MATERIAL CHANGE REPORT
UNDER NATIONAL INSTRUMENT 51-102

Item 1 Name and Address of Company

Sandstorm Metals & Energy Ltd. (the "**Company**" or "**Sandstorm**")
Suite 1400 – 400 Burrard Street
Vancouver, BC V6C 3A6

Item 2 Date of Material Change

September 19, 2012

Item 3 News Release

A news release with respect to the material change referred to in this report was disseminated by the Company through Marketwire on September 19, 2012 and filed on SEDAR.

Item 4 Summary of Material Change

The Company announced that it has entered into a palladium purchase agreement with Colossus Minerals Inc., via a back-to-back agreement with Sandstorm Gold Ltd. ("**SSL**"), to purchase an amount equal to 35% of the palladium produced from the Serra Pelada Mine ("**Serra Pelada**") located in Para, Brazil. Pursuant to the back-to-back agreement, the Company will pay an upfront deposit of US$15 million to SSL, in cash or shares, within one year. The Company will make ongoing per ounce payments equal to the lesser of US$100 per ounce of palladium and the prevailing market price of palladium.

Item 5 Full Description of Material Change

Please see attached news release.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

For further information contact Erfan Kazemi at (604) 689-0234.

Item 9 Date of Report

DATED as of this 28th day of SEPTEMBER, 2012.

Sandstorm Metals & Energy Ltd.

By: *"Nolan Watson"*
Nolan Watson
Chief Executive Officer

SANDSTORM
METALS & ENERGY LTD.

NEWS RELEASE

Sandstorm Metals & Energy Completes Palladium Purchase Agreement

Vancouver, British Columbia | September 19, 2012

Sandstorm Metals & Energy Ltd. ("Sandstorm Metals" or the "Company") (TSX-V: SND) is pleased to announce that it has entered into a palladium purchase agreement with Colossus Minerals Inc. ("Colossus") (TSX: CSI), via a back-to-back agreement with Sandstorm Gold Ltd. ("Sandstorm Gold"), to purchase an amount of palladium from the Serra Pelada Mine ("Serra Pelada") located in Para, Brazil.

Sandstorm Metals has agreed to purchase an amount equal to 35% of the palladium produced from Serra Pelada (the "Palladium Purchase Agreement"). Pursuant to this back-to-back agreement, Sandstorm Metals will pay an upfront cash deposit of US$15 million (the "Upfront Deposit") to Sandstorm Gold in cash or shares, within one year's time. Sandstorm Metals will make ongoing per ounce payments equal to the lesser of US$100 per ounce of palladium and the prevailing market price of palladium.

"Serra Pelada is a fantastic project run by a first-class management team", said President & CEO Nolan Watson. "We expect Serra Pelada to be producing in the near-term and the Palladium Stream will generate consistent cash flow to Sandstorm."

Colossus will have the option, until April 1, 2015, to purchase in whole or in part, up to 50% of the obligation to purchase palladium under the Palladium Purchase Agreement by making a US$9.75 million payment, whereupon the percentage of palladium to be purchased by Sandstorm Metals shall be decreased from 35% to 17.5%.

As part of the transaction, Sandstorm Gold has agreed to purchase 1.5% of the gold and 35% of the platinum produced from Serra Pelada in exchange for paying a US$60 million deposit to Colossus (bringing the total deposit made by Sandstorm Gold to US$75 million). For more information, see the Sandstorm Gold press release at http://www.sandstormgold.com.

About Serra Pelada

Serra Pelada is a high-grade gold-platinum-palladium deposit located in the mineral and mining prolific Carajas region in Para State, northern Brazil. The existing infrastructure and accessibility to the site are excellent due to the close proximity of a number of major mines. During the 1980's, Serra Pelada hosted the largest ever gold rush in Latin America with up to 80,000 artisanal miners producing 2 million ounces of gold, plus platinum and palladium, from a hand dug open pit. Colossus Minerals has been involved in the development of Serra Pelada since 2007 and is targeting initial production by the end of 2013. Serra Pelada is fully permitted and construction is underway. It is expected to be a high grade, low-cost polymetallic producer.

For more information on Serra Pelada, visit the Colossus Mineral's website at http://www.colossusminerals.com/.

ABOUT SANDSTORM METALS & ENERGY

Sandstorm Metals & Energy Ltd. is a growth focused resource based company that seeks to complete commodity purchase agreements with companies that have advanced stage development or operating projects. A commodity purchase agreement involves Sandstorm making an upfront cash payment to its partners and in exchange, Sandstorm receives the right to purchase a percentage of the commodity produced for the life of the asset, at a fixed price per unit. Sandstorm helps other companies in the resource industry grow their business, while acquiring attractive assets in the process.

Sandstorm Metals & Energy is focused on low cost operations with excellent exploration potential and strong management teams.

Sandstorm has completed commodity purchase agreements with Colossus Minerals Inc., Donner Metals Ltd., Novadx Ventures Corp., Terrex Energy Inc., and Thunderbird Energy Corp.

For more information visit: www.sandstormmetalsandenergy.com

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Except for the statements of historical fact contained herein, the information presented constitutes "forward-looking information" or "forward-looking statements" within the meaning of applicable Canadian securities legislation. Forward-looking statements can generally be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue", "plans", or similar terminology. 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 the forward-looking information, including but not limited to: the impact of general business and economic conditions; the absence of control over operations from which Sandstorm will purchase commodities and risks related to those 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 commodities; industry conditions, including fluctuations in the price of commodities, fluctuations in foreign exchange rates and fluctuations in interest rates; stock market volatility; competition; as well as those factors discussed in the section entitled "Risks to Sandstorm" in Sandstorm's annual report for the financial year ended December 31, 2011. Although Sandstorm has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Sandstorm does not undertake to update any forward-looking information that is contained or incorporated by reference herein, except in accordance with applicable securities laws. Sandstorm does not provide any representation as to its comparability with other companies in its industry including, but not limited to, Franco-Nevada Corporation, BHP Billiton and Rio Tinto.

CONTACT INFORMATION

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