URANERZ ENERGY CORP.
Form 10QSB
November 21, 2005

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 **September 30, 2005**

¨ 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

URANERZ ENERGY CORPORATION

(formerly 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.)
Suite1410 - 800 West Pender Street, Vancouver, BC	**V6C 2V6**
(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. **21,620,000 Shares of Common Stock as of November 3, 2005**

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **Yes ¨ No x**

PART I

ITEM 1. FINANCIAL STATEMENTS

Uranerz Energy Corporation
(formerly Carleton Ventures Corp.)
(An Exploration Stage Company)

September 30, 2005

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Uranerz Energy Corporation
(formerly Carleton Ventures Corporation)
(An Exploration Stage Company)
Balance Sheet
(Expressed in US dollars)

	September 30, 2005 $ (unaudited)
ASSETS	
Current Assets	
Cash	812,960
Prepaid expenses	5,590
Advances to related party (Note 5)	29,741
Total Current Assets	848,291
Property and Equipment (Note 3)	6,318
Total Assets	854,609
LIABILITIES AND STOCKHOLDERS EQUITY	
Current Liabilities	
Accounts payable	27,914
Accrued liabilities	69,196
Due to related parties (Note 5)	141,491
Total Liabilities	238,601
Commitments and Contingencies (Notes 4, 5 and 7)	
Subsequent Events (Note 8)	
Stockholders Equity	
Preferred Stock, 10,000,000 shares authorized, $0.001 par value Nil shares issued and outstanding	
Common Stock (Note 6), 100,000,000 shares authorized, $0.001 par value 16,375,000 shares issued and outstanding	16,375
Common Stock Subscribed (Note 8)	623,565
Additional Paid-in Capital	4,582,090

Deficit Accumulated During the Exploration Stage	(4,606,022)
Total Stockholders Equity	616,008
Total Liabilities and Stockholders Equity	854,609

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(The accompanying notes are an integral part of these financial statements)

Uranerz Energy Corporation
(formerly Carleton Ventures Corporation)
(An Exploration Stage Company)
Statements of Operations
(Expressed in US dollars)
(unaudited)

	Accumulated From May 26, 1999 (Date of Inception) to September 30, 2005 $	Three Months Ended September 30, 2005 $	Three Months Ended September 30, 2004 $	Nine Months Ended September 30, 2005 $	Nine Months Ended September 30, 2004 $
Revenue					
Expenses					
Depreciation	768	354		768	
General and administrative[1] (Notes 5 and 6)	4,312,351	4,048,108	4,750	4,203,832	14,657
Mineral property costs	292,903	90,681	1,869	253,116	1,869
Total Expenses	4,606,022	4,139,143	6,619	4,457,716	16,526
Net Loss For the Period	(4,606,022)	(4,139,143)	(6,619)	(4,457,716)	(16,526)
Net Loss Per Share Basic and Diluted		(0.30)		(0.43)	
Weighted Average Shares Outstanding		13,831,000	5,640,500	10,338,000	5,640,500
[1] Stock-based compensation is included in:					
General and administrative		3,808,975		3,808,975	

(The accompanying notes are an integral part of these financial statements)

Uranerz Energy Corporation
(formerly Carleton Ventures Corporation)
(An Exploration Stage Company)
Statements of Cash Flows
(Expressed in US dollars)
(unaudited)

	Nine Months Ended September 30, 2005 $	2004 $
Cash Flows Used In Operating Activities		
Net loss for the period	(4,457,716)	(16,526)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation	768	
Stock-based compensation	3,808,975	
Changes in operating assets and liabilities:		
Prepaid expenses	(5,590)	
Accounts payable and accrued liabilities	42,709	24,277
Due to related parties	160,985	
Net Cash Used in Operating Activities	(449,869)	7,751
Investing Activities		
Purchase of property, plant and equipment	(7,086)	
Advances to related party	(59,935)	
Net Cash Flows Used In Investing Activities	(67,021)	
Financing Activities		
Common stock subscribed	623,565	
Proceeds from issuance of common stock	698,815	
Net Cash Flows Provided By Financing Activities	1,322,380	
Increase In Cash	805,490	7,751
Cash - Beginning of Period	7,470	47
Cash - End of Period	812,960	7,798

Non-cash Investing and Financing Activities	
Common stock issued for services	3,808,975
Supplemental Disclosures	
Interest paid	
Income taxes paid	

(The accompanying notes are an integral part of these financial statements)

Uranerz Energy Corporation
(formerly Carleton Ventures Corporation)
(An Exploration Stage Company)
Notes to the Financial Statements
September 30, 2005
(Expressed in US dollars)
(unaudited)

1. Exploration Stage Company

Uranerz Energy Corporation (the Company) was incorporated in the State of Nevada, U.S.A. on May 26,1999 under the name Carleton Ventures Corp. Effective July 5, 2005 the Company changed its name to Uranerz Energy Corporation. The Company has acquired mineral property interests in Canada, Mongolia and United States.

The Company is an Exploration Stage Company, as defined by Statement of Financial Accounting Standard (SFAS) No.7 *Accounting and Reporting by Development Stage Enterprises* . The Company s principal business is the acquisition and exploration of uranium and mineral resources. The Company has not presently determined whether its properties contain mineral reserves that are economically recoverable.

These financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has never generated revenues since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploitation of economically recoverable reserves in its resource properties, confirmation of the Company s interests in the underlying properties, and the attainment of profitable operations. As at September 30, 2005, the Company has working capital of $609,690, and has accumulated losses of $4,606,022 since inception. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These factors raise substantial doubt regarding the Company s ability to continue as a going concern.

The Board of Directors of the Company approved a private placement offering consisting of up to 8,000,000 shares of common stock at $0.10 per share in April 2005. On April 15, 2005, the Company issued 6,959,500 shares of common stock for proceeds of $695,039, net of offering costs of $911.

2. Summary of Significant Accounting Policies

a) Basis of Presentation

These financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States, and are expressed in US dollars. The Company s fiscal year-end is December 31.

b) Use of Estimates

The preparation of financial statements in conformity with US 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 during the reporting period. Actual results could differ from those estimates.

c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents.

d) Property and Equipment

Property and equipment consists of computer hardware, is recorded at cost and is depreciated on a straight line basis over five years.

Uranerz Energy Corporation
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September 30, 2005
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2. Summary of Significant Accounting Policies (continued)

e) Mineral Property Costs

The Company has been in the exploration stage since its formation on May 26, 1999 and has not yet realized any revenues from its planned operations. It is primarily engaged in the acquisition and exploration of mining properties. Mineral property acquisition and exploration costs are expensed as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to develop such property, are capitalized. Such costs will be amortized using the units-of-production method over the estimated life of the probable reserve. If mineral properties are subsequently abandoned or impaired, any capitalized costs will be charged to operations.

f) Financial Instruments

The fair values of cash advances to related party, accounts payable, accrued liabilities and due to related parties approximate their carrying values due to the immediate or short-term maturity of these financial instruments.

g) Income Taxes

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. The Company has adopted SFAS No. 109 *Accounting for Income Taxes* as of its inception. Pursuant to SFAS No. 109 the Company is required to compute tax asset benefits for net operating losses carried forward. The potential benefits of net operating losses have not been recognized in these financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

h) Foreign Currency Translation

The Company s functional and reporting currency is the United States dollar. Foreign currency transactions are primarily undertaken in Canadian dollars and are translated into United States dollars using exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are remeasured at each balance sheet date at the exchange rate prevailing at the balance sheet date. Foreign currency exchange gains and losses are charged to operations. The Company has not, to the date of these financials statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

i) Stock-based Compensation

The Company records stock-based compensation in accordance with SFAS No. 123, *Accounting for Stock- Based Compensation* . All transactions in which goods or services are provided to the Company in exchange for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. Equity instruments issued to employees and the cost of the services received as consideration are measured and recognized based on the fair value of the equity instruments issued. The Company does not currently have a stock option plan.

j) Basic and Diluted Net Income (Loss) Per Share

The Company computes net income (loss) per share in accordance with SFAS No. 128, "*Earnings per Share*". SFAS No. 128 requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti dilutive.

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September 30, 2005
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2. Summary of Significant Accounting Policies (continued)

k) Comprehensive Loss

SFAS No. 130, *Reporting Comprehensive Income*, establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at September 30, 2005 and 2004, the Company has no items that represent a comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the financial statements.

l) Recent Accounting Pronouncements

In May 2005, the Financial Accounting Standards Board (FASB) issued SFAS No. 154, Accounting Changes and Error Corrections A Replacement of APB Opinion No. 20 and SFAS No. 3 . SFAS 154 changes the requirements for the accounting for and reporting of a change in accounting principle and applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. SFAS 154 requires retrospective application to prior periods financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. The provisions of SFAS No. 154 are effective for accounting changes and correction of errors made in fiscal years beginning after December 15, 2005. The adoption of this standard is not expected to have a material effect on the Company s results of operations or financial position.

In December 2004, the FASB issued SFAS No. 153, *Exchanges of Nonmonetary Assets - An Amendment of APB Opinion No. 29* . The guidance in APB Opinion No. 29, *Accounting for Nonmonetary Transactions* , is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. SFAS No. 153 amends Opinion No. 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The provisions of SFAS No. 153 are effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Early application is permitted and companies must apply the standard prospectively. The adoption of this standard is not expected to have a material effect on the Company s results of operations or financial position.

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 123R, Share Based Payment . SFAS 123R is a revision of SFAS No. 123 Accounting for Stock-Based Compensation , and supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees and its related implementation guidance. SFAS 123R establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity s equity instruments or that may be settled by the issuance of those equity instruments. SFAS 123R focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS 123R requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant- date fair value of the award (with limited exceptions). That cost will be recognized over the period during which an employee is required to provide service in exchange for the award the requisite service period (usually the vesting period). SFAS 123R requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. Public entities that file as small business issuers will be required to apply SFAS 123R in the first interim or annual reporting period that begins after December 15, 2005. The adoption of this standard is not expected to have a material effect on the Company s results of operations or financial position.

In March 2005, the SEC staff issued Staff Accounting Bulletin No. 107 (SAB 107) to give guidance on the implementation of SFAS 123R. The Company will consider SAB 107 during implementation of SFAS 123R.

Uranerz Energy Corporation
(formerly Carleton Ventures Corporation)
(An Exploration Stage Company)
Notes to the Financial Statements
September 30, 2005
(Expressed in US dollars)
(unaudited)

2. Summary of Significant Accounting Policies (continued)

a) Interim Financial Statements

These interim unaudited financial statements have been prepared on the same basis as the annual financial statements and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company s financial position, results of operations and cash flows for the periods shown. The results of operations for such periods are not necessarily indicative of the results expected for a full year or for any future period.

b) Reclassifications

Certain reclassifications have been made to the prior period s financial statements to conform to the current period s presentation.

	Cost $	Accumulated Depreciation $	September 30, 2005 Net Carrying Value $ (unaudited)
Computer hardware	7,086	768	6,318

4. Mineral Properties

(a) The Company entered into an agreement dated March 14, 2001 to acquire a 100% interest in fourteen mineral claims located in Elko County, Nevada, in consideration of $10,052 and the issuance of 1,500,000 shares of common stock with a fair value of $15,000. This agreement was with a company controlled by a director of the Company. During the period ended September 30, 2005, the Company terminated its interest in these claims.

(b) The Company entered into an agreement dated April 26, 2005 to acquire a 100% interest in two mineral claims located in Cochrane River, Saskatchewan, in consideration of $40,757 and a 2% royalty on all ores produced by the claims. This agreement was with a company controlled by a director of the Company. On October 20, 2005, the agreement was amended so that the Company has the one time right exercisable for ninety days following the completion of a bankable feasibility study to buy one half of the vendor s royalty interest for $1,000,000. Refer to Note 8(d).

(c) In May 2005 the President of the Company entered into an agreement to acquire a 100% interest to a mineral license in Khavtsal, Mongolia, in consideration of $105,945. The President of the Company intends to transfer title to the property to the Company upon the formation of a wholly owned subsidiary to be incorporated in Mongolia.

(d) The President of the Company acquired, on behalf of the Company, the rights to seven exploration licenses located in Mongolia, of which six were acquired prior to September 30, 2005. To maintain the licenses in good standing, the Company must pay $0.05 per hectare in the first year, increasing to $0.10 per hectare in the second and third years, $1.00 per hectare in the fourth and fifth years, and $1.50 per hectare in the sixth and seventh years.

(e) The Company has mineral leases in the State of Wyoming on 31 parcels of land, for an aggregate cost of $14,600. Some of the applications were made in the name of the President or the Vice-President of the Company and will be transferred to the Company in the next twelve months. The Company has also staked 140 mineral claims.

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(unaudited)

5. Related Party Transactions

a) During the nine month period ended September 30, 2005, the Company incurred $16,177 (2004 - $9,000) for general and administrative expenses to a company with common directors. At September 30, 2005, $68,368 is owing to this company, which is unsecured, non-interest bearing, and due on demand.

b) During the nine month period ended September 30, 2005, the Company incurred $24,920 2004 - $nil) for consulting services (included in general and administrative expenses) to a company controlled by a director of the Company. At September 30, 2005, $25,612 is owing to this company, which is unsecured, non- interest bearing, and due on demand.

c) During the nine month period ended September 30, 2005, the Company incurred $49,000 (2004 - $nil) for consulting services (included in general and administrative expenses), $5,645 towards mineral property costs, and $5,667 for general and administrative expenses to a director. At September 30, 2005, $46,355 is owing to this director, which is unsecured, non-interest bearing, and due on demand.

d) During the nine month period ended September 30, 2005, the Company incurred $58,000 (2004 - $nil) for consulting services (included in general and administrative expenses), $6,590 towards mineral property costs, and $26,396 for general and administrative, to the President and a company controlled by the President.

e) During the nine month period ended September 30, 2005, the Company incurred $3,096 of general and administrative expenses to a director. At September 30, 2005, $1,156 is owing to this director or a company controlled by this director, which is unsecured, non-interest bearing, and due on demand.

f) During the nine month period ended September 30, 2005, the President was advanced $15,000 towards reimbursement of travel costs to be incurred and a further $44,935 towards mineral property costs to be incurred in Mongolia. At September 30, 2005, $29,741 is owing to the Company, which is unsecured, non- interest bearing, and due on demand.

g) During the nine month period ended September 30, 2005, the Company incurred $1,128 of general and administrative expenses to a director.

h) During the nine month period ended September 30, 2005, the Company incurred $853 of general and administrative expenses to a director.

i) The mineral claims referred to in Note 4(b) was acquired from a company controlled by a director of the Company. The mineral licenses referred to in Note 4(c) and (d) were acquired and are held in the name of the President of the Company on behalf of the Company.

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September 30, 2005
(Expressed in US dollars)
(unaudited)

7. Commitment

On September 1, 2005, the Company entered into an office and administration services agreement with a company with common directors, at a rate of $10,511 (CDN$12,305) per month, for a three-year term expiring on August 31, 2008. Future payments for the next three fiscal years are as follows:

2006	$126,100
2007	126,100
2008	84,100
	$336,300

8. Subsequent Events

a) On October 17, 2005 the Company issued 5,245,000 units at $0.40 per share for gross proceeds of $2,098,000. The Company paid commission expenses of $40,320. Each unit consists of one share of common stock and one ½ warrant. Each full warrant entitles the investor to purchase one additional share at an exercise price of $0.60 per share for one year from the date of issue. The Company received proceeds of $623,565 prior to September 30, 2005, and subsequently received the balance in full.

b) The Company entered into an agreement with a company effective November 1, 2005 for the provision of public and investor relations services for an initial term of one year. The Company agreed to pay $5,000 per month. On October 24, 2005 agreed to issue 200,000 shares of common stock to this company for public and investor relations services rendered.

c) The Company entered into an agreement with a company effective November 1, 2005 for the provision of public relations services for an initial term of three months. The Company agreed to pay $6,000 per month, issue 100,000 shares of common stock, and pay expense reimbursements of up to $32,000.

d) On November 4, 2005, the Company entered into an option agreement with Triex Minerals Corporation (Triex) on the Company s two mineral properties located in northern Saskatchewan, Canada. Triex can earn a 60% interest in the property by paying the Company $75,000 and incurring $1,500,000 in exploration expenditures in stages by May 1, 2008. Triex can elect to earn an additional 10% interest by incurring an additional $1,500,000 by November 1, 2009. This agreement is subject to the terms and conditions of an underlying agreement as described in Note 4(b).

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

FORWARD-LOOKING STATEMENTS

The information in this Quarterly Report on Form 10-QSB contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements involve risks and uncertainties, including statements regarding our capital needs, business plans and expectations. Such forward-looking statements involve risks and uncertainties regarding the market price of metals, commodities and precious metals, availability of funds, government regulations, common share prices, operating costs, capital costs, outcomes of ore reserve development and other factors. Forward-looking statements are made, without limitation, in relation to operating plans, property exploration and development, availability of funds, environmental reclamation, operating costs and permit acquisition. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as may , will , should , expect , plan , anticipate , believe , estimate , predict , potential or continue , the negative of such terms or other co terminology. Actual events or results may differ materially. In evaluating these statements, you should consider various factors, including the risks outlined below, and, from time to time, in other reports we file with the SEC. These factors may cause our actual results to differ materially from any forward-looking statement. We disclaim any obligation to publicly update these statements, or disclose any difference between our actual results and those reflected in these statements. The information constitutes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements

Overview

We are an exploration stage company engaged in the acquisition and exploration of mineral properties. We have an interest in the properties described below:

Saskatchewan Cochrane River
Mongolia Khavtsal
Wyoming Wyoming State mineral leases and federal mining claims

Our plan of operations is to carry out exploration on our mineral properties. All of our exploration programs are early stage in nature in that their completion will not result in a determination that any of our properties contains commercially exploitable quantities of mineralization. Our exploration programs will be directed by our management. We may engage project geologists or such other contractors as necessary according to the specific exploration program on each property.

The general and administrative fees expenses for the year will consist primarily of professional fees for the audit and legal work relating to our filings throughout the year, as well as transfer agent fees, annual mineral claim fees, salaries and general office expenses.

We had cash in the amount of $812,960 and working capital in the amount of $609,690 as of September 30, 2005. We anticipate that we will require additional financing in order to pursue our exploration programs beyond the preliminary exploration programs for our mineral properties that are outlined herein.

During the twelve month period following the date of this quarterly report, we anticipate that we will not generate any revenue. Accordingly, we will be required to obtain additional financing in order to continue our plan of operations.

PLAN OF OPERATIONS

SASKATCHEWAN COCHRANE RIVER

Our Saskatchewan property, called the Cochrane River property consists of two Mineral Prospecting Permits (MPP 1237 and MPP 1238) with a combined total areal extent of 67,480 ha (166,747 acres). The property is located in northern Saskatchewan. Ubex Capital Inc. (Ubex) filed an application with Saskatchewan Industry and Resources (SIR) to acquire the permits on 31st January, 2005, and certificates confirming title were subsequently issued by SIR on 4th March, 2005. The permits are registered in the name of Ubex with 100% unencumbered ownership. Permit application fees which were paid by Ubex Capital to the SIR were comprised of a refundable deposit of $15,000, and a recording fee of $0.15 per hectare for each permit.

We have entered into a mineral property purchase agreement with Ubex dated April 26th, 2005, to acquire an undivided 100% right, title and interest in the two mineral exploration properties. The agreement is subject to Ubex retaining a 2% royalty. Total consideration for this acquisition consists of a cash payment in the amount of $40,757, which is Ubex s cost of acquisition of the two permits. We have completed this acquisition.

Ubex is 100% owned by Dennis Higgs, a director of the Company. Ubex will retain a royalty of 2% on the property and will split the royalty (1% each) with Darcy Higgs, Dennis Higgs brother, who owns 17.1 % of our shares of common stock.

Saskatchewan mineral dispositions including permits are administered by SIR on behalf of the Crown of Canada in accordance with *The Mineral Disposition Regulations, 1986*. The holder of a permit is granted the exclusive right to explore for minerals (though not to extract, recover or produce minerals except for testing and scientific purposes) within the permit outline. A permit is valid for a period of 2 years and may not be renewed. While in compliance with the requirements of the regulations, a permit holder is entitled to convert any portion of a permit to mineral claims which may be held indefinitely. A claim holder may subsequently convert his claim into a mineral lease which allows for commercial extraction of minerals.

To maintain a mineral prospecting permit in good standing, SIR requires the filing of reports documenting acceptable exploration expenditures of $1.25 per hectare in the first permit year, and $4.00 per hectare in the second permit year. Reports and statements of expenditures must be filed not later than 90 days following the permit anniversary dates.

Excess expenditures may be carried over and applied to the following permit year and/or claim year. Annual expenditure requirements to maintain mineral claims in good standing are $12 per hectare for the first 10 years and $25 per hectare thereafter. In the case of claims converted from exploration permits, the deemed effective dates are the effective dates of the permits.

After the first permit year, and subject to acceptance of the required filing of exploration expenditures, a permit may be reduced in size to a single block not less than 10,000 ha in size.

The deposit of $15,000 per permit is refundable to the registered holder after the first or second permit years if acceptable exploration expenditures have been filed. The deposit would normally be rolled over to apply to the second permit year unless the holder elected to surrender the permit after the first year.

Obligations in the First and Second Permit Years

To maintain the permits in good standing up to the first anniversary date (31st January, 2006), exploration expenditures of $1.25 per hectare must be documented and filed by 1st May, 2006. Subsequently, to maintain the permits in good standing to the second anniversary date (31st January, 2007), further exploration expenditures of $4.00 per hectare must be documented and filed by 1st May, 2007.

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Location and Access

The Cochrane River property is a single contiguous block of irregular outline, extending for approximately 62 km in a northeast-southwest direction and approximately 15 km in a northwest-southeast direction. The centre of the property is approximately 102° 40 W, 58° 45 N. The NTS map sheets 64 L/9, 10, 15 and 16.

The property extends to the northeast of the northern portion of Wollaston Lake. The closest community is the Village of Wollaston Lake which is located 50 km to the south. This community is served by a year-round scheduled air link to the cities of Saskatoon and Prince Albert in central Saskatchewan. A winter road (during January, February and March) links the Wollaston Lake community with Provincial Highway 905 (and the provincial road network) on the west side of Wollaston Lake.

There is presently no road access to the Cochrane River property. Numerous lakes within the property can be accessed by float- and ski-equiped light aircraft which are available for charter at Points North Landing (75 km to the southwest) and at the Town of La Ronge (400 km to the south-southwest).

Geology of the Cochrane River Property

The property is underlain by highly deformed Paleoproterozoic Wollaston Group metasediments and Archean age granites which form part of a 60 km wide, northeast trending fold-thrust belt known as the Wollaston Domain. The Cochrane River property is located within the western portion of the Wollaston Domain where the metasediments contain abundant graphitic horizons.

The Athabasca Basin, extends for some 425 km east-west x 220 km north-south. Although much of the uranium ore is generally hosted by the overlying Athabasca Group sandstones, significant uranium mineralization commonly extends vertically beneath into the Wollaston Group rocks. This is particularly evident at the McArthur River deposit, where the majority of the uranium ore and the highest grades of mineralization occur in the underlying basement rocks.

The Athabasca Group sandstone rocks are approximately 1.7 billion years in age, and there is evidence that these rocks were once thicker (by probably 2 km or more) and much more extensive in area. The Cochrane River property was no doubt overlain by Athabasca Group sandstones for a significant portion of its geological history. Unconformity-type uranium deposits could have formed within the property at that time. Although now eroded to below the level of Athabasca Group coverage, any underlying basement-hosted or root zones of mineralization should be preserved. These are the targets of the present exploration program at the Cochrane River property.

Faults, particularly the common northeast-oriented strike slip faults of this region, tend to be localized within the soft, graphitic horizons of the Wollaston Group sediments, particularly where adjacent to relatively rigid basement units such as Archean granites. Fault movements, particularly strike-slip movements, enhance the electrical conductivity of graphitic horizons by aligning the graphite grains and promoting electrical continuity. Reactivated basement faults also provide enhanced fluid permeability in the basement which facilitates fluid flow and mixing which are thought to be key components in the formation of the uranium deposits of the Athabasca Basin region. Thus, faults and particularly graphitic conductors are commonly sought as exploration targets for uranium mineralization. Graphitic conductor horizons which are in close proximity to Archean granite bodies are thought to be particularly favorable.

Mining Activities and Equipment on the Cochrane River Property

There has been no mining activity within the property. There is no mining equipment on site.

Status of Exploration at the Cochrane River Property

No exploration work has been conducted by us on the property. No mineralized material is known to exist.

Prior Exploration Work at the Cochrane River Property

There is no record of prior exploration work on the property.

Geological Reports on the Cochrane River Property

We do not know the geology of the property. We decided to conduct exploration activities on the property because uranium was discovered nearby.

Proposed Exploration Program

Phase	**Work Description**
Initiation	Compilation of results of prior work and analysis
Year 1 Reconnaissance Exploration	Structural/lineament analysis and interpretation
Year 1 Reconnaissance Exploration	Airborne EM survey
Year 1 Reconnaissance Exploration	Initial ground follow-up, prospecting, geochemical sampling
Year 2 Exploration	Ground EM surveys to pinpoint conductor targets
Year 2 Exploration	Diamond drilling of priority targets

Timetable and Budget

Work Item	**Timetable**	**Budget**
1. Compilation and analysis of results of prior work	In progress	$10,000
2. Acquire aeromag and IKONOS or airphoto coverage. Structural/lineament analysis and interpretation.	June, July, 2005	$30,000
3. Airborne EM survey	To be determined	$200,000
4. Initial ground follow-up, prospecting, geochemical sampling	To be determined	$80,000
5. Ground EM surveys to pinpoint conductor targets	To be determined	$75,000
6. Diamond drilling of priority targets	To be determined	$375,000

Subsequent to the quarter end the Company entered into a joint venture agreement with Triex Minerals Corporation to grant Triex the sole and exclusive right and option to acquire up to an undivided 70% interest in the Cochrane River Property.

MONGOLIA KHAVTSAL

Property Description and Ownership

In May 2005, Glenn Catchpole, our president, acquired a100% interest to the Khavtsal property through a purchase of an exploration license legally recorded and transferred in accordance with the Mongolian Mining Law. The Khavtsal property is recorded at the OGMC by license number #8560 and covers 16,091 hectares.

Mongolia allows for the application of a mineral exploration license through the Office of Geological and Mining Cadastre Office (OGMC), an agency of the Mineral Resource Authority of Mongolia. Exclusive rights to explore are granted to individuals or companies, subject to approval of a correctly submitted license application and exploration conducted in compliance with specified mineral law.

Glenn Catchpole entered into a purchase agreement, subject to due diligence and confirmation of title, to purchase a 100% interest in the Khavtsal project including the historical files of data on past work on the project, and commissions, for a total purchase price of $105,945 which has been paid. No additional payments or work commitments will be required subsequent to closing of the sale. The permit is recorded in the name of Glenn Catchpole because we had not set up a Mongolian corporation at the time the transaction was negotiated. Glenn Catchpole has not provided us with a signed or executed bill of sale in our favor. However, it is intended that he will transfer ownership of the project to a subsidiary corporation to be formed by us in Mongolia for holding all of our Mongolian permits and projects.

The legal status of the license is maintained by the payment of $0.10 per hectare in annual fees (2005) on or before the anniversary date of the license issue and by submitting exploration reports annually.

We will maintain the Khavtsal property in good standing for 12 months by recording the license transfer from the present owner to us by paying $1,609 in annual license fees on or before the license issuance anniversary and filing a suitable exploration report to the OGMC of Mongolia. Exploration Licenses may be held for seven years during which the exclusive right to obtain a mining license within the boundary of the license is held by the owner.

Location and Access

The Khavtsal property is 321 kilometers south-southeast of Ulaan Baatar, the capital city of Mongolia in the Dornogovi province and Armag sub province. The approximate geographic center of the property is at 45°32 42 and 109°07 08 . Access to the property is by surfaced and undeveloped roads that head southerly from Ulaan Baatar. These roads parallel the main railway between Ulaan Baatar and southern Mongolia. The property is 30 kilometers south from the station Khar Armag along this railway.

Geology and Physiology

Khavtsal is one of approximately sixty significant sediment hosted uranium occurrences identified and explored by the Russian-Mongolian Survey during the 1980s. The local geologic setting is referred to as the Ulaan Nuur depression. Uranium occurs within a sedimentary sequence that includes significant amounts of organic and carbonaceous material.

The geology of the area includes a basement of Proterozoic to Paleozoic metamorphic igneous rocks that are covered by Jurassic basalts and quartz-porphyries. This sequence of Jurassic igneous rocks is covered by Upper Jurassic and Lower Cretaceous conglomerates and sandstones which are covered by young alluvial deposits.

Surface trenching exposes horizons of black and brown clays, enriched in carbonaceous organic material that contains 0.012% to 0.241% uranium in layers from 0.6 to 1.8 meters thick. Drilling in the vicinity of the trenches shows similar thicknesses and values with highs of 0.276% uranium over 0.3 meter thicknesses.

Equipment

No recovery plant or mining equipment is on the Khavtsal property. Power to the site will most likely be produced on site with generators.

Previous Exploration Activity

We have not conducted any exploration on the property. Previous occupiers of the Khavstal property have conducted some exploration activity. A summary report on file at the Geologic Information Center within the offices of the Mineral Resource Authority of Mongolia (MRAM) provides the following summary of exploration work completed on the Khavtsal property:

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1.	Geologic and radiometric exploration.
2.	Gamma Spectrometry Mapping.
3.	Surface trenching totaling $3046m^3$
4.	Drilling totaling 1808 meters (44 holes estimated)
5.	Channel sampling of 43.25 meters
6.	Rock sampling totaling 625 samples
7.	Magnetic Survey at 100m by 20m stations over $12.4km^2$
8.	Electric (geophysical) profiles on 100m by 20m stations over $10km^2$

Exploration on Khavtsal was conducted by the Russian-Mongolian Geologic Survey. This work consisted of an airborne gamma spectrometry survey in 1981 that identified a significant anomaly and the work described above that was conducted in 1987. No other exploration work is recorded in information acquired by us.

We have acquired two Russian-Mongolian Survey reports from the Geologic Information Center in the offices of the Mineral Resource Authority of Mongolia. Translations and additional data searches are being provided to us by a Mongolian consultant based in Ulaan Baatar, Mongolia.

Plan of Exploration

Our tentative plan of exploration is described below. The initiation and completion of this plan is dependent on other competing priorities that arise as a result of alternatives presented to us. A schedule and completion of this work is also dependent on our ability to finance the work. We may attempt to joint venture this work to an operating company in exchange for equity prior to conducting any exploration program on Khavtsal.

Exploration Phase	**Work Required**	**Current Status**
1.Data acquisition and compilation	Search files agencies Mongolia and Russia	Completed
2.Surface Data confirmation	Preliminary resample surface trenches	On going
3.Site visit and orientation	Field evaluation by Geologist	Completed A report is being prepared
4.Report requirements for OGMC	Prepare report of exploration plans	Completed
5.Resurvey existing trenches and drill holes	Sub meter GPS survey by technicians	
6.Digital Data entry	Entering data by technician	
7.Generate Preliminary Drill sections	Product output by technician	
8.Generate Preliminary 3D Model resource etc	Complete by geologist or specialist	
9.Drill Data confirmation	Twin existing holes.	
10.Design surface exploration program	Prepare plan by Geologist	

11.Conduct surface exploration program	Execute plan by geologists, specialists, etc	
12.Design drill program if warranted	Prepare Plan by geologist	
13.Conduct Drilling program if warranted	Mobilize drill and execute	
14.Evaluate exploration results	Evaluation and reporting by geologists	

Stage of Exploration:	Timetable:	Cost:	Current Status
1.Data acquisition and compilation	2 months	$6,000	Completed October, 2005
2.Surface Data confirmation	15 days	$12,000	Partially completed
3.Site visit and orientation	4 days	$2,500	Partially completed
4.Report requirements for OGMC compliance	3 days	$1,200	Completed
5.Resurvey existing trenches and drill holes	7 days	$8,000	To be completed
6.Digital Data entry	1 month	$4,000	To be completed
7.Generate Preliminary Drill sections	4 days	$1,000	To be completed
8.Generate Preliminary 3D Model resource etc	15 days	$6,000	To be completed
9.Drill Data confirmation	2 months	$132,000	To be completed
10.Design surface exploration program	10 days	$4,000	Target date is February, 2006
11. Conduct airborne Radiometric	5 days	$80,000	
11.Conduct surface exploration program	3 months	$65,000	
12.Design drill program if warranted	10 days	$4,000	
13.Conduct Drilling program if warranted	1 month	$300,000	
14.Evaluate exploration results	14 days	$6,000	
15. Other Data Acquisition, Camp, Expenses		$50,000	
		$681,700	

This program might be conducted over two or more seasons and is tentative based on the ability to finance programs by us or to joint venture with suitable partners. Also we may defer and or delete programs entirely based on alterative exploration investment opportunities in our portfolio. No work expenditures are required to keep the project in good standing.

Material terms of contracts for completion of exploration work will be conventional service contracts specifying scope of work, fees and payments, company versus contractor obligations and completion standards, and contract term and termination.

Regulations

We will have to comply with the following governmental regulations:

Governmental Regulation	Manner of Compliance
1. Establish a business presence in Mongolia	Establish a subsidiary or other, cost nominal

2. Comply with Khavtsal license transfer	Pay fees and record at OGMC.
3. Receive approval local Soum leaders	Secure written approval and pay any Fee.
4. Comply with reporting exploration plans	Consulting billing and file at OGMC
5. Environmental regulation compliance	Operate Exploration Responsibly
6. Maintain annual license fees	Payment of Fees to OGMC
7. Comply with Mongolian labor laws.	Ensure compliance service contractors.

Governmental Regulation	Estimated Cost:
1. Establish business presence in Mongolia	$2,000
2. Comply with Khavtsal license transfer	$2,000 including legal fees
3. Receive approval local Soum leaders	$1,000 to $5,000 estimated (negotiated)
4. Comply with reporting exploration plans	$1,000 in billable consulting
5. Environmental regulation compliance	$1,000
6. Maintain annual license fees	$1,609 in 2005
7. Comply with Mongolian labor laws.	Nominal cost

Exploration license fees are established by law and paid annually on or before the anniversary of license issue as:

Per hectare:	$0.05 for the first year, and $0.10 for each of the second and third years.
Per hectare:	$1.00 for each of the fourth and fifth year of the license.
Per hectare:	$1.50 for each of the sixth and seventh year of the license.

WYOMING WYOMING STATE MINERAL LEASES AND FEDERAL MINING CLAIMS

Property Description and Ownership

Wyoming State Mineral Leases

We have applied for and received approval from the State of Wyoming for the sixteen (16) mineral leases covering 14,200 surface acres. Seven (7) of these leases are located in the Power River Basin and nine (9) are located in the northern part of an area generally referred to as the Great Divide Basin (or Red Desert).

The fee for the applications is a flat twenty five dollars ($25) per application plus one dollar ($1) per acre for the first year rental making the total six hundred and sixty five dollars ($665) per state section. The total amount paid for leasing of the seventeen plus sections is $11,530. The owner of a mineral lease on state land has the right to explore for and extract any solid mineral lying on or below the surface of the land.

The above mentioned state mineral leases are in the name of either Glenn J. Catchpole, our President, or George J. Hartman, our Vice-President, Mining or Uranerz Energy Corporation. The leases that are in the name of our President or Vice-President will be legally transferred to us in the near future.

Wyoming Mining Claims (federal mineral)

We are currently in the process of staking claims on federal and private lands in the state of Wyoming where the mineral rights are owned by the federal government. The specific locations of the claims being staked cannot be revealed at this time for business confidentiality reasons. In general, the claim staking will take place in the Powder River Basin and the northern Great Divide Basin. It is planned that 100 to 200 claims will be staked and recorded with the county and federal governments this year. It is also probable that we will purchase mineral claims directly from existing owners during the next twelve (12) months. The number of such acquisitions cannot be stated at this time.

A typical claim will have the dimensions of 1,500 feet by 600 feet and approximately twenty (20) acres in size. The county fee for filing a mineral claim varies between counties but is typically about $8 per claim. The federal fee for filing a mineral claim is $35 per claim.

The applications for the above mentioned mineral claims will be made in our corporate name.

Obligations in the First and Subsequent Years

Wyoming State Mineral Leases

The annual rental fee is $1 per acre for the first five years, and $2 per acre for years six through ten. If any uranium is produced from these state leases a mineral royalty will have to be paid to the State of Wyoming. There are no minimum annual work requirements. The owner of the mineral lease must conduct his activities in a manner that is consistent with all applicable environmental laws and regulations.

Mineral Claims (federal mineral)

The annual maintenance fee is $125 per claim payable to the federal Bureau of Land Management. There are no minimum annual work requirements. The owner of the mineral claim must conduct his activities in a manner that is consistent with all applicable environmental laws and regulations.

Locations and Access

Wyoming State Mineral Leases

We have obtained sixteen (16) state mineral leases covering 14,200 acres. The owner of the mineral leases has the right of access subject to the paying of surface damages caused by him on any surrounding privately owned land. All the state leases we have obtained are in locations that are easily accessible. Specific routes will be identified for each lease area once the applications have been approved.

Mineral Claims (federal mineral)

We are in the process of staking federal mining claims on federal and private lands in Wyoming at several locations. The specific locations of the claims being staked cannot be revealed at this time for business confidentiality reasons. Once these applications have been approved the owner of the mineral lease has the right of access subject to the paying of surface damages caused by him on any privately owned land. All the state sections being applied for are in locations that are easily accessible. Specific routes will be identified for each claim area once the applications have been approved.

Geology

Wyoming State Mineral Leases

We do not have detailed geology on any of our state mineral leases. In general, we have applied for state leases located in sandstone basins of Cretaceous or Tertiary age and thus have the potential for the economic solution mining of uranium.

Mining Claims (federal mineral)

We do have some geologic information on most of the mining claims we have staked or are currently being staked. In general, we are staking claims on ground located in sandstone basins of Cretaceous or Tertiary age and thus have the potential for the economic solution mining of uranium.

Mining Activity and Equipment on the Properties

Wyoming State Mineral Leases

There is no mining activity or mining equipment on any of our state mineral leases.

Mining Claims (federal mineral)

There is no mining activity or mining equipment on any of the lands we have staked.

Status of Exploration

Wyoming State Mineral Leases

No exploration work has taken place by us on any of our state mineral leases.

Mining Claims (federal mineral)

No exploration work has taken place by us on any of the lands we have staked.

Prior Exploration Work

Wyoming State Mineral Leases

At this time, we do not have knowledge of any prior exploration work on any of our staked mineral leases.

Mining Claims (federal mineral)

On most of the lands we have staked the property reflects previous exploration work.

Geological Reports

Wyoming State Mineral Leases

We have not yet commissioned any geologic reports on any of our state mineral leases.

Mining Claims (federal mineral)

We have not yet commissioned any geologic reports on any of our staked claims.

Proposed Exploration Program

Wyoming State Mineral Leases

Year 1 obtain all possible existing geologic information and evaluate the information. Describe surface geology. Review all available regional information and information that may be available from neighbors. Identify those state leases with best potential and design exploration programs that include some drilling. Prepare summary geologic report on each state section for management.

Year 2 conduct exploration by drilling on those state leases identified as having the best potential. Evaluate the results of the drilling program and prepare summary reports for management . At the end of the year drop those state leases that have been identified as having low potential. Design exploration drilling programs for the next year on those state leases continuing to show significant uranium potential.

Year 3 conduct exploration drilling program on the state leases with best potential. Evaluate results of the drilling program. At end of the year drop any of the state leases that have been identified from the drilling to have low potential. Prepare summary report for management including an update of the reserve numbers and recommendations for development using ISL mining.

Mining Claims (federal mineral)

Year 1 obtain all possible existing geologic information and evaluate the information. Describe surface geology. Review all available regional information and information that may be available from neighbors. Identify those claim areas with best potential and design exploration programs that include some drilling. Prepare summary geologic report on each mining claim.

Year 2 conduct exploration by drilling on those claim areas identified as having the best potential. Evaluate the results of the drilling program and prepare summary reports for management including reserve calculations where appropriate. At the end of the year drop those claims that have been identified as having low potential. Design exploration drilling programs for the next year on those areas continuing to show significant uranium potential.

Year 3 conduct exploration drilling program on the claims with best potential. Evaluate results of the drilling program. At end of the year drop any of the claims that been identified from the drilling to have low potential. Prepare summary report for management including an update of the reserve numbers and recommendations for development using ISL mining.

Timetable and Budget

Wyoming State Mining Leases

	Year 1 - $10,000
	Year 2 - $100,000
	Year 3 - $100,000

Mineral Claims (federal mineral)

	Year 1 - $10,000
	Year 2 - $150,000
	Year 3 - $150,000

Possible Delaying Factors

Wyoming State Mineral Leases

Year One difficulty in obtaining existing information on a timely basis.

Year Two difficulty in contracting drilling rigs and logging units. In Wyoming there is currently a shortage of exploration drilling rigs caused by the recent rapid development in the coal bed methane industry. The expected increase in uranium exploration in Wyoming in the next two to three years will also increase the difficulty of contracting for drilling rigs and logging units. Another possible delaying factor a shortage of experienced uranium geologists.

Year Three same as Year Two, above.

Mining Claims (federal mineral)

Year One difficulty in obtaining existing information on a timely basis.

Year Two difficulty in contracting drilling rigs and logging units. In Wyoming there is currently a shortage of exploration drilling rigs caused by the recent rapid development in the coal bed methane industry. The expected increase in uranium exploration in Wyoming in the next two to three years will also increase the difficulty of contracting for drilling rigs and logging units. Another possible delaying factor a shortage of experienced uranium geologists.

Year Three same as Year Two, above.

Possible Cost Escalation Factors

Wyoming State Mineral Leases

Year One None expected.

Year Two Increasing fuel costs. Escalating drill rig and logging unit costs in short supply situation. Increasing professional salaries in a short supply situation.

Year Three same as Year Two above.

Mining Claims (federal mineral)

Year One None expected.

Year Two Increasing fuel costs. Escalating drill rig and logging unit costs in short supply situation. Increasing professional salaries in a short supply situation.

Year Three same as Year Two above.

We have not conducted any exploration activity on our mining claims.

Selection of Contractor Factors

Wyoming State Mineral Leases

As mentioned above, there is currently a shortage of drilling rigs in Wyoming because of the rapid growth of the coal bed methane business. This situation will most likely get worse as the demand for the same type of drilling rigs for the uranium industry grows over the next two to three years. It is hoped that this situation will improve as drilling contractors recognize the business potential and begin acquiring additional drilling rigs and training crews. We may start soon contacting drilling contractors to make arrangements for exploration drilling in Year Two of the Work Program

Mining Claims (federal mineral)

Same as above.

Regulations Affecting Mineral Exploration

Exploration by drilling in Wyoming requires compliance with Wyoming Statute 35-11-404 and Chapter 8 of Land Quality Division non-coal regulations. These regulation require us to post a $10,000 bond for each exploration area, reclaim drill sites and properly plug each drill hole, and file a termination report. After submitting the termination report, a government inspector will check the exploration area, including the drill hole plugging, for compliance before releasing the bond.

Government Regulation

Exploration activities are subject to various national, state, foreign and local laws and regulations in the United States, Canada and Mongolia, which govern prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, protection of the environment, mine safety, hazardous substances and other matters. We believe that we are in compliance in all material respects with applicable mining, health, safety and environmental statutes and the regulations passed thereunder in the United States, Canada and Mongolia.

Environmental Regulation

Exploration activities are subject to various federal, state and local laws and regulations governing protection of the environment. These laws are continually changing and, as a general matter, are becoming more restrictive. Our policy is to conduct business in a way that safeguards public health and the environment. We believe that our exploration activities are conducted in material compliance with applicable laws and regulations.

Changes to current local, state or federal laws and regulations in the jurisdictions where we operate could require additional capital expenditures and increased operating and/or reclamation costs. Although we are unable to predict what additional legislation, if any, might be proposed or enacted, additional regulatory requirements could render certain exploration activities uneconomic.

Competition

We compete with other mining companies in connection with the acquisition of precious metals properties. There is competition for the limited number of gold and uranium acquisition opportunities, some of which is with other companies having substantially greater financial resources than we do. As a result, we may have difficulty acquiring attractive exploration properties.

We believe no single company has sufficient market power to affect the price or supply of precious metals in the world market.

RESULTS OF OPERATIONS

The Company s net loss increased to $4,457,716 from $16,526 during the same prior year period. The Company s general and administrative expenses were $4,203,832 for the nine month period ending September 30, 2005 compared to $14,657 for the nine month period ending September 30, 2004. This is the Company s sixth year of operations. The increase includes stock-based compensation as a result of the Company issuing 3,775,000 shares of common stock at $0.001 per share as compensation to directors, officers and members of the Company s Advisory Board for cash proceeds of $3,775. The shares were recorded at a fair value of $3,812,750, resulting in the recognition of stock-based compensation of $3,808,975. The Company anticipates that general and administrative expenses may increase in Fiscal 2005 if the Company moves ahead with the further exploration of its mineral properties or acquires an interest in additional mineral properties.

The Company acquired several mineral properties at a cost of $253,116 for the nine month period ending September 30, 2005.

LIQUIDITY AND CAPITAL RESOURCES

Our cash position at September 30, 2005 was $812,960. We had working capital of $609,690 as of September 30, 2005.

Private Placement Financing

Subsequent to the quarter end we completed a private placement financing of 5,245,000 units at $0.40 per unit for gross proceeds of $2,098,000. We paid a commission of $40,320. Each unit consists of one share of common stock and one-half share purchase warrant with one full warrant exercisable to purchase one additional common share at

$0.60 for a period of one year. We received $623,565 of these proceeds prior to September 30, 2005. We plan to use the proceeds of the financing to carry out exploration programs on our mineral properties.

Going Concern

We have not attained profitable operations and are dependent upon obtaining financing to pursue any extensive 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 .

Future Financings

We will require additional financing in order to proceed with the exploration of our mineral properties. We plan to complete private placement sales of our common stock in order to raise the funds necessary to pursue our plan of operations and to fund our working capital deficit. Issuances of additional shares will result in dilution to our existing shareholders. We currently do not have any arrangements in place for the completion of any private placement financings and there is no assurance that we will be successful in completing any private placement financings.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

CRITICAL ACCOUNTING POLICIES

Mineral Property Costs

We have been in the exploration stage since our inception and we have not yet realized any revenues from our planned operations. We are primarily engaged in the acquisition and exploration of mining properties. Mineral property acquisition and exploration costs are expensed as incurred. When we have been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to develop such property, are capitalized. Such costs will be amortized using the units-of-production method over the estimated life of the probable reserve. If mineral properties are subsequently abandoned or impaired, any capitalized costs will be charged to operations.

To date, we have not established the commercial feasibility of any of our exploration prospects, therefore, all costs are being expensed.

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 September 30, 2005, 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, Glenn Catchpole, and our Chief Financial Officer, Ms. Aileen Lloyd. Based upon their evaluation, our Chief Executive Officer and our 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. The Company engaged an outside consulting arm to assist in the preparation of its quarterly and annual financial statements. 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.

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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 September 30, 2005, 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

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

ITEM 2 CHANGES IN SECURITIES AND USE OF PROCEEDS

We have reported sales of securities without registration under the Securities Act of 1933 during our fiscal quarter ended September 30, 2005 on the following Current Reports on Form 8-K that we have filed with the Securities and Exchange Commission.

Report	Date of Filing with SEC
Current Report on Form 8-K	September 9, 2005

We have not completed any sales of securities without registration pursuant to the Securities act of 1933 during the fiscal quarter ended September 30, 2005 that were not reported on the Current Reports on Form 8-K described above.

ITEM 3 DEFAULT 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 third quarter of our fiscal year ending September 30, 2005.

ITEM 5 OTHER INFORMATION

None

ITEM 6 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	Office and Administration Services Agreement between the Company and Senate Capital Group Inc. dated September 1, 2005 (2)
10.2	Agreement for Services between the Company and Highlands Capital, Inc. dated November 1, 2005(3)
10.3	

	Financial Public Relations Agreement between the Company and Accent Marketing Ltd. dated November 1, 2005[(4)]
10.4	Mineral Property Purchase Agreement between the Company and Ubex Capital Inc. dated April 26, 2005[(5)]

10.5	Joint Venture Agreement between the Company and Triex Minerals Corporation dated November 4, 2005[6]
10.6	Consulting Agreement between the Company and Ubex Capital Inc. for management and consulting services [7]
31.1	Certification of CEO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002; [8]
31.2	Certification of CFO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002; [8]
32.1	Certification of CEO Pursuant to 18 U.S.C. Sect ion 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. [8]
32.2	Certification of CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. [8]

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

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

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

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

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

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

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

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

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.

URANERZ ENERGY CORPORATION
(formerly Carleton Ventures Corp.)

By: *Glenn Catchpole*
Glenn Catchpole
President
Date: November 18, 2005