

**STRATABOUND MINERALS CORP.
INTERIM MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED MARCH 31, 2010**

May 28, 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, the annual Management Discussion and Analysis dated April 27, 2010, and the unaudited financial statements prepared by management for the period ended March 31, 2010.

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

Stratabound's work to date in 2010 has focused on the Bathurst, New Brunswick base metal properties. The excellent drill results obtained in 2009 on the Captain and Captain North Extension (CNE) volcanogenic massive sulphide base and precious metal deposits are being followed up with ongoing drilling and geophysics. This work is continuing to expand both deposits.

Results of holes CNE-10-05 to CNE-10-08 and Captain hole 10-26 have already been reported, and results from CNE-10-09 to 10-13 will be reported when data has been compiled and evaluated. Stratabound is currently drilling several additional deep holes at Captain prior to updating the NI 43-101 resource estimate, and expects to resume drilling at CNE within a few weeks.

On May 28, 2010 the Company was notified by optionee Castle Resources Inc. that Castle has begun the permitting process to bring Stratabound's Elmtree Gold property into production.

Overall Performance

During the first quarter of 2010 the Company spent \$253,697 on its mineral properties, compared with \$133,994 in the first quarter of 2009. The increase is mainly due to drilling. The first quarter mineral property expenditures include \$6,424 (2009 - \$nil) of stock-based compensation, a non-cash item.

At March 31, 2010 the Company had working capital of \$133,988 compared with \$14,132 at March 31, 2009 and \$433,469 at the end of 2009.

Subsequent to the first quarter, the Company raised \$1,532,688 in April for its 2010 exploration programs and an additional \$75,000 through the exercise of warrants.

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.

Summary of Quarterly Results

2010/2009	March 31/10	Dec 31/09	Sept 30/09	June 30/09
	\$	\$	\$	\$
Revenue - interest income	420	1,039	620	47
Loss before income taxes	52,707	75,716	124,921	33,654
Net and comprehensive loss (profit)	52,707	(44,139)	124,921	33,654
Basic and diluted loss per share (profit)	0.001	(0.002)	0.003	0.001

2009/2008	March 31/09	Dec 31/08	Sept 30/08	June 30/08
	\$	\$	\$	\$
Revenue - interest income	247	148	2,657	7,520
Loss before income taxes	38,448	280,079	82,700	49,989
Net and comprehensive loss	38,448	136,653	82,700	49,989
Basic and diluted loss per share	0.001	0.003	0.002	0.001

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 Exploration Properties and are summarized in Note 2 to the Financial Statements. Detailed capitalized exploration and development costs for the first quarter of 2010 and 2009 are broken-down by project below under the heading "Additional Disclosure".

The Company is obligated to incur qualifying exploration expenditures of \$567,500 by December 31, 2010. As at March 31, 2010 the full amount had been expended.

General and administrative expenses in the first three months of 2010 were \$53,127 compared with \$38,695 for the corresponding period in 2009. The difference is attributable to increased salaries and professional fees.

Stratabound incurred a net and comprehensive loss of \$52,707 for the quarter ended March 31, 2010, as compared to a loss of \$38,448 recorded for the corresponding period in 2009. The difference is due to the increase in administrative costs described above.

General and Administrative Expenses

Three months ended March 31	2009 \$	2008 \$
Salaries and benefits	17,683	10,240
Professional Fees	15,210	11,818
Filing fees & investor communications	12,623	11,022
Office and other	6,062	4,083
Rent	1,050	1,050
Amortization	499	482
TOTALS	53,127	38,695

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. Three world-class base metal mines occur within a 20 kilometre radius of the Stratabound properties, Brunswick No. 12 (the world's largest underground zinc mine), Brunswick No. 6, and Heath Steele.

Captain Deposit

Deep drilling is currently in progress on the Captain copper-cobalt-gold deposit. In 2008 a National Instrument 43-101 Technical Report on the 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), as well as the excellent results of preliminary metallurgical testwork (news release March 16, 2009).

Recently announced results from Hole 09-26, show that the deposit extends for at least an additional 100 metres below the current resource. Stratabound is currently drilling several additional deep holes at Captain prior to updating the NI 43-101 resource estimate.

Captain North Extension Deposit

A 2009/2010 winter drill program included 12 holes on the CNE lead-zinc-silver-copper-cobalt-gold deposit, situated 1.5 kilometres north of the Captain deposit. Numerous intersections of ore-grade lead-zinc and copper-cobalt massive sulphide mineralization with high precious metals content were found. The copper-cobalt intercepts show grades similar to Captain.

Considerable additional drilling is planned for 2010 on the CNE and Captain claims and on 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 on the Bathurst base metal properties during the first quarter of 2010 totalled \$250,303 net of a provincial government incentive grant of \$12,000. Cumulative expenditures to March 31, 2010 are \$5,125,515.

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 158,000 inferred tonnes in the DZ grading 1.31 g/t gold, 39.54 g/t silver, 0.69% lead and 2.00% 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. Castle has completed its expenditure commitment for the first year.

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 news releases dated March 5 and April 23, 2010 Castle announced a positive Preliminary Economic Assessment by Micon International Limited for the Elmtree Gold Project.

On May 28, 2010 Castle informed Stratabound that it has begun the permitting process for the production of the West Gabbro Zone with the New Brunswick government, meeting with the Standing Committee on Mining and the Environment in April 2010. Plans are underway for a full feasibility study, including an environmental assessment and a 2,500 metre infill drilling program to upgrade the WGZ resource from the Inferred category to the Measured and Indicated categories. The environmental assessment and resource category upgrade are integral components of the feasibility and mine approval process.

Elmtree property expenditures for the first quarter of 2010 were \$3,394. Cumulative expenditures to March 31, 2010 are \$2,086,775 net of provincial government incentive grants and option payments.

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 during the first quarter.

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 March 31, 2010 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 the first quarter.

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 March 31, 2010 are \$245,578.

Highway Gold Properties, Western New Brunswick

The Company has a 100% interest in a 49 claim (784 hectares) gold prospect at Lamoreaux Corner. The property is situated along the Trans-Canada Highway near the U.S. border in western New Brunswick.

No work has been done on these claims in the first quarter. Cumulative expenditures to March 31, 2010 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 the first quarter. Cumulative expenditures to March 31, 2010 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 the first quarter. Cumulative expenditures on the Enja property to March 31, 2010 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 during the first quarter. Cumulative expenditures to March 31, 2010 are \$233,109 net of provincial government incentives.

Melchett Lake, Ontario

No work was done at Melchett Lake during the first quarter of 2010.

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 >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 March 31, 2010 are \$742,503.

Liquidity

At March 31, 2010, cash and cash equivalents totalled \$189,535 compared to \$491,762 at December 31, 2009. At March 31, 2010 the Company had working capital of \$133,988 compared with \$14,132 at March 31, 2009 and \$433,469 at the end of 2009.

Subsequent to the period, the Company closed a \$1,000,000 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. An additional \$75,000 was raised through the exercise of warrants.

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 expires on July 31, 2010. The Company intends to renew the lease.

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. While Stratabound has been successful at raising funds for the past 24 years, there can be no assurance that it will continue to do so. Equity financing opportunities require favorable market conditions and commodity prices.

The Company has submitted applications for a New Brunswick Deposit Evaluation grant for the CNE deposit, and an exploration grant for the Ramsay Brook gold property.

Additional Disclosure

Detailed capitalized exploration and development costs for the three months ended March 31, 2010 and 2009 are broken-down by project as follows:

Capitalized Exploration and Development Costs

THREE MONTHS ENDED MARCH 31, 2010										
	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost – Jan 01, 2010	4,875,212	233,109	245,578	2,083,381	14,418	273,853	30,008	11,228	742,503	8,509,290
Acquisition & renewals	3,912			73						3,985
Assays and analyses	25,613									25,613
Core shack	3,654			3,321						6,975
Drilling	138,610									138,610
Geochemistry										0
Geology and supervision	63,715									63,715
Geophysics	12,375									12,375
Insurance										0
Line-cutting										0
Metallurgy										0
Salaries	8,000									8,000
Trenching										0
Stock-based compensation	6,424									6,424
Cost - March 31, 2010	5,137,515	233,109	245,578	2,086,775	14,418	273,853	30,008	11,228	742,503	8,774,987
Government incentives	(12,000)									(12,000)
Cost - March 31, 2010	5,125,515	233,109	245,578	2,086,775	14,418	273,853	30,008	11,228	742,503	8,762,987

THREE MONTHS ENDED MARCH 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost – Jan 01, 2009	4,178,521	227,414	243,778	2,102,521	12,998	291,343	29,032	11,156	741,603	7,838,366
Acquisition & renewals	2,400			1,000		3,518	780			7,698
Assays and analyses	3,357									3,357
Core shack	5,140			5,206						10,346
Drilling										-
Geochemistry										-
Geology and supervision	54,026	175		15,670		1,260				71,131
Geophysics										-
Insurance										-
Line-cutting										-
Metallurgy	4,668			27,794						32,462
Salaries	5,400			2,700					900	9,000
Stock-based compensation										-
Trenching										-
Government incentives										
Cost - March 31, 2009	4,253,512	227,589	243,778	2,154,891	12,998	296,121	29,812	11,156	742,503	7,972,360

Subsequent Events

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 period, the Company paid rent of \$1,050 (2009 - \$1,050) for office space owned by officers 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:

- a) 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.
- b) 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 March 31, 2010 the number of issued common shares was 54,713,168 (fully diluted 62,582,901). As at May 28, 2010 the number of issued common shares is 62,025,111 (fully diluted 69,294,844).

Options outstanding at May 28, 2010

Number of Options	Exercise Price \$	Expiry Date
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
TOTAL	5,090,000	

Warrants outstanding at May 28, 2010

Number of Warrants	Exercise Price \$	Expiry Date
2,179,733	0.15	December 31, 2010
TOTAL	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 March 31 2010. 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:

- i) Level 1 – quoted prices (unadjusted) of identical instruments in active markets that the reporting entity has the ability to access at the measurement date.
- ii) 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.

- iii) 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.

Sensitivity analysis

The Company has, for accounting purposes, designated its cash and marketable securities as held for trading, which is measured at fair value. Accounts receivable are classified for accounting purposes as receivables, which are measured at amortized cost which equals fair market value. Accounts payable are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair market value.

As of March 31, 2010 both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Based on management's knowledge and experience of the financial markets, the Company believes interest rate risk is minimal as cash and cash equivalents include investment-grade short-term GICs with fixed interest rates.

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

Additional information on the Company's projects including news releases, maps and photos can be viewed on the Company's website 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.Geo. is the Qualified Person for the New Brunswick projects.
John Charlton, P.Geo. is the Qualified Person for the Quebec projects, and John L. Wahl, P.Geo., 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 does not plan to update or alter any forward looking statement except where required by law. Specific statements include plans for further drilling and raising additional equity, specific 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.