

STRATABOUND MINERALS CORP.
INTERIM MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED JUNE 30, 2009

August 26, 2009

The following discussion and analysis of results and operations should be read in conjunction with the Company's annual audited financial statements and related notes for the year ended December 31, 2008, the annual Management Discussion and Analysis dated April 28, 2009, and the unaudited financial statements prepared by management for the period ended June 30, 2009.

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. At the present time, the Company does not have any producing properties and consequently no revenues.

Overview

A number of significant developments have occurred since our first quarter report:

- Drilling is in progress on the Elmtree gold property, funded and operated by Castle Resources Inc.;
- A non-brokered private placement raised \$1.06 million subsequent to the end of the second quarter;
- Trenching, geophysical and geochemical surveys are in progress on the Captain/CNE base metal claims, with drilling to follow.

Overall Performance

During the first six months of 2009 the Company spent \$190,905 on exploration and maintenance of its mineral properties, compared with \$1,333,170 in the same period of 2008. The decrease is mainly due to the absence of drilling expenditures. The Company is obligated to incur qualifying Canadian Exploration Expenditures (CEE) of \$198,730 by December 31, 2009. As at June 30, 2009, \$181,170 had been spent

All of the Company's properties are in good standing beyond 2009.

At June 30, 2009, the Company had working capital of \$67,418 compared with \$718,972 at June 30, 2008 and \$188,092 at year end.

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

| 2009/2008 | June 30/09 | March 31/09 | Dec 31/08 | Sept 30/08 |
|----------------------------------|-----------------------|------------------------|----------------------|-----------------------|
| | \$ | \$ | \$ | \$ |
| Revenue – interest income | 47 | 247 | 148 | 2,657 |
| Loss before income taxes | 33,654 | 38,448 | 280,079 | 82,700 |
| Net and comprehensive loss | 33,654 | 38,448 | 136,653 | 82,700 |
| Basic and diluted loss per share | 0.001 | 0.001 | 0.003 | 0.002 |

| 2008/2007 | June 30/08 | March 31/08 | Dec 31/07 | Sept 30/07 |
|----------------------------------|-----------------------|------------------------|----------------------|-----------------------|
| | \$ | \$ | \$ | \$ |
| Revenue – interest income | 7,520 | 16,712 | 3,705 | 5,506 |
| Loss before income taxes | 49,989 | 170,410 | 206,390 | 163,113 |
| Net and comprehensive loss | 49,989 | 170,410 | 125,655 | 163,113 |
| Basic and diluted loss per share | 0.001 | 0.006 | 0.002 | 0.005 |

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

Results of Operations

All expenses relating to exploration and property acquisition are capitalized as Mineral Exploration Properties and are summarized in Note 2 to the Financial Statements. Detailed capitalized exploration and development costs for the first six months of 2009 are broken-down by project below under the heading “Additional Disclosure”.

General and administrative expenses in the first six months of 2009 were \$72,396 compared with \$244,631 for the corresponding period in 2008. No stock options were issued in the first six months of 2009. As a result, there were no stock-based compensation costs (2008 - \$118,701) an item not involving cash, pertaining to stock options granted to employees, consultants and directors. No consulting fees were paid in 2009 (2008 - \$38,100) and all other costs were kept to a minimum.

Stratabound incurred a net and comprehensive loss of \$72,102 for the period ended June 30, 2009, as compared to a loss of \$220,399 recorded for the corresponding period in 2008. The difference is due to the decrease in administrative costs described above.

Bathurst Base Metal Properties, New Brunswick

Stratabound's 100%-owned properties (4,000 hectares) comprise the CNE/Captain claims, CNE Mining Lease, Captain East Extension, Nepisiguit Brook, Taylor Brook and Taylor Brook Extension claim groups. They host three known base metal

sulphide bodies: the Captain, CNE and Taylor Brook deposits. The CNE deposit was explored and developed by Stratabound from 1988 to 1990, and was operated by the Company as a small, profitable zinc-lead-silver-gold open pit mine from 1990 to 1992.

Stratabound's expenditures for the first six months of 2009 on the Bathurst base metal properties totaled \$97,075. Cumulative expenditures to June 30, 2009 are \$4,257,596, not including provincial government incentive grants.

Captain/CNE Claims

The 100%-owned Captain and CNE claims are situated 20 kilometres south of Xstrata's world-class Brunswick No. 12 Mine and 10 kilometres east of Heath Steele Mines, a major past producer.

During this spring and summer Stratabound has been following up some of the new targets found in 2008 near the Captain copper-cobalt-gold and CNE lead-zinc-silver deposits. Geophysical (I.P.) and geochemical (basal till) surveys, prospecting and trenching are being used to identify drill targets for new mineralization.

Details of previous work are summarized in Stratabound's Management Discussion and Analysis for the first quarter of 2009.

John Duncan, P.Geo. and Stan Stricker, P.Geol. are Qualified Persons on the Bathurst base metal properties as defined in National Instrument 43-101.

Elmtree Gold Property, New Brunswick

Stratabound's 100%-owned Elmtree Gold property (85 claims, 1360 hectares) is situated 19 kilometres northwest of the coastal city of Bathurst, New Brunswick.

On June 1, 2009, the Company entered into a three-year option agreement with Castle Resources Ltd. whereby Castle can acquire a 60% interest in Stratabound's 100% owned Elmtree Gold Property by:

- Spending \$2,500,000 on drilling and exploration before June 1, 2012, including a minimum of \$750,000 in each of the first two years
- Paying Stratabound \$100,000 and 200,000 shares of Castle upon signing of the agreement, subject to regulatory approval
- Making additional payments of \$50,000 to Stratabound on June 1, 2010 and June 1, 2011

Castle can acquire another 10% by paying Stratabound \$1,000,000 within 90 days of earning the initial 60%.

The initial option payment of cash and shares has been received, and a 5,000 metre drilling program is in progress. Stratabound will release results of this program when they are received from Castle.

RPC Science and Engineering of Fredericton, New Brunswick, has been conducting preliminary metallurgical studies on the Elmtree gold deposits. Two composite bulk samples, each containing about 115 kilograms of mineralized core, are being utilized, one from the higher grade West Gabbro Zone and one from the lower grade South Gold Zone (SGZ). This work includes detailed mineralogy and a determination of optimal grind sizes, and bench scale scoping tests that will evaluate gravity and bulk or sequential rougher flotation techniques. Gold concentrates are being assessed for amenability to cyanide leaching as well as direct smelter sale. Other recovery methods including bacterial leaching are being examined.

Details of previous work are summarized in Stratabound's Management Discussion and Analysis for the first quarter of 2009.

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 six months of 2009 were \$85,509. Cumulative expenditures to June 30, 2009 are \$2,076,030, not including provincial government incentive grants and the Castle option payment.

Melchett Lake, Ontario

No work has been done at Melchett Lake in 2009.

In 2007 Stratabound entered into an option agreement whereby it can acquire a 60% working interest in the property from the Melchett Syndicate. To earn the 60% interest Stratabound must spend \$1,000,000 on exploration prior to November 1, 2010.

The property consists of 209 units in 17 claims, an area of 3,344 hectares (8,263 acres). It covers a 13.5 kilometres long felsic volcanic sequence delineated by Kerr Addison Mines in the 1980s. Along this sequence, conditions favourable for deposition of large tonnage zinc-lead-copper-silver-gold volcanogenic massive sulphide (VMS) bodies were identified. The claims are located 60 kilometres (38 miles) north of the town of Nakina, in the Thunder Bay Mining Division of northwest Ontario.

Details of previous work are summarized in Stratabound's Management Discussion and Analysis for the first quarter of 2009.

Dr. John L. Wahl, P.Geo., is the Qualified Person on this project as defined in National Instrument 43-101.

First quarter expenditures were \$900. Cumulative expenditures to June 30, 2009 are \$742,503.

Enja Property, Quebec

The 100%-owned Enja property (69 claims covering 3,830 hectares) is located in high-potential terrain for both precious and base metals. It is situated in Enjalran and Massicotte Townships, northwest Quebec, between the Detour Lake and Casa

Berardi gold camps, and 35 kilometres west of the Selbaie Mine, a major past producer of copper, zinc, gold and silver. The Company's property extends from the Ontario border eastward beyond the Turgeon River, well into a pronounced circular structure resembling the metals-rich Selbaie Caldera. Details of work completed to date can be found on the Company's website, www.stratabound.com.

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

No work has been done here during 2009, other than claim renewals. Cumulative expenditures on the Enja property to June 30, 2009 are \$282,751 not including provincial government incentive grants.

Ramsay Brook Gold Property, New Brunswick

Stratabound has a 100% interest in this 69 claim gold prospect situated 55 kilometres south-southwest of Elmtree, near the formerly producing Murray Brook (gold-silver-copper) and Restigouche (zinc-lead-copper-silver-gold) mines. No work has been done on this property in 2009. Trenches, previously excavated by Stratabound have revealed encouraging gold mineralization. Details can be found at www.stratabound.com.

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

Cumulative expenditures to June 30, 2009 are \$243,778 not including government incentive grants.

Otish Mountains, Quebec – Marusia Property

This 100%-owned, 50 claim (2,630 hectare) diamond/gold prospect is situated in the Otish Mountains region of Quebec, less than 25 kilometres south of Stornoway Diamonds Corp.'s Foxtrot diamond deposits, and 10 kilometres north of the Eastmain Mine, a former gold producer.

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

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

No work has been done on Marusia in 2009. Cumulative expenditures to June 30, 2009 are \$227,589 net of provincial government incentives.

Highway Gold Properties, Western New Brunswick

At the end of 2008 Stratabound abandoned the 79 optioned Big Presque Isle claims, retaining a 100% interest in five staked properties (St. Thomas, Lamoreaux Corner,

Beechwood/Upper Guisguait, Aroostook and Four Falls). These remaining 73 claims (1168 hectares) are situated along the Trans-Canada Highway near the U.S. border in western New Brunswick. Prospecting carried out by the Company's geologists identified several gold occurrences during 2007.

No work has been done on these properties in 2009. Cumulative expenditures to June 30, 2009 are \$30,008.

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

Green Point, New Brunswick

The Company has a 100% interest, subject to a 2% net smelter return royalty, in 71 claims (1,136 hectares) located 2.5 kilometres northeast of the Company's Elmtree Extension claims.

Nine holes were drilled on the property in 2001 and 2002 by a previous owner. A major alteration zone was reportedly intersected in the drilling. The best intersection was in Hole 3 where 1.2 g/t gold was reported over a 15.5 metre core length. Work during 2008 consisted of prospecting and re-logging of core. Stratabound's exploration plans include grid re-establishment, re-logging previous drill core, basal till sampling, and an induced polarization survey over the outlined area of alteration.

No work has been done on these claims in 2009. Cumulative expenditures to June 30, 2009 are \$14,418.

Loch Lomond Area, Southern New Brunswick

The Company has a 100% interest in two properties in the southern part of the province near the former Cape Spencer gold mine, close to the city of St. John. The Grassy Lake Claims cover a multivariate precious metal basal till anomaly (silver, gold, bismuth, antimony, tellurium) revealed in a New Brunswick Department of Natural Resources survey of basal tills. The Shanklin Road Claims enclose a basal till sampling site anomalous in numerous precious, base and rare metals.

No work has been done on these claims during 2009. Cumulative expenditures to June 30, 2009 are \$11,228.

Liquidity

At June 30, 2009, cash and cash equivalents totaled \$70,043 compared to \$252,439 at December 31, 2008. The Company had working capital of \$67,418 compared with \$718,972 at June 30, 2008 and \$188,092 at year end.

On August 14, 2009, the Company closed a non-brokered private placement of 6,527,000 flow-through shares at a price of \$0.10 per share, and 5,675,000 non-flow-through shares at a price of \$0.075 per share. Total proceeds amounted to \$1,059,050. No commissions or finder's fees were paid. Also, subsequent to June 30, 2009, the Company received government incentive grants totaling \$31,370 for exploration of the CNE (NB) and Enja (PQ) claims.

The Company has no long-term debt, purchase obligations or off-balance sheet arrangements. Stratabound has a one-year lease agreement on a core shack/office facility in Bathurst, New Brunswick at a cost of \$2,500 per month which expires on July 31, 2010.

All of the Company's properties are in good standing beyond 2009. Future exploration is dependent on continued equity financing and/or joint ventures with other companies. The Company is currently pursuing additional joint venture financing alternatives.

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

Additional Disclosure

Detailed capitalized exploration and development costs for the six months ended June 30, 2009 are broken-down by project as follows:

| SIX MONTHS ENDED JUNE 30, 2009 | | | | | | | | | | |
|---------------------------------------|--|---|-----------------------------------|--------------------------|--------------------------------|----------------------|---|---|--------------------------------|------------------|
| | Bathurst Properties, NB | Marusia, Otish Mnts Que. | Ramsay Brook, N.B. | Elmtree, N.B. | Green Point, NB | Enja Que. | Highway Properties, Western NB | Loch Lomond, Southern NB | Melchett Lake, Ont. | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cost – Jan 01, 2009 | 4,178,521 | 227,414 | 243,778 | 2,102,521 | 12,998 | 291,343 | 29,032 | 11,156 | 741,603 | 7,838,366 |
| Acquisition & renewals | 2,592 | | | 1,157 | 1,420 | 3,518 | 976 | 72 | | 9,735 |
| Assays and analyses | 3,357 | | | | | | | | | 3,357 |
| Core shack | 9,118 | | | 9,178 | | | | | | 18,296 |
| Drilling | | | | | | | | | | - |
| Geochemistry | | | | | | | | | | - |
| Geology and supervision | 70,690 | 175 | | 35,078 | | 1,260 | | | | 107,203 |
| Geophysics | | | | | | | | | | - |
| Insurance | 1,250 | | | 1,250 | | | | | | 2,500 |
| Line-cutting | | | | | | | | | | |
| Metallurgy | 4,668 | | | 36,146 | | | | | | 40,814 |
| Salaries and benefits | 5,400 | | | 2,700 | | | | | 900 | 9,000 |
| Stock-based compensation | | | | | | | | | | - |
| Trenching | | | | | | | | | | - |
| June 30, 09 | 4,275,596 | 227,589 | 243,778 | 2,188,030 | 14,418 | 296,121 | 30,008 | 11,228 | 742,503 | 8,029,271 |
| Government incentives | (18,000) | | | | | (13,370) | | | | (31,370) |
| Option payments | | | | (112,000) | | | | | | (112,000) |
| June 30, 09 | 4,257,596 | 227,589 | 243,778 | 2,076,030 | 14,418 | 282,751 | 30,008 | 11,228 | 742,503 | 7,885,901 |

General and administrative costs for the six months ended June 30, 2009 and 2008 are discussed above in "Results of Operations" section and are itemized below.

General and Administrative Expenses

| Six months ended June 30 | 2009 \$ | 2008 \$ |
|--|--------------------|--------------------|
| Wages and benefits | 23,148 | 26,481 |
| Professional fees | 21,670 | 13,722 |
| Filing fees & investor communications | 16,422 | 27,368 |
| Office | 8,092 | 17,006 |
| Rent | 2,100 | 2100 |
| Amortization | 964 | 1,103 |
| Consulting fees | - | 38,100 |
| Stock-based compensation (non cash item) | - | 118,701 |
| | 72,396 | 244,631 |

Subsequent Events

On August 14, 2009, the Company closed a non-brokered private placement of 6,527,000 flow-through shares at a price of \$0.10 per share, and 5,675,000 non-flow-through shares at a price of \$0.075 per share. Total proceeds amounted to \$1,059,050. No commissions or finder's fees were paid. The shares are subject to a hold period under applicable securities laws of four months, which will expire on December 15, 2009.

Subsequent to the period, a total of 2.5 million share options were granted to directors, officers and consultants of the Company. The options are exercisable at \$0.10 each for a period of five years.

Related Party Transactions

During the first six months of 2009, the Company paid rent of \$2,100 (2008 - \$2,100) for office space owned by officers of the Company and management fees of \$6,500 to a company controlled by a director.

International Financial Reporting Standards (IFRS)

The Company will be required to adopt IFRS for its interim and annual financial statements beginning on January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.

Management has identified several potential impacts to the Company's financial statements as a result of adopting IFRS, with the major differences being:

- i. The overall presentation of the financial statements will change significantly, as the Company complies with increased disclosure

requirements under IFRS and differing presentations of the balance sheet and statements of income and cash flows.

- ii. Currently, IFRS rules surrounding mineral property costs and exploration costs are undergoing changes by the standard setters, and the results of changes to IFRS 6 – Resource Properties could have significant impact to the Company on transition.

In the near term management will be assessing the impact of IFRS adoption on the Company's internal controls over financial reporting, disclosure controls, information systems and financial reporting expertise.

Financial Instruments

Financial instruments consist of recorded amounts of cash and cash equivalents and accounts receivable which will result in future cash receipts, as well as accounts payable which will result in future cash outlays.

The Company is exposed to the following risks in respect of certain of the financial instruments held:

a) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and accounts receivable. Cash and cash equivalents are held with a reputable Canadian chartered bank, from which management believes the risk of loss to be minimal.

Financial instruments included in accounts receivable consist of amounts due from government incentive programs and sales tax receivable from government authorities in Canada. Accounts receivable are in good standing as of June 30, 2009. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is minimal.

b) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

i) Interest rate risk

The Company has cash balances. The Company's current policy is to invest excess cash in investment-grade short-term GICs issued by banks with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks. The Company regularly monitors its cash management policy.

ii) Commodity and equity price risk

The Company is exposed to price risk with respect to commodity and equity

prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, particularly as they relate to base and precious metals, individual equity movements, and the stock market in general to determine the appropriate course of action to be taken by the Company.

c) Property risk

Unless the Company acquires or develops additional significant properties, the Company will be solely dependent upon the projects currently held by the Company. If no additional mineral properties are acquired by the Company, any adverse development affecting these projects would have a material adverse effect on the Company's financial conditions and results of operations.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. Accounts payable and accrued liabilities are due within the current operating period.

e) Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including interest rate and commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Share Capital

The authorized capital of the Company consists of an unlimited number of common shares without par value. At December 31, 2008 and June 30, 2009 the number of issued common shares was 42,484,168 (fully diluted 48,128,901). At August 26, 2009 the number of issued common shares was 54,686,168 (fully diluted 62,830,901).

Options outstanding at August 26, 2009

| Number of Options | Exercise Price \$ | Expiry Date |
|--------------------------|------------------------------|--------------------|
| 200,000 | 0.15 | April 21, 2010 |
| 1,075,000 | 0.20 | Nov. 13, 2011 |
| 940,000 | 0.27 | Aug. 30, 2012 |
| 50,000 | 0.42 | Oct 2, 2012 |
| 700,000 | 0.40 | Jan 9, 2013 |
| 2,500,000 | 0.10 | Aug 17, 2014 |
| TOTAL 5,465,000 | | |

Warrants outstanding at August 26, 2009

| Number of Warrants | Exercise Price \$ | Expiry Date |
|---------------------------|------------------------------|--------------------|
| 2,679,733 | 0.15 | December 31, 2010 |
| TOTAL 2,679,733 | | |

Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support representations that, having exercised reasonable diligence, interim and annual filings contain no misrepresentations and give a fair presentation of the financial condition of the Company for the periods presented.

Risks and Uncertainties

The business of exploration and mining is full of risk that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The operations to be conducted by the Company will be subject to all of the operating risks normally attendant upon mineral exploration and development. Failure to obtain financing can result in delay or indefinite postponement of exploration and development projects with the possible loss of such properties. While the Company has been successful in the past at raising funds, there can be no assurance that it will continue to do so. Equity financing opportunities require favorable market conditions and commodity prices that cannot be assured.

Whether a mineral deposit once discovered will be commercially viable depends on a number of factors, some of which depend on the particular attributes of the deposit, such as size, grade and proximity to infrastructure. These factors are beyond the control of the Company. The Company must also compete with a number of companies that may have greater technical or financial resources. The Company is unable to predict the amount of time which may elapse between the date when any new mineral reserve may be discovered and the date when production will commence from any such discovery.

The exploration and development of mineral properties and the marketability of any minerals contained in such properties can be affected by many other factors beyond the control of the corporation, such as metal prices, availability of adequate refining facilities, or the imposition of new government regulation affecting existing taxes and royalties or environmental and pollution controls.

The directors of the Company are engaged and will continue to be engaged in the search for mining interests on their own behalf and on behalf of other companies, and situations may arise where the directors and officers may be in direct competition with the Company. Conflicts of interest, if any, which arise will be subject to and governed by procedures prescribed by the *Business Corporations Act* (Alberta) which require a director or officer of a corporation who is a party to, or is a director or an officer of or has a material contract with the Corporation to disclose his interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the *Business Corporations Act* (Alberta).

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

Additional information on the Company's projects including news releases, maps and photos can be viewed on the Company's website www.stratabound.com.

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.