

CONSOLIDATED FINANCIAL STATEMENTS

STRATABOUND MINERALS CORP.

(Unaudited – Prepared by Management)

March 31, 2004

Stratabound Minerals Corp.
CONSOLIDATED BALANCE SHEETS

(Unaudited – Prepared by Management)

	March 31, 2004	December 31, 2003
	<u>\$</u>	<u>\$</u>
ASSETS		
Current		
Cash	166,453	266,065
Marketable securities	200	200
Accounts receivable	22,872	11,995
	<u>189,525</u>	<u>278,260</u>
Property and equipment	5,349	5,756
Mineral properties [note 2]	2,813,547	2,758,368
	<u>3,008,421</u>	<u>3,042,384</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	25,515	35,902
Shareholders' equity		
Share capital [note 3]	8,070,430	8,070,430
Contributed surplus [note 3]	40,000	—
Deficit	(5,127,524)	(5,063,948)
	<u>2,982,906</u>	<u>3,006,482</u>
	<u>3,008,421</u>	<u>3,042,384</u>

See accompanying notes

Approved on behalf of the Board of Directors:

“Stan Stricker” Director “Michael Mann” Director

Stratabound Minerals Corp.
CONSOLIDATED STATEMENTS OF
OPERATIONS AND DEFICIT

Three months ended March 31

(Unaudited – Prepared by Management)

	2004	2003
	\$	\$
Revenues	<u>575</u>	<u>11</u>
Expenses		
Stock-based compensation <i>[note 3]</i>	29,333	—
Salaries and benefits	11,071	979
Professional fees	8,876	1,510
Filing fees and investor communications	7,505	4,451
Office and other	6,059	3,904
Rent	900	750
Amortization	407	157
	<u>64,151</u>	<u>11,751</u>
Net loss for the period	63,576	11,740
Deficit, beginning of period	<u>5,063,948</u>	<u>4,173,274</u>
Deficit, end of period	<u>5,127,524</u>	<u>4,185,014</u>
Basic loss per share	<u>0.005</u>	<u>0.001</u>
Diluted loss per share	<u>0.005</u>	<u>0.001</u>

See accompanying notes

Stratabound Minerals Corp.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Three months ended March 31

(Unaudited – Prepared by Management)

	2004	2003
	\$	\$
CASH PROVIDED BY (USED IN)		
Operating		
Net loss	(63,576)	(11,740)
Items not involving cash		
Depletion and amortization	407	157
Stock-based compensation	29,333	—
Funds from operations	(33,836)	(11,583)
Net change in non-cash working capital	(21,264)	(14,448)
	(55,100)	(26,031)
Investing		
Expenditures on mineral properties	(49,062)	(1,032)
Government grant	4,550	—
	(44,512)	(1,032)
Decrease in cash for the period	(99,612)	(27,063)
Cash, January 1	266,065	59,408
Cash, March 31	166,453	32,345

Stratabound Minerals Corp.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2004 and 2003

(Unaudited – Prepared by Management)

The unaudited interim consolidated financial statements for the period ended March 31, 2004 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, 2003. The unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes therein for the fiscal year ended December 31, 2003.

The consolidated financial statements include the accounts of Compania Minera Stratamex, S.A. de C.V., which is wholly owned by the Company. The subsidiary was incorporated in Mexico on April 9, 1997. Effective December 22, 2003, the subsidiary was dissolved.

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 amounts shown as mineral properties costs represent net costs to date, less amounts written off, and do not necessarily represent present or future values. 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 mineral properties summarized as follows:

	Bathurst, N.B. \$	Otish Mountains, Que. \$	Ramsay Brook, N.B. \$	Elmtree, N.B. \$	Other \$	Three months 2004 \$	Three months 2003 \$
Cost - Beginning of period	2,556,822	100,824	72,666	28,056	—	2,758,368	3,806,876
Acquisition costs	—	5,880	—	40	—	5,920	—
Claims taxes	—	—	—	—	893	893	1,032
Geology	—	942	1,001	18,908	—	20,851	—
Assays and analyses	—	6,048	—	—	—	6,048	—
Geophysics	—	—	10,350	—	—	10,350	—
Salaries and benefits	—	2,000	500	2,500	—	5,000	—
Stock-based compensation [note 3]	—	4,267	1,066	5,334	—	10,667	—
Government grant	—	—	(4,550)	—	—	(4,550)	—
Cost - End of period	2,556,822	119,961	81,033	54,838	893	2,813,547	3,807,908

Stratabound Minerals Corp.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2004 and 2003

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3. SHARE CAPITAL

Authorized

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

Issued

	Number of Shares	Amount \$
March 31, 2004 and December 31, 2003	14,108,579	8,070,430

Stock options outstanding

Number of Options	Exercise Price \$	Expiry Date
40,000	0.55	Dec. 15, 2004
35,000	0.60	July 26, 2005
200,000	0.50	Apr. 17, 2006
500,000	0.22	Aug. 2, 2007
250,000	0.20	Mar. 5, 2009
Total	1,025,000	

During the period, 247,000 options expired and the Company granted 250,000 options to an officer and directors. Compensation costs totaling \$40,000 (\$0.16 per option) using the fair-value method have been recorded. Certain of these compensation costs have been allocated between the mineral properties (\$10,667) and the remainder (\$29,333) has been expensed. The weighted average fair value of each option granted is estimated using the Black-Scholes option-pricing model using the following assumptions for options as follows: weighted average life of five years, risk-free interest rate of 3.98%, expected volatility of 120% and dividend yield of 0%.

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
177,500	0.15	June 28, 2006
1,606,000	0.15	July 25, 2006
210,000	0.20	Oct. 14, 2006
185,000	0.30	Dec. 10, 2006
Total	4,095,997	

Stratabound Minerals Corp.

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