

FORM 10-QSB

Quarterly Report Under  
the Securities Exchange Act of 1934

For Quarter Ended: September 30, 1999

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 September 30, 1999, was 56,666,000 shares.

PART I

ITEM 1. FINANCIAL STATEMENTS.

The unaudited financial statements for the nine month period ended September 30, 1999, 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 nine month period ended September 30, 1999, and the Company is considered a development stage company.

The Company was primarily engaged in the metals mining business and owned certain mining properties, held under patent, as well as lode and placer mineral rights and its plan of operation generally involved 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 Company

did not engage in any material operations during the fiscal year ended December 31, 1998, and elected to cease maintaining its mining properties and reconsidered the business plan of the Company.

The Company is also a General Partner of the Yaak River Resources, Timber Division, L.P., a Colorado limited partnership (the "Timber Partnership") which intends to harvest timber and develop certain mineral resources on claims presently owned or controlled by the Company and on properties presently owned by the United States government to be patented by the Company. During the nine months ended September 30, 1999, the Timber Partnership only engaged in administrative activities.

The Company has considered altering its business plan to that of either (i) locating and merging with another company who is seeking to merge with an entity whose securities are presently trading, or (ii) changing the principal business of the Company.

Relevant to (i), a number of potential merger candidates have been presented to management; however, none of these candidates has been acceptable to the Company.

Relevant to (ii), the Company has negotiated a long term commitment to an agricultural development project located in Mongolia with the "Bornuur" Company, a Mongolian corporation, to acquire a 43.8% interest in approximately 24,710 acres of farm land located approximately 65 miles north of Ulaanbaatar,

Mongolia (the "Mongolian Project"). This farm land has been in production for over 100 years. In July 1997 the Mongolian government adopted new legislation privatizing farm land, which management believes presents certain opportunities which the Company may be able to take advantage. The consummation of an agreement with the Boruur Company is contingent upon the Company securing funding to finance the Mongolian Project. It is estimated that the project will require a cash infusion of approximately \$2.5 million to implement the operating schedule and achieve profitable operations. As of the date of this report, the Company has had negotiations with prospective lenders in this regard, but no definitive commitment has been provided and no assurances can be provided that such an agreement will be reached in the future.

The Company is expected to operate at a loss for the remainder of the fiscal year until either (i) the Company successfully merges with a nonaffiliated entity; or (ii) the Company is successful in funding the Mongolian Project.

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, provided that the Company successfully finances the Mongolian Project or the Company successfully engages in another business opportunity either by merger or acquisition of assets. At present, the Company's financial resources are not sufficient to fund the Mongolian Project. In order to satisfy the Company's capital requirements to fund the Mongolian Project, it will be necessary for the Company to obtain additional financing in the minimum estimated amount of \$2.5 million. Management of the Company is continuing to seek prospective lenders to fund the Mongolian Project. As of the date of this report, management is negotiating with prospective lenders to finance the Mongolian Project. However, in the event the Company is unable to finance the Mongolian Project, management will seek out other viable business opportunities by way of merger or acquisition 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.

#### Forward Looking Statements

This report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") concerning the Company's operations, economic performance and financial conditions, including, in

particular, the likelihood of the Company's ability to acquire another existing business or assets. These statements are based upon a number of assumptions and estimates which are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of the Company and reflect future business decisions which are subject to change. Some of these assumptions inevitably will not materialize and unanticipated events will occur which will affect the Company's results. Consequently, actual results will vary from the statements contained herein and such variance may be material. Prospective investors should not place undue reliance on this information.

#### Year 2000 Disclosure

Many existing computer programs use only two digits to identify a year in the date field. These programs were designed and developed without considering the impact of the upcoming change in the century. If not corrected, many computer applications could fail or create erroneous results by or at the Year 2000. As a result, many companies will be required to undertake major projects to address the Year 2000 issue. Because the Company has nominal assets, including no personal property such as computers, it is not anticipated that the Company will incur any negative impact as a result of this potential problem. However, it is possible that this issue may have an impact on the Company after the Company successfully consummates a merger or acquisition. Management intends to address this potential problem with any prospective merger or acquisition candidate. There can be no assurances that new management of the Company will be able to avoid a problem in this regard after a merger or acquisition is so consummated.

#### 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 September 30, 1999 -----	Audited December 31, 1998 -----
<b>ASSETS</b>		
Current Assets		
Cash	\$      0	\$      215
	-----	-----
Total Current Assets	0	215
Other Assets		
Investment-Mining Properties	182,910	182,910
	-----	-----
Total Other Assets	182,910	182,910
	-----	-----
<b>TOTAL ASSETS</b>	<b>\$ 182,910</b>	<b>\$ 183,125</b>
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Liabilities		
Current Liabilities		
Accounts Payable	114,716	106,772
Advance from (YRML) Purchase, 1.5 Units	20,000	20,000
Shareholder Loans - Note Payable	35,924	29,406
Current Portion-Long Term Debt	0	0
	-----	-----
Total Current Liabilities	170,640	156,178
Long-Term Liabilities		
Long Term Debt	0	0
	-----	-----
Total Long-Term Liabilities	0	0
	-----	-----
Total Liabilities	\$ 170,640	\$ 156,178
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

	Unaudited September 30, 1999 -----	Audited December 31, 1998 -----
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	(298,059)	(283,382)
Total Shareholders' Equity	----- \$ 12,270 -----	----- \$ 26,947 -----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	----- \$ 182,910 =====	----- \$ 183,125 =====

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 Nine Months Ended September 30, 1999	For the Year Ended December 31, 1998	June 10, 1988 (Inception) Thru September 30, 1999
	-----	-----	-----
Income	\$ 0	\$ 0	\$ 0
Expenses			
Amortization	0	0	1,500
Bank Charges	57	80	536
Legal and Accounting	6,873	6,786	60,215
Director Fees	0	0	800
Office Expense	19	523	7,480
Stock Fees and Other Costs	80	25	10,087
Administration/Consulting	7,586	68,864	123,437
Mining Assessments and Fees	5	184	75,484
Bad Debt	0	2,250	6,250
Rent/Telephone	57	0	12,270
	-----	-----	-----
Total Expenses	14,677	78,712	298,059
Net (Loss) Accumulated During the Development Stage	\$ (14,677)	(78,712)	(298,059)
	=====	=====	=====
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  
Statement of Operations

	For the Three Months Ended September 30, 1999 -----	For the Three Months Ended September 30, 1998 -----
Income	\$ 0	\$ 0
Expenses		
Amortization	0	0
Bank Charges	0	0
Legal and Accounting	1,057	1,290
Director Fees	0	0
Office Expense	0	78
Stock Fees and Other Costs	0	0
Administration/Consulting	3,283	0
Mining Assessments and Fees	0	25
Bad Debt	0	0
Rent/Telephone	0	0
	-----	-----
Total Expenses	4,340	1,393
Net (Loss) Accumulated During the Development Stage	\$ (4,340) =====	\$ (1,393) =====
Weighted Average Number of Shares Outstanding	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 Nine Months Ended September 30, 1999 -----	For the Year Ended December 31, 1998 -----	June 10, 1988 (Inception) Thru September 30, 1999 -----
Cash Flows From			
Operating Activities:			
Net (Loss) Accumulated			
During Development Stage	\$ (14,677)	\$ (78,712)	\$ (298,059)
Amortization and Depreciation	0	0	1,500
Organization Costs	0	0	(1,500)
(Decrease) Increase in			
Accounts Payable	10,711	66,316	114,716
Decrease (Increase) in			
Accounts Receivable	0	2,200	0
Decrease (Increase) in			
Loans to Shareholder	3,751	9,389	35,924
	-----	-----	-----
Net Cash Flows Used			
By Operating Activities	(215)	(807)	(147,419)
Cash Flows From			
Investing Activities:			
Investment Purchase	0	0	(304,110)
	-----	-----	-----
Net Cash Flows Used			
By Investing Activities	0	0	(304,110)
Cash Flows From			
Financing Activities:			
Loans from LP Investors	0	0	20,000
Proceeds From Long-Term Debt	0	0	167,500
Payment of Long-Term Debt	0	0	(45,000)
Proceeds From Sale of Stock	0	0	309,029
	-----	-----	-----
Net Cash Flows Provided			
By Financing Activities	0	0	451,529
	-----	-----	-----
Net Increase (Decrease) in Cash	(215)	(807)	0
	-----	-----	-----
Cash at Beginning of Period	215	1,022	0
	-----	-----	-----
Cash at End of Period	\$ 0	\$ 215	\$ 0
	=====	=====	=====

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

YAAK RIVER RESOURCES, INC.  
(A Development Stage Company)  
Notes to Financial Statements  
September 30, 1999  
(Unaudited)

Note 1 - Organization and Summary of Significant Accounting Policies:  
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Organization:  
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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:  
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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.

Some of these mineral and mining properties were returned to the Roy Grush Estate in lieu of the note outstanding.

Note 3 - Yaak River Resources Timber Division, Limited Partnership:  
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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. 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 September 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:  
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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  
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The net (loss) per common share of the Series A Common Stock is computed based on the weighted average number of shares outstanding.

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: November 9, 1999

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 SEPTEMBER 30, 1999

EXHIBITS

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 1999, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

9-MOS	DEC-31-1999		
	SEP-30-1999		0
		0	
		0	
		0	
		0	
		0	
		0	
	182,910		0
	170,640		0
	0		0
		0	
		5,666	
182,910		6,604	
			0
		0	
			0
		0	
	14,677		
	0		
	0		
	(14,677)		
		0	
	(14,677)		
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		0	
			0
		(14,677)	
		0	
		0	