

Edgar Filing: BROOKMOUNT EXPLORATIONS INC - Form 10QSB

BROOKMOUNT EXPLORATIONS INC

Form 10QSB

October 14, 2004

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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 August 31, 2004  
-----

☐ 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  
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BROOKMOUNT EXPLORATIONS INC.

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

Nevada  
-----

98-0201259  
-----

(State or other jurisdiction of  
incorporation or organization)

(IRS Employer Identification No.)

400 Burrard Street, Suite 1400  
Vancouver, British Columbia  
-----

V6C 3G2  
-----

(Address of principal executive offices)

(Postal or Zip Code)

Issuer's telephone number, including area code: 604-643-1745  
-----

None  
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(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: 10,130,048 shares of \$0.001 par  
value common stock outstanding as of August 31, 2004.

BROOKMOUNT EXPLORATIONS INC.  
(A Pre-exploration Stage Company)  
INTERIM FINANCIAL STATEMENTS  
August 31, 2004  
(Stated in US Dollars)  
(Unaudited)  
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BROOKMOUNT EXPLORATIONS INC.  
(A Pre-exploration Stage Company)  
INTERIM BALANCE SHEETS  
August 31, 2004 and November 30, 2003  
(Stated in US Dollars)  
(Unaudited)  
-----

|                                 | ASSETS      | August 31,<br>2004 |    |
|---------------------------------|-------------|--------------------|----|
|                                 | -----       | ----               |    |
| Current                         |             |                    |    |
| Cash                            |             | \$ 30,286          | \$ |
| Prepaid expenses                |             | 953                |    |
| Resource property cost advances |             | -                  |    |
|                                 |             | -----              |    |
|                                 |             | 31,239             |    |
| Capital assets                  |             | 262                |    |
|                                 |             | -----              |    |
|                                 |             | \$ 31,501          | \$ |
|                                 |             | =====              |    |
|                                 | LIABILITIES |                    |    |
|                                 | -----       |                    |    |
| Current                         |             |                    |    |
| Accounts payable                |             | \$ 9,145           | \$ |
| Due to related parties          |             | 50,538             |    |

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59,683

## STOCKHOLDERS' DEFICIENCY

|                                                              |            |
|--------------------------------------------------------------|------------|
| Common stock, \$0.001 par value                              |            |
| 200,000,000 shares authorized                                |            |
| 10,130,048 (November 30, 2003: 9,708,900) shares outstanding | 10,130     |
| Additional paid in capital                                   | 423,131    |
| Deficit accumulated during the pre-exploration stage         | ( 461,443) |
|                                                              | ( 28,182)  |
|                                                              | \$ 31,501  |

SEE ACCOMPANYING NOTES

BROOKMOUNT EXPLORATIONS INC.  
(A Pre-exploration Stage Company)  
INTERIM STATEMENTS OF OPERATIONS  
for the three and nine months ended August 31, 2004 and 2003  
and for the period December 9, 1999 (Date of Incorporation) to August 31, 2004  
(Stated in US Dollars)  
(Unaudited)

|                                                  | Three months ended<br>August 31, |              | Nine months ended<br>August 31, |             |    |
|--------------------------------------------------|----------------------------------|--------------|---------------------------------|-------------|----|
|                                                  | 2004                             | 2003         | 2004                            | 2003        |    |
| Expenses                                         |                                  |              |                                 |             |    |
| General and administrative                       | \$ 67,451                        | \$ 30,648    | \$ 230,683                      | \$ 43,940   | \$ |
| Net loss for the period                          | \$ ( 67,451)                     | \$ ( 30,648) | \$ ( 230,683)                   | \$ (43,940) | \$ |
| Basic and diluted loss per share                 | \$ ( 0.01)                       | \$ ( 0.00)   | \$ ( 0.01)                      | \$ ( 0.00)  | \$ |
| Weighted average number of shares<br>outstanding | 10,130,048                       | 9,282,400    | 10,130,048                      | 9,282,400   |    |

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SEE ACCOMPANYING NOTES

BROOKMOUNT EXPLORATIONS INC.  
(A Pre-exploration Stage Company)  
INTERIM STATEMENTS OF CASH FLOWS  
for the nine months ended August 31, 2004 and 2003  
and for the period December 9, 1999 (Date of Incorporation) to August 31, 2004  
(Stated in US Dollars)  
(Unaudited)  
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|                                                                    | Nine months ended<br>August 31, |              |    |
|--------------------------------------------------------------------|---------------------------------|--------------|----|
|                                                                    | 2004                            | 2003         |    |
|                                                                    | ----                            | ----         |    |
| Cash Flows from Operating Activities                               |                                 |              |    |
| Net loss for the period                                            | \$ ( 230,683)                   | \$ ( 43,490) | \$ |
| Add items not affecting cash:                                      |                                 |              |    |
| Amortization                                                       | -                               | 52           |    |
| Capital contributions - expenses                                   | -                               | 2,250        |    |
| Changes in non-cash working capital balances related to operations |                                 |              |    |
| Prepaid expenses                                                   | ( 264)                          | -            |    |
| Accounts payable                                                   | ( 3,430)                        | ( 3,731)     |    |
| Due to related parties                                             | ( 528)                          | ( 1,029)     |    |
| Resource property cost advances                                    | 15,130                          | -            |    |
|                                                                    | -----                           | -----        |    |
|                                                                    | ( 219,775)                      | ( 46,398)    |    |
|                                                                    | -----                           | -----        |    |
| Cash Flows used in Investing Activity                              |                                 |              |    |
| Acquisition of capital assets                                      | ( 262)                          | ( 698)       |    |
|                                                                    | -----                           | -----        |    |
| Cash Flows from Financing Activity                                 |                                 |              |    |
| Capital stock issued                                               | 212,894                         | 47,625       |    |
|                                                                    | -----                           | -----        |    |
| Increase (decrease) in cash during the period                      | ( 7,143)                        | 529          |    |
| Cash, beginning of the period                                      | 37,429                          | 3            |    |
|                                                                    | -----                           | -----        |    |
| Cash, end of the period                                            | \$ 30,286                       | \$ 532       | \$ |
|                                                                    | =====                           | =====        |    |
| Supplemental disclosure of cash flow information                   |                                 |              |    |
| Cash paid for:                                                     |                                 |              |    |
| Interest                                                           | \$ -                            | \$ -         | \$ |
|                                                                    | =====                           | =====        |    |
| Income taxes                                                       | \$ -                            | \$ -         | \$ |
|                                                                    | =====                           | =====        |    |

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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 August 31, 2004  
(Stated in US Dollars)  
(Unaudited)  
-----

|                                      | Common Shares |           | Additional      | Deficit                                      |
|--------------------------------------|---------------|-----------|-----------------|----------------------------------------------|
|                                      | Number        | Par Value | Paid-in Capital | Accumulated During the Pre-exploration Stage |
|                                      | -----         | -----     | -----           | -----                                        |
| 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 period              | -             | -         | -               | ( 31,327)                                    |
|                                      | -----         | -----     | -----           | -----                                        |
| Balance, as at November 30, 2000     | 9,282,400     | 9,282     | 21,198          | ( 31,327)                                    |
| Contributions to capital by officers | -             | -         | 9,000           | -                                            |
| Net loss for the period              | -             | -         | -               | ( 17,215)                                    |
|                                      | -----         | -----     | -----           | -----                                        |
| Balance, as at November 30, 2001     | 9,282,400     | 9,282     | 30,198          | ( 48,542)                                    |
| Contributions to capital by officers | -             | -         | 9,000           | -                                            |
| Net loss for the period              | -             | -         | -               | ( 17,811)                                    |
|                                      | -----         | -----     | -----           | -----                                        |
| Balance, as at November 30, 2002     | 9,282,400     | 9,282     | 39,198          | ( 66,353)                                    |
| 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 period              | -             | -         | -               | (164,407)                                    |
|                                      | -----         | -----     | -----           | -----                                        |
| Balance, as at November 30, 2003     | 9,708,900     | 9,709     | 210,658         | (230,760)                                    |
| Capital stock issued for cash        |               |           |                 |                                              |
| - at \$0.50                          | 421,148       | 421       | 212,473         | -                                            |
| Net loss for the period              | -             | -         | -               | (230,683)                                    |

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|                                |                              |                             |                              |                                |
|--------------------------------|------------------------------|-----------------------------|------------------------------|--------------------------------|
| Balance, as at August 31, 2004 | -----<br>10,130,048<br>===== | \$ 10,130<br>-----<br>===== | \$ 423,131<br>-----<br>===== | \$ (461,443)<br>-----<br>===== |
|--------------------------------|------------------------------|-----------------------------|------------------------------|--------------------------------|

SEE ACCOMPANYING NOTES

BROOKMOUNT EXPLORATIONS INC.  
(A Pre-exploration Stage Company)  
NOTES TO THE INTERIM FINANCIAL STATEMENTS  
August 31, 2004  
(Stated in US Dollars)  
(Unaudited)

Note 1 Interim Reporting  
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The accompanying unaudited interim financial statements have been prepared by Brookmount Explorations Inc. (the "Company") pursuant to the rules and regulations of the United States Securities and Exchange Commission. Certain information and disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these financial statements have been included. Such adjustments consist of normal recurring adjustments. These interim financial statements should be read in conjunction with the audited financial statements of the Company for the fiscal period ended November 30, 2003, as filed with the United States Securities and Exchange Commission.

The results of operations for the nine months ended August 31, 2004 are not indicative of the results that may be expected for the full year.

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 August 31, 2004, the Company had a working capital deficiency of \$28,444, 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 accumulated losses of \$461,443 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 Commitments  
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Abitibi West County, Quebec, Canada

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The Company acquired five mineral claims located in the Chazel Township, in the Province of Quebec. The Company must file assessment work with a minimum value of CDN\$6,000 not later than November 14, 2004.

BROOKMOUNT EXPLORATIONS INC.  
(A Pre-exploration Stage Company)  
NOTES TO THE INTERIM FINANCIAL STATEMENTS  
August 31, 2004  
(Stated in US Dollars)  
(Unaudited)  
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Note 3            Commitments - (cont'd)  
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Mercedes Property, Junin, Peru

Pursuant to a property acquisition agreement dated for reference July 3, 2003, the Company may acquire a 100% interest in 2,611 hectares located in Central Peru for consideration of \$20,000 cash and 5,000,000 common shares. As at August 31, 2004, the Company has not paid the cash or issued the shares and the agreement has not closed.

Note 4            Common Stock  
-----

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 August 31, 2004, the Company had sold 671,148 common shares for proceeds of \$338,406. This amount has been included in share capital at August 31, 2004.

Note 5            Subsequent Event  
-----

Subsequent to August 31, 2004, the Company received proceeds of \$28,900 for share subscriptions pursuant to the offering memorandum (Note 4).

### 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,

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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 annual report is to complete initial exploration programs on the Brookmount and Mercedes properties. We anticipate that these programs will cost \$10,000 and \$220,000 respectively.

In addition, we anticipate spending \$18,000 on professional fees, \$144,000 on salaries and wages, \$20,000 on travel costs, \$20,000 on promotional expenses and \$60,000 on other administrative expenses.

Total expenditures over the next 12 months are therefore expected to be \$472,000. 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 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 Nine-Month Period Ended August 31, 2004

We incurred operating expenses in the amount of \$230,683 for the nine-month period ended August 31, 2004, as compared to \$43,490 for the comparative period in 2003. At quarter end, we had cash on hand of \$30,286. Our liabilities at the same date totalled \$59,683 and consisted of accounts payable of \$9,145 and \$50,538 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 nine-month period ended August 31, 2004, the Company accepted subscriptions for a total of 427,148 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 August 31, 2004, 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: October 14, 2004

Brookmount Explorations Inc.

/s/ Zaf Sungur

-----  
Zaf Sungur  
C.O.O., Secretary, treasurer  
and principal accounting  
officer  
Dated: October 14, 2004