



**CANASIL RESOURCES INC.**  
**INTERIM BALANCE SHEETS**

	<u>June 30</u> <u>2002</u> (Unaudited) \$	<u>December 31</u> <u>2001</u> \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	68,472	129,325
Accounts receivable	306	-
Interest receivable	45	301
G.S.T recoverable	4,004	1,041
Prepaid expenses	2,014	-
	74,841	130,667
<b>Reclamation bond</b>	13,000	13,000
<b>Resource properties</b>	1,399,112	1,391,184
<b>Capital assets</b>	3,765	4,184
<b>Incorporation cost</b>	410	410
	1,491,128	1,539,445
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	31,834	19,947
	31,834	19,947
<b>Shareholders' equity</b>		
<b>Capital stock</b>	4,745,059	4,745,059
<b>Contributed surplus</b>	30,000	30,000
<b>Deficit</b>	(3,315,765)	(3,255,561)
	1,459,294	1,519,498
	1,491,128	1,539,445

Approved by the Board of Directors

\_\_\_\_\_ Director \_\_\_\_\_ Director

**CANASIL RESOURCES INC.**

**STATEMENTS OF OPERATIONS AND DEFICIT**

**(UNAUDITED)**

	<b>Three months ended June 30</b>		<b>Six months ended June 30</b>	
	<b><u>2002</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2001</u></b>
	\$	\$	\$	\$
<b>Expenses</b>				
Accounting and audit	1,250	2,500	2,330	6,623
Amortization	209	260	419	520
Foreign exchange loss / (gain)	436	(482)	431	(934)
Investor relations	94	910	787	1,729
Legal	9,992	1,418	12,617	1,693
Management fees	21,500	6,833	28,000	14,333
Office rent	1,200	1,200	2,400	2,400
Office services and supplies	2,958	2,235	4,925	3,231
Registrations, license and filing	1,238	76	4,633	3,913
Stock transfer fees	637	1,177	1,688	2,090
Telephone	797	787	1,383	1,561
Travel and conferences	414	504	1,110	6,149
	40,725	17,418	60,723	44,242
<b>Interest revenue</b>	(274)	(1,782)	(519)	(4,683)
<b>Loss for the period</b>	(40,451)	(15,633)	(60,204)	(39,559)
<b>Deficit at beginning of period</b>	(3,275,314)	(2,769,222)	(3,255,561)	(2,745,296)
<b>Deficit at end of period</b>	(3,315,765)	(2,784,855)	(3,315,765)	(2,784,855)
<b>Loss per share</b>	(0.001)	(0.001)	(0.005)	(0.003)
<b>Weighted average number of shares</b>	11,877,342	11,877,342	11,877,342	11,877,342

**CANASIL RESOURCES INC.**

**STATEMENTS OF CASH FLOWS**

**For the six month periods ended June 30, 2002 and 2001**

**(UNAUDITED)**

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<u><b>2002</b></u>	<u><b>2001</b></u>	<u><b>2002</b></u>	<u><b>2001</b></u>
	\$	\$	\$	\$
<b>Cash flows from operating activities</b>				
Loss for period	(40,451)	(15,633)	(60,204)	(39,559)
Items not affecting cash				
Amortization	209	260	419	520
	(40,242)	(15,373)	(59,785)	(39,039)
Net change in non-cash working capital items	14,349	(12,084)	6,860	19,996
	(25,893)	(27,457)	(52,925)	(19,043)
<b>Cash flows from investing activities</b>				
Resource properties excluding amortization	(7,558)	(14,233)	(7,928)	(21,588)
Payment for capital assets	-	-	-	(409)
	(7,558)	(14,233)	(7,928)	(107,823)
<b>Increase (decrease) in cash and cash equivalents</b>	(33,451)	(41,690)	(60,853)	(41,040)
<b>Cash and cash equivalents - beginning of period</b>	101,923	231,289	129,325	230,639
<b>Cash and cash equivalents - end of period</b>	68,472	189,599	68,472	189,599

**CANASIL RESOURCES INC.**

**STATEMENT OF RESOURCE PROPERTIES EXPENDITURES**

**for the year six month period ended June 30, 2002**

**(UNAUDITED)**

<b>Resource properties – balance as at December 31, 2001</b>	\$ 1,391,184
<b>Additions</b>	
Geological services	5,520
Legal	2,428
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	7,928
<b>Resource properties – balance as at March 31, 2002</b>	<hr/>
	1,399,112
<b>Resource properties consist of</b>	
Brenda claims, B.C.	1,342,308
Lil claims, B.C.	56,804
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	1,399,112
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# Canasil Resources Inc.

## Notes to Financial Statements

### June 30, 2002

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#### 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:

	<b>June 30</b>	<b>December 31</b>
	<b>2002</b>	<b>2001</b>
	\$	\$
Acquisition costs	174,551	174,551
Deferred development expenditures	1,224,561	1,216,633
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	1,399,112	1,391,184
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**Canasil Resources Inc.**  
**Notes to Financial Statements**  
**June 30, 2002**

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**4 Capital assets**

	<b>June 30, 2002</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>
	\$	\$	\$
Furniture and equipment	9,242	5,757	3,485
Geological equipment	9,798	9,518	280
	19,040	15,273	3,765
	<b>December 31, 2001</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>
	\$	\$	\$
Furniture and equipment	8,833	5,369	3,873
Geological equipment	9,798	9,487	311
	19,040	14,856	4,184

**5 Capital stock**

Authorized  
50,000,000 common shares without par value

Issued

	<b>June 30 2002</b>		<b>December 31 2001</b>	
	<b>Number of shares</b>	<b>Amount \$</b>	<b>Number of shares</b>	<b>Amount \$</b>
Capital stock - Beginning of period	11,877,342	4,745,059	11,877,342	4,745,059
Issued during the period	-	-	-	-
Capital stock - End of period	11,877,342	4,745,059	11,877,342	4,745,059

**Canasil Resources Inc.**  
**Notes to Financial Statements**  
**June 30, 2002**

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**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.

	<u>June 30, 2002</u>		<u>December 31, 2001</u>	
	Shares	Weighted average share price \$	Shares	Weighted average share price \$
Balance - Beginning of period	1,085,000	0.35	1,085,000	0.35
Granted	-	-	-	-
Expired	-	-	-	-
Balance - End of period	<u>1,085,000</u>	<u>0.35</u>	<u>1,085,000</u>	<u>0.35</u>

The following table summarizes information about stock options outstanding and exercisable at June 30, 2002:

	<u>Options outstanding</u>			<u>Options exercisable</u>		
Range of exercise prices \$	Number outstanding at June 30, 2002	Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number exercisable at June 30, 2002	Weighted average exercise price \$	
0.30 - 0.41	1,085,000	2.29	0.35	1,085,000	0.35	

**Canasil Resources Inc.**  
**Notes to Financial Statements**  
**June 30, 2002**

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**6 Related party transactions**

During the period, the company incurred the following expenditures with entered into the following transactions with related parties:

	<b>June 30</b> <b>2002</b> \$	<b>June 30</b> <b>2001</b> \$
Management fees	28,000	14,333
Legal Fees	11,447	1,693
Deferred exploration expenditures	7,558	8,000
Office services	-	969

**7 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 Canada.