



ANNUAL INFORMATION STATEMENT FOR SHAREHOLDER

Sandstorm Gold Ltd. has not made, and does not expect to make, a determination as to whether it is a passive foreign investment company (PFIC) for U.S. tax purposes. A U.S. investor that wants to make a protective qualified electing fund (QEF) election under the PFIC rules can use the information provided below to make a QEF election. U.S. investors are urged to consult their own tax advisors as to the consequences of holding Sandstorm Gold Ltd. securities if Sandstorm Gold Ltd. is treated as a PFIC for any taxable year in which a U.S. investor holds its securities.

- 1) The first and last days of the fiscal years of Sandstorm Gold to which this information applies:

First day of fiscal year 2010: January 1, 2010

Last day of fiscal year 2010: December 31, 2010

- 2) The shareholder has the following pro-rata share of the ordinary consolidated earnings and consolidated net capital gain of Sandstorm Gold for the taxable year specified in paragraph (1):

The shareholder's pro-rata share of consolidated ordinary earnings: **\$nil USD**

The shareholder's pro-rata share of consolidated capital gains, e.g. gain on sale of asset: **\$nil USD**

- 3) Amount of cash and fair market value of other property distributed or deemed distributed with respect to each ordinary share of Sandstorm Resources is as follows:

Cash: **None**

Fair Market Value of Property: **None**

- 4) Sandstorm Gold will permit the shareholders to inspect and copy its permanent books of account, records, and such other documents as may be maintained by Sandstorm Gold that are necessary to establish that its ordinary earnings and net capital gain are computed in accordance with US income tax principles and to verify these amounts and the shareholder's prorata share.

Sandstorm Gold Ltd.

By: Krysta Rehaag

Title: Chief Financial Officer

Date: March 1, 2011