

Schedule "A" Schedules "B" and "C" is attached hereto and forms a part hereof
 (Please circle appropriate category)

| | | | |
|--|---|--------------|----------------|
| Quarterly Report FORM 51-901F | | | |
| ISSUER DETAILS For the Quarter Ended: Date of Report Name of Issuer: Issuer's Address: Issuer's Fax No.: Issuer's Tel. No. Contact Person: Contact's Position: Contact's Tel. No.: Contact's E-mail address: Web site address: | December 31, 2000 April 19, 2001 Canasil Resources Inc. 200-1695 Marine Drive, N. Vancouver, B.C. V7P 1V1 (604) 986-6825 (604) 984-6270 Paul J. Weishaupt President (604) 984-6270 info@canasil.com www.canasil.com | | |
| CERTIFICATE The schedules required to complete this Quarterly Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Quarterly Report will be provided to any shareholder who requests it. | | | |
| Director's Name: | Paul J. Weishaupt | Date Signed: | April 19, 2001 |
| Director's Name: | Bahman Yamini | Date Signed: | April 19, 2001 |

Canasil Resources Inc.

Financial Statements
December 31, 2000 and 1999

March 16, 2001

Auditors' Report

To the Shareholders of Canasil Resources Inc.

We have audited the balance sheets of **Canasil Resources Inc.** as at December 31, 2000 and 1999 and the statements of operations and deficit, resource properties expenditures and cash flows for the years then ended. 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 Canadian generally accepted auditing standards. 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.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the British Columbia Company Act, we report that, in our opinion, these principles have been applied, after giving retroactive effect to the change in the method of accounting for income taxes as explained in note 2 to the financial statements, on a consistent basis.

PricewaterhouseCoopers LLP

Chartered Accountants

Canasil Resources Inc.

Balance Sheets

As at December 31, 2000 and 1999

| | 2000 | 1999 |
|-------------------------------------|-------------|-------------|
| | \$ | \$ |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 230,639 | 591,696 |
| Interest receivable | 429 | 464 |
| Advances receivable | - | 2,326 |
| GST recoverable | 36,290 | 17,145 |
| Prepaid expenses | 338 | 1,650 |
| | <hr/> | <hr/> |
| | 267,696 | 613,281 |
| Reclamation bond | 13,000 | 25,000 |
| Resource properties (note 3) | 1,781,699 | 1,603,640 |
| Capital assets (note 4) | 4,821 | 5,092 |
| Incorporation cost | 410 | 410 |
| | <hr/> | <hr/> |
| | 2,067,626 | 2,247,423 |
| | <hr/> | <hr/> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | 37,863 | 93,683 |
| | <hr/> | <hr/> |
| Shareholders' Equity | | |
| Capital stock (note 5) | 4,745,059 | 4,745,059 |
| Contributed surplus | 30,000 | 30,000 |
| Deficit | (2,745,296) | (2,621,319) |
| | <hr/> | <hr/> |
| | 2,029,763 | 2,153,740 |
| | <hr/> | <hr/> |
| | 2,067,626 | 2,247,423 |
| | <hr/> | <hr/> |

Nature of operations and going concern (note 1)

Approved by the Board of Directors

“Bahman Yamini”

Director

“Paul Weishaupt”

Director

Canasil Resources Inc.

Statements of Operations and Deficit

For the years ended December 31, 2000 and 1999

| | 2000 \$ | 1999 \$ |
|---|-------------------|-------------------|
| Expenses | | |
| Accounting and audit | 13,016 | 12,166 |
| Advertising and promotion | 4,613 | 6,588 |
| Amortization | 1,077 | 1,977 |
| Consulting (note 6(c)) | 5,838 | 5,968 |
| Foreign exchange (gain) loss | (195) | 527 |
| General exploration (notes 6(b),(c) and (d)) | 6,648 | 200,658 |
| Interest and penalties | 1,860 | 395 |
| Legal (note 6(d)) | 7,403 | 35,634 |
| Management fees (notes 6(a) and (e)) | 30,000 | 28,000 |
| Office equipment storage | 1,580 | 4,070 |
| Office rent | 7,320 | 12,912 |
| Office services and supplies | 11,324 | 12,125 |
| Printing | - | 5,685 |
| Registration, licence and filing | 6,528 | 10,522 |
| Stock transfer fees | 3,184 | 2,829 |
| Telephone | 2,720 | 2,655 |
| Travel and conferences | 8,282 | 14,261 |
| Website development and maintenance | 4,347 | 5,793 |
| | <hr/> 115,545 | <hr/> 362,765 |
| Interest income | <hr/> (13,469) | <hr/> (12,449) |
| Loss before write-off of resource properties | <hr/> (102,076) | <hr/> (350,316) |
| Write-off of resource properties | <hr/> (21,901) | <hr/> - |
| Loss for the year | <hr/> (123,977) | <hr/> (350,316) |
| Deficit - Beginning of year | <hr/> (2,621,319) | <hr/> (2,271,003) |
| Deficit - End of year | <hr/> (2,745,296) | <hr/> (2,621,319) |
| Loss per share | <hr/> (0.01) | <hr/> (0.03) |
| Weighted average number of shares | <hr/> 11,877,342 | <hr/> 10,383,359 |

Canasil Resources Inc.

Statements of Resource Properties Expenditures For the years ended December 31, 2000 and 1999

| | 2000 \$ | 1999 \$ |
|--|------------|------------|
| Resource properties - Beginning of year | 1,603,640 | 1,587,515 |
| Additions during the year (note 3) | | |
| Acquisition costs (notes 6(b) and (d)) | 78,864 | - |
| Amortization | 24 | 270 |
| Assessment and recording | 3,221 | 640 |
| Camp provisions (note 6(a)) | 2,910 | - |
| Freight (note 6(a)) | 1,826 | 1,499 |
| Geological consulting (notes 6(a) and (f)) | 56,709 | 9,061 |
| Geological reports | 36,592 | - |
| Miscellaneous | 1,448 | 1,902 |
| Travel (note 6(a)) | 18,366 | 2,753 |
| | 199,960 | 16,125 |
| Write-off of resource properties (note 3) | (21,901) | - |
| Resource properties - End of year | 1,781,699 | 1,603,640 |
| Resource properties consist of | | |
| Brenda Claims | 1,320,594 | 1,308,796 |
| Granite Claims | 233,256 | 233,256 |
| Tharsis and La Zarza, Spain | 188,162 | - |
| Lil Claim | 39,687 | 39,687 |
| Mat Claim | - | 19,226 |
| Vega Claim | - | 2,675 |
| | 1,781,699 | 1,603,640 |

Canasil Resources Inc.

Statements of Cash Flows

For the years ended December 31, 2000 and 1999

| | 2000 \$ | 1999 \$ |
|---|------------|------------|
| Cash flows from operating activities | | |
| Loss for the year | | |
| Items not affecting cash | (123,977) | (350,316) |
| Amortization | 1,077 | 1,977 |
| Write-off of resource properties | 21,901 | - |
| | <hr/> | <hr/> |
| | (100,999) | (348,339) |
| Net change in non-cash working capital items | (71,292) | 71,750 |
| | <hr/> | <hr/> |
| | (172,291) | (276,589) |
| Cash flows from financing activities | | |
| Proceeds from issuance of special warrants (note 5) | - | 750,000 |
| Payment of warrant issue costs | - | (14,115) |
| | <hr/> | <hr/> |
| | - | 735,885 |
| Cash flows from investing activities | | |
| Resource properties excluding amortization | (199,936) | (15,855) |
| Payment for capital assets | (830) | (6,365) |
| Redemption of reclamation bond | 12,000 | - |
| | <hr/> | <hr/> |
| | (188,766) | (22,220) |
| (Decrease) increase in cash and cash equivalents | (361,057) | 437,076 |
| Cash and cash equivalents - Beginning of year | 591,696 | 154,620 |
| | <hr/> | <hr/> |
| Cash and cash equivalents - End of year | 230,639 | 591,696 |
| | <hr/> | <hr/> |

Canasil Resources Inc.

Notes to Financial Statements

For the years ended December 31, 2000 and 1999

1 Nature of operations and going concern

Canasil Resources Inc. (the “company”) is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves, confirmation of the company’s interest in the underlying mineral claims, the ability of the company to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

The company had losses from operations in the last two years. As at December 31, 2000 the company has approximately \$231,000 in cash and cash equivalents, with a working capital of \$230,000.

During the year the company entered into an option agreement with Selanor S.A. (“Selanor”) to acquire two companies owned by Selanor. As disclosed in note 3, the company must incur certain exploration expenses.

The company’s ability to fulfil its property acquisition and exploration obligations is dependent on its ability to secure additional financing. The company is negotiating with third parties to finance its projects, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

These financial statements do not include the adjustments that would be necessary should the company be unable to continue as a going concern.

2 Summary of accounting policies

These financial statements are expressed in Canadian dollars (unless otherwise indicated) and have been prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of the significant accounting policies followed by the company.

Resource properties

Resource properties expenditures include direct and indirect acquisition and exploration costs associated with specific mineral exploration properties. Costs are capitalized until properties are put into commercial production, sold or abandoned. Capitalized costs relating to abandoned properties are charged against operations in the period of abandonment.

The recoverability of amounts shown as resource properties is dependent upon the discovery of economically recoverable mineral reserves, the company’s ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of properties.

On a periodic basis, management reviews the carrying values of resources properties with a view to assessing whether there has been any impairment in value. If it is determined that there has been an impairment in value, the carrying value is written down or written off as appropriate.

Canasil Resources Inc.

Notes to Financial Statements

For the years ended December 31, 2000 and 1999

Amortization

Amortization of capital assets is provided for on a declining-balance basis at the following annual rates:

| | |
|-------------------------|-----|
| Furniture and equipment | 20% |
| Geological equipment | 20% |

Income taxes

Effective January 1, 2000, the company has adopted the new recommendations of the Canadian Institute of Chartered Accountants for accounting for future income taxes. Under this new rule a future income tax liability would be recognized whenever recovery or settlement of the carrying amount of an asset or liability would result in future income tax outflows. Similarly a future income tax asset would be recognized whenever recovery or settlement of the carrying amount of an asset or liability would generate future income tax reductions. This recommendation has been applied retroactively, but no adjustment to the company's balance sheets or statements of operations and deficit was required.

Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Monetary assets and liabilities are translated at the period-end exchange rate. Foreign exchange gains or losses are immediately recognized in the statement of operations.

Comparative financial statements

Certain prior year amounts have been reclassified to conform with the current year's presentation.

Loss per share

Loss per share is determined using the weighted-average number of shares outstanding during the year. Fully diluted loss per share has not been presented as it is anti-dilutive.

Use of estimates

The preparation of these financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents includes cash and short-term deposits maturing within 90 days of the original date of acquisition.

Canasil Resources Inc.

Notes to Financial Statements

For the years ended December 31, 2000 and 1999

Stock-based compensation

The company has granted stock options, which are described in note 5. No compensation expense is recognized when stock or stock options are issued to employees. Any consideration paid by employees on the exercise of stock options or purchase of stock is credited to capital stock.

3 Resource properties

Resource properties consist of:

| | 2000 \$ | 1999 \$ |
|-----------------------------------|------------------|------------------|
| Acquisition costs | 303,416 | 224,552 |
| Deferred development expenditures | 1,478,283 | 1,379,088 |
| | <u>1,781,699</u> | <u>1,603,640</u> |

Canada

The company owns a 100% interest in claims located in the Omineca Mining Division of British Columbia, Canada:

- a) 22 mineral claims consisting of 178 units known as the Brenda Claims (expiring May 1, 2004);
- b) one mineral claim consisting of 20 units known as the Lil Claim (expiring May 31, 2001). The company intends to make a cash payment in lieu of the work commitment in order to maintain this property in good standing;
- c) one mineral claim consisting of 16 units known as the Mat Claim (expiring September 9, 2003). The company incurred expenditures of \$19,226 in prior years on this claim, which have been written-off;
- d) two mineral claims consisting of 18 units known as the Vega Claim (expiring October 19, 2003). The company incurred expenditures of \$2,675 in prior years on those claims which have been written-off; and
- e) four mineral claims consisting of 76 units known as the Granite Claims (expiring between October 9, 2002 and October 8, 2006).

Spain

On September 27, 2000, the company entered into an option agreement with Selanor SA ("Selanor"), to acquire two Spanish companies, Sociedad de Estudios Investigaciones y Explotaciones Mineras SA (SEIEMSA) and Cominco España SA (COMESA), owned by Selanor. SEIEMSA and COMESA hold 90% interest in the Tharsis and La Zarza mining concessions and surrounding exploration blocks in the Iberian Pyrite Belt in South-Western Spain.

Canasil Resources Inc.

Notes to Financial Statements

For the years ended December 31, 2000 and 1999

Under the terms of the agreement, Selanor grants to the company the right and option to acquire at any time before the second anniversary of the effective date following the Canadian Venture Exchange (CDNX) approval, 100% of SEIEMSA and COMESA shares in consideration for US\$3,000,000.

In order to maintain the option in good standing, the company must:

- a) incur minimum exploration expenditures of US\$400,000 per year
- b) use technical services from the Bureau de Recherches Géologiques et Minières ("BRGM"), an agency of the Government of the Republic of France, for a minimum value of US\$250,000 per year
- c) make quarterly lease payments of US\$37,500.

The company has the right to terminate this agreement at any time provided it has incurred exploration costs of not less than US\$400,000. If the company decides to terminate the agreement after the second anniversary of the effective date, the company must have incurred cumulative exploration expenses of not less than US\$800,000.

The company paid US\$10 as consideration for this agreement. This agreement is subject to approval from the CDNX.

During the year, the Company incurred expenditures of \$188,162 which are included in resource properties. In 1999 the company incurred expenditures of \$72,388 which costs were charged to operations during 1999.

Iran

The company has signed a letter of understanding with the Geological Survey of Iran covering exclusive exploration rights for a 1,000 square kilometre exploration concession in South-Eastern Iran, known as the Rameshk project.

The company incurred expenditures of \$4,548 which have been charged to operations during the year.

4 Capital assets

| | 2000 | | |
|-------------------------|---------------|-------------------------------------|--------------|
| | Cost | Accumulated amortization | Net |
| | \$ | \$ | \$ |
| Furniture and equipment | 8,833 | 4,401 | 4,432 |
| Geological equipment | 9,798 | 9,409 | 389 |
| Radio equipment | 2,841 | 2,841 | - |
| | <u>21,472</u> | <u>16,651</u> | <u>4,821</u> |

Canasil Resources Inc.

Notes to Financial Statements

For the years ended December 31, 2000 and 1999

| | 1999 | | |
|-------------------------|---------------|--------------------|--------------|
| | Cost | Accumulated | Net |
| | \$ | amortization | \$ |
| | | \$ | \$ |
| Furniture and equipment | 8,003 | 3,397 | 4,606 |
| Geological equipment | 9,798 | 9,312 | 486 |
| Radio equipment | 2,841 | 2,841 | - |
| | <u>20,642</u> | <u>15,550</u> | <u>5,092</u> |

5 Capital stock

Authorized
50,000,000 common shares without par value

Issued

| | 2000 | | 1999 | |
|-----------------------------------|-------------------|------------------|-------------------|------------------|
| | Number | Amount | Number | Amount |
| | of shares | \$ | of shares | \$ |
| Capital stock - Beginning of year | 11,877,342 | 4,745,059 | 8,877,342 | 4,009,174 |
| Issued during the year | | | | |
| For cash - special warrants | - | - | 3,000,000 | 750,000 |
| | <u>11,877,342</u> | <u>4,745,059</u> | <u>11,877,342</u> | <u>4,759,174</u> |
| Less: Warrant issue costs | - | - | - | (14,115) |
| Capital stock - End of year | <u>11,877,342</u> | <u>4,745,059</u> | <u>11,877,342</u> | <u>4,745,059</u> |

Special warrants

In 1999, the company issued 3,000,000 special warrants by private placement agreements. Each special warrant entitled the holder to receive one common share without further payment. All special warrants were exchanged for common shares during 2000.

Canasil Resources Inc.

Notes to Financial Statements

For the years ended December 31, 2000 and 1999

Share purchase options

The company has granted options to its directors, employees and consultants. The exercise price of each option equals the market price of the company's stock on the day of grant and an option's maximum term is five years. All options have no vesting period.

| | 2000 | | 1999 | |
|-----------------------------|-----------|---------------------------------|-----------|---------------------------------|
| | Shares | Weighted average share price \$ | Shares | Weighted average share price \$ |
| Balance - Beginning of year | 1,185,000 | 0.39 | 700,000 | 0.37 |
| Granted | 400,000 | 0.32 | 485,000 | 0.41 |
| Expired | (500,000) | 0.42 | - | - |
| Balance - End of year | 1,085,000 | 0.35 | 1,185,000 | 0.39 |

The following table summarizes information about stock options outstanding and exercisable at December 31, 2000:

| Range of exercise prices \$ | Options outstanding | | | Options exercisable | |
|-----------------------------|---|---|------------------------------------|---|------------------------------------|
| | Number outstanding at December 31, 2000 | Weighted average remaining contractual life (years) | Weighted average exercise price \$ | Number exercisable at December 31, 2000 | Weighted average exercise price \$ |
| 0.30 - 0.41 | 1,085,000 | 3.53 | 0.35 | 1,085,000 | 0.35 |

Canasil Resources Inc.

Notes to Financial Statements

For the years ended December 31, 2000 and 1999

6 Related party transactions

The company entered into the following transactions with related parties:

- a) The company incurred the following expenses for services provided by a company controlled by a director and officer of the company:

| | 2000 | 1999 |
|---------------------------------|-------------|-------------|
| | \$ | \$ |
| Included in resource properties | | |
| Camp provisions | 2,910 | - |
| Geological consulting | 7,375 | 7,911 |
| Other expenses | 1,826 | 1,499 |
| Travel | 3,984 | 153 |
| Included in expenses | | |
| Management fees | 18,000 | 18,000 |

- b) The company incurred \$32,350 (1999 - \$nil) in fees for services provided by a company related to a director. \$30,850 of these fees are included in resource properties as acquisition costs and the balance is included in general exploration.

- c) The company incurred the following expenses for services provided by a director and officer:

| | 2000 | 1999 |
|---------------------------------|-------------|-------------|
| | \$ | \$ |
| Included in consulting | 5,838 | 5,968 |
| Included in general exploration | 6,403 | 22,032 |

- d) The company incurred the following expenses for services provided by a firm of which an officer is a partner.

| | 2000 | 1999 |
|---------------------------------|-------------|-------------|
| | \$ | \$ |
| Included in resource properties | | |
| Acquisition costs | 36,342 | - |
| Included in expenses | | |
| General exploration | - | 13,880 |
| Legal | 7,403 | 34,933 |

- e) The company incurred \$12,000 (1999 - \$10,000) in management fees for services provided by a company controlled by an officer.

- f) The company incurred \$4,000 (1999 - \$nil) in geological consulting fees for services provided by a company controlled by a director.

Canasil Resources Inc.

Notes to Financial Statements

For the years ended December 31, 2000 and 1999

7 Income taxes

The company has non-capital loss carryforwards of \$224,813 that may be applied against taxable income of future years as follows:

| Expiry date | \$ |
|-------------|---------|
| 2001 | 17,266 |
| 2002 | 13,652 |
| 2003 | 16,135 |
| 2006 | 80,339 |
| 2007 | 97,421 |
| | <hr/> |
| | 224,813 |
| | <hr/> |

The company has approximately \$3,271,629 of cumulative exploration and development expenses of which approximately \$415,000 were incurred by a predecessor corporation and can only be offset against future taxable income from properties formerly owned by that corporation.

Unrecognized future income tax assets, as at December 31, 2000 consist of the following:

| | \$ |
|--|-----------|
| Excess of tax over book for resource properties and capital assets | 664,802 |
| Operating loss carryforward | 100,312 |
| Financing costs | 4,448 |
| | <hr/> |
| | 769,562 |
| Less: Valuation allowance for future tax assets | (769,562) |
| | <hr/> |
| | - |
| | <hr/> |

The income taxes shown in the statements of operations and deficit differs from the amounts obtained by applying statutory rates due to the following:

| | 2000 \$ | 1999 \$ |
|--|------------|------------|
| Statutory tax rate | 45.62% | 45.62% |
| Provision for income taxes based on statutory | | |
| Canadian combined federal and provincial income tax rates | (56,558) | (159,814) |
| Permanent differences | | |
| Resource allowance and share issue costs charged to equity | (1,401) | 4,196 |
| Losses for which an income tax benefit has not been recognized | 44,444 | 36,650 |
| Temporary differences | 13,515 | 118,968 |
| | <hr/> | <hr/> |
| | - | - |
| | <hr/> | <hr/> |

Canasil Resources Inc.

Notes to Financial Statements

For the years ended December 31, 2000 and 1999

8 Financial instruments

Concentration of credit risk

The financial instruments that potentially expose the company to concentrations of credit risk are cash and cash equivalents. The company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions.

Fair value of financial instruments

At December 31, 2000, the values of cash and cash equivalents, accounts receivable and accounts payable approximate their carrying values because of the short-term nature of these instruments.

9 Segmented information

Substantially all of the company's operations have been in one industry, the exploration for precious metals. Management reviews the financial results according to expenditures by property as presented in the statement of resource properties expenditures. The company's mineral properties are all in Spain, Canada and Iran.

| | 2000 | 1999 |
|--------|-------------|-------------|
| | \$ | \$ |
| Canada | 1,593,537 | 1,603,640 |
| Spain | 188,162 | - |
| | <hr/> | <hr/> |
| | 1,781,699 | 1,603,640 |
| | <hr/> | <hr/> |