Sandstorm Resources Ltd.

Interim Management's Discussion & Analysis and Financial Statements
June 30, 2007

(Unaudited)

SANDSTORM RESOURCES LTD. (the "Company" or "Sandstorm")
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Quarter Ended June 30, 2007

Management's discussion and analysis ("MD&A") of the financial condition of the Company should be read in conjunction with the interim financial statements for the period ended June 30, 2007 and the audited financial statements for the nine days ended March 31, 2007. The information contained within this MD&A is current to August 28, 2007.

The financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles.

FORWARD LOOKING STATEMENT

This MD&A contains certain forward-looking statements and information relating to the Company which are based on the beliefs of its management as well as assumptions made by and information currently available to Sandstorm. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they related to Sandstorm or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of Sandstorm's exploration properties. Such statements reflect the current views of Sandstorm with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of Sandstorm to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

OVERALL PERFORMANCE

Sandstorm Resources Ltd is a "Capital Pool Company" as defined by the policies of the TSX Venture Exchange (the "Exchange") and on July 31, 2007 the Company completed its initial public offering ("IPO"). The Company's principal business is to identify and evaluate resource properties with a view to completing a "Qualifying Transaction". Any proposed Qualifying Transaction must be accepted by the Exchange in accordance with Policy 2.4 of the Exchange.

The Company has not conducted commercial operations other than to enter into discussions for the purpose of identifying and evaluating potential acquisitions or interests. The Company will also be reviewing resource properties in a broad range of geographical areas.

Until completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of properties with a view to completing a potential Qualifying Transaction.

RESULTS OF OPERATIONS

The Company incurred a net loss of $12,998 for the quarter ended June 30, 2007, resulting in a loss per share of $0.01. The loss was attributable to expenses relating the Company's IPO and maintenance of the Company's exchange listing which consisted of $11,143 in general and administrative expenses and $2,250 in professional fees. In addition to these expenses the Company received interest income in the amount of $395.

SUMMARY OF QUARTERLY RESULTS

Quarters Ended:

	June 30, 2007	Mar 31, 2007 [1]
	$	$
Interest and other Income	395	--
Net loss for the period	(12,998)	(10,334)
Net loss per share	(0.01)	(0.01)
Total assets	117,692	111,997
Total long-term liabilities	--	--

[1] The Company was incorporated on March 23, 2007 and thus, the Company does not have eight quarters of information for disclosure.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2007, the Company had cash and cash equivalents of $81,836 and working capital of $65,184.

Cash and cash equivalents declined during the quarter ended June 30, 2007 compared to the balance at March 31, 2007, as the Company incurred expenses relating to issuing its IPO and establishing its exchange listing.

On July 31, 2007, the Company completed its IPO by issuing 1,000,000 common shares at $0.20 per share for gross proceeds of $200,000 and granting 100,000 agent's options at an exercise price of $0.20 per share to the agent for the offering. The agent's options expire on July 31, 2009. In addition, the IPO contained a provision granting stock options to acquire an aggregate of 50,000 common shares at an exercise price of $0.20 per share to the directors and officers of the Company. The stock options expire on July 31, 2012.

Although the Company believes it will have enough capital resources to complete a Qualifying Transaction after the completion its IPO, there is no guarantee that the Company will be able to secure additional financings in the future at terms that are favourable.

ACCOUNTING POLICIES

The details of the Company’s accounting policies are presented in Note 3 of the audited financial statements for the year ended March 31, 2007, which were included in the Company’s prospectus filed on June 28, 2007. The following policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Company’s financial statements and the uncertainties that could have a bearing on its financial results:

Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested or non-forfeitable. For employees and non-employees, the fair value of the options is accrued or charged to operations, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

Management's Estimates

The preparation of financial statements in conformity with Canadian Generally Accepted Accounting Principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

Financial Instruments

Adoption of new accounting standards

The Company adopted the provisions of CICA Sections 3855, Financial Instruments – Recognition and Measurement; 3865, Hedges; and 1530, Comprehensive Income on April 1, 2007 which addresses the classification, recognition and measurement of financial instruments and hedges in the financial statements and inclusion of other comprehensive income. The adoption of these accounting policies did not have a material effect on the financial statements of the Company during the period.

FINANCIAL INSTRUMENTS

The Company’s financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management has evaluated the design of the Company's internal controls over financial reporting during the period covered by this Management Discussion and Analysis, and has determined that the internal controls over financial reporting provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

DISCLOSURE CONTROLS AND PROCEDURES

Management has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures during the period covered by this Management Discussion and Analysis and has concluded that they provide reasonable assurance that information required to be disclosed by the Company is recorded, processed, summarized and reported with appropriate timescales.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's Statement of Loss and Deficit contained in its Financial Statements for June 30, 2007 that is available on the SEDAR website, www.sedar.com.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares of which 2,220,000 common shares are issued and outstanding as of the date of this MD&A. Of these common shares, 1,220,000 will be held in escrow and will be released pro-rata to the shareholders as to 10% of the escrow shares upon issuance of notice of final acceptance of a Qualifying Transaction by the Exchange and as to the remainder in six equal tranches of 15% every six months thereafter over a period of 36 months.

Also, as of the date of this MD&A, the Company had 100,000 agent's options and 50,000 stock options which expire on July 31, 2009 and July 31, 2012 respectively.

APPROVAL

The Board of Directors of Sandstorm Resources Ltd. has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

SANDSTORM RESOURCES LTD.

Interim Balance Sheets

As at June 30, 2007

Unaudited

ASSETS		**June 30, 2007**		March 31, 2007 (Audited)
Current				
Cash and cash equivalents	**$**	**81,836**	$	111,997
Accounts receivable		**2,372**		--
		84,208		111,997
Deferred Charges *(Note 5)*		**33,484**		--
	$	**117,692**	$	111,997

LIABILITIES				
Current				
Accounts payable and accrued liabilities	**$**	**19,024**	$	10,331
SHAREHOLDERS' EQUITY				
Share Capital *(Note 6a)*		**122,000**		112,000
Deficit		**(23,332)**		(10,334)
		98,668		101,666
	$	**117,692**	$	111,997

Continuance of Operations *(Note 2)*
Subsequent Event *(Note 7)*

ON BEHALF OF THE BOARD:

"Dean Fenwick" , Director

"David Awram" , Director

SANDSTORM RESOURCES LTD.

Interim Statement of Loss and Deficit

For the Period Ended June 30, 2007

Unaudited

		Three Months Ended June 30, 2007
Expenses		
General and administrative	$	11,143
Professional fees		2,250
Total Expenses		(13,393)
Other Item		
Interest income		395
Loss for the Period		(12,998)
Deficit - Beginning of period		(10,334)
Deficit – End of Period	$	(23,332)
Loss per Share - Basic and Diluted	$	(0.01)
Weighted Average Number of Common Shares		1,129,890

SANDSTORM RESOURCES LTD.

Interim Statement of Cash Flows

For the Period Ended June 30, 2007

Unaudited

	Three Months Ended June 30, 2007
Cash Resources Provided By (Used In)	
Operating Activities	
Loss for the period	$ (12,998)
Items not affecting cash:	
Stock-based compensation	--
	(12,998)
Changes in non-cash working capital:	
Accounts receivable	(2,372)
Deferred costs	(33,484)
Accounts payable and accrued liabilities	8,693
	(40,161)
Financing Activities	
Share issue proceeds	--
Share issuance costs	10,000
	10,000
Net Decrease in Cash and Cash Equivalents	(30,161)
Cash and cash equivalents - Beginning of Period	111,997
Cash and Cash Equivalents - End of Period	$ 81,836

1. Nature of Operations

Sandstorm Resources Ltd. ("the Company") was incorporated under the Business Corporations Act of British Columbia on March 23, 2007 and is classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The principle business of the Company is to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified, to negotiate an acquisition or participation.

2. Continuance of Operations

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval.

3. Significant Accounting Policies

a) Income Taxes

Future income taxes are accounted for using the asset and liability method. Future taxes are recognized for the tax consequences of "temporary differences" by applying enacted or substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. The effect on future income taxes for a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. In addition, the method requires the recognition of future tax benefits to the extent that realization of such benefits is more likely than not.

b) Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

3. Significant Accounting Policies – *Continued*

c) Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method.

d) Management's Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

f) Financial Instruments

Adoption of new accounting standards

The Company adopted the provisions of CICA Sections 3855, Financial Instruments – Recognition and Measurement; 3865, Hedges; and 1530, Comprehensive Income on April 1, 2007 which addresses the classification, recognition and measurement of financial instruments and hedges in the financial statements and inclusion of other comprehensive income. The adoption of these accounting policies did not have a material effect on the financial statements of the Company during the period.

4. Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

5. Deferred Charges

Deferred charges of $33,484 are associated with the costs related to the Initial Public Offering ("IPO") of 1,000,000 common shares at $0.20 per share, which was completed subsequent to period end (*Note 7).* These costs were applied as share issuance costs on completion of the Company's IPO.

6. Share Capital

a) Details are as follows:

	Shares	Amount
Authorized:		
Unlimited common shares without par value		
Issued and outstanding:		
Shares issued for capital *(Note 6b)* 1,120,00	0	$112,000
Balance – March 31, 2007	1,120,000	112,000
Shares issued for capital *(Note 6b)* 100,00	0	10,000
Balance – June 30, 2007	1,220,000	$122,000

b) During the period ended March 31, 2007, the Company issued 1,120,000 common shares at a price of $0.10 per common share for total proceeds of $112,000. During the period ended June 30, 2007, the company issued 100,000 common shares at a price of $0.10 per common share for total proceeds of $10,000. These common shares will be held in escrow and will be released pro-rata to the shareholders as to 10% of the escrow shares upon issuance of notice of final acceptance of a Qualifying Transaction by the TSX-V and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities.

c) **Stock Options**

On March 26, 2007 shareholders approved an incentive stock option plan (the “Plan”) whereby the Company may grant stock options to eligible employees, officers, directors and consultants at an exercise price to be determined by the board of directors. The Plan provides for the issuance of up to 10% of the Company’s issued common shares as at the date of the grant.

The Company has reserved 50,000 stock options to be granted, upon completion of the IPO, to the directors and officers. The options entitle the holders to purchase an aggregate of 50,000 common shares at a price of $0.20 per share, with an expiry date of 5 years from the date of the grant.

7. Subsequent Event

On July 31, 2007, the Company completed an IPO of 1,000,000 units at a price of $0.20 for gross proceeds of $200,000. The Company paid Wolverton Securities Ltd. (the "Agent"), a commission of 10% of the gross proceeds, a corporate finance fee of $8,000, and granted 100,000 Agent’s options at a price of $0.20 per common share which may be exercised for a period of 24 months from the date of completion of the IPO. The Company also granted 50,000 stock options upon completion of the IPO, to the directors and officers.