ARRANGEMENT AGREEMENT

This Arrangement Agreement made as of the 25th day of March, 2010.

B E T W E E N :

SANDSTORM RESOURCES LTD., a corporation incorporated pursuant to the laws of the Province of British Columbia

(“**Sandstorm**”)

- and -

SANDSTORM ENERGY & BASE METALS LTD., a corporation incorporated pursuant to the laws of the Province of British Columbia

(“**Sandstorm Energy**”)

WHEREAS:

A. Sandstorm and Sandstorm Energy have agreed to proceed with a reorganization transaction by way of Plan of Arrangement whereby, among other things, Sandstorm will undertake a transfer of assets and a reorganization involving the current Sandstorm Shareholders who will, on closing of the Arrangement, receive common shares of Sandstorm Energy based on their proportionate shareholdings of Sandstorm;

B. Sandstorm proposes to have the Sandstorm Shareholders consider the Arrangement on the terms set forth in the Plan of Arrangement;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the premises and the respective covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto hereby covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals hereto, unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms shall have the following meanings:

“**Agreement**” means this arrangement agreement, including the Schedules attached hereto, as may be supplemented or amended from time to time;

“**Arrangement**” means the arrangement under Sections 288 to 299 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with this Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of Sandstorm;

“**Arrangement Resolution**” means the special resolution of the Sandstorm Shareholders in respect of the Arrangement to be considered at the Meeting, the full text of which is attached as Schedule “B” hereto;

“**BCBCA**” means the *Business Corporations Act (British Columbia)* and the regulations made thereunder, as promulgated or amended from time to time;

“**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Vancouver, British Columbia for the transaction of banking business;

“**Circular**” means the management information circular of Sandstorm to be prepared and sent to the Sandstorm Shareholders in connection with the Meeting;

“**Court**” means the Supreme Court of British Columbia;

“**Eagle Lake Property**” means the Eagle Lake uranium property located in Saskatchewan, Canada, owned by Eagle Plains Resources;

“**Effective Date**” means the date designated by Sandstorm and Sandstorm Energy by notice in writing as the effective date of the Arrangement, after all of the conditions of this Agreement and the Final Order have been satisfied or waived;

“**Effective Time**” means 12:01 a.m. (Vancouver time) on the Effective Date;

“**Final Order**” means the final order of the Court pursuant to Section 291 of the BCBCA, in a form acceptable to Sandstorm approving the Arrangement as such order may be amended by the Court (with the consent of Sandstorm) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to Sandstorm) on appeal;

“**Interim Order**” means the interim order of the Court containing declarations and directions with respect to the Arrangement and the holding of the Meeting, as such order may be affirmed, amended and modified (provided that any such amendment is acceptable to Sandstorm) by any court of competent jurisdiction;

“**Meeting**” means the annual and special meeting of Sandstorm Shareholders to be held on or about April 30, 2010 and any adjournment(s) or postponement(s) thereof, to be called and held in accordance with the Interim Order to consider and to vote on the Arrangement Resolution and any other matters set out in the Notice of Meeting;

"**Notice of Meeting**" means the notice to the Sandstorm Shareholders of the Meeting, which notice will accompany the Circular;

"**Person**" or "**person**" means and includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, trustee, executor, administrator or other legal representative and the Crown or any agency or instrumentality thereof;

"**Plan of Arrangement**" means the plan of arrangement in substantially the form of the plan of arrangement which is attached as Schedule "A" hereto and any amendments or variations thereto made in accordance with this Agreement, the Plan of Arrangement or upon the direction of the Court in the Final Order with the consent of Sandstorm;

"**Sandstorm**" means Sandstorm Resources Ltd.;

"**Sandstorm Energy**" means Sandstorm Energy & Base Metals Ltd.;

"**Sandstorm Energy Common Shares**" means the common shares of Sandstorm Energy;

"**Sandstorm Shares**" means the common shares of Sandstorm;

"**Sandstorm Shareholders**" means the holders of Sandstorm Shares at the applicable time;

"**Subsidiary**" means, with respect to a specified body corporate, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified body corporate and shall include any body corporate, partnership, joint venture or other entity over which such specified body corporate exercises direction or control or which is in a like relation to a subsidiary;

"**Transfer Agent**" means Computershare Investor Services Inc. or such other trust company or transfer agent as may be designated by Sandstorm;

"**Transferred Assets**" means cash in the amount of $500,000 as well as all of the right, title and interest of Sandstorm in and to that certain option agreement dated as of September 11, 2009, as amended November 12, 2009, between Sandstorm and Eagle Plains Resources, pursuant to which Sandstorm has the option to earn a maximum 60% undivided interest in and to certain mineral claims, which comprise the Eagle Lake Property;

"**TSXV**" means the TSX Venture Exchange; and

"**U.S. Securities Act**" means the United States *Securities Act of 1933* and the rules and regulations promulgated thereunder, as the same has been and hereafter from time to time may be amended.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into articles, sections, paragraphs and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement (including the Schedules and appendices hereto) as a whole and not to any particular article, section, paragraph or other portion hereof and include any agreement, document or instrument supplementary or ancillary hereto. Unless something in the subject matter or context is inconsistent therewith, all references herein to articles, sections, paragraphs and other portions are to articles, sections, paragraphs and other portions of this Agreement.

1.3 Construction

In this Agreement, unless something in the context is inconsistent therewith:

(a) the words "include" or "including" when following any general term or statement are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as permitting it to refer to all other items or matters that could reasonably fall within its broadest possible scope;

(b) a reference to time or date is to the time or date in Vancouver, British Columbia, unless specifically indicated otherwise;

(c) a word importing the masculine gender includes the feminine gender or neuter and a word importing the singular includes the plural and vice versa; and

(d) a reference to "approval", "authorization", "consent", "designation" or "notice" means written approval, authorization, consent, designation or notice unless specifically indicated otherwise.

1.4 Date for Any Action

In the event that any date on which any action is required to be taken hereunder by either of the parties hereto is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day at such place, unless otherwise agreed to by the parties hereto.

1.5 Currency

All amounts of money which are referred to in this Agreement are expressed in lawful money of Canada unless otherwise specified.

1.6 Schedules

The following Schedules are annexed to this Agreement and are incorporated by reference into this Agreement and form a part hereof:

Schedule “A” - Plan of Arrangement
Schedule “B” - Arrangement Resolution

1.7 Entire Agreement

This Agreement, together with the Schedules, agreements and other documents herein or therein referred to, constitute the entire agreement between the parties hereto pertaining to the subject manner hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties hereto with respect to the subject matter hereof.

ARTICLE 2
THE ARRANGEMENT

2.1 Arrangement

Sandstorm and Sandstorm Energy agree to effect the Arrangement pursuant to the provisions of sections 288 to 299 of the BCBCA on the terms and subject to the conditions contained in this Agreement and on the terms set forth in the Plan of Arrangement.

2.2 Effective Date of Arrangement

The Arrangement shall become effective on the Effective Date and the steps to be carried out pursuant to the Plan of Arrangement will become effective commencing at the Effective Time immediately after one another in the sequence set out therein or as otherwise specified in the Plan of Arrangement.

2.3 Commitment to Effect Arrangement

Subject to the satisfaction of the terms and conditions contained in this Agreement, Sandstorm and Sandstorm Energy shall each use all reasonable efforts and do all things reasonably required to cause the Arrangement to become effective as soon as reasonably practicable and to cause the transactions contemplated by the Plan of Arrangement and this Agreement to be completed in accordance with their terms.

2.4 Interim and Final Order

Subject to the satisfaction of the terms and conditions contained in this Agreement, Sandstorm covenants and agrees that it will, as soon as reasonably practicable, apply to the Court for the Interim Order providing for, among other things, the calling and holding of the Meeting for the purpose of, among other matters, the Sandstorm Shareholders considering and, if deemed advisable, approving the Arrangement Resolution, and that, if the approval by the Sandstorm Shareholders of the Arrangement Resolution as set forth in the Interim Order is obtained by Sandstorm, as soon as reasonably practicable thereafter Sandstorm will take the necessary steps to submit the Arrangement to the Court and apply for the Final Order.

2.5 U.S. Matters

Sandstorm shall advise the Court of its intention to rely upon the exemption in Section 3(a)(10) of the U.S. Securities Act in respect of the issuance of the Sandstorm Energy Shares.

2.6 Effective Date

Subject to the rights of termination contained in Article 6 hereof, upon Sandstorm obtaining the Final Order and the other conditions contained in Article 5 hereof being complied with or waived, Sandstorm shall file the Final Order and Sandstorm and Sandstorm Energy shall execute and deliver such other documents, if any, to the Registrar of Companies as may be required in order to effect the Arrangement of the transactions contemplated by the Plan of Arrangement and this Agreement.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of Sandstorm and Sandstorm Energy

Each of Sandstorm and Sandstorm Energy represents and warrants to the other as follows:

(a) it is a corporation incorporated and subsisting under the laws of the Province of British Columbia and has full capacity and authority to enter into this Agreement and, subject to obtaining the requisite approvals and consents contemplated hereby, to perform its obligations hereunder;

(b) it has taken all corporate action necessary to authorize the execution and delivery, and the performance of the provisions, of this Agreement and this Agreement has been duly authorized by it;

(c) neither the execution and delivery of this Agreement nor the performance of any of its obligations hereunder will constitute a material default under, or be in any material contravention or breach of: (i) any provision of its notice of articles and articles; (ii) any judgment, decree, order, law, statute, rule or regulation applicable to it; or (iii) any agreement or instrument to which it is a party or by which it is bound; and

(d) no dissolution, winding-up, bankruptcy, liquidation or similar proceedings have been commenced or are pending or proposed in respect of it.

ARTICLE 4
COVENANTS

4.1 General Covenants

Each of Sandstorm and Sandstorm Energy will:

(a) use all commercially reasonable efforts and do all things reasonably required of it to cause the Arrangement to become effective as soon as reasonably practicable or on such date as Sandstorm may determine;

(b) do and perform all such acts and things, and execute and deliver all such agreements, assurances, notices and other documents and instruments as may reasonably be required to facilitate the carrying out of the intent and purpose of this Agreement; and

(c) cooperate with and assist each other in dealing with transitional matters relating to or arising from the Arrangement or this Agreement.

4.2 Covenants of Sandstorm

Sandstorm hereby covenants and agrees with Sandstorm Energy as follows:

(a) it shall in a timely and expeditious manner: (i) carry out the terms of the Interim Order; (ii) ensure that the Circular complies with National Instrument 51-102 – *Continuous Disclosure Obligations* and Form 51-102F5 thereunder, Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* and Form 62-504F2 adopted by the Canadian Securities Administrators and provide Sandstorm Shareholders with sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Meeting; (iii) file the Circular in all jurisdictions where the same is required to be filed and mail the same as ordered by the Interim Order and in accordance with all Applicable Laws, and solicit proxies to be voted at the Meeting in favour of the Arrangement and related matters; (iv) conduct the Meeting in accordance with the Interim Order, the articles of Sandstorm, as applicable, and as otherwise required by Applicable Laws; and (v) use commercially reasonable efforts to obtain such other consents, orders, rulings, approvals and assurances as counsel may advise are necessary or desirable in connection with the completion of the Arrangement; and

(b) it will use all reasonable efforts to cause each of the conditions precedent set out in sections 5.1 and 5.2 hereof to be complied with on or before the Effective Date.

4.3 Covenants of Sandstorm Energy

Sandstorm Energy hereby covenants and agrees with Sandstorm as follows:

(a) except as otherwise contemplated in this Agreement, until the Effective Date, it shall not merge into or with, or amalgamate or consolidate, or enter into any other corporate reorganization with, any other corporation or Person, perform any act or enter into any transaction or negotiation which reasonably could be expected to, directly or indirectly, interfere or be inconsistent with the completion of the Arrangement or the other transactions contemplated by this Agreement;

(b) it shall perform the obligations required to be performed by it, and shall enter into all agreements required to be entered into by it, under this Agreement and the Plan of Arrangement and shall do all such other acts and things as may be necessary or desirable in order to carry out and give effect to the Arrangement and related transactions as described in the Circular and, without limiting the generality of the foregoing, to the extent requested by Sandstorm, it shall seek and cooperate with Sandstorm in seeking (i) the Interim Order and the Final Order; and (ii) such other consents, orders, rulings, approvals and assurances as counsel may advise are necessary or desirable in connection with the completion of the Arrangement; and

(c) it will use all reasonable efforts to cause each of the conditions precedent set out in sections 5.1 and 5.2 hereof to be complied with on or before the Effective Date.

ARTICLE 5
CONDITIONS

5.1 Mutual Conditions Precedent

The respective obligation of the parties hereto to complete the transactions contemplated by this Agreement, including the Arrangement, the obligation of Sandstorm to file the Final Order and the obligation of each of Sandstorm and Sandstorm Energy to take such other action as is necessary or desirable to give effect to the Arrangement shall be subject to the satisfaction, on or before the Effective Date, of the following conditions:

(a) the Interim Order shall have been granted in form and substance satisfactory to Sandstorm;

(b) the Arrangement Resolution, with or without amendment, shall have been approved at the Meeting, in accordance with the Interim Order;

(c) the Final Order shall have been granted in form and substance satisfactory to Sandstorm;

(d) the TSXV shall have conditionally approved the listing of the Sandstorm Energy Shares subject only to compliance with the usual requirements of the TSXV;

(e) all governmental, court, regulatory, third party and other approvals, consents, expiry of waiting periods, waivers, permits, exemptions, orders and agreements and all amendments and modifications to, and terminations of, agreements, indentures and arrangements considered by Sandstorm to be necessary or desirable for the Arrangement to become effective and for the transfer of the Transferred Assets to Sandstorm Energy shall have been obtained or received on terms that are satisfactory to Sandstorm;

(f) no action will have been instituted and be continuing on the Effective Date for an injunction to restrain, a declaratory judgment in respect of, or damages on account of or relating to the Arrangement and there will not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement and no cease trading or similar order with respect to any securities of any of the parties will have been issued and remain outstanding;

(g) none of the consents, orders, rulings, approvals or assurances required for the implementation of the Arrangement will contain terms or conditions or require undertakings or security deemed unsatisfactory or unacceptable by Sandstorm;

(h) no law, regulation or policy will have been proposed, enacted, promulgated or applied that interferes or is inconsistent with the completion of the Arrangement; and

(i) this Agreement shall not have been terminated pursuant to section 6.2 hereof.

5.2 Conditions and Obligations of Each Party

The obligation of each of Sandstorm and Sandstorm Energy to complete the transactions contemplated by this Agreement, including the Arrangement, is further subject to the condition, which may be waived by either of the parties hereto without prejudice to the right of such party hereto to rely on any other condition in favour of such party hereto, that each and every one of the covenants of the other party hereto to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been performed by such party hereto and that, except as affected by the transactions contemplated by this Agreement, the representations and warranties of the other party hereto shall be true and correct in all material respects on the Effective Date, with the same effect as if such representations and warranties had been made on the Effective Date.

ARTICLE 6
AMENDMENT AND TERMINATION

6.1 Amendment

Subject to any restrictions under the BCBCA or in the Final Order, this Agreement (including the Schedules or appendices attached hereto) may, at any time and from time to time before or after the holding of the Meeting, but not later than the Effective Date, be amended by written agreement of the parties hereto without, subject to applicable law, further notice to, or authorization on the part of, the Sandstorm Shareholders. Without limiting the generality of the foregoing, any such amendment may:

(a) change the time for performance of any of the obligations or acts of the parties;

(b) waive any inaccuracies or modify any representation contained herein or in any document to be delivered pursuant hereto;

(c) waive compliance with or modify any of the covenants herein contained or waive or modify performance of any of the obligations of the parties; or

(d) make such alterations in this Agreement (including the Plan of Arrangement) as the parties may consider necessary or desirable in connection with the Interim Order or the Final Order.

6.2 Termination

This Agreement may, at any time before or after the holding of the Meeting but prior to the Effective Date, be unilaterally terminated by Sandstorm without further notice to, or action on the part of, the Sandstorm Shareholders for whatever reason Sandstorm may consider appropriate. This Agreement will terminate without any further action by the parties if the Effective Date has not occurred on or before August 31, 2010 or such later date as Sandstorm may determine.

6.3 Effect of Termination

Upon the termination of this Agreement pursuant to section 6.2 hereof, neither party hereto shall have any liability or further obligation to the other party hereto.

ARTICLE 7
MERGER AND SURVIVAL

7.1 Merger of Conditions

The conditions set out in sections 5.1 and 5.2 hereof shall be conclusively deemed to have been satisfied or waived upon the Effective Date.

7.2 Merger of Covenants

The provisions of sections 4.1, 4.2 and 4.3 hereof shall be conclusively deemed to have been satisfied in all respects upon the Effective Date.

7.3 Survival of Representations and Warranties

The representations and warranties of Sandstorm and Sandstorm Energy contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms**.**

ARTICLE 8
GENERAL

8.1 Notices

All notices to either of the parties hereto which may or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be deemed to be validly given if served personally or by facsimile, in each case to the attention of the senior officer at the following address or at such other address as shall be specified by a party hereto by like notice:

(a) if to Sandstorm or Sandstorm Energy

Suite 1050, 625 Howe Street
Vancouver, BC V6C 2T6

Attention: President and Chief Executive Officer
Facsimile: (604) 688-0094

with a copy to:

Cassels Brock & Blackwell LLP
2100 Scotia Plaza
40 King Street West
Toronto, ON M5H 3C2

Attention: Jennifer Traub
Facsimile: (416) 640-3196

Any notice that is delivered to such address shall be deemed to be delivered on the date of delivery if delivered on a Business Day prior to 5:00 p.m. (local time at the place of receipt) or on the next Business Day if delivered after 5:00 p.m. or on a non-Business Day. Any notice delivered by facsimile transmission shall be deemed to be delivered on the date of transmission if delivered on a Business Day prior to 5:00 p.m. (local time at the place of receipt) or on the next Business Day if delivered after 5:00 p.m. or on a non-Business Day.

8.2 Time of the Essence

Time shall be of the essence of this Agreement.

8.3 Assignment

Neither of the parties hereto may assign its rights or obligations under this Agreement or the Arrangement without the prior written consent of the other.

8.4 Binding Effect

This Agreement and the Plan of Arrangement shall be binding upon and shall enure to the benefit of each of the parties hereto and the respective successors and permitted assigns thereof.

8.5 Waiver

Any waiver or release of any of the provisions of this Agreement, to be effective, must be in writing executed by the party hereto granting such waiver or release.

8.6 Further Assurances

Each party hereto shall, from time to time, and at all times hereafter, at the request of the other of them, but without further consideration, do, or cause to be done, all such other acts, and execute and deliver, or cause to be executed and delivered, all such further agreements, transfers, assurances, instruments or documents as may be reasonably required in order to fully perform and carry out the terms and intent hereof including, without limitation, the Arrangement.

8.7 Governing Law

This Agreement shall be governed by, and be construed in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable therein but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of British Columbia.

8.8 Expenses

All expenses incurred in connection with this Agreement, the Arrangement and the transactions contemplated hereby and thereby shall be borne by Sandstorm.

8.9 Counterparts

This Agreement may be executed in one or more counterparts, by original or telefacsimile signature, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date and year first above written.

SANDSTORM RESOURCES LTD.

Per:___”Nolan Watson”__________________
Name: Nolan Watson
Title: President and Chief Executive Officer

SANDSTORM ENERGY & BASE METALS LTD.

Per:__”David Awram”____________________
Name: David Awram
Title: Executive Vice President, Corporate Development

Schedule “A”

PLAN OF ARRANGEMENT
UNDER THE PROVISIONS OF SECTION 288 TO 299
OF THE *BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)*

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

“**Arrangement**” means the arrangement under Sections 288 to 299 of the BCBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of Sandstorm;

“**Arrangement Agreement**” means the arrangement agreement dated as of March 25, 2010 between Sandstorm and Sandstorm Energy, as amended, amended and restated or supplemented prior to the Effective Date;

“**Arrangement Resolution**” means the special resolution of the Sandstorm Shareholders in respect of the Arrangement to be considered at the Meeting, the full text of which is attached as Schedule “A” to the Information Circular;

“**BCBCA**” means the *Business Corporations Act (British Columbia)* and the regulations made thereunder, as promulgated or amended from time to time;

“**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Vancouver, British Columbia for the transaction of banking business;

“**Court**” means the Supreme Court of British Columbia;

“**Dissent Rights**” shall have the meaning ascribed to such term in Article 5 hereof;

“**Dissenting Shareholder**” means a shareholder who dissents in respect of the Arrangement in strict compliance with the Dissent Rights;

“**Eagle Lake Property**” means the Eagle Lake uranium property located in Saskatchewan, Canada, owned by Eagle Plains Resources;

“**Effective Date**” means the date designated by Sandstorm and Sandstorm Energy by notice in writing as the effective date of the Arrangement, after all of the conditions of the Arrangement Agreement and the Final Order have been satisfied or waived;

“**Effective Time**” means 12:01 a.m. (Vancouver time) on the Effective Date;

“**Final Order**” means the final order of the Court pursuant to Section 291 of the BCBCA, in a form acceptable to Sandstorm, approving the Arrangement as such order may be amended by the Court (with the consent of Sandstorm) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to Sandstorm) on appeal;

“**Information Circular**” means the management information circular of Sandstorm to be prepared and sent to the Sandstorm Shareholders in connection with the Meeting;

“**Interim Order**” means the interim order of the Court containing declarations and directions with respect to the Arrangement and the holding of the Meeting, as such order may be affirmed, amended and modified (provided that any such amendment is acceptable to Sandstorm) by any court of competent jurisdiction;

“**Meeting**” means the annual and special meeting of Sandstorm Shareholders to be held on or about April 30, 2010 and any adjournment(s) or postponement(s) thereof, to be called and held in accordance with the Interim Order to consider and to vote on the Arrangement Resolution and any other matters set out in the Notice of Meeting;

“**Non-Resident**” means’ (i) a Person (other than a partnership) who is not a resident of Canada for the purposes of the Tax Act; or (ii) a partnership that is not a “Canadian partnership” for the purposes of the Tax Act;

“**Notice of Meeting**” means the notice to the Sandstorm Shareholders of the Meeting, which notice will accompany the Information Circular;

“**Person**” means and includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, trustee, executor, administrator or other legal representative and the Crown or any agency or instrumentality thereof;

“**Plan of Arrangement**” means this plan of arrangement and any amendments or variations hereto made in accordance with this plan of arrangement or upon the direction of the Court in the Final Order with the consent of Sandstorm;

“**Sandstorm**” means Sandstorm Resources Ltd.;

“**Sandstorm Energy**” means Sandstorm Energy & Base Metals Ltd.;

“**Sandstorm Energy Shares**” means the common shares of Sandstorm Energy;

"**Sandstorm Shareholders**" means the holders from time to time of Sandstorm Shares;

"**Sandstorm Shares**" means the common shares of Sandstorm;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

"**Transfer Agent**" means Computershare Investor Services Inc. or such other trust company or transfer agent as may be designated by Sandstorm; and

"**Transferred Assets**" means cash in the amount of $500,000 as well as all of the right, title and interest of Sandstorm in and to that certain option agreement dated as of September 11, 2009, as amended November 12, 2009, between Sandstorm and Eagle Plains Resources, pursuant to which Sandstorm has the option to earn a maximum 60% undivided interest in and to certain mineral claims, which comprise the Eagle Lake Property.

In addition, words and phrases used herein and defined in the BCBCA and not otherwise defined herein or in the Arrangement Agreement shall have the same meaning herein as in the BCBCA unless the context otherwise requires.

1.2 Sections and Headings

The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.

1.3 Number, Gender and Persons

In this Plan of Arrangement, unless otherwise expressly stated or the context otherwise requires, words importing the singular number shall include the plural and vice versa, and words importing gender shall include all genders.

1.4 Statutory References

Any reference in this Plan of Arrangement to a statute includes all regulations made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

1.5 Currency

Unless otherwise stated all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

1.6 Business Day

In the event that the date on which any action is required to be taken hereunder by any of the parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

1.7 Governing Law

This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

1.8 Binding Effect

This Plan of Arrangement will become effective at, and be binding at and after, the Effective Time on: (i) Sandstorm; (ii) all registered and beneficial Sandstorm Shareholders; and (iii) Sandstorm Energy. This Plan of Arrangement may be withdrawn prior to the occurrence of any of the events in Section 2.1 in accordance with the terms of the Arrangement Agreement.

ARTICLE 2
ARRANGEMENT

2.1 Arrangement

2.1.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following sequence or as otherwise provided below or herein, without any further act or formality:

(a) each issued Sandstorm Share held by Dissenting Shareholders will be acquired by Sandstorm (for cancellation) in consideration for Sandstorm agreeing to pay the amount to be paid to Dissenting Shareholders pursuant to Article 5.1 hereof;

(b) the authorized capital of Sandstorm will be amended by redesignating the Sandstorm Shares as Class B Shares and the Notice of Articles and Articles of Sandstorm shall be amended accordingly and each certificate representing an outstanding Sandstorm Share shall, as and from the time such redesignation is effective, represent a Class B Share;

(c) the authorized capital of Sandstorm will be amended by the creation of an unlimited number of Class A Shares and the Notice of Articles and Articles of Sandstorm shall be amended accordingly;

(d) Sandstorm shall transfer the Transferred Assets to Sandstorm Energy in exchange for the issuance by Sandstorm Energy to Sandstorm of an aggregate number of fully paid and non-assessable Sandstorm Energy Shares equal to one Sandstorm Energy Share for every 35 Sandstorm Shares outstanding immediately before the Effective Date (now redesignated as Class B Shares pursuant to section 2.1.1 (b)), other than Sandstorm Shares held by Dissenting Shareholders (which have been acquired by Sandstorm as set forth in section 2.1.1 (a));

(e) each issued Class B Share will be exchanged with Sandstorm for one Class A Share and Sandstorm Energy Shares (which will include the shares subscribed for on incorporation of Sandstorm Energy) on the basis of one Sandstorm Energy Share for every 35 Class B Shares held as of the Effective Date;

(f) Sandstorm shall direct Sandstorm Energy to deliver to the Transfer Agent as agent for the Sandstorm Shareholders as of the Effective Date certificates evidencing the number of Sandstorm Energy Shares issuable under section 2.1.1(e);

(g) if it appears to Sandstorm that it would be contrary to applicable law to distribute Sandstorm Energy Shares pursuant to subsection 2.1.1(e) to a Non-Resident, Sandstorm Energy Shares will be distributed to the Transfer Agent as agent for such Non-Resident, and each such Non-Resident will be entitled to receive only a cash payment in Canadian dollars equal to such Non-Resident's *pro rata* portion of the net proceeds after expenses received by the Transfer Agent upon the sale by the Transfer Agent (pursuant to section 3.2) of the aggregate of such Sandstorm Energy Shares to which all such Sandstorm Shareholders would otherwise be entitled pursuant to section 2.1.1(e);

(h) the class comprising the Class B Shares shall be cancelled;

(i) the stated capital of Sandstorm for the outstanding Class A Shares will be an amount equal to the stated capital of Sandstorm for the Sandstorm Shares immediately before the Effective Time, less the fair market value of the Sandstorm Energy Shares distributed to Sandstorm Shareholders at the Effective Time and the stated capital attributable to any Sandstorm Shares acquired by Sandstorm from Dissenting Shareholders;

(j) the Class A Shares shall be redesignated as common shares which shall have the same attributes as the Sandstorm Shares and the Notice of Articles and Articles of Sandstorm shall be amended accordingly and each certificate representing an outstanding Class A Share shall, as and from the time of such redesignation, represent a common share which shall have the same attributes as the Sandstorm Shares; and

(k) after such redesignation set forth in section 2.1.1(j), the class comprising the Class A Shares shall be cancelled.

2.2 Transfers and Exchanges

At the Effective Time, upon the exchange of the Transferred Assets for Sandstorm Energy Shares pursuant to section 2.1.1(d):

(a) Sandstorm shall cease to be a holder of the Transferred Assets so exchanged; and

(b) Sandstorm Energy shall become the holder of the Transferred Assets so exchanged.

ARTICLE 3
CERTIFICATES, NON-RESIDENTS AND FRACTIONAL SHARES

3.1 Delivery of Sandstorm Energy Shares

Sandstorm Energy, as soon as practicable following the Effective Date, will forward or cause to be forwarded by the Transfer Agent or otherwise, by registered mail (postage prepaid) or hand delivery to Sandstorm Shareholders as of the Effective Date at the address specified in the register of holders of Sandstorm Shares, certificates representing the number of Sandstorm Energy Shares issued to such holder under the Arrangement.

3.2 Non-Residents

If the provisions of section 2.1.1 (g) are applicable, then the following shall apply:

(a) The Transfer Agent shall cause to be sold, on behalf of the Non-Residents, all Sandstorm Energy Shares through the facilities of any stock exchange upon which the Sandstorm Energy Shares are then listed as soon as reasonably practicable following the Effective Date on such dates and at such prices as the Transfer Agent determines in its sole discretion. Neither Sandstorm nor the Transfer Agent shall be liable for any loss or for the amount of the net proceeds to which such Non-Residents are entitled to receive as a result of any such sales.

(b) The aggregate net proceeds after expenses of such sales and any applicable taxes shall be distributed by the Transfer Agent among the Non-Residents as provided in section 2.1.1(g) by the delivery, on behalf of Sandstorm, to each such Non-Resident of a cheque or other form of payment agreed to by such Non-Resident.

(c) No dividend, distribution, split or other change in the capital structure of Sandstorm Energy will have any effect on any Sandstorm Energy Shares mentioned in section 2.1.1(g) and such securities will not entitle the holder thereof to exercise any rights as a security holder of Sandstorm Energy.

3.3 Withholding Rights

Sandstorm and the Transfer Agent shall be entitled to deduct and withhold from all dividends or other distributions, consideration or otherwise payable to any Sandstorm Shareholder such amounts as Sandstorm or the Transfer Agent is required or permitted to deduct and withhold with respect to such payment under the Tax Act, the United States Internal Revenue Code of 1986 or any provision of any applicable federal, provincial, state, local or foreign tax Law or treaty, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Sandstorm Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

3.4 No Fractional Shares

No fractional Sandstorm Energy Shares will be issued. In the event that a Sandstorm Shareholder would otherwise be entitled to a fractional Sandstorm Energy Share hereunder, the number of Sandstorm Energy Shares issued to such Sandstorm Shareholder shall, without any additional compensation, be rounded down to the next lesser whole number of Sandstorm Energy Shares. In calculating such fractional interests, all Sandstorm Shares registered in the name of or beneficially held by such Sandstorm Shareholder or their nominee shall be aggregated.

3.5 No Replacement Share Certificates

Recognizing the redesignation of the Sandstorm Shares, Class B Shares and Class A Shares as set forth in section 2.1.1, Sandstorm shall not issue replacement share certificates representing the Class B Shares, the Class A Shares or the common shares set forth in section 2.1.1(j).

ARTICLE 4
AMENDMENTS

4.1 Right to Amend

Sandstorm reserves the right to amend, modify or supplement (or do all of the foregoing) this Plan of Arrangement from time to time and at any time prior to the Effective Date provided that any such amendment, modification and/or supplement must be contained in a written document that is:

(a) filed with the Court and, if made following the Meeting, approved by the Court; and

(b) communicated to Sandstorm Shareholders in the manner required by the Court (if so required).

4.2 Amendment Before the Meeting

Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Sandstorm at any time prior to or at the Meeting, with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

4.3 Amendment After the Meeting

Any amendment, modification or supplement to this Plan of Arrangement which is approved by the Court following the Meeting shall be effective only:

(a) if it is consented to by Sandstorm; and

(b) if required by the Court or applicable law, it is consented to by the Sandstorm Shareholders.

4.4 Amendment After the Effective Date

Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by Sandstorm, provided that it concerns a matter which, in the reasonable opinion of Sandstorm, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interest of any holder of Sandstorm Shares or Sandstorm Energy Shares.

ARTICLE 5
RIGHTS OF DISSENT

5.1 Rights of Dissent

Pursuant to the Interim Order, registered holders of Sandstorm Shares may exercise rights of dissent (the "**Dissent Rights**") under Section 237 to 247 of the BCBCA, as modified by this Article 5, the Interim Order and the Final Order, with respect to Sandstorm Shares in connection with the Arrangement, provided that the written notice setting forth the objection of such registered Sandstorm Shareholders to the Arrangement and exercise of Dissent Rights must be received by Sandstorm not later than 5:00 p.m. (Vancouver time) on the Business Day that is two Business Days before the Meeting or any date to which the Meeting may be postponed or adjourned and provided further that holders who exercise such rights of dissent and who:

(a) are ultimately entitled to be paid fair value for their Sandstorm Shares, which fair value, notwithstanding anything to the contrary contained in the BCBCA, shall be determined as of immediately prior to the approval of the Arrangement Resolution, shall be deemed to have transferred their Sandstorm Shares to Sandstorm as of the Effective Time in consideration for a debt claim against Sandstorm to be paid the fair value of such Sandstorm Shares and will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights; and

(b) are ultimately not entitled, for any reason, to be paid fair value for their Sandstorm Shares shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting holder of Sandstorm Shares.

5.2 Recognition of Dissenting Shareholders

In no circumstances shall Sandstorm or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is a registered holder of those Sandstorm Shares in respect of which such rights are sought to be exercised. From and after the Effective Date, neither Sandstorm nor any other Person shall be required to recognize a Dissenting Shareholder as a shareholder of Sandstorm and the names of the Dissenting Shareholders shall be deleted from the register of holders of Sandstorm Shares previously maintained or caused to be maintained by Sandstorm.

ARTICLE 6
FURTHER ASSURANCES

6.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur at the time and in the manner set out in this Plan of Arrangement without any further act or formality, Sandstorm and Sandstorm Energy shall make, do and execute, or cause to be made, done or executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.

ARTICLE 7
TERMINATION

7.1 Termination

Notwithstanding any prior approvals by the Court or by the Sandstorm Shareholders, the Board of Directors of Sandstorm may decide not to proceed with the Arrangement and to revoke the Arrangement Resolution adopted at the Meeting without further approval of the Court or the Sandstorm Shareholders.

SCHEDULE "B"

ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The arrangement (the **"Arrangement"**) under Sections 288 to 299 of the *Business Corporations Act (British Columbia*) (the **"BCBCA"**) involving Sandstorm Resources Ltd., a corporation existing under the laws of the Province of British Columbia (**"Sandstorm"**), all as more particularly described and set forth in the management proxy circular (the **"Circular"**) of Sandstorm dated March 26, 2010 accompanying the notice of meeting (as the Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted.

2. The plan of arrangement (the **"Plan of Arrangement"**), implementing the Arrangement, the full text of which is set out in Schedule "C" to the Circular (as the Plan of Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted.

3. The arrangement agreement (the **"Arrangement Agreement"**) between Sandstorm and Sandstorm Energy & Base Metals Ltd. dated March 25, 2010 and all the transactions contemplated therein, the actions of the directors of Sandstorm in approving the Arrangement and the actions of the directors and officers of Sandstorm in executing and delivering the Arrangement Agreement and any amendments thereto are hereby ratified and approved.

4. Notwithstanding that this special resolution has been passed (and the Arrangement approved) by the shareholders of Sandstorm or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of Sandstorm are hereby authorized and empowered, without further notice to, or approval of, the shareholders of Sandstorm:

   (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or

   (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.

5. Any director or officer of Sandstorm is hereby authorized and directed for and on behalf of Sandstorm to execute, whether under the corporate seal of Sandstorm or otherwise, and to deliver such other documents as are necessary or desirable under the BCBCA in accordance with the Arrangement Agreement for filing.

6. Any director or officer of Sandstorm is hereby authorized, for and on behalf and in the name of Sandstorm, to execute and deliver, whether under corporate seal of Sandstorm or otherwise, all such agreements, forms, waivers, notices,

(a) all actions required to be taken by or on behalf of Sandstorm, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and

(b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by Sandstorm;

such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.