

Form 10-QSB

Quarterly Report Under
the Securities Exchange Act of 1934

For Quarter Ended: March 31, 1997

Commission File Number: 33-28106

YAAK RIVER RESOURCES, INC.

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

Colorado

(State or other jurisdiction of incorporation or organization)

84-1097796

(IRS Employer Identification No.)

830 S. Kline Way
Lakewood, Colorado

(Address of principal executive offices)

80226

(Zip Code)

(303) 985-3972

(Issuer's Telephone Number)

(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 past 12 months (or for such 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: Yes No .

The number of shares of the registrant's only class of common stock issued and outstanding, as of March 31, 1997, was 56,666,000 shares.

PART I

ITEM 1. FINANCIAL STATEMENTS.

The unaudited financial statements for the three month period ended March 31, 1997, are attached hereto.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Financial Statements and notes thereto included herein.

The Company generated no revenues from its operations during the three month period ended March 31, 1997, and the Company is considered a development stage company. The plan of operation of the Company during the three month period ending March 31, 1997, generally involves the acquisition of additional mineral claims and the taking to patent of a number of the claims acquired and to be acquired by the Company in the future; however, the extended moratorium by the Federal Government on disallowing the taking of claims to patent has materially impacted the Company's capability to generate timber resources. Accordingly, the Company is also attempting to develop an attractive exploration portfolio to attract potential joint venture partner candidates.

The Company had no expenses during the three month period ending March 31, 1997. The Company is expected to operate at a loss for the remainder of the fiscal year until earnings, if any, are received from the harvesting of the metal and non-metal resources known to exist within the boundaries of the Company's properties.

The Company expects to continue without any cash revenues for at least the present fiscal year and will satisfy its cash requirements by loans and advances from the Timber Partnership and/or officers and directors of the Company, providing that the Company does not commence mining activities. At present, the Company's financial resources are not sufficient to commence mining activities. In order to satisfy the Company's capital requirements for additional drilling and to develop a mining feasibility program, it will be necessary for the Company to obtain additional financing in the minimum estimated amount of \$750,000. Management of the Company is continuing to seek possible interested partners to join with the Company in developing its mining claims. The Company is actively soliciting joint venture partners to expand its mining activities, based upon the valuation of the Company's claims and properties as reported in the independent engineering valuation report. The report also advised the Company to consolidate adjoining claims to make such joint ventures more attractive. The Company followed the advice of the independent engineering firm and the Company now has control of 125 continuous claims covering the known strike length of the "Morning Glory Structure" which is in excess of 14,000 feet. As of the date of this report, management is unaware of any third parties who are interested in joining with the Company in this regard. Exploration and mining activities of other

mining companies in the surrounding area of Northern Montana and Canada in similar geological settings provides a basis for management to believe that it will be able to interest joint venturers in its proposed mining ventures. However, in the event the Company is unable to either solicit joint venture partners or otherwise obtain the capital deemed necessary in order to commence mining operations, it is possible that management will reconsider the Company's business plan and begin to seek out other viable business opportunities in order to provide the Company's shareholders with liquidity.

The Company currently has no employees and relies upon the unpaid services of its officers for the operation of the Company. The contracted services of individuals will continue until it is justifiable to employ a full time employee.

PART II. OTHER INFORMATION

- 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 - NONE.
- ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K -
 - (a) Exhibits
EX-27 Financial Data Schedule
 - (b) Reports on Form 8-K - None.

YAAK RIVER RESOURCES, INC.
(A Development Stage Company)
Unaudited
Balance Sheet

	Unaudited March 31, 1997	Audited December 31 1996
	<u> </u>	<u> </u>
ASSETS		
Current Assets		
Cash	\$ 911	\$ 911
Accounts Receivable-O'Hara Resources	2,200	2,200
Investment-Mining Properties	305,410	305,410
Total Current Assets	<u>308,521</u>	<u>308,521</u>
Other Assets		
Organizational Costs- Net of Amortization	0	0
Total Other Assets	<u>0</u>	<u>0</u>
TOTAL ASSETS	\$ 308,521	\$ 308,521
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable	24,225	24,225
Advance from (YRML) Purchase, 1.5 Units	20,000	20,000
Shareholder Loans	12,100	12,100
Current Portion-Long Term Debt	7,500	7,500
Total Current Liabilities	<u>63,825</u>	<u>63,825</u>
Long-Term Liabilities		
Long Term Debt	115,000	115,000
Total Long-Term Liabilities	<u>115,000</u>	<u>115,000</u>
Total Liabilities	<u>\$ 178,825</u>	<u>\$ 178,825</u>
Shareholder's Equity		
Series A Common Stock, Par Value \$.0001 Per Share; 250,000,000 Shares Authorized; Issued and Outstanding - 56,666,000 Shares	5,666	5,666

Series B Common Stock, Par Value \$.0001 Per Share; 250,000,000 Shares Authorized; Issued and Outstanding - None	0	0
Preferred Stock, Par Value \$.0001 Per Share; 50,000,000 Shares Authorized; Issued and Outstanding - None	0	0
Capital Paid in Excess of Par Value	304,663	304,663
Deficit Accumulated During the Development Stage	(180,633)	(180,633)
Total Shareholders' Equity	<u>\$ 129,696</u>	<u>\$ 129,696</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 308,521</u>	<u>\$ 308,521</u>

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

YAAK RIVER RESOURCES, INC.
(A Development Stage Company)
Unaudited
Statement of Operations

	For the Three Months Ended March 31, 1997	For the Year Ended December 31, 1996	June 10, 1988 (Inception) Thru March 31, 1997
	_____	_____	_____
Income	\$ 0	\$ 0	\$ 0
Expenses			
Amortization	0	0	1,500
Bank Charges	0	51	321
Legal and Accounting	0	6,360	40,993
Director Fees	0	0	800
Office	0	0	6,898
Stock Fees and Other Costs	0	950	9,982
Administration/Consulting	0	0	34,111
Mining Assessments and Fees	0	12,481	69,815
Bad Debt	0	0	4,000
Rent/Telephone	0	0	12,213
	_____	_____	_____
Total Expenses	0	19,842	180,633
Net (Loss) Accumulated During the Development Stage	\$ 0	(19,842)	(180,633)
Weighted Average Number of Shares Outstanding	56,666,000	56,666,000	56,666,000
Net Loss Per Share	\$ (*)	\$ (*)	\$ (*)

*Less than \$0.01 Per Share.

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

YAAK RIVER RESOURCES, INC.
(A Development Stage Company)
Unaudited
Cash Flow Statement

	For the Three Months Ended March 31, 1997	For the Year Ended December 31, 1996	June 10, 1988 (Inception) Thru March 31, 1997
	_____	_____	_____
Cash Flows From			
Operating Activities:			
Net (Loss) Accumulated			
During Development Stage	\$ 0	\$ (19,842)	\$ (180,633)
Amortization and Depreciation	0	0	1,500
Organization Costs	0	0	(1,500)
Decrease (Increase) in Accounts Payable	0	6,360	24,225
Decrease (Increase) in Accounts Receivable	0	0	(2,200)
Decrease (Increase) in Loans to Shareholder	0	12,100	12,100
	_____	_____	_____
Net Cash Flows Used			
By Operating Activities	0	(1,382)	(146,508)
Cash Flows From			
Investing Activities:			
Investment Purchase	0	0	(305,410)
	_____	_____	_____
Net Cash Flows Used			
By Investing Activities	0	0	(305,410)
Cash Flows From			
Financing Activities:			
Issuance of Common Stock	0	0	1,800
Loans from LP Investors	0	0	20,000
Proceeds From Long-Term Debt	0	0	167,500
Payment of Long-Term Debt	0	(7,500)	(45,000)
Proceeds From Sale of Stock	0	7,500	308,529
	_____	_____	_____
Net Cash Flows Provided			
By Financing Activities	0	0	452,829
	_____	_____	_____
Net Increase (Decrease) in Cash	0	(1,382)	911
	_____	_____	_____

Cash at Beginning of Period	<u>911</u>	<u>2,293</u>	<u>0</u>
Cash at End of Period	\$ 911	\$ 911	\$ 911

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

YAAK RIVER RESOURCES, INC.
(A Development Stage)
Unaudited
Statement of Shareholders' Equity

	Number of Shares Common Stock	Common Stock	Additional Paid In Capital	Deficit Accumulated During the Development Stage	Total
Balance at June 10, 1988	0	\$ 0	\$ 0	\$ 0	\$ 0
Stock issued for services January 6, 1989	10,000,000	1,000	500	0	1,500
Stock issued for cash January 6, 1989	5,000,000	500	0	0	500
Public offering November 27, 1989	2,666,000	266	12,353	0	12,619
Net Loss for year ended December 31, 1989				(3,765)	(3,765)
Net Loss for year ended December 31, 1990				(10,129)	(10,129)
Net Loss for year ended December 31, 1991				(300)	(300)
Stock issued for assets (YRML) January 10, 1992	30,000,000	3,000	134,910	0	137,910
Net Loss for year ended December 31, 1992				(47,589)	(47,589)
Stock issued for cash June 30, 1993	6,000,000	600	149,400	0	150,000
Stock issued for services June 30, 1993	3,000,000	300	0	0	300
Net Loss for year ended December 31, 1993				(54,951)	(54,951)

Net Loss for year ended December 31, 1994				(26,293)	(26,293)
Net Loss for year ended December 31, 1995				(17,764)	(17,764)
Net Loss for year ended December 31, 1996			7,500	(19,842)	(12,342)
Net Loss for three months ended March 31, 1997				0	0
Balance at March 31, 1997	56,666,000	\$5,666	\$ 304,663	\$ (180,633)	\$129,696

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

YAAK RIVER RESOURCES, INC.
(A Development Stage Company)
Notes to Financial Statements
March 31, 1997
(Unaudited)

Note 1 - Organization and Summary of Significant Accounting Policies:

Organization:

On June 10, 1988, Yaak River Resources, Inc. (the Company) was incorporated under the laws of Colorado under the name of Andraplex Corporation. The name was changed at the Annual Shareholder's Meeting on January 10, 1992. The Company's primary purpose is to engage in selected acquisitions and development of mineral and mining properties.

Initial Public Offering:

In the Company's initial public offering, which was closed on November 27, 1989, the Company sold 2,580,000 units (the Units). 86,000 additional shares were issued to the underwriters. Each Unit consisted of one (1) share of Series A Common Stock, one (1) A Warrant exercisable at \$.05, one (1) B Warrant exercisable at \$.10.

Costs, consisting of \$9,444 and 86,000 shares of Series A Common Stock, incurred to complete the registration were offset against the gross proceeds.

The Company's fiscal year end is December 31.

Note 2 - Purchase of Mineral Properties:

On January 10, 1992, at the Annual Meeting of Shareholders, the shareholders voted unanimously to purchase certain mineral and mining properties (the Properties) located in the State of Montana, including leases, drawings, engineering studies and other tangible and intangible assets associated with the Properties. The seller of the Properties was Yaak River Mines, Ltd. They received 30,000,000 shares of Series A Common Stock. The issuance of the 30,000,000 shares of Series A Common Stock was exempt from registration under the exemption provided in Section 4(2) of the Securities Act of 1933, as amended.

The Company is the beneficiary of 16,000,000 of the above shares which are being held in the Con Tolman Memorial Trust C. 8,000,000 additional shares of the Company were placed in the trust as part of the original purchase of the Company. These 24,000,000 shares are expected to be used to acquire additional mining properties.

Note 3 - Yaak River Resources Timber Division, Limited Partnership:

On August 14, 1992, the Company formed a limited partnership, Yaak River Resources Timber Division L.P. (the Partnership), a Colorado limited partnership, with subscriptions for 40 Units at \$5,000.00 per Unit for an aggregate price of \$200,000.00. Each Unit contains 1/40th interest in the Partnership and 150,000 shares of Series A Common Stock of the Company. The Company is the general partner of the Partnership. As a part of the formation of the Partnership, the Company agreed to reserve 6,000,000 shares of its Series A Common Stock for the Partnership. Said 6,000,000 shares of Series A Common Stock represents the shares offered in the Units issued by the Partnership. The Partnership was formed for the purpose of developing certain available natural resources on properties under the management of the Company.

On June 30, 1993, the Company sold six million (6,000,000) shares of its \$.0001 par value Series A Common Stock for the issuance to the purchasers of the Limited Partnership interests in the Yaak River Resources, Timber Division L.P., for \$150,000.

Note 4 - Income Taxes:

The Company has made no provision for income taxes because there have been no operations to date causing income for financial statement or tax purposes.

Note 5 - Net (Loss) Per Common Share

The net (loss) per common share of the Series A Common Stock is computed based on the weighted average number of shares outstanding.

Note 6 - Long-Term Debt

Note Payable to the Roy Grush Estate in annual installments of \$7,500, 0%, due September 2014, secured by the Properties (Note 2). The Company has agreed to pay the minimum annual assessment costs of maintenance and improvements on claims in lieu of interest.

Following is a summary of long-term debt at March 31, 1997:

1997	\$ 7,500
1998	7,500
1999	7,500
2000	7,500
2001	7,500
	<hr/>
	37,500
Remaining	77,500
	<hr/>
	\$115,000

SIGNATURES

Pursuant to the requirements of Section 12 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.

YAAK RIVER RESOURCES, INC.
(Registrant)

Dated: May 14, 1997

By: s/Wm. Ernest Simmons
Wm. Ernest Simmons
President

YAAK RIVER RESOURCES, INC.

Exhibit Index to Quarterly Report on Form 10-QSB
For the Quarter Ended March 31, 1997

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