

**PACIFIC COMOX RESOURCES LTD.**  
Form 51-901F

**Schedule A: Financial Statements**  
For the nine month period ending July 31, 2002

<b>PACIFIC COMOX RESOURCES LTD.</b>		
Consolidated Balance Sheet (Unaudited)		
As at July 31, 2002		
	<b>July 31 2002</b>	<b>October 31 2001</b>
<b>Assets</b>		
Current assets		
Cash	\$ 4,496	\$ 63,597
Accounts receivable	-	768
Prepaid expenses	1,400	375
Due from related party (Note 4)	21,259	41,870
Mineral Exploration Properties (Note 3)	34,093	-
	<b>61,248</b>	<b>106,610</b>
<b>Liabilities and Shareholders' Deficiency</b>		
Current liabilities		
Payables and accruals	\$ 77,135	\$ 81,368
Due to shareholders and related parties (Note 4)	193,978	197,356
	<b>271,113</b>	<b>278,724</b>
Shareholders' deficiency		
Share capital (Note 8)	11,655,823	11,655,823
Deficit	(11,865,688)	(11,827,937)
	<b>(209,865)</b>	<b>(172,114)</b>
Going concern basis (note 1)		
	<b>\$ 61,248</b>	<b>\$ 106,610</b>

See accompanying notes to these unaudited, interim, consolidated financial statements.

On behalf of the Board

“DONALD EMPEY”                      Director  
DONALD EMPEY

“MARVIN WOLFF”                      Director  
MARVIN WOLFF

<b>PACIFIC COMOX RESOURCES LTD.</b>				
Consolidated Statement Of Operations and Deficit(Unaudited)				
	<b>9 Months to July 31 2002</b>	<b>3 Months to July 31 2002</b>	<b>9 Months to July 31 2001</b>	<b>3 Months to July 31 2001</b>
<b>Revenue</b>				
Investment income	\$ 2,806	\$ -	\$ 3,373	\$ 1,991
<b>Expenses</b>				
Administration	40,557	7,517	97,025	25,495
Write-off of mineral properties and deferred exploration expenditures	-	-	-	-
	<b>40,557</b>	<b>7,517</b>	<b>97,025</b>	<b>25,495</b>
Loss for the period	(37,751)	(7,517)	(93,652)	(23,504)
Deficit, beginning of period	(11,827,937)	<b>(11,858,171)</b>	(11,274,079)	(11,344,227)
<b>Deficit, end of period</b>	<b>\$(11,865,688)</b>	<b>\$(11,865,688)</b>	<b>\$(11,367,731)</b>	<b>\$(11,367,731)</b>
Loss per share	\$ (0.004)	\$ (0.0008)	\$ (0.009)	\$ (0.002)

See accompanying notes to these unaudited interim consolidated financial statements.

<b>PACIFIC COMOX RESOURCES LTD</b>				
Consolidated Statement of Cash Flows (Unaudited)				
	<b>9 Months to July 31 2002</b>	<b>3 Months to July 31 2002</b>	<b>9 Months to July 31 2001</b>	<b>3 Months to July 31 2001</b>
<b>Cash provided by (used in)</b>				
Operating activities:				
Loss for the period	\$ (37,751)	\$ (7,517)	\$ (93,652)	\$ (23,504)
Items not affecting cash:				
Write-off of mineral properties and deferred exploration expenditures	-	-	-	-
	(37,751)	(7,517)	(93,652)	(23,504)
Change in non-cash components of Working capital	(4,490)	548	(101,057)	(87,614)
	<b>(42,241)</b>	<b>(6,969)</b>	<b>(194,709)</b>	<b>(111,118)</b>
<b>Financing activities:</b>				
Due to shareholders and other related Parties	17,233	9,096	(55,000)	36,705
Share capital	-	-	700,000	-
	<b>17,233</b>	<b>9,096</b>	<b>645,000</b>	<b>36,705</b>
<b>Investing activities:</b>				
Acquisition of mining expl. properties	(34,093)	(34,093)	-	-
Investing in Papex (note 5)	-	-	(400,000)	(100,000)
	<b>(34,093)</b>	<b>(34,093)</b>	<b>(400,000)</b>	<b>(100,000)</b>
Increase(decrease) in cash	(59,101)	(31,966)	50,291	(174,413)
<b>Cash, beginning of period</b>	<b>63,597</b>	<b>36,462</b>	<b>16,118</b>	<b>240,822</b>
<b>Cash, end of period</b>	<b>\$ 4,496</b>	<b>\$ 4,496</b>	<b>\$ 66,409</b>	<b>\$ 66,409</b>

See accompanying notes to these unaudited, interim, consolidated financial statements.

## **PACIFIC COMOX RESOURCES LTD.**

### Notes to unaudited, interim Consolidated Financial Statements

Pacific Comox Resources Ltd (the "Company") was incorporated to seek exploration and development opportunities. The Company had abandoned most of its mining interests and had been actively seeking non-mining ventures (note 5). On May 29 the Company filed a reactivation plan with the TSX Venture Exchange to reactivate as a mining exploration company. To date, the Company has not earned significant revenue and is considered to be in the development stage.

#### 1. Going concern basis:

The Company has no source of operating cash flow and its ability to continue as a going concern is dependent on the continuing financial support of its shareholders and other related parties. 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. Significant accounting policies:

(a) Basis of consolidation:

The consolidated financial statements include the accounts of the Company's 94%-owned subsidiary, African Star Resources Ltd. Subsequent to the end of the period a wholly-owned subsidiary was incorporated in Mexico.

(b) Cash and cash equivalents:

Cash and cash equivalents consists of cash at bank and investments with remaining maturities of less than three months on date of purchase.

(c) Deferred exploration expenditures:

Deferred exploration expenditures are capitalized on an area-of-interest basis and include direct costs of maintaining and exploring properties, the costs of structures and equipment which are employed directly in the exploration process and other direct costs related to specific properties. All other costs, including administrative overhead, are expensed as incurred.

Management periodically reviews the carrying value of its investments in mineral leases and properties with internal and external mining professionals. A decision to abandon, reduce or expand a specific project is based upon many factors, including general and specific assessments of mineral reserves, anticipated future mineral prices, the anticipated future costs of exploring, developing and operating a producing mine, the expiration term and ongoing expense of maintaining leased mineral properties and the general likelihood that the Company will continue exploration. The Company does not set a predetermined holding period for properties with unproven reserves; however, properties which have not demonstrated suitable mineral values at the conclusion of each phase of an exploration program are reevaluated to determine if future exploration is warranted and their carrying values are appropriate. No significant proven reserves have been found to date.

If an area of interest is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against operations in the year of abandonment or decline in value.

(e) Measurement uncertainty:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the years. Actual results could differ from those estimates.

(g) Stock-based compensation plans:

The Company provides compensation to certain employees, officers and directors in the form of stock options. No compensation expense is recognized for these plans when stock or stock options are issued to employees. Any consideration paid by employees on exercise of stock options or purchase of stock is credited to share capital. If stock or stock options are repurchased from employees, the excess of the consideration paid over the carrying amount of the stock or stock option cancelled is charged to deficit.

3. Deferred exploration expenditures:

No exploration expenditures were deferred during the six months to April 30, 2002. During the third quarter \$34,093 exploration property acquisition expenditures were deferred pertaining to the acquisition of the Mabel properties in Sonora state, Mexico.

4. Due to shareholders and other related parties:

<b>DUE TO (FROM) SHAREHOLDERS AND RELATED PARTIES</b>		
	July 31 2002	October 31 2001
Loan from an officer of the corporation	\$ 164,863	\$ 164,863
Accrued interest on loan from an officer of the Corporation	14,115	9,993
Consulting fees to an officer of the Corporation	15,000	22,500
Due from a corporation under common management	21,259	41,870

The loan payable from an officer of the corporation bears interest at 5% and is due on demand.

5. Investment in Papex Inc.:

During the late 2000 and early 2001 period, the Company and Papex Inc. ("Papex"), a private Ontario corporation, based in Mississauga, Ontario, completed a definitive agreement whereby the Company was to acquire a 30% equity interest in Papex in exchange for cash payments of \$500,000 and the issuance of 3,004,000 common shares of the Company. The Company would 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 chose to exercise the option, the minimum payment would be \$600,000 and the maximum payment would be \$11,200,000. Papex also undertook 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 was subject to CDNX and Company shareholder approval. The Company advanced \$400,000 to Papex in the nine months ended July 31, 2001 against the above-mentioned commitment.

In December 2001, the Company terminated the agreement with Papex and recorded an allowance against the \$400,000 which, under the terms of the original agreement was converted to a note receivable due December 20, 2002.

6. Income taxes:

At October 31, 2001, the Company has non-capital loss carryforwards of approximately \$1,400,000 available to reduce taxable income in future years. These losses expire through 2008. The benefit of these non-capital loss carryforwards has not been recognized in the financial statements.

7. Financial instruments:

The carrying values of cash, accounts receivable, payables and accruals and due to shareholders and other related parties approximate fair values due to the short-term maturities of these instruments.

8. Share capital:

(a) The Company's authorized share capital consists of 200,000,000 common shares without par value. At October 31, 2001 and July 31, 2002 the number outstanding was 45,467,546. On September 5, 2002 the Company reported that regulatory approval had been received to issue 2,244,680 shares to settle certain debts.

(b) On October 31, 2001 the Company had 100,000 options outstanding at \$0.48. The options outstanding expired unexercised on December 5, 2001.