

CARLETON VENTURES CORP
Form 10KSB
April 12, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-KSB

**x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2004

**“ TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from to _____ to _____

Commission file number 000-50180

CARLETON VENTURES CORP.

(Exact Name of Registrant as Specified 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, B.C. V6B 2X6

(Address of Principal Executive Offices, Including Postal Code)

(604) 689-1659

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Name of Exchange on Which Registered

None

None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock

(Title of Each Class)

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities 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 "

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this

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form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. x

State issuers revenues for its most recent fiscal year. Nil

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State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days. (See definition of affiliate in Rule 12b-2 of the Exchange Act.)

\$1,183,350 as of April 6, 2005

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 as of April 6, 2005

CARLETON VENTURES CORP.
FORM 10 -KSB
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Item 1. DESCRIPTION OF BUSINESS

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Form 10-KSB under “Item 1. Business”, “Item 2. Properties”, “Item 3. Legal Proceedings”, and “Item 7. Management’s Discussions and Analysis of Financial Condition and Results of Operations” and elsewhere constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Reform Act”). Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Carleton Ventures Corp., a company organized under the laws of Nevada (the “Company”) to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions; competition; success of operating initiatives; the success (or lack thereof) with respect to the Company’s exploration and development operations on its properties; the Company’s ability to raise capital and the terms thereof; the acquisition of additional properties; changes in business strategy or development plans; future rental revenues; exploration and other property write-downs as hereinafter defined; the continuity, experience and quality of the Company’s management; changes in or failure to comply with government regulations or the lack of government authorization to continue the Company’s projects; and other factors referenced in the Form 10-KSB. The use in this Form 10-KSB of such words as “believes”, “plans”, “anticipates”, “expects”, “intends”, and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. The success of the Company is dependent on the efforts of the Company, its employees and many other factors including, primarily, its ability to raise additional capital and establishing the economic viability of any of its exploration properties.

General Information

The Company is an exploration stage company engaged in the acquisition, exploration and development of mineral properties. The Company has an interest in the property described below under the heading "History and Development of the Company" and "Description of Property". The Company has commenced exploration work on the Burner Hills property in order to ascertain whether the Burner Hills property possesses commercially developable quantities of gold and other precious minerals. There can be no assurance that a commercially viable mineral deposit, or reserve, exists on the Burner Hills property until appropriate exploratory work is done and a comprehensive evaluation based on such work concludes legal and economic feasibility.

History and Development of the Company

Carleton Ventures Corp. (“Carleton” or the “Company”) purchased a 100% interest in fourteen unpatented mineral claims located in Elko County in the State of Nevada from Senate Capital Group Inc. in March 2001. Carleton paid a purchase price of \$10,051.88 and issued 1,500,000 shares of common stock to Senate Capital Group in consideration for these mineral claims. Mr. John Rice, consulting geologist, prepared an initial geological report on the Burner Hills mineral claims in December 2000. This initial geological report summarized the information from previous exploration of the mineral claims and recommended exploration procedures on the mineral claims.

Carleton entered into the mineral property purchase agreement with Senate Capital Group on March 14, 2001. Under the terms of this agreement, Carleton acquired title to the Burner Hills mineral claims and the December 2000 geological report prepared by Mr. Rice in a non-arms-length transaction. Carleton paid to Senate Capital Group the amount of \$10,051.88 and issued to Senate Capital Group a total of

1,500,000 shares of common stock in consideration for this acquisition. The total consideration issued to Senate Capital Group was based on the determination of the value of the Burner Hills mineral claims as being equal to \$25,051.88 as of March 14, 2001. This determination was a subjective determination made by the board of directors based on several factors, including the cost to acquire the mineral claims, the subjective assessment by the board of directors of the results of the December 2000 geological report received from Mr. Rice and the subjective assessment by the board of directors of the market for prospective gold exploration properties of similar merit in the region of the Burner Hills minerals claims. The board of directors did not obtain or consider any evaluation of the Burner Hills mineral claims made by any arms-length party in making this subjective determination. Accordingly, we can give investors no assurance that the value of the Burner Hills mineral claims arrived at by the board of directors is representative of the fair market value of the Burner Hills mineral claims. The cash consideration of \$10,051.88 paid to Senate Capital Group was based on the cost paid by Senate Capital Group to acquire the mineral claims from Mr. Rice. The share consideration issued was based on the last sales price of Carleton's common stock of \$0.01 per share, for total share consideration of \$15,000.

Geological Reports

Carleton received an initial geological evaluation report on the Burner Hills mineral claims prepared by Mr. John A. Rice and dated December 2000. Mr. Rice is a graduate of the Colorado State University and holds a Bachelors of Science degree in Geology (1978) and a Masters of Science degree in Economic Geology (1984) from the Colorado State University. Mr. Rice is a member of the Geological Society of Nevada and the Society of Economic Geologists. Carleton received this December 2000 geological report upon the acquisition of the Burner Hills mineral claims. Carleton received updated reports from Mr. Rice dated August, 2002 outlining the results of Phase I and Phase II, and October, 2003 incorporating the results of exploration work by Mr. Rice on phase three of the geological work program recommended by Mr. Rice.

The purpose of the initial geological report was to summarize the information from the previous exploration of the mineral claims and to recommend exploration procedures on the mineral claims. The initial geological report summarizes the results of the history of the exploration of the mineral claims, the regional and local geology of the mineral claims and the mineralization and the geological formations identified as a result of the prior exploration.

The Burner Hills property is situated in northwestern Elko County, Nevada, on the northern extension of the Carlin Gold trend and its intersection with the northeast striking Getchell Gold trend. The Burner Hills property is located 25 kilometers (16 miles) north-northeast of Midas. It is located in section 12 of unsurveyed T41N, R47E. The property is accessed via a two-track dirt road from County Road 18, a well maintained gravel road that provides access to Midas from either Winnemucca, 136 kilometers (85 miles) to the west, or Elko to the east.

History of the Property

The history of the exploration of the mineral claims is summarized in the geological report that we obtained from Mr. Rice. The following summary of the exploration history of the mineral claims is based on Mr. Rice's description.

The earliest activity in the district began in the 1880's when miners extracted silver-lead ore from the Mint mine. In 1893 mining operations ceased and then a period of renewed activity took place in the 1930's and 1940's. More recent exploration activity by Placer Dome was conducted in 1987-1988. Due to the discovery of a new deposit in the historic mining district of Midas, companies began exploring the area in 1996 and 1997. Anomalous gold and silver assays from rock chips collected by the author encouraged the staking of the 14 lode mining claims in the district in November 2000.

Geology of the Burner Hills Property

In his geological report Mr. Rice concludes that there are three veins that have the potential of hosting economic gold and silver mineralization on the Burner Hills mineral claims. Economic mineralization is the presence of mineralization on our mineral claims in sufficient quantity and concentration and in an accessible location that would justify the commercial extraction of these minerals through an operating mine. Economic mineralization would be identified by delineation of a body of ore by drilling and/or underground sampling to demonstrate that the ore body has a sufficient tonnage and average grade of metals to justify commercial extraction.

The quartz veins identified on the Burner Hills mineral claims are present within volcanic and sedimentary rocks present on the Burner Hills mineral claims. A quartz vein is a body of quartz rock, frequently long and narrow, that may contain gold. Quartz veins that host gold, silver and base metal mineralization are typical of a low sulfidation, epithermal hot-springs gold system. A low sulfidation, epithermal hot-springs gold system is a gold deposit formed by hot-springs activity with low sulfur content.

The primary area of exploration interest on the Burner Hills mineral claims is the area of the Mint Mine, where historic production of silver and lead began in the 1880's. The Mint mine is an abandoned mine located on the Burner Hills mineral claims. The Mint mine is located on a quartz vein known as the Mint vein. The Mine vein refers to a quartz vein identified on the Burner Hills mineral claims. Prospect pits and quartz vein material associated with the Mint vein occur on the surface of the Burner Hills mineral claims over an extent of 450 meters (approximately 1500 feet). A parallel vein to the south of the Mint vein has also been identified on the Burner Hills mineral claims. Mineralization occurring at the junctions of the identified veins are primary exploration targets because of the possibility of locating high grade gold and silver deposits at these structurally prepared intersections.

Mr. Rice notes in his updated report that recent successes in Nevada have occurred in old mining districts with drilling below zones of historic production. The Burner Hills property has this type of potential, and thus, Mr. Rice concludes that it should be thoroughly explored.

Exploration Program

Phase I of the planned exploration work on the property was completed during the 2001 field season. This consisted of geologic mapping and rock chip sampling. Phase II consisted of a soil orientation grid and was completed in the summer of 2002. A fill-in soil grid to compliment the soil orientation grid was completed in August of 2003; this was part of Phase III.

Phase III of the work program consisted of the soil geochemistry orientation survey. A soil geochemistry orientation survey involves the identification of elements or suite of elements present in soil sampled from the mineral claims with the objective of assessing the geology of the mineral claims. Carleton proceeded with a portion of this recommended third phase of the exploration program during the 2003 field season at a cost of \$3,170. This work program was completed by Mr. Rice as our consulting geologist.

Conclusions and Recommendations

Samples collected by Mr. Rice from the Burner Hills mineral claims during phase one of Carleton's exploration program show that the area of the mineral claims is anomalous in gold and highly anomalous with silver, with the best results in the northeast striking veins, the Mint vein and the parallel vein to the south of the Mint vein. Assay results from these rock chip samples indicate that a mineralized system containing gold and silver is present. An assay is a chemical analysis of a rock sample to determine the amounts of metals in the rock sample and to test the rock sample for mineral composition, purity and weight. Anomalous concentrations of gold and silver are defined as concentrations of gold and silver that are statistically significantly greater than the base concentrations of gold and silver that would be expected to be found in the bedrock. The best assay results are from the Mint vein and the parallel vein

identified to the south of the Mint claim. The assay results indicating a mineralized system containing gold and silver are important as we would not proceed to further stages of exploration on the Burner Hills property without assay results indicating mineralization in rock samples taken from the surface of the property.

Based on these assay results, Mr. Rice recommended a further three phase geological work program. This recommendation was based on the conclusion of Mr. Rice that the assay results were indicative of a gold and silver mineralized system below the surface of the Burner Hills mineral claims. The second and third phases of this exploration program were recommended in order to better identify exploration targets. The fourth phase would consist of a modest drilling program of a minimum of three holes.

Carleton accepted the recommendations of the phase one updated geological report and proceeded to complete the second phase of the recommended exploration program in the summer of 2002. Mr. Rice visited the site of the mineral claims and completed the gathering of samples for analysis as part of this phase of exploration. The second phase included the completion of a detailed orientation soil grid. Carleton received the geological report from Mr. John Rice summarizing the results of this second phase and giving further conclusions and recommendations in August 2002.

In his August 2002 geological report, Mr. Rice concluded that the results of the soil survey completed as part of the second phase show that there is a recognizable zone of mineralization present on the Burner Hills mineral claims. This zone is indicated by anomalous values of gold, silver and arsenic. Anomalous values of elements are concentrations that are statistically significantly greater than the base concentrations of elements that would be expected to be found in the bedrock. Mr. Rice concluded that these anomalies correlate with the Mint vein zone. Mr. Rice also concluded that the soil survey agrees with the geological map that the Mint vein is a discontinuous geological structure that trends from the old workings in the northeast to the southwestern edge of the property: a minimum distance of 900 metres (approximately 3000 feet). The gold soil map and silver soil map prepared by Mr. Rice as part of his August 2002 report show that high values of gold and silver are confined to the Mint vein structure. Mr. Rice concluded that these results were encouraging and recommended proceeding to phase three of the recommended exploration program. Phase three involves completion of a soil survey and completion of an induced polarization geophysical survey. An induced polarization geophysical survey will involve the application of a current into the ground using a pair of electrodes and sampling of the results at various locations throughout the mineral claims. The results are then plotted on a map in order to map the lateral and vertical variations in electrical resistivity and chargeability of the minerals present on the claims. These results would then be interpreted by Mr. Rice. The data from this work would be used to define targeted locations for the drilling program to be completed as part of the fourth phase of exploration. The estimated cost of completion of this third phase was \$13,000. This estimate included the costs associated with a geologist's review of the work conducted and interpretation of results.

Part of the Phase III work program consisted of the soil geochemistry orientation survey, which was completed during the 2003 field season. In his geological report dated October, 2003, Mr. Rice recommended that future work be conducted in two phases: continuation of Phase III which would consist of the IP geophysical survey at a cost of \$10,000 and Phase IV which would be to complete a modest drilling program consisting of a minimum of three drill holes.

Senate Capital Group, a private company controlled by Mr. Dennis Higgs, one of our directors, advanced to us \$10,700 in 2004 to continue phase three of the exploration program. Of that amount, \$7470 was available at year end to complete this program. Unless the Company is able to complete an equity financing, it is anticipated that the Company will have to borrow additional funds from Senate Capital Group.

If the Company proceeds to the fourth phase of the recommended exploration program, the estimated cost of completion of this fourth phase is \$40,000. This estimate includes the costs associated with a geologist's review of the work conducted and interpretation of results.

The total cost to complete these two phases of the exploration program is thus estimated to be \$50,000. Carleton's working capital deficit position as of December 31, 2004 was \$57,631. Accordingly, Carleton will require additional financing in order to complete the full four stage exploration program.

Each phase of the recommended work program would include a geological review and interpretation of the results of the phase. The geological review and interpretations required in each phase of the exploration program would be comprised of reviewing the data acquired and analyzing this data to assess the potential mineralization of the mineral claims. Geological review entails the geological study of an area to determine the geological characteristics, identification of rock types and any obvious indications of mineralization. The purpose of undertaking the geological review would be to determine if there is sufficient indication of mineralization to warrant additional exploration. Positive results at each stage of the exploration program would be required to justify continuing with the next phase. Such positive results would include the identification of the zones of mineralization.

Carleton will make a determination whether to proceed with phase four upon completion of phase three and review of the results of this third phase. In making this determination, Carleton will assess whether the results of phase three are sufficiently positive to warrant continuation through phase four of the exploration program. Any conclusions and recommendations will be based on the professional opinion of Mr. Rice or another independent geologist based on the results of the previous phases of exploration. Whether these conclusions and recommendations will warrant further investment will be based on many factors, including the price of gold, the market for shares of junior exploration companies, the market for financing of mineral exploration projects and the individual decisions of investors at the time of their evaluation of an investment. Given these factors, the Company can give investors no assurance as to what recommendations and conclusions arising from the results of phase three will be sufficiently positive for Carleton to proceed with further exploration.

If Carleton determines not to proceed with additional exploration on the Burner Hills mineral claims based on the results of phase three, then Carleton anticipates pursuing the acquisition of an interest in an additional mineral property. Carleton anticipates 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 may be exercisable by completing exploration work on the property. Carleton anticipates that the acquisition of an option in a mineral property is a feasible plan of operations, as the Company's financial resources may be insufficient to acquire a full ownership interest in a property of merit. There is no assurance that Carleton would be able to acquire an interest in any additional mineral properties or achieve the additional financing necessary to proceed with exploration if an interest in an additional mineral property is acquired. The Company has not entered into any project acquisition agreements at this time. There is no assurance that Carleton will be able to complete an acquisition if a mineral property is targeted. Further, Carleton will require additional funds in order to fund exploration activities if an acquisition is completed.

If Carleton is unable to secure a mineral or natural resource property for exploration, then Carleton would pursue the acquisition of another business or business asset. There is no assurance that Carleton would be able to acquire any interest in any other mineral or natural resource property or other business in view of the Company's limited financial resources. Further, Carleton anticipates having to secure further financing in order to conduct any exploration on any mineral or natural resource property or business acquired. There is no assurance that Carleton would be able to secure the required financing or that the Company would achieve profitability if financing was completed.

The following table summarizes the costs of proceeding with the geological exploration program recommended by the geological report:

PROPOSED BUDGET: BURNER HILLS

PHASE III - GEOPHYSICS and SOIL GRID

IP Survey **\$US10,000.00**

Target definition and to explore for structures beneath volcanic rock cover east of the range front.

TOTAL PHASE III **\$US10,000.00**

PHASE IV - DRILLING

Preparation

Permitting **\$1000.00**

Site prep and reclamation **\$1000.00**

Drilling (2000 feet @ \$10 per foot) **\$20,000.00**

mob/demob **\$2,000.00**

Assays (400 @ \$15 per sample) **\$2,000.00**

Geologist (7 days @ \$325 per day) **\$2,275.00**

Reporting **\$1,200.00**

Contingency **\$6,525.00**

TOTAL PHASE IV **\$US40,000.00**

TOTAL PHASE III and IV **\$US50,000.00**

Certain Risk Factors

Early Stage Exploration Company

The exploration for and development of mineral deposits involves significant financial risks over a significant period of time that even a combination of careful evaluations, experience and knowledge may not eliminate. While exploration for minerals may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses are required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to know whether the current exploration programs of the Company will ultimately result in a profitable commercial mining operation.

Financial Risk

Prior to completion of the Company's exploration programs, the Company anticipates that it will incur increased operating expenses without realizing any revenues. The Company expects to incur significant losses into the foreseeable future. If the Company is unable to generate significant revenues from exploration of its mineral claims and the production of minerals thereon, if any, the Company will not be able to earn profits or continue operations. There is no history upon which to base any assumption as to the likelihood that the Company will prove successful, and the Company can provide investors with no assurance that it will generate any operating revenues or ever achieve profitable operations.

Competition

The business of mineral exploration and mining is competitive in all of its phases. In the search for and acquisition of prospective mineral properties, the Company competes with other companies and individuals, including competitors having financial and other resources equal to or greater than that of the

Company. The Company's ultimate success will therefore depend on the extent to which its existing properties are developed, as well as its ability to compete for and acquire suitable producing properties or prospects for mineral exploration in the future, together with its ability to secure adequate financing.

Compliance With Government Regulations

All phases of the Company's operation are subject to environmental regulation. Environmental legislation is evolving toward stricter standards and more vigorous enforcement, including increased fines and penalties for non-compliance. Regulatory requirements encompass more stringent environmental assessment of project proposals, and impose greater responsibilities on corporations and their directors, officers and employees. Future changes in environmental regulatory requirements may result in more complex, costly and time-consuming procedures. The operations of the Company and the further exploration and the development of its properties require various licenses and permits and will be subject to ongoing regulation. There can be no guarantee that the Company will be able to obtain or maintain all permits and licenses that may be required for its activities. Currently, the Company does not have any properties on which commercial mining operations are carried out.

Risks Associated With Mining

The Company's operations are subject to all of the hazards and risks normally incident to the exploration for and development and production of precious minerals, any of which could result in damage for which the Company may be held responsible. Hazards such as unusual or unexpected rock formations, landslides, flooding or other adverse conditions may be encountered in the drilling and removal of material. While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks is such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may decide not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting the Company's earnings and competitive position in the future and potentially, its financial position.

Item 2. DESCRIPTION OF PROPERTY

Carleton purchased fourteen unpatented mineral claims located in Elko County in the State of Nevada from Senate Capital Group Inc. in March 2001.

The Burner Hills mineral claims were recorded with the Bureau of Land Management of the United States Department of the Interior under the following names and claim numbers:

| <u>Name of Mineral Claim</u> | <u>Claim Number</u> |
|------------------------------|---------------------|
| Pepper 1 | NMC#822713 |
| Pepper 2 | NMC#822714 |
| Pepper 3 | NMC#822715 |
| Pepper 4 | NMC#822716 |
| Pepper 5 | NMC#822717 |
| Pepper 6 | NMC#822718 |
| Pepper 7 | NMC#822719 |
| Pepper 8 | NMC#822720 |
| Pepper 9 | NMC#822721 |
| Pepper 10 | NMC#822722 |
| Pepper 11 | NMC#822723 |
| Pepper 12 | NMC#822724 |

| | |
|-----------|------------|
| Pepper 13 | NMC#822725 |
| Pepper 14 | NMC#822726 |

Mr. Rice recorded these claims in November 2000 to cover the main area of potential gold and silver mineralization. Carleton is the legal and beneficial owner of title to the mineral claims, and no other person or entity has any interest in the mineral claims. The mineral claims are unpatented mineral claims that give us a property right to the minerals in the claims and the right to use the surface to extract minerals. Title to the land comprising the mineral claims and the surface resources is owned by the United States.

In order to maintain the mineral claims in good standing, Carleton must pay maintenance fees in lieu of completing exploration work with the Bureau of Land Management of the United States Department of the Interior. Currently, a maintenance fee of \$100 per mineral claim must be paid in each year to maintain the mineral claims for an additional year. In total, Carleton must pay \$1,400 per year to maintain the Burner Hills mineral claims in good standing for each year. However, Carleton paid \$1750 to maintain the claims to September 2005, since there was a proposed increase to \$125 per claim, which has since been retracted. Maintenance of our claims is automatic upon payment of the required maintenance fees. If Carleton fails to pay the maintenance fees, then the mineral claims will lapse and Carleton will lose all interest in these mineral claims. The Company maintained the mineral claims to September 1, 2005 by paying the required maintenance fees to the Bureau of Land Management in August, 2004.

Additional information regarding the Burner Hills claims is provided in Item 1 of this Annual Report entitled "Description of Business".

Item 3. LEGAL PROCEEDINGS

There are no material pending legal proceedings to which the Company or any of its subsidiaries is a party or to which any of their property is subject.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

During this period covered by the Form 10-KSB, the Company did not submit any matters to the Company's security holders to be voted upon.

Item 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The Company began trading May 6, 2004, on the OTC BB under the symbol CVTU. The following table lists the high, low, closing sales prices, and the volume of the Company's common shares for the last eight fiscal quarters:

| For the Period Ending | High | Low | Close | Volume |
|-----------------------|---------|---------|---------|--------|
| 12/31/04 | -0- | -0- | -0- | -0- |
| 09/30/04 | -0- | -0- | -0- | -0- |
| 06/30/04 | \$ 0.10 | \$ 0.10 | \$ 0.10 | 50,000 |

As of March 27, 2005 there were 44 registered shareholders of the Company's common stock.

Limited Public Market for Common Stock

There is presently a limited public market for our common stock in the over-the-counter market under the symbol "CVTU." We have not sold any of our shares without registration under the Securities Act of 1933 during this fiscal year covered by this Annual Report.

Holders of Our Common Stock

As of the date of this Annual Report, there are forty-four (44) registered shareholders.

Dividends

There are no restrictions in our articles of incorporation or bylaws that prevent us from declaring dividends. The Nevada Revised Statutes, however, do prohibit us from declaring dividends where, after giving effect to the distribution of the dividend:

1. We would not be able to pay our debts as they become due in the usual course of business; or
2. Our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

We have not declared any dividends and we do not plan to declare any dividends in the foreseeable future.

Recent Sales of Unregistered Securities

We did not sell any securities without registration under the Securities Act of 1933 during our fiscal year ended December 31, 2004.

Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

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 Company currently does not have sufficient funds to proceed with Phase IV 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 completion of these two phases would be US\$50,000. It is intended that John Rice, consulting geologist will perform the exploration activities on the Burner Hills property as directed by the Board of Directors.

The Company had cash on hand in the amount of \$7,470 as of December 31, 2004. The Company may require additional funding to enable the Company to incur exploration expenditures on the Burner Hills property in order to complete Phase III of the recommended exploration program. In 2004 Senate Capital Group, a private company controlled by Mr. Dennis Higgs, one of our directors, advanced to us \$10,700 to enable us to continue phase three of the exploration program. Of that amount, \$7470 was available at year end to complete this program. We anticipate that we may be required to borrow additional amounts from Senate Capital Group.

Mr. John Rice has requested a quote for the cost and time frame available for the completion of the IP geophysical survey. The Company anticipates completing this survey in the spring of 2005.

The Company will require additional funding in the event that the Company determines to proceed with Phase IV of the exploration program. The anticipated cost of the Phase Four exploration program is \$40,000 which is in excess of the projected cash reserves of the Company upon completion of Phase III of the exploration program. The Company anticipates that additional funding will be in the form of equity financing from the sale of the Company's common stock. There is no assurance that the Company will be able to achieve additional sales of its common stock sufficient to fund Phase Four of the exploration program.

If the Company does not secure additional financing, the Company will not be able to complete Phase IV of the exploration program. In the event that the Company is unable to obtain sufficient financing in this regard, it may be required to abandon the Burner Hills property and lose all rights thereto. The Company may consider bringing in a joint venture partner to provide the required funding, if the Company is unable to obtain the funding by itself and does not want to abandon the Burner Hills property. The Company has not undertaken any efforts to locate a joint venture partner for the Burner Hills property. In addition, there is no assurance that the Company would be able to locate a joint venture partner for the Burner Hills property who would assist the Company in funding the exploration of the Burner Hills property. The Company may pursue acquiring interests in alternate mineral properties in the event of termination of the Burner Hills property.

Although we are continuing with the exploration of the Burner Hills mineral property we are currently investigating other mineral resource properties. There is no assurance that Carleton will be able to complete an acquisition if a mineral property is targeted.

Results of Operations.

For the Year Ended December 31, 2004

The Company is in the exploration stage and has no revenues from operations in Fiscal 2004. None of its mineral properties have proven to be commercially developable and as a result, the Company has not generated any revenue from these activities. The Company capitalizes expenditures associated with the direct acquisition, evaluation and exploration of mineral properties. When an area is disproved or abandoned, the acquisition costs and related deferred expenditures are written-off.

The Company's general and administrative expenses were \$20,096 for the period ending December, 2004 compared to \$26,916 for the period ending December, 2003. This is the Company's fourth year of operations. The Company anticipates that general and administrative expenses will increase in Fiscal 2005 if the Company moves ahead with the further exploration of its mineral property or acquires an interest in additional mineral properties.

Liquidity and Capital Resources.

The Company's primary source of funds since incorporation has been through the issue of its common stock. The Company has no revenue from mining to date and does not anticipate mining revenues in the foreseeable future.

The Company does not know of any trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the Company's liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in the Company's liquidity are substantially determined by the success or failure of the Company's exploration programs or the future acquisition of projects.

The Company's cash position at December 31, 2004 was \$7,470.

The Company has not recorded any write-offs as of December 31, 2004.

At December 31, 2004, the Company had a working capital deficit of \$57,631.

In 2004, Senate Capital Group, a private company controlled by Mr. Dennis Higgs, one of our directors, has advanced to us \$10,700 to enable us to continue phase three of the exploration program. Of that amount, \$7470 was available at year end to complete this program. Any funds would be advanced to us as a loan repayable on demand without interest. We anticipate that we may be required to borrow additional amounts from Senate Capital Group.

The balance of the Company's cash needs through the second half of Fiscal 2005 are expected to come from an equity financing. The Company intends to raise any required additional funds by selling equity securities.

Item 7. FINANCIAL STATEMENTS

The Financial Statements of Carleton Ventures Corp., the Notes to Financial Statements and the Auditor's Report of Morgan & Company, chartered accountants, required by this Item 7 are included herewith to this Form 10-KSB.

Financials:

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

Report of Independent Registered Public Accounting Firm of Morgan & Company dated March 18, 2005.

Balance Sheets as at December 31, 2004 and 2003.

Statements of Operations for the years ended December 31, 2004, 2003 and 2002

Statements of Cash Flows for the years ended December 31, 2004, 2003 and 2002.

Statement of Stockholders' Deficiency Notes to Financial Statements

CARLETON VENTURES CORP.
(An Exploration Stage Company)

FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003
(Stated in U.S. Dollars)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Directors of
Carleton Ventures Corp.
(An exploration stage company)

We have audited the accompanying balance sheets of Carleton Ventures Corp. (an exploration stage company) as at December 31, 2004 and 2003, and the related statements of operations, cash flows, and stockholders' deficiency for the years ended December 31, 2004, 2003, and 2002, and for the cumulative period from May 26, 1999 (date of inception) to December 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2004 and 2003, and the results of its operations and its cash flows for the periods indicated in conformity with United States generally accepted accounting principles.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company incurred a net loss of \$148,306 since inception, has not attained profitable operations and is dependent upon obtaining adequate financing to fulfil its exploration activities. These factors raise substantial doubt that the Company will be able to continue as a going concern. Management's plans in regard to these matters are also discussed in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Vancouver, Canada

"Morgan & Company"

March 18, 2005

Chartered Accountants

Tel: (604) 687-5841
Fax: (604) 687-0075
www.morgan-cas.com

P.O. Box 10007 Pacific Centre
Suite 1488 - 700 West Georgia Street
Vancouver, B.C. V7Y 1A1

CARLETON VENTURES CORP.
(An Exploration Stage Company)

BALANCE SHEETS
(Stated in U.S. Dollars)

| | <u>DECEMBER 31</u> | |
|--|--------------------|------------------|
| | 2004 | 2003 |
| ASSETS | | |
| Current | | |
| Cash | \$ 7,470 | \$ 47 |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities (Note 4(b)) | \$ 54,401 | \$ 37,582 |
| Loan payable (Note 4(c)) | 10,700 | - |
| | 65,101 | 37,582 |
| STOCKHOLDERS' 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 December 31, 2004 and 2003 | 5,641 | 5,641 |
| Additional paid-in capital | 85,034 | 85,034 |
| Deficit Accumulated During The Exploration Stage | (148,306) | (128,210) |
| | (57,631) | (37,535) |
| | \$ 7,470 | \$ 47 |

CARLETON VENTURES CORP.
(An Exploration Stage Company)

STATEMENTS OF OPERATIONS
(Stated in U.S. Dollars)

| | YEARS ENDED DECEMBER 31 | | | CUMULATIVE PERIOD FROM INCEPTION MAY 26 1999 TO DECEMBER 31 2004 |
|---|--|------------------|------------------|---|
| | 2004 | 2003 | 2002 | 2004 |
| Revenue | \$ - | \$ - | \$ - | \$ - |
| Expenses | | | | |
| Mineral property acquisition and exploration expenditures | 1,869 | 3,170 | 5,605 | 39,787 |
| Office and sundry | 1,602 | 3,586 | 400 | 6,971 |
| Office facilities and services (Note 4(a)) | 12,000 | 12,000 | 12,000 | 47,000 |
| Professional fees | 4,625 | 8,160 | 33,666 | 54,548 |
| Net Loss For The Period | \$ 20,096 | \$ 26,916 | \$ 51,671 | \$ 148,306 |
| Basic And Diluted Loss Per Share | \$ (0.01) | \$ (0.01) | (0.01) | |
| Weighted Average Number Of Shares Outstanding | 5,640,500 | 5,640,500 | 5,616,527 | |

CARLETON VENTURES CORP.
(An Exploration Stage Company)

STATEMENTS OF CASH FLOWS
(Stated in U.S. Dollars)

| | <u>YEARS</u> <u>ENDED</u> | | | CUMULATIVE PERIOD FROM INCEPTION MAY 26 |
|---|------------------------------|------------------------|-----------------|--|
| | 2004 | DECEMBER 31 2003 | 2002 | 1999 TO DECEMBER 31 2004 |
| Cash Flows From Operating Activities | | | | |
| Net loss for the period | \$ (20,096) | \$ (26,916) | \$ (51,671) | \$ (148,306) |
| Adjustments To Reconcile Net Loss To Net Cash Used By Operating Activities | | | | |
| Stock issued for other than cash | - | - | - | 15,000 |
| Changes in accounts payable and accrued liabilities | 16,819 | 19,149 | 11,409 | 54,401 |
| | (3,277) | (7,767) | (40,262) | (78,905) |
| Cash Flows From Financing Activities | | | | |
| Share capital issued | - | - | 17,500 | 75,675 |
| Loan payable | 10,700 | - | - | 10,700 |
| | 10,700 | - | 17,500 | 86,375 |
| Increase (Decrease) In Cash | 7,423 | (7,767) | (22,762) | 7,470 |
| Cash, Beginning Of Period | 47 | 7,814 | 30,576 | - |
| Cash, End Of Period | \$ 7,470 | \$ 47 | \$ 7,814 | \$ 7,470 |
| Supplemental Disclosure Of Cash Flow Information | | | | |
| Interest paid | \$ - | \$ - | \$ - | - |
| Income taxes paid | - | - | - | - |
| Supplemental Disclosure Of Non-Cash Financing And Investing Activities | | | | |

| | | | | | | |
|--------------------------|----|---|----|---|----|--------|
| Common shares issued to | | | | | | |
| acquire mineral property | | | | | | |
| interest | \$ | - | \$ | - | \$ | - |
| | | | | | | 15,000 |

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CARLETON VENTURES CORP.
(An Exploration Stage Company)

STATEMENT OF STOCKHOLDERS' DEFICIENCY
PERIOD FROM INCEPTION, MAY 26, 1999 TO DECEMBER 31, 2004
(Stated in U.S. Dollars)

| | COMMON STOCK | | | DEFICIT | |
|---|--------------|----------|----------------------------------|---|-------------|
| | SHARES | AMOUNT | ADDITIONAL PAID-IN CAPITAL | ACCUMULATED DURING THE EXPLORATION STAGE | TOTAL |
| Balance, May 26, 1999 (Date of incorporation) | - | \$ - | \$ - | \$ - | \$ - |
| Net loss for the period | - | - | - | (2,465) | (2,465) |
| Balance, December 31, 1999 | - | - | - | (2,465) | (2,465) |
| Net loss for the year | - | - | - | - | - |
| Balance, December 31, 2000 | - | - | - | (2,465) | (2,465) |
| Shares issued for cash at \$0.001 | 1,500,000 | 1,500 | - | - | 1,500 |
| Shares issued for cash at \$0.01 | 2,500,000 | 2,500 | 22,500 | - | 25,000 |
| Shares issued to acquire mineral property interest at \$0.01 | 1,500,000 | 1,500 | 13,500 | - | 15,000 |
| Shares issued for cash at \$0.35 | 90,500 | 91 | 31,584 | - | 31,675 |
| Net loss for the year | - | - | - | (47,158) | (47,158) |
| Balance, December 31, 2001 | 5,590,500 | 5,591 | 67,584 | (49,623) | 23,552 |
| Shares issued for cash at \$0.35 | 50,000 | 50 | 17,450 | - | 17,500 |
| Net loss for the year | - | - | - | (51,671) | (51,671) |
| Balance, December 31, 2002 | 5,640,500 | 5,641 | 85,034 | (101,294) | (10,619) |
| Net loss for the year | - | - | - | (26,916) | (26,916) |
| Balance, December 31, 2003 | 5,640,500 | 5,641 | 85,034 | (128,210) | (37,535) |
| Net loss for the year | - | - | - | (20,096) | (20,096) |
| Balance, December 31, 2004 | 5,640,500 | \$ 5,641 | \$ 85,034 | \$ (148,306) | \$ (57,631) |

CARLETON VENTURES CORP.
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003
(Stated in U.S. Dollars)

1. 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 \$148,306 for the period from inception, May 26, 1999, to December 31, 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.

2. 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.

CARLETON VENTURES CORP.
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003
(Stated in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CARLETON VENTURES CORP.
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003
(Stated in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 December 31, 2004, the Company has no stock equivalents that were anti-dilutive and excluded in the earnings per share computation.

f) New Accounting Standards

Management does not believe that any recently issued, but not yet effective, accounting standards, if currently adopted, could have a material effect on the accompanying financial statements.

3. 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.

4. RELATED PARTY TRANSACTIONS

- a) During the year ended December 31, 2004, the Company incurred \$12,000 (2003 - \$12,000) for office facilities and services to a company related by common directors.
- b) Accounts payable at December 31, 2004 includes \$966 (2003 - \$700) owed to a director and \$39,157 (2003 - \$27,157) owed to a company related by common directors.
- c) Loan payable at December 31, 2004 in the amount of \$10,700 (2003 - \$0) is owed to a company related by common directors. The loan is interest free with no specific terms of repayment.
- d) The mineral claims referred to in Note 3 were acquired from a company controlled by a director.

Item 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

Item 8A 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 December 31, 2003, being the date of our most recently completed fiscal year. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer, Mr. Glenn Catchpole and Ms. Aileen Lloyd, Chief Financial Officer. Based upon that evaluation, our Chief Executive 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.

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 year ended December 31, 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 statement.

Item 8B OTHER INFORMATION

Not applicable.

**Item 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS;
COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT**

The directors and officers of the Company as of March , 2005 are as follows:

| <u>Name</u> | <u>Position with Registrant</u> | <u>Served as a Director or Officer Since</u> |
|-----------------------------|---|--|
| Glenn Catchpole | President and Chief Executive Officer | March 1, 2005 |
| Aileen Lloyd | Secretary, Treasurer Chief Financial Officer | May 26, 1999 |
| Dennis Higgs | Director | May 26, 1999 |
| Paul Saxton | Director | October 26, 2004 |
| Dr. Gerhard Kirchner | Director | March 13, 2005 |

Mr. Glenn Catchpole was appointed to the Board March 1, 2005. Mr. Catchpole is a licensed engineer who holds an M.S. in civil engineering from Colorado State University. He has been active in the uranium solution mining industry since 1978, holding various positions including well field engineer, project manager, general manager and managing director of several uranium solution mining operations.

In 1988 Mr. Catchpole joined Uranerz U.S.A., Inc. and Uranerz Exploration and Mining and became Director of Regulatory Affairs, Environmental Engineering and Solution Mining. Mr. Catchpole's responsibilities included the monitoring and oversight of the environmental and regulatory aspects of two large uranium mines in Canada and the operational aspects of one uranium solution mine in the United States. In 1996 Mr. Catchpole was appointed General Manager and Managing Director of the Inkai uranium solution mining project located in the Republic of Kazakhstan (Central Asia). In 1998 Cameco Corporation acquired Uranerz U.S.A. Inc., and Mr. Catchpole continued his post with the Inkai project. Following his departure from Cameco in 2002, Mr. Catchpole has been an independent consulting engineer providing project management to the oil and gas, mining, and construction industries.

Ms. Aileen Lloyd is the Secretary, Treasurer and Chief Financial Officer and is a member of the board of directors. Ms. Lloyd was appointed to the board of directors and as secretary, treasurer and chief financial officer on May 26, 1999.

Ms. Lloyd has been an administrative assistant with Senate Capital Group Inc., a private venture capital and management consulting company, since October 1990. In this position she provides management services to publicly traded companies.

Ms. Lloyd is a director of Miranda Gold Corp. a Canadian public reporting gold exploration company since May 1993. In this position, Ms. Lloyd provides management services.

Mr. Dennis Higgs is a member of the board of directors. Mr. Higgs was appointed to the board of directors as President and Chief Executive Officer on May 26, 1999, and resigned as President and Chief Executive Officer on March 1, 2005.

In 1981, Mr. Higgs graduated from the University of British Columbia, Vancouver, B.C. with a Bachelor of Commerce degree. He then completed the Canadian Securities Course conducted by the Canadian Securities Institute of Toronto, Canada. In 1982, Mr. Higgs completed The Registered Representatives Exam also conducted by the Canadian Securities Institute, Toronto, Canada. In 1983, Mr. Higgs completed the Canadian Options Course offered by the Canadian Securities Institute, Canada.

Mr. Higgs also serves as a director and officer of Miranda Gold Corp., a Canadian public reporting gold exploration company, since May 1993. In this position, Mr. Higgs provides management consulting services to Miranda Gold Corp.

Mr. Higgs is a director and officer of Senate Capital Group Inc., a British Columbia company since July 1990. In this position, Mr. Higgs provides management consulting and investor relations services.

Mr. Paul Saxton was appointed to the Board of Directors October 26 2004. Mr. Saxton is a mining engineer who also holds an MBA from the University of Western Ontario. He has been active in the mining industry since 1969, holding various positions including mining engineer, mine superintendent, president and chief executive officer of numerous Canadian mining companies. Following 10 years with Cominco, Mr. Saxton became vice-president and president of Mascot Gold Mines Ltd., initially working on the design and construction of the Nickel Plate mine in British Columbia, Canada. Subsequently Mr. Saxton became a vice-president of Corona Corporation where he was responsible for western operations and exploration for the company and was instrumental in the re-opening of the Nickel Plate Mine. In 1989, Mr. Saxton was appointed senior vice-president of Viceroy Resource Corporation where he was responsible for obtaining financing and the construction and operations of the Castle Mountain mine in California. In 1994, Mr. Saxton was appointed as president of Loki Gold Corporation and Baja Gold Inc. where he was responsible for arranging mine financing and bringing the Brewery Creek Gold mine into production. Following his departure from Viceroy in 1998, Mr. Saxton became president of Standard Mining Corp., organizing the company and supervising its exploration activities until 2001, when Standard Mining Corp. was merged with Doublestar Resources Ltd. In March 2004, Mr. Saxton was appointed as a director and president of Lincoln Gold Corporation, a company engaged in mineral exploration in the State of Nevada.

Dr. Gherhard F. Kirchner was appointed to the Board March 13, 2005. Dr. Kirchner has 40 years of international mine development and management experience including 20 years with Uranerz Exploration and Mining Ltd. At Uranerz, Dr. Kirchner spent nine years as General Manager and 11 years as Senior Vice President. He and his team were responsible for the Key Lake uranium discovery and the engineering and development of projects such as the Midwest uranium deposit, Eagle Point North uranium deposit, Star Lake gold deposit and the Crow Butte ISL uranium deposit.

Previous to his work with Uranerz, Dr. Kirchner spent six years developing and managing the Kamoto Mine in Kolwezi, Zaire; four years consulting on mining and civil engineering projects in several countries including Surinam, Nigeria and Congo; five years as a mine superintendent and exploration manager in Greenland where he discovered the Molybdenum Porphyry Erzberg; and three years as a project engineer on dams in Austria and Japan and road projects in Saudi Arabia.

Dr. Kirchner received a multidisciplinary education in mining engineering and economic geology and a Doctorate in Mining Sciences from the University of Leoben, Austria.

Audit Committee

We do not have an audit committee financial expert on our board of directors due to the fact that our operations are at a very early stage.

Code of Ethics

The Company has not adopted a code of ethics as we are at a very early stage. The Company will pursue adopting a written code of ethics. To date, the Board of Directors have conducted the affairs of the Company consistent with the applicable laws and regulations of the United States and the states.

Compliance with Section 16(a) of the Securities Exchange Act.

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who beneficially own more than ten percent of our equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Officers, directors and greater than ten percent shareholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file. Based on our review of the copies of such forms received by us, we believe that during the fiscal year ended December 31, 2004 all such filing requirements applicable to our officers and directors were complied with.

Certain Significant Employees or Consultants

The Company has consulting relationships with other geologists and persons that are included in its projects and properties from time to time.

Committees

Currently, the Board of Directors has no separate audit, nominating or compensation committees and acts as such as an entire Board. We do not have an audit committee expert.

Item 10. EXECUTIVE COMPENSATION**Compensation of Directors and Executive Officers**

| <i>SUMMARY COMPENSATION TABLE</i> | | | | | | | | | |
|-----------------------------------|--|------|----------------------------|-------|---------------------------|-------------------------------|--------------------|-------------------|------------------------|
| Name | Title | Year | <i>ANNUAL COMPENSATION</i> | | | <i>LONG TERM COMPENSATION</i> | | | |
| | | | Salary | Bonus | Other Annual Compensation | AWARDS | | PAYOUTS | |
| | | | | | | Restricted Stock Awarded | Options/SARs * (#) | LTIP payouts (\$) | All Other Compensation |
| Dennis Higgs (1) | Former President, Chief Executive Officer, Chief Financial Officer | 2004 | \$0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | 2003 | \$0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | 2002 | \$0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | |
|--|-----------------|--|--|--|--|--|--|--|--|
| | and Director | | | | | | | | |
|--|-----------------|--|--|--|--|--|--|--|--|

(1) Mr. Higgs resigned as our president and chief executive officer on March 1, 2005.

Stock Option Grants

We did not grant any stock options to our directors and officers, including our named executive officer, during our fiscal year ended December 31, 2004.

Exercises of Stock Options and Year-End Option Values

No share purchase options were exercised by any of our directors and officers, including our named executive officer, during our fiscal year ended December 31, 2004.

Long-Term Incentive Plans

We do not have any long-term incentive plans, pension plans, or similar compensatory plans for our directors or executive officers.

Employment Contracts

We do not have any employment contracts with any of our officers or directors.

Directors

The Directors of the Company did not receive cash compensation by the Company for their service as directors during the most recently completed fiscal year.

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information concerning the number of shares of our common stock owned beneficially as of March 1, 2005 by: (i) each person (including any group) known to us to own more than five percent (5%) of any class of our voting securities, (ii) each of our directors, (iii) each of our named executive officers; and (iv) officers and directors as a group. Unless otherwise indicated, the shareholders listed possess sole voting and investment power with respect to the shares shown.

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| Title of class | Name and address of beneficial owner | Number of Shares of Common Stock | Percentage of Common Stock ⁽¹⁾ |
|---|---|----------------------------------|---|
| DIRECTORS AND EXECUTIVE OFFICERS | | | |
| Common Stock | Dennis Higgs Director Suite 306 – 1140 Homer Street Vancouver, British Columbia Canada V6B 2X6 | 2,250,000 shares ⁽²⁾ | 39.9% |
| Common Stock | Aileen Lloyd Director, Secretary, Treasurer and Chief Financial Officer Suite 306 – 1140 Homer Street Vancouver, British Columbia Canada V6B 2X6 (3) | 1,000,000 shares ⁽³⁾ | 17.7% |
| Common Stock | Glenn Catchpole Director, President 222 Carriage Circle Cheyenne, WY, 82009 | Nil | |
| Common Stock | Paul Saxton Director 188 Stonegate Drive Fury Creek, B.C., V0N 3G4 | Nil | |
| Common Stock | Dr. Gerhard F. Kirchner Suite 103 – 10471 – 178 Street Edmonton, Alberta, T59 1R5 | Nil | |
| Common Stock | All Officers and Directors as a Group (2 persons) | 3,250,000 shares | 57.6% |
| 5% STOCKHOLDERS | | | |
| Common Stock | Eric G. Fergie 2221 Venables St. Vancouver, BC Canada V5V 2J5 | 300,000 shares | 5.3 % |

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| | | | |
|--------------|---|-------------------------------|-------|
| Common Stock | Darcy Higgs 4756 Drummond Drive Vancouver, BC Canada V6R 1K8 | 700,000 shares ⁽⁴⁾ | 12.4% |
| Common Stock | Carleen Higgs 4756 Drummond Drive Vancouver, BC Canada V6R 1K8 | 700,000 shares ⁽⁵⁾ | 12.4% |

- (1) The percent of class is based on 5,640,500 shares of common stock issued and outstanding as of March 1, 2005.
- (2) Includes 375,000 shares in the name of Dennis Higgs, 375,000 shares held in the name of Senate Equities Corp., which is wholly owned by Menace Capital Corp., which is in turn wholly owned by Dennis Higgs, and 1,500,000 shares were acquired in the name of Senate Capital Group Inc. in exchange for the assignment of the mineral claims. Senate Capital is wholly owned by Dennis Higgs.
- (3) Includes 750,000 shares in the name of Aileen Lloyd and 250,000 in the name of her husband, Gordon Lloyd.
- (4) Includes 350,000 shares in the name of Darcy Higgs and 350,000 shares in the name of Santorini Investment Corp., a private company controlled by Carleen Higgs, the wife of Darcy Higgs.
- (5) Includes 350,000 shares in the name of Santorini Investment Corp., a private company controlled by Carleen Higgs, and 350,000 shares in the name of Darcy Higgs, the husband of Carleen Higgs.

It is believed by us that all persons named have full voting and investment power with respect to the shares indicated, unless otherwise noted in the table. Under the rules of the Securities and Exchange Commission, a person (or group of persons) is deemed to be a "beneficial owner" of a security if he or she, directly or indirectly, has or shares the power to vote or to direct the voting of such security, or the power to dispose of or to direct the disposition of such security. Accordingly, more than one person may be deemed to be a beneficial owner of the same security. A person is also deemed to be a beneficial owner of any security, which that person has the right to acquire within 60 days, such as options or warrants to purchase our common stock.

Item 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None of the following parties has, since our date of incorporation, had any material interest, direct or indirect, in any transaction with us or in any presently proposed transaction that has or will materially affect us, other than noted in this section:

- Any of our directors or officers;
- Any person proposed as a nominee for election as a director;
- Any person who beneficially owns, directly or indirectly, shares carrying more than 10% of the voting rights attached to our outstanding shares of common stock;
- Any of our promoters;
- Any relative or spouse of any of the foregoing persons who has the same house as such person.

Mr. Dennis Higgs, President, Chief Executive Officer, and director, acquired 375,000 shares of our common stock in his own name at a price of \$0.001 US per share on February 26, 2001. Mr. Dennis Higgs paid a total purchase price of \$375 for these shares. Senate Equities Corp., a company that is wholly owned and operated by Menace Capital Corp., acquired 375,000 shares of our common stock at a price of \$0.001 US per share on February 26, 2001. Senate Equities Corp. paid a total purchase price of \$375 for these shares. Mr. Dennis Higgs is the sole stockholder of Menace Capital Corp, which is the sole shareholder of Senate Equities Corp.

In addition to this acquisition of stock, Mr. Dennis Higgs acquired a beneficial interest in 1,500,000 shares of the Company's common stock through the issuance of common stock to Senate Capital Group Inc. in exchange for its assignment of the Burner Hills mineral claims. Mr. Dennis Higgs owns all of the stock of Senate Capital Group. Senate Capital Group also received \$10,051.88 as part of this transaction.

In addition, Senate Capital Group has entered into an office facilities and service contract with the Company in which it provides office space, services, phones and equipment usage in exchange for a payment of \$1,000 per month. Through December 31, 2004, \$47,000 had been charged to the Company under this agreement,

of which \$32,500 has been accrued and \$14,500 has been paid. Carleton entered into a legally binding agreement with Senate Capital Group effective September 30, 2002 whereby Senate Capital Group has agreed to defer payment of accrued liabilities in the amount of \$20,500 and its monthly management fee of \$1,000 per month until such time as the Company achieves sufficient additional financing that would enable us to pay these accrued liabilities without impeding its exploration plans.

In 2004 Senate Capital Group advanced \$10,700 to enable Carleton to continue phase three of the exploration program. Of that amount, \$7470 was available at year end to complete this program. This commitment to advance funds is capped at a maximum of \$13,000, being the budgeted cost of phase three. Any funds that would be advanced as a loan is repayable on demand without interest. We anticipate that we may be required to borrow additional amounts from Senate Capital Group.

Ms. Lloyd, Secretary, Treasurer and Chief Financial Officer, acquired 750,000 shares of the Company's common stock at a price of \$0.001 US per share on February 26, 2001. Ms. Lloyd paid a total purchase price of \$750 for these shares. Gordon Lloyd, the husband of Aileen Lloyd, acquired 250,000 shares of the Company's common stock at a price of \$0.01 per share for a total cash acquisition cost of \$2,500 on March 12, 2001.

Mr. Darcy Higgs, a greater than 5% shareholder, acquired 350,000 shares of the Company's common stock at a price of \$0.01 per share for a total cash acquisition cost of \$3,500 on March 12, 2001. Santorini Investment Corp., a private company controlled by Carleen Higgs, the wife of Darcy Higgs, acquired 350,000 shares of common stock at a price of \$0.01 per share for a total cash acquisition cost of \$3,500 on March 12, 2001.

Mr. Eric Fergie, a greater than 5% shareholder, acquired 300,000 shares of the Company's common stock at a price of \$0.01 per share for a total cash acquisition cost of \$3,000 on March 12, 2001.

Item 13. EXHIBITS

(a) Exhibits:

| Exhibit Number | Description |
|-------------------|---|
| 3.1 | Articles of Incorporation ⁽¹⁾ |
| 3.2 | Bylaws, as amended ⁽¹⁾ |
| 4.1 | Share Certificate ⁽¹⁾ |
| 10.1 | Mineral Property Purchase Agreement between the Company and Senate Equities Corp. dated March 14, 2001 ⁽¹⁾ |
| 10.2 | Office Facilities and Services Contract ⁽²⁾ |
| 10.3 | Agreement between the Company and Senate Capital Group dated September 30, 2002 regarding deferral of payment of amounts owing under Office Facilities and Services Contract ⁽³⁾ |
| 10.4 | Funding Commitment Letter of Senate Capital Group ⁽⁴⁾ |
| 23.1 | Consent of Morgan & Company, Chartered Accountants ⁽⁴⁾ |

| | |
|------|--|
| 23.2 | Consent of John A. Rice, Consulting Geologist ⁽⁴⁾ |
| 99.1 | Updated Geological Report dated October, 2003 ⁽⁵⁾ |
| 31.1 | <u>Certification of CEO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002:</u> ⁽⁶⁾ |
| 31.2 | <u>Certification of CFO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002:</u> ⁽⁶⁾ |
| 32.1 | <u>Certification of CEO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u> ⁽⁶⁾ |
| 32.2 | <u>Certification of CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u> ⁽⁶⁾ |

(1) Previously filed with the Securities and Exchange Commission as an exhibit to the Registrant's Form SB-2 filed March 15, 2002.

(2) Previously filed with the Securities and Exchange Commission as an exhibit to the Registrant's Form SB-2 Amendment 1 filed June 28, 2002.

(3) Previously filed with the Securities and Exchange Commission as an exhibit to the Form SB-2 Amendment 4 filed December 18, 2002.

(4) Previously filed with the Securities and Exchange Commission as an exhibit to the Form SB-2 Amendment 5 filed January 27, 2003.

(5) Previously filed with the Securities and Exchange Commission as an exhibit to the Company's Form 10QSB originally filed November 14, 2003.

(6) Filed as an exhibit to this Annual Report on Form 10-KSB.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

The aggregate fees billed for each of the fiscal years ended December 31, 2004 and 2003 for professional services rendered by the principal accountant for the audit of Carleton's annual financial statements and review of the financial statements included in this Form 10-KSB or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years were estimated at \$3,322.35 and \$3,477.50 respectively.

Audit Related Fees

None

Tax Fees

None

All Other Fees

None

Audit Committee Pre-Approval Policies and Procedures

We presently do not have an audit committee. Our board of directors approves all services provided by our independent accountant.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CARLETON VENTURES CORP.

“Aileen Lloyd”

By: _____
Aileen Lloyd, Director
Chief Financial Officer
Date: April 6, 2005

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

Per: *“Glenn Catchpole”*
Glenn Catchpole, President
Director
Date: April 6, 2005

Per: *“Aileen Lloyd”*
Aileen Lloyd
Director, Chief Financial Officer
Date: April 6, 2005

Per: *“Dennis Higgs”*
Dennis Higgs
Director
Date: April 6, 2005

Per: *“Paul Saxton”*
Paul Saxton
Director
Date: April 6, 2005