

SANDSTORM RESOURCES ANNOUNCES CDN\$38 MILLION BOUGHT DEAL FINANCING

Vancouver, British Columbia, October 5, 2010

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Sandstorm Resources Ltd. (“Sandstorm” or the “Corporation”) (TSX-V: SSL) is pleased to announce that it has entered into an agreement with a syndicate of underwriters pursuant to which they have agreed to purchase, on a bought deal basis, 52,055,000 units (the “Units”) at a price of Cdn\$0.73 per unit for gross proceeds to the Corporation of approximately Cdn\$38 million (the “Offering”). The Offering will be conducted through a syndicate of underwriters co-led by Paradigm Capital Inc. and Cormark Securities Inc., and including Canaccord Genuity Corp. and CIBC World Markets Inc. In addition, the Corporation has agreed to grant to the underwriters an option to purchase up to an additional 15% of the number of Units sold under the Offering at a price of Cdn\$0.73 per Unit, on the same terms and conditions as the Offering, exercisable at any time, in whole or in part, until the date that is 30 days following the closing of the Offering. In the event that the option is exercised in its entirety, the aggregate gross proceeds of the Offering to Sandstorm will be approximately Cdn\$43.7 million. Each Unit will consist of one common share of Sandstorm (each, a “Common Share”) and one-quarter of one common share purchase warrant (each whole common share purchase warrant, a “Warrant”). Each Warrant will entitle the holder to acquire one common share of Sandstorm at a price of US\$1.00 at any time prior to the date which is five years following completion of the Offering.

Sandstorm plans to use the net proceeds of the Offering primarily for metal stream acquisitions and for general corporate and working capital purposes.

The Common Shares and Warrants comprising the Units to be issued under the Offering will be offered by way of a short form prospectus in all of the provinces of Canada, other than the Province of Quebec.

The Offering is scheduled to close on or about October 27, 2010 and is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory and other approvals including the approval of the TSX Venture Exchange and the securities regulatory authorities.

The securities offered have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) or any U.S. state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, United States persons absent registration or any applicable exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

ABOUT SANDSTORM RESOURCES

Sandstorm Resources Ltd. is a growth focused resource based company that seeks to complete transactions with companies that have advanced stage development projects or operating mines. By making upfront payments to its partners, Sandstorm receives volumetric production payments (i.e. metal stream deals) on precious metals. Sandstorm helps other companies in the resource industry grow their businesses, while acquiring attractive assets in the process.

Sandstorm is focused on low cost operations with excellent exploration potential and strong management teams. Sandstorm has completed volumetric production payments with Luna Gold Corp., SilverCrest Mines Inc., Santa Fe Gold Corporation and Rambler Metals and Mining plc. For more information visit: <http://www.sandstormresources.com>.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Except for the statements of historical fact contained herein, the information presented constitutes “forward-looking information” within the meaning of applicable Canadian securities legislation. 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 mining operations from which Sandstorm will purchase gold and risks related to those mining 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 minerals; industry conditions, including fluctuations in the price of metals, fluctuations in foreign exchange rates and fluctuations in interest rates; stock market volatility; competition; as well as those factors discussed in the section entitled “Risk Factors” in Sandstorm’s annual information form for the financial year ended December 31, 2009. 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 is a precious metals company. Sandstorm does not provide any representation as to its comparability with other companies in its industry including, but not limited to, Gold Wheaton Gold Corp., Silver Wheaton Corp., Royal Gold, Inc., and Franco-Nevada Corporation.

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.