to the Company; then 9% of the silver produced thereafter, for the life of the mine. The Company has also agreed to purchase an amount of silver from the Minera Florida Mine and the Chapada Mine on an interim basis during the years 2016 through 2018, equal to: 38% of the silver produced, up to a maximum of 200,000 ounces of silver annually from the Minera Florida Mine; and 52% of the silver produced, up to a maximum of 100,000 ounces of silver annually from the Chapada Mine. The Company agreed to make ongoing payments for each ounce of silver received under the Silver Stream equal to 30% of the spot price per ounce of silver. If by January 1, 2019, the Cerro Moro Project has not averaged 80% of its daily nameplate production capacity over a 30-day period (the "**Commencement of Production**"), then Yamana's producing El Peñon mine in Chile (the "**El Peñon Mine**") will provide a 24-month backstop until the Commencement of Production has begun. During the 24-month backstop, if applicable, the Company will purchase an amount of silver equal to 16% of the El Peñon Mine's silver production up to a maximum of 1.2 million ounces per annum. If the Cerro Moro Project has not achieved the Commencement of Production and the Company has not received cumulative pre-tax cash flow equal to $70 million from the Silver Stream, then the First Chapada Delivery Threshold and the Second Chapada Delivery Threshold (each as defined below) will cease to be in effect and the Company will continue to purchase 4.2% of the Chapada Mine's payable copper production, up to a maximum of 3.9 million pounds of copper annually, until the earlier of the Company having received cumulative pre-tax cash flow equal to $70 million, or the Cerro Moro Project having achieved the Commencement of Production.

The Cerro Moro Project is located approximately 70 kilometres southwest of the coastal port city of Puerto Deseado in the Santa Cruz province of Argentina. The Cerro Moro Project contains a number of high grade epithermal gold and silver deposits, some of which will be mined via open pit and some via underground mining methods.

The Copper Stream

In exchange for $70 million, pursuant to the Copper Stream, the Company has agreed to purchase an amount of copper from the Chapada Mine equal to: 4.2% of the copper produced, up to a maximum of 3.9 million pounds of copper annually, until Yamana has delivered 39 million pounds of copper to the Corporation (the "**First Chapada Delivery Threshold**"); then 3.0% of the copper produced until, on a cumulative basis, Yamana has delivered 50 million pounds of copper to the Company (the "**Second Chapada Delivery Threshold**"); then 1.5% of the copper produced thereafter, for the life of the mine. The Company agreed to make ongoing payments for each pound of copper received under the Copper Stream equal to 30% of the spot price per pound of copper. The Company has been provided with subsidiary and parent guarantees with respect to the obligations under the Copper Stream.

For details regarding the Chapada Mine, please see "Technical Information – Chapada Mine, Brazil" below.

The Early Deposit Gold Stream

In exchange for $12 million, $4 million of which was paid in April 2016 (the " **Advance Payment**"), the Company has entered into an Early Deposit Gold Stream agreement on the Agua Rica Project, a copper-molybdenum-gold porphyry deposit. At the time when 25% of the construction of the Agua Rica Project has been completed, the Company may elect to make an additional advance payment equal to between $135 million and $225 million based on the following formula: $150,000 multiplied by the price of gold plus $7.5 million (the "**Additional Advance Payment**"). If the Company elects to pay the Additional Advance Payment, the Company will have the right to purchase an amount of gold equal to 20% of the life of mine gold produced from the Agua Rica Project. The Company would make ongoing payments for each ounce of gold received, equal to 30% of the spot price per ounce of gold. If the Company elects not to pay the Additional Advance Payment, the Advance Payment will convert into a 0.25% net smelter returns royalty on the Agua Rica Project and all other rights under the Early Deposit Gold Stream agreement will terminate. In addition, in the event that the Company wishes to syndicate the Early Deposit Gold Stream to a third party, it has the right to transfer any and all of its rights and obligations, under certain conditions.

The Agua Rica Project is a large scale porphyry copper, molybdenum, gold and silver deposit located in the province of Catamarca, Argentina. In March 2015, Yamana signed a definitive agreement (the "**Definitive Agreement**") with the provincial Government of Catamarca, Argentina, represented by the provincial mining company Catamarca Mineria y Energetica Sociedad del Estado ("**CAMYEN**"). The Definitive Agreement advances the memorandum of understanding between CAMYEN and Yamana, which set the groundwork for cooperation to consolidate important mining projects and prospective properties in the province, creating the Catamarca mining district.

Royalty Package from Teck Resources Limited

On January 19, 2016, the Company agreed to acquire (the "**Teck Transaction**") 56 royalties from Teck Resources Limited and its affiliates (collectively, "**Teck**"). Teck was subsequently unable to complete the transfer of four of the 56 royalties to the Company because underlying rights of first offer and refusal ("**ROFRs"**) were exercised. As partial consideration for the 56 royalties, on closing, the Company issued a total of 8,762,222 Common Shares (the "**Acquisition Shares**") to Teck. Due to the exercise of the four ROFRs, Teck returned 1,273,065 of the 8,762,222 Common Shares to the Company in May 2016, which were then returned to treasury by the Company for cancellation. Accordingly, the total net consideration paid by the Company to Teck for the 52 royalties (the "**Teck Royalty Package**") was $16.8 million, paid as to $1.4 million in cash and $15.4 million in Common Shares of the Company. As of the date of this AIF, all 52 of the royalties have been transferred to the Company.

The Teck Royalty Package currently consists of assets in North America (32), Asia (10), South America (7) and Europe (3) and includes producing assets (2), development-stage projects (7), advanced exploration-stage projects (6) and exploration-stage properties (37). Royalty counterparties include Barrick Gold Corporation, Glencore plc ("**Glencore**"), KGHM Polska Miedz SA, Newmont Mining Corporation (" **Newmont**"), Kinross Gold Corporation ("**Kinross**"), New Gold Inc. and Imperial Metals Corporation. The Teck Royalty Package includes the following key assets:

- 2.0% NSR royalty on the high-grade, exploration-stage Hod Maden project (formerly known as Hot Maden, the " **Hod Maden Project**") located in Turkey, owned by Mariana Resources (as to 30%) and its Turkish partner Lidya Madencilik Sanayi ve Ticaret A.S. ("**Lidya**") (as to 70%) through their Turkish subsidiary company;

- 2.0% NSR royalty on the development-stage Hackett River project (" **Hackett River**") in Nunavut, Canada owned by Glencore (the 2.0% NSR royalty covers 7,141 hectares of the Hackett River property, including the licenses where the mineral resources have been defined);

- 1.75% NSR royalty on 60% of production (i.e. 1.05%) subject to a $40 million cap, on the development-stage Lobo-Marte project ("**Lobo-Marte**") in Chile owned by Kinross;

- 2.0% NSR royalty on the development-stage Burhaniye project in Turkey owned by Tumad Madencilik Sanayi ve Ticaret A.S. The Burhaniye royalty begins paying after 300,000 ounces have been produced; and

- $10/ounce production royalty bonus, subject to a maximum ounce cap (600,000 ounces from Ağı Dağı and 250,000 from Kirazli), on the Ağı Dağı/Kirazli projects in Turkey owned by Alamos Gold Inc. and payable by Newmont upon commencement of commercial production.

About the Hod Maden Project

The Hod Maden Project (gold-copper) is located approximately 20 kilometres southeast of Artvin and 130 kilometres northeast of Erzurum in north-eastern Turkey.

About Hackett River

The Hackett River property is located in Nunavut, Canada, approximately 480 kilometres northeast of Yellowknife and 105 kilometres south-southwest of the community of Bathurst Inlet, which is located on the Arctic Ocean. Hackett River is a silver-rich volcanogenic massive sulphide project within an Archean greenstone belt and the property contains four massive sulphide deposits.

About Lobo-Marte

The Lobo-Marte project contains two epithermal gold deposits located in the Maricunga gold district of Chile. The resources are seven kilometers apart, and are located 60 kilometres south of Kinross's La Coipa mine, 100 kilometres east of the city of Copiapó.

About Ağı Dağı/Kirazli

The Ağı Dağı and Kirazli gold development projects are located in the Çanakkale Province of northwestern Turkey and are epithermal, high-sulphidation, disseminated gold systems.

Houndé Royalty

On January 17, 2018, the Company acquired a 2% net smelter returns royalty (" **Houndé Royalty**") on the producing Houndé gold mine located in Burkina Faso in West Africa ("**Houndé Mine**"). Sandstorm Gold acquired the Houndé Royalty from Acacia Mining PLC (the previous owner of the Houndé Royalty) for $45 million in cash. The Houndé Royalty covers the Kari North and Kari South tenements, representing approximately 500 square kilometres of the Houndé property package. The Houndé Mine is owned by Endeavour Mining Corporation ("**Endeavour**"), through its 100% owned subsidiary Avion Gold (Burkina Faso) SARL.

For further details regarding the Houndé Mine, see "Technical Information – Houndé Mine, West Africa" below.

Corporate Takeovers

Acquisition of 100% Interest in Premier Royalty

The Acquisition

In October 2013, the Company acquired 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 for each outstanding Premier Share (other than 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**").

Business of Premier Royalty

Premier Royalty was in the business of acquiring royalty interests in mineral properties that are advanced staged development projects or operating mines. Premier Royalty did not conduct mining operations, nor was it required to contribute to capital costs, exploration costs, environmental costs or other mining costs on the properties in which it held 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 $30.0 million in cash.

Three of Premier Royalty's (and thus, the Company's) operating royalty interests were on the: (i) Gualcamayo Mine (a 1.0% NSR on the Gualcamayo open pit, heap leach gold mine which is located in San Juan province, Argentina, owned and operated by Yamana); (ii) Emigrant Springs Mine (a 1.5% NSR on the Emigrant Springs open pit, heap leach gold mine located in the Carlin Trend in Nevada, USA, owned and operated by Newmont); and (iii) Mine Waste Solutions (a 1.0% NSR on the gold produced from Mine Waste Solutions gold and uranium tailings recovery operation located near Stilfontein, South Africa, owned and operated by AngloGold Ashanti Ltd.).

Amalgamation of Premier Royalty and the Company

Effective June 19, 2015, Sandstorm Gold Ltd. amalgamated, by way of vertical short-form amalgamation under the BCBCA, with Premier Royalty (the "**Amalgamation**"). Sandstorm Gold Ltd. is the continuing entity as a result of the Amalgamation.

Acquisition of 100% Interest in Sandstorm Metals

The Acquisition

In May 2014, the Company acquired 100% of the issued and outstanding common shares of Sandstorm Metals (" **SND Shares**") on the basis of 0.178 of a Common Share and C$0.35 in cash for each outstanding SND Share (other than SND Shares already owned by the Company), by way of a statutory plan of arrangement under the BCBCA (the "**SND Arrangement**"). The Company filed a Form 51-102F4, Business Acquisition Report, in accordance with National Instrument 51-102 in respect of the SND Arrangement, which is available under the Company's profile on SEDAR.

Business of Sandstorm Metals

Sandstorm Metals was a non-operating commodity streaming company which generated 100% of its operating revenue from the sale of base metals and from receipt of payments under its royalty agreements. The acquisition of Sandstorm Metals by the Company provided the Company with approximately $4.0 million of annual royalty revenue from operating mines as well as royalties on advanced exploration and development assets and cash.

Three of Sandstorm Metals' (and thus, the Company's) royalty and other interests were:

Glencore Royalty - a 2.4% net smelter return royalty on the Bracemac-McLeod Mine.

Canadian Zinc Royalty - a 1.2% net smelter return royalty on the zinc/lead produced from Canadian Zinc Corporation's zinc-silver-lead project in the Northwest Territories, Canada (the "**Prairie Creek Project**"). The Company already had a 1.2% net smelter return royalty for the silver produced from the Prairie Creek Project.

Entrée Copper Stream – Sandstorm Metals' rights under their Copper Agreement with respect to copper production from the Entrée JV Project.

Dissolution of Sandstorm Metals

Sandstorm Metals was dissolved by way of voluntary dissolution under the BCBCA on August 31, 2016.

Acquisition of 100% Interest in Gold Royalties Corporation

The Acquisition

In April 2015, the Company acquired 100% of the issued and outstanding common shares of Gold Royalties Corporation (" **Royalties**") on the basis of 0.045 of a fully paid and non-assessable Common Share for each outstanding common share of Royalties ("**Royalties Share**") (other than Royalties Shares already owned by the Company), by way of a court-approved statutory plan of arrangement under section 193 of the *Business Corporations Act* (Alberta) (the "**Royalties Arrangement**"). The Company SEDAR filed a Form 51-102F4, Business Acquisition Report, under National Instrument 51-102 in respect of the Royalties Arrangement.

Business of Royalties

Royalties was a growth-orientated gold royalty business which acquired and held gold royalty assets for investment purposes. At the time of completion of the Royalties Arrangement, Royalties had a portfolio of 18 royalties on mining projects located in Canada, including one royalty which is generating cash flow from gold production.

Dissolution of Royalties

Royalties was dissolved by way of voluntary dissolution under the *Business Corporations Act* (Alberta) on November 26, 2015.

Acquisition of 100% Interest in Mariana Resources

The Acquisition

In July 2017, the Company acquired 100% of the issued and outstanding common shares of Mariana Resources (" **Mariana Shares**") on the basis of 0.2573 of a Common Share and 28.75 British pence in cash for each outstanding Mariana Share (other than Mariana Shares already owned by the Company), by way of a court sanctioned scheme of arrangement under part VIII of *The Companies (Guernsey) Law, 2008* (as amended) (the **Mariana Arrangement**"). Post closing, all outstanding Mariana stock options and warrants are exercisable for Common Shares and each holder will receive 0.3487 of a Common Share upon exercise. The Company filed a Form 51-102F4, Business Acquisition Report, in accordance with National Instrument 51-102 in respect of the Mariana Arrangement, which is available under the Company's profile on SEDAR.

Business of Mariana Resources

Mariana Resources was an exploration and development company with an extensive portfolio of gold, silver, and copper projects in Turkey, South America, and Cote d'Ivoire. The Company currently intends on divesting most of these assets and expects that it would retain NSRs as well as equity in the dispositions. To date, the Company has already sold a number of these assets and continues to make progress in divesting the remaining properties. Mariana's most advanced asset is the Hod Maden Project (gold-copper) which is located in the Artvin Province, northeastern Turkey, and is owned by Mariana Resources (as to 30%) and its Turkish partner Lidya (as to 70%) through their Turkish subsidiary company, with Lidya being the operator. The Hod Maden Project is an anchor asset which is expected to increase the Company's attributable gold equivalent ounces to approximately 125,000 in 2022.

For further details regarding the Hod Maden Project, see "Technical Information – Hod Maden Project, Turkey" below.

Change of Auditor

Effective June 17, 2016, the Company completed the change of auditor processes prescribed under National Instrument 51-102 and changed its auditors from Deloitte LLP to PricewaterhouseCoopers LLP. As required under National Instrument 51-102, the Company has filed the required related documents on SEDAR at www.sedar.com.

DESCRIPTION OF THE BUSINESS

Sandstorm Gold is a non-operating gold streaming and royalty company which generates its revenue primarily from the sale of gold and other metals and from the receipt of royalty payments. The Company is listed on the TSX (symbol: SSL) and the NYSE American (symbol: SAND). The Company's 2015 Warrants (as defined below) trade on the TSX (symbol: SSL.WT). None of the Company's publicly traded warrants are or were listed on the NYSE American.

Sandstorm Gold currently has a portfolio of 175 Gold Streams and NSRs and other royalty agreements, of which 21 of the underlying mines are producing.

Sandstorm Gold is a growth-focused company that seeks to acquire gold and other metals purchase agreements (" **Gold Streams**") and royalties from companies which have advanced stage development projects or operating mines. In return for making upfront payments to acquire a Gold Stream, Sandstorm Gold receives the right to purchase, at a fixed price per unit or at variable prices passed on spot, a percentage of a mine's production for the operating life of the asset. Sandstorm Gold is focused on acquiring Gold Streams and royalties 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. Sandstorm Gold plans to grow and diversify its production profile through the acquisition of additional Gold Streams and royalties. There is no assurance, however, that any potential acquisitions 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 purchase silver and copper and to receive payments pursuant to its NSR and other royalty agreements.

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

Property	Mine Owner/Operator	Location of Mine	Attributable Production to be Purchased
GOLD STREAMS:			
Santa Elena Mine	First Majestic	Mexico	20% of the gold, including the underground operation
Ming Mine	Rambler	Canada	Approximately 25% of the first 175,000 ounces of gold produced and 12% thereafter (adjusted to 32% for calendar 2017)
Black Fox Mine	McEwen Mining Inc.	Canada	8% of the gold from the Black Fox Mine plus 6.3% from the Black Fox Extension
Bachelor Lake Mine	Metanor	Canada	20% until 12,000 ounces have been received, then converts into a 3.9% NSR, plus the Company has a 1% NSR
Hugo North Extension and Heruga deposits	Turquoise Hill Resources	Mongolia	Gold and silver by-products: 5.619%- 8.425% on Hugo North Extension and 4.258% – 6.391% on Heruga Copper: 0.415% - 0.623% on Hugo North Extension and Heruga
Karma Project	Endeavour Mining Corporation	Africa	5,000 ounces of gold per year for the first five years (25,000 ounces), then 1.625% of the gold production thereafter
Koricancha	Equinox Gold	Peru	3.5% of the gold
Chapada Mine	Yamana	Brazil	4.2% of the copper plus 52% of the silver
Minera Florida	Yamana	Chile	38% of the silver
Cerro Moro	Yamana	Argentina	20% of the silver
ROYALTY PORTFOLIO:			
Producing:			
Forrestania	Western Areas	Australia	1.0% GRR (1)
Diavik Mine	Rio Tinto/Dominion	Canada	1% GPR (diamonds) (2)
Bracemac-McLeod Mine	Glencore	Canada	3.0% NSR
Gualcamayo Mine	Yamana	Argentina	1.0% NSR
Emigrant Springs Mine	Newmont	United States	1.5% NSR
Mine Waste Solutions	AngloGold Ashanti Ltd.	Africa	1.0% NSR
San Andres	Aura Minerals Inc.	Honduras	1.5% NSR

Property	Mine Owner/Operator	Location of Mine	Attributable Production to be Purchased
Thunder Creek	Tahoe Resources (Lake Shore Gold)	Canada	1.0% NSR
144 Zone	Tahoe Resources	Canada	1.0% NSR
Sao Francisco	Aura Minerals Inc.	Brazil	1.5% NSR
Copper Mountain	Copper Mountain Mining Corporation	Canada	5.0% NSR (copper) 2.5% NSR (other metals)
Sheerness	Westmoreland Coal	Canada	5% GRR
Magmont	Doe Run Resources Corporation	USA	1.25% NSR
Altintepe	Bahar Madencilik Sanayi ve Ticaret A.S.	Turkey	1.5% NSR
Gordon Creek	Gordon Creek Energy	United States	10% GOR (natural gas) (3)
Houndé Mine	Endeavor Mining Corporaton	Africa	2.0% NSR
Non-Producing:			
Aurizona Greenfields	Equinox/AngloGold Ashanti Ltd.	Brazil	2% NSR
Aurizona Mine	Equinox	Brazil	3% - 5% NSR
Agua Rica Project	Yamana	Argentina	0.25% NSR
Barry	Metanor	Canada	3.9% - 4.9% NSR
Blende	Blind Creek Resources	Canada	2.0% NSR
West Area (Gladiator)	BonTerra Resources	Canada	1.0% NSR
Hart	Ji Lin Ji En Nickel	Canada	1.0% NSR
KM61	Stockport Exploration	Canada	0.25% NSR
Roc d'Or East Extension	El Dorado Gold	Canada	2.0% NSR
Spectrum	Skeena Resources	Canada	1.65% NSR
Iron Horse	Sokoman Iron	Canada	1.0% NSR
Bermuda	Stillwater Mining	Canada	0.5% NSR
Seymour Lake	Stockport Exploration	Canada	1.5% NSR
Lac Manitou (Grenville)	Canadian International Minerals Inc.	Canada	1.0% NSR
Waconichi	Northern Superior Resources	Canada	1.0% NSR
Windfall Lake	Osisko Mining	Canada	0.5%-1.0% NSR
Cadillac Break	Alexandria Minerals	Canada	1.0% NSR
Eureka	Pacific Ridge Exploration	Canada	1.0% NSR
Gold Cap	Pacific Ridge Exploration	Canada	1.0% NSR
Justin/Hit	Aben Resources	Canada	2.0% NSR
North Timmons (Bradshaw)	Gowest Gold	Canada	1.0% GSR (4)
Coringa	Serabi Gold	Brazil	2.5% NSR
Cuiu Cuiu	Cabral Gold	Brazil	1.0% NSR

Property	Mine Owner/Operator	Location of Mine	Attributable Production to be Purchased
Ann Mason Deposits	Mason Resources Corp.	United States	0.4% NSR
Mt. Hamilton	Waterton Global Resources Management	United States	2.4% NSR
Montagne d'Or (Paul Isnard Project)	Columbus Gold Corp.	French Guiana	1.0% NSR
Prairie Creek Project	Canadian Zinc Corporation	Canada	1.2% NSR
Akorade Project	Star Goldfields	Africa	1.0% NSR
Serra Pelada Mine	Colossus Minerals Inc.	Brazil	2.0% NSR
Belleview Property	Alianza Minerals Ltd.	United States	0.5% NSR
East Walker Property	Alianza Minerals Ltd.	United States	1.0% NSR
Horsethief Property	Alianza Minerals Ltd.	United States	1.0% NSR
Ashby Property	Alianza Minerals Ltd.	United States	1.0% NSR
Argosy	Great Panther Silver	Canada	0.5% NSR
Newman-Madsen	Pure Gold Mining	Canada	0.5% NSR
East My-Ritt	Yamana	Canada	0.5% NSR
Pickle Crow	First Mining Finance	Canada	0.5% NSR
Skinner	Sabina Gold	Canada	7.5% NPI (5)
Red Ridge	McEwen Mining Inc.	United States	3.0% NSR
Cerro Prieto	Goldgroup Mining	Mexico	2.0% NSR
Don Nicholas	CIMINAS	Argentina	$3.00/ounce royalty up to $2.0 million
Rain	Premier Gold/Newmont	United States	1.5% NSR
Broulan Reef	Goldcorp/Premier	Canada	2.0% NSR
HM Claim Property	Kirkland Lake Gold	Canada	2.0% NSR
Buffelsfontein	Heaven-Sent Capital Management Group Co. Ltd.	Africa	1.0% NSR
Mel	Benz Mining	Canada	1.0% NSR
Fostung	Duke Mountain Resources	Canada	1.0% NSR
Fairchild Lake/Wernecke	Newmont Mining	Canada	0.8% NSR
Hudson-Patricia	Rubicon Minerals	Canada	1.5% NSR
Fly Lake	Rubicon Minerals	Canada	1.5% NSR
Slate Lake	Rubicon Minerals	Canada	1.5% NSR
Cacamuya/Camporo	First Point Minerals	Honduras	0.4% - 1.2% NSR
Hackett River	Glencore	Canada	2.0% NSR
Ajax	KGHM Polska Miedz	Canada	1.5% NSR
Keno Hill	Alexco Resources Corp.	Canada	25% NPI
Ruddock Creek	Imperial Metals Corporation	Canada	1.0% NSR
Lobo-Marte	Kinross	Chile	1.75% (on 60% of production)

Property	Mine Owner/Operator	Location of Mine	Attributable Production to be Purchased
Bacanora (Los Verdes)	Minera Alamos Sonora S.A. de C.V.	Mexico	2.0% NSR
Box	Fortune Bay Corp.	Canada`	1.5% NSR
RF #1-8 (Railroad)	Gold Standard Ventures Corporation	USA	3.0% NSR
Whistler	Goldmining Inc.	USA	2.0% NPI
Hod Maden Project	Lidya/Mariana Resources	Turkey	2.0% NSR plus a 30% interest
Karaagac	Anadolu Export Maden Sanayi ve Ticaret A.S.	Turkey	1.5% NSR
Tavsan (Red Rabbit)	Ariana Resources plc	Turkey	1.0% NSR on the first 100,000 ounces, 1.5% NSR on the next 100,000 ounces, 2.0% NSR thereafter
Ağı Dağı	Alamos Gold	Turkey	Production bonus equal to $10/ounce to a max. of 600,000 ounces (i.e. $6 million) within 60 days of commencement of commercial production
Kirazli	Alamos Gold	Turkey	Production bonus equal to $10/ounce to a max. of 250,000 ounces (i.e. $2.5 million) within 60 days of commencement of commercial production
Karadere (Burhaniye)	Tumad Madencilik Sanayi ve Ticaret A.S.	Turkey	2.0% NSR
Abitibi/Sarah Lake	Commander Resources Ltd.	Canada	1.0% NSR
Big Bulk	LCT Holdings Inc.	Canada	1.5% NSR
Butterfly Lake	North Arrow Minerals Inc.	Canada	0.71% GOR
Caramelia	Huakan International Mining Inc.	Canada	2.0% NSR
CT	Kreft Resources Ltd.	Canada	0.75% NSR
Lorrain	Canadian Silver Hunter Inc.	Canada	2.0% NSR
Mainstreet	Beaufield Resources Inc.	Canada	1.2% NSR
New Afton	New Gold Inc.	Canada	2.0% NSR
Rossland	Rossland Resources Inc.	Canada	1.0% - 2.0% NSR
Tami	Colorado Resources Ltd.	Canada	2.0% NSR
Summit Lake	Rainy Mountain Royalty Corp.	Canada	1.9% NSR
Ten Mile Creek	Bernie Kreft	Canada	1.5% NSR
Tsacha (Tommy Vein)	Independence Gold Corp.	Canada	2.0% NSR
Wrigley	Devonian Metals Inc.	Canada	2.0% NSR
Aurora	Carlin Resources LLC	USA	2.0% NSR
Big W	Barrick Gold U.S. Inc.	USA	3.0% NSR

Property	Mine Owner/Operator	Location of Mine	Attributable Production to be Purchased
Cabin Creek	McEwen Mining Inc.	USA	10% NPI
Cherry Creek	McEwen Mining Inc.	USA	1.5% GOR
Lichen	Silver Phoenix Resources Inc.	USA	2.0% NSR
Shotgun	TNR Gold Corp.	USA	5.0% NPI
Van Stone	Equinox Resources (Wash.)	USA	1.5% NSR
Amapari	Mineraçao Amapari S.A.	Brazil	3.0% NSR
Rio Novo North/South	Rio Minas Mineraçao	Brazil	0.75% NSR
Gatita	Compania Minera Potosi S.A.	Peru	1.0% NSR
Huajoto	Alturas Minerals Corp.	Peru	0.5% - 1.0% NSR
Mario	Fortuna Silver Mines Inc.	Peru	2.0% NSR
Celeste	Coro Mining Corp.	Chile	3.0% NSR
Kiskama	Talga Resources Ltd.	Sweden	1.0% NSR
Masugnsbyn	Talga Resources Ltd.	Sweden	1.0% NSR
Vittangi	Talga Resources Ltd.	Sweden	1.0% NSR
Hasandagi	Newmont	Turkey	2.0% NSR
Muratdagi	Kenz Enerji ve Madencilik San. Ve Tic A.S.	Turkey	2.0% NSR
Tombul	Elazig Baskil Madencilik A.S.	Turkey	2.0% NSR
Lucero	Condor Resources Inc./Compania Minera Casapalca S.A	Peru	Sliding scale royalty of 0.5% - 2.25% NSR, depending upon the price of gold
Howards & Orion (Gum Creek)	Horizon Gold	Australia	AUS$10/ounce
Wiluna (Nova 1 & 2)	Toro Energy	Australia	2.0% NSR
Angilak	Kivalliq Energy Corporation	Canada	1.0% NSR
Alto Paraná	Uranium Energy Corp.	Paraguay	1.5% NSR
Altan Nar	Erdene Resource Development Corp.	Mongolia	2.0% NSR
Bayan Khundii	Erdene Resource Development Corp.	Mongolia	2.0% NSR
Chavin	Condor Resources Inc./Compañia Minera Casapalca S.A	Peru	1.5% NSR
Huiñac Punta	Condor Resources Inc.	Peru	0.5% NSR
Humaya	Condor Resources Inc.	Peru	0.5% NSR
Pucamayo	Condor Resources Inc.	Peru	0.5% NSR
Quilisane	Condor Resources Inc.	Peru	0.5% NSR
Quirurqu	Condor Resources Inc.	Peru	0.5% NSR
San Martin	Condor Resources Inc.	Peru	0.5% NSR
Bulgalbin	Mineral Resources	Australia	3.5% NSR

Property	Mine Owner/Operator	Location of Mine	Attributable Production to be Purchased
Leinster	Minotaur Exploration	Australia	2.5% NSR
Ergama	AMG Ergama Madencilik A.S.	Turkey	2.0% NSR
More Creek	Tower Resources Ltd.	Canada	2.0% NSR
Nechako	Tower Resources Ltd.	Canada	2.0% NSR
Rabbit North	Tower Resources Ltd.	Canada	2.0% NSR
Ball Creek	Evrim Resources Corp./Antofagasta	Canada	2.0% NSR
Schaft Creek North	Teck Resources Limited/Copper Fox Metals Inc.	Canada	2.0% NSR
La Union	Millrock Resources Inc.	Mexico	1.5% NSR (gold and silver) plus 1.0% NSR (other metals)
Llano del Nogal	Millrock Resources Inc.	Mexico	1.5% NSR (gold and silver) plus 1.0% NSR (other metals)
Los Chivos	Millrock Resources Inc.	Mexico	1.5% NSR (gold and silver) plus 1.0% NSR (other metals)
Los Cuarentas	Millrock Resources Inc./Centerra Gold Inc.	Mexico	1.5% NSR (gold and silver) plus 1.0% NSR (other metals)
Ramard	Millrock Resources Inc.	Mexico	1.5% NSR (gold and silver) plus 1.0% NSR (other metals)
San Javier	Millrock Resources Inc.	Mexico	1.5% NSR (gold and silver) plus 1.0% NSR (other metals)
Violeta	Millrock Resources Inc.	Mexico	1.5% NSR (gold and silver) plus 1.0% NSR (other metals)
Huiniccasa	Volcan Compañia Minera SAA	Peru	1.25% NSR
Las Calandrias	New Dimension Resources Ltd.	Argentina	2.0% NSR (gold and silver)
Los Cisnes	New Dimension Resources Ltd.	Argentina	2.0% NSR
Sierra Blanca	New Dimension Resources Ltd.	Argentina	2.0% NSR
Gcwihaba	Tsodilo Resources Ltd.	Africa	1.0% NSR (gold, copper, nickel, zinc, iron and cobalt)
Bosoto PL217	Tsodilo Resources Ltd.	Africa	1.0% NSR (diamonds)
Idada	Tsodilo Resources Ltd.	Africa	1.0% NSR
Yusufeli	Akdeniz Resources Madencilik A.S.	Turkey	2.0% NSR (gold) 1.75% NSR (other metals)
Abengourou	Awale Resources Limited	Africa	2.0% NSR
Bondoukou	Awale Resources Limited	Africa	2.0% NSR
Odienne	Awale Resources Limited	Africa	2.0% NSR
Azucena	Pucara Resources Corp.	Peru	1.0% NSR
Capricho	Pucara Resources Corp.	Peru	1.0% NSR
Los Tambos	Pucara Resources Corp.	Peru	1.0% NSR

Property	Mine Owner/Operator	Location of Mine	Attributable Production to be Purchased
Lourdes	Pucara Resources Corp.	Peru	1.0% NSR
Pacaska	Pucara Resources Corp.	Peru	1.0% NSR
Paco Orco	Pucara Resources Corp.	Peru	1.0% NSR
Pucapaca	Pucara Resources Corp.	Peru	1.0% NSR
Sao Vicente	Aura Minerals Inc.	Brazil	1.5% NSR
Baffin	Kivalliq Energy Corporation	Canada	1.5% - 1.75% NSR

NOTES:

(1) Gross Revenues Royalty ("**GRR**") means gross revenues for all minerals produced from a property.
(2) Gross Proceeds Royalty ("**GPR**") from the sale of diamonds.
(3) Gross Overriding Royalty ("**GOR**") is based on the total revenue stream from the sale of production from a property with few, if any, deductions.
(4) Gross Smelter Returns ("**GSR**") means gross revenues from the sale or deemed sale of all minerals produced from a property.
(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, 2017:

Property	Gold Equivalent Ounces Sold	Sales & Royalty Revenue ($000s)
Bachelor Lake Mine	6,466	8,085
Black Fox Mine	5,370	6,693
Chapada Mine	8,783	11.001
Diavik Mine	5,727	7,150
Karma	5,469	6,863
Ming Mine	658	796
Santa Elena	9,229	11,570
Yamana silver stream	3,387	4,252
Other Royalties (1)	9,282	11.538
Other (gold)	262	327
Total	**54,633**	**68,275**

(1) Includes royalty revenue from gold of $6.5 million, copper of $1.5 million and other base metals of $3.5 million.

Further details regarding the purchase agreements entered into by the Company in respect of its **material** Gold Streams, NSRs and other royalties (excepting the portfolio of royalties acquired pursuant to the Company's acquisition of Premier Royalty, Gold Royalties and Mariana Resources) 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 royalty opportunities **.** The ability of the Company to acquire additional Gold Streams and royalty opportunities in the future will depend on its ability to select suitable properties and to enter into similar Gold Streams and royalty agreements. See "Description of the Business – Risk Factors – Competition".

Operations

Raw Materials

The Company expects to purchase gold, silver and copper pursuant to the Gold Streams 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 19 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 metals or expects to receive payments under its NSR and other royalty agreements from mines in Mexico, the United States, Mongolia, Africa, Argentina, Brazil, Chile, Peru, Paraguay, Honduras, French Guiana, Turkey, Sweden, Australia 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".

Social, Environmental and Other Key Policies

The properties over which the Company holds Gold Streams and royalty and other interests are owned and operated by independent mining companies and the Company does not exercise control or influence over the activities of the property owners/operators. However, the Company is committed to focussing on financing responsible development of mineral projects and the sustainable extraction of metals through its financial investments, including with respect to environmental factors (e.g., toxic emissions and waste, carbon emissions, biodiversity and land use, water stress), social considerations (e.g., occupational health and safety, labour management) and governance issues (e.g., corruption and instability, corporate governance) (collectively "**ESG**").

Indirect Exposure

Because the Company does not directly own or operate the projects, it has indirect exposure to ESG issues that can arise during the life cycle of a resource project. Sandstorm Gold's indirect exposure to ESG risk factors are mitigated in part by the Company's diversified portfolio of 175 Gold Streams and royalties, of which 21 are generating cash flow to the Company. There is no evidence of a statistical relationship or positive correlation between the ESG successes and challenges at the various mining projects within the Company's portfolio of streams and royalties, indicating a clear diversification benefit to Sandstorm Gold's portfolio approach. The Company is committed to furthering sustainable development in the mining and metals industry through its investments and seeks to address ESG risks through the Company's due diligence process that guides its investment decisions. While the Company does not control or influence the operations of any of the properties over which it has a Gold Stream or royalty or other interest, the Company recognizes that its financial investments may contribute to ESG factors. The Company's strategy to mitigate ESG risks involves a thorough investigation and evaluation of the risk factors related to a mineral property prior to making an investment. Once a Sandstorm Gold investment is made, the Company has no control over the project or the various ESG risks that can be associated with a mine. It is therefore the aim of the Company's due diligence process to successfully identify projects and companies that will act and operate in a responsible and sustainable manner. The Company's management team use a multi-disciplinary approach when evaluating potential transactions. In addition to relying on management's expertise, Sandstorm Gold benefits from the experience and expertise of its Board of Directors. Where appropriate, the Company's due diligence team consists of professionals with experience and expertise in the fields of geology, mining, metallurgy, engineering, and finance. By conducting a robust and detailed due diligence process, the Company endeavours to invest in projects with relatively low ESG risk. Where appropriate, the due diligence process involves, among other things, thorough desktop studies, the engagement of expert consultants, extensive interviews with the project management team, site visits as well as in depth deliberation. The Company will determine if an investment should be made based on overall criteria, including ESG factors. Where applicable, the Company reviews the corporate and social responsibility reports that are published by its stream and royalty partners. Sandstorm Gold endorses the ICMM Principals, the IFC Environmental, Health and Safety Guidelines for Mining and the e3Plus Framework for Responsible Exploration.

Direct Exposure

The Company has policies and programs in place to manage the ESG risk factors that are directly related to the Company. The social policies and programs discussed below are reflective of the Company's commitment to a high standard of employee management practices including a safe and inclusive workplace, competitive compensation and benefits, training and learning opportunities and channels for employee engagement. The Company also seeks to incorporate industry best practices with regards to governance, is committed to conducting its business with integrity, maintaining high ethical standards and contributing to the community in which it operates.

The Company's direct environmental impact and carbon footprint is small. The Company operates in an office environment with a small workforce of full-time employees. The Company's head office is situated in a LEED Gold certified building in Vancouver, British Columbia, Canada. Within the office, the Company has a composting and recycling program.

Key Policies and Committees

HEALTH & SAFETY - The Company has implemented a *Health and Safety Policy* which provides a guiding framework for ensuring a safe workplace for its employees. The aim of the policy is to ensure compliance with legal and regulatory requirements and to minimize exposure to health and safety risks. As the Company's principal activity is providing financing to other businesses in the mining industry, the Company's exposure to health and safety risks is limited. Sandstorm Gold has had no workplace injuries, occupational diseases or work-related fatalities since it began operations.

WORKPLACE BULLYING & HARASSMENT – The Company is committed to creating and maintaining a workplace environment which fosters mutual respect, integrity and professional conduct. In keeping with this commitment, the Company has established a *Workplace Bullying and Harassment Policy* and a set of reporting/investigation procedures for all employees relating to the issue of workplace bullying and harassment. The Company will not tolerate bullying or harassment in the workplace and will make every reasonable effort to prevent and eliminate such conduct.

DIVERSITY - The Company is committed to creating and maintaining a culture of workplace diversity. In keeping with this commitment, the Company has established a *Diversity Policy*. "Diversity" is any dimension which can be used to differentiate groups and people from one another and it means the respect for and appreciation of the differences in gender, age, ethnic origin, religion, education, sexual orientation, political belief or disability. The Company recognizes the benefits arising from employee and board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. The Company respects and values the perspectives, experiences, cultures and differences that employees possess.

COMPENSATION AND BENEFITS - The Company offers comprehensive compensation and benefits packages and broad-based professional development and training opportunities for its employees. Sandstorm Gold provides a fair living wage to all employees. The following principles guide the Company's overall compensation philosophy. All Company employees receive a base salary and are considered for incentive bonus compensation annually, at the Board of Directors's discretion. Stock-based compensation, extended health benefits, dental benefits and health and wellness benefits are also provided to all staff. Professional development and training opportunities that are relevant to an employee's role are encouraged and are reimbursed by the Company. Sandstorm Gold also encourages its employees to volunteer and support charitable causes. A charitable donation matching program has been instituted for all employees.

CODE OF BUSINESS CONDUCT & ETHICS - The Board of Directors views good corporate governance as an integral component to the success of the Company and to meet responsibilities to shareholders. The Company has adopted a *Code of Business Conduct and Ethics* (the "**Code**") and has instructed its management and employees to abide by the Code. The Board of Directors intends that it will review compliance with the Code on an annual basis until the Company has grown to a size which warrants more frequent monitoring. The Board of directors encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to Directors, officers and employees to assist them in recognizing and dealing with ethical issues, promoting a culture of open communication, honesty and accountability; promoting a safe work environment; and ensuring awareness of disciplinary action for violations of ethical business conduct. In addition, the Board of Directors, through its meetings with management and other informal discussions with management, encourages a culture of ethical business conduct and believes the Company's high caliber management team promotes a culture of ethical business conduct throughout the Company's operations and is expected to monitor the activities of the Company's employees, consultants and agents in that regard. A copy of the Code is posted on SEDAR at *www.sedar.com* and was also filed with the SEC as an exhibit to our most recent Form 40-F and is available at *www.sec.gov*.

ANTI-CORRUPTION - The Company expects its employees, officers, Directors and contractors to promote honest and ethical behavior, to avoid conflicts of interest, to comply with governmental laws and applicable rules and regulations, and to help foster the Company's culture of honesty and accountability. To this end, the Company has outlined a comprehensive *Bribery and Fraud Prevention Program* which covers topic areas such as bribery, fraud, conflict of interest, administrative corruption, facilitation payments, breach of duty, misuse of authority and criminal activity.

WHISTLEBLOWER - The Company has adopted a *Whistleblower Policy* which permits its employees who feel that a violation of the Code has occurred, or who have concerns regarding accounting, audit, internal controls, financial reporting or ethical matters, to report such violation or concerns on a confidential and anonymous basis. Such reporting may be made by e-mail, in writing or by telephone to the Company's 24 hour whistleblower hotline. Once received, complaints are provided to the *Audit Committee* for investigation and, if necessary, appropriate corrective action. No complaints were received through the Whistleblower hotline in 2017.

DISCLOSURE - The Company has adopted a *Communications and Corporate Disclosure Policy* which is intended to assist the Company in fulfilling its obligations to ensure that all information relevant and material to the Shareholders and the market is disclosed in a timely manner.

STOCK TRADING - The Company has adopted a *Policy on Stock Trading and Use of Material Information.* Canadian and United States securities laws prohibit "insider trading" and impose restrictions on trading securities while in possession of material undisclosed information. The rules and procedures implemented in the Company's *Policy on Stock Trading and Use of Material Information* have been implemented in order to prevent improper trading of the Company's securities or of companies with which the Company has a significant business relationship or with which the Company is proposing to enter into a business transaction.

STOCK OWNERSHIP - The Company's Board of Directors believes that it is in the best interest of the Company and its shareholders to align the financial interests of the Company's executives and non-employee members of the Board of Directors with those of the Company's shareholders. In this regard, the Company has adopted a *Stock Ownership Guidelines Policy*, which provides guidelines for minimum stock ownership.

CLAWBACK POLICY - The Company has adopted a *Clawback Policy* in order to maintain a culture of focused, diligent and responsible management which discourages conduct detrimental to the growth of the Company and to ensure that incentive-based compensation paid by the Company is based upon accurate financial data. The Clawback Policy applies in the event of a material restatement of the Company's financial results as a result of material non-compliance with financial reporting requirements.

ANTI-HEDGING - The Company has adopted a formal Anti-Hedging Policy, the objective of which is to prohibit those subject to it from directly or indirectly engaging in hedging against future declines in the market value of any securities of the Company through the purchase of financial instruments designed to offset such risk. The Board of Directors believes that it is inappropriate for Directors, officers or employees of the Company or its respective subsidiary entities or, to the extent practicable, any other person (or their associates) in a special relationship with the Company, to hedge or monetize transactions to lock in the value of holdings in the securities of the Company. Such transactions, while allowing the holder to own the Company's securities without the full risks and rewards of ownership, potentially separate the holder's interests from those of other stakeholders and, particularly in the case of equity securities, from the public shareholders of the Company.

MAJORITY VOTING POLICY – The Company has adopted a Majority Voting Policy prepared in accordance with TSX majority voting requirements with respect to the annual election of Directors.

AUDIT COMMITTEE - The primary function of the Company's *Audit 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 *Audit Committee* also oversees 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 *Audit Committee* will encourage continuous improvement of, and should foster adherence to, governance best practices. For further information, please refer to the section below in this AIF entitled "AUDIT COMMITTEE".

CORPORATE GOVERNANCE AND NOMINATING COMMITTEE - The Company's *Corporate Governance & Nominating Committee* is in place to provide a focus on governance that will enhance Sandstorm Gold's performance, to assess and make recommendations regarding the Board of Directors effectiveness and to establish and lead the process for identifying, recruiting, appointing, re-appointing and providing ongoing development for directors.

COMPENSATION COMMITTEE - The Company's *Compensation Committee* has been established by the Board of Directors to assist the Board of Directors with ensuring that the Company has a compensation plan that is both motivational and competitive for executive officers and other members of senior management so that it will attract, hold and inspire performance of executive management of a quality and nature that will enhance the sustainable profit-ability and growth of the Company.

The terms of reference for each of the *Corporate Governance & Nominating Committee* and the *Compensation Committee* as well as the Code and all of the aforementioned policies are available on the Company's website at *www.sandstormgold.com*. A copy of the *Audit Committee Charter* is attached to this AIF as Schedule A.

RISK FACTORS

The operations of the Company are speculative due to the nature of its business which is principally the investment in Gold Streams, royalties and other metals interests. 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

Market events and conditions, including the disruptions in the international credit markets and other financial systems, in China, Japan and Europe, along with political instability in the Middle East and Russia and falling currency prices expressed in United States dollars have resulted in commodity prices remaining volatile. These conditions have also caused a loss of confidence in global credit markets, excluding the United States, resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, tighter regulations, less liquidity, widening credit spreads, less price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks and investment banks, insurers and other financial institutions caused the broader credit markets to be volatile and interest rates to remain at historical lows. These events are illustrative of the effect that events beyond the Company's control may have on commodity prices, demand for metals, including gold, silver, copper, lead and zinc, availability of credit, investor confidence, and general financial market liquidity, all of which may adversely affect the Company's business. 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 and the 2015 Warrants could be adversely affected.

Subject to the Same Risk Factors as the Mining Operations

To the extent that they relate to the production of commodities 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 and 2015 Warrants

The Common Shares and the 2015 Warrants are listed and posted for trading on the TSX. The Common Shares are also listed and posted for trading on the NYSE American. 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 and the 2015 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 commodities produced from certain of the Mining Operations and also expects to receive payments under its NSR and other royalty agreements from certain of the Mining Operations. The Company is not directly involved in the ownership or operation of mines (other than Hod Maden, which is owned as to 30% by Mariana Resources) and has no contractual rights relating to the operation or development of the Mining Operations.

Except in limited circumstances pursuant to applicable completion guarantees or cash flow guarantees, 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. 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, flooding, fire, weather related events, mechanical malfunctions, community or social related issues, social unrest, the failure to receive permits or having existing permits revoked, collapse of mining infrastructure including tailings ponds, expropriation 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, other commodities, receive royalties or other economic benefit from the Mining Operations if no gold or other commodities are produced from the Mining Operations.

Reliance on Third Party Reporting

The Company relies on public disclosure and other information regarding the Mining Operations it receives from the owners, operators and independent experts of such Mining Operations, and certain of such information is included in this AIF. Such information is necessarily imprecise because it depends upon the judgment of the individuals who operate the Mining Operations as well as those who review and assess the geological and engineering information. In addition, the Company must rely on the accuracy and timeliness of the public disclosure and other information it receives from the owners and operators of the Mining Operations, and uses such information in its analyses, forecasts and assessments relating to its own business and to prepare its disclosure with respect to the Gold Streams and royalties. If the information provided by such third parties to the Company contains material inaccuracies or omissions, the Company's disclosure may be inaccurate and its ability to accurately forecast or achieve its stated objectives may be materially impaired, which may have a material adverse effect on the Company.

If ESG information provided to the Company by third parties (before and/or after entering into a transaction to acquire a Mining Operation) contained or contains material inaccuracies or omissions, the Company's conclusions in this regard may be inaccurate. Furthermore, some of the Mining Operations acquired by the Company through the takeover of other companies or in the normal course of business may not have undergone the Company's typical ESG risk assessment procedures.

Acquisition Strategy

As part of the Company's business strategy, it has sought and will continue to seek to purchase Gold Streams and royalties 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 Streams and NSR and other royalty 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 commodities at a fixed cost or receives payments under its NSR and other royalty agreements. 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 particular, the Company's financial results may be significantly affected by the operators of the Mining Operations ability to continue as a going concern and have access to capital. The lack of access to capital could result in could result in these companies entering bankruptcy proceedings and, as a result, the Company may not be able to realize any value from its respective Gold Streams or royalties.

In addition, the termination of one or more of the Company's Gold Stream or royalty agreements could have a material adverse effect on the results of operations or financial condition of the Company.

Joint Operations Risks

The Company holds a 30% interest (through Mariana Resources) in the Hod Maden Project, with the remaining interest held by Lidya, as a joint operation, of which the Company is not the operator and the Company's interest in the Hod Maden Project is subject to the risks normally associated with the conduct of joint ventures or joint operations. The existence or occurrence of one or more of the following circumstances and events could have a material adverse impact on the Company's profitability or the viability of its interests held through the joint arrangement, which could have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition: disagreements with the partner on how to develop and operate the Hod Maden Project efficiently; inability to exert influence over certain strategic decisions made in respect of the Hod Maden Project; inability of our operating partner to meet its obligations to the joint operation or third parties; and litigation with our partner regarding joint operation matters. The success of any joint operation will be dependent on the operator for the timing of activities related to the Hod Maden Project and the Company will be largely unable to direct or control the activities of the operator. The Company is subject to the decisions made by the operator in the operation of the Hod Maden Project, and will rely on the operator for accurate information about the Hod Maden Project. The Company can provide no assurance that all decisions of the operator will achieve the expected goals.

Taxes Risk

The Company has subsidiary companies in the United States, Argentina and Turkey 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, Argentina, Turkey 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 prior year's tax returns are currently under audit by the Canada Revenue Agency and no assurances can be given that the tax matters, if they so arise, will be resolved favourably. The majority of the Company's Gold Streams and royalties has been entered into directly by Canadian based subsidiaries and are, therefore, subject to Canadian tax. The profits attributable to the Company's historical Barbados subsidiary have all been attributed to Canada and the profits from these Gold Streams continue to be subject to Canadian tax.

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 or royalties less attractive to counterparties. Such changes could adversely affect the Company's ability to enter into new Gold Streams and royalty agreements.

Indebtedness Risk

The terms of the Company's Credit Facility (as previously defined in this AIF) require the Company to satisfy various affirmative and negative covenants and to meet certain financial ratios and tests. These covenants may limit, among other things, the Company's ability to incur further indebtedness if doing so would cause the Company to fail to meet certain financial covenants, create certain liens on assets or engage in certain types of transactions. The Company can provide no assurances that in the future, it will not be limited in its ability to respond to changes in its business or competitive activities or be restricted in its ability to engage in mergers, acquisitions or dispositions of assets. Furthermore, a failure to comply with these covenants, including a failure to meet the financial tests or ratios, may result in an event of default under the Credit Facility thus allowing the lenders to accelerate the debt, which could potentially materially and adversely affect the Company's business, financial condition and results of operations and the trading price of the Common Shares and 2015 Warrants.

As of December 31, 2017, the Company had not drawn down on the Credit Facility and the full balance of $150 million remained available.

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 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. In addition, the Debenture due from Equinox is subject to Equinox's credit risk and the Company's ability to realize on its security.

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. Also, if these risks materialize, the Company's operations could be adversely impacted and the trading price of the Common Shares and 2015 Warrants could be adversely affected.

Currency Risk

Financial instruments that impact the Company's net income or other comprehensive income due to currency fluctuations include: cash and cash equivalents, trade receivables and other, investments and trade and other payables denominated in Canadian dollars. Based on the Company's Canadian dollar denominated monetary assets and monetary liabilities at December 31, 2017, a 10% increase (decrease) of the value of the Canadian dollar relative to the United States dollar would increase (decrease) net income by $0.5 million and other comprehensive income by $2.9 million, respectively.

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 and 2015 Warrants and the Company's financial results may be significantly adversely affected by a decline in the price of gold, silver and/or copper or other commodities (collectively, the "**Metals**"). The price of the Metals 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 the Metals 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, silver and copper-producing countries throughout the world.

In the event that the prevailing market price of the Metals is at or below the price at which the Company can purchase such commodities pursuant to the terms of its agreements associated with these Metals interests, the Company will not generate positive cash flow or earnings on those agreements. Declines in market prices could cause an operator to reduce, suspend or terminate production from an operating project or construction work at a development project, which may result in a temporary or permanent reduction or cessation in revenue from those projects and the Company may not be able to recover its initial investment in these Gold Streams and royalties.

Furthermore, the price of the Common Shares and 2015 Warrants and the Company's financial results may be significantly adversely affected by a decline in the price and demand for diamonds. Diamond prices fluctuate and are affected by numerous factors beyond the control of the Company, including worldwide economic trends, worldwide levels of diamond discovery and production, and the level of demand for, and discretionary spending on, luxury goods such as diamonds. Low or negative growth in the worldwide ecomony, renewed or additional credit market disruptions, natural disasters or the occurrence of terrorist attacks or similar activities creating disruptions in economic growth could result in decreased demand for luxury goods such as diamonds, thereby negatively affecting the price of diamonds. Similarly, a substantial increase in the worldwide level of diamond production or the release of stock held back during recent periods of lower demand could also negatively affect the price of diamonds. In each case, such developments could have a material adverse effect on the Company's results of operations.

Competition

The Company competes with other companies for Gold Streams, royalties 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, royalties or similar transactions, to recruit or retain qualified employees or to acquire the capital necessary to fund its Gold Streams, royalties or similar transactions. 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 and the Company may not 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 fair market value as at December 31, 2017 of $78.9 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. The Company is subject to default risk with respect to any debt instruments. 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 BCBCA 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 and 2015 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 and 2015 Warrants. With any additional sale or issuance of Common Shares or the exercise of the 2015 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 auditors addressing this assessment. 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 and 2015 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.

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.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2017 based on the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of December 31, 2017, the Company's internal control over financial reporting is effective and no material weaknesses were identified. However, 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.

Information Systems and Cyber Security

The Company's information systems, and those of its counterparties under the Gold Streams and royalty agreement and vendors, are vulnerable to an increasing threat of continually evolving cybersecurity risks. Unauthorized parties may attempt to gain access to these systems or the Company's information through fraud or other means of deceiving the Company's counterparties. The Company's operations depend, in part, on how well the Company and its suppliers, as well as counterparties under the Gold Streams and royalty agreements, protect networks, equipment, information technology ("**IT**") systems and software against damage from a number of threats. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations. Although to date the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority.

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: cash costs associated with extraction and processing, 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.

Climate Change

Governments are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Regulation relating to emission levels (such as carbon taxes) and energy efficiency is becoming more stringent. The Paris climate accord was signed by 195 countries in December 2015 and marked a global shift toward a low-carbon economy.

If the current regulatory trend continues, the Company expects that this will result in increased costs at some of the Mining Operations. In addition, the physical risks of climate change may also have an adverse effect on some of the Mining Operations. These risks include the following:

- *sea level rise:* changes in sea level could affect ocean transportation and shipping facilities which are used to transport supplies, equipment and workforce to some of the Mining Operations and products from those operations to world markets;

- *extreme weather events:* extreme weather events (such as increased frequency or intensity of hurricanes, increased snow pack, prolonged drought) have the potential to disrupt some of the Mining Operations. Extended disruptions to supply lines could result in interruption to production.

- *resource shortages:* some of the Mining Operations depend on regular supplies of consumables (diesel, tires, sodium cyanide, et cetera) and reagents to operate efficiently. In the event that the effects of climate change or extreme weather events cause prolonged dispution to the delivery of essential commodities, production efficiency at some of the Mining Operations is likely to be reduced.

There is no assurance that efforts to mitigate the risks of climate changes will be effective and that the physical risk of climate change will not have an adverse effect on the Mining Operations and their profitability.

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 Santa Elena Mine, Chapada Mine, Diavik Mine, Houndé Mine and the Hod Maden Project 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 Company's gold and other precious metals interests are conducted in Mexico, the United States, Mongolia, Africa, Argentina, Brazil, Chile, Peru, Paraguay, Honduras, French Guiana, Turkey, Sweden and Australia 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, international sanctions, 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 and their mining operations.

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. Any adverse developments with respect to Lidya, its cooperation or in its exploration, development, permitting and operation of the Hod Maden Project in Turkey may adversely affect the Company's 30% interest in the project. There are no assurances that the Company will be able to successfully convert its 30% interest in the Hod Maden Project into a commodity stream or royalty. 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, continues to take unfavourable actions. In addition, Colossus Mineração Ltda. in Brazil has payables which could be in excess of $30.0 million and accordingly, there is a risk that they may be unable to repay their debts, resulting in their insolvency and loss of any rights to the Serra Pelada Mine.

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 Santa Elena Mine, Chapada Mine, Diavik Mine, Houndé Mine and the Hod Maden Project have been estimated in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") — Definitions adopted by CIM Council on May 10, 2014 (the "**CIM Standards**").

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

The term "***Inferred Mineral Resource***" means that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource is based on limited information and sampling gathered through appropriate sampling techniques from locations such as outcrops, trenches, pits, workings and drill holes.

The term "***Indicated Mineral Resource***" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors (as defined below) in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation.

The term "***Measured Mineral Resource***" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation.

The term "***Mineral Reserve***" means the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. Mineral Reserves are sub-divided in order of increasing confidence into Probable Mineral Reserves (as defined below) and Proven Mineral Reserves (as defined below). Mineral Reserves are inclusive of diluting material that will be mined in conjunction with the Mineral Reserves and delivered to the treatment plant or equivalent facility.

The term "***Probable Mineral Reserve***" means the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve. Probable Mineral Reserve estimates must be deomonstrated to be economic, at the time of reporting, by at least a Pre-Feasibility Study.

The term "***Proven Mineral Reserve***" means the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors. Proven Mineral Reserve estimates must be demonstrated to be economic, at the time of reporting, by at least a Pre-Feasibility Study.

The term "***Modifying Factors***" means considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

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

This AIF (and documents incorporated by reference herein) has 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 and uses terms that are not recognized by the United States Securities and Exchange Commission (the "**SEC**"). The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are terms defined in accordance with CIM Standards. These definitions differ from the definitions in SEC Industry Guide 7 ("**SEC Industry Guide 7**") under the U.S. Securities Act of 1933, as amended. 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 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 and regulations, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies or other economic 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 AIF and the documents incorporated by reference herein containing descriptions of mineral deposits may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.**

Summary of Mineral Reserves and Mineral Resources

The following tables set forth the estimated Mineral Reserves and Mineral Resources for the projects or mines relating to which the Company has **MATERIAL** Gold Streams/royalty agreements or other interests, adjusted to reflect the Company's percentage entitlement to gold, copper and diamonds produced from such projects or mines, as of December 31, 2017, 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, 2017, 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)*
Santa Elena Mine – Underground [1, 2, 3, 7, 8]	-	-	-	519.4	1.63	27,220	519.4	1.63	27,220
Santa Elena Mine - Leach Pad [1, 2, 3, 7, 8]	-	-	-	376.4	0.62	7,503	376.4	0.62	7,503
Houndé Mine [28, 29, 30, 32]	72.0	2.25	5,260	530.0	1.98	33,860	602.0	2.02	39,120
TOTAL CONTAINED GOLD:	**72.0**		**5,260**	**1,425.8**		**68,583**	**1,497.8**		**73,843**

Property	***Proven***			***Probable***			***Proven & Probable***		
	Tonnage	*Grade*	*Contained*	*Tonnage*	*Grade*	*Contained*	*Tonnage*	*Grade*	*Contained*
	kt	*(%)*	*(Million of pounds)*	*kt*	*(%)*	*(Million of pounds)*	*kt*	*(%)*	*(Million of pounds)*
Chapada Mine [10, 12, 14, 15, 16]	7,312	0.25	39.7	7,719	0.26	44.2	15,031	0.25	83.9
TOTAL CONTAINED COPPER:			**39.7**			**44.2**			**83.9**

Property	Proven			Probable			Proven & Probable		
	Mt (millions of metric tonnes)	cpt (carats per tonne)	Contained (millions of carats)	Mt (millions of metric tonnes)	cpt (carats per tonne)	Contained (millions of carats)	Mt (millions of metric tonnes)	cpt (carats per tonne)	Contained (millions of carats)
Diavik Mine [17, 19, 22, 23, 24, 25, 26, 27]	0.091	2.9	0.264	0.073	2.7	0.195	0.163	2.8	0.46
TOTAL CONTAINED DIAMONDS:			**0.264**			**0.195**			**0.46**

ATTRIBUTABLE MEASURED AND INDICATED MINERAL RESOURCES

(AS OF DECEMBER 31, 2017, UNLESS OTHERWISE NOTED)

Property	Measured			Indicated			Measured & Indicated		
	Tonnage kt	Grade (grams per tonne)	Contained (ounces)	Tonnage kt	Grade (grams per tonne)	Contained (ounces)	Tonnage kt	Grade (grams per tonne)	Contained (ounces)
Santa Elena Mine – Underground [1, 2, 3, 7, 8, 9]	-	-	-	525.8	2.03	34,317.4	525.8	2.03	34,317.4
Santa Elena Mine – Leach Pad [1, 3, 4, 7, 8, 9]	-	-	-	376.4	0.62	7,503.0	376.4	0.62	7,503.0
Houndé Mine [28, 29, 30, 31, 32, 33, 35]	72.0	2.4	5,620.0	674.0	2.01	43,560.0	746.0	2.05	49,180.0
TOTAL CONTAINED GOLD:	72.0		**5,620.0**	**1,576.2**		**85,380.4**	**1,648.2**		**91,000.4**

Property	Measured			Indicated			Measured & Indicated		
	Tonnage kt	Grade (%)	Contained (Million of pounds)	Tonnage kt	Grade (%)	Contained (Millions of pounds)	Tonnage kt	Grade (%)	Contained (Millions of pounds)
Chapada Mine [10, 11, 13, 14, 15, 16]	822	0.19	3.5	3,291	0.22	16.2	4,113	0.22	**19.7**
TOTAL CONTAINED COPPER:			**3.5**			**16.2**			**19.7**

Property	Measured			Indicated			Measured & Indicated		
	Mt (millions of metric tonnes)	cpt (carats per tonne)	Contained (millions of carats)	Mt (millions of metric tonnes)	cpt (carats per tonne)	Contained (millions of carats)	Mt (millions of metric tonnes)	cpt (carats per tonne)	Contained (millions of carats)
Diavik Mine [17, 18, 20, 21, 22, 23, 24, 26, 27]	-	-	-	0.004	2.4	**0.009**	0.004	2.4	**0.009**
TOTAL CONTAINED DIAMONDS:			**N/A**			**0.009**			**0.009**

Property	Measured			Indicated			Measured & Indicated		
	Tonnage kt	Grade (grams per tonne)	Contained (ounces)	Tonnage kt	Grade (grams per tonne)	Contained (ounces)	Tonnage kt	Grade (grams per tonne)	Contained (ounces)
Hod Maden Project – Main Area [36-42]	1,616	12.8	665,096	1,213	8.0	311,905	2,829	10.74	977,002
Hod Maden Project - South Area [36-43]	-	-	-	796	3.6	92,166	796	3.6	92,166
TOTAL CONTAINED GOLD:	1,616	12.8	**665,096**	**2,009**	**6.3**	**404,072**	**3,625**	**9.17**	**1,069,168**

Property	Measured			Indicated			Measured & Indicated		
	Tonnage kt	Grade (%)	Contained (Million of pounds)	Tonnage kt	Grade (%)	Contained (Millions of pounds)	Tonnage kt	Grade (%)	Contained (Millions of pounds)
Hod Maden Project – Main Area [36-42]	1,616	1.6	57.0	1,213	2.1	56.1	2,829	1.81	113.2
Hod Maden Project - South Area [36-43]	-	-	-	796	0.4	7.0	796	0.4	7.0
TOTAL CONTAINED COPPER:	1,616	1.6	**57.0**	**2,009**	**1.4**	**63.2**	3,625	1.5	120.2

ATTRIBUTABLE INFERRED MINERAL RESOURCES

(AS OF DECEMBER 31, 2017, UNLESS OTHERWISE NOTED)

Property	***Inferred***		
	Tonnage	Grade	Contained
	kt	*(grams per tonne)*	*(ounces)*
Santa Elena Mine – Underground [1, 3, 4, 7, 8, 9]	118.2	2.04	7,753
Houndé Mine [28-35]	64.0	2.64	5,500
Hod Maden Project – Main Area [36-42]	130.3	1.8	7,541
Hod Maden Project – South Area [36-43]	134.4	3.3	14,259
TOTAL CONTAINED GOLD:			**35,053**

Property	***Inferred***		
	Tonnage	Grade	Contained
	kt	*(%)*	*(Millions of pounds)*
Chapada Mine [10, 11, 13, 14, 15, 16]	706.0	0.24	3.8
Hod Maden Project – Main Area [36-42]	130.3	1.0	2.9
Hod Maden Project – South Area [36-43]	134.4	0.3	0.9
TOTAL CONTAINED COPPER:			**7.6**

Property	*Inferred*		
	Tonnage	Grade	Contained
	(millions of metric tonnes)	*(carats per tonne)*	*(millions of carats)*
Diavik Mine (17, 19, 22, 23, 24, 26, 27)	0.019	2.9	0.055
TOTAL CONTAINED DIAMONDS:			**0.055**

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**").

Santa Elena Mine

(1) The qualified person ("**QP**") under NI 43-101 for the technical information regarding the Santa Elena Mine contained in this document, including the review and approval of the Mineral Reserves and Mineral Resources estimates as detailed above, is Ramon Mendoza Reyes, P. Eng., Vice President Technical Services for First Majestic.
(2) Underground Mineral Reserves are based on a cut-off grade of 155 grams per tonne silver equivalent and is based on actual and budgeted operating and sustaining costs and metallurgical recoveries. For the Mineral Reserves estimates, dilution for underground mining includes consideration for internal dilution for designed stopes and an additional 8% dilution due to material handling. Mining loss is estimated at 6%. Underground Mineral Resources are based on a cut-off grade of 145 grams per tonne silver equivalent and is based on actual and budgeted operating and sustaining costs and metallurgical recoveries.
(3) Metal prices considered for Mineral Reserves were $18.00 per ounce silver and $1,250 per ounce gold. Metal prices considered for Mineral Resources were $19.00 per ounce silver and $1,300 per ounce gold. The effect of the Santa Elena Gold Stream has also been considered in both cases.
(4) Cut-off grade considered for spent ore (reserves) was 65 grams per tonne silver equivalent and is based on actual and budgeted operating and sustaining costs and metallurgical recoveries. Cut-off grade considered for spent ore (resources) was 70 grams per tonne silver equivalent and is based on actual and budgeted operating and sustaining costs and metallurgical recoveries.
(5) Metallurgical recoveries used were 95% for gold and 89% for silver.
(6) Metal payable used was 99.85% for silver and gold.
(7) The Santa Elena Mine Mineral Reserves and Mineral Resources are reported as of December 31, 2016.
(8) Numbers may not add up due to rounding.
(9) Mineral Resources are not known with the same degree of certainty as Mineral Reserves and do not have demonstrated economic viability. Measured and Indicated Mineral Resources are reported inclusive of Mineral Reserves.

Chapada Mine

(10) The QP for the technical information regarding the Chapada Mine contained in this document, including the review and approval of the Mineral Reserves and Mineral Resources as detailed above, is Yohann Bouchard, P.Eng., Senior Vice President, Operations for Yamana.
(11) Mineral Resources Metals Prices and Cut-Off Grades: $1,600 gold, $4.00 copper (Chapada pits and Suruca SW); 0.2 grams per tonne gold cut-off for oxide and 0.3 grams per tonne gold cut-off for sulphide in Suruca.
(12) Mineral Reserves Metal Prices and Cut-Off Grades: $1,250 gold, $3.00 copper, $4.36 NSR cutoff (Main Pit, Corpo Sul, Cava Norte and Sucupira); $1,300 gold, 0.21 grams per tonne gold cut-off for Suruca oxide ore; $900 gold, 0.3 grams per tonne gold cut-off for Suruca sulphide. Metallurgical recoveries for Suruca oxide are dependant on zone and average 85% for gold.
(13) Mineral Resources are exclusive of Mineral Reserves. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.
(14) The Chapada Mine Mineral Reserves and Mineral Resources are reported as of December 31, 2017.
(15) The Company's portion of the attributable Mineral Resources, Mineral Reserves and Inferred Mineral Resources set out above have been calculated internally by the Company due to the complex nature of the terms of the Copper Stream.
(16) Numbers may not add up due to rounding.

Diavik Mine

(17) Keith Laskowski, MSc., Vice-President Technical Services for Sandstorm Gold, and a QP under NI 43-101, has reviewed and approved the scientific and technical disclosure regarding the Diavik Mine contained in this AIF.
(18) Indicated is for pipe A-21 only.
(19) Proven is an aggregate for pipes A-154 North, A-154 South, A-418 and A-21 (open pit) and the stockpile. Probable is an aggregate of pipes A-154 North, A-154 South and A-418 only. Inferred is an aggregate of pipes A-154 North, A-154 South, A-418 and A-21.
(20) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
(21) Mineral Resources are reported exclusive of Mineral Reserves, and represent material remaining after Mineral Reserves have been removed for reporting separately elsewhere.
(22) Tonnes are reported as millions of metric tonnes ("**Mt**"), diamond grades as carats per tonne ("**cpt**"), and contained diamond carats as millions of contained carats ("**Mct**").
(23) Accounts for all depletions due to production and sampling to December 31, 2016. Mineral Reserves also include forecasted mining losses and dilution.
(24) The Mineral Reserves estimates and the Mineral Resources estimates each reflect a bottom screen size of one millimetre.
(25) Stockpiles are minor run-of-mine stockpiles that are maintained at or near the process plant and are available to maintain blending of kimberlite sources to the plant.
(26) The Diavik Mine Mineral Reserves and Mineral Resources are reported as of December 31, 2016.
(27) Numbers may not add up due to rounding.

Houndé Mine

(28) Keith Laskowski, MSc., Vice-President Technical Services for Sandstorm Gold, and a QP under NI 43-101, has reviewed and approved the scientific and technical disclosure regarding the Houndé Mine contained in this AIF.
(29) The Company acquired its 2% NSR on the Houndé Mine subsequent to December 31, 2017.
(30) The gold price considered for Mineral Reserves was $1,300 per ounce and for Mineral Resources was $1,500 per ounce.
(31) Cut-off grades for all resources open pits are 0.5 grams per tonne gold.
(32) Tonnages are rounded to the nearest 1,000 tonnes; gold grades are rounded to two decimal places; ounces are rounded to the nearest 1,000 ounces. Rounding may result in apparent summation differences between tonnes, grade and contained metal. Tonnes and grade measurements are in metric units; contained gold is in troy ounces.
(33) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
(34) The Houndé Mine Mineral Reserves and Mineral Resources are reported as of December 31, 2017.
(35) All Mineral Resources are reported inclusive of Mineral Reserves.

Hod Maden Project

(36) The QP for the technical information regarding the Hod Maden Project contained in this document, including the review and approval of the Mineral Resources as detailed above, is Rodney Webster, MAusIMM, MAIG, Principal Geologist for AMC Consultants Pty Ltd.
(37) Calculated on the basis of the Company's 30% interest plus its 2% NSR for a total of 31.4%.
(38) Mineral Resources are based on a cut-off grade of two grams per tonne gold equivalent.
(39) Mineral Resources are total and inclusive of any Mineral Reserves.
(40) Totals may not add up due to rounding.
(41) The Hod Maden Project Mineral Resources are reported as of March 19, 2018.
(42) No allowance has been made for any previous mining.
(43) The South Area is defined as being south of 4,542,025 mN.

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

Santa Elena Mine, Mexico

A technical report was prepared for SilverCrest (now First Majestic) in accordance with NI 43-101 entitled "Update to Santa Elena Pre-Feasibility Study, Sonora, Mexico" dated March 31, 2015, and re-addressed to First Majestic on October 1, 2015, having an effective date of December 31, 2014 (the "**Santa Elena Report**").

The following description of the Santa Elena Mine has been sourced, 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 First Majestic's profile on the SEDAR website located at www.sedar.com.

Information in this section that provides non-material updates to the information in the Santa Elena Report has been provided by First Majestic and/or has been sourced from their press releases dated January 9, 2018, January 16, 2018 and February 28, 2018, and/or their Annual Information Form dated March 31, 2017 for the year ended December 31, 2016 ("**First Majestic AIF**") as filed by First Majestic on SEDAR.

Certain capitalized terms in this section not otherwise defined have the meanings ascribed to them in the Santa Elena Report. The updated Mineral Reserves and Mineral Resources information to December 31, 2016 has been sourced from the First Majestic AIF and First Majestic's press release dated March 31, 2017, as filed on SEDAR.

Project Description, Location and Access

The Santa Elena Mine is currently producing gold and silver from a nominal 3,000 tonne per day operation including ore from the underground and reprocessing of heap leaching material using a new fully commissioned CCD/Merrill Crowe ("**CCD/MC**") processing facility. The Santa Elena Mine project involves combined processing of ore from the updated mineral reserves from underground development and reprocessing of spent ore from the existing heap leach pad. Commercial production for the 3,000 tonne per day mill and plant facility was declared on August 1, 2014. Underground development has been ongoing since January 2013 with commercial production declared on October 1, 2014.

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 the community of Banámichi. The Santa Elena Mine consists of ten contiguous concessions (the "**Santa Elena Concessions**") covering approximately 9,091 hectares registered in the name of Nusantara de México, S.A. de C.V. (" **Nusantara**"), a wholly owned subsidiary of First Majestic. 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 Mexico SA de C.V. (" **Tungsteno**") to acquire a 100% interest in the Santa Elena Mine through staged option payments over five years for a total cost of $4.0 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. Nusantara 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 each concession are due in January and June of each year at a total annual cost of approximately $51,000 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 required for the open pit and heap leach 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 (community or co-op) land, and on November 12, 2007, a lease agreement with the surface owners was signed which allows First Majestic access and authorization to complete exploration and mine operations activities for 20 years for a maximum of 841 hectares of surface land. The annual cost per year ranges from approximately $55,000 to $160,000 dependent on the number of hectares required. Lease obligations have been met to date.

Pursuant to the Santa Elena Gold Stream, 20% of the gold production is forward sold to the Company.

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 Banámichi, then by a maintained gravel road that runs east for seven kilometres to the mine site.

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 estimated 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 property but no records are available for this drilling. During the early 1980's, Tungsteno de Baviacora ("**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. 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 was used by SilverCrest for early exploration and target development.

SilverCrest acquired the Santa Elena Mine in December of 2005. The Santa Elena Mine pit started commercial production of gold and silver in July 2011 and its Mineral Reserves were depleted in April 2015. First Majestic acquired the Santa Elena Mine through its acquisition of SilverCrest on October 1, 2015.

Geological Setting, Mineralization and Deposit Types

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 east-west directed extension between late Eocene to the early Oligocene along the eastern Sierra Madre Occidental flank and is considered to be the first formation stage of the 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 resulting in exhumation of 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. Many significant porphyry deposits of the Sierra Madre Occidental occur in the Lower Volcanics and are correlated with the various Middle Jurassic through to Tertiary aged intrusions. These include Cananea, Nacozari and La Caridad. In Sonora, emplacement of these systems has been influenced by the early Eocene east-west and east/northeast – west/southwest directed extension. The Santa Elena vein has a similar orientation to this extensional trend. The silicic volcanism is thought to be related to fractional crystallisation of mantle sourced basalts from subduction. The five main igneous deposits of the Sierra Madre Occidental are: (a) Plutonic/volcanic rocks: Late Cretaceous-Paleocene; (b) Andesite and lesser Dacite-Rhyolite: Eocene (Lower Volcanic Complex); (c) Silicic ignimbrites: Early Oligocene & Miocene (Upper Volcanic Complex); (d) Basaltic-andesitic flows: late stage of and after ignimbrites pulses; and (e) repeat and episodic volcanic events related to rifting of the Gulf of California (alkaline basalt and ignimbrite) emplaced to western flanks: Late Miocene Pliocene and Quaternary. 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 Mine property is located at the northwestern 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. 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 hosted within an east-west tending 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 below surface. Splaying and cross-cutting northwest trending structures appear to influence mineralization at intersections with the main mineralized zone and along a northwest-southeast trending the footwall of the vein. Andesite and granodiorite 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 mineralized 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.

Interpretation from surface, open put and underground mapping and drill hole intercepts has shown that there are eight major faults directly related to the Santa Elena main mineralized zone.

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 Madre. 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 and 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 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. Analyses shows calcium content of up to 15%.

Exploration

From 2006 to 2015, SilverCrest completed several extensive exploration programs at Santa Elena. The 2013 - 2014 exploration programs included surface mapping and channel sampling, underground mapping, underground channel sampling and core drilling. The Exploration Department at the Santa Elena Mine completed a more detailed geological map of the open pit, compiling all geological and structural information defining a revised surface exposure of main geological units and structural setting. An underground mapping and sampling program has been ongoing since 2013 at Santa Elena and includes the underground developed areas. The majority of the sampling and mapping has been done in the exploration cross-cuts and in short delineation core drilling.

First Majestic has carried out exploration at Santa Elena between October 2015 and December 2017. These exploration activities include geologic mapping, alteration mapping with the aid of the Terraspec ASD® (Analytical Spectral Device), geochemistry and diamond drilling.

Drilling

SilverCrest completed four drill programs from early 2006 through 2011. In 2012-2013, SilverCrest targeted delineation of shallow, below-pit mineralization and deep mineralization, mostly trending to the east, with additional drilling and the first underground drilling program to take place at Santa Elena in fall 2013. Three drilling companies were contracted; Major Drilling de Mexico based in Hermosillo, Mexico, Guardian Drilling from Saskatchewan, Canada, and DrilCor based in Durango, Mexico. All companies were involved in surface drilling programs, however, only DrilCor worked with the underground exploration drilling. This drilling focused on delineating and extending the areas along trend and down-dip of the main mineralized zone. Other drilling was located off strike to explore for near parallel mineralization. A total of 20 drill holes were collared using reverse circulation ("**RC**") to expedite hanging wall drilling, then finished with diamond core from approximately 40- 50 metres before the vein target depth through to the barren footwall. This practice was discontinued due to significant deviation in the pre-collared holes. A total of 21 diamond drill ("**DD**") holes (1,590.7 metres) were drilled in the underground 2013 program. A total of 218 holes (72,965 metres including RC with DD tails) were drilled during the 2012-13 program, including holes drilled from within the current pit and the 2013 underground program.

During 2014, SilverCrest targeted infill drilling in the underground area for the initial stopes. This drilling resulted in approximate spacing of about 25 metres in the initial stope area, which was previously around 50 metres, allowing SilverCrest to create a more defined model and giving a better idea of grade distribution. This drilling was completed by Major Drilling de Mexico based in Hermosillo, Mexico and DrilCor based in Durango. A series of additional deep drill holes to both the east and the west of the main mineralized zone were done to focus on the delineation and extension of the ore body to depth and also some drill holes targeting the extension of the El Cholugo and Tortuga vein were completed in 2014. To the date of the Santa Elena Report, down hole surveys were completed on the majority of the drill holes including all 2014 drill holes both at surface and underground drilling. For the 2014 drilling, surveys were taken at an interval of approximately 30 metres, an initial reading at 10 metres was first taken to ensure no deviation had occurred during set up for the drill rig.

During 2015, SilverCrest continued infill and delineation drilling in the underground area for 15 additional stopes. This drilling resulted in approximate spacing of about 25 metres in those stope areas. This drilling campaign included 66 drill-holes, for approximately 2,110 metres and these were carried out by Major Drilling de Mexico based in Hermosillo, Mexico.

Also in 2012, 10 trenches and subsequent bulk composite samples were excavated using an excavator to an average depth of five metres on the leach pad. Sampling was to test spent ore metallurgy for estimated recovery rates through the milling process.

Since the acquisition of Santa Elena, First Majestic has drilled 12,764 metres in 59 holes. In 2016 First Majestic drilled 12,566 metres in 58 holes. A significant amount of this drilling has been targeted on the Santa Elena Norte and Ermitaño West prospects. Additionally, First Majestic acquired a high resolution SPOT satellite image covering approximately 175,000 hectares to carry out structural interpretations. Alteration mapping with the support of the Terraspec ASD® spectrometer has also been completed in the Santa Elena Norte and Ermitaño West prospects.

Sampling and Analysis

The 2006 sampling by SilverCrest consisted of continuous surface channel sampling along exposed road cuts and outcrops. The underground verification channel sampling program consisted of semi-continuous horizontal sampling of identified Fronteer sample locations. The samples were collected over selected intervals, placed in plastic bags and periodically shipped to ALS-Chemex in Hermosillo Mexico for preparation, with sample pulps shipped to and analysed by ALS-Chemex, North Vancouver, BC. The 2006, 2007 and 2008 core drilling procedure included the collection and labelling of the drill core. After logging and identifying the mineralized zone, core was selected for splitting and sampling. The 2008 RC drilling program consisted of collecting chips and cataloguing. The 2012 and 2013 drilling program included procedures for the collection and labelling of the drill core. A total of 15 drill holes were first drilled by RC methods and finished with diamond core tails with a further four drilled purely as RC of HQ size drill core (63.5 millimetres diameter). Although RC cuttings were not retained, a number of samples from the hanging wall were sampled.

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 drill core sample lengths range from 0.11 to 36.7 metres (the latter was checked in supplied drill logs as being correct) and mode of approximately two metres. Not all drill holes were entirely sampled. 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 materials ("**CRMs**"), blanks and duplicates samples at regular intervals into the sampling stream. In addition internal laboratory quality assurance/quality control ("**QA**/**QC**") procedures were followed.

The 2013-2014 drilling program included procedures for the collection and labelling of the drill core. The entire core was checked to make sure it is placed and oriented well. The core boxes are marked with the start and end of each box run. While doing this the geologists look over the core to have a general idea of the geology and mineralization before starting their description. The core is photographed and logged in detail. The samples are measured based on the above sample requirements and includes the percent recovery within the drill run. There were marker tags put in at the start of each sample. If there was a sample that has no sampling to be done after because of waste rock then a marker was put in to indicate the end of the sample for the core cutter. The core is then cut with an electrical diamond saw into halves. The uncut half of the core was carefully placed back into the correct location in the box. After cutting the interval, samples were placed in a bag marked with the sample number, hole name and project name. The sample identification tag was then placed in the bag and the bag was tied. For standards, CRMs contain known metal concentrations (grade and variability). They are used to assess analytical accuracy and to detect biases by comparing the assay results against the expected grade of the standard. For the insertion of standards, a reference standard was created from the source deposit and processed in CDN Laboratory from that result material were measured out on a scale and put into envelopes containing 100 grams. Lab sheets were filled out and the samples were delivered to the lab. Rejects and pulps were picked up directly from the lab as soon as the assay was completed and stored in the core storage in Santa Elena. Samples collected, that are to be used for resource or reserve evaluation, should contain a minimum of one kilogram of sampled material when appropriate. Exceptions may include narrow widths sampled in outcrop or core intervals where collecting a one kilogram sample is impractical. However, in these cases the sample must be representative of the total material being assessed.

Four different sample types have been taken to date at the underground Santa Elena Mine: (i) infill drill core samples, (ii) channel (chip) samples, (iii) muck samples, and (iv) long-hole drilling samples:

Infill Drill Core Samples

Infill drill core samples consist of the 2015 underground infill and delineation drilling program, comprising of 66 drill holes of NQ drill core (47.5 millimetres diameter). Sampling protocols included procedures for the collection and labelling of the drill core. After the drill core was recovered, it was 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 onsite 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 drill core sample lengths range from 0.45 to 2.65 metres and mode of approximately 1.5 metres. The drill core is sampled in the entire mineralized zone. A total of 1,124 samples were collected.

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 CRMs, blanks and duplicates samples at regular intervals into the sampling stream. In addition, internal laboratory QA/QC procedures were followed.

The 2015 drilling program included procedures for the collection and labelling of the drill core. The entire core was checked to make sure it was placed and oriented well. The core boxes were marked with the start and end of each box run. While doing this the geologists looked over the core to have a general idea of the geology and mineralization before starting their description. The core was photographed and logged in detail. The samples were measured based on the above sample requirements and included the percent recovery within the drill run. There were marker tags put in at the start of each sample. If there was a sample that had no sampling to be done after because of waste rock then a marker was put in to indicate the end of the sample for the core cutter. The core was then cut with an electrical diamond saw into halves. The uncut half of the core was carefully placed back into the correct location in the box. After cutting the interval, samples were placed in a bag marked with the sample number, hole name and project name. The sample identification tag was then placed in the bag and the bag was tied.

For standards, CRMs contain known metal concentrations (grade and variability). They are used to assess analytical accuracy and to detect biases by comparing the assay results against the expected grade of the standard. SilverCrest created a reference standard from the source deposit processed in CDN Laboratory. Using those results, materials were measured out on a scale and put into envelopes containing 100 grams. Lab sheets were filled out and the samples were delivered to the lab. Rejects and pulps were picked up directly from the lab as soon as the assay was completed and were stored in the core storage in Santa Elena. Samples must be representative of the total material being assessed.

Core and surface chip samples collected during 2016 were analyzed in First Majestic´s Central Lab and SGS Lab in Durango. Most samples for resource update and resource estimation were analyzed at SGS. Underground chip samples were analyzed at Santa Elena's mine lab.

The assay QA/QC program currently followed at Santa Elena consists of the following quality control samples, which represent an insertion rate of 20% of the original samples: three reference standard materials, coarse and pulp blanks, field duplicates, coarse and pulp duplicates and pulp checks that are sent to a commercial certified laboratory. Quality assurance consists of performing basic statistics for assays of the quality controls and doing visual inspection on correlation plots prepared with the assay data of the quality controls.

Channel Samples (chip samples) consist of:

- *Face Channel Samples*, where: (a) every round of a new development face is sampled, for that purpose the geologist mark the channel to be taken to the geology helpers; (b) this mark is done around 1.5 metres from the floor elevation, from the foot wall to the hanging wall - the channel is divided according the lithology or features of the face, not taking samples greater than 1.5 metres; (c) the sampler takes the samples based on the marked provided by the geologist using a chisel and hammer; (d) to recover the sample the crew use a plastic canvas that is cleaned after every sample is collected; (e) the sample has an identification number that helps recognize the precedence and assay from the lab; and (f) on every face the geologist marks a composite line that is for QA/QC duplicates. A blank sample is introduced every face, usually after the highest grade are identified by the geologist.

- *Back Sample*, where: (a) channels are marked by the geologist every 10 metres long the back to be sampled; (b) from the footwall to the hanging wall - the channel is divided according the lithology or features of the back, not taking samples greater than 1.5 metres; (c) the sampler arrives to the area and takes the samples based on the mark provided by the geologist - these samples are taken on the lifter (tele handler), using a chisel and hammer (d) to recover the sample the crew use a plastic canvas that is cleaned after every sample is collected - this is on the floor of the lifter; (e) the samples have an identification number that help recognize the procedure and assay from the lab.

- *Exploration Crosscuts Sample*, where: (a) this mark is done around 1.5 metres from the floor elevation, from the footwall to the hanging wall – the channel is divided according the lithology or features of the face, not taking samples greater than 1.5 metres, marks are done in both walls of the cross-cut; (b) the sampler arrives to the face and takes the samples based on the mark provided by the geologist using a chisel and hammer; (c) to recover the sample the crew use a plastic canvas that is cleaned after every sample is collected; and (d) the samples has an identification number that help recognize the precedence and assay from the lab.

Muck Samples, where: (a) all the trucks that are sent from underground as ore (from stopes, slashes, development) that are dumped in the stock piles of the primary crusher are sampled; (b) every morning and afternoon the samplers arrive to site and wash the muck; (c) from every muck pile, a 75 centimeter distance grid is marked; they take a sample in all of the intersections of that grid; (d) the sample has an id number that help recognize the precedence and assay from the lab; and (e) QA/QC control consists of rejects resampled from the highest grade samples.

Cuts from Long hole drilling samples, where: (a) the objective is to sample all the holes that are going to be drilled in that shift - the geologist communicates with the operations team to know where they are going to be drilling; (b) the person that is in charge of the sample collection has to take a sample of the cuts of the drill hole every two rods (approx. three metres); (c) there are as many bags as the length of the hole, all of the bags have the name of the hole that is being drilled; (d) then the bags are analyzed by the geologist, to choose one or two representative samples - to do that the geologist will use a splitter; and (e) the samples have an identification number that help recognize the precedence and assay from the lab.

For the 2012-2013 sampling, two analytical laboratories were used for sample analyses: Nusantara de Mexico S.A. de C.V (" **Nusantara Lab**"), an on-site grade control laboratory for Santa Elena operations; and ALS-Chemex. Nusantara Lab 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 analyses. For the 2013-2014 sampling, three analytical laboratories were used for sample analyses: Nusantara Lab, ALS-Chemex and Inspectorate. Nusantara Lab either prepared and analysed samples, or prepared and transported samples to ALS-Chemex or Inspectorate in Hermosillo for further preparation before being sent to ALS-Chemex or Inspectorate in Vancouver for analyses.

For the heap leach sampling, preparation and analyses for 2012 to 2013, all sampling was carried out by SilverCrest's geologists and sampling protocols adopted the following procedures: (a) plastic bags were placed in a tray in the vertical outlet of the cyclone and into a container to avoid loss of material; (b) full interval was sampled and samples were taken at multiple orders according to the depth of the hole – for holes with a length of 10 and 20 metres, samples were taken every two metres - holes with length of 15 metres, samples were collected every three metres and only one five metre sample was collected for holes with five metre length; (c) all bags were labelled with the corresponding depth; and (d) the samples were delivered to the Nusantara Lab for splitting to pulverization and additional splitting to generate aliquot for analyses. All samples were handled by geologists at the Santa Elena Mine site. Samples were sent to the Nusantara Lab for analyses. Analytical method for gold included Fire Assay finishing in AA as well as gravimetric analyses for comparison purposes and for silver an Aqua Regia digestion finishing in AA. Blanks and CRM were inserted by exploration personnel prior to the sampling preparation at the Santa Elena Mine lab to carry out a QA/QC protocol in the preparation and analyses of the samples collected by the drilling program on the pad. The results did not indicate deviations from the blanks and CRM assay values.

For the 2015 infill and delineation sampling, Nusantara Lab, the on-site grade control laboratory for Santa Elena operations was used.

Data Verification and Security of Samples

Historical data prior to the 2006 SilverCrest drilling campaign is not included in the current geological database.

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 analyses on 289 surface samples for fire assay AA finish and fire assay gravimetric analyses. 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.

EBA Engineering Consulting (now Tetra Tech EBA), visited the Santa Elena Mine between May 10-11, 2012 and October 13-14, 2012 (during the 2012 – 2013 drilling campaign). At this 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.

Insertion of CRMs at regular intervals was completed by SilverCrest staff during the 2013-2014 Santa Elena Mine drill program. SilverCrest inserted 114 blank samples in a random fashion and near to expected high grade samples during the 2013-2014 drilling program, each blank was labelled "Blank" or "Blanco" in the drill hole data base.

First Majestic's internal qualified person has reviewed the data verification methods at the Santa Elena Mine and believes that the methods meet an industry standard of practice and are sufficient to support estimation of Mineral Resources and Mineral Reserves.

Mineral Processing and Metallurgical Testing

There has been varied metallurgical test work done on the Santa Elena Mine over the last thirty years. More recently, metallurgical test work was carried out by Inspectorate Mining and Metals ("**Inspectorate**") in their Richmond, BC facility on samples from Santa Elena. Inspectorate also generated slurry samples for testing at Pocock Industrial in Salt Lake City for thickening and filtration characterization. Additional test work was carried out in Sonora at the University of Sonora.

As detailed in the Santa Elena Report, extensive metallurgical test work including ongoing operations data show that all declared Mineral Reserves are amenable to conventional leaching by standard CCD milling with a Merrill Crowe recovery system for doré bar production.

Metallurgical Operational Results up to December 31, 2016

The Santa Elena heap leach operation was completed in mid-2014 with the transition to the new CCD/MC processing facility. As of December 31, 2016, 1.9 million tonnes of leach pad material remain and has been fully or partial leached with overall recovery rates of 60% gold and 30% silver. The leach pad material ore is currently being reprocessed through the new processing facility. No crushing is required for this ore with direct feed to a reclaim stockpile area where it is mixed with crushed underground or open pit ore. The new 3,000 tonnes per day conventional CCD/MC processing facility was commissioned between May to August 2014 and commercial production was declared on August 1, 2014.

For 2016, a total of 0.99 million tonnes of ore with average grades of 1.62 grams per tonne gold and 92 grams per tonne silver were processed through the new facility. The overall blend (mix) of pad ore and underground ore was approximately 50/50. A total of 2.6 million ounces of silver and 48,676 ounces of gold were produced in 2016.

Updated Mineral Resource and Mineral Reserve Estimates

The update to the Mineral Reserves and Mineral Resources (underground and leach pad) for the Santa Elena Mine are shown in the table below. Only Indicated Mineral Resources were used to define Mineral Reserves in the updated mine plan.

To summarize, as of December 31, 2016, total Probable Mineral Reserves are 4.48 million tonnes grading 77 grams per tonne silver and 1.21 grams per tonne gold, containing 11.1 million ounces of silver and 174,000 ounces of gold.

Updated Indicated Mineral Resources (inclusive of Probable Mineral Reserves) are estimated at 4.51 million tonnes grading 89 grams per tonne silver and 1.44 grams per tonne gold, containing 12.9 million ounces of silver and 209,000 ounces of gold. Updated Inferred Mineral Resources are estimated at 0.59 million tonnes grading 103 grams per tonne silver and 2.04 grams per tonne gold, containing 1.96 million ounces of silver and 39,000 ounces of gold.

On March 31, 2017, First Majestic announced their updated Mineral Reserve and Mineral Resource estimates to December 31, 2016 for the Santa Elena Mine. These details are also contained in the First Majestic AIF for the year ended December 31, 2016 as filed by them on SEDAR.

The following table sets forth the estimated updated Mineral Reserves and Mineral Resources for the Santa Elena Mine (gold only, excludes silver grades for Sandstorm Gold reporting purposes) as of December 31, 2016:

Classification	**Tonnes** (000s)	**Gold Grade** (grams per tonne)	**Contained Gold** (ounces)
RESERVES:			
Probable (underground) - sulphides	2,597	1.63	136,100
Probable (pad) – oxides spent ore	1,882	0.62	37,515
TOTAL RESERVES:	**4,479**	**1.21**	173,615
RESOURCES:			
Indicated (underground)	2,629	2.03	171,587
Indicated (pad)	1,882	0.62	37,515
TOTAL RESOURCES:	**4,511**	**1.44**	209,102
INFERRED (underground)	591	2.04	38,763

(1) All Mineral Resources and Mineral Reserves conform to NI 43-101 and CIM definitions for Mineral Resources and Mineral Reserves.
(2) Underground Mineral Reserves are based on a cut-off grade of 155 grams per tonne silver equivalent and is based on actual and budgeted operating and sustaining costs and metallurgical recoveries.

(3) Cut-off grade considered for spent ore (reserves) was 65 grams per tonne silver equivalent and is based on actual and budgeted operating and sustaining costs and metallurgical recoveries.
(4) Metal prices considered for Mineral Reserves were $18.00 per ounce silver and $1,250 per ounce gold, the effect of the Santa Elena Gold Stream has also been considered.
(5) For the Mineral Reserves estimates, dilution for underground mining includes consideration for internal dilution for designed stopes and an additional 8% dilution due to material handling. Mining loss is estimated at 6%.
(6) Underground Mineral Resources are based on a cut-off grade of 145 grams per tonne silver equivalent and is based on actual and budgeted operating and sustaining costs and metallurgical recoveries.
(7) Cut-off grade considered for spent ore (resources) was 70 grams per tonne silver equivalent and is based on actual and budgeted operating and sustaining costs and metallurgical recoveries.
(8) Metal prices considered for Mineral Resources were $19.00 per ounce silver and $1,300 per ounce gold, the effect of the Santa Elena Gold Stream has also been considered.
(9) Metallurgical recoveries used were 95% for gold and 89% for silver.
(10) Metal payable used was 99.85% for silver and gold.
(11) Totals may not add up due to rounding.
(12) Measured and Indicated Mineral Resources are reported inclusive of Mineral Reserves.
(13) Ramon Mendoza Reyes, P. Eng., Vice President Technical Services for First Majestic, a QP under NI 43-101, has reviewed and approved the Mineral Reserves and Mineral Resources set forth above.

With the update to Mineral Reserves, the Santa Elena Mine life is scheduled to continue for five years at nominal milling rate of 2,750 tonnes per day with reduced throughput in the last year upon depletion of the leach pad reserves. The mine schedule is based on mining long hole stopes early in the mine life at lower costs with small reserve being mined using cut and fill stopes towards the end of the mine schedule.

Mining Operations, Exploration, Development and Production

Initially, the Santa Elena Mine open pit heap leach mine was constructed in late 2009 and 2010 and was operational from 2010 to 2015. During 2013 and 2014, the open pit heap leach was transitioned into an underground, milling and CCD/MC 3,000 tonne per day processing facility. As of December 31, 2015, the underground mine was fully operational and producing steadily. The Santa Elena Mine ore body varies in dip and thickness along strike and at depth. As a result, two well established underground mining methods have been selected for ore extraction, as follows:

Orebody Geometry	Mining Method
Dip > 55 degrees, Thickness > 5 metres	Longitudinal Long hole Stoping (including Avoca)
Dip < 55 Degrees, > 5 metres	Mechanized Cut and Fill

In general, conventional mechanized mining methods have been selected. As of December 31, 2015, First Majestic has undertaken ore development, production drilling, blasting and loading operating its own equipment, and is using a contractor for the waste rock and ore haulage to surface. A contractor is retained to carry out the main ramp development. Approximately 89% of stoping will be by long hole method and 11% by cut and fill methods. Most long hole stopes are produced early in the mine schedule. Average stope width is 10 metres.

Mining of the heap leach spent ore (“ **pad ore**”) is completed by loader and conveyor to transport material to the plant.

As of December 31, 2016, the main ramp has been developed to approximately the 440 metre elevation with development drifts every 25 metres from the level 700 to the 475 metre level (elevations above sea level). Underground stope production during 2016 consisted of long hole stoping of Stope #15 to Stope #21 which were located mainly east of the Fault B and preparation of stopes #22 to #30. Mineral reserves from the open pit were depleted in April 2015.

During 2016, First Majestic continued the development of the Alejandra and Alejandra Bajo narrow veins and prepared the levels 550, 575, 600, 625 and 655. These veins are being mined using the cut and fill mining method. In 2016, First Majestic started the development of a second ramp called the San Salvador ramp. At the end of 2016, total development of the new San Salvador ramp reached 1,486 metres, or 65% of a 2,300 metre development plan. The new ramp will connect to the Main Vein along level 575 by April 2017. Once the ramp is completed, it is expected to improve underground productivity by reducing trucking bottlenecks.

First Majestic's mining schedule estimates the tonnages to be mined from the underground and the existing pad ore to feed the process plant at a nominal rate of 2,750 tonnes per day. The schedule is based on optimizing higher grade long hole stopes first, with more costly cut and fill mining in the main vein left for later in the mine life. An underground mining schedule has been developed for the stopes in the reserve model and for development required to access the stopes throughout the life of mine. A 55%/45% mix (underground to pad ore) is assumed for the life of mine.

Processing and Recovery Operations

The ore from underground resources is currently processed by conventional milling and cyanide leaching technology. In addition partially leached material from the existing heap leach operations is blended underground ore at a variable rate and reprocessed through the same plant. Santa Elena ore (Underground and Pad) contains an estimated grade of 1.19 grams per tonne gold and 76.3 grams per tonne silver and after crushing and grinding has historically been leached in cyanide to yield approximately 92.5% gold recovery and 85.5% silver recovery. Because of the relatively high level of silver in the ore (and hence solutions) there are advantages and benefits to using traditional CCD and Merrill-Crowe for metal recovery rather than carbon-in-leach/carbon-in-pulp ("**CIL**/**CIP**") process. The partially leached pad ore yielded recoveries of approximately 60% gold and 30% silver when crushed to 10 millimeters and processed on the heap leach (partial leach cycle to Q2 2014). On re-leaching after grinding in the new plant, the balance of the metals are recovered to the level expected from fresh ore from underground, at a rate of 95% for gold and 89% for silver. The process plant has been designed to treat a nominal 3,000 tonnes per day of ore, a mixture of freshly mined material and partially leached heap leach residue, but First Majestic has found that, after increasing the retaining time in the ball mill in order to achieve a finer particle, the metallurgical recovery of silver has increased significantly, which has resulted in a reduction of the nominal plant feed to 2,750 tonnes per day. The plant has been designed to treat any proportion of these two types of feed.

Infrastructure, Permitting and Compliance Activities

As of December 31, 2014, all transition projects have been fully constructed, commissioned and commercial production announced. Much of the same infrastructure facilities utilized for the open pit mine continue to be used for the new operations, including, but not limited to, access roads, waste dumps, explosive magazines, office buildings, fuel storage facilities, power generation, primary crushing equipment, heap leach pads and solution collection ponds.

Environmental studies were conducted on the open pit excavation that occurred at the Santa Elena Mine. An independent Closure and Mine Reclamation Plan was created for the Santa Elena Mine project in March 2010, and updated in January 2014, by Global Resource Engineering Ltd. This initial plan incorporated study results from baseline environmental impact, water quality and geotechnical stability studies for the original open pit, processing and waste dump. The updated plan in 2014 incorporates plans for earthworks in regards to topsoil placement on impacted grounds, earthworks for erosion control, demolition and removal of old buildings. Consideration for mine closure, remediation and ongoing monitoring and stewardship activities are included within the economic model for the Santa Elena Mine. First Majestic updated these estimates internally for the year-end 2016.

Capital and Operating Costs

Capital Costs

As of December 31, 2016, First Majestic estimated total sustaining capital costs during the remaining life of mine of $38.1 million, including development, delineation and infill drilling, plant and infrastructure sustaining capital and closure, as per the table below:

Sustaining Capital Cost, Including Exploration Drilling Expense	
Mill Sustaining Capital	$2,500,000
Underground waste development expenses	$21,700,000
Underground equipment and infrastructure	$6,500,000
Underground and surface drilling	$7,400,000
TOTAL CAPITAL COSTS:	**$38,100,000**

Note: All numbers have been rounded to the nearest thousand.

Operating Costs

Operating costs for the Santa Elena Mine have been estimated for the underground mining, processing costs and general and administrative costs. First Majestic currently estimates the life of mine plan operating costs at an average of $51.75 per tonne of ore processed based on current and projected costs. The life of mine plan assumed an approximate 55% underground ore to 45% pad ore blend.

Mining Method	**Underground Long Hole Average**	**Underground Cut & Fill Average**	**Leach Pad Reprocess**
Process Method	CCD Mill	CCD Mill	CCD Mill
Mining Cost/tonne (1)	$22.50	$27.00	$0.00 (2)
Processing Cost/tonne (3)	$21.70	$21.70	$23.70
Indirect Cost/tonne (4)	$5.30	$5.30	$5.30

Notes:

(1) Long hole stopes in Main Vein are 86% of designed stopes and cut & fill stopes are 14% of designed stopes. Mining in narrow veins is designed with cut & fill. Excludes ore development costs. Includes adjustment for exchange ratio impact in the mining costs.
(2) Mining cost of spent ore on leach pad is covered under processing costs.
(3) Processing includes crushing, milling, site refining and dry stack tailings disposal.
(4) Estimated based on current operations and may vary on an annual basis.

Economic Analysis

The Base Case economic analyses use a range of metal prices per ounce for gold and silver. For gold prices, the range is defined as $1,250 (2015), $1,275 (2016) and $1,300 (2017 – 2022) and for silver prices the range is defined as $18 (2015), $19 (2016), $20 (2017) and $21 (2018 – 2022). On this basis, the following economic highlights for a continued 8 year mine life beginning January 2015 are:

- Total operating revenue of $555 million from estimated sales of 12.6 million ounces of silver and 270,700 ounces of gold.
- Total operating costs of $349 million.
- Estimated cash operating costs averaging $11.59 per silver equivalent (“ **AgEq**”) ounce (gold:silver average ratio of 64.5:1 based on sold ounces for the life of mine plan.
- Total sustaining capital costs of $31 million including the life of mine plan underground drilling programs and 2015 surface exploration expenditures.
- Total pre-tax undiscounted cash flow of $163 million including estimated closure cost deductions of $6 million.
- Pre-tax Base Case pre-tax NPV (5%) of $144 million.
- Post-tax Base Case post-tax NPV (5%) of $119 million.

Metal price sensitivities were completed including spot price as $1,193/ounce gold and $16.16/ounce silver (representing spot price in December, 2014) which showed a pre-tax NPV (DCF @ 5%) of $84.3 million. The economic analyses considers SilverCrest delivering 54,133 ounces of gold to Sandstorm Gold at an average price of $412 per ounce ($350 to $450 per ounce with annual 1% inflationary increases) under the Santa Elena Gold Stream.

Santa Elena Mine Milestones

Current activities at the Santa Elena Mine include ***:***

- On February 28, 2018, First Majestic announced that during the year ended December 31, 2017, the Santa Elena Mine produced 2,282,182 ounces of silver for a total yearly production of 5,927,132 silver equivalent ounces. The mill processed a total of 927,737 tonnes during the year.

- On January 16, 2018, First Majestic announced that, during the quarter ended December 31, 2017, the Santa Elena Mine produced 582,789 ounces of silver and 14,005 ounces of gold, for a total production of 1,653,941 silver equivalent ounces, reflecting a 10% increase compared to the prior quarter and the highest quarterly production of 2017. The mill processed a total of 232,575 tonnes, consisting of 133,042 tonnes of underground ore and 99,533 tonnes from the above ground heap leach pad. Silver and gold grades of underground ore increased 12% and 21%, respectively, during the quarter averaging 125 grams per tonne and 2.9 grams per tonne, respectively. The increase in grades are due to higher tonnage of ore being sourced from the high-grade Alejandra vein. Silver and gold grades from the above ground heap leach pad averaged 39 grams per tonne and 0.7 grams per tonne, respectively. Furthermore, a total of 2,698 metres of underground development was completed in the fourth quarter compared to 2,724 metres of development in the previous quarter. A total of 7,463 metres of exploration drilling was completed in the fourth quarter compared to 7,406 mettres of drilling in the previous quarter. First Majestic's production guidance for 2018 for Santa Elena is 2.2 to 2.4 million ounces of silver (4.9 – 5.5 million ounces of silver equivalent).

- On January 9, 2018, First Majestic announced that they completed 21,210 metres of diamond drilling at Santa Elena in 2017. They plan to continue with an aggressive exploration budget in 2018 with an estimated 38,000 metres of planned drilling for Santa Elena, the objective of which will be to continue exploration and infill drilling of the Ermitaño vein at Santa Elena.

Chapada Mine, Brazil

A technical report was prepared for Yamana in accordance with NI 43-101 entitled "Technical Report on the Chapada Mine, Goiás State, Brazil" dated March 21, 2018 (the "**Chapada Report**").

The following description of the Chapada Mine has been sourced, in part, from the Chapada Report and readers should consult the Chapada Report to obtain further particulars regarding the Chapada Mine. The Chapada Report is available for review under Yamana's profile on the SEDAR website located at www.sedar.com.

Certain capitalized terms in this section not otherwise defined have the meanings ascribed to them in the Chapada Report. The Mineral Reserves and Mineral Resources information to December 31, 2017 has been sourced from the Chapada Report, Yamana's Annual Information Form dated March 29, 2018 for the year ended December 31, 2017 ("**Yamana AIF**") and Yamana's press release dated February 15, 2018, all as filed on SEDAR.

Property Description, Location and Access

The Chapada Mine is located in northern Goiás State, approximately 320 kilometres north of the state capital of Goiania and 270 kilometres northwest of the national capital of Brasilia. It is situated at latitude 14° 14' S, longitude 49° 22' W. The Chapada Mine includes the Chapada copper-gold deposit, sub-divided into the Chapada Corpo Principal and Corpo Sul deposits, and the Suruca gold deposit. Corpo Sul is situated at the southwest extremity of the Chapada deposit. The Suruca deposit is located six kilometres northeast of the Chapada Mine at approximately latitude 14° 11' S, longitude 49° 20' W.

Access to the project area from Brasilia is via BR-153 (Belem/Brasilia) to Campinorte (GO) and then via GO-465 (Campinorte/Santa Terezinha) west to Alto Horizonte. The town of Alto Horizonte lies between the Suruca and Chapada deposits. Chapada Airport, suitable for small aircraft with an 800 metres long airstrip, is located close to Alto Horizonte, approximately four kilometres northeast of the Mine.

The Chapada Mine is divided into 37 claims totalling 43,866.31 hectares. The claims are held in the name of Mineração Maracá Indústria e Comércio S/A ("**Mineração Maracá**"), a 100% owned subsidiary of Yamana. See also "– Exploration, Development and Production".

Yamana (via Mineração Maracá) holds all of the surface rights in the area of the Chapada Mine, which incorporates all of the proposed locations of buildings, fixed installations, waste dumps, and tailing disposal in the current mine plan. Yamana is of the opinion that it can acquire the right to dispose of waste rock and tailings on additional surface property, if and when required. The land ownership is registered with the Registrar of Real Estate in Mara Rosa, Goiás.

Other than statutory royalties which are paid to the Brazilian government based on commercial copper and gold production, the authors of the Chapada Report are not aware of any rights, agreements or encumbrances to which the Chapada Mine is subject, which would adversely affect the value of the property or Mineração Maracá's ownership interest. The environmental licensing process for Corpo Sul started in 2013 and the required licences were granted in 2014. No current environmental liabilities have been identified within the mine area. Ongoing items such as waste stockpiles, depleted heap leach piles, and tailings storage facilities will be rehabilitated during the mine life or at the time of mine closure.

History

The Chapada deposit was discovered in 1973 by a Canadian company, INCO Ltda. (" **INCO**"), which followed up with geochemistry, geophysics, trenching, and initial drilling. There are few outcrops in the mine area due to laterite-saprolite cover. Consequently, deposit definition required extensive diamond drill exploration. Development drilling of the deposit occurred in several campaigns from 1976 through 1996 by INCO, Parsons- Eluma Projetos e Consultoria S/C ("**Parsons**"), a Brazilian copper company, Eluma — Noranda, Santa Elina, and Santa Elina-Echo Bay ("**Echo Bay**"). Historical ownership and exploration activities are summarized below.

Chapada Deposit
Ownership and Exploration Activity

Date	Owner	Activity
1973	INCO	Chapada discovery.
1975-1976		2,000 metres x 500 metres grid drilling program. Parsons acquires a 50% interest in the Chapada project.
1976-1979	INCO & Parsons	200 metres x 100 metres drill grid. A 92 metres deep shaft is completed with 255 metres of cross-cuts for exploration and metallurgical sampling.
1979		Mining concession No. 2394 covering 3,000 hectares is issued to Minerção Alonte by the Departamento Nacional da Producao Mineral ("**DNPM**").
1980-1981		Soil drilling completed in the plant, tailing ponds, and potential water dam areas.
1981	Parsons	Feasibility Study completed.
1994-1995		A 4,500 metres drilling program re-evaluation of a near surface gold deposit. Preliminary feasibility study by Watts, Griffis and McOuat.

Date	Owner	Activity
May 1994	SERCOR	Minerção Santa Elina Industria e Comercio S/A (**SERCOR**") acquires the Chapada deposit through a subsidiary, Minerção Maracá.
July 1994	SERCOR and Echo Bay	Echo Bay acquires an initial interest in Santa Elina by purchasing 5% of the outstanding shares from SERCOR.
Dec 1994		Santa Elina completes its initial public offering.
Sep 1995		Santa Elina and Echo Bay approve the Chapada project joint venture. Santa Elina issues about 3% of the outstanding shares to Echo Bay. Echo Bay receives the option to acquire 50% interest in the project.
May 1996		Santa Elina is privatized and SERCOR and Echo bay become equal owners of the company.
Dec 1996		Santa Elina completes an in-fill drilling program.
Dec 1997		Independent Mining Consultants, Inc. reviews the Echo Bay model and completes a mine feasibility study.
Jan 1998		Kilborn Holdings Inc. (now SNC-Lavalin Group Inc.), completes the Chapada project bankable feasibility study.
Apr 2001		Construction licence issued.
May 2000	PINUS	PINUS acquires 100% of Minerção Maracá.
2003	Yamana	The property is purchased by Yamana
2004		The feasibility study is completed.
2007		Commercial production starts.

In 2008, Yamana started a plant expansion to increase throughput from 16 million tonnes per annum to 22 million tonnes per annum.

From 2007 to the end of 2017, the Chapada Mine has processed 212 million tonnes grading 0.34 grams per tonne gold and 0.39% copper.

The Suruca deposit has been explored by various companies since the 1970s, as summarized below, and was exploited by garimpeiros in the 1980s. Yamana reports that garimpeiros produced approximately 200 kilograms of gold in that period. A historical estimate of resources was identified in the mid-1990's; however, as this estimate is historic in nature, it cannot be relied upon.

Suruca Deposit
Exploration Activity

Date	Ownership
1980-1981	INCO/Eluma
1987-1988	Cominco
1993-1994	WMC
1996-1997	Santa Elina
2008 to present	Yamana

Geological Setting, Mineralization and Deposit Types

The Chapada area is located between the Amazonian craton to the northwest and the San Francisco craton to the southeast, within the north-northeast striking metavolcano-sedimentary Mara Rosa Magmatic Arc which is part of a large system of mobile belts that have a complex, multi-phased history of deformation.

The Chapada, Corpo Sul and Suruca deposits are located in the Eastern Belt of the Mara Rosa volcano sedimentary sequence. The Eastern Belt in the vicinity of the Chapada Mine comprises a thick package of amphibolites succeeded by volcanic and volcanoclastic rocks and overlying metasedimentary rocks. The metavolcanic-sedimentary units are intruded by metaplutonic rocks of dioritic to quartz-diorite composition. These intrusions are associated with magmatic fluids responsible for copper-gold and gold mineralization. The volcanics and sediments have been metamorphosed to biotite and amphibolite schist in the Chapada mineralized area.

The deposit has undergone hydrothermal alteration typical of a copper-gold porphyry system. Alteration styles include biotitization, sericitization, argillitization, and propylitization.

The bedrock schists are overlain by approximately 25 metres of saprolite material with a minor lateritic component near the top of the saprolite zone. Within that laterite component, there is a ferricrete zone at surface.

The primary copper-gold mineralization at Chapada is epigenetic. Copper is principally present as chalcopyrite with minor amounts of bornite. Fine grained gold is closely associated with the sulphide mineralization and was likely to be contemporaneous with the copper.

Copper mineralization occurs as finely disseminated crystals, elongated pods, lenses along foliation, crosscutting stringers, and coarse clots in occasional late stage quartz veins or pegmatites. The copper mineralization and grade are somewhat better in the central zone of the deposit along the anticline axis than in the surrounding anticlinal limbs; however, copper mineralization is pervasive over a broad area. Gold mineralization is more uneven spatially and may have been remobilized by post mineral low temperature alteration events.

The gold at Suruca is related to folded quartz vein/veinlets with sericitic and biotite alteration, rather than high sulphide concentrations. The second generation of quartz veins/veinlets with sulphides (sphalerite + galena + pyrite), carbonates and epidote also host gold which is related to zinc.

Mineralization predominately pre-dates deformation hence the gold is associated with epithermal features and not structurally controlled.

Exploration

For exploration work completed prior to Yamana, please see " *History*", above.

Yamana started exploration work in 2007 with diamond drilling mainly to the east of the pit to check for the extension of the mineralization potentially hosted in a synclinal structure.

In early 2008, consultant Richard Sillitoe defined a genetic model of mineralization with a typical porphyry copper-gold system (Cu-Au-Mo association) that underwent intense isoclinal folding and amphibolite facies metamorphism during continental collision at the end of the Neoproterozoic. However, original mineralogy may not have been profoundly changed, due to the stability of minerals like quartz, anhydrite, pyrite, chalcopyrite, magnetite and biotite under amphibolite facies conditions.

Yamana began exploration work at Suruca in 2008 with geological mapping, chip sampling and shallow drilling at Suruca South.

The 2008 drill program was designed to discover another deposit in the vicinity of Chapada Mine and to test for possible extensions of known resources. To achieve these objectives, regional geological mapping, and detailed geological mapping of the open pit were carried out, and geological model of the mine was prepared. Additionally, historic drill holes were re-logged, chip/soil samples were taken, and 5,530 metres of diamond drilling was carried out in the vicinity of the Chapada Mine.

During 2010, Yamana drilled 16 holes in the southwest pit area and completed ten infill diamond drill holes in the northeast area. Samples from both the exploration and infill program were analyzed in a commercial and accredited laboratory. Yamana staff carried out quality assurance/quality control (QA/QC) and followed the protocol applied during the previous drilling programs. The drill program continued in 2011 Yamana continued a drilling program in the southwest pit area consisting of 14,362 metres in 63 holes. Total drilling for the 2011 campaign was 19,305 metres.

In 2013 Yamana drilled seven exploration holes for 1,704 metres in the northeast section of Chapada Corpo Principal with the objective of delineating an inferred mineral resource. Several historic JVE series holes were used to estimate the mineral resource. In the same area condemnation holes were drilled to sterilize the location of waste dumps in the northeastern portion of the main Pit. In Corpo Sul, an infill drilling program was carried out in the southwest portion of the deposit on a 50 metre by 50 metre grid to upgrade Indicated to Measured Resources and on a 100 metre by 100 metre grid to convert Inferred to Indicated Mineral Resources.

In 2014, Yamana's Exploration Team restarted the generative exploration activities at Chapada working with a deformed/metamorphosed copper-gold porphyry/skarn model for the region. Consultant Richard Sillitoe assisted with the understanding the regional geological model and district exploration strategy in early 2014. Based on this exploration information, the following work was completed: integration of previous drilling data, geological mapping with focus on hydrothermal halos, and sampling (soil, chip, and auger). As a result, in mid-2014, the Yamana claims were extended to cover the areas covered by soil and chip sampling. The main result in 2014 was the discovery of Sucupira target close to main Chapada deposit.

In 2015, the mineralization in the Sucupira was delineated with a drill grid of 100 metres by 50 metres along a 1,700 metre northeast-southwest strike length, 260 metre width, and an average thickness of 110 metres. The mineralization has an average vertical depth between 180 metres to 240 metres from surface. Several holes returned average grade above 0.7% copper equivalent, which is higher than the current reserve grade at Chapada.

In 2016, the Baru target was discovered. It comprises a large tonnage and low grade envelope of 0.1% copper with a richer gold core. Typical Baru mineralization was intersected by drill hole NM-237: 82.6 metres grading 0.12 grams per tonne gold, 0.25% copper at 114 metres; and 30 metres grading 0.2 grams per tonne gold, 0.35% copper at 150 metres.

In 2017, Yamana drilled ten exploration targets with the objective of delineating new potential. Additionally, the Buriti target was discovered three kilometres south of the Chapada main pit. The Buriti target comprises copper-gold sulphide mineralization (greater than 0.15% copper equivalent) in a 2.0 kilometre long copper geochemical anomaly. The Buriti hydrothermal alteration is similar to Chapada with a flat geometry close to surface, gently plunging to northwest. Drill hole BRT-05 contains typical mineralization with 10.15 metres grading 0.3 grams per tonne gold, 0.3% copper at 51.85 metres. Inferred mineral resources were delineated with a 500 metre northeast-southwest strike length, a width of 50 metres, and a 150 metre depth.

See also "*Exploration, Development and Production*".

Drilling

Yamana commenced drilling the Chapada deposit in 2008. To date, Yamana and its predecessors have drilled 1,147 holes for a total of 229,254 metres. Drilling has delineated the main deposit areas at a spacing of 100 metres by 50 metres, with a tighter 50 metre pattern in the central portion of the deposit.

Chapada Deposit
Drilling

Year	No. Drill Holes	Metres
1976-1996	435	59,956
1996	4	383
2001	4	1,089
2007	8	1,337
2008	30	5,126
2009	8	3,217
2010	18	4,373
2011	87	20,470
2012	155	33,789
2013	112	21,994
2014	60	15,792
2015	122	35,970
2016	73	18,703
2017	31	7,055
Grand Total	**1,147**	**229,254**

The 2008 and 2009 drilling campaigns were concentrated in the region named “Near Mine” and on the south portion of the area. The 2010 and 2011 campaigns targeted the Near Mine and Corpo Sul areas. The drill holes were collared at HW diameter, reduced to HQ diameter at the top of the saprolite, and changed to NQ2 when fresh rock was encountered. The drill rods were three metres long.

The majority of holes were drilled at an azimuth of 130 degrees and an 85 degree dip. Drill holes with inclination between 45 degrees and 85 degrees were surveyed every three metres downhole using Devicom Deviflex electronic surveying instrument. No significant deviation issues were found to date. Collar surveys were taken by a Total Station GPS in UTM co-ordinates, SAD 69 Brazil datum, 22 South Zone.

Suruca

One hundred and twenty drill holes totalling 4,050 metres were drilled at Suruca by previous owners; however, the database only contains details of the 1997 Santa Elina/Echo Bay holes with minimal data regarding the WMC reverse circulation drill holes.

Historical Suruca Drill Holes

Company	No. Drill Holes	Metres
INCO/Eluma	4	649.3
EDEN/COMINCO	7	623.6
WMC	91	2,241.0
Santa Elina/Echo Bay	18	536.4
Total	**120**	**4,050.3**

The majority of the historical holes were drilled within the saprolite which was characterized by low grade zones 0.1 grams per tonne gold to 0.5 grams per tonne gold, with occasional high grade interceptions ranging between 0.5 grams per tonne gold and 6.0 grams per tonne gold.

Yamana commenced drilling in the Suruca area in 2008 with seven holes for 440 metres. The 2009 and 2010 drill programs used a 400 metre by 200 metre grid, with infill drilling at 200 metres by 200 metres. They extended the geometry of the deposit to a known strike length to 2,100 metres, a width of 1,000 metres, and 500 metres depth. An infill grid of 100 metres by 100 metres was drilled in the northern portion of the deposit (between lines L500S and L1500S). To the end of 2017, a total of 1,002 holes for 77,301 metres have been drilled at Suruca, including 18 holes for 536 metres drilled by previous owners in 1996.

Yamana Drill Holes - Suruca

Year	No. Drill Holes	Total Depth (Metres)
1996	18	536
2008	7	440
2009	21	7,420
2010 *	120	24,368
2011	48	9,607
2013	63	4,359
2014	3	938
2016	497	15,943
2017	225	13,691
Grand Total	**1,002**	**77,301**

* Includes 11 metallurgical holes for 1,014 metres

The drill holes were collared at HW diameter, reduced to HQ diameter at the top of the saprolite and changed to NQ when fresh rock was encountered. The drill rods were three metres long and the wireline core drilling method was employed. The majority of holes were drilled at an azimuth of 130 degrees and a 60 degree dip, however, some holes were drilled at an azimuth of 310 degrees. Downhole surveys were taken by the drilling contractor upon completion of the drill hole.

Regional Targets

Yamana commenced drilling in the regional targets in 2014 with 31 holes totalling 5,458 metres. The 2014 and 2017 drill programs used a wide-spaced grid in order to test several targets. In 2015, the drill holes intercepted high grade copper-gold mineralization in the Formiga target. In 2017, an infill grid of 100 metres by 100 metres was drilled in the western portion of the Formiga target to establish inferred resources.

To the end of 2017, Yamana has drilled 230 holes for 32,736 metres in regional targets. The drill holes were collared at HW diameter, reduced to HQ diameter at the top of the saprolite and changed to NQ when fresh rock was intercepted. The drill rods were three metres long and the wireline core drilling method was employed.

Drill holes with inclination between 45 degrees and 85 degrees were surveyed every three metres downhole using a Reflex Maxibor II or Devicom Deviflex electronic surveying instrument. In sub-vertical holes, a PeeWee or EZ-Shot instrument were used. Generally, the deviation was below 5% and no significant deviation issues were found to date. Collar surveys were taken by a Total Station GPS in UTM co-ordinates, SAD 69 Brazil datum, 22 South Zone. Drill hole collars were cased and protected at surface with a cement block affixed with a metal tag stamped with the drill hole number, final depth, inclination, azimuth, and start and finish dates.

See also "*Exploration, Development and Production*".

Sampling, Analysis and Data Verification

Yamana's samples are selected down the entire length of the drill hole core, sawn in half with an electric diamond bladed core saw, and sampled prior to logging. Half core samples are selected by a geology technician or trained sampler. The samples are then placed in a numbered plastic bag along with a paper sample tag, and tied closed with a piece of string. Sample weight is approximately 3.5 kilograms. Six to eight samples are placed in a larger plastic bag, loaded onto a truck owned and driven by a locally based transport company, and driven to the ALS Chemex laboratory sample preparation facility in Goiania, State of Goiás.

After sampling, the geologist completes a graphic log and logs the core in detail for lithology, structure, mineralization and alteration. Codes are assigned for the oxidation state, consistency and alteration including alteration halo, sulphides, silicification, biotite, sericite, epidote, amphibolite, garnet, carbonate, rhodochrosite, chlorite, and kyanite content. Angles of structures such as foliation and faults are recorded, although drill holes are not oriented. Sample intervals and sample numbers are also recorded on the exploration hole log. (When the drill hole is an infill hole, the core is quickly logged, according to the alteration halos with fewer details, and no structural drawings.)

Approximately four samples from each alteration halo per drill hole are selected for density testwork by two different methods after sampling and logging. The first method used is the water displacement method, performed in the logging shed. This method uses half core samples from eight to twelve centimetres long, coated with Vaseline to prevent water impregnation, and placed in a plastic beaker containing 500 milliletres of water to determine the volume of water displacement.

Sample preparation is undertaken by ALS Chemex in Goiania and involves crushing and pulverization (Codes PREP-33y and PREPINT). Upon receipt of the samples, each sample is weighed and dried at 105 degrees Celsius for eight hours to 12 hours. The entire sample is then crushed to 90% passing <2 millimetres (10 mesh), split to 0.5 kilograms in a riffle splitter, and pulverized to 95% passing 150 mesh. The samples are then split again to 50 grams using a rotating splitter/spatula. The crusher and pulverizer are cleaned between each sample. Each fraction retained is returned to Yamana.

Samples are transported from the drill rig to Yamana's core storage facilities at the Chapada Mine exploration camp by the drilling contractor, where Yamana geological staff log and sample the core. The samples are transported to the independent sample preparation facility by a locally based transport company, after which the samples are sent for preparation in ALX Chemex in Goiania, Brazil, and for analysis in Lima, Peru.

All Yamana samples are analyzed by fire assay with an Atomic Absorption (" **AAS**") or ICP finish by ALS Chemex Lima, Peru, accredited by the Standards Council of Canada ISO 17025 and SGS Geosol, Belo Horizonte, Brazil, accredited by ISO 9001:2008. Yamana is at arm's-length with these laboratories.

Yamana conducted an external (independent of the laboratory being assessed), industry standard QA/QC program for its drill campaigns, which followed written protocols. The QA/QC program consisted of the insertion of blanks and CRMs into the sample stream and the running of duplicate field (quarter-core) samples. Later, pulp duplicate samples were re-assayed at a secondary facility.

Yamana's QA/QC program meets industry standard with a generally acceptable rate of insertion for CRMs and pulp duplicates. The results of the pulp duplicate assays showed good reproducibility with no discernible grade biases. The insertion of CRMs showed that laboratory results from SGS Geosol and ALS Chemex were acceptable with respect to precision and accuracy. The results from the insertion of blanks are also generally acceptable.

In 1996, Echo Bay became actively involved in the drilling and sampling program for the project. Samples taken by Santa Elina in 1996 were subject to a rigorous QA/QC program; Geolab in Brazil was the primary assay laboratory and a large number of samples were sent to various laboratories in North America for check assays.

IMC Mining ("**IMC**") was contracted to review the historical data. IMC's review included the following (i) all historical QA/QC control files; and (ii) a comparison of historical data with re-assayed data from analytical laboratories in the US. IMC concluded that the historical data was appropriate for estimation of Mineral Resources.

A total of 18 Suruca diamond drill holes from Mineração Alonte were re-analysed following Yamana's procedures. The new assay results were compatible with the historical results.

The Chapada Report concludes that the QA/QC program as designed and implemented by Yamana is adequate and the assay results within the database are suitable for use in a Mineral Resource estimate.

Yamana has written procedures and checks for all aspects of drilling, sampling, analyses, and data compilation. For example, drill logs are verified at the point prior to entry into the database by the Geology Department.

Compilation of assay QA/QC results is carried out on a continuous basis by a staff geologist in the Exploration Department. The data are collected and plotted on graphs to look for problem areas, and monthly and annual reports are generated. General performance is monitored, including the number of samples collected, the number and type of QA/QC samples, equipment availability, assay return times, etc. The reports also describe the progress and results of special research projects, such as heterogeneity studies, that may be underway at the time. Any problem areas with regard to assay verification are flagged and recommendations for appropriate action are implemented.

The Chapada Report concludes that the collection and analysis of assay QA/QC data at Chapada is quite thorough and meets standard industry practice. Data collection and entry, and database verification procedures for Chapada comply with industry standards and the data is adequate for the purposes of Mineral Resource estimation.

Mineral Processing and Metallurgical Testing

For a discussion of mineral processing and metallurgical testing work completed by Yamana, see " *Mining Operations*" below.

Mining Operations

The Chapada Mine is a traditional open pit truck/shovel operation that has been in continuous operation since 2007. There are two main open pit mining areas to be developed on the property, Chapada and Suruca. Current production is entirely from Chapada, including the Corpo Principal, Cava Norte, Corpo Sul and Sucupira pits. These pits are planned to eventually join into a single pit and Sucupira pit is planned as an additional series of pushbacks. The Suruca mining area includes Suruca Oxide and Suruca Sulphide gold Mineral Reserves.

The Chapada Mine is located in gently undulating terrain at elevations between 340 metres above sea level and 400 metres above sea level. The Chapada open pit, which is currently being mined, has ultimate design dimensions of approximately 8.0 kilometres along strike, up to 1.5 kilometres wide, and 420 metres deep. The Suruca open pit will be located approximately seven kilometres northeast of the Chapada open pit. Final pit dimensions for Suruca will be approximately two kilometres along strike and about one kilometre wide.

The processing plant is located at the northwest end of the Chapada pit rim. The tailings storage facility is located to the northwest of the Chapada open pit, with the pond as close as 0.5 kilometre to the pit rim and the tailings dam being up to five kilometres to the northwest. The Life of Mine (LOM) plan is based on Mineral Reserves, as of December 31, 2017, plus an additional 68 million tonnes of Measured and Indicated Mineral Resources from Sucupira at an average grade of 0.26% copper and 0.17 grams per tonne gold. These additional resources require the relocation of surface infrastructure that will be studied in a Feasibility Study commencing in 2018.

The LOM plan is based on a processing rate of 23.4 million tonnes per annum. The ore stockpile will be processed intermittently throughout the mine life. The mine life is 27 years plus an additional two years at the end of the mine life for processing the remainder of the ore stockpile.

Processing and Recovery Operations

The Chapada Mine treatment plant processed an average of 63,000 tonnes per day in 2017 with average copper and gold recoveries of 80% and 57% respectively.

The first step of the process occurs in the two parallel crushing circuits. The primary crushing system consists of an in-pit gyratory crusher in series with a roll crusher and a jaw crusher in parallel. Crushing is followed by grinding in a semi-autogenous (SAG) mill followed by a ball mill. The ore is then sent to the flotation, thickening, and filtration processes. The tailings are placed in a tailings storage facility, where the embankments are constructed using the coarser material from the grinding plant.

The Suruca oxide gold deposit is currently being planned for processing through a heap leach. A feasibility study was completed for the Suruca oxide project in early 2018 and Yamana is currently assessing the project within the context of the Chapada complex. Suruca sulphide ore is currently being planned to be processed through the existing Chapada plant, with some modifications, at the end of the Chapada mine life. However, there is also an option to construct a standalone CIL or CIP plant for processing the sulphide ore. Conceptual studies are ongoing.

Conceptual studies have been completed to expand the Chapada processing plant capacity to 28 to 32 million tonnes per annum. A feasibility study for this expansion project is scheduled to commence in 2018.

Infrastructure, Permitting and Compliance Activities

The Chapada Mine currently operates one open pit mine and process plant and has all the required infrastructure necessary for a mining complex including:

- Open pit mine and mine infrastructure including truck shop, truck wash facility, warehouse, fuel storage and distribution facility, explosive's storage and magazine sites, and electrical power distribution and substations to support construction projects and mine operations.
- A conventional flotation mill for processing sulphide ore and mill infrastructure including assay laboratory, maintenance shops, and offices.
- Mine and mill infrastructure including office buildings, shops, and equipment.
- A tailings storage facility comprising a raised dam constructed with cyclone tailings with capacity for three years and plans for further expansion.
- Local water supplies as required.
- Electric power from the national grid.
- Haulage roads from the mines to the plant.
- Stockpile areas for high grade and low grade ore.
- Maintenance facilities.
- Administrative office facilities.
- Core storage and exploration offices.
- Access road network connecting the mine infrastructure to the town site and to public roads.

Yamana has all the environmental permits required to operate the Chapada Mine and process plant. Additional permits are occasionally required for expansion or construction projects. The mine life for the Chapada Mine is currently 29 years, i.e. until 2047. The closure plan consists of two major types of activity: decommissioning and rehabilitation. Decommissioning involves permanently ending the mining and mineral processing operations and removing all the equipment and facilities that are not destined to remain in place for future use. Reclamation includes reclaiming the mine site to other sustainable uses as defined in closure management plans.

Yamana is very active in engaging the local community with a series of cultural, social and economic programs.

Capital and Operating Costs

LOM capital costs include capital projects, sustaining capital, and closure costs. LOM expansionary capital costs for Chapada are approximately $27 million and sustaining costs are approximately $290 million. The Suruca oxide pit and heap leach pre-production Capital Cost estimate is an additional $66 million including contingency. Exclusions from the capital and sustaining cost estimate include: mine development waste movement, working capital, and project financing and interest charges.

Operating costs are tracked and well understood as the mine has been in production since 2007. Operating costs are estimated for the LOM in 2018 US dollars. All in unit operating costs are $8.03 per tonne processed, consisting of mining, processing, and general and administrative costs.

Exploration, Development and Production

The Chapada Mine is divided into 37 claims covering 43,866.31 hectares held in the name of Mineração Maraca. The Suruca deposit is located on claim numbers 860.708/2009 and 860.595/2009 (both Application for Mining Licences), totalling 845.75 hectares. The Chapada and Corpo Sul deposits are located on claim numbers 808.931/1994, 808.923/1974, and 860.273/2003 (all Mining Licences) encompassing 3,830.19 hectares.

Production at the Chapada Mine in 2017 consisted of 119,852 ounces of gold and 252,748 ounces of silver, contained in concentrate compared to 107,301 ounces of gold and 259,444 ounces of silver contained in concentrate in 2016. Chapada Mine copper production was 127.3 million pounds in 2017 compared to production of 115.5 million pounds of copper in 2016.

Yamana completed a total of 43,543 metres of drilling in 383 holes over the course of the year ended December 31, 2017. The focus of the 2017 exploration program at Chapada was (i) to complete delineation drill programs at Sucupira/Baru, Corpo Sul and Suruca SW, concentrating on development of high-grade gold and copper lenses; (ii) delineation drilling at Formiga, Suruca Oxide, SW Mina and other targets with high potential to grow the mineral resource base; and (iii) to conduct exploration drilling at new near-mine targets like Buriti and Hidrotermalito. Exploration in 2018 will continue to define and expand the Suruca deposit, upgrade resources at Sucupira, Baru and explore for further near mine high-grade lenses of mineralization.

Several initiatives are underway to improve the performance of the Chapada processing plant. Following from the success of Phase I and Phase II plant optimization projects in 2016 and 2017, which has resulted in increased copper and gold recoveries, in 2018 Chapada will commence Phase III of the optimization. Commissioning is scheduled for the second quarter of 2019 and the project is expected to increase copper and gold recoveries by a further 1.5% to 2%. In addition to this, Chapada is assessing options to increase processing capacity to 28 to 32 million tonnes per year, with a Feasibility Study to commence in 2018.

Updated Mineral Reserves and Mineral Resources to December 31, 2017

On February 15, 2018, Yamana publicly announced their updated Mineral Reserve and Mineral Resource estimates to December 31, 2017 for the Chapada Mine. These details are also contained in the Chapada Report and in the Yamana AIF as filed by them on SEDAR.

The following tables set forth the estimated Mineral Resources for the Chapada Mine as of December 31, 2017.

Mineral Resources – December 31, 2017 [1,2,3,4,5,6]

Category	Tonnes	Gold		Tonnes	Copper	
	(000)	(grams per tonne)	(000 ounces)	*(000)*	(%)	(Mlb)
Measured	54,815	0.12	204	54,815	0.19	233
Indicated	301,538	0.27	2,600	219,377	0.22	1,080
Measured + Indicated	**356,353**	**0.24**	**2,804**	**274,192**	**0.22**	**1,313**
Inferred	74,599	0.25	609	47,046	0.24	252

(1) Yohann Bouchard, P.Eng., Senior Vice President, Operations for Yamana, a QP under NI 43-101, has reviewed and approved the Mineral Resources set forth above.
(2) Mineral Resources Metals Prices and Cut-Off Grades: $1,600 gold, $4.00 copper (Chapada pits and Suruca SW); 0.2 grams per tonne gold cut-off for oxide and 0.3 grams per tonne gold cut-off for sulphide in Suruca.
(3) All Mineral Reserves have been calculated in accordance with the CIM Standards and NI 43-101.
(4) Mineral Resources are exclusive of Mineral Reserves. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.
(5) Reported as of December 31, 2017.
(6) Numbers may not add up due to rounding.

The following tables set forth the estimated Mineral Reserves for the Chapada Mine as of December 31, 2017.

Mineral Reserves – December 31, 2017 [1,2,3,4,5]

Category	Tonnes	Gold		Tonnes	Copper	
	(000)	(grams per tonne)	(000 ounces)	*(000)*	(%)	(Mlb)
Proven	312,360	0.18	1,788	302,492	0.25	1,642
Probable	368,790	0.21	2,500	319,327	0.26	1,829
Proven + Probable	**681,150**	**0.20**	**4,287**	**621,819**	**0.25**	**3,471**

(1) Yohann Bouchard, P.Eng., Senior Vice President, Operations for Yamana, a QP under NI 43-101, has reviewed and approved the Mineral Reserves set forth above.
(2) Mineral Reserves Metal Prices and Cut-Off Grades: $1,250 gold, $3.00 copper, $4.36 NSR cutoff (Main Pit, Corpo Sul, Cava Norte and Sucupira); $1,300 gold, 0.21 grams per tonne gold cut-off for Suruca oxide ore; $900 gold, 0.3 grams per tonne gold cut-off for Suruca sulphide. Metallurgical recoveries for Suruca oxide are dependent on zone and average 85% for gold.
(3) All Mineral Reserves have been calculated in accordance with the CIM Standards and NI 43-101.
(4) Reported as of December 31, 2017.
(5) Numbers may not add up due to rounding.

Chapada Mine Milestones

Current activities at the Chapada Mine include ***:***

- On February 15, 2018, Yamana announced its 2018 production expectations for the Chapada Mine and stated that 2018 production from the Chapada Mine is projected to be 110,000 ounces of gold and 120 million pounds of copper.

Diavik Mine, Canada

A technical report was prepared for Dominion in accordance with NI 43-101 entitled "Diavik Diamond Mine, Northwest Territories, Canada NI 43-101 Technical Report" dated March 27, 2017, having an effective date of January 31, 2017 (the "**Diavik Report**").

The following description of the Diavik Mine has been sourced, in part, from the Diavik Report and readers should consult the Diavik Report to obtain further particulars regarding the Diavik Mine. The Diavik Report is available for review under Dominion's profile on the SEDAR website located at www.sedar.com. Information in this section that provides non-material updates to the information in the Diavik Report has been sourced from Dominion's Annual Information Form dated April 12, 2017 for the year ended January 31, 2017 as filed by Dominion on SEDAR. Certain capitalized terms in this section not otherwise defined have the meanings ascribed to them in the Diavik Report.

Property Description, Location, Access and Infrastructure

The Diavik Mine is located in Canada's Northwest Territories, approximately 300 kilometres northeast of the city of Yellowknife on the arctic barrenlands. The mine site is situated on a 20 square kilometre island in Lac de Gras, at latitude 64° 30' North and longitude 110° 20' West. The Diavik Joint Venture consists of the Diavik Mine and its surrounding exploration properties. Until recently, a total of 302 mining leases were held in the Diavik Joint Venture which represented a land package of approximately 678,220 acres. A number of outlying leases not affecting the Diavik Mine have been transferred to Dominion so that the Diavik Joint Venture is currently comprised of 153 mining leases covering 330,320 acres. A royalty is payable to the Government of the Northwest Territories ("**GNWT**") equal to the lesser of either (i) 13% of the output value of the Diavik Mine, or (ii) an amount calculated based on a sliding scale of royalty rates dependent upon the value of output of the Diavik Mine, that can range from 5% for production between CDN$10,000 and CDN$5 million to 14% for production over CDN$45 million. There are two additional net revenue royalties payable to third parties (outside of the Diavik Joint Venture) relevant to current production from the Diavik Mine, varying from approximately 1% to 2% of net revenues depending on where the production has come from. All licenses and permits required to undertake operations at the Diavik Mine are held by DDMI, as operator, and the Diavik Mine has at all times since inception been in compliance with all permits and there are no outstanding liabilities or charges known at this time. There are no known surface rights issues affecting the mine facilities or access to the mineral resources and mineral reserves described in the Diavik Report.

The Diavik Mine is a remote site with strictly controlled access and security. Access to the mine is by air year-round, and by a 425 kilometre ice road that is constructed annually in winter that operates for only eight to ten weeks between January and March. Most of the bulk supplies required for the mine each year, including fuels, lubricants, construction materials and bulk explosives, are transported over this road. For year-round air access, the Diavik Mine has a 1,600 metre long airstrip able to accommodate passenger aircraft and large Hercules-class transports. Personnel are transported to and from the site from several northern communities by small commuter aircraft. Also, weekly service to and from Edmonton is provided by Boeing 737 jet aircraft and Avro RJ85 regional jet. The movement of goods and personnel is supported by strict security controls for the protection of people, the goods, the site, and the organization.

The remoteness of the Diavik Mine requires it to operate like a self-contained community, generating its own electricity and potable water, managing its own wastes including sewage and effluent treatment, maintaining emergency response and medical services, offering site-based recreation and education facilities, and providing wholesome meals and single-occupancy quarters. All of the mine workings, tailings impoundments, mine rock stockpiles, ore processing operations, shops and other service facilities/utilities including dining and accommodations are integrated at a single site.

The Lac de Gras region is north of the tree line in the barrenlands and is characterized by a profusion of shallow lakes large and small, impeded drainage, low relief, and a mix of hummocky boulder-strewn terrain and rock exposures. The elevation of the flat topography typically ranges between 400 to 435 metres above sea level. Lac de Gras itself varies from four metres to more than 25 metres deep in the area of the Diavik kimberlites, and forms the headwaters of the Coppermine River system. The area was studied extensively during 1994 to 1997 to develop a knowledge baseline for the local and regional environment surrounding the Diavik Mine.

History

The original Diavik claims were staked by Aber Resources Ltd. in late 1991 and early 1992. Under an option agreement, Kennecott Canada Inc. ("**Kennecott**") acquired the right to earn a 60% joint venture interest which Kennecott exercised following the discovery of four diamond-bearing kimberlite pipes under the waters of Lac de Gras. The Diavik Joint Venture was consummated in 1995 between Kennecott and a predecessor to Dominion, with Kennecott acting as manager. Kennecott assigned its rights and interests in the Diavik Mine to DDMI in 1996. Both Kennecott and DDMI are subsidiaries of Rio Tinto.

The A-21, A-154 North and A-154 South kimberlite pipes were discovered in 1994. The A-418 pipe was discovered in 1995. Subsequently, mini-bulk samples were obtained from the A-154 South, A-154 North, A-418 and A-21 pipes by large diameter core drilling. Additional delineation drilling was also carried out. An underground decline was driven and bulk samples were mined from the A-154 South and A-418 pipes.

The initial mineral resource estimate was completed in 1998, comprised of all four pipes, which was the basis for the Diavik feasibility study prepared during 1999. Following economic analysis of the project, a production decision was taken in 2000 to develop the Diavik Mine.

Construction on site commenced in 2001 and continued into early 2003. Equipment, construction materials, fuel and supplies were trucked to the site on the annual winter road. Site facilities built include an ore processing plant, diesel-fired power generation plant, electrical distribution networks, boiler house, maintenance shops, office complex, accommodation and recreation facilities, fuel storage tanks, processed kimberlite (tailings) containment, water storage and treatment facilities, and an airstrip.

A 3.9 kilometre long water retention dike was constructed around the planned site of the A-154 open pit. After dewatering the pool within the dike, lake-bottom sediments and till overburden were removed to expose the A-154 South and A-154 North pipes for mining. Initial mining and trial processing of kimberlite commenced in November 2002. Commercial production commenced in January 2003 with first sales taking place later that year.

A second dike 1.3 kilometres long was built during 2005 and 2006 around the planned A-418 open pit adjacent to the A-154 open pit. Following dewatering of the A-418 pool, overburden and waste rock stripping began in late 2006 with A-418 kimberlite becoming available for mining during 2008. Mining of the two open pits was concurrent and carried out by the same crew.

During the period 2005 to 2007, a new underground decline was advanced for exploring and sampling the A-418, A-154 North and A-154 South pipes at depth and for collecting engineering data for designing the underground mining of these kimberlites below the open pits. Feasibility studies supported corporate approvals in late 2007 to proceed with underground mining in the three pipes to be phased in as open pit production tapered off. Underground mine development and supporting infrastructure expansions took place from 2008 to 2010.

The open pit portion of A-154 North depleted in 2008, A-154 South finished in 2010 and A-418 ended in late 2012. Against the backdrop of these planned open pit depletions, underground mine production from all three pipes concurrently was 'ramped up' beginning with A-154 North and A-154 South in 2010 and A-418 commencing in 2012 to achieve full underground production by the start of 2013.

The Diavik Mine was designed to process 1.5 million tonnes per year through the plant. After the first year of operation, throughput has consistently exceeded 2 million tonnes processed each year to date with the exception of a planned curtailment for 2009 during a market adjustment.

The A-21 pipe will host a third dike and open pit for Diavik. Construction began in 2015. Completion of the dike and pool dewatering is expected in 2018, followed by pre-production stripping leading to first kimberlite production anticipated by the end of 2018. The timing of A-21 in the mine plan strengthens the enterprise by complementing production from an increasingly deepening underground mine. The timing of capital expenditure and maximizing of benefit for the mine as a whole were considerations in the strategic timing of A-21.

Geology

The Diavik Mine is located in the central part of the Slave Structural Province which forms a distinct cratonic block within the Canadian Precambrian Shield.

Local geology in the Lac de Gras area is well represented by three main Archean lithologies: (1) greywacke-mudstone metaturbidites, (2) biotite±hornblende tonalite to quartz diorite, and (3) two-mica or K-spar porphyritic granite and granodiorite. The metasedimentary greywacke, siltstone and mudstone rocks exhibit features ascribable to turbidity deposition, including graded beds, and are typical of the metaturbidite domains in the Slave Structural Province. In areas of tonalite to quartz diorite, the principal components are biotite and hornblende and plagioclase but local alteration zones can contain epidote, sericite and chlorite. The two-mica granitoids are believed to be representative of an extensive pan-Slave suite of granite, granodiorite and pegmatite. The granite and granodiorite in the local area vary compositionally and texturally with primary constituents in all phases being quartz, K-spar, plagioclase, muscovite and biotite. Distinctive accessory minerals include tourmaline, apatite and garnet.

Diabase dykes are present in the area. Grouped on the basis of orientation, at least three sets of diabase dykes can be distinguished. Typically occurring en echelon within sets, individual dykes are irregular in width and texturally indistinguishable. Dykes are steeply dipping and strike northwest, northeast, and north-northeast.

Kimberlite pipes were formed by relatively recent volcanic eruptions which intruded the older Archean granitoid and metasedimentary rocks of the Slave Craton. The kimberlites and their host rocks were then covered by a Quaternary glacial till which was generally up to 40 metres thick in the immediate vicinity of the pipes.

Mineralization

The mineral resource and reserve for the Diavik Mine consists of four diamond-bearing kimberlite pipes located under water in Lac de Gras. The pipes are relatively small, each having surface expressions less than 200 metres in diameter.

The Diavik kimberlite pipes are made up of three facies. A coherent (hypabyssal) facies was formed by the crystallization of kimberlite magma, often at depth, and has not been explosively emplaced. The pyroclastic facies is interpreted as an explosive air-fall deposit which may have been deposited in water. The volcaniclastic facies was formed by a mixture of pyroclastic deposition and re-sedimentation of pyroclastic kimberlite and host material from a volcanic edifice which flowed back into the open crater remaining after eruption. The pipes also contain varying amounts of host rock dilution which was incorporated during the eruption.

Diamonds are generally included as xenocrysts in kimberlite magma as it was formed and ascended through the upper mantle and crust. As the earth’s surface was approached, the kimberlite magma erupted explosively to form the characteristic root-like pipe shape. Abundant kimberlite erupted as pyroclastic ejecta and fell both within and adjacent to the pipe. The pipe was filled with a combination of pyroclastic kimberlite, hypabyssal kimberlite, and mudstone that slumped back into the pipe. At Lac de Gras, the tops of the pipes were removed by continental glaciation. The kimberlites are softer than the surrounding rocks so that depressions were formed after the glaciers retreated and filled with water to become lakes. When the pipes occur under larger lakes, such as Lac de Gras, the pipes typically lie beneath small depressions on the lake bottom.

The kimberlite within each of the Diavik pipes has been subdivided into four to seven geology units for resource modeling. Units were broadly defined with the purpose of correlation across the pipe on a mine scale. The units were defined on the basis of macroscopic criteria, mud dilution, grain size, magnetic susceptibility, and textural and alteration characteristics. These aspects of kimberlite composition can exert control on diamond stone size and stone count, and hence diamond grade (carats per tonne), as well as geotechnical and processing characteristics.

Diamonds are present in all of the kimberlite units with some variation in grade and stone size distributions. For each of the Diavik pipes in the mineral reserve and mine plan, average grades are higher than economic cut-off/break-even so mining selectivity is not required and all of the kimberlite is expected to be mined and processed.

Exploration

Airborne geophysical techniques and heavy mineral sampling in till were applied to identify targets which were ranked for additional exploration by more detailed geophysics and sampling. The most prospective targets were subsequently drilled to define the extent of the kimberlite and for micro-diamond determination. Where results were encouraging, large diameter core drilling was used to obtain mini-bulk samples (6 inch diameter core to depths of 250 metres followed by 3.5 inch diameter (PQ) to the end of hole). This approach led to the discovery of a number of kimberlite pipes which were further tested by small- and large-diameter core drilling. Four of the kimberlite pipes were found to have potentially economic concentrations of diamonds and were subject to mini-bulk sampling by large-diameter core drilling, underground bulk sampling and feasibility studies, culminating in the construction of the Diavik Mine.

Exploration continued after the mine start-up and into operations, until 2013. Activities included additional geophysical surveying, till sampling, sample processing, indicator mineral counts and analyses, mapping and drilling. Many more kimberlites were found but none have been economic to date.

There are currently no active field programs underway on the joint venture leases, although a field program was planned for three pipes in 2017.

Drilling and Sampling

Now in advanced stages of production, Diavik's three current production pipes are well delineated except at great depth. The pipes have sharp contacts with the granitoid host rock. Collection of pierce point drill hole data to define the size and shape of the kimberlitic bodies began during initial evaluation activities in 1995. Early delineation efforts supported the calculation of volumes and spatial dimensions leading to the first mineral resource estimate in 1998 and initial mine designs in 1999. Further delineation drilling was conducted in each of the four pipes once mining commenced after 2003, guiding important volume updates and increasing significantly the number of pierce points for resource modeling. Since the start of underground mining in 2010, still more pierce points have been added to the models from ongoing underground probe drilling that has been adopted to delineate the kimberlite boundaries at close range. In addition, as the pipes are mined, exposed contacts are surveyed and these as-mined contact points are also added to the pipe models.

Initial work during 1995 to 1997 included large diameter core (" **LDC**") holes drilled in each pipe to produce sufficiently large samples for macrodiamond (>1 millimetre) analysis. LDC holes were drilled vertically, starting with six-inch core and stepping down to three- to four-inch core at depths of around 250 metres (drilling equipment limitations). Samples were recovered in varying lengths (nominally 15 metres for six-inch core and 25 metres for three- and four-inch core) attempting to maintain consistent sample weight and yielding a minimum of around 30 stones per sample.

Large diameter reverse circulation ("**LDRC**") drilling for bulk sampling has been carried out in all four of the pipes to improve mineral resource and reserve definition since the mine started up. This has provided increased accuracy and confidence in production-scale forecasting for the mine. All of the LDRC holes were vertical with diameters ranging from 13.75 to 24 inches depending on the grade of the pipe.

LDRC drill sampling prior to commencing production was possible for A-154 North, A-418 and A-21. In 2004, an in-pit LDRC program for A-154 North sought to increase local grade confidence in the upper part of the pipe as well as to drill deep LDRC holes to produce a package of diamonds for further price valuation. A-418 was also a focus in 2004 as well as 2005 during which LDRC drilling was conducted from lake ice to the bottom of the open pit that was being planned at the time. LDRC drilling from lake ice was also carried out for A-21, in 2008, to augment an underground bulk sample that had been mined in 2007.

LDRC drilling in A-154 South was performed only as open pit mining was finishing, in 2009, in preparation for underground mining that would commence the following year.

In 2011, in-pit LDRC drilling also took place in A-418 which extended the reserve into the underground mining of the pipe that would commence in late 2012.

In addition to planned drilling programs, ad hoc sampling for 'trouble shooting' in support of production have been carried out. On two occasions – once in A-154 South and once in A-418 – when grade reconciliation was consistently negative for a period of time, a set of mini-bulk samples of approximately two tonnes each were collected on a single bench to examine local grade variability at higher resolution and fill in data gaps in the forecasting models.

Since the transition to underground mining, kimberlite samples are being collected routinely from ore development drifts in A-154 South, A-154 North and A-418 as mining progresses. In areas where grade samples have not been collected previously, two- to four-tonne samples are collected from the mined ore.

The collection, handling, transport, custody and processing of samples is performed under strict security that has been established for the Diavik diamond operations. This includes limited physical access, card-lock controls, strategically located cameras with full-time monitoring, employee search policies and procedures. DDMI has a separate, trained, full time security force, whose members have prior police or military backgrounds with experience in surveillance, search, investigation, criminology and enforcement.

Mineral Processing and Metallurgical Testing

As a producing mine, the Diavik Mine operation includes a full-scale permanent ore processing plant that treats run-of-mine material and produces rough diamonds. The Diavik ore processing plant has operated continuously since commissioning in late 2002 and has been processing a blend of hard and soft kimberlites from A-154 South, A-154 North and A-418. Production-scale bulk samples mined from the operation – known as 'special batches' – have been treated through the full Diavik process from time to time as mentioned in the Diavik Report. These efforts have provided pertinent insights into the production-scale processing characteristics, the sizes and qualities of stones recovered, the overall grade, and the expected (and different) prices for specific pipes or geological domains.

Furthermore, the metallurgical testing and associated analytical procedures have been planned appropriately and carried out competently, and have provided plausible outcomes supporting the economic viability of the Diavik Mine and the estimation of Mineral Resources and Mineral Reserves. Using the Diavik processing operation itself for metallurgical test work, when studying 'special batch' bulk samples from the mining operation, has provided directly relevant insight into the processing and product characteristics of specific pipes and/or domains and their expected values as they are actually mined and processed. This information contributes to the evaluation and estimation of Mineral Resources and Mineral Reserves for the Diavik Mine.

Mining Operations

The Diavik Mine operates 24 hours per day, 365 days of the year. Crews are resident on site while they work 12-hour shifts for 14 days, then rotate home for 14 days of rest. Four rotating crews cover 12-hour dayshifts, 12-hour nightshifts, on-site and off-site rotation.

Three pipes are in production concurrently: A-154 South, A-154 North, and A-418. The fourth pipe, A-21, is in development with first production anticipated for late 2018.

Mine operation began in 2003 with open pit mining. Diavik became a fully underground mine in late 2012 after a planned three-year transition phase. The three current production pipes are adjacent to one another and share common underground portal access and infrastructure.

Sub-level retreat is the mining method in A-154 South and A-418. This top-down method relies on the competence of the surrounding host rock while the kimberlite within is bulk-mined in a retreating sequence. An increasingly deepening open-air void is left as mining pushes deeper over time. With competent surrounding wall rock and virtually complete removal of kimberlite in a single pass without primary and secondary phases, mined voids are not backfilled.

Blast hole stoping with cemented rockfill is the mining method in A-154 North. The location of A-154 North within the wall of the A-154 open pit and within the foundation rock mass very near the A-154 dike makes the requirement for backfill in this mining method most suitable for overall stability of the integrated pit-dike-underground system. Alternating panels (stopes) of kimberlite on a given level are mined and then backfilled with cemented rockfill. After curing, the remaining secondary panels of kimberlite in between are then mined and similarly backfilled. Levels are mined in a bottom-up sequence so that the rock mass underfoot becomes increasingly strengthened by rising volumes of cemented rockfill as the mining activity over time approaches the critical infrastructure on surface. In addition to the cost for backfill in this mining method, advanced development of access and infrastructure at depth ahead of production is an upfront cost.

The underground mine is mechanized and conventional. Personnel and materials enter and leave the mine through three portals. The mining fleet includes drills, rock bolters, scooptrams, haulage trucks, personnel carriers and vehicles, and various specialized utility pieces. Daily activities include drilling, blasting, loading and hauling, backfill handling, and mine drainage activities.

Blast-hole stopes are planned 25 metres high and sub-level retreat stopes are also 25 metres. Both mining methods take place simultaneously and multiple faces are in production from more than one level.

Ore (and waste) from underground is brought to surface at the portal entrances by underground haulage trucks and placed in designated piles. The “portal muck” is then picked up by front-end loader and put onto surface haulage trucks – kept in service from the earlier open pit mining – and taken to the ore processing plant (or waste rock storage, if waste rock).

A-21 production in the near future will bring open pit mining back to Diavik. Much of the surface mining fleet has been retained and kept in running condition, and many of the operators remain available on site. The A-21 open pit has been designed and will be mined similarly to the A-154 and A-418 open pits. Benches in the two completed pits and for A-21 are 10 metres high. Catchment berms in the final walls are located every three benches, and the ‘triple-benched’ 30 metre walls are pre-sheared (pre-split) in a single 30 metre pass. The daily activities of drilling, blasting, loading, hauling, dozing and dewatering are supported by drills, excavators, 240-ton (216-tonne) and 100-ton (91-tonne) haulage trucks, dozers, graders and service vehicles.

All permits and approvals necessary to operate the Diavik Mine are in place. Upcoming renewals are known and proactive efforts are underway. Environmental stewardship is sound and in good standing with no breaches or non-conformances. Mine reclamation research is being conducted and interim mine closure plans are in place with financial security arrangements established to satisfy the estimated reclamation liabilities.

Environmental and Social Considerations

A full-time environmental staff is responsible for monitoring, directing, reporting and communicating on environmental matters. The Diavik Mine has at all times since inception been in compliance with all permits and there are no outstanding liabilities or charges known at this time. The environmental management system has achieved ISO 14001 certification.

The Interim Closure and Reclamation Plan ("**ICRP**") for the Diavik Mine was submitted to and accepted by federal regulators prior to production start-up. Scientific research in a number of areas has been ongoing as well as community engagement and a quest for more inclusion of traditional knowledge. ICRP Progress Reports are prepared and submitted annually to report on the progress of these initiatives, and to date there have been three updates and resubmissions of the ICRP itself.

Mine closure plan submission, research programs, closure cost estimate, liability assessment and financial security for closure obligations are in place and up to date. To the date of the Diavik Report, there have been no breaches or non-compliances in environmental or closure related regulations.

DDMI has an effective communities program that has been in place for the past decade and a half and will continue through post closure. DDMI entered into three types of community agreements as part of the Diavik Mine development:

- Participation Agreements with five neighbouring aboriginal organizations that describe DDMI and community activities during the development and operation of the Diavik Mine
- Socio-Economic Monitoring Agreement with the Government of the Northwest Territories and the five neighbouring aboriginal organizations. This agreement outlines DDMI's commitments to local employment, economic benefits, cultural and community well-being and the monitoring of these requirements by a board of community, government and DDMI representatives
- Environmental Agreement with the five neighbouring aboriginal groups and the governments of the Northwest Territories and Canada (Aboriginal Affairs and Northern Development Canada). This agreement provides funding for independent environmental oversight of DDMI and government regulators.

Processing and Recovery Operations

The processing plant uses no chemicals or reagents. Gravity-based methods rely on the relatively heavier weight of diamonds to separate them. The process involves crushing, screening, separation in dense media (ferro-silicon) and x-ray sorting. The recovered diamonds are separated and packaged by size, weighed, secured in a vault to await transport, packed into a special container and flown discreetly but under security escort to the mine's high-security facility in the city of Yellowknife. In Yellowknife the diamonds are cleaned, sorted and split into DDDLP's 40% share and DDMI's 60% share. The cleaning and sorting facility's quality management earned ISO 9001 certification.

Capital and Operating Costs

Capital Costs

The Diavik Mine development continues with the decision to proceed with the A-21 dike and open pit. Dike construction is phased over three seasons, 2015 to 2017, followed by open pit pre-production overburden stripping in 2018 and first deliveries of A-21 kimberlite to the processing plant later that year. Including a 15% contingency and allowance for escalation in real terms over the four-year construction period, the project was estimated in 2014 to cost C$385.6 million (of which C$0.8 million was to be sunk during 2014). Although A-21 is the smallest of the four Diavik kimberlite pipes, the dike will be in waters deeper than for the other dikes; the cost to build the dike takes up most (more than 80%) of the total A-21 capital cost. The A-21 dike and open pit will be Diavik's third, and will be built in-house largely with local workers.

Since production began at the Diavik Mine, capital expenditures have been made annually to sustain the operation and fund mine developments required for continued production. The Diavik Mine capital plan is a five-year detailed plan that is budgeted annually with quarterly reviews and updates. Capital cost estimates approved for inclusion in the five-year business plan are required to be based on firm quotes and/or first principles to support feasibility levels of accuracy and must also include the associated indirect costs, owner's costs, contingencies, freight and any commissioning costs. Moreover, each capital expenditure or project is required to demonstrate a valid business case or else have some other compelling justification. A well-established internal due diligence process is in place and in use. For longer-term business planning, the five-year capital plan is projected ahead with consideration for the rate of mining, camp population and overall scale of activity on site. As such, capital cost assumptions beyond the immediate five-year plan can include conceptual estimates and placeholder allowances especially toward outer years. The capital cost assumptions for the Diavik Report reflect prevailing estimates in the current business model for the Diavik Mine.

The below table summarizes the mine development and sustaining costs thus forecasted, in current (2017) Canadian dollars and real terms.

Estimated capital costs, C$ millions (100% JV basis)

Calendar Year	Development C$ millions	Sustaining C$ millions	TOTAL C$ millions
2017	95.3	46.5	141.8
2018	64.1	42.1	106.3
2019	13.5	49.3	62.8
2020	-----	35.8	35.8
2021	-----	32.5	32.5
2022	-----	5.9	5.9
2023	-----	2.1	2.1
2024	-----	2.1	2.1
2025	-----	-----	-----
TOTALS:	**172.9**	**216.4**	**389.3**

Operating Costs

Operating costs represent the normal and recurring costs of production. Five-year forecasts of operating costs are based on regularly updated (quarterly) first-principles calculations provided by or through each of the function heads of the Diavik Mine, based on an agreed and management-approved updated mine plan. Approval of each area's five-year operating budgets includes a process of internal scrutiny and challenge by peers and senior management. Business planning beyond five years is not undertaken by operations personnel but is done at a business-wide level by strategic planners and financial analysts. As such, life-of-mine operating cost assumptions beyond year 5 are modeled values based on the detailed five-year operating budgets and corresponding mine plan. Most areas of the operation have fixed as well as variable costs. While the variable portion of operating costs may vary linearly with cost drivers, fixed costs would not. Therefore, at an overall level, different categories of operating costs for the Diavik Mine vary with cost drivers in different ways and not always linearly. For the Mineral Reserves in the Diavik Report and the schedule of mining and processing envisioned for them, the below table depicts modeled estimates of the associated operating costs by year in Canadian dollars and in real terms. Because the production schedule for the Mineral Reserves in the Diavik Report is not the current five-year plan (but mimics it), the operating costs for the first five years are only a modeled replica of the current business plan.

Modeled operating costs, C$ millions (100% JV basis)

Calendar Year	Underground Mining	Open Pit Mining	Ore Processing	Site Support & Corporate	Private Royalties	Marketing Costs	TOTAL OPERATING
2017	167.9	-------	31.3	134.4	23.9	15.7	**373.2**
2018	167.8	11.7	32.8	136.0	24.9	15.7	**388.8**
2019	163.8	52.6	32.8	136.0	24.9	15.7	**425.7**
2020	153.00	51.9	32.8	136.0	24.9	15.7	**414.3**
2021	142.5	40.4	32.8	136.0	24.0	15.7	**391.4**
2022	129.6	32.2	32.8	136.0	24.0	15.7	**370.4**
2023	135.2	19.5	20.5	121.0	15.9	15.7	**327.9**
2024	136.9	-------	19.5	119.4	15.3	15.7	**306.8**
2025	44.6	-------	5.8	86.7	1.5	7.8	**146.4**
Totals	**1,241.5**	**208.4**	**241.1**	**1,141.2**	**179.2**	**133.4**	**3,144.8**

Note: *Mine closure costs not shown; they are incurred after the end of production and extend for a number of years afterward.*

Economic Analysis

A discounted cash flow analysis summary is contained within the Diavik Report. In that model, future cash flows are discounted to reflect present-day dollars with the discounting applied neither to the beginning nor the end of a year but to mid-years. The discounted cash flow analysis indicates positive economics for the mineral reserves over the remaining productive life of the Diavik Mine, ending in 2025. Assuming mid-year discounting using a 7% discount rate, the net present value is $2.6 billion. The cash flow model shown in the Diavik Report is presented solely to indicate the economic viability of the mineral reserves in the Diavik Report. It is not a forecast of either the Diavik Joint Venture's or DDDLP's share of cash flow from the Diavik Mine. The Diavik Mine is a well-established operation in production with cash flows that are immediately positive and sufficiently robust such that the forecasted capital investments are self-funded. Hence, payback and rate of return are not relevant at this stage of the project.

Production

Production at the Diavik Mine is currently from the underground mining of three ore bodies concurrently: A-154 South, A-154 North, and A-418. Future production will include a fourth ore body, A-21, which is in development as an open pit.

In calendar 2015, 6.4 million carats of diamonds were recovered from nearly 2.0 million tonnes processed (on a 100% basis). The decrease in carats from the original 2015 calendar plan of 7.0 million carats was largely due to a combination of ore availability issues resulting from lower mining rates from A-154 North and lower grades from A-418 earlier in the year, and availability of the process plant in the fourth calendar quarter. Meanwhile, the underground crews met the mined ore production of 2.1 million tonnes for 2015.

In calendar 2016, 6.7 million carats of diamonds were recovered from 2.2 million tonnes processed (on a 100% basis). Underground mining extracted nearly 2.3 million tonnes of ore. The decrease in carats from the planned 7.0 million carats is attributable largely to higher ore dilution than expected due to granite raveling from the walls of the dormant A-154 and A-418 open pits high above the blasted underground ore below.

The plan for calendar year 2017 foresees Diavik Mine production (on a 100% basis) of approximately 7.6 million carats from the processing of approximately 2.2 million tonnes of ore, with the mine extracting between approximately 2.2 to 2.3 million tonnes. Ore production will be entirely from underground with approximately 21% from A-154 South, approximately 35% from A-154 North and approximately 44% from A-418.

Cumulative production from the Diavik Mine to December 31, 2016 totaled 104.2 million carats of diamonds (100% basis).

Markets

DDMI's share of Diavik diamonds is marketed and sold separately through its parent, Rio Tinto, whose diamond marketing and sales organization is well-established with 30 years of experience in the diamond industry and a loyal customer base. Dominion – and its earlier corporate incarnations including the Harry Winston brand – has a strong reputation in the market and maintains a preferred position as a supplier of rough diamonds to cutters and polishers around the world. Dominion has a solid track record in marketing and selling its 40% share of Diavik diamonds. For an individual stone, price is determined based on several criteria including colour, clarity, shape and size, based on a proprietary Price Book which is reviewed and updated up to several times per year following each sale.

Mineral Reserves and Mineral Resources to December 31, 2016

The following table sets forth the estimated Mineral Resources for the Diavik Mine as of December 31, 2016. The values shown are for 100% of the Diavik Joint Venture:

Mineral Resources [1,2,3,4,5,6]

Kimberlite Pipe		Measured Mineral Resource			Indicated Mineral Resource			Inferred Mineral Resource		
		Mt	cpt	Mct	Mt	cpt	Mct	Mt	cpt	Mct
A-154 North	Underground	---	---	---	---	---	---	0.5	2.3	1.1
A-154 South	Underground	---	---	---	---	---	---	0.4	2.8	1.2
A-418	Underground	---	---	---	---	---	---	0.2	2.5	0.5
A-21	Open pit	---	---	---	0.4	2.4	0.9	0.8	3.5	2.7
Totals		**---**	**---**	**---**	**0.4**	**2.4**	**0.9**	**1.9**	**2.9**	**5.5**

(1) Keith Laskowski, MSc., Vice President Technical Services for Sandstorm Gold and a QP under NI 43-101, has reviewed and approved the scientific and technical disclosure regarding the Diavik Mine contained in this AIF.
(2) Totals may not add up due to rounding.
(3) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
(4) Mineral Resources are reported exclusive of Mineral Reserves, and represent material remaining after Mineral Reserves have been removed for reporting separately elsewhere.
(5) This Mineral Resources estimate reflects a bottom screen size of one millimetre.
(6) Tonnes are reported as Mt, diamond grades as cpt, and contained diamond carats as Mct.

The following table sets forth the estimated Mineral Reserves for the Diavik Mine as of December 31, 2016. The values shown are for 100% of the Diavik Joint Venture:

Mineral Reserves [1,2,3,4,5]

Pipe	Proven Mineral Reserve			Probable Mineral Reserve			Proven and Probable Mineral Reserve		
	Mt	cpt	Mct	Mt	cpt	Mct	Mt	cpt	Mct
A-154 North	3.6	2.4	8.5	4.6	2.3	10.8	8.2	2.3	19.3
A-154 South	0.3	3.2	1.0	0.7	3.7	2.8	1.1	3.6	3.8
A-418	1.8	4.1	7.5	1.9	3.1	6.0	3.7	3.6	13.4
A-21	3.3	2.8	9.4	---	---	---	3.3	2.8	9.4
Stockpile	0.03	2.8	0.1	---	---	---	0.03	2.8	0.1
Sub-Total - Underground	**5.7**	**3.0**	**16.9**	**7.3**	**2.7**	**19.5**	**13.0**	**2.8**	**36.4**
Sub-Total – Open Pit	**3.3**	**2.8**	**9.4**	---	---	---	**3.3**	**2.8**	**9.4**
Sub-Total - Stockpile	**0.03**	**2.8**	**0.1**	---	---	---	**0.03**	**2.8**	**0.1**
Total Reserves	**9.1**	**2.9**	**26.4**	**7.3**	**2.7**	**19.5**	**16.3**	**2.8**	**46.0**

(1) Keith Laskowski, MSc., Vice President Technical Services for Sandstorm Gold and a QP under NI 43-101, has reviewed and approved the scientific and technical disclosure regarding the Diavik Mine contained in this AIF.
(2) Totals may not add up due to rounding.
(3) Tonnes are reported as Mt, diamond grades as cpt, and contained diamond carats as Mct.
(4) Accounts for all depletions due to production and sampling to December 31, 2016. Mineral Reserves also include forecasted mining losses and dilution. This Mineral Reserves estimate reflects a bottom screen size of one millimetre.
(5) Stockpiles are minor run-of-mine stockpiles that are maintained at or near the process plant and are available to maintain blending of kimberlite sources to the plant.

Because more than one mining method is underway in the underground mine, dilution and losses are a function of the method used, experience and observation. The future A-21 open pit is expected to have dilution and losses similar to those achieved during Diavik's first decade as an open pit operation. A-21 is in development as an open pit and is on track to commence production in the second half of 2018.

Houndé Mine, West Africa

A technical report was prepared for Endeavour in accordance with NI 43-101 entitled "Houndé Gold Project – Burkina Faso – Feasibility Study NI-43-101 Technical Report" dated October 31, 2013 (the "**Houndé Report**").

The following description of the Houndé Mine has been sourced, in part, from the Houndé Report and readers should consult the Houndé Report to obtain further particulars regarding the Houndé Mine. The Houndé Report is available for review under Endeavour's profile on the SEDAR website located at www.sedar.com.

Information in this section that provides non-material updates to the information in the Houndé Report has been provided by Endeavour and/or has been sourced from their Annual Information Form dated March 29, 2018 for the year ended December 31, 2017 ("**Endeavour AIF**") as filed by Endeavour on SEDAR.

Certain capitalized terms in this section not otherwise defined have the meanings ascribed to them in the Houndé Report. The updated Mineral Reserves and Mineral Resources information to December 31, 2017 has been sourced from Endeavour's Management Discussion & Analysis for the year ended December 31, 2017 as filed by Endeavour on SEDAR on March 13, 2018 and from the Endeavour AIF.

Location

The Houndé Mine is located approximately 250 kilometres southwest of Ouagadougou, the capital city of Burkina Faso. It is approximately 2.7 kilometres from a paved highway and as close as 200 metres from a 225 kV power line that extends from Côte d'Ivoire through to Ouagadougou. The nearby town of Houndé has a population of approximately 22,000. A rail line that extends to the port of Abidjan, Côte d'Ivoire lies approximately 25 kilometres west of the deposit area.

Ownership

Endeavour, through its subsidiary, owns the 1,246.93 square kilometre Houndé mineral titles, situated in the south-western region of Burkina Faso. It is formed of eleven permits and two exploitation permits. The Houndé exploitation permit is held by Houndé Gold Operation SA ("**HGO**") which is held 90% by Endeavour and 10% by the government of Burkina Faso. The Houndé exploitation permit was granted to HGO on February 5, 2015 covering 23.20 square kilometres and is valid until February 15, 2035 and may be renewed for consecutive five year periods until deposits are depleted. The Bouéré Dohoun exploitation permit was granted to BD Gold Operation SA on January 23, 2017 covering 5.37 square kilometres and is valid until January 23, 2022. It may be renewed for consecutive five year periods until deposits are depleted. BD Gold Operation SA has the same ownership as HGO. A royalty is owed to the government of Burkina Faso based on a 3% to 5% sliding scale linked to prevailing gold prices. The Company acquired a 2% NSR royalty on the Houndé Mine on January 17, 2018. The Company's 2% NSR does not cover the Dohoun portion of the Houndé Mine.

History

Mineral exploration in the Houndé area began in 1939 by the Bureau de Recherches Géologiques et Minières and Bureau des Mines et de la Géologie du Burkina Faso and continued by various companies until 1982. Exploration resumed in the 1990's by a number of companies that conducted regional geochemical surveys, which were then followed up by more detailed geochemistry, prospecting, mapping and RAB to RC drilling. Several gold targets were identified during this work.

As a result of Endeavour's acquisition of all of the shares of Avion Gold Corporation on October 18, 2012, Endeavour acquired Houndé.

Geology

The Vindaloo zones are hosted by Proterozoic-age, Birimian Group, intensely sericite- and silica-altered mafic intrusions, similarly-altered, strongly foliated and altered intermediate to mafic volcaniclastics and occasionally sediments. The mineralization is often quartz stockwork-style and is weakly to moderately pyritic. The Vindaloo trend has been drill tested for a distance of approximately 7.7 kilometres along strike and up to 350 metres depth. The intrusion-hosted zones range up to 70 metres in true thickness and average close to 20 metres true thickness along a 1.2 kilometre section of the zone called Vindaloo Main. Volcanic and sediment-hosted zones are generally less than 5 metres wide. The entire mineralized package strikes north-northeast and dips steeply to the west to vertical. The mineralization remains open both along strike and to depth.

Exploration/Drilling

Endeavour initiated an in-fill drill program, which consisted of 358 holes (40,534 metres), over the Vindaloo and Madras NW zones in late October 2012, with the goal to upgrade the mineral resources. Including this drill program, 751 core and RC holes (103,677 metres) along the trend of the Vindaloo and Madras NW zones had been completed by Endeavour (or predecessor companies) by 2013. All of this data was incorporated into section sets, interpreted and used in the updated mineral resource estimate. This new resource estimate was used as the basis for the Houndé Report to assess the economic viability of the project. The Houndé Report was finalized on October 2013 with a positive conclusion concerning a development decision for the project given the favorable economics.

Subsequent to the completion of the Houndé Report, an extensive drill program was undertaken between June and November 2014. The program included 57,978 metres of drilling, comprised of 110 DD holes (22,780 metres) and 358 RC holes (35,198 metres). The drill program successfully completed a number of objectives, including:

- testing the extents of the Vindaloo Main mineralization at depth and on strike;
- converting Inferred Mineral Resources to the Indicated category along the Vindaloo trend;
- testing mineralization at Bouéré, located 12 kilometres west of the Houndé process plant site; and
- testing mineralization at Dohoun, located approximately 14 kilometres northwest of the Houndé process plant site.

No exploration or additional drilling was completed in 2015-2016. In 2017, following a two year period of no exploration, Endeavour completed a $5 million drilling program totaling approximately 69,700 metres and 805 holes. The 2017 exploration leveraged the 2016 data analysis, structural geology and ground geophysical analytical work. The focus was aimed at delineating high-grade targets at Bouéré and Kari Pump, and to perform reconnaissance drilling.

The 2017 campaign yielded positive results with the discovery of high-grade intercepts at both the Kari Pump target and the Sia/Sianikoui targets. In 2018, Houndé will be a key focus for Endeavour with a $9 million exploration program totaling approximately 125,000 metres planned with the aim of drilling the entire Kari anomaly and delineating the resource.

Sampling and Data Verification

Endeavour's drilling in conjunction with previous drilling supported the creation of an updated, in-pit mineral resources statement.

Endeavour reported that overall, the sample control data has performed well and indicates the sample assay data to be of a high standard and appropriate for the reporting of exploration results and use in mineral resource estimation.

Mineral Resource and Mineral Reserve Estimates

On March 13, 2018, Endeavour released their Management Discussion & Analysis for the year ended December 31, 2017 which contains their updated Mineral Reserve and Mineral Resource estimates to December 31, 2017 for the Houndé Mine. These details are also contained in the Endeavour AIF for the year ended December 31, 2017 as filed by them on SEDAR.

The following tables set forth the estimated updated Mineral Reserves and Mineral Resources for the Houndé Mine as of December 31, 2017:

Classification	Tonnes (000)	Gold Grade (grams per tonne)	Contained Gold Ounces (000)
RESERVES			
Proven	3,600	2.25	263
Probable	26,500	1.98	1,693
TOTAL RESERVES (Proven + Probable)	**30,200**	**2.02**	**1,957**
RESOURCES			
Measured	3,600	2.40	281
Indicated	33,700	2.01	2,178
TOTAL RESOURCES (Measured + Indicated)	**37,300**	**2.05**	**2,459**
INFERRED	3,200	2.64	275

(1) All Mineral Resources and Mineral Reserves conform to NI 43-101 and CIM definitions for Mineral Resources and Mineral Reserves.
(2) The gold price considered for Mineral Reserves was $1,300 per ounce and for Mineral Resources was $1,500 per ounce.
(3) Cut-off grades for all resources open pits are 0.5 grams per tonne gold.
(4) Tonnages are rounded to the nearest 1,000 tonnes; gold grades are rounded to two decimal places; ounces are rounded to the nearest 1,000 ounces. Rounding may result in apparent summation differences between tonnes, grade and contained metal. Tonnes and grade measurements are in metric units; contained gold is in troy ounces.
(5) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
(6) All Mineral Resources are reported inclusive of Mineral Reserves.
(7) Keith Laskowski, MSc., Vice-President Technical Services for Sandstorm Gold, and a QP under NI 43-101, has reviewed and approved the scientific and technical disclosure regarding the Houndé Mine contained in this AIF.

Bouéré Resource Modeling

The Bouéré resource model was developed in Geovia Surpac 3D-modeling software using all the available geology information from 39 DD holes totaling 6,778 metres, and 32 RC drill holes totaling 5,532 metres completed between 2010 and 2017. The geological model and assay data guided the mineralisation model. A total of 11 mineralized domains were interpreted and modeled into 3D wireframes within Geovia Surpac modeling software. The mineralized zones have an average strike of 80 degrees azimuth dipping steeply to the north. The drill holes gold assays were composited to 1.0 metre intervals within the mineralized wireframes and capped from 10 to 30 grams per tonne gold. Spatial analysis of the gold mineralization using variograms indicated a reasonable continuity of the grades along strike and down dip of the mineralised zones.

Gold grades were interpolated using inverse distance cubed constrained by the mineralized domains. Specific gravity density values vary on weathering material type from 1.9 for laterite, 1.8 for saprolite, 2.3 for the transition zone and 2.74 for fresh rock. The mineral resource was modelled using a 3D block model built in Geovia Surpac. Measures were conducted to validate the accuracy of the estimate, including comparing results from the inverse distance to ordinary kriging, swath plots comparison and visual review on sections. The mineral resource is reported at 0.50 grams per tonne gold, within Whittle optimised pit shell based on a gold price of $1,500 per ounce.

Dohoun Resource Modeling

The Dohoun resource model was developed in Geovia Surpac 3D#modeling software using all the available geology information from 17 DD holes totaling 3,021 metres, and 178 RC drill holes totaling 16,630 metres completed between 2009 and 2014. The geological model and assay data guided the mineralisation model. A total of 15 mineralized domains were interpreted and modeled into 3D wireframes within Geovia Surpac modeling software. The mineralized zones have an average strike of 34 degrees azimuth dipping moderately to the northwest. The drill holes gold assays were composited to 1.0 metre intervals within the mineralized wireframes and capped from 10 to 20 grams per tonne gold. Spatial analysis of the gold mineralization using variograms indicated a reasonable continuity of the grades along strike and down dip of the mineralised zones.

Gold grades were interpolated using inverse distance cubed constrained by the mineralized domains. Specific gravity density values vary on weathering material type from 1.9 for laterite, 1.8 for saprolite, 2.3 for the transition zone and 2.74 for fresh rock. The mineral resource was modelled using a 3D block model built in Geovia Surpac. Measures were conducted to validate the accuracy of the estimate, including comparing results from the inverse distance to ordinary kriging, swath plots comparison and visual review on sections. The mineral resource is reported at 0.50 grams per tonne gold, within Whittle optimised pit shell based on a gold price of $1,500 per ounce.

Mining

The mining method at the Houndé Mine is conventional open pit mining including drilling, blasting, loading and hauling. Load and haul activities are owner operated. Contract service providers, SFTP Mining and African Explosive Limited ("**AEL**"), carry out drilling and blasting activities. Ore was mined from the Vindaloo Main Pit Stage 1 ore body after pre-stripping to feed the process plant in 2017.

The capacity of the mining fleet owned by HGO and other service providers meets the earthmoving requirements of the mining schedule as per the LOM. The in-pit material excavation is conducted by three Komatsu PC 2000-8R and two Komatsu PC 1250-8R excavators. Material haulage is done by twenty-one Komatsu HD785-7 rear dump trucks. Ore mined is hauled to the ROM pad and near ROM pad stockpiles. Waste mined from the pit is hauled to the waste dumps and other projects requiring waste material for construction (i.e. tailing storage facility, Haul Road etc.).

The ore control strategy targeting delineation of ore and waste uses RC holes piercing multiple benches. The geological and assay information, obtained from 32 metre deep inclined holes are sampled and assayed every 1 metre to generate wireframes from sectional interpretation, for grade control block modelling and ore outlines generation. The ore outlines are then used by geologists and surveyors for final ore/waste discrimination and in-pit mark-up.

Production drilling and blasting is performed on 5 metre and 10 metre bench heights, depending on geological and geotechnical settings of a given deposit, with blasted material excavated in discrete 2.5 metre high flitches.

The AEL Plant on site (scheduled to be completed end of February 2018) consists of an ammonium nitrate mixing shed for the manufacturing of bulk explosives and four 30 tons capacity iso-tank containers for storage. There is also a magazine on site for storing explosives. The supply of detonators, boosters, bulk explosives, initiating systems and other explosives material into the magazines for storage is the responsibility of the blasting contractor, AEL.

Waste rock dumps associated with mining operations are constructed to meet the stipulated guidelines of the Burkina Faso Mining and Explosive and Environmental Regulations. All areas earmarked for waste dumps are sterilized before dumping commences.

The initial reserves support a mine life of ten years. The primary objective of the LOM production schedule has been to maximize the early cash flow from the operation by bringing revenue forward as much as possible. This objective has been achieved within the following constraints:

- ensuring continuous ore supply to the processing plant for 3 million tonnes per annum throughput rate;
- keeping the vertical mining advance rates generally within 10 metres (4 flitches) per month (except at the start and end of the pit stages depending on the bench quantities);
- avoiding congestion on benches and ramps by providing alternative running boards and ramps where necessary;
- maintaining a supply of approximately six weeks of mill feed on the ROM stockpile at a reasonable grade; and
- maintaining constant working strip ratios, and consequently smooth mining rates, for extended periods as much as possible.

Metallurgy and Process Plant

The processing plant consists of a 3.0 million tonne per year CIL plant with SABC milling circuit to produce an 80% passing 90 micron grind size. Ground fresh ore is fed to continuous centrifugal gravity concentrators to recover free and occluded gold in heavy particles (pyrite) to a low mass gravity concentrate. This gravity concentrate is processed through an intensive Cyanide leach reactor followed by electrowinning to recover the gold. CIL feed is thickened and fed to a standard CIL circuit, with leach tails passing into a cyanide destruction process before being pumped to storage. Average production of 191,000 ounces per year over a period of 10 years is anticipated with an average of 210,000 ounces over the first eight years.

The plant was successfully commissioned during October 2017, and a throughput of 813,000 tonnes was achieved by year end. Metallurgical recovery was 95.2% from a head grade of approximately 2.7 grams per tonne.

Infrastructure

The tailings storage facility is located adjacent to the Vindaloo pit and processing facility and forms part of the project methodology and capital estimate. Decant fluids, though, are not suitable for release to the environment and will be pumped back to the plant. An impact assessment, including a dam break scenario, indicates a high consequence in the event of a wall failure and the tailings embankments were designed to reduce this risk. Closure will require covering the surface with 0.5 metres of broken rock.

Power for the processing plant will come from a 38 kilometre long, 90kv overhead power line. A power supply agreement has been entered into with Sonabel, the state power company. A Caterpillar high speed diesel back-up power station has been installed to provide 100% redundancy.

Operations staff includes approximately 500 people, not including catering and cleaning staff and miscellaneous contractors with 41 international and African expats and 430 Burkinabe employees. A camp to house 300 senior staff was built in 2017 with the remaining employees living in the nearby communities.

Environmental and Social

An Environmental and Social Management Plan was developed prior to the construction and operations phases. Environmental protection and monitoring activities have been carried out as per our commitment in the ESIA, with a focus on water quality, air quality, noise, vibration and air blast monitoring, bush clearing, top soil management and tree planting during the wet season.

HGO has improved its wastes management through workforce education to give second life to recyclable wastes. Preventive activities such as inspections, safety meetings, hazardous material inventory, training and procedures development were key activities. A small number of grievances from Houndé's communities were reported, but solved in a timely and proactive manner with the CSR and Health, Safety and Environment ("**HSE**") teams. HGO has set up a legal compliance review system to ensure both the national regluations and best practices are respected.

Apart from the internal inspections, external inspections were also conducted by Governmental control agencies (BUNEE, BUMIGEB, ANRS). The International Cyanide Management Code ("**ICMC**") compliance auditing was completed and an action plan was developed to comply with all ICMC requirements. An ESIA was also conducted for airstrip and Boere-Dohoun road projects. The project will require the acquisition of 2,096 hectares of land. Several major land owners own the bulk of the land; however, numerous subsistence farmers rent portions of the land from the land owners. Compensation mechanisms for the land, buildings, trees and crops are part of the ongoing permitting process. Typical concerns, as a result of the project development include changes to quality of life, loss of livelihood, environmental degradation, potential for jobs, potential health issues and increase in traffic.

Production and Development

Construction was completed ahead of schedule and $15 million below the initial capital budget of $328 million. As construction was tracking ahead of schedule and below budget, Endeavour decided to spend approximately $21 million in addition to the initially planned works (mainly for a 26Mw back-up power station and fuel farm and to build Cell 2 of the tailings storage facility), bringing the total investment to $334 million. Of the initial total project spend of $334 million, $10 million (related mainly to billing timing and the second tailings storage facility) is expected to be spent in 2018.

Houndé achieved first gold pour on October 18, 2017 and nameplate capacity was achieved within weeks following the introduction of ore, by the end of October 2017. Following the rapid ramp-up period, commercial production was declared on November 1, 2017 more than two months ahead of schedule. In 2017, Houndé produced 68,754 ounces at an all in sustaining cost of $335 per ounce.

Houndé is expected to produce 250,000 to 260,000 ounces in 2018 at an all in sustaining cost of $580 - $630 per ounce. Mining activities are expected to continue to ramp-up to achieve a mining rate of 40 million tonnes per annum, up from 18 million tonnes per annum in 2017.

Mining and processing of transition/fresh ore began in the latter portion of Q4-2017. Mining activities are expected to progressively transition from mainly oxides in early 2018 to mainly fresh ore by the end of 2018. Approximately $23 million of non-sustaining expenditure is planned for 2018, primarily for waste capitalization and resettlement for the Bouéré and Dohoun deposits.

Hod Maden Project, Turkey

A technical report was prepared for Sandstorm Gold in accordance with NI 43-101 entitled "Hod Maden Project Mineral Resource Estimate" dated March 29, 2018 (the "**Hod Maden Report**").

The following description of the Hod Maden Project has been sourced from the Hod Maden Report and readers should consult the Hod Maden Report to obtain further particulars regarding the Hod Maden Project. The Hod Maden Report is available for review under the Company's profile on the SEDAR website located at www.sedar.com.

Certain capitalized terms in this section not otherwise defined have the meanings ascribed to them in the Hod Maden Report.

Project Description, Location and Access

The Hod Maden property is situated within the Eastern Pontides tectonic belt, which coincides with the 500 kilometre long and 50 to 75 kilometre wide mountain chain extending along the south-eastern Black Sea coastline. The Hod Maden Project is located approximately 20 kilometres southeast of Artvin and 130 kilometres northeast of Erzurum in north-eastern Turkey near the border with Georgia. The project infrastructure currently comprises an exploration camp with no mining commenced at the site.

The North-South striking Hod Maden deposit is transected by the (locally) East-West trending Maden Creek Valley, with the valley populated by scattered neighborhoods of residential dwellings. The village of Yukarimaden sits near the deposit, while the village of Aşağımaden sits approximately 2 kilometres downstream. The total population of the Yukarimaden village is determined as approximately 117 persons and the village is composed of clustered neighbourhoods in different regions. These neighbourhoods are located in the neighbourhood in the vicinity of the Hod Maden Project Villages near the project area include Zorap (inside), Aktas (inside), Tepcik (300 metres), Tırasoğulları (900 metres), Bahçeli (900 metres), Parmaklı (2 kilometres), Çaylı (1.5 kilometres) and Çömleyli (3 kilometres). The population of the region is generally living in the Artvin area or in other provinces, and returning to the villages as summer residences. There are believed to be few year-round inhabitants.

Mining activities in Turkey are regulated by the Mining Law No 3213 dated June 15, 1985 (amended in 2005 by Law 5177 and 2010 by Law 5995) (the "**Mining Law**"), together with the Implementation Regulation on Mining Activities dated November 6, 2010 (as amended from time to time) (the "**Mining Regulation**") and the Mining Activities Permit Regulation dated June 21, 2005 (as amended from time to time). The Ministry of Energy and Natural Resources ("**MENR**") is the ministry responsible for overseeing the mining industry. The General Directorate of Mining Affairs (the Mining Directorate), a department of MENR, grants licences and regulates mining activity. The Mining Law requires mining licences to be given according to certain mineral groups, and the licensing procedure for each class is slightly different. A licence received for a specific group may not provide a right to its holder for other groups. However, the Mining Law allows for multiple licences involving different categories of minerals in the same area. The area over which a licence can be granted is limited, up to a maximum of 2,000 hectares. There are three types of licences granted for prospecting and operating mines under Turkish law: an exploration licence (enables the holder to carry out exploration activities in a specific area), an operating licence (enables the holder to carry out operational activities), and an operating permit (enables the holder to operate a mine). The Hod Maden Property consists of Turkish Operating Licence 20050853 and Exploration Licences 201200321, 201201059 and 201201058 comprising a total land area of 7,394.25 hectares. These licences are all owned by Artmin Madencilik ("**Artmin**") (formerly known as AMG Mineral Madencilik AS, "**AMG**"), a Turkish entity that is owned 70% by Lidya and 30% by Sandstorm Gold (through Mariana Resources). Teck previously retained a 2% NSR on the concessions, which Teck subsequently sold to a subsidiary of Sandstorm Gold in January 2016.

Licences are subject to an application fee, an annual licence fee to be determined by the Ministry of Finance every year and a guarantee fee in the amount of one per cent of the annual licence fee per hectare. A royalty ranging between 1% and 4% of the mineral selling price is payable to the Turkish government annually; it is understood that four per cent is applicable for gold, silver and platinum, and two per cent for other Group IV metals like copper, lead and zinc that will be extracted from this orebody (although not when penalty elements). The amount of the royalty is increased by 30% for mining activities in the areas that are under the ownership of the Treasury or the State. Licence holders can obtain a royalty discount of 50% for certain types of mineral if the minerals are processed at the licence holders' plant within Turkey or if production is carried out by an underground operating method which is expected to be the case at Hod Maden. The Turkish Mining Regulation also introduced the concept of an "environment-friendly guarantee", which is an annual guarantee payment which becomes payable when the mine production becomes operational. The basic corporate income tax rate levied on business profits is 20%, while dividends are subject to 15% tax. There is no restriction on repatriation of profits and no import duty for new mining and processing equipment. There are no prescriptive requirements in respect of the financial capacity of investors, but the licensing and monitoring regime outlined above aims to ensure continued investment as a requisite to maintaining the necessary licences.

The operating licence has annual fees and the exploration licences require minimum expenditures until the end of 2019, as listed below in order to keep the licences active:

Operating License Fees for 2017

Payments (2017)	Operation Licence (20050853)
Licence Value (according to Mining Law)	43,848.00 Turkish Lira
Forestry Land Permit Fee (52 drill sites)	36,284.75 Turkish Lira
Forestry Land Permit Fee (30 drill sites)	36,924.61 Turkish Lira

Operating License Fees for 2018

Payments (2018)	Operation Licence (20050853)
Licence Value (according to Mining Law)	50.193,00 Turkish Lira
Forestry Land Permit Fee (Road)	9.481,79 Turkish Lira
Forestry Land Permit Fee (30 drill sites)	49.875,76 Turkish Lira
Forestry Land Permit Fee (30 drill sites)	63.242,36 Turkish Lira
Forestry Land Permit Fee (28 drill sites)	59.965,79 Turkish Lira
Forestry Land Permit Fee (52 drill sites)	49.011,49 Turkish Lira

Minimum Expenditures

Exploration Licence No.	Licence Value (2016)	Minimum Exploration Expenditure Requirements
201200321	4,384.00 Turkish Lira	260,000.00 Turkish Lira
201201058	4,384.00 Turkish Lira	260,000.00 Turkish Lira
201201059	4,384.00 Turkish Lira	260,000.00 Turkish Lira
Total:	**13,152.00 Turkish Lira**	**780,000.00 Turkish Lira**

The Hod Maden Report notes that there do not appear to be any other issues or liabilities (including surface rights or access) which could impact the future mining operations. The Hod Maden Report notes that Armin will need to obtain additional and separate licences including an Unsanitary Enterprise Permit and Land Permit for Operation Licence 20050853. Further, Land and Forestry Fees will differ annually depending on work plans for exploration and operation. The Hod Maden Report states that there do not appear to be any environmental liabilities to which the Hod Maden property is subject to, other than receiving the Forest permits from the Turkish government, which would impede access to the Government held land within the Hot Maden property or the ability by Artmin to complete the exploration program. The permits for the Forest area by the Turkish government should not be unreasonably withheld.

The Hod Maden property is accessible from Artvin city (20 kilometres) or from Erzurum city (130 kilometres by road via Yusufeli). The highways from Artvin or Erzurum are paved up to the new main road junction along the new reservoir on the Coruh River. The road leading from the reservoir to the working area and nearby Yukarimaden village is partly asphalt. Erzurum is the site of an international airport. Yukarimaden village lies within the Hod Maden property and has power, water, and sewage. The school has closed due to insufficient student numbers and the school building is used by Artmin as a base for exploration activities. A high-tension power line stretches across hilltops above the project area. Two concentrate handling facilities and ports are situated on the Black Sea coast near the project. The closest is Hopa, approximately 120 kilometres by road from Yukarimaden. Hopa was built to handle copper concentrate from the nearby Murgol mine. The second is Cayelli, approximately 200 kilometres from the Hod Maden Project. Hod Maden has multiple options for smelting including the Turkish copper smelter at Samsun, Swedish smelters at Boliden and options of other European smelters.

History

The Hod Maden Project (“maden” means mine in Turkish, “hod” is a local plant name in Georgian), is located in an important copper mining district. The project was formerly known as “Hot Maden”, but the name has recently been changed to Hod Maden in accordance with local custom. South of the provincial capital, Artvin, lies the volcanogenic Murgul copper mine and mill complex, near the border with Georgia. The high grade Cerratepe VMS deposit, also near Artvin city, was found in recent years by Cominco. Cominco’s discovery team included Firuz Alizade who currently directs Lidya’s exploration at Hod Maden.

Mining at the Hod Maden Project may pre-date the rise of the Ottoman Empire (14th Century) and the keeping of historical records. The presence of slag overburden in holes HTD-04 and HTD-05 suggests pre-Russian mining at Hod Maden. The tailings and waste from Russian operations are located in the southern part of the Hod Maden property. In 1886 the Hod Maden property was in the territory of Russia and the operation of Hot Mines was given to a Mr. Simonides by the Russian government. Hot Mines, which are mostly in the southern part of the Hod Maden property, were exploited by this group from 1888 to 1904 and some 500 to 700 tons of copper per year were produced during this period. The mining method was underground narrow vein mining reported to have used an 8% copper cut-off grade, however these figures cannot be corroborated and cannot be relied upon. The mining operation was closed sometime between 1904 and 1911.

In 1913, the Hod Maden Project was acquired by the Russian Hot Company. Exploration, including drilling was carried out by this company, however the results are not available. The Hot Company started construction of a new metallurgical plant and access road following their exploration campaign. The Hot Company's activities ended in 1921 when the Russians were expelled and the region returned to Turkey. Current residents of the local villages near Hod Maden recount stories that the Russians began, but did not complete, a tunnel in the direction of the Hod Maden discovery hole area.

The mine site was acquired by the Mineral Research & Exploration General Directorate (" **MTA**") in 1942. During 1942 to 1943, limited geophysical field measurements, re-opening of the underground workings and sampling were carried by MTA. The analysis from 109 samples taken from mostly narrow-vein occurrences returned an average grade of 2.57% copper.

The following is a chronology of events at the Hod Maden Project since 1943:

- § 1946 – Final report by MTA on the geology of the Hod Maden property; additional geophysics and drilling recommended in the area of the old Russian mining in the southern part of the 8+ kilometre long anomaly.
- § 1966 – Hot Artvin lead-zinc-copper mineralization report by Dr.R.Ovalıoğlu of MTA.
- § 1970 – Geology around Belizor Meydan (Hot) Districts report by Mehmet Doyuran of MTA.
- § 1974 - Drilling by ETI Bank in the south area of the Hod Maden prospect in the area of the rhyolite breccia (results not known); on basis of IP and Turam geophysics. Drilling was proposed in the northern part of Hod Maden, where Lidya drilled in 2014.
- § 1976 – Geological Report of Pyritic copper-zinc-lead mineralization report by Satir and Ererenn of MTA. IP and Turam geophysical work.
- § 1991 – Anglo-Tur (Anglo American) at Hod Maden report by Richard Sillitoe; recommending the area that was eventually drilled by Lidya.
- § 1992 – Anglo-Tur drills six holes, but the results of drilling are unknown.
- § 2005 - The exploration licence was acquired by application on behalf of Teck. The licence area is 1,603.55 hectares.
- § 2011, July 7 – Turkish government (MIGEM) announces plans to auction 1,252 mining licences commencing January 9, 2012 and ending May 24, 2015.
- § 2012, March 29 - AMG acquired the Exploration Licence number AR201200321 with an area of 1,908.15 hectares
- § 2012, May 6 – AMG signs a Confidentiality Agreement with Teck for their Hod Maden property data (old Russian Mine area) immediately south of Hot North. There is very little data, comprising several anomalous gold assay results provided by Teck after many years of holding the property.
- § 2012, May 15 – AMG changes its name to Aegean Metals Incorporated (Aegean), based on its exploration activities in Turkey.
- § 2012, July 9 - Exploration Licence AR201201058 was obtained on behalf of Teck with an area of 1,891.15 hectares.
- § 2012, July 9 - Exploration Licence AR201201059 was obtained on behalf of Teck with an area of 1,991.4 hectares.
- § 2013, June 24 – Anglo ceases discussions on giving Aegean Metals their drilling results data from their 1991-1992 exploration, stated as being for legal reasons – no further explanation was given.
- § 2013, February 4 - Operation licence was acquired with the term of the operation licence for ten years.
- § 2013, June 1 - Exploration Licences AR201201058 and AR201201059 were transferred from TECK to AMG.
- § 2014, March 27 – Letter of Intent signed between Lidya and Aegean, after Lidya conducts a private field examination.
- § 2014, July 2 - Aegean enters into agreement with Turkish partner Lidya, allowing Lidya to earn up to 70% of the Hot property, including both the Hot North auction property and the Hod Maden property acquired from Teck. Lidya immediately begins to permit drillholes on the private lands, avoiding the problems of permitting on the forest lands.
- § 2014, September 18 – Due to lack of funding by Aegean, Aegean and then AIM-listed Mariana Resources announce merger.
- § 2014, December – Lidya carries out drilling of the first seven holes entirely within the Hod Maden concession originally held by Teck and acquired by Aegean.
- § 2015, February 12 - "EIA Not Required" permit for 13 drillhole locations and 15 trench locations was obtained for Exploration Licence AR201200321.
- § 2015, March 19 - "EIA Not Required" permit for 101 drillhole locations.

- § 2015, May 5 - EIA permit was obtained for a meteorological station within Exploration Licence AR201200321.
- § 2015, June 23 - “EIA Not Required” permit for seven drillhole locations and 29 trench locations was obtained for Exploration Licences AR201201058 and AR201201059.
- § 2015, June 24 - Application of pre-forestry permit was made.
- § 2015 October 1 – “EIA Not Required” permit obtained.
- § 2015, November 20 - GSM permit was obtained.
- § 2015, October 8 - The forestry permit obtained for 52 drilling locations.
- § 2015, December 30 - AMG name changed to Artmin.
- § 2016, January 13 - Application for operation permit was made.
- § 2016, May 5 - EIA permit obtained.
- § 2016, May 26 - forestry permit obtained for 30 drilling locations.
- § 2015, August 18 – Mariana Resources release the maiden Mineral Resource estimate, undertaken by RPM in accordance with the JORC reporting code, 2012 Edition.
- § 2015, November 10 – Mariana Resources NI 43-101 Hot Maden Gold Copper Project report lodged on SEDAR.
- § 2016, January 26 – Mariana Resources announces execution of Hod Maden JV with LIDYA at 30%. Mariana Resources and 70% Lidya, the board makeup of three directors from Lidya and one from Mariana Resourdes, 20,000 metres of drilling and a Preliminary Economic Assessment (PEA) in 2016.
- § 2016, January 13 - The application of operation permit.
- § 2016, March 7 – “EIA Not Required” obtained for 16 drilling locations.
- § 2016, May 5 – “EIA Not Required” permit obtained. For AR21020031 Licence EIA permit obtained for meteorological station.
- § 2016, June 23 – “EIA Not Required” permit obtained for seven drilling locations and 29 trenches on AR201201058 Licence.
- § 2016, December 29 - The pre-forestry permit obtained.
- § 2017, March 1 – Mariana Resources NI 43-101 Technical Report Preliminary Economic Assessment Hot Maden Gold Copper Project Artvin Province, Turkey filed on SEDAR.
- § 2017, March 17 – EIA exemption permit obtained for 78 drilling locations and 22 drilling locations on AR201201058 Licence.
- § 2017, April 26 - Sandstorm Gold and Mariana Resources announce a proposed scheme of arrangement, pursuant to which Sandstorm Gold will acquire 100% of all Mariana shares outstanding for total consideration of 28.75 pence in cash and 0.2573 of a Sandstorm Gold share for each share of Mariana owned.
- § 2017, July 3 – Sandstorm Gold closes acquisition of Mariana, which holds a 30% interest in Artmin.
- § 2017, July 20 - Forestry permit obtained for 30 drilling locations.

Geological Setting, Mineralization and Deposit Types

Turkey is located in the Alpine Orogenic Belt between the Eurasian Plate in the North, and Arabian and African Plates in the South. Four main east-west trending tectonic belts cross the country from north to south. These are the Pontides, Anatolides, Taurides and Border Folds, all of which are the result of ongoing continental collision, subduction and sedimentation during the Mesozoic era. The Hod Maden Project is situated within the Eastern Pontides tectonic belt, which coincides with the 500 kilometres long, and 50 to 75 kilometres wide mountain chain extending along the south-eastern Black Sea coastline. Geologically, the Eastern Pontides formed as part of an island-arc system, generated by the subduction of the floor of the Tethyan Ocean and associated with the Alpine Orogeny, during the Jurassic and Neogene periods. The Hod Maden Project lies on the eastern margin of an extensive domain of Cretaceous age arc-related volcanic stratigraphy reportedly of similar age to the volcanic domain extensively exposed further north in the Artvin district and northwest towards the Black Sea coast; which hosts several volcanogenic massive sulphide type (Cayeli, Cerattepe) deposits. Several small inliers of Tertiary (early to middle Eocene) age volcanic units are mapped in the more eastern volcanic domain in the Ardanuc and Ardala sectors and the true extent of these Tertiary inliers may well be under-represented in the poor quality regional mapping. A feature of interest is the sharp linear north to north-northeast striking west boundary of the domain, which may reflect an important orogen-oblique (and possibly deep-rooted basement) structure.

Dacitic/rhyodacitic unit is the youngest unit of this volcanic package. Ferrocretes were randomly separated to the field and locally overlay the volcanic units. Unaltered Felsic Dome at the westernmost part of the field includes 5 centimetres to 15 centimetres thick joint/fracture sets that were filled by lead-zinc and copper mineralization. The Hod Maden Fault Zone ("**HMFZ**") has a north/northeast-south/southwest direction and 800 metre thickness and it is obvious with strong alteration and sharp edges. This main fault zone consists of volcanic units (andesite/dacite) at the centre and volcano sedimentary unit at the sides. At the last phase of the magmatisim felsic and mafic dykes cut all the mineralized bodies. While, gold and copper mineralization was related to almost vertical phreatic breccia body, lead and zinc mineralization was related to the argillic altered volcano sedimentary unit. At the study area there is also east-west trending faults which intersect the main fault zone at Yukarı Maden village. Strongly crushed this junction area was preferred by the hydrothermal fluids because of the high porosity. North-northeast oriented HMFZ is about 0.8 kilometres wide and 4.2 kilometres long. The volcano-sedimentary unit which is located at the eastern part of the main fault zone dips towards the east at 80 degrees to 90 degrees. The volcano-sedimentary unit is located at the western part of the main fault zone and dips west at 80 degrees to 90 degrees. Gold and copper mineralization in the main ore body is hosted by strongly silicified breccia that consists of jasperoidal silica clasts, quartz/pyrite and quartz/chalcopyrite veins. At the deeper level of the mineralization, an anhydrite phase was observed. This anhydrite phase which includes chalcopyrite mineralization cuts the breccia body and dilutes the gold grades. The gold/copper mineralized body is surrounded by lead and zinc mineralization. There is an alteration zonation that comprises argillic alteration at the centre and propylitic alteration at the peripheral of the argillic alteration. There is wide spread silicification and argillic alteration with iron oxide along the main fault zone. From detailed mapping and drilling studies, it is considered that disseminated or vein type gold-silver-copper-lead-zinc mineralization is accompanied with dense pyrite mineralization. Copper mineralization at depth was observed as copper oxide staining at the surface. Gold mineralization occurred as least 2 different phases which are gold intimately associated with pyrite and gold with chalcopyrite. Rock samples and soil sample anomalies show coincidence with the north-northeast oriented main fault zone. It is also possible to see old adits, dump materials and slags all around the project site.

Gold-copper mineralization is broadly associated within a sub-vertical, north-northeast trending fault zone (the " **Hod Maden Fault Zone**"), with mineralization occurring in andesitic breccias and dacitic tuffaceous sediments as quartz-sulphide (pyrite-chalcopyrite) +/- hematite/jasperoid breccias and locally massive sulphides (pyrite-chalcopyrite). The highest grade gold-copper mineralization appears to lie along the eastern margin of the gold-copper mineralized zone. Stratabound-style sinc-lead (sphalerite-galena) mineralisation flanks the gold-copper zone to the east and locally to the west. Hydrothermal alteration adjacent to the gold-copper zone is dominated by argillic and phyllic assemblages.

The Hod Maden Fault Zone at surface is a broadly north-northeast striking corridor of gossanous and locally argillic/phyllic hydrothermal alteration that strikes through the property for seven plus kilometres with a width of up to 300 metres. Locally it has intense pyrite/chalcopyrite with a significant component of supergene clay alteration. In the south zone, quartz-sulphide vein type mineralization and breccias containing sulphides; locally reaching massive to semi-massive proportions and often coarse-grained, including pyrite, sphalerite, chalcopyrite and galena with associated gangue of coarse crystalline to comb quartz, minor calcite, possibly iron carbonate, chlorite, barite and minor pink rhodochrosite. Early deposition of fine-grained pyrite is evident, perhaps followed by coarse sphalerite; locally with quartz, coarse pyrite and galena. Post-dating some massive sphalerite deposition are at least two generations of comb quartz-pyrite-chalcopyrite veins which both follow and locally crosscut the early stage vein structures. This paragenetic stage may correspond with copper mineralized veins in the central part of the property. Here quartz-pyrite-chalcopyrite veining locally overprints the margin of the adjacent clay-sericite-pyrite altered felsic flow dome. In the central zone, quartz-sulphide vein mineralization styles are very similar to the south zone, though differ by the presence of sphalerite and galena in veins proximal to the main fault. The Central/North zone comprises the current focus for drilling and hosts the discovery drillhole HTD-004. Drillholes have intersected stratabound gold-copper, both in silicified and brecciated andesite and massive "bedded" sulphides, "overlain" by zinc mineralization in volcaniclastic rocks. Extremely high grades of gold, along with accompanying copper and zinc, characterize the mineralization in this area. Jasper is frequently present in association with breccia and ultra-high grade zones, although the correlation is not rigorous.

The Hod Maden Project area is prospective for several deposit types. The Hod Maden properties are located in the Eastern Pontides metallogenic province, a tectonic belt comprising part of a volcanic island-arc system. The province is of Jurassic through Miocene age and hosts a great number of base metal deposits. The province extends over an area of more than 500 kilometres east-west and 50 kilometres to 75 kilometres north-south and consists of a 2,000 metre to 3,000 metre thick sequence of volcanic rocks with minor intercalations and lenses of marine sediments which are divided into three stratigraphic cycles. The ratio of economically important base metal deposits changes along the general strike of the province from east (copper>>lead+zinc) to west (lead+zinc>>copper).

Approximately 40 kilometres to the northwest of the Hod Maden Project, the Murgul copper-(lead-zinc) deposit is one of Turkey's largest copper producers. Genetically, Murgul is assigned to a sub-volcanic-hydrothermal formation related to island-arc volcanism. It has been interpreted as a transitional type tending to porphyry copper deposit style (Murgul type). By comparison, the deposits of the Lahanos and Madenköy, 170 kilometres west of the Hod Maden Project, in the western part of the metallogenic province are assigned to the Kuroko-type. Closer to the project, several deposits have also been documented to be of volcanogenic massive sulphide type (VMS) including Cayeli, an operating mine and Cerattepe, a potentially viable operation. Just 25 kilometres to the north of the Hod Maden Project lies the Ardala-Salinbas prospect, which is an intrusion related system with the mineralization hosted in limestones that stratigraphically overlie the Hod Maden volcano-sedimentary package.

The current view of Mariana Resources/Lidya in relation to the genetic model for Hod Maden favours a sub-volcanic hydrothermal model with the bulk of the breccia style mineralization formed between the epithermal and porphyry levels. This is similar to the high-sulphidation epithermal type although lacking significant concentrations of enargite and silver.

Exploration

Surface exploration studies such as mapping and geochemical sampling were carried out by AMG Company (AMG). During these studies, AMG made detailed mapping on the license within ER 20050853 and collected 403 rock samples, 126 soil samples and 42 stream sediment samples from the project site. Rock channel samples collected from two different targets return encouraging results helping to move the project forward. Average results were 128 metres at 1.34 grams per tonne gold with a maximum grade of 14.4 grams per tonne gold and 90 metres at 1.74 grams per tonne gold with a maximum grade 53.90 grams per tonne gold.

In 2015, Enerson Engineering and Geophysical Explorations Company carried out a gravity survey for Polimetal Madencilik A.Ş (Polimetal, a subsidiary of Lidya) on the operation licence area. The purpose of the study was to delineate the border of buried mineralized rocks thought to have higher density than surrounding barren country rock. In this survey, gravity observations were made by using Scintrex CG-5 Autograv. Gravity observations were conducted at 267 stations. Stations were spaced 20 metres apart along eight profiles. The maps were plotted in accordance with ED1950 UTM Datum Zone 37 except where stated otherwise.

Drilling

All drilling during the period 2014 to 2017 was carried out by an independent contractor Geoteknik Drilling. The initial drilling used a new track mounted wireline Hanjin D&B rig and a custom Turkish manufactured rig. The Turkish rig was swapped for another Hanjin D&B rig in June 2015. All holes are either HQ or PQ in sized diamond drilling. A total of 190 holes were drilled including fifteen holes which were twinned due to problems with core recovery near the surface. The average length of the holes was 309 metres with a maximum of 636 metres and minimum of 12 metres. The maximum vertical distance reached was approximately 570 metres below surface. Drilling is spaced on an approximate 45 metres east x 30 metres north grid, and most holes dip approximately 60 degrees, either to the west or east. Drillholes up to hole number HTD-007 were not down-hole surveyed. Holes HTD-008 to HTD-167A were down-hole surveyed using a Devico survey tool by Geoteknik. Surveys were taken whilst drilling and/or at the completion of drilling from bottom up or top down. The survey interval was 40 metres, starting at 10 metres below the collar. Drillholes were initially located using DGPS or differential GPS. The final collar positions were located by a licenced surveyor. The drill core was collected and transported to the logging facilities where it was geologically logged, photographed and cut for sampling.

Sampling, Analysis and Data Verification

Since the commencement of drilling in 2014, Lidya has implemented QA/QC system utilising certified reference standards, blanks and field duplicate samples. The program included:

- submission of one standard every 20th sample;
- submission of two blanks in every assay batch; and
- field duplicates every 40th sample.

All standards and blanks were certified and obtained from an independent third-party provider, Geostats Pty Ltd. Eight Geostats Pty Ltd certified standards (eight gold standards and four base metal standards) were inserted at a rate of approximately 1:20. Field duplicates consist of one half of the remaining half core split into quarter core with a core saw. Two certified laboratories have been used for the primary sample analysis:

- SGS Ankara received samples from June 14, 2014; and
- ALS Chemex in Ankara received samples from April 28, 2015.

Drillhole samples were tested at ALS Chemex. Rock, soil and sediment samples were tested at SGS Ankara. Core samples were cut in half at site by the Artmin geology department and sent directly to the laboratory. Necessary grinding and other preparations were done at the related laboratory. Except for ALS Chemex and SGS Ankara, no other laboratory was used for sample preparation. The laboratory crushes and pulverising the sample to produce a 50 gram charge for fire assay for gold, in addition to a 33 element four acid digestion with ICP-AES analysis.

Normal security measures are undertaken throughout the sampling and shipping processes. Half core is placed in a numbered sample bag and the other half stored in the core box for reference. Collected samples are stored in an area of the camp at Yukarimaden that is separate from the rest of the camp facilities to minimize unnecessary traffic near the sample processing area. After the samples are placed in plastic bags and secured by ties, they are placed in sequence, inside a shelter constructed for that purpose. When sufficient samples are generated, they are placed in larger sacks that are labelled with the sample sequence they contain and the sacks are then securely closed. Samples are then dispatched to SGS's Ankara sample preparation laboratory. Currently the retained split core is stored on site at Yukarimaden.

Based on the results of the quality control, the Hod Maden Report considers the following:

- blanks and additional standards should be included for copper as it is considered a valuable metal;
- the results from the blank assays indicate good equipment cleaning;
- the laboratory has a low-grade bias for the two low grade gold standards (0.51 grams per tonne gold and 0.643 grams per tonne gold);
- the copper, lead and zinc standard results appear to more variable than the gold standards;
- there are no field or coarse rejects duplicate samples being assayed as onsite geologists considers by sawing the core in half, duplicate samples are not required. Field and coarse rejects duplicate samples should be included as a check on sample preparation procedures; and

· the drillhole sample assays are suitable for the estimation and reporting of the Mineral Resources under NI 43-101.

Mineral Processing and Metallurgical Testing

SGS collected samples from 19 drillholes for metallurgical testing. The samples collected were all located within the main area and within the main area of gold and copper mineralisation. The samples were collected within the main lithological units containing the mineralization including chlorite-andesite-breccia, massive sulphide and gypsum volcanosediments. The Hod Maden Report concludes that the samples collected were appropriate to gain an understanding of the metallurgy of the different rock types being mined and processed.

Mineral Resource Estimates

The following table sets forth the estimated Mineral Resources for the Hod Maden Project as of March 19, 2018. Only gold and copper are considered economic and the other elements are included for completeness:

	Tonnes (000s)	**Gold Equivalent (grams per tonne)**	**Gold Grade (grams per tonne)**	**Copper (%)**	**Gold Ounces (000s)**	***Copper (millions of Pounds)***
Main Area						
Measured	5,147	15.9	12.8	1.6	2,124	*178.1*
Indicated	3,862	12.1	8.0	2.1	996	*179.4*
Total Measured and Indicated:	**9,009**	**14.3**	**10.8**	**1.8**	**3,120**	***357.6***
South Area						
Measured	0	0	0	0	0	*0*
Indicated	2,536	4.3	3.6	0.4	297	*19.8*
Total Measured and Indicated:	**2,536**	**4.3**	**3.6**	**0.4**	**297**	***19.8***
Main Area plus South Area						
Measured	5,147	15.9	12.8	1.6	2,124	*178.1*
Indicated	6,398	9.0	6.3	1.4	1,293	*199.3*
Total Measured and Indicated:	**11,545**	**12.1**	**9.2**	**1.5**	**3,416**	***377.4***
Inferred						
Main Area Inferred	415	3.8	1.8	1.0	24	*9.3*
South Area Inferred	428	3.9	3.3	0.3	46	*2.8*
Total Inferred:	**843**	**3.9**	**2.6**	**0.7**	**70**	***12.1***

(1) All Mineral Resources conform to NI 43-101 and CIM definitions for Mineral Resources.
(2) Mineral Resources are based on a cut-off grade of two grams per tonne gold equivalent.
(3) Mineral Resources are total and inclusive of any Mineral Reserves.
(4) Totals may not add up due to rounding.
(5) No allowance has been made for any previous mining.
(6) The gold equivalent formula is: *AuEq = Au+((Cu*22.0462*3.00*0.942*0.951)/(1250*0.98.*0.771/31.1035))*, based upon: (i) converting copper weight into pounds to tonnes = 22.0462; (ii) the value of copper per pound = $3.00; (iii) the value of gold per ounce = $1,250; (iv) converting the gold weight from grams to ounces = 31.10348; and (v) gold recovery of 77.1%, copper recovery of 94.2%, gold payability of 98% and copper payability of 95.1%. The gold equivalent has been calculated after estimation of copper and gold grades.
(7) The South Area is defined as being south of 4,542,025 mN.
(8) Rodney Webster, MAusIMM, MAIG, Principal Geologist for AMC Consultants Pty Ltd., a QP under NI 43-101, has reviewed and approved the Mineral Resources set forth above.

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 of Directors. The Company has not paid any dividends since its incorporation.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The authorized share capital of the Company consists of an unlimited number of Common Shares. As of March 29, 2018, 184,058,630 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.

Warrants

Publicly Traded

During the financial year ended December 31, 2017, the Company had a series of 5,002,500 warrants outstanding, pursuant to which one (1) warrant entitled the holder to purchase one Common Share at a price of $14.00 until September 7, 2017 (the "**2012 Warrants**"). The 2012 Warrants were listed and posted for trading on the TSX under the symbol "**SSL.WT.B**" until September 7, 2017 when they expired in accordance with their terms.

As of December 31, 2017 and as of the date hereof, the Company has a series of 4,966,400 warrants outstanding pursuant to which one (1) warrant entitles the holder to purchase one Common Share at a price of $4.00 until November 3, 2020 (the "**2015 Warrants**") - the 2015 Warrants are listed and posted for trading on the TSX under the symbol "**SSL.WT**".

The 2015 Warrants are governed by the terms of a warrant indenture (the " **Warrant Indenture**") which provides for adjustment in the number of warrant shares issuable upon the exercise of the 2015 Warrants and/or the exercise price per warrant share upon the occurrence of certain events. From time to time, the Company and the warrant agent under the Warrant Indentures, without the consent of the holders of the 2015 Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of the 2015 Warrants. For further details, please refer to the full text of the Warrant Indenture which is filed on SEDAR at www.sedar.com.

Non Publicly Traded

As of the date hereof, the Diavik Warrants and the Yamana Warrants are each outstanding. The Diavik Warrants are only exercisable upon the holder having achieved certain development and/or production criteria.

TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the TSX under the symbol " **SSL**" and on the NYSE American under the symbol "**SAND**". None of the Company's above-mentioned publicly traded warrants (**SSL.WT.B** and **SSL.WT**) are or were listed and posted for trading on the NYSE American.

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 2017	6.080	5.250	6,448,128
February 2017	6.810	5.370	5,846,017
March 2017	6.090	5.280	6,407,741
April 2017	6.140	4.430	11,131,824
May 2017	5.100	4.370	12,288,991
June 2017	5.360	4.550	12,642,855
July 2017	5.460	4.775	8,656,462
August 2017	6.110	4.840	10,416,575
September 2017	6.050	5.570	9,401,529
October 2017	6.050	5.430	4,703,191
November 2017	5.900	5.440	5,085,196
December 2017	6.590	5.400	6,082,417

The price of the Common Shares as quoted by the TSX at the close of business on December 29, 2017 (being the last trading day in 2017) was C$6.28 and on March 28, 2018 was C$6.10.

Warrants

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 until the date of their expiration (September 7, 2017).

Month	High (C$)	Low (C$)	Volume
January 2017	0.140	0.075	188,629
February 2017	0.110	0.045	115,975
March 2017	0.060	0.025	136,363
April 2017	0.045	0.025	94,531
May 2017	0.025	0.010	160,673
June 2017	0.025	0.010	65,346
July 2017	0.015	0.010	70,012
August 2017	0.015	0.005	455,250
September 1 – 7, 2017	0.005	0.005	119,000

SSL.WT

The following table sets forth information relating to the trading of the 2015 Warrants on the TSX for the months indicated during the most recently completed financial year.

Month	High (C$)	Low (C$)	Volume
January 2017	3.480	2.650	35,960
February 2017	3.480	3.010	36,352
March 2017	3.280	2.550	89,550
April 2017	3.150	2.100	245,561
May 2017	3.040	2.200	116,196
June 2017	3.450	2.660	770,936
July 2017	2.950	2.590	125,501
August 2017	2.930	2.500	98,046
September 2017	2.910	2.470	70,778
October 2017	2.850	2.540	68,065
November 2017	2.780	2.510	79,121
December 2017	2.870	2.350	82,176

The price of the 2015 Warrants as quoted by the TSX at the close of business on December 29, 2017 (being the last trading day in 2017) was C$2.75 and on March 28, 2018 was C$2.53.

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 from January 2013 to March 2016	President and Chief Executive Officer of the Company.
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.
John P.A. Budreski (1) (2) (3) British Columbia, Canada	Director since June 2009	President and Chief Executive Officer of Morien Resources Corp.; Executive Chairman of EnWave Corporation.
David E. De Witt (1) (2) (3) British Columbia, Canada	Director since April 2008; Lead Independent Director from January 2013 to March 2016; Chairman of the Board since March 2016	Independent Businessman; Chairman of Pathway Capital Ltd. ("**Pathway**").
Andrew T. Swarthout (1) (2) Arizona, United States	Director since March 2009	Executive Chairman of Bear Creek Mining Corporation.
Mary L. Little (2) (3) Colorado, United States	Director since June 2014	Independent geological consultant.
Erfan Kazemi British Columbia, Canada	Chief Financial Officer since August 2011	Chief Financial Officer of the Company.

(1) Member of the Audit Committee.

(2) Member of the Corporate Governance & Nominating Committee.
(3) Member of the Compensation Committee.

Each director's term of office expires at the next annual meeting of shareholders of the Company or when his/her successor is duly elected or appointed, unless his/her term ends earlier in accordance with the articles or by-laws of the Company, he/she 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 – President and Chief Executive Officer. Mr. Watson has been the President and Chief Executive Officer of the Company since September 2008 and was its Chairman from January 2013 to March 2016. From May 2010 to May 2014 (when Sandstorm Metals was acquired by the Company), Mr. Watson was President and Chief Executive Officer of Sandstorm Metals and its Chairman from January 2013 to May 2014. 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 is a Chartered Financial Analyst Charterholder, a Fellow of the Chartered Professional Accountants of British Columbia (Valedictorian), and he holds a Bachelor of Commerce degree (with honours) from the University of British Columbia. Mr. Watson's leadership qualities and extensive financial, accounting and business experience are invaluable to the Board of Directors and management in achieving success for the Company in its industry.

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 was Executive Vice President of Sandstorm Metals from January 2010 to January 2013 and then its Senior Executive Vice President from January 2013 to May 2014. 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. Mr. Awram's experience evaluating hundreds of resource projects and completion of on-site due diligence on dozens of mines across the globe is invaluable to the Board of Directors and management in enhancing the Company's Gold Stream and royalty portfolio.

John P.A. Budreski – Director. Mr. Budreski has been the President and Chief Executive Officer of Morien Resources Corp. since November 2012 and Executive Chairman of EnWave Corporation since June 2014. 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. Mr. Budreski's experience and financial expertise in the investment banking and natural resources industries, combined with his knowledge of commodities and securities markets, provides the Board with valuable insight and perspective on these issues.

David E. De Witt – Chairman of the Board. 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. Mr. De Witt's intimate familiarity with all aspects of capital markets, financial transactions, mergers and acquisitions and restructuring provides value and informed perspective to management and the Board of Directors. His legal experience and work with the TSX and other forums also provides the Company with an enhanced perspective on governance issues.

Andrew T. Swarthout – Director. Mr. Swarthout has been the Executive Chairman of Bear Creek Mining Corporation since October 2017. He has been a director of Bear Creek Mining Corporation since 2008 and was its Chief Executive Officer from 2003 to September 2017. He was also its President until February 2011 and then again from August 2013 to September 2017. 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. Mr. Swarthout's extensive experience in the mining industry, coupled with his background in precious metals exploration and project development, combine to provide valuable industry insight and perspective to the Board of Directors and management.

Mary L. Little – Director. Ms. Little has been an independent geological consultant since 2014. Formerly, she was a director, Chief Executive Officer, President and founder (from October 2003 to May 2014) of Mirasol Resources Ltd., a precious metals company focused on exploration in Latin America. On March 11, 2015, Ms. Little became a director of Pure Energy Minerals Ltd. and on April 1, 2016, she became a director of Tinka Resources Ltd. Her industry experience includes 15 years in Latin America with major mining companies Newmont, Cyprus Amax and WMC Ltd., where she held management positions including Business Development Manager and Country Manager. Ms. Little has also served as trustee for the Society of Economic Geologists Foundation from 2010 to 2014. She holds a M.Sc. degree in Earth Sciences from the University of California and an MBA from the University of Colorado and is a Qualified Person under NI 43-101. Ms. Little's extensive experience in the exploration and evaluation of epithermal precious metals deposits, as well as porphyry and sediment-hosted mineral environments provides the Board and management with valuable industry insight.

Erfan Kazemi – Chief Financial Officer. Since August 2011, Mr. Kazemi has been the Chief Financial Officer of the Company and he was the Chief Financial Officer of Sandstorm Metals from August 2011 to May 2014. 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 Financial Analyst Charterholder, a Chartered Professional Accountant and he also holds a Bachelor of Science (Mathematics) from the University of British Columbia. Mr. Kazemi brings an important range of extensive financial, accounting and business experience to the Board of Directors which is vital in managing the Company's business.

As at March 28, 2018, the directors and executive officers of Sandstorm Gold, as a group, beneficially owned, directly and indirectly, or exercised control or direction over, 2,790,760 Common Shares, representing approximately 1.52% 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. ("**EarthFirst**") until March 2, 2010. EarthFirst was 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 amalgamated with another entity and no longer exists as a separate entity. In addition, Mr. Budreski became a director of Colossus Minerals Inc. ("**Colossus**") in late March of 2014 pursuant to the terms of, and upon the completion of, a Court supervised restructuring. Prior to Mr. Budreski joining the Board of Colossus, Colossus had failed to file its requisite disclosure materials with the applicable regulatory bodies and, on April 29, 2014, the Ontario Securities Commission issued a cease trade order against Colossus. As of the date hereof, the cease trade order remains in effect; 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, 2015, 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 2015 Warrants is Computershare Trust Company of Canada at its principal offices in Vancouver, British Columbia and Toronto, Ontario.

MATERIAL CONTRACTS

The only material contracts entered into by the Company within the financial period ended December 31, 2017 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 Santa Elena Gold Stream. See “General Development of the Business - Mineral Interests - Santa Elena Gold Stream” for further details.

2. The Diavik Royalty purchase agreement. See “General Development of the Business – Mineral Interests – Diavik Mine Royalty” for further details.

3. The Copper Purchase Agreement and the Silver Purchase Agreement. See “General Development of the Business – Mineral Interests – Multi-Asset Stream Transaction with Yamana Gold Inc.” for further details.

4. The Houndé Royalty purchase agreement. See “General Development of the Business – Mineral Interests – Houndé Royalty” for further details.

INTERESTS OF EXPERTS

Qualified Persons Under NI 43-101

Ramon Mendoza Reyes, P. Eng., Vice President Technical Services for First Majestic, a qualified person under NI 43-101, has reviewed and approved the scientific and technical disclosure relating to the Santa Elena Mine contained in this AIF.

Yohann Bouchard, P.Eng., Senior Vice President, Operations for Yamana, a qualified person under NI 43-101, has reviewed and approved the scientific and technical disclosure relating to the Chapada Mine contained in this AIF.

Keith Laskowski, MSc., Vice President Technical Services for the Company, a qualified person under NI 43-101, has reviewed and approved the scientific and technical disclosure relating to the Diavik Mine contained in this AIF.

Keith Laskowski, MSc., Vice President Technical Services for the Company, a qualified person under NI 43-101, has reviewed and approved the scientific and technical disclosure relating to the Houndé Mine contained in this AIF.

Rodney Webster, MAusIMM, MAIG, Principal Geologist for AMC Consultants Pty Ltd, a qualified person under NI 43-101, has reviewed and approved the scientific and technical disclosure relating to the Hod Maden Project contained in this AIF.

Each of the aforementioned firms or persons are independent of the Company (with the exception of Mr. Laskowski), and held either less than 1% of the outstanding Common Shares or 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, other than Mr. Laskowski who is an employee of the Company.

Auditors

The Company's independent auditors are PricewaterhouseCoopers LLP, Chartered Professional Accountants, who have issued a Report of Independent Registered Public Accounting Firm dated February 15, 2018 in respect of the Company's consolidated financial statements as at December 31, 2017 and December 31, 2016 and for each of the years then ended and the Company's internal control over financial reporting at December 31, 2017. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Company within the meaning of the Chartered Professional Accountants of British Columbia Code of Professional Conduct 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, Mr. Swarthout has been a Director and executive officer of Bear Creek Mining Corporation since 2003. He was a Director of Rio Cristal Resources Corporation from December 2006 to September 3013 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*	*Tax Fees (1)*	*All Other Fees (2)*
2017 (December 31)	C$370,900	NIL	C$18,870	C$1,690
2016 (December 31)	C$337,000	NIL	C$68,260	C$1,690

(1) Tax advisory fees relating to due diligence as to tax components of contemplated streams and royalties and other.
(2) Fee for online IFRS accounting manual database.

ADDITIONAL INFORMATION

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 April 10, 2017 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 2018 annual meeting of shareholders currently scheduled to be held in June 2018 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, 2017.

Disclosure Controls and Procedures

An evaluation was carried out under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures as required under applicable Canadian and United States securities legislation ("**Securities Legislation**"). Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as of December 31, 2017, the Company's disclosure controls and procedures were effective in ensuring that: (i) information required to be disclosed by the Company in documents and reports that it files or submits to the regulators in Canada and the United States under applicable Securities Legislation was recorded, processed, summarized and reported within the time periods specified in such applicable Securities Legislation and designated forms; and (ii) material information required to be disclosed in the Company's documents and designated forms filed under such Securities Legislation was accumulated and communicated to the Company's management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow for accurate and timely decisions regarding required disclosure.

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.

Exhibit 99.2



Corporate & Shareholder Information

STOCK EXCHANGE LISTINGS

Toronto Stock Exchange
TSX: SSL

New York Stock Exchange
NYSE.AMERICAN: SAND

TRANSFER AGENT

Computershare Investor Services
2nd Floor, 510 Burrard Street
Vancouver, British Columbia
V6C 3B9

T 604 661 9400

CORPORATE SECRETARY

Christine Gregory

AUDITORS

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place
Suite 1400, 250 Howe Street
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V6C 3S7

T 604 806 7000
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BOARD OF DIRECTORS

Andrew T. Swarthout
David Awram
David E. De Witt
John P. A. Budreski
Mary L. Little
Nolan Watson

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Toronto, Ontario
M5C 1B5

T 416 238 1152

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13 Management Team

SECTION 02

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Company Profile

Sandstorm Gold Ltd. is a gold streaming and royalty company. Sandstorm provides upfront financing to gold mining companies that are looking for capital and in return, receives the right to a percentage of the gold produced from a mine, for the life of the mine. Sandstorm has acquired a portfolio of 174 streams and royalties, of which 21 of the underlying mines are producing. Sandstorm plans to grow and diversify its low cost production profile through the acquisition of additional gold streams and royalties.

A Message to Our Shareholders

It is not an exaggeration to say that double digit returns were ubiquitous in equity markets during 2017. We are experiencing one of the longest bull markets in history and the developed world saw equity market returns of between 15% and 20%, on average! Most investors would concede that almost all asset classes are looking expensive whether it be stocks, real estate, or Bitcoin, but at this stage of the cycle there is an asset that I think is surprisingly cheap, and that's gold.



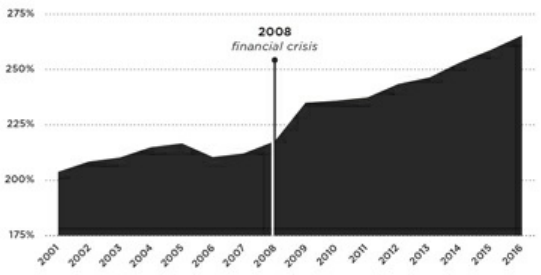


I think gold is cheap given the backdrop of central banks attempting to normalize interest rate policy, because with the world awash in debt at the government, corporate and individual levels, there is little room to raise rates without bursting the various financial bubbles in the market. One alternative for central bankers is to keep interest rates low and allow the economy to run hot, which could cause material inflation and lead to people looking to real assets such as gold to protect against inflation. Alternatively, central bankers could continue materially increasing interest rates and risk causing the next credit crisis. Since the world is significantly more indebted than before the 2008 credit crisis, the next crisis could be far worse than the last one resulting in investors looking for safe-haven investments, which would also be great for gold. Either way, gold wins! We are in a goldilocks scenario that we think plays out over the next few years and as a Sandstorm shareholder, you are in a good position to profit from these outcomes.

Global Debt (% of GDP)

public and private non-financial sector

WEIGHTED AVERAGE



Source: Bank for International Settlements 87th Annual Report, June 25, 2017

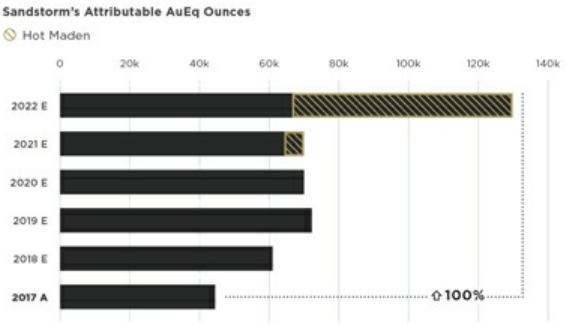
In the background, Sandstorm has quietly gone about its business. Our portfolio of royalty assets generated a record $45 million in annual cash flow during 2017 and we sold $33 million in non-core assets which together helped fund our most active year yet. We deployed more than $240 million during the year and added almost 40 royalties in the process.



Sandstorm Technical Team
Reviewing data from the Hot Maden project

The other anchor asset that we added to the Sandstorm royalty portfolio was the Hot Maden 30% net profits interest. Hot Maden is a high-grade, gold-copper project located in northeast Turkey and is one of the best discoveries of the last decade. But because the project operator is a private Turkish company, Hot Maden did not experience the level of acclaim that you would expect from one of the most economically robust development-stage projects in the world. As a result, we were able to pick up the royalty asset at an attractive valuation and we did it in an unconventional manner by acquiring Mariana Resources plc, a junior exploration company that held the 30% net profit interest. The deal initially took the market by surprise, but it didn't take long for investors to get excited about its merits.

Hot Maden will increase Sandstorm's attributable gold production by approximately 100% when the mine starts operating, and we won't have to wait long. A Pre-Feasibility study is expected to be released within the next few months and then the permitting process will begin. Once the permits are in hand, we expect an 18-month construction period followed by at least a decade of gold and copper production, generating hundreds of millions of dollars of cash flow to Sandstorm. The addition of Hot Maden is expected to propel Sandstorm's annual cash flow to above the $100 million mark, a level that puts our company in an enviable position and will allow us to return capital to shareholders while continuing to make acquisitions and grow the business. Like Houndé, the exploration potential at Hot Maden is substantial and we are excited to see its future success play out over the next several years.



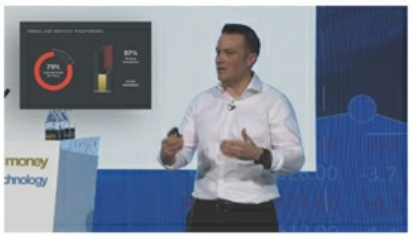
Together, the Houndé and Hot Maden acquisitions provide meaningful cash flow now as well as substantial growth for the future, and nicely supplement the foundation of assets that we've built over the last 9 years.



Two other development-stage assets that are worth highlighting are the Cerro Moro and Aurizona projects in South America as both projects will transition to producing mines during 2018. Cerro Moro is located in Argentina and is being built by Yamana Gold Inc. The operation will process high-grade gold and silver material and is expected to reach commercial production around mid-year. Yamana has forecasted output of 150,000 ounces of gold and 7.2 million ounces of silver annually during the first few years of operations and Sandstorm will be purchasing 20% of the silver at 30% of the spot price beginning in 2019. The silver stream will add more than $10 million in annual cash flow for many years to come.

The Aurizona project in Brazil is another asset that we're excited to see up and running. The project is a past-producer and is in the hands of the newly formed mid-tier, Equinox Gold Corp. The company is fully funded to production and is expected to pour gold during Q4, followed by a ramp up period to approximately 135,000 ounces of gold production per year. Sandstorm has a 3% to 5% sliding scale NSR royalty in Aurizona and we expect that the mine will have a long operating life.

We have a unique vantage point here at Sandstorm as we are in regular conversation with senior mining executives across the industry as well as other financiers including bankers, brokers and private equity firms. A consistent theme from all our interactions has been that raising money as a resource company has been a struggle. But I don't believe that the industry is capital starved due to a lack of investors. No, the problem has been that the finance world has undergone permanent structural changes and as an industry, we're trying to source water from the same dry well.

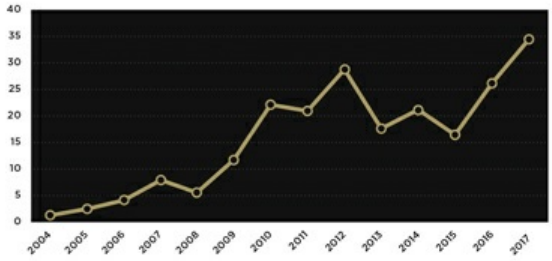


Nolan Watson on "Where Did All The Equity Go?" Keynote speech from 2017 Mines and Money in London

The structural changes that I'm talking about are things like the estimated $1 trillion dollars flowing out of the hands of active investors, and into passive investment vehicles during 2017. To use Sandstorm as an example, we've seen our investor base go from 0% passive in 2014 to approximately 30% today. That's a big shift. The issue is that passive investors do not participate in equity capital raises by virtue of how they are set up to operate.

Disruptive technologies have also had a marked impact, reducing the number of intermediaries across the finance world. I'm talking about innovations like the discount brokerage account that enables you and I to buy and sell securities from home, for commissions that are fractions of the cost of what traditional brokers charge. A more recent innovation along the same vein is the robo-advisor, an automated investment manager that has captivated the next generation of investors, a demographic who are more comfortable with trusting technology to optimize their portfolio, rather than a finance guy in a suit. To understand the extent of these changes in the resource sector, we talked to one of Canada's largest banks and asked how many mining focused bankers and brokers they employed today as compared to 5 years ago. The answer was that the head count of their mining group had declined by 78%. And this is not an isolated story! Brokers and bankers are disappearing at a rapid rate and I don't think they're coming back.

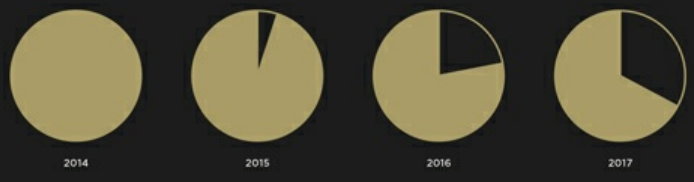
Combined Market Cap of Stream and Royalty Companies
in $US Billions



Fortunately for the mining industry, stream and royalty companies like Sandstorm have helped to fill in the financing gap, growing from relative obscurity 10 years ago to more than $30 billion in combined market capitalization today. But the royalty companies can't be the only solution. As an industry, we need to change the way that we think about raising capital.

"As an industry, we need to change the way that we think about raising capital."

Sandstorm Shareholder Base
● Active Investors vs. ○ Passive Investors



At Sandstorm, we're committed to innovation; to thinking outside the box and reinventing the way resource companies think about project finance. Something new that we're putting together this year is an internal marketing group that will be 100% focused on attracting investors to Sandstorm and our royalty partners. We spend a great deal of time and energy completing due diligence on the projects and companies that we invest in and the goal is to find others who can benefit from our work.

With the success that Sandstorm had in 2017, we've been able to attract the attention of a broader pool of investors recently. Not because generalists are gravitating towards gold per se, but rather they're attracted to our business. The fact that we have a diverse portfolio of stable, cash flowing royalties, that we have an industry leading growth profile ahead of us and that there is a huge amount of optionality that you currently get for free as an investor. What I'm talking about is the more than 130 royalties in our portfolio that cover exploration-stage properties, many of which are being actively explored. We have seen some very exciting discoveries come from exploration properties in our royalty portfolio and we expect that this portfolio will continue to provide our investors with positive surprises.

We are glad to have you as a shareholder here into our 10th year as a company. I am optimistic that it will be another step forward for our group.

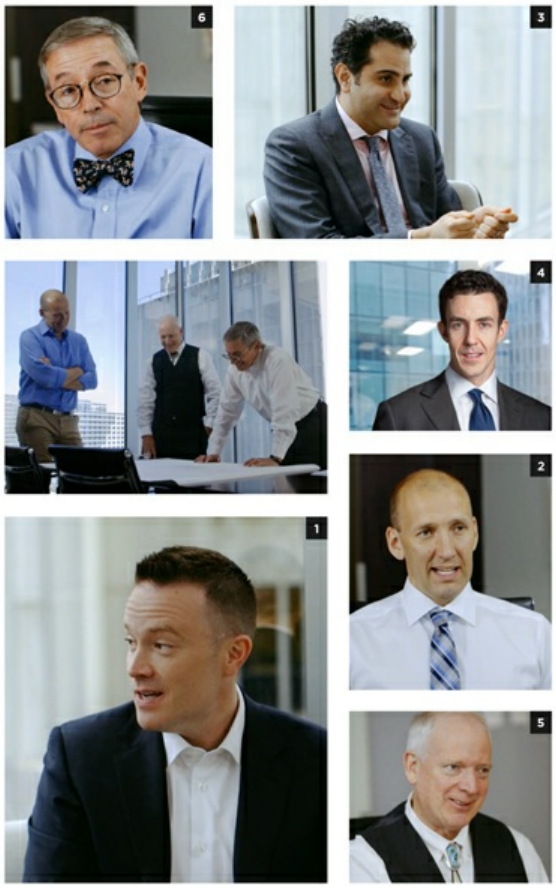
Sincerely,

NOLAN WATSON
PRESIDENT AND CEO



Taking the Mining Industry by Storm

1. **Nolan Watson** | FCPA, FCA, CFA
   President and CEO
2. **David Awarm** | B.Sc, Geologist
   Sr. Executive VP
3. **Erfan Kazemi** | CPA, CA, CFA
   Chief Financial Officer
4. **Adam Spencer** | CFA
   Sr. VP of Corporate Development
5. **Tom Bruington** | P.Eng., M.Sc
   Executive VP of Project Evaluation
6. **Keith Laskowski** | Mining Geologist, MSc, QP
   VP of Technical Services



Sandstorm's management team has an optimal balance of deal making and technical expertise. The Company's founders, Nolan Watson and David Awram, have been completing stream and royalty financings for almost 15 years. Erfan Kazemi and Adam Spencer round out our senior management team and together the group has executed more than $3.0 billion in transactions.

Our in-house technical team consists of Tom Bruington and Keith Laskowski who individually have more than 30 years of experience evaluating resource projects and have each worked in or conducted project evaluations in more than 60 countries. Needless to say, our technical team has seen it all and they work hard to ensure that Sandstorm invests in quality projects with exploration upside.



Teaming With Experience

1. **Mary L. Little** | Director

   Founder and Director of Mirasol Resources. Ms. Little led Mirasol's growth as a successful prospect generator, and spearheaded corporate development activities, including the negotiation of joint ventures and the sale of a principal asset.

2. **Andrew T. Swarthout** | Director

   Founder and Executive Chairman of multi-asset silver company, Bear Creek Mining. Mr. Swarthout has participated in several discoveries and reserve expansions on projects in North and South America that are in production or will be in production in the future.

3. **David Awram** | Director Cofounder

   Cofounder of Sandstorm and former Director, Investor Relations for Wheaton Precious Metals. Mr. Awram has overseen the company's corporate development group, evaluating hundreds of projects and completing on-site due diligence on dozens of mining projects across the globe.

4. **Nolan Watson** | Director Cofounder

   Cofounder of Sandstorm and former CFO of Wheaton Precious Metals. Mr. Watson has been involved in more than $2 billion in streaming and royalty transactions and has won numerous awards for his professional and charitable achievements.

5. **David E. De Witt** | Chairman

   Founder and Chairman of venture capital firm, Pathway Capital. Mr. De Witt practiced corporate and securities law prior to Pathway and has held directorships in many public companies involved in the natural resource field.

6. **John P. A. Budreski** | Director

   President and CEO of bulk commodities royalty company, Morien Resources. Prior to Morien, Mr. Budreski was the Vice Chairman of Cormark Securities and has more than 25 years of experience in the resource and resource financing industries.

SANDSTORM GOLD LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Annual 2017

For The Year Ended December 31, 2017

This management's discussion and analysis ("MD&A") for Sandstorm Gold Ltd. and its subsidiary entities ("Sandstorm", "Sandstorm Gold" or the "Company") should be read in conjunction with the audited consolidated financial statements of Sandstorm for the year ended December 31, 2017 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 February 15, 2018 and all figures are stated in U.S. dollars unless otherwise noted.

COMPANY HIGHLIGHTS

Operating Results – A record year in terms of production, revenue and cash flow

Attributable Gold Equivalent ounces sold (as defined hereinafter), for the three months and year ended December 31, 2017 were 12,032 ounces and 54,633 ounces, respectively, compared with 13,245 ounces and 49,731 ounces for the comparable periods in 2016. Attributable Gold Equivalent ounces sold for the most recently completed year represented a record for the Company.

Revenue for the three months and year ended December 31, 2017 was $15.4 million and $68.3 million, respectively, compared with $16.5 million and $62.4 million for the comparable periods in 2016. Revenue for the most recently completed year represented a record for the Company.

Cash flows from operating activities for the three months and year ended December 31, 2017 were $9.9 million and $44.8 million, respectively, compared with $10.1 million and $39.0 million for the comparable periods in 2016. Operating cash flows for the most recently completed year represented a record for the Company.

Cost of sales, excluding depletion for the three months and year ended December 31, 2017 were $4.1 million and $15.3 million, respectively, compared with $3.3 million and $12.8 million for the comparable periods in 2016.

Average cash costs for the year ended December 31, 2017 of $280 [1] per Attributable Gold Equivalent ounce, compared with $258 [1] per Attributable Gold Equivalent ounce for the year ended December 31, 2016.

1) *Refer to section on non-IFRS and other measures of this MD&A.*

Significant Acquisitions – Acquired over 35 royalties in 2017

On July 3, 2017, Sandstorm completed its previously announced arrangement to acquire all the issued and ordinary share capital of Mariana Resources Ltd. (that Sandstorm did not already own). Under the terms of the arrangement and as consideration for the acquisition, the Company issued 32,685,228 common shares and paid an additional $47.3 million in cash. The transaction and the addition of the 30% Hot Maden net profits interest to the Company's portfolio of royalties provides for:

- approximately 100% increase in estimated future production for only 19% dilution;
- an anchor asset that is high-grade and low-cost with significant exploration upside;
- a strong local partner with experience in exploring, developing, permitting and operating projects in Turkey; and
- exploration properties in Côte d'Ivoire, Turkey, and Argentina which the Company intends on selling and retaining NSRs as well as equity in the spin outs. To date, Sandstorm has already sold a number of these assets and continues to make progress in divesting of the remaining properties.

- In January 2018, the Company acquired a 2% NSR on the producing Houndé gold mine in Burkina Faso, operated by Endeavour Mining Corporation. The royalty was acquired from Acacia Mining PLC for $45 million in cash and covers the Kari North and Kari South tenements, representing approximately 500 square kilometres of the Houndé property package. The Houndé royalty is a natural fit for the Sandstorm portfolio as the asset meets all of the criteria that the Company pursues in an acquisition including immediate increase on a cash flow per share basis, a strong counterparty in Endeavour and significant exploration upside.

Other Notable Events – Monetization of Investments, Amendments, Share buy backs and Impairments

Monetization of Securities

- In January 2018, the Company closed its previously announced agreement to sell $18.3 million in debt and equity securities of Equinox Gold Corp. to Mr. Ross Beaty. When combined with the approximately $14.4 million in sales of other debt and equity investments in 2017, the Company has monetized over $32 million of its non-core assets and reinvested the proceeds through the acquisition of new royalties.

Credit Facility Amendment

- On December 20, 2017, the Company amended its revolving credit facility by increasing the facility to $150 million and adjusting its terms such that the facility can now be used for general corporate purposes. The tenure of the facility is four years and is extendable by mutual consent of Sandstorm and the majority of the banking syndicate.

Gold Stream Amendment

- During the year ended December 31, 2017, the Company amended the Bachelor Lake Gold Stream with Metanor Resources Inc. Beginning October 1, 2017, Sandstorm will purchase 20% of the gold produced from the Bachelor Lake mine at an ongoing cost of $500 per ounce, until 12,000 ounces of gold have been purchased by the Company at which time the Gold Stream will convert into a 3.9% NSR. As part of the amendment, Metanor has agreed it will sell a minimum of 1,500 ounces of gold to Sandstorm on a quarterly basis until the 12,000 ounce threshold has been reached. In consideration for the amendment, Sandstorm received:

    - a 3.9% NSR on Metanor's Barry project; and
    - $2.0 million in the common shares of Metanor.

  The amendment allows Sandstorm to maintain meaningful exposure to production from the Bachelor Lake mine while adding a royalty on the Barry project, an advanced exploration-stage asset located in the emerging Urban-Barry camp.

Share Buy-Back Update

- Under the Company's normal course issuer bid, the Company is able until April 4, 2018, to purchase approximately 7.6 million common shares. During the year ended December 31, 2017, the Company purchased approximately 4.1 million common shares.

Impairments

- During the year ended December 31, 2017, the Company recognized $9.1 million in impairments relating to certain royalties within the Company's portfolio.

OVERVIEW

Sandstorm is a growth-focused company that seeks to acquire gold and other metals purchase agreements ("Gold Streams" or "Streams") and royalties 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 or at a fixed percentage of the spot price, a percentage of a mine's gold, silver, or other commodity ("Gold Equivalent") [1] 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 and royalties from mines with low production costs, significant exploration potential and strong management teams. The Company currently has 174 Streams and net smelter returns royalties ("NSR"), of which 21 of the underlying mines are producing.

1) *Refer to section on non-IFRS and other measures of this MD&A.*

OUTLOOK

Based on the Company's existing Gold Streams, Streams, and NSRs, attributable Gold Equivalent production (individually and collectively referred to as "Attributable Gold Equivalent") for 2018 is forecasted to be between 50,000 – 60,000 Attributable Gold Equivalent ounces. The Company is forecasting Attributable Gold Equivalent production of approximately 125,000 ounces per annum in 2022.

KEY PRODUCING ASSETS

Yamana Silver Stream | **YAMANA GOLD INC.**

The Company has a silver stream on Yamana Gold Inc.'s ("Yamana") gold-silver Cerro Moro project, located in Santa Cruz, Argentina (the "Cerro Moro Project" or "Cerro Moro") and an agreement to receive interim silver deliveries through 2018 from a number of Yamana's currently operating mines.

Silver deliveries

Under the terms of the Yamana silver stream, Sandstorm has agreed to purchase, beginning January 1, 2019, for ongoing per ounce cash payments equal to 30% of the spot price of silver, an amount of silver from Cerro Moro equal to 20% of the silver produced (up to an annual maximum of 1.2 million ounces of silver), until Yamana has delivered to Sandstorm 7.0 million ounces of silver; then 9% of the silver produced thereafter.

As part of the Yamana silver stream, through 2018, Sandstorm has also agreed to purchase, for ongoing per ounce cash payments equal to 30% of the spot price of silver, an amount of silver from:

i. the Minera Florida mine in Chile equal to 38% of the silver produced (up to an annual maximum of 200,000 ounces of silver); and

ii. the Chapada mine in Brazil equal to 52% of the silver produced (up to an annual maximum of 100,000 ounces of silver).

Downside protection

If by January 1, 2019, the Cerro Moro processing facility has not averaged 80% of its daily nameplate production capacity over a 30-day period (the "Commencement of Production"), then Yamana´s producing El Peñon mine in Chile will provide a 24 month backstop until the Commencement of Production has begun. During the 24 month backstop, if applicable, Sandstorm will purchase, for ongoing per ounce cash payments equal to 30% of the spot price of silver, an amount of silver equal to 16% of El Peñon´s silver production up to a maximum of 1.2 million ounces per annum.

About Cerro Moro

The Cerro Moro project is located approximately 70 kilometers southwest of the coastal port city of Puerto Deseado in the Santa Cruz province of Argentina. Cerro Moro contains a number of high grade epithermal gold and silver deposits, some of which will be mined via open pit and some via underground mining methods. The current plan indicates average annual production in the first three years of 150,000 ounces of gold and 7.2 million ounces of silver, with the life of mine annual production averaging approximately 130,000 ounces of gold and 6.4 million ounces of silver at a throughput of 1,000 tonnes per day.

Current activities

» Yamana recently reported that it is progressing well with respect to site construction activities and it anticipates mill commissioning will occur in the first quarter of 2018 with commercial production expected by the second half of 2018.

Chapada Copper Stream

The Company has a copper stream on Yamana's open pit gold-copper Chapada mine located 270 kilometers northwest of Brasília in Goiás State, Brazil ("Chapada" or the "Chapada Mine"). Under the terms of the Yamana copper stream, Sandstorm has agreed to purchase, for ongoing per pound cash payments equal to 30% of the spot price of copper, an amount of copper from the Chapada Mine equal to:

i. 4.2% of the copper produced (up to an annual maximum of 3.9 million pounds of copper) until Yamana has delivered 39 million pounds of copper to Sandstorm (the "First Chapada Delivery Threshold"); then

ii. 3.0% of the copper produced until, on a cumulative basis, Yamana has delivered 50 million pounds of copper to Sandstorm (the "Second Chapada Delivery Threshold"); then

iii. 1.5% of the copper produced thereafter, for the life of the mine.

Downside protection

If Cerro Moro has not achieved the Commencement of Production and Sandstorm has not received cumulative pre-tax cash flow equal to $70 million from the Yamana silver stream, then the First Chapada Delivery Threshold and the Second Chapada Delivery Threshold will cease to be in effect and Sandstorm will continue to purchase 4.2% of Chapada's payable copper production (up to an annual maximum of 3.9 million pounds of copper), until such time as Sandstorm has received cumulative pre-tax cash flow equal to $70 million, or Cerro Moro has achieved the Commencement of Production.

About Chapada

Chapada has been in production since 2007 and is a relatively low-cost South American operation. The ore is treated through a flotation plant with capacity of 22 million tonnes per annum. Yamana has benefitted from significant discoveries at Chapada in the past and in 2016 it announced an updated reserve statement which increased proven and probable copper mineral reserves to 3.25 billion pounds of copper contained in 559.5 million tonnes at 0.26% copper (see www.yamana.com for more information on this and recent drill results). Yamana announced positive results from its exploration program which is primarily focused on increasing mineral resources and mineral reserves by testing near mine and district targets including Baru, Suruca, Buriti and Formiga. Some of the highlights include: (i) the identification of a near surface, higher grade core to the Baru deposit that lies above Sucupira, a northeast to southwest trending mineral body immediately adjacent to the north wall of the main Chapada pit; (ii) at Suruca, current drilling has discovered a higher grade core to the mineralization that is at or above current life of mine grades with metallurgy similar to the Chapada deposit; (iii) a new copper-gold mineralization identified three kilometers from the Chapada mine, called the Buriti target which adds another near surface discovery at Chapada; and (iv) given the proximity of the Baru and Sucupira deposits to plant infrastructure, studies are underway to review a larger open pit scenario that would include both these deposits.

Houndé Royalty

In January 2018, the Company acquired a 2% NSR based on the production from the Houndé mine located in Burkina Faso, West Africa ("Houndé" or the "Houndé Mine") which is owned and operated by Endeavour Mining Corporation ("Endeavour").

The royalty, which was acquired from Acacia Mining PLC for $45 million in cash, covers the Kari North and Kari South tenements, representing approximately 500 square kilometres of the Houndé property package. Nearly the entire Houndé mineral reserve of 2.1 million ounces (as of December 2014) is located on the Kari North and Kari South tenements, including the Vindaloo deposit and most of the Bouéré deposit. The highlights of the acquisition include:

- Immediate Cash Flow: Commercial production was announced on October 31, 2017 and the Houndé Mine is expected to produce 235,000 ounces of gold per year on average over the first four years of operations. The mine has an initial ten year mine life based on the current mineral reserves.
- Strong Operator: Endeavour is a mid-tier gold producer with five operating mines in Africa. The construction of the Houndé Mine was completed ahead of schedule and below budget and represents Endeavour's flagship gold mine.
- Exploration Upside: Endeavor has set a discovery target at Hound é of 2.5 million to 3.5 million ounces of gold over the next four years with $40 million in budgeted expenditures expected to occur from 2018 to 2021. A number of the high-priority targets are on the Sandstorm royalty ground.

About Houndé

Houndé is an open-pit mine with a 3.0 million tonne per year gravity circuit and carbon-in-leach plant. The gravity concentrate is processed through an intensive cyanide leach reactor followed by electrowinning to recover the gold. The carbon-in-leach feed is thickened and fed into a standard carbon-in-leach circuit. Construction of the project began in April 2016 and commercial production was announced in October 2017. Reserves referenced above include proven and probable reserves contained in 30.6 million tonnes with an average grade of 2.1 grams per tonne using a cut-off grade of 0.5 grams per tonne Au. See www.endeavourmining.com for more information.

Diavik Diamond Royalty | **RIO TINTO PLC.**

The Company has a 1% gross proceeds royalty based on the production from the Diavik mine located in Lac de Gras, Northwest Territories, Canada ("Diavik" or the "Diavik Mine") which is operated by Rio Tinto PLC ("Rio Tinto").

The Diavik Mine is Canada's largest diamond mine. The mine began producing diamonds in January 2003, and has since produced more than 100 million carats from three kimberlite pipes (A154 South, A154 North, and A418). Rio Tinto has approved the development of an open pit mine on a fourth pipe (A21) which is targeted for production by the end of 2018. Recent public announcements have indicated that the development of the A21 pipe continues to progress according to plan.

Santa Elena Gold Stream | **FIRST MAJESTIC SILVER CORP.**

The Company has a Gold Stream to purchase 20% of the life of mine gold produced from First Majestic Silver Corp.'s ("First Majestic") open-pit and underground Santa Elena mine, located in Mexico (the "Santa Elena Mine"), for a per ounce cash payment equal to the lesser of $450 and the then prevailing market price of gold.

The Santa Elena Mine was successfully transitioned from an open pit heap leach operation to an underground mining and milling operation and commercial production for the 3,000 tonne per day processing plant was declared in 2014.

Current activities

» First Majestic announced that it had successfully completed the connection of the San Salvador ramp to the Main vein which has resulted in a reduction in haulage bottlenecks and has improved mine planning logistics. In addition, the new ramp is expected to support future exploration activities around the Tortuga vein.

Black Fox Gold Stream | **MCEWEN MINING INC.**

The Company has a Gold Stream to purchase 8% of the life of mine gold produced from McEwen Mining Inc.'s ("McEwen") 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 McEwen's Black Fox Extension, which includes a portion of McEwen's Pike River concessions, for a per ounce cash payment equal to the lesser of $540 and the then prevailing market price of gold.

The Black Fox Mine began operating as an open pit mine in 2009 (depleted in 2015) and transitioned to underground operations in 2011. On October 6, 2017, McEwen completed its previously announced acquisition of the Black Fox Mine from the previous owner, Primero Mining Corp.

Bachelor Lake Gold Stream

METANOR RESOURCES INC.

On September 29, 2017, the Company amended its Gold Stream with Metanor Resources Inc ("Metanor"). Beginning October 1, 2017, Sandstorm will purchase 20% of the gold produced from Metanor's 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, until 12,000 ounces of gold have been purchased by the Company at which time the Gold Stream will convert into a 3.9% NSR. As part of the amendment, Metanor has agreed it will sell a minimum of 1,500 ounces of gold to Sandstorm on a quarterly basis until the 12,000 ounce threshold has been reached. Under the previous Gold Stream, there were no requirements for minimum deliveries nor was there a subsequent conversion of the Gold Stream into a NSR. In consideration for entering into the amendment, Sandstorm received:

- a 3.9% NSR on Metanor's Barry project; and
- $2.0 million in the common shares of Metanor.

Metanor may elect to reduce the 3.9% NSR on the Bachelor Lake or Barry projects by making a $2.0 million payment to Sandstorm in each case (the "Purchase Option"). Upon exercising either of the Purchase Options, the respective Sandstorm NSR will decrease to 1.8%. In addition to the Gold Stream, Sandstorm has an already existing 1% NSR on the Bachelor Lake gold mine, which remains unaffected by the amendment. In connection with the amendment, the Company recognized a gain of $3.0 million during the year ended December 31, 2017.

The Bachelor Lake Mine is an underground mining operation with an operating mill and surface infrastructure, which began production in early 2013. The amendment not only allows Sandstorm to maintain meaningful exposure to the production from the Bachelor Lake mine, but it also adds a royalty on the Barry project, which is an advanced exploration-stage asset located in the emerging Urban-Barry camp. Metanor is currently conducting exploration drilling at the Barry project and has plans to complete a pre-feasibility study as it continues the permitting process.

Karma Gold Stream

ENDEAVOUR MINING CORP.

The Company has a Gold Stream which entitles it to purchase 25,000 ounces of gold over a five year period and thereafter 1.625% of the gold produced from Endeavour's open-pit heap leach Karma gold mine located in Burkina Faso, West Africa ("Karma" or the "Karma Mine") for ongoing per ounce cash payment equal to 20% of the spot price of the gold.

The Gold Stream, which on a gross basis requires Endeavour to deliver 100,000 ounces of gold over a five year period starting March 31, 2016 and thereafter 6.5% of the equivalent gold production at the Karma Mine, is syndicated 75% and 25% between Franco-Nevada Corp. and Sandstorm, respectively.

The Karma Mine has five defined mineral deposits that make up the Karma project. Based on recent drilling, Endeavour has extended the mine life beyond 10 years.

Current activities

» Endeavour recently announced that it has successfully completed plant optimization work at the mine and that the newly installed front-end and the ADR plant are expected to boost stacking capacity beyond the initial design capacity of 4 million tonnes per annum.

Bracemac-McLeod Royalty | **GLENCORE PLC**

Sandstorm has a 3% NSR based on 100% of the production from the Bracemac-McLeod property located in Matagami, Quebec, Canada ("Bracemac-McLeod" or the "Bracemac-McLeod Mine") which is owned and operated by a subsidiary of Glencore plc ("Glencore").

The Bracemac-McLeod Mine is a high grade volcanogenic massive sulphide deposit located in the historic and prolific Matagami mining district of Quebec. Continuous mining and milling operations have been active in the Matagami district for over fifty years with ten previously operating mines and one other currently producing mine. The Bracemac-McLeod Mine began initial production in the second half of 2013.

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 recoveries, Sandstorm's 2017 gold purchase entitlement was 32%.

OTHER PRODUCING ASSETS

Gualcamayo Royalty | **YAMANA GOLD INC.**

The Company has a 1% NSR on the Gualcamayo gold mine (the "Gualcamayo Mine") which is located in San Juan province, Argentina and owned and operated by Yamana. The Gualcamayo Mine is an open pit, heap leach operation encompassing three substantial zones of gold mineralization. Yamana recently announced exploration success in near pit targets of Cerro Condor and Potenciales which, Yamana believes, provides support for extending the life of the open pit.

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 re-processes multiple tailings dumps in the area through three production modules, the last of which was commissioned in 2011.

San Andres Royalty | **AURA MINERALS INC.**

The Company has a 1.5% NSR on the San Andres mine (the "San Andres Mine") which is located in La Únion, Honduras and is owned and operated by Aura Minerals Inc. ("Aura Minerals"). The San Andres Mine is an open pit, heap leach operation. The mine has been in production since 1983 and has well-developed infrastructure, which includes power and water supply, warehouses, maintenance facilities, assay laboratory and on-site camp facilities.

Thunder Creek Royalty | **TAHOE RESOURCES INC.**

The Company has a 1% NSR on the gold produced from the Thunder Creek and 144 properties ("Thunder Creek" or the "Thunder Creek Mine") which are part of the Timmins West mine complex in Ontario, Canada which is owned and operated by Tahoe Resources Inc. ("Tahoe"). Thunder Creek is an underground mine that has been in production since 2010 and has produced more than 500,000 ounces of gold.

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 that has been in production since the third quarter of 2012.

DEVELOPMENT ASSETS

Hot Maden | **LYDIA MADENCILIK A.S.**

The Company has a 30% net profits interest and a 2% NSR on the Hot Maden gold-copper project which is located in the Artvin Province, northeastern Turkey (the "Hot Maden Project" or "Hot Maden"). The project is operated and co-owned by a Turkish partner, Lidya Madencilik Sanayi ve Ticaret A.S. ("Lydia"), which owns the remaining interest in the project. Lydia is an experienced Turkish company who is also a joint-venture partner with Alacer Gold Corp. on the producing Çöpler mine in Turkey. The Hot Maden Project is envisaged as a conventional underground mine and processing facility producing concentrates without the use of cyanide.

Sandstorm acquired its interest in Hot Maden on July 3, 2017 when Sandstorm completed its previously announced arrangement to acquire all the issued and ordinary share capital of Mariana Resources Ltd. ("Mariana") (that Sandstorm did not already own) (the "Arrangement"). Under the terms of the Arrangement and as consideration for the acquisition, the Company issued 32,685,228 common shares and paid an additional $47.3 million in cash. The highlights of the transaction and the addition of the 30% Hot Maden net profits interest to the Company's portfolio include:

100% increase in expected future production for 19% dilution;

- Hot Maden is an anchor asset that is expected to increase the Company's attributable gold equivalent ounces to approximately 125,000 in 2022.

Hot Maden has significant exploration upside;

- Total land package is 74 square kilometers in size with the current focus being a 7.0 kilometer long north-south alteration zone. The majority of the exploration drilling has been within a 1.0 kilometer strike length of this alteration zone with several exploration targets identified along strike and parallel to the identified orebody.

Majority operator Lydia is a strong local partner with experience exploring, developing, permitting and operating projects in Turkey;

- Lidya is part of a large Turkish conglomerate called Çalik Holding and is currently partnered with Alacer Gold Corp. on several projects in Turkey including the producing Çöpler mine and the development-stage Gediktepe and Kartaltepe projects.

Acquisition of Mariana includes exploration properties in Côte d'Ivoire, Turkey, and Argentina which the Company intends on selling and retaining NSRs as well as equity in the spin outs. To-date, Sandstorm has already sold a number of these assets and continues to make progress in divesting of the remaining properties.

EQUINOX GOLD CORP.

Aurizona Gold Royalty

The Company has a 3% – 5% sliding scale NSR on the production from Equinox Gold Corp.'s ("Equinox") open-pit Aurizona mine, located in Brazil ("Aurizona" or the "Aurizona Mine"). At gold prices less than or equal to $1,500 per ounce, the royalty is a 3% NSR. In addition, Sandstorm holds a 2% NSR on Equinox's 190,073 hectares of greenfields exploration ground. At any time prior to the commencement of commercial production, Equinox has the ability to purchase one-half of the greenfields NSR for a cash payment of $10 million.

Equinox, the successor to Luna Gold Inc. and Trek Mining Inc. ("Trek"), recently announced that it was fully funded to complete construction of the Aurizona project, with gold production expected by the end of 2018.

A feasibility study on the Aurizona project, which was released on July 31, 2017, included proven and probable mineral reserves of 971,000 ounces of gold (contained in 19.8 million tonnes at 1.5 grams per tonne gold with a cut-off grade of 0.4 grams per tonne from Boa Esperanza and 0.6 grams per tonne from Piaba) with expected annual production of 136,000 ounces. Equinox recently announced that it intends on pursuing, after the receipt of the Tatajuba mining licence, a 34,000 metre drill program focused on resource growth, target development and discovery. For more information refer to www.equinoxgold.com . Equinox also has an exploration agreement with AngloGold covering the greenfields exploration property. Sandstorm holds a right of first refusal on any future streams or royalties on the Aurizona project and greenfields property.

In connection with a series of business combinations resulting in Equinox Gold Corp., Sandstorm was able to monetize a number of its historical debt and equity investments held in Equinox's predecessor companies. On March 31, 2017, the term debt facility that was owed to Sandstorm, in the amount of $20 million plus accrued interest, was settled in the form of equity. The Company recognized a gain of $1.8 million on the settlement of that debt. In addition, on January 3, 2018, the Company closed its previously announced agreement to sell $18.3 million in debt and equity securities of Equinox to Mr. Ross Beaty, the new chairman of Equinox.

ENTRÉE RESOURCES LTD.

Hugo North Extension & Heruga Gold Stream

The Company has a Gold Stream with Entrée Resources Ltd. ("Entrée") to purchase an amount equal to 5.62% and 4.26% 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 per ounce cash payments equal to the lesser of $220 per ounce of gold and $5 per ounce of silver and the then prevailing market price of gold and silver, respectively. Additionally, Sandstorm has a copper stream to purchase an amount equal to 0.42% of the copper produced from Hugo North Extension and Heruga for per pound cash payments equal to the lesser of $0.50 per pound of copper and the then prevailing market price of copper.

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

The Hugo North Extension is a rich copper-gold porphyry 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. The Hugo North Extension and Heruga are part of the Oyu Tolgoi mining complex and are managed by Oyu Tolgoi LLC, a subsidiary of Turquoise Hill Resources Ltd. ("Turquoise Hill") 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.

Entrée recently released the results of a 43-101 technical report relating to its interests in the Hugo North Extension and Heruga. The report allows Entrée to discuss preliminary economics for the potential future phases of the Oyu Tolgoi mine, beyond Lift 1, including Lift 2 and Heruga.

Hackett River Royalty

GLENCORE PLC

The Company has a 2% NSR on the Hackett River property located in Nunavut, Canada (the "Hackett River Project" or "Hackett River") which is owned by a subsidiary of Glencore.

Hackett River is a silver-rich volcanogenic massive sulphide deposit and is one of the largest undeveloped projects of its kind. The property contains four massive sulphide bodies that occur over a 6.6 kilometer strike length. A preliminary economic assessment updated in 2010 evaluated a possible large-scale open pit and underground operation, processing up to 17,000 tonnes per day. The most recent technical report, completed in 2013, reported 25.0 million tonnes of indicated resources containing 4.2% zinc and 130.0 grams per tonne silver plus 57.0 million tonnes of inferred resources with 3.0% zinc and 100.0 grams per tonne silver. For more information refer to the technical reports dated July 26, 2010 and July 31, 2013 under Sabina Gold & Silver Corp's profile on www.sedar.com. Glencore has recently disclosed that a pre-feasibility study is currently underway and that they are revisiting both the mining methods and boundaries between open pit and underground.

Lobo-Marte Royalty

KINROSS GOLD CORP.

The Company has a 1.05% NSR on production from the Lobo-Marte project located in the Maricunga gold district of Chile (the "Lobo-Marte Project" or "Lobo-Marte") which is owned by Kinross Gold Corp. ("Kinross").

In 2009, Kinross completed a pre-feasibility study at Lobo-Marte that contemplated an open-pit/ heap-leach operation. As a result of changes in the plan of operations and other factors, in 2014, Kinross withdrew its previously submitted permit application. As a result of the permit withdrawal, approximately 6 million estimated gold ounces were reclassified from Mineral Reserves to Measured and Indicated Resources. Future development and operations at Lobo-Marte will require the re-initiation of the permitting process. For more information refer to www.kinross.com.

Agi Dagi & Kirazli Royalty

ALAMOS GOLD INC.

The Company has a $10 per ounce royalty based on the production from the Agi Dagi and the Kirazli gold development projects located in the Çanakkale Province of northwestern Turkey ("Agi Dagi" and "Kirazli", respectively) which are both owned by Alamos Gold Inc. ("Alamos Gold"). The royalty is payable by Newmont and is subject to a maximum of 600,000 ounces from Agi Dagi and a maximum of 250,000 ounces from Kirazli.

A 2017 feasibility study on Agi Dagi and a 2017 feasibility study on Kirazli contemplated both projects as stand-alone open-pit, heap-leach operations. Under the respective studies, Agi Dagi is expected to produce an average of 177,600 ounces of gold per year over a 6 year mine life while Kirazli is expected to produce an average of 104,000 ounces of gold per year over a 5 year mine life. For more information refer to www.alamosgold.com.

Prairie Creek Royalty

CANADIAN ZINC CORPORATION

The Company has a 1.2% NSR on the Prairie Creek project (the “Prairie Creek Project”) located in the Northwest Territories, Canada and owned by Canadian Zinc Corporation (“Canadian Zinc”). The Prairie Creek Project is a zinc, silver and lead project that is 100%-owned by Canadian Zinc and based on a recently announced feasibility study has a proven and probable mineral reserve of 8.1 million tonnes containing 8.6% zinc, 124.2 grams per tonne silver and 8.1% lead. Canadian Zinc recently announced that the Mackenzie Valley Environmental Impact Review Board had recommended approval for the proposed all season road at the Prairie Creek Project. Development of the all season road will enable the transportation of concentrates and supplies throughout the year. For more information, refer to www.canadianzinc.com.

Mt. Hamilton Royalty

WATERTON PRECIOUS METALS FUND II CAYMAN, LP

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 owned by Waterton Precious Metals Fund II Cayman, LP (“Waterton”).

Sandstorm holds a right of first refusal on any future royalty or gold stream financing for the Mt. Hamilton Project.

REVOLVING CREDIT FACILITY

On December 20, 2017, the Company amended its revolving credit agreement, allowing the Company to borrow up to $150 million (the "Revolving Facility"), for general corporate purposes, from a syndicate of banks including the Bank of Nova Scotia, Bank of Montreal, National Bank of Canada, Canadian Imperial Bank of Commerce and Royal Bank of Canada (the "Syndicate"). The term of the Revolving Facility is for four years and is extendable by mutual consent of Sandstorm and the Syndicate. The amounts drawn on the Revolving Facility are subject to an interest rate of LIBOR plus 2.50% – 3.50% per annum, and the undrawn portion of the Revolving Facility is subject to a standby fee of 0.60% – 0.80% per annum, dependent on the Company's leverage ratio. Subsequent to year end, the Company utilized a portion of the facility to fund the Houndé royalty acquisition. As of the date of the MD&A, only $7.5 million remains outstanding under the Revolving Facility, leaving $142.5 million undrawn and available for future acquisitions and for general corporate purposes.

IMPAIRMENTS

While assessing whether any indications of impairment exist for mineral interests and royalties, consideration is given to both external and internal sources of information. A reduction in the mineral resource estimate for the Coringa gold project prompted the Company to evaluate the carrying value of its royalty investment. As a result, during the three months ended June 30, 2017 the Company recorded an impairment charge of $4.5 million relating to Coringa. During the three months ended December 31, 2017, an update to the life of mine production plan for the Emigrant Springs property reduced the ounces expected to be produced from areas of the mine subject to Sandstorm's royalty. This prompted the Company to evaluate the carrying value of this royalty investment and as a result, the Company recorded an impairment charge of $4.6 million.

OTHER

Under the Company's normal course issuer bid ("NCIB"), the Company is able until April 4, 2018, to purchase up to 7.6 million common shares. The NCIB provides the Company with the option to purchase its common shares from time to time. During 2017 and pursuant to the NCIB, the Company purchased and cancelled approximately 4.1 million common shares.

On January 26, 2017, Orezone Gold Corporation exercised its option to repurchase the royalty on the Bomboré gold project for $3.6 million, representing a 20% premium to the original upfront payment. Sandstorm retains a right of first refusal on any future stream or royalty financings related to the Bomboré gold project.

SUBSEQUENT EVENTS

On January 3, 2018, the Company completed its previously announced agreement to sell $18.3 million in debt and equity securities of Equinox Gold Corp. to Mr. Ross Beaty. The sale was conditional upon the closing of the announced business combination between Trek Mining Inc., NewCastle Gold Ltd. and Anfield Gold Corp which occurred on December 22, 2017.

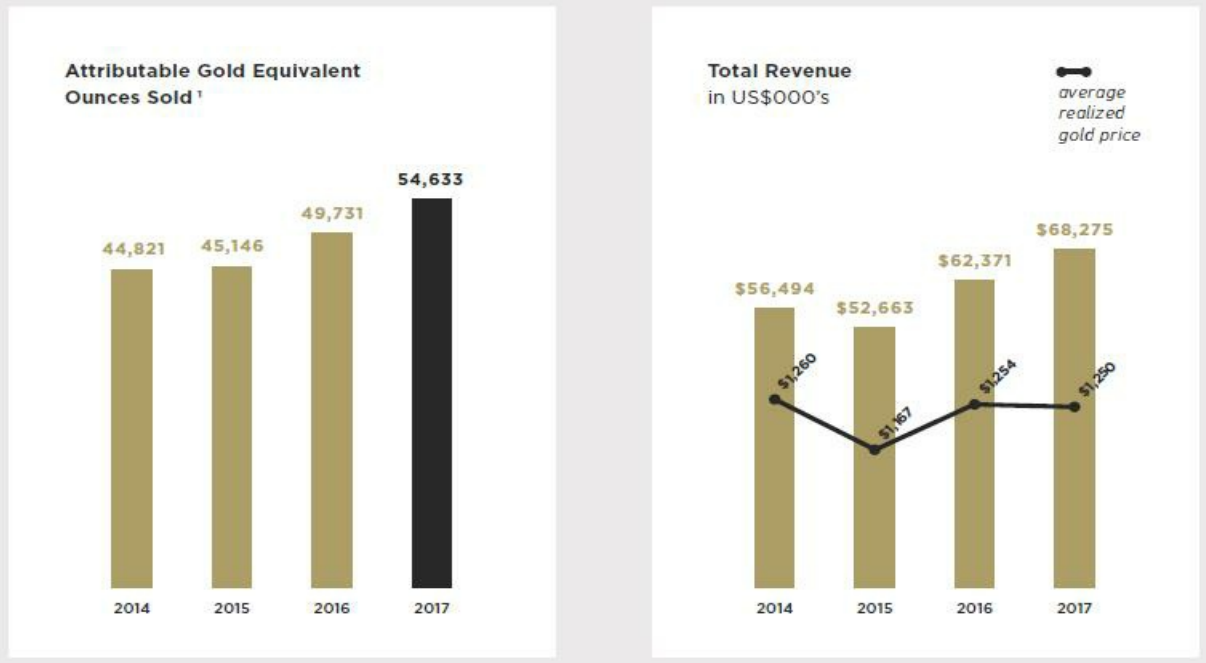
On January 17, 2018, the Company acquired a 2% NSR on the producing Houndé gold mine in Burkina Faso, owned and operated by Endeavour Mining Corporation.

SUMMARY OF ANNUAL RESULTS

Year Ended

In $000s	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Total revenue	$ 68,275	$ 62,371	$ 52,663
Attributable Gold Equivalent ounces sold [1]	54,633	49,731	45,146
Sales	$ 49,208	$ 41,634	$ 38,585
Royalty revenue	19,067	20,737	14,078
Average realized gold price per attributable ounce [1]	1,250	1,254	1,167
Average cash cost per attributable ounce [1]	280	258	300
Cash flows from operating activities	44,773	38,991	30,819
Net income (loss)	10,537	25,254	(43,056)
Basic income (loss) per share	0.06	0.18	(0.36)
Diluted income (loss) per share	0.06	0.17	(0.36)
Total assets	660,915	534,882	496,873
Total long-term liabilities	2,807	3,288	86,779

1) *Refer to section on non-IFRS and other measures of this MD&A.*

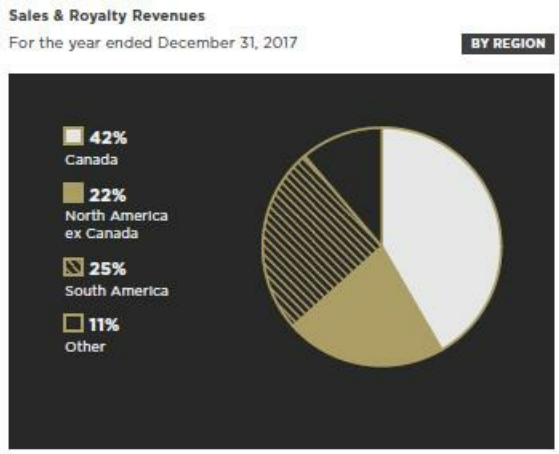


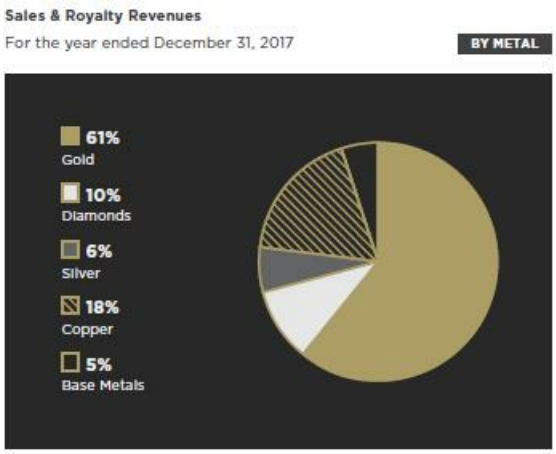
1) *Refer to section on non-IFRS and other measures of this MD&A.*

The Company's operating segments for the year ended December 31, 2017 are summarized in the table below:

In $000s	Product	Attributable Gold Equivalent ounces sold	Sales and royalty revenues	Cost of sales, excluding depletion	Depletion expense	Impairment of mineral, royalty and other interests	(Gain) loss on disposal of mineral interest and other	Income (loss) before taxes	Cash flow from operating activities
Bachelor Lake	Gold	6,466	$ 8,085	$ 3,082	$ 4,074	$ -	$ (2,952)	$ 3,881	$ 5,030
Black Fox	Gold	5,370	6,693	2,847	2,520	-	-	1,326	3,953
Chapada	Copper	8,783	11,001	3,249	3,765	-	-	3,987	7,753
Diavik	Diamonds	5,727	7,150	-	6,080	-	-	1,070	6,781
Karma	Gold	5,469	6,863	1,365	3,437	-	-	2,061	5,489
Ming	Gold	658	796	-	356	-	-	440	796
Santa Elena	Gold	9,229	11,570	3,485	1,098	-	-	6,987	7,548
Yamana silver stream	Silver	3,387	4,252	1,267	2,253	-	-	732	2,985
Other Royalties [1]	Various	9,282	11,538	-	5,894	9,104	(866)	(2,594)	13,693
Other	Gold	262	327	26	103	-	221	(23)	294
Corporate		-	-	-	-	-	(1,251)	(3,253)	(9,549)
Consolidated		**54,633**	**$ 68,275**	**$ 15,321**	**$ 29,580**	**$ 9,104**	**$ (4,848)**	**$ 14,614**	**$ 44,773**

1) *Includes royalty revenue from Gold of $6.5 million, Copper of $1.5 million and Other Base Metals of $3.5 million.*





The Company's operating segments for the year ended December 31, 2016 are summarized in the table below:

In $000s	Product	Attributable Gold Equivalent ounces sold	Sales and royalty revenues	Cost of sales, excluding depletion	Depletion expense	Impairment of mineral, royalty and other interests	(Gain) loss on disposal of mineral interest and other	Income (loss) before taxes	Cash flow from operating activities
Bachelor Lake	Gold	7,358	$ 9,183	$ 3,494	$ 4,411	$ -	$ -	$ 1,278	$ 5,481
Black Fox	Gold	4,500	5,617	2,354	2,011	-	-	1,252	2,951
Chapada	Copper	4,839	6,075	1,843	2,737	-	-	1,495	4,232
Diavik	Diamonds	4,669	5,856	-	5,519	-	-	337	5,901
Karma	Gold	3,334	4,272	860	2,095	-	-	1,317	3,314
Ming	Gold	1,586	2,025	-	792	-	-	1,233	2,025
Santa Elena	Gold	9,419	11,772	3,385	2,001	-	-	6,386	8,460
Yamana silver stream	Silver	2,323	2,926	876	1,427	-	-	623	2,050
Other Royalties [1]	Various	11,522	14,419	4	6,592	2,507	-	5,316	14,073
Other	Gold	181	226	18	69	-	-	139	208
Corporate		-	-	-	-	-	1,107	10,409	(9,704)
Consolidated		**49,731**	**$ 62,371**	**$ 12,834**	**$ 27,654**	**$ 2,507**	**$ 1,107**	**$ 29,785**	**$ 38,991**

1) *Includes royalty revenue from Gold of $9.2 million, Copper of $2.5 million and Other Base Metals of $2.7 million*

SUMMARY OF QUARTERLY RESULTS

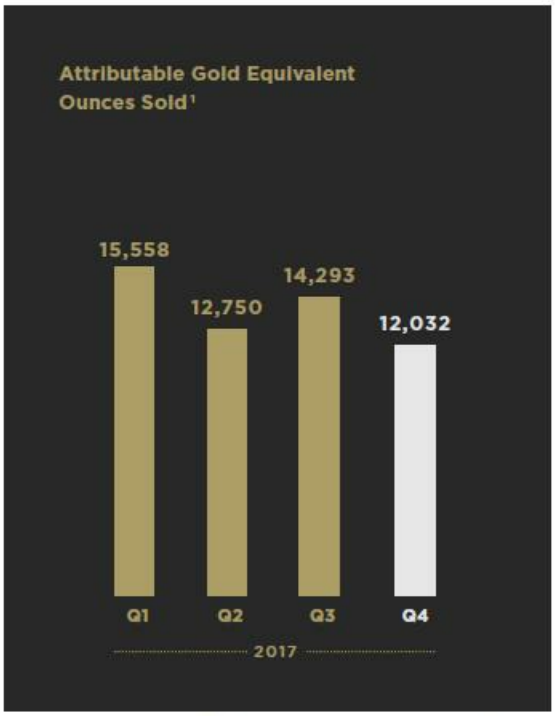
Quarters Ended

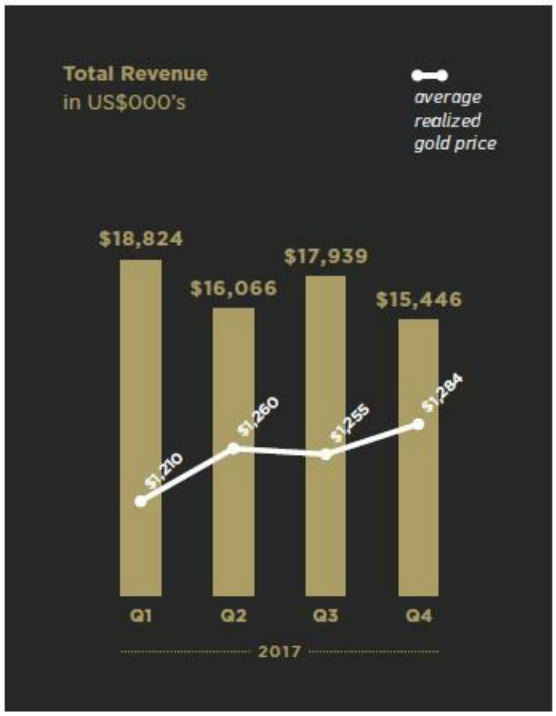
In $000s	Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017
Total revenue	$ 15,446	$ 17,939	$ 16,066	$ 18,824
Attributable Gold Equivalent ounces sold [1]	12,032	14,293	12,750	15,558
Sales	$ 12,978	$ 11,534	$ 11,835	$ 12,861
Royalty revenue	2,468	6,405	4,231	5,963
Average realized gold price per attributable ounce [1]	1,284	1,255	1,260	1,210
Average cash cost per attributable ounce [1]	340	246	290	258
Cash flows from operating activities	9,859	11,864	11,112	11,938
Net income (loss)	709	4,773	(1,909)	6,964
Basic income (loss) per share	0.00	0.03	(0.01)	0.05
Diluted income (loss) per share	0.00	0.02	(0.01)	0.04
Total assets	660,915	667,185	545,557	550,342
Total long-term liabilities	2,807	2,915	2,969	3,197

1) *Refer to section on non-IFRS and other measures of this MD&A.*

In $000s	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016
Total revenue	$ 16,463	$ 16,815	$ 15,709	$ 13,384
Attributable Gold Equivalent ounces sold [1]	13,245	12,588	12,517	11,381
Sales	$ 10,970	$ 11,302	$ 10,858	$ 8,504
Royalty revenue	5,493	5,513	4,851	4,880
Average realized gold price per attributable ounce [1]	1,243	1,336	1,255	1,176
Average cash cost per attributable ounce [1]	250	255	261	267
Cash flows from operating activities	10,058	10,313	8,935	9,685
Net income (loss)	(19)	6,915	5,199	13,159
Basic income (loss) per share	(0.00)	0.05	0.04	0.10
Diluted income (loss) per share	(0.00)	0.04	0.04	0.10
Total assets	534,882	540,419	525,353	531,160
Total long-term liabilities	3,288	3,320	62,854	80,130

1) *Refer to section on non-IFRS and other measures of this MD&A.*





1 Refer to section on non-IFRS and other measures of this MD&A.

Changes in sales, net income and cash flow from operating activities from quarter to quarter are affected primarily by fluctuations in production at the mines, the timing of shipments, changes in the price of commodities, as well as acquisitions of Streams and royalty 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, 2017 are summarized in the table below:

In $000s	Product	Attributable Gold Equivalent ounces sold	Sales and royalty revenues	Cost of sales, excluding depletion	Depletion expense	Impairment of mineral, royalty and other interests	(Gain) loss on disposal of mineral interest and other	Income (loss) before taxes	Cash flow from operating activities
Bachelor Lake	Gold	1,405	$ 1,819	$ 677	$ 396	$ -	$ -	$ 746	$ 1,293
Black Fox	Gold	1,383	1,766	735	653	-	-	378	1,045
Chapada	Copper	2,423	3,111	898	935	-	-	1,278	2,214
Diavik	Diamonds	1,361	1,747	-	1,987	-	-	(240)	1,747
Karma	Gold	1,484	1,923	382	933	-	-	608	1,543
Ming	Gold	-	-	-	-	-	-	-	-
Santa Elena	Gold	2,480	3,162	1,039	284	-	-	1,839	1,886
Yamana silver stream	Silver	918	1,178	354	618	-	-	206	825
Other Royalties [1]	Various	510	655	-	633	4,570	-	(4,548)	2,951
Other	Gold	68	85	6	26	-	226	(173)	75
Corporate		-	-	-	-	-	500	594	(3,720)
Consolidated		**12,032**	**$ 15,446**	**$ 4,091**	**$ 6,465**	**$ 4,570**	**$ 726**	**$ 688**	**$ 9,859**

1) Includes royalty revenue from Gold of ($0.8) million, Copper of $0.4 million and Other Base Metals of $1.1 million.

The Company's operating segments for the three months ended December 31, 2016 are summarized in the table below:

In $000s	Product	Attributable Gold Equivalent ounces sold	Sales and royalty revenues	Cost of sales, excluding depletion	Depletion expense	Impairment of mineral, royalty and other interests	(Gain) loss on disposal of mineral interest and other	Income (loss) before taxes	Cash flow from operating activities
Bachelor Lake	Gold	1,920	$ 2,364	$ 907	$ 1,552	$ -	$ -	$ (95)	$ 1,375
Black Fox	Gold	1,270	1,595	666	568	-	-	361	957
Chapada	Copper	1,725	2,144	651	917	-	-	576	1,493
Diavik	Diamonds	935	1,161	-	1,573	-	-	(412)	1,330
Karma	Gold	833	1,053	216	524	-	-	313	739
Ming	Gold	684	855	-	405	-	-	450	855
Santa Elena	Gold	1,638	2,018	591	302	-	-	1,125	1,500
Yamana silver stream	Silver	716	889	267	436	-	-	186	622
Other Royalties [1]	Various	3,381	4,203	4	1,572	-	-	2,627	3,920
Other	Gold	143	181	14	54	-	-	113	168
Corporate		-	-	-	-	-	41	(5,560)	(2,901)
Consolidated		**13,245**	**$ 16,463**	**$ 3,316**	**$ 7,903**	**$ -**	**$ 41**	**$ (316)**	**$ 10,058**

1) Includes royalty revenue from Gold of $2.2 million, Copper of $0.8 million and Other Base Metals of $1.2 million.

THREE MONTHS ENDED DECEMBER 31, 2017 COMPARED TO THE THREE MONTHS ENDED DECEMBER 31, 2016

For the three months ended December 31, 2017, net income and cash flow from operating activities were $0.7 million and $9.9 million, respectively, compared with net loss and cash flow from operating activities of $0.0 million and $10.1 million for the comparable period in 2016. The change is attributable to a combination of factors including:

A $7.6 million increase in the gains recognized on the revaluation of the Company's investments primarily driven by the change in fair value of the Equinox (formerly Trek) convertible debenture;
A $1.4 million decrease in depletion expense largely related to a decrease in the number of Attributable Gold Equivalent ounces sold;

Partially offset by:

A $4.6 million non-cash impairment charge relating to the Company's Emigrant Springs royalty; and

A $0.7 million decrease in finance income largely as a result of the March 2017 repayment of the Company's loan receivable due from Equinox (formerly Trek).



For the three months ended December 31, 2017, revenue was $15.4 million compared with $16.5 million for the comparable period in 2016. The decrease is primarily attributed to a 9% decrease in the number of Attributable Gold Equivalent ounces sold; partially offset by a 3.3% increase in the average realized selling price of gold. In particular, the fluctuations in revenue were impacted by:

A $3.5 million decrease in Other Royalty revenue primarily related to a one-time reversal of previously accrued revenue. During the three months ended December 31, 2017, it was identified that the Company had received, over the course of fiscal 2017, an excess of $1.9 million in royalty payments from Newmont relating to mining concessions that were not subject to the Emigrant Springs royalty. To adjust for this overpayment, during the three months ended December 31, 2017, the Company made a one-time reversal of $1.9 million in royalty revenue;

A $0.9 million decrease in revenue attributable to the Ming Mine primarily as a result of a decrease of 684 gold ounces sold during the period. The difference was largely related to the timing of shipments whereby 524 ounces were received by December 31, 2017, but were sold subsequent to quarter end; and

A $0.5 million decrease in revenue attributable to the Bachelor Lake Mine, largely related to the timing of sales whereby 430 gold ounces were received by December 31, 2017 but were sold subsequent to quarter end;

Partially offset by:

An increase of $1.1 million in revenue related to the Santa Elena gold stream largely due to a 51% increase in gold ounces sold from the Santa Elena Mine. The increase in gold ounces was partly due to First Majestic sourcing a higher tonnage of ore from the high-grade Alejandra vein which resulted in an increase in gold deliveries, however, of that increase 1,450 gold ounces were received by December 31, 2017, but were sold subsequent to quarter end;

An increase of $1.0 million in sales revenue from the Chapada copper stream primarily due to an increase in the average realized selling price of copper from $2.15 per pound in the fourth quarter of 2016 to $3.14 per pound in fourth quarter of 2017; and

A $0.9 million increase in revenue attributable to the Karma Mine largely related to a 78% increase in gold ounces sold from the Karma Mine gold stream.



YEAR ENDED DECEMBER 31, 2017
COMPARED TO THE YEAR ENDED DECEMBER 31, 2016

For the year ended December 31, 2017, net income and cash flow from operating activities were $10.5 million and $44.8 million, respectively, compared with net income and cash flow from operating activities of $25.3 million and $39.0 million for the comparable period in 2016. The changes are attributable to a combination of factors including:

A $4.8 million gain primarily consisting of (i) $3.0 million, which was recognized during the three months ended September 30, 2017, arising from the Bachelor Lake Gold Stream amendment; (ii) a $1.8 million gain relating to the settlement of the Equinox (previously Trek) debt and a $0.6 million gain relating to the 20% premium associated with Orezone exercising its option to repurchase the royalty on the Bomboré gold project, both of which were recognized during the three months ended March 31, 2017;

During the year ended December 31, 2017, the Company recognized a $2.4 million foreign exchange gain largely driven from currency trades and the resulting cash held in escrow which were required to meet the cash commitments under Sandstorm's bid to acquire Mariana; and

During the year ended December 31, 2017, the Company recognized a $0.5 million decrease in project evaluation costs primarily driven by cost reduction strategies;

Partially offset by:

A decrease in the gains recognized on the revaluation of the Company's investments; whereby, a gain of $5.8 million was recognized during the year ended December 31, 2017 which was $16.3 million less when compared to the year ended December 31, 2016;

The recognition of a $9.1 million in non-cash impairment charges during the year ended December 31, 2017, relating to a number of the Company's underlying royalties;

A $4.4 million increase in cost of sales primarily driven by an increase in the number of Attributable Gold Equivalent ounces sold;

A $1.9 million decrease in finance income largely as a result of the March 2017 repayment of the Company's loans receivable due from Equinox (formerly Trek); and

A $1.7 million increase in administration costs driven largely by the acquisition of Mariana and related operating costs and the vesting of previously granted stock based compensation.



Cash Flow From Operating Activities ($M) Year Ended

For the year ended December 31, 2017, revenue was $68.3 million compared with $62.4 million for the year ended December 31, 2016. The increase is largely attributed to an increase in the number of Attributable Gold Equivalent ounces sold. In particular, the increase in revenue was driven by:

An increase of $4.9 million in sales revenue from the Chapada copper stream due to: (i) a 29% rise in the average realized selling price of copper which accounted for $2.5 million of the increase and (ii) an additional 1.1 million pounds of copper sold which accounted for the remaining $2.4 million increase;

A $2.6 million increase in revenue attributable to the Karma Mine largely related to a 64% increase in gold ounces sold;

A $1.3 million increase in revenue from the Yamana silver stream largely due to an additional 80,000 silver ounces sold; and

A $1.1 million increase in sales revenue from the Black Fox Mine largely due to an additional 870 gold ounces sold;

Partially offset by:

A decrease of $2.9 million in Other Royalty revenue due to a reduction in royalties received from the Emigrant Springs Mine and the San Andres Mine, partially offset by increases in royalties received from the Bracemac-Mcleod Mine;

A $1.2 million decrease in revenue attributable to the Ming Mine primarily as a result of a decrease of 928 gold ounces sold during the year. The difference was largely related to the timing of shipments whereby 524 ounces were received by December 31, 2017, but were sold subsequent to quarter end; and

A $1.1 million decrease in revenue attributable to the Bachelor Lake Mine, partly related to the timing of sales whereby 430 gold ounces were received by December 31, 2017 but were sold subsequent to quarter end.



THREE MONTHS ENDED DECEMBER 31, 2017 COMPARED TO THE OTHER QUARTERS PRESENTED

When comparing net income of $0.7 million and cash flow from operating activities of $9.9 million for the three months ended December 31, 2017 with net income/loss and cash flow from operating activities for the remaining quarters, the following items impact comparability of analysis:

A $4.6 million non-cash impairment charge relating to the Company's Emigrant Springs royalty was recognized during the three months ended December 31, 2017 and a $4.5 million non-cash impairment charge relating to the Company's royalty on the Coringa gold project was recognized during the three months ended June 30, 2017;

A $3.0 million gain resulting from the Bachelor Lake Gold Stream amendment for which Sandstorm received consideration consisting of $2.0 million in the common shares of Metanor and a 3.9% NSR on Metanor's Barry project was recognized during the three months ended September 30, 2017;

The Company recognized gains and losses with respect to the revaluation of its investments, which were primarily driven by changes in the fair value of the Equinox (previously Trek) convertible debenture. For the three months ended September 30, 2017 and the three months ended June 30, 2017, these losses amounted to $0.5 million and $0.9 million, respectively, while for the three months ended December 31, 2017 and the three months ended March 31, 2017, these gains amounted to $4.4 million and $2.7 million respectively. In the first three quarters of 2016 these gains amounted to $13.4 million, $6.0 million and $5.8 million, respectively and in the fourth quarter of 2016, the Company recognized a loss of $3.1 million on revaluation;

During the three months ended March 31, 2017, the Company recognized a $2.2 million gain primarily resulting from (i) the settlement of the Equinox (previously Trek) debt and (ii) the 20% premium associated with Orezone exercising its option to repurchase the royalty on the Bomboré gold project;

Non-cash impairment charges of $1.4 million and $1.1 million were recorded during the three months ended March 31, 2016 and the three months ended September 30, 2016, respectively;

A general decrease in finance expenses when compared to previous quarters primarily driven by the repayment of the Company's revolving credit facility; and

Overall, Attributable Gold Equivalent ounces sold have increased over the course of the last three years as a result of the acquisition of various assets including the Teck Resources Limited ("Teck") royalty package which consists of 52 royalties and was purchased during the three months ended March 31, 2016.

CHANGE IN TOTAL ASSETS

Total assets decreased by $6. 3 million from September 30, 2017 to December 31, 2017 primarily resulting fr om (i) non-cash impairment charges; (ii) depletion expense; and (iii) a reduction in the Hot Maden interest due to a devaluation of the Turkish Lira relative to the US dollar; partially offset by increases in the value of the Company's investments and increases in the Company's cash balance due to positive operating cash flow. Total assets increased by $121.6 million from June 30, 2017 to September 30, 2017 primarily resulting from the acquisition of Mariana and operating cash flow; partially offset by depletion expense. Total assets decreased by $4.8 million from March 31, 2017 to June 30, 2017 primarily resulting from a decrease in the value of the Company's investments and a non-cash impairment charge relating to the Company's royalty on the Coringa gold project; partially offset by increases in the Company's cash balance due to positive operating cash flow. Total assets increased by $15.5 million from December 31, 2016 to March 31, 2017 primarily resulting from an increase in the value of the Company's investments and operating cash flow; partially offset by depletion expense. Total assets decreased by $5.5 million from September 30, 2016 to December 31, 2016 primarily resulting from depletion expense and a decrease in the value of the Company's investments; partially offset by increases in the Company's cash balance due to positive operating cash flow. Total assets increased by $15.1 million from June 30, 2016 to September 30, 2016 primarily resulting from increases in the Company's cash balance due to positive operating cash flow and an increase in the value of the Company's investments; partially offset by depletion expense. Total assets decreased by $5.8 million from March 31, 2016 to June 30, 2016 primarily resulting from depletion expense; partially offset by an increase in the value of the Company's investments.

NON-IFRS AND OTHER MEASURES

The Company has included, throughout this document, certain performance measures, including (i) average cash cost per attributable ounce and (ii) average realized gold price per attributable ounce. 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. These non-IFRS measures do not have any standardized meaning prescribed by IFRS, and other companies may calculate these measures differently.

i. Average cash cost per attributable ounce is calculated by dividing the Company's cost of sales, excluding depletion by the number of Attributable Gold Equivalent 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 streaming companies in the precious metals mining industry who present results on a similar basis. **Figure 1.1** provides a reconciliation of average cash cost of gold on a per ounce basis.

Figure 1.1

	3 Months Ended December 31, 2017	3 Months Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Cost of Sales, excluding depletion [1]	$ 4,091	$ 3,316	$ 15,321	$ 12,834
Cash cost of sales is comprised of:				
Total cash cost of gold sold	$ 4,091	$ 3,316	$ 15,321	$ 12,834
Divided by:				
Total Attributable Gold Equivalent ounces sold [2]	12,032	13,245	54,633	49,731
Equals:				
Average cash cost of gold (per attributable ounce)	**$ 340**	**$ 250**	**$ 280**	**$ 258**

1) *Cost of Sales, excluding depletion, includes cash payments made for Gold Equivalent ounces associated with commodity streams.*

2) *The Company's royalty and other commodity stream income is converted to an Attributable Gold Equivalent ounce basis by dividing the royalty and other commodity income for that period by the average realized gold price per ounce from the Company's Gold Streams for the same respective period. These Attributable Gold Equivalent ounces when combined with the gold ounces sold from the Company's Gold Streams equal total Attributable Gold Equivalent ounces sold.*

ii. Average realized gold price per attributable ounce is calculated by dividing the Company's sales by the number of Attributable Gold Equivalent ounces sold. The Company presents average realized gold price per attributable ounce as it believes that certain investors use this information to evaluate the Company's performance in comparison to other streaming companies in the precious metals mining industry that present results on a similar basis. **Figure 1.2** provides a reconciliation of average realized gold price per ounce.

Figure 1.2

	3 Months Ended December 31, 2017	3 Months Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Total Revenue	$ 15,446	$ 16,463	$ 68,275	$ 62,371
Divided by:				
Total Attributable Gold Equivalent ounces sold	12,032	13,245	54,633	49,731
Equals:				
Average realized gold price (per attributable ounce)	**$ 1,284**	**$ 1,243**	**$ 1,250**	**$ 1,254**

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2017, the Company had cash and cash equivalents of $12.5 million (December 31, 2016 – $21.4 million) and a working capital of $31.9 million (December 31, 2016 – $23.8 million). As of the date of the MD&A, only $7.5 million has been drawn under the Revolving Facility, leaving $142.5 million undrawn and available for future acquisitions and general corporate purposes.

During the year ended December 31, 2017, the Company generated cash flows from operating activities of $44.8 million compared with $39.0 million during the comparable period in 2016, with the increase being primarily attributable to both an increase in the average realized selling price of gold and an increase in Attributable Gold Equivalent ounces sold.

During the year ended December 31, 2017, the Company had net cash outflows from investing activities of $40.1 million which were primarily the result of: (i) $48.3 million in cash outflows relating to the Mariana acquisition which included the cash consideration of the transaction and associated acquisition costs, which were partially offset by the cash Mariana had on acquisition; (ii) $4.8 million in payments relating to the acquisition of investments and other assets; and (iii) $4.4 million in payments related to the acquisition of royalty interests; partially offset by: (i) $14.4 million of cash inflows largely resulting from the sale of investments as the Company continues to monetize its non-core investments and (ii) $3.6 million relating to Orezone exercising its option to repurchase its royalty on the Bomboré gold project. During the year ended December 31, 2016, the Company had net cash inflows from investing activities of $3.8 million which were primarily the result of: (i) $18.4 million cash inflow largely consisting of the disposition of a portion of the Company's investments and the receipt of $5.5 million related to the Company's amendment of the Entrée commodity streams; and (ii) the repayment of a $3.0 million loan; which were partially offset by (i) the acquisition of investments and other assets; (ii) the payment of $4.0 million and $5.2 million in connection with the Yamana commodity streams and the Karma Gold Stream, respectively; and (iii) a $1.4 million payment related to the Teck transaction.

During the year ended December 31, 2017, the Company had net cash outflows from financing activities of $15.1 million largely related to a cash out flow of $17.7 million related to the redemption of the Company's common shares under the NCIB and $2.6 million in proceeds from the exercise of stock options. Additionally, during the year ended December 31, 2017, the Company drew down $16 million on its revolving credit facility to fund a portion of the cash consideration required for the Mariana acquisition. The $16 million drawn down was subsequently repaid within the same period utilizing cash flow from operating activities and the proceeds from the sale of non-core investments. During the year ended December 31, 2016, the Company had net cash outflows from financing activities of $26.9 million largely related to $83.5 million in the net repayment of debt under the Company's Revolving Facility; partially offset by (i) $57.5 million raised in gross proceeds from the Company's July 2016 equity financing and (ii) $5.5 million in proceeds from the exercise of stock options.

CONTRACTUAL OBLIGATIONS

In connection with its commodity streams, the Company has committed to purchase the following:

Stream	% of Life of Mine Gold or Relevant Commodity [4,5,6,7,8,9]	Per Ounce Cash Payment: lesser of amount below and the then prevailing market price of commodity (unless otherwise noted) [1, 2, 3]
Bachelor Lake	20%	$500
Black Fox	8%	$540
Chapada	4.2%	30% of copper spot price
Entrée	5.62% on Hugo North Extension and 4.26% on Heruga	$220
Karma	26,875 ounces over 5 years and 1.625% thereafter	20% of gold spot price
Ming	25% of the first 175,000 ounces of gold produced, and 12% thereafter	$nil
Santa Elena	20%	$450
Yamana silver stream	Varies	30% of silver spot price

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 5.62% on Hugo North Extension and 4.26% 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 5.62% on Hugo North Extension and 4.26% 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 8.43% on Hugo North Extension and 6.39% on Heruga if the minerals produced are contained above 560 metres in depth.*
6) *For the Entrée copper stream, the Company has committed to purchase an amount equal to 0.42% of the copper produced from the Hugo North Extension and Heruga deposits. If the minerals produced are contained above 560 metres in depth, then the commitment increases to 0.62% for both the Hugo North Extension and Heruga deposits. Sandstorm will make ongoing per pound cash payments equal to the lesser of $0.50 and the then prevailing market price of copper, until 9.1 billion pounds of copper have been produced from the entire joint venture property. Thereafter, the ongoing per pound payments will increase to the lesser of $1.10 and the then prevailing market price of copper.*
7) *For the Chapada copper stream, the Company has committed to purchase an amount equal to 4.2% of the copper produced (up to an annual maximum of 3.9 million pounds of copper) until Yamana has delivered 39 million pounds of copper to Sandstorm; then 3.0% of the copper produced until, on a cumulative basis, Yamana has delivered 50 million pounds of copper to Sandstorm; then 1.5% of the copper produced thereafter, for the life of the mine. If Cerro Moro has not achieved the Commencement of Production and Sandstorm has not received cumulative pre-tax cash flow equal to $70 million from the Yamana silver stream, then the First Chapada Delivery Threshold and the Second Chapada Delivery Threshold will cease to be in effect and Sandstorm will continue to purchase 4.2% of Chapada's payable copper production (up to an annual maximum of 3.9 million pounds of copper), until such time as Sandstorm has received cumulative pre-tax cash flow equal to $70 million, or Cerro Moro has achieved the Commencement of Production.*
8) *Under the terms of the Yamana silver stream, Sandstorm has agreed to purchase an amount of silver from Cerro Moro equal to 20% of the silver produced (up to an annual maximum of 1.2 million ounces of silver), until Yamana has delivered to Sandstorm 7.0 million ounces of silver; then 9.0% of the silver produced thereafter. As part of the Yamana silver stream, through 2018, Sandstorm has also agreed to purchase an amount of silver from: (i) the Minera Florida mine in Chile equal to 38% of the silver produced (up to an annual maximum of 200,000 ounces of silver); and (ii) the Chapada mine in Brazil equal to 52% of the silver produced (up to an annual maximum of 100,000 ounces of silver).*
9) *For the Bachelor Lake Gold Stream, the Company has committed to purchase 20% of gold produced until 12,000 ounces have been purchased.*

SHARE CAPITAL

As of February 15, 2018, the Company had 183,559,416 common shares outstanding. As disclosed previously, the funds from the issuance of share capital have been used to finance the acquisition of Gold Streams and royalties (recent acquisitions are described earlier in greater detail), with the net proceeds of the 2016 equity financing used to reduce the balance of the Company's Revolving Facility.

A summary of the Company's share purchase options as of February 15, 2018 are as follows:

Year of expiry	Number outstanding	Vested	Exercise price per share (range) (CAD$)	Weighted average exercise price per share (CAD$)
2018	157,637	157,637	2.92 - 11.31	5.20
2019	2,968,106	2,968,106	1.46 - 6.03	2.76
2020	1,284,000	856,005	3.60 - 3.64	3.61
2021	1,405,740	515,079	2.65 - 4.96	4.65
2022	1,257,534	462,534	4.86 - 15.00	4.91
	7,073,017	**4,959,361**		**3.38**

A summary of the Company's warrants as of February 15, 2018 are as follows:

Number outstanding	Exercise price per share	Expiry Date
1,042,875	0.97	May 6, 2018
3,000,000	4.50	March 23, 2020
15,000,000	3.50	October 27, 2020
4,966,400	4.00	November 3, 2020
24,009,275		

The Company has 2,002,707 Restricted Share Rights ("RSRs") outstanding as at February 15, 2018.

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, 2017		Year Ended December 31, 2016
Employee salaries and benefits	$	2,340	$	1,699
Share-based payments		2,569		2,041
Total key management compensation expense	**$**	**4,909**	**$**	**3,740**

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, trade receivables and other, short-term and long-term investments, receivables and other, and trade and other payables. The Company's short and long-term investments are initially recorded at fair value and subsequently revalued to their fair market value at each period end based on inputs such as equity prices. Investments are held for long-term strategic purposes. The fair value of the Company's other financial instruments which include cash and cash equivalents, trade receivables and other, and trade and other payables approximate their carrying values at December 31, 2017.

Credit Risk

The Company's credit risk is limited to cash and cash equivalents and trade receivables and other in the ordinary course of business. The Company's trade receivables and other is subject to the credit risk of the counterparties who own and operate the mines underlying Sandstorm's royalty portfolio. In order to mitigate its exposure to credit risk, the Company closely monitors its financial assets and maintains its cash deposits in several high-quality financial institutions. The Company's convertible debenture due from Equinox is subject to Equinox's credit risk, the Company's ability to realize on its security, and the risk that the value of Equinox's equity decreases below the puttable price of the instrument.

Currency Risk

Financial instruments that impact the Company's net income or other comprehensive income due to currency fluctuations include: cash and cash equivalents, trade receivables and other, investments and trade and other payables denominated in Canadian dollars. Based on the Company's Canadian dollar denominated monetary assets and monetary liabilities at December 31, 2017 a 10% increase (decrease) of the value of the Canadian dollar relative to the United States dollar would increase (decrease) net income by $0.5 million and other comprehensive income by $2.9 million, respectively.

Other Risks

Sandstorm holds common shares, convertible debentures, and warrants of other companies with a combined fair market value as at December 31, 2017 of $78.9 million (December 31, 2016 – $61.3 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 subject to default risk with respect to any debt instruments. The Company is exposed to equity price risk as a result of holding these investments in other mining companies. The Company does not actively trade these investments. Based on the Company's investments held as at December 31, 2017 a 10% increase (decrease) in the equity prices of these investments would increase (decrease) net income by $1.2 million and other comprehensive income by $2.4 million.

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 29, 2017, which is available on www.sedar.com .

The Chapada Mine, the Cerro Moro Project, the Diavik Mine, the Aurizona Mine, the Santa Elena Mine, the Karma Project, the Ming Mine, the Black Fox Mine, the Bachelor Lake Mine, the Hugo North Extension and Heruga deposits, the Mt. Hamilton Project, the Gualcamayo Mine, the Emigrant Springs Mine, the Thunder Creek Mine, MWS, the San Andres Mine, the Prairie Creek Project, the Bracemac-McLeod Mine, the Hot Maden Project, the Hackett River Project, the Lobo-Marte Project, Agi Dagi and Kirazli, Houndé Mine and other royalties and commodity streams in Sandstorm's portfolios are hereafter referred to as the "Mines".

Risks Relating To Mineral Projects

To the extent that they relate to the production of gold or an applicable commodity from, or the operation of, 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, collapse of mining infrastructure including tailings pond, 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, other commodities, receive royalties or receive economic benefit from its interest in the Hot Maden Project, if no gold or applicable commodity 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 or other 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 or other 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. There are no guarantees the Mines will achieve commercial production, ramp-up targets or complete expansion plans. 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 operations with respect to the Company's gold and other precious metals interests are conducted in Canada, Mexico, the United States, Mongolia, Africa, Argentina, Brazil, Chile, Peru, Paraguay, Honduras, French Guiana, Turkey, Sweden and Australia 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, international sanctions, 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 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 adverse developments with respect to Lidya, its cooperation or in its exploration, development, permitting and operation of the Hot Maden Project in Turkey may adversely affect the Company's 30% net profits interest in the project. There are no assurances that the Company will be able to successfully convert its 30% interest in the Hot Maden Project into a commodity stream or royalty. 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 Stream. 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

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 levels of income tax. The Company prior years' tax returns are currently under audit by the Canada Revenue Agency, and no assurances can be given that tax matters, if they so arise will be resolved favorably. The majority of the Company's Streams and royalties has been entered into directly by Canadian based subsidiaries and are therefore, subject to Canadian tax. The profits attributable to the Company's historical Barbados entity have all been attributed to Canada and the profits from these Streams continue to be subject to Canadian tax.

Commodity Prices for Metals Produced from the Mines

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, silver and/or copper (collectively, the "Metals"). The price of the Metals 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 the Metals 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, silver and copper producing countries throughout the world.

In the event that the prevailing market price of the Metals are at or below the price at which the Company can purchase such commodities pursuant to the terms of the Stream agreements associated with the metal interests, the Company will not generate positive cash flow or earnings. Declines in market prices could cause an operator to reduce, suspend or terminate production from an operating project or construction work at a development project, which may result in a temporary or permanent reduction or cessation of revenue from those projects, and the Company might not be able to recover the initial investment in Streams and royalties.

Diamond Prices and Demand for Diamonds

The price of the common shares, warrants, and the Company's financial results may be significantly adversely affected by a decline in the price and demand for diamonds. Diamond prices fluctuate and are affected by numerous factors beyond the control of the Company, including worldwide economic trends, worldwide levels of diamond discovery and production, and the level of demand for, and discretionary spending on, luxury goods such as diamonds. Low or negative growth in the worldwide economy, renewed or additional credit market disruptions, natural disasters or the occurrence of terrorist attacks or similar activities creating disruptions in economic growth could result in decreased demand for luxury goods such as diamonds, thereby negatively affecting the price of diamonds. Similarly, a substantial increase in the worldwide level of diamond production or the release of stocks held back during recent periods of lower demand could also negatively affect the price of diamonds. In each case, such developments could have a material adverse effect on the Company's results of operations.

Information Systems and Cyber Security

The Company's information systems, and those of its counterparties under the precious metal purchase agreements and vendors, are vulnerable to an increasing threat of continually evolving cybersecurity risks. Unauthorized parties may attempt to gain access to these systems or the Company's information through fraud or other means of deceiving the Company's counterparties.

The Company's operations depend, in part, on how well the Company and its suppliers, as well as counterparties under the precious metal purchase agreements, protect networks, equipment, information technology ("IT") systems and software against damage from a number of threats. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

Although to date the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority.

Key Management

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.

Solvency Risk of Counterparties

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. Notes 2 and 4 of the Company's 2017 annual consolidated financial statements describes all of the significant accounting policies as well as the significant judgments and estimates.

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, the Disclosure Policy, the Code of Conduct, the Stock Trading Policy, Corporate Governance, the effective functioning of the 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 the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as required by National Instrument 52-109 in Canada ("NI 52-109") and under the Securities Exchange Act of 1934, as amended, in the United States. 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 December 31, 2017, the disclosure controls and procedures (as defined in Rule 13(a) – 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 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 National Instrument 52-109 in Canada ("NI 52-109") and under the Securities Exchange Act of 1934, as amended, in the United States. 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 as issued by the IASB.

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 the 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, 2017 based on the criteria set forth in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of December 31, 2017, the Company's internal control over financial reporting is effective and no material weaknesses were identified.

Changes in Internal Controls

Except for controls that were implemented in relation to the Mariana acquisition, there were no changes in internal controls of the Company during the year ended December 31, 2017 that have materially affected, or are likely to materially affect, the Company’s internal control over financial reporting or disclosure controls and procedures.

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.

Future Changes in Accounting Policies

The IASB has issued the following new standards but they are not yet effective. Pronouncements that are not applicable to the Company have been excluded from this note.

IFRS 15 Revenue from Contracts with Customers— The final standard on revenue from contracts with customers was issued on May 28, 2014 and is effective for annual reporting periods beginning after January 1, 2018 for public entities. Entities have the option of using either a full retrospective or a modified retrospective approach to adopt the guidance. The Company has completed its assessment of the impact of the new standard on its future financial statements. The process has included a review of all material contracts as well as the nature and type of the various Streams and royalties that the Company holds. This assessment has also included identifying the contract with the customer, the separate performance obligations contained therein and the appropriate transaction price. The adoption of the new standard will not give rise to any material changes to the Company’s sub processes, IT controls or consolidated financial statements.

In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize assets and liabilities for most leases. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019 and is to be applied retrospectively with early adoption permitted, provided IFRS 15 has been applied or is applied at the same date as IFRS 16. The new standard is not expected to have a material impact on the Company’s 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; the Chapada Mine, the Cerro Moro Project, the Houndé Mine, the Ming Mine, the Gualcamayo Mine, the Karma Mine, the Emigrant Springs Mine, the Thunder Creek Mine, MWS, the Hugo North Extension and Heruga deposits, the mines underlying the Sandstorm portfolio of royalties, the Bachelor Lake Mine, the Diavik Mine, the Mt. Hamilton mine, the Prairie Creek Project, the San Andres Mine, the Hot Maden Project, the Hackett River Project, the Lobo-Marte Project, Agi Dagi and Kirazli 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, 2016 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 Gold Streams and royalties as well as its future outlook, the mineral reserve and mineral resource estimates for each of the Chapada Mine, the Cerro Moro Project, the Houndé Mine, the Diavik Mine, the Aurizona Mine, the Gualcamayo Mine, the Emigrant Springs Mine, the Thunder Creek Mine, MWS, the Santa Elena Mine, the Ming Mine, the Black Fox Mine, the Hugo North Extension and Heruga deposits, the Karma Mine, the mines underlying the Sandstorm portfolio of royalties, the Bachelor Lake Mine, the Mt. Hamilton Mine, the Prairie Creek Project, the San Andres Mine, the Hot Maden Project, the Hackett River Project, the Lobo-Marte Project, Agi Dagi and Kirazli 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, other commodity or receive royalties from, 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.

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 PricewaterhouseCoopers LLP, Chartered Professional 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. PricewaterhouseCoopers LLP have full and free access to the Audit Committee.

“Nolan Watson”	“Erfan Kazemi”
President & Chief Executive Officer	Chief Financial Officer

February 15, 2018

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Sandstorm Gold Ltd.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of Sandstorm Gold Ltd. and its subsidiaries, (together, the Company) as of December 31, 2017 and December 31, 2016, and the related consolidated statements of income (loss), comprehensive income (loss), cash flows and changes in equity for the years then ended, including the related notes (collectively referred to as the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and December 31, 2016, and their financial performance and their cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS). Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting included in Management’s Discussion and Analysis. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and limitations of internal control over financial reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) 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 consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/S/ PricewaterhouseCoopers LLP
Chartered Professional Accountants
Vancouver, Canada
February 15, 2018

We have served as the Company's auditor since 2016.

Consolidated Statements of Financial Position Expressed in U.S. dollars ($000s)

ASSETS	Note	December 31, 2017	December 31, 2016
Current			
Cash and cash equivalents		$ 12,539	$ 21,434
Short-term investments	9	18,252	-
Trade receivables and other		7,568	6,663
		$ 38,359	**$ 28,097**
Non-current			
Mineral, royalty and other interests	6	$ 365,477	$ 402,785
Hot Maden interest	8	177,452	-
Investments	9	60,630	61,293
Deferred income tax assets	12	13,581	16,934
Exploration assets	7	2,599	-
Deferred financing costs and other long term assets	10	2,817	2,416
Loan receivable	9	-	23,357
Total assets		**$ 660,915**	**$ 534,882**
LIABILITIES			
Current			
Trade and other payables		$ 6,438	$ 4,289
Non-current			
Deferred income tax liabilities	12	2,807	3,288
		$ 2,807	**$ 3,288**
		$ 9,245	**$ 7,577**
EQUITY			
Share capital		$ 693,880	$ 573,085
Reserves		23,659	23,915
Deficit		(25,135)	(35,672)
Accumulated other comprehensive loss		(40,734)	(34,023)
		$ 651,670	**$ 527,305**
Total liabilities and equity		**$ 660,915**	**$ 534,882**

Contractual obligations (Note 16)
Subsequent events (Note 18)

ON BEHALF OF THE BOARD:

"Nolan Watson", Director "David DeWitt", Director

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

	Note		Year Ended December 31, 2017		Year Ended December 31, 2016
Sales	17	$	49,208	$	41,634
Royalty revenue	17		19,067		20,737
		$	**68,275**	**$**	**62,371**
Cost of sales, excluding depletion	17	$	15,321	$	12,834
Depletion	17		29,580		27,654
Total cost of sales		**$**	**44,901**	**$**	**40,488**
Gross profit		**$**	**23,374**	**$**	**21,883**
Expenses and other (income)					
Administration expenses [1]	13	$	6,736	$	5,031
Project evaluation [1]			4,564		5,064
Foreign exchange (gain) loss			(2,434)		87
(Gain) on revaluation of investments	9		(5,827)		(22,093)
Finance income			(722)		(2,598)
Finance expense			2,187		2,993
Mineral, royalty and other interests impairments	6 (c)		9,104		2,507
(Gain) loss on mineral interest disposal and other	6 (b)		(4,848)		1,107
Income before taxes		**$**	**14,614**	**$**	**29,785**
Current income tax expense	12	$	868	$	306
Deferred income tax expense	12		3,209		4,225
			4,077		4,531
Net income for the year		**$**	**10,537**	**$**	**25,254**
Basic earnings per share		$	0.06	$	0.18
Diluted earnings per share		$	0.06	$	0.17
Weighted average number of common shares outstanding					
Basic	11 (e)		167,265,059		144,159,678
Diluted	11 (e)		174,703,186		149,961,923
[1] Equity settled stock based compensation (a non-cash item) is included in administration expenses and project evaluation		$	3,785	$	3,106

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

	Note		Year Ended December 31, 2017		Year Ended December 31, 2016
Net income for the year		**$**	**10,537**	**$**	**25,254**
Other comprehensive (loss) income for the year					
Items that may subsequently be re-classified to net income:					
Currency translation differences		$	(15,205)	$	121
Items that will not subsequently be re-classified to net income:					
Gain on FVTOCI investments	9		8,159		16,902
Tax recovery on FVTOCI investments			335		514
Total other comprehensive (loss) income for the year		**$**	**(6,711)**	**$**	**17,537**
Total comprehensive income for the year		**$**	**3,826**	**$**	**42,791**

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

Cash flow from (used in):	Note		Year Ended December 31, 2017		Year Ended December 31, 2016
Operating activities					
· Net income for the year		$	10,537	$	25,254
Items not affecting cash:					
· Depletion and depreciation and financing amortization			30,723		28,489
· Mineral, royalty and other interests impairments	6		9,104		2,507
· Deferred income tax expense	12		3,209		4,225
· Share-based payments			3,785		3,106
· (Gain) on revaluation of investments	9		(5,827)		(22,093)
· Unrealized foreign exchange gain			(2,122)		-
· Interest on loan receivable			(409)		(1,528)
· (Gain) loss on mineral interest disposal and other			(5,024)		655
· Changes in non-cash working capital	14		797		(1,624)
		$	**44,773**	**$**	**38,991**
Investing activities					
· Acquisition of Mariana Resources Limited		$	(48,299)	$	-
· Proceeds from disposal of investments and other			14,352		12,774
· Proceeds from disposal of mineral, royalty and other interests			3,600		5,617
· Acquisition of mineral, royalty and other interests	6		(4,409)		(10,806)
· Acquisition of investments and other assets			(4,761)		(5,731)
· Investment in Hot Maden interest	8		(584)		-
· Loan repayment			-		2,993
· Loan issuance			-		(1,000)
		$	**(40,101)**	**$**	**3,847**
Financing activities					
· Redemption of common shares (normal course issuer bid)	11	$	(17,729)	$	(2,280)
· Bank debt drawn			16,000		5,000
· Bank debt repaid			(16,000)		(88,500)
· Proceeds on exercise of warrants, options and other			2,605		5,455
· Proceeds from issuance of common shares net of financing costs			-		53,453
		$	**(15,124)**	**$**	**(26,872)**
Effect of exchange rate changes on cash and cash equivalents		$	1,557	$	122
Net increase (decrease) in cash and cash equivalents			(8,895)		16,088
Cash and cash equivalents – beginning of the year			21,434		5,346
Cash and cash equivalents – end of the year		**$**	**12,539**	**$**	**21,434**

Supplemental cash flow information (note 14)

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

		Share Capital		Reserves				
	Note	Number	Amount	Share Options and Restricted Share Rights	Share Purchase Warrants	Deficit	Accumulated Other Comprehensive Income (Loss)	Total
At January 1, 2016		**128,880,314**	**$ 491,769**	**$ 10,351**	**$ 13,017**	**$ (60,926)**	**$ (51,560)**	**$ 402,651**
Shares issued		12,921,400	57,500	-	-	-	-	57,500
Options exercised	11 (b)	1,516,402	7,609	(2,199)	-	-	-	5,410
Vesting of restricted share rights		79,858	360	(360)	-	-	-	-
Acquisition and cancellation of common shares (normal course issuer bid)		(619,999)	(2,280)	-	-	-	-	(2,280)
Share issuance costs (net of deferred tax of $1.0 million)		-	(2,807)	-	-	-	-	(2,807)
Shares issued for acquisition of royalties and other		9,153,307	20,934	-	-	-	-	20,934
Share based payments		-	-	3,106	-	-	-	3,106
Total comprehensive income		-	-	-	-	25,254	17,537	42,791
At December 31, 2016		**151,931,282**	**$ 573,085**	**$ 10,898**	**$ 13,017**	**$ (35,672)**	**$ (34,023)**	**$ 527,305**
Options exercised	11 (b)	797,128	3,127	(1,114)	-	-	-	2,013
Warrants exercised	11 (c)	1,059,242	3,911	-	(2,803)	-	-	1,108
Vesting of restricted share rights		319,394	1,035	(1,035)	-	-	-	-
Expiration of unexercised warrants		-	7,874	-	(7,874)	-	-	-
Acquisition and cancellation of common shares (normal course issuer bid)		(4,106,772)	(17,729)	-	-	-	-	(17,729)
Shares issued for acquisition of Mariana Resources Ltd.	7	32,685,228	122,569	-	-	-	-	122,569
Issuance of Mariana Resources Ltd. replacement equity awards	7	-	-	3,207	5,578	-	-	8,785
Financing costs and other		-	8	-	-	-	-	8
Share based payments		-	-	3,785	-	-	-	3,785
Total comprehensive income		-	-	-	-	10,537	(6,711)	3,826
At December 31, 2017		**182,685,502**	**$ 693,880**	**$ 15,741**	**$ 7,918**	**$ (25,135)**	**$ (40,734)**	**$ 651,670**

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

1. NATURE OF OPERATIONS

Sandstorm Gold Ltd. was incorporated under the Business Corporations Act of British Columbia on March 23, 2007. Sandstorm Gold Ltd. and its subsidiary entities (collectively "Sandstorm", “Sandstorm Gold” or the "Company") is a resource-based company that seeks to acquire gold and other metals purchase agreements (“Gold Streams” or “Streams”) and royalties from companies that have advanced stage development projects or operating mines. In return for making an upfront payment to acquire a Gold Stream or royalty, Sandstorm receives the right to purchase, at a fixed price per unit or at a fixed percentage of the spot price , a percentage of a mine’s production for the life of the mine (in the case of a stream) or a portion of the revenue generated from the mine (in the case of a royalty).

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 February 15, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Statement of Compliance

These consolidated financial statements 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 subsidiaries (all wholly owned) Sandstorm Gold (Barbados) Limited, Sandstorm Gold (Canada) Holdings Ltd., Bridgeport Gold Inc., Inversiones Mineras Australes Holdings (BVI) Inc., Inversiones Mineras Australes S.A., Premier Royalty U.S.A. Inc., SA Targeted Investing Corp., Sandstorm Metals & Energy (Canada) Holdings Ltd., Sandstorm Metals & Energy (Canada) Ltd., Sandstorm Metals & Energy (US) Inc., Mariana Resources Limited (Guernsey), Mariana Turkey Limited (Guernsey), and Mariana International Limited (Guernsey). 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 is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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 retrospective 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 (Loss).

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 (Loss).

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. Investment in Associate

An associate is an entity over which the Company has significant influence, and is neither a subsidiary nor a joint arrangement. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policies. The Hot Maden interest on the Company's Consolidated Statements of Financial Position represents an investment in an associate.

The Company accounts for its investment in an associate using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost when acquired and subsequently increased or decreased to recognize the Company's share of net income and losses of the associate, after any adjustments necessary to give effect to uniform accounting policies, any other movement in the associate's reserves, and for impairment losses after the initial recognition date. The Company's share of income and losses of associates is recognized in net income during the period. Dividends received from an associate are accounted for as a reduction in the carrying amount of the Company's investment.

F. 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.

G. Mineral, Royalty and Other Interests

Mineral, royalty and other interests consist of acquired royalty interests and stream metal purchase agreements. These interests are recorded at cost and capitalized as tangible assets with finite lives. They are subsequently measured at cost less accumulated depletion and accumulated impairment losses, if any. Project evaluation costs that are not related to a specific agreement are expensed in the period incurred.

Producing mineral, royalty and other 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.

On acquisition of a mineral, royalty or other interest, an allocation of its fair value is attributed to the exploration potential of the interest and is recorded as an asset on the acquisition date. The value of the exploration potential is accounted for in accordance with IFRS 6, Exploration and Evaluation of Mineral Resources and is not depleted until such time as the technical feasibility and commercial viability have been established at which point the value of the asset is accounted for in accordance with IAS 16, Property, Plant and Equipment.

H. Impairment of Mineral, Royalty and Other 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 of disposal 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 and the portion of resources expected to be classified as mineral reserves as well as exploration potential expected to be converted into resources. Estimated sales prices are determined by reference to an average of long-term metal price forecasts by analysts and management's expectations. The discount rate is estimated using an average discount rate incorporating analyst views 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.

I. Exploration Assets

All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are expensed in the period incurred. Exploration and evaluation costs arising following the acquisition of an exploration licence are capitalised on a project-by-project basis. Costs incurred include appropriate technical and administrative overheads. Exploration assets are carried at historical cost less any impairment losses recognized. Exploration and evaluation activity includes geological and geophysical studies, exploratory drilling and sampling and resource development.

Upon demonstration of the technical and commercial feasibility of a project and a development decision, any past exploration and evaluation costs related to that project are subject to an impairment test and are reclassified in accordance with IAS 16, Property Plant and Equipment.

Management annually assesses exploration assets for impairment when facts and circumstances suggest that the carrying value of capitalized exploration costs may not be recoverable.

J. Revenue Recognition

Revenue comprises of revenue earned in the period from royalty and mineral stream interests. Revenue is measured at the fair value of the consideration received or receivable when management can reliably estimate the amount, pursuant to the terms of the royalty and/or stream agreements. In some instances, the Company will not have access to sufficient information to make a reasonable estimate of revenue and, accordingly, revenue recognition is deferred until management can make a reasonable estimate. Differences between estimates and actual amounts are adjusted and recorded in the period that the actual amounts are known.

For royalty interests, revenue recognition generally occurs in the month of production from the royalty property. For stream agreements, revenue recognition occurs when the relevant commodity received from the stream operator is physically delivered and then sold by the Company to its third party customers.

Under the terms of certain royalty agreements, revenue 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 at each reporting period and other adjustments are recorded on final settlement and are offset against revenue when incurred.

K. 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., Bridgeport Gold Inc.,

Inversiones Mineras Australes Holdings (BVI) Inc., Premier Royalty U.S.A. Inc., SA Targeted Investing Corp., Sandstorm Metals & Energy (Canada) Holdings Ltd, Sandstorm Metals & Energy (Canada) Ltd. and Sandstorm Metals & Energy (US) Inc. the functional currency is the U.S. dollar.

For Inversiones Mineras Australes S.A., the functional currency of this subsidiary is the Argentine Peso. To translate 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 average exchange rates during the period. All resulting exchange differences are recognized in other comprehensive income (loss).

For the Company's Hot Maden Interest, the functional currency of this associate is the Turkish Lira. To translate the Hot Maden Interest 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 average exchange rates during the period. All resulting exchange differences are recognized in other comprehensive income (loss).

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.

L. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, trade receivables and other, short and long-term investments, loans receivable, and trade and other payables. All financial instruments are initially recorded at fair value and designated as follows:

Cash and cash equivalents, trade receivables and other, and loans receivable are classified as financial assets at amortized cost and trade and other payables and bank debt are classified as financial liabilities at amortized cost. Both financial assets at amortized cost and financial liabilities at amortized cost are measured at amortized cost using the effective interest method.

Investments in common shares are held for long-term strategic purposes and not for trading. Upon the adoption of IFRS 9, the Company made an irrevocable election to designate these investments as fair value through other comprehensive income ("FVTOCI") in order to provide a more meaningful presentation based on management's intention, rather than reflecting changes in fair value in net income. Such investments 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 other comprehensive income under the classification of gain (loss) on revaluation of investments. Cumulative gains and losses are not subsequently reclassified to profit or loss.

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 income (loss) under the classification of gain (loss) on revaluation of investments.

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, FVTOCI 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. On derecognition, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability obtained) is recognized in profit or loss.

M. Inventory

When refined gold or the applicable commodity, under the Stream agreement, is delivered to the Company, it is recorded as inventory. The amount recognized as inventory includes both the cash payment and the related depletion associated with that commodity.

N. 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.

O. 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 for utilization.

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.

P. 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. Upon exercise, the original consideration is reallocated from share purchase warrants reserve to issued share capital along with the associated exercise price. Original consideration associated with expired share purchase warrants is reallocated to issued share capital.

Q. 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.

R. Share Based Payments

The Company recognizes share based compensation expense for all share purchase options and restricted share rights ("RSRs") 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 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 Income (Loss).

The BSM requires management to estimate the expected volatility and expected 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 number of equity instruments expected to vest is estimated using historical forfeiture data.

S. 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.

T. 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. The Company's operating segments are components of the Company's business for which discrete financial information is available and which 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.

3. FUTURE CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following new standard s but they are not yet effective. Pronouncements that are not applicable to the Company have been excluded from this note:

IFRS 15 Revenue from Contracts with Customers— The final standard on revenue from contracts with customers was issued on May 28, 2014 and is effective for annual reporting periods beginning after January 1, 2018 for public entities. The Company has completed its assessment of the impact of the new standard on its future financial statements under the modified retrospective approach. The process has included a review of all material contracts as well as the nature and type of the various Streams and royalties that the Company holds. This assessment has also included identifying the contract with the customer, the separate performance obligations contained therein and the appropriate transaction price. The adoption of the new standard will not give rise to any material changes to the Company's sub processes, IT controls or consolidated financial statements.

In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize assets and liabilities for most leases. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019 and is to be applied retrospectively with early adoption permitted, provided IFRS 15 has been applied or is applied at the same date as IFRS 16. The new standard is not expected to have a material impact on the Company's consolidated financial statements.

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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. Attributable Reserve and Resource Estimates

The Company's business is the acquisition of Gold Streams, Streams, and royalties. Each mineral, royalty and other interest agreement has its own unique terms and judgement is required to assess the appropriate accounting treatment.

Mineral, royalty and other interests are a significant class of assets of the Company, with a carrying value of $365.5 million at December 31, 2017 (2016 - $402.8 million). This amount represents the capitalized expenditures related to the acquisition of the mineral, royalty and other 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 minerals that can be economically and legally extracted from the mining properties at which the Company has purchase and royalty agreements, adjusted where applicable to reflect the Company's percentage entitlement to minerals 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 requires 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 the carrying value of the Company's mineral, royalty and other interests and depletion charges.

The Company's mineral and royalty interests are depleted on a units-of-production basis, with estimated recoverable reserves and resources being used to determine the depletion rate for each of the Company's mineral and royalty interests. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and resources to be converted into reserves. Changes to depletion rates are accounted for prospectively.

B. Investments

In the normal course of operations, the Company invests in equity interests of other entities. In such circumstances, management considers whether the facts and circumstances pertaining to each such investment result in the Company obtaining control, joint control or significant influence over the investee entity. In some cases, the determination of whether or not the Company controls, jointly controls or significantly influences the investee entities requires the application of significant management judgment to consider individually and collectively such factors as:

- The purpose and design of the investee entity.
- The ability to exercise power, through substantive rights, over the activities of the investee entity that significantly affect its returns.
- The size of the company's equity ownership and voting rights, including potential voting rights.
- The size and dispersion of other voting interests, including the existence of voting blocks.
- Other investments in or relationships with the investee entity including, but not limited to, current or possible board representation, royalty and/or stream investments, loans and other types of financial support, material transactions with the investee entity, interchange of managerial personnel or consulting positions.
- Other relevant and pertinent factors.

If it is determined that the Company neither has control, joint control or significant influence over an investee entity, the Company accounts for the corresponding investment in equity interest at fair value through other comprehensive income as further described in note 2.

C. Income Taxes

The interpretation of existing tax laws or regulations in Canada, Barbados, the United States of America, Australia, Argentina, Chile, Turkey, Guernsey, Mexico 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. Refer to note 12 for more information.

D. Impairment of Assets

Assessment of impairment of mineral, royalty and other interests requires the use of judgments, assumptions and estimates when assessing whether there are any indicators that could give rise to the requirement to conduct a formal impairment test as well as in the assessment of fair values.

Under the Fair Value 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 or royalty 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 determining the fair value attributable to acquired mineral and royalty 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, Stream, or royalty, as disclosed in note 16 to the financial statements.

During the year ended December 31, 2017, the Company recorded an impairment charge of $9.1 million (2016 - $2.5 million).

E. Asset Acquisition

The assessment of whether an acquisition meets the definition of a business or whether assets are acquired is an area of key judgement. If deemed to be a business combination, applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition date fair value. The excess, if any, of the fair value of the consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The determination of the acquisition date fair values often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of mineral, royalty and other interests generally requires a high degree of judgement, and include estimates of mineral reserves and resources acquired, future metal prices, discount rates and conversion of reserves and resources. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets and liabilities.

F. Functional Currency

The functional currency for each of the Company's subsidiaries and associates is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

5. FINANCIAL INSTRUMENTS

A. Capital Risk Management

The Company manages its capital such that it endeavors 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 $651.7 million (2016 - $527.3 million) of equity attributable to common shareholders, comprising of issued capital (note 1 1), accumulated reserves and deficit. The Company was not subject to any externally imposed capital requirements with the exception of complying with certain covenants under the credit agreement governing bank debt. The Company is in compliance with the debt covenants described in note 10 as at December 31, 2017.

B. Fair Value Estimation

The fair value hierarchy establishes three levels to classify fair value measurements based upon the observability of significant inputs used in the valuation techniques. 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 at December 31, 2017 and December 31, 2016. 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.

As at December 31, 2017:

In $000s	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable inputs (Level 3)
Short-term investments				
Common shares held	$ 3,252	$ 3,252	$ -	$ -
Convertible debt	15,000	-	15,000	-
Long-term investments				
Common shares held	$ 40,722	$ 40,722	$ -	$ -
Warrants	3,313	-	3,313	-
Convertible debt	16,595	-	16,595	-
	$ 78,882	**$ 43,974**	**$ 34,908**	**$ -**

As at December 31, 2016:

In $000s	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable inputs (Level 3)
Long-term investments				
Common shares held	$ 28,850	$ 28,850	$ -	$ -
Warrants	3,404	-	3,404	-
Convertible debt	29,039	-	29,039	-
	$ 61,293	**$ 28,850**	**$ 32,443**	**$ -**

The fair value of the Company's other financial instruments which include cash and cash equivalents, trade receivables and other, and trade and other payables approximate their carrying values at December 31, 2017.

C. Credit Risk

The Company's credit risk is limited to cash and cash equivalents and trade receivables and other in the ordinary course of business. The Company's trade receivables and other is subject to the credit risk of the counterparties who own and operate the mines underlying Sandstorm's royalty portfolio. In order to mitigate its exposure to credit risk, the Company closely monitors its financial assets and maintains its cash deposits in several high-quality financial institutions. The Company's convertible debenture due from Equinox Gold Corp. ("Equinox") is subject to Equinox's credit risk and the Company's ability to realize on its security.

D. Currency Risk

Financial instruments that impact the Company's net income (loss) or other comprehensive income (loss) due to currency fluctuations include: cash and cash equivalents, trade receivables and other, investments and trade and other payables denominated in Canadian dollars. Based on the Company's Canadian dollar denominated monetary assets and monetary liabilities at December 31, 2017 a 10% increase (decrease) of the value of the Canadian dollar relative to the United States dollar would increase (decrease) net income by $0.5 million and other comprehensive income by $2.9 million, respectively.

E. Liquidity Risk

The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. In managing liquidity risk, the Company takes into account the amount available under the Company's Revolving Facility, anticipated cash flows from operating activities and its holding of cash and cash equivalents. As at December 31, 2017, the Company had cash and cash equivalents of $12.5 million (December 31, 2016 – $21.4 million). Sandstorm holds common shares, convertible debentures, and warrants of other companies with a combined fair market value as at December 31, 2017, of $78.9 million (December 31, 2016 – $61.3 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.

F. Other Price Risk

The Company is exposed to equity price risk as a result of holding investments in other mining companies. The Company does not actively trade these investments. The equity prices of long term investments are impacted by various underlying factors including commodity prices. Based on the Company's investments held as at December 31, 2017 a 10% increase (decrease) in the equity prices of these investments would increase (decrease) net income by $1.2 million and other comprehensive income by $2.4 million.

6. MINERAL, ROYALTY AND OTHER INTERESTS

A. Carrying Amount

As of and for the year ended December 31, 2017:

	Cost			Accumulated Depletion					
In $000s	Opening	Net Additions (disposals)	Ending	Opening	Depletion[1]	Depletion in Ending Inventory	Impairment	Ending	Carrying Amount
Aurizona, Brazil	$ 11,033	$ -	$ 11,033	$ 310	$ -	$ -	$ -	$ 310	$ 10,723
Bachelor Lake, Canada	23,972	37	24,009	19,339	3,823	21	-	23,183	826
Black Fox, Canada	37,761	30	37,791	24,395	2,253	183	-	26,831	10,960
Chapada, Brazil	69,528	-	69,528	2,737	3,765	-	-	6,502	63,026
Diavik, Canada	53,111	-	53,111	11,792	6,080	-	-	17,872	35,239
Hot Maden, Turkey	5,818	-	5,818	-	-	-	-	-	5,818
Hugo North Extension and Heruga, Mongolia	35,351	-	35,351	-	-	-	-	-	35,351
Karma, Burkina Faso	26,289	-	26,289	2,619	2,913	671	-	6,203	20,086
Ming, Canada	20,068	2	20,070	8,585	185	276	-	9,046	11,024
Santa Elena, Mexico	23,342	-	23,342	19,308	992	166	-	20,466	2,876
Yamana silver stream, Argentina	74,234	2	74,236	1,427	2,253	-	-	3,680	70,556
Other Royalties [2]	222,097	2,596	224,693	115,492	5,896	-	9,104	130,492	94,201
Other [3]	10,725	(1,264)	9,461	4,540	103	27	-	4,670	4,791
Total [4]	**$ 613,329**	**$ 1,403**	**$ 614,732**	**$ 210,544**	**$ 28,263**	**$ 1,344**	**$ 9,104**	**$ 249,255**	**$ 365,477**

1) *Depletion during the year in the Consolidated Statements of Income of $29.6 million is comprised of depletion expense for the year of $28.3 million, and $1.3 million from depletion in ending inventory as at December 31, 2016.*
2) *Includes Bracemac-McLeod, Coringa, Mt. Hamilton, Paul Isnard, Prairie Creek, Ann Mason, Gualcamayo, Emigrant Springs, Mine Waste Solutions, San Andres, Sao Francisco, Thunder Creek, the Early Gold Deposit, Hackett River, Lobo-Marte, Agi Dagi & Kirazli, Forrestania and other.*
3) *Includes Koricancha Stream and other.*
4) *Mineral, Royalty and Other Interests includes assets accounted for under IFRS 6 (Exploration and Evaluation) of $52.3 million and assets accounted for under IAS 16 (Property, Plant and Equipment) of $313.2 million.*

As of and for the year ended December 31, 2016:

	Cost			Accumulated Depletion					
In $000s	Opening	Net Additions (disposals)	Ending	Opening	Depletion	Depletion in Ending Inventory	Impairment	Ending	Carrying Amount
Aurizona, Brazil	$ 11,000	$ 33	$ 11,033	$ 310	$ -	$ -	$ -	$ 310	$ 10,723
Bachelor Lake, Canada	22,671	1,301	23,972	14,678	4,411	250	-	19,339	4,633
Black Fox, Canada	37,758	3	37,761	22,117	2,011	267	-	24,395	13,366
Chapada, Brazil	69,520	8	69,528	-	2,737	-	-	2,737	66,791
Diavik, Canada	53,111	-	53,111	6,273	5,519	-	-	11,792	41,319
Hot Maden, Turkey	5,818	-	5,818	-	-	-	-	-	5,818
Hugo North Extension and Heruga, Mongolia	42,493	(7,142)	35,351	-	-	-	-	-	35,351
Karma, Burkina Faso	21,174	5,115	26,289	-	2,095	524	-	2,619	23,670
Ming, Canada	20,068	-	20,068	7,622	792	171	-	8,585	11,483
Santa Elena, Mexico	23,342	-	23,342	17,202	2,001	105	-	19,308	4,034
Yamana silver stream, Argentina	74,229	5	74,234	-	1,427	-	-	1,427	72,807
Other Royalties [1]	200,906	21,191	222,097	106,393	6,592	-	2,507	115,492	106,605
Other [2]	11,339	(614)	10,725	4,471	69	-	-	4,540	6,185
Total [3]	**$ 593,429**	**$ 19,900**	**$ 613,329**	**$ 179,066**	**$ 27,654**	**$ 1,317**	**$ 2,507**	**$ 210,544**	**$ 402,785**

1) *Includes Bracemac-McLeod, Coringa, Mt. Hamilton, Paul Isnard, Prairie Creek, Ann Mason, Serra Pelada, Gualcamayo, Emigrant Springs, Mine Waste Solutions, San Andres, Sao Francisco, Thunder Creek, Bomboré, the Early Gold Deposit, Hackett River, Lobo-Marte, Agi Dagi & Kirazli, Forrestania and others.*
2) *Includes Koricancha Stream and other.*
3) *Mineral, Royalty and Other Interests includes assets accounted for under IFRS 6 (Exploration and Evaluation) of $73.8 million and assets accounted for under IAS 16 (Property, Plant and Equipment) of $329.0 million.*

B. Significant Updates and Other Transactions

During the year ended December 31, 2017:

UPDATE | Orezone

On January 26, 2017, Orezone Gold Corporation exercised its option to repurchase the royalty on the Bomboré gold project for $3.6 million, representing a 20% premium to the original upfront payment.

UPDATE | Bachelor Lake Stream

On September 29, 2017, the Company amended its Gold Stream with Metanor Resources Inc ("Metanor"). Beginning October 1, 2017, Sandstorm will purchase 20% of the gold produced from Metanor's Bachelor Lake gold mine for a per ounce cash payment equal to the lesser of $500 and the then prevailing market price of gold, until 12,000 ounces of gold have been purchased by the Company at which time the Gold Stream will convert into a 3.9% net smelter returns royalty ("NSR"). As part of the amendment, Metanor has agreed it will sell a minimum of 1,500 ounces of gold to Sandstorm on a quarterly basis until the 12,000 ounce threshold has been reached. Under the previous Gold Stream, there were no requirements for minimum deliveries nor was there a subsequent conversion of the Gold Stream into a NSR. In consideration for entering into the amendment, Sandstorm received:

- a 3.9% NSR on Metanor's Barry project; and
- $2.0 million in the common shares of Metanor.

Metanor may elect to reduce the 3.9% NSR on the Bachelor Lake or Barry projects by making a $2.0 million payment to Sandstorm in each case (the "Purchase Option"). Upon exercising either of the Purchase Options, the respective Sandstorm NSR will decrease to 1.8%. In addition to the Gold Stream, Sandstorm has an already existing 1% NSR on the Bachelor Lake gold mine, which remains unaffected by the amendment. In connection with the partial disposition of the stream, the Company recognized a $3.0 million gain in other income during the year ended December 31, 2017.

C. Impairments

During the year ended December 31, 2017:

A reduction in the mineral resource estimate for the Coringa gold project announced during the period prompted the Company to evaluate the carrying value of its royalty investment. As a result of this review, the Company recorded an impairment charge of $4.5 million. The recoverable amount of $3.4 million was determined using a discounted cash flow model in estimating the fair value less costs of disposal. Key assumptions used in the cash flow forecast were: a 5 year mine life, a long term gold price of $1,300 and a 6% discount rate.

As a result of an update to the production profile of the Emigrant Springs mine and the ounces expected from the area subject to the royalty, the Company re-evaluated the carrying value of its investment. Based on its review, the Company recorded an impairment charge of $4.6 million. The recoverable amount of $0.5 million was determined using a discounted cash flow model in estimating the fair value less costs of disposal. Key assumptions used in the cash flow forecast were: a 1 - 3 year mine life, a long term gold price of $1,300 and a 4% discount rate.

During the year ended December 31, 2016:

While assessing whether any indications of impairment exist for mineral properties, consideration is given to both external and internal sources of information. The lack of progress with respect to the advancement of some of the properties which Sandstorm holds royalties on within Sandstorm's mineral interest portfolio, prompted the Company to evaluate its investment in these specific assets. As part of the assessment, the Company recorded an impairment charge of $1.4 million for the full balance of those royalties that were specifically identified as lacking significant progress. The recoverable amount of the assets, for impairment assessment purposes, was determined using the fair value less costs of disposal method and considered whether the mining operator had dropped certain mineral claims. Key assumptions used in the analysis to determine fair value included a liquidation scenario and management's best estimates of the value of the underlying royalty assets. In addition to these impairments, the Company recorded an additional impairment charge of $1.1 million relating to other royalties within the Company's royalty portfolio. This impairment charge was prompted by changes in the underlying operations of the assets including estimated production. The recoverable amount of the assets, for impairment assessment purposes, was determined using the fair value less costs of disposal method. Key assumptions used in the discounted cash flow analysis to determine fair value included a long term gold price of $1,300 and a 4% discount rate.

7. ACQUISITION OF MARIANA RESOURCES LIMITED

On July 3, 2017, Sandstorm completed its previously announced arrangement to acquire all the issued and ordinary shares of Mariana Resources Ltd. (that Sandstorm did not already own) ("Mariana") (the "Arrangement"). Under the terms of the Arrangement and as consideration for the acquisition, the Company issued 32,685,228 common shares and paid an additional $47.3 million in cash. In addition, all outstanding stock options and warrant holders of Mariana received 0.3487 Sandstorm stock option or warrant for each Mariana stock option or warrant previously held. The transaction was accounted for as an asset acquisition, with the capitalized costs of $199.6 million being determined by reference to the fair value of the net assets acquired.

As part of the transaction, the Company acquired a 30% net profits interest in the Hot Maden gold-copper project, located in the Artvin Province, northeastern Turkey ("Hot Maden" or "Hot Maden Interest"). The project is operated and co-owned by a Turkish partner, Lidya Madencilik Sanayi ve Ticaret A.S. ("Lydia"), who owns the remaining interest in the project. On acquisition, the fair value ascribed to the net profits interest was $190.7 million. In determining the fair value of the Company's interest in Hot Maden, a discounted cash flow model was utilized. Key assumptions used in the analysis were a 7% discount rate, a long term gold price of $1,300 and an estimated mine life of 12 - 14 years.

The Company's 30% net profits interest in Hot Maden represents an investment in an associate and is accounted for in accordance with IAS 28 - Investments in associates and joint ventures. Refer to note 8 for further information.

In addition, the acquisition of Mariana included exploration properties in Côte d'Ivoire, Turkey, and Argentina. The fair value of $5.0 million ascribed to these assets was determined based on management's best estimate of the recoverable value and took into consideration the exploration expenditures at the respective properties. Sandstorm intends on selling the exploration properties and expects to retain NSRs as well as equity in the eventual sale. As part of that process and during the year ended December 31, 2017, Sandstorm was able to dispose of a number of these properties in exchange for receiving NSRs and equity to be granted to Sandstorm in the future. The other assets acquired in the transaction included cash and other assets of approximately $5.0 million and accounts payable and accrued liabilities of approximately $1.1 million. Other key assumptions utilized in the fair value assessment of the replacement warrants and options included a risk-free annual interest rate of approximately 1%, an expected volatility of up to 30% and an expected average life of up to 1.6 years.

8. HOT MADEN INTEREST

On July 3, 2017, the Company acquired a 30% net profits interest in Artmin Madencilik Sanaya ve Ticaret A.S, incorporated in Turkey which owns and operates the Hot Maden project. This interest is accounted for using the equity method and its financial results are adjusted, where appropriate, to give effect to uniform accounting policies.

As of December 31, 2017 the Company has committed to funding $4.3 million in expenditures in 2018 relating to the ongoing development and construction activities at the Hot Maden project.

The following table summarizes the changes in the carrying amount of the Company's Hot Maden interest:

In $000s	Year Ended December 31, 2017	Year Ended December 31, 2016
Beginning of Year	**$ -**	**$ -**
Acquisition of Investment in Associate (note 7)	190,714	-
Company's share of net income (loss) of associate	(28)	-
Capital investment	584	-
Currency translation adjustments	(13,818)	-
End of Year	**$ 177,452**	**$ -**

Summarized financial information for the Company's investment in associate, on a 100% basis and reflecting adjustments made by the Company, including fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies is as follows:

In $000s	Period Ended[1] December 31, 2017	Year Ended December 31, 2016
Revenue	$ -	$ -
Administration expenses	(113)	-
Other income	20	-
Total net (loss) income	**(93)**	**-**
Company's share of net income (loss) of associate	**$ (28)**	**$ -**

1) Financial results presented above pertain to the period beginning July 3, 2017, the date of acquisition, to December 31, 2017.

In $000s	December 31, 2017	December 31, 2016
Current Assets	$619	$ -
Non-current Assets	591,343	-
Total Assets	**$ 591,962**	**$ -**
Current Liabilities	456	-
Non-current Liabilities	-	-
Total Liabilities	**$ 456**	**$ -**
Net Assets	591,506	-
Company's share of net assets of associate	**$ 177,452**	**$ -**

9. INVESTMENTS

As of and for the year ended December 31, 2017:

In $000s	Fair Value Jan. 1, 2017	Net Additions (Disposals)	Transfers	Fair Value Adjustment	Fair Value Dec. 31, 2017
Short-term investments					
Common shares[1]	$ -	$ -	$ 3,252	$ -	$ 3,252
Convertible debt instruments[2]	-	-	15,000	-	15,000
Total short-term investments	**$ -**	**$ -**	**$ 18,252**	**$ -**	**$ 18,252**
Non-current investments					
Common shares[1]	$ 28,850	$ 6,965	$ (3,252)	$ 8,159	$ 40,722
Warrants[2]	3,404	(1,979)	-	1,888	3,313
Convertible debt instruments[2]	29,039	(1,383)	(15,000)	3,939	16,595
Total non-current investments	**$ 61,293**	**$ 3,603**	**$ (18,252)**	**$ 13,986**	**$ 60,630**
Total Investments	**$ 61,293**	**$ 3,603**	**$ -**	**$ 13,986**	**$ 78,882**

1) Fair value adjustment recorded within Other Comprehensive Income (loss) for the year.
2) Fair value adjustment recorded within Net Income (loss) for the year.

In connection with a series of business transactions resulting in Equinox Gold Corp. ("Equinox"), Sandstorm was able to monetize a number of its historical debt and equity investments held in Equinox's predecessor companies. On March 31, 2017, the term debt facility that was owed to Sandstorm, in the amount of $20 million plus accrued interest, was settled in the form of equity of Equinox. The Company recognized a gain of $1.8 million on the settlement of that debt. In addition, on January 3, 2018, the Company closed its previously announced agreement to sell $18.3 million in debt and equity securities of Equinox to Mr. Ross Beaty, the new chairman of Equinox. The value of these debt and equity securities have been classified as short-term investments on the Company's Consolidated Statement of Financial Position.

As of and for the year ended December 31, 2016:

In $000s	Fair Value Jan. 1, 2016	Net Additions (Disposals)	Transfers	Fair Value Adjustment	Fair Value Dec. 31, 2016
Common shares[1]	$ 14,990	$ (3,042)	$ -	$ 16,902	$ 28,850
Warrants[2]	35	(1,240)	-	4,609	3,404
Convertible debt instruments[2]	11,555	-	-	17,484	29,039
Total Investments	**$ 26,580**	**$ (4,282)**	**$ -**	**$ 38,995**	**$ 61,293**

1) Fair value adjustment recorded within Other Comprehensive Income (loss) for the year.
2) Fair value adjustment recorded within Net Income (loss) for the year.

10. REVOLVING FACILITY AND DEFERRED FINANCING COSTS

On December 20, 2017, the Company amended its revolving credit agreement, allowing the Company to borrow up to $150 million (the "Revolving Facility"), for general corporate purposes, from a syndicate of banks including the Bank of Nova Scotia, Bank of Montreal, National Bank of Canada, Canadian Imperial Bank of Commerce and Royal Bank of Canada (the "Syndicate"). The term of the Revolving Facility is for four years and is extendable by mutual consent of Sandstorm and the Syndicate. The amounts drawn on the Revolving Facility are subject to interest at LIBOR plus 2.5% – 3.5% per annum, and the undrawn portion of the Revolving Facility is subject to a standby fee of 0.6% – 0.8% per annum, dependent on the Company's leverage ratio.

Under the credit agreement, the Company is required to maintain a leverage ratio of net debt divided by EBITDA (as defined in the credit facility agreement) of less than or equal to 3.50:1.00 for each fiscal quarter. For any consecutive four fiscal quarters following a material permitted acquisition, the borrower shall maintain the leverage ratio of less than or equal to 4.00:1.00. The Company is further required to maintain a tangible net worth greater than the aggregate of $136.8 million and 50% of positive net income for each fiscal quarter beginning with the fiscal quarter ended September 30, 2017. The Revolving Facility is secured against the Company's assets, including the Company's mineral, royalty and other interests and investments.

As of December 31, 2017, the Company was in compliance with the covenants and the balance of the Revolving Facility was nil.

Deferred financing costs are amortized on a straight-line basis over the term of the Revolving Facility. At December 31, 2017, deferred financing costs, net of accumulated amortization, was $2.3 million (December 31, 2016 - $1.9 million).

11. SHARE CAPITAL AND RESERVES

A. Shares Issued

The Company is authorized to issue an unlimited number of common shares without par value.

Under the Company's normal course issuer bid ("NCIB"), the Company is able until April 4, 2018, to purchase up to 7,597,730 common shares. The NCIB provides the Company with the option to purchase its common shares from time to time.

During the year ended December 31, 2017 and pursuant to the NCIB, the Company purchased and cancelled an aggregate of 4,106,772 common shares.

B. Stock Options of the Company

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 8.5% of the Company's issued common shares as at the date of the grant.

During the year ended December 31, 2017, the Company issued 795,000 options with a weighted average exercise price of C$5.50 and a fair value of $1.1 million or $1.33 per option. The fair value of the options granted was determined using a Black-Scholes model using the following weighted average assumptions: grant date share price and exercise price of C $5.50, expected volatility of 43%, risk-free interest rate of 1.64 % and expected life of 3 years. Expected volatility is determined by considering the trailing 3 year historic average share price volatility of the Company and similar companies in the same industry and business model.

A summary of the Company's options and the changes for the year are as follows:

	Note	Number of Options	Weighted Average Exercise Price (CAD$)
Options outstanding at December 31, 2015		**6,855,582**	5.45
Granted		1,336,000	4.96
Exercised		(1,516,402)	(4.63)
Expired unexercised		(440,000)	(6.35)
Options outstanding at December 31, 2016		**6,235,180**	**4.71**
Mariana Resources Ltd. replacement options [1]	7	2,078,248	3.41
Granted		795,000	5.50
Exercised		(797,128)	(3.23)
Expired unexercised		(584,983)	(15.29)
Options outstanding at December 31, 2017		**7,726,317**	**3.79**

1) Exercisable in GBP. Exercise price is translated to CAD using the year end exchange rate.

The weighted-average share price at the time of exercise for the year ended December 31, 2017 was C$5.69 per share (C$7.16 – year ended December 31, 2016). The weighted average remaining contractual life of the options for the year ended December 31, 2017 was 2.82 years (3.35 years – year ended December 31, 2016).

A summary of the Company's share purchase options as of December 31, 2017 is as follows:

Year of expiry	Number outstanding	Vested	Exercise price per share (range) (CAD$)[1]	Weighted average exercise price per share (CAD$)[1]
2018	175,072	175,072	2.92 - 11.31	5.26
2019	3,478,439	3,478,439	1.46 - 6.03	2.79
2020	1,284,000	856,005	3.60 - 3.64	3.61
2021	1,405,740	515,079	2.65 - 4.96	4.65
2022	1,383,066	588,066	4.86 - 15.00	4.90
	7,726,317	**5,612,661**		**3.38**

1) For options exercisable in GBP, exercise price is translated to CAD using the year end exchange rate.

C. Share Purchase Warrants

A summary of the Company's warrants and the changes for the year are as follows:

	Note	Number of Warrants	Shares to be Issued Upon Exercise of the Warrants
Warrants outstanding at December 31, 2015		**29,307,173**	**29,307,173**
Expired unexercised		(1,256,662)	(1,256,662)
Exercised		(4,111)	(4,111)
Warrants outstanding at December 31, 2016		**28,046,400**	**28,046,400**
Mariana Resources Ltd. replacement warrants	7	2,025,314	2,025,314
Exercised		(1,059,242)	(1,059,242)
Expired unexercised		(5,002,500)	(5,002,500)
Warrants outstanding at December 31, 2017		**24,009,972**	**24,009,972**

A summary of the Company's warrants as of December 31, 2017 are as follows:

Number outstanding	Exercise price per share [1]	Expiry Date
1,043,572	0.97	May 6, 2018
3,000,000	4.50	March 23, 2020
15,000,000	3.50	October 27, 2020
4,966,400	4.00	November 3, 2020
24,009,972		

1) For warrants exercisable in GBP, exercise price is translated to USD using the year end exchange rate.

D. Restricted Share Rights

The Company has 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 permits the issuance of up to a maximum of 3,800,000 restricted share rights ("RSRs").

During the year ended December 31, 2017, the Company granted 597,200 RSRs with a fair value of $2.6 million, a three year vesting term, and a weighted average grant date fair value of $4.30 per unit. As at December 31, 2017, the Company had 2,222,624 RSRs outstanding.

E. Diluted Earnings Per Share

Diluted earnings per share is calculated based on the following:

In $000s (excluding share amounts)		Year Ended December 31, 2017		Year Ended December 31, 2016
Net income for the year	$	10,537	$	25,254
Basic weighted average number of shares		167,265,059		144,159,678
Basic earnings per share	$	0.06	$	0.18
Effect of dilutive securities				
Stock options		2,217,597		1,903,699
Warrants		3,582,912		2,709,987
Restricted share rights		1,637,618		1,188,559
Diluted weighted average number of common shares		**174,703,186**		**149,961,923**
Diluted earnings per share	**$**	**0.06**	**$**	**0.17**

The following table lists the number of stock options and warrants excluded from the computation of diluted earnings per share because the exercise prices exceeded the average market value of the common shares of C$5.55 during the year ended December 31, 2017 (December 31, 2016 — C$5.55) or because a performance obligation had not been met as at December 31, 2017.

	Year Ended December 31, 2017	Year Ended December 31, 2016
Stock Options	1,967,557	1,213,208
Warrants	6,412,664	8,064,894

12. 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 (loss) before income taxes.

These differences result from the following items:

In $000s		Year Ended December 31, 2017		Year Ended December 31, 2016
Income before income taxes	$	14,614	$	29,785
Canadian federal and provincial income tax rates		26.0%		26.0%
Income tax expense based on the above rates	**$**	**3,800**	**$**	**7,744**
Increase (decrease) due to:				
Non-deductible expenses and permanent differences	$	989	$	815
Change in unrecognized temporary differences		1,146		(1,261)
Non-taxable portion of capital gain or loss		(1,801)		(3,244)
Change in future substantively enacted tax rate		(84)		-
Other		27		477
Income tax expense	**$**	**4,077**	**$**	**4,531**

The deferred tax assets and liabilities are shown below:

In $000s		As at December 31, 2017		As at December 31, 2016
Deferred Income Tax Assets				
» Non-capital losses	$	30,027	$	31,410
» Share issue costs and other		1,966		1,906
» Mineral, royalty and other interests		(18,412)		(16,382)
Total deferred income tax assets	**$**	**13,581**	**$**	**16,934**
Deferred Income Tax Liabilities				
» Mineral, royalty and other interests	$	(2,807)	$	(3,288)
Total deferred income tax liabilities	**$**	**(2,807)**	**$**	**(3,288)**
Total deferred income tax asset, net	**$**	**10,774**	**$**	**13,646**

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. Non-capital losses have been recognized as a deferred income tax asset to the extent there will be future taxable income against which the Company can utilize the benefit prior to their expiration. The Company recognized deferred tax assets in respect of tax losses as at December 31, 2017 of $111.2 million (2016: $120.8 million) as it is probable that there will be future taxable profits to recover the deferred tax assets.

Movement in net deferred income taxes:

In $000s		Year Ended December 31, 2017		Year Ended December 31, 2016
Balance, beginning of the year	$	13,646	$	16,371
Recognized in net income (loss) for the year		(3,209)		(4,225)
Recognized in equity		2		986
Recognized in other comprehensive income (loss) for the year		335		514
Balance, end of year	**$**	**10,774**	**$**	**13,646**

The Company has deductible unused tax losses, for which a deferred tax asset has been recognized, expiring as follows:

In $000s	Location		Amount	Expiration
Non-capital loss carry-forwards	Canada	$	111,212	2030 - 2036

The aggregate amount of deductible temporary differences associated with capital losses and other items, for which deferred income tax assets have not been recognized as at December 31, 2017 are $34.3 million (2016: $27.9 million). No deferred tax asset is recognized in respect of these items because it is not probable that future taxable capital gains or taxable income will be available against which the Company can utilize the benefit.

13. ADMINISTRATION EXPENSES

The administration expenses for the Company are as follows:

In $000s		Year Ended December 31, 2017		Year Ended December 31, 2016
Corporate administration	$	1,742	$	1,275
Employee benefits and salaries		1,921		1,570
Professional fees		801		819
Depreciation		108		231
Administration expenses before share based compensation	**$**	**4,572**	**$**	**3,895**
Equity settled share based compensation (a non-cash expense)		2,164		1,136
Total administration expenses	**$**	**6,736**	**$**	**5,031**

14. SUPPLEMENTAL CASH FLOW INFORMATION

In $000s		Year Ended December 31, 2017		Year Ended December 31, 2016
Change in non-cash working capital:				
Trade receivables and other	$	(602)	$	(1,847)
Trade and other payables		1,399		223
Net increase (decrease) in cash	**$**	**797**	**$**	**(1,624)**
Significant non-cash transactions:				
Shares and replacement equity awards issued for Mariana acquisition	$	131,354	$	-
Shares issued for acquisition of mineral, royalty and other interests		-		20,892

15. 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, 2017		Year Ended December 31, 2016
Employee salaries and benefits	$	2,340	$	1,699
Share-based payments		2,569		2,041
Total key management compensation expense	**$**	**4,909**	**$**	**3,740**

16. CONTRACTUAL OBLIGATIONS

In connection with its commodity streams, the Company has committed to purchase the following:

Stream	% of Life of Mine Gold or Relevant Commodity [4,5,6,7,8,9]	Per Ounce Cash Payment: lesser of amount below and the then prevailing market price of commodity (unless otherwise noted) [1, 2, 3]
Bachelor Lake	20%	$500
Black Fox	8%	$531
Chapada	4.2%	30% of copper spot price
Entrée	5.62% on Hugo North Extension and 4.26% on Heruga	$220
Karma	26,875 ounces over 5 years and 1.625% thereafter	20% of gold spot price
Ming	25% of the first 175,000 ounces of gold produced, and 12% thereafter	$nil
Santa Elena	20%	$450
Yamana silver stream	Varies	30% of silver spot price

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 5.62% on Hugo North Extension and 4.26% 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 5.62% on Hugo North Extension and 4.26% 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 8.43% on Hugo North Extension and 6.39% on Heruga if the minerals produced are contained above 560 metres in depth.
6) For the Entrée copper stream, the Company has committed to purchase an amount equal to 0.42% of the copper produced from the Hugo North Extension and Heruga deposits. If the minerals produced are contained above 560 metres in depth, then the commitment increases to 0.62% for both the Hugo North Extension and Heruga deposits. Sandstorm will make ongoing per pound cash payments equal to the lesser of $0.50 and the then prevailing market price of copper, until 9.1 billion pounds of copper have been produced from the entire joint venture property. Thereafter, the ongoing per pound payments will increase to the lesser of $1.10 and the then prevailing market price of copper.
7) For the Chapada copper stream, the Company has committed to purchase an amount equal to 4.2% of the copper produced (up to an annual maximum of 3.9 million pounds of copper) until Yamana has delivered 39 million pounds of copper to Sandstorm; then 3.0% of the copper produced until, on a cumulative basis, Yamana has delivered 50 million pounds of copper to Sandstorm; then 1.5% of the copper produced thereafter, for the life of the mine. If Cerro Moro has not achieved the Commencement of Production and Sandstorm has not received cumulative pre-tax cash flow equal to $70 million from the Yamana silver stream, then the First Chapada Delivery Threshold and the Second Chapada Delivery Threshold will cease to be in effect and Sandstorm will continue to purchase 4.2% of Chapada's payable copper production (up to an annual maximum of 3.9 million pounds of copper), until such time as Sandstorm has received cumulative pre-tax cash flow equal to $70 million, or Cerro Moro has achieved the Commencement of Production.
8) Under the terms of the Yamana silver stream, Sandstorm has agreed to purchase an amount of silver from Cerro Moro equal to 20% of the silver produced (up to an annual maximum of 1.2 million ounces of silver), until Yamana has delivered to Sandstorm 7.0 million ounces of silver; then 9.0% of the silver produced thereafter. As part of the Yamana silver stream, through 2018, Sandstorm has also agreed to purchase an amount of silver from: (i) the Minera Florida mine in Chile equal to 38% of the silver produced (up to an annual maximum of 200,000 ounces of silver); and (ii) the Chapada mine in Brazil equal to 52% of the silver produced (up to an annual maximum of 100,000 ounces of silver).
9) For the Bachelor Lake Gold Stream, the Company has committed to purchase 20% of gold produced until 12,000 ounces have been purchased.

17. 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, 2017

In $000s	Product	Sales	Royalty revenue	Cost of sales, excluding depletion	Depletion	Impairment of mineral, royalty and other interests	(Gain) loss on disposal of mineral interest and other	Income (loss) before taxes	Cash flow from operating activities
Bachelor Lake, Canada	Gold	$ 7,706	$ 379	$ 3,082	$ 4,074	$ -	$ (2,952)	$ 3,881	$ 5,030
Black Fox, Canada	Gold	6,693	-	2,847	2,520	-	-	1,326	3,953
Chapada, Brazil	Copper	11,001	-	3,249	3,765	-	-	3,987	7,753
Diavik, Canada	Diamonds	-	7,150	-	6,080	-	-	1,070	6,781
Karma, Burkina Faso	Gold	6,863	-	1,365	3,437	-	-	2,061	5,489
Ming, Canada	Gold	796	-	-	356	-	-	440	796
Santa Elena, Mexico	Gold	11,570	-	3,485	1,098	-	-	6,987	7,548
Yamana silver stream, Argentina	Silver	4,252	-	1,267	2,253	-	-	732	2,985
Other Royalties [1]	Various	-	11,538	-	5,894	9,104	(866)	(2,594)	13,693
Other	Gold	327	-	26	103	-	221	(23)	294
Total Segments		**$ 49,208**	**$ 19,067**	**$ 15,321**	**$ 29,580**	**$ 9,104**	**$ (3,597)**	**$ 17,867**	**$ 54,322**
Corporate:									
Administration & Project evaluation expenses		-	-	-	-	-	-	(11,300)	(7,408)
Foreign exchange gain		-	-	-	-	-	-	2,434	-
Gain on revaluation of investments		-	-	-	-	-	-	5,827	-
Finance expense, net		-	-	-	-	-	-	(1,465)	(1,593)
Other		-	-	-	-	-	(1,251)	1,251	(548)
Total Corporate		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (1,251)**	**$ (3,253)**	**$ (9,549)**
Consolidated		**$ 49,208**	**$ 19,067**	**$ 15,321**	**$ 29,580**	**$ 9,104**	**(4,848)**	**$ 14,614**	**$ 44,773**

1) Where a mineral interest represents less than 10% of the Company's sales, gross margin or aggregate asset book value and represents a royalty on gold, silver or other metal, the Royalty interest has been summarized under Other Royalties. Other Royalties includes royalty revenue from Bracemac-McLeod, Gualcamayo, Emigrant Springs, Mine Waste Solutions, San Andres, Thunder Creek, Copper Mountain, Forrestania and Sheerness. Includes royalty revenue from royalty interests located in Canada of $5.7 million, in the United States of $1.5 million, Argentina of $1.8 million, Honduras of $1.8 million and other of $0.7 million. Includes royalty revenue from Gold of $6.5 million, Copper of $1.5 million and Other Base Metals of $3.5 million.

For the year ended December 31, 2016

In $000s	Product	Sales	Royalty revenue	Cost of sales, excluding depletion	Depletion	Impairment of mineral, royalty and other interests	(Gain) loss on disposal of mineral interest and other	Income (loss) before taxes	Cash flow from operating activities
Bachelor Lake, Canada	Gold	$ 8,721	$ 462	$ 3,494	$ 4,411	$ -	$ -	$ 1,278	$ 5,481
Black Fox, Canada	Gold	5,617	-	2,354	2,011	-	-	1,252	2,951
Chapada, Brazil	Copper	6,075	-	1,843	2,737	-	-	1,495	4,232
Diavik, Canada	Diamonds	-	5,856	-	5,519	-	-	337	5,901
Karma, Burkina Faso	Gold	4,272	-	860	2,095	-	-	1,317	3,314
Ming, Canada	Gold	2,025	-	-	792	-	-	1,233	2,025
Santa Elena, Mexico	Gold	11,772	-	3,385	2,001	-	-	6,386	8,460
Yamana silver stream, Argentina	Silver	2,926	-	876	1,427	-	-	623	2,050
Other Royalties [1]	Various	-	14,419	4	6,592	2,507	-	5,316	14,073
Other	Gold	226	-	18	69	-	-	139	208
Total Segments		**$ 41,634**	**$ 20,737**	**$ 12,834**	**$ 27,654**	**$ 2,507**	**$ -**	**$ 19,376**	**$ 48,695**
Corporate:									
Administration & Project evaluation expenses		-	-	-	-	-	-	(10,095)	(6,758)
Foreign exchange loss		-	-	-	-	-	-	(87)	-
Gain on revaluation of investments		-	-	-	-	-	-	22,093	-
Finance expense, net		-	-	-	-	-	-	(395)	(2,388)
Other		-	-	-	-	-	1,107	(1,107)	(558)
Total Corporate		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,107**	**$ 10,409**	**$ (9,704)**
Consolidated		**$ 41,634**	**$ 20,737**	**$ 12,834**	**$ 27,654**	**$ 2,507**	**1,107**	**$ 29,785**	**$ 38,991**

1) Where a mineral interest represents less than 10% of the Company's sales, gross margin or aggregate asset book value and represents a royalty on gold, silver or other metal, the Royalty interest has been summarized under Other Royalties. Other Royalties includes royalty revenue from Bracemac-McLeod, Gualcamayo, Emigrant Springs, Mine Waste Solutions, San Andres, Thunder Creek, Copper Mountain, Forrestania and Sheerness. Includes royalty revenue from royalty interests located in Canada of $5.6 million, in the United States of $2.5 million, Argentina of $1.9 million, Honduras of $3.7 million and other of $0.7 million. Includes royalty revenue from Gold of $9.2 million, Copper of $2.5 million and Other Base Metals of $2.7 million.

Total assets as of:

In $000s		December 31, 2017		December 31, 2016
Aurizona	$	10,723	$	10,723
Bachelor Lake		1,124		5,268
Black Fox		11,350		13,946
Chapada		63,026		66,791
Diavik		36,739		42,450
Hot Maden [1]		183,271		5,818
Hugo North Extension and Heruga		35,351		35,351
Karma		21,034		24,389
Ming		11,300		11,653
Santa Elena		3,693		4,345
Yamana silver stream		70,556		72,807
Other Royalties [2]		96,131		108,844
Other [3]		7,423		6,190
Total Segments	$	**551,721**	$	**408,575**
Corporate:				
Cash		12,539		21,434
Investments		78,882		61,293
Deferred Tax Assets		13,581		16,934
Deferred Financing Costs and Other		4,192		3,289
Loan Receivable		-		23,357
Total Corporate	**$**	**109,194**	**$**	**126,307**
Consolidated	**$**	**660,915**	**$**	**534,882**

1) Includes royalty interest of $5.8 million and investment in associate of $177.5 million in 2017. Includes $5.8 million royalty interest in 2016.
2) Where a mineral interest represents less than 10% of the Company's sales, gross margin or aggregate asset book value and represents a royalty on gold, silver or other metal, the Royalty interest has been summarized under Other Royalties. Includes Bracemac-McLeod, Coringa, Mt. Hamilton, Paul Isnard, Prairie Creek, Ann Mason, Gualcamayo, Emigrant Springs, Mine Waste Solutions, San Andres, Sao Francisco, Sao Vicente, Thunder Creek, Bomboré, Hackett River, Lobo-Marte, Agi Dagi & Kirazli and other.
3) Includes Koricancha Stream and other.

Non-current assets by geographical region as of:

In $000s		December 31, 2017[1]		December 31, 2016[1]
North America				
Canada	$	86,832	$	99,728
USA		16,055		21,403
Mexico		2,874		4,033
South & Central America				
Argentina	$	94,166	$	95,191
Brazil		77,113		85,410
French Guiana		5,154		5,153
Peru		6,434		4,899
Honduras		1,430		2,248
Chile		2,460		2,460
Paraguay		-		1,264
Africa				
Burkina Faso	$	20,087	$	26,807
South Africa		4,301		4,066
Cote D'Ivoire		400		-
Botswana		1,017		-
Asia & Australia				
Turkey	$	187,725	$	10,260
Mongolia		36,589		36,589
Australia		2,891		3,274
Consolidated	**$**	**545,528**	**$**	**402,785**

1) Includes Mineral, Royalty and Other Interests (Note 6), Investment in Associate (Note 8) and Exploration Assets.

18. SUBSEQUENT EVENTS

On January 3, 2018, the Company completed its previously announced agreement to sell $18.3 million in debt and equity securities of Equinox Gold Corp. to Mr. Ross Beaty. The sale was conditional upon the closing of the announced business combination between Trek Mining Inc., NewCastle Gold Ltd. and Anfield Gold Corp. which occurred on December 22, 2017 .

On January 17, 2018, the Company acquired a 2% NSR on the producing Houndé gold mine in Burkina Faso, owned and operated by Endeavour Mining Corporation. The royalty was acquired from Acacia Mining PLC for $45 million in cash and covers the Kari North and Kari South tenements.

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 29, 2018

/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 29, 2018

/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, 2017 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 29, 2018

/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, 2017 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 29, 2018

/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 hereby consent to the incorporation by reference in this Annual Report on Form 40-F of Sandstorm Gold Ltd. (the Company) of our report dated February 15, 2018, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting as at December 31, 2017.

We also consent to the incorporation by reference in the Registration Statement on Form F-10 (No. 333-215009), as amended, of the Company of our report dated February 15, 2018 referred to above.

/s/ PricewaterhouseCoopers LLP
Chartered Professional Accountants
Vancouver, Canada
March 29, 2018

Exhibit 99.6

CONSENT OF RAMON MENDOZA REYES

In connection with the Annual Report on Form 40-F, and any amendments and exhibits thereto, of Sandstorm Gold Ltd. (the "Company") for the year ended December 31, 2017 (collectively, the "Annual Report"), I, Ramon Mendoza Reyes, P. Eng., consent to the use of and references to my name, including as an expert or "qualified person," with respect to the disclosure on the Santa Elena mine contained in the Annual Report and any of the exhibits thereto, including, but not limited to, the Annual Information Form for the year ended December 31, 2017.

I also consent to the incorporation by reference of such information contained in the Annual Report and exhibits thereto into the Company's Registration Statement on Form F-10 (File No. 333-215009), as amended.

Date: March 29, 2018

/s/ Ramon Mendoza Reyes
Name: Ramon Mendoza Reyes, P. Eng.
Title: Vice President Technical Services for
First Majestic Silver Corp.

Exhibit 99.7

CONSENT OF YOHANN BOUCHARD

In connection with the Annual Report on Form 40-F, and any amendments and exhibits thereto, of Sandstorm Gold Ltd. (the "Company") for the year ended December 31, 2017 (collectively, the "Annual Report"), I, Yohann Bouchard, P. Eng., consent to (i) the use of and reference to any technical report(s), or portions thereof, that was prepared by me, that I supervised the preparation of and/or was reviewed and approved by me, (ii) the use of and references to my name, including as an expert or "qualified person," in connection with the Annual Report and any such technical report(s), and (iii) the information derived or summarized from such technical report(s) that is included or incorporated by reference in the Annual Report and any of the exhibits thereto, including, but not limited to, the Annual Information Form for the year ended December 31, 2017.

I also consent to the incorporation by reference of such information contained in the Annual Report and exhibits thereto into the Company's Registration Statement on Form F-10 (File No. 333-215009), as amended.

Date: March 29, 2018

/s/ Yohann Bouchard
Name: Yohann Bouchard, P.Eng.
Title: Senior Vice President, Operations for Yamana Gold Inc.

Exhibit 99.8

CONSENT OF KEITH LASKOWSKI

In connection with the Annual Report on Form 40-F, and any amendments and exhibits thereto, of Sandstorm Gold Ltd. (the "Company") for the year ended December 31, 2017 (collectively, the "Annual Report"), I, Keith Laskowski, MSc., consent to (i) the use of and reference to any technical report(s), or portions thereof, that was reviewed and approved by me, (ii) the use of and references to my name, including as an expert or "qualified person," in connection with the Annual Report and any such technical report(s), and (iii) the information derived or summarized from such technical report(s) and all information of a scientific or technical nature not otherwise covered by any other named expert that is included or incorporated by reference in the Annual Report and any of the exhibits thereto, including, but not limited to, the Annual Information Form for the year ended December 31, 2017.

I also consent to the incorporation by reference of such information contained in the Annual Report and exhibits thereto into the Company's Registration Statement on Form F-10 (File No. 333-215009), as amended.

Date: March 29, 2018

/s/ Keith Laskowski
Name: Keith Laskowski, MSc.
Title: Vice President Technical Services for Sandstorm Gold Ltd.

Exhibit 99.9

CONSENT OF RODNEY WEBSTER

In connection with the Annual Report on Form 40-F, and any amendments and exhibits thereto, of Sandstorm Gold Ltd. (the "Company") for the year ended December 31, 2017 (collectively, the "Annual Report"), I, Rodney Webster, MAIG, consent to (i) the use of and reference to any technical report(s), or portions thereof, that was prepared by me, that I supervised the preparation of and/or was reviewed and approved by me, (ii) the use of and references to my name, including as an expert or "qualified person," in connection with the Annual Report and any such technical report(s), and (iii) the information derived or summarized from such technical report(s) that is included or incorporated by reference in the Annual Report and any of the exhibits thereto, including, but not limited to, the Annual Information Form for the year ended December 31, 2017.

I also consent to the incorporation by reference of such information contained in the Annual Report and exhibits thereto into the Company's Registration Statement on Form F-10 (File No. 333-215009), as amended.

Date: March 29, 2018

/s/ Rodney Webster
Name: Rodney Webster, MAIG
Title: Principal Geologist for AMC Consultants Pty Ltd.