Sandstorm Resources Ltd.

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

(Unaudited)

SANDSTORM RESOURCES LTD. (the “Company” or “Sandstorm”)
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Quarter Ended September 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 September 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 November 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

Three-month period ended September 30, 2007

The Company incurred a loss of $18,015 for the three-month period ended September 30, 2007, resulting in a loss per share of $0.01. The loss was attributable to expenses relating to the maintenance of the Company's exchange listing which consisted of $5,062 in professional fees and $6,023 in general and administrative expenses. As well, the Company also issued 50,000 stock options, which were immediately exercisable, and therefore stock-based compensation of $8,048 was reflected in the statement of loss. During the period the Company also earned $1,118 in interest income.

Six-month period ended September 30, 2007

The Company incurred a net loss of $31,013 for the six-month period ending September 30, 2007, resulting in a loss per share of $0.02. The loss was attributable to expenses relating to the maintenance of the Company's exchange listing which consisted of $7,312 in professional fees and $17,166 in general and administrative expenses. As well, the Company also issued 50,000 stock options, which were immediately exercisable, and therefore stock-based compensation of $8,048 was reflected in the statement of loss. During the period the Company also earned $1,513 in interest income.

SUMMARY OF QUARTERLY RESULTS

Quarters Ended:

	September 30, 2007	June 30, 2007	Mar 31, 2007 [1]
	$	$	$
Interest and other Income	1,118	395	--
Net loss for the period	(18,015)	(12,998)	(10,334)
Net loss per share	(0.01)	(0.01)	(0.01)
Total assets	232,721	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 September 30, 2007, the Company had cash and cash equivalents of $230,024 and working capital of $232,189.

Cash and cash equivalents increased during the quarter ended September 30, 2007 compared to the balance at June 30, 2007, as the Company completed its IPO by issuing 1,000,000 common shares at $0.20 per share for gross proceeds of $200,000 and net proceeds of $176,972 after share issuance costs of $23,028.

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.

RELATED PARTY TRANSACTIONS

During the six month period ended September 30, 2007, legal fees of $14,864 were paid to a firm in which a director of the Company is a partner. During the three month period ended September 30, 2007, legal fees of $3,800 were paid to the same firm in which a director of the Company is a partner.

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 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.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting during the six months ended September 30, 2007, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares of which 2,221,000 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 99,000 agent's warrants and 50,000 stock options which expire on July 31, 2009 and July 31, 2012 respectively.

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 September 30, 2007 that is available on the SEDAR website, www.sedar.com.

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 September 30, 2007

Unaudited

ASSETS		September 30, 2007		March 31, 2007 (Audited)
Current				
Cash and cash equivalents	$	230,024	$	111,997
Accounts receivable		2,697		--
	$	232,721	$	111,997

LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	532	$	10,331
SHAREHOLDERS' EQUITY				
Share Capital *(Note 5a)*		253,835		112,000
Contributed surplus *(Note 5a)*		19,701		--
Deficit		(41,347)		(10,334)
		232,189		101,666
	$	232,721	$	111,997

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

ON BEHALF OF THE BOARD:

"Dean Fenwick" , Director

"David Awram" , Director

- See Accompanying Notes -

SANDSTORM RESOURCES LTD.

Interim Statement of Loss and Deficit

For the Periods Ended September 30, 2007

Unaudited

		Three Months Ended September 30, 2007		Six Months Ended September 30, 2007
Expenses				
General and administrative	$	6,023	$	17,166
Professional fees		5,062		7,312
Stock-based compensation *(Note 5b)*		8,048		8,048
Total Expenses		(19,133)		(32,526)
Other Item				
Interest income		1,118		1,513
Loss for the Period		(18,015)		(31,013)
Deficit - Beginning of period		(23,332)		(10,334)
Deficit – End of Period	$	(41,347)	$	(41,347)
Loss per Share - Basic and Diluted	$	(0.01)	$	(0.02)
Weighted Average Number of Common Shares		1,567,826		1,350,055

- See Accompanying Notes -

SANDSTORM RESOURCES LTD.

Interim Statement of Cash Flows

For the Period Ended September 30, 2007

Unaudited

	Three Months Ended September 30, 2007	Six Months Ended September 30, 2007
Cash Resources Provided By (Used In)		
Operating Activities		
Loss for the period	$ (18,015)	$ (31,013)
Items not affecting cash:		
Stock-based compensation *(Note 5b)*	8,048	8,048
	(9,967)	(22,965)
Changes in non-cash working capital:		
Accounts receivable	(325)	(2,697)
Accounts payable and accrued liabilities	(18,492)	(9,799)
	(28,784)	(35,461)
Financing Activities		
Share issue proceeds	200,000	210,000
Share issuance costs	(23,028)	(56,512)
	176,972	153,488
Net Increase in Cash and Cash Equivalents	148,188	118,027
Cash and cash equivalents - Beginning of Period	81,836	111,997
Cash and Cash Equivalents - End of Period	$ 230,024	$ 230,024

- See Accompanying Notes -

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 principal 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. Share Capital

a) Details are as follows:

	Shares		Amount		Contributed Surplus		Total
Authorized:							
Unlimited common shares without par value							
Issued and fully paid:							
Shares issued for capital	1,120,000	$	112,000	$	--	$	112,000
Balance – March 31, 2007	1,120,000		112,000		--		112,000
Shares issued for capital *(Note 5c)*	100,000		10,000		--		10,000
Share issuance for initial public offering	1,000,000		200,000		--		200,000
Share issuance costs	--		(56,512)		--		(56,512)
Agent's warrants issued as share issuance costs	--		(11,653)		11,653		--
Stock-based compensation *(Note 5b)*	--		--		8,048		8,048
Balance – September 30, 2007	2,220,000	$	253,835	$	19,701	$	273,536

On July 31, 2007, the Company completed its IPO of 1,000,000 common shares at $0.20 per share for gross proceeds of $200,000. The Company paid a commission of 10% of the gross proceeds, a corporate finance fee of $8,000 and granted 100,000 warrants at an exercise price of $0.20 per share to Wolverton Securities Ltd., who acted as agent for the offering. The warrants expire on July 31, 2009.

As at September 30, 2007, 100,000 of the warrants issued on July 31, 2007 remain outstanding.

b) **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.

During the period, the Company granted 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, which expire on July 31, 2012. All options granted were immediately exercisable at the grant date.

The fair value of the options of $8,048 was recorded as an expense during the period and as a credit to contributed surplus. The fair value of the warrants issued to the agent of $11,653 was recorded as a share issuance cost and as a credit to contributed surplus.

5. Share Capital – *Continued*

The fair value of options and warrants granted on July 31, 2007 are estimated on their grant date using the Black-Scholes option-pricing model with the following assumptions:

	Directors' and Officers' Options Granted on July 31, 2007	Warrants Granted on July 31, 2007
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	110%	110%
Risk-free interest rate	4.50%	4.50%
Expected life of options	5 years	2 years

Option pricing models require the input of highly subjective assumptions including the estimate of the share price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

As at September 30, 2007, all 50,000 options granted on July 31, 2007 remain outstanding.

c) **Escrow Shares**

During the period ended September 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 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.

As at September 30, 2007, 1,220,000 shares are held in escrow.

6. Related Party Transactions

During the six month period ended September 30, 2007, legal fees of $14,864 were paid to a firm in which a director of the Company is a partner. During the three month period ended September 30, 2007, legal fees of $3,800 were paid to the same firm in which a director of the Company is a partner.

7. Subsequent Event

Subsequent to September 30, 2007, a total of 1,000 warrants were exercised at a price of $0.20.