# PACIFIC COMOX RESOURCES LTD.
(A Development Stage Enterprise)

## CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2009 and 2008

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, 2008 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 three months ended January 31, 2009 and January 31, 2008.

PACIFIC COMOX RESOURCES LTD.
(A Development Stage Enterprise)

CONSOLIDATED BALANCE SHEETS

AS AT

ASSETS

| | January 31, 2009 (unaudited) | October 31, 2008 (audited) |
|---|---|---|
| CURRENT | | |
| Cash and cash equivalents | $ 836,743 | $ 1,007,322 |
| Accounts receivable | 6,078 | 2,716 |
| Advances and prepaid expenses | 36,000 | 56,000 |
| | 878,821 | 1,066,038 |
| INVESTMENT IN RELATED PARTY (note 3) | 340,670 | 330,685 |
| MINERAL PROPERTIES AND INTANGIBLE ASSETS (note 5) | 6,638,713 | 6,542,296 |
| CAPITAL ASSETS (note 4) | 902 | 975 |
| | $ 7,859,106 | $ 7,939,994 |

LIABILITIES

| | January 31, 2009 (unaudited) | October 31, 2008 (audited) |
|---|---|---|
| CURRENT | | |
| Accounts payable and accrued liabilities | $ 175,171 | $ 226,105 |
| Due to a shareholder and officer (note 3) | 5,190 | 184 |
| | 180,361 | 226,289 |

SHAREHOLDERS' EQUITY

| | January 31, 2009 (unaudited) | October 31, 2008 (audited) |
|---|---|---|
| SHARE CAPITAL (note 8) | 19,813,439 | 19,813,439 |
| CONTRIBUTED SURPLUS (note 9) | 935,755 | 935,755 |
| DEFICIT | ( 13,070,449) | (13,035,489) |
| | 7,678,745 | 7,713,705 |
| COMMITMENTS (note 5) | | |
| | $ 7,859,106 | $ 7,939,994 |

Approved by the Board:

(Signed) "*Marvin Wolff*", Director

(Signed) "*Donald Empey*", Director

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

PACIFIC COMOX RESOURCES LTD.
(A Development Stage Enterprise)

CONSOLIDATED STATEMENTS OF INCOME, COMPREHENSIVE INCOME AND DEFICIT

FOR THE THREE MONTHS ENDED JANUARY 31

| | 2009 (unaudited) | 2008 (unaudited) |
|---|---|---|
| EXPENSES | | |
| Bank charges and interest | $ 123 | $ 581 |
| Consulting fees | 13,500 | 13,500 |
| Depreciation of fixed assets | 73 | 104 |
| Foreign exchange loss | 6,110 | 7,510 |
| Legal and audit | 145 | 1,785 |
| Office, general and investor relations | 6,694 | 8,949 |
| Press and news releases | 815 | 1,777 |
| Stock exchange and filing fees | - | 15,271 |
| Transfer agent fees | 5,015 | 4,633 |
| Rent | 2,485 | 2,483 |
| | 34,960 | 56,593 |
| OTHER | | |
| Interest income | - | 1,923 |
| Loss before income taxes | (34,960) | (54,670) |
| Future income tax recovery (note 6) | - | (715,000) |
| NET INCOME (LOSS) AND COMPREHENSIVE INCOME FOR THE PERIOD | (34,960) | 660,330 |
| DEFICIT AT BEGINNING OF THE PERIOD | (13,035,489) | (13,447,815) |
| DEFICIT AT END OF THE PERIOD | ($13,070,449) | ($12,787,485) |
| Basic and diluted loss per share (note 2) | ($ 0.00) | ($ 0.00) |

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

PACIFIC COMOX RESOURCES LTD.
(A Development Stage Enterprise)

# CONSOLIDATED STATEMENTS OF CASH FLOWS

## FOR THE THREE MONTHS ENDED JANUARY 31

| | 2009 (unaudited) | 2008 (unaudited) |
|---|---|---|
| CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | |
| Net income (loss) for the period | $ (34,960) | $ 660,330 |
| Add items not affecting cash: | | |
| Amortization | 73 | 104 |
| Future income tax recovery | - | ( 715,000) |
| Net changes in working capital balances: | (34,296) | (96,571) |
| Cash provided by (used in) operations | (69,183) | (151,137) |
| CASH USED IN INVESTING ACTIVITIES: | | |
| Deferred exploration and acquisition expenditures | (96,417) | (424,176) |
| Due from related party | (9,985) | ( 9,962) |
| Cash used in investing | (106,402) | (434,138) |
| CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES: | | |
| Shares issued in private placements (net of issue costs) | - | 2,429,101 |
| Due to a shareholder and officer | 5,006 | (606) |
| Cash provided by financing | 5,006 | 2,428,495 |
| INCREASE (DECREASE) IN CASH POSITION | (170,579) | 1,843,220 |
| CASH POSITION AT BEGINNING OF THE PERIOD | 1,007,322 | 759,318 |
| CASH POSITION AT END OF THE PERIOD | $ 836,743 | $ 2,602,538 |

| | | |
|---|---|---|
| Supplemental disclosure of non-cash transactions: | | |
| Shares issued or issuable for non-cash consideration: | | |
| Mineral claims | $ - | $ - |

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

PACIFIC COMOX RESOURCES LTD.
(A Development Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JANUARY 31, 2009 AND 2008

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.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a “going concern”, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The business of mining and exploring for minerals involves a high degree of risk and there is no guarantee that the Company’s exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its mineral property interests.

The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the development of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, undetected defects, unregistered claims, native land claims, and non-compliance with regulatory and environmental requirements.

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, 2008. 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

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.
not been presented.

PACIFIC COMOX RESOURCES LTD.
(A Development Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JANUARY 31, 2009 AND 2008

## 3 - RELATED PARTY TRANSACTIONS:

The following related party transactions occurred and were reflected in the consolidated financial statements during the three months ended January 31, 2009 and 2008 are as follows:

| | 2009 | 2008 |
|---|---|---|
| Rent paid to a corporation under common management | $ 2,485 | $ 2,483 |
| Consulting fees to an officer of the Company | $ 13,500 | $ 13,500 |

Amounts due to/from related parties are as follows:

| | January 31 2009 | October 31 2008 |
|---|---|---|
| Due to a shareholder and officer | $ 5,190 | $ 184 |
| Investment in a corporation under common management | $ 340,670 | $ 330,685 |

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. The Company does not intend on seeking repayment in the next year.

Mineral properties and intangible assets include at January 31, 2009 includes $88,600 (October 31, 2008 - $52,800) of consulting fees from an officer and director

Advances and prepaid expenses at January 31, 2009 includes $Nil (October 31, 2008 - $20,000) advanced to an officer and director.

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

## 4 - CAPITAL ASSETS:

| | January 31, 2009 | | | October 31, 2008 |
|---|---|---|---|---|
| | COST | ACCUMULATED AMORTIZATION | NET BOOK VALUE | NET BOOK VALUE |
| Computer equipment | $ 6,823 | $ 5,921 | $ 902 | $ 975 |

PACIFIC COMOX RESOURCES LTD.
(A Development Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JANUARY 31, 2009 AND 2008

5 - MINERAL PROPERTIES, INTANGIBLE ASSETS AND COMMITMENTS:

Mineral property expenditures are summarized as follows:

| | January 31 2009 | October 31 2008 |
|---|---|---|
| Balance, Beginning of the period | $6,542,296 | $ 4,536,478 |
| Acquisition costs | - | 162,617 |
| Deferred exploration costs | 96,417 | 1,891,432 |
| Write-down of mineral properties | - | (48,231) |
| Balance, End of the period | $6,638,713 | $ 6,542,296 |

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 to 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; years three, four and five – U.S. $102,000 per year, which has been paid. As at January 31, 2009, the Company has satisfied the cash payments to be made under the agreement.

(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. 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 year ending October 31, 2007. No notice of default had been received by the Company by the holder of this property and the 1,500,000 common shares were issued in the year ending October 31, 2007 satisfying the share issuance obligations under the agreement.

(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 January 31, 2009, the Company met its work commitments for its five-year period work commitments with total exploration and claim expenditures of Cdn $3,249,375 (approx. US$2,642,000).

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.

PACIFIC COMOX RESOURCES LTD.
(A Development Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JANUARY 31, 2009 AND 2008

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

Expenditures relating to the Mexican properties are as follows:

| | |
|---|---|
| Balance, October 31, 2006 | $ 996,529 |
| Acquisition costs | 81,497 |
| Deferred exploration costs | 265,256 |
| Balance, October 31, 2007 | $ 1,343,282 |
| Acquisition costs | 71,867 |
| Deferred exploration costs | 783,162 |
| Balance, October 31, 2008 | $2,198,311 |
| Deferred exploration costs | 54,536 |
| Balance, January 31, 2009 | $2,252,847 |

(d) Write-down of mineral properties

For the years ending October 31, 2004 to October 31, 2006, management reviewed the carrying values of these properties and determined that, as a result of the uncertainty at that time of raising financing to move the project towards an economically viable resource, the exploration and acquisition costs expended through those dates were written down by accumulated amount of $996,528.

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. The Company has made total cash payments totalling $600,000 as at January 31, 2009 to satisfy the obligation under the agreement.
(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 as at January 31, 2009 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 January 31, 2009; 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. In addition to the cash payment and common share obligations and work commitment, all of which have been satisfied, the Company paid $100,000 for the mill on the property.

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

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 January 31, 2009, the Company has paid the $80,000 in respect of year one, the $50,000 in respect of year two and the $50,000 in respect of year three.

(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 of year one, the 200,000 in respect of year two and the 250,000 shares in respect of year three as at January 31, 2009.

(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 third anniversary date of the agreement, in the amount of approximately $169,000 as at January 31, 2009.

(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, despite not meeting the total work commitment spending on the property, the claims were transferred to the Company during the period ended January 31, 2009.

POWELL LAKE

iv) On September 8, 2008, the Company entered into an option agreement to acquire four claims in Powell Township contiguous to 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 $100,000 payable: on closing - $20,000; year one – $20,000; year two – $20,000 and $40,000 for year three. As at January 31, 2009, the Company has paid the $20,000 due on closing.

(b) Subject to regulatory approval and conditions, issue a total of 500,000 common shares of the Company to the vendors, in a three year period; respectively, 100,000 on closing, 100,000 shares in year one, 100,000 shares in year two and 200,000 shares in year three. As at January 31, 2009, the Company issued the 100,000 shares due on closing.

(c) A total work commitment of $6,000, to be spent on the property in the three-year period; respectively, $2,000 in year one, $2,000 in year two and $2,000 in year three.

PACIFIC COMOX RESOURCES LTD.
(A Development Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JANUARY 31, 2009 AND 2008

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

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

| | Powell Lake | Ryan Lake | Log Lake | Total |
|---|---|---|---|---|
| Balance, October 31, 2006 | - | $1,030,436 | $ 121,976 | $ 1,152,412 |
| Acquisition costs | - | 382,000 | 74,000 | 456,000 |
| Deferred exploration costs | - | 1,525,660 | 59,124 | 1,584,784 |
| Balance, October 31, 2007 | - | $2,938,096 | $255,100 | $ 3,193,196 |
| Acquisition costs | 25,000 | - | 65,750 | 90,750 |
| Deferred exploration costs | - | 1,060,039 | - | 1,060,039 |
| Balance, October 31, 2008 | $25,000 | $3,998,135 | $ 320,850 | $4,343,985 |
| Deferred exploration costs | - | 41,881 | - | 41,881 |
| Balance, January 31, 2009 | $25,000 | $4,040,016 | $320,850 | $4,385,866 |

OTHER PROPERTIES

v) During fiscal 2008, the Company was engaged in other exploration activities. The Company incurred initial due diligence exploration costs of $48,231. It was then determined that the properties would not be pursued and accordingly all of the amounts incurred were written-off as at October 31, 2008.

| | |
|---|---|
| Balance, October 31, 2007 | $ - |
| Deferred exploration costs | 48,231 |
| Write-off of mineral properties | (48,231) |
| Balance, October 31, 2008 | $ - |

6 – INCOME TAXES:

At January 31, 2009, the Company has non-capital loss carry forwards of approximately $1,411,888 available to reduce taxable income in future years in Canada. These losses expire through 2029. The benefits of those losses have not been reflected in the consolidated financial statements

As at January 31, 2009 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:

PACIFIC COMOX RESOURCES LTD.
(A Development Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JANUARY 31, 2009 AND 2008

6 – INCOME TAXES (continued):

| | |
|---|---|
| Future tax assets: | |
| Capital assets | $ 11,000 |
| Non-capital loss carry forward | 476,000 |
| Unrealized capital losses | 739,000 |
| | 1,226,000 |
| Future tax liabilities: | |
| Resource pools | ( 229,000) |
| | 997,000 |
| Less: Valuation allowance | ( 997,000) |
| Net asset (liabilities) | $ - |

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:

| | January 31 2009 | January 31 2008 |
|---|---|---|
| Statutory rate applied to loss for the year before income taxes | ( $13,000) | ($20,000) |
| Tax benefit not recognized on current year's losses | 13,000 | 20,000 |
| Tax benefit renounced to flow-through shareholders | - | ( 715,000) |
| Future income tax recovery | $ - | ($715,000) |

7 - FINANCIAL INTRUMENTS:

(a) Fair value

The Company has determined the estimated fair value of its financial instruments based on estimates and assumptions. The actual results may differ from those estimates and the use of different assumptions or methodologies may have a material effect on the estimated fair value amounts.

The fair value of cash and equivalents, accounts receivable, accounts payable and accrued liabilities and due to a shareholder and officer are comparable to their carrying value due to the relatively short period to maturity of these instruments.

The fair value of advances to a related company has not been fixed because they are with a related party and they did not reflect terms and conditions which would have been negotiated with arm's length parties.

7 - FINANCIAL INTRUMENTS (continued):

(b) Risk management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed to are described below:

- Capital risk

  The Company manages its capital with the objective of providing adequate capital resources for the Company. The capital structure of the Company consists of shareholder's equity and depends on the ability of the Company to raise capital.

- Credit risk

  Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed or owing by the Company. Management's assessment of the Company's credit risk is low as it is primarily attributable to funds held in Canadian banks.

- Liquidity risk

  Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

- Market risk

  Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair value of financial assets and liabilities.

- Interest rate risk

  The Company has no interest-bearing debt. The Company's current policy is to deposit excess cash in interest bearing accounts at its banking institutions.

(c) Sensitivity analysis

Financial instruments included in accounts receivable and prepaid expenses and deposits are classified as accounts receivable, which are measured at cost. Bank indebtedness and accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at cost. As at January 31, 2009, the carrying and fair value amounts of the Company's financial instruments are the same.

7 - FINANCIAL INTRUMENTS (continued):

Based on management's knowledge and experience of the financial markets, the Company believes that the movements in interest rates that are reasonably possible over the next twelve month period will not have a significant impact on the Company.

(d) Classification of financial instruments

The Company's financial assets, financial liabilities and equity are classified and presented as follows:

- Current assets

  Cash and cash equivalents – earnings, gains and losses are included in income in the period in which they occur. Cash and cash equivalents are exposed to credit risk and these amounts are placed in a major Canadian bank. There is little exposure to interest rate risk as the maturities are kept to a term of one year or less. Accounts receivable and prepaid expenses and advances – the Company records no earnings on these, as they turn over frequently, are generally recovered quickly, and are modest in nature. The associated credit risk is considered minimal since these amounts are for services to be rendered by reputable vendors in the next twelve months.

- Financial liabilities

  Accounts payable and accrued liabilities, and due to shareholder – any interest expense, are included in income in the period in which they occur. The Company manages interest rate risk by settling in advance of interest charges.

- Equity

  Shareholders' deficiency – costs are included in income in the period in which they arise. The Company manages capital risk by maintaining close contact with investors and advisors knowledgeable about the mining industry, by maintaining relationships with sources of debt financing, and by ongoing discussions with potential strategic partners. The Company manages its liquidity risk by budgeting for future costs and project program expenditures and by negotiating investment of financing in time to meet them, although there can be no guarantee that such financings will be available on time or at all.

PACIFIC COMOX RESOURCES LTD.
(A Development Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JANUARY 31, 2009 AND 2008

8 - SHARE CAPITAL:

Authorized

Unlimited number of common shares

a) Issued

Common shares

| | January 31, 2009 | | October 31, 2008 | |
|---|---|---|---|---|
| | Shares | Amount | Shares | Amount |
| Balance, beginning of the period | 171,960,655 | $ 19,813,439 | 148,343,828 | $ 18,395,604 |
| Issued on completion of private Placement | - | - | 23,191,827 | 2,551,101 |
| Issued to acquire mineral claims | - | - | 350,000 | 17,500 |
| Issued on exercise of warrants | - | - | 75,000 | 7,500 |
| Warrant cost transferred to common shares on exercise | - | - | - | 597 |
| Fair value of warrants attributable to private placement | - | - | - | (317,000) |
| Tax effect of flow-through shares | - | - | - | (841,863) |
| Issue costs | - | - | - | - |
| Balance, end of the period | 171,960,655 | $ 19,813,439 | 171,960,655 | $ 19,813,439 |

b) 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 consisted of 11,778,333 Flow-Through Units and 37,164,228 Common Share Units. Each Flow-Through Unit consisted 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 consisted 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. A total of $428,732 ($0.01 per warrant) was assigned to the warrants.

c) On December 21, 2006, the Company completed a non-brokered flow-through 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-half of 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. A total of $24,900 ($0.02 per warrant) was assigned to the warrants. The following assumptions were used under Black Scholes: dividend yield of 0.00%; expected volatility of 100%; risk free rate of 3.5% and expected term of one year.

PACIFIC COMOX RESOURCES LTD.
(A Development Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JANUARY 31, 2009 AND 2008

8 - SHARE CAPITAL (continued):

d) On November 30, 2007, the Company closed a private placement of $2,551,101. The financing is in the form of units consisting of a flow-through share and one-half of one share purchase warrant and was at $0.11 per unit. One full purchase warrant entitles the buyer to purchase one common share at $0.15 until November 30, 2008. Directors of the Company subscribed for $154,000 of the financing. The funds raised will be used to advance the exploration program at Ryan Lake copper-molybdenum properties near Matachewan, Ontario. A total of $317,000 ($0.027 per share) was assigned to the warrants. The following assumptions were used under Black Scholes: dividend yield of 0.00%; expected volatility of 100%; risk free rate of 3.5% and expected term of one year.

e) 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.

On October 20, 2008, the Company granted 8,500,000 options to directors, officers and consultants. The fair value of the options was estimated using Black-Scholes pricing model based on the following assumptions: dividend yield rate of 0%, volatility of 100%, risk free interest rate of 3.5% and an expected life of 5 years. The total value of the options granted during the period ended January 31, 2009 is $Nil (January 31, 2008 – $Nil).

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

| | January 31, 2009 | | October 31, 2008 | |
|---|---|---|---|---|
| | Shares | Weighted average exercise price | Shares | Weighted average exercise price |
| Outstanding at beginning of the period | 10,400,00 | 0.10 | 4,200,000 | 0.11 |
| Exercised during the year | - | - | - | - |
| Expired during the year | - | - | (2,300,000) | 0.12 |
| Granted during the year | - | - | 8,500,000 | 0.10 |
| Outstanding at end of the period | 10,400,000 | 0.10 | 10,400,000 | 0.10 |

There are 1,900,000 options outstanding that expire on December 23, 2010 and 8,500,000 options outstanding that expire on October 20, 2013 as at October 31, 2008.

PACIFIC COMOX RESOURCES LTD.
(A Development Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JANUARY 31, 2009 AND 2008

8 - SHARE CAPITAL (continued):

f) Warrants

The following summarizes warrants that have been issued:

| | Number of Warrants January 31 2009 | Number of Warrants October 31 2008 |
|---|---|---|
| Balance, beginning of period | 11,595,914 | 50,576,807 |
| Warrants issued on private placements | - | 11,595,914 |
| Warrants expired during the year | (11.595,914) | (50,501,807) |
| Warrants exercised during the year | - | (75,000) |
| Balance, end of period | - | 11,595,914 |

At January 31, 2009 there were no warrants outstanding.

9- CONTRIBUTED SURPLUS:

Contributed surplus is comprised of the following:

| | January 31 2009 | October 31 2008 |
|---|---|---|
| Balance, beginning of the period | $ 935,755 | $ 531,352 |
| Options granted | - | 88,000 |
| Fair value of warrants | - | 317,000 |
| Fair value of warrants exercised | - | (597) |
| Balance, end of the period | $ 935,755 | $ 935,755 |

10 - COMPARATIVE FIGURES:

Certain figures shown for comparative purposes have been reclassified to conform to the classifications adopted in the current period.

## 11 – CAPITAL MANAGEMENT:

The Company considers its capital to include components of shareholders' equity.

The Company's objectives in managing its capital are: to maintain adequate levels of funding to support its expenditures arising from the Company's investments; to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its properties; to maintain a flexible capital structure for its projects for the benefits of its stakeholders; to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company's investment policy is to invest excess cash in low risk, highly liquid, short-term interest bearing investments, selected with regards to the expected timing of upcoming expenditures.

The Company expects its current capital resources will be sufficient to carry out its exploration plans, operation plans and operations through its current operating period.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended January 31, 2009. The Company is not subject to externally imposed capital requirements.