

CONSOLIDATED FINANCIAL STATEMENTS

STRATABOUND MINERALS CORP.

(Unaudited – Prepared by Management)

September 30, 2004

Stratabound Minerals Corp.
CONSOLIDATED BALANCE SHEETS

(Unaudited – Prepared by Management)

	September 30, 2004	December 31, 2003
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	163,444	266,065
Marketable securities, at cost	200	200
Accounts receivable	9,307	11,995
	172,951	278,260
Property and equipment	4,535	5,756
Mineral properties [note 2]	2,959,650	2,758,368
	3,137,136	3,042,384
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	48,727	35,902
Shareholders' equity		
Share capital [note 3]	8,235,555	8,070,430
Contributed surplus [note 3]	40,000	—
Deficit	(5,187,146)	(5,063,948)
	3,088,409	3,006,482
	3,137,136	3,042,384

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

Periods ended September 30

(Unaudited – Prepared by Management)

	Three months 2004	Three months 2003	Nine months 2004	Nine months 2003
	\$	\$	\$	\$
Revenues	542	3,472	1,595	3,485
Expenses				
Salaries and benefits	11,072	9,979	33,215	11,936
Filing fees and shareholder communications	8,515	7,083	25,874	16,248
Professional fees	6,870	6,834	21,271	10,495
Office and other	2,923	5,411	11,179	11,179
Rent	900	750	2,700	2,250
Stock-based compensation <i>[note 3]</i>	—	—	29,333	—
Depletion and amortization	407	157	1,221	471
	30,687	30,214	124,793	52,579
Net loss for the period	30,145	26,742	123,198	49,094
Deficit, beginning of period	5,157,001	4,195,626	5,063,948	4,173,274
Deficit, end of period	5,187,146	4,222,368	5,187,146	4,222,368
Basic loss per share	.002	.002	.009	.004
Diluted loss per share	.002	.002	.009	.004

See accompanying notes

Stratabound Minerals Corp.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Periods ended September 30

(Unaudited – Prepared by Management)

	Three months 2004	Three months 2003	Nine months 2004	Nine Months 2003
	\$	\$	\$	\$
CASH PROVIDED BY (USED IN)				
Operating				
Net loss for the period	(30,145)	(26,742)	(123,198)	(49,094)
Items not involving cash				
Depletion and amortization	407	157	1,221	471
Stock-based compensation	—	—	29,333	—
Funds from operations	(29,738)	(26,585)	(92,644)	(48,623)
Net change in non-cash working capital	45,531	(19,192)	15,513	(35,252)
	15,793	(45,777)	(77,131)	(83,875)
Financing				
Issuance of share capital	162,125	182,125	165,125	182,125
Investing				
Expenditures on mineral properties	(125,304)	(119,753)	(205,665)	(122,960)
Government grants	—	14,000	15,050	28,000
Property and equipment additions	—	(4,555)	—	(4,555)
	(125,304)	(110,308)	(190,615)	(99,515)
Increase (decrease) in cash	52,614	26,040	(102,621)	(1,265)
Cash, beginning of period	110,830	32,103	266,065	59,408
Cash, end of period	163,444	58,143	163,444	58,143

See accompanying notes

Stratabound Minerals Corp.

NOTES TO FINANCIAL STATEMENTS

September 30, 2004 and 2003

(Unaudited – Prepared by Management)

The Company's auditors have not audited nor have they performed a review of these interim consolidated financial statements. The unaudited interim financial statements for the period ended September 30, 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 thereon 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 was 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 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.

Stratabound Minerals Corp.

NOTES TO FINANCIAL STATEMENTS

September 30, 2004 and 2003

(Unaudited – Prepared by Management)

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 ended Sept. 30, 2004 \$	Three months ended Sept. 30, 2003 \$
Cost – July 1	2,556,822	128,910	81,834	65,887	893	2,834,346	3,796,083
Acquisition & renewal costs	2,160	120	27,240	—	—	29,520	20,365
Assays and analyses	—	—	189	1,568	—	1,757	17,958
Geochemistry	—	60,427	—	2,758	—	63,185	44,158
Geology and prospecting	—	6,624	3,982	9,196	—	19,802	13,120
Line-cutting	—	—	—	—	—	—	8,061
Trenching	—	—	6,040	—	—	6,040	16,091
Salaries and benefits	—	1,000	1,000	3,000	—	5,000	—
Government grant	—	—	—	—	—	—	(14,000)
Cost – September 30	2,558,982	197,081	120,285	82,409	893	2,959,650	3,901,836

	Bathurst, N.B. \$	Otish Mountains, Que. \$	Ramsay Brook, N.B. \$	Elmtree, N.B. \$	Other \$	Nine months ended Sept. 30, 2004 \$	Nine months ended Sept. 30, 2003 \$
Cost – January 1	2,556,822	100,824	72,666	28,056	—	2,758,368	3,806,876
Acquisition & renewal costs	2,160	6,000	27,240	40	—	35,440	20,365
Claims taxes	—	—	—	—	893	893	1,032
Assays and analyses	—	6,048	189	1,568	—	7,805	17,958
Geochemistry	—	60,427	—	2,758	—	63,185	45,158
Geology and prospecting	—	14,265	5,284	47,403	—	66,952	14,295
Geophysics	—	—	10,350	—	—	10,350	—
Line-cutting	—	—	—	—	—	—	8,061
Trenching	—	—	6,040	—	—	6,040	16,091
Salaries and benefits	—	5,250	2,000	7,750	—	15,000	—
Stock-based compensation [note 3]	—	4,267	1,066	5,334	—	10,667	—
Government grant	—	—	(4,550)	(10,500)	—	(15,050)	(28,000)
Cost – September 30	2,558,982	197,081	120,285	82,409	893	2,959,650	3,901,836

Stratabound Minerals Corp.

NOTES TO FINANCIAL STATEMENTS

September 30, 2004 and 2003

(Unaudited – Prepared by Management)

3. SHARE CAPITAL

Authorized

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

Issued

	Number of Shares	Amount \$
Balance – December 31, 2002	11,066,079	7,661,830
Issued for mineral properties	137,500	25,125
Issued for cash, net of future income taxes on flow through shares	2,886,000	385,000
Issued on exercise of warrants	19,000	2,850
Share issue costs	—	(4,375)
	14,108,579	8,070,430
Balance – December 31, 2003	14,108,579	8,070,430
Issued on exercise of warrants	20,000	3,000
Private placement – July 2004	930,000	139,500
Issued for mineral properties	150,000	27,000
Share issue costs	—	(4,375)
	15,208,579	8,235,555

The weighted average number of shares outstanding at September 30, 2004 was 14,286,079 (2003 – 14,113,579 shares). There was no significant difference between basic and diluted per share amounts.

Stratabound Minerals Corp.

NOTES TO FINANCIAL STATEMENTS

September 30, 2004 and 2003

(Unaudited – Prepared by Management)

3. SHARE CAPITAL (CONT'D)

During the period, the Company issued 930,000 common shares and 930,000 common share purchase warrants for proceeds of \$139,500. The Company also issued 150,000 shares at \$0.18 per share as partial consideration for the Ramsay Brook property.

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		

In the first quarter of 2004, 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
	440,050	0.22	Oct. 24, 2005
	177,500	0.15	June 28, 2006
	1,586,000	0.15	July 25, 2006
	210,000	0.20	Oct. 14, 2006
	185,000	0.30	Dec. 10, 2006
	1,477,447	0.22	May 17, 2007
	930,000	0.20	July 28, 2007
Total	5,005,997		