

PACIFIC COMOX RESOURCES LTD.
(A Development Stage Enterprise)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED
April 30, 2007 and April 30, 2006

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, 2006 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 judgment. 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 six months ended April 30, 2007 and April 30, 2006.

PACIFIC COMOX RESOURCES LTD.
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CONSOLIDATED BALANCE SHEETS

	ASSETS		April 30 2007 <i>Unaudited</i>	October 31 2006 <i>Audited</i>
CURRENT				
Cash and cash equivalents		\$	1,413,117	\$ 2,023,417
Accounts receivable			31,369	30,265
Advances and prepaid expenses			<u>177,251</u>	<u>106,365</u>
			1,621,737	2,160,047
INVESTMENT IN RELATED PARTY (note 3)			261,769	222,571
MINERAL PROPERTIES AND INTANGIBLE ASSETS (note 5)			3,080,354	2,148,941
CAPITAL ASSETS (note 4)			<u>1,676</u>	<u>1,989</u>
		\$	<u>4,965,536</u>	<u>\$ 4,533,548</u>
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities		\$	81,384	\$ 270,888
Due to a shareholder and officer (note 3)			<u>-</u>	<u>20,952</u>
			81,384	291,840
FUTURE TAX LIABILITIES (note 6)			114,000	114,000
SHAREHOLDERS' EQUITY				
SHARE CAPITAL (note 8)			17,896,766	17,055,057
WARRANTS (note 8)			510,976	535,658
STOCK OPTIONS (note 8)			14,000	14,000
DEFICIT			<u>(13,651,590)</u>	<u>(13,477,007)</u>
			<u>4,770,152</u>	<u>4,127,708</u>
COMMITMENTS (note 5)			<u>4,770,152</u>	<u>4,127,708</u>
		\$	<u>4,965,536</u>	<u>\$ 4,533,548</u>
Approved by the Board:				
"Marvin Wolff" _____, Director				
"Donald Empey" _____, Director				

The accompanying notes are an integral part of these financial statements.

PACIFIC COMOX RESOURCES LTD.
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CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT

(Unaudited)	6 Months to April 30 2007	6 Months to April 30 2006	3 Months to April 30 2007	3 Months to April 30 2006
Expenses				
Administrative	131,174	60,866	78,632	26,931
Interest (net)	(14,753)	522	(9,272)	108
Write-down of mineral properties	58,162	-	41,636	-
Net loss	(174,583)	(61,388)	(110,996)	(27,039)
Deficit, beginning of period	(13,477,007)	(13,041,857)	(13,540,594)	(13,076,206)
Deficit, end of period	(13,651,590)	(13,103,245)	\$(13,651,590)	\$(13,103,245)
Basis and diluted loss per share	\$(0.001)	\$(0.001)	\$(0.001)	\$(0.001)

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PACIFIC COMOX RESOURCES LTD.
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CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	6 Months to April 30 2007	6 Months to April 30 2006	3 Months to April 30 2007	3 Months to April 30 2006
Cash provided by (used in)				
Operating activities:				
Net loss for the period	\$ (174,583)	\$ (61,388)	\$ (110,996)	\$ (27,039)
Items not affecting cash:				
Amortization	313	426	156	213
Write-down of resource property	58,162		41,636	
	(116,108)	(60,962)	(69,204)	(26,826)
Change in non-cash components of working capital	(261,494)	(178,208)	(241,099)	(31,797)
	(377,602)	(239,170)	(310,303)	(58,623)
Financing activities:				
Proceeds on issue of common shares (net of cash issue costs)	586,527	349,800	298,927	(1,000)
Due to unrelated party	-	20,000	-	20,000
Due to shareholder and officer	(20,952)	15,107	(2,791)	71,499
	565,575	384,907	296,136	90,499
Investing activities:				
Deferred exploration expenditures	(759,075)	(102,296)	(164,108)	(10,467)
Due from related party	(39,198)	(26,395)	(6,010)	(12,976)
	(798,273)	(128,691)	(170,118)	(23,443)
Increase(decrease) in cash	(610,300)	17,046	(184,285)	8,433
Cash, beginning of period	2,023,417	1,233	1,597,402	9,846
Cash, end of period	\$ 1,413,117	\$ 18,279	\$ 1,413,117	\$ 18,279

The accompanying notes are an integral part of these financial statements.

PACIFIC COMOX RESOURCES LTD.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED APRIL 30, 2007 AND 2006

1 - NATURE OF OPERATIONS:

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. The ability of the Company to pursue future exploration and development is dependant on its ability to raise equity or other sources of financing.

2 - 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 consolidated 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, 2006. The disclosures provided below are incremental to those included with the audited annual consolidated financial statements. These unaudited consolidated financial statements should be read in conjunction with the Company's audited financial statements and notes for the year ended October 31, 2006

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company's wholly owned subsidiary in Mexico, Pacific Comox S.A. de C.V. All intercompany balances and transactions have been eliminated.

New Accounting Policies

a) Section 3855 - Financial Instruments - Recognition and Measurement. Section 3855 requires that all financial assets, except those classified as held to maturity, and derivative financial instruments, must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held for trading; otherwise, they are measured at cost. Investments classified as available for sale are reported at fair market value (or mark to market) based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. Investments subject to significant influence are reported at cost and not adjusted to fair market value. The Company had no such investments as at April 30, 2007.

b) Section 1530 - Comprehensive Income. Comprehensive income is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net earnings such as unrealized gains or losses on available-for-sale investments. Other comprehensive income includes the holding gains and losses from available for sale securities which are not included in net income (loss) until realized. The Company had no such holding gains or losses for the period ending March 31, 2007.

c) Transition adjustment to opening balance: The adoption of Sections 1530 and 3855 does not impact the opening equity of the Company.

3 - RELATED PARTY TRANSACTIONS:

Amounts due to/from related parties are as follows:

	April 30 <u>2007</u>	October 31 <u>2006</u>
Due to a shareholder and officer	\$ -	\$ 20,952
Investment in a corporation under common management	\$ 261,769	\$ 222,571

The amount due to a shareholder and officer represents amounts advanced which are non-interest bearing and due on demand. The investment in a corporation under common management represents amounts advanced that are repayable on demand.

	April 30 <u>2007</u>	April 30 <u>2006</u>
Rent paid to a corporation under common management	\$ 5,006	\$ 5,578
Consulting fees to an officer of the Company	\$ 27,000	\$ 15,000

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED APRIL 30, 2007 AND 2006

3 - RELATED PARTY TRANSACTIONS (continued):

Accounts payable at April 30, 2007 includes \$500 (October 31, 2006-\$5,087) owing to officers and directors.

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

4 - CAPITAL ASSETS:

	April 30, 2007		October 31, 2006	
	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE	NET BOOK VALUE
Computer equipment	\$ <u>6,823</u>	\$ <u>5,147</u>	\$ <u>1,676</u>	\$ <u>1,989</u>

5 - MINERAL PROPERTIES, INTANGIBLE ASSETS AND COMMITMENTS:

Mineral property expenditures are summarized as follows:

	April 30 2007	October 31 2006
Balance, Beginning of the period	\$2,148,941	\$ 1,076,686
Acquisition costs	425,996	839,810
Deferred exploration costs	563,579	514,152
Write-down of mineral properties	(58,162)	(281,707)
Balance, End of the period	<u>\$3,080,354</u>	<u>\$ 2,148,941</u>

The accumulated costs are represented by the expenditures relating to the companies Mabel, Ryan Lake, Log Lake and Pepa De Oro properties.

MABEL

- i) 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 price payable as follows:

- (a) A total cash payment of U.S. \$386,000 payable: year one – U.S. \$20,000, which has been paid; year two – U.S. \$60,000, which has been paid; and years three, four, and five – U.S. \$102,000 per year, which has been paid.
- (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. In June 2004, a total of 500,000 shares were issued valued at \$0.08 per share in respect of year three. In June 2006, the Company issued 1,000,000 common shares valued at \$0.06 per share in respect of year four. The Company was in arrears at October 31, 2006, regarding the issuance of 1,500,000 common shares, which under the terms of the agreement, were due for issuance on July 1, 2006. These shares were issued in the six month period ending April 30, 2007.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED APRIL 30, 2007 AND 2006

5 - MINERAL PROPERTIES, INTANGIBLE ASSETS AND COMMITMENTS (continued):

MABEL (continued)

- (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. As of April 30, 2007, the Company met the requirements for the first three years ended June 30, 2005, but was in default in meeting its work commitments for June 30, 2006 in the amount of approximately U.S. \$54,000.

As indicated above, the Company is currently in arrears in meeting certain property commitments. However, in order for the property vendor to exercise default mechanisms, the vendor must issue a default notice in writing, the date from which the Company has six months to satisfy the commitments that are in arrears. To date, the property vendor has not issued a default notice.

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% 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, 2004	1,496,251
Acquisition costs	185,945
Deferred exploration costs	27,448
Write-down of mineral properties (d)	<u>(854,822)</u>
Balance, October 31, 2005	854,822
Acquisition costs	216,810
Deferred exploration costs	66,603
Write-down of mineral properties (d)	<u>(141,706)</u>
Balance, October 31, 2006	\$ 996,529
Acquisition costs	58,996
Deferred exploration costs	57,327
Write-down of mineral properties (d)	<u>(58,162)</u>
Balance, April 30, 2007	<u>\$ 1,054,690</u>

- (d) Write-down of mineral properties

At October 31, 2006 and April 30, 2007, management reviewed the carrying values of these properties and determined that, as a result of the uncertainty of raising financing to move the project towards an economically viable resource, the values should be written down by 50% or \$58,162 (October 31, 2006 - \$141,706).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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5 - MINERAL PROPERTIES, INTANGIBLE ASSETS AND COMMITMENTS (continued):

RYAN LAKE

- ii) On March 8, 2005, the Company entered into an agreement to acquire a 100% interest in the Ryan Lake copper-molybdenum property which consists of 10 claims totalling 513 acres, located near Matachewan, Ontario. The aggregate price payable, over a two year period, is as follows:
- (a) A total cash payment of \$600,000 payable: year one – \$225,000 and year two – \$375,000. Total cash payments amounted to \$600,000 as at April 30, 2007. A further payment of \$162,000 was made in November 2006 to satisfy the \$600,000 cash obligation under the agreement. In addition, \$100,000 was paid in November 2006 to acquire the mill on the property
 - (b) Subject to regulatory approval and conditions, issue a total of 2,000,000 common shares of the Company to the vendors, in a two year period; respectively, 500,000 shares in year one and 1,500,000 shares in year two. The 500,000 shares in respect of year one and the 1,500,000 shares in respect of year two have been issued to the vendor to satisfy obligations under the agreement;
 - (c) A total work commitment of \$300,000, to be spent on the property in the two-year period; respectively, \$100,000 in year one and \$200,000 in year two. The Company has satisfied these work commitment obligations as at April 30, 2007; and
 - (d) The Property is also subject to a net smelter royalty of 1%. The Company will have the right to purchase 50% of the net smelter royalty (0.5%) for \$1,000,000 during the two-year term of the agreement and for two years after the commencement of commercial production.

On November 17, 2006, the Company exercised its option to purchase the Ryan Lake claims and the mill. In addition to the work commitment in the claims, which have been satisfied, the Company paid the \$162,000 remainder owing for the Option payments, \$100,000 for the mill and issued 1,500,000 common shares of the Company to the vendor.

LOG LAKE

- iii) On September 25, 2005, the Company entered into a preliminary option agreement to acquire claims totalling approximately 3,400 acres contiguous to the northern and western boundaries of the Ryan Lake claims in Matachewan, Ontario. To exercise the three year option the Company has assumed the following commitments:
- (a) A total cash payment of \$180,000 payable: year one – \$80,000; year two – \$50,000 and \$50,000 for year three; As at April 30, 2007 the Company has paid the \$80,000 year one obligation.
 - (b) Subject to regulatory approval and conditions, issue a total of 850,000 common shares of the Company to the vendors, in a three year period; respectively, 400,000 shares in year one, 200,000 shares in year two and 250,000 in year three; The Company issued the 400,000 shares in respect on year one during the period ended April 30, 2007.
 - (c) A total work commitment of \$235,000, to be spent on the property in the three-year period; respectively, \$60,000 in year one, \$75,000 in year two and \$100,000 in year three. The Company was in default in meeting its work commitments, as of the first anniversary date of the agreement, in the amount of \$53,000 as at April 30, 2007.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED APRIL 30, 2007 AND 2006

5 - MINERAL PROPERTIES, INTANGIBLE ASSETS AND COMMITMENTS (continued):

LOG LAKE (continued)

- (d) The Property is also subject to a net smelter royalty of 2%. The Company will have the right to purchase 50% of the net smelter royalty (1%) for \$1,000,000 during the three year term of the agreement and for two years after the commencement of commercial production.

As indicated above, the Company is currently in arrears in meeting certain property commitments. However, in order for the property vendor to exercise default mechanisms, the vendor must issue a default notice in writing, the date from which the Company has six months to satisfy the commitments that are in arrears. To date, the property vendor has not issued a default notice.

Expenditures relating to the Ryan Lake and Log Lake, Matachewan, Ontario properties are as follows:

	Ryan Lake	Log Lake	Total
Balance, October 31, 2005	\$216,864	\$ 5,000	\$ 221,864
Acquisition costs	373,000	110,000	483,000
Deferred exploration costs	<u>440,572</u>	<u>6,976</u>	<u>447,548</u>
Balance, October 31, 2006	\$1,030,436	\$ 121,976	\$ 1,152,412
Acquisition costs	367,000	-	367,000
Deferred exploration costs	<u>506,252</u>	<u>-</u>	<u>506,252</u>
Balance, April 30, 2007	<u>\$1,903,688</u>	<u>\$ 121,976</u>	<u>\$ 2,025,664</u>

PEPA DE ORO

- iv) On November 1, 2004, the Company entered into an option agreement to option the Pepa de Oro gold property in Chile. Under the option agreement, the Company paid U.S. \$20,000 which will entitle the Company to explore the property for one year. The exploration period may be extended for an additional six months by paying U.S. \$40,000. After twelve or eighteen months of exploration the Company must either abandon the property or agree to pay the Vendor U.S. \$1,000,000 in three instalments during the following year.

Expenditures relating to the Pepa de Oro property are as follows:

Balance, October 31, 2004	\$ -
Acquisition costs	25,648
Deferred exploration costs	25,724
Write-down of mineral properties	<u>(51,372)</u>
Balance, October 31, 2005	\$ -
Acquisition costs	140,000
Write-down of mineral properties	<u>(140,000)</u>
Balance, October 31, 2006 and April 30, 2007	<u>\$ -</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED APRIL 30, 2007 AND 2006

5 - MINERAL PROPERTIES, INTANGIBLE ASSETS AND COMMITMENTS (continued):

PEPA DE ORO (continued)

At October 31, 2005, management made the decision to abandon the property and accordingly the entire carrying value in the amount of \$51,372 was written off. During the year ended October 31, 2006 The Company issued 2,000,000 common shares in June 2006 to fulfil obligations under the agreement. The shares were valued at \$140,000 when issued and this amount was written-off at October 31, 2006 since the property has been abandoned.

6 – INCOME TAXES:

At October 31, 2006, the Company has non-capital loss carry forwards of approximately \$1,242,000 available to reduce taxable income in future years. These losses expire through 2016. The benefit of these non-capital loss carry forwards has not been recognized in the financial statements.

As at October 31, 2006 the tax effects of temporary timing differences that give rise to significant components of the future tax asset and liabilities computed at current rates, were as follows:

Future tax asset:		
Capital assets	\$	15,000
Non-capital losses carry forward		449,000
Unrealized capital losses		<u>1,160,000</u>
		1,624,000
Less: Valuation allowance		<u>(1,624,000)</u>
		-
Future tax liabilities:		
Resource pools		<u>114,000</u>
Net asset (liabilities)		<u>(\$ 114,000)</u>

The Company's provision for income taxes differ from the amounts computed by applying the basic current rates to loss for the year before taxes, as shown in the following table:

	2006	2005
Statutory rate applied to loss for the year before income taxes	(\$ 157,000)	(\$ 393,000)
Write-off of mineral properties	102,000	328,000
Tax benefit not recognized on current year's losses	55,000	65,000
Tax benefit renounced to flow-through shareholders	<u>(105,000)</u>	<u>-</u>
Future income tax recovery	<u>(\$ 105,000)</u>	<u>\$ -</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED APRIL 30, 2007 AND 2006

7 - FINANCIAL INSTRUMENTS:

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities and due to a shareholder and officer approximates fair value due to the short-term maturities of these instruments.

8 - SHARE CAPITAL:

a) Authorized

Unlimited number of common shares

b) Issued

Common shares

	April 30, 2007		October 31, 2006	
	Shares	Amount	Shares	Amount
Balance, beginning of the year	133,233,818	\$ 17,055,057	73,691,257	\$ 13,800,077
Issued on completion of private placement	3,000,000	300,000	56,042,561	3,582,175
Issued to acquire mineral claims	3,400,000	230,500	3,500,000	235,000
Issued on exercise of warrants	2,989,267	298,927		
Warrant cost transferred to common shares on exercise	-	24,682	-	-
Tax effect of flow-through shares	-	-	-	(219,000)
Issue costs	-	(12,400)	-	(343,195)
Balance, end of the year	<u>142,623,085</u>	<u>\$ 17,896,766</u>	<u>133,233,818</u>	<u>\$ 17,055,057</u>

c)

On November 28, 2004, the Company completed and received approval from the TSX, for a number of private placements and raised \$100,000 through 1,250,000 units priced at \$0.08 per unit. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.12 until November 28, 2006. A director of the Company subscribed for entire \$100,000 of the financing. A finder's fee of 10% was paid on \$57,800 of the total financing in shares of the Company valued at \$0.08 per share.

d)

On February 22, 2005, the Company completed and received approval from the TSX, for a number of private placements and raised \$200,000 through 3,333,333 units priced at \$0.06 per unit. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.10 until February 22, 2007. A director of the Company subscribed for \$116,550 of the financing. A finder's fee of 10% was paid on the financing in shares of the Company valued at \$0.06 per share.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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8 - SHARE CAPITAL (continued):

- e) On July 28, 2005, the Company completed and received approval from the TSX, for a number of private placements and raised \$316,642. The financing consists of 3,732,600 Flow-Through Units and 1,544,766 Common Share Units. Each Flow-Through Unit consists of one flow-through common share and one-half of one common share purchase warrant (a "Warrant"), with a full Warrant entitling the holder to purchase one additional common share of the Company ("Warrant Shares") at an exercise of C\$0.10 per Warrant Share expiring December 22, 2006. Each Common Share Unit consists of one common share and one common share purchase warrant (a "Warrant"), with a Warrant entitling the holder to purchase one additional common share of the Company ("Warrant Share") at an exercise price of C\$0.10 per Warrant Share expiring December 22, 2006. The Agent to the private placement received a cash commission of \$25,331 equal to 8% of the gross proceeds and 527,737 Broker Warrants entitling the Agent to acquire Common Share Units at a price of C\$0.10 per Unit expiring December 22, 2006. In addition the Company incurred legal costs in the amount of \$17,998 for total share issue costs of \$43,329.
- f) On December 23, 2005, the Company completed and received approval from the TSX, on a private placement for aggregate proceeds of \$351,000 comprised of \$321,000 Flow-Through Units and \$30,000 Common Share Units. Each Flow-Through Unit consist of one flow-through common share, issued at \$0.05 per share, and one-half of one common share purchase warrant exercisable at \$0.10 per common share to June 23, 2007. Each common share unit is comprised of one common share, issued at \$0.05 per share, and one common share purchase warrant exercisable at \$0.10 per common share to June 23, 2007. A director of the Company subscribed for 600,000 Common Share Units. A finder's fee of 80,000 common shares of the Company valued at \$0.05 per share plus \$1,200 cash was paid in connection with the financing. In addition, 180,000 broker warrants entitling the agent to acquire common share units at a price of C\$0.10 per unit were issued expiring June 23, 2007. A total of \$5,639 (\$0.001 per share) was allocated to the warrants.
- g) On June 14, 2006, the Company completed and received approval from the TSX, for a number of private placements and raised \$3,661,546. The financing consists of 11,778,333 Flow-Through Units and 37,164,228 Common Share Units. Each Flow-Through Unit consists of one flow-through common share and one common share purchase warrant (a "Warrant"), with a Warrant entitling the holder to purchase one additional common share of the Company ("Warrant Shares") at an exercise price of C\$0.10 per Warrant Share expiring June 12, 2008. Each Common Share Unit consists of one common share and one common share purchase warrant (a "Warrant"), with a Warrant entitling the holder to purchase one additional common share of the Company ("Warrant Share") at an exercise price of C\$0.10 per Warrant Share expiring June 12, 2008. The Agent to the private placement received a cash commission of \$292,924 equal to 8% of the gross proceeds and 4,894,256 Broker Warrants entitling the Agent to acquire Common Share Units at a price of C\$0.10 per Unit expiring June 12, 2008. In addition the Company incurred legal costs in the amount of \$45,071. C\$0.01 was assigned to the warrants.
- h) On December 21, 2006, the Company completed a private placement for aggregate proceeds of \$300,000. Each common share unit is comprised of one common share, issued at \$0.10 per share, and one common share purchase warrant exercisable at \$0.12 per common share to December 21, 2007. Directors of the Company subscribed for 1,125,000 common share units. A finder's fee of \$12,400 was paid in connection with the financing.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED APRIL 30, 2007 AND 2006

8 - SHARE CAPITAL (continued):

i) Stock-option plan

Under the Employee Stock Option Plan, approved in April 10, 2003, the Company may grant options for up to 10% of the outstanding shares of common stock. Options may be granted to any director, officer, employee or consultant of the Company or any of its subsidiaries. Options granted to directors, officers and employees vest immediately. If the optionee is a consultant or providing investor relations services to the Company, the options must vest in stages over 12 months, with no more than one quarter of the options vesting in any three-month period. The number of shares reserved for issuance to any one optionee pursuant to options cannot exceed 5% (2% if the optionee is engaged in providing investor relation services to the Company or is a consultant) of the issued and outstanding common shares of the Company at the date of grant of such options. The exercise price of each option cannot be less than the fair market value of the shares on the last trading date preceding the date of the grant. The maximum term of an option is 5 years.

A summary of the status of the Company's stock option plan and changes during the period is presented below:

	April 30, 2007		October 31, 2006	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Outstanding at beginning of the period	4,200,000	0.11	2,300,000	0.12
Expired during the period	-	-	-	-
Issued during the period	<u>-</u>	-	<u>1,900,000</u>	0.10
Outstanding at end of the period	<u>4,200,000</u>	0.11	<u>4,200,000</u>	0.11

The options outstanding at April 30, 2007 expire as follows: 2,300,000 on May 27, 2008 and 1,900,000 on December 23, 2010. Under Black-Scholes there were no options issued during the period ended April 30, 2007 and accordingly the value is \$Nil (October 31, 2006 - \$14,000 on 1,900,000 options issued). The following assumptions were used: dividend yield of 0.00%; expected volatility of 40% risk-free rate of 3.5% and an expected average term of 5 years.

j) Warrants

The following summarizes warrants that have been issued:

	<u>Number of Warrants</u>	
	April 30 2007	October 31 2006
Balance, beginning of period	65,821,216	9,556,899
Warrants issued on private placements	3,000,000	57,826,817
Warrants expired during the period	(7,822,732)	(1,562,500)
Warrants exercised during the period	<u>(2,989,267)</u>	<u>-</u>
Balance, end of period	<u>58,009,217</u>	<u>65,821,216</u>

PACIFIC COMOX RESOURCES LTD.
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8- SHARE CAPITAL (continued):

j) Warrants (continued)

At April 30, 2007, the following warrants were outstanding. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

Number of shares	Exercise price	Expiry date
600,000	\$ 0.10	June 23, 2007
3,210,000	\$ 0.10	June 23, 2007
100,000	\$ 0.10	June 23, 2007
80,000	\$ 0.10	June 23, 2007
51,019,217	\$ 0.10	June 12, 2008
<u>3,000,000</u>	\$ 0.12	December 12, 2007
<u>58,009,217</u>		