

FORM 51-102 F1
STRATABOUND MINERALS CORP.
ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS

April 28, 2006

The following discussion and analysis of results and operations should be read in conjunction with the Company's Consolidated Financial Statements for the year ended December 31, 2005 and related notes.

Description of Business

The Company is in the business of mineral exploration and development, with gold and base metal properties in New Brunswick and diamond and gold and base metal prospects in Quebec. During 2005 the Company conducted exploration programs on its Elmtree, Ramsay Brook and Nepisiguit properties in New Brunswick and on its Enja and Marusia claims in Quebec. At the present time, the Company does not have any producing properties and consequently no revenues.

Overall Performance

In 2005, the Company raised \$629,750 in private placements compared with \$363,175 in 2004. Proceeds have been applied to exploration and acquisition of gold, base metal and diamond properties in New Brunswick and Quebec, and general corporate purposes.

During 2005 the Company spent \$533,435 on exploration and acquisition of mineral properties compared with \$335,268 the previous year. The difference is largely attributable to increased exploration on the Elmtree, Ramsay Brook and Nepisiguit properties, and acquisition and initial exploration of the Enja claims. Results have enhanced the mineral potential of these properties.

At December 31, 2005, the Company had working capital of \$306,649 compared with \$264,907 at the end of 2004. The Company intends to raise additional capital this year. Future exploration is dependent on continued equity financing and/or joint ventures with other companies. The Company will also apply for an exploration grant again this year from New Brunswick.

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

<u>For the Years Ended December 31</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Total Revenues	2,109	2,367	4,550
Loss Before Discontinued Operations & Extraordinary Items			
i) Total	152,754	161,662	104,320
ii) Basic Per Share	0.007	0.011	0.009
Net Loss			
i) Total	1,174	98,162	890,674
ii) Basic Per Share	0.0001	0.007	0.08
Total Assets	3,895,851	3,323,996	3,042,384

Summary of Quarterly Results

2005	Dec 31/05	Sept 30/05	June 30/05	March 31/05
	\$	\$	\$	\$
Total Revenue	692	622	99	696
Loss Before Discontinued Operations & Extraordinary Items	33,065	23,805	65,000	30,884
Net Loss (Gain)	(13,435)	(81,275)	65,000	30,884
Net Loss (Gain) Per Share	(0.0006)	(0.004)	0.004	0.002

2004	Dec 31/04	Sept 30/04	June 30/04	March 31/04
	\$	\$	\$	\$
Total Revenue	772	542	478	575
Loss Before Discontinued Operations & Extraordinary Items	38,464	30,145	29,477	63,576
Net Loss	38,464	30,145	29,477	63,576
Net Loss Per Share	0.003	0.002	0.002	0.005

As a result of write-downs or write-offs from exploration activities and provision for future income tax recovery, net losses tend to be extremely variable.

Results of Operations

In 2005, the Company raised \$629,750 in cash (net of share issue costs), by the issuance of 4,208,083 shares via private placements and the exercise of 10,000 warrants, compared with net proceeds of \$363,175 in 2004 via private placements of 2,430,334 shares and the exercise of 20,000 warrants.

In addition, 187,500 shares were issued for property acquisitions in 2005 at a deemed value of \$28,750, compared with 266,666 shares valued at \$44,500 in the previous year.

All expenses relating to exploration and property acquisition are capitalized as Mineral Properties and are detailed in Note 4 to the Financial Statements and shown below in the "Additional Disclosure" section. General and administrative expenses in 2005 remained low at \$153,703, slightly less than the \$162,401 incurred during 2004.

Stratabound incurred a net loss of \$1,174 for the year ended December 31, 2005 as compared to a loss of \$98,162 for 2004. The difference is mainly due to future income tax recovery. This recovery effectively represents the income tax effect of the sale of the income tax pools that were renounced to the investors in \$550,250 in flow-through share financings during 2005.

Elmtree Gold Property, New Brunswick

Toward the end of 2003, the Company optioned ten claims (162 hectares) known as the Elmtree Gold Property. The property is situated 19 kilometres northwest of the coastal city of Bathurst. It contains at least two mineralized zones, the Discovery Zone and West Gabbro Zone, along with many undrilled targets. Virtually all previous drilling during the 1980s targeted the West Gabbro Zone.

Elmtree appears to have the potential to host a substantial intrusive-related bulk tonnage of low grade gold, as well as base and precious metal massive sulphide veins. Drill intersections grading 2.0 grams per tonne gold or better across core intervals of 20 to 60 meters were commonly encountered during 1980s drilling on the West Gabbro Zone (see news release dated May 12, 2004), and intervals of rock grading in excess of 1.0 g/t gold across mineable widths were indicated by limited drilling and trenching elsewhere on the property.

Late in 2004 Stratabound excavated eight trenches along a 210 metre (690 feet) strike portion of the West Gabbro Zone. Gold assays averaged 1.63 g/t across 29.2 metres. Seven holes were subsequently drilled during the first quarter of 2005 in order to:

- probe the zone at potential open-pit depths
- to test for the presence of gabbro and associated gold mineralization below and west of the previously assumed limits of the zone
- to explore a possible structural relationship with the Discovery Zone located 750 metres to the east.

Trenching and drilling results were favorable, and were summarized in 2005 news releases dated January 13, February 3, March 3, March 16, March 22 and April 5. A subsequent ongoing intensive exploration program in 2005 and 2006 has included line-cutting; sampling of C-horizon soils for gold, arsenic and antimony; a variety of geophysical surveys (gradient and dipole-dipole IP, VLF-EM, magnetics, MaxMin); and channel sampling of trenches for future metallurgical testing.

Results outlined a number of strong anomalies, representing new areas of potential near-surface gold and/or base metal mineralization.

At time of writing, 17 drill holes have tested a variety of widely spaced targets, and the Company is awaiting core sample assay results from ALS Chemex.

Elmtree property expenditures for 2005 were \$247,314. Cumulative expenditures to Dec. 31, 2005 are \$436,263 including a 2004 provincial government incentive payment of \$30,000. The Company has the option to acquire a 100% interest in the Elmtree claims, subject to a 2% net smelter return, by making final payments of \$125,000 and 50,000 shares by October 3, 2006.

John Duncan, P.Geo. and Stan Stricker, P.Geol. are Qualified Persons on this project as defined in National Instrument 43-101.

Ramsay Brook Gold Property, New Brunswick

This gold prospect is situated 55 kilometres south-southwest of Elmtree, near the formerly producing Murray Brook (gold-silver-copper) and Restigouche (zinc-lead-copper-silver-gold) mines. The 78 claims cover a 4.7 kilometre portion of the Ramsay Brook Fault, a major regional structure.

In 2003 Stratabound exposed thirteen gold-bearing quartz-siderite veins in seven trenches along 400 metres of strike length in gabbroic rock.

In 2004 the Company conducted an induced polarization geophysical survey east of the 2003 trenches, outlining pronounced chargeability anomalies both along strike from the trenches as well as directly over the Ramsay Brook Fault, located 200 metres to the south. Drilling will be required to test these anomalies.

During the third quarter of 2005 VLF-EM, magnetometer and B-horizon soil sampling for gold, in addition to geological mapping and prospecting, were completed on the western and northeast portions of the property, completing this coverage on all the claims.

Follow-up of these results has confirmed the high gold-in-soil values of the west end Anomaly 1 area (which can exceed 1.0 g/t), and prospecting revealed silicified siltstones mineralized with fine pyrite and chalcopyrite. However, trenching in this area, on the side of a deep ravine, has been severely restricted by steep slopes and thick overburden. Consequently, no significant mineralization has been exposed to date in the Anomaly 1 area. A small I.P. survey followed by drilling will be required to test this soil anomaly.

About 1.3 kilometres to the east of Anomaly 1, trenching of a low-priority but easily accessible isolated soil geochemical anomaly exposed a continuous 22 metre width of extremely altered bedrock characterized by a hematite-quartz-calcite boxwork replacement-type assemblage. The bedrock, gabbro and siltstone, contains pyrite, arsenopyrite and low amounts of gold, with no assays exceeding 488 parts per billion. The company is encouraged that testing of a small one-station anomaly revealed a bedrock source.

John Charlton, P.Geo. and Stan Stricker, P.Geol. are Qualified Persons on this project as defined in National Instrument 43-101.

Ramsay Brook property expenditures for 2005 amounted to \$101,948. Cumulative expenditures to December 31, 2005 are \$281,460 including a 2003 provincial government incentive grant of \$40,000. During the third quarter the terms of the option agreement were amended. Additional payments of \$125,000 and 37,500 shares were originally required to be made by August 30, 2005 to earn a 100% interest, subject to a 2% net smelter return royalty, in ten of the 78 claims. The revised terms extend the date of the cash payment to August 30, 2006. The remaining 68 claims are 100% owned by Stratabound.

Bathurst Base Metal Properties, New Brunswick

The 100%-owned Bathurst properties (3,853 hectares) host three known base metal sulphide bodies (CNE, Captain and Taylor Brook) and untested magnetic, electromagnetic and lead-zinc-copper-silver soil anomalies on the Nepisiguit claims. The Captain North Extension (CNE) deposit was explored and developed by Stratabound from 1988 to 1990, and was operated by the Company as a profitable small zinc-lead-silver-gold open pit mine from 1990 to 1992.

During 2005 a program of line-cutting, MaxMin geophysical surveying, C-horizon soil sampling and prospecting was completed on the Nepisiguit Property, 3 kilometres along strike from the former 25 million tonne Heath Steele base metal mine, in order to follow up geochemical and airborne geophysical anomalies. A number of areas of interest requiring more intensive exploration were confirmed.

John Duncan, P.Geo. and Stan Stricker, P.Geol. are Qualified Persons on this project as defined in National Instrument 43-101.

Stratabound's property expenditures for 2005 on the Bathurst base metal properties totaled \$62,349. Cumulative expenditures to December, 2005, net of accumulated depletion, are \$2,623,484.

Otish Mountains, Quebec – Marusia Property

This 3,471 hectare diamond/gold prospect is situated in the Otish Mountains region of Quebec, less than 25 kilometers south of the Ashton/Soquem property containing the Renard diamond discoveries, and 10 kilometers north of the Eastmain Mine, a former gold producer.

In 2003, Stratabound discovered a variety of kimberlite indicator minerals in glacial till samples down-ice from sixteen aeromagnetic anomalies on the Marusia claims. Gold anomalies were detected in the southern portion of the property.

In 2004, the Company conducted follow-up basal till sampling in areas where kimberlite indicator minerals had been found 2003, collecting 120 samples weighing 2.1 tonnes. These were processed in 2005, with inconclusive results, recovering a different suite of kimberlite indicator minerals (mostly chrome diopsides and forsterites) than the initial program (high-Ni forsterites, picroilmenites, high-Mg/Cr/Ti/Ni chromites, pyrope garnets) and without any increase in quantity. This may be partly due to various problems encountered at the testing laboratory during sample processing.

Due to the proximity of the Eastmain gold mine, located within the same greenstone belt that partially underlies the Marusia property, all samples collected in the course of diamond exploration were routinely assayed for gold. Positive indications of gold potential were found during both field seasons, including:

- gold anomalies in several till samples
- abundant detrital arsenopyrite and chalcopyrite grains coinciding with a granite/greenstone contact
- a gold grain recovered from one of the heavy mineral concentrates.

John Charlton, P.Geo. and Stan Stricker, P.Geol. are Qualified Persons on this project as defined in National Instrument 43-101.

Marusia is 100% owned by Stratabound, subject to a 2% royalty on any minerals produced from the property.

Marusia Property expenditures for 2005 were \$45,914 including provincial government incentives of \$11,766. Cumulative expenditures to December 31, 2005 are \$245,404 including government incentives of \$47,392.

Enja Property, Quebec

In 2005, the Company acquired the option to earn a 100% interest, subject to a 2% net smelter return royalty, in a 28-claim gold and base metal prospect covering 1,569 hectares in Enjalran and Massicotte Townships, northwest Quebec.

Forty-one additional claims were acquired by staking, extending the property eastward into the Enja Caldera and increasing property size to about 3,700 hectares along 10 kilometres of strike length.

Enja is situated between the Detour Lake and Casa Berardi gold camps, and is 35 kilometres west of the Selbaie Mine (copper-zinc-gold-silver). Enja and Selbaie are both associated with volcanic calderas located along the axis of a regional fold structure hosting the two gold camps. Maps showing these features are available on the Company's website, www.stratabound.com.

A detailed (80 metre line spacing) airborne geophysical survey by Terraquest Ltd. over what is now the property's western half, outlined intense magnetic highs. It is known from historic drilling records that these represent extensive widths of sulphide and oxide iron formations with anomalously high gold content. Historic drilling along and adjacent to the magnetic high in the west-central portion of the property intersected zinc/silver mineralization with associated copper and gold, as well as structurally-hosted gold mineralization.

A lithostructural interpretation by Alain Moreau, M.A.Sc. of Technologies 43S Inc., based on remote sensing satellite imagery, identified both Detour Lake-type gold and Selbaie-type base-metal targets on Enja. Specific areas have been recommended for drill testing.

John Charlton, P.Geo. and Stan Stricker, P.Geol. are Qualified Persons on this project as defined in National Instrument 43-101.

To earn a 100% interest in the initial 28 claims, subject to a 2% net smelter return royalty, the Company must make a final payment of 50,000 shares to the vendors, and incur \$100,000 in cumulative exploration expenditures prior to January 3, 2008.

During the year, the Company incurred expenditures of \$75,910 including \$12,746 of provincial government incentives. Cumulative expenditures to December 31, 2005 are the same.

Liquidity

At December 31, 2005, the Company had working capital of \$306,649 up from \$264,907 at the end of 2004.

The Company has no long-term debt, capital lease or purchase obligations.

The Company intends to raise additional capital this year. The Company will also apply for a New Brunswick exploration grant this year. Future exploration is dependent on continued equity financing and/or joint ventures with other companies.

Since its incorporation in 1986, the Company has been successful in financing its activities through private placement of shares to individuals and investment funds; revenue from lead-zinc-silver-gold mining in New Brunswick and oil production in Saskatchewan; joint ventures; property sales and option payments; government incentives; and the exercise of warrants and stock options.

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

Additional Disclosure

Detailed capitalized exploration and development costs for 2004 and 2005 are broken-down by project as follows:

Capitalized Exploration and Development Expenses

	Bathurst, N.B.	Otish Mountains, Que.	Ramsay Brook, N.B.	Elmtree, N.B.	Enja, Que.	Total
	\$	\$	\$	\$	\$	\$
Cost						
December 31, 2003	2,747,564	100,824	72,666	28,056	-	2,949,110
Acquisition & renewals	3,120	6,000	27,240	17,540	-	53,900
Assays and analyses	-	6,048	189	20,297	-	26,534
Geochemistry	-	60,427	-	9,900	-	70,327
Geology and prospecting	1,193	14,674	5,284	64,411	-	85,562
Geophysics	-	-	10,350	-	-	10,350
Line-cutting	-	-	19,227	-	-	19,227
Trenching	-	-	6,040	31,161	-	37,201
Salaries and benefits	-	7,250	2,000	12,250	-	21,500
Stock-based compensation	-	4,267	1,066	5,334	-	10,667
Government incentives	-	(35,626)	(4,550)	(30,000)	-	(70,176)
December 31, 2004	2,751,877	163,864	139,512	158,949	-	3,214,202
Acquisition & renewals	3,307	-	4,062	25,040	30,923	63,332
Assays and analyses	10,768	39,588	29,711	19,935	-	100,002
Drilling	-	-	-	92,712	-	92,712
Geochemistry	8,047	-	-	6,046	-	14,093
Geology and prospecting	15,926	1,938	45,982	51,925	18,882	134,653
Geophysics	9,260	-	6,523	15,297	21,717	52,797
Line-cutting	11,043	-	-	6,565	-	17,608
Trenching	-	-	7,282	7,939	-	15,221
Surveys	-	-	-	3,575	-	3,575
Salaries and benefits	1,500	1,000	5,000	14,000	1,000	22,500
Stock-based compensation	2,498	3,388	3,388	4,280	3,388	16,942

Government incentives	-	(11,766)	-	-	(12,746)	(24,512)
December 31, 2005	2,814,226	198,012	241,460	406,263	63,164	3,723,125

General and administrative costs for 2004 and 2005 are discussed above in the "Results of Operations" section and are itemized below. "Stock-based compensation" is an item not involving cash, pertaining to stock options granted to employees and directors. During the year, the Company paid rent of \$3,600 (2004 - \$3,600) to officers of the Company, a related party transaction.

General and Administrative Expenses

Years ended December 31

	2005	2004
	\$	\$
Salaries and benefits	47,145	48,173
Professional fees	24,965	34,020
Filing fees and investor communications	30,089	33,299
Stock-based compensation	28,533	29,333
Office and other	19,371	13,976
Rent	3,600	3,600
	<u>153,703</u>	<u>162,401</u>

The Company has no off-balance sheet arrangements.

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).

Change in Accounting Policy

There were no changes or adoptions of new significant policies during the year.

Subsequent Event

Subsequent to the year-end, the Company received a \$20,000 New Brunswick Junior Mining Assistance Program grant.

Share Capital

The authorized capital of the Company consists of an unlimited number of common shares without par value. At December 31, 2005 the number of issued common shares was 21,221,162 (fully diluted 27,741,984) and as at the current date there are 27,541,984 fully diluted.

Options outstanding at April 28, 2006

Number of Options	Exercise Price \$	Expiry Date
500,000	0.22	August 2, 2007
250,000	0.20	March 5, 2009
425,000	0.15	April 21, 2010
TOTAL 1,175,000		

Warrants outstanding at April 28, 2006

Number of Warrants	Exercise Price \$	Expiry Date
177,500	0.15	June 28, 2006
1,576,000	0.15	July 25, 2006
210,000	0.20	October 14, 2006
185,000	0.30	December 10, 2006
125,000	0.25	December 23, 2006
1,477,447	0.22	May 17, 2007
930,000	0.20	July 28, 2007
64,875	0.18/0.25	7 November 2006/07
400,000	0.18/0.25	22 December, 2006/07
TOTAL 5,145,822		

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.

Approval

The Board of Directors has approved the disclosure contained in this Annual Management Discussion and Analysis. A copy will be provided to anyone requesting it.

The Company's publicly filed documents are available on SEDAR at www.sedar.com