

CANASIL RESOURCES INC.
INTERIM BALANCE SHEET
(UNAUDITED)

	June 30 2003	December 31 2002
ASSETS		
Current		
Cash and cash equivalents	\$ 30,918	\$ 113,663
Interest receivable	50	160
GST recoverable	3,669	5,204
Prepaid expenses	1,702	1,115
	36,339	120,142
Reclamation bond	13,000	13,000
Resource properties	1,331,652	1,331,005
Capital assets	2,789	3,099
	\$1,383,780	\$1,467,246
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current		
Accounts payable	\$ 28,408	\$ 27,147
Stockholders' equity		
Capital stock	4,839,971	4,845,059
Contributed surplus	30,000	30,000
Deficit	(3,514,599)	(3,434,960)
	1,355,372	1,440,099
	\$1,383,780	\$1,467,246

On behalf of the Board:

"Bahman Yamini"

Director

"Gary Nordin"

Director

The accompanying notes are an integral part of these financial statements.

CANASIL RESOURCES INC.
STATEMENT OF OPERATIONS AND DEFICIT
SIX MONTH PERIOD ENDED JUNE 30

	Three Months Ended June 30		Six Months Ended June 30	
	2003	2002	2003	2002
EXPENSES				
Accounting and audit	\$ 2,500	\$ 1,250	\$ 7,000	\$ 2,330
Amortization	155	209	310	419
Directors fees	2,500	-	5,000	-
Foreign exchange loss / (gain)	436	436	1,072	431
Investor relations	1,213	94	1,955	787
Legal	3,841	9,992	5,368	12,617
Management fees	8,000	21,500	16,000	28,000
Office rent	-	1,200	-	2,400
Office services and supplies	1,903	2,958	3,692	4,925
Registrations, license and filing	892	1,238	6,708	4,633
Stock transfer fees	1,957	637	3,282	1,688
Telephone	1,002	797	1,741	1,383
Travel and conferences	244	414	342	1,110
	<u>24,643</u>	<u>40,275</u>	<u>52,470</u>	<u>60,723</u>
OTHER ITEMS				
Interest revenue	(200)	(274)	(456)	(519)
General exploration	<u>19,783</u>	<u>-</u>	<u>27,625</u>	<u>-</u>
	<u>19,583</u>	<u>(274)</u>	<u>27,169</u>	<u>(519)</u>
Loss for the period	(44,226)	(40,451)	(79,639)	(60,204)
Deficit at beginning of period	<u>(3,470,373)</u>	<u>(3,275,314)</u>	<u>(3,434,960)</u>	<u>(3,255,561)</u>
Deficit at end of period	<u>\$(3,514,519)</u>	<u>\$ (3,315,765)</u>	<u>\$(3,514,599)</u>	<u>\$ (3,315,765)</u>
Loss per share	\$ (0.003)	\$ (0.003)	\$ (0.006)	\$ (0.005)
Weighted average number of shares	12,877,342	11,877,342	12,877,342	11,877,342

CANASIL RESOURCES INC.
STATEMENT OF CASH FLOWS
SIX MONTH PERIOD ENDED JUNE 30

	Three Months Ended June 30		Six Months Ended June 30	
	2003	2002	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for period	\$ (44,226)	\$ (40,451)	\$ (79,639)	\$ (60,204)
Items not affecting cash				
Amortization	155	209	310	419
	(44,071)	(40,242)	(79,329)	(59,785)
Net change in non-cash working capital items	(601)	14,349	2,318	6,860
	(44,672)	(25,893)	(77,011)	(52,925)
CASH FLOWS FROM INVESTING ACTIVITIES				
Resource properties excluding amortization	(600)	(7,558)	(647)	(7,928)
	(600)	(7,558)	(647)	(7,928)
CASH FLOW FROM FINANCING ACTIVITIES				
Share issue costs	-	-	(5,087)	-
	-	-	(5,087)	-
Increase (decrease) in cash and cash equivalents	(45,272)	(33,451)	(82,745)	(60,853)
Cash and cash equivalents - beginning of period	76,190	101,923	113,663	129,325
Cash and cash equivalents - end of period	\$ 30,918	\$ 68,472	\$ 30,918	\$ 68,472

CANASIL RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

1. BASIS OF PRESENTATION

These financial statements do not contain all the information required for annual financial statements and should be read in conjunction with the most recent annual financial statements of the company.

2. NATURE OF OPERATIONS

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'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.

3. RESOURCE PROPERTIES

Resource properties consist of:

	June 30 2003 \$	December 31 2002 \$
Brenda Property, B.C., Canada		
Acquisition costs	174,551	174,551
Deferred development expenditures	1,157,101	1,156,454
	<u>1,331,652</u>	<u>1,331,005</u>

The company incurred assay costs of \$647 during the period which costs are included in deferred development expenditures.

CANASIL RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

4. RELATED PARTY TRANSACTIONS

The Company paid or accrued the following amounts to related parties:

	June 30 2003 \$	June 30 2002 \$
Management fees	16,000	28,000
Legal Fees	5,368	11,447
Deferred exploration costs	-	7,558
Directors fees	5,000	-
Share issue costs	5,087	-

5. SEGMENTED INFORMATION

The Company conducts substantially all of its operations in Canada in one business segment, being the exploration and development of resource properties.

QUARTERLY AND YEAR END
REPORT

BC FORM 51-901F
(previously Form 61)

British Columbia Securities Commission

INCORPORATED AS PART: _____ **Schedule A**
 _____ **Schedules B and C**
 _____ **X**

ISSUER DETAILS		
<i>Name of Issuer</i>	<i>For Quarter Ended</i>	<i>Date of Report YY/MM/DD</i>
CANASIL RESOURCES INC.	June 30, 2003	03/08/29
<i>Issuer's Address</i>	<i>Issuer's Fax No.</i>	<i>Issuer's Telephone No.</i>
1695 MARINE DRIVE, SUITE 200 NORTH VANCOUVER B.C. V7P 1V1	(604) 986-6825	604-984-6270
<i>Contact Person</i>	<i>Contact's Position</i>	<i>Contact's Telephone No.</i>
Bahman Yamini	PRESIDENT	604-984-6270
<i>Contact Email Address:</i> info@canasil.com	<i>Web Site Address:</i> www.canasil.com	
CERTIFICATE		
The three schedules required to complete this Report are attached and the disclosures contained herein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.		
<i>Director's Signature</i>	<i>Print Full Name</i>	<i>Date Signed</i>
"Bahman Yamini"	BAHMAN YAMINI	August 29, 2003
<i>Director's Signature</i>	<i>Print Full Name</i>	<i>Date Signed</i>
"Gary Nordin"	GARY NORDIN	August 29, 2003

SCHEDULE A: FINANCIAL INFORMATION

See attached unaudited financial statements for the six month period ended June 30, 2003.

SCHEDULE B: SUPPLEMENTARY INFORMATION

1. For a breakdown of general and administrative expenses, mineral properties and deferred exploration costs, see the attached unaudited consolidated financial statements.
2. For related party transactions, see Note 4 of the attached unaudited financial statements.
3. a) For the six month period ended June 30, 2003, securities were issued as follows:

Type of Security	Issue Type	Number of Shares	Price Per Share	Total Proceeds	Type of Consideration
Shares (1)	Private Placements	1,000,000	\$0.10	\$ 100,000	Cash

(1) In December 2002, the Company completed non-brokered private placements of 1,000,000 units. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one warrant share at a price of \$0.15. In January 2003, the common shares were issued from treasury in exchange for the units.

- b) For the six month period ended June 30, 2003, no incentive stock options were granted.
4. a) Authorized: 50,000,000 common shares without par value
- b) Issued: 12,877,342 common shares with a stated value of \$ 4,839,971
- c) As at June 30, 2003, the following incentive stock options were outstanding.

Number of Shares	Exercise Price	Expiry Date
150,000	0.41	July 14, 2004
65,000	0.41	October 6, 2004
300,000	0.32	May 11, 2005
100,000	0.23	April 16, 2007

- d) No shares are subject to escrow or pooling arrangements.

SCHEDULE B: SUPPLEMENTARY INFORMATION (continued)

5. List of directors and officers:

Bahman Yamini, President and Director
Gary Nordin, Director
Alvin Jackson, Director
Iain MacPhail, Chief Financial Officer
Graham Scott, Secretary

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Company is engaged in the identification, exploration and development of mineral resources. During the quarter, the Company has actively pursued opportunities for the acquisition of attractive gold and silver properties in Mexico and has reviewed a number of prospective projects for acquisition.

Projects

Brenda Gold-Copper Porphyry Project

The property is subject to Option and Joint Venture Agreements signed with Northgate Exploration Ltd., the operator of the South Kemess mine, on July 31st, 2002, for further exploration and development of the Brenda gold-copper porphyry project. Northgate's 2002 exploration program, including 4 diamond drill holes for a total of 1,650m, confirmed indications of a Kemess style gold-bearing porphyry system on the Brenda property with alteration comparable to that of the Kemess North deposit. Northgate carried out further drilling during the quarter as weather conditions allowed an earlier start to the 2003 program than initially expected. Diamond drilling on the property commenced on June 16, 2003 (see subsequent events).

Mexico Gold/Silver initiative

Following a systematic review of opportunities for acquisition of new mineral exploration and development projects in Mexico during the first quarter, the Company selected five gold and silver projects for detailed review and evaluation. During the second quarter, technical reviews and property visits to four properties were completed. The Company has entered into detailed negotiations for the acquisition of two of these properties, with one project progressing to advanced discussions for completion of the acquisition agreements. The Company plans to complete this acquisition during the third quarter and will be reviewing a number of additional gold and silver projects in Mexico with outstanding potential.

Results of Operations, Liquidity and Capital Reserves

Total operating expenditures (net of interest income) over the period were \$79,639 (\$60,204 for the same period in 2002). The operating expenditures for the period include general exploration costs of \$27,625 (\$nil for the same period in 2002). The working capital position at end of the second quarter was \$7,931.

The Company will be pursuing possibilities for additional financing to meet the requirements for development of its mineral properties, and for funding the development of the new project(s) in Mexico. During the quarter the Company completed an Annual Information Form, which was filed on July 4, 2003, in preparation for a new project financing initiative once the acquisition of a new project is completed.

Related Party Transactions

Related party transactions during the period comprised fees paid to Directors and Officers of the Company for administrative, legal and consulting services, for a total of 31,455 (\$47,005 for the same period in 2002).

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Outlook

The Company is looking forward to the results of the proposed 2003 exploration program by Northgate Exploration on the Brenda property. The management objectives during the third quarter will be to complete the acquisition of new mineral projects in Mexico and proceed to arrange the necessary financing required for project development.

Investor Relations

The Company does not have any investor relations contracts. The Company's website www.canasil.com has been updated and maintained and the electronic mailing list feature activated for regular distribution of news and Company information to investors, analysts and investment funds interested in the junior exploration sector. The Company has completed an initial presentation package for brokers and analysts outlining the new initiative in Mexico, which may be updated with the details of any new projects acquired.

Subsequent events

In July 2003, the Company and Northgate Exploration agreed to extend the July 31, 2003 date of the Brenda property option payment to August 31, 2003, to allow sufficient time for completion of the drill program and review of the results. In August 2003, Northgate Exploration confirmed that the results of the diamond drill program on the Brenda property, comprising 5 drill holes for a total of 1,485m, were particularly encouraging. The results obtained in the 2003 exploration program are a significant improvement over 2002 drilling results in terms of both the gold and copper grades as well as the length of the overall drill intersections. Based on these results, Northgate Exploration has made the scheduled \$30,000 option payment to the Company and will continue exploration in the summer of 2004. Northgate's continued interest and participation in the exploration and development of the Brenda property is a very positive development for the Company.