

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-QSB

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended December 31, 1999

Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-28535  
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AQUISTAR VENTURES (USA) INC.

-----  
(Exact name of small Business Issuer as specified in its charter)

Nevada  
-----

(State or other jurisdiction of incorporation or organization)

91-1975651  
-----

(IRS Employer Identification No.)

Suite 314-837 West Hastings Street  
Vancouver, British Columbia, Canada  
-----

(Address of principal executive offices)

V6C 3N6  
-----

(Postal or Zip Code)

Issuer's telephone number, including area code: 604-642-6410

None

-----  
(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days  
[ X ] Yes [ ] No

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 15,463,008 Shares of \$0.001 par value  
Common Stock outstanding as of December 31, 1999.

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-QSB and Item 310 (b) of Regulation S-B, and, therefore, do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, and stockholders' equity in conformity with generally accepted accounting principles. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature.

Operating results for the six months ended December 31, 1999 are not necessarily indicative of the results that can be expected for the year ending June 30, 2000.

AQUISTAR VENTURES (U.S.A.) INC.  
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1999  
(unaudited)  
(Stated in U.S. Dollars)

AQUISTAR VENTURES (U.S.A.) INC.  
(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS  
(unaudited)  
(Stated in U.S. Dollars)

	DECEMBER 31 1999	JUNE 30 1999
<b>ASSETS</b>		
Current		
Cash	\$ 164	\$ 1,286
Goods and services tax recoverable	1,342	1,324
Prepaid expense	-	-
	-----	-----
	1,506	2,610
Mineral Property (Note 4)	12,445	12,445
Office Equipment, at cost less accumulated amortization	1,557	1,731
	-----	-----
	\$ 15,508	\$ 16,786
=====		
<b>LIABILITIES</b>		
Current		
Accounts payable	\$ 54,871	\$ 32,862
	-----	-----
<b>SHAREHOLDERS' DEFICIENCY</b>		
Share Capital		
Authorized:		
50,000,000 common shares, par value \$0.001 per share at December 31, 1999		
100,000,000 common shares without par value at December 31, 1998		
Issued And Outstanding		
15,463,008 at December 31, 1999, and 14,983,008 at December 31, 1998	335,362	335,362
Additional Paid In Capital	10,038	10,038
Contributed Surplus	5,509	5,509
Cumulative Translation Adjustment	(1,253)	(673)
Accumulated Deficit	(389,019)	(366,312)
	-----	-----
	(39,363)	(16,076)
	-----	-----
	\$ 15,508	\$ 16,786
=====		

AQUISTAR VENTURES (U.S.A.) INC.  
(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT  
(unaudited)

(Stated in U.S. Dollars)

	FOR THE THREE MONTHS ENDED DECEMBER 31		FOR THE SIX MONTHS ENDED DECEMBER 31		INCEPTION APRIL 13, 1995 TO DECEMBER 31
	1999	1998	1999	1998	1999
<b>Expenses</b>					
Amortization	\$ 87	\$ 108	\$ 174	\$ 216	\$ 1,824
Professional fees	5,022	-	5,612	-	27,059
Management fees	5,099	4,866	10,146	9,817	86,080
Office and sundry	828	3	861	155	7,685
Rent	2,039	1,946	4,058	3,927	26,483
Travel and business promotion	-	-	-	-	6,898
	13,075	6,923	20,851	14,115	156,029
Loss Before The Following Share Issue Costs	(13,075)	(6,923)	(20,851)	(14,115)	(156,029)
Exploration Expenditures	-	-	(1,856)	-	(34,921)
Write Off Abandoned Mineral Property	-	-	-	-	(191,827)
	-	-	-	-	(5,857)
Loss For The Period	(13,075)	(6,923)	(22,707)	(14,115)	\$ (388,634)
Accumulated Deficit, Beginning Of Period	(375,944)	(333,807)	(366,312)	(326,615)	
Accumulated Deficit, End Of Period	\$ (389,019)	\$ (340,730)	\$ (389,019)	\$ (340,730)	
Loss Per Share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	
Weighted Average Number Of Shares Outstanding	15,463,008	14,983,008	15,463,008	14,983,008	

AQUISTAR VENTURES (U.S.A.) INC.  
(An Exploration Stage Company)  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(unaudited)  
(Stated in U.S. Dollars)

	FOR THE SIX MONTHS ENDED DECEMBER 31		INCEPTION APRIL 13, 1995 TO DECEMBER 31
	1999	1998	1999
<b>Cash Flows From Operating Activities</b>			
Loss for the period	\$ (22,707)	\$ (14,115)	\$ (388,634)
<b>Adjustments To Reconcile Loss To Net Cash Used By Operations Activities</b>			
Write off abandoned mineral property	-	-	5,857
Amortization	174	216	1,824
Change in Goods and Services Tax recoverable	(18)	34	(1,343)
Change in prepaid expense	-	(2,609)	-
Change in accounts payable	22,009	(20,904)	54,871
Total Adjustments	22,165	(23,263)	61,209

Net Cash Used In Operating  
Activities

(542) (37,378) (327,425)

Cash Flows From Investing  
Activities

Mineral property - - (18,302)  
Office equipment - - (3,380)  
Net asset deficiency of  
legal parent at date of  
reverse take-over  
transaction - - (385)

(22,067)

Cash Flows From Financing  
Activities

Issue of share capital - 36,565 345,400  
Contributed surplus - 5,509 5,509

42,074 350,909

Effect Of Exchange Rate  
Changes On Cash

(580) (1,145) (1,253)

Increase (Decrease) In Cash  
Cash, Beginning Of Period

(1,122) 3,551 164  
1,286 1,021 -

Cash, End Of Period

\$ 164 \$ 4,572 \$ 164

AQUISTAR VENTURES (U.S.A.) INC.  
(An Exploration Stage Company)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
(unaudited)  
(Stated in U.S. Dollars)  
Common Stock

	Number of Shares	Amount	Additional Paid-in Capital	Contributed Surplus	Cumulative Translation Adjustment	Accumulated Deficit	Total
Issuance of common stock	1	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ 1
Net loss	-	-	-	-	-	(3,643)	(3,643)
Balance, September 30, 1995	1	1	-	-	-	(3,643)	(3,642)
Issuance of common stock	1,700,000	179,975	-	-	-	-	179,975
Translation adjustment	-	-	-	-	(489)	-	(489)
Net loss	-	-	-	-	-	(136,164)	(136,164)
Balance, September 30, 1996	1,700,001	179,976	-	-	(489)	(139,807)	39,680
Issuance of common stock	600,000	109,190	-	-	-	-	109,190
Translation adjustment	-	-	-	-	670	-	670
Net loss	-	-	-	-	-	(146,298)	(146,298)
Balance, September 30, 1997	2,300,001	289,166	-	-	181	(286,105)	3,242
Issuance of common stock	50,000	9,151	-	-	-	-	9,151
Translation adjustment	-	-	-	-	1,883	-	1,883
Net loss	-	-	-	-	-	(40,510)	(40,510)
Balance, September 30, 1998	2,350,001	298,317	-	-	2,064	(326,615)	(26,234)
Issuance of common stock	240,000	42,074	-	-	-	-	42,074
Cancellation of common stock	(750,000)	(5,509)	-	-	-	-	(5,509)
Contributed surplus	-	-	-	5,509	-	-	5,509
Increase in issued common stock due to 8 for 1 stock split	12,880,007	-	-	-	-	-	-
Exchange of stock to acquire subsidiary							
Aquistar Ventures Inc. (U.S.A.) Inc.	(14,720,008)	-	-	-	-	-	-
14,983,008							
Net asset deficiency of legal parent at date of reverse take-over transaction	-	-	-	-	-	(385)	(385)
Issuance of common stock	480,000	480	10,038	-	-	-	10,518
Translation adjustment	-	-	-	-	(2,737)	-	(2,737)
Net loss	-	-	-	-	-	(39,312)	(39,312)

Balance, June 30, 1999	15,463,008	335,362	10,038	5,509	(673)	(366,312)	(16,076)
Translation adjustment	-	-	-	-	(580)	-	(580)
Net Loss	-	-	-	-	-	(22,707)	(22,707)
Balance December 31, 1999	15,463,008	\$ 335,362	\$ 10,038	\$ 5,509	\$ (1,253)	\$ (389,019)	\$ (39,363)

AQUISTAR VENTURES (U.S.A.) INC.  
(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1999  
(unaudited)  
(Stated in U.S. Dollars)

1. BASIS OF PRESENTATION

The unaudited financial statements as of December 31, 1999 included herein have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with United States generally accepted principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. It is suggested that these financial statements be read in conjunction with the June 30, 1999 audited financial statements and notes thereto.

2. NATURE OF OPERATIONS

Exploration Stage Activities

The Company is in the process of exploring its mineral property and has not yet determined whether the property contains ore reserves that are economically recoverable.

The recoverability of amounts shown as mineral property is dependent upon the discovery of economically recoverable reserves, confirmation of the company's interest in the underlying mineral claims and the ability of the Company to obtain the necessary financing to place the property into production, and upon future profitable operations, none of which is assured.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Consolidation

These financial statements include the accounts of the Company and its wholly owned Canadian subsidiary Aquistar Ventures Inc.

AQUISTAR VENTURES (U.S.A.) INC.  
(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1999  
(unaudited)

(Stated in U.S. Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Mineral Property and Related Exploration Expenditures

The Company capitalizes all option payments on mineral properties in which it has a continuing interest to be amortized over the recoverable reserves when a property reaches commercial production. On abandonment of any property, applicable accumulated mineral property costs will be written off.

Exploration expenditures are expensed as incurred.

To date none of the Company's properties have reached commercial production.

c) Office Equipment and Amortization

Office equipment is recorded at cost and amortized at a rate of 20% per annum on the declining balance basis.

d) Income Taxes

The Company has adopted Statement of Financial Accounting Standards No. 109 - "Accounting for Income Taxes" (SFAS 109). This standard requires the use of an asset and liability approach for financial accounting and reporting on income taxes. If it is more likely than not that some portion of all of a deferred tax asset will not be realized, a valuation allowance is recognized.

e) Foreign Currency Translation

The Company's subsidiary's operations are located in Canada and its functional currency is the Canadian dollar. The financial statements of the subsidiary have been translated using the current method whereby the assets and liabilities are translated at the year end exchange rate, capital accounts at the historical exchange rate, and revenues and expenses at the average exchange rate for the period. Adjustments arising from the translation of the Company's subsidiary's financial statements are included as a separate component of shareholders' equity.

AQUISTAR VENTURES (U.S.A.) INC.  
(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1999  
(unaudited)  
(Stated in U.S. Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Financial Instruments

The Company's financial instruments consist of cash, Goods and Services Tax recoverable, and accounts payable.

Unless otherwise noted, it is management's opinion that this Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

g) Loss Per Share

The loss per share is calculated using the weighted average number of common shares outstanding during the period.

4. MINERAL PROPERTY

DECEMBER 31

-----	-----
1999	1998
-----	-----

Sutton Property

The Company has entered into an option agreement dated December 2, 1997, as amended, which provides for the acquisition of a 100% interest, subject to a 2.5% net smelter royalty in 21 unpatented mineral claims in the Larder Lake Mining Division of Ontario. In order to earn its interest the Company must make cash payments and incur exploration expenditures as follows:

- cash payment of Cdn. \$17,000 on execution of the agreement (paid)

AQUISTAR VENTURES (U.S.A.) INC.  
(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1999  
(unaudited)  
(Stated in U.S. Dollars)

4. MINERAL PROPERTY (Continued)

DECEMBER 31

-----	-----
1999	1998
-----	-----

- cash payment of Cdn. \$35,000 13 months from the date the Company's common shares are listed for trading on the NASD Bulletin Board or a stock exchange (the initial payment date)
- cash payment of Cdn. \$25,000 8 months after the initial date
- cash payment of Cdn. \$25,000 16 months after the initial payment date
- cash payment of Cdn. \$30,000 28 months after the initial payment date
- cash payment of Cdn. \$30,000 40 months after the initial payment date
- Cash payment of Cdn. \$40,000 52 months after the initial payment date

Exploration Expenditures

- a total of Cdn. \$210,000, Cdn. \$100,000 by December 2, 2000 and Cdn. \$110,000 upon a recommendation to conduct the phase 2 work program

Consideration paid to date	\$ 12,445	\$ 12,445
	=====	=====

AQUISTAR VENTURES (U.S.A.) INC.  
(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1999  
(unaudited)  
(Stated in U.S. Dollars)

5. RELATED PARTY TRANSACTIONS

During the periods indicated the Company incurred the following amounts with related parties:

	DECEMBER 31	
	----- 1999	----- 1998
	-----	-----
Management fees	\$ 10,146	\$ 9,817
	=====	=====
Rent	\$ Nil	\$ 3,927
	=====	=====

6. INCOME TAXES

No provision for income taxes has been provided in these financial statements due to the accumulated net losses. At December 31, 1999, the Company has net operating loss carryforwards, which expire commencing in 2002 totalling approximately \$191,500, the benefits of which have not been recorded.

7. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

Item 2. Management's Discussion and Analysis or Plan of Operations

The Company is a natural resource company engaged in the acquisition, exploration and development of mineral properties. The Company, through its wholly own Canadian subsidiary Aquistar Ventures Inc., has an interest in a mineral property located in Ontario, Canada, and intends to carry out exploration work on this property in order to ascertain whether it possesses commercially developable quantities of gold and other precious minerals.

For the next 12 months, management of the Company plans to satisfy its cash requirements by raising additional funds by way of private placements and/or a public offering, to satisfy working capital needs and Phase 1 of the work program intended for its Mineral Property. The Company will assess whether to proceed with Phase 2 of the exploration program upon completion of Phase 1 and an evaluation of the results of the Phase 1 exploration program.

Aquistar Canada obtained an engineering report on its Mineral Property, dated July 1, 1997. The Report summarizes the exploration and development history of the Property, the geology of the Property and the proposed exploration and development program for the Property.

The Report states that follow-up surveys are required which will include detailed magnetic coverage with the more advanced "walking mag" continuous profiling method, further assessment and definition of the gradient IP and resistivity anomalies utilizing the multiple-gradient "realsection" technique, trenching, geochemistry, soil and/or vegetation and diamond drilling. The budget for this Phase 1 program is estimated at CDN \$182,000.



Phase 2 of the Report is contingent on the results of Phase 1 and will include further drill testing on the Property, as required, estimated to cost CDN \$300,000. The Company has not purchased or sold any plant or significant equipment and does not expect to do so in the foreseeable future.

The Company currently has no employees, and does not expect to hire any employees in the foreseeable future. The Company conducts its business through agreements with consultants and arms-length third parties.

CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

From time to time, the Company will make written and oral forward-looking statements about matters that involve risk and uncertainties that could cause actual results to differ materially from projected results. Important factors that could cause actual results to differ materially include, among others:

- Fluctuations in the market prices of gold
- General domestic and international economic and political conditions
- Unexpected geological conditions or rock instability conditions resulting in cave-ins, flooding, rock bursts or rock slides
- Difficulties associated with managing complex operations in remote areas
- Unanticipated milling and other processing problems
- The speculative nature of mineral exploration
- Environmental risks
- Changes in laws and government regulations, including those relating to taxes and the environment
- The availability and timing of receipt of necessary governmental permits and approval relating to operations, expansion of operations and financing of operations
- Fluctuations in interest rates and other adverse financial market conditions
- Other unanticipated difficulties in obtaining necessary financing
- The failure of equipment or processes to operate in accordance with specification or expectations
- Labour relations
- Accidents
- Unusual weather or operating conditions
- Force majeure events
- Other risk factors described from time to time in the Company's filings with the Securities and Exchange Commission

Many of these factors are beyond the Company's ability to control and predict. Investors are cautioned not to place undue reliance on forward-looking statements. The Company disclaims any intent or obligation to update its forward-looking statements, whether as a result of receiving new information, the occurrence of future events, or otherwise.

## PART 2 - 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) None

(b) Reports on Form 8-K - None

SIGNATURES

In accordance with the requirements 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.

AQUISTAR VENTURES (USA) INC.

Date: February 18, 2000  
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By: /s/Al Delucrazia  
-----

AL DELUCREZIA, Director and President

<ARTICLE> 5

<LEGEND>

This schedule contains summary financial information extracted from the condensed consolidated financial statements contained in the Company's quarterly report on Form 10-Q for the quarter ended December 31, 1999 and is qualified in its entirety by reference to such financial statements:

</LEGEND>

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