

STROUD RESOURCES LTD.

FORM 51-102FI

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED MARCH 31, 2006

MAY 26, 2006

1.1 Date

This Management Discussion and Analysis (“MD&A”) for the three months ended March 31, 2006 is dated May 26, 2006 and should be read in conjunction with the company’s interim financial statements. All financial information is prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and is expressed in Canadian dollars.

1.2 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.

On March 22, 2006, the Company entered into an agreement with Amerix Precious Metals Corporation [“Amerix”] to purchase Amerix’s 50% interest in the Santo-Domingo property, and attain 100% ownership. The purchase price for the 50% interest is \$1.8 million, and a royalty payable to Amerix, equal to 5% of the net proceeds from the sale of minerals from the project, to a maximum of \$1M. The transaction was conditional on the Company raising sufficient equity financing to pay the purchase price. The financing was secured subsequent to the end of the period. The purchase will allow management to consolidate ownership in a project it is intimately familiar with and one which management believes possesses tremendous potential.

A drilling program at the Santo Domingo property was started June 27, 2005 and halted in November 2005 due to drilling difficulties. The drilling results from the three holes that were completed, when coupled with previous samplings and assays suggest that the Santo Domingo property has two mineralized zones. The La Rayas zone averages 35 metres in width and 700 metres in length; the Guadalupe zone averages 15 to 20 metres in width and has a strike length of approximately 750 metres.

Following changes to the drill rig and personnel to improve drill efficiencies, an additional 900 metres will be drilled, which drilling is expected to commence shortly. The Company has agreed to issue to the

driller, 750,000 common shares in satisfaction of all past drilling services. The shares will be held in escrow and released upon successful completion of 900 metres of drilling within a stipulated timeframe. The shares are subject to a 4-month hold period. The new drilling program will further investigate the grade and depth of the two mineralized zones identified by previous exploration work on the property.

At the end of 2004, the Company prepared a Qualifying Report, compliant with National Instrument 43-101, for its Hislop Gold property in northern Ontario. The report concludes that the Hislop project contains indicated resources of approximately 102,750 ounces of gold and total inferred resources of approximately 69,700 ounces of gold. The Company anticipates initiating a \$1M infill-drilling program during 2006 in order to add resources and upgrade the resources to reserve categories. The current price of gold also makes it feasible to carry out an underground program on the Creek zone, and the Company may do so following the infill-drilling program.

The Company has retained an individual to provide investor relation services. The Company will pay a monthly retainer of \$5,000 during the initial one-year term of the agreement and has granted stock options to this individual to purchase 200,000 common shares in the capital of the Company under the Company's stock option plan exercisable for a two year period at a price of \$0.25 per share and vesting in equal amounts quarterly.

The Company declared a net loss of \$43,337 for the first quarter of 2006 compared to a net loss of \$80,378 in the same quarter of 2005. Higher oil and gas revenues and no stock based compensation expense in the first quarter of 2006, accounted for the improvement from the first quarter of 2005. Administrative expenses remained consistent from 2005 to 2006.

1.3 Results of Operations

Revenue from oil and gas operations increased by 347% to \$63,799 for the quarter compared to \$43,414 in the first quarter of 2005. The increase is due in part to higher prices and rising demand for natural gas and gas condensates. The Company spent \$1,275 during the quarter to further develop these wells for production. These expenditures have been

capitalized and will be amortized over the estimated useful lives of the properties. Depletion expense has increased as these costs are amortized.

Interest income is being earned on term deposits maintained by the Company, which has reduced the net loss for the period.

During the three months ended March 31, 2006, the Company did not recognize any stock-based compensation expense; in contrast, \$25,002 was recognized during the first quarter of 2005.

A description of the Company's mineral properties can be found in Note 4 to its 2005 financial statements which have been filed on SEDAR and are also available at www.stroudresourcesltd.com.

Nature of Business

The Company was incorporated on March 18, 1983. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore 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 there-from or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

The Company has an accumulated deficit of \$6,314,154 of which \$43,337 in losses were incurred during the current quarter.

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 or any joint venture partners 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.

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 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.

1.4 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 generally accepted principles in Canada.

	Revenues	Net Loss	Basic and Diluted Net Loss / Share
June 30, 2004	33,555	(156,450)	(0.0018)
September 30, 2004	37,680	(36,866)	(0.0004)
December 31, 2004	22,558	(127,858)	(0.0014)
March 31, 2005	43,414	(80,378)	(0.0009)
June 30, 2005	53,953	(83,390)	(0.0009)
September 30, 2005	54,978	(23,749)	(0.0003)
December 31, 2005	76,179	(31,194)	(0.0004)
March 31, 2006	63,799	(43,337)	(0.0005)

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

1.5 Liquidity

Working capital at March 31, 2006 was approximately \$550,000.

On May 4, 2006, the Company completed a private placement of 23.33 million units at a price of \$0.18 per unit raising gross proceeds of \$4.2 million. Each unit consisted of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to acquire an additional common share at a price of \$0.30 until May 4, 2008, subject to accelerated expiry in certain circumstances.

The private placement will allow the Company to complete its previously announced acquisition of the remaining 50% interest in the Santo Domingo property from Amerix, to fund the additional diamond drilling on the project, and to fund general working capital.

The Company expects to contribute approximately \$1,200,000 toward the current drilling program to further develop the Santo Domingo project in Mexico. Should drilling results warrant, the Company may choose to increase the projected expenditures on this property.

1.6 Capital Resources

No option payments are due on the Company's mineral properties during fiscal 2006.

The Company has sufficient capital to meet its estimated exploration programs and expenses and general and administrative expenses for fiscal 2006. The Company may choose to raise additional funds should the directors deem it to be advisable.

1.7 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.

1.8 Transactions with Related Parties

During the three months ended March 31, 2006, the Company paid to the President of the Company \$21,250 in salary of which \$10,625 has been deferred and capitalized within mineral properties as they relate to the further development of the sites. The Company paid legal fees of \$14,810 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.

1.9 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.

1.10 Critical Accounting Estimates

The Company's significant accounting policies are presented in Note 2 of the financial statements for the three months ended March 31, 2006

1.11 Changes in Accounting Policies

The Company has not changed any of its other accounting policies for the three months ended March 31, 2006, nor does it expect that any recent new accounting pronouncements will have any material impact on the financial condition or results of operations of the Corporation.

1.12 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.

1.13 Other MD&A Disclosure

Additional information relating to the Company, including its annual and interim financial statements, and analysis for each period therein, where required, is available on SEDAR at www.sedar.com, and on the company website at www.stroudresourcesltd.com.

Mineral Properties and Deferred Costs

	Quarter Ended March 31, 2006 \$	Year Ending December 31, 2005 \$	Year Ending December 31, 2004 \$	Year Ending December 31, 2003 \$
Hislop Property	276,278	274,773	203,878	136,015
Santo Domingo Property	4,114,613	3,612,577	2,343,248	2,315,110
Oil and Gas Properties (net)	78,776	83,501	82,612	41,193
	4,469,667	3,970,851	2,629,738	2,492,318

Disclosure of Outstanding Share Data as at May 26, 2006

	Number or Principal Amount Outstanding	Maximum Number of Common Shares Issuable, if Convertible, Exercisable or Exchangeable
Common Shares	114,462,306	N/A
Warrants	11,666,666	11,666,666
Finder's Warrants	1,706,665	1,706,665
Stock Options	5,775,000	5,775,000
Maximum common shares- fully diluted		133,610,627

1.14 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.