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BROOKMOUNT EXPLORATIONS INC
Form 10QSB
April 19, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended February 28, 2005

Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period _____ to _____

Commission File Number 0-26709

BROOKMOUNT EXPLORATIONS INC.

(Exact name of small Business Issuer as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

98-0201259

(IRS Employer Identification No.)

666 Burrard Street, Suite 600
Vancouver, British Columbia

(Address of principal executive offices)

V6C 2X8

(Postal or Zip Code)

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

None

(Former name, former address and former fiscal year, if changed since last report)

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 such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days Yes No

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 15,601,648 shares of \$0.001 par value common stock outstanding as of April 14, 2005.

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BROOKMOUNT EXPLORATIONS INC.
 (A Pre-exploration Stage Company)
 INTERIM FINANCIAL STATEMENTS

February 28, 2005

(Stated in US Dollars)

(Unaudited)

BROOKMOUNT EXPLORATIONS INC.
 (A Pre-exploration Stage Company)
 INTERIM BALANCE SHEETS
 February 28, 2005 and November 30, 2004
 (Stated in US Dollars)
 (Unaudited)

	ASSETS -----	February 28, 2005 ----
Current		
Cash		\$ 85,046
Prepaid expenses		9,567

		94,613
Capital assets - Note 3		1,641

		\$ 96,254 =====
	LIABILITIES -----	
Current		
Accounts payable and accrued liabilities		\$ 42,888
Due to related parties - Note 6		59,438

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	102,326
SHAREHOLDERS' DEFICIENCY	
Common stock, \$0.001 par value - Notes 4, 5 and 8	
200,000,000 shares authorized	
15,601,648 shares issued (November 30, 2004 - 10,284,848)	15,602
Additional paid-in capital	1,901,139
Stock subscriptions receivable	(100)
Deficit accumulated during the pre-exploration stage	(1,922,713)
	(6,072)
	\$ 96,254
	=====

SEE ACCOMPANYING NOTES

BROOKMOUNT EXPLORATIONS INC.
(A Pre-exploration Stage Company)
INTERIM STATEMENTS OF OPERATIONS
for the three months ended February 28, 2005 and February 29, 2004
and for the period December 9, 1999 (Date of Incorporation) to February 28, 2005
(Stated in US Dollars)
(Unaudited)

	Three months ended	
	February 28, 2005 ----	February 29, 2004 ----
Expenses		
General and administrative - Note 6	\$ 91,097	\$ 57,696
Mineral property costs	1,278,595	16,655
	-----	-----
Net loss for the period	\$ (1,369,692)	\$ (74,351)
	=====	=====
Basic and diluted loss per share	\$ (0.13)	\$ (0.01)
	=====	=====

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Weighted average number of shares outstanding 10,426,421 9,719,430
===== =====

SEE ACCOMPANYING NOTES

BROOKMOUNT EXPLORATIONS INC.
(A Pre-exploration Stage Company)
INTERIM STATEMENTS OF CASH FLOWS
for the three months ended February 28, 2005 and February 29, 2004
and for the period December 9, 1999 (Date of Incorporation) to February 28, 2005
(Stated in US Dollars)
(Unaudited)

	Three months ended	
	February 28, 2005 ----	February 29, 2004 ----
Cash Flows from Operating Activities		
Net loss for the period	\$ (1,369,692)	\$ (74,351)
Add items not affecting cash:		
Amortization	133	-
Capital contributions	-	-
Mineral property costs	1,250,000	-
Changes in non-cash working capital balances related to operations		
Prepaid expenses	(5,704)	689
Accounts payable and accrued liabilities	(116)	3,000
Due to related parties	922	2,862
	(124,457)	(67,800)
Cash Flows from Investing Activity		
Acquisition of capital assets	-	-
Cash Flows from Financing Activity		
Capital stock issued	158,400	64,074
Increase (decrease) in cash during the period	33,943	(3,726)

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Cash, beginning of the period	51,103	37,429
	-----	-----
Cash, end of the period	\$ 85,046	\$ 33,703
	=====	=====
Supplemental disclosure of cash flow information		
Cash paid for:		
Interest	\$ -	\$ -
	=====	=====
Income taxes	\$ -	\$ -
	=====	=====
Non-cash transaction - Note 7		

SEE ACCOMPANYING NOTES

BROOKMOUNT EXPLORATIONS INC.
(A Pre-exploration Stage Company)
INTERIM STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIENCY)
for the period December 9, 1999
(Date of Incorporation) to February 28, 2005
(Stated in US Dollars)
(Unaudited)

	Common Shares		Additional Paid-in	Stock Subscriptions
	Number	Par Value	Capital	Receivable
	-----	-----	-----	-----
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	-	-	-	-

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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)
Capital stock issued for cash - at \$0.50	316,800	317	158,083	-
Capital stock issued for resource property - at \$0.25	5,000,000	5,000	1,245,000	-
Net loss for the period	-	-	-	-
Balance, as at February 28, 2005	15,601,648 \$	15,602 \$	1,901,139 \$	(100) \$

SEE ACCOMPANYING NOTES

BROOKMOUNT EXPLORATIONS INC.
(A Pre-exploration Stage Company)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
February 28, 2005
(Stated in US Dollars)
(Unaudited)

Note 1 Interim Reporting

While the information presented in the accompanying interim three month financial statement is unaudited, it includes all adjustments which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented in accordance with accounting principles generally accepted in the United States of America. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all adjustments are of a normal recurring nature. It is suggested that these financial statements be read in conjunction with the company's November 30, 2004 annual financial statements.

Operating results for the quarter ended February 28, 2005 are not necessarily indicative of the results that can be expected for the year ending November 30, 2005.

Note 2 Continuance of Operations

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The financial statements have been prepared using generally accepted accounting principles in the United States of America applicable for a going concern which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. At February 28, 2005, the Company had a working capital deficiency of \$7,713, which is not sufficient to meet its planned business objectives or to fund mineral property expenditures and ongoing operations for the next twelve months. The Company has yet to achieve profitable operations and has accumulated losses of \$677,713 since its commencement. Its ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due.

Note 3 Capital Assets

	2005		
	Cost	Accumulated Amortization	Net
	-----	-----	---
Computer equipment	\$ 1,813	\$ 172	\$ 1,641
	=====	=====	=====

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.

Brookmount Explorations Inc.
(A Pre-exploration Stage Company)
Notes to the Interim Financial Statements
February 28, 2005
(Stated in US Dollars)
(Unaudited) - Page 2

Note 4 Mineral Properties - (cont'd)

b) Mercedes Property, Junin, Peru

Pursuant to a property acquisition agreement dated for reference July 3, 2003 and amended on January 24, 2005, the 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 during the three months ended February 28, 2005) and the issuance of 5,000,000 common shares (issued). The vendor has directed the Company to issue 2,100,000 of these common shares to two other directors of the Company.

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Note 5 Capital Stock - Notes 4 and 8

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 February 28, 2005, the Company had sold 1,142,748 common shares for proceeds of \$571,786. This amount has been included in share capital at February 28, 2005.

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:

	Three months ended February 28, 2005 ----	February 29, 2004 ----	
General and administrative:			
Consulting fees	\$ -	\$ -	\$
Management fees	52,500	44,000	
	-----	-----	-----
	\$ 52,500	\$ 44,000	\$
	=====	=====	=====

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

Amounts due to related parties are due to 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.

Brookmount Explorations Inc.
(A Pre-exploration Stage Company)
Notes to the Interim Financial Statements
February 28, 2005
(Stated in US Dollars)
(Unaudited) - Page 3

Note 7 Non-cash Transaction

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statement of cash flows. During the three months ended February 28, 2005, the

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Company issued 5,000,000 common shares at \$0.25 pursuant to the resource property acquisition agreement (Note 4b). This transaction was excluded from the statement of cash flows for the three months ended February 28, 2005 and for the period December 9, 1999 (Date of Incorporation) to February 28, 2005.

Note 8 Subsequent Event

Subsequent to August 31, 2004, the Company received proceeds of \$35,000 for share subscriptions pursuant to the offering memorandum (Note 5).

Item 2. Management's Discussion and Analysis or Plan of Operation

FORWARD LOOKING STATEMENTS

This quarterly report 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 this Risk Factors section and elsewhere in this annual report.

Item 3. Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, within the 90 days prior to the filing date of this report, the Company carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. This evaluation was conducted by the sole director of the Company, who also acts as the Company's President, the Chief Executive Officer, and the Chief Financial Officer.

Based upon that evaluation, the Company concluded that the disclosure controls and procedures are effective. There have been no significant changes in the Company's internal controls or in other factors, which could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

Plan of Operation

Our plan of operations for the twelve months following the date of this quarterly report is to complete initial exploration programs on the Brookmount and Mercedes properties. We plan to start our 2005 exploration programs in June. We anticipate that these programs will cost \$10,000 and \$449,100 respectively.

In addition, we anticipate spending \$18,000 on professional fees, \$198,000 on management fees, \$42,000 on travel costs, \$18,000 on promotional expenses and \$36,000 on other administrative expenses.

Total expenditures over the next 12 months are therefore expected to be \$771,100. 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 Three-Month Period Ended February 28, 2005

We did not earn any revenues during the period ending February 28, 2005. 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.

We incurred operating expenses in the amount of \$1,369,692 for the three-month period ended February 28, 2005. During the quarter we issued 5,000,000 shares at \$0.25 per share for Mercedes Property pursuant to a property acquisition agreement dated for reference July 3, 2005 and amended on January 24, 2005. Operating expenses included consulting fees of \$12,960 and management fees of \$40,500.

Our net loss increased from \$74,351 in fiscal 2004 to \$1,369,692 in fiscal 2005 primarily due to \$ 1,250,000 mineral property costs recorded by the company upon issuance of 5,000,000 shares of the company's capital stock and a general increase in company's 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 February 28, 2005, we had assets of \$96,254 consisting of cash on hand of \$85,046 (2004: \$33,703), resource property cost advances of \$Nil (2004: \$15,130), prepaid expenses of \$9,567 (2004: \$Nil), and capital assets of \$1,641 (2004: \$Nil). At the same date, we had \$102,326 (2004: \$69,503) in liabilities consisting of accounts payable and accrued liabilities of \$42,888 (2004: \$15,575) and \$59,438 (2004: \$53,928) due to related parties.

PART II- OTHER INFORMATION

Item 1. Legal Proceedings

The Company is not a party to any pending legal proceeding. Management is not aware of any threatened litigation, claims or assessments.

Item 2. Changes in Securities

During the three-month period ended February 28, 2005, the Company accepted subscriptions for a total of 316,800 shares of common stock for \$0.50 each pursuant to a private placement offering.

Item 3. Defaults Upon Senior Securities

None.

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Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits and Report on Form 8-K

- 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

During the three-month period ended February 28, 2005, the Company did not file any current reports on Form 8-K.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Brookmount Explorations Inc.

/s/ Peter Flueck

Peter Flueck
President, Chief Executive
Officer and Director
(Principal Executive Officer)
Dated: April 19, 2005

Brookmount Explorations Inc.

/s/ Zaf Sungur

Zaf Sungur
C.O.O., Secretary, treasurer
and principal accounting
officer
Dated: April 19, 2005

