

INTERIM FINANCIAL STATEMENTS

STRATABOUND MINERALS CORP.

(Unaudited – Prepared by Management)

June 30, 2005

Stratabound Minerals Corp.

BALANCE SHEETS

(Unaudited – Prepared by Management)

	June 30, 2005	December 31, 2004
	\$	\$
ASSETS		
Current		
Cash	125,340	219,078
Marketable securities	229	229
Accounts receivable	6,333	45,801
Provincial resource tax credit receivable	31,300	31,300
	<u>163,202</u>	<u>296,408</u>
Property and equipment	3,548	4,128
Mineral properties [note 2]	3,309,274	3,023,460
	<u>3,476,024</u>	<u>3,323,996</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	<u>24,938</u>	<u>31,501</u>
Shareholders' equity		
Share capital [note 3]	8,436,105	8,414,605
Funds on deposit for share capital issuance	187,500	—
Contributed surplus [note 3]	85,475	40,000
Deficit	<u>(5,257,994)</u>	<u>(5,162,110)</u>
	<u>3,451,086</u>	<u>3,292,495</u>
	<u>3,476,024</u>	<u>3,323,996</u>

See accompanying notes

Approved on behalf of the Board of Directors:

“Stan Stricker” _____ Director “Michael Mann” _____ Director

Stratabound Minerals Corp.

STATEMENTS OF OPERATIONS AND DEFICIT

Periods ended June 30

(Unaudited – Prepared by Management)

	Three months 2005	Three months 2004	Six months 2005	Six months 2004
	\$	\$	\$	\$
Revenues	99	478	795	1,053
Expenses				
Stock-based compensation <i>[note 3]</i>	28,533	—	28,533	29,333
Filing fees and investor communications	12,037	9,854	18,930	17,359
Salaries and benefits	11,066	11,072	22,131	22,143
Professional fees	8,730	5,525	10,230	14,401
Office and other	3,543	2,197	14,475	8,256
Rent	900	900	1,800	1,800
Depletion and amortization	290	407	580	814
	65,099	29,955	96,679	94,106
Net loss for the period	65,000	29,477	95,884	93,053
Deficit, beginning of period	5,192,994	5,127,524	5,162,110	5,063,948
Deficit, end of period	5,257,994	5,157,001	5,257,994	5,157,001
Basic loss per share	0.004	.002	0.006	.007
Diluted loss per share	0.004	.002	0.006	.007

See accompanying notes

Stratabound Minerals Corp.

STATEMENTS OF CASH FLOWS

Periods ended June 30

(Unaudited – Prepared by Management)

	Three months 2005	Three months 2004	Six months 2005	Six months 2004
	\$	\$	\$	\$
CASH PROVIDED BY (USED IN)				
Operating				
Net loss for the period	(65,000)	(29,477)	(95,884)	(93,053)
Items not involving cash				
Depletion and amortization	290	407	580	814
Stock-based compensation	28,533	—	28,533	29,333
Funds from operations	(36,177)	(29,070)	(66,771)	(62,906)
Net change in non-cash working capital	(85,401)	(8,754)	32,905	(30,018)
	(121,578)	(37,824)	(33,866)	(92,924)
Financing				
Issuance of share capital	20,000	3,000	20,000	3,000
Proceeds from exercised warrants	1,500	—	1,500	—
Proceeds received for issuance of share capital closing in the subsequent period	187,500	—	187,500	—
	209,000	3,000	209,000	3,000
Investing				
Expenditures on mineral properties	(56,538)	(31,299)	(268,872)	(80,361)
Government grant	—	10,500	—	15,050
	(56,538)	(20,799)	(268,872)	(65,311)
Increase (decrease) in cash for the period	30,884	(55,623)	(93,738)	(155,235)
Cash, beginning of period	94,456	166,453	219,078	266,065
Cash, end of period	125,340	110,830	125,340	110,830

See accompanying notes

Stratabound Minerals Corp.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005 and 2004

(Unaudited – Prepared by Management)

The Company's auditors have not audited nor have they performed a review of these interim financial statements. The unaudited interim financial statements for the period ended June 30, 2005 have been prepared by management in accordance with Canadian generally accepted accounting principles and follow the same accounting policies as the financial statements for the fiscal year ended December 31, 2004. The unaudited interim financial statements should be read in conjunction with the financial statements and the notes thereon for the fiscal year ended December 31, 2004.

The financial statements previously included the accounts of Compania Minera Stratamex, S.A. de C.V., which was wholly owned by the Company. The subsidiary was dissolved effective December 22, 2003 and, consequently, these financial statements do not include any operations of the dissolved entity.

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. \$	Enja, Que. \$	Three months ended June 30, 2005 \$	Three months ended June 30, 2004 \$
Cost – April 1, 2005	2,561,322	194,931	139,840	270,176	69,525	3,235,794	2,813,547
Acquisition costs	—	—	—	—	1,082	1,082	—
Assays and analyses	—	9,588	946	—	—	10,534	—
Geology	1,256	121	25,449	9,356	3,740	39,922	26,299
Salaries and benefits	—	—	2,000	3,000	—	5,000	5,000
Stock-based compensation [note 3]	2,498	3,388	3,388	4,280	3,388	16,942	—
Government grant	—	—	—	—	—	—	(10,500)
Cost – June 30, 2005	2,565,076	208,028	171,623	286,812	77,735	3,309,274	2,834,346

Stratabound Minerals Corp.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005 and 2004

(Unaudited – Prepared by Management)

2. MINERAL PROPERTIES (CONT'D)

	Bathurst, N.B. \$	Otish Mountains, Que. \$	Ramsay Brook, N.B. \$	Elmtree, N.B. \$	Enja, Que. \$	Six months ended June 30, 2005 \$	Six months ended June 30, 2004 \$
Cost – January 1, 2005	2,561,135	163,864	139,512	158,949	—	3,023,460	2,758,368
Acquisition costs	187	—	—	—	29,559	29,746	5,920
Assays and analyses	—	39,588	946	6,790	—	47,324	6,048
Drilling	—	—	—	92,712	—	92,712	—
Claims taxes	—	—	—	—	—	—	893
Geology	1,256	1,188	25,777	17,081	22,071	67,373	47,150
Geophysics	—	—	—	—	21,717	21,717	10,350
Salaries and benefits	—	—	2,000	7,000	1,000	10,000	10,000
Stock-based compensation <i>[note 3]</i>	2,498	3,388	3,388	4,280	3,388	16,942	10,667
Government grant	—	—	—	—	—	—	(15,050)
Cost – June 30, 2005	2,565,076	208,028	171,623	286,812	77,735	3,309,274	2,834,346

Stratabound Minerals Corp.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005 and 2004

(Unaudited – Prepared by Management)

3. SHARE CAPITAL

a) Authorized

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

b) Issued

	Number of Shares	Amount \$
Balance – December 31, 2003	14,108,579	8,070,430
Issued on exercise of warrants	20,000	3,000
Issued for mineral properties	150,000	27,000
Issued for mineral properties	116,666	17,500
Private placement	930,000	139,500
Private placement	1,500,334	225,050
Issued on exercise of warrants	20,000	3,000
Future income taxes on renounced flow through expenditures	—	(63,500)
Share issue costs	—	(4,375)
Balance – December 31, 2004	16,825,579	8,414,605
Issued for mineral properties	100,000	20,000
Issued on exercise of warrants	10,000	1,500
Balance – June 30, 2005	16,935,579	8,436,105

The weighted average number of shares outstanding at June 30, 2005 was 16,853,079 (2004 – 14,113,579 shares). There was no significant difference between basic and diluted per share amounts.

Stratabound Minerals Corp.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005 and 2004

(Unaudited – Prepared by Management)

3. SHARE CAPITAL (CONT'D)

Stock options outstanding

Number of Options	Exercise Price \$	Expiry Date
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
425,000	0.15	Apr.21, 2010
Total	1,410,000	

In the second quarter of 2005, the Company granted 425,000 options to directors, officers and consultants pursuant to its Stock Option Plan. Compensation costs totaling \$45,475 (\$0.11 per option) using the fair-value method have been recorded. Certain of these compensation costs have been allocated between the mineral properties (\$16,942) and the remainder (\$28,533) 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 3.0%, 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
1,576,000	0.15	July 25, 2006
210,000	0.20	Oct. 14, 2006
185,000	0.30	Dec. 10, 2006
125,000	0.20	Dec. 23, 2006
1,477,447	0.22	May 17, 2007
930,000	0.20	July 28, 2007
Total	5,120,997	

4. SUBSEQUENT EVENTS

Subsequent to the period, on July 7, 2005, the Company closed a private placement of 2,068,333 flow-through shares at \$0.15 per share and 120,000 common share units at \$0.15 per unit. Each unit includes one common share plus one half of a common share purchase warrant, each whole warrant entitles the holder to purchase one common share for two years from the date of closing at \$0.18 per share in the first year and \$0.25 per share in the second year. Total proceeds raised from the private placement are \$328,250.