

**STRATABOUND MINERALS CORP.
ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

April 28, 2008

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, 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 2007, the Company conducted exploration programs on the Elmtree, Big Presque Isle, Lamoreaux Corner and Captain properties in New Brunswick, Enja claims in Quebec and Melchett Lake prospect in Ontario. In addition, the Company staked six new properties in New Brunswick, four as a consequence of the discovery of gold occurrences at Big Presque Isle and Lamoreaux Corner (see "Highway Properties"), and two in the southern part of the province covering precious metal anomalies near the former Cape Spencer gold mine.

During the first four months of 2008, Stratabound has been drilling on the Captain and Elmtree properties, and preparing to drill again at Melchett Lake this summer. At the present time, the Company does not have any producing properties and consequently no revenues.

Overall Performance

In 2007, the Company raised \$3,333,216 net of share issue costs, through private placements and the exercise of share purchase options and warrants, compared with \$1,075,490 in 2006. Proceeds are being used mainly for exploration and acquisition of gold and base metal properties in New Brunswick, Ontario and Quebec, and for general corporate purposes.

During 2007, the Company spent \$1,465,403 on exploration and acquisition of mineral properties, up from \$1,127,137 the previous year. The increase is attributable to exploration at our new project area at Melchett Lake, Ontario, and to the commissioning of an independent detailed review and Technical Report on the Elmtree Gold Property in New Brunswick.

At December 31, 2007, the Company had working capital of \$1,959,478 compared with \$241,862 at the end of 2006. The Company intends to raise additional capital this year. Future exploration is dependent on continued equity financing and/or joint ventures with other companies.

Stratabound was awarded a 2007 exploration grant of \$45,000 from New Brunswick's Junior Mining Assistance Program for gold exploration on the Big Presque Isle Property, and a \$100,000 grant under the New Brunswick Deposit Evaluation Program for the Captain copper-cobalt-gold 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.

Three Year Financial Data – Years Ended December 31

<u>For the years ended December 31</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
	\$	\$	\$
Revenue – interest income	13,890	6,051	2,109
Loss before write-offs & future income tax	478,920	319,595	152,754
Net and comprehensive loss	439,217	363,348	1,174
Basic and diluted loss per share	0.015	0.016	0.0001
Assets	8,209,735	4,900,166	3,895,851

Summary of Quarterly Results

2007	Dec 31/07	Sept 30/07	June 30/07	March 31/07
	\$	\$	\$	\$
Revenue – interest income	3,705	5,506	3,917	762
Loss before write-offs & future income tax	206,390	163,113	50,207	59,210
Net and comprehensive loss	125,655	163,113	59,239	91,210
Basic and diluted loss per share	0.002	0.005	0.005	0.003

2006	Dec 31/06	Sept 30/06	June 30/06	March 31/06
	\$	\$	\$	\$
Revenue – interest income	2,816	1,423	604	1,208
Loss before write-offs & future income tax	172,949	52,471	62,006	32,169
Net and comprehensive loss	212,202	52,471	60,006	38,669
Basic and diluted loss per share	0.008	0.002	0.004	0.002

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

Results of Operations

All expenses relating to exploration and property acquisition are capitalized as Mineral Properties and are summarized in Note 5 to the Financial Statements. Detailed capitalized exploration and development costs for 2006 and 2007 are broken-down by project below under the heading "Additional Disclosure".

In 2007, the Company raised \$3,333,216 in cash (net of share issue costs), by the issuance of 9,782,540 shares via private placements and the exercise of 400,000 options and 2,016,322 warrants, compared with 2006 net proceeds of \$1,075,490 by the issuance of 3,600,000 shares via private placements and the exercise of 2,078,000 warrants. In addition, 168,000 shares were issued for property acquisitions in 2007 at a deemed value of \$44,000, compared with 150,000 shares valued at \$27,500 in the previous year.

General and administrative expenses of \$492,810 in 2007 were higher than the \$325,646 incurred during 2006. This increase is partly attributable to the increase in stock-based

compensation costs, an item not involving cash, pertaining to stock options granted to employees, consultants and directors. The fair value of each option granted is estimated using the Black-Scholes option-pricing model (see Note 7 to financials). Consulting fees of \$68,500 including \$8,500 paid to a director and officer of the Company, were paid during the year for corporate development activities compared to \$30,000 during the same period of 2006. Office and other costs increased from \$20,663 to \$36,811 for the period mainly due to additional insurance coverage and travel costs. All other costs remained at similar levels to the previous year. Filing fees and investor communications comprise fees paid to the TSX Venture Exchange, various provincial securities commissions and newswire costs.

Stratabound incurred a net and comprehensive loss of \$439,217 for the year ended December 31, 2007 as compared to a loss of \$363,348 for 2006. This increased loss is mostly attributable to the increases in stock-based compensation costs, consulting fees and office costs mentioned above. There were no mineral property write-offs this year compared to a \$35,100 write-down on the Ramsay Brook property in 2006. Provision was made for future tax recovery of \$39,703 this year, compared to a provision for future tax of \$8,653 in 2006.

Elmtree Gold Property, New Brunswick

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

A mineral resource estimate was recently provided by Mercator Geological Services Limited, an independent geological consulting firm based in Dartmouth, Nova Scotia. The estimate is compliant with the reporting standards of National Instrument 43-101.

The resource on the property comprises 525,000 Indicated tonnes grading 2.45 g/t gold (41,000 ounces gold) plus 4,624,000 Inferred tonnes at an average grade of 1.37 g/t gold (185,000 ounces gold), plus 41,000 Inferred tonnes containing 201,000 ounces of silver, 7.0 million lbs zinc and 2.4 million lbs lead. A substantial portion of the resource is within 100 metres of surface, giving rise to potential open pit mining opportunities.

The gold resource was established with a total expenditure of approximately \$1,425,000, including acquisition and exploration costs up to and including drill hole 41, representing an exceptionally low "finding cost" of about \$6.30 per ounce of gold. This cost would be even lower if potential credits for silver, lead and zinc were taken into account.

The Elmtree resource appears to be comparable in tonnage and grade to many low-grade open pit gold operations of the southwest United States. Stratabound's exploration at Elmtree has been based on a Carlin (Nevada) structural gold deposit model. This approach has been effective in understanding and tracing both the South Gold Zone (SGZ) and Discovery Zone (DZ) at Elmtree.

Stratabound has been working on these claims since 2004, and numerous drill targets remain untested on the original claims. During the winter of 2007/08 the Elmtree property was expanded from 10 claims (400 acres; 162 hectares) to 85 claims (3,398 acres; 1,375 hectares). The new claims are believed to have a high density of mineral occurrences and anomalies worthy of detailed examination.

Plans for 2008 and 2009 include:

- Additional drilling to expand the higher grade tonnage on the West Gabbro Zone (WGZ)
- Drilling to expand the low-grade bulk tonnage along the SGZ
- Deeper drilling of the SGZ (150 to 200 metres below surface) to determine whether this great thickness of low grade mineralization increases in grade at depth. It is possible that the near-surface SGZ deposit represents "leakage" from higher grade mineralization at depth. Some holes would test potential continuity between the SGZ and the adjacent, polymetallic DZ to the east.
- Initial metallurgical studies to assess gold recovery potential and associated economic cut-off grades
- Assessment of economic scoping study parameters related to metallurgy, mine design, site engineering, etc. to investigate potential for development of a near-surface, high grade gold mine on the WGZ in combination with near surface open pit development of low grade mineralization in all three zones.

Drilling is continuing in both the SGZ and WGZ areas. Results will be released when available.

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

Elmtree property expenditures for 2007 were \$398,152 compared to \$850,303 in 2006. Cumulative expenditures to December 31, 2007 are \$1,634,718, not including provincial government incentive payments of \$50,000.

Bathurst Base Metal Properties, New Brunswick

Stratabound's 100%-owned properties (4,234 hectares) comprise the CNE/Captain claims, CNE Mining Lease, 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 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 property expenditures for 2007 on the Bathurst base metal properties totaled \$352,750 not including provincial government incentive payments of \$110,000. 2006 expenditures amounted to \$68,626 not including a \$20,000 government incentive grant for work on the Taylor Brook property. Cumulative expenditures to December 31, 2007 are \$3,044,860.

Captain Copper-Cobalt-Gold Deposit

Stratabound's exploration for base metals during 2007 and early 2008 focused largely on its Captain claims, 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. Drilling at Captain was partially funded by a \$100,000 grant awarded to Stratabound by the province of New

Brunswick Deposit Evaluation Program (NBDEP) to determine whether an economic copper-cobalt-gold deposit reaches surface and can be mined with open pit methods.

As of April 28, 2008 Stratabound has announced assay results from the first 10 drill holes on its 100%-owned Captain property, near Bathurst, New Brunswick (see News Releases dated October 12, 2007, December 20, 2007, January 24, 2008, February 27, 2008, and April 24, 2008). Nineteen holes have been completed to date, and results will be released following receipt and evaluation.

Results have been extremely positive, indicating a potentially economic-grade, near-surface copper-cobalt deposit, with appreciable gold, silver and bismuth values. The deposit is believed to be striking roughly north/south, dipping 60 degrees to the west, and plunging to the south. The mineralization is open along strike, down dip, and down plunge.

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

Melchett Lake, Ontario

This 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. The other major claim holders in the Melchett greenstone belt are Teck Cominco and Dofasco.

Two areas of high-grade massive sulphide mineralization are known at surface from work done by previous companies, the Relf and Nakina 1 Zones. These are directly associated with intense hydrothermal alteration 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 yet been done by Stratabound to confirm these results.

Late in 2007, Stratabound completed a 619-metre drill hole in the Relf Lake area of the property to investigate the down dip extension of the intense hydrothermal alteration (see news release dated March 5, 2008).

The hole targeted the surface mineralization's host rocks, a felsic pyroclastic metavolcanic sequence. These rocks were found to be present from 345 to 590 metres. Disseminated sulphide mineralization, consisting of pyrite, sphalerite and chalcopyrite +/- minor pyrrhotite, with occasional thin bands (<2cm) of massive sulphides, is reported across the entire 245-metre section. Zinc and copper assays reported concentrations up to 1.66% and 0.41%, respectively.

The rock geochemistry indicates this entire 245-metre section exhibits the intense hydrothermal alteration typically associated with VMS deposits, and confirms that the alteration continues to increase in intensity with depth. This suggests an increasing proximity to a mineralizing source at depth.

A downhole pulse EM survey was carried out along the entire length of the drill hole by Quantec Geoscience Ltd., the Company's geophysical consultant on the property. The survey identified a strong (20 channel) off-hole conductive feature, located 150 metres west of the drill hole at a vertical depth of 565 metres. The conductor is considered a high priority drill target that may represent a VMS deposit. Stratabound plans to drill test the off-hole conductor in summer, 2008 at a targeted vertical depth of 565 metres. Other centres of alteration are present along the 13.5 kilometre strike length and one in particular, the Nakina 1 Zone, maintains alteration characteristics equal to or stronger than those investigated at the Relf Zone.

Additional high priority geophysical drill targets are present within the mineralized stratigraphy at Key Lake, in the property's western portion, and between Key Lake and the Nakina 1 Zone.

In 2007 Stratabound entered into an option agreement whereby it can acquire a 60% working interest in the property from the Melchett Syndicate. A payment of \$3,000 and 68,000 shares was made. To earn the 60% interest Stratabound must spend \$1,000,000 on exploration prior to November 1, 2010. As at December 31, 2007, the Company has spent \$255,543 on exploration. Upon Stratabound acquiring its interest, a joint venture will be formed with Stratabound and the Melchett Syndicate having initial interests of 60% and 40% respectively. If either party's working interest is reduced below 10% through non-participation, its interest will be converted to a 1.5% net smelter royalty. Stratabound will be the Operator during the earn-in period, and thereafter during the joint venture period so long as it maintains an interest of at least 60%.

The Melchett Syndicate is a private group directed by John L. Wahl, P.Geo., the Qualified Person on 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.

Cumulative expenditures to December 31, 2007 are \$281,943.

Highway Gold Properties, Western New Brunswick

In December 2006, Stratabound optioned 14 claims containing and surrounding a new gold discovery made during the construction of the Trans-Canada Highway near Big Presque Isle Stream, located in western New Brunswick about eight kilometres south of Florenceville near the U.S. border. Prospecting carried out by the Company's geologists identified additional gold occurrences as reported in News Releases dated April 9, 2007 and May 2, 2007, and the Big Presque Isle Property was expanded to 79 claims through staking. These showings, with rock blast grab samples returning up to 6.3 g/t, represent the first mineral occurrences ever found in this district, which has never been explored for gold.

Continued prospecting discovered gold occurrences six kilometres to the north at Lamoreaux Corner, and 49 claims were staked here (News Release dated July 12, 2007). Stratabound subsequently staked four additional properties along the highway at Aroostook,

Beechwood-Upper Guisquit, Four Falls, and St. Thomas. Stratabound's land holdings in the area currently amount to 145 claims totaling 5,800 acres (2,350 hectares).

A small initial drill program in 2007 intersected only weak mineralization. Additional exploration is being considered, including geophysics, soil geochemistry and prospecting.

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 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.Geol. 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.

Cumulative expenditures on the Big Presque Isle property to December 31, 2007 were \$238,508 not including provincial government incentive payments of \$45,000.

Ramsay Brook Gold Property, New Brunswick

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 cover a 4.7 kilometre portion of the Ramsay Brook Fault, a major regional structure, and a 1.5 kilometre length of 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.

Stratabound has uncovered more than a dozen small gold-bearing veins in several areas on the property. Results included 1.2 m. of 6.46 g/t gold, 0.5 m. grading 5.19 g/t, 0.63 m. at 3.78 g/t, 2.0 m. of 2.78 g/t, and 1.0 m. grading 3.89 g/t, as well as grab samples of 5.12 g/t, 3.57g/t, 11.00 g/t and 5.06 g/t. Large induced polarization anomalies have been outlined immediately along trend with the gold veins. Gold-in-soil values on the property run as high as 4.27 g/t.

Trenching of gold-in-soils and IP chargeability anomalies in 2006 was hindered by steep slopes and thick overburden. No significant work was done on the property in 2007.

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

Ramsay Brook cumulative expenditures to December 31, 2007 are \$242,398.

Loch Lomond Area, Southern New Brunswick

In May 2007, the Company staked 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 precious, base and rare metals.

An initial program of prospecting and soil sampling has recently been completed on both claim groups. Cumulative expenditures to December 31, 2007 are \$7,802.

Enja Property, Quebec

Enja (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. 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.

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. Recent work by Stratabound has consisted of airborne geophysics and MMI (mobile metal ion) geochemistry, which was employed to follow up several of the geophysical targets.

The results indicate that the area surveyed to date is a base metal target with copper as the main commodity. This is based on a documented bi-lobate copper anomaly developed on the grid, which has minimum lengths of 175 metres on each of the two (north and south) limbs. The morphology of this anomaly, i.e. the bi-lobate nature of the MMI response, is believed to be controlled by an eastward verging fold that is also very well defined by numerous other elements including cadmium, cobalt and iron, which show both limbs and the fold nose.

In 2005 a detailed (80 metre line spacing) airborne geophysical survey outlined intense magnetic highs on the property, and indicated that it comprises three separate fault blocks. 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 known 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. Drill holes 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 mineralization.

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.

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 year, the Company incurred expenditures of \$195,952 compared with \$140,862 in 2006. Cumulative expenditures on the Enja property to December 31, 2007 are \$336,814.

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.

The Marusia Property was acquired as a diamond prospect in recognition of the property's location with respect to the Otish Mountains diamond play. However, the favourable geological context of the property with respect to gold potential was recognized from the beginning.

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

In 2004, the company conducted follow-up work on the kimberlite indicator minerals discovered in 2003. Results of the 2004 program were inconclusive, having recovered a different suite of kimberlite indicator minerals (mostly chrome diopsides and forsterites) than the initial program (picroilmenites, pyrope garnets, magnesian chromites and forsterites), and without any increase in quantity.

Previous non-diamond mineral exploration in the vicinity of the property has consisted of gold exploration of the volcano-sedimentary belts bracketing the property to the north and south.

The Eastmain gold deposit was discovered in 1970 by Placer-Dome. Mining activities ceased in 1995. Several local till geochemical characteristics indicate gold or base metals concentrations in the central area of the Marusia Property, including gold anomalies in till samples, a concentration of anomalous gold-in-mud samples, anomalous base metals-in-mud samples, detrital chalcopyrites, abundant detrital arsenopyrites, and a gold grain recovered from a heavy mineral concentrate. These anomalous concentrations lie just south of a northeast trending volcanosedimentary package and appear to coincide with a Central Magnetic Zone. The intense magnetic signature is considered indicative of either folded magnetite iron formation or of a magmatic magnetite-rich ultramafite.

This geochemical and magnetic signature, when considered with respect to subregional and local gold metallogenetics, suggests that gold exploration should be actively pursued on Marusia. No field work was done on the Marusia Property in 2007. A regional and property satellite interpretation study was completed.

A series of maps 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.

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

Expenditures for the year amounted to \$13,667. Cumulative expenditures to December 31, 2007 are \$222,780 not including government incentives of \$52,592.

Liquidity

At December 31, 2007, the Company had working capital of \$1,959,478 compared with \$241,862 at the end of 2006.

The Company has no long-term debt, purchase obligations or off-balance sheet arrangements. On August 1, 2007, Stratabound entered into a one-year lease agreement on an office and storage facility in Bathurst, New Brunswick at a cost of \$2,500 per month.

The Company has sufficient funds on hand to meet all option payment requirements and provincial exploration obligations on all its properties and maintain them in good standing beyond 2008.

Stratabound intends to raise additional capital this year. The Company will also apply for exploration grants in New Brunswick and Quebec. 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, 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.

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 2006 and 2007 are broken-down by project as follows:

Capitalized Exploration and Development Expenses

Costs	Bathurst, N.B. \$	Otish Mountains, Que. \$	Ramsay Brook, N.B. \$	Elmtree, N.B. \$	Enja, Que. \$	Big Presque Isle, NB \$	Total \$
December 31, 2005	2,623,484	198,012	241,460	406,263	63,164	-	3,532,383
Acquisition & renewals	3,852	5,916	9,312	149,058	273	20,804	189,215
Assays and analyses	-	1,740	-	44,238	-	-	45,978
Drilling	-	-	-	299,266	-	-	299,266
Geochemistry	-	-	-	159,500	-	-	159,500
Geology and supervision	43,630	4,295	10,596	109,197	8,340	3,715	179,733
Geophysics	4,200	-	6,925	28,165	99,235	-	138,525
Line-cutting	2,452	-	-	-	-	-	2,452
Trenching	16,517	-	4,682	5,579	-	-	26,778
Salaries and benefits	1,100	600	800	17,800	900	700	21,900
Stock-based compensation	16,875	3,750	-	37,500	3,750	1,875	63,750
Government incentives	(20,000)	(5,200)	-	(20,000)	(34,800)	-	(80,000)
	2,882,852	209,113	273,775	1,236,566	140,862	27,094	4,770,262
Accumulated depletion and amounts written off	(190,742)	-	(35,100)	-	-	-	(225,842)
December 31, 2006	2,692,110	209,113	238,675	1,236,566	140,862	27,094	4,544,420

	Bathurst Properties, NB \$	Otish Mountns. Que. \$	Ramsay Brook, N.B. \$	Elmtree, N.B. \$	Enja Que. \$	Highway Props. Western N.B \$	Loch Lomond, Southern N.B \$	Melchett Lake, Ont. \$	Total \$
Cost – Jan 1,	2,692,110	209,113	238,675	1,236,566	140,862	27,094	-	-	4,544,420
Acquisition & renewals	5,866	-	316	38,476	3,312	32,466	2,700	20,000	103,136
Assays and analyses	57,658	-	-	53,604	20,965	17,533	1,726	1,750	153,236
Core shack	5,172	-	-	8,196	-	3,125	-	-	16,493
Drilling	234,811	-	-	121,608	-	93,727	-	226,423	676,569
Geochemistry	-	-	-	-	157,695	-	-	-	157,695
Geology and supervision	129,037	12,450	3,407	133,996	2,357	78,214	3,376	17,170	380,007
Geophysics	2,050	-	-	9,050	-	-	-	10,200	21,300
Insurance	2,250	-	-	2,250	500	2,250	-	-	7,250
Line-cutting	5,998	-	-	6,064	-	8,591	-	-	20,653
Salaries and benefits	6,400	-	-	11,400	1,500	7,000	-	6,400	32,700
Stock-based compensation	13,508	1,217	-	13,508	14,725	13,508	-	-	56,466
Government incentives	(110,000)	-	-	-	(5,102)	(45,000)	-	-	(160,102)
Cost – Dec 31, 2007	3,044,860	222,780	242,398	1,634,718	336,814	238,508	7,802	281,943	6,009,823

General and administrative costs for 2006 and 2007 are discussed above in the “Results of Operations” section and are itemized below. “Stock-based compensation” is an item not involving cash, pertaining to stock options granted to employees, consultants and directors.

General and Administrative Expenses

Years ended December 31	2007 \$	2006 \$
Stock-based compensation	225,518	133,250
Salaries and benefits	65,234	55,202
Professional fees	54,097	48,151
Filing fees & investor communications	35,710	32,836
Consulting fees	68,500	30,000
Office and other	36,811	20,663
Rent	4,200	4,200
Amortization	2,740	1,344
	<u>492,810</u>	<u>325,646</u>

Related Party Transactions

During the year, the Company paid rent of \$4,200 (2006 - \$4,200) for office space owned by officers of the Company, a related party transaction. Consulting fees of \$8,500 were paid to a director and officer of the Company for corporate development activities.

Change in Accounting Policy

Effective January 1, 2007, the Company adopted the new accounting standards issued by the Canadian Institute of Chartered Accountants: Handbook Section 1530, Comprehensive Income, Handbook Section 3855, Financial Instruments – Recognition and Measurement, Section 3251, Equity, and Section 3861, Financial Instruments – Disclosure and Presentation. The Company has evaluated the impact of these new standards and determined that no adjustments are currently required. Additional details are provided in Note 3 of the Financial Statements.

Subsequent Event

On January 9, 2008, the Company issued pursuant to its stock option plan, a total of 700,000 options to directors, officers and consultants. These options are exercisable at \$0.40 until January 9, 2013 and vest immediately.

Share Capital

The authorized capital of the Company consists of an unlimited number of common shares without par value. At December 31, 2007 the number of issued common shares was 37,049,702 (fully diluted 39,839,702) and after the inclusion of subsequent events to April 28, 2008, there are 37,049,702 shares issued (40,539,702 fully diluted).

Options outstanding at April 28, 2008

Number of Options	Exercise Price \$	Expiry Date
250,000	0.20	March 5, 2009
175,000	0.20	June 27, 2009
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
TOTAL 2,690,000		

Warrants outstanding at April 28, 2008

Number of Warrants	Exercise Price \$	Expiry Date
150,000	0.20	August 25, 2008
TOTAL 150,000		

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 3 of 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.

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).

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

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.