CARLETON VENTURES CORP
Form 10QSB
August 03, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

x 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	**98-0365605**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Suite 306, 1140 Homer Street, Vancouver, BC	**V6B 2X6**
(Address of principal executive offices)	(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**

CARLETON VENTURES CORP.
QUARTERLY REPORT ON FORM 10-QSB

INDEX

		PAGE
PART I		3
Item 1.	Financial Statements	3
Item 2.	Management's Discussion and Analysis or Plan of Operations	12
Item 3.	Controls and Procedures	16
PART II		17
Item 1.	Legal Proceedings	17
Item 2.	Changes in Securities	17
Item 3.	Defaults Upon Senior Securities	17
Item 4.	Submission of Matters to a Vote of Securities Holders	17
Item 5.	Other Information	17
Item 6.	Exhibits and Reports on Form 8K	17
Signatures		19

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)

		JUNE 30 2004		DECEMBER 31 2003
ASSETS				
Current				
Cash	$	**10,143**	$	47
Mineral Property Interest (Note 4)		**-**		-
	$	**10,143**	$	47
LIABILITIES				
Current				
Accounts payable	$	**57,585**	$	37,582
SHAREHOLDERS' DEFICIENCY				
Share Capital				
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
Deficit Accumulated During The Exploration Stage		**(138,117)**		(128,210)
		(47,442)		(37,535)
	$	**10,143**	$	47

5

CARLETON VENTURES CORP.
(An Exploration Stage Company)

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

	THREE MONTHS ENDED **JUNE 30**		***SIX MONTHS ENDED*** **JUNE 30**		PERIOD FROM INCEPTION MAY 26 1999 TO JUNE 30
	2004	2003	**2004**	2003	2004
Expenses					
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
Net Loss For The Period	**4,249**	6,337	**9,907**	14,441	$ 138,117
Deficit Accumulated During The Exploration Stage, Beginning Of Period	**133,868**	109,398	**128,210**	101,294	
Deficit Accumulated During The Exploration Stage, End Of Period	$ **138,117**	$ 115,735	$ **138,117**	$ 115,735	
Net Loss Per Share	$ **0.02**	$ 0.02	$ **0.02**	$ 0.02	
Weighted Average Number Of Shares Outstanding	**5,640,500**	5,593,797	**5,640,500**	5,592,157	

CARLETON VENTURES CORP.
(An Exploration Stage Company)

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

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30		PERIOD FROM INCEPTION MAY 26 1999 TO JUNE 30
	2004	2003	**2004**	2003	2004
Cash Flows From Operating Activity					
Net loss for the period	$ **(4,249)**	$ (6,337)	$ **(9,907)**	$ (14,441)	$ (138,117)
Adjustments To Reconcile Net Loss To Net Cash Used By Operating Activity					
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)
Cash Flows From Financing Activity					
Share capital issued	**-**	-	**-**	-	75,675
Increase (Decrease) In Cash	**9,966**	(504)	**10,096**	(7,810)	10,143
Cash, Beginning Of Period	**177**	508	**47**	7,814	-
Cash, End Of Period	$ **10,143**	$ 4	$ **10,143**	$ 4	$ 10,143
Supplemental Disclosure Of Non-Cash Financing And Investing Activities					
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 ACCUMULAT DURING TH EXPLORATIO 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.

CARLETON VENTURES CORP.
(An Exploration Stage Company)

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 suffer dilution if we were able to achieve additional financing to explore any new property. We anticipate that any new property would not be acquired in a related-party transaction with one of our officers or directors. We have no present intention to acquire or merge with any other company.

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

$10,000 in connection with the completion of the third phase of our recommended geological work program, if we decide to continue with this phase;

$40,000 in connection with the completion of the fourth phase of our recommended geological work program, if we decide to proceed with this phase;

$22,000 for operating expenses, including professional legal and accounting expenses associated with complying with ongoing reporting obligations under the Securities Exchange Act of 1934. These operating expenses include our expenses under our office and facilities contract with Senate Capital Group, in the amount of $12,000.

We had cash in the amount of $10,143 and a working capital deficit in the amount of $47,442 as of June 30, 2004. Our total expenditures over the next twelve months are anticipated to be approximately $72,000. This total expenditure figure includes the fourth phase of our exploration program and all operating expenses, including legal and accounting fees. We will require additional financing to fund our operations for the next twelve months.

We plan to pursue additional financing in order to fund our plan of operations. We anticipate that any financing would involve private placement sales of our common stock. We can give investors no assurance as to whether we will achieve the financing required to continue our plan of operations or whether the financing will be completed as we are planning. If we do not raise any additional financing at this time, then we will not be able to continue our plan of operations.

Our plan of operations subsequent to the completion of Phase IV will depend on the success of the drilling program completed in Phase IV and on the success of further exploration that we will be required to carry out if we continue with exploration based on the results of Phase IV. If we proceeded to complete Phase IV, we would still be required to carry out further exploration activities, including completion of the following steps:

a) Completion of additional geological analysis, including additional geologic mapping and sampling. We estimate that this additional geological analysis could take approximately three months and cost up to $20,000;

b) Completion of additional road building, drilling and sampling. We estimate that this additional work could take up to three months and cost up to $20,000;

c) Bulk sampling for metallurgical testing and engineering testing of drill samples for mineral recovery rates. We estimate that this additional testing could take approximately six months and cost up to $75,000.

These subsequent exploration activities would be determined based upon the results of the drilling program completed in Phase IV and a geological interpretation of the results of this phase. These results would be the subject of a geological report on the results of Phase IV. The nature of the subsequent exploration activities, the extent of additional exploration activities and the cost of these additional exploration activities would be determined based on the recommendations contained in this geological report. Accordingly, the projected timetable and costs for completing the subsequent exploration activities are estimates only. Even once these additional exploration activities are undertaken, we may still be required to take further exploration activities to establish the commercial viability of our mineral claims. There is no assurance that we would be able to establish the commercial viability of our mineral claims if these additional exploration activities are undertaken.

Even if we are successful in completing our current exploration program and we receive positive results, we will still have to undertake an extensive and expensive drilling program to determine the extent of mineralization on the Burner Hills mineral claims. Even if this further exploration is successful, we will have to undertake expensive engineering and feasibility studies.

If we do not obtain additional financing necessary to conduct continued exploration, 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 our exploration of the Burner Hills mineral claim.

Results of Operations for the Three month period ended June 30, 2004 and the three month period ended June 30, 2003

We did not earn any revenues during the quarter ended June 30, 2004 or the year ended December 31, 2003. 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 of our business 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.

We incurred operating expenses in the amount of $4,249 for the three month period ending June 30, 2004, compared to $6,337 for the three period ending June 30, 2003. Our loss for the quarter ending June 30, 2004 was comprised primarily of office facilities and service and professional fees. We are an exploration company and do not have any revenues to date.

We did not incur any exploration expenditures during the three month period ended June 30, 2004.

We anticipate our operating expenses will increase as we undertake our plan of operations. The increase will be attributable to our continuation of Phase III and the completion of Phase IV of our geological exploration program if we choose to commence Phase IV, and ongoing operating expenses will also increase due to complying with ongoing reporting obligations under the Securities Exchange Act of 1934.

We incurred a loss in the amount of $4,249 for the three month period ending June 30, 2004 compared to $6,337 for the three month period ended June 30, 2003. Our losses were attributable entirely to our operating expenses.

Liquidity and Capital Resources

We had cash of $10,143 as of June 30, 2004, compared to cash of $ $177 as of March 31, 2004. We had a working capital deficit of $47,442 as of June 30, 2004, compared to a working capital deficit of $43,193 as of March 31, 2004.

Senate Capital Group, a private company controlled by Mr. Dennis Higgs, one of our officers and directors, has advanced to us the funds necessary to enable us to continue Phase III of the exploration program to the extent that we have insufficient cash reserves necessary to pay for this expense. This commitment to advance funds is capped at a maximum of $13,000, being the budgeted cost of Phase III. Any funds would be advanced to us as a loan repayable on demand without interest. Senate Capital Group has advanced $13,000.

We had accounts payable of $57,585 as of June 30, 2004. Of this amount, $39,500 was owed to Senate Capital Group. Senate Capital Group has agreed to defer payment of this amount in order to enable us to proceed with Phase III of our recommended exploration program. We anticipate spending $12,000 over the next twelve months in connection with our office and facilities contract with Senate Capital Group. We do not anticipate making any other payments to Senate Capital Group over the next twelve months, other than payment of the deferred management fees outlined above. Carleton's payment of these deferred management fees will only be made if we achieve sufficient additional financing that would enable us to pay these accrued liabilities without impeding our exploration plans. We entered into a legally binding agreement with Senate Capital Group effective December 31, 2002 whereby Senate Capital Group has agreed to defer payment of accrued liabilities in the amount of $26,500 and its monthly management fee of $1,000 per month until such time as we achieve sufficient additional financing that would enable us to pay these accrued liabilities without impeding our exploration plans.

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. In addition, we anticipate that we will require approximately $72,000 over the next twelve months to pay for our ongoing expenses and to complete both Phase III and Phase IV of our recommended exploration program. These expenses include consulting expenses payable to Senate Capital Group in respect of office facilities and services and professional fees associated with our being a reporting company under the Securities Exchange Act of 1934. 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 required additional funding.

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.

ITEM 3. Controls and Procedures.

As required by Rule 13a-15 under the Securities Exchange Act of 1934 (the "Exchange Act"), we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2004, being the date of our most recently completed fiscal quarter. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer, Mr. Dennis Higgs and Chief Financial Officer, Ms. Aileen Lloyd. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting management to material information relating to us required to be included in our periodic SEC filings. There have been no significant changes in our internal controls or in other factors that could significantly affect internal controls subsequent to the date we carried out our evaluation.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

During our most recently completed fiscal quarter ended June 30, 2004, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to affect, our internal control over financial reporting.

The term "internal control over financial reporting" is defined as a process designed by, or under the supervision of, the registrant's principal executive and principal financial officers, or persons performing similar functions, and effected by the registrant's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the registrant;

Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the registrant are being made only in accordance with authorizations of management and directors of the registrant; and

Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the registrant's assets that could have a material effect on the financial statements.

PART II

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 Securities Holders

No matters were submitted to our security holders for a vote during the second quarter of our fiscal year ending December 31, 2004.

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8K

EXHIBITS

	Description of Exhibit
31.1	Sarbanes-Oxley Act Section 302 Certification of Chief Executive Officer (1)
31.2	Sarbanes-Oxley Act Section 302 Certification of Chief Financial Officer (1)
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (1)
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (1)

(1) Filed as an exhibit to this Quarterly Report on Form 10-QSB.

Financials:

The Company's unaudited Financial Statements, as described below, are incorporated as Item 7 of this Form 10-QSB filing

Consolidated Balance Sheet for the three month period ended June 30, 2004;

Statement of Loss and Deficit for the three month period ended June 30, 2004 and the six month period ended June 30, 2004.

Consolidated Statement of Cash Flows for the three month period ended June 30, 2004 and the six month period ended June 30, 2004.

Notes to Consolidated Financial Statements

(a) Reports on Form 8-K.

No reports on Form 8-K were filed during the second quarter of our fiscal year ended December 31, 2004.

SIGNATURES

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

CARLETON VENTURES CORP.

By: *|s| Dennis Higgs*
Dennis Higgs, President and Chief Executive Officer
Director
Date: July 20, 2004