SANDSTORM RESOURCES LTD. (the "Company" or "Sandstorm")
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended March 31, 2008

Management's discussion and analysis ("MD&A") of the financial condition of the Company should be read in conjunction with the audited financial statements for the year ended March 31, 2008. The information contained within this MD&A is current to July 17, 2008 and is stated in Canadian dollars.

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

FORWARD LOOKING STATEMENTS

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. 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.

CORPORATE DEVELOPMENT AND STRATEGY

Until April 22, 2008, the Company was a "Capital Pool Company" ("CPC") as defined by the policies of the TSX Venture Exchange (the "Exchange"). On July 31, 2007 the Company completed its initial public offering ("IPO"). The Company's principal business as a CPC was 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.

Subsequent to March 31, 2008, the Company received approval on an option agreement ("the Agreement") to earn up to a 75% interest in certain mineral claims referred to as the Elsiar Property in British Columbia, Canada. The Agreement was approved as the Company's "Qualifying Transaction" under the TSX Venture Exchange's policies and accordingly, on closing of this Qualifying Transaction on April 22, 2008, the Company ceased being a CPC. The Agreement constitutes an arm's length qualifying transaction and, in accordance with Exchange policies, was not subject to shareholder approval.

Option Agreement

To acquire a 60% interest the Company is required to pay $500,000 and issue 700,000 common shares, and incur expenditures of $3,000,000 on the Elsiar Property over a period of five years. The Company is entitled to earn a further 15% interest in the Elsiar Property, for an aggregate 75% interest, by making all expenditures required to deliver a bankable feasibility study on the property by no later than May 4, 2016. Upon satisfying the terms of the Agreement, the company and the vendor will be deemed to have formed a joint venture between the parties.

The property is subject to a 1.0% net smelter returns royalty ("NSR") which may be bought out by the joint venture for $1,000,000 at any time following a decision to take the property into commercial production.

The Company paid a $7,500 finder's fee in connection with the Agreement.

All common shares held by Principals of Sandstorm (as such term is defined in the Exchange's policies) are held in escrow in accordance with the policies of the Exchange.

Share Sub-Division

Company sub-divided its outstanding common shares on a two for one basis effective as of April 4, 2008. All share, warrant, option, and per unit data has been updated to reflect this stock split.

Private Placement

The Company completed, concurrently with the closing of the Agreement on the Elsiar Property, a non-brokered private placement of 11,350,000 units of the Company at a price of $0.10 per unit, for gross proceeds of $1,135,000. In addition, the Company completed a non-brokered private placement of 2,000,000 units of flow-through financing at a price of $0.10 per unit, for gross proceeds of $200,000. Both the non-flow through units and the flow through units consist of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.195 per share until April 22, 2010.

The proceeds of this private placement will be used to fund the costs associated with completing the Agreement, the proposed work programs on the Elsiar Project, and for general working capital purposes.

The Resulting Issuer

On the closing of the Agreement and the private placement on April 22, 2008, the Company was classified as a natural resource issuer and had 17,892,000 common shares outstanding and 13,350,000 warrants outstanding entitling the holders to purchase an equal number of common shares. In addition, a total of 100,000 Stock Options and

198,000 Agent's Warrants were also outstanding at the closing of the Agreement and the private placement.

The Vendor

Eagle Plains is a company incorporated under the laws of Alberta and extra-provincially registered in British Columbia. Eagle Plains currently trades on the TSX Venture Exchange.

Summary of the Elsiar Project

The Elsiar copper-molybdenum-gold property is comprised of 18 contiguous claim units that cover 5,330 hectares that are held 100% by Eagle Plains and is centered upon a number of Cretaceous-age quartz biotite porphyry stockworks. Little historical activity has occurred in the area, but work to date has shown that the Elsiar Property displays classic geologic features of a BC copper-molybdenum system. It benefits from excellent infrastructure including logging roads, hydroelectric power lines and close proximity to rail and deep-water international ports in Kitimat and Prince Rupert.

The Elsiar Property was acquired by Eagle Plains in 2003 and has had approximately $1,000,000 in exploration work during 2004 and 2005 including extensive geochemical sampling programs, airborne geophysics and two successful drill programs.

A work program consisting of the geochemical sampling and detailed mapping to determine exploration drill hole targets is proposed as a Phase 1 of exploration on the Elsiar Project.

Further quantitative information concerning the Project is disclosed in a "qualifying report" dated January 22, 2008. The qualifying report was prepared by Robert J. Sharp, P. Geol, a "qualified person" as defined under National Instrument 43-101. A copy of the "qualifying report" is available under the Company's profile on the SEDAR website as www.sedar.com.

SELECTED ANNUAL INFORMATION

	For the year ended March 31, 2008	For the 9 days ended March 31, 2007
	$	$
Interest and other Income	4,399	--
Net loss for the period	(61,603)	(10,334)
Net loss per share	(0.02)	(0.00)
Total assets	1,470,832	111,997
Total long-term liabilities	--	--

The Company did not earn any revenue during the period ended March 31, 2008 or 2007 aside from interest income.

ANAYLSIS OF ANNUAL RESULTS

The Company's loss incurred during the year ended March 31, 2008 was $61,603. This loss is mainly attributed to $18,500 in audit expenses for the year-end and $28,092 in listing, filing, and transfer agent fees. The loss incurred during the period ended March 31, 2007 was $2,831 of legal fees incurred to incorporate and $7,500 in audit expenses.

SUMMARY OF QUARTERLY RESULTS

Quarters Ended:

	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007	9 days ending March 31, 2007
	$	$	$	$	$
Interest and other Income	1,422	1,464	1,118	395	--
Net income (loss) for the period	(27,670)	(2,920)	(18,015)	(12,998)	(10,334)
Net loss per share	(0.02)	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	1,470,832	232,400	232,721	117,692	111,997
Total long-term liabilities	--	--	--	--	--

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

ANALYSIS OF FOURTH QUARTER RESULTS

The Company experienced a loss of $27,670 during its fourth quarter. This loss is mainly attributable to $18,500 for the year-end financial statement and exchange listing maintenance. The loss incurred during the first quarter resulted from the IPO and exchange listing maintenance. The loss incurred during the second quarter resulted from exchange listing maintenance and $8,048 of stock based compensation expense. The loss incurred during the third quarter resulted from exchange listing maintenance.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2008, the Company had cash of $1,360,271 (March 31, 2007 - $111,997) and working capital of $1,312,317 (March 31, 2007 - $101,666).

Cash increased during the year as the Company completed its IPO by issuing 2,000,000 common shares at $0.10 per share for gross proceeds of $200,000 and net cash proceeds of $143,488 after share issuance costs of $56,512. Cash also increased $1,213,500 from the advance collection of proceeds from the private placement that closed April 24, 2008.

Upon the completion of the Agreement, the Company is committed to the following payments to Eagle Plains:

Due Date	Cash Payment			Post-subdivded Shares	Expenditures	
May 4, 2008	$	20,000 *(paid)*		100,000 *(issued)*		
May 4, 2009	$	25,000		100,000	$	200,000 *(paid $20,000 to date)*
May 4, 2010	$	25,000		100,000	$	300,000
May 4, 2011	$	50,000		100,000	$	500,000
May 4, 2012	$	120,000		100,000	$	750,000
May 4, 2013	$	260,000		200,000	$	1,250,000
Total	**$**	**500,000**		**700,000**	**$**	**3,000,000**

Although the Company believes it will have enough capital resources to meet its commitment to Eagle Plains, there is no guarantee that the Company will be able to secure additional financings in the future at terms that are favourable.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares of which, 4,442,000 common shares were issued as of March 31, 2008 and 17,892,000 shares are outstanding as of July 17, 2008, the date of this MD&A. Of these common shares, 11,184,000 are currently 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 (released) and the remainder in six equal tranches of 15% every six months thereafter over a period of 36 months.

Upon the completion of the Qualifying Transaction, three of the Company's directors resigned. As of the date of this MD&A, the Company has 100,000 Stock Options outstanding at an exercise price of $0.10 per share. Of these 100,000 Stock Options, 60,000 expire April 22, 2009. The 60,000 Stock Options represent those retained for a period of one year by the resigned directors. The remaining 40,000 Stock Options expire according to their original terms on July 31, 2012.

In addition, the Company has 13,350,000 share purchase warrants outstanding at an exercise price of $0.195 per share expiring April 22, 2010 and 198,000 Agent's Warrants outstanding at an exercise price of $0.10 per share expiring July 31, 2009. Each share purchase warrant and Agent's Warrant is exercisable into one common share of the Company. As well, 8,856,000 of the Company's 13,350,000 outstanding share purchase warrants are currently held in escrow and will be released pro-rata to the holders as to 10% of the warrants upon issuance of notice of final acceptance of a Qualifying Transaction by the Exchange (released) and the remainder in six equal tranches of 15% every six months thereafter over a period of 36 months. Any common shares acquired by the holders of these warrants upon exercise will also fall under the terms of the subject escrow agreement.

RELATED PARTY TRANSACTIONS

During the year ended March 31, 2008, legal fees of $86,976 were incurred to a firm in which a director of the Company, Paul Visosky, is a partner. As of March 31, 2008, $21,089 was due to this related party. During the nine days ended March 31, 2007, there were no related party transactions.

CHANGES IN ACCOUNTING POLICIES

Financial Instruments

Effective April 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under CICA Handbook Section 1530 "Comprehensive Income" ("Section 1530"), Section 3251 "Equity", Section 3855 "Financial Instruments – Recognition and Measurement" ("Section 3855"), Section 3861 "Financial Instruments – Disclosure and Presentation" and Section 3865 "Hedges". These new sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) held-for-trading financial instruments are measured at fair value and changes in fair value are recorded in net income; (2) available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; and (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

RECENT ACCOUNTING PRONOUCEMENTS

Capital Disclosures

Section 1535 "Capital Disclosures" establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard the Company is required to disclose the following, based on the information provided internally to the entity's key management personnel:

(i) qualitative information about its objectives, policies and processes for managing capital,
(ii) summary quantitative data about what it manages as capital.
(iii) whether during the period it complied with any externally imposed capital requirements to which it is subject.
(iv) when the company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

Financial Instruments – Disclosure and Presentation

CICA Handbook Section 3862, *Financial Instruments – Disclosures* requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments – Recognition and Measurement,* Section 3863, *Financial Instruments – Presentation,* and Section 3865, *Hedges.* This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

CICA Handbook Section 3863, *Financial Instruments – Presentation* is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

Assessing Going Concern

CICA Handbook Section 1400 was amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, financial or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

APPROVAL

The Board of Directors of the Company 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.

Financial Statements
March 31, 2008

AUDITORS' REPORT

To the Shareholders of
Sandstorm Resources Ltd.

We have audited the balance sheets of Sandstorm Resources Ltd. as at March 31, 2008 and 2007 and the statements of loss comprehensive loss, and deficit and cash flows for the year ended March 31, 2008 and for the nine day period ended March 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2008 and 2007 and the results of its operations and its cash flows for the year ended March 31, 2008 and for the nine day period ended March 31, 2007 in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

July 15, 2008

SANDSTORM RESOURCES LTD.

Balance Sheets

As at March 31

		2008		2007
ASSETS				
Current				
Cash	$	1,360,271	$	111,997
Receivables		7,579		--
		1,367,850		111,997
Deferred charges *(Note 5)*		102,982		--
	$	1,470,832	$	111,997
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	55,533	$	10,331
SHAREHOLDERS' EQUITY				
Share capital *(Note 6a)*		254,152		112,000
Share subscriptions received in advance *(Note10)*		1,213,500		--
Contributed surplus *(Note 6a)*		19,584		--
Deficit		(71,937)		(10,334)
		1,415,299		101,666
	$	1,470,832	$	111,997

Nature of operations *(Note 1)*
Subsequent events *(Note 10)*

ON BEHALF OF THE BOARD:

"Marcel DeGroot" , Director

"David Awram" , Director

- The accompanying notes are an integral part of these financial statements -

SANDSTORM RESOURCES LTD.

Statements of Loss, Comprehensive Loss and Deficit

		For the year ended March 31, 2008		For the 9 days ended March 31, 2007
Expenses				
General and administrative	$	2,260	$	--
Professional fees		27,602		10,334
Stock-based compensation *(Note 6b)*		8,048		--
Transfer agent and filing fees		28,092		--
		(66,002)		(10,334)
Other Item				
Interest income		4,399		--
Loss and comprehensive loss for the period		(61,603)		(10,334)
Deficit – beginning of period		(10,334)		--
Deficit – end of period	$	(71,937)	$	(10,334)
Loss per share – basic and diluted	$	(0.02)		(0.00)
Weighted average number of common shares outstanding		3,734,940		2,240,000

- The accompanying notes are an integral part of these financial statements -

SANDSTORM RESOURCES LTD.

Statements of Cash Flows

		For the year ended March 31, 2008		For the 9 days ended March 31, 2007
Cash Provided By (Used In)				
Operating Activities				
Loss for the period	$	(61,603)	$	(10,334)
Item not affecting cash:				
Stock-based compensation		8,048		--
Changes in non-cash working capital:				
Receivables		(7,579)		--
Accounts payable and accrued liabilities		9,307		10,331
		(51,827)		(3)
Financing Activities				
Share issue proceeds		210,200		112,000
Share issuance costs		(56,512)		--
Deferred charges – private placement costs		(26,590)		--
Share subscriptions received in advance		1,213,500		--
		1,340,598		112,000
Investing Activity				
Deferred charges – qualifying transaction costs		(40,497)		--
Net increase in cash		1,248,274		111,997
Cash – beginning of period		111,997		--
Cash – end of period	$	1,360,271	$	111,997
Supplemental disclosure:				
Interest and income taxes paid	$	--	$	--
Significant non-cash transactions:				
Deferred charges accrued	$	35,895	$	--
Warrants issued for share issuance costs		11,653		--
Fair value of warrants exercised		117		--

- The accompanying notes are an integral part of these financial statements -

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. Subsequent to March 31, 2008, the Company completed its qualifying transaction (Note 10).

2. Significant Accounting Policies

a) Basis of Presentation

These annual financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and within the framework of significant accounting policies summarized below.

On April 4, 2008, the Company split its share capital on the basis of two new shares for one old share. All share, warrant, and option, and per unit data included in these financial statements have been adjusted retroactively to reflect this change.

b) Financial Instruments

Effective April 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under CICA Handbook Section 1530 "Comprehensive Income" ("Section 1530"), Section 3251 "Equity", Section 3855 "Financial Instruments – Recognition and Measurement" ("Section 3855"), Section 3861 "Financial Instruments – Disclosure and Presentation" and Section 3865 "Hedges". These new sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) held-for-trading financial instruments are measured at fair value and changes in fair value are recorded in net income; (2) available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; and (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

2. Significant Accounting Policies – *Continued*

As a result of the adoption of these new standards, the Company has classified its cash and receivables as held-for-trading. Accounts payable and accrued liabilities are classified as other financial liabilities. The adoption of these new sections has not had a significant impact on the Company's financial position, results of operations and cash flows.

c) Deferred Charges

Costs associated with proposed capital financing are capitalized to deferred charges if the capital financing is more likely than not to be completed. Costs include legal and other costs direct and incremental incurred in connection with the proposed transaction. These amounts are recorded as a reduction of share capital at the completion of the financing or expensed if the financing does not complete.

Direct costs incurred with respect to the potential Qualifying Transaction summarized in Note 10 are deferred. Upon completion of the transaction, the deferred charges will be included in costs capitalized to property and equipment. If the transaction is not completed, the costs will be included in general and administrative expenses.

d) 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.

e) Basic and Diluted Loss per Share

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted loss per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share by application of the treasury stock method. For the periods presented, this calculation proved to be anti-dilutive.

f) Stock-Based Compensation

All stock-based awards are measured and recognized using a fair value based method. The fair value of stock options is determined using the Black-Scholes option pricing model and is expensed over the period of vesting. Any consideration paid on the exercise of stock options is credited to share capital.

e) 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. Significant estimates include the valuation of stock-based compensation. Actual results could differ from those estimates.

3. Recent Accounting Pronouncements

a) Capital Disclosures

Section 1535 "Capital Disclosures" establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard the Company is required to disclose the following, based on the information provided internally to the entity's key management personnel:

(i) qualitative information about its objectives, policies and processes for managing capital,
(ii) summary quantitative data about what it manages as capital.
(iii) whether during the period it complied with any externally imposed capital requirements to which it is subject.
(iv) when the company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

b) Financial Instruments – Disclosure and Presentation

CICA Handbook Section 3862, *Financial Instruments – Disclosures* requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments – Recognition and Measurement,* Section 3863, *Financial Instruments – Presentation,* and Section 3865, *Hedges*. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

CICA Handbook Section 3863, *Financial Instruments – Presentation* is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

c) Assessing Going Concern

CICA Handbook Section 1400 was amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

d) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

3. Recent Accounting Pronouncements – *Continued*

The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.

4. Financial Instruments

The Company's financial instruments consist of cash, receivables, accounts payable, and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, credit, or financial risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

5. Deferred Charges

Deferred charges represent costs incurred directly attributable to private placement and qualifying transaction costs of $32,634 and $70,348 respectively.

6. Share Capital and Contributed Surplus

a) Details are as follows:

	Number of Shares	Capital Stock	Contributed Surplus
Authorized:			
Unlimited common shares without par value			
Issued and outstanding:			
Shares issued for capital	2,240,000	$ 112,000	$ --
Balance – March 31, 2007	2,240,000	112,000	--
Shares issued for capital	200,000	10,000	--
Share issuance for initial public offering	2,000,000	200,000	--
Share issuance costs	--	(56,512)	--
Agent's warrants issued as share issuance costs	--	(11,653)	11,653
Stock-based compensation	--	--	8,048
Agent's warrants exercised	2,000	200	--
Fair value of agent's warrants exercised	--	117	(117)
Balance – March 31, 2008	4,442,000	$ 254,152	$ 19,584

On July 31, 2007, the Company completed its initial public offering of 2,000,000 common shares at $0.10 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 200,000 agent's warrants at an exercise price of $0.10 per share to Wolverton Securities Ltd., who acted as agent for the offering. The warrants expire on July 31, 2009. The fair value of the warrants was $11,653.

6. Share Capital and Contributed Surplus – *Continued*

The fair value of the warrants was determined using the Black-Scholes pricing model using the following assumptions:

Expected dividend yield	0.00%
Expected stock price volatility	110%
Risk-free interest rate	4.50%
Expected life of warrants	2 years

As at March 31, 2008, 198,000 of the agent's 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 and vesting term 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.

On July 31, 2007, the Company granted 100,000 stock options with an exercise price of $0.10 per option 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 options had a fair value of $8,048 or $0.08 per option.

The fair value of the options was determined using the Black-Scholes option valuation model with the following assumptions:

Expected dividend yield	0.00%
Expected stock price volatility	110%
Risk-free interest rate	4.50%
Expected life of options	5 years

As at March 31, 2008, all 100,000 options granted on July 31, 2007 remain outstanding.

c) Escrow Shares

Included in share capital are 2,440,000 (2007 – 2,240,000) common shares at a price held in escrow. These common shares 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.

7. Related Party Transactions

During the period ended March 31, 2008, legal fees of $86,976 (2007 – $nil) were incurred to a firm in which a director of the Company is a partner, who as of March 31, 2008 was owed $21,089 (2007 - $nil), included in accounts payable and accrued liabilities. The legal fees were classified as $71,196 (2007 - $nil) in deferred charges, $11,064 (2007 - $nil) in share issuance costs, and $4,716 (2007 - $nil) in professional fees. The transactions have been recorded at their exchange amount, which is the amount of consideration agreed upon by the related parties.

8. Income Taxes

The provision for income taxes differs from the amount that would be obtained by applying the statutory income tax rate to loss before income taxes due to:

		For the year ended March 31, 2008		For the 9 days ended March 31, 2007
Loss before income taxes	$	(61,603)	$	(10,334)
Canadian federal and provincial income tax rate		33.5%		34.12%
Expected income tax recovery		20,637		3,526
Share issuance costs		3,137		--
Non-deductible expenses and other		(2,696)		--
Unrecognized benefit of non-capital losses		(21,078)		(3,526)
Total income tax recovery	$	--	$	--

Components of future income taxes:

		March 31, 2008		March 31, 2008
Future Income Tax Assets				
Non-capital losses	$	19,779	$	3,526
Share issue costs		19,623		--
Value of future income tax assets		39,402		3,526
Valuation allowance		(39,402)		(3,526)
	$	--	$	--

A full valuation allowance has been recorded against the potential future income tax assets as their utilization is not considered more likely than not. The company has non-capital losses for income tax purposes of $73,000, which if not utilized, will expire through to 2028.

9. Segmented Information

The Company operates in Canada as a capital pool company.

10. Subsequent Events

a) Option Agreement

Subsequent to March 31, 2008, the Company received approval on an option agreement ("the Agreement") to earn up to a 75% interest in certain mineral claims referred to as the Elsiar Property in British Columbia, Canada. The Agreement was approved as the Company's "Qualifying Transaction" under the TSX Venture Exchange's policies.

To acquire a 60% interest the Company is required to pay $500,000 and issue 700,000 common shares, and incur expenditures of $3,000,000 on the Elsiar Property over a period of five years. The Company is entitled to earn a further 15% interest in the Elsiar Property, for an aggregate 75% interest, by making all expenditures required to deliver a bankable feasibility study on the property by no later than May 4, 2016. Upon satisfying the terms of the agreement, the Company and the vendor will be deemed to have formed a joint venture between the parties. The property is subject to a 1.0% net smelter returns royalty ("NSR") which may be bought out by the joint venture for $1,000,000 at any time following a decision to take the property into commercial production.

If the Company earns a 60% interest in the property, the Company's interest will also be subject to an additional 1% NSR which can be bought out at any time for $1,000,000.

b) Sub-division of Common Shares

Subsequent to March 31, 2008, the Company sub-divided its outstanding common shares on a two for one basis. As well, the Company completed a non-brokered private placement of 11,350,000 units of the Company at a price of $0.10 per unit, for gross proceeds of $1,135,000. In addition, the Company completed a non-brokered private placement of 2,000,000 units of flow-through financing at a price of $0.10 per unit, for gross proceeds of $200,000. Units of both the non-flow through units and the flow through units consist of one common share and common share purchase warrant. Each warrant will entitle the holder to acquire one additional common share of the Company at a price of $0.195 a share for a period of two years from closing. As of March 31, 2008, $1,213,500 has been received in advance.