

PACIFIC COMOX RESOURCES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

The following discussion (the “MD&A”) of the financial condition and results of operations of Pacific Comox Resources Ltd. (the “Company” or “Pacific Comox”) constitutes management’s review of the factors that affected the Company’s financial and operating performance for the three months ended April 30, 2004. The MD&A was prepared as of June 18, 2004 and should be read in conjunction with the unaudited financial statements for the three months ended January 31, 2004, six months ended April 30, 2004 and the audited annual financial statements for the year ended October 31, 2003 of the Company, including the notes thereto. Unless otherwise stated, all amounts discussed therein are denominated in Canadian dollars.

Overview

Pacific Comox Resources Ltd. is a precious metal exploration and development company with interests in two exploration properties in Mexico. The Company’s principal exploration property is the Mabel concession in northern Sonora State, Mexico. Less work has been performed on the Famosa concession. Pacific Comox announced on June 18, 2004 that A. C. A. Howe International Limited has been contracted to start a resource estimate for six of the at/near surface areas of drill intersected gold/silver mineralization on the Mabel property.

On June 18, 2004 the Company a proposed C\$250,000 financing of units priced at C\$0.08 through private placements with eligible placees. A unit consists of one common share and one-half share purchase warrant. A warrant is exercisable for one common share for 24 months from closing at C\$0.12/share. The proposed financing is subject to regulatory approval.

During the February 6 to March 10 period of 2004 the Company completed a 97 hole, 1,955 meter reverse circulation (RC) drilling program on the Mabel property. This brings to 141 the number of RC holes drilled by the Company since becoming active on the Mabel property in July 2002.

On May 19, 2004 the Company reported it had won two additional claims through a Government of Mexico lottery in the Mabel property area in northern Sonora, Mexico. The claims, Saric 9 and Saric 12 total about 390 hectares and are located on the northwest flank of the Mabel concession.

Results of Operations – Financial

The net loss for the three months ended April 30, 2004 was \$56,433 compared to \$63,335 for the same period in 2003. Consulting fees declined from \$31,917 to \$8,350 but

expenses associated with communicating with shareholders and investors increased from nil to \$22,869 as the Company became more active on an exploration basis.

For the six month period of 2004 the loss was \$99,788 compared to net income of \$284,244 during the same period of 2003 when a receivable of \$380,000 that had been written off was recovered. Administration expenses during the 2004 period were \$98,673 relatively unchanged from the \$94,783 during the 2003 period. During the 2004 period, consulting fees were \$16,687 compared to \$41,917 in 2003 when the Company was being reactivated. Expenses of communicating with investors and shareholders increased from nil during the 2003 period to \$35,348 during the 2004 period when more effort was expended on informing investors and shareholders of the Company's exploration and development activities.

Results of Operations – Exploration and Development

Exploration and development expenditures were \$310,030 during the quarter ending April 30, 2004 as a result of RC drilling program underway during the period compared to \$70,112 during the same period of 2003 when surface trenching rather than drilling was being conducted on the property to assist in defining drilling targets.

During the quarter ended January 31, 2004 exploration and development expenditures were at a reduced level of \$111,545 due to the holiday period and planning for the drilling program was undertaken which got underway in the second quarter. During the same period of 2003 exploration and development expenditures were at a lower level of \$105,626 as a result of the holiday period and lower level of activity.

The Company completed a \$500,000 financing on December 11, 2003 to fund the RC drilling program during the second quarter. The financing consisted of units priced at C\$0.12 consisting of one share and one warrant exercisable at \$0.20 for one year from closing.

To fund the next phase of work on the Mexican properties the Company has announced a financing consisting of a series of private placements with eligible placees. The Company does not have the working capital to complete the planned program if a financing is not completed.

Liquidity and Capital Resources

The Company's cash balance as at April 30, 2004 was \$26,733 compared to \$42,040 at January 31, 2004 and \$45,809 on October 31, 2003. Total assets were \$1,459,624 on April 30, 2004 compared to \$967,162 on October 31, 2003 reflecting the increased value of the mineral properties from expenditures made on the properties.

Current liabilities were \$162,117 at April 30, 2004 compared to \$119,867 on October 31, 2003. Accounts payable did not change significantly during the period but funds due to a

shareholder and officer rose from \$7,504 on October 31, 2004 to \$54,431 on April 30, 2004 reflecting an interest free loan payable on demand.

On April 30, 2004 and October 31, 2003 the financial instruments of the Company consisted of cash, receivable, and payables. The Company did not have any long term debt. Unless otherwise noted it is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The Company estimates the fair value of these instruments approximates the carrying value due to their short term nature.

The Company is authorized to issue 200,000,000 common shares of which 59,566,892 were issued on April 30, 2004. As at April 30, 2004 the Company had warrants outstanding to purchase an aggregate of 2,125,000 common shares at \$0.15 per share until June 12, 2004 (expired unexercised) and 4,247,166 warrants exercisable at \$0.20 per share until February 2, 2005. At April 30, the Company had 3,300,000 options outstanding at an exercise price of \$0.12 per share until May 27, 2008.

Quarterly Information

The following is a summary of selected financial information of the Company for the quarterly periods indicated:

Quarter (ending)	2004 April 30	2004 Jan. 31	2003 Oct. 31	2003 July 31	2003 April 30	2003 Jan. 31	2002 Oct. 31	2002 July 31
Revenue	-	-	-	-	-	-	-	-
Income (Loss) from continuing operations	(56,433)	(43,355)	(66,124)	(43,097)	(63,335)	347,578	(50,323)	(7,517)
Income (Loss) per common share basic and diluted	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	0.007	(0.001)	(0.0002)
Net Income (Loss)	(56,433)	(43,355)	(66,124)	(43,097)	(63,335)	347,578	(50,323)	(7,517)
Net Income (Loss) per common share basic and diluted	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	0.007	(0.001)	(0.0002)

Transactions With Related Parties

The following is a summary of the related party transactions of the Company during the three months ended April 30, 2004:

Officers of the Company were reimbursed for out-of-pocket expenses relating to the business of the Company.

At April 30, 2004 an officer of the Company had advanced \$54,431 to the Company on an interest free, payable on demand basis.

A sum of \$111,579 was due on an interest free, payable on demand basis from a corporation with a common officer.

Consulting fees of \$15,000 were paid to an officer of the Company.

An officer of the Company subscribed for \$322,000 of the \$500,000 in private placements completed by the Company in February, 2004.

Changes In Accounting Policies

No accounting changes were adopted during the three months ended April 30, 2004 except for the disclosure that the auditor of the Company has not performed a review of the audited financial statements for the three months ended April 30, 2004 or the six months ended April 30, 2004. The only change in accounting policy during 2003 related to the accounting for stock based compensation, the impact of which was explained in the 2003 annual financial statements. The comparative figures for the 2003 quarterly periods have not been restated to account for the changes in the stock based compensation because the impact is not material.

Risks and Uncertainties

At the present time, the Company does not hold any interest in a mining property in production. The Company's viability and potential success is determined by its ability to find, develop, and generate revenue out of mineral deposits. Revenues, costs and profitability from any future mining operation in which the Company has an interest will be influenced by precious and base metal prices and operating costs over which the Company does not have any influence and are beyond its control.

Legal Proceedings

The Company is not involved in any legal proceedings.

Forward Looking Statements

Certain statements contained in this MD&A, including statements which may contain words such as "anticipate", "estimate", "expect", "could", "may", and similar expressions, and statements relating to matters that are not historical facts, are forward looking statements. These statements reflect management's current views with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors may cause actual results and performance to be materially different from the future results and performance implied by such forward looking statements.

Additional Information

Additional information related to the Company, including the annual information form, annual financial statements, and news releases, can be found on SEDAR at www.sedar.com and on the Company's web site at www.pacificcomox.com .

Donald Empey (signed)
President and Chief Executive Officer

Toronto, Ontario, Canada
June 18, 2004