

FORM 10-KSB

Annual Report Under Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the fiscal year ended December 31, 1997

Commission File No. 33-28106

YAAK RIVER RESOURCES, INC.

(Name of small business issuer)

Colorado

84-1097796

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identifi-
cation No.)

830 S. Kline Way, Lakewood, Colorado

80226-7506

(Address of principal executive office)

(Zip Code)

Issuer's telephone number: (303) 985-3972

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
None

Check whether the issuer (1) filed all reports required to be
filed by Section 13 or 15(d) of the Exchange Act 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 .

State issuer's revenues for its most current fiscal year: \$0

The aggregate market value of voting stock held by
non-affiliates based upon the closing sale price as quoted on the
OTC Bulletin Board on April 13, 1998, was \$45,489.

At April 13, 1998, 56,666,000 shares of the registrant's
Series A Common Stock were outstanding.

Documents incorporated by reference: None

This Form 10-KSB consists of Twenty-Six pages.
Exhibit Index is Located at Page Twenty-Five.

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FORM 10-KSB ANNUAL REPORT

YAAK RIVER RESOURCES, INC.

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PART I

Item 1. Description of Business

The Company was organized under the laws of the State of Colorado on June 10, 1988, under the name Andraplex Corporation, for the primary purpose of creating a vehicle to obtain capital to take advantage of business opportunities which may have the potential for profit. From inception until December 12, 1991 the primary activity of the Company was directed to organizational efforts, obtaining initial financing, completion of its public offering on November 27, 1989 and identification of a business opportunity.

As of the date of this report, the Company is principally engaged in the metals mining business. The Company owns certain mining properties, held under patent, as well as lode and placer mineral rights according to the Mineral Entry Law. During the fiscal year ended December 31, 1997, the Company did not engage in any material business due primarily to a lack of available funds with which to develop its properties. The Company owns those certain mining properties discussed hereinbelow, but has not commenced development of these properties, except as described herein. The Company's mining properties include the following:

a. Three patented mining claims and 22 lode and placer claims, all located in the Yaak Mining District, Lincoln County, Montana, adjoining the Company's properties discussed hereinbelow. These properties were acquired from Rio Bravo Resources, Ltd. by quit claim deed in November 1993 and although the title to these properties was unclear, on August 30, 1995, all title problems to these properties were resolved to the Company's satisfaction, as the United States Bureau of Land Management issued clear, undivided, uncontested title to these properties.

Included on each of the aforesaid properties is the Morning Glory gold vein, which has a long and prosperous mining production history dating back to the late 1800's, producing both gold and silver. It was mined intermittently from 1893 to 1937, with production out of a known short section producing 53,000 tons with indicated recovered grades of approximately 0.28 OPT Au and 1.0 OPT Ag. Noranda Mines, Ltd., Toronto Canada drilled the property during the 1970's and reported drill indicated reserves of in excess of 542,000 tons of 0.140 OPT Au. and 1.44 OPT Ag. within 2,000 feet of the Morning Glory Mine. The structure remained open in all directions. Wm. Ernest Simmons, President and a director of the Company, was employed as U.S. Manager of mine development for Mining Corp., Inc., a wholly owned subsidiary of Noranda, during the period of time when this drilling activity took place.

b. Twenty-eight additional lode claims located south of the claims mentioned in (a) above, strategically selected to cover the

surface area of the Morning Glory structure and all located in the Yaak River Valley in northwestern Montana, approximately 15 miles northwest of Troy, Montana.

c. A lease-option to purchase the mining and mineral rights for 6 lode and millsite claims and 1 claim held by patent. The properties together cover an area of approximately 1,000 acres. The lease-option requires annual payments of \$7,500 and are payable to an unaffiliated party. The Company has not paid the advance lease payment due and payable on October 1, 1997. All payments due under (a) and (b) to keep the property in good standing with the county and Bureau of Land Management have been paid. The option to bring the lease payments to a current status within 1 year is open, subject to acceptance by the applicable lessors.

Because of the significant financial difficulties which the Company is presently experiencing, the Company dropped 71 claims above the Morning Glory structure, as a cost cutting measure. The Company has not begun mining on its Montana properties and is currently seeking interested parties to join with the Company, either as limited partners and/or joint venture partners, for the purpose of mining its properties. There are no assurances that the Company will locate and reach agreement with any other independent party to provide the funding for commencement of mining operations. Further, the Company does not have sufficient funds available to commence mining operations on these properties for its own account, nor is such funding expected to become available to the Company in the future. Additionally, if such mining operations are commenced, there can be no assurances that the Company will recover any gold or silver under positive economic circumstances, or at all.

During the prior two fiscal years, the Company has incurred approximately \$20,000 in costs relating to research and development activities. These costs have been advanced by members of management, including \$5,800 in 1997 and \$12,100 in 1996.

As a result of the Company's considerable cash flow problems, management has reviewed the business plan of the Company in order to ascertain a direction for the Company during fiscal 1998. The Company's financial condition is also negatively affected because of a moratorium placed on the patenting of claims by the US federal government. Among the matters presently being discussed by management concerning the Company's future are (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 is presently evaluating the possibility of a long term commitment to an agricultural

development project located in Mongolia. Specifically, the Company is engaged in discussions with the "Bornuur" Company, a Mongolian corporation, to acquire an interest in approximately 24,710 acres of farm land located approximately 65 miles north of Ulaanbaatar, Mongolia. This farm land has been in production for over 100 years. Current production includes cabbage, carrots, beets, turnips, wheat, onions, garlic, hay, potatoes, tomatoes and cucumbers, plus 4,000 head of livestock, including cows, horses, sheep and goats. 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 Company is presently negotiating with the Mongolian government for a minimum of a 60 year lease and privatization of the project district and anticipates that such an agreement, if any, will be established by the end of May 1998. However, there can be no assurances that this will occur within the time parameter cited herein, or at all. If successfully negotiated, 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.

Other Business Activities

In addition, the Company is General Partner of the Yaak River Resources, Timber Division, L.P., a Colorado limited partnership (the "Partnership"), which intends to harvest timber located on properties presently owned by the United States government and to be patented (and subsequently owned) by the Company. The Partnership intends to harvest timber and develop certain mineral resources located on defined mining claims and patented claims presently owned or controlled by the Company. During the fiscal years ended December 31, 1996 and 1997, the Partnership only engaged in administrative activities.

Competition

The Company is a small mining company which has not commenced mining activities as of the dates of this report. The Company is not competitive with other larger and better financed mining companies.

Government Regulations

The Company's operation is subject to numerous federal and state governmental regulations, including environmental laws, as they relate to mining activities, compliance to which will require considerable capital expenditures, the aggregate amount of which have not been calculated at the date of this report. Management of

the Company believes that the Company is in compliance with all applicable governmental regulations as of the date of this report.

Employees

The Company's employees consist of Wm. Ernest Simmons, its President, who performs his services to the Company without compensation. See "Item 10, Executive Compensation" below. The Company does not have any other employees at the date of this report. The officers operate the Company under the direction of the Board of Directors. The Company does not contemplate retaining any employees until mining activities are commenced.

Item 2. Description of Property

The Company's principal place of business is located at 830 S. Kline Way, Lakewood, Colorado 80226, which is the home of Mr. Simmons, President and a director of the Company. This property is provided to the Company on a rent free basis, except that the Company is obligated to pay for clerical functions, including copies, facsimile transmissions, telephone and other general and administrative matters, estimated by management not to exceed \$200 per month. These premises include one office of approximately 280 square feet. Management of the Company believes that this space will be sufficient to meet the Company's needs during the next 12 months.

The Company manages a group of 54 contiguous mining claims on properties located in the State of Montana. The Company's mining properties are located in Lincoln County, approximately 25 miles northwest of Troy, Montana, in Sections 8, 9, 16, 17, T28N, R33W, MPM, northwest of the deserted town of Sylvanite on the east side of Friday Hill, an offshoot of Keystone Mountain. Elevations of the properties are from approximately 2,500 to 4,800 feet above sea level. The properties are accessed by state and county roads and are heavily forested with larch, white fir, douglas fir and lodgepole pine. See "Item 1, Description of Business" for a more detailed description of the Company's mining properties.

Item 3. Legal Proceedings.

There are no material pending legal proceedings to which the Company (or any of its officers and directors in their capacities as such) is a party or to which the property of the Company is subject and no such material proceeding is known by management of the Company to be contemplated as of the date of this report.

Item 4. Submission of Matters to a Vote of Security Holders.

In November 1997 the Company held an annual meeting of its shareholders. At this meeting management presented the opportunities with the Boornuur Company, more fully disclosed in

Item 1, above, as well as electing directors. There were no other matters submitted to a vote of the security holders during the fourth quarter of the fiscal year ended December 31, 1997.

PART II

Item 5. Market for Common Equity and Related Stockholder Matters.

The Company's Units, (comprised of one share of Series A Common Stock, one Class A Common Stock Purchase Warrant and one Class B Common Stock Purchase Warrant), and the Company's Series A Common Stock are traded on the over-the-counter market on the OTC "Electronic Bulletin Board" operated by the National Association of Securities Dealers, Inc. under the symbols YAAKU and YAAKA, respectively. The Company's securities began trading during the first quarter of the Company's fiscal year 1992. Prior, there was no trading market for the Company's securities. Below are the reported high and low bid prices for the Company's Units for each quarter since March 1996. The bid prices shown reflect quotations between dealers, without adjustment for markups, markdowns or commissions, and may not represent actual transactions in the Company's securities.

Units:

Date ----	Bid Price	
	High	Low
March 31, 1997	\$.015	\$.0005
June 30, 1997	\$.015	\$.0005
September 30, 1997	\$.015	\$.0005
December 31, 1997	\$.015	\$.0005
March 31, 1996	\$.015	\$.0005
June 30, 1996	\$.015	\$.0001
September 30, 1996	\$.015	\$.0005
December 31, 1996	\$.0015	\$.0005

The Company's market maker for its securities is Paragon Capital. As of the date of this report, the Company had 42 shareholders, not including those persons holding their securities in "street name."

The Company's securities are presently classified as "designated securities", which classification places significant restrictions upon broker-dealers desiring to make a market in such securities. As a result, it has been difficult for management to interest additional market makers in the Company's securities and it is anticipated that these difficulties will continue until such time as the Company is able to meet the criteria to qualify as a non-designated security to allow additional market makers to trade without complying with these stringent requirements.

The Class A Warrant included in the Company's Units is exercisable at an exercise price of \$.05 per share until July 6, 1999, unless otherwise extended by the Board of Directors. The Class B Warrant is exercisable at an exercise price of \$.10 per share until July 6, 1999, unless otherwise extended by the Board of Directors. The exercise price of the Warrants may be lowered but not increased at the discretion of the Company's Board of Directors.

Dividends

The Company has not declared or paid any dividends on its Class A Common Stock to date. Management anticipates that future earnings, if any, will be retained as working capital and used for business purposes. Accordingly, it is unlikely that the Company will declare or pay any dividends in the foreseeable future.

Item 6. Management's Discussion and Analysis of Financial Condition

The following discussion should be read in conjunction with the Company's audited financial statements and notes thereto included herein. In connection with, and because it desires to take advantage of, the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company cautions readers regarding certain forward looking statements in the following discussion and elsewhere in this report and in any other statement made by, or on the behalf of the Company, whether or not in future filings with the Securities and Exchange Commission. Forward looking statements are statements not based on historical information and which relate to future operations, strategies, financial results or other developments. Forward looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Company's control and many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward looking statements made by, or on behalf of, the Company. The Company disclaims any obligation to update forward looking statements.

Plan of Operation

In the fiscal year ended December 31, 1997, the Company did not generate any revenues from its operations and the Company is considered a development stage company. The plan of operation of the Company during the fiscal year ending December 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. This was the same plan

which the Company's Board of Directors had established for the Company for the fiscal year ended December 31, 1996 and 1995, but was unable to implement due to lack of available funds necessary to undertake the same.

The Company incurred an operating loss during fiscal year 1997 of \$(24,037). The operations of the Company during the fiscal year 1997 were financed primarily by loans from affiliates. See "Item 12 - Certain Relationships and Related Transactions." The Company is expected to continue to operate at a loss 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.

As a result of the Company's considerable cash flow problems, management has reviewed the business plan of the Company in order to ascertain a direction for the Company during fiscal 1998. The Company's financial condition is also negatively affected because of a moratorium placed on the patenting of claims by the US federal government. Among the matters presently being discussed by management concerning the Company's future are (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 is presently evaluating the possibility of a long term commitment to an agricultural development project located in Mongolia. Specifically, the Company is engaged in discussions with the "Bornuur" Company, a Mongolian corporation, to acquire an interest in approximately 24,710 acres of farm land located approximately 65 miles north of Ulaanbaatar, Mongolia. This farm land has been in production for over 100 years. Current production includes cabbage, carrots, beets, turnips, wheat, onions, garlic, hay, potatoes, tomatoes and cucumbers, plus 4,000 head of livestock, including cows, horses, sheep and goats. 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 Company is presently negotiating with the Mongolian government for a minimum of a 60 year lease and privatization of the project district and anticipates that such an agreement, if any, will be established by the end of May 1998. However, there can be no assurances that this will occur within the time parameter cited herein, or at all. If successfully negotiated, 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 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.

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 owns 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.

Item 7. Financial Statements.

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

FINANCIAL STATEMENTS

December 31, 1997

Michael B. Johnson & Co., P.C.

(A Professional Corporation)

Certified Public Accountants
9175 East Kenyon Ave., Suite 100

Denver, Colorado 80237

Michael B. Johnson C.P.A.

Telephone: (303) 796-0099

Member: A.I.C.P.A.

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Board of Directors
Yaak River Resources, Inc.

We have examined the accompanying balance sheet of Yaak River Resources, Inc. (A Development Stage Company) as of December 31, 1997 and December 31, 1996, and the related statements of operations, cash flows, and changes in stockholders' equity for the period June 10, 1988 (inception), through December 31, 1997, and the fiscal years ended December 31, 1997 and 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yaak River Resources, Inc. at December 31, 1997 and December 31, 1996, and the results of its operations and its cash flows for the period June 10, 1988 (inception), through December 31, 1997, and the fiscal years ended December 31, 1997 and 1996, in conformity with generally accepted accounting principles.

s/Michael B. Johnson & Co., P.C.

Denver, Colorado
March 28, 1998

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

	December 31 1997	December 31 1996
	<u> </u>	<u> </u>
ASSETS:		
Current Assets:		
Cash	\$ 1,022	\$ 911
Accounts Receivable-O'Hara Resources	2,200	2,200
Investment-Mining Properties	305,410	305,410
	-----	-----
Total Current Assets	308,632	308,521
Other Assets:		
Organizational Costs- Net of Amortization	0	0
	-----	-----
Total Other Assets	0	0
	-----	-----
TOTAL ASSETS	\$ 308,632	\$ 308,521
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current Liabilities:		
Accounts Payable	40,456	24,225
Advance from (YRML) Purchase, 1.5 Units	20,000	20,000
Shareholder Loans	20,017	12,100
Current Portion-Long Term Debt	7,500	7,500
	-----	-----
Total Current Liabilities	87,973	63,825
Long-Term Liabilities:		
Long Term Debt	115,000	115,000
	-----	-----
Total Long-Term Liabilities	115,000	115,000
	-----	-----
TOTAL LIABILITIES	\$ 202,973	\$ 178,825
Stockholders' 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; Authorized 250,000,000 Shares. Issued and outstanding, None	0	0
Capital paid in excess of par value	304,663	304,663
Deficit accumulated during the development stage	(204,670)	(180,633)
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	\$ 105,659	\$ 129,696
	<u> </u>	<u> </u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 308,632	\$ 308,521
	=====	=====

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

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

	For the Year Ended December 31, 1997	For the Year Ended December 31, 1996	10-Jun-88 (Inception) thru December 31, 1997
Revenue	\$ 0	\$ 0	\$ 0
Expenses:			
Amortization	0	0	1,500
Bank Charges	78	51	399
Legal and Accounting	5,563	6,360	46,556
Director Fees	0	0	800
Office	40	0	6,938
Stock Fees and Other Costs	0	950	9,982
Administration/Consulting	12,876	0	46,987
Mining Assessments and Fees	5,480	12,481	75,295
Bad Debt	0	0	4,000
Rent/Telephone	0	0	12,213
	-----	-----	-----
Total Expenses	24,037	19,842	204,670
Net (Loss) Accumulated During the Development Stage	\$ (24,037) =====	\$ (19,842) =====	\$ (204,670) =====
Net Loss per Common Share is less than \$.002	\$ *	\$ *	\$ *

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

YAAK RIVER RESOURCES, INC.
(A Development Stage Company)
Statement of Cash Flows

	For the Year Ended December 31, 1997	For the Year Ended December 31, 1996	10-Jun-88 (Inception) thru December 31, 1997
Cash Flows From			
Operating Activities:			
Net (Loss) Accumulated During Development Stage	\$ (24,037)	\$ (19,842)	\$ (204,670)
Amortization and Depreciation	0	0	1,500
Organization Costs	0	0	(1,500)
Decrease (Increase) in Accounts Payable	16,231	6,360	40,456
Decrease (Increase) in Accounts Receivable	0	0	(2,200)
Decrease (Increase) in Loans to Shareholder	7,917	12,100	20,017
	-----	-----	-----
Net Cash Flows Used By Operating Activities	111	(1,382)	(146,397)
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
Loan 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	111	(1,382)	1,022
Cash at Beginning of Period	911	2,293	0
	-----	-----	-----
Cash at End of Period	\$ 1,022	\$ 911	\$ 1,022
	=====	=====	=====
Interest paid	\$ 0	\$ 0	\$ 0
	=====	=====	=====
Taxes paid	\$ 0	\$ 0	\$ 0
	=====	=====	=====

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

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

	# of Shares	Common Stock	Capital Paid in Excess of Par Value	Deficit Accumulated During the Development Stage	Totals
ISSUANCE OF COMMON STOCK:					
January 6, 1989 (for services)	10,000,000	1,000	500	0	1,500
January 6, 1989 (for cash)	5,000,000	500	0	0	500
November 27, 1989 (Public offering)	2,666,000	266	12,353	0	12,619
Net Loss for the year ended 12/31/1989				(3,765)	(3,765)
Net Loss for the year ended 12/31/1990				(10,129)	(10,129)
Net Loss for the year ended 12/31/1991				(300)	(300)
Issuance of common stock:					
January 10, 1992 (for assets YRML)	30,000,000	3,000	134,910	0	137,910
Net Loss for the year ended 12/31/1992				(47,589)	(47,589)
Issuance of common stock:					
June 30, 1993 (for cash)	6,000,000	600	149,400	0	150,000
June 30, 1993 (for services)	3,000,000	300	0	0	300
Net Loss for the year ended 12/31/1993				(54,951)	(54,951)
Net Loss for the year ended 12/31/1994				(26,293)	(26,293)
Net Loss for the year ended 12/31/1995				(17,764)	(17,764)
Net Loss for the year ended 12/31/1996			7,500	(19,842)	(12,342)
Net los for the year ended 12/31/1997				(24,037)	(24,037)
Balance - December 31, 1997	56,666,000	\$5,666	\$ 304,663	\$ (204,670)	\$105,659

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

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

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.

Cash Equivalents:

For purposes of the statement of cash flows, the Corporation considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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.

YAAK RIVER RESOURCES, INC.
(A Development Stage Company)
Notes to Financial Statements
December 31, 1996

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 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 December 31, 1997:

1998	\$ 7,500
1999	7,500
2000	7,500
2001	7,500
2002	7,500
	<hr/>
	37,500
After 2002	77,500
	<hr/>
	\$115,000

Item 8. Changes and Disagreements With Accountants on Accounting and Financial Disclosures.

None.

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act.

The Directors and Executive Officers of the Company are as follows:

Name - - - - -	Age - - -	Title - - - - -
Wm. Ernest Simmons	59	President and Director
Thomas K. Tolman	43	Secretary and Director
Harry G. Titcombe, Jr.	67	Vice President, Treasurer and Director

The above listed officers and directors will serve until the next annual meeting of the shareholders or until their death, resignation, retirement, removal, or disqualification, or until their successors have been duly elected and qualified. Vacancies in the existing Board of Directors are filled by majority vote of the remaining Directors. Officers of the Company serve at the will of the Board of Directors.

Resumes

Wm. Ernest Simmons currently is, and has been since December 12, 1991, the President and a Director of the Company. He is also the President, a director and a controlling shareholder of the Genesis Companies Group, Inc., a "blank check" public reporting company. In addition to his service to the Company, Mr. Simmons is also currently a consultant for the ER-SHI-JU Company, Ltd., Mongolia and the "Bornuur" Company, both of which have common interests in a large agricultural project in north central Mongolia. Mr. Simmons is also a consultant to Itec, a Canadian firm, a Canadian firm employing advanced technology to purge mined sites and waste disposal areas of their contaminants. From January 1995 through May 1998, Mr. Simmons was Director-General of the "Bumbat" Company Ltd., Zaamar Sum, Mongolia, a Mongolian-Canadian joint venture mining operation where his responsibilities included acquisitions and mobilization of all equipment and supplies, preparation and construction of mill sites and mining site operations and other managerial matters associated with the exploration and development of hard rock gold mines. From February 1991 through July 1994, Mr. Simmons was a life and health insurance agent in Denver, Colorado with New York Life Insurance Company.

From 1978 to 1990, Mr. Simmons served as Manager of U.S. Operations for Mining Corporation, Inc., of Lakewood, Colorado. From February 1987 through December 1989 Mr. Simmons was president and a director of Bluestone Capital, Inc., a publicly held "blind pool" Colorado corporation. From March, 1986 through July, 1994, Mr. Simmons was president and a director of Yaak River Mines, Ltd., a Colorado corporation also defined as a public "shell" company. Mr. Simmons received a Bachelor's of Science Degree in Business Administration from Regis University, Denver, Colorado in 1987 and received the Degree of Mining Technologist from Haileybury School of Mines in 1973. Mr. Simmons devotes approximately 20 hours per month to the business of the Company. It is anticipated that the time devoted to the business of the Company by Mr. Simmons will increase if and when the Company commences mining operations.

Thomas K. Tolman was elected as a director and Secretary of the Company in November, 1997. In addition to his activities with the Company, Mr. Tolman is presently Manager of Public Safety and Radio Systems Research for the University of Denver, Denver Research Institute, positions he has held since January 1997. Prior, from December 1987 through December 1996, Mr. Tolman was Technical Support Manager for all communication centers for the Adams County Communications Center, Colorado. Mr. Tolman received a Bachelor of Science degree from the University of Phoenix in February 1998. He devotes only such time as necessary to the business of the Company

Harry G. Titcombe, Jr. has been a director of the Company since September 1995, when he was appointed by the remaining Board to replace Bruce McMillen, who had past away. In November, 1997, Mr. Titcombe was appointed as Vice President and Treasurer of the Company. Since 1984, Mr. Titcombe has engaged in the practice of law as a sole practitioner in Denver, Colorado. Prior to that, Mr. Titcombe was a partner and associate at the Denver law firm of Burnett, Horan & Hilgers and was a Deputy District Attorney in the offices of the Denver County District Attorney. Mr. Titcombe is also an officer and director of Genesis Companies Group, Inc., a public "shell" company which is a reporting company under the Securities Exchange Act of 1934, as amended. Mr. Titcombe received a degree of L.L.B. in 1960 from the University of Denver College of Law. Mr. Titcombe devotes only such time as necessary to the business of the Company.

The Company does not have any of its securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 and as such, shareholders and management of the Company are not required to file any reports pursuant to Section 16(a) of the aforesaid Act.

Item 10. Executive Compensation.

Remuneration

The following table reflects all forms of compensation for services to the Company for the fiscal years ended December 31, 1996 and 1997 of the chief executive officer of the Company.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Long Term Compensation						
		Annual Compensation			Awards		Payouts	
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Restricted Stock Award(s) (\$)	Securities Underlying Options/SARs (#)	LTIP Payouts (\$)	All Other Compensation (\$)
Wm. Ernest Simmons, President & Director	1996	\$ 0	\$ 0	\$ 0	\$ 0	0	\$ 0	\$ 0
	1997	\$ 0	\$ 0	\$ 0	\$ 0	0	\$ 0	\$ 0

(1) Mr. Simmons did not receive any salary during the fiscal years ended December 31, 1996 and 1997 from the Company.

(2) It is not anticipated that any executive officer of the Company will receive compensation exceeding \$100,000 during 1998.

In addition to the cash compensation set forth above, the Company reimburses each executive officer for expenses incurred on behalf of the Company on an out-of-pocket basis. The Company cannot determine, without undue expense, the exact amount of such expense reimbursement. However, the Company believes that such reimbursements did not exceed, in the aggregate, \$1,000 during fiscal year 1997.

No executive officer or director of the Company holds any option to purchase any of the Company's securities.

The Company has not adopted any pension or stock options plans.

Item 11. Security Ownership of Certain Beneficial Owners and Management.

The following tables set forth information, as of December 31, 1997, with respect to the beneficial ownership of the Company's Series A Common Stock by (a) each person known by the Company to be the beneficial owner of five percent or more of the Company's Series A Common Stock, and (b) the stock ownership of each officer and director individually and all directors and officers of the Company as a group of the Company's Series A Common Stock. Unless otherwise indicated, the shareholders listed possess sole voting and investment power with respect to the shares shown.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner	Percent of Class
Series A Common Stock	Wm. Ernest Simmons 830 S. Kline Way Lakewood, CO 80226	6,966,120	12.3%
Series A Common Stock	Tom Tolman(1) 11231 W. 66th Place Arvada, CO 80004	4,031,040	7.1%
Series A Common Stock	Harry G. Titcombe, Jr. 3003 E. 3rd Ave., Ste. 201 Denver, CO 80206	180,000	0.3%
Series A Common Stock	All Officers and Directors as a Group (3 persons)	11,177,160	19.7%

(1) Mr. Tolman's shares are held under the Helen L. Tolman Trust, to which Mr. Tolman is beneficiary.

Item 12. Certain Relationships and Related Transactions.

Wm. Ernest Simmons, an officer, director and principal shareholder of the Company, has loaned the Company the principal sum of \$20,017, which does not accrue interest and is due upon demand. These funds have been utilized by the Company to meet a portion of its general and administrative obligations during the past two years.

During the fiscal year ended December 31, 1995, the Company received a loan in the aggregate of \$20,000 from the Yaak River Resources, Inc., Timber Division, L.P., a Colorado limited partnership to which the Company is General Partner. This loan is due upon demand and does not accrue interest and was issued

pursuant to the terms of the applicable Limited Partnership Agreement. These loans were approved by a majority vote of the limited partners of the Partnership.

Item 13. Exhibits and Reports on Form 8-K

(a) Exhibits

EX-27 Financial Data Schedule

The following exhibits are incorporated by reference to the Company's Registration Statement on Form S-18, SEC file no. 33-28106, effective July 21, 1989:

- 3.1 Articles of Incorporation and Certificate
- 3.2 Bylaws

The following exhibit is incorporated by reference to the Company's Form 10-KSB annual report for the fiscal year ended December 31, 1992:

- 3.3 Amendment to Articles of Incorporation and Certificate

(b) Reports on Form 8-K

The Company did not file any reports on Form 8-K during the fiscal year ended December 31, 1997, or subsequent thereto through the date of this report.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on April 14, 1998.

YAAK RIVER RESOURCES, INC.
(Registrant)

By: /s/ Wm. Ernest Simmons

Wm. Ernest Simmons, President

By: /s/ Harry G. Titcombe, Jr.

Harry G. Titcombe, Jr., Treasurer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on April 14, 1998.

/s/ William Ernest Simmons

William Ernest Simmons, Director

/s/ Thomas K. Tolman

Thomas K. Tolman, Director

/s/ Harry G. Titcombe, Jr.

Harry G. Titcombe, Jr., Director

EXHIBIT INDEX

Page No.	Exhibit No.	Description
-	3.1*	Articles of Incorporation
-	3.2*	Bylaws
-	3.3**	Amendment to Articles of Incorporation and Certificate
26	EX-27	Financial Data Schedule

* Incorporated by reference to the Company's Registration Statement on Form S-18, SEC File No. 33-28106, effective July 21, 1989.

** Incorporated by reference to the Company's Form 10-KSB for the fiscal year ended December 31, 1992.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

YEAR	DEC-31-1998	DEC-31-1997
		1,022
		0
	2,200	0
		305,410
	308,632	0
		0
	308,632	
	87,973	0
	0	0
		0
		5,666
308,632		99,993
		0
	0	0
		0
	24,037	
	0	
	0	
	(24,037)	0
	0	
	0	
	0	
		0
	(24,037)	
	0	
	0	