

PACIFIC COMOX RESOURCES LTD.
Quarterly Report - Form 61
for the First Quarter ended January 31, 2001

Schedule A:

Please refer to attached Balance Sheets, Statements of Changes in Financial Position and Income Statement.

PACIFIC COMOX RESOURCES LTD.

Consolidated Balance Sheets (Unaudited)

As at January 31, 2001

	January 31, 2001	October 31, 2000
Assets		
Current assets:		
Cash	\$ 202,941	\$ 16,118
Accounts receivable	4,316	1,860
	<u>207,257</u>	<u>17,978</u>
Investment (note 2)	200,000	-
	<u>\$ 407,257</u>	<u>\$ 17,978</u>

Liabilities and Shareholders' Deficiency

Current liabilities:		
Payables and accruals	\$ 64,868	\$ 79,666
Due to shareholders and other related parties	260,567	256,568
	<u>325,435</u>	<u>336,234</u>
Shareholders' deficiency:		
Share capital (note 3)	10,955,823	10,955,823
Shares to be issued (note 3)	432,000	-
Deficit	(11,306,001)	(11,274,079)
	<u>(81,822)</u>	<u>(318,256)</u>
Going concern basis (note 1)		
	<u>\$ 407,257</u>	<u>\$ 17,978</u>

On behalf of the Board:

"DONALD EMPEY" _____ Director
DONALD EMPEY

"MARVIN WOLFF" _____ Director
MARVIN WOLFF

PACIFIC COMOX RESOURCES LTD.

Consolidated Statements of Operations and Deficit
(Unaudited)

For the Three Months ended January 31

	2001	2000
Revenue:		
Investment income	\$ 575	\$ -
Expenses:		
Administration	32,497	8,372
Write-off of mineral properties and deferred exploration expenditures	-	-
	<u>31,922</u>	<u>8,372</u>
Loss for the period	(31,922)	(8,372)
Deficit, beginning of period	(11,274,079)	(11,037,434)
Deficit, end of period	<u>\$ (11,306,001)</u>	<u>\$ (11,045,806)</u>
Loss per share	\$ (0.29)	\$ (0.29)

PACIFIC COMOX RESOURCES LTD.

Consolidated Statements of Cash Flows
(Unaudited)

For the Three Months Ended January 31

	2001	2000
Cash provided by (used in):		
Operating activities:		
Loss for the year	\$ (31,922)	\$ (8,372)
	(31,922)	(8,372)
Change in non-cash components of working capital	(17,254)	(7,813)
	(49,176)	(16,185)
Financing activities:		
Due to shareholders and other related parties	3,999	15,000
Share capital	432,000	-
	435,999	15,000
Investing activities:		
Investment in Papex (note 2)	(200,000)	-
Increase (Decrease) in cash	186,823	(1,185)
Cash, beginning of period	16,118	5,353
Cash, end of year	\$ 202,941	\$ 4,168

PACIFIC COMOX RESOURCES LTD.

Notes to Consolidated Financial Statements

For the Three Months ended January 31, 2001

1. Going concern basis:

The consolidated financial statements of Pacific Comox Resources Ltd. (the "Company") have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern is in substantial doubt and is dependent on the continuing financial support of its shareholders and other related parties. The outcome of these matters cannot be predicted at this time. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Investment

The Company and Papex Inc. ("Papex"), a private Ontario corporation, based in Mississauga, Ontario, completed a definitive agreement whereby the Company will acquire a 30% equity interest in Papex in exchange for cash payments of \$620,400 and the issuance of 1,800,000 common shares of the Company. The Company has subsequently reached an agreement in principle to revise these terms to \$500,000 cash and 3,004,000 common shares.

The Company will also have an option, exercisable during late 2002, to acquire an additional 19% equity interest in Papex for a cash price of five times Papex's annualized revenue during the February 1, 2002 to July 31, 2002 period. If the Company exercises the option, the minimum payment would be \$600,000 and the maximum payment would be \$11,200,000. Papex also undertakes to use its best efforts to complete a going public transaction during the late 2002 to late 2003 period.

The completion of the proposed transaction with Papex is subject to CDNX and Company shareholder approval.

The Company advanced \$200,000 to Papex in the three months ended January 31, 2001, against the abovementioned commitment.

3. Share Capital

Subsequent to year end, the Company raised \$700,000 through a number of private placements to fund the cash component of acquiring the interest in Papex and for working capital purposes. The funds were raised by the sale of 7,000,000 units at \$0.10 per unit. Each unit consists of one share and one share purchase

warrant exercisable at \$0.20 per share during the next year. Of the private placements, all are with unrelated parties except one for \$218,000 with the President of the Company.

As at January 31, 2001 the Company had received \$432,000 in respect of these private placements, although no shares had been issued.