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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB

(Mark one)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended November 30, 2004

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

For the transition period from _____ to _____

Commission file number 000-50107

DAYBREAK MINES, INC.

(Exact name of small business issuer as specified in its charter)

Washington

(State or other jurisdiction of incorporation or organization)

91-0626366

(IRS Employer Identification Number)

805 Mullan Ave; P.O. Box 370, Osburn, ID 83849

(Address of principal executive offices)

Registrant's Telephone Number, Including Area Code: (208) 556-1139

Title of each class

Common Stock

Name and exchange on which registered

None

Indicate by check mark whether the registrant (1) has 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 as the registrant was required to file such reports), and (2) has been subject to filing requirements for the past 90 days. **Yes ☒ No ☐**

At January 6, 2005, 18,199,419 shares of the registrant's common stock were outstanding.

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PART I.

ITEM 1: FINANCIAL STATEMENTS

Daybreak Mines, Inc.
Balance Sheet as of November 30, 2004
(Unaudited)

ASSETS

Current assets:

Cash and cash equivalents \$ 14,629

Total assets \$ 14,629

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:

Accounts Payable \$ 375

Stockholders' equity:

Preferred stock; \$0.001 par value; 10,000,000 shares authorized, none issued and outstanding -

Common stock; \$0.001 par value; 200,000,000 shares authorized; 18,199,419 shares issued and outstanding 18,199

Additional paid-in capital 709,997

Accumulated deficit (713,942)

Total stockholders' equity 14,254

Total liabilities and stockholders' equity \$ 14,629

The accompanying notes are an integral part of these unaudited financial statements.

Daybreak Mines, Inc.
Statements of Operations
For the Three and Nine Month Periods Ended November 30, 2004 and 2003
(Unaudited)

	November 30, 2004		November 30, 2003	
	Three Months	Nine Months	Three Months	Nine Months
Operating expenses:				
General and administrative	\$ 6,537	19,962	\$ 1,155	\$ 10,041
Impairment of investments	1,770	1,770	-	-
Total operating expenses	<u>8,307</u>	<u>21,732</u>	<u>1,155</u>	<u>10,041</u>
Other income:				
Interest income	10	36	20	34
Sale of mineral rights	1,500	1,500	-	-
Realized gain on marketable securities	<u>10,876</u>	<u>13,018</u>	<u>1,291</u>	<u>3,525</u>
Total other income	<u>12,386</u>	<u>14,554</u>	<u>1,311</u>	<u>3,559</u>
Net income (loss)	4,079	(7,178)	156	(6,482)
Other comprehensive income (loss):				
Unrealized gain (loss) on marketable securities, net of reclassification adjustments for gain included in net income	<u>-</u>	<u>-</u>	<u>6,294</u>	<u>7,906</u>
Total comprehensive income (loss)	<u>-</u>	<u>-</u>	<u>6,294</u>	<u>7,906</u>
Comprehensive income (loss)	<u>\$ 4,079</u>	<u>\$ (7,178)</u>	<u>\$ 6,450</u>	<u>\$ 1,424</u>
Net income (loss) per common share	<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ Nil</u>
Weighted average common shares outstanding – basic	<u>18,199,419</u>	<u>18,199,419</u>	<u>18,199,419</u>	<u>17,385,783</u>

The accompanying notes are an integral part of these unaudited financial statements.

Daybreak Mines, Inc.
Statements of Cash Flows
For the Nine Month Periods Ended November 30, 2004 and 2003
(Unaudited)

	November 30, 2004	November 30, 2003
Cash flows from operating activities:		
Net loss	\$ (7,178)	\$ (6,482)
Adjustments to reconcile net loss to net cash used by operating activities:		
Realized gain on marketable equity securities	(13,018)	(3,525)
Impairment of investments	1,770	-
Change in:		
Prepaid expense	361	-
Accounts payable	375	(750)
Marketable securities receivable	-	(1,291)
Net cash used in operating activities	<u>(17,690)</u>	<u>(12,048)</u>
Cash flows from investing activities:		
Cash provided by sale of marketable equity securities	<u>11,248</u>	<u>3,525</u>
Cash flows from financial activities:		
Proceeds from common stock sales, net of offering costs	<u>-</u>	<u>21,458</u>
Net change in cash and cash equivalents	(6,442)	12,935
Cash and cash equivalents - beginning	<u>21,071</u>	<u>9,965</u>
Cash and cash equivalents - ending	\$ <u>14,629</u>	\$ <u>22,900</u>

The accompanying notes are an integral part of these unaudited financial statements.

Daybreak Mines, Inc.
Notes to Unaudited Financial Statements

1. Basis of Presentation:

The accompanying unaudited condensed interim financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission for the presentation of interim financial information, but do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. The audited financial statements for the year ended February 29, 2004 were filed on May 19, 2004 with the Securities and Exchange Commission and is hereby referenced. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three-month period ended November 30, 2004 are not necessarily indicative of the results that may be expected for the year ended February 28, 2005.

The objectives of the Company are to seek, investigate and, if such investigation warrants, acquire an interest in business opportunities presented to it by persons or firms who or which desire to seek the perceived advantages of a publicly registered corporation. The Company has no recurring source of revenue and has incurred operating losses since inception. These conditions raise substantial doubt about the Company's ability to continue as a going concern as expressed by the Company's independent accountants in their report on the Company's February 29, 2004 financial statements. The interim financial statements do not contain any adjustments which might be necessary if the Company is unable to continue as a going concern.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Reclassifications:

Certain reclassifications have been made to conform prior period data to the current presentation. These reclassifications had no effect on reported earnings.

3. Marketable Securities and Impairment loss

The Company's investment in securities is classified as available-for-sale and, as such, is carried at fair value. All of the securities comprised of shares of common stock of investee. Securities classified as available-for-sale may be sold in response to changes in interest rates, liquidity needs, and for other purposes. The Company did not have any held-to-maturity or trading securities during the periods ending November 30, 2004 and 2003.

Daybreak Mines, Inc.
Notes to Unaudited Financial Statements

3. Marketable Securities and Impairment loss (continued)

Unrealized holding gains and losses for available-for-sale securities are excluded from earnings and reported as a separate component of stockholder's equity. Realized gains and losses for securities classified as available-for-sale are reported in earnings based upon the adjusted cost of the specific security sold. During the quarter ended November 30, 2004, the Company sold marketable securities for a gain of \$10,876.

For the remaining investments in marketable securities, the Company has recorded the decline in market value as other than temporary. Accordingly, a loss of \$1,770 has been recognized as realized loss in the Statements of Operations for the three month period ended November 30, 2004. In deciding whether the loss was other than temporary, the Company considered the length of time and the extent to whether the market value has been less than cost, the financial condition of the issuer, and change in market value of the security subsequent to the year end, but prior to issuance of the financial statements.

4. Net loss per share

Net loss per share is calculated in accordance with the Statement of financial accounting standards No. 128 (SFAS No. 128), "Earnings per share". Basic net loss per share is based upon the weighted average number of common shares outstanding. Diluted net loss per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period.

5. Supplemental disclosure of cash flows

The Company prepares its statements of cash flows using the indirect method as defined under the Financial Accounting Standard No. 95.

The Company paid \$0 for income tax during the three month period ended November 30, 2004 and 2003. The Company paid \$ 0 interest during the three month period ended November 30, 2004 and 2003, respectively.

6. Subsequent events

On December 4, 2004, the Company announced the finalization of an agreement whereby Crosspoint Holdings, Inc. has the right to purchase 3,000,000 shares of the Company's Series A non-voting convertible preferred shares of stock for \$3,000,000. Crosspoint Holdings, Inc. is a privately owned Nevada Corporation with offices in Beverly Hills, California. At Crosspoint's discretion, each share shall be convertible into four shares of the Company's common stock for a period of twelve months from the date of purchase.

Daybreak Mines, Inc.
Notes to Unaudited Financial Statements

6. Subsequent events (continued)

In addition, Crosspoint shall have the option, until March 31, 2005, to purchase an additional 3,000,000 shares of the Company's Series A non-voting convertible preferred shares of stock for \$3,000,000. Again, at Crosspoint's discretion, each share of preferred stock acquired upon the exercise of this option shall be convertible into four shares of the Company's common stock for a period of twelve months from the date of the purchase of the optioned preferred stock.

Upon Crosspoint's purchase of the initial 3,000,000 shares of the Company's Series A non-voting convertible preferred shares of stock from the Company, Crosspoint may appoint a controlling number of directors to the Company's board of directors.

At a Board of Directors meeting held on Tuesday, December 7, 2004, the former management of the Company, including its President, Secretary-Treasurer and a certain member of the Board of directors resigned from their respective positions and new management took over responsibilities as President, Secretary-Treasurer and member of the Board of the Directors of the Company.

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ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION OR PLAN OF OPERATION

General

This report contains both historical and prospective statements concerning the Company and its operations. Prospective statements (known as "forward-looking statements") may or may not prove true with the passage of time because of future risks and uncertainties. The Company cannot predict what factors might cause actual results to differ materially from those indicated by prospective statements.

Plan of Operation

The objectives of the Company are to seek, investigate and, if such investigation warrants, acquire an interest in business opportunities presented to it by persons or firms who or which desire to seek the perceived advantages of a publicly registered corporation. The Company has no recurring source of revenue and has incurred operating losses since inception. These conditions raise substantial doubt about the Company's ability to continue as a going concern as expressed by the Company's independent accountants in their report on the Company's February 29, 2004 financial statements. The interim financial statements do not contain any adjustments which might be necessary if the Company is unable to continue as a going concern.

Financial Condition and Liquidity

During the nine month period ended November 30, 2004, the company used \$17,690 of cash for operating activities, compared to \$12,048 used for operating activities in the first nine months of 2003. The Company has no recurring revenue from operating activities. As of November 30, 2004 the Company had a cash balance of \$14,629. Management believes that the company has sufficient working capital to meet operating expenses for the next twelve months.

ITEM 3. CONTROLS AND PROCEDURES

Based on their most recent evaluation, which was completed within 90 days of the filing of this Form 10-QSB, the Company's president and principal financial officer believe the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a -14 and 15d -14) are effective to ensure that information required to be disclosed by the Company in this report is accumulated and communicated to the Company's management, as appropriate, to allow timely decisions regarding required disclosure. There were no significant changes in the Company's internal controls or other factors that could significantly affect these controls subsequent to the date of their evaluation and there were no corrective actions with regard to significant deficiencies and material weaknesses.

PART II

ITEM 1. LEGAL PROCEEDINGS

NONE

ITEM 2. CHANGES IN SECURITIES

NONE

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

NONE

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

NONE

ITEM 5. OTHER INFORMATION

(a) Reports on Form 8-K during and subsequent to the period ended November 30, 2004:

November 2, 2004 – An 8-K was filed announcing the signing of a letter of intent in regard to a potential purchase of preferred stock from Daybreak Mines, Inc. by Crosspoint Holdings, Inc.

December 4, 2004 – An 8-K was filed stating that the letter of intent with Crosspoint Holdings, Inc. was finalized.

December 7, 2004 – An 8-K was filed in regard to the resignation of four directors of Daybreak Mines, Inc. and the addition of three replacement directors.

(b) Information required by 401(g) of Regulation S-B(229.401):

NONE

ITEM 6. EXHIBITS

<u>No.</u>	<u>Description</u>
Exhibit 31.1	Certification of Robert N. Martin, President and Chief Executive Officer, pursuant to 18 U.S.C. 1350.
Exhibit 31.2	Certification of Jeffrey R. Dworkin, Secretary/Treasurer and Principal Accounting Officer, pursuant to 18 U.S.C. 1350.
Exhibit 32.1	Certification of Robert N. Martin, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.2	Certification of Jeffrey R. Dworkin, Secretary/Treasurer and Principal Accounting Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

Daybreak Mines, Inc.
(Registrant)

/s/ Robert N. Martin

January 18, 2005

By: _____

Robert N. Martin

Date

President and Chief Executive Officer

/s/ Jeffrey R. Dworkin

January 18, 2005

By: _____

Jeffrey R. Dworkin

Date

Secretary/Treasurer, and

Principal Accounting Officer

Exhibit 31.1

Certifications

I, Robert N. Martin, certify that:

- (1) I have reviewed this quarterly report on Form 10-QSB of Daybreak Mines, Inc.
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: January 18, 2005

By: /s/ Robert N. Martin
Robert N. Martin
President and Chief Executive Officer

Exhibit 31.2

Certifications

I, Jeffrey R. Dworkin, certify that:

- (1) I have reviewed this quarterly report on Form 10-QSB of Daybreak Mines, Inc.
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: January 18, 2005

By: /s/ Jeffrey R. Dworkin
Jeffrey R. Dworkin
Secretary/Treasurer and Principal Accounting Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Daybreak Mines, Inc., (the "Company") on Form 10-QSB for the period ending November 30, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert N. Martin, President and Chief Executive Officer of Daybreak Mines, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 18, 2005

By: /s/ Robert N. Martin
Robert N. Martin
President and Chief Executive Officer

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Daybreak Mines, Inc., (the "Company") on Form 10-QSB for the period ending November 30, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey R. Dworkin, Secretary/Treasurer and Principal Accounting Officer of Daybreak Mines, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 18, 2005

By: /s/ Jeffrey R. Dworkin
Jeffrey R. Dworkin
Secretary/Treasurer and Principal Accounting Officer