

**STRATABOUND MINERALS CORP.**  
**ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

April 27, 2010

The following discussion and analysis of results and operations should be read in conjunction with the Company's annual audited financial statements and related notes for the year ended December 31, 2009.

**Description of Business**

The Company is in the business of mineral exploration and development, with gold and base metal properties in New Brunswick and Ontario and gold, diamond and base metal prospects in Quebec. The Company is currently focused on building a resource base in the infrastructure-rich, world-class Bathurst Mining District of northern New Brunswick. At the present time the Company does not have any producing properties and consequently no revenues.

**Overview**

During the first half of 2009, worldwide negative economic conditions and low metal prices led to dramatic declines in equity financings available to mineral exploration companies. Most publicly listed companies, and exploration companies in particular experienced severe drops in share value. Many failed to survive. In response, the Company reduced its exploration and administrative expenditures.

On June 1, 2009 Stratabound entered into an option agreement giving Castle Resources Inc. the right to earn a 60% interest in the Elmtree Gold project in northern New Brunswick by spending a total of \$2.7 million on exploration and staged payments to Stratabound. Castle can earn another 10% by paying Stratabound an additional \$1.0 million.

During the third quarter of 2009 Stratabound raised \$1.06 million through a non-brokered private placement. Exploration then resumed on the Captain and Captain North Extension (CNE) claims in northern New Brunswick, identifying drill targets with base and precious metal potential. Trenching recovered high-grade lead-zinc-silver and significant grades of copper-cobalt-gold-silver in bedrock samples below seven metres of overburden near the former CNE open pit mine (News Release October 26, 2009).

An initial 2,520 metre winter drill program yielded excellent results, (see "Results of Operations" below). A second 1,550 metre drill program has since been completed, with assay results expected shortly. Drilling is scheduled to resume in May.

In 2009 Stratabound was awarded a \$30,000 grant under the New Brunswick Junior Mining Assistance Program for exploration to expand the CNE deposit.

A 5,000 metre drill program was completed on the Elmtree property, funded and operated by Castle Resources. In a recent news release Castle announced a positive Preliminary Economic Assessment for the Elmtree Gold Project by Micon International Limited. The property has been expanded to the east with the addition of 76 claims including the past-producing Keymet base and precious metals mine.

On April 12, 2010, the Company closed a \$1.0 million flow-through private placement financing with MineralFields Group. On April 22, 2010, the Company closed an additional private placement of flow-through units for proceeds of \$532,687.50.

## **Overall Performance**

During 2009, the Company spent \$825,312 on exploration and acquisition of mineral properties, down from \$2,171,307 in the previous year. The decrease is attributable to cutbacks during the first half of the year in response to the prevailing negative economic conditions. A preliminary metallurgical study was completed on the Elmtree Gold project. Exploration was restricted to Stratabound's base metal properties in the Bathurst, New Brunswick mining camp. Of the total expenditures, \$48,100 (2008 - \$106,630) relates to capitalized stock-based compensation and \$nil (2008 - \$19,747) relates to shares issued for property acquisition.

In the third quarter of 2009, the Company raised \$1,059,050 through a non-brokered private placement compared with \$401,960 in 2008.

At December 31, 2009, the Company had working capital of \$433,469 compared with \$188,092 at the end of 2008. All of the Company's 100%-owned properties are in good standing beyond 2010.

## **Selected Financial Information**

The Company's financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP). The reporting currency is the Canadian dollar.

### **Three Year Financial Data – Years Ended December 31**

<b><u>For the years ended December 31</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue – interest income	1,953	27,037	13,890
Loss before income taxes	272,739	583,030	478,920
Net and comprehensive loss	152,884	439,752	439,217
Basic and diluted loss per share	0.003	0.012	0.015
Assets	9,088,802	8,143,082	8,209,735

### **Summary of Quarterly Results**

<b><u>2009</u></b>	<b><u>Dec 31/09</u></b>	<b><u>Sept 30/09</u></b>	<b><u>June 30/09</u></b>	<b><u>March 31/09</u></b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue – interest income	1,039	620	47	247
Loss before income taxes	75,716	124,921	33,654	38,448
Net and comprehensive loss (profit)	(44,139)	124,921	33,654	38,448
Basic and diluted loss per share (profit)	(0.002)	0.003	0.001	0.001

<b><u>2008</u></b>	<b><u>Dec 31/08</u></b>	<b><u>Sept 30/08</u></b>	<b><u>June 30/08</u></b>	<b><u>March 31/08</u></b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue – interest income	148	2,657	7,520	16,712
Loss before income taxes	280,079	82,700	49,989	170,410
Net and comprehensive loss	136,653	82,700	49,989	170,410
Basic and diluted loss per share	0.003	0.002	0.001	0.006

*As a result of write-downs or write-offs from exploration activities and provisions for future income tax recovery and stock-based compensation, net losses can be extremely variable.*

## **Results of Operations**

All expenses relating to exploration and property acquisition are capitalized as Mineral Properties and are summarized in Note 5 to the Financial Statements. Detailed capitalized exploration and development costs for 2008 and 2009 are broken-down by project below under the heading "Additional Disclosure".

On August 14, 2009, the Company raised \$1,059,050 via a private placement, compared to \$401,960 raised in 2008. The 2009 financing consisted of 5,675,000 flow-through shares at a price of \$0.10 per share, and 6,554,000 non-flow-through shares at a price of \$0.075 per share.

The Company is obligated to spend \$567,500 on qualifying exploration expenditures before December 31, 2010. At December 31, 2009 the Company had incurred \$538,108 in qualifying expenditures and the remaining \$29,392 has since been spent.

General and administrative expenses of \$191,362 in 2009 were lower than the \$274,595 incurred during 2008 (see schedule below). These amounts do not include stock-based compensation costs of \$89,330 for 2009 and \$118,701 for 2008, an item not involving cash, pertaining to stock options granted to employees, consultants and directors. The fair value of each option granted is estimated using the Black-Scholes option-pricing model (Note 7d to financials).

The reduced expenditures mainly reflect the absence of consulting fees and a reduction in Part XII.6 tax paid on flow-through expenditures incurred using the "look-back rule".

These factors and mineral property costs of \$nil written off in 2009 (2008-\$217,423), result in a decreased net and comprehensive loss of \$152,884 for the year ended December 31, 2009, compared to a loss of \$439,752 for 2008.

## **General and Administrative Expenses**

<b>Years ended December 31</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Professional fees	<b>63,850</b>	<b>70,871</b>
Salaries and benefits	<b>59,451</b>	<b>49,961</b>
Filing fees & investor communications	<b>34,514</b>	<b>48,435</b>
Office and other	<b>24,998</b>	<b>25,610</b>
Rent	<b>4,200</b>	<b>4,200</b>
Amortization	<b>1,928</b>	<b>1,992</b>
Geological reconnaissance	<b>1,307</b>	<b>-</b>
Part XII.6 tax on flow-through expenditures	<b>1,114</b>	<b>35,426</b>
Consulting fees	<b>-</b>	<b>38,100</b>
<b>TOTALS</b>	<b>191,362</b>	<b>274,595</b>

## **Bathurst Base Metal Properties, New Brunswick**

Stratabound's 100%-owned properties (4,000 hectares) comprise the CNE/Captain claims, CNE Mining Lease, Nepisiguit Brook, Taylor Brook and Taylor Brook Extension claim groups. They host three known base metal sulphide bodies: the Captain, CNE and Taylor Brook deposits.

The CNE and Captain claims are situated in the heart of the Bathurst mining camp, 20 kilometres south of Xstrata's world-class Brunswick No. 12 Mine and 10 kilometres east of Heath Steele Mines, a major past producer.

Geophysical and geochemical surveys and prospecting were conducted during the second half of 2009 on the CNE/Captain claims. This was followed by a successful program of trenching and drilling that encountered good widths and grades of sulphide mineralization. Detailed results of the winter drilling were announced in a series of 2010 news releases dated January 6, January 14, February 1, February 10, and March 24, available on the company's website.

### ***Captain Deposit***

In 2008 a National Instrument 43-101 Technical Report on the Captain deposit including resource estimates was prepared by Mercator Geological Services Limited, an independent geological consulting firm based in Dartmouth, Nova Scotia (news release October 9, 2008). A series of estimates was based on 25 holes drilled by Stratabound to a depth of 300 metres using several cut-off grades ranging from 0.6 CuEq% to 1.4% CuEq%. Using a 0.6% CuEq% cut-off Mercator reported 861,000 tonnes in the Measured and Indicated categories at 1.59 CuEq% (1.10% Cu + 0.052% Co [=1.15 lb/t Co] + 0.22 g/t Au); plus 681,000 tonnes in the Inferred category at 0.96 CuEq% (0.60% Cu + 0.039% Co [=0.86 lb/t Co] + 0.12 g/t Au).

The Technical Report on the Captain deposit can be found on the Company's website ([www.stratabound.com](http://www.stratabound.com)), as well as the excellent results of preliminary metallurgical testwork (news release March 16, 2009).

The most recent hole drilled, CP-09-26, shows the copper-cobalt deposit extends for at least an additional 100 metres below the current resource. Additional deep drilling is planned this year.

### ***CNE Mining Lease***

The winter drill program included four holes on the CNE Mining Lease, situated 1.5 kilometres north of the Captain deposit. The holes were collared 50 to 100 metres west and southwest of the old CNE open pit. The holes intersected ore-grade lead-zinc massive sulphide mineralization with high precious metals content, and indicate a potential extension of the CNE mineralized zone. Copper and cobalt mineralization with grades similar to Captain were also found to be present at CNE. Nine additional holes have since been drilled on the CNE claims with assay results expected shortly.

Considerable additional drilling is planned for 2010 on the CNE/Captain claims and the CNE Mining Lease. New targets to be drilled include an Induced Polarization (Pole-Dipole) anomaly detected 400 metres to the east of the Captain Deposit. This new anomaly (Captain East) is an extremely attractive drill target, similar in size and intensity to the one overlying Captain (see cross section shown as Map 15G on website).

Stratabound's property expenditures for 2009 on the Bathurst base metal properties totalled \$696,691 not including a provincial government incentive payment of \$18,000. 2008 expenditures amounted to \$1,133,661 not including provincial government incentive payments of \$50,000. Cumulative expenditures to December 31, 2009 are \$4,875,212.

### **Elmtree Gold Property, New Brunswick**

Stratabound's 100%-owned Elmtree Gold property is situated 19 kilometres northwest of the coastal city of Bathurst, New Brunswick.

Three zones of gold mineralization are present on the property: the West Gabbro Zone (WGZ); the Discovery Zone (DZ); and the South Gold Zone (SGZ). In 2008, a National Instrument 43-101 compliant resource estimate reported 525,000 indicated tonnes in the WGZ grading 2.45 g/t gold; 1,556,000 inferred tonnes in the WGZ grading 2.01 g/t gold; 2,367,000 indicated tonnes in the SGZ grading 0.74 g/t gold; 583,000 inferred tonnes in the DZ grading 1.15 g/t gold only, as well as 117,000 inferred tonnes in the DZ grading 1.77 g/t gold, 44.36 g/t silver, 0.78% lead and 2.17% zinc.

On June 1, 2009 Stratabound entered into a three-year option agreement giving Castle Resources Inc. the right to earn a 60% interest in Elmtree by spending \$2.5 million on exploration and paying Stratabound \$200,000 in staged payments and 200,000 Castle shares. Castle can earn another 10% by paying Stratabound an additional \$1.0 million. Castle is required to spend a minimum of \$750,000 on exploration in each of the first two years.

The property has been expanded from 85 claims to 161 by optioning 76 additional claims on the eastern boundary of the original claims.

Castle has drilled 26 holes to date totaling 5,121 metres, and is planning additional deep drilling this summer within the central portion of the West Gabbro zone. Deep drilling is also being considered for the relatively higher grade portion of the South Gold Zone in the vicinity of ELM09-68 to below the 200m vertical level.

In a recent news release Castle announced a positive Preliminary Economic Assessment for the Elmtree Gold Project by Micon International Limited. Castle intends to move the project towards bankable feasibility over the next year.

2009 expenditures by Stratabound on the Elmtree property were \$94,860 before applying the option payment received from Castle Resources compared to \$467,803 in 2008. Cumulative expenditures to December 31, 2009 are \$2,083,381 after deduction of the option payment.

### **Green Point, New Brunswick**

The Company has a 100% interest, subject to a 2% net smelter return royalty, in 71 claims (1,136 hectares) located 2.5 kilometres northeast of the Company's Elmtree Extension claims.

No work was done on these claims in 2009.

Nine holes were drilled on the property in 2001 and 2002 by a previous owner. A major alteration zone was reportedly intersected in the drilling. The best intersection was in Hole 3 where 1.2 g/t gold was reported over a 15.5 metre core length. Work during 2008 consisted of prospecting and re-logging of core. Stratabound's exploration plans include grid re-establishment, re-logging previous drill core, basal till sampling, and an induced polarization survey over the outlined area of alteration.

Cumulative expenditures to December 31, 2009 are \$14,418.

### **Ramsay Brook Gold Property, New Brunswick**

Stratabound has a 100% interest in this 69 claim gold prospect situated 55 kilometres south-southwest of Elmtree, near the formerly producing Murray Brook (gold-silver-copper) and Restigouche (zinc-lead-copper-silver-gold) mines. No work was done on this property in 2009.

The claims cover a 4.7 kilometre portion of the Ramsay Brook Fault, a major regional structure, and a 1.5 kilometre length of a thrust fault that splays off it in a southwest direction. The geological setting is similar to that at Elmtree and the known gold occurrences are controlled by structural deformation zones proximal to hydrothermally altered gabbroic intrusions along a major fault.

Stratabound has uncovered more than a dozen narrow gold-bearing veins in several areas on the property. Results included 1.2 m. of 6.46 g/t gold, 0.5 m. grading 5.19 g/t, 0.63 m. at 3.78 g/t, 2.0 m. of 2.78 g/t, and 1.0 m. grading 3.89 g/t, as well as grab samples of 5.12 g/t, 3.57g/t, 11.00 g/t and 5.06 g/t. Large induced polarization anomalies have been outlined immediately along trend with the gold veins. Gold-in-soil values on the property run as high as 4.27 g/t.

Cumulative expenditures to December 31, 2009 are \$245,578.

### **Highway Gold Properties, Western New Brunswick**

The Company has a 100% interest in five staked properties (St. Thomas, Lamoreaux Corner, Beechwood/Upper Guisguait, Aroostook and Four Falls), totaling 73 claims (1,168 hectares). These are situated along the Trans-Canada Highway near the U.S. border in western New Brunswick. Prospecting carried out by the Company's geologists identified several gold occurrences during 2007.

No work has been done on these properties in 2009. Cumulative expenditures to December 31, 2009 are \$30,008.

### **Loch Lomond Area, Southern New Brunswick**

The Company has a 100% interest in two properties in the southern part of the province near the former Cape Spencer gold mine, close to the city of St. John. The Grassy Lake Claims cover a multivariate precious metal basal till anomaly (silver, gold, bismuth, antimony, tellurium) revealed in a New Brunswick Department of Natural Resources survey of basal tills. The Shanklin Road Claims enclose a basal till sampling site anomalous in numerous precious, base and rare metals.

No work was done in 2009. Cumulative expenditures to December 31, 2009 are \$11,228.

### **Enja Property, Quebec**

The 100%-owned Enja property (69 claims covering 3,830 hectares) is located in high-potential terrain for both precious and base metals. It is situated in Enjalran and Massicotte Townships, northwest Quebec, between the Detour Lake and Casa Berardi gold camps, and 35 kilometres west of the Selbaie Mine, a major past producer of copper, zinc, gold and silver. The Company's property extends from the Ontario border eastward beyond the Turgeon River, well into a pronounced circular structure resembling the metals-rich Selbaie Caldera.

A gold-bearing sulphide to oxide iron formation over 1-kilometre in length has been identified in the western portion of the property, and a volcanogenic massive sulphide setting containing zinc has been identified on the eastern claims. The property is drill-ready following detailed airborne magnetic and VTEM surveys and a MMI-M soil geochemical survey. The Company is seeking a joint venture partner for a drilling program.

No work was done here during 2009, other than claim renewals. Cumulative expenditures on the Enja property to December 31, 2009 were \$273,853 net of Quebec government incentives.

### **Otish Mountains, Quebec – Marusia Property**

This 100%-owned, 50 claim (2,630 hectare) gold/diamond prospect is situated in the Otish Mountains region of Quebec, less than 25 kilometres south of Stornoway Diamonds Corp.'s Foxtrot diamond deposits, and 10 kilometres north of the Eastmain Mine, a former gold producer. Marusia is strategically located along the planned road to the diamond deposits.

Eastmain Resources has recently announced high-grade gold assays along a 6-kilometre strike length extending northwestward from the mine within the Upper Eastmain greenstone belt. Eastmain has recently reported it intends to drill 11,500 metres in 45 holes. A successful program by Eastmain would enhance the value of the Marusia property, which also contains a 6-kilometre portion of the Upper Eastmain belt.

Three anomalous gold trends have been identified on Marusia, the strongest of which is immediately down-ice from an intense magnetic zone within the continuation of the Upper Eastmain belt onto Stratabound's ground.

Stratabound is seeking a joint venture partner for a limited geochemical and geophysical program followed by drill testing.

No work was done on Marusia in 2009. Cumulative expenditures to December 31, 2009 are \$233,109 net of provincial government incentives.

### **Melchett Lake, Ontario**

No work was done at Melchett Lake in 2009.

This property consists of 209 units in 17 claims, an area of 3,344 hectares (8,263 acres). It covers a 13.5 kilometres long felsic volcanic sequence delineated by Kerr Addison Mines in the 1980s. Along this sequence, conditions favourable for deposition of large tonnage zinc-lead-copper-silver-gold volcanogenic massive sulphide (VMS) bodies were identified. The claims are located 60 kilometres (38 miles) north of the town of Nakina, in the Thunder Bay Mining Division of northwest Ontario. During the third quarter of 2008, a deep hole was drilled on the Relf Lake target, intersecting five sub-economic zinc and copper intervals, the most highly mineralized being 5 metres of over 10,000 ppm zinc.

Other centres of alteration are present along the 13.5 kilometre strike length. The Nakina 1 Zone, in particular, displays alteration characteristics equal to or stronger than those investigated at the Relf Zone. Additional drill targets remain present within the mineralized stratigraphy at Key Lake, in the property's western portion, and between Key Lake and the Nakina 1 Zone.

In 2007 Stratabound entered into an option agreement whereby it can acquire a 60% working interest in the property from the Melchett Syndicate. To earn the 60% interest Stratabound must spend \$1,000,000 on exploration prior to November 1, 2010.

Cumulative expenditures to December 31, 2009 are \$742,503.

### **Liquidity**

At December 31, 2009, cash and cash equivalents totalled \$491,762 compared to \$252,439 at December 31, 2008. At year-end the Company had working capital of \$433,469 compared to \$188,092 at the end of 2008.

On August 14, 2009, the Company closed a non-brokered private placement of 5,675,000 flow-through shares at a price of \$0.10 per share, and 6,554,000 non-flow-through shares at a price of \$0.075 per share. Total proceeds amounted to \$1,059,050. No commissions or finder's fees were paid, and no warrants were issued. Stratabound was awarded a \$30,000 grant under the New Brunswick Junior Mining Assistance Program for exploration of the Captain North Extension (CNE) claims. \$18,000 was received in 2009 and the remaining \$12,000 is due this month.

Subsequent to the year-end the Company closed a \$1.0 million private placement financing of flow-through units with MineralFields Group and an additional private placement of flow-through units for proceeds of \$532,687.50.

The Company has no long-term debt, purchase obligations or off-balance sheet arrangements. Stratabound has a one-year lease agreement on a core shack/office facility in Bathurst, New Brunswick at a cost of \$2,500 per month which was renewed on August 1, 2009.

All of the Company's 100%-owned properties are in good standing beyond 2010. Future exploration is dependent on continued equity financing and/or joint ventures with other companies.

The Company's policy, going back to its incorporation in 1986, has been to minimize general and administrative costs, utilizing available funds for exploration to the fullest possible extent.

## Additional Disclosure

Detailed capitalized exploration and development costs for 2009 and 2008 are broken-down by project as follows:

### Capitalized Exploration and Development Expenses – 2009

YEAR-END DECEMBER 31, 2009										
	Bathurst Properties, NB	Marusia, Otish Mnts Que.	Ramsay Brook, N.B.	Elmtree, N.B.	Green Point, NB	Enja Que.	Highway Properties, Western NB	Loch Lomond, Southern NB	Melchett Lake, Ont.	TOTALS
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost – Jan 01, 2009</b>	<b>4,178,521</b>	<b>227,414</b>	<b>243,778</b>	<b>2,102,521</b>	<b>12,998</b>	<b>291,343</b>	<b>29,032</b>	<b>11,156</b>	<b>741,603</b>	<b>7,838,366</b>
Acquisition & renewals	7,911	5,520	1,380	1,457	1,420	3,638	976	72		22,374
Assays and analyses	38,565									38,565
Core shack	20,373			11,497						31,870
Drilling	205,728									205,728
Geochemistry	689									689
Geology and supervision	169,744	175	420	37,846		1,260				209,445
Geophysics	57,961									57,961
Insurance	2,500			2,500						5,000
Line-cutting	16,896									16,896
Metallurgy	4,668			36,360						41,028
Salaries and benefits	28,400			5,200					900	34,500
Trenching	113,156									113,156
Stock-based compensation	48,100									48,100
<b>TOTAL</b>	<b>4,893,212</b>	<b>233,109</b>	<b>245,578</b>	<b>2,197,381</b>	<b>14,418</b>	<b>296,241</b>	<b>30,008</b>	<b>11,228</b>	<b>742,503</b>	<b>8,663,678</b>
Government incentives	(18,000)					(22,388)				(40,388)
Option payment				(114,000)						(114,000)
<b>Cost - Dec 31, 2009</b>	<b>4,875,212</b>	<b>233,109</b>	<b>245,578</b>	<b>2,083,381</b>	<b>14,418</b>	<b>273,853</b>	<b>30,008</b>	<b>11,228</b>	<b>742,503</b>	<b>8,509,290</b>

### Capitalized Exploration and Development Expenses - 2008

YEAR-END DECEMBER 31, 2008										
	Bathurst Properties NB	Marusia, Otish Mnts Que.	Ramsay Brook, N.B.	Elmtree, N.B.	Green Point, NB	Enja Que.	Highway Props. Western NB	Loch Lomond Southern NB	Melchett Lake, Ont.	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost – Jan 1, 2008</b>	<b>3,044,860</b>	<b>222,780</b>	<b>242,398</b>	<b>1,634,718</b>		<b>336,814</b>	<b>238,508</b>	<b>7,802</b>	<b>281,943</b>	<b>6,009,823</b>
Acquisition & renewals	16,657	6,199	1,380	2,066	7,454	14,000	1,008	72	33,138	<b>81,974</b>
Assays and analyses	137,949			53,812			856	2,712	3,642	<b>198,971</b>
Core shack	15,826			15,731						<b>31,557</b>
Drilling	480,172			149,721					361,880	<b>991,773</b>
Geochemistry	82,523			22,700						<b>105,223</b>
Geology and supervision	242,212			159,922	5,544	6,257	6,083	570	23,822	<b>444,412</b>
Geophysics	45,813									<b>45,813</b>
Insurance	3,625			3,625						<b>7,250</b>
Line-cutting	36,596									<b>36,597</b>
Metallurgy	30,390			12,000						<b>42,390</b>
Salaries and benefits	10,000			10,000					7,000	<b>27,000</b>
Stock-based compensation	30,178	2,012		38,226		6,036			30,178	<b>106,630</b>
Trenching	51,720									<b>51,720</b>
<b>TOTAL</b>	<b>4,228,521</b>	<b>230,991</b>	<b>243,778</b>	<b>2,102,521</b>	<b>12,998</b>	<b>363,107</b>	<b>246,455</b>	<b>11,156</b>	<b>741,603</b>	<b>8,181,133</b>
Government incentives	(50,000)	(3,577)				(71,764)				(125,341)
Write-offs							(217,423)			(217,423)
<b>Cost – Dec 31, 2008</b>	<b>4,178,521</b>	<b>227,414</b>	<b>243,778</b>	<b>2,102,521</b>	<b>12,998</b>	<b>291,343</b>	<b>29,032</b>	<b>11,156</b>	<b>741,603</b>	<b>7,838,366</b>

## **Subsequent Events**

On January 14, 2010, the Company issued 50,000 options to purchase shares at a price of \$0.12 per share. These options expire on August 17, 2014.

On April 12, 2010, the Company closed a private placement with MineralFields Group of 4,444,443 flow-through units at \$0.225 per unit for gross proceeds of \$1,000,000. Each unit consists of one flow-through share and one half of a non-flow-through share purchase warrant. Each whole warrant is exercisable for two years from closing at an exercise price of \$0.35 per common share in year one and \$0.40 per common share in year two. The shares issued are subject to a hold period expiring on August 13, 2010.

On April 13, 2010, 500,000 warrants were exercised at \$0.15 per common share for gross proceeds of \$75,000.

On April 22, 2010, the Company closed a private placement of 2,367,500 flow-through units at \$0.225 per unit for proceeds of \$532,687.50. Each unit consists of one flow-through share and one half of a non-flow-through share purchase warrant. Each whole warrant is exercisable for two years from closing at an exercise price of \$0.35 per common share in year one and \$0.40 per common share in year two. The shares issued are subject to a hold period expiring on August 23, 2010.

## **Related Party Transactions**

During the year, the Company paid rent of \$4,200 (2008 - \$4,200) for office space owned by officers of the Company and management fees of \$9,750 to a company controlled by a director of the Company and consulting fees of \$nil (2008 - \$8,100) to a director and officer of the Company.

## **Recent Accounting Pronouncements**

**Business combinations:** The following standards were issued by the AcSB during 2009 and will be effective for the Company beginning on January 1, 2011:

Section 1582, "Business Combinations" will provide the Canadian equivalent to International Financial Reporting Standard IFRS 3, "Business Combinations" and replace the existing Section 1581, "Business Combinations". The new Section 1582 will apply prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also early adopt Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-controlling Interests".

Section 1601, "Consolidated Financial Statements" establishes standards for the preparation of consolidated financial statements and will replace the existing Section 1600, "Consolidated Financial Statements". Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also early adopt Section 1582, "Business Combinations" and Section 1602, "Non-controlling Interests".

Section 1602, "Non-controlling Interests" establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also early adopt Section 1582, "Business Combinations" and Section 1601, "Consolidated Financial Statements".

These sections will not impact the Company as it presently operates; however they will be effective if the Company undertakes a business combination in the future.

### **International Financial Reporting Standards (IFRS)**

The Company will be required to adopt IFRS for its interim and annual financial statements beginning on 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.

Management has identified several potential impacts to the Company's financial statements as a result of adopting IFRS, with the major differences being:

- i. The overall presentation of the financial statements will change significantly, as the Company complies with increased disclosure requirements under IFRS and differing presentations of the balance sheet and statements of income and cash flows.
- ii. Under Canadian GAAP accounting rules, acquisition and exploration costs as well as development costs of mineral properties are deferred and capitalized until the production phase. Under IFRS rules development costs must be expensed and a company may elect to expense acquisition and exploration costs. Alternatively a company may elect to capitalize these expenditures as defined in IFRS 6, Appendix A, as Exploration and Evaluation assets (E&E). The company must specify which of its expenditures are recognized as E&E and consider whether existing capitalized costs are IFRS compliant.

The Company is evaluating its election alternatives. Management will be working on the transition in the second and third quarter of 2010.

### **Share Capital**

The authorized capital of the Company consists of an unlimited number of common shares without par value. At December 31, 2009 the number of issued common shares was 54,713,168 (fully diluted 62,582,901). As at April 27, 2010 the number of issued common shares is 62,025,111 (fully diluted 69,294,844).

### **Options outstanding at April 27, 2010**

<b>Number of Options</b>	<b>Exercise Price \$</b>	<b>Expiry Date</b>
1,000,000	0.20	Nov. 13, 2011
840,000	0.27	Aug. 30, 2012
50,000	0.42	Oct. 2, 2012
650,000	0.40	Jan. 9, 2013
2,550,000	0.10	Aug. 17, 2014
<b>TOTAL</b>	<b>5,090,000</b>	

## **Warrants outstanding at April 27, 2010**

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
	<b>\$</b>	
2,179,733	0.15	December 31, 2010
<b>TOTAL</b>	2,179,733	

## **Disclosure Controls and Procedures**

The Company's Chief Executive Officer and Chief Financial Officer are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support representations that, having exercised reasonable diligence, interim and annual filings contain no misrepresentations and give a fair presentation of the financial condition of the Company for the periods presented.

## **Financial Instruments**

Financial instruments consist of recorded amounts of cash and cash equivalents and accounts receivable which will result in future cash receipts, as well as accounts payable which will result in future cash outlays.

The Company's activities expose it to a variety of financial risks: credit risk, market risk (including interest rate and equity price risk) and liquidity risk.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

### a) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and accounts receivable. Cash and cash equivalents are held with a reputable Canadian chartered bank, from which management believes the risk of loss to be minimal.

Financial instruments included in accounts receivable consist of amounts due from government incentive programs and sales tax receivable from government authorities in Canada. Accounts receivable are in good standing as of September 30, 2009. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is minimal.

### b) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices. The Company's current policy is to invest excess cash in investment-grade short-term GICs issued by banks with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks. The Company regularly monitors its cash management policy.

### c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. Accounts payable and accrued liabilities are due within the current operating period.

d) Fair value

The Company's carrying values of cash and cash equivalents, accounts receivable and accounts payable approximate their fair values due to the immediate or short-term maturity of these instruments. The marketable securities are carried at their fair value.

CICA Handbook Section 3862 Financial Instruments – Disclosures prescribes the following three-level fair value hierarchy for disclosure purposes based on the transparency of the inputs used to measure the fair values of the assets and liabilities:

- a) Level 1 – quoted prices (unadjusted) of identical instruments in active markets that the reporting entity has the ability to access at the measurement date.
- b) Level 2 – inputs are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- c) Level 3 – one or more significant inputs used in a valuation technique are unobservable for the instruments.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

The Company's financial instruments measured at fair value are cash and cash equivalents and marketable securities and they are recorded based on level 1 measurement. The total gain for the year included in net income which is attributable to marketable securities held at year end was \$6,000 and is included in the income statement as an unrealized gain on marketable securities.

## **Risks and Uncertainties**

The business of exploration and mining is full of risk that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The operations to be conducted by the Company will be subject to all of the operating risks normally attendant upon mineral exploration and development. Failure to obtain financing can result in delay or indefinite postponement of exploration and development projects with the possible loss of such properties. While the Company has been successful in the past at raising funds, there can be no assurance that it will continue to do so. Equity financing opportunities require favorable market conditions and commodity prices that cannot be assured.

Whether a mineral deposit once discovered will be commercially viable depends on a number of factors, some of which depend on the particular attributes of the deposit, such as size, grade and proximity to infrastructure. These factors are beyond the control of the Company. The Company must also compete with a number of companies that may have greater technical or financial resources. The Company is unable to predict the amount of time which may elapse between the date when any new mineral reserve may be discovered and the date when production will commence from any such discovery.

The exploration and development of mineral properties and the marketability of any minerals contained in such properties can be affected by many other factors beyond the control of the corporation, such as metal prices, availability of adequate refining facilities, or the imposition of new government regulation affecting existing taxes and royalties or environmental and pollution controls.

The directors of the Company are engaged and will continue to be engaged in the search for mining interests on their own behalf and on behalf of other companies, and situations may arise where the directors and officers may be in direct competition with the Company. Conflicts of interest, if any, which arise will be subject to and governed by procedures prescribed by the *Business Corporations Act* (Alberta) which require a director or officer of a corporation who is a party to, or is a director or an officer of or has a material contract with the Corporation to disclose his interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the *Business Corporations Act* (Alberta).

The Company's publicly filed documents are available on SEDAR at [www.sedar.com](http://www.sedar.com)

Additional information on the Company's projects including news releases, maps and photos can be viewed on the Company's website [www.stratabound.com](http://www.stratabound.com).

*All scientific and technical data disclosed in this report has been reviewed and verified by Stan Stricker, P.Geol., a Qualified Person within the meaning of National Instrument 43-101.*

*John Duncan, P.Geol. is the Qualified Person for the New Brunswick projects.*

*John Charlton, P.Geol. is the Qualified Person for the Quebec projects, and John L. Wahl, P.Geol., is the Qualified Person for the Melchett Lake project..*

*Certain information regarding the Company contained herein may constitute forward looking statements. Forward looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although the Company believes that the expectations reflected in such forward looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward looking statements. The Company is under no obligation to update or alter any forward looking statement. These risks include operational and geological risks and the ability of the Company to raise necessary funds for exploration. The Company's forward looking statements are expressly qualified in their entirety by this cautionary statement.*