HYDROCARBON PURCHASE AGREEMENT dated as of the 18th day of March, 2011 (the "**Agreement**").

A M O N G:

TERREX ENERGY INC., a corporation incorporated and existing under the laws of the Province of Alberta

("**Terrex**")

- and -

SANDSTORM METALS & ENERGY LTD., a corporation incorporated and existing under the laws of the Province of British Columbia

("**Sandstorm Metals Parent** ")

- and -

0905896 B.C. LTD., a corporation incorporated and existing under the laws of the Province of British Columbia

("**Sandstorm Metals**")

WHEREAS Terrex is the owner of a 100% working interest in properties near Strathmore, Alberta comprising 3,131 acres of land and including, but not limited to, the Entice Lower Mannville B oil pool as more particularly described in Schedule "A" attached hereto and forming a part hereof (the "**Strathmore Property**") and related production infrastructure;

AND WHEREAS pursuant to a purchase and sale agreement dated as of March 7, 2011 between Terrex and [redacted] [*redacted due to confidentiality*]; a copy of which is attached hereto as Schedule "D" (the "**Two Creek Agreement**"), Terrex has the right, subject to the fulfillment of certain terms and conditions, including the receipt of the approval of the TSXV, to acquire a 100% working interest in 4,320 acres of land in the Two Creek area of west central Alberta, including, but not limited to, the Two Creek Jurassic A pool and the Two Creek Jurassic B pool, as more particularly described in Schedule "B" attached hereto and forming a part hereof (the "**Two Creek Property**") and related production infrastructure;

AND WHEREAS Terrex specializes in the application of proven enhanced oil recovery methods to improve oil production from mature pools;

AND WHEREAS Terrex is completing the design of a customized chemical flood for the Strathmore Property and aims to increase recovery of original oil in place by around 10% by implementing the said chemical flood;

AND WHEREAS upon acquisition of the Two Creek Property, Terrex shall seek to perform a full technical evaluation of the property, implement optimization activities, drill two wells in the Two Creek Jurassic A prior to the 18 Month Mark and implement a chemical flood in the Two Creek Jurassic A prior to the 36 Month Mark;

AND WHEREAS Terrex has agreed to sell and Sandstorm Metals has agreed to purchase Purchased Production;

AND WHEREAS Sandstorm Metals Parent executes and delivers this Agreement to provide a guarantee to and in favour of Terrex, with respect to the covenants, obligations and indemnifications of Sandstorm Metals, the wholly-owned subsidiary of Sandstorm Metals Parent, as herein provided;

AND WHEREAS the Parties are therefore desirous of executing and delivering this Agreement, all on and subject to the terms and conditions contained herein;

AND WHEREAS capitalized terms when used in these preambles shall have the respective meanings set forth in Article 1;

NOW THEREFORE in consideration of the premises and the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, the Parties mutually agree as follows:

1. Definitions and Schedules

"**12 Month Mark**" means the day that falls 12 months after the Execution Date;

"**18 Month Mark**" means the day that falls 18 months after the Execution Date;

"**24 Month Mark**" means the day that falls 24 months after the Execution Date;

"**36 Month Mark**" means the day that falls 36 months after the Execution Date;

"**Accounting Principles**" means financial reporting standards or recommendations approved in accordance with Canadian generally accepted accounting principles or any successor reporting standards or recommendations adopted by Terrex, as at the date on which any calculation or determination is required to be made in accordance with Canadian generally accepted accounting principles;

"**Annual Report**" means a written report, in relation to any calendar year, detailing production data available to Terrex through industry standard production accounting practices, including the following:

(i) the volumes of Hydrocarbons produced from the Property and delivered to a Marketer in the applicable calendar year;

(ii) the names and addresses of each Marketer to which the Hydrocarbons referred to in subsection (i) was delivered as well as the Delivery Point;

(iii) the volumes of Purchased Production which have resulted or which are estimated to result from the Hydrocarbons referred to in subsection (i);

(iv) the volumes of Purchased Production which have been delivered to Sandstorm Metals with respect to the Hydrocarbons referred to in subsection (i), in accordance with the provisions of Article 7;

(v) if applicable, a reconciliation between any provisional volumes of Purchased Production specified in an Annual Report for a preceding calendar year and the final volumes of Purchased Production for the applicable calendar year;

(vi) Hydrocarbon prices or other monies, received by Terrex and its affiliates pursuant to the Marketing Agreements, including details of the price received by Terrex (including quality adjustments), and the amounts paid for by Terrex for transportation past the Delivery Point of saleable product and marketing fees;

(vii) Royalties paid by Terrex by product type and at the well level;

(viii) the remaining [redacted] [*redacted due to confidentiality*] and a calculation of how the [redacted] [*redacted due to confidentiality*] was reduced during the applicable calendar year; and

(ix) the amount of Sandstorm Metals Cash Flow received for the applicable calendar year.

"**Area of Interest**" means lands within an area of one mile of the external boundaries of the Property;

"**Area of Interest Acquisition Price**" has the meaning set forth in section 3(m);

"**Area of Interest Property**" has the meaning set forth in section 3(m);

"**Audit Dispute Notice**" has the meaning set forth in section 6(c)(i);

"**barrel**" means a US petroleum barrel of which 6.28981 equals one cubic metre;

"**Business Day**" means any day other than a Saturday or Sunday or a day that is a banking holiday in Vancouver, British Columbia or Calgary, Alberta;

"**Buy Back Option**" has the meaning set forth in section 3(g);

"**Buy Back Option Period**" has the meaning set forth in section 3(g);

"**Buy Back Purchase Price**" means $9.55 million;

"**Chemical Flood EOR Scheme**" means [redacted] [*redacted due to confidentiality*];

"**Crude Oil**" means crude oil at atmospheric pressure;

"**Default Fee**" has the meaning set forth in subsection 8(c);

"**Delivery Point**" means [redacted] [*redacted due to confidentiality*];

"**Demanding Party**" has the meaning set forth in section 15(a);

"**Direct Losses**" means any and all damages, losses arising from the purchase and sale of Hydrocarbons effected other than in accordance with this Agreement, claims, direct, liabilities, fines, injuries, costs, penalties and expenses (including reasonable legal fees), but excluding Indirect Losses;

"**Dispute Notice**" has the meaning set forth in section 15(a);

[redacted] [*redacted due to confidentiality*] has the meaning set forth in the definition of Royalties;

"**Encumbrances**" means any and all liens, charges, mortgages, encumbrances, pledges, security interests, royalties, taxes, proxies and third party rights or any other encumbrances of any nature whatsoever, whether registered or unregistered;

"**Event of Default**" has the meaning set forth in section 8(b);

[redacted] [*redacted due to confidentiality*];

"**Execution Date**" means the date of the execution and delivery of this Agreement by the Parties;

"**Fixed Price**" means: (i) for Crude Oil, $15.00 per barrel of Crude Oil produced from the Property; (ii) for Natural Gas, $1.00 per mcf of Natural Gas produced from the

Property; and (iii) for NGL, $8.00 per barrel of NGL produced from the Property. Commencing on the fifth anniversary of the Effective Date and on each subsequent 12 month anniversary of the Effective Date, the Fixed Price shall be increased by the Inflation Accelerator;

[redacted] [*redacted due to confidentiality*];

[redacted] [*redacted due to confidentiality*];

"**Hedging Arrangement**" means any arrangement proposed to be entered into by Terrex or its affiliates pursuant to which the risk of the future price of Hydrocarbons is sold to a third Person, including without limitation, as and by way of netting and collateral arrangements under International Swaps and Derivatives Association, Inc. protocols and mandates;

"**Hydrocarbons**" means Crude Oil, Natural Gas and NGL;

"**Indirect Losses**" means consequential, indirect and punitive damages, loss of profit (other than losses arising from the purchase and sale of Hydrocarbons effected other than in accordance with this Agreement) and business interruption loss;

"**Inflation Accelerator**" means [redacted] [*redacted due to confidentiality*];

[redacted] [*redacted due to confidentiality*];

"**Insolvency Event**" means, in relation to Terrex, any one or more of the following events or circumstances:

(i) proceedings are commenced for the winding-up, liquidation or dissolution of Terrex, unless Terrex in good faith actively and diligently contests such proceedings resulting in a dismissal or stay thereof within 60 days of the commencement of such proceedings;

(ii) a decree or order of a court of competent jurisdiction is entered adjudging Terrex to be bankrupt or insolvent, or a petition seeking reorganization, arrangement or adjustment of or in respect of Terrex is approved under applicable laws relating to bankruptcy, insolvency or relief of debtors;

(iii) Terrex makes an assignment for the benefit of its creditors, or petitions or applies to any court or tribunal for the appointment of a receiver or trustee for itself or any substantial part of its properties, or commences for itself or acquiesces in or approves or has filed or commenced against Terrex any proceeding under any bankruptcy, insolvency, reorganization, arrangement or readjustment of debt law or statute or any proceeding for the appointment of a receiver or trustee for itself or any substantial part of its assets or properties or has a liquidator, administrator, receiver, trustee, conservator or similar person appointed with respect to Terrex or any substantial portion of its properties or assets; or

(iv) a resolution is passed for the winding-up or liquidation of Terrex;

"**Marketer**" means each counterparty to each Marketing Agreement;

"**Marketing Agreement**" means any Hydrocarbons marketing and purchase and sale agreement entered into by Terrex with respect to Hydrocarbons produced from the Property during the Term and [redacted] [*redacted due to confidentiality*]; as the case may be;

"**Marketing Certification**" means a certification executed and delivered by a duly appointed officer of Terrex and delivered to Sandstorm Metals, stating that the then existing Marketing Agreements comply with the Marketing Requirements and if any then existing Marketing Agreement does not comply with the Marketing Requirements, the Marketing Certification shall set forth the consideration that has accrued to the benefit of Terrex or its affiliates to the detriment of Sandstorm Metals or that has not accrued to the benefit of Sandstorm Metals;

"**Marketing Period**" shall mean a calendar month period that is covered by a Marketing Agreement;

"**Marketing Price**" means, for Purchased Production, the product price (after taking into account, customary adjustments for product quality discounts, transportation costs of saleable product past the Delivery Point and marketing fees) paid by a Marketer to Terrex pursuant to a Marketing Agreement, but without giving effect to the Royalties thereon;

"**Marketing Requirements**" has the meaning set forth in section 3(h);

[redacted] [*redacted due to confidentiality*]

"**mcf**" means one thousand cubic feet at standard conditions, as a standard measurement of Natural Gas volumes, whereby 28.17 standard cubic metres equals one mcf;

"**Monthly Report**" means a written report or reports, in relation to a calendar month, detailing production data available to Terrex through industry standard production accounting practices, including the following:

(i) the volumes of Hydrocarbons produced from the Property and delivered to a Marketer in the applicable calendar month;

(ii) the names and addresses of each Marketer to which the Hydrocarbons referred to in subsection (i) was delivered as well as the Delivery Point;

(iii) the volumes of Purchased Production which have resulted or which are estimated to result from the Hydrocarbons referred to in subsection (i);

(iv) the volumes of Purchased Production which have been delivered to Sandstorm Metals with respect to the Hydrocarbons referred to in subsection (i), in accordance with the provisions of Article 7;

(v) if applicable, a reconciliation between any provisional volumes of Purchased Production specified in a Monthly Report pursuant to subsection (iii) for a preceding calendar month and the final volumes of Purchased Production for the applicable calendar month;

(vi) Hydrocarbons prices or other monies, received by Terrex and its affiliates pursuant to the Marketing Agreements, including details of the price received by Terrex (including quality adjustments), and the amounts paid for by Terrex for transportation past the Delivery Point of saleable product and marketing fees;

(vii) Royalties paid by Terrex by product type and at the well level;

(viii) the reduction of the [redacted] [*redacted due to confidentiality*]in such calendar month and the remaining [redacted] [*redacted due to confidentiality*]; and

(ix) any material changes from previous Monthly Reports.

"**National Instrument 51-101**" means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* of the Canadian Securities Administrators or any successor instrument, rule or policy;

"**Natural Gas**" means all gaseous hydrocarbons (including dry gas and residue gas), excluding Oil and NGL;

"**NGL**" means natural gas liquids including ethane, propane, butanes, and condensates sold in liquid form;

"**Parties**" means the parties to this Agreement and "**Party**" means any one of the Parties;

"**Permitted Encumbrances**" means those Encumbrances listed on Schedule "C" attached hereto;

"**Person**" means and includes individuals, corporations, bodies corporate, limited or general partnerships, joint stock companies, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, governments or any other type of organization, whether or not a legal entity;

“**Processing Charges**” means [redacted] [*redacted due to confidentiality*];

“**Project Charge**” means a senior charge and/or security interest (subject to the Permitted Encumbrances) over all of the real property and personal property, assets and undertaking of Terrex;

“**Property**” means collectively, the Strathmore Property and the Two Creek Property and for greater certainty and without limitation, includes all existing wells and any and all new wells drilled thereon in the future during the Term [redacted] *[redacted due to confidentiality],* as the case may be;

“**Purchase Price**” per barrel or mcf, as the case may be, of Purchased Production means: (a) subject to (b) herein, $[redacted] [*redacted due to confidentiality*]; and (b) $[redacted]; [[redacted] [*redacted due to confidentiality*];

“**Purchased Production**” means: (i) 25% of all Hydrocarbons produced from the Two Creek Jurassic A; (ii) 25% of all Hydrocarbons produced from the Two Creek Jurassic B for a perid of five years from the Effective Date; and (iii) 15% of all Hydrocarbons produced from the Strathmore Property. If the Buy-Back Option is exercised during the Buy-Back Option Period, Purchased Production means: (i) 12.5% of all Hydrocarbons produced from the Two Creek Property (with respect to the Two Creek Jurassic B for such period of five years from the Effective Date); and (ii) 7.5% of all Hydrocarbons produced from the Strathmore Property. Reference is made to section 3(n) for Purchased Production with respect to any Area of Interest Property;

“**Responding Party**” has the meaning set forth in section 15(a);

“**Royalties**” means all crown royalties, freehold royalties and freehold mineral tax applicable to the Purchased Production, being those listed on Schedules “A” and “B” attached hereto and forming a part hereof. However, for greater certainty and without limitation, [redacted] [*redacted due to confidentiality*];

“**Sandstorm Metals Audit**” has the meaning set forth in section 6(d);

“**Sandstorm Metals Cash Flow**” means, on a before income tax basis, gross revenue received by Sandstorm Metals in an applicable year from the sale of Purchased Production received under this Agreement less the aggregate Purchase Prices and less Royalties paid during the applicable year;

“**Sandstorm Metals Guaranteed Obligations**” has the meaning set forth in section 20(b);

“**Senior Lenders**” has the meaning set forth in section 18(b);

“**Strathmore Property**” has the meaning set forth in the preambles to this Agreement;

“**Spud Condition**” means the obligation of Terrex to; $[redacted] [*redacted due to confidentiality*];

“**Term**” has the meaning set forth in section 4(a);

“**Termination Notice**” has the meaning set forth in section 4(b);

[redacted] [*redacted due to confidentiality*];

“**Transfer**” when used as a verb, means to sell, grant, assign, encumber, pledge or otherwise dispose of or commit to dispose of, directly or indirectly, including through mergers, arrangements, amalgamations, consolidations, asset sale or spin-out transaction. When used as a noun, “**Transfer**” means a sale, grant, assignment, pledge or disposal or the commitment to do any of the foregoing, directly or indirectly, including through mergers, arrangements, amalgamations, consolidations, asset sale or spin-out transaction;

“**TSXV**” means the TSX Venture Exchange;

“**TSXV Approval**” means the approval of the transaction contemplated herein by the TSXV;

“**Two Creek Agreement**” has the meaning set forth in the preambles to this Agreement;

“**Two Creek Jurassic A**” means the portion of the Two Creek Property that is located in Range 15 west of the 5th Meridian, excluding section 01—065-15W5M;

“**Two Creek Jurassic B**” means the portion of the Two Creek Property that is located in Range 16 west of the 5th Meridian, but also including section 01—065-15W5M*;*

“**Two Creek Property**” has the meaning set forth in the preambles to this Agreement;

[redacted] [*redacted due to confidentiality*];

[redacted] [*redacted due to confidentiality*];

[redacted] [*redacted due to confidentiality*];

“**Upfront Deposit**” means the sum of $14.7 million.

The following Schedules are attached to this Agreement:

Schedule A	-	Description of Strathmore Property

Schedule B	-	Description of Two Creek Property
Schedule C	-	Permitted Encumbrances
Schedule D	-	Two Creek Agreement

2. Agreement of Purchase and Sale

(a) Subject to the terms and conditions of this Agreement, with effect as at and from April 1, 2011, once Sandstorm Metals has delivered the Upfront Deposit to Terrex, Terrex shall sell to Sandstorm Metals and Sandstorm Metals shall purchase from Terrex the Purchased Production, free and clear of any and all Encumbrances. The obligations of Terrex under this Agreement shall be to deliver and sell the Purchased Production in a manner consistent with the terms of this Agreement.

(b) The advance of the Upfront Deposit by Sandstorm Metals to Terrex is subject to Terrex receiving the TSXV Approval. Terrex does hereby covenant and agree to do all such acts and things as shall be in its reasonable control to procure the TSXV Approval in a timely fashion as soon as the execution and delivery hereof by the Parties. If Terrex has not provided Sandstorm Metals proof that Terrex has received the TSXV Approval on or before the 12 Month Mark, then at any time after such 12 Month Mark, Sandstorm Metals at its own sole option shall have the right to terminate this Agreement on the delivery of written notice to such effect to Terrex and upon the receipt by Terrex of such written notice, this Agreement shall be terminated and of no further force or effect.

3. Purchase and Payment

(a) In consideration of the Purchased Production as contemplated in this Agreement, Sandstorm Metals shall pay the Upfront Deposit to Terrex in cash by wire transfer on the date of the execution and delivery of this Agreement by the Parties.

(b) Subject to the terms and conditions of this Agreement, from and after the Execution Date, during the Term and [redacted] [*redacted due to confidentiality*], as the case may be, Terrex shall sell to Sandstorm Metals and Sandstorm Metals shall purchase from Terrex, the Purchased Production, free and clear of any and all Encumbrances and in exchange therefor, Sandstorm Metals shall pay to Terrex, the Purchase Price for each barrel or mcf, as the case may be, of Purchased Production sold and delivered by Terrex to Sandstorm Metals pursuant to this Agreement.

(c) [redacted] [*redacted due to confidentiality*];

(d) [redacted] [*redacted due to confidentiality*];

(e) Notwithstanding any other provision of this Agreement, Terrex does hereby guarantee to and in favour of Sandstorm Metals that Sandstorm Metals shall receive Sandstorm Metals Cash Flow as follows: (i) a minimum of $500,000 in Sandstorm

Metals Cash Flow from the purchase of Purchased Production in calendar year 2011; (ii) a minimum of $1.1 million in Sandstorm Metals Cash Flow from the purchase of Purchased Production in calendar year 2012; (iii) a minimum of $1.8 million in Sandstorm Metals Cash Flow from the purchase of Purchased Production in calendar year 2013; (iv) a minimum of $2.2 million in Sandstorm Metals Cash Flow from the purchase of Purchased Production in calendar year 2014; (v) a minimum of $2.6 million in Sandstorm Metals Cash Flow from the purchase of Purchased Production in calendar year 2015; (vi) a minimum of $2.4 million in Sandstorm Metals Cash Flow from the purchase of Purchased Production in calendar year 2016; (vii) a minimum of $2.2 million in Sandstorm Metals Cash Flow from the purchase of Purchased Production in calendar year 2017; and (viii) a minimum of $1.9 million in Sandstorm Metals Cash Flow from the purchase of Purchased Production in calendar year 2018. If Sandstorm Metals does not receive any such minimum Sandstorm Metals Cash Flow, after receipt of written notice from Sandstorm Metals, Terrex shall pay to Sandstorm Metals forthwith within 90 days of December 31 of the applicable calendar year, in cash, without setoff, defalcation or deduction, the dollar value of any such deficiency[redacted] [*redacted due to confidentiality*]; Failure to comply with this section shall constitute an Event of Default pursuant to Article 8.

(f) If the transactions contemplated in the Two Creek Agreement have not been completed on or before April 24, 2011 and Terrex shall not be the owner of the Two Creek Property free and clear of any and all Encumbraces, subject to the Permitted Encumbrances on or before April 24, 2011, then, at the sole option of Sandstorm Metals, in its sole and unfettered discretion, upon written notice to Terrex, Sandstorm Metals shall have the right to require Terrex within 30 days of such written notice, to forthwith refund without setoff, deduction or defalcation to Sandstorm Metals the Upfront Deposit and to terminate this Agreement and each of the Parties shall be released from all of their obligations hereunder. The following sections shall survive termination: this section and sections 14, 15 and 19.

(g) For a period of time that commences on the Execution Date and that terminates on the 24 Month Mark (the "**Buy-Back Option Period**"), Terrex shall have the sole and irrevocable option (the "**Buy-Back Option**") during such period to require that Sandstorm Metals reduce the Purchased Production by 50%. The Buy-Back Option may be exercised in whole at any time during the Buy-Back Option Period. To exercise the Buy-Back Option, Terrex shall provide five Business Days notice to such effect to Sandstorm Metals and shall forward to Sandstorm Metals within such five Business Days the Buy-Back Purchase Price, in cash by wire transfer, without set-off, deduction or defalcation [redacted] [*redacted due to confidentiality*];

(h) During the [redacted] [*redacted due to confidentiality*], Terrex and its affiliates shall not enter into a Marketing Agreement with respect to any of the Property pursuant to which Terrex or its affiliates shall, in the opinion of Sandstorm Metals, acting reasonably, receive a Marketing Price for the Hydrocarbons which is less than a reasonable arm's length market price or pursuant to which Terrex and its affiliates shall receive other benefits that do not accrue to Sandstorm Metals or that are disadvantageous to Sandstorm Metals (a Marketing Agreement that meets the foregoing criteria, has complied with the "**Marketing Requirements**"). If any Marketing Agreement does not comply with the Marketing Requirements, then the Fixed Price for such Hydrocarbons shall be reduced by the per barrel value or the mcf value, as the case may be, of the benefit.

(i) On or before the 18 Month Mark, Terrex shall provide proof to the satisfaction of Sandstorm Metals, acting reasonably, that Terrex has satisfied the Spud Condition. If Sandstorm Metals shall not have received proof of the satisfaction of the Spud Condition to its reasonable satisfaction on or before the 18 Month Mark, then at the sole option of Sandstorm Metals, in its sole and unfettered discretion, upon written notice from Sandstorm Metals to Terrex, Sandstorm Metals shall have the right to require Terrex on five Business Days prior written notice to forthwith refund to Sandstorm Metals in cash by wire transfer, without set off, deduction or defalcation, an amount that is equal to $1.5 million or $750,000 if one well has been spud pursuant to the Spud Condition. Failure to comply with this section shall constitute an Event of Default pursuant to Article 8. Notwithstanding the foregoing, in the event the Spud Condition is not satisfied by Terrex on or before the 18 Month Mark for reasons beyond the reasonable control of Terrex, and Terrex satisfies the Spud Condition within 12 months from the 18 Month Mark, Sandstorm Metals shall reimburse any amounts paid by Terrex pursuant to this Section to Terrex.

(j) On or before the 24 Month Mark, Terrex shall provide proof to the satisfaction of Sandstorm Metals, acting reasonably, that Terrex has implemented a Chemical Flood EOR Scheme with respect to the Strathmore Property. If Sandstorm Metals shall not have received proof of the satisfaction of the said Chemical Flood EOR Scheme to its reasonable satisfaction on or before the 24 Month Mark, then at the sole option of Sandstorm Metals, in its sole and unfettered discretion, upon written notice from Sandstorm Metals to Terrex, Sandstorm Metals shall have the right to require Terrex on five Business Days prior written notice to forthwith refund to Sandstorm Metals in cash, by wire transfer, without set-off, deduction or defalcation, an amount that is equal to $6.0 million. Failure to comply with this section shall constitute an Event of Default pursuant to Article 8. Notwithstanding the foregoing, in the event a Chemical Flood EOR Scheme with respect to the Strathmore Property is not implemented by Terrex on or before the 24 Month Mark for reasons beyond the reasonable control of Terrex, and Terrex implements a Chemical Flood EOR Scheme with respect to the Strathmore Property within 12 months from the 24 Month Mark, Sandstorm Metals shall reimburse any amounts paid by Terrex pursuant to this Section to Terrex.

(k) On or before the 36 Month Mark, Terrex shall provide proof to the satisfaction of Sandstorm Metals that Terrex has implemented a Chemical Flood EOR Scheme with respect to the Two Creek Jurassic A. If Sandstorm Metals shall not have received proof of the satisfaction of the said Chemical Flood EOR Scheme to its reasonable satisfaction on or before the 36 Month Mark, then at the sole option of Sandstorm Metals, in its sole and unfettered discretion, upon written notice from Sandstorm Metals to Terrex, Sandstorm Metals shall have the right to require Terrex on five Business Days prior written notice to forthwith refund in cash, by wire transfer, without set-off, deduction or defalcation to Sandstorm Metals an amount that is equal to $6.0 million. Failure to comply with this section shall constitute an Event of Default pursuant to Article 8. Notwithstanding the foregoing, in the event a Chemical Flood EOR Scheme with respect to the Two Creek Jurassic A is not implemented by Terrex on or before the 36 Month Mark for reasons beyond the reasonable control of Terrex, and Terrex implements a Chemical Flood EOR Scheme with respect to the Two Creek Jurassic A within 12 months from the 36 Month Mark, Sandstorm Metals shall reimburse any amounts paid by Terrex pursuant to this Section to Terrex.

(m) During the Term [redacted] [*redacted due to confidentiality*], as the case may be, Terrex or its affiliates shall advise Sandstorm Metals in writing if they shall acquire directly or indirectly an interest in any lands within the Area of Interest (the "**Area of Interest Property**"). Such written notice shall set forth among other things, the acquisition price (the "**Area of Interest Acquisition Price**") for the applicable Area of Interest Property. Sandstorm Metals shall have a period of time equal to 60 days to advise Terrex if it shall wish to have the Area of Interest Property so acquired by Terrex or its affiliates form a part of the Property for the purposes of this Agreement on the payment by Sandstorm Metals of an amount equal to 25% of the Area of Interest Acquisition Price if the Area of Interest Property is within one mile of the external boundaries of the Two Creek Property, and 15% of the Area of Interest Acquisition Price if the Area of Interest Property is within one mile of the external boundaries of the Strathmore Property, and in each case, Sandstorm Metals' proportionate share of the costs to bring such properties into production. Terrex shall only have obligations with respect to lands within the Area of Interest pursuant to this section 3(m) (and not to other lands that are outside of the Area of Interest) if Terrex shall acquire any such lands as a result of (i) a business combination with an arm's length Person; or (ii) the acquisition of all or substantially all of the assets of an arm's length Person. In either of such events the Parties shall negotiate, acting reasonably a fair price for the Area of Interest Acquisition Price. Notwithstanding the foregoing, it is understood and agreed that Sandstorm Metals shall not be responsible for any portion of the costs required to acquire land interests in section 31-21-25W4 if, as and when Terrex should acquire the said lands and for greater certainty and without limitation, forthwith upon such acquisition and without any further or other act or formality on the part of any Party, Sandstorm Metals shall have the right to the Purchased Production from the said lands, which shall form a part of the Strathmore Property for the purposes of this Agreement.

4. Term

(a) The term of this Agreement shall commence on the Execution Date and subject to Article 8, shall continue until the date that is 40 years after the date hereof (the "**Term**").

(b) Sandstorm Metals may terminate this Agreement at the end of the Term by providing to Terrex not less than 90 days, prior to the expiry of the Term, written notice of its intention to terminate (a "**Termination Notice**"). [redacted] [*redacted due to confidentiality*].

(c) [redacted] [*redacted due to confidentiality*].

5. Covenants of Terrex

Terrex covenants and agrees to and in favour of Sandstorm Metals as follows and acknowledges and agrees that Sandstorm Metals is relying on such covenants in executing and delivering this Agreement:

(a) During the Term [redacted] [*redacted due to confidentiality*], as the case may be, Terrex and its affiliates and subsidiaries shall not enter into any future Hydrocarbons stream agreements or royalty agreements or arrangements that are similar to Hydrocarbons stream agreements or royalty agreements (excluding Hedging Arrangements and joint venture agreements), in respect of the Property without the prior written consent of Sandstorm Metals.

(b) At all times during the Term [redacted] [*redacted due to confidentiality*], as the case may be, Terrex shall do and cause to be done all things necessary to maintain its corporate existence. Notwithstanding the foregoing, provided that Terrex has complied with the provisions of Article 12, Terrex shall be permitted to enter into a corporate acquisition, reorganization, amalgamation or other merger between Terrex and another corporate entity or entities provided that the resulting entity or entities remain bound by the terms of this Agreement.

(c) At all times during the Term [redacted] [*redacted due to confidentiality*], as the case may be, Terrex shall do all things necessary to maintain the Property in good standing, including paying all taxes owing in respect thereof and maintaining all leased claims in good standing.

(d) Until the Project Charge has been duly executed and delivered and registered and/or recorded subject only to the Permitted Encumbrances, Terrex shall not cause or allow to be registered any Encumbrance against the Property without the prior written consent of Sandstorm Metals, save and except for the Permitted Encumbrances.

(e) At all times throughout the Term [redacted] [*redacted due to confidentiality*], as the case may be, Terrex shall deliver the Marketing Certifications from time to time.

(f) If Terrex has satisfied the Spud Condition on or before the 18 Month Mark, Terrex shall diligently complete and equip the said wells for production and/or injection, all at its own sole, cost, expense and risk.

(g) At all times during the Term [redacted] [*redacted due to confidentiality*], as the case may be; Terrex shall use its good faith best efforts to ensure that Sandstorm Metals shall receive its proportionate share of all applicable royalty credits, deductions and/or reductions (including without limitation, those related to the EOR royalty relief program) with respect to the Purchased Production and the Purchased Production Royalty Amount. Terrex covenants and agrees to diligently pursue all available royalty relief programs. For greater certainty and without limitation, any Encumbrances that are not Royalties shall be the sole cost, expense and responsibility of Terrex.

6. Monthly Reports and Annual Reports

(a) During the Term [redacted] [*redacted due to confidentiality*], as the case may be, Terrex shall deliver to Sandstorm Metals a Monthly Report together with a duly executed Marketing Certification on or before the 45th day after the last day of each calendar production month.

(b) During the Term [redacted] [*redacted due to confidentiality*], as the case may be, Terrex shall deliver to Sandstorm Metals an Annual Report and a Marketing Certification on or before 90 days after the last day of each fiscal year.

(c) Sandstorm Metals shall have the right to dispute an Annual Report in accordance with the provisions of this Article 6. If Sandstorm Metals disputes an Annual Report:

(i) Sandstorm Metals shall notify Terrex in writing within 120 days from the date of delivery of the applicable Annual Report that it disputes the accuracy of that Annual Report (or any part thereof) (the "**Audit Dispute Notice**");

(ii) Sandstorm Metals and Terrex shall have 60 days from the date the Audit Dispute Notice is delivered by Sandstorm Metals to resolve the dispute. If Sandstorm Metals and Terrex have not resolved the dispute within the said 60 day period, a mutually agreed independent third party expert will be appointed to prepare a report with respect to the dispute in question (the "**Expert's Report**"). If Sandstorm Metals and Terrex have not agreed upon such expert within a further 10 days after the said 60 day period, then the dispute as to the expert shall be resolved by the dispute mechanism procedures set forth in Article 15;

(iii) if the Expert's Report concludes that the actual volume of Purchased Production varies by two percent or less from the volume of Purchased Production set out in the Annual Report, then the cost of the Expert's Report shall be borne by Sandstorm Metals;

(iv) if the Expert's Report concludes that the volume of Purchased Production varies by more than two percent from the volume of Purchased Production set out in the Annual Report, then the cost of the Expert's Report shall be borne by Terrex; and

(v) if either Sandstorm Metals or Terrex disputes the Expert's Report and such dispute is not resolved between the Parties within ten days after the date of delivery of the Expert's Report, then such dispute shall be resolved by the dispute mechanism procedures set forth in Article 15.

(d) If Terrex does not deliver a (draft or final) Monthly Report or an Annual Report as required pursuant to this Article 6, Sandstorm Metals shall have the right to perform or to cause its representatives or agents to perform, at the cost and expense of Terrex, an audit of the books and records of Terrex relevant to the production and delivery of Purchased Production produced during the calendar month or calendar year in question (the "**Sandstorm Metals Audit**") in conjunction with the provisions of Article 10. Terrex shall grant Sandstorm Metals or its representatives or agents access to all such books and records on a timely basis. In order to exercise this right, Sandstorm Metals must provide not less than 14 days' written notice to Terrex of its intention to conduct the Sandstorm Metals Audit. If within seven days of receipt of such notice, Terrex delivers the applicable (draft or final) Monthly Report or Annual Report, as the case may be, then Sandstorm Metals shall have no right to perform the Sandstorm Metals Audit. If Terrex delivers the applicable (draft or final) Monthly Report or Annual Report, as the case may be, before the delivery of the Sandstorm Metals Audit, the applicable (draft or final) Monthly Report or Annual Report, as the case may be, shall be taken as final and conclusive, subject to the rights of Sandstorm Metals as set forth in section 6(c). Otherwise, absent any manifest or gross error in the Sandstorm Metals Audit, the Sandstorm Metals Audit shall be final and conclusive, subject to the provision of Article 15.

7. Delivery, Title, Payments and Risk of Loss

(a) During the Term [redacted] [*redacted due to confidentiality*], as the case may be, Terrex shall at all times be responsible for delivering all Hydrocarbons produced from the Property to each Marketer in such description and amounts and at such times and places required under and in accordance with each Marketing Agreement.

(b) At all times during the [redacted] [*redacted due to confidentiality*],as the case may be, Sandstorm Metals shall have the sole right and option to elect by delivery of written notice to Terrex delivered a minimum of 60 days prior to the effective month of the applicable Marketing Agreement to: [redacted] [*redacted due to confidentiality*].

(c) [redacted] [*redacted due to confidentiality*]. It is understood and agreed that regardless of whether Sandstorm Metals has made [redacted] [*redacted due to confidentiality*], all Processing Charges pertaining to the delivery of each shipment of Hydrocarbons produced from the Property to a Marketer shall be borne by Terrex.

(d) If Sandstorm Metals elects [redacted] [*redacted due to confidentiality*].

(e) Regardless of whether Sandstorm Metals has made [redacted] [*redacted due to confidentiality*], Sandstorm Metals acknowledges and agrees that title to the Purchased Production contained in each shipment of Hydrocarbons produced from the Property shall pass from Sandstorm Metals to the applicable Marketer at such time as title to the remainder of the Hydrocarbons passes from Terrex to such Marketer in accordance with the terms of the applicable Marketing Agreement.

(f) Regardless of whether Sandstorm Metals has made [redacted] [*redacted due to confidentiality*], risk of loss or damage to all Hydrocarbons produced from the Property contained in each shipment shall at all times remain with Terrex until risk of loss or damage with respect to such shipment passes to the applicable Marketer in accordance with the terms of the Marketing Agreement.

(g) If Sandstorm Metals has made or is deemed to have made a [redacted] [*redacted due to confidentiality*]. Terrex shall pay Sandstorm Metals the Marketing Price (less Sandstorm Metals' proportionate share of the Royalties) received by Terrex pursuant to the Marketing Agreement on account of the Purchased Production for and in respect of the Purchased Production contained in each applicable shipment of Hydrocarbons in cash in Canadian dollars by wire transfer, without set off, deduction or defalcation, no later than 20 Business Days after Terrex receives the applicable payment from the Marketer pursuant to the Marketing Agreement, to [redacted] [*redacted due to confidentiality*]. For greater certainty and without limitation, no Processing Charges shall be applied to the the Marketing Price and the amount to be forwarded to Sandstorm Metals.

(h) Sandstorm Metals shall pay Terrex for and in respect of the Purchased Production contained in each applicable shipment of Hydrocarbons forthwith after Sandstorm Metals receives the applicable payment from the Marketer if Sandstorm Metals has made [redacted] [*redacted due to confidentiality*], with respect to the applicable Marketing Period or from Terrex if Sandstorm Metals has made or is deemed to have made a [redacted] [*redacted due to confidentiality*], in accordance with section 7(b) with respect to the applicable Marketing Period and in any event no later than 20 Business Days thereafter. All cash payments to be made by Sandstorm Metals to Terrex for the Purchased Production shall be made in Canadian dollars and shall be made by wire transfer in immediately available funds to the bank account or other accounts designated by Terrex writing from time to time. [redacted] [*redacted due to confidentiality*]. Save and except for the foregoing, Sandstorm Metals shall pay its proportionate share of the Royalties in respect of the Purchased Production.

(i) Insurance of each shipment of Hydrocarbons produced from the Property shall be covered by and shall be the responsibility of Terrex up to and until the final time of loss or damage passes from Terrex to the applicable Marketer in accordance with the terms of the applicable Marketing Agreement.

8. Early Termination and Losses

(a) The Parties may terminate this Agreement at any time by mutual written consent.

(b) Sandstorm Metals shall have the right to terminate this Agreement, effective upon ten days' prior written notice to Terrex, if any of the following shall have occurred and be continuing ten days after the provision of such written notice (each, an "**Event of Default**"):

(i) Terrex defaults in any material respect in the performance of any of its covenants or obligations contained in this Agreement or the Project Charge and such default is not remedied by Terrex to the reasonable satisfaction of Sandstorm Metals within 60 days after receipt of written notice of such default.

(ii) upon the occurrence of any Insolvency Event affecting Terrex; and

(iii) if the Project Charge is not registered or recorded on or before [redacted] [*redacted due to confidentiality*], the legal opinion with respect to the Project Charge contemplated in section 18(a) is not delivered to Sandstorm Metals on or before [redacted] [*redacted due to confidentiality*], or if the Project Charge shall cease to be valid, binding and enforceable in accordance with its terms and such default is not remedied by Terrex to the reasonable satisfaction of Sandstorm Metals within 60 days after receipt of written notice of such default.

For greater certainty and without limitation, Sandstorm Metals shall have the right to waive one or more Events of Default, all without prejudice to any and all rights of Sandstorm Metals with respect to any and all Events of Default.

(c) If an Event of Default occurs and is continuing, and has not been rectified, then in addition to and not in substitution for any other remedies available at law or in equity, Sandstorm Metals shall have the right, upon written notice to Terrex, at its option, to demand payment of the following (the "**Default Fee**"): [redacted] [*redacted due to confidentiality*]. Upon demand from Sandstorm Metals, which demand shall include a calculation of the Default Fee, Terrex shall promptly pay the Default Fee without setoff, deduction or defalcation, in cash by wire transfer, in immediately available funds, to a bank account designated by Sandstorm Metals. For greater certainty and without limitation, in the event Terrex is required to pay the Default Fee to Sandstorm Metals, the provisions set forth in section 3(c) requiring the refund of the [redacted] [*redacted due to confidentiality*], will no longer be applicable and the Project Charge will be released upon receipt by Sandstorm Metals of the Default Fee.

(d) The Parties hereby acknowledge that: (i) Sandstorm Metals may be damaged by an Event of Default; and (ii) any sums payable or retainable pursuant to this Article 8 are in the nature of liquidated damages, not a penalty and are fair and reasonable.

(e) If Sandstorm Metals elects to demand payment of the Default Fee, this Agreement shall be deemed terminated upon the payment by or on behalf of Terrex of the Default Fee. Upon receipt of the Default Fee, Sandstorm Metals shall execute to and in favour of Terrex a release in respect of the Project Charge so that the Project Charge will terminate and no longer be binding (failing payment of the Default Fee, Sandstorm Metals shall be entitled to realize upon the Project Charge).

(f) Termination of this Agreement under this Article shall not terminate any payment or delivery obligation hereunder that arose prior to the time of termination.

(g) Sandstorm Metals shall indemnify, defend and save harmless Terrex from and against any and all Direct Losses sustained by Terrex resulting from a breach of a covenant or agreement of Sandstorm Metals contained in this Agreement.

9. Marketing Agreements

Each Marketing Agreement shall be on arm's length commercial terms, consistent with normal industry standards and practice in the Province of Alberta, Canada. Within five days of execution and delivery of an Marketing Agreement or any modifications thereto, Terrex shall deliver to Sandstorm Metals a true and complete copy thereof.

10. Books; Records; Inspections

Terrex shall keep true, complete and accurate books and records of all material operations and activities with respect to the Property, including the processing of Hydrocarbons therefrom, where applicable. Subject to the confidentiality provisions of this Agreement and in addition to the provisions of section 6(d), Sandstorm Metals and its authorized representatives shall be entitled to perform audits or other reviews and examinations of the books and records of Terrex relevant to the delivery of Purchased Production pursuant to this Agreement during the Term [redacted] [*redacted due to confidentiality*], as the case may be, to confirm compliance by Terrex with the terms of this Agreement. Sandstorm Metals shall diligently complete any audit or other examination permitted hereunder. For greater certainty and without limitation, Sandstorm Metals shall have access to all documents provided by Terrex to a Marketer, as contemplated under the Marketing Agreements or which otherwise relate to the Hydrocarbons produced from the Property vis a vis the Marketer and that are, in any manner, relevant to the calculation of Purchased Production or the delivery and credit in respect thereof, in each instance. All costs and expenses of any audit or other examination permitted in this section shall be paid by Sandstorm Metals.

11. Conduct of Oilfield Operations, etc.

(a) All decisions concerning methods, the extent, times, procedures and techniques of any exploration, development, production and processing operations related to the Property shall be made by Terrex, in its sole and absolute discretion.

(b) Neither Sandstorm Metals Parent nor Sandstorm Metals has any contractual rights relating to the development or operation of any of the operations of Terrex, including without limitation, the Property or any of its properties and, except as provided herein, neither Sandstorm Metals Parent nor Sandstorm Metals shall be required to contribute to any capital or expenditures in respect of operations at the Property.

(c) Neither Sandstorm Metals Parent nor Sandstorm Metals is entitled to any form or type of compensation or payment from Terrex if Terrex discontinues or ceases operations from the Property save and except as provided in Article 3 and 8. Save and except as provided in Article 3, this Agreement shall in no way be construed or considered a guarantee as to the delivery of any amount of Purchased Production, as the case may be, on an annual basis or over the life of the Property.

(d) Terrex shall perform or cause to be performed all processing operations and activities in respect of the Property in a commercially prudent manner and in accordance with good oilfield, engineering and environmental practices prevailing in the industry. Terrex shall use its reasonable best efforts to ensure that all production from the Property will continue and that all processing, transportation and other arrangements necessary to market such production are maintained. Terrex may not cease production or process production from the Property nor reduce the rate at which production from the Property is produced or brought to market in favour of production from other sources. Terrex may use production from other sources to improve or enhance the quality of production produced from the Property.

(e) At reasonable times and with the prior consent of Terrex which shall not be unreasonably withheld or delayed, at the sole risk and expense of Sandstorm Metals, Sandstorm Metals shall have a right of access by its representatives to the Property and any production operations.

(f) Terrex will cooperate with and will allow Sandstorm Metals Parent access to technical information pertaining to the Property to permit Sandstorm Metals Parent to prepare technical reports on the Property in accordance with National Instrument 51-101 at the sole cost and expense of Sandstorm Metals Parent to comply with Sandstorm Metals Parent's disclosure obligations under applicable Canadian and/or US securities laws and/or stock exchange rules and policies provided that: (i) to the extent permitted by law, Sandstorm Metals Parent will use the same report writer as Terrex to prepare all technical reports that Sandstorm Metals Parent is required to prepare and to use the same reports as Terrex (re-addressed to Sandstorm Metals Parent). For greater certainty and without limitation, so long as Terrex' then current technical report is in compliance with National Instrument 51-101 from the perspective of Sandstorm

Metals Parent in the opinion of counsel to Sandstorm Metals Parent, Sandstorm Metals Parent will use its commercially reasonable best efforts to use the same National Instrument 51-101 technical report, re-addressed to Sandstorm Metals Parent; and (ii) if Sandstorm Metals Parent is unable to use the same report writer as Terrex to prepare a required technical report, it will choose a Person to write the technical report that is acceptable to Terrex, acting reasonably, and Sandstorm Metals Parent will not finalize the technical report until Terrex has been provided with a reasonable opportunity to comment on the contents of the technical report and Sandstorm Metals Parent will act in good faith and will use its best efforts to incorporate Terrex's comments into the technical report to the extent that Terrex's comments are made to conform the technical report with the existing disclosure of Terrex. Terrex will promptly deliver to Sandstorm Metals Parent any updated National Instrument 51-101 reports or mineral reserve and mineral resource estimates produced that pertain to the Property.

(g) All processing or transportation or other purchase or sale agreements maintained or entered into by Terrex in respect of production from the Property shall be on arm's length commercial terms consistent with normal industry standards and practice. Terrex shall promptly disclose to Sandstorm Metals in writing the terms of any such agreements and any amendments to the material terms and conditions of any processing or other purchase agreements in respect of production from the Property.

12. Restricted Transfer Rights of Terrex

During the Term [redacted] [*redacted due to confidentiality*], as the case may be, Terrex may Transfer, in whole or in part: (i) the Property; or (ii) its rights and obligations under this Agreement; so long as the following conditions are satisfied:

(i) Terrex provides Sandstorm Metals with at least 30 days prior written notice of its intent to Transfer;

(ii) any purchaser, merged company, transferee or assignee, as a condition to completion of the Transfer, agrees in writing in favour of Sandstorm Metals to be bound by the terms of this Agreement, including without limitation, this section and Sandstorm Metals does not suffer a material adverse effect in relation to the transactions set forth in this Agreement; and

(iv) any transferee that is a mortgagee, chargeholder or encumbrancer undertakes to obtain an agreement in writing in favour of Sandstorm Metals from any subsequent purchaser or transferee of such mortgagee, chargeholder or encumbrancer that such subsequent mortgagee, chargeholder or encumbrancer will be bound by the terms of this Agreement and the Project Charge, as applicable and to the extent possible.

13. Transfer Rights of Sandstorm Metals

During the Term [redacted] [*redacted due to confidentiality*], as the case may be, Sandstorm Metals and Sandstorm Metals Parent shall have the right to Transfer, in whole or in part, their rights and obligations under this Agreement, upon the provision of ten Business Days prior written notice to Terrex (provided that Sandstorm Metals Parent shall not Transfer its rights and obligations under this Agreement while Sandstorm Metals remains a Party hereto or while Sandstorm Metals remains a wholly-owned subsidiary of Sandstorm Metals Parent).

14. Confidentiality

(a) Subject to section 14(b), neither Sandstorm Metals Parent and Sandstorm Metals (the two such companies being treated as one Party for the purposes of this Article 14) nor Terrex shall, without the express written consent of the other Party, disclose any non-public information (the "**Information**") received under or in connection with this Agreement (including in respect of Sandstorm Metals and Sandstorm Metals Parent, any non-public information relating to the Property), other than to its respective directors, employees, agents, bankers, consultants, requisite regulatory authorities in connection with the procurement of consents and approvals contemplated hereunder and/or prospective transferees. Each Party agrees to reveal such Information only to its respective directors, employees, agents, bankers, consultants and/or prospective transferees who need to know, who are informed of the confidential nature of the Information and who agree to be bound by the terms of this Article 14. In addition, neither Party shall use any such Information for its own use or benefit except for the purpose of enforcing its rights under this Agreement. Neither Party shall issue any press releases concerning this Agreement without first providing the other Party reasonable opportunity to review such press release (to the extent practicable), unless in the opinion of legal counsel to such Party, the press release must be issued or the contents of the press release have already been publicly disclosed.

(b) Notwithstanding the foregoing: (i) Sandstorm Metals Parent and Terrex shall be entitled to issue a news release announcing this Agreement and to publicly file a copy of this Agreement in such manner(s) as may be required by applicable securities laws (subject to such redactions as may be mutually agreed to by the Parties, such mutual agreement to be procured within five Business Days of the execution and delivery of this Agreement); (ii) each Party may disclose Information obtained under this Agreement if required to do so for compliance with applicable laws, rules, regulations or orders of any governmental authority or stock exchange having jurisdiction over such Party (and in such case, the Party disclosing such Information shall only disclose such Information as required, in the opinion of its legal counsel, to be disclosed, and for all other purposes other than such disclosure shall maintain the confidentiality of such information; (iii) to allow a current or potential *bona fide* provider of finance to conduct due diligence (and in such case, the Party disclosing such Information shall obtain the commitment of the receiving party to maintain the confidentiality of such Information, and shall be liable for the misuse or premature disclosure of such Information by such receiving party, provided that the other Party shall be given the right to review and object to the data or information to be disclosed prior to any public release subject to any reasonable changes proposed by such other Party; and (iv) each Party may disclose Information for the purposes of any arbitration proceeding commenced under Article 15 of this Agreement.

15. Arbitration

In the event of a dispute in relation to this Agreement, including without limitation, the existence, validity, performance, breach or termination hereof or any matter arising hereunder, including whether any matter is subject to arbitration, the Parties agree to negotiate diligently and in good faith in an attempt to resolve such dispute. Sandstorm Metals Parent and Sandstorm Metals are treated as one Party for the purposes of this Article 15

Failing resolution satisfactory to either Party, within ten days of the time frame specified herein or if no time frame is specified within ten days of the delivery of notice by either Party of the said dispute, which shall be after the dispute remains open for a period of 90 days, either Party may request that the dispute be resolved by binding arbitration, conducted in English, in Calgary, Alberta, pursuant to the *Arbitration Act* (Alberta) and the National Arbitration Rules of the ADR Institute of Canada, Inc., all in accordance with the following:

(a) To demand arbitration either Party (the "**Demanding Party**") shall give written notice (the "**Dispute Notice**") to the other Party (the "**Responding Party**"), which Dispute Notice shall toll the running of any applicable limitations of actions by law or under this Agreement. The Dispute Notice shall specify the nature of the allegation and the issues in dispute, the amount or value involved (if applicable) and the remedy requested. Within 15 Business Days of receipt of the Dispute Notice, the Responding Party shall answer the demand in writing, responding to the allegations and issues that are disputed.

(b) The Demanding Party and the Responding Party shall mutually agree upon one single qualified arbitrator within seven Business Days of the Responding Party's answer, failing which each of the Demanding Party and the Responding Party shall select one qualified arbitrator within five Business Days of the Responding Party's answer. Each arbitrator shall be a disinterested person qualified by experience to hear and determine the issues to be arbitrated. The arbitrator(s) so chosen shall select a neutral arbitrator within five Business Days of their selection.

(c) No later than 15 Business Days after hearing the representations and evidence of the Parties, the arbitrator(s) shall make their majority determination in writing and shall deliver one copy to each of the Parties. The written decision of the arbitrator(s) shall be final and binding upon the Parties in respect of all matters relating to the arbitration, the procedure, the conduct of the Parties during the proceedings and the final determination of the issues in the arbitration. There shall be no appeal from the determination of the arbitrator(s) to any court. The decision rendered by the arbitrator(s) may be entered into any court for enforcement purposes. If the arbitrator(s) have not made their decision within the said 15 Business Days, the Parties shall come to a mutual agreement as to the extended period of time for the delivery of the written decision or as to the appointment of replacement arbitrator(s) (in which latter event, the procedures and requirements set forth in this section shall again commence).

(d) The arbitrator(s) may determine all questions of law and jurisdiction (including questions as to whether or not a dispute is arbitratable) and all matters of procedure relating to the arbitration.

(e) The arbitrator(s) shall have the right to grant legal and equitable relief and to award costs (including legal fees and the costs of arbitration) and interest. The costs of any arbitration shall be borne by the Parties in the manner specified by the arbitrator(s) in their majority determination, if applicable. The arbitrator(s) may make an interim order, including injunctive relief and other provisional, protective or conservatory measures, as well as orders seeking assistance from a court in taking or compelling evidence or preserving and producing documents regarding the subject matter of the dispute.

(f) All papers, notices or process pertaining to an arbitration hereunder may be served on a Party as provided in this Agreement.

(g) The Parties agree to treat as confidential information, in accordance with the provisions of Article 14, the following: the existence of the arbitral proceedings; written notices, pleadings and correspondence in relation to the arbitration; reports, summaries, witness statements and other documents prepared in respect of the arbitration; documents exchanged for the purposes of the arbitration; and the contents of any award or ruling made in respect of the arbitration. Notwithstanding the foregoing part of this section, a Party may disclose such confidential information in judicial proceedings to enforce, nullify, modify or correct an award or ruling and as permitted under Article 14.

16. Representations and Warranties of Sandstorm Metals and Sandstorm Metals Parent

Sandstorm Metals and Sandstorm Metals Parent acknowledging that Terrex is entering into this Agreement in reliance thereon, hereby jointly and severally represent and warrant to Terrex as follows:

(a) Each of Sandstorm Metals Parent and Sandstorm Metals is a corporation duly and validly existing under the laws of its respective governing jurisdiction and each of Sandstorm Metals Parent and Sandstorm Metals is up to date in respect of all filings required by law or by any governmental authority.

(b) Each of Sandstorm Metals Parent and Sandstorm Metals has the requisite corporate power and capacity to enter into this Agreement and to perform its respective obligations hereunder. Each of Sandstorm Metals Parent and Sandstorm Metals has received all requisite board of director approvals with respect to the execution and delivery of this Agreement.

(c) This Agreement has been duly and validly executed and delivered by each of Sandstorm Metals Parent and Sandstorm Metals and constitutes a legal, valid and binding obligation of each of Sandstorm Metals Parent and Sandstorm Metals enforceable against each of Sandstorm Metals Parent and Sandstorm Metals in accordance with its terms.

(d) Neither Sandstorm Metals Parent nor Sandstorm Metals has made an assignment for the benefit of creditors, nor is either Sandstorm Metals Parent nor Sandstorm Metals the voluntary or involuntary subject of any proceedings under any bankruptcy or insolvency law, no receiver or receiver/manager has been appointed for all or any substantial part of the properties or business of either Sandstorm Metals Parent or Sandstorm Metals and the corporate existence of Sandstorm Metals Parent or Sandstorm Metals has not been terminated by voluntary or involuntary dissolution or winding up (other than by way of amalgamation or reorganization) and neither Sandstorm Metals Parent nor Sandstorm Metals is aware of any circumstance which, with notice or the passage of time, or both, would give rise to any of the foregoing.

(e) Sandstorm Metals Parent is in compliance in all material respects with the rules, policies and regulations of the TSXV.

(f) Sandstorm Metals Parent has filed all documents required to be filed by it under all applicable securities laws in connection with its status as a public company and the policies of the TSXV, and such documents as of the date they were filed, comply in all material respects with requisite securities laws, do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein in light of the circumstances under which they were made, not misleading.

(g) This Agreement and the exercise of the rights and performance of the obligations of Sandstorm Metals Parent and Sandstorm Metals hereunder do not and will not: (i) conflict with any agreement, mortgage, bond or other instrument to which either Sandstorm Metals Parent or Sandstorm Metals is a party or which is binding on its assets; (ii) conflict with its respective constating or constitutive documents; or (iii) conflict with or violate any applicable law.

(h) No regulatory or third party consents or approvals are required to be obtained by Sandstorm Metals Parent or Sandstorm Metals in connection with the execution and delivery or the performance by Sandstorm Metals Parent or Sandstorm Metals of this Agreement or the transactions contemplated hereby.

17. Representations and Warranties of Terrex

Terrex, acknowledging that Sandstorm Metals and Sandstorm Metlas Parent are entering into this Agreement in reliance thereon, hereby represents and warrants to Sandstorm Metals and Sandstorm Metals Parent as follows and agrees that, except as provided for below, such representations and warranties shall remain true and correct during the Term [redacted] [*redacted due to confidentiality*], as the case may be:

(a) Terrex is a corporation duly and validly existing under the laws of its governing jurisdiction and Terrex is up to date in respect of all filings required by law or by any governmental authority.

(b) Terrex has the requisite corporate power and capacity to enter into this Agreement and to perform its obligations hereunder. Terrex has received all requisite board of director approvals with respect to the execution and delivery of this Agreement.

(c) This Agreement has been duly and validly executed and delivered by Terrex and constitutes a legal, valid and binding obligation of Terrex enforceable against Terrex in accordance with its terms.

(d) This Agreement and the exercise of the rights and performance of the obligations of Terrex hereunder do not and will not; (i) conflict with any agreement, mortgage, bond or other instrument to which Terrex is a party or which is binding on its assets; (ii) conflict with its constating or constitutive documents; or (iii) conflict with or violate any applicable law.

(e) Save and except for the TSXV Approval and regulatory approval of the Chemical Flood EOR Scheme for the Two Creek Property, no regulatory or third party consents or approvals are required to be obtained by Terrex in connection with execution and delivery or the performance by Terrex of this Agreement or the transaction contemplated hereby.

(f) Terrex has not made an assignment for the benefit of creditors nor is Terrex the voluntary or involuntary subject of any proceedings under any bankruptcy or insolvency law; no receiver or receiver/manager has been appointed for all or any substantial part of its properties or business and its corporate existence has not been terminated by voluntary or involuntary dissolution or winding up (other than by way of amalgamation or reorganization) and Terrex is not now aware of any circumstance which, with notice or the passage of time, or both, would give rise to any of the foregoing.

(g) No person has any agreement, option, right of first refusal or right, title or interest or right capable of becoming an agreement, option, right of first refusal or right, title or interest, in any part of the Proeprty save and except for the Permitted Encumbrances or any of the Hydrocarbons therein, thereon or thereunder or derived therefrom.

(h) Terrex has all necessary corporate power to own the Property and to commence or continue oilfield operations therefrom. Terrex is in material compliance with all material applicable laws and licences, registrations, permits, consents and qualifications to which the Strathmore Property is subject (and will be in material compliance with respect to the Two Creek Property, upon the acquisition thereof). Terrex will use commercially reasonable efforts to obtain and, once obtained, maintain all material permits necessary to commence oilfields operations on the Property.

(i) Terrex has sufficient right, title and interest in and to the Strathmore Property, (and will have sufficient right, title and interest with respect to the Two Creek Property, upon the acquisition, the Two Creek Property), including without limitation, access rights thereto, in order to attain the commencement of commercial production, to continue oilfield operations and to produce Hydrocarbons.

(j) At the time of delivery, Terex will have and will deliver to Sandstorm Metals during the Term [redacted] [*redacted due to confidentiality*], as the case may be, an undivided 100% legal and beneficial good, valid, marketable and exclusive ownership of and title in and to, and actual and exclusive possession of the Purchased Production, free and clear of any and all Encumbrances.

(k) As at the date of execution of this Agreement, Terrex is not in material default of any credit facility or material contract it has executed and delivered, to which its assets are subject or by which its assets are bound.

(l) Terrex has not denied Sandstorm Metals access to any material information in its control or possession with respect to the Property and (as of the date of this Agreement only) any corporate matters pertaining to Terrex, requested by Sandstorm Metals. To the best of the knowledge, information and belief of Terrex, Sandstorm Metals is aware of all material information relating to the Property.

(m) Since January 1, 2011 to the Execution Date, no change has occurred with respect to the Property that would be a [redacted] [*redacted due to confidentiality*];

(n) The Two Creek Property Agreement attached hereto is in full force and effect unamended as at the Execution Date and no event of default exists thereunder by any party thereto.

18. Project Charge and Subordination

(a) On or before [redacted] [*redacted due to confidentiality*], Sandstorm Metals shall have received due proof, to its reasonable satisfaction, of the due registration of the Project Charge as against all assets and undertaking relating to each of the Strathmore Propery and the Two Creek Property, in accordance with requisite law in order for the same to be valid and binding and subsisting and subject only to the Permitted Encumbrances and on or before Terrex shall have delivered to Sandstorm Metals a legal opinion in form and substance satisfactory to Sandstorm Metals, acting reasonably, opining as to the due registration of the Project Charge, subject only to the Permitted Encumbrances.

(b) During the Term [redacted] [*redacted due to confidentiality*], as the case may be, Terrex shall not amend, supplement, waive, restate, supersede, terminate, cancel or release or otherwise consent to a departure from the provisions of the Project Charge without the prior written consent of Sandstorm Metals, such consent not to be unreasonably withheld.

(c) Sandstorm Metals will agree to subordinate the Project Charge to senior secured creditors of Terrex (the "**Senior Lenders**") so long as the Senior Lenders provide a consent to Sandstorm Metals, in form and content satisfactory to Sandstorm Metals, acting reasonably, pursuant to which the Senior Lenders agree to ensure that, to the extent fully possible at law or in equity, this Agreement shall survive any legal or other process undertaken by the Senior Lenders as a result of their security enforcement proceedings, including without limitation, that this Agreement will be binding upon any transferee of the Senior Lenders. The Senior Lenders shall also agree to allow the delivery of Purchased Production at all times in accordance with this Agreement.

19. General Provisions

(a) Each Party shall execute all such further instruments and documents and shall take all such further actions as may be necessary to effect the transaction contemplated herein, in each case at the cost and expense of the Party requesting such further instrument, document or action, unless expressly indicated otherwise.

(b) Nothing herein shall be construed to create, expressly or by implication, a joint venture, agency relationship, fiduciary relationship, commercial partnership or other partnership relationship between Terrex as one Party and Sandstorm Metals and Sandstorm Metals Parent as a second Party.

(c) This Agreement shall be governed by and construed under the laws of the Province of Alberta and the federal laws of Canada applicable therein.

(d) Time is of the essence of this Agreement.

(e) All references in this Agreement to currency or to "$", unless otherwise expressly indicated, shall be to Canadian dollars.

(f) If any provision of this Agreement is wholly or partially invalid, this Agreement shall be interpreted as if the invalid provision had not been a part hereof so that the invalidity shall not affect the validity of the remainder of this Agreement which shall be construed as if this Agreement had been executed without the invalid portion.

(g) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered by hand or transmitted by facsimile transmission addressed to:

If to Terrex, to:
950-630 6th Avenue SW
Calgary, Alberta T2P 0S8
Attention: Norm Knecht
Fax Number: (403) 264-4470

If to Sandstorm Metals and Sandstorm Metals Parent, to:
Suite 1050, 625 Howe Street
Vancouver, BC V6C 2T6
Attention: President and Chief Executive Officer
Fax Number: (604) 688-0094

Any notice given in accordance with this section, if transmitted by facsimile transmission, shall be deemed to have been received on the next Business Day following transmission or, if delivered by hand, shall be deemed to have been received when delivered.

(h) This Agreement may not be changed, amended or modified in any manner, except pursuant to an instrument in writing signed on behalf of each of the Parties. The failure by any Party to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision unless such waiver is acknowledged in writing, nor shall such failure affect the validity of this Agreement or any part thereof or the right of a Party to enforce each and every provision. No waiver or breach of this Agreement shall be held to be a waiver of any other or subsequent breach.

(i) Following the execution and delivery of this Agreement, each of Sandstorm Metals and Sandstorm Metals Parent as one Party and Terrex as a second Party will co-operate reasonably with the other Party in implementing any proposed adjustments to the structure of this Agreement to facilitate tax planning, provided that such adjustments have no material adverse impact on the non-proposing Party and that such adjustments shall not result in the non-proposing Party incurring any significant costs.

(j) This Agreement may be executed in one or more counterparts and by the Parties in separate counterparts, each of which when executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

(k) This Agreement shall enure to the benefit of and shall be binding on and shall be enforceable by the Parties and their respective, successors and permitted assigns.

(l) This Agreement constitutes the entire agreement among the Parties pertaining to the subject matter hereof and supersedes all prior agreements, negotiations, discussions and understandings, written or oral, among the Parties. No section of this Agreement that survives termination shall apply to a section that does not survive termination.

(m) The Parties may agree to enter into other financial instruments or agreements to supplement the pricing in this Agreement.

(n) Any payment that is due to be made to a Party pursuant to the terms and condtions of this Agreement (other than pursuant to section 3(f), shall bear interest at a rate of 8% per annum (both before and after default and judgement), commencing as at and from the date such payment became due and owing.

20. **Guarantee of Sandstorm Metals' Obligations by Sandstorm Metals Parent**

(a) Sandstorm Metals Parent hereby absolutely, unconditionally and irrevocably guarantees the prompt and complete observance and performance of all the terms, covenants, conditions and provisions to be observed or performed by Sandstorm Metals pursuant to this Agreement. Sandstorm Metals Parent shall perform such terms, covenants, conditions and provisions upon the default or non-performance thereof by Sandstorm Metals.

(b) The obligations of Sandstorm Metals under this section (collectively, the "**Sandstorm Metals Guaranteed Obligations**") are continuing, unconditional and absolute and without limitation, will not be released, discharged, limited or otherwise affected by (and Sandstorm Metals Parent hereby consents to or waives, as applicable, to the fullest extent permitted by applicable law):

> (1) any extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release in respect of any of the Sandstorm Metals Guaranteed Obligations, security, person or otherwise;
>
> (2) any modification or amendment of or supplement to the Sandstorm Metals Guaranteed Obligations, including any increase or decrease in the amounts payable thereunder;

(3) any release, non-perfection or invalidity of any direct or indirect security for any of the Sandstorm Metals Guaranteed Obligations;

(4) any winding-up, dissolution, insolvency, bankruptcy, reorganization or other similar proceedings affecting Sandstorm Metals;

(5) the existence of any claim, set-off or other rights which Sandstorm Metals Parent may have at any time against Terrex or Sandstorm Metals;

(6) any invalidity, illegality or unenforceability relating to or against Sandstorm Metals or any provision of applicable law or regulation purporting to prohibit the payment by Sandstorm Metals Parent of any amount in respect of the Sandstorm Metals Guaranteed Obligations;

(7) any limitation, postponement, prohibition, subordination or other restriction on the rights of Terrex to payment of the Sandstorm Metals Guaranteed Obligations (except for any postponements contemplated by this Agreement);

(8) any release, substitution or addition of any co-signer, endorser or other guarantor of the Sandstorm Metals Guaranteed Obligations;

(9) any defence arising by reason of any failure of Terrex to make any presentment, demand for performance, notice of non-performance, protest or any other notice, including notice of acceptance of this Agreement, partial payment or non-payment of any of the Sandstorm Metals Guaranteed Obligations or the existence, creation or incurring of new or additional Sandstorm Metals Guaranteed Obligations;

(10) any defence arising by reason of any failure of Terrex to proceed against Sandstorm Metals or any other person or to pursue any other remedy in the power of Terrex whatsoever;

(11) any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal obligation;

(12) any defence arising by reason of any incapacity, lack of authority or other defence of Sandstorm Metals or any other person, or by reason of the cessation from any cause whatsoever of the liability of Sandstorm Metals Parent or any other person in respect of any Sandstorm Metals Guaranteed Obligations except as a result of the payment in full of the Sandstorm Metals Guaranteed Obligations or by reason of any act or omission of Terrex or others which directly or indirectly results in the

discharge or release of Sandstorm Metals or any other person or all or any part of the Sandstorm Metals Guaranteed Obligations or any security or guarantee therefor, whether by contract, operation of law or otherwise;

(13) any dealing whatsoever with Sandstorm Metals;

(14) any defence based upon or arising out of any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against Sandstorm Metals or any other person, including any discharge of, or bar against collecting, any of the Sandstorm Metals Guaranteed Obligations, in or as a result of any such proceeding; or

(15) any other act or omission to act or delay of any kind by Sandstorm Metals or Terrex or any other circumstance whatsoever, whether similar or dissimilar to the foregoing, which might, but for the provisions of this subsection (ii), constitute a legal or equitable discharge, limitation or reduction of the obligations of Sandstorm Metals Parent hereunder (other than the payment or performance in full of all of the Sandstorm Metals Guaranteed Obligations).

To the extent permitted by applicable law, the foregoing provisions of this subsection (ii) apply (and the waivers set out therein will be effective) even if the effect of any action (or failure to take action) by Terrex is to destroy or diminish any subrogation rights of Sandstorm Metals or any rights of Sandstorm Metals to proceed against Terrex for reimbursement or to recover any contribution from any other guarantor or any other right or remedy of Sandstorm Metals.

(iii) Terrex shall not be bound to exhaust its recourse against Sandstorm Metals or any other persons or to realize on any securities it may hold in respect of the Sandstorm Metals Guaranteed Obligations before being entitled to payment or performance from Sandstorm Metals Parent under this section and Sandstorm Metals Parent hereby renounces all benefits of discussion and division.

REMAINDER OF PAGE INTENTIONALLY BLANK

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date and year first above written.

TERREX ENERGY INC.

Per:

"*Norm Knecht*"

Authorized Signing Officer

SANDSTORM METALS & ENERGY LTD.

Per:

"Nolan Watson"

Authorized Signing Officer

0905896 B.C. LTD

Per:

"Nolan Watson"

Authorized Signing Officer

SCHEDULE "A"

PROPERTY DESCRIPTION STRATHMORE PROPERTY

[redacted] [*redacted due to confidentiality*]

SCHEDULE "B"

PROPERTY DESCRIPTION TWO CREEK PROPERTY

[redacted] [*redacted due to confidentiality*]

SCHEDULE "C"

PERMITTED ENCUMBRANCES

The following Encumbrances are deemed to be Permitted Encumbrances:

(i) any security interest, bond or deposit under workers' compensation, social security, environmental or similar legislation or in connection with permitting, tenders, leases, contracts or expropriation proceedings or to secure public or statutory obligations, surety and appeal bonds or costs of litigation, all where required by law;

(ii) any security interest or privilege imposed by law, such as builders', mechanics', material men's, carriers', warehousemen's and landlords' liens and privileges; or any security interest or privilege arising out of judgments or awards with respect to the Property, which Terrex at the time is prosecuting an appeal or proceedings for review and with respect to which it has secured a stay of execution pending such appeal or proceedings for review; or any security interest for taxes, assessments or governmental charges or levies against the Property not at the time due and delinquent or the validity of which is being contested at the time by Terrex in good faith; or any undetermined or inchoate security interest or privilege incidental to current operations that has not been filed pursuant to law against Terrex or that relates to obligations not due or delinquent; or the deposit of cash or securities in connection with any security interest or privilege referred to in this paragraph;

(iii) any right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, license, franchise, grant or permit held or acquired by Terrex in respect of the Property, or by any statutory provision, to terminate the lease, license, franchise, grant or permit or to purchase assets used in connection therewith or to require annual or other periodic payments as a condition of the continuance thereof;

(iv) any security interest created or assumed by Terrex in favour of a public utility or any municipality or governmental or other public authority when required by the utility, municipality or other authority in connection with the operations of the Property;

(v) any reservations, limitations, provisos and conditions expressed in original grants from the Province of Alberta or the federal government or agencies thereof and any reservations and exceptions contained in, or implied by statute;

(vi) any minor encumbrance, such as easements, rights-of-way, servitudes or other similar rights in land granted to or reserved by other Persons, rights-of-way for sewers, electric lines, telegraph and telephone lines, oil and natural gas pipelines and other similar purposes, or zoning or other restrictions applicable to the Property's use of real property, that do not in the aggregate materially detract from the value of the Property or materially impair its use in the operation of the Property;

(vii) Encumbrances in favour of governmental authorities securing reclamation obligations of the Property;

(viii) all exploration, development and operating permits and bonding requirements in respect of the Property imposed by federal, provincial and local government requirements, including the potential application of new environmental or other restrictions, limitations and requirements imposed by such authorities on oilfield and processing operations;

(ix) provided there is compliance with section 18(c) of the Agreement, any existing or future security interest, mortgage or charge, whether fixed or floating, granted to any lender, commercial bank or other financial institution securing indebtedness provided that the proceeds therefrom will be used in furtherance of the Property for oilfield development and construction, oilfield or mobile equipment purchases or leases;

(x) provided there is compliance with section 18(c) of the Agreement any extension, renewal, alteration, substitution or replacement, in whole or in part, of a security interest referred to in the above section (xi) provided that the security interest is limited to all or part of the same assets, the principal amount of the secured obligations is not increased by that action, the term of the secured obligations is not shortened and the terms and conditions of the security interest are no more restrictive in any material respect than the security interest existing on the later of the date hereof or the date of its creation; and

(xi) the Royalties.

SCHEDULE "D"

TWO CREEK PURCHASE AGREEMENT

[redacted] [*redacted due to confidentiality*]