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BROOKMOUNT EXPLORATIONS INC
Form 10QSB
July 20, 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 May 31, 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

98-0201259

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification No.)

666 Burrard Street, Suite 600
Vancouver, British Columbia

V6C 2X8

(Address of principal executive offices)

(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: 15,834,585 shares of \$0.001 par value common stock outstanding as of May 31, 2005.

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BROOKMOUNT EXPLORATIONS INC.
(An Exploration Stage Company)
INTERIM FINANCIAL STATEMENTS
May 31, 2005
(Stated in US Dollars)
(Unaudited)

BALANCE SHEETS
INTERIM STATEMENTS OF OPERATIONS
INTERIM STATEMENTS OF CASH FLOWS
STATEMENT OF STOCKHOLDERS' EQUITY
NOTES TO THE INTERIM FINANCIAL STATEMENTS

BROOKMOUNT EXPLORATIONS INC.
(An Exploration Stage Company)
BALANCE SHEETS
(Stated in US Dollars)

| | ASSETS ----- | May 31, 2005 ---- (Unaudited) |
|-------------------------|-----------------|--|
| Current | | |
| Cash | | \$ 69,206 |
| Prepaid expenses | | 7,286 |
| | | ----- |
| | | 76,492 |
| Advances - Note 2 | | 31,860 |
| Capital assets - Note 3 | | 1,508 |
| | | ----- |

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\$ 109,860
=====

LIABILITIES

Current

| | | |
|--|----|--------|
| Accounts payable and accrued liabilities | \$ | 32,916 |
| Due to related parties - Note 6 | | 59,508 |
| | | ----- |
| | | 92,424 |
| | | ----- |

SHAREHOLDERS' EQUITY (DEFICIENCY)

| | | |
|---|----|-------------|
| Common stock, \$0.001 par value - Note 5 | | |
| 200,000,000 shares authorized | | |
| 15,834,585 shares issued (November 30, 2004 - 10,284,848) | | 15,835 |
| Additional paid-in capital | | 2,768,201 |
| Stock subscriptions receivable | | (100) |
| Deficit accumulated during the development stage | | (2,766,500) |
| | | ----- |
| | | 17,436 |
| | | ----- |
| | \$ | 109,860 |
| | | ===== |

SEE ACCOMPANYING NOTES

BROOKMOUNT EXPLORATIONS INC.
(An Exploration Stage Company)
INTERIM STATEMENTS OF OPERATIONS
(Stated in US Dollars)
(Unaudited)

| | Three months ended | | Six months ended | |
|----------------------------|--------------------|-------------|------------------|--------|
| | 2005 | May 31 | 2005 | May 31 |
| | ---- | | ---- | |
| Expenses | | | | |
| General and administrative | \$ 93,787 | \$ 88,881 | \$ 184,884 | \$ |
| - Note 6 | | | | |
| Mineral property costs | - | - | 2,028,595 | |
| | ----- | ----- | ----- | ----- |
| - Note 4 | | | | |
| Net loss for the period | \$ (93,787) | \$ (88,881) | \$ (2,213,479) | \$ |
| | ===== | ===== | ===== | ----- |

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| | | | | |
|---|------------|-----------|------------|-------|
| Basic loss per share | \$ (0.00) | \$ (0.00) | \$ (0.16) | \$ |
| | ===== | ===== | ===== | ===== |
| Weighted average number of shares outstanding | 15,665,403 | 9,991,014 | 13,404,368 | |
| | ===== | ===== | ===== | ===== |

SEE ACCOMPANYING NOTES

BROOKMOUNT EXPLORATIONS INC.
 (An Exploration Stage Company)
 INTERIM STATEMENTS OF CASH FLOWS
 for the six months ended May 31, 2005 and 2004
 and for the period December 9, 1999 (Date of Inception) to
 May 31, 2005
 (Stated in US Dollars)
 (Unaudited)

| | Six months ended May 31, | |
|---|-----------------------------|--------------|
| | 2005 | 2004 |
| | ---- | ---- |
| Cash Flows from Operating Activities | | |
| Net loss for the period | \$ (2,213,479) | \$ (163,232) |
| Add items not affecting cash: | | |
| Depreciation | 266 | - |
| Capital contributions | - | - |
| Mineral property costs | 2,000,000 | 15,130 |
| Changes in non-cash working capital balances related to operations | | |
| Prepaid expenses | (3,423) | 689 |
| Accounts payable and accrued liabilities | (10,088) | 2,671 |
| Due to related parties | 992 | 862 |
| | ----- | ----- |
| | (225,732) | (143,880) |
| | ----- | ----- |
| Cash Flows used in Investing Activities | | |
| Acquisition advances | (31,860) | - |
| Acquisition of capital assets | - | - |
| | ----- | ----- |
| | (31,860) | - |
| Cash Flows from Financing Activity | | |
| Capital stock issued | 275,695 | 140,594 |
| | ----- | ----- |

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| | | | | |
|--------------------------------------|-------------|------------|--------|---------|
| | - at \$0.50 | 250,000 | 250 | 125,262 |
| Contributions to capital by officers | | - | - | 2,250 |
| Net loss for the year | | - | - | - |
| <hr/> | | | | |
| 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 |
| Net loss for the year | | - | - | - |
| <hr/> | | | | |
| Balance, as at November 30, 2004 | | 10,284,848 | 10,285 | 498,056 |

...Cont'd

SEE ACCOMPANYING NOTES

BROOKMOUNT EXPLORATIONS INC.
 (An Exploration Stage Company)
 STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIENCY)
 for the period December 9, 1999 (Date of Inception) to May 31, 2005
 (Stated in US Dollars)
 (Unaudited)

| | Common Shares | | Additional | Stock |
|--|---------------|------------|------------|--------------|
| | Number | Par Value | Paid-in | Subscrip |
| | ----- | ----- | ----- | ----- |
| Capital stock issued for cash | - at \$0.40 | 62,500 | 63 | 24,937 |
| Capital stock issued for cash | - at \$0.50 | 411,190 | 411 | 205,184 |
| Capital stock issued for cash | - at \$0.56 | 35,714 | 36 | 19,964 |
| Capital stock issued for cash | - at \$0.60 | 10,333 | 10 | 6,190 |
| Capital stock issued for cash | - at \$0.63 | 30,000 | 30 | 18,870 |
| Capital stock issued for resource property | - at \$0.40 | 5,000,000 | 5,000 | 1,995,000 |
| Net loss for the period | | - | - | - |
| <hr/> | | | | |
| Balance, as at May 31, 2005 | | 15,834,585 | \$ 15,835 | \$ 2,768,201 |
| <hr/> | | | | |

SEE ACCOMPANYING NOTES

BROOKMOUNT EXPLORATIONS INC.
 (An Exploration Stage Company)

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NOTES TO THE INTERIM FINANCIAL STATEMENTS

May 31, 2005

(Stated in US Dollars)

(Unaudited)

Note 1 Nature of Continued Operations and Basis of Presentation

The Company is an exploration stage company. The Company was organized for the purpose of acquiring, exploring and developing mineral properties. The recoverability of amounts from properties acquired will be dependant upon 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.

Going Concern

The financial statements have been prepared on the basis of a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred losses since inception of \$2,766,500 and further losses are anticipated in the development of its mineral properties raising substantial doubt as to the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on raising additional capital to fund ongoing exploration and development and ultimately on generating future profitable operations. The Company will continue to fund operations with advances, other debt sources and further equity placements.

Unaudited Interim Financial Statements

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB of Regulation S-B. They do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. However, except as disclosed herein, there have been no material changes in the information disclosed in the notes to the financial statements for the year ended November 30, 2004 included in the Company's Annual Report on Form 10-KSB filed with the Securities and Exchange Commission. The interim unaudited financial statements should be read in conjunction with those financial statements included in the Form 10-KSB. In the opinion of Management, all adjustments considered necessary for a fair presentation, consisting solely of normal recurring adjustments, have been made. Operating results for the six months ended May 31, 2005 are not necessarily indicative of the results that may be expected for the year ending November 30, 2005.

Brookmount Explorations Inc.
(An Exploration Stage Company)
Notes to the Interim Financial Statements
May 31, 2005
(Stated in US Dollars)
(Unaudited) - Page 2

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 Note 2 Advances

On May 13, 2005, the Company signed a "Letter of Agreement" with a private corporation Jemma Resources Corp. ("Jemma") to acquire 100% of outstanding capital stock of Jemma. This letter of agreement will be replaced by a binding agreement between the Company and Jemma. At May 31, 2005 this agreement has not been finalized. The purchase price consists of 3,000,000 shares of common stock of the Company, 3,000,000 share purchase warrants at \$1.50 exercisable within 24 months from the date of the agreement and approximately CDN\$75,000 in advances to secure an extension for the purchase of mineral property and for operating costs. During the six months ended May 31, 2005 the Company advanced \$31,860 (CDN \$40,000) pursuant to this agreement. Should the binding agreement not be completed the advances are refundable.

Note 3 Capital Assets

| | May 31, 2005 | | November 30, 2004 | |
|--------------------|----------------|-----------------------------|----------------------|----------------|
| | Cost | Accumulated Depreciation | Net | Net |
| | ----- | ----- | --- | --- |
| Computer equipment | \$ 1,813 | \$ 305 | \$ 1,508 | \$ 1,774 |
| | ===== | ===== | ===== | ===== |

Note 4 Mineral Properties

a) Abitibi West County, Quebec, Canada

During 2003 the Company acquired five mineral claims located in the Chazel Township, in the Province of Quebec for \$48,079. The claims are in good standing until November 14, 2006.

b) Mercedes Property, Junin, Peru

Pursuant to a property acquisition agreement dated 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 valued at \$0.40 per share (issued). The vendor has directed the Company to issue 2,100,000 of these common shares to two other directors of the Company. At May 31, 2005 the legal ownership of this property has not been transferred to the Company.

Brookmount Explorations Inc.
 (An Exploration Stage Company)
 Notes to the Interim Financial Statements
 May 31, 2005
 (Stated in US Dollars)

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(Unaudited) - Page 3

Note 5 Capital Stock

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 May 31, 2005, 2005, the Company had sold 1,608,622 common shares for proceeds of \$750,281.

Note 6 Related Party Transactions

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

| | Six months ended May 31, | | |
|-----------------------------|-----------------------------|-----------|----------|
| | 2005 | 2004 | |
| | ---- | ---- | |
| General and administrative: | | | |
| Consulting fees | \$ - | \$ - | \$ - |
| Management fees | 102,000 | 80,000 | ----- |
| | ----- | ----- | ----- |
| | \$ 102,000 | \$ 80,000 | \$ ----- |
| | ===== | ===== | ===== |

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.

During the six months ended May 31, 2005 the Company purchased a mineral property from one of the Company's directors (See note 4).

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 period ended May 31, 2005, the Company issued 5,000,000 common shares valued at \$0.40 per share pursuant to the Mercedes Property acquisition agreement (See note 4). This transaction was excluded from the statement of cash flows for the six months ended May 31, 2005 and for the period December 9, 1999 (Date of Inception) to May 31, 2005.

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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 directors of the Company.

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, as well as proceeding with the development of the Mooseland Deposit property located in Halifax County, Nova Scotia. We anticipate that the programs on the Brookmount and Mercedes properties will cost \$10,000 and \$220,000 respectively. In addition, we expect to pay approximately \$830,000 (CDN\$1,000,000) to Globex Mining Enterprises Inc. pursuant to our agreement concerning the Mooseland Deposit property, as well as \$250,000 on the development of the property.

In addition, we anticipate spending \$17,200 on professional fees, \$99,000 on salaries and wages, \$10,000 on travel costs, \$15,000 on promotional expenses and \$50,000 on other administrative expenses in the next 12 months.

Total expenditures over the next 12 months are therefore expected to be \$1,501,200. 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 Six-Month Period Ended May 31, 2005

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We incurred operating expenses in the amount of \$2,213,479 for the six-month period ended May 31, 2005, as compared to \$163,232 for the comparative period in 2004. The substantial increase in net loss was due to the issue of 5,000,000 shares of common stock at a recorded value of \$2,028,595 in connection with the completion of our acquisition of the Mercedes property. These shares were issued to our directors and officers in the following amounts:

| | |
|------------------|-----------|
| Peter Flueck | 2,900,000 |
| Zaf Sungur | 1,050,000 |
| Victor Stillwell | 1,050,000 |

General and administrative expenses for the six-month period ended May 31, 2005 were comparable to those incurred in the same period in 2004 (\$184,884 versus \$163,232).

At quarter end, we had cash on hand of \$69,206 and total assets of \$109,860. Our liabilities at the same date totalled \$92,424 and consisted of accounts payable and accrued liabilities of \$32,916 and \$59,508 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 six-month period ended May 31, 2005, the Company accepted subscriptions for a following share issuances:

| Number of Shares | Price per Share |
|------------------|-----------------|
| ----- | ----- |
| \$0.40 | 62,500 |
| \$0.50 | 411,190 |
| \$0.56 | 35,714 |
| \$0.60 | 10,333 |
| \$0.63 | 30,000 |

In addition, we issued 5,000,000 shares at a deemed price of \$0.40 per share pursuant to our purchase of the Mercedes property located in Peru.

Item 3. Defaults Upon Senior Securities

None.

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

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- 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 six-month period ended May 31, 2005, the Company filed a current report on Form 8-K announcing that it had entered into a binding letter of agreement with Jemma Resources Corp. dated May 13, 2005, providing for our acquisition of 100% of the issued and outstanding shares in the capital of Jemma Resources Corp. ("Jemma"), a private British Columbia company. Jemma holds the right to acquire the Dufferin and Mooseland gold properties located in Nova Scotia. In order to acquire a 100% interest in Jemma, we are required to issue 3,000,000 shares of common stock in our capital and 3,000,000 share purchase warrants to the stockholders of Jemma. Each share purchase warrant is exercisable into one share of our common stock for \$1.50 for a period of 24 months from the closing date of the acquisition.

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: July 20, 2005

Brookmount Explorations Inc.

/s/ Zaf Sungur

Zaf Sungur
C.O.O., Secretary, treasurer
and principal accounting
officer
Dated: July 20, 2005

