

STRATABOUND MINERALS CORP.
CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)
JUNE 30, 2012

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, Stratabound Minerals Corp. discloses that its auditors have not reviewed the unaudited financial statements for the six months ended June 30, 2012.

STRATABOUND MINERALS CORP.
(Unaudited)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	June 30, 2012	Dec 31, 2011
ASSETS		
Cash and cash equivalents	\$ 254,943	\$ 6,432
Available-for-sale investments (Note 12)	2,109,237	53,146
Accounts receivable	277,635	26,142
Prepaid expenses	16,583	-
	2,658,398	85,720
NON-CURRENT ASSETS		
Property, plant and equipment (Note 4)	3,711	4,248
Mineral exploration and evaluation assets (Note 5)	7,148,047	9,011,203
	\$ 9,810,156	\$ 9,101,171
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 60,145	\$ 94,740
Other liabilities (Note 6)	80,475	80,000
	140,620	174,740
DEFERRED TAXES	760,859	674,609
	901,479	849,349
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 8)	15,756,851	15,416,849
CONTRIBUTED SURPLUS	1,365,304	1,147,873
ACCUMULATED OTHER COMPREHENSIVE INCOME	11,286	46,286
DEFICIT	(8,224,764)	(8,359,186)
	8,908,677	8,251,822
	\$ 9,810,156	\$ 9,101,171

Approved on behalf of the Board

Director "Stan Stricker"

Director "Duncan McCowan"

The accompanying notes form an integral part of these condensed interim financial statements.

STRATABOUND MINERALS CORP.
(Unaudited)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (LOSS)

	2012 Three months ended June 30	2011 Three months ended June 30	2012 Six months ended June 30	2011 Six months ended June 30
REVENUE				
Interest income	\$ 294	\$ 596	\$ 343	\$ 4,361
EXPENSES				
Share-based compensation	180,786	-	180,786	-
General and administrative (Note 11)	49,959	138,635	90,176	240,577
Pre-exploration costs	2,516	2,922	2,516	7,828
Amortization	269	366	537	732
	233,530	141,923	274,015	249,137
LOSS FROM OPERATIONS	(233,236)	(141,327)	(273,672)	(244,776)
Realized gain on disposal of available-for-sale investments	-	-	24,350	22,624
Other income	-	-	80,000	-
Realized gain on disposal of mineral exploration properties	392,903	-	392,903	-
INCOME (LOSS) BEFORE INCOME TAXES	159,667	(141,327)	223,581	(222,152)
DEFERRED INCOME TAX	53,326	-	89,159	24,955
INCOME (LOSS) FOR THE PERIOD	106,341	(141,327)	134,422	(247,107)
OTHER COMPREHENSIVE INCOME, NET OF TAX				
Fair value loss on available-for-sale investments, net of tax	(10,360)	(19,381)	(12,011)	(47)
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	95,981	(160,708)	122,411	(247,154)
BASIC AND DILUTED INCOME (LOSS) PER SHARE (Note 10)	\$ 0.001	\$ (0.004)	\$ 0.002	\$ (0.004)
Weighted average number of shares:				
Basic	70,716,237	64,409,752	67,955,674	64,409,752
Diluted	70,716,237	66,224,435	67,955,674	66,224,435

The accompanying notes form an integral part of these condensed interim financial statements.

STRATABOUND MINERALS CORP.
(Unaudited)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Number of issued and outstanding shares	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Shareholders' Equity
	#	\$	\$	\$	\$	\$
Balance at December 31, 2011	65,195,111	15,416,849	1,147,873	46,286	(8,359,186)	8,251,822
Private placement – common shares	4,200,000	210,000	-	-	-	210,000
Private placement – flow-through shares	2,682,500	134,125	-	-	-	134,125
Share issuance costs	-	(4,123)	-	-	-	(4,123)
Share-based compensation	-	-	217,431	-	-	217,431
Fair value adjustment for available-for-sale investments sold during the period	-	-	-	(22,989)	-	(22,989)
Comprehensive income (loss) for the period	-	-	-	(12,011)	134,422	122,411
Balance at June 30, 2012	72,077,611	15,756,851	1,365,304	11,286	(8,224,764)	8,908,677
Balance at December 31, 2010	62,795,111	14,947,664	1,090,770	59,399	(7,553,485)	8,544,348
Issued for mineral properties	125,000	16,250	-	-	-	16,250
Private placement – flow-through shares	2,000,000	420,000	-	-	-	420,000
Share issuance costs	-	(3,249)	-	-	-	(3,249)
Exercise of options	125,000	12,500	-	-	-	12,500
Comprehensive loss for the period	-	-	-	(47)	(247,107)	(247,154)
Balance at June 30, 2011	65,045,111	15,393,165	1,090,770	59,352	(7,800,485)	8,742,695

The accompanying notes form an integral part of these condensed interim financial statements.

STRATABOUND MINERALS CORP.
(Unaudited)
CONDENSED INTERIM STATEMENT OF CASH FLOWS

	2012 Three months ended June 30	2011 Three months ended June 30	2012 Six months ended June 30	2011 Six months ended June 30
OPERATING ACTIVITIES				
Net and comprehensive income (loss)	\$ 95,981	\$ (160,708)	\$ 122,411	\$ (247,154)
Items not affecting cash:				
Amortization	269	366	537	732
Deferred income taxes	53,327	-	89,159	24,955
Share-based compensation	180,786	-	180,786	-
Other income	-	-	(80,000)	-
Unrealized loss on available-for-sale investments	10,360	19,381	12,011	47
Realized gain on sale of mineral properties	(392,903)	-	(392,903)	-
Realized gain on sale of available-for-sale investments	-	-	(24,350)	(22,624)
	(52,180)	(140,961)	(92,349)	(244,044)
Change in non-cash working capital items (Note 3)	(44,044)	72,463	(36,154)	159,635
Net cash used in operating activities	(96,224)	(68,498)	(128,503)	(84,409)
INVESTING ACTIVITIES				
Investment in exploration and evaluation assets	(111,117)	(199,983)	(174,936)	(430,751)
Government incentives received	1,123	-	1,123	54,000
Proceeds from sale of mineral properties	100,000	-	100,000	-
Proceeds from sale of available-for-sale investments	-	-	30,350	28,064
Net cash used in investing activities	(9,994)	(199,983)	(43,463)	(348,687)
FINANCING ACTIVITIES				
Proceeds from share issuance	142,100	-	424,600	500,000
Proceeds from exercise of stock options	-	-	-	12,500
Share issue costs	(4,123)	-	(4,123)	(3,249)
Net cash provided by financing	137,977	-	420,477	509,251
CHANGE IN CASH AND CASH EQUIVALENTS POSITION	31,759	(268,481)	248,511	76,155
CASH AND CASH EQUIVALENTS, beginning of period	223,184	838,600	6,432	493,964
CASH AND CASH EQUIVALENTS, end of period	\$ 254,943	\$ 570,119	\$ 254,943	\$ 570,119

The accompanying notes form an integral part of these condensed interim financial statements.

STRATABOUND MINERALS CORP.
(Unaudited)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2012

1. CORPORATE INFORMATION

Stratabound Minerals Corp.'s business activity is the exploration and evaluation of mineral properties in Canada. Stratabound Minerals Corp. (the "Company") was incorporated under the Canada Business Corporations Act on March 5, 1986, and has continued as a company under the Business Corporations Act of Alberta. The Company is listed on the TSX Venture Exchange, having the symbol TSX.V: SB, as a Tier 1 mining issuer and is in the process of exploring its mineral properties in the provinces of New Brunswick and Quebec.

The business of exploring for mineral resources involves a high degree of risk and there can be no assurance that the Company's exploration programs will result in profitable operations. The Company's ability to meet its obligations arising from exploration activity and normal business operations is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain financing, and future profitable production or proceeds from the disposition of its properties. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

The address of the Company's registered office is 3700, 400 Third Avenue SW, Calgary, Alberta T2P 4H2.

These condensed interim financial statements were authorized for issue by the Board of Directors on August 29, 2012.

2. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*. These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2011, which have been prepared in accordance with IFRS as issued by the IASB.

3. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended June 30, 2012	Three months ended June 30, 2011
	\$	\$
Changes in non-cash working capital items		
Accounts receivable	(265,814)	13,125
Accounts payable and accrued liabilities	(28,164)	59,338
Prepaid expenses	(16,583)	-
Receivables related to mineral properties	266,517	-
	(44,044)	72,643

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3. SUPPLEMENTAL CASH FLOW INFORMATION (CONTINUED)

	Six months ended June 30, 2012	Six months ended June 30, 2011
	\$	\$
Changes in non-cash working capital items		
Accounts receivable	(251,493)	1,803
Accounts payable and accrued liabilities	(34,595)	157,832
Prepaid expenses	(16,583)	-
Receivables related to mineral properties	266,517	-
	(36,154)	159,635

4. PROPERTY, PLANT AND EQUIPMENT

	Office equipment	Furniture and fixtures	Computer equipment	Total
Cost				
Balance at January 1, 2011, December 31, 2011, and June 30, 2012	\$ 7,339	\$ 15,740	\$ 24,703	\$ 47,782
Accumulated amortization				
Balance at January 1, 2011	\$ 5,377	\$ 15,204	\$ 21,490	\$ 42,071
Amortization for the year	392	107	964	1,463
Balance at December 31, 2011	\$ 5,769	\$ 15,311	\$ 22,454	\$ 43,534
Amortization for the period	157	43	337	537
Balance at June 30, 2012	\$ 5,926	\$ 15,354	\$ 22,792	\$ 44,072
Carrying amounts				
At January 1, 2011	\$ 1,962	\$ 536	\$ 3,213	\$ 5,711
At December 31, 2011	\$ 1,570	\$ 429	\$ 2,249	\$ 4,248
At June 30, 2012	\$ 1,413	\$ 386	\$ 1,912	\$ 3,711

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5. MINERAL EXPLORATION AND EVALUATION ASSETS

Balance at January 1, 2011	\$ 8,925,761
Acquisition and renewal costs	47,336
Exploration expenditures	817,482
Options issued to exploration consultants	12,952
Total additions	\$ 877,770
Property option payment	(50,000)
Provincial government incentives	(116,000)
Impairment	(626,328)
Balance at December 31, 2011	\$ 9,011,203
Acquisition and renewal costs	12,622
Options issued to exploration consultants	36,645
Exploration expenditures	162,314
Total additions	\$ 211,581
Provincial government incentives	(67,640)
Mineral properties sold	(2,007,097)
Balance at June 30, 2012	\$ 7,148,047

a) Bathurst, New Brunswick

The Company holds a 100% interest in 6,405 hectares in the Bathurst base metal mining camp in New Brunswick, Canada. The properties include the CNE/Captain Group, CNE Mining Lease, Nepisiguit Brook, and Taylor Brook claim groups. All are subject to a 1% net smelter return on production, other than Nepisiguit Brook and the portion of the CNE/Captain Group formerly known as Captain East which are royalty free.

b) Elmtree, New Brunswick

During the second quarter the Company sold its interest in the 83 claim Elmtree gold property to CNRP Mining Inc. for \$300,000 and 10,000,000 shares of Winston Resources Inc.

c) Ramsay Brook, New Brunswick

The Company holds a 100% interest in 69 claims (1,110 hectares) covering gold prospects in Restigouche County, New Brunswick.

d) Enja, Quebec

The Company has a 100% interest, subject to a 2% net smelter return royalty, in this 69 claim (3,700 hectares) gold and base metal prospect.

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FOR THE SIX MONTHS ENDED JUNE 30, 2012

5. MINERAL EXPLORATION AND EVALUATION ASSETS (CONTINUED)

e) Commander Option, New Brunswick

On July 27, 2010, the Company entered into an agreement with Commander Resources Ltd. (Commander) whereby the Company has the option to acquire up to a 65% interest in a 1,049 hectare (2,592 acre) claim group adjoining the Company's CNE/Captain claim group in New Brunswick. Under the terms of the agreement, the Company issued to Commander 50,000 common shares on signing at a deemed price of \$0.10 per share and incurred more than \$150,000 in exploration expenditures within the first year. The Company issued 100,000 shares to Commander on the first anniversary at a deemed price of \$0.10 per share and can earn an initial 60% interest by making additional staged share payments of 250,000 shares and spending an additional \$1,350,000 on exploration for an aggregate expenditure of \$1,500,000 by July 26, 2015. The Company can then earn a further 5% interest by issuing another 100,000 shares and expending an additional \$1,000,000 on the property. The Company has completed its first year commitment. Commander and Stratabound have subsequently agreed to an extension of time to complete the second year work commitment to September 30, 2012 or completion of an anticipated geophysics and drilling program.

f) Gemini Hills, Quebec

The Company has a 100% interest in a gold prospect in the South Gemini Hills area of Berry Township, Quebec, subject to a 1.5% net smelter return on production. The Company can purchase half the royalty at any time for \$1,000,000.

g) Lamoreaux Corner, Western New Brunswick

The Company has a 100% interest in 93 claims (2,060 hectares) covering gold prospects along a new section of the Trans-Canada Highway near Lamoreaux Corner.

h) Green Point, New Brunswick

The Company has a 100% interest, subject to a 2% net smelter return royalty in 118 claims (2,561 hectares) located 2.5 kilometres northeast of the Company's Elmtree claims.

i) Loch Lomond Area, Southern New Brunswick

The Company acquired by staking a 100% interest in the Shanklin Road and Grassy Lake claim groups (39 claims, 813 hectares) near the former Cape Spencer gold mine.

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6. OTHER LIABILITIES

Other liabilities include the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through share issuances.

Flow-through Shares

Balance at January 1, 2011	\$ 353,887
Liability incurred on flow-through shares issued	80,000
Settlement of flow-through share liability on incurring expenditures	(353,887)
Balance at December 31, 2011	<u>\$ 80,000</u>
Liability incurred on flow-through shares issued	80,475
Settlement of flow-through share liability on incurring expenditures	(80,000)
Balance at June 30, 2012	<u><u>\$ 80,475</u></u>

On February 24, 2011, the Company completed a non-brokered private placement of 2,000,000 flow-through shares at a price of \$0.25 per flow-through share for aggregate gross proceeds of \$500,000. A premium of \$80,000 was recognized as a liability related to the issuance of the flow-through shares. These flow-through shares were renounced for tax purposes on March 28, 2012, and as a result, \$80,000 has been recognized in profit and loss during the period as “other income”.

On April 17, 2012, the Company completed a non-brokered private placement of 2,682,500 flow-through shares at a price of \$0.08 per flow-through share for aggregate gross proceeds of \$214,600. A premium of \$80,475 was recognized as a liability related to the issuance of the flow-through shares. These flow-through shares will be renounced for tax purposes in fiscal 2013, at which time the liability will be recognized in profit and loss as “other income”.

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7. RELATED PARTY TRANSACTIONS

During the period, the Company paid rent of \$3,600 (2011 - \$2,850) for office space owned by officers of the Company.

During the period, the Company paid project management and administrative fees of \$16,000 (2011 - \$nil) to a corporation owned by officers of the Company. Of these fees paid, \$7,000 (2011 - \$nil) were capitalized as mineral exploration and evaluation assets during the period.

Of total salaries and benefits paid to key management \$11,000 (2011 - \$16,000) were capitalized as mineral exploration and evaluation assets during the period.

Key Management Compensation

Key Management personnel compensation comprised:

	Six-months ended June 30, 2012	Six-months ended June 30, 2011
	\$	\$
Salaries and benefits	32,000	51,399

8. SHARE CAPITAL

a) Authorized

Unlimited number of common shares, without nominal or par value

b) Issuance of securities

- i) In January, 2011, 125,000 shares were issued as part of the first payment for the Noel-Mallet lease acquisition. The fair value of this transaction was \$16,250;
- ii) In February, 2011, 2,000,000 common flow-through shares were issued for total proceeds of \$500,000;
- iii) In February, 2011, 125,000 options were exercised for total proceeds of \$12,500.
- iv) In April, 2012, 4,200,000 common shares were issued for total proceeds of \$210,000;
- v) In April, 2012, 2,682,500 common flow-through shares were issued for total proceeds of \$214,600.

c) Stock options

The Company has a share-based compensation plan for its key officers, directors, employees and consultants. Up to 10% of the issued and outstanding shares may be reserved for issuance under the plan. The fair value of each option granted is

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FOR THE SIX MONTHS ENDED JUNE 30, 2012

8. SHARE CAPITAL (CONTINUED)

estimated using the Black-Scholes option pricing model using the following assumptions: weighted average life of two to five years; risk-free rate of 0.28% to 1.63%; expected volatility of 137% to 233%; and, dividend yield of 0%.

d) Options

The following table summarizes the stock option transactions:

	Number	Weighted average exercise price
Outstanding January 1, 2011	6,495,555	\$ 0.18
Issued during the year	485,000	0.13
Exercised during the year	(125,000)	0.10
Expired and cancelled during the year	(1,520,000)	0.20
Outstanding December 31, 2011	5,335,555	\$ 0.18
Issued during the period	2,225,000	0.10
Expired and cancelled during the period	(455,555)	0.22
Outstanding at June 30, 2012	7,105,000	\$ 0.15

The following table summarizes the options outstanding and exercisable as at June 30, 2012.

Options outstanding	Exercise price	Expiry date
740,000	0.27	August 30, 2012
50,000	0.42	October 2, 2012
550,000	0.40	January 9, 2013
2,125,000	0.10	August 17, 2014
50,000	0.12	August 17, 2014
950,000	0.10	September 2, 2015
415,000	0.13	July 12, 2016
2,225,000	0.10	May 17, 2017
7,105,000		

e) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's statement of financial position include 'Contributed Surplus', 'Accumulated Other Comprehensive Loss' and 'Accumulated Deficit'.

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8. SHARE CAPITAL (CONTINUED)

e) Nature and Purpose of Equity and Reserves (continued)

‘Contributed Surplus’ is used to recognize the value of stock option grants and share warrants prior to exercise.

‘Accumulated Other Comprehensive Loss/Income’ includes an available-for-sale reserve. This reserve is used to recognize fair value changes on available-for-sale investments.

‘Accumulated Deficit’ is used to record the Company’s change in deficit from earnings from period to period.

f) Warrants

The following table summarizes the warrants outstanding:

	Number	Exercise price	Expiry date
Outstanding at January 1, 2011 and December 31, 2011	3,405,970	\$ 0.40	April 22, 2012
Expired during the period	(3,405,970)	0.40	April 22, 2012
Outstanding at June 30, 2012	-		

No warrants were issued or exercised during the six month period ended June 30, 2012.

9. COMMITMENTS AND CONTINGENCIES

At June 30, 2012, the Company has an outstanding lease commitment for the rental of a core shack/office/storage facility. The remaining obligation is \$2,700 and the lease expires on July 31, 2012.

The Company is committed to incur qualifying exploration expenditures of \$500,000 before December 31, 2012. At June 30, 2012 all funds were expended. This obligation relates to the flow-through share offering closed on February 24, 2011.

The Company is committed to incur qualifying exploration expenditures of \$214,600 before December 31, 2013. At June 30, 2012, the remaining expenditure obligation is \$195,614. This obligation relates to the flow-through share offering closed on April 17, 2012.

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10. INCOME OR LOSS PER SHARE

Basic income or loss per share is calculated using the weighted average number of shares outstanding during the year. As the Company was in a loss position during the comparative period, the effect of the stock options and warrants would be anti-dilutive and are therefore not included in the calculation of diluted loss per share for the period ending June 30th, 2011. Income or loss per share is calculated as follows:

	June 30, 2012		
	Net and comprehensive income	Weighted average common shares	Income per share
Basic and diluted	\$ 122,411	67,434,944	\$ 0.002
	June 30, 2011		
	Net and comprehensive loss	Weighted average common shares	Loss per share
Basic	\$ (247,154)	64,409,752	\$ 0.004
Diluted	(247,154)	66,224,435	0.004

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11. GENERAL AND ADMINISTRATIVE EXPENSES

	Three-months ended June 30, 2012	Three-months ended June 30, 2011
	\$	\$
Professional fees	18,381	42,512
Salaries and benefits	16,716	17,700
Filing fees and investor communications	7,412	33,997
Office and other	5,650	30,239
Rent	1,800	1,800
Reassessment	-	12,387
	49,959	138,635

	Six-months ended June 30, 2012	Six-months ended June 30, 2011
	\$	\$
Professional fees	30,381	86,220
Salaries and benefits	22,866	35,399
Office and other	17,547	38,818
Filing fees and investor communications	15,782	50,988
Rent	3,600	2,850
Reassessment	-	26,302
	90,176	240,577

12. AVAILABLE-FOR-SALE INVESTMENTS

During the period, the Company received 10,000,000 shares of Winston Resources Inc. as part consideration for the sale of one of its properties. These shares were valued at \$0.21/share, or \$2,100,000, as at June 29, 2012. These shares were distributed via a stock dividend to the shareholders of the Company subsequent to the period end (see Note 13).

The Company also holds other available-for-sale investments with a fair value of \$9,237 (2011 - \$78,419) bringing the aggregate fair value of the Company's available-for-sale investments to \$2,109,237 (2011 - \$78,419).

13. SUBSEQUENT EVENTS

On July 15, 2012, the Company declared a special dividend to distribute its shares of Winston Resources Inc. to its shareholders. Stratabound Minerals Corp. shareholders as of July 15, 2012 will receive 0.138 shares of Winston Resources Inc. for each share of the Company held.

On August 15, 2012 Stratabound issued 10,000 common shares at a deemed price of \$0.07 per share to Commander Resources Ltd. in consideration for extending the second year option term.