

CARLETON VENTURES CORP  
Form 10QSB  
August 03, 2004

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 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 **June 30, 2004**

Transition Report Under Section 13 Or 15(D) Of The Securities Exchange Act Of 1934

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

COMMISSION FILE NUMBER **000-50180**

**CARLETON VENTURES CORP.**

(Name of small business issuer in its charter)

**NEVADA**

(State or other jurisdiction of incorporation or organization)

**98-0365605**

(I.R.S. Employer Identification No.)

**Suite 306, 1140 Homer Street, Vancouver, BC**

(Address of principal executive offices)

**V6B 2X6**

(Zip Code)

**604-689-1659**

Issuer's telephone number

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 x No "**

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. **5,640,500 Shares of Common Stock as of July 20, 2004**

Transitional Small Business Disclosure Format (check one): **Yes "** **No x**

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**CARLETON VENTURES CORP.  
QUARTERLY REPORT ON FORM 10-QSB**

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**PART I**

**ITEM 1. Financial Statements**

The following financial statements of Carleton Ventures Corp. (the "Company") are included with this Quarterly Report on Form 10-QSB:

1. Financial Statements (unaudited) for the three month period ended June 30, 2004, including:
  - a. Balance Sheet as at June 30, 2004 and June 30, 2003;
  - b. Statement of Loss and Deficit for the three month period ended June 30, 2004 and the six month period ended June 30, 2004;
  - c. Statements of Cash Flows for the three month period ended June 30, 2004 and the six month period ended June 30, 2004;
  - d. Statement of Stockholders' Equity for the period ended June 30, 2004.
  - e. Notes to Financial Statements.

**CARLETON VENTURES CORP.**  
**(An Exploration Stage Company)**

**FINANCIAL STATEMENTS**

**JUNE 30, 2004**  
**(Unaudited)**  
**(Stated in U.S. Dollars)**

**CARLETON VENTURES CORP.**  
**(An Exploration Stage Company)**

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

	<b>JUNE 30</b>	<b>DECEMBER</b>
	<b>2004</b>	<b>31</b>
		<b>2003</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 10,143	\$ 47
<b>Mineral Property Interest</b> (Note 4)	-	-
	\$ 10,143	\$ 47
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable	\$ 57,585	\$ 37,582
<b>SHAREHOLDERS' DEFICIENCY</b>		
<b>Share Capital</b>		
Authorized:		
100,000,000 Common shares, par value \$0.001 per share		
10,000,000 Preferred shares, par value \$0.001 per share		
Issued and outstanding:		
5,640,500 Common shares at June 30, 2004 and December 31, 2003	5,641	5,641
Additional paid-in capital	85,034	85,034
<b>Deficit Accumulated During The Exploration Stage</b>	<b>(138,117)</b>	<b>(128,210)</b>
	<b>(47,442)</b>	<b>(37,535)</b>
	\$ 10,143	\$ 47

**CARLETON VENTURES CORP.**  
**(An Exploration Stage Company)**

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

	<i><b>THREE MONTHS ENDED JUNE 30</b></i>		<i><b>SIX MONTHS ENDED JUNE 30</b></i>		PERIOD FROM INCEPTION MAY 26
	<b>2004</b>	2003	<b>2004</b>	2003	1999 TO JUNE 30 2004
<b>Expenses</b>					
Professional fees	\$ 788	\$ 2,109	\$ 2,649	\$ 6,919	\$ 52,572
Office and sundry	461	1,228	1,258	1,522	6,627
Office facilities and services	3,000	3,000	6,000	6,000	41,000
Mineral property acquisition and exploration expenditures	-	-	-	-	37,918
<b>Net Loss For The Period</b>	<b>4,249</b>	6,337	<b>9,907</b>	14,441	\$ 138,117
<b>Deficit Accumulated During The Exploration Stage, Beginning Of Period</b>					
	<b>133,868</b>	109,398	<b>128,210</b>	101,294	
<b>Deficit Accumulated During The Exploration Stage, End Of Period</b>					
	\$ <b>138,117</b>	\$ 115,735	\$ <b>138,117</b>	\$ 115,735	
<b>Net Loss Per Share</b>					
	\$ <b>0.02</b>	\$ 0.02	\$ <b>0.02</b>	\$ 0.02	
<b>Weighted Average Number Of Shares Outstanding</b>					
	<b>5,640,500</b>	5,593,797	<b>5,640,500</b>	5,592,157	

**CARLETON VENTURES CORP.**  
**(An Exploration Stage Company)**

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

	<i><b>THREE MONTHS ENDED JUNE 30</b></i>		<i><b>SIX MONTHS ENDED JUNE 30</b></i>		<b>PERIOD FROM INCEPTION MAY 26</b>
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>1999 TO JUNE 30 2004</b>
<b>Cash Flows From Operating Activity</b>					
Net loss for the period	\$ (4,249)	\$ (6,337)	\$ (9,907)	\$ (14,441)	\$ (138,117)
<b>Adjustments To Reconcile Net Loss To Net Cash Used By Operating Activity</b>					
Stock issued for other than cash	-	-	-	-	15,000
Changes in accounts payable	14,215	5,833	20,003	6,631	57,585
	9,966	(504)	10,096	(7,810)	(65,532)
<b>Cash Flows From Financing Activity</b>					
Share capital issued	-	-	-	-	75,675
<b>Increase (Decrease) In Cash</b>	<b>9,966</b>	<b>(504)</b>	<b>10,096</b>	<b>(7,810)</b>	<b>10,143</b>
<b>Cash, Beginning Of Period</b>	<b>177</b>	<b>508</b>	<b>47</b>	<b>7,814</b>	<b>-</b>
<b>Cash, End Of Period</b>	<b>\$ 10,143</b>	<b>\$ 4</b>	<b>\$ 10,143</b>	<b>\$ 4</b>	<b>\$ 10,143</b>
<b>Supplemental Disclosure Of Non-Cash Financing And Investing Activities</b>					
Common shares issued to acquire mineral property interest	\$ -	\$ -	\$ -	\$ -	\$ 15,000

**CARLETON VENTURES CORP.**  
**(An Exploration Stage Company)**

**STATEMENT OF STOCKHOLDERS' DEFICIENCY**

**JUNE 30, 2004**  
**(Unaudited)**  
**(Stated in U.S. Dollars)**

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	DEFICIT ACCUMULATED DURING THE EXPLORATION STAGE
	SHARES	AMOUNT		
Net loss for the period	-	\$ -	\$ -	(2)
December 31, 1999	-	-	-	(2)
Net loss for the year	-	-	-	
Balance, December 31, 2000	-	-	-	(2)
Shares issued for cash at \$0.001	1,500,000	1,500	-	
Shares issued for cash at \$0.01	2,500,000	2,500	22,500	
Shares issued to acquire mineral property interest at \$0.01	1,500,000	1,500	13,500	
Shares issued for cash at \$0.35	90,500	91	31,584	
Net loss for the year	-	-	-	(47)
Balance, December 31, 2001	5,590,500	5,591	67,584	(49)
Shares issued for cash at \$0.35	50,000	50	17,450	
Net loss for the year	-	-	-	(51)
Balance, December 31, 2002	5,640,500	5,641	85,034	(101)
Net loss for the year	-	-	-	(26)
Balance, December 31, 2003	5,640,500	5,641	85,034	(128)
Net loss for the period	-	-	-	(9)
Balance, June 30, 2004	5,640,500	\$ 5,641	\$ 85,034	\$ (138)



**CARLETON VENTURES CORP.**  
**(An Exploration Stage Company)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
**(Unaudited)**  
**(Stated in U.S. Dollars)**

**1. BASIS OF PRESENTATION**

The unaudited financial statements as of June 30, 2004 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 of America 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 consolidated financial statements be read in conjunction with the December 31, 2003 audited financial statements and notes thereto.

**2. NATURE OF OPERATIONS**

a) Organization

The Company was incorporated in the State of Nevada, U.S.A., on May 26, 1999.

b) 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.

c) 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 \$138,117 for the period from inception, May 26, 1999, to June 30, 2004, 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.

**CARLETON VENTURES CORP.**  
**(An Exploration Stage Company)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
**(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 of America. 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) Mineral Property Acquisition Payments and Exploration Costs

The Company expenses all costs related to the acquisition 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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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
**(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) Basic and Diluted Loss Per Share

In accordance with SFAS No. 128 "Earnings Per Share", the basic loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding. Diluted loss per common share is computed similar to basic loss per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. At June 30, 2004, the Company has no stock equivalents that were anti-dilutive and excluded in the earnings per share computation.

**4. MINERAL PROPERTY INTEREST**

Pursuant to an agreement, dated March 14, 2001, the Company has acquired a 100% interest in fourteen mineral claims located in northwestern Elko County, Nevada, in consideration of the cash payment of \$10,052, and the issuance of 1,500,000 common shares with a fair value of \$15,000. Since the Company has not established the commercial feasibility of the mineral claims, the acquisition costs have been expensed.

**5. RELATED PARTY TRANSACTIONS**

- a) During the six months ended June 30, 2004, the Company incurred \$6,000 (2003 - \$6,000) for office facilities and services to a company related by common directors.
- b) Accounts payable at June 30, 2004 includes \$45,454 (2003 - \$14,500) owed to a company related by common directors.
- c) The mineral claims referred to in Note 3 were acquired from a company controlled by a director.

## **ITEM 2. Management's Discussion and Analysis or Plan of Operations**

### Overview

The Company is presently engaged in the exploration of a mineral property in the State of Nevada. The Company has acquired a 100% interest in a mineral property known as the Burner Hills property located in northwestern Elko County, Nevada and consists of fourteen (14) unpatented mineral claims.

The Company made an application to the OTCBB to list its securities and the Company commenced trading May 6, 2004, on the OTC BB under the symbol CVTU.

### Plan Of Operations

The Company has completed Phase I and Phase II of the exploration program on the Burner Hills Property. The Company has commenced Phase III of the exploration program. The total Phase III budget is \$13,000. A fill-in soil grid to compliment the soil orientation grid was completed in August of 2003. To date the IP geophysical survey has not been conducted and would cost an additional US\$10,000. Phase IV would be a 600 meter (2000 feet) drilling program that would cost US\$40,000. The total budget for these two phases would be US\$50,000. It is intended that John Rice, consulting geologist will perform all exploration activities on the Burner Hills property as directed by the Board of Directors.

Senate Capital Group Inc. has advanced \$10,000 in order for the Company to proceed with its Plan to complete Phase III of the exploration program. We anticipate that phase three of the recommended geological exploration program will cost approximately \$13,000 however, our geologist has not yet determined whether we will complete Phase III.

The Company may do an equity private placement to friends and family, relatives, and business associates. This private placement offering would be completed pursuant to exemptions from the prospectus requirements of the British Columbia Securities Act and would be completed pursuant to Regulation S. The offering will be conducted by officers and directors of the Company. The financing may involve shares of common stock and share purchase warrants. The private placement may include existing shareholders of the company and or officers and directors of the Company.

We had \$10,143 in cash reserves as of June 30, 2004 and a working capital deficit of \$47,442 as of June 30, 2004. Senate Capital, a private company controlled by Mr. Dennis Higgs, one of our directors, has advanced to us the funds necessary to enable us to complete Phase III of the exploration program to the extent that we have insufficient cash reserves necessary to pay for this expense, to a maximum of \$13,000, being the budgeted cost of Phase III. We will also determine whether further work is warranted.

We will assess whether to proceed to Phase IV of the recommended geological exploration program upon completion of an assessment of the results of Phase III. In making this determination, we will review the conclusions and recommendations that we receive from Mr. Rice based on his geological review of the results of the first three phases. In making this determination, we will make an assessment as to whether the results of Phase III are sufficiently positive to enable us to obtain the financing necessary to proceed. If we decide to proceed with

the fourth phase of the recommended exploration program, we will have to raise additional funds as the anticipated cost of this fourth phase, which would include a drilling program, is \$40,000. The anticipated cost of the fourth phase of the exploration program is in excess of our projected cash reserves remaining upon completion of Phase III. We anticipate that we could start Phase IV if we determine to proceed with this phase and we are successful in raising the required financing. We would apply to the Bureau of Land Management for the permit required to enable us to proceed with the fourth phase, which would include a drilling program, once we had raised the financing necessary for us to proceed with this fourth phase. We anticipate that we would apply for this permit approximately two months prior to proceeding to commence the fourth phase.

We anticipate that additional funding required to fund future phases of our exploration program will be in the form of equity financing from the sale of our common stock. 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 additional phases of the exploration program, should we decide to proceed with any additional phase beyond phase three. We believe that debt financing will not be an alternative for funding future phases of our exploration program.

If we determine not to proceed with additional exploration on the Burner Hills mineral claims based on the results of Phase III, then we anticipate that we will pursue the acquisition of an interest in an additional mineral property. We anticipate that any acquisition of an interest in an additional mineral property would be made by the acquisition of an option to acquire an interest in the mineral property that would be exercisable by our completing exploration work on the property and making payments to the underlying vendors. We anticipate that the acquisition of an option in a mineral property would be our only feasible plan of operations, as we anticipate that our financial resources after completion of phase three will be insufficient to acquire a full ownership interest in a property of merit. There is no assurance that we would be able to acquire an interest in any additional mineral property or achieve the additional financing necessary for us to proceed with exploration if an interest in an additional mineral property was acquired. Our reasons for pursuing the acquisition of an additional property if we do not continue with exploration of the Burner Hills mineral claims would be to create value for our shareholders, although we anticipate that shareholders would