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BROOKMOUNT EXPLORATIONS INC

Form 10KSB

February 28, 2005

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB

(x) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
ACT OF 1934

For the fiscal year ended November 30, 2004

or

() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transaction period from to
Commission File number 000-32181

BROOKMOUNT EXPLORATIONS, INC.

(Exact name of Company as specified in charter)

Nevada 98-0201259

State or other jurisdiction of (I.R.S. Employee
Incorporation or Organization I.D. No.)

666 Burrard Street, Suite 600 V6C 2X8
Vancouver BC, Canada

(Address of principal executive offices) (Zip Code)

Issuer's telephone number,
including area code 604-676-5244

Securities registered pursuant to section 12(b) of the Act:

Title of each share Name of each exchange on which registered

None None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock

(Title of Class)

Check whether the Issuer (1) filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for a shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

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Yes [X] No []

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Check if there is no disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

State issuer's revenues for its most recent fiscal year: Nil

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days. (See definition of affiliate in Rule 12b-2 of the Exchange Act.)

\$4,226,463 as at February 24, 2005

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

15,284,848 shares of common stock as at February 24, 2005

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PART 1 -----

ITEM 1. DESCRIPTION OF BUSINESS

HISTORY AND ORGANIZATION

Brookmount Explorations, Inc. (the "Company"), a Nevada Corporation, was incorporated on December 9, 1999. Since inception, the Company has not been in bankruptcy, receivership or similar proceedings. It has not had any material reclassification, merger, consolidation, purchase or sale of a significant amount of assets not in the ordinary course of business. The Company has no subsidiaries and no affiliated companies. The Company's shares are quoted on the NASD over the counter bulletin board (OTCBB) and currently trading under the symbol "BMXI".

The Company's executive offices are located at 666 Burrard Street, Suite 600, Vancouver, B.C., Canada, V6C 2X8 (Telephone: 604-676-5244).

The Company's Articles of Incorporation currently provide that the Company is authorized to issue 200,000,000 shares of common stock, par value \$0.001 per

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share. As at November 30, 2004 there were 10,284,848 shares outstanding.

The Company intends to commence business operations as a mineral exploration stage company.

The Company plans to become engaged in the exploration, and if warranted, the development of mineral properties. Currently, the Company owns an interest in five mineral claims located in Quebec which are known as the Brookmount claims. In addition, subsequent to the year-end, the Company completed a mineral property purchase agreement, as amended, with Mr. Peter Flueck dated January 24, 2005, providing for its acquisition of a 100% interest in the Mercedes 100 mineral property located in Comas District, Concepcion Department, Junin Province, Peru. Mr. Flueck acts as the Company's president and a director. Our principal exploration property is the Mercedes 100 Property.

Brookmount Claims

The Company presently has the mineral rights to five mineral claims called the Brookmount claims located in Chazel Township, Abitibi West County, Quebec.

The Company retained J.G. Burns & Associates of Timmins, Ontario were retained to write a geological report on these claims. The claims are in good standing until November 14, 2006.

No ore body has been discovered on the Brookmount claims. Even with a major exploration program, there is no assurance an ore body will be discovered. Presently, the Company does not have sufficient funds to undertake any further exploration activities unless it obtains funds from its directors and officers or raises additional capital through the sale of its equity. The directors do not have any arrangements in this regard.

The Company has no sources of revenue either from the Brookmount claim or any other asset.

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Mercedes 100 Property

The Mercedes 100 property consists of six mineral claims. We are the beneficial owner of a 100% interest in the claims. There are no other underlying agreements or interests in the property.

Specifics of the six mineral claims are as follows:

| Claim Name | Claim Number | Claim Area (Hectares) |
|-----------------------|----------------|--------------------------|
| ----- | ----- | ----- |
| Mercedes 100 | C-08020145X011 | 450.00 |
| Celeste | C-010151600 | 298.84 |
| Celeste No. 2 | C-010151500 | 218.58 |
| Celeste No. 4 | C-010151700 | 200.00 |
| Nuevo Herraaje Cuatro | C-010154100 | 996.96 |
| Nueva Charo | C-010051101 | 446.93 |

Acquisition and Maintenance of Mineral Rights in Peru

The general mining law of Peru defines and regulates all mining activity, from sampling and prospecting to commercialization, exploitation and processing.

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Mining concessions are granted in defined areas generally ranging from 100 to 1,000 hectares in size. Mining titles are irrevocable and perpetual, as long as the titleholder maintains payment of government fees. No royalties or other production-based monetary obligations are imposed on holders of mining concessions. Instead, a holder of mineral concessions must pay an annual maintenance fee of \$3.00 per hectare for each concession actually acquired or for a pending application by June 30 of each year. The concession holder must sustain a minimum level of annual commercial production of greater than \$100 per hectare in gross sales within eight years of the granting of the concession or, if the concession is not yet in production, the annual rental increases to \$4.00 per hectare for the ninth through fourteenth years of the granting of the concession and to \$10.00 per hectare thereafter. The concession will terminate if the annual fee is not paid for three years in total or for two consecutive years. The term of the concession is indefinite as long as the property is maintained by payment of rental fees.

The Peruvian Constitution and the Civil Code protect a mineral title holder with the same rights as a private property holder. The holder's rights are distinct and independent from the ownership of the land on which it is located, even when both belong to the same person. Mining rights are defensible against third parties, transferable, chargeable and may be the subject of any contract or transaction.

Description, Location and Access

The Mercedes 100 property is accessed from Lima by an excellent paved mountain highway to Concepcion, just 10 kilometers short of the provincial capital of Huancayo, then by a paved road to Santa Roda de Ocopa. A good all-weather gravel road connects Ocopa with Satipo, a village in the Amazonas river basin. The Mercedes Mine camp is 36 kilometers from Santa Rosa.

Although the property is within 12 degrees south of the equator, it lies between 4,300 and 4,500 meters above sea level in an area that is treeless and cold. There are two main seasons in the region of the property: a dry cool winter with sunny days and cold nights (to -4(0) Celsius) lasting from May to October, and a wet, cool summer that lasts from November to April and is characterized for its intense rains, snow and hail storms and average temperatures of 8(0) Celsius.

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A 33 kilovolt power line follows the main gravel road past the Mercedes 100 property. Pomamanta, the nearest village to the property, about five kilometers to the east, is electrified on a limited basis. The line is 4.5 kilometres from the property site. Water for mining and drilling is available from streams and seeps in the hills above the property.

Nearby towns such as Concepcion and Huancayo are modern and offer most necessities. There is a narrow guage railroad from Lima to Huancayo. This connects the mining and smelting center of La Oroya, 130 kilometers to the west.

On the property site, there is a large brick building that could be refurbished to serve as a camp for 20 to 30 people.

Mineralization and Exploration History

In the 1990's, Leader Mining Inc. entered into an option agreement with Mr. Peter Flueck for a 50% working interest in the property and commissioned MPH Geological Consulting to assess the property's potential in 1996. Although the report contained a range of values of zinc, lead, gold and silver mineralization found on the property, as well as calculations of proven, potential, probable

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and possible reserves, we do not have sufficient information that would be necessary to determine if these figures are accurate or were calculated in accordance with acceptable mining standards.

Prior to our acquisition of the Mercedes 100 property, approximately \$3,000,000 has been spent on the property. Most of these funds were spent on road building, re-opening underground workings on the property, topographical surveys, metallurgical tests, several exploitation campaigns and numerous sampling programs.

Geological Report: Mercedes 100 property

We have obtained a geological report on the Mercedes 100 property that was prepared by Guillermo Salazar, a professional geologist, of Calgary, Alberta. We commissioned the report in March 2004. The geological report summarizes the results of previous exploration on the Mercedes 100 property and makes a recommendation for further exploration work.

In his report, Mr. Salazar recommends further exploration of the Mercedes 100 property that would include the following:

1. Survey of the property's several known showings, adits and trenches. It is recommended that be done by confirming that the property boundaries are properly located, that the portals, adits and trenches are re-located with respect to the property boundaries and to other cultural and topographic features such as access roads, camps, mine dumps and main rivers.

2. There is about 200 tonnes of run-of-mine mineral in 50 kilogram sacks stacked along the road near the property. The sacks are in variable states of deterioration. They are, however, readily available for shipping if a nearby mill were to take the material for processing. The cost to us would include the cost of check assaying, re-sacking and transportation to the mill. Preliminary sampling of this rock indicates an average of 8.73 ounces per ton silver and 1.34% zinc. Mr. Salazar recommends that this be investigated.

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3. A drilling program consisting of sixteen drill holes and totaling 1,810 meters designed to test prospective areas of the claims is recommended.

4. The geological interpretation of the claims needs to be confirmed. This requires the following:

- o a satellite image interpretation map. The primary objective of this would be to define the trace continuity of the faults and veins recognized on the property
- o a structural airphoto and geological map. The airphotos used for this map could also be used to produce a ground controlled topographic map without the errors in the government data packages. The required detail of this recommendation depends on the results from the survey described in paragraph one above.
- o the results from these studies should be followed up with careful prospecting of the targets thus defined.

Mr. Salazar proposes the following budget for exploration:

| | |
|---|---------|
| Survey the property's showings, adits and trenches: | \$7,500 |
| Truck rental (30 days at \$100 per day): | \$3,000 |

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| | |
|--|-----------|
| Check assaying of 220 tonnes, re-sacking of material and identification of potential purchasers: | \$10,000 |
| Application for drilling permits: | \$3,000 |
| Drilling of 1,800 meters in 16 holes: | \$271,500 |
| Permit closure reporting: | \$3,000 |
| Satellite interpretation of alteration and lineaments: | \$10,000 |
| Testing of sacked mineralized rock (30 samples at \$20 each): | \$600 |
| Drill core testing (300 samples at \$20 each): | \$6,000 |
| Gridding work: | \$75,000 |
| Report writing: | \$15,000 |
| Office and administration: | \$7,500 |
| Miscellaneous: | \$40,000 |
| Total: | \$449,100 |

Compliance with Government Regulation

The General Mining Law of Peru is the primary body of law with regards to environmental regulations. It is administered by the Ministry of Energy and Mines (the "MEM"). The MEM can require a mining company to prepare an environmental evaluation, an environmental impact assessment, a program for environmental management and adjustment and a closure plan. Mining companies are also subject to annual environmental audits.

A mining company that has completed its permitted exploration program must submit an impact study when applying for a new concession, to increase the size of its existing processing operations by more than 50% or to execute any other mining project. A company must also set forth its plan for compliance with the environmental laws and regulations, including its planned mining works, investments, monitoring systems, waste management control and site restoration. The plan is considered approved if the MEM does not respond after 60 days of filing. If the MEM or an "interested party" can show just cause, the plan may be modified during first year.

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A mining company must also submit a closure plan for each component of its operations. The closure plan must outline the measures that will be taken to protect the environment over the short, medium and long term from solids, liquids and gasses generated by the mining works. The General Mining Law of Peru has in place a system of sanctions or financial penalties that can be levied against a mining company not in compliance with the environmental regulations.

Brookmount Claims

The Company presently has the mineral rights to five mineral claims called the Brookmount claims located in Chazel Township, Abitibi West County, Quebec.

The Company retained J.G. Burns & Associates of Timmins, Ontario to prepare a geological report on these claims. The claims are in good standing until November 14, 2006.

No ore body has been discovered on the Brookmount claims. Even with a major exploration program, there is no assurance an ore body will be discovered. Presently, the Company does not have sufficient funds to undertake any further exploration activities unless it obtains funds from its directors and officers or raises additional capital through the sale of its equity. The directors do not have any arrangements in this regard.

The Company has no sources of revenue either from the Brookmount claim or any

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other asset.

Employees

The Company does not have any full time employees and the directors and officers devote such time as is required to the affairs of the Company. Once a major exploration program commences the Company will need the officers to devote more time to the activities of the Company or it will be required to hire consultants to undertake the work.

Available Information

The Company's shares are listed on the OTCBB, and, as required, the Company will hold annual general meetings and distribute certain documents, including financial statements, to shareholders of record.

Presently, the Company files with the United States Securities and Exchange Commission (the "SEC") on Forms 10-KSB and 10-QSB.

The public may read and copy any material the Company files with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C., 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The Company is on electronic files and therefore the public can review the Company's filing on the SEC Internet site that contains reports, proxy, and information statements, and other information regarding the Company. This information can be obtained by accessing the SEC website address at <http://www.sec.gov>.

The Company's internet address is www.brookmount.com

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RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below and the other information in this prospectus before investing in our common stock. If any of the following risks occur, our business, operating results and financial condition could be seriously harmed. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment.

THE MINERAL PROPERTIES IN WHICH WE HAVE AN INTEREST, THE BROOKMOUNT CLAIMS AND THE MERCEDES PROPERTY, HAVE NO RESERVES.

Our sole mineral property assets are the Brookmount claims in Quebec and the Mercedes property in Peru. As both the Brookmount and the Mercedes properties are in the exploration stage, they do not generate any cash flow. Accordingly, we have no means of producing any income. We anticipate incurring losses for the foreseeable future.

IF WE DO NOT OBTAIN ADDITIONAL FINANCING, OUR BUSINESS WILL FAIL.

Our current operating funds are less than necessary to complete planned exploration on our mineral properties, and therefore we will need to obtain additional financing in order to complete our business plan. As of November 30, 2004, we had cash in the amount of \$51,103. We currently do not have any operations and we have no income.

Our business plan calls for significant expenses in connection with the

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exploration of the Brookmount claims and the Mercedes property. We do not have sufficient funds to complete recommended exploration on the properties and ongoing administrative expenses.

We will also require additional financing if the costs of the exploration of our properties are greater than anticipated. We will require additional financing to sustain our business operations if we are not successful in earning revenues once exploration is complete. We do not currently have any arrangements for financing and we can provide no assurance to investors that we will be able to find such financing if required. Obtaining additional financing would be subject to a number of factors, including the market prices for metals such as gold, investor acceptance of our properties and general investor sentiment. These factors may make the timing, amount, terms or conditions of additional financing unavailable to us.

The most likely source of future funds presently available to us is through the sale of equity capital. Any sale of share capital will result in dilution to existing shareholders. The only other anticipated alternative for the financing of further exploration would be the offering by us of an interest in our properties to be earned by another party or parties carrying out further exploration thereof, which is not presently contemplated.

BECAUSE WE HAVE ONLY RECENTLY COMMENCED BUSINESS OPERATIONS, WE FACE A HIGH RISK OF BUSINESS FAILURE.

We have not yet commenced exploration on the Mercedes 100 property. Accordingly, we have no way to evaluate the likelihood that our business will be successful. To date, we have been involved primarily in organizational activities and the acquisition of mineral properties. We have not earned any revenues as of the date of this report. Potential investors should be aware of the difficulties normally encountered by new mineral exploration companies and the high rate of

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failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the mineral properties that we plan to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates.

Prior to completion of our exploration stage, we anticipate that we will incur increased operating expenses without realizing any revenues. We therefore expect to incur significant losses into the foreseeable future. We recognize that if we are unable to generate significant revenues from development of the Mercedes 100 property and the production of minerals from the claims, we will not be able to earn profits or continue operations.

There is no history upon which to base any assumption as to the likelihood that we will prove successful, and it is doubtful that we will generate any operating revenues or ever achieve profitable operations. If we are unsuccessful in addressing these risks, our business will most likely fail.

BECAUSE OF THE SPECULATIVE NATURE OF EXPLORATION OF MINERAL PROPERTIES, THERE IS A SUBSTANTIAL RISK THAT OUR BUSINESS WILL FAIL.

The search for valuable minerals as a business is extremely risky. We can provide investors with no assurance that the mineral claims that we have an interest in contain commercially exploitable reserves of valuable metals. Exploration for minerals is a speculative venture necessarily involving

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substantial risk. The expenditures to be made by us in the exploration of the optioned mineral properties may not result in the discovery of commercial quantities of minerals. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. In such a case, we would be unable to complete our business plan.

BECAUSE MANAGEMENT HAS NO TECHNICAL EXPERIENCE IN MINERAL EXPLORATION, OUR BUSINESS HAS A HIGHER RISK OF FAILURE.

None of our directors has any professional training or technical credentials in the exploration, development and operation of mines. As a result, we may not be able to recognize and take advantage of potential acquisition and exploration opportunities in the sector without the aid of qualified geological consultants. As well, with no direct training or experience, our management may not be fully aware of the specific requirements related to working in this industry. Their decisions and choices may not be well thought out and our operations and ultimate financial success may suffer irreparable harm as a result.

BECAUSE OF THE INHERENT DANGERS INVOLVED IN MINERAL EXPLORATION, THERE IS A RISK THAT WE MAY INCUR LIABILITY OR DAMAGES AS WE CONDUCT OUR BUSINESS.

The search for valuable minerals involves numerous hazards. As a result, we may become subject to liability for such hazards, including pollution, cave-ins and other hazards against which we cannot insure or against which we may elect not to insure. The payment of such Liabilities may have a material adverse effect on our financial position.

IF WE BECOME SUBJECT TO BURDENSOME GOVERNMENT REGULATION OR OTHER LEGAL UNCERTAINTIES, OUR BUSINESS WILL BE NEGATIVELY AFFECTED.

There are several governmental regulations that materially restrict mineral property exploration and development. Under Peruvian mining law, to engage in certain types of exploration will require work permits. While these current laws will not affect our current exploration plans, when we proceed with drilling operations on the Mercedes 100 property, we will incur modest regulatory compliance costs.

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BECAUSE OUR DIRECTORS OWN 51.5% OF OUR OUTSTANDING COMMON STOCK, THEY COULD MAKE AND CONTROL CORPORATE DECISIONS THAT MAY BE DISADVANTAGEOUS TO OTHER MINORITY SHAREHOLDERS.

Our directors own approximately 51.5% of the outstanding shares of our common stock. Accordingly, they will have a significant influence in determining the outcome of all corporate transactions or other matters, including mergers, consolidations, and the sale of all or substantially all of our assets. They will also have the power to prevent or cause a change in control. The interests of our directors may differ from the interests of the other stockholders and thus result in corporate decisions that are disadvantageous to other shareholders.

WE MAY NOT BE ABLE TO OPERATE AS A GOING CONCERN AND OUR BUSINESS MAY FAIL.

The Independent Auditor's Report to our audited financial statements for the period ended November 30, 2004, indicates that there are a number of factors that raise substantial doubt about our ability to continue as a going concern. Such factors identified in the report are that we are in the pre-exploration stage, we have no established source of revenue and that we are dependent on our

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ability to raise capital from shareholders or other sources to sustain operations.

OUR STOCK PRICE IS SUBJECT TO WIDE FLUCTUATIONS THAT MAY CAUSE STOCKHOLDERS TO LOSE THEIR INVESTMENTS.

If a market for our common stock develops, we anticipate that the market price of our common stock will be subject to wide fluctuations in response to several factors, including:

(1) actual or anticipated variations in our results of operations; (2) our ability or inability to generate new revenues; (3) increased competition; and (4) conditions and trends in the mineral exploration industry.

Since our common stock is traded on the NASD over the counter bulletin board, our stock price may be impacted by factors that are unrelated or disproportionate to our operating performance. These market fluctuations, as well as general economic, political and market conditions, such as recessions, interest rates or international currency fluctuations may adversely affect the market price of our common stock.

Forward-Looking Statements

This Form 10-KSB contains forward-looking statements that involve risks and uncertainties. We use words such as anticipate, believe, plan, expect, future, intend and similar expressions to identify such forward-looking statements. You should not place too much reliance on these forward-looking statements. Our actual results are likely to differ materially from those anticipated in these forward-looking statements for many reasons, including the risks faced by us described in the above "Risk Factors" section and elsewhere in this document.

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ITEM 2. DESCRIPTION OF PROPERTY

BROOKMOUNT PROPERTY

The Brookmount property consists of five claims totalling approximately 500 acres, which are located in Chazel Township, Abitibi West County, Quebec. A 100% interest in these claims were recorded in the name of George Fournier, which he holds in trust for the Company, on December 20, 1999, and subsequently registered on February 1, 2000. The claims are in good standing until November 16, 2006.

Location of Brookmount claim

The claims lie in northwestern Quebec some 100 miles North, North East from the city of Rouyn-Noranda, Quebec. The claims are easily accessible by gravel and logging roads.

History of the Brookmount mining area

Chazel Township and the general surrounding area have been prospected and explored since the early 1900s. Gold was originally the main commodity sought, but interest in base metals increased following the discovery in 1922 of the Oditan copper-zinc occurrence in the township and in 1925 of the Normetal copper-zinc-silver-gold deposit. Exploration for copper-nickel and asbestos deposits was undertaken in the 1970s but since the 1980s the major emphasis once again shifted to gold.

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Past Exploration of the Brookmount claim

Summaries for work conducted on properties now overlain by the Brookmount claim are as follows.

1973-1975: Dome Explorations (Canada) Limited ("Dome")

Dome's 41 full lot claims in Chazel and Dission Townships included the present Brookmount property, and were staked to cover several anomalies defined by an airborne electromagnetic survey contracted by the Quebec government in 1972. Ground magnetic and horizontal loop electromagnetic (HLEM) surveys conducted in 1973 defined a strong 3/10 mile long HLEM anomaly with a low but precise magnetic correlation. Hole 60C-1, drilled on the property in 1974 to a depth of 100 yards, tested the anomaly. A 5.3 yard section and mineralized with 10% pyrite, a rock type often found in the presence of copper and gold mineralization, assayed 0.08% copper.

An HLEM survey conducted over the remainder of the property in 1975 defined a strong, long, formational conductor, as well as four shorter anomalies approximately 220 yards south of the former. Two of the shorter anomalies lie within the Brookmount claims and are situated about 220 to 275 yards south of the north boundary. Drill testing was recommended for both conductors but there are no records to indicate that either was ever drilled.

1986-1987: Resources Macamic Inc. ("Macamic")

Macamic held a contiguous, irregularly shaped block of 97 claims in Chazel Township and Dission Township. The present Brookmount claims were included within their property limits.

The property was acquired as a gold project. Work conducted in 1986 included induced polarization (IP), HLEM, magnetic and geological surveys. Nine short lines of IP scattered about the property were surveyed. On one line, which extended from the north onto the Brookmount property, a well defined anomaly coincident with an HLEM conductor (Dome survey) was detected. The anomaly was recommended as a first priority drill target.

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Macamic's magnetic and HLEM surveys covered the Brookmount property, and two HLEM anomalies were defined within it. One anomaly extended for over 880 yards and showed a weak magnetic correlation and corresponded in form to the Dome anomaly. It was rated a first priority target. The second anomaly was considered to be an extension of the first anomaly and was rated a second priority target.

Topography and Infrastructure

Within the general area of the Brookmount claims, the topography is basically flat with only the occasional low hill. Elevation ranges from 352 yards on the property to 3/10 mile. Vegetation in the area is mixed boreal forest. Tree species present on the property are spruce, jackpine balsam, tamarack, cedar, birch and poplar. Glacial till and glacial-lacustrine clay soils dominate the area. The area is extensively covered by low, swampy ground.

No infrastructure exists on the property. Infrastructure in the general area includes

- a) an intricate road network;
- b) electrical power - the grid extends to Authier Nord, 4.4 miles from the property;

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- c) railway - the main east/west line of the Canadian National Railway passes 10.6 miles to the south;
- d) numerous base metal and gold mines and mills; and
- e) a copper smelter in Rouyn-Noranda.

Most goods and services as well as experienced persons required for both exploration and mining are readily available in the towns of Macamic, La Sarre and Rouyn-Noranda and the surrounding area.

Exploration work performed on the Brookmount claim

The Company has not commenced exploration work on the Brookmount claims. The claims are in good standing until November 14, 2006.

Mercedes 100 Property

By an agreement dated July 3, 2003, and amended on January 24, 2005, the Company has also entered into an agreement with its president, Peter Flueck, whereby the Company has agreed to purchase a 100% interest in six mineral concessions comprising a total of 2,611 hectares located in Ahuigrande Parish, Comas District, Concepcion Province of the Department of Junin, Peru. In order to acquire a 100% interest in the Mercedes 100 property, the Company must pay \$22,500 (paid) to Mr. Flueck and issue a total of 5,000,000 shares (issued) of restricted common stock in our capital as follows:

- 2,900,000 shares to the vendor, Mr. Flueck; and
- 1,050,000 shares to each of the other two directors of the Company.

Title to the Mercedes 100 property

The Mercedes 100 property consists of six mineral claims. We are the beneficial owner of a 100% interest in the claims. There are no other underlying agreements or interests in the property.

Specifics of the six mineral claims are as follows:

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| Claim Name | Claim Number | Claim Area (Hectares) |
|-----------------------|----------------|--------------------------|
| ----- | ----- | ----- |
| Mercedes 100 | C-08020145X011 | 450.00 |
| Celeste | C-010151600 | 298.84 |
| Celeste No. 2 | C-010151500 | 218.58 |
| Celeste No. 4 | C-010151700 | 200.00 |
| Nuevo Herraaje Cuatro | C-010154100 | 996.96 |
| Nueva Charo | C-010051101 | 446.93 |

Acquisition and Maintenance of Mineral Rights in Peru

The general mining law of Peru defines and regulates all mining activity, from sampling and prospecting to commercialization, exploitation and processing. Mining concessions are granted in defined areas generally ranging from 100 to 1,000 hectares in size. Mining titles are irrevocable and perpetual, as long as the titleholder maintains payment of government fees. No royalties or other production-based monetary obligations are imposed on holders of mining concessions. Instead, a holder of mineral concessions must pay an annual maintenance fee of \$3.00 per hectare for each concession actually acquired or for a pending application by June 30 of each year. The concession holder must sustain a minimum level of annual commercial production of greater than \$100 per

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hectare in gross sales within eight years of the granting of the concession or, if the concession is not yet in production, the annual rental increases to \$4.00 per hectare for the ninth through fourteenth years of the granting of the concession and to \$10.00 per hectare thereafter. The concession will terminate if the annual fee is not paid for three years in total or for two consecutive years. The term of the concession is indefinite as long as the property is maintained by payment of rental fees.

The Peruvian Constitution and the Civil Code protect a mineral title holder with the same rights as a private property holder. The holder's rights are distinct and independent from the ownership of the land on which it is located, even when both belong to the same person. Mining rights are defensible against third parties, transferable, chargeable and may be the subject of any contract or transaction.

Description, Location and Access

The Mercedes 100 property is accessed from Lima by an excellent paved mountain highway to Concepcion, just 10 kilometers short of the provincial capital of Huancayo, then by a paved road to Santa Roda de Ocopa. A good all-weather gravel road connects Ocopa with Satipo, a village in the Amazonas river basin. The Mercedes Mine camp is 36 kilometers from Santa Rosa.

Although the property is within 12 degrees south of the equator, it lies between 4,300 and 4,500 meters above sea level in an area that is treeless and cold. There are two main seasons in the region of the property: a dry cool winter with sunny days and cold nights (to -4(0) Celsius) lasting from May to October, and a wet, cool summer that lasts from November to April and is characterized for its intense rains, snow and hail storms and average temperatures of 8(0) Celsius.

A 33 kilovolt power line follows the main gravel road past the Mercedes 100 property.

Pomamanta, the nearest village to the property, about five kilometers to the east, is electrified on a limited basis. The line is 4.5 kilometres from the property site. Water for mining and drilling is available from streams and seeps in the hills above the property.

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Nearby towns such as Concepcion and Huancayo are modern and offer most necessities. There is a narrow guage railroad from Lima to Huancayo. This connects the mining and smelting center of La Oroya, 130 kilometers to the west.

On the property site, there is a large brick building that could be refurbished to serve as a camp for 20 to 30 people.

Mineralization and Exploration History

In the 1990's, Leader Mining Inc. entered into an option agreement with Mr. Peter Flueck for a 50% working interest in the property and commissioned MPH Geological Consulting to assess the property's potential in 1996. Although the report contained a range of values of zinc, lead, gold and silver mineralization found on the property, as well as calculations of proven, potential, probable and possible reserves, we do not have sufficient information that would be necessary to determine if these figures are accurate or were calculated in accordance with acceptable mining standards.

Prior to our acquisition of the Mercedes 100 property, approximately \$3,000,000 has been spent on the property. Most of these funds were spend on road building,

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re-opening underground workings on the property, topographical surveys, metallurgical tests, several exploitation campaigns and numerous sampling programs.

Geological Report: Mercedes 100 property

We have obtained a geological report on the Mercedes 100 property that was prepared by Guillermo Salazar, a professional geologist, of Calgary, Alberta. We commissioned the report in March 2004. The geological report summarizes the results of previous exploration on the Mercedes 100 property and makes a recommendation for further exploration work.

In his report, Mr. Salazar recommends further exploration of the Mercedes 100 property that would include the following:

1. Survey of the property's several known showings, adits and trenches. It is recommended that be done by confirming that the property boundaries are properly located, that the portals, adits and trenches are re-located with respect to the property boundaries and to other cultural and topographic features such as access roads, camps, mine dumps and main rivers.

2. There is about 200 tonnes of run-of-mine mineral in 50 kilogram sacks stacked along the road near the property. The sacks are in variable states of deterioration. They are, however, readily available for shipping if a nearby mill were to take the material for processing. The cost to us would include the cost of check assaying, re-sacking and transportation to the mill. Preliminary sampling of this rock indicates an average of 8.73 ounces per ton silver and 1.34% zinc. Mr. Salazar recommends that this be investigated.

3. A drilling program consisting of sixteen drill holes and totaling 1,810 meters designed to test prospective areas of the claims is recommended.

4. The geological interpretation of the claims needs to be confirmed. This requires the following:

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- o a satellite image interpretation map. The primary objective of this would be to define the trace continuity of the faults and veins recognized on the property
- o a structural airphoto and geological map. The airphotos used for this map could also be used to produce a ground controlled topographic map without the errors in the government data packages. The required detail of this recommendation depends on the results from the survey described in paragraph one above.
- o the results from these studies should be followed up with careful prospecting of the targets thus defined.

Mr. Salazar proposes the following budget for exploration:

| | |
|--|-----------|
| Survey the property's showings, adits and trenches: | \$7,500 |
| Truck rental (30 days at \$100 per day): | \$3,000 |
| Check assaying of 220 tonnes, re-sacking of material and identification of potential purchasers: | \$10,000 |
| Application for drilling permits: | \$3,000 |
| Drilling of 1,800 meters in 16 holes: | \$271,500 |
| Permit closure reporting: | \$3,000 |
| Satellite interpretation of alteration and lineaments: | \$10,000 |

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| | |
|---|-----------|
| Testing of sacked mineralized rock (30 samples at \$20 each): | \$600 |
| Drill core testing (300 samples at \$20 each): | \$6,000 |
| Gridding work: | \$75,000 |
| Report writing: | \$15,000 |
| Office and administration: | \$7,500 |
| Miscellaneous: | \$40,000 |
| Total: | \$449,100 |

Compliance with Government Regulation

The General Mining Law of Peru is the primary body of law with regards to environmental regulations. It is administered by the Ministry of Energy and Mines (the "MEM"). The MEM can require a mining company to prepare an environmental evaluation, an environmental impact assessment, a program for environmental management and adjustment and a closure plan. Mining companies are also subject to annual environmental audits.

A mining company that has completed its permitted exploration program must submit an impact study when applying for a new concession, to increase the size of its existing processing operations by more than 50% or to execute any other mining project. A company must also set forth its plan for compliance with the environmental laws and regulations, including its planned mining works, investments, monitoring systems, waste management control and site restoration. The plan is considered approved if the MEM does not respond after 60 days of filing. If the MEM or an "interested party" can show just cause, the plan may be modified during first year.

A mining company must also submit a closure plan for each component of its operations. The closure plan must outline the measures that will be taken to protect the environment over the short, medium and long term from solids, liquids and gasses generated by the mining works. The General Mining Law of Peru has in place a system of sanctions or financial penalties that can be levied against a mining company not in compliance with the environmental regulations.

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ITEM 3. LEGAL PROCEEDINGS

There are no legal proceedings pending or threatened against us.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITIES HOLDERS

No matters were submitted to a vote of shareholders of the Company during the final quarter of the fiscal year ended November 30, 2004.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

As of the date of this report our shares of common stock are trading on the National Association of Securities Dealers' OTC Bulletin Board (OTCBB) under the symbol "BMXI".

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We have _____ shareholders of record as at the date of this annual report.

Dividends

There are no restrictions in our articles of incorporation or bylaws that prevent us from declaring dividends. The Nevada Revised Statutes, however, do prohibit us from declaring dividends where, after giving effect to the distribution of the dividend:

1. we would not be able to pay our debts as they become due in the usual course of business; or
2. our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

We have not declared any dividends, and we do not plan to declare any dividends in the foreseeable future.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

OVERVIEW

Our plan of operations for the twelve months following the date of this annual report is to complete initial exploration programs on the Brookmount and Mercedes properties. We anticipate that these programs will cost \$10,000 and \$449,100 respectively.

In addition, we anticipate spending \$20,000 on professional fees, \$210,000 on management fees, \$40,000 on travel costs, \$20,000 on promotional expenses and \$40,000 on other administrative expenses.

Total expenditures over the next 12 months are therefore expected to be \$789,100. We will not be able to proceed with either exploration program, or meet our administrative expense requirements, without additional financing.

We will not be able to complete the initial exploration programs on our mineral properties without additional financing. We currently do not have a specific

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plan of how we will obtain such funding; however, we anticipate that additional funding will be in the form of equity financing from the sale of our common stock. We may also seek to obtain short-term loans from our directors, although no such arrangement has been made. At this time, we cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of our common stock or through a loan from our directors to meet our obligations over the next twelve months. We do not have any arrangements in place for any future equity financing.

Results Of Operations For Period Ending November 30, 2004

We did not earn any revenues during the period ending November 30, 2004. We do not anticipate earning revenues until such time as we have entered into commercial production of the Brookmount claims or the Mercedes property. We are presently in the pre-exploration stage of our business and we can provide no assurance that we will discover economic mineralization levels of minerals on either property, or if such minerals are discovered, that we will enter into commercial production.

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We incurred operating expenses in the amount of \$322,261 for the fiscal year ended November 30, 2004. These operating expenses included consulting fees of \$31,099 and management fees of \$152,000.

Our net loss increased from \$164,407 in fiscal 2003 to \$322,261 in fiscal 2004 primarily due to a general increase in company activity surrounding our change of management and the identification, negotiation and execution of an agreement to acquire an interest in the Mercedes property.

We have not attained profitable operations and are dependent upon obtaining financing to pursue exploration activities. For these reasons our auditors stated in their report that they have substantial doubt that we will be able to continue as a going concern.

At November 30, 2004, we had assets of \$56,740 consisting of cash on hand of \$51,103 (2003: \$37,429), resource property cost advances of \$Nil (2003: \$15,130), prepaid expenses of \$3,863 (2003: \$689), and capital assets of \$1,774 (2003: \$Nil). At the same date, we had \$101,520 (2003: \$63,641) in liabilities consisting of accounts payable of \$43,004 (2003: \$12,575) and \$58,516 (2003: \$51,066) due to related parties.

ITEM 7. FINANCIAL STATEMENTS

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BROOKMOUNT EXPLORATIONS INC.

(A Pre-exploration Stage Company)

FINANCIAL STATEMENTS

November 30, 2004 and 2003

(Stated in US Dollars)

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TERRY AMISANO LTD.
KEVIN HANSON, CA

AMISANO HANSON
CHARTERED ACCOUNTANTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders,
Brookmount Explorations Inc.

We have audited the accompanying balance sheets of Brookmount Explorations Inc. (A Pre-exploration Stage Company) as of November 30, 2004 and 2003 and the related statements of operations, cash flows and stockholders' equity (deficiency) for the years ended November 30, 2004 and 2003 and the period from December 9, 1999 (Date of Incorporation) to November 30, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Brookmount Explorations Inc. as of November 30, 2004 and 2003 and the results of its operations and its cash flows for the years ended November 30, 2004 and 2003 and the period from December 9, 1999 (Date of Incorporation) to November 30, 2004, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements referred to above have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company is in the pre-exploration stage, has no established source of revenue and is dependent on its ability to raise capital from shareholders or other sources to sustain operations. These factors, along with other matters as set forth in Note 1, raise substantial doubt that the Company will be able to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Vancouver, Canada
January 31, 2005

"AMISANO HANSON"
Chartered Accountants

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Vancouver Canada
V6C 2T7

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BALANCE SHEETS
November 30, 2004 and 2003
(Stated in US Dollars)

| | ASSETS ----- | 2004 ---- | |
|--|--------------------------|--------------|-------|
| Current | | | |
| Cash | | \$ 51,103 | \$ |
| Prepaid expenses | | 3,863 | |
| Mineral property costs advances | | - | |
| | | ----- | ----- |
| | | 54,966 | |
| Capital assets - Note 3 | | 1,774 | |
| | | ----- | ----- |
| | | \$ 56,740 | \$ |
| | | ===== | ===== |
| | | | |
| | LIABILITIES | | |
| Current | | | |
| Accounts payable and accrued liabilities | | \$ 43,004 | \$ |
| Due to related parties - Note 6 | | 58,516 | |
| | | ----- | ----- |
| | | 101,520 | |
| | | ----- | ----- |
| | | | |
| | SHAREHOLDERS' DEFICIENCY | | |
| Common stock, \$0.001 par value - Notes 4 and 5 | | | |
| 200,000,000 shares authorized | | | |
| 10,284,848 shares issued (November 30, 2003 - 9,708,900) | | 10,285 | |
| Additional paid-in capital | | 498,056 | |
| Stock subscriptions receivable | | (100) | |
| Deficit accumulated during the pre-exploration stage | | (553,021) | |
| | | ----- | ----- |
| | | (44,780) | |
| | | ----- | ----- |
| | | \$ 56,740 | \$ |
| | | ===== | ===== |
| Nature and Continuance of Operations - Note 1 | | | |
| Commitments - Notes 4, 5 and 11 | | | |
| Subsequent Events - Notes 4, 5 and 10 | | | |

SEE ACCOMPANYING NOTES

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BROOKMOUNT EXPLORATIONS INC.
(A Pre-exploration Stage Company)
STATEMENT OF OPERATIONS
for the years ended November 30, 2004 and 2003
and for the period December 9, 1999 (Date of Incorporation) to November 30, 2004
(Stated in US Dollars)

| | Years ended November 30, | |
|---|-----------------------------|--------------|
| | 2004 | 2003 |
| | ----- | ----- |
| Expenses | | |
| General and administrative - Note 6 | \$ 274,482 | \$ 164,407 |
| Mineral property costs | 47,779 | - |
| | ----- | ----- |
| Net loss for the period | \$ (322,261) | \$ (164,407) |
| | ----- | ----- |
| Basic and diluted loss per share | \$ (0.03) | \$ (0.02) |
| | ----- | ----- |
| Weighted average number of shares outstanding | 10,000,151 | 9,381,509 |
| | ----- | ----- |

SEE ACCOMPANYING NOTES

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BROOKMOUNT EXPLORATIONS INC.
(A Pre-exploration Stage Company)
STATEMENTS OF CASH FLOWS
for the years ended November 30, 2004 and 2003
and for the period December 9, 1999 (Date of Incorporation) to November 30, 2004
(Stated in US Dollars)

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| | 2004 ----- | 2003 ----- |
|--|---------------|---------------|
| Cash Flows from Operating Activities | | |
| Net loss for the period | \$ (322,261) | \$ (164,407) |
| Add items not affecting cash: | | |
| Amortization | 39 | - |
| Capital contributions - Note 9 | - | 2,250 |
| Changes in non-cash working capital balances related to operations | | |
| Prepaid expenses | (3,174) | (689) |
| Mineral property costs advances | 15,130 | (15,130) |
| Accounts payable and accrued liabilities | 30,429 | (1,721) |
| Due to related parties | 7,450 | 47,486 |
| | ----- | ----- |
| | (272,387) | (132,211) |
| | ----- | ----- |
| Cash Flows from Investing Activity | | |
| Acquisition of capital assets | (1,813) | - |
| | ----- | ----- |
| Cash Flows from Financing Activity | | |
| Capital stock issued | 287,874 | 169,637 |
| | ----- | ----- |
| Increase in cash during the period | 13,674 | 37,426 |
| Cash, beginning of the period | 37,429 | 3 |
| | ----- | ----- |
| Cash, end of the period | \$ 51,103 | \$ 37,429 |
| | ===== | ===== |
| Supplemental disclosure of cash flow information | | |
| Cash paid for: | | |
| Interest | \$ - | \$ - |
| | ===== | ===== |
| Income taxes | \$ - | \$ - |
| | ===== | ===== |
| Non-cash transactions - Note 9 | | |

SEE ACCOMPANYING NOTES

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BROOKMOUNT EXPLORATIONS INC.
 (A Pre-exploration Stage Company)
 STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIENCY)
 for the period December 9, 1999 (Date of Incorporation) to November 30, 2004
 (Stated in US Dollars)

| | Common Shares | | Additional | Stock | Def |
|--|---------------|-----------|--------------------|-----------------------------|-------------------------|
| | Number | Par Value | Paid-in Capital | Subscriptions Receivable | Accum Duri Pre-ex |
| Capital stock issued for cash - at \$0.001 | 3,500,000 | \$ 3,500 | \$ - | \$ - | \$ - |
| Balance, as at November 30, 1999 | 3,500,000 | 3,500 | - | - | - |
| Capital stock issued for cash - at \$0.002 | 5,750,000 | 5,750 | 5,750 | - | - |
| - at \$0.20 | 32,400 | 32 | 6,448 | - | - |
| Contributions to capital by officers | - | - | 9,000 | - | - |
| Net loss for the year | - | - | - | - | - |
| Balance, as at November 30, 2000 | 9,282,400 | 9,282 | 21,198 | - | - |
| Contributions to capital by officers | - | - | 9,000 | - | - |
| Net loss for the year | - | - | - | - | - |
| Balance, as at November 30, 2001 | 9,282,400 | 9,282 | 30,198 | - | - |
| Contributions to capital by officers | - | - | 9,000 | - | - |
| Net loss for the year | - | - | - | - | - |
| Balance, as at November 30, 2002 | 9,282,400 | 9,282 | 39,198 | - | - |
| Capital stock issued for cash- at \$0.25 | 176,500 | 177 | 43,948 | - | - |
| - at \$0.50 | 250,000 | 250 | 125,262 | - | - |
| Contributions to capital by officers | - | - | 2,250 | - | - |
| Net loss for the year | - | - | - | - | - |
| Balance, as at November 30, 2003 | 9,708,900 | 9,709 | 210,658 | - | - |
| Capital stock issued for cash- at \$0.50 | 575,948 | 576 | 287,398 | (100) | - |
| Net loss for the year | - | - | - | - | - |
| Balance, as at November 30, 2004 | 10,284,848 | \$ 10,285 | \$ 498,056 | \$ (100) | \$ - |

SEE ACCOMPANYING NOTES

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BROOKMOUNT EXPLORATIONS INC.
(A Pre-exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
November 30, 2004
(Stated in US Dollars)

Note 1 Nature and Continuance of Operations

The Company is a pre-exploration stage company. The Company was organized for the purpose of acquiring and developing mineral properties. The Company has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of amounts from properties acquired will be dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying property, the ability of the Company to obtain necessary financing to satisfy the expenditure requirements under the property agreement and to complete the development of the property and upon future profitable production on proceeds for the sale thereof.

These financial statements have been prepared on a going concern basis. The Company has a working capital deficiency of \$46,554 as of November 30, 2004, has yet to achieve profitable operations and has accumulated a deficit of \$553,021 since inception. Its ability to continue as a going concern is dependent upon the ability of the Company to generate profitable operations in the future and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The outcome of these matters cannot be predicted with any certainty at this time. These factors raise substantial doubt that the Company will be able to continue as a going concern. The Company has historically satisfied its capital needs primarily by issuing equity securities. Management plans to continue to provide for its capital needs during the year ended November 30, 2004 by the issuance of common stock. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

The Company was incorporated under the laws of the State of Nevada, USA on December 9, 1999 and commenced operations at that time.

Note 2 Summary of Significant Accounting Policies

The financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. Actual results may vary from these estimates.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Brookmount Explorations Inc.
(A Pre-exploration Stage Company)
Notes to the Financial Statements
November 30, 2004
(Stated in US Dollars) - Page 2

Note 2 Summary of Significant Accounting Policies - (cont'd)

Pre-exploration Stage Company

The Company is a pre-exploration stage company as defined in Statement of Financial Accounting Standards ("SFAS") No. 7 "Accounting and Reporting by Development Stage Enterprises". The Company has devoted substantially all of its efforts to the business of exploration and development of resource property interests in Canada and Peru. All losses accumulated since incorporation have been considered as part of the Company's pre-exploration stage activities.

Capital Assets and Amortization

Capital assets consists of computer equipment and is recorded at cost. Amortization is provided using the straight-line method over three years, the estimated useful life of the equipment.

Impairment of Long-lived Assets

Capital assets are reviewed for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets", which was adopted effective January 1, 2002. Under SFAS No. 144, these assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment charge is recognized for the amount, if any, which the carrying value of the asset exceeds the fair value.

Mineral Properties

Costs of mineral property acquisition, exploration, carrying and retaining unproven mineral properties are expensed as incurred.

Environmental Costs

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessment and/or remedial efforts are probable, and the cost can be reasonable estimated. Generally, the timing of these accruals coincides with

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the earlier of completion of a feasibility study or the Company's commitments to plan of action based on the then known facts.

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Brookmount Explorations Inc.
(A Pre-exploration Stage Company)
Notes to the Financial Statements
November 30, 2004
(Stated in US Dollars) - Page 3

Note 2 Summary of Significant Accounting Policies - (cont'd)

Foreign Currency Translation -----

Foreign currency transactions are translated into US dollars, the functional and reporting currency, by the use of the exchange rate in effect at the date of the transaction in accordance with SFAS No. 52 "Foreign Currency Translation". Assets and liabilities denominated in foreign currencies are translated into U.S. dollars, at the rate of exchange prevailing at the time of the transaction. Foreign currency transactions gains or losses are included in net loss for the year.

Basic Loss Per Share -----

The Company reports basic loss per share in accordance with SFAS No. 128 "Earnings per Share". Basic loss per share is computed using the weighted average number of shares outstanding during the period.

Income Taxes -----

The Company uses the asset and liability method of accounting for income taxes in accordance with SFAS No. 109 "Accounting for Income Taxes". Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements carrying amounts of existing assets and liabilities and loss carryforwards and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Fair Value of Financial Instruments -----

The carrying value of the Company's financial instruments, consisting of cash, accounts payable and accrued liabilities and due to related parties approximate their fair value due to the short-term maturity of such instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

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Currency Risk

The Company incurs expenditures in Canadian and US dollars. Consequently, some assets and liabilities are exposed to Canadian dollar foreign currency fluctuations.

At November 30, 2004, cash of \$15,806 (2003: \$17,516) denominated in Canadian dollars is included in these financial statements.

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Brookmount Explorations Inc.
(A Pre-exploration Stage Company)
Notes to the Financial Statements
November 30, 2004
(Stated in US Dollars) - Page 4

Note 2 Summary of Significant Accounting Policies - (cont'd)

New Accounting Standards

Management does not believe that any recently issued, but not yet effective accounting standards if currently adopted could have a material effect on the accompanying financial statements.

Note 3 Capital Assets

| | 2004 | |
|--------------------|-----------------|-----------------------------|
| | Cost | Accumulated Amortization |
| | ---- | ----- |
| Computer equipment | \$ 1,813 | \$ 39 |
| | ===== | ===== |

Note 4 Mineral Properties

a) Abitibi West County, Quebec, Canada

The Company acquired five mineral claims located in the Chazel Township, in the Province of Quebec. The claims are in good standing until November 14, 2006.

b) Mercedes Property, Junin, Peru

Pursuant to a property acquisition agreement dated for reference July 3, 2003 and amended on January 24, 2005, the

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Company may acquire a 100% interest in 2,611 hectares located in Central Peru from a director of the Company (the "Vendor") for consideration of \$22,500 (paid subsequent to November 30, 2004) and the issuance of 5,000,000 common shares (issued subsequent to November 30, 2004). The vendor has directed the Company to issue 2,100,000 of these common shares to two other directors of the Company.

Note 5 Capital Stock - Note 4

Commitments:

Pursuant to an offering memorandum dated July 23, 2003, the Company undertook to sell a minimum of 1,000,000 common shares at \$0.50 per share. At November 30, 2004, the Company had sold 825,948 common shares for proceeds of \$413,386. This amount has been included in share capital at November 30, 2004.

Subsequent to November 30, 2004, the Company received \$97,300 for 194,600 common shares at \$0.50 per share pursuant to this offering memorandum.

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Brookmount Explorations Inc.
(A Pre-exploration Stage Company)
Notes to the Financial Statements
November 30, 2004
(Stated in US Dollars) - Page 5

Note 6 Related Party Transactions - Note 4

The Company was charged the following amounts by directors of the Company, a former director and/or companies with directors or officers in common:

| | 2004 | 2003 | |
|-----------------------------|------------|------------|-------|
| | ---- | ---- | |
| General and administrative: | | | |
| Consulting fees | \$ - | \$ 3,000 | \$ |
| Management fees | 152,000 | 112,000 | |
| | ----- | ----- | |
| | \$ 152,000 | \$ 115,000 | \$ |
| | ===== | ===== | ===== |

The charges were measured by the exchange amount which is the amount agreed upon by the transacting parties.

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Amounts due to related parties of \$58,516 (2003 - \$51,066) are due to directors of the Company or former directors of the Company in respect to unpaid management fees and advances. These amounts are unsecured, non-interest bearing and have no specific terms for repayment.

Note 7 Deferred Tax Assets

The significant components of the Company's deferred tax assets are as follows:

| | 2004 |
|---|------------|
| | ---- |
| Deferred tax assets | |
| Non-capital loss carryforwards | \$ 188,027 |
| Valuation allowance for deferred tax assets | (188,027) |
| | ----- |
| | \$ - |
| | ===== |

The amount taken into income as deferred tax assets must reflect that portion of the income tax loss carryforwards which is more likely than not to be realized from future operations. The Company has provided an allowance of 100% against all available income tax loss carryforwards, regardless of their time of expiry, as it is more likely than not that all of the deferred tax assets will not be realized.

Brookmount Explorations Inc.
 (A Pre-exploration Stage Company)
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 November 30, 2004
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Note 8 Income Taxes

No provision for income taxes has been provided in these financial statements due to the net loss. At November 30, 2004, the Company has net operating loss carryforwards, which expire commencing in 2019 totalling approximately \$553,021.

Note 9 Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statement of cash flows. Directors and officers of the Company have provided certain administrative services at no charge. The fair value of these services has been credited to additional paid-in capital as follows:

| | 2004 | 2003 | Inco |
|-----------------|-------|----------|-------|
| | ---- | ---- | N |
| Management fees | \$ - | \$ 1,500 | \$ |
| Rent | - | 600 | |
| Telephone | - | 150 | |
| | ----- | ----- | ----- |
| | \$ - | \$ 2,250 | \$ |
| | ===== | ===== | ===== |

These transactions were excluded from the statement of cash flows.

Note 10 Subsequent Events - Notes 4 and 5

Subsequent to November 30, 2004, the Company's common stock began trading on the Over-The-Counter Bulletin Board.

Note 11 Commitment

On October 28, 2004, the Company entered into an office lease agreement for the head office in Vancouver, Canada. The lease requires monthly payments of CDN\$1,200 per month commencing on January 1, 2005 and has a term of thirteen months.

ITEM 8. CHANGES IN AND DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING FINANCIAL DISCLOSURE

We have no changes in and disagreement with our accountants on accounting financial disclosure

ITEM 8A: CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls

We evaluated the effectiveness of our disclosure controls and procedures as of the end of the 2004 fiscal year. This evaluation was conducted with the participation of our chief executive officer and our principal accounting officer.

Disclosure controls are controls and other procedures that are designed to ensure that information that we are required to disclosed in the reports we file pursuant to the Securities Exchange Act of 1934 is recorded, processed, summarized and reported.

Limitations on the Effective of Controls

Our management does not expect that our disclosure controls or our internal controls over financial reporting will prevent all error and fraud. A control system, no matter how well conceived and operated, can provide only reasonable,

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but no absolute, assurance that the objectives of a control system are met. Further, any control system reflects limitations on resources, and the benefits of a control system must be considered relative to its costs. These limitations also include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of a control. A design of a control system is also based upon certain assumptions about potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

Conclusions

Based upon their evaluation of our controls, the chief executive officer and principal accounting officer have concluded that, subject to the limitations noted above, the disclosure controls are effective providing reasonable assurance that material information relating to us is made known to management on a timely basis during the period when our reports are being prepared. There were no changes in our internal controls that occurred during the quarter covered by this report that have materially affected, or are reasonably likely to materially affect our internal controls.

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PART III

ITEM 9: DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

| Name | Age | Position with Registrant | Served as a Director or Officer Since |
|-----------------|-----|---|---------------------------------------|
| Peter Flueck | 55 | President and Director | March 21, 2003 |
| Zaf Sungur | 51 | Chief Operating Officer Secretary, Treasurer and Director | April 15, 2003 |
| Victor Stilwell | 53 | Vice-President and Director | March 21, 2003 |

The following describes the business experience of the Company's directors and executive officers, including other directorships held in reporting companies:

Each director of the Company serves for a term of one year and until his successor is elected at the Company's annual shareholders' meeting and is qualified, subject to removal by the Company's shareholders. Each officer serves, at the pleasure of the board of directors, for a term of one year and until his successor is elected at the annual general meeting of the board of directors and is qualified.

Set forth below is certain biographical information regarding each of the Company's executive officers and directors.

Peter Flueck

Mr. Flueck brings to the Company a wealth of experience, not only in the resource sector, but with extensive experience in Peru as well. He is presently

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the President and sole shareholder of Grand Combe Developments Ltd., a Canadian development company based in Edmonton, Alberta. He has recently been the President of several mining companies based in Peru, including Blower Investments A.V.V., Condor Resources A.V.V. Aruba, the Recursos Mineros El Dorado and the Minera El Serrano, Peru.

He was also involved in the acquisition of several key mining properties in Peru and headed up a series of negotiations with mining concerns there in order to raise investor capital and to initiate the development of the Mercedes property in Peru. Prior to his involvement within the mining industry, Mr. Flueck was Vice President of Western Timber Export Ltd., an Alberta-based company specializing in harvesting, sawmill production, pipeline contracting, production sales and contract bidding. He has been a successful, self-employed cattle rancher.

Zaf Sungur

Mr. Sungur has over twenty years experience in real estate development, planning, project management and marketing. Prior to joining the Company, he has been working as a business consultant to clients, streamlining their businesses to achieve increased efficiencies. For a ten-year period prior to that, he was

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the President of Pan Pacific Investments, which specialized in all aspects of real estate development, project management and business consulting. Mr. Sungur was also President of Sunmark International marketing, a company based in Vancouver, British Columbia that marketed a range of Asian consumer products. He created a network of over 50 sales representatives to cover the United States, the United Kingdom, Holland, Germany, Italy and France, and initiated a system of offshore manufacturing to dramatically reduce costs. Mr. Sungur holds a Business Degree (Bachelor of Commerce), has extensive experience in North American, Asian and European business negotiations and is fluent in English and Turkish. He will be responsible for the operations of the Company as it proceeds with its mining projects in Peru and Quebec.

Vic Stilwell

Mr. Stillwell is the principal of a major sales agency based in Calgary, Alberta, which for the past twenty-five years has focused on representing such companies as Hitachi, Panasonic, Magic Chef appliances and Flexsteel Furniture. His company has grown successfully through the years due to its focus on high quality products and after-sales service.

He has also been a key figure in the development of commercial and residential real estate projects in La Paz, Mexico, planning several major projects and providing serviced lots to potential residents and commercial concerns.

Section 16(A) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who beneficially own more than 10% of our equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Officers, directors and greater than 10% shareholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file. Based on our review of the copies of such forms we received, we believe that during the fiscal year ended November 30, 2004 all such filing requirements applicable to our officers and directors were complied with exception that reports were filed late by the following persons:

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| Name and Principal position | Number Of late Reports | Transactions Not Timely Reported | Known Failures to file a Required Form |
|--------------------------------|------------------------------|--|--|
| Peter Flueck | 0 | 0 | 1 |
| Zaf Sungur | 0 | 0 | 1 |
| Victor Stilwell | 0 | 0 | 1 |

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ITEM 10. EXECUTIVE COMPENSATION

The table below summarizes all compensation awarded to, earned by, or paid to our executive officers by any person for all services rendered in all capacities to us for the fiscal year ended November 30, 2004.

| Name | Title | Year | Annual Compensation | | | Long Term Compensation | |
|-----------------|------------------------------|------|---------------------|-------|---------------------------|--------------------------|------------------|
| | | | Salary | Bonus | Other Annual Compensation | Restricted Stock Awarded | Options/SARs (#) |
| Peter Flueck | President | 2004 | \$48,000 | 0 | 0 | 0 | 0 |
| Zaf Sungur | COO, Secretary/ Treasurer | 2004 | \$48,000 | 0 | 0 | 0 | 0 |
| Victor Stilwell | Vice-President | 2004 | \$48,000 | 0 | 0 | 0 | 0 |

ITEM 11: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding the beneficial ownership of our shares of common stock at November 30, 2004 by (i) each person known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock, (ii) each of our directors, (iii) our executive officers, and (iv) by all of our directors and executive officers as a group. Each person named in the table, has sole voting and investment power with respect to all shares shown as beneficially owned by such person and can be contacted at our executive office address.

| TITLE OF CLASS | NAME OF BENEFICIAL OWNER | SHARES OF COMMON STOCK | PERCENT OF CLASS |
|----------------|---|---------------------------|------------------|
| Common | Peter Flueck 18912-121 Ave. N.W. Edmonton, Alberta T5V 1R3 | 4,825,000 | 31.57% |

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| | | | |
|--------|---|-----------|--------|
| Common | Victor Stillwell 16 Douglas Woods Park S.E. Calgary, Alberta T2Z 2K6 | 1,680,000 | 10.99% |
| Common | Zaf Sungur 2005 - 837 W. Hastings Vancouver, B.C. V6C 1B6 | 1,365,000 | 8.93% |
| | DIRECTORS AND OFFICERS AS A GROUP CONSISTING OF THREE PEOPLE | 7,870,000 | 51.49% |

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As of the date of this annual report, we have 15,284,848 shares of common stock issued and outstanding.

ITEM 12.CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During the fiscal year ended November 30, 2004, we paid or accrued \$48,000 in management fees to each of the following individuals:

- o Peter Flueck, our president;
- o Zaf Sungur, our COO, secretary and treasurer; and
- o Victor Stilwell, our vice-president.

During the fiscal year 2003, the Company entered into an agreement with its president, Peter Flueck, whereby the Company has agreed to purchase a 100% interest in six mineral concessions comprising a total of 2,550 hectares located in Ahuigrande Parish, Comas District, Concepcion Province of the Department of Junin, Peru. Pursuant to the agreement, as amended, the Company must issue 5,000,000 shares of common stock (issued subsequent to November 30, 2004) to the directors of the Company and pay \$22,500 (paid subsequent to November 30, 2004) to Peter Flueck.

Otherwise, none of our directors or officers, nor any proposed nominee for election as a director, nor any person who beneficially owns, directly or indirectly, shares carrying more than 10% of the voting rights attached to all of our outstanding shares, nor any promoter, nor any relative or spouse of any of the foregoing persons has any material interest, direct or indirect, in any transaction since our incorporation or in any presently proposed transaction which, in either case, has or will materially affect us.

Our management is involved in other business activities and may, in the future become involved in other business opportunities. If a specific business opportunity becomes available, such persons may face a conflict in selecting between our business and their other business interests. In the event that a conflict of interest arises at a meeting of our directors, a director who has such a conflict will disclose his interest in a proposed transaction and will abstain from voting for or against the approval of such transaction.

PART IV

Exhibits

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- 3.1 Charter and By-Laws*
- 10.1 Mineral Property Purchase Agreement
- 31.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed as an exhibit to our registration statement on Form 10-KSB dated December 27, 2000

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Reports on Form 8-K

We did not file any reports on Form 8-K during the last quarter of 2004.

ITEM 14: PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our current principal accountants, Amisano Hanson, Chartered Accountants billed the following fees for the services indicated.

| | Fiscal year ended November 30, 2004 | Fiscal year ended November 30, 2003 |
|--------------------|--|--|
| Audit fees | \$8,934 | \$5,500* |
| Audit-related fees | \$6,189 | Nil |
| Tax fees | Nil | Nil |
| All other fees | Nil | Nil |

* includes an accrual for audit fees

Audit fees consist of fees related to professional services rendered in connection with the audit of our annual financial statements, the review of the financial statements included in each of our quarterly reports on Form 10-QSB.

Our audit committee's policy is to pre-approve all audit and permissible non-audit services performed by the independent accountants. These services may include audit services, audit-related services, tax services and other services. Under our audit committee's policy, pre-approval is generally provided for particular services or categories of services, including planned services, project based services and routine consultations. In addition, the audit committee may also pre-approve particular services on a case-by-case basis. Our audit committee approved all services that our independent accountants provided to us in the past two fiscal years.

SIGNATURES

Pursuant to the requirements of Section 13 and 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Brookmount Explorations Inc.

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By /s/ Peter Flueck

Peter Flueck
President, CEO & Director
Date: February 25, 2005

In accordance with the Securities Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

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By /s/ Peter Flueck

Peter Flueck
President, CEO & Director
Date: February 25, 2005

By /s/ Zaf Sungur

COO, Secretary, Treasurer, Principal
Accounting Officer and Director
Date: February 25, 2005

By /s/ Victor Stilwell
Vice-President and Director
Date: February 25, 2005