

## Form 62-103F1

### ***Required Disclosure under the Early Warning Requirements***

#### **Item 1 – Security and Reporting Issuer**

- 1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

*This report relates to the sale of **10.0 million** common shares in the capital of:*

*Pinecrest Resources Ltd. (the “**Issuer**” or “**Pinecrest**”)  
1680 – 200 Burrard Street  
Vancouver, BC V6C 3L6*

- 1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

*The transaction which triggered the requirement to file this report did not take place on a stock exchange or other market that represents a published market for the securities which are the subject of this report. Please see Item 2.2 below.*

#### **Item 2 – Identity of the Acquiror**

- 2.1 State the name and address of the acquiror.

*Sandstorm Gold Ltd. (“**Sandstorm**” or the “**Acquiror**”)  
Suite 1400 – 400 Burrard Street  
Vancouver, BC V6C 3A6*

*Sandstorm, a company existing under the laws of the Province of British Columbia, is a growth focused resource based company that seeks to acquire gold and other precious metal purchase agreements and royalties from companies that have advanced stage development projects or operating mines.*

- 2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

*April 10, 2017, upon the disposition by Sandstorm of **10.0 million** common shares of the Issuer (“**Pinecrest Shares**”) in a private transaction.*

- 2.3 State the names of any joint actors.

*Not applicable.*

#### **Item 3 – Interest in Securities of the Reporting Issuer**

- 3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror’s securityholding percentage in the class of securities.

*Sandstorm held **10.0 million** Pinecrest Shares, representing **16.11%** of the issued and outstanding Pinecrest Shares. Sandstorm has now disposed of these **10.0 million** Pinecrest Shares, resulting in Sandstorm holding zero Pinecrest Shares.*

- 3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

*Sandstorm disposed of **10.0 million** Pinecrest Shares.*

- 3.3 If the transaction involved a securities lending arrangement, state that fact.

*Not applicable.*

- 3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

*Sandstorm held **10.0 million** Pinecrest Shares, which represented **16.11%** of the issued and outstanding Pinecrest Shares. Sandstorm has now disposed of these **10.0 million** Pinecrest Shares, resulting in Sandstorm holding zero Pinecrest Shares.*

*Sandstorm still holds **10.0 million** share purchase warrants ("**Placement Warrants**") of the Issuer, each Placement Warrant exercisable by Sandstorm to acquire one Pinecrest Share at a price of C\$0.30 for a period of two years ending on December 4, 2016, which expiry date was extended to December 4, 2019. If you assume the exercise of the **10.0 million** Placement Warrants held by Sandstorm, Sandstorm would then own an aggregate of **10.0 million** Pinecrest Shares, representing approximately **13.9%** of the then issued and outstanding Pinecrest Shares (on a partially diluted basis).*

- 3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

- (a) the acquiror, either alone or together with any joint actors, has ownership and control,

*Please refer to item 3.4 above.*

- (b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

*Not applicable.*

- (c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

*Not applicable.*

- 3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

*Please see item 3.4 above.*

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

*Not applicable.*

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

*Not applicable.*

#### **Item 4 – Consideration Paid**

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

*Sandstorm disposed of **10.0 million** Pinecrest Shares in a private transaction at a price of **C\$0.21** per Pinecrest Share, for total sale proceeds of **C\$2,100,000**.*

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

*Please see item 4.1 above.*

- 4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

*Not applicable.*

#### **Item 5 – Purpose of the Transaction**

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;
- (f) a material change in the reporting issuer's business or corporate structure;
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;
- (j) a solicitation of proxies from securityholders;
- (k) an action similar to any of those enumerated above.

*Sandstorm disposed of the 10.0 million Pinecrest Shares for investment purposes. Sandstorm will evaluate its investment in the Issuer from time to time and may, based on such evaluation, market conditions and other circumstances, increase or decrease its shareholdings as circumstances require through market transactions, private agreements or otherwise. As of the date of this report, the Acquiror is not aware of any plans nor has any future intentions which would relate to or result in an event referred to in items (a) to (k) above.*

#### **Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer**

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Kindly note, that the terms of the warrant certificate governing the Placement Warrants still held by the Offeror provide that the Placement Warrants are not exercisable by the Offeror, in whole or in part, and Pinecrest will not give effect to any such exercise of the Placement Warrants if, after giving effect to such exercise, the Offeror, together with any person or company acting jointly or in concert with the Offeror (“**Joint Actors**”) would, in the aggregate, beneficially own, or exercise control or direction over, that number of voting securities of Pinecrest which is 19.9% or greater of its total issued and outstanding voting securities. Furthermore, the Placement Warrants are not exercisable by the Offeror, in whole or in part, and Pinecrest will not give effect to any such exercise of the Placement Warrants if, after giving effect to such exercise, the Offeror, together with its Joint Actors, would be deemed to hold a number of voting securities sufficient to materially affect the control of Pinecrest.

**Item 7 – Change in Material Fact**

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer’s securities.

*Not applicable.*

**Item 8 – Exemption**

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

*Not applicable.*

**Item 9 – Certification**

The acquiror must certify that the information in this report is true and complete in every respect. In the case of an agent, the certification is based on the agent’s best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete. This report must be signed by each person on whose behalf the report is filed or his or her authorized representative. It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

**Certificate**

I, as the Acquiror, certify, or I, as the agent filing this report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

**DATED** as of the 11th day of April, 2017.

/s/ Erfan Kazemi .....  
Signature

Erfan Kazemi, Chief Financial Officer  
Name/Title