

**FORM 51-102 F1
STRATABOUND MINERALS CORP.
INTERIM MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED JUNE 30, 2006**

August 29, 2006

The following discussion and analysis of results and operations should be read in conjunction with the Company's Financial Statements for the six months ended June 30, 2006 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 gold, diamond and base metal prospects in Quebec. At the present time, the Company does not have any producing properties and consequently no revenues.

Overall Performance

During the second quarter of 2006 the Company spent \$188,350 on its mineral properties, compared with \$56,538 the second quarter of 2005. The difference is attributable to drilling on the Elmtree Property in northern New Brunswick during the second quarter of 2006.

At June 30, 2006, the Company had working capital of \$123,159, essentially unchanged from \$138,264 at June 30, 2005. The Company has raised an additional \$703,400 in the third quarter (see "Subsequent Events" below). The Company will also receive an exploration grant this year from New Brunswick's Junior Mining Assistance Program for base metals exploration on the Taylor Brook 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

2006/2005	June 30/06	March 31/06	Dec 31/05	Sept 30/05
	\$	\$	\$	\$
Total Revenue	604	1,208	692	622
Net Loss Before Income Taxes	62,006	32,169	33,065	23,805
Net Loss (Gain)	60,006	38,669	(13,435)	(81,275)
Net Loss (Gain) Per Share	0.004	0.002	(0.0006)	(0.004)

2005/2004	June 30/05	March 31/05	Dec 31/04	Sept 30/04
	\$	\$	\$	\$
Total Revenue	99	696	772	542
Net Loss Before Income Taxes	65,000	30,884	38,464	30,145
Net Loss	65,000	30,884	38,464	30,145
Net Loss Per Share	0.004	0.002	0.003	0.002

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 \$114,175 were received during the second quarter from the exercise of warrants and stock options.

All expenses relating to exploration and property acquisition are capitalized as Mineral Properties and are detailed in Note 2 to the Financial Statements and shown below in the "Additional Disclosure" section. General and administrative expenses in the second quarter remained unchanged at \$62,610, compared with \$65,099 incurred during the corresponding period in 2005. These amounts include "stock-based compensation" of \$24,500 in 2006 and \$28,533 in 2005. This compensation, an item not involving cash, is expensed in accordance with accounting policies recommended by the CICA with respect to accounting for stock options granted to employees, consultants and directors. When stock options are granted they are given an estimated value using the Black-Scholes fair value option-pricing model, as detailed in Note 3 of the financial statements.

Stratabound incurred a net loss of \$60,006 for the quarter ended June 30, 2006, relatively unchanged from the \$65,000 net loss recorded for the corresponding period in 2005.

Elmtree Gold Property, New Brunswick

In late April Stratabound drilled 17 NQ-diameter holes (1,362 metres) on this property near Bathurst in northern New Brunswick. The holes tested five parallel, linear, induced polarization (IP) gradient anomalies, a cross-cutting linear magnetic anomaly, and an IP anomaly that offsets the West Gabbro Zone gold deposit (WGZ).

The program's objective was to find near-surface mineralization in new areas where geophysical and soil geochemical (gold-antimony-arsenic) anomalies had been detected by Stratabound in the course of two years of detailed exploration. The program was successful in finding three significant new zones of gold and base metal mineralization and several additional new low grade gold zones. Detailed information is presented in news releases dated May 17, 2006 and July 13, 2006, which are available on the company's website, www.stratabound.com.

Fourteen of the holes (1,101 metres) were drilled in the property's east-central portion to test IP anomalies A, B, C/C1 and D along 950 metres of strike length, as well as a cross-cutting linear magnetic anomaly. These holes were drilled to vertical

depths of about 50 metres on broadly separated grid lines 100E, 400E, 800E and 1050E. They indicate a mineralized "system" that appears to exceed 100 meters in width and 650 meters in length along a major thrust fault/unconformity. Multiple gold-bearing zones and polymetallic veins, some with "bonanza" grades, are present within this mineralized system. The polymetallic intersections contain gold, silver, zinc, lead and antimony, as well as accessory copper, tin, cadmium and up to 108 g/t indium. Indium is a valuable rare metal with recent prices in the order of \$850 per kilogram.

The company intends to evaluate the potential economic significance of these new zones with continued drilling and assaying.

Holes 1 to 3 were drilled on line 400E, located 550 metres east of the West Gabbro Zone gold deposit. They intersected a mineralized system containing several low grade gold zones flanking mafic sills and a silicified felsic intrusive unit, including 1.38 g/t gold across 6.5 metres, and a mineralized fault zone, 9.1 metres in core length, ten metres below the gold mineralization in Hole 2. This fault zone grades 1.98 g/t gold, 43.1 g/t silver, 1.83% zinc, 2.29 % lead and 1.34% antimony over its full 9.1 metre length. This includes 5.3 metres grading 1.99 g/t gold, 73.4 g/t silver, 3.14% zinc, 3.94% lead and 2.30% antimony, with accessory copper, tin, cadmium and indium. A 0.7 metre interval carried 4.77 g/t gold, 118 g/t silver, 7.08% zinc, 10.45% lead, and 5.12% antimony. This mineralization correlates with IP anomaly C.

The high antimony content is noteworthy. China produces 90% of the world's primary antimony supply; production grades are not readily available. South Africa's Consolidated Murchison Mine is the major non-Chinese mine, with reported head grades of 1.29% antimony and 1.64 g/t gold for the year ended June 30, 2004. Stratabound's intersection in Hole 2 features significantly higher grades of both of these metals, plus substantial silver, zinc, lead and other metals.

A separate mineralized fault zone was found in Hole 5, testing another parallel, linear IP anomaly (C1) situated about 50 metres north of the previous anomaly C. A cross-cutting magnetic anomaly is also apparent at this location. Hole 5 intersected a 5.4 metre zone averaging 2.62 g/t gold, 93.5 g/t silver, 4.27% zinc and 1.06% lead, with accessory copper, antimony, tin, cadmium and indium, including a 0.5 metre "bonanza-grade" interval of 5.29 g/t gold, 461.0 g/t silver, 6.31% lead and 21.7% zinc, with 3.8 metres of 25.3 g/t indium. Additional drilling is planned here, as well as on two other cross-cutting magnetic anomalies.

The magnetic cross-structure targeted with Hole 5 is located along a northwest trending fault which continues for four kilometres to the southeast, where it encounters the past producing Nigadoo Mine (1.9 million tonnes at production grades of 2.56% lead, 2.64% zinc, 0.28% copper, 116.10 g/t silver). The polymetallic massive sulphide vein stockwork in Hole 5 resembles the mineralization at Nigadoo, but in addition contains gold and indium, as well as a separate gold zone in the hanging-wall calcareous siltstone.

A drill program is about to begin to test the newly discovered mineralized system with additional fill-in and step-out drilling from line 200 E to 1100 E. Drilling is also planned to test two cross-cutting magnetic anomalies 225 and 260 metres west of and parallel to the Hole 5 magnetic anomaly, as well as large unexplained magnetic anomalies north of the currently known mineralization. Maps 2M and 2N on

Stratabound's website show the recent drillhole locations, IP and magnetic anomalies and proposed sites for the next round of drilling.

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

The Company wishes to acknowledge the financial support of New Brunswick's Junior Mining Assistance Program.

Elmtree property expenditures for the second quarter of 2006 were \$166,395. Cumulative expenditures to June 30, 2006 are \$663,832 including provincial government incentive payments of \$50,000. 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.

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.

No exploration was conducted here during the second quarter of 2006. A final option payment of \$125,000 and 37,500 shares is due on August 30, 2006 to earn a 100% interest, subject to a 2% net smelter return royalty, in ten of the 78 claims. In exchange for 50,000 shares the vendor has agreed to extend the date of the option to year-end. The remaining 68 claims are 100% owned by Stratabound.

Stratabound will follow-up three areas found to contain high levels of gold in soils (peaking at 4,270 parts per million), using induced polarization geophysics, prospecting, and trenching if warranted, before deciding whether to exercise its Ramsay Brook option.

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 the second quarter of 2006 amounted to nil. Cumulative expenditures to June 30, 2006 are \$284,210 including a 2003 provincial government incentive grant of \$40,000.

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, Taylor Brook, Captain and CNE claims.

Work during the second quarter comprised data compilation in preparation for a grassroots trenching program on geophysical targets on Taylor Brook.

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

Stratabound's expenditures for the second quarter of 2006 on the Bathurst base metal properties totaled \$14,163. Cumulative expenditures to June 30, 2006, net of accumulated depletion are \$2,642,066.

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.

In anticipation of target-defining geophysical surveys to be followed up by drilling, a compilation and structural study of the property was undertaken during the second quarter of 2006. This has revealed four target areas displaying geological characteristics typical of Archean iron formation type lode gold deposits. An isolated historic drillhole on one of these areas intersected 600 ppb gold over a 16.5 metre interval of silicified sulphide iron formation in 1992 drilling. Many Archean-age gold deposits worldwide occur in this geological setting.

Stratabound is planning an airborne VTEM geophysical survey over the claims in 2006.

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 second quarter of 2006, the Company incurred expenditures of \$5,682. Cumulative expenditures to June 30, 2006 are \$82,560 including \$12,746 of provincial government incentives.

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 Gold Mine,

a former producer. No significant work was done on the property during the second quarter of 2006.

John Charlton, P.Geo. and Stan Stricker, P.Geo. 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 the second quarter of 2006 were \$2,110. Cumulative expenditures to June 30, 2006 are \$258,515 including government incentives of \$47,392.

Liquidity

At June 30, 2006, the Company had working capital of \$123,159 compared to \$138,264 at June 30, 2005 and \$306,649 at the end of 2005.

The Company has raised an additional \$703,400 during the third quarter (see "Subsequent Events"). The Company will also receive a 2006 New Brunswick exploration grant.

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

Capitalized expenditures for the first quarter and cumulative costs are shown above for each property in "Results of Operations".

Detailed capitalized exploration and development costs for the three months ended June 30, 2006 and cumulative costs 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. \$	Three months Totals \$
Cost						
April 1, 2006	2,627,903	209,013	244,210	447,437	64,132	3,592,695
Acquisition & renewals	2,700	860	-	-	273	3,833
Assays and analyses	-	-	-	15,056	-	15,056
Drilling	-	-	-	127,494	-	127,494
Geology and prospecting	11,163	950	-	8,845	5109	26,067
Geophysics	-	-	-	10,500	-	10,500
Salaries and benefits	300	300	-	4,500	300	5,400
Stock-based compensation	-	-	-	-	-	-
Government incentives	(20,000)	-	-	-	-	(20,000)
Cost – June 30, 2006	2,622,066	211,123	244,210	613,832	69,814	3,761,045

General and administrative costs for the three months ended June 30, 2006 and for June 30, 2005 are itemized below:

General and Administrative Expenses

Three months ended June 30

	2006 \$	2005 \$
Stock-based compensation	24,500	28,533
Salaries and benefits	13,875	11,066
Filing fees and investor communications	11,776	12,037
Professional fees	8,750	8,730
Office and other	2,323	3,543
Rent	1,050	900
Amortization	336	290
	62,610	65,099

These amounts include "stock-based compensation" of \$24,500 in 2006 and \$28,533 in 2005. This compensation, an item not involving cash, is expensed in accordance with accounting policies recommended by the CICA with respect to accounting for stock options granted to employees, consultants and directors.

During the second quarter the Company paid rent of \$1,050 (2005 - \$900) to officers of the Company, a related party transaction.

On June 26, 2006, Stratabound entered into an agreement with Linear Capital Corporation of Toronto, Ontario whereby Linear will provide the Company with advice and assistance in structuring, coordinating and organizing general corporate development activities for a twelve month period. Stratabound will pay \$5,000 per month, plus travel expenses and related costs. Linear will receive 175,000 3-year

options to acquire Stratabound shares at \$0.20, vesting in four equal stages over a 12-month period.

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 quarter.

Subsequent Events

Subsequent to the end of the second quarter, the Company received \$203,400 from the exercise of 1,356,000 share purchase warrants. A \$500,000 private placement of 2,500,000 shares closed on August 25, 2006 as detailed in Note 4 to the Financial Statements dated June 30, 2006.

Share Capital

The authorized capital of the Company consists of an unlimited number of common shares without par value. At June 30, 2006 the number of issued common shares was 21,882,662 (fully diluted 27,553,484) and as at August 29, 2006 there are 25,738,662 shares issued (30,203,484 fully diluted).

Options outstanding at August 29, 2006

Number of Options	Exercise Price \$	Expiry Date
450,000	0.22	August 2, 2007
250,000	0.20	March 5, 2009
375,000	0.15	April 21, 2010
175,000	0.20	June 27, 2009
TOTAL 1,250,000		

Warrants outstanding at August 29, 2006

Number of Warrants	Exercise Price \$	Expiry Date
210,000	0.20	October 14, 2006
185,000	0.30	December 10, 2006
57,500	0.25	December 23, 2006
1,467,447	0.22	May 17, 2007
930,000	0.20	July 28, 2007
150,000	0.20	August 25, 2007
14,875	0.18/0.25	7 November 2006/07
200,000	0.18/0.25	22 December, 2006/07
TOTAL 3,214,822		

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 Interim 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