

**STRATABOUND MINERALS CORP.**  
**INTERIM MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE QUARTER ENDED MARCH 31, 2007**

May 30, 2007

The following discussion and analysis of results and operations should be read in conjunction with the Company's annual audited financial statements with related notes for the year ended December 31, 2006, the annual Management Discussion and Analysis dated April 27, 2007, and the unaudited financial statements prepared by management for the period ended March 31, 2007.

**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.

During 2006 the Company conducted exploration programs on its Elmtree, Ramsay Brook, Taylor Brook, Nepisiguit and Big Presque Isle properties in New Brunswick and on its Enja claims in Quebec. To date in 2007, work has continued at Elmtree and Big Presque Isle, New Brunswick, as well as logistical preparations for drilling at Big Presque Isle and at Melchett Lake, Ontario. The Company has recently staked seven new claim blocks in New Brunswick, five as a consequence of the Big Presque Isle discoveries, and two covering precious metal anomalies near the former Cape Spencer gold mine, revealed in a newly-released New Brunswick Department of Natural Resources survey of basal tills. At the present time, the Company does not have any producing properties and consequently no revenues.

**Overall Performance**

In the first quarter of 2007 the Company spent \$137,560 on exploration and acquisition of its mineral properties, compared with \$99,312 in the first quarter of 2006. The increase is mainly attributable to continued drilling on the Elmtree Gold Property in northern New Brunswick.

At March 31, 2007, the Company had working capital of \$132,777 compared with \$214,504 at March 31, 2006 and \$241,862 at year end. The Company has subsequently raised \$846,418 via a private placement financing and the exercise of warrants and options (see "Subsequent Events" below). The Company intends to raise additional capital this year. Stratabound has also applied for a 2007/2008 exploration grant from New Brunswick's Junior Mining Assistance Program for gold exploration on the Big Presque Isle Property.

**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**

<b>2007/2006</b>	<b>March 31/07</b>	<b>Dec 31/06</b>	<b>Sept 30/06</b>	<b>June 30/06</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	762	2,816	1,423	604
Net loss from operations	59,210	172,949	52,471	62,006
Net loss for the period	91,210	212,202	52,471	60,006
Basic loss per share	0.003	0.008	0.002	0.004

<b>2006/2005</b>	<b>March 31/06</b>	<b>Dec 31/05</b>	<b>Sept 30/05</b>	<b>June 30/05</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	1,208	692	622	99
Net loss from operations	32,169	33,065	23,805	65,000
Net loss for the period	38,669	(13,435)	(81,275)	65,000
Basic loss per share	0.002	(0.0006)	(0.004)	0.004

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

### **Results of Operations**

Proceeds of \$70,000 were received during the first quarter from the exercise of warrants and an exploration incentive grant for the Taylor Brook base metal property, compared with \$20,000 for the corresponding period in 2006.

All expenses relating to exploration and property acquisition are capitalized as Mineral Properties and are detailed in Note 3 to the Financial Statements and shown below in the "Additional Disclosure" section. General and administrative expenses in the first quarter were \$59,972 compared with \$33,377 incurred during the corresponding period in 2006. Half the increase is due to consulting fees paid to Linear Capital Corp. for assistance with corporate development activities, and the remaining increase is due to increased professional and filing fees, investor communications and office costs.

Stratabound incurred a net loss of \$91,210 for the quarter ended March 31, 2007, compared with a loss of \$38,669 recorded for the corresponding period in 2006. This is due to increases in administrative costs described above and to future income taxes.

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

Drilling continued at Elmtree during the first quarter. Results up to Hole 06-30 have been disclosed in a series of news releases. Compilation and validation of assay data for the remaining holes is nearing completion.

Stratabound has retained Mercator Geological Services Limited of Dartmouth, Nova Scotia to prepare an initial mineral resource estimate and associated Technical

Report that complies with National Instrument 43-101. The Company expects to drill 25 to 30 additional holes this year on Elmtree.

Stratabound optioned this property in 2003 and acquired a 100% interest, subject to a 2% net smelter return royalty, by making a final payment of \$125,000 and 50,000 shares in October, 2006.

The property is situated 19 kilometres northwest of the coastal city of Bathurst. Virtually all previous drilling during the 1980s had targeted an area called the West Gabbro Zone, and from studying the historic data Stratabound recognized untested potential on the West Gabbro Zone and elsewhere on the property.

From the start Stratabound felt that Elmtree had 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 had been 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, and to test for the presence of gabbro and associated gold mineralization below and west of the previously assumed limits of the zone.

These trenching and drilling results were positive, and were summarized in 2005 news releases dated January 13, February 3, March 3, March 16, March 22 and April 5. The Company then began exploring the rest of the property. Intensive property-wide exploration programs in 2005 and 2006 included grid construction; 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. These have been partially tested with 41 additional drillholes in 2006/2007. These new holes have continued to yield encouraging results, with the 30 holes reported to date returning many good intersections of gold in several newly discovered zones, often along fault structures, often accompanied by silver, zinc, lead, antimony and indium in various combinations. (For details see news releases dated March 30, 2006, July 13, 2006, October 12, 2006, January 24, 2007 and February 28, 2007.)

Most of the 41 holes targeted:

- a strong 750 metre long gold-arsenic-antimony soil anomaly coincident with an IP chargeability anomaly along a major fault tracking the Ordovician/Silurian unconformity; and
- a small portion of an adjacent 1,800 metre long IP low-resistivity feature ("South Gold Zone"), representing a calcareous

siltstone/sandstone/conglomerate unit that is host to a swarm of mineralized gabbroic and felsic intrusives. Wide gold-bearing alteration zones are commonly present within this unit, reminiscent of Carlin, Nevada-type deposits.

About 150 metres of strike length have been tested to date along each feature, mostly on lines 350E to 450E, 750E to 800E, and along line 100E. The Company believes that additional drilling will continue to confirm the presence of gold along untested portions of these large targets.

In addition, numerous other targets remain undrilled, including a strong gold-in-soil anomaly, 725 metres in length, which appears to reflect a separate northerly cross-cutting fault structure intersecting line 400E.

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

Elmtree property expenditures for the first quarter of 2007 were \$90,084. Cumulative expenditures to March 31, 2007 are \$1,326,650.

### **Big Presque Isle Gold Property, New Brunswick**

The Company anticipates that drilling will be underway shortly on this property. In December of 2006, Stratabound optioned 14 claims and staked an additional 52 claims containing and surrounding a new gold discovery, located in western New Brunswick about eight kilometres south of Florenceville near the U.S. border. The new gold discovery was made when rusty mineralized rock was exposed during recent construction of a new stretch of the Trans-Canada Highway. Photos of these mineralized road cuts are posted on the Company's website, [www.stratabound.com](http://www.stratabound.com).

Stratabound has recently staked additional claims along the highway at Aroostook, Beechwood Upper Guisquit, Four Falls, Lamoreaux Corner and St. Thomas, where it anticipates the road will expose similar rocks to those at Big Presque Isle. During the first quarter of 2007, limited prospecting and sampling was completed with encouraging gold assays indicating significant gold mineralization is present along and behind the highway (see news releases dated April 9, 2007 and May 2, 2007). The geological environment of the Big Presque Isle Property is similar to that of the Elmtree Property.

The Company believes more mineralization is present beyond that which is currently exposed. Current plans include ten drillholes in addition to prospecting, geophysical and geochemical surveys.

Stratabound can earn a 100% interest in the Big Presque Isle claims by paying the vendor \$10,000 and 50,000 shares on December 4 of 2007, 2008 and 2009. A final payment of \$160,000, payable in cash and/or shares, is due on December 4, 2010. The vendor will retain a one percent net smelter return royalty, with Stratabound having the option to purchase one-half of the royalty at any time for \$1,000,000.

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

Expenditures on the Big Presque Isle property during the first quarter were \$6,203. Cumulative costs are \$33,297.

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

No work was done at Ramsay Brook during the first quarter.

Stratabound has a 100% interest in this 68 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. The claims straddle a major east-west regional structure, the Ramsay Brook Fault, and 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.

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

Ramsay Brook property cumulative expenditures to March 31, 2007 are \$239,525.

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

Work during the first quarter has focused on compiling and digitizing all previous drilling and other geotechnical data from the Captain and CNE properties in preparation for initial mineral resource estimates and associated Technical Reports that comply with National Instrument 43-101.

These 100%-owned properties (3,853 hectares) currently comprise the Captain, Captain North Extension (CNE), CNE East, CNE Mining Lease, CNE South, CNE West, Nepisiguit Brook, Taylor Brook and Taylor Brook East Extension claim groups.

They host three known base metal sulphide bodies, the Captain, CNE and Taylor Brook. The 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.

Field work during 2006 focused on the Taylor Brook and Taylor Brook East Extension blocks, searching for the Iron Formation and Nepisiguit Falls Formation stratigraphic units that are associated with the nearby Heath Steele and Brunswick Mines. Work included grid re-establishment, VLF-EM, magnetometer and horizontal loop EM surveys. A digital database was created, incorporating all previous exploration data generated from 1956 to 1998 and the current work. In addition, a number of airborne EM, magnetic, gravity and IP anomalies were trenched to ascertain their sources.

Several of these targets merit further work:

- A trenched IP anomaly revealed an altered pyritic, chloritic unit favourable for sulphide deposition, and drilling is warranted to test the 50–100 metre level.
- An off-hole conductor detected in a bore hole EM survey in hole 96-23, associated with iron formation indicated by the 2006 magnetic survey, justifies additional drilling in this area to test for sulphides in what is interpreted to be a proximal vent environment.
- A 'bull's eye' magnetic feature associated with a moderate Megatem airborne EM conductor lies south of the known Taylor Brook deposit. The EM response may indicate a sulphide horizon that accompanies the iron formation at depth. Drilling is required to test the target at a vertical elevation of 225-250 metres.

Geochemical and geophysical surveys were also completed on the Nepisiguit Brook claims during 2006 and have outlined three drill targets on this property, situated three kilometres along strike from the former 25 million tonne Heath Steele zinc-lead-copper-silver mine.

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 the first quarter of 2007 on the Bathurst base metal properties totaled \$13,930 including a \$10,000 government incentive grant for work on the Taylor Brook property. Cumulative expenditures to March 31, 2007 are \$2,696,040.

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

Stratabound has retained Technologies Earthmetrix Inc. to conduct a lithostructural interpretation focused on the identification of major structures on this property.

This 50 claim, 2,630 hectare diamond/gold prospect is situated in the Otish Mountains region of Quebec, 25 kilometres south of Stornoway Diamonds Corp.'s Foxtrot Property, and 10 kilometres north of the Eastmain Mine, a former gold producer. No field work was done on the Marusia Property in 2006.

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 south-central portion of the property.

In 2004, the Company conducted follow-up basal till sampling in areas where kimberlite indicator minerals had been found in 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 on the central magnetic high;
- abundant detrital arsenopyrite and chalcopyrite grains coinciding with a granite/greenstone contact; and
- a gold grain recovered from one of the heavy mineral concentrates, directly down-ice from the central magnetic high.

A series of maps illustrating the Marusia mineralogical, geophysical, geochemical and geological data may be found on the Company's website.

John Charlton, P.Geol. 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.

There were no expenditures during the first quarter of 2007 on this property. Cumulative expenditures to March 31, 2007 are \$209,113 net of government incentives of \$52,592.

### **Enja Property, Quebec**

During 2006 a compilation and structural study of the property was undertaken. A helicopter-borne VTEM geophysical survey (80 metre line-spacing), capable of detecting deep conductors with a high degree of precision, was completed over the entire property by Geotech Ltd.

Preparations are underway for detailed follow-up geochemical surveys on three areas in the southwest, central and northwest portions of the property to define drill targets. Due to the overburden cover and lack of outcrop MMI (mobile metal ion) geochemistry will be employed. The Company believes the combined use of VTEM and MMI technology is the most effective approach to develop drill targets in this terrain.

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

Following additional staking, the property presently comprises 69 claims covering 3,830 hectares. 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).

The eastern portion of the Enja Property is situated on a pronounced circular volcanic structure resembling the metals-rich Selbaie Caldera. The Selbaie and Enja Calderas are both located along the axis of the regional fold structure that hosts the gold camps.

The Selbaie Mine was a 29.9 million tonne operation grading 1.21% copper, 1.91% zinc, 0.63 g/t gold and 0.37 g/t silver. The former Detour Lake Mine produced 1.7 million ounces of gold over a 17 year mine life from a 1984 reserve base of 10.9 million tonnes grading 4.4 g/t. Following considerable additional work in recent years by Pelangio Mines, Detour Lake hosts a new resource recently reported to be 20 million tonnes grading 2.14 g/t gold (indicated) and a further 35.4 million tonnes grading 1.80 g/t gold (inferred).

The Casa Berardi Gold Mine of Aurizon Mines Ltd. is located 33 kilometres southeast of the Enja claims. Aurizon reports reserves of 4.7 million tonnes grading 7.7 g/t, plus measured and indicated resources of 3.1 million tonnes grading 5.3 g/t gold. They project producing 170,000 ounces of gold in 2007.

In the Enja Property area, drilling was performed between 1972 and 1997 by a number of companies including Penarroya, SEREM, and Soquem/Billiton, identifying widespread occurrences of base metal sulphide and gold mineralization.

In view of the geological environment, the presence of strong anomalies on pre-existing airborne magnetic and electromagnetic maps, and the size and type of economic deposits occurring in the region, Stratabound believed the Enja claims to be underexplored and optioned the ground.

In 2005 a detailed (80 metre line-spacing) airborne geophysical survey by Terraquest Ltd. outlined intense magnetic highs on the original claims and indicated they comprised three separate fault blocks (see Map 13A on website). Separately, a lithostructural interpretation based on remote sensing satellite imagery identified both Detour Lake-type gold and Selbaie-type base metal targets on Enja. It is apparent from the historic drilling records that the western and eastern fault blocks contain extensive widths of sulphide and oxide iron formations with anomalously high gold content (e.g. 0.6 g/t over 16.5 metres). Many Archean-age gold deposits worldwide occur in this geological setting. Drillholes situated along and adjacent to a magnetic high in the eastern block also intersected zinc/silver mineralization with associated copper and gold, as well as structurally-hosted gold.

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 \$25,000 or 50,000 shares to the vendors in 2008.

During the first quarter of 2007, the Company incurred expenditures of \$4,993. Cumulative expenditures on the Enja property to March 31, 2007 are \$145,855 net of provincial government incentives.

### **Melchett Lake, Ontario**

The Melchett Lake Property consists of 105 units (17 square kilometres) located approximately 100 kilometres north of the town of Nakina in the Thunder Bay Division of Ontario.

During the first quarter of 2007, Stratabound entered into an agreement whereby it can acquire a 60% interest in this large prospect hosting volcanogenic base and precious metals massive sulphide (VMS) occurrences. On February 12, 2007 the Company paid \$3,000 and issued 68,000 shares to the vendor. In order to earn its interest the Company must spend \$1,000,000 on exploration prior to November 1, 2010, of which \$150,000 must be spent by November 1, 2007.

The claims include the entire 11 kilometre long felsic volcanic sequence delineated by Kerr Addison Mines in the 1980s, along which conditions favourable for deposition of large tonnage VMS zinc-lead-copper-silver-gold bodies were identified.

Two areas of high-grade massive sulphide mineralization are currently known, the Relf and Nakina 1 Zones. These are directly associated with intense hydrothermal alteration strikingly similar to that at other Canadian VMS deposits such as Kidd Creek, Manitouwadge and Mattabi. VMS deposits often occur as multiple orebodies, and other massive sulphide bodies may be present within the Melchett mineralized sequence.

Grab sampling of massive sulphide exposures from the Relf Zone by previous operators averaged 13.0% zinc, 1.2% lead, 0.26% copper and 11.5 oz/t silver (394 g/t). The best result returned 19.1% zinc, 2.2% lead, 0.4% copper, 19.9 oz/t silver (682 g/t) and 0.05 oz/t gold (1.72 g/t). Grab samples of the massive sulphides at the Nakina 1 Zone, located approximately four kilometres to the west within the same mineralized sequence, returned 14.9% zinc and 28.8 g/t (0.84 oz/t) gold. These data are historical in nature and no sampling has been done by Stratabound to confirm these results.

Limited shallow drilling at the Relf Zone encountered strongly altered rocks and intervals of enriched zinc that indicate mineralization and alteration should be present along strike and down dip. Downhole pulse-EM recorded a moderately strong off-hole conductive body having a strike length of at least 900 metres, situated at or near the base of the mineralized sequence. The cause of the PEM conductor remains to be determined, but is consistent with a massive sulphide body similar to the sulphides at surface.

Numerous drill-ready targets are presently identified on the property. Preparations are underway for drill investigation of the Relf Zone this summer, beginning with an angled 750 metre long drillhole to intersect the projected mineralized sequence 500 metres below surface.

At Nakina 1, whole rock geochemical data collected from one shallow drill hole indicate that alteration and mineralization continue to depth. Surface alteration mapping indicates that the strike length of the alteration zone associated with the Nakina 1 Zone is at least 600 metres.

A third area of interest, known as the Key Lake Area, is located approximately 10.5 kilometres to the west of the Relf Zone within the strike extension of the Nakina 1 and Relf Zone mineralized sequence. At Key Lake airborne and ground magnetic and electromagnetic surveys have identified two coincident magnetic and electromagnetic anomalies stacked in favourable VMS style with a shorter (400 m) anomaly underlying a longer (1,900 m) anomaly. The maximum magnetic and conductive response for both of these anomalies lies under the waters of Key Lake. No drill investigation of these anomalies has ever been undertaken.

Dr. John L. Wahl, P.Geo. is the Qualified Person for this project as defined in National Instrument 43-101. Dr. Wahl supervised Kerr Addison's exploration of the property during the 1980s, and his Ph.D. thesis was a study of the alteration geochemistry of VMS systems. First quarter expenditures were \$21,500 which is also the cumulative amount.

### **Liquidity**

At March 31, 2007, the Company had working capital of \$132,777 compared with \$214,504 at March 31, 2006 and \$241,862 at year end. The Company has subsequently raised \$846,418 via a private placement financing and the exercise of warrants and options (see "Subsequent Events" below). As at the date hereof, the Company's cash position is approximately \$880,000. The Company intends to raise additional capital this year. Stratabound has also applied for a 2007/2008 exploration grant from New Brunswick's Junior Mining Assistance Program for gold exploration on the Big Presque Isle Property.

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

Since its incorporation in 1986, the Company has been successful in financing its activities through private placement of shares to individuals, corporations 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.

### **Additional Disclosure**

Detailed capitalized exploration and development costs for the three months ended March 31, 2006 and 2007 are broken-down by project as follows:

#### **Capitalized Exploration and Development Expenses**

	<b>Bathurst, N.B.</b>	<b>Otish Mountains Que.</b>	<b>Ramsay Brook, N.B.</b>	<b>Elmtree, N.B.</b>	<b>Enja, Que.</b>	<b>Big Presque Isle, N.B.</b>	<b>Melchett Lake, Ont.</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost – January 1, 2007</b>	<b>2,692,110</b>	<b>209,113</b>	<b>238,675</b>	<b>1,236,566</b>	<b>140,862</b>	<b>27,094</b>	—	<b>4,544,420</b>
Acquisition & renewals	2,206	—	—	—	3,312	669	20,000	26,187
Assays and analyses	—	—	—	34,560	—	542	—	35,102
Drilling	—	—	—	42,062	—	—	—	42,062
Geology and supervision	11,724	—	850	10,462	1,681	3,492	—	28,209
Geophysics	—	—	—	—	—	—	—	—
Line-cutting	—	—	—	—	—	—	—	—
Salaries and benefits	—	—	—	3,000	—	1,500	1,500	6,000
Stock-based compensation	—	—	—	—	—	—	—	—
Government incentives	(10,000)	—	—	—	—	—	—	(10,000)
<b>Cost – March 31, 2007</b>	<b>2,696,040</b>	<b>209,113</b>	<b>239,525</b>	<b>1,326,650</b>	<b>145,855</b>	<b>33,297</b>	<b>21,500</b>	<b>4,671,980</b>

<b>Cost – January 1, 2006</b>	<b>2,623,484</b>	<b>198,012</b>	<b>241,460</b>	<b>406,263</b>	<b>63,164</b>	—	—	<b>3,532,383</b>
Acquisition & renewals	189	5,716	—	—	—	—	—	5,905
Assays and analyses	—	1,740	—	—	—	—	—	1,740
Drilling	—	—	—	6,838	—	—	—	6,838
Geology and prospecting	3,930	3,245	2,450	26,292	668	—	—	36,585
Geophysics	—	—	—	17,665	—	—	—	17,665
Line-cutting	—	—	—	5,579	—	—	—	5,579
Salaries and benefits	300	300	300	4,800	300	—	—	6,000
Stock-based compensation	—	—	—	—	—	—	—	—
Government incentives	—	—	—	(20,000)	—	—	—	(20,000)
<b>Cost – March 31, 2006</b>	<b>2,627,903</b>	<b>209,013</b>	<b>244,210</b>	<b>447,437</b>	<b>64,132</b>	—	—	<b>3,592,695</b>

General and administrative costs for the three months ended March 31, 2007 and 2006 are discussed above in the "Results of Operations" section and are itemized below. During the first quarter, the Company paid rent of \$1,050 (2006 - \$1,050) for office space owned by officers of the Company, a related party transaction.

### **General and Administrative Expenses**

#### **Three months ended March 31**

	<b>2007</b>	2006
	<b>\$</b>	\$
Consulting fees	<b>15,000</b>	-
Salaries and benefits	<b>13,258</b>	13,276
Professional fees	<b>11,169</b>	7,581
Filing fees & investor communications	<b>9,921</b>	5,807
Office and other	<b>8,889</b>	5,327
Rent	<b>1,050</b>	1,050
	<b>59,972</b>	33,377

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**

On January 1, 2007, in accordance with the applicable transitional provisions, the Company adopted on a prospective basis without restating prior periods, the new recommendations of the CICA Handbook included in Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments – Recognition

and Measurement, Section 3861, Financial Instruments – Disclosure and Presentation.

The adoption of these sections had no significant impact on the Company's financial statements. Additional details are provided in Note 2 of the Interim Financial Statements.

### **Subsequent Events**

On April 20, 2007, the Company closed a non-brokered private placement of 1,648,000 flow-through shares at \$0.35 per share for proceeds of \$576,800. The shares are subject to a four-month hold period.

Subsequent to period end 1,191,447 warrants were exercised at a price of \$0.22 for total proceeds of \$262,118. The remaining 276,000 warrants expired on May 17, 2007.

### **Share Capital**

The authorized capital of the Company consists of an unlimited number of common shares without par value. At March 31, 2007 the number of issued common shares was 27,467,162 (fully diluted 32,411,484) and after the inclusion of all subsequent events to May 30, 2007, there are 30,356,609 shares issued (33,783,484 fully diluted).

#### **Options outstanding at May 30, 2007**

<b>Number of Options</b>	<b>Exercise Price \$</b>	<b>Expiry Date</b>
450,000	0.22	August 2, 2007
250,000	0.20	March 5, 2009
175,000	0.20	June 27, 2009
325,000	0.15	April 21, 2010
1,150,000	0.20	Nov. 13, 2011
<b>TOTAL</b> 2,350,000		

#### **Warrants outstanding at May 30, 2007**

<b>Number of Warrants</b>	<b>Exercise Price \$</b>	<b>Expiry Date</b>
630,000	0.20	July 28, 2007
14,875	0.25	November 7, 2007
185,000	0.30	December 10, 2007
97,000	0.25	December 22, 2007
150,000	0.20	August 25, 2008
<b>TOTAL</b> 1,076,875		

## **Disclosure Controls and Procedures**

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing the Company's disclosure controls and procedures. These procedures are designed to ensure that material information relating to the Company is made known to management to allow for disclosure in annual and interim filings on a timely basis.

The Chief Executive Officer and Chief Financial Officer have reviewed the procedures and can provide reasonable assurance that these controls are adequate and effective.

## **Internal Control over Financial Reporting**

The Chief Executive Officer and Chief Financial Officer have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles (GAAP). The significant accounting policies followed by the Company are summarized in Note 2 to the Company's audited financial statements. Management of Stratabound is comprised of two individuals and there is therefore minimal segregation of duties. The Audit Committee, comprised of three directors, serves as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements and Management Discussion and Analysis.

It should be noted that the Company's control system, no matter how well designed, can provide only reasonable but not absolute assurance of detecting, preventing and deterring errors or fraud.

## **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](http://www.sedar.com)

*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.*