FORM 51-102 F1
STRATABOUND MINERALS CORP.
INTERIM MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED JUNE 30, 2005

August 26, 2005

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, 2005 and related notes. The Company's financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP). The reporting currency is the Canadian dollar.

Description of Business

The Company is in the business of mineral exploration and development in Canada. Stratabound's New Brunswick properties comprise the Elmtree and Ramsay Brook gold prospects and the CNE/Captain, Taylor Brook and Nepisiguit base metal claims. The Quebec properties comprise the Marusia diamond/gold and Enja gold/base metal prospects. At the present time, the Company does not have any producing properties and consequently no revenues.

Overall Performance

During the second quarter of 2005, the Company spent $73,480 on exploration and acquisition of mineral properties compared with $41,799 during the second quarter of 2004. The increase is mainly attributable to exploration on the Ramsay Brook gold property, results of which have enhanced its mineral potential (see Ramsay Brook section under "Results of Operations".

Summary of Quarterly Results

2005/2004	**June 30/05**	**March 31/05**	**Dec 31/04**	**Sept 30/04**
	$	**$**	**$**	**$**
Total Revenue	99	696	772	542
Loss Before Discontinued Operations & Extraordinary Items	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

2004/2003	**June 30/04**	**March 31/04**	**Dec 31/03**	**Sept 30/03**
	$	**$**	**$**	**$**
Total Revenue	478	575	1,065	3,472
Loss Before Discontinued Operations & Extraordinary Items	29,477	63,576	55,226	26,742
Net Loss	29,477	63,576	841,580	26,742
Net Loss Per Share	0.002	0.005	0.06	0.002

As a result of write-downs or write-offs from exploration activities, net losses can be extremely variable.

Results of Operations

A private placement financing was initiated in June and closed subsequent to the end of the second quarter on July 7 (see "Subsequent Event" below).

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 are itemized in the financial statements, and amounted to $65,099 for the second quarter of 2005, compared to $29,955 for the corresponding period in 2004. The difference is mainly due to "stock-based compensation" of $28,533 in 2004 compared with nil 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 and directors. When stock options are granted they are given an estimated value using the Black-Scholes fair value option-pricing model.

Stratabound incurred a net loss of $65,000 for the quarter ended June 30, 2005 as compared to a loss of $29,477 for 2004. This difference is similarly due to the 2005 "stock-based compensation".

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 and 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.

Eight trenches totaling approximately 400 metres in length were excavated late in 2004, along a 210 metre (690 feet) strike portion of the West Gabbro Zone. 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; and to explore a possible structural relationship with the Discovery Zone located 750 metres to the east.

Trenching and drilling results were favorable and indicated additional work should be done on the property. Results were summarized in 2005 News Releases dated January 13, February 3, March 3, March 16, March 22, and April 5.

Assaying was performed at ALS Chemex of Mississauga, Ontario. 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 second quarter of 2005 were $16,636. Second quarter activities centred on obtaining permits and reaching agreement with surface rights holders in preparation for the next phase of work, which has just begun. The current program will include grid construction, detailed C-horizon soil-sampling, induced polarization geophysics, and preliminary metallurgical testing, followed by trenching and drilling.

Cumulative expenditures to June 30, 2005 are $286,812. The Company has the option to acquire a 100% interest in the Elmtree claims, subject to a 2% net smelter return, by making additional payments of $145,000 and 100,000 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 claims cover a 4.7 kilometre portion of the Ramsay Brook Fault, a major regional structure.

During 2003 and 2004 Stratabound explored the east-central portion of the claims, discovering more than a dozen gold-bearing veins in two areas.

During the second quarter of 2005 exploration was initiated on the remaining two-thirds of this 1,262 hectare property, beginning with geological mapping, prospecting, soil sampling and petrographic microscopy. New areas of interest have been outlined:

- An initial chip sample from a mineralized outcrop found 200 metres east of the Upsalquitch River has returned 1.00 g/t gold across 25 metres.

- Over 2,200 soil samples have been collected and assayed, identifying 36 new gold-in-soil anomalies, the largest of which cover 350 X 150 metres (Anomaly #1) and 150 X 400 metres (Anomaly #10). The gold-bearing chip sample is located within Anomaly #10, where anomalous gold-in-soil values are running as high as 4.27 parts per million (4.27 g/t).

- At least eight of the soil anomalies, including Anomaly #10, appear to form a ring around a previously unknown, large (1,000 metres long X 400 metres wide), multiphase intrusion, gabbroic to anorthositic in composition. This body has been emplaced along the Ramsay Brook Fault and has undergone pervasive hydrothermal alteration. The geological environment resembles that at the West Gabbro Zone on the company's Elmtree property, where gold deposition has also been controlled by a gabbroic intrusive along a major fault. The Ramsay Brook intrusive is considerably larger than the WGZ intrusion, which averages 17 metres in thickness.

Follow-up work is in progress, including magnetic and electromagnetic surveying, as well as prospecting of the anomalous soil areas. While rock exposures are limited, several additional mineralized outcrops (pyrite-arsenopyrite) have been found to date, associated with Anomalies 1, 5 and 21. Samples have been submitted for assay.

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 2005 amounted to $31,783. Cumulative expenditures to June 30, 2005 are $171,623. The terms of the option agreement have recently been amended. Additional payments of $125,000 and 37,500 shares had been 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

Beginning late in the second quarter, an evaluation of airborne geophysical data (Noranda and Government) covering the Nepisiguit claims was undertaken. A program of line-cutting, MaxMin geophysical surveying and prospecting is currently in progress.

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 east of the former 25 million tonne Heath Steele base metal mine.

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.

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 during the second quarter of 2005 on the Bathurst base metal properties totaled $3,754. Cumulative expenditures to June 30, 2005, net of accumulated depletion, are $2,565,076.

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 River Mine, a former gold producer.

During 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 work on kimberlite indicator minerals discovered in 2003. Results of the 2004 program were received in the second quarter of 2005 and are inconclusive, having recovered a different suite of kimberlite indicator minerals (mostly chrome diopsides and forsterites) than the initial program, and without any increase in quantity. This may be partly due to various problems encountered during sample processing.

Due to the proximity of the Eastmain River gold mine, located within the same greenstone belt that underlies one-third of the Marusia property, all samples collected in the course of diamond exploration were 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, and a gold grain recovered from one of the heavy mineral concentrates.

The Company is not planning any significant expenditures on Marusia during the second half of 2005.

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

Marusia Property expenditures for the second quarter of 2005 were $13,097. Cumulative expenditures to June 30, 2005 are $208,028.

Enja Property, Quebec

During the first quarter, the Company acquired the option to earn 100% interest, subject to a 2% net smelter return royalty, in 28 claims covering 1,569 hectares in Enjalran and Massicotte Townships, northwest Quebec. Enja sits between the Detour Lake and Casa Berardi gold camps, 35 kilometres west of Selbaie Mine (copper-zinc-gold-silver).

Twenty additional claims were staked during the second quarter, increasing the size of the property to almost 2,700 hectares.

A detailed (80 metre line spacing) airborne geophysical survey by Terraquest Ltd. during the first quarter outlined intense magnetic highs on the property, and it is known from historic drilling records that at both ends of the property's 6.5 kilometre length 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 eastern third of the property also 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 were recommended for drill testing and additional staking.

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, the Company incurred exploration and acquisition expenditures of $8,210. Cumulative expenditures to June 30, 2005 are $77,735.

Liquidity

At June 30, 2005, the Company had working capital of $138,264 compared to $117,141 at June 30, 2004, as financings have kept pace with expenditures. This does not include $140,750 received in early July 2005, representing a portion of the private placement financing described under "Subsequent Event" below. The Company has no long-term debt, capital lease or purchase obligations.

The Company intends to raise additional capital during 2005. Future exploration is dependent on continued equity financing and/or joint ventures with other companies.

The Company did not receive a Junior Mining Assistance Program incentive grant this year from the New Brunswick Department of Natural Resources and Energy, due to budget cuts in the program.

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 second quarter ended June 30, 2005 and cumulative costs are shown above for each property in "Results of Operations".

Capitalized expenditures for the three months ended June 30, 2005 are detailed below:

	Bathurst	Otish Mountains, Que.	Ramsay Brook, N.B.	Elmtree, N.B.	Enja, Que.	Three months 2005
	$	$	$	$	$	$
Cost – April 1, 2005	**2,561,135**	**194,931**	**139,840**	**270,176**	**69,525**	**3,235,794**
Acquisition & renewals	**-**	**—**	**—**	**—**	**1,082**	**1,082**
Assays and analyses	**—**	**9,588**	**946**	**-**	**—**	**10,534**
Drilling	**—**	**—**	**—**	**-**	**—**	**-**
Geology and prospecting	**1,256**	**121**	**25,449**	**9,356**	**3,740**	**39,922**
Geophysics	**—**	**—**	**—**	**—**	**-**	**-**
Salaries and benefits	**—**	**—**	**2,000**	**3,000**	**-**	**5,000**
Stock-based compensation	**2,498**	**3,388**	**3,338**	**4,280**	**3,388**	**16,942**
Government incentives	**—**	**—**	**—**	**—**	**—**	**—**
Cost – June 30, 2005	**2,565,076**	**208,028**	**171,623**	**286,812**	**77,735**	**3,309,274**

General and administrative costs for the three months ended June 30, 2005 and June 30, 2004 are discussed above in the "Results of Operations" section and are itemized below. Filing fees and investor communications as well as professional fees were higher than during the same period the previous year, due to the Annual General Meeting taking place in June rather than later in the year. "Stock-based compensation" is an item not involving cash, pertaining to stock options granted to employees and directors. During the second quarter, the Company paid rent of $900 (2004 - $900) to officers of the Company, a related party transaction.

General and Administrative Expenses:

Three months ended June 30

	2005	2004
	$	$
Salaries and benefits	**11,066**	11,072
Office and other	**3,543**	2,197
Filing fees and investor communications	**12,037**	9,854
Professional fees	**8,730**	5,525
Rent	**900**	900
Stock-based compensation	**28,533**	-
Amortization	**290**	407
	$ 65,099	$29,955

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.

Share Capital

The authorized capital of the Company consists of an unlimited number of common shares without par value. At June 30, 2005 the number of issued common shares was 16,935,579 (fully diluted 23,466,576) and at August 26, 2005 was 19,133,662 (fully diluted 25,694,534).

Issued

	Number of Shares	Amount $
Balance – March 31, 2005	16,925,579	8,434,605
Warrant exercise	10,000	1,500
Balance – June 30, 2005	16,935,579	8,436,105
Private placement	2,188,333	328,250
Finders fee	9,750	1,463
Balance – August 26, 2005	19,133,662	$8,765,818

Options outstanding at August 26, 2005

Number of Options	Exercise Price $	Expiry Date
200,000	0.50	April 17, 2006
500,000	0.22	August 2, 2007
250,000	0.20	March 5, 2009
425,000	0.15	April 21, 2010
TOTAL 1,375,000		

Warrants outstanding at August 26,2005

Number of Warrants	Exercise Price $	Expiry Date
440,050	0.22	October 24, 2005
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	0.20	December 23, 2006
1,477,447	0.22	May 17, 2007
930,000	0.20	July 28, 2007
64,875	0.25	July 7, 2007
TOTAL 5,185,872		

Subsequent Event

Subsequent to the second quarter, on July 7, 2005, the Company closed a private placement of 2,068,333 flow-through shares at $0.15 per share and 120,000 common share units at $0.15 per unit. Each unit includes one common share plus one half of a common share purchase warrant, each whole warrant entitles the holder to purchase one common share for two years from the date of closing at $0.18 per share in the first year and $0.25 per share in the second year. Total proceeds raised from the private placement are $328,250. A finder's fee of 9,750 units was paid.

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