

CONSOLIDATED FINANCIAL STATEMENTS

STRATABOUND MINERALS CORP.

(Unaudited – Prepared by Management)

September 30, 2003

Stratabound Minerals Corp.
CONSOLIDATED BALANCE SHEETS

(Unaudited – Prepared by Management)

	September 30, 2003	December 31, 2002
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	58,143	59,408
Marketable securities, at cost	200	200
Accounts receivable	25,841	1,916
	84,184	61,524
Capital assets	6,598	2,514
Mineral properties [note 2]		
Canada	2,908,377	2,814,449
Mexico	993,459	992,427
	3,901,836	3,806,876
	3,992,618	3,870,914
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	35,031	14,858
Due to officers	—	31,500
	35,031	46,358
Mineral property taxes payable	336,000	336,000
	371,031	382,358
Shareholders' equity		
Share capital [note 3]	7,843,955	7,661,830
Deficit	(4,222,368)	(4,173,274)
	3,621,587	3,488,556
	3,992,618	3,870,914

Stratabound Minerals Corp.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

Periods ended September 30

(Unaudited – Prepared by Management)

	Three months 2003 \$	Three months 2002 \$	Nine months 2003 \$	Nine months 2002 \$
Revenues	3,472	203	3,485	384
Expenses				
Filing fees and shareholder communications	7,083	6,879	16,248	16,428
Salaries and benefits	9,979	405	11,936	4,810
Office and other	5,411	3,280	11,179	10,689
Professional fees	6,834	5,662	10,495	19,057
Rent	750	750	2,250	2,250
Depletion and amortization	157	1,580	471	4,740
	30,214	18,556	52,579	57,974
Net loss for the period	26,742	18,353	49,094	57,590
Deficit, beginning of period	4,195,626	4,137,071	4,173,274	4,097,834
Deficit, end of period	4,222,368	4,155,424	4,222,368	4,155,424
Basic loss per share	.00	.00	.00	.01
Fully diluted loss per share	.00	.00	.00	.01

Stratabound Minerals Corp.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Periods ended September 30

(Unaudited – Prepared by Management)

	Three months 2003	Three months 2002	Nine months 2003	Nine Months 2002
	\$	\$	\$	\$
CASH PROVIDED BY (USED IN)				
Operating				
Net loss for the period	(26,742)	(18,353)	(49,094)	(57,590)
Items not involving cash				
Depletion and amortization	157	1,580	471	4,740
Funds from operations	(26,585)	(16,773)	(48,623)	(52,850)
Net change in non-cash working capital	(19,192)	(19,700)	(35,252)	(43,445)
	(45,777)	(36,473)	(83,875)	(96,295)
Financing				
Issuance of share capital	182,125	—	182,125	251,169
Investing				
Expenditures on mineral properties – Canada	(119,753)	(24,414)	(121,928)	(55,197)
Expenditures on mineral properties – Mexico	—	(3,924)	(1,032)	(8,381)
Government grants	14,000	—	28,000	—
Capital asset additions	(4,555)	—	(4,555)	—
	(110,308)	(28,338)	(99,515)	(63,578)
Increase (decrease) in cash	26,040	(64,812)	(1,265)	91,296
Cash, beginning of period	32,103	161,684	59,408	5,576
Cash, end of period	58,143	96,872	58,143	96,872

Stratabound Minerals Corp.

NOTES TO FINANCIAL STATEMENTS

September 30, 2003 and 2002

(Unaudited – Prepared by Management)

The unaudited interim financial statements for the period ended September 30, 2003 have been prepared by management in accordance with Canadian generally accepted accounting principles and follow the same accounting policies as the consolidated financial statements for the fiscal year ended December 31, 2002. The unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereon for the fiscal year ended December 31, 2002.

1. FUTURE OPERATIONS

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.

These financial statements have been prepared on the going concern basis and do not include any adjustments that may be required should the Company be unable to continue as a going concern. The recoverability of the cost of mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition of properties.

2. MINERAL PROPERTIES

The Company has capitalized expenditures related to the Canadian mineral properties summarized as follows:

	Three months 2003	Three months 2002	Nine months 2003	Nine months 2002
	\$	\$	\$	\$
Cost - Beginning of period	2,802,624	2,784,067	2,814,449	2,753,284
Acquisition costs	20,365	10,100	20,365	40,100
Till sampling	34,348	—	35,348	—
Assays	17,958	—	17,958	—
Trenching	16,091	—	16,091	—
Soil sampling	9,810	—	9,810	—
Mapping and prospecting	8,194	—	8,194	—
Line-cutting	8,061	—	8,061	—
Geology and geophysics	4,926	14,314	6,101	15,097
Government grant	(14,000)	—	(28,000)	—
	2,908,377	2,808,481	2,908,377	2,808,481
Cost - End of period	2,908,377	2,808,481	2,908,377	2,808,481

Stratabound Minerals Corp.

NOTES TO FINANCIAL STATEMENTS

September 30, 2003 and 2002

(Unaudited – Prepared by Management)

2. MINERAL PROPERTIES (CONT'D)

The Company has capitalized expenditures related to the Mexican mineral properties summarized as follows:

	Three months 2003 \$	Three months 2002 \$	Nine months 2003 \$	Nine months 2002 \$
Cost - Beginning of period	993,459	644,350	992,427	639,893
Acquisition costs	—	—	—	198
Claims taxes	—	1,146	1,032	13,773
Other	—	2,778	—	(5,590)
Cost - End of period	993,459	648,274	993,459	648,274

3. SHARE CAPITAL

Authorized

An unlimited number of common shares, without nominal or par value

Issued

	Number of Shares	Amount \$
Balance – December 31, 2001	9,551,132	7,406,911
Private placement – May 2002	1,477,447	251,169
Issued for mineral properties – October 2002	37,500	3,750
Balance – December 31, 2002	11,066,079	7,661,830
Private placement – July 2003	1,606,000	175,000
Issued for mineral properties – September 2003	37,500	7,125
Balance – September 30, 2003	12,709,579	7,843,955

During the period, the Company issued 160.6 units for proceeds of \$175,000. Each unit consisted of 10,000 common shares and 10,000 common share purchase warrants exercisable at \$0.15 over a three year period. The Company also issued 37,500 shares at \$0.19 per share as partial consideration for the Ramsay Brook property. Subsequent to the period end, the Company issued an additional 279,000 common shares for cash consideration of \$36,550. The Company also issued an additional 100,000 common shares as partial consideration for a property interest.

Stratabound Minerals Corp.

NOTES TO FINANCIAL STATEMENTS

September 30, 2003 and 2002

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3. SHARE CAPITAL (CONT'D)

Under the current stock option plan, the Company may grant options to purchase common shares to its directors, officers, employees and key consultants up to 10% of its issued and outstanding common shares. Under the plan, the exercise price of each option is at the discretion of the Company's board of directors, subject to the rules of the TSX Venture exchange and has a maximum term of five years. The Company does not recognize compensation expense on options granted to directors, officers or employees. Options granted to consultants are measured at fair value and expensed. The Company's stock options outstanding as of September 30, 2003 are summarized below:

Stock options outstanding

	Number of Options	Exercise Price \$	Expiry Date
	247,000	0.55	Feb. 24, 2004
	40,000	0.55	Dec. 15, 2004
	35,000	0.60	July 26, 2005
	200,000	0.50	April 17, 2006
	500,000	0.22	Aug. 2, 2007
Total	<u>1,022,000</u>		

Share purchase warrants outstanding

	Number of Warrants	Exercise Price \$	Expiry Date
	1,477,447	0.22	May 17, 2004
	440,050	0.22	Oct. 24, 2005
	196,500	0.15	June 28, 2006
	1,606,000	0.15	Jul. 25, 2006
Total	<u>3,719,997</u>		