

QUARTERLY AND YEAR END  
REPORT

BC FORM 51-901F  
(previously Form 61)

British Columbia Securities Commission

INCORPORATED AS PART:  X  Schedule A  
  Schedules B and C

<b>ISSUER DETAILS</b>		
<i>Name of Issuer</i>	<i>For Quarter Ended</i>	<i>Date of Report YY/MM/DD</i>
CANASIL RESOURCES INC.	September 30, 2001	November 29, 2001
<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>
PAUL J. WEISHAAPT	PRESIDENT	(604) 984-6270
<i>Contact Email Address:</i> info@canasil.com	<i>Web Site Address:</i> www.canasil.com	
<b>CERTIFICATE</b>		
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>
" Paul J. Weishaupt "	PAUL J. WEISHAAPT	Nov. 29, 2001
<i>Director's Signature</i>	<i>Print Full Name</i>	<i>Date Signed</i>
" Bahman Yamini "	BAHMAN YAMINI	Nov. 29, 2001

**CANASIL RESOURCES INC.**  
**INTERIM BALANCE SHEETS**  
**(UNAUDITED)**

	<u>September 30</u>	<u>December 31</u>
	<u>2001</u>	<u>2000</u>
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	146,808	230,639
Interest Receivable	193	429
G.S.T Recoverable	2,158	36,290
Prepaid expenses	371	338
	149,530	267,696
<b>Reclamation bond</b>	13,000	13,000
<b>Resource properties</b>	1,829,432	1,781,699
<b>Capital assets</b>	4,446	4,821
<b>Incorporation cost</b>	410	410
	1,996,818	2,067,626
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	21,786	37,863
<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>	(2,800,027)	(2,745,296)
	1,975,032	2,029,763
	1,996,818	2,067,626

Approved by the Board of Directors

<u>“ Paul Weishaupt “</u> P. J Weishaupt	Director	<u>“ Bahman Yamini “</u> B. Yamini	Director
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**CANASIL RESOURCES INC.**

**STATEMENTS OF OPERATIONS AND DEFICIT**

**(UNAUDITED)**

	<b>Three months ended September 30</b>		<b>Nine months ended September 30</b>	
	<u><b>2001</b></u> \$	<u><b>2000</b></u> \$	<u><b>2001</b></u> \$	<u><b>2000</b></u> \$
<b>Expenses</b>				
Accounting and audit	2,500	3,000	9,123	8,000
Amortization	265	292	785	790
Consulting fees	-	-	-	5,839
Investor relations	738	1,732	2,467	6,199
Interest	-	22	-	-
Legal	181	-	1,874	6,053
Management fees	6,500	7,500	20,833	22,500
Office Services and Supplies	1,714	3,753	4,944	12,317
Office rent	1,200	800	3,600	6,120
Registrations, license and filing	(155)	-	3,785	5,772
Stock transfer fees	370	763	2,460	2,813
Subscriptions and dues	-	-	-	856
Telephone	591	698	2,153	2,201
Travel and conferences	2,442	260	8,591	7,896
Miscellaneous	-	-	-	1,838
	<u>16,345</u>	<u>18,820</u>	<u>60,587</u>	<u>89,194</u>
<b>Other expenses (income)</b>				
Interest revenue	(1,172)	(4,649)	(5,856)	(10,972)
General exploration	-	-	-	2,100
	<u>(1,172)</u>	<u>(4,649)</u>	<u>(5,856)</u>	<u>(8,872)</u>
<b>Loss for period</b>	(15,174)	(14,171)	(54,731)	(80,322)
<b>Deficit at beginning of period</b>	<u>(2,784,853)</u>	<u>(2,687,470)</u>	<u>(2,745,296)</u>	<u>(2,621,319)</u>
<b>Deficit at end of period</b>	<u>(2,800,027)</u>	<u>(2,701,641)</u>	<u>(2,800,027)</u>	<u>(2,701,641)</u>
<b>Loss per share</b>	(0.001)	(0.001)	(0.005)	(0.007)
<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**  
**(UNAUDITED)**

	<u>Three months ended</u> <u>September 30</u>		<u>Nine months ended</u> <u>September 30</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	\$	\$	\$	\$
<b>Cash flows from operating activities</b>				
Loss for period				
Items not affecting cash	(15,172)	(14,171)	(54,731)	(80,322)
Amortization	265	292	785	790
	<u>(14,907)</u>	<u>(13,879)</u>	<u>(53,946)</u>	<u>(79,532)</u>
Net change in non-cash working capital items	(1,739)	9,526	18,257	(47,163)
	<u>(16,646)</u>	<u>(4,353)</u>	<u>(35,689)</u>	<u>(126,695)</u>
<b>Cash flows from investing activities</b>				
Resource properties excluding amortization	(26,145)	(65,546)	(47,733)	(172,875)
Decrease to reclamation bond	-	12,000	-	12,000
Payment for capital assets	-	(313)	(409)	(807)
	<u>(26,145)</u>	<u>(53,859)</u>	<u>(48,142)</u>	<u>(161,682)</u>
<b>Decrease in cash and cash equivalents</b>	(42,791)	(58,212)	(83,831)	(288,377)
<b>Cash and cash equivalents - beginning of period</b>	<u>189,599</u>	<u>361,531</u>	<u>230,639</u>	<u>591,696</u>
<b>Cash and cash equivalents - end of period</b>	<u><u>146,808</u></u>	<u><u>303,319</u></u>	<u><u>146,808</u></u>	<u><u>303,319</u></u>

**CANASIL RESOURCES INC.**

**STATEMENT OF RESOURCE PROPERTIES EXPENDITURES**

**for the nine month period ended September 30, 2001**

**(UNAUDITED)**

**Resource properties – balance as at December 31, 2000** \$ 1,781,699

**Additions**

Acquisition costs	8,106
Assessment and recording	4,200
Freight and expediting	1,467
Geological services	15,372
Camp provisions	3,970
Travel and sundry	14,618
	<hr/> 47,733 <hr/>

**Resource properties – balance as at September 30, 2001** 

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1,829,432

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**Resource properties consist of**

Brenda claims, B.C.	1,336,646
Granite claims, B.C.	233,256
Lil claims, B.C.	51,772
Tharsis and La Zarza projects, Spain	207,758
	<hr/> 1,829,432 <hr/> <hr/>

# Canasil Resources Inc.

Notes to Financial Statements

September 30, 2001

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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 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 period. As at September 30, 2001 the company has approximately \$147,000 in cash and cash equivalents, with a working capital of \$128,000.

During the previous fiscal year 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.

## 3 Resource properties

Resource properties consist of:

	<b>September 30 2001</b>	<b>December 31 2000</b>
	\$	\$
Acquisition costs	311,522	303,416
Deferred development expenditures	1,517,910	1,478,283
	<u>1,829,432</u>	<u>1,781,699</u>

# Canasil Resources Inc.

## Notes to Financial Statements

September 30, 2001

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### 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, 2002).
- 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.

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.

# Canasil Resources Inc.

Notes to Financial Statements

September 30, 2001

## 4 Capital assets

	<b>September 30, 2001</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>
	\$	\$	\$
Furniture and equipment	9,242	5,127	4,115
Geological equipment	9,798	9,467	331
	<u>19,040</u>	<u>14,594</u>	<u>4,446</u>
	<b>December 31, 2000</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>
	\$	\$	\$
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>

## 5 Capital stock

Authorized

50,000,000 common shares without par value

Issued

	<b>September 30 2001</b>		<b>December 31 2000</b>	
	<b>Number of shares</b>	<b>Amount \$</b>	<b>Number of shares</b>	<b>Amount \$</b>
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>

# Canasil Resources Inc.

Notes to Financial Statements

September 30, 2001

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## 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.

## 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.

	September 30, 2001		December 31, 2000	
	Shares	Weighted average share price \$	Shares	Weighted average share price \$
Balance - Beginning of period	1,085,000	0.35	1,185,000	0.39
Granted	-	-	400,000	0.32
Expired	-	-	(500,000)	0.42
Balance - End of period	1,085,000	0.35	1,085,000	0.35

The following table summarizes information about stock options outstanding and exercisable at September 30, 2001:

	Options outstanding			Options exercisable	
Range of exercise prices \$	Number outstanding at December 31, 2000	Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number exercisable at September 30, 2001	Weighted average exercise price \$
0.30 - 0.41	1,085,000	2.79	0.35	1,085,000	0.35

# Canasil Resources Inc.

Notes to Financial Statements

September 30, 2001

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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>September 30 2001</b>	<b>September 30 2000</b>
	\$	\$
Management Fees	20,833	21,500
Office services	1,419	686
Legal Fees	-	6,053
Consulting fees	-	5,839
Resource properties expenditures	15,400	74,839

## 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 Spain, Canada and Iran.

	<b>September 30 2001</b>	<b>December 31 2000</b>
	\$	\$
Canada	1,621,674	1,593,537
Spain	207,758	188,162
	<hr/>	<hr/>
	1,829,432	1,781,699
	<hr/>	<hr/>