

**STROUD RESOURCES LTD.**

FORM 51-102FI

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2009

May 28, 2009

## **1. Date**

This Management Discussion and Analysis (“MD&A”) for the three-month period ended March 31, 2009 is dated May 28, 2009 and should be read in conjunction with the Company’s interim consolidated financial statements. All financial information is prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and is expressed in Canadian dollars

## **2. Overview**

Stroud Resources Ltd. (the “Company” or “Stroud”) is a junior resource company involved in the acquisition, exploration and development of mineral properties. Stroud has focused its exploration activities on the Santo Domingo epithermal silver-gold project in central Mexico and its Hislop gold property in northern Ontario.

During the 2008 fiscal year, an 11 hole, 2,250 metres drill program was completed on the Santo Domingo property. These drill holes have demonstrated that wide zones of silver and gold mineralization are present on the property. Stroud previously drilled the Rayas zone and a portion of the Guadalupe zone at the 1,000 metre elevation. Stroud typically drills sections at 50 metre intervals along the strike of the mineralized zone. Each section is usually made up of three to four holes drilled at minus 6 degrees to minus 85 degrees in order to test the continuity of the mineralization downdip. Approximately 500 metres of strike length of the Rayas zone has been tested to date and the mineralization appears to be continuous. The mineralized area is open to the north, south and updip as well as downdip. Lead and zinc values are higher in the southern portion of the Rayas zone although the zone appears to get wider along the strike to the north. Consistent silver and gold values have also been encountered in the Guadalupe zone. Stroud’s geologist and drillers live onsite during the drilling program. Stroud has living quarters for 13 people, a cookhouse and dining area as well as onsite core logging and core cutting facilities. Electrical power is provided by a 22,000 volt power line with a back up generator. Potable water is trucked in.

Subject to financing Stroud intends to continue to drill the Santo Domingo Property in 2009. The Rayas Zone is open along strike to the North and South and up dip as well as down dip. Stroud intends on drilling the up dip section of the Rayas Zone first. The mineralization outlined by this drilling program could potentially be mined by open-pit. Also subject to financing, an updated NI-43-101 report estimating the silver and gold resources on the Santo Domingo Property is intended to be completed.

Due to difficult market conditions for raising equity capital, the Company ceased exploration activities on all of its properties in October, 2008 to conserve working capital. Exploration work will re-commence when sufficient funding has been obtained. The Company is actively pursuing various alternatives for the raising of additional capital.

Stroud acquired an option on the Santa Cruz silver-gold property in Mexico in 2007. The Company can acquire a 100% interest in the 4,800 hectare property by making cash payments to the optioners of US\$145,000 (of which US \$70,000 has been paid to date) and by issuing 145,000 shares (of which 35,000 shares have been issued to date) over a three year period. Numerous adits are present on the property. Prior silver production on the property was reported to be 70,000 ounces per month in the late 1800's. The Santa Cruz property has at least five sets of veins. These veins have never been drilled and the existing workings have penetrated only part way along the vein system. Sampling by Stroud's geologist demonstrated that these veins contain silver and gold mineralization.

### **3. Results of Operations**

During the three month period ended March 31, 2009, the Company has been actively searching for financing to fund operations for the balance of the year, and to fund an exploration program on the Santo Domingo property. With the capital markets improving, the Company is hopeful that a financing can be completed during the second quarter of 2009. The Company's geologist has carried out considerable work preparing for a 43-101 qualifying report on the Santo Domingo property. Subject to financing, a final report would be prepared by an independent mining consulting firm, and targeted to be publicly filed in the third quarter of 2009.

Revenue from oil and gas operations decreased by 38% to \$30,975 for the three-month period ended March 31, 2009, compared to \$50,198 for the same period in 2008. Production volumes were 25% lower in 2009 than the same period of 2008. This, together with lower natural gas prices in 2009, contributed to the decline in revenues.

The Company did not use an outside investor relations firm during the first quarter of 2009 and accordingly, business promotion expenses have decreased from 2008 levels. The decrease in business promotion expenses was offset by an increase in professional fees as audit and accounting fees increased during the quarter. The Company recorded stock-based compensation expense of \$32,099 during the three months, for previously issued stock options that vested during the period, compared to \$29,670 for the same period in 2008. Increases in foreign exchange losses incurred in consolidating the Mexican entity offset lower future income taxes.

The Company incurred a net loss of \$187,597 for the three months ended March 31, 2009 compared to net loss of \$197,760 for the same period in 2008. A future income tax expense of \$24,514 in 2009 compared to a future income tax expense of \$113,894 in 2008 was offset by foreign exchange losses of \$46,290 in 2009 compared to foreign exchange gains of \$26,500 in 2008. Professional fees increased from \$36,903 in 2008 to \$52,525 in 2009.

A description of the Company's mineral properties can be found in Note 5 to its 2008 financial statements which have been filed on SEDAR and are also available at [www.stroudresourcesltd.com](http://www.stroudresourcesltd.com).

### **Nature of Business**

The Company was incorporated on March 18, 1983 and is considered to be in the development stage. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable.

The recoverability of the carrying values of these interests is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development thereof and the future profitable production therefrom or alternatively upon the Company's ability to dispose of its interests on an advantageous

basis. Changes in future economic conditions could require material write-downs of the carrying values.

### **Mining Industry**

The exploration for and development of mineral deposits involves significant risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a mineral deposit may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, permitting, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted but the combination of these factors may result in the Company not receiving an adequate return on investment.

### **Risks and Uncertainties**

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company's objective is to maintain sufficient liquid resources to meet operational requirements. As at March 31, 2008, the Company had cash and cash equivalents of \$92,919 (2007 - \$19,459). In addition, at March 31, 2009, the Company's working capital position was negative \$290,278 [2007 -\$152,480]. The Company is actively searching for financing to fund operations and exploration programs for 2009. Failure to obtain such financing could require the Company to significantly curtail or cease operations.

## **Forward-Looking Statements**

This management's discussion and analysis may contain statements that are "Forward-looking Statements". These include statements about the Company's expectations, beliefs, plans, objectives and assumptions about future events or performance. These statements are often, but not always, made through the use of words or phrases such as "will likely result", "are expected to", "will continue". "anticipate", "believes", "estimate", "intend", "plan", "would", and "outlook" or statements to the effect that actions, events or results "will", "may", "should" or "would" be taken, occur or be achieved. Statements and estimates concerning mineral resources or reserves may also be deemed to be forward-looking statements in that they involve estimates, based on certain assumptions, regarding the mineralization that would be encountered if and when a mineral deposit were to be developed and mined. Forward-looking statements are not historical facts, and are subject to a number of risks and uncertainties beyond the Company's control. Accordingly, the Company's actual results could differ materially from those suggested by these forward-looking statements for various reasons discussed throughout this analysis. Forward-looking statements are made on the basis of the beliefs, opinions and estimates of the Company's management on the date the statements are made and the Company does not undertake any obligation to update forward-looking statements if the circumstances or management's beliefs, opinions or estimates should change. Readers should not place undue reliance on forward-looking statements.

## **4. Summary of Quarterly Results**

The following table sets forth, for the quarter indicated, information relating to the Company's revenue, net loss and loss per common share as prepared under GAAP in Canada.

	<b>Revenues</b>	<b>Net Loss</b>	<b>Basic and Diluted Net Loss / Share</b>
June 30, 2007	<b>60,380</b>	(120,697)	(0.0010)
September 30, 2007	<b>57,545</b>	(215,817)	(0.0018)
December 31, 2007	<b>46,543</b>	(8,888)	(0.0001)
March 31, 2008	<b>50,198</b>	(197,760)	(0.0014)
June 30, 2008	<b>71,517</b>	(486,421)	(0.0038)
September 30, 2008	<b>77,874</b>	(229,059)	(0.0018)
December 31, 2008	<b>51,837</b>	(253,068)	(0.0012)
March 31, 2009	<b>30,975</b>	(187,597)	(0.0080)

Revenue generated from the oil and gas properties fluctuated from quarter to quarter, affected by seasonal demand and price, as well as production levels. Changes in net losses reflect primarily the recognition of stock based compensation expense and future income tax liabilities.

For further annual and quarterly financial information, please refer to the Company's financial statements that have been filed on SEDAR.

## **5. Liquidity**

The Company had a working capital deficiency of \$290,278 at March 31, 2009 [2008-\$152,480]. The Company has initiated a financing plan to raise by private placement sufficient funds to address the Company's working capital deficiency and provide funds to resume exploration activities. A loan of \$115,000 was made to the Company by an arm's length party during the quarter pending the Company's completion of equity financing. The loan is repayable on demand.

## **6. Capital resources**

The Company does not have sufficient capital resources to meet its desired exploration programs and general and administrative expenses for fiscal 2009. Financing plans have been delayed with the collapse in financial markets. The Company continues to search for financing, and remains hopeful that a financing transaction can be completed in the second quarter of 2009.

## **7. Off-Balance Sheet Arrangements**

As of the date of this filing, the Company does not have any off-balance sheet arrangements that have, or reasonably likely to have, a current or future effect upon the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

## **8. Transactions with Related Parties**

During the period ended March 31, 2009, the Company paid to the President of the Company \$21,250 in salary which has been charged to administrative fees. The Company incurred legal fees of \$5,000 to a law firm in which a director of the Company is a partner. The legal services, which are in the normal course of operations, have been measured at the exchange amount.

## **9. Proposed Transactions**

The Company has not entered into any significant transaction, nor is it currently reviewing any such transaction, which requires board approval, shareholder approval or regulatory approval that has not been discussed within this MD&A.

## **10. Shareholder Rights Plan**

During 2008, the Company adopted a shareholder rights plan (the "Plan") similar to those adopted by many other Canadian corporations. The Plan was adopted to address the board's concerns that current legislation does not provide sufficient time for the board and shareholders of the Company to properly evaluate an unsolicited bid for control or to pursue

alternatives with a view to maximizing shareholder value. The Plan seeks to ensure that all shareholders of the Company have an equal opportunity to participate in the benefits of a takeover bid.

## **11. Critical Accounting Estimates**

The Company's significant accounting policies are presented in Note 2 of the financial statements for the year ended December 31, 2008.

## **12. Changes in Accounting Policies**

Effective January 1, 2008, the Company adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1400 Assessing Going Concern, Handbook Section 1535 Capital Disclosures, Handbook Section 3862 Financial Instruments – Disclosures and Handbook Section 3863 Financial Instruments – Presentation. These standards were adopted on a prospective basis and as such, prior periods have not been restated.

### *Assessing Going Concern (Section 1400)*

Section 1400 has been amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern. The standard is effective for interim and annual financial statements for years beginning on/after January 1, 2008.

### *Capital Disclosures (Section 1535)*

Section 1535 specifies the disclosure of the Company's objectives, policies and processes for managing capital; quantitative data about what the Company regards as capital; whether the Company has complied with any capital requirements and the consequences, if any, of non-compliance and how the Company is meeting its objectives for managing capital.

### *Financial Instruments – Disclosures and Presentation (Section 3862 and 3863)*

The new Sections 3862 and 3863 replace Handbook Section 3861 Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The adoption of these standards did not have any material impact on the Company's results of operations or

financial position in the quarter.

In March 2007, the CICA approved Handbook Section 3031, Inventories, which replaces the existing Handbook Section 3030, Inventories. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008, with earlier application encouraged. The standard provides more guidance on the measurement and disclosure requirements for inventories. The Company currently does not have any inventory and therefore this standard has had no impact on the Company's financial statements.

## **RECENT ACCOUNTING PRONOUNCEMENTS**

### ***International Financial Reporting Standards***

In May 2007, the CICA published an updated version of its "Implementation Plan for Incorporating International Financial Reporting Standards ("IFRS") into Canadian GAAP". This plan includes an outline of the key decisions that the CICA will need to make as it implements the Strategic Plan for publicly accountable enterprises that will converge Canadian generally accepted accounting principles with IFRS. The changeover date from Canadian GAAP to IFRS is for annual and interim financial statements relating to fiscal years beginning on or after January 1, 2011.

### ***Goodwill and Intangible Assets***

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". The purpose of this Section is to establish recognition, measurement, and disclosure of goodwill and intangible assets and to provide more specific guidance on the recognition of internally developed intangible assets and requires that research and development expenditures be evaluated against the same criteria as expenditures for intangible assets. The Section substantially harmonizes Canadian standards with International Financial Reporting Standards and applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. It is not expected to have a material impact on the Company's financial statements.

### 13. Financial Instruments and Other Instruments

The Company is not involved in any hedging program, nor is it party to any financial instruments that may have an impact on its financial position

### 14. Other MD&A Disclosure

Additional information relating to the Company, including its financial statements, and analysis for each period therein, where required, is available on SEDAR at [www.sedar.com](http://www.sedar.com), and on the Company's website at [www.stroudresourcesltd.com](http://www.stroudresourcesltd.com).

#### Mineral Properties and Deferred Costs

	Year Ending December 31, 2008 \$	Year Ending December 31, 2007 \$	Year Ending December 31, 2006 \$
Hislop Property	1,418,095	1,402,009	583,988
Santo Domingo Property	9,288,855	8,024,038	7,230,177
Santa Cruz Property	88,388	46,853	-
Oil and Gas Properties (net)	142,614	174,614	143,279
	10,937,952	9,647,514	7,957,444

#### Hislop Property

In 2007, the Company initiated an exploration program in the Hislop region to further qualify, quantify and extend known zones of mineralization. Previous drill programs have extended the known strike

length of the mineralization to 650 metres. The 25-hole, 8000 metre drilling program discovered new gold zones and a number of deep mineralized intersections on the Hislop property (greater than 400 metres of depth). A recalculation of the resources is required using data from the current drilling program and historical data. While it is uncertain that future exploration will result in additional resources being discovered, the continuity of the gold zones located on the Hislop property indicate that it is likely that a number of these gold zones will continue at depth.

The Company will consider further exploration on the Hislop property if financing opportunities become available.

### **Santo Domingo Property**

Geological mapping, sampling of adits and outcrops was carried out over the first three months of 2007. The Company purchased its own drill rig to ensure that drilling could be carried out on an ongoing basis on the property. The rig, pumps, assorted drill rods and equipment were acquired at a cost of approximately \$675,000. The drill rig, a high performance Model A5 Diamond drill, gives Stroud the versatility to drill in the challenging conditions at Santo Domingo.

The Company hired its own drillers and commenced drilling on the property in October 2007. A total of 6 holes were drilled in 2007, and an additional 16 holes were drilled in 2008. These holes demonstrated that wide zones of silver and gold mineralization are present on the property. Subject to financing, the Company plans to continue the drill program in 2009.

### **Santa Cruz project**

On June 14, 2007, the Company entered into an agreement under which it may acquire a 100% interest in the Santa Cruz silver gold property, by making cash payments to the optionors of US \$145,000 and by issuing to the optionors 145,000 shares of the Company over a 3 year period. The optionors will retain a 1.5% net smelter royalty on the property of which 1.25% can be purchased for US \$1,250,000 at any time by the Company. The Company has made an initial payment of US \$70,000 and issued 35,000 common shares. Subject to financing, the Company plans to carry out exploration work on the property consisting of geological mapping of

the property and where possible, mapping and sampling of the adits, followed by diamond drilling, if the exploration results continue to be positive.

### **Oil and Gas Properties**

The Company holds an approximate 3.75% interest in six oil and gas producing wells in Alberta. The properties are operated by Talisman Energy Inc. The Company's proportionate share of the revenue from these properties, net of operating expenses, is received from the operator on a monthly basis. During the year, two wells stopped producing, and another two wells were brought into production.

### **Disclosure of Outstanding Share Data as at May 28, 2009**

	<b>Number or Principal Amount Outstanding</b>	<b>Maximum Number of Common Shares Issuable, if Convertible, Exercisable or Exchangeable</b>
Common Shares	<b>137,154,534</b>	<b>N/A</b>
Stock Options	<b>6,275,000</b>	<b>6,275,000</b>
Warrants outstanding	<b>8,065,500</b>	<b>8,065,500</b>
Maximum common shares outstanding		<b>151,495,034</b>

### **15. Approval**

The Directors of the Company have approved the disclosure contained in this MD&A and a copy will be provided to anyone who requests it.