

# PROJECT “GOLDEN OPPORTUNITY”

By Sean Bellamy McNulty

June 28th, 2011



# SANDSTORM

## GOLD

THE WORLD'S ONLY PURE GOLD STEAMING COMPANY

**Ticker:** SSL

**Exchange:** CVE

**Price:** \$1.14

**Mkt Cap:** \$368.95

# Simple, Understandable Business Model

## Business Model

1

- Financially viable gold deposits are discovered.

2

- Miner seeks financing, contacts Sandstorm.

3

- Sandstorm evaluates mine and potential, if they like the deal they provide lump-sum up-front cash payment.

4

- In exchange, Sandstorm receives a % of future production of mine at a large discount to gold's current spot price (avg \$425 Au/Oz).

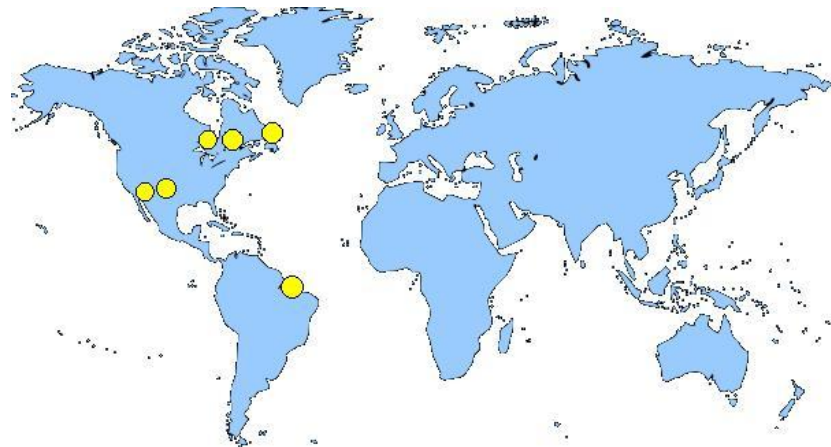
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- Sandstorm continues to receive payment for life of mine, as well as participates in exploration upside with varying terms.

## The Appeal of Streaming to Mining Companies

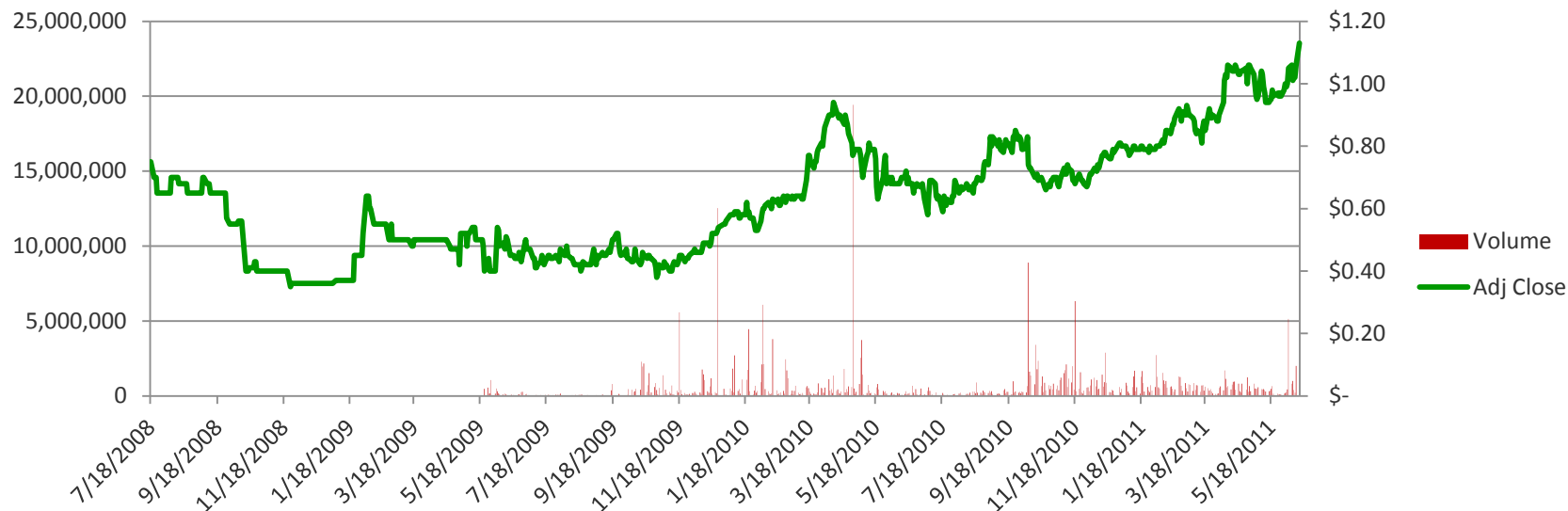
- They can easily access cash without taking on corporate debt or diluting their stock.
- Traditional lenders who are not familiar with their operations, such as banks, may not provide financing.
- Miners can lock in gold prices, hedging a portion of the risk associated with fluctuating commodity prices.
- Miners retain full control of operations, Sandstorm makes a point on their website to emphasize they are not experts in building mines, but rather in financing them.

## 100% of Mines in Politically Stable Regions



# Excellent Stock Performance Driven by Operating Cash Flows

## Clear Uptrend Established



### Trading Data

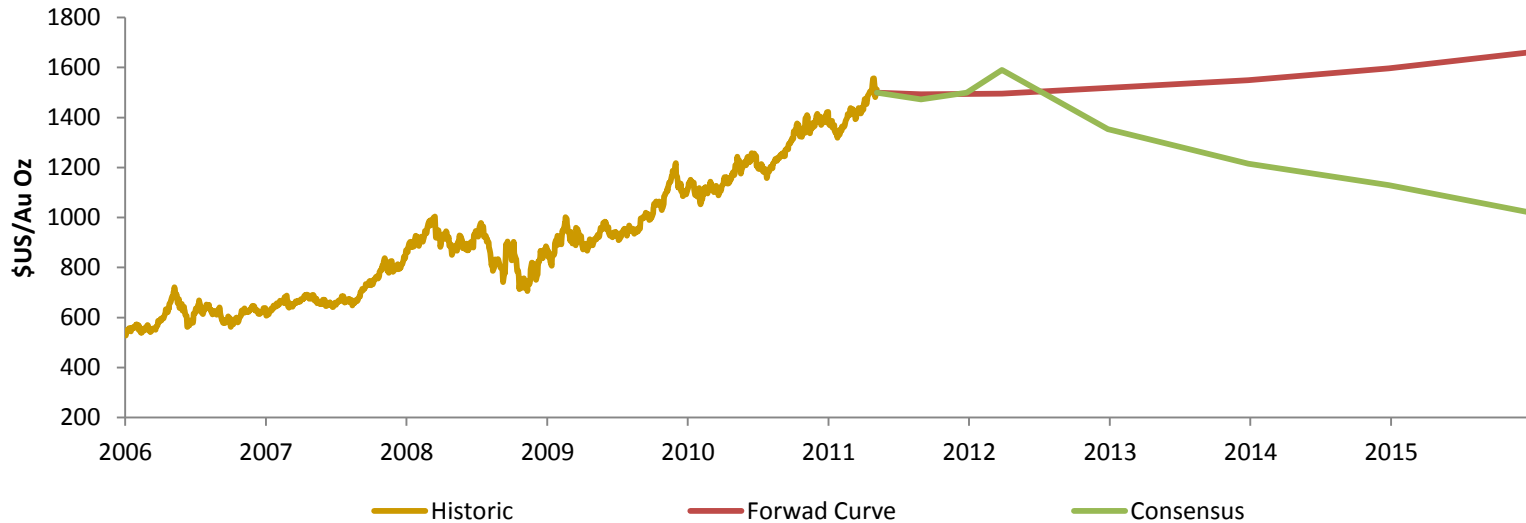
<b>52-wk range</b>	\$0.58 – \$1.22
<b>Market cap. (M)</b>	\$ 368.95
<b>Shares o/s (M)</b>	\$ 318.06
<b>Float (M)</b>	\$ 279.13
<b>Avg. 3 month volume (M)</b>	0.589

### Operating Cash Flows

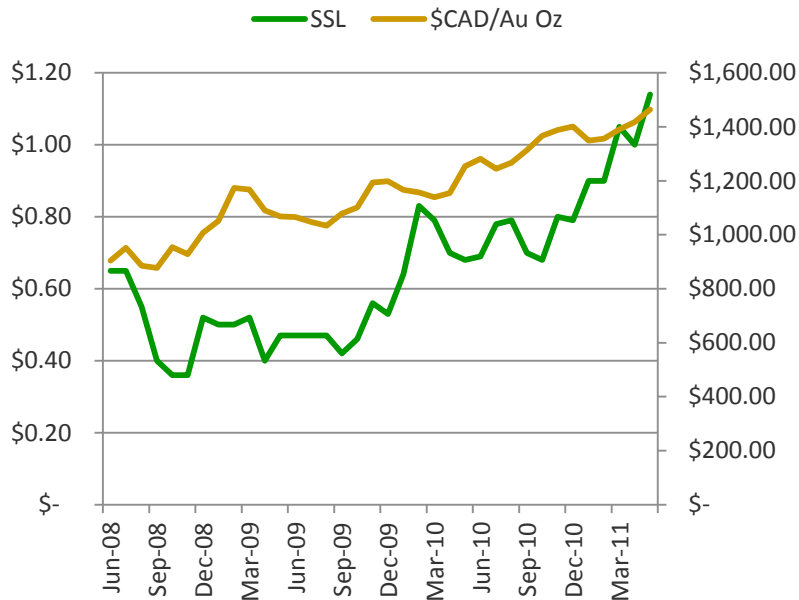
<b>March 31, 2011</b>	\$ 1,616
<b>December 31, 2010</b>	\$ 463
<b>September 30, 2010</b>	\$ (-105)
<b>June 30, 2010</b>	\$ (-386)
<b>March 31, 2010</b>	\$ (-792)
<b>December 31, 2009</b>	\$ (-549)
<b>September 30, 2009</b>	\$ (-469)

# Gold Prices Have Not Been the Driver of SSL's Stock Price to Date

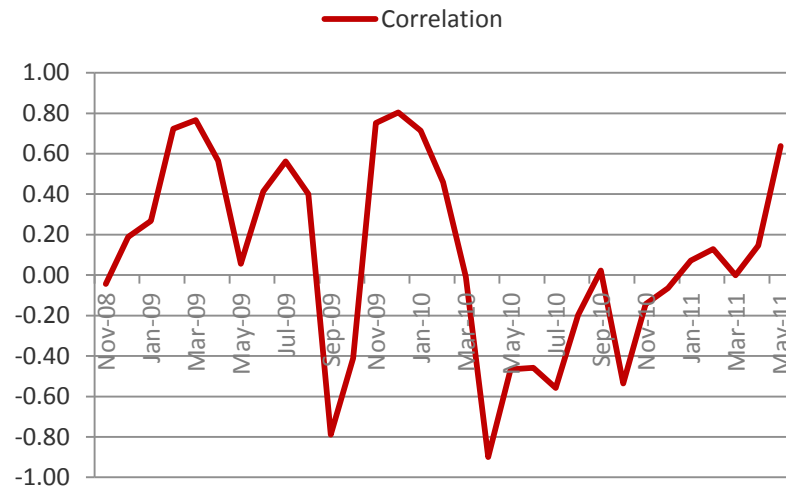
Gold Price Has Been in Bullish Run Past 5 Years, Forward Curve and Consensus Estimates Conflict



## SSL vs Gold Spot Price



## 6 Month Trailing Correlation



# Experienced, Successful, Award Winning Team

Nolan Watson – President, CEO and Director



- Former CFO of SLW, oversaw company as it grew market cap to \$11 billion.
- Recipient of multiple awards including top 10 rising stars in mining, early achievement award from the CA Institute.

David Awram – Executive Vice President and Director

- Former Director of Investor Relations for SLW.
- Former manager of Investor Relations at Diamonds Fields International.



Ron Ho – Vice President, Finance



- Former CFO of SNS Silver Corporation.

All graduates of:



THE  
UNIVERSITY OF  
BRITISH  
COLUMBIA

Nolan and David's Holdings make up Majority of their Net Worth



## Notable Quotes

*My goal as an entrepreneur is to turn Sandstorm into the largest, most profitable and best-managed commodity finance company in the world.*

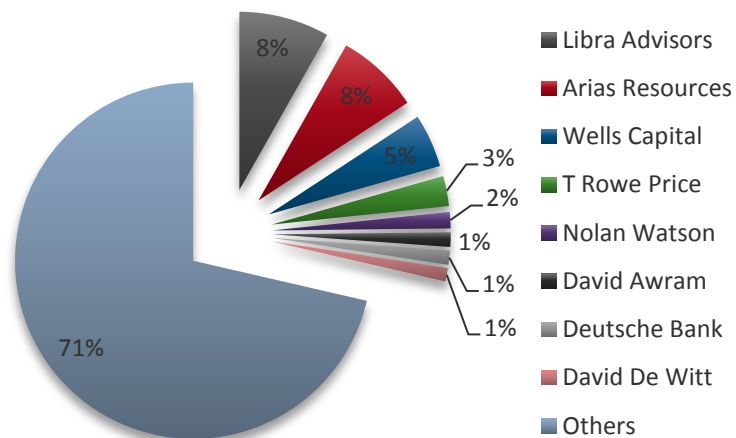
*Nevertheless, Nolan downplays his accomplishments, saying: "To be candid, I'm not overly impressed with my accomplishments yet."*

*Talk about the fast track. Nolan is one of the smartest, most driven young men you'll ever meet.*

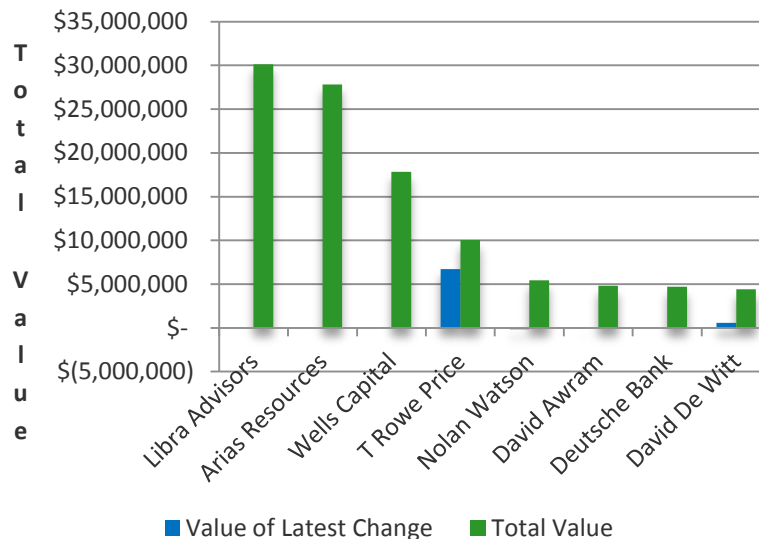
*My advice would be work hard, be aggressive, and not give up.*

# There's Only One Reason Insiders Buy, they Think the Price is Going Up

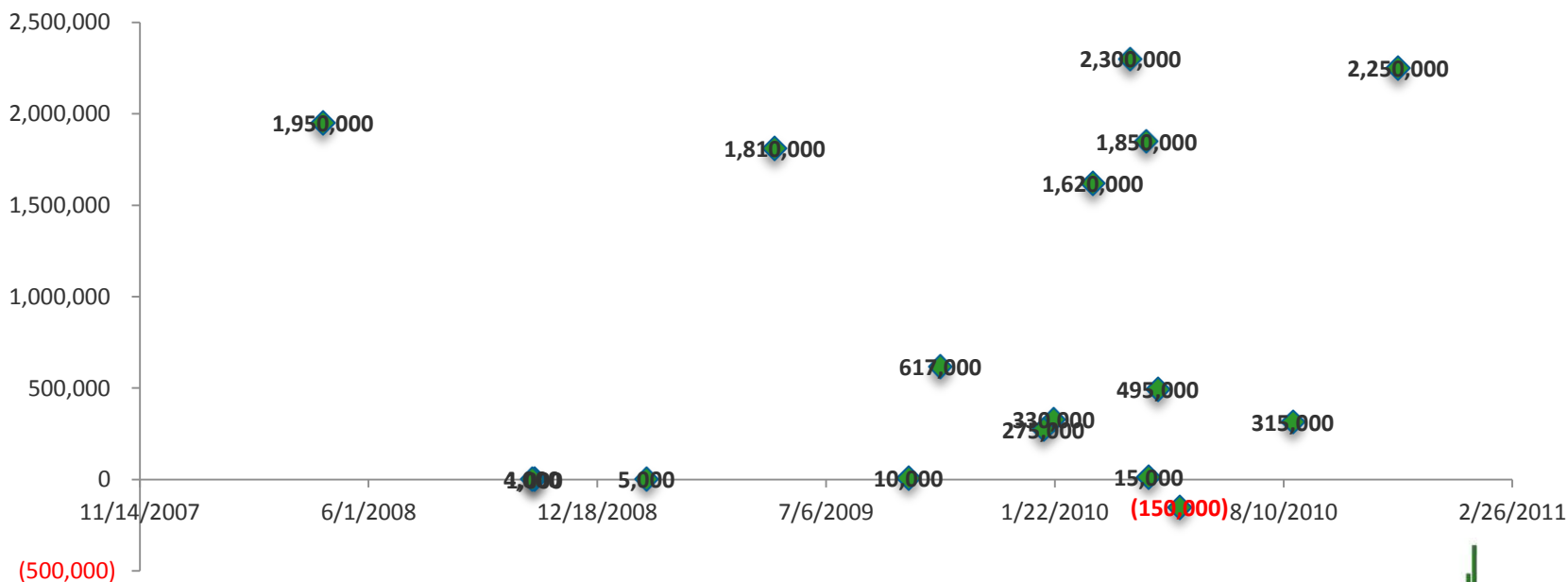
## Major Holders



## Major Shareholders and Increasing their Positions



## 94% of Insider Transactions have been Positive



# 4 Mines Currently in Production, 2 Mines Coming Online in 2012

## Current Streaming Deals

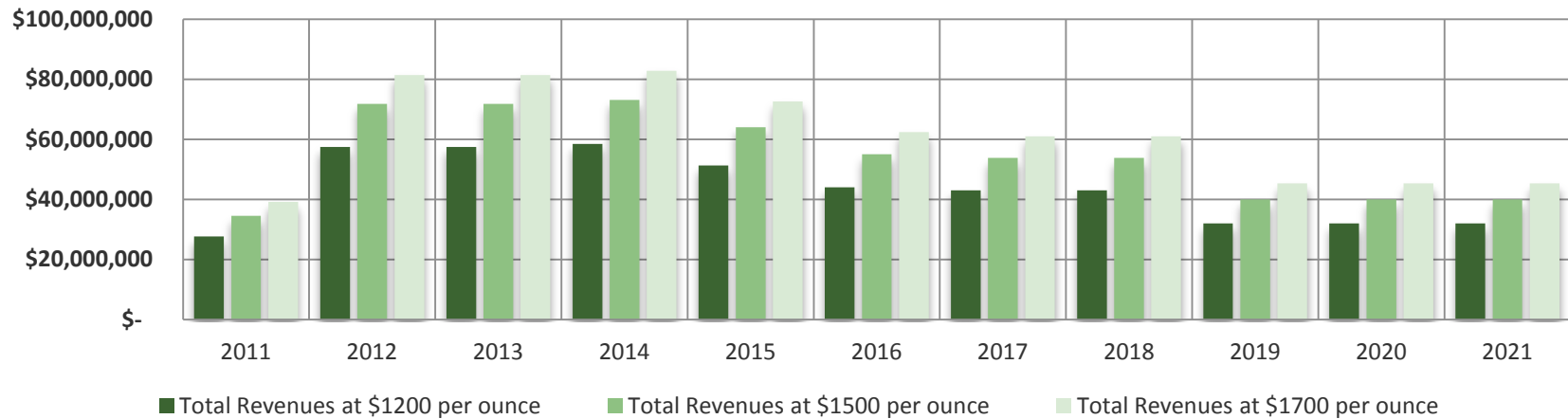
	<u>Project</u>	<u>Cost</u> <u>Au/Oz</u>	<u>Upfront</u> <u>Payment</u>	<u>% of Gold</u>	<u>Est. Annual</u> <u>Production</u>	<u>Life of Mine</u>
	Aurizona	\$400	\$17,800,000	17%	60,000	11
	Santa Elena	\$350	\$12,000,000	20%	35,000	8
	Summit	\$400	\$4,000,000	50%	10,000	8
	Black Fox	\$500	\$56,300,000	12%	110,000	11
	Ming	\$400	\$20,000,000	25%	13,000	10
	Bachelor Lake	\$500	\$20,000,000	20%	60,000	3.5



# Future Potential of Company Not Priced In

## Revenues Based on Varying Gold Spot Price

### Sandstorm Spot Price Revenue Sensitivity



## EV/Share Based on Exit Multiples

### Equity value per share at various exit EBITDA multiples

Equity value / share

	8.0x	10.0x	12.0x	14.0x	16.0x
<u>\$0.95</u>					
9.5%	\$0.75	\$0.80	\$0.86	\$0.92	\$0.97
9.0%	\$0.77	\$0.83	\$0.89	\$0.95	\$1.01
8.5%	\$0.80	\$0.86	\$0.92	\$0.98	\$1.04
8.0%	\$0.82	\$0.89	\$0.95	\$1.02	\$1.08
7.5%	\$0.85	\$0.92	\$0.99	\$1.05	\$1.12
7.0%	\$0.88	\$0.95	\$1.02	\$1.09	\$1.17

## EV/Share Based on Varying Gold Spot Prices and WACC Rates

### Equity value per share at various exit EBITDA multiples

Equity value / share

	7.00%	7.50%	8.00%	8.50%	9.00%
<u>\$0.56</u>					
\$1,700	\$0.71	\$0.69	\$0.67	\$0.66	\$0.64
\$1,600	\$0.65	\$0.63	\$0.62	\$0.60	\$0.59
\$1,500	\$0.59	\$0.57	\$0.56	\$0.55	\$0.53
\$1,400	\$0.53	\$0.51	\$0.50	\$0.49	\$0.48
\$1,300	\$0.47	\$0.46	\$0.45	\$0.44	\$0.43
\$1,200	\$0.41	\$0.40	\$0.39	\$0.38	\$0.37

# The Prospects for SSL are out the Front Windshield

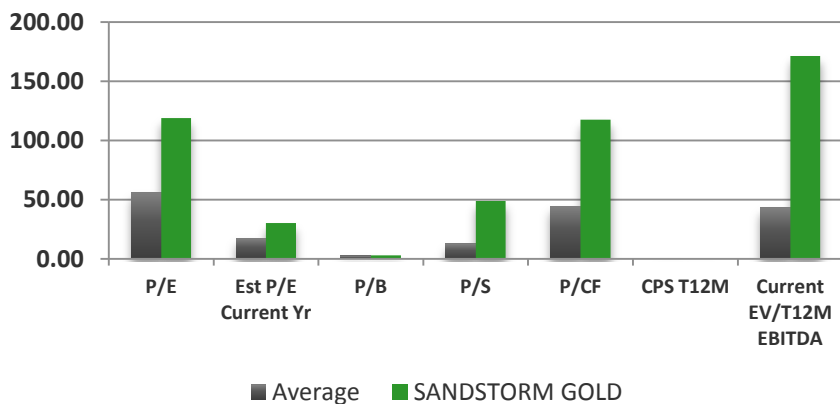
## Gold Mining Comparables

Ticker	Name	Last Px	Ret YTD		Mkt Cap (M)	Div	Est P/E		P/B	P/S	P/CF	CPS T12M	Current EV/T12M EBITDA
			Pct				Current	Yr					
	<i>Average</i>	\$ 3.36	-5.29%		\$ 341.69	0%	55.86	17.39	2.65	12.82	44.55	\$ 0.18	43.21
SSL	<b>SANDSTORM GOLD</b>	\$ 1.21	51.25%		\$ 387.07	0%	118.99	30.34	2.86	48.79	117.55	\$ 0.01	171.32
AR	<b>ARGONAUT GOLD</b>	\$ 5.22	12.99%		\$ 464.72	0%	30.93	17.86	1.62	4.90	38.12	\$ 0.14	14.72
TMM	<b>TIMMINS GOLD</b>	\$ 2.30	-14.18%		\$ 315.48	0%	75.33	16.43	4.44	4.86	54.34	\$ 0.04	12.47
LMA	<b>LA MANCHA RESOURCES</b>	\$ 2.16	-4.00%		\$ 307.13	0%	11.05	9.19	2.06	1.69	4.00	\$ 0.53	3.58
CRJ	<b>CLAUDE RESOURCES</b>	\$ 1.73	-21.36%		\$ 283.46	0%	43.00	13.13	2.25	3.87	8.76	\$ 0.20	13.96

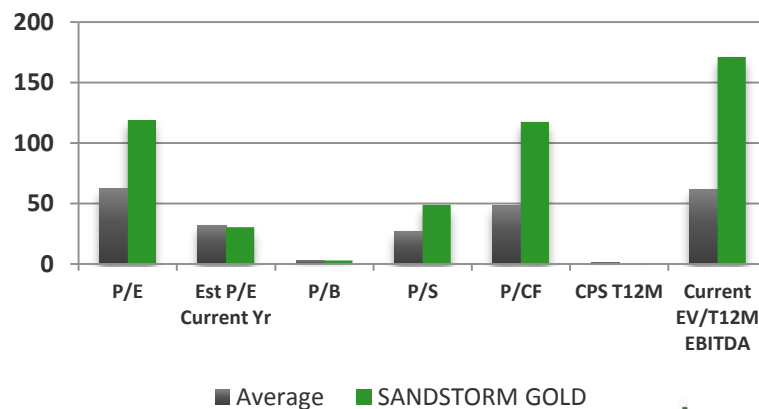
## Streaming Company Comparables

Ticker	Name	Last Px	Ret YTD		Mkt Cap (M)	Div	Est P/E		P/B	P/S	P/CF	CPS T12M	Current EV/T12M EBITDA
			Pct				Current	Yr					
	<i>Average</i>	\$ 26.41	6.17%		\$ 3,935.98	0.49%	62.35	31.81	2.87	26.83	47.94	\$ 1.30	61.59
SSL	<b>SANDSTORM GOLD</b>	\$ 1.21	51.25%		\$ 387.07	0.00%	118.99	30.30	2.86	48.79	117.55	\$ 0.01	171.32
SLW	<b>SILVER WHEATON</b>	\$ 31.49	-19.07%		\$ 11,123.66	0.38%	30.15	15.80	4.63	22.00	28.01	\$ 1.13	27.25
FNV	<b>FRANCO-NEVADA</b>	\$ 36.22	9.39%		\$ 4,573.11	1.30%	49.93	37.36	1.91	21.25	21.62	\$ 1.73	26.65
RGLD	<b>ROYAL GOLD</b>	\$ 57.00	4.78%		\$ 3,015.64	0.77%	50.35	43.79	2.09	15.26	24.59	\$ 2.33	21.15

SSL vs Miners

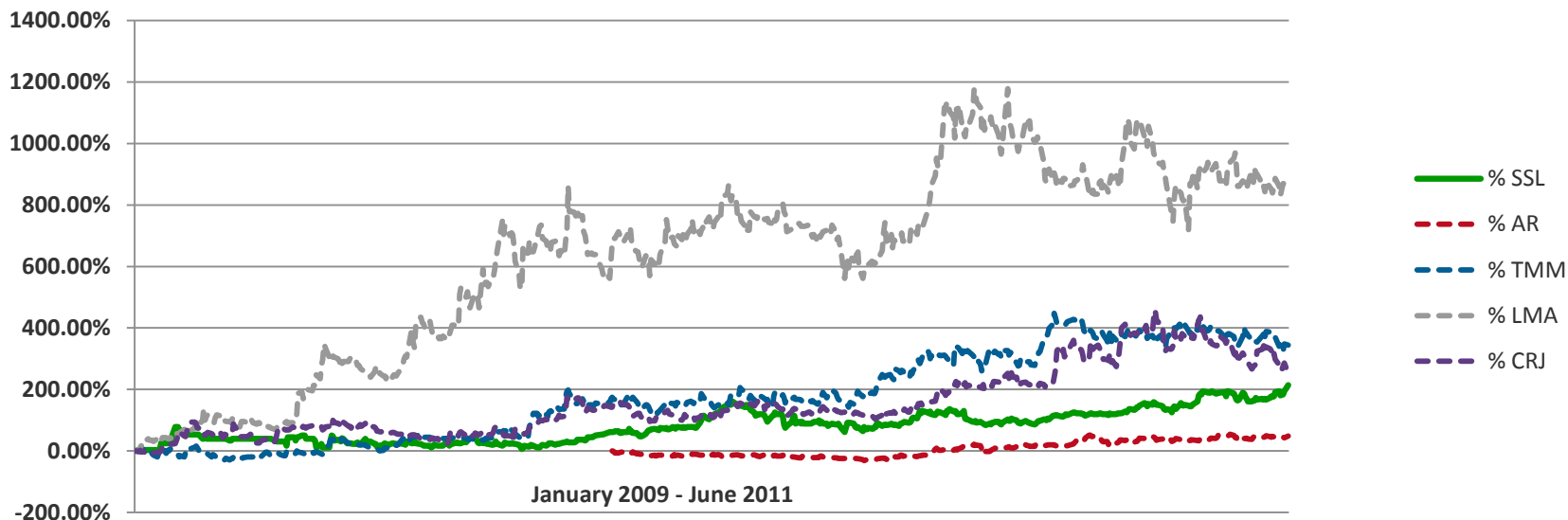


SSL vs Streaming Companies

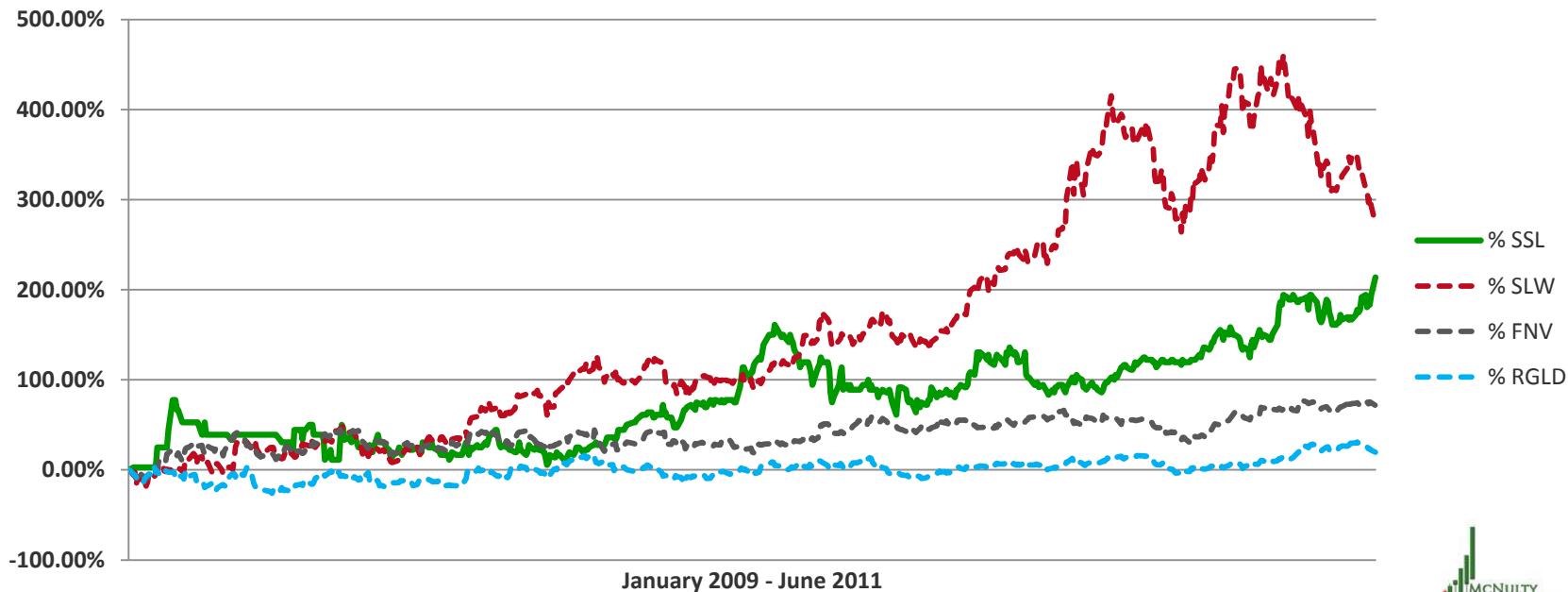


# Outperforms Streaming Comps, Underperforms Mining Comps

## SSL Stock Performance vs Mining Companies



## SSL Stock Performance vs Streaming Companies



## Relatively Unknown, No Coverage from the Big 5

### Low Analysts Coverage



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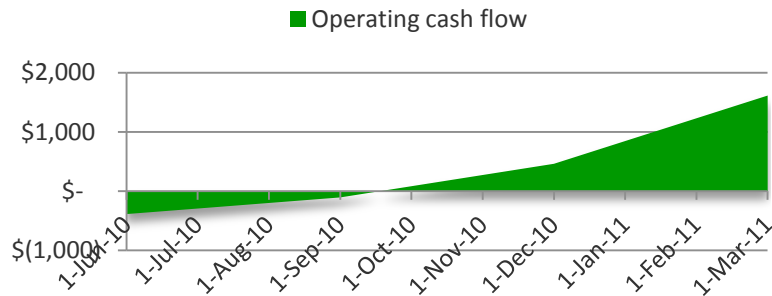
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# Sandstorm Gold is a BUY

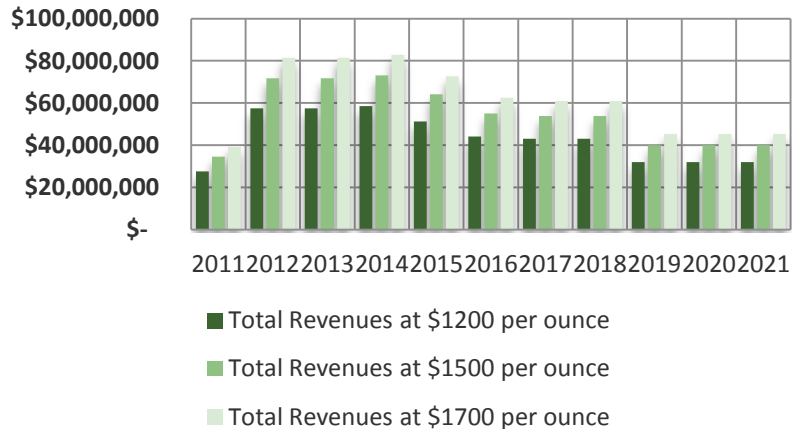
## Will be Cash Flow Positive in 2011



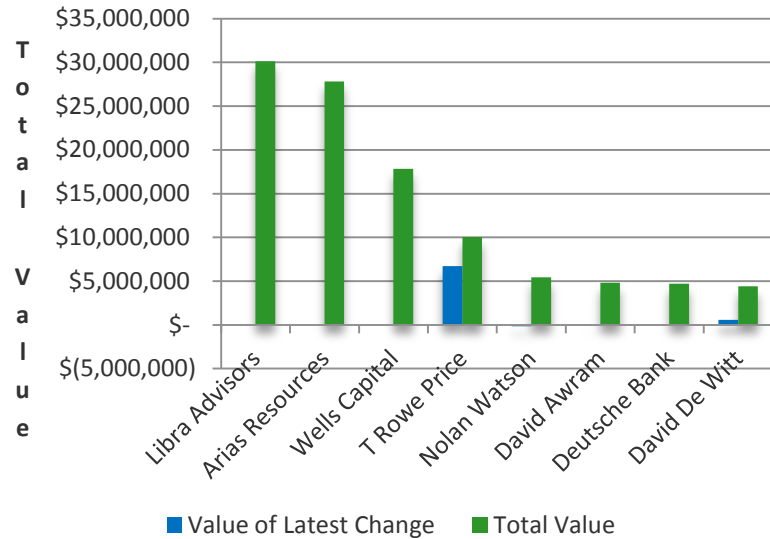
## Superb Management Team with Experience in Streaming Business



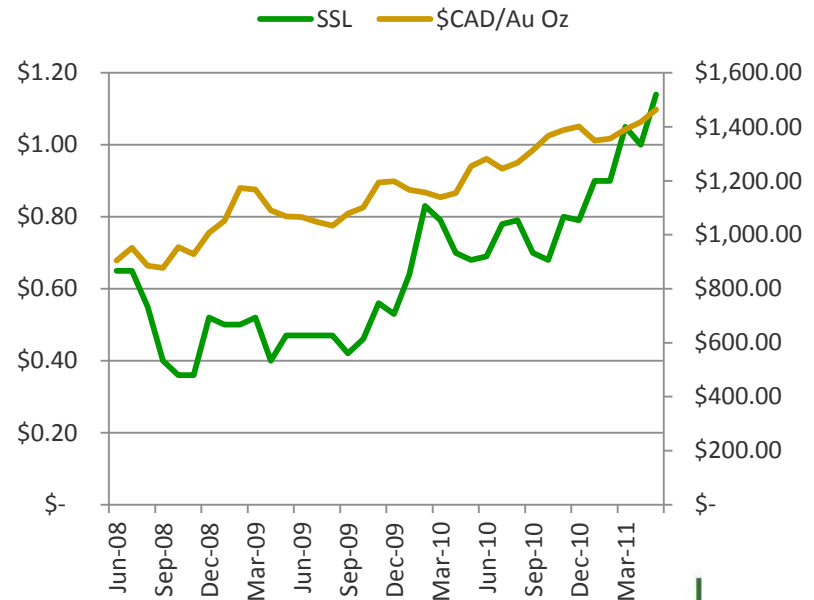
## Future Potential Not Priced In



## Insiders are Buying



## Add the Upside of Gold to your Portfolio





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## GOLD

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