

NOTICE TO SHAREHOLDERS FOR THE THREE MONTHS ENDED APRIL 30, 2004

PACIFIC COMOX RESOURCES LTD.

Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements for Pacific Comox Resources Ltd. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the October 31, 2003 audited consolidated financial statements. Only changes in accounting information have been disclosed in these consolidated financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgement. Recognizing that the Corporation is responsible for both the integrity and objectivity of the consolidated financial statements, management is satisfied that these consolidated financial statements have been fairly presented.

Disclosure Required Under National Instrument 51-102 - "Continuous Disclosure Obligations" - Part 4.3(3)(a)

The auditor of Pacific Comox Resources Ltd. has not performed a review of the unaudited consolidated financial statements for the three months ended April 30, 2004 and April 30, 2003.

PACIFIC COMOX RESOURCES LTD.

(A DEVELOPMENT STAGE ENTERPRISE)

Unaudited Consolidated Balance Sheets

	April 30, 2004	Oct. 31, 2003
Assets		
Current assets:		
Cash	\$ 26,733	\$ 45,809
Accounts receivable	4,116	2,042
Advances and prepaid expenses	16,967	833
	<u>47,816</u>	<u>48,684</u>
Due from related party (note 3)	111,579	82,471
Mineral properties and intangible assets (note 5)	1,295,300	830,208
Capital assets (note 4)	4,929	5,799
	<u>\$ 1,459,624</u>	<u>\$ 967,162</u>

Liabilities and Shareholders' Equity (Deficiency)

Current liabilities:		
Accounts payable and accrued liabilities	\$ 107,686	\$ 112,363
Due to a shareholder and officer (note 3)	54,431	7,504
	<u>162,117</u>	<u>119,867</u>
Shares to be issued	90,000	40,000
Shareholders' equity (deficiency):		
Share capital (note 9)	12,966,050	12,466,050
Warrants (note 9)	52,000	52,000
Deficit	(11,810,543)	(11,701,755)
	<u>1,207,507</u>	<u>807,295</u>
Going concern basis		
Commitments (note 5)		
	<u>\$ 1,459,624</u>	<u>\$ 967,162</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:

"Marvin Wolff" _____ Director

"Donald Empey" _____ Director

PACIFIC COMOX RESOURCES LTD.

(A DEVELOPMENT STAGE ENTERPRISE)

Consolidated Statement Of Operations and Deficit (Unaudited)				
	6 Months to April 30 2004	6 Months to April 30 2003	3 Months to April 30 2004	3 Months to April 30 2003
Expenses				
Administration & operations	98,673	94,783	55,853	63,004
Interest, net	1,1115	973	580	331
Recovery on receivables previously written off	-	(380,000)	-	-
Net income (loss) for the period	(99,788)	284,244	(56,433)	(63,335)
Deficit, beginning of period	(11,710,755)	(11,885,778)	(11,754,110)	(11,538,199)
Deficit, end of period	\$(11,810,543)	\$(11,601,534)	\$(11,810,543)	\$(11,601,534)
Income (loss) per share	\$ (0.002)	\$ 0.006	\$ (0.001)	\$ (0.001)

PACIFIC COMOX RESOURCES LTD.

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Unaudited Consolidated Statements of Cash Flows

Consolidated Statement of Cash Flows (Unaudited)	6 Months to April 30 2004	6 Months to April 30 2003	3 Months to April 30 2004	3 Months to April 30 2003
Cash provided by (used in)				
Operating activities:				
Net Income (Loss) for the period	\$ (99,788)	\$ 284,244	\$ (56,433)	\$ (63,335)
Items not affecting cash:				
Amortization	870	-	435	-
	98,918	284,244	(55,998)	(63,335)
Change in non-cash components of working capital	(22,885)	(23,962)	177,735	(46,402)
	(121,803)	260,282	121,737	(109,737)
Financing activities:				
Issuance of share capital	500,000	190,000	500,000	190,000
Due to shareholder and officer	46,927	5,584	51,002	14,159
Shares to be issued (net of cash in escrow)	50,000	86,000	(343,000)	86,000
	596,927	281,584	208,002	290,159
Investing activities:				
Purchase of capital assets	-	(6,823)	-	(6,823)
Deferred exploration expenditures (note 5)	(465,092)	(219,431)	(331,973)	(80,113)
Due from related party	(29,108)	(47,959)	(13,073)	(38,623)
	(494,200)	(274,213)	(345,046)	(125,559)
Increase(decrease) in cash	(19,076)	267,653	(15,307)	54,843
Cash, beginning of period	45,809	90,136	42,040	302,926
Cash, end of period	\$ 26,733	\$ 357,789	\$ 26,733	\$ 357,789

See accompanying notes to consolidated financial statements.

PACIFIC COMOX RESOURCES LTD.

(A DEVELOPMENT STAGE ENTERPRISE)

Notes to Consolidated Financial Statements

For the Six Months Ended April 30, 2004 and 2003

Pacific Comox Resources Ltd. (the "Company") was incorporated to seek mineral exploration and development opportunities. To date, the Company has not earned significant revenue from any of its activities and is considered to be in the development stage.

1. Summary Of Significant Accounting Policies:

The unaudited consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. These unaudited financial statements have been prepared following the same accounting policies and methods of computation as the audited financial statements for the fiscal year ended October 31, 2003. The disclosures provided below are incremental to those included with the audited annual financial statements. These unaudited financial statements should be read in conjunction with the Company's audited financial statements and notes for the year ended October 31, 2003.

2. Nature Of Operations:

The Company is in the process of exploring its mineral properties located in Mexico and has not yet determined whether these properties contain mineralization that is economically recoverable. The recoverability of amounts shown on mineral properties and intangible assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or the proceeds from the disposition thereof.

PACIFIC COMOX RESOURCES LTD.

(A DEVELOPMENT STAGE ENTERPRISE)

Notes to Consolidated Financial Statements (continued)

For the Six Months Ended April 30, 2004 and 2003.

3. Related party transactions:

Amounts due to related parties as at January 31 are as follows:

	April 30 2004	Oct. 31 2003
Due to a shareholder and officer	\$ 54,431	\$ 7,504
Due from a corporation under common management	111,579	82,471

The amounts due from a corporation under common management and due to a shareholder and officer represent amounts advanced during the year which are non-interest bearing and due on demand.

Amounts recorded during the period are as follows:

	April 30 2004	April 30 2003
Consulting fees to an officer of the Company	15,000	15,000

Transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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Notes to Consolidated Financial Statements (continued)

For the Six Months Ended April 30, 2004 and 2003.

4. Capital assets:

			April 30 2004	Oct. 31 2003
	Cost	Accumulated depreciation	Net book value	Net book value
Computer equipment	\$ 6,823	\$ 1,894	\$ 4,929	\$5,799

5. Mineral properties and intangible assets:

On July 1, 2002, the Company entered into an agreement with respect of certain exploration properties in Mexico, whereby the Company will acquire a 100% interest in the properties over a five-year period, for an aggregate purchase price payable as follows:

(a) A total cash payment of U.S. \$386,000 payable:

- (i) Year one - two payments of U.S. \$10,000 each, the first payment due upon closing of the agreement and the second payment due six months after the closing date. Both of these payments of U.S. \$10,000 have been made;
- (ii) Year two - U.S. \$60,000, payable either in monthly payments of U.S. \$5,000 or quarterly payments of U.S. \$15,000. U.S. \$45,000 has been paid as at April 30, 2004.
- (iii) Years three, four and five - U.S. \$102,000 per year, payable either in monthly payments of U.S. \$8,500 or quarterly payments of U.S. \$25,500.

(b) Subject to regulatory approval and conditions, issue a total of 3,500,000 shares of the Company to the vendors, in a five-year period; respectively, 250,000 shares in each of years one and two, 500,000 shares in year three, 1,000,000 shares in year four and 1,500,000 shares in year five. A total of 500,000 shares have been issued valued at \$0.125 per share; and

(c) A total work commitment of U.S. \$2,300,000, to be spent on the properties in the five-year period; respectively, U.S. \$75,000 in year one, U.S. \$200,000 in year two, U.S. \$500,000 in each of the years three and four and U.S. \$1,000,000 in year five. To date, the Company met the requirements for the first two years.

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Notes to Consolidated Financial Statements (continued)

For the Six Months Ended April 30, 2004 and 2003.

5. Mineral properties and intangible assets (continued):

Failure to comply with the above conditions may cause the Company to lose all the rights under the agreement (subject to a six-month default notice by the vendors).

The properties are also subject to a net smelter royalty of 3% rising to 3.5% for periods in which the gold price exceeds U.S. \$350 per ounce and to 4.0% for periods in which the gold price exceeds U.S. \$400 per ounce. The Company has the right to purchase (during the term of the agreement and for two years after the commencement of the commercial production) 50% of the net smelter royalty for U.S. \$4,500,000.

Expenditures relating to the Mexican properties are as follows:

Balance, October 31, 2003	830,208
Acquisition costs	43,517
Deferred exploration costs	421,575
Balance, April 30, 2004	\$1,245,300

6. Share capital:

(a) The Company's authorized share capital consists of 200,000,000 common shares without par value. Details of shares issued are as follows:

	Number	Amount
Balance, October 31, 2001	45,467,546	\$ 11,655,823
Issued upon completion of debt settlement	2,244,680	224,468
Issue costs	—	(26,741)
Balance, October 31, 2002	47,712,226	11,853,550
Issued on completion of private placements	6,987,500	541,950
Issued to acquire mineral claims (note 5(b))	500,000	62,500
Issued on exercise of warrants	120,000	16,800
Issue costs	—	(8,750)
Balance, October 31, 2003	55,319,726	\$ 12,466,050
Issued on completion of private placements	4,247,166	509,660
Issue costs	-	(9,660)

PACIFIC COMOX RESOURCES LTD.

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Notes to Consolidated Financial Statements (continued)

For the Six Months Ended April 30, 2004 and 2003.

Balance, April 30, 2004	59,566,892	\$ 12,966,050
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6. Share capital (continued):

On February 9, 2004, the Company completed, a number of private placements and raised \$500,000. The financing was in the form of units, consisting of one common share and one common share purchase warrant exercisable at \$0.20 until May 2005. A director of the Company subscribed for \$322,000 of the financing.

The movements in the Company's stock option plan and those outstanding at October 31, 2003 are summarized below:

	Number	Average exercise price
Options outstanding, October 31, 2001 and 2002	100,000	\$ 0.48
Expired	(100,000)	0.48
Options outstanding, October 31, 2002	—	—
Issued to employees	3,050,000	0.12
Issued to consultant	250,000	0.12
Options outstanding, October 31, 2003 and April 30, 2004	3,300,000	0.12

The options outstanding at April 30, 2004 expire on May 27, 2008. No value was assigned to options granted to consultant due to immateriality.

(c) Warrants:

	Number	Average exercise price	Amount
Warrants outstanding, October 31, 2002	—	\$ —	\$ —
Issued on private placements	3,775,000	0.14	56,800
Exercised	(120,000)	0.10	(4,800)
Warrants outstanding, October 31, 2003	3,655,000	0.15	\$ 52,000
Expired	1,530,000	0.12	-

PACIFIC COMOX RESOURCES LTD.

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Notes to Consolidated Financial Statements (continued)

For the Six Months Ended April 30, 2004 and 2003.

Warrants outstanding, April 30, 2004	2,125,000	0.14	\$ 52,000
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