

Edgar Filing: PRINCETON VENTURES INC - Form 10QSB

PRINCETON VENTURES INC
Form 10QSB
May 20, 2002

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 March 31, 2002

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

For the transition period to

Commission File Number: 000-49698

PRINCETON VENTURES, INC.

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

Nevada 98 - 0353007

(State or other jurisdiction of (IRS Employer Identification No.)
incorporation or organization)

Suite 304, 595 Howe Street,
Vancouver, British Columbia, Canada V6K 3M3

(Address of principal executive offices) (Zip Code)

Issuer's telephone number,
including area code: 604-669-2293

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 Yes No

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 6,534,000 Shares of \$.001 par value Common Stock outstanding as of May 15, 2002.

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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 nine months ended March 31, 2002 are not necessarily indicative of the results that can be expected for the year ending June 30, 2002.

PRINCETON VENTURES, INC.
(An Exploration Stage Company)

FINANCIAL STATEMENTS

MARCH 31, 2002
(Unaudited)
(Stated in U.S. Dollars)

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PRINCETON VENTURES, INC.
(An Exploration Stage Company)

BALANCE SHEET
(Unaudited)
(Stated in U.S. Dollars)

	MARCH 31	JUNE 30
	2002	2001

ASSETS

Current

Cash	\$ 242	\$ 31,853
Prepaid expenses	4,700	9,000
	-----	-----

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	4,942	40,853
Mineral Property Interest (Note 4)	-	-
	-----	-----
	\$ 4,942	\$ 40,853
=====		
LIABILITIES		
Current		
Accounts payable	\$ 20,251	\$ 1,423
	-----	-----
SHAREHOLDER'S EQUITY (DEFICIENCY)		
Share Capital		
Authorized:		
100,000,000 common shares		
with a par value of		
0.001 per share		
100,000,000 preferred shares		
with a par value of		
0.001 per share		
Issued:		
6,534,000 common shares		
at March 31, 2002 and		
6,204,000 common		
shares at June 30, 2001		
	6,534	6,204
Additional paid-in capital	54,426	44,856
Deficit Accumulated During The Exploration Stage	(76,269)	(11,630)
	-----	-----
	(15,309)	39,430
	-----	-----
	\$ 4,942	\$ 40,853
=====		

PRINCETON VENTURES, INC.
(An Exploration Stage Company)

STATEMENT OF LOSS AND DEFICIT
(Unaudited)
(Stated in U.S. Dollars)

PERIOD

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	THREE MONTHS ENDED MARCH 31 2002	NINE MONTHS ENDED MARCH 31 2002	FROM INCEPTION MAY 10 2001 TO MARCH 31 2002

Expenses			
Mineral property option payments	\$ -	\$ -	\$ 1,075
Administrative expense	-	-	7,962
Professional fees	13,647	35,494	35,494
Transfer fees	-	1,255	1,255
Consulting services	4,500	22,125	22,125
Office and sundry	16	1,265	1,877
Exploration expenses	4,500	4,500	6,481

Net Loss For The Period	22,663	64,639	\$ 76,269
	=====		
Deficit Accumulated During The Exploration Stage, Beginning Of Period	53,606	11,630	

Deficit Accumulated During The Exploration Stage, End Of Period	\$ 76,269	\$ 76,269	
	=====		
Net Loss Per Share	\$ 0.01	\$ 0.01	
	=====		
Weighted Average Number Of Shares Outstanding	6,503,891	6,503,891	
	=====		

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PRINCETON VENTURES, INC.
(An Exploration Stage Company)

STATEMENT OF CASH FLOWS
(Unaudited)
(Stated in U.S. Dollars)

	THREE MONTHS ENDED MARCH 31	NINE MONTHS ENDED MARCH 31	PERIOD FROM INCEPTION MAY 10 2001 TO MARCH 31

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	2002	2002	2002

Cash Flows From Operating Activities			
Net loss for the period	\$ (22,663)	\$ (64,639)	\$ (76,269)
Adjustments To Reconcile Net Loss To Net Cash Used By Operating Activities			
Stock issued for other than cash	-	-	75
Change in prepaid expenses	2,250	4,300	(4,700)
Change in accounts payable	16,279	18,828	20,251

	(4,134)	(41,511)	(60,643)

Cash Flows From Financing Activity			
Issue of share capital	-	9,900	60,885

(Decrease) Increase In Cash	(4,134)	(31,611)	242
Cash, Beginning Of Period	4,376	31,853	-

Cash, End Of Period	\$ 242	\$ 242	\$ 242
	=====		

SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:

Issue Of Share Capital For Mineral Property Interest	\$ -	\$ -	\$ 75
	=====		

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PRINCETON VENTURES, INC.
(An Exploration Stage Company)

STATEMENT OF STOCKHOLDERS' EQUITY

MARCH 31, 2002
(Unaudited)
(Stated in U.S. Dollars)

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	COMMON STOCK			DEFICIT	
	NUMBER OF	PAR	ADDITIONAL	ACCUMULATED	
	COMMON	VALUE	PAID IN	DURING THE	
	SHARES		CAPITAL	EXPLORATION	TOTAL
				STAGE	
Shares issued for cash at \$0.001	3,000,000	\$3,000	\$ -	\$ -	\$ 3,000
Shares issued for cash at \$0.015	3,199,000	3,199	44,786	-	47,985
Shares issued for mineral property interest	5,000	5	70	-	75
Net loss for the period	-	-	-	(11,630)	(11,630)
Balance, June 30, 2001	6,204,000	6,204	44,856	(11,630)	39,430
Shares issued for cash at \$0.03	330,000	330	9,570	-	9,900
Net loss for the period	-	-	-	(64,639)	(64,639)
Balance, March 31, 2002	6,534,000	\$6,534	\$ 54,426	\$ (76,269)	\$ (15,309)

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PRINCETON VENTURES, INC.
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002
(Unaudited)
(Stated in U.S. Dollars)

1. BASIS OF PRESENTATION

The unaudited financial statements as of March 31, 2002, included herein have been prepared without audit pursuant to the rules and regulations of the

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Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with United States generally accepted accounting 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, 2001 audited financial statements and notes thereto.

2. OPERATIONS

Organization

The Company was incorporated in the State of Nevada, U.S.A., on May 10, 2001.

Exploration Stage Activities

The Company has been in the exploration stage since its formation and has not yet realized any revenues from its planned operations. It is primarily engaged in the acquisition and exploration of mining properties. Upon location of a commercial minable reserve, the Company expects to actively prepare the site for its extraction and enter a development stage.

Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern.

As shown in the accompanying financial statements, the Company has incurred a net loss of \$76,269 for the period from May 10, 2001 (inception) to March 31, 2002, and has no sales. The future of the Company is dependent upon its ability to obtain financing and upon future profitable operations from the development of its mineral properties. Management has plans to seek additional capital through a private placement and public offering of its common stock. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

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PRINCETON VENTURES, INC.
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002
(Unaudited)
(Stated in U.S. Dollars)

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.

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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) Mineral Property Option Payments and Exploration Costs

The Company expenses all costs related to the maintenance and exploration of mineral claims in which it has secured exploration rights prior to establishment of proven and probable reserves. To date, the Company has not established the commercial feasibility of its exploration prospects, therefore, all costs are being expensed.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates.

c) Foreign Currency Translation

The Company's functional currency is the U.S. dollar. Transactions in foreign currency are translated into U.S. dollars as follows:

- i) monetary items at the rate prevailing at the balance sheet date;
- ii) non-monetary items at the historical exchange rate;
- iii) revenue and expense at the average rate in effect during the applicable accounting period.

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PRINCETON VENTURES, INC.
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002
(Unaudited)
(Stated in U.S. Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 or all of a deferred tax asset will not be realized, a valuation allowance is recognized.

e) Loss Per Share

Loss per share is calculated using the weighted average number of common shares

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outstanding during the period. Diluted earnings per share is not shown as the effect is anti-dilutive.

4. MINERAL PROPERTY INTEREST

By an agreement, dated May 18, 2001, as amended, the Company acquired an option to earn a 100% interest in a mineral claim located in British Columbia, Canada.

In order to earn its interest, the Company is required to:

- i) pay \$1,000 on execution of the agreement (paid);
- ii) issue a total of 55,000 common shares of the Company, comprising 5,000 upon execution of the agreement (issued), and 50,000 upon completion of the third phase of the exploration program or before June 30, 2003;
- iii) incur an aggregate of \$135,000 on exploration expenditures, comprising \$5,000 by February 28, 2002, \$10,000 on or before June 30, 2002, and \$120,000 on or before June 30, 2003.

5. CONTINGENCY

Mineral Property

The Company's mineral property interest has been acquired pursuant to an option agreement. In order to retain its interest, the Company must satisfy the terms of the option agreement described in Note 4.

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PRINCETON VENTURES, INC.
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002
(Unaudited)
(Stated in U.S. Dollars)

6. COMMITMENT

On July 1, 2001, the Company entered into consulting agreements with two directors. The agreements provide for payments of \$750 per month for each director and expire on June 30, 2003. In the case of each director, the fee will increase to \$5,000 per month in the event that they are required to spend 50% or more of their time performing the duties outlined in each agreement.

7. RELATED PARTY TRANSACTIONS

During the period ended March 31, 2002, the Company paid \$13,500 in consulting fees to two directors pursuant to the agreements referred to Note 6.

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

FORWARD LOOKING STATEMENTS

The information in this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements involve risks and uncertainties, including statements regarding the Company's capital needs, business strategy and expectations. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "expect", "plan", "Intend", "anticipate", "believe", estimate", "predict", "potential" or "continue", the negative of such terms or other comparable terminology. Actual events or results may differ materially. In evaluating these statements, you should consider various risk factors, as set forth below, and, from time to time, in other reports the Company files with the SEC. These factors may cause the Company's actual results to differ materially from any forward-looking statement. The Company disclaims any obligation to publicly update these statements, or disclose any difference between its actual results and those reflected in these statements. The information constitutes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

OVERVIEW

We are in the business of mineral exploration; although, to date, we have only recently commenced our exploration activities. We have obtained an option to acquire a 100% interest in certain mineral claims located in the Lillooet Mining Division of the Province of British Columbia, Canada. We refer to these mineral claims as the Merry mineral claims.

Our objective is to conduct mineral exploration activities on the Merry mineral claims in order to assess whether the Merry mineral claims possesses commercially exploitable reserves of molybdenum or gold. We have not, as yet, identified any commercially exploitable reserves. Our proposed exploration program is designed to search for commercially exploitable deposits. We are an exploration stage company and there is no assurance that a commercially viable mineral deposit exists on our mineral claim.

Merry Mineral Claims Option Agreement

We purchased the option to acquire a 100% interest in the Merry mineral claims pursuant to an agreement dated May 18, 2001 between Mr. Alan Brent Hemingway and us. Mr. Hemingway is the owner of the Merry mineral claims. This option agreement was amended on November 30, 2001 in order to give us additional time in which to complete the exploration expenditures on the Merry mineral claims.

We are entitled to exercise the option to acquire the 100% interest in the Merry mineral claims by:

(A) incurring an aggregate of \$135,000 of property exploration expenditures on the Merry mineral claims within the following periods:

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- (1) \$5,000 on or before February 28, 2002;
- (2) a further \$10,000.00 on or before December 31, 2002;
- (3) a further \$120,000.00 on or before December 31, 2002;

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(B) issuing to Mr. Hemingway 50,000 shares of our common stock upon the completion of the third phase of the exploration program on the Merry mineral claims on or before December 31, 2002.

We have satisfied this initial exploration expenditure requirement due by February 28, 2002 by completing the initial phase of the recommended work program on the Merry mineral claims.

Plan of Operations

Our business plan is to proceed with the exploration of the Merry mineral claims to determine whether these mineral claims possess commercially exploitable reserves of molybdenum and gold. We have proceeded with the first phase of the exploration program recommended by the geological report at a cost of \$5,000. Completion of phase one satisfied the exploration expenditures required to be completed by February 28, 2002 under our option agreement for the Merry mineral claims, as amended.

We have received a geological report summarizing the conclusions and recommendations of the first phase of our exploration program from Mr. Ostler, our consulting geologist. We have reviewed the conclusions and recommendations of Mr. Ostler based on his geological review of the results of the first phase. We have determined that the results of the first phase of exploration are sufficiently positive to warrant proceeding with the second phase of exploration. The budgeted cost of this second phase is \$10,000 which is in excess of our current cash and working capital. We will attempt to raise the funds to complete this second phase through a private placement financing of our common stock. If we are unable to complete a private placement financing, of which there is no assurance, Mr. William Robertson, our chief financial officer and a principal shareholder, has indicated he may advance sufficient funds to enable us to complete the work program. If we are able to raise the additional financing, we will attempt to complete this phase in the summer or fall of 2002 prior to snowfall. We anticipate that we would engage Mr. Ostler to complete this second phase of exploration.

If we determine to complete the second phase of our exploration program, we will assess whether to proceed to the third phase of the recommended geological exploration program upon completion of an assessment of the results of phase two of the geological exploration program. In completing this determination, we will make an assessment as to whether the results of phase two are sufficiently positive to enable us to achieve the financing necessary for use to proceed with phase two of the exploration program. This assessment will include an assessment of our cash reserves after the completion of phase two and the market for financing of mineral exploration projects at the time of our assessment. We anticipate our geologist Mr. Ostler will complete all three phases on our behalf if each are proceeded with and that Mr. Ostler's total fee for such work will total \$135,000, including \$120,000 for the third phase. If we determine to proceed with the third phase, it will not be

possible to start the third phase until the summer of 2003 due to the short snow-free period of access of the mineral claims. The central part of the Merry mineral claims is accessible during the snow free months of the year from May until November, with variations from year to year.

We had cash in the amount of \$242 as of March 31, 2002 and a working capital deficit of \$15,309 as of March 31, 2002. The anticipated cost of the second

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phase of the exploration program is \$10,000. The anticipated cost of the third phase of the exploration program is \$120,000. As these anticipated costs are in excess of our current cash reserves and we have a working capital deficit, we will require additional financing in order to proceed with each of phase two and phase three of our exploration program. We anticipate that additional funding will be in the form of equity financing from the sale of our common stock or a loan from one of our directors, of which there is no assurance. However, we cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of our common stock to fund phase three of the exploration program. We believe that debt financing will not be an alternative for funding phase three of the exploration program. We do not have any arrangements in place for any future equity financing.

We anticipate that we will incur the following expenses over the next twelve months:

1. \$10,000 in connection with the completion of the second phase of our recommended geological work program, if we are able to raise the financing required to proceed with this phase;
2. \$18,000 for payments to Mr. Locke Goldsmith and Mr. William Robertson under their management agreements, of which we have prepaid a total of \$4,700;
3. \$15,000 for operating expenses, including professional legal and accounting expenses associated with our becoming a reporting issuer under the Securities Exchange Act of 1934;

We had cash in the amount of \$242 as of March 31, 2002 and a working capital deficit of \$15,309 as of March 31, 2002. Our total expenditures over the next twelve months are anticipated to be \$28,300, after accounting for prepaid expenditures. Accordingly, we will require additional financing in the minimum amount of approximately \$54,000 to fund our operations for the next twelve months.

If we do not complete the exploration expenditures required under the option agreement for the Merry mineral claims, our option will terminate and we will lose all our rights and interest in the Merry mineral claims. If we do not secure additional financing to incur the required exploration expenditures, we may consider bringing in a joint venture partner to provide the required funding. We have not undertaken any efforts to locate a joint venture partner. In addition, we cannot provide investors with any assurance that we will be able to locate a joint venture partner who will assist us in funding the exploration of the Merry mineral claims. If our option lapses, we plan to pursue the acquisition of an interest in other mineral claims. We anticipate that any future acquisition would involve the acquisition of an option to earn an interest in a mineral claim as we anticipate that we would not have sufficient cash to purchase a mineral claim of sufficient merit to warrant exploration.

Results Of Operations for Nine months ending March 31, 2002

We did not earn any revenues during the nine months ending March 31, 2002. We do not anticipate earning revenues until such time as we have entered into commercial production of our mineral properties. We are presently in the exploration stage and we can provide no assurance that we will discover commercially exploitable levels of mineral resources on our properties, or if such resources are discovered, that we will enter into commercial production of our mineral properties.

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We incurred operating expenses in the amount of \$64,639 for the nine months ended March 31, 2002. The largest component of our operating expenses were professional fees in the amount of \$35,494 during the nine months ending March 31, 2002 that were incurred in connection with our corporate organization and our filing a registration statement with the Securities and Exchange Commission. We anticipate that our professional fees will remain significant due to our ongoing reporting requirements as a reporting company under the Securities Exchange Act of 1934. We paid consulting fees in the amount of \$22,125 during the nine months ended March 31, 2002. These consulting fees included consulting fees in the amount of \$13,500 paid to our two executive officers, Mr. Locke Goldsmith, our Chief Executive Officer, and Mr. William Robertson, our Chief Financial Officer.

We anticipate that we will not incur increased operating expenses until such time as we achieve the financing required to enable us to pursue further exploration of our optioned mineral property. Our operating expenses will increase if we are able to achieve the required financing and determine to proceed with further exploration.

We incurred a loss of \$64,639 for the nine months ending March 31, 2002. Our loss is entirely attributable to our operating expenses.

Liquidity And Capital Resources

We had cash of \$242 as of March 31, 2002 compared to cash of \$31,853 as of June 30, 2001. We had a working capital deficit of \$15,309 as of March 31, 2002 compared to positive working capital of \$39,430 as of June 30, 2001.

We have not attained profitable operations and are dependent upon obtaining financing to pursue exploration activities. For these reasons our auditors stated in their report that they have substantial doubt we will be able to continue as a going concern.

We will require additional financing in order to enable us to proceed with any further exploration of our mineral claims, as discussed above under Plan of Operations, and to complete the required payments and exploration expenditures to maintain our option. In addition, we anticipate that we will require approximately \$54,000 over the next twelve months to pay for our expenses in pursuing our plan of operations, as outlined above. These cash requirements are in excess of our current cash resources. Accordingly, we will require additional financing in order to continue operations. We have no arrangements in place for any additional financing and there is no assurance that we will achieve the

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required additional funding. We have not purchased or sold any plant or significant equipment and do not expect to do so in the foreseeable future.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are not a party to any material legal proceedings and to our knowledge, no such proceedings are threatened or contemplated.

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Item 2. Changes in Securities

We did not complete any sales of our common stock during our fiscal quarter ended March 31, 2002.

Item 3. Defaults upon Senior Securities

None

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

No matters were submitted to our security holders for a vote during the fiscal quarter ending March 31, 2002.

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K.

EXHIBITS REQUIRED BY ITEM 601 OF FORM 8-K

None

REPORTS ON FORM 8-K

None

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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.

Date: May 17, 2002

PRINCETON VENTURES, INC.

By: /s/ WILLIAM ROBERTSON

WILLIAM ROBERTSON
Chief Financial Officer,
Secretary and Treasurer
Director