

# PACIFIC COMOX RESOURCES LTD.

## NEWS RELEASE

### UPDATE ON STATUS OF TRANSACTION WITH PAPEX INC.

Listed: "PCM" CDNX

Toronto, Ontario Canada, October 2, 2001. Pacific Comox Resources Ltd. (Comox) and Papex Inc. (Papex) signed definitive agreements in November, 2000. The terms of the proposed transaction as set out in the November agreements were revised as reported on February 21, 2001 as follows: Comox will now acquire a 30% equity interest in exchange for cash payments of C\$500,000 and the issuance of 3,004,000 common shares of Comox. Comox will 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 Comox exercises the option the minimum payment would be C\$600,000 and the maximum payment would be \$11,200,000. Papex also undertakes to use its best efforts to complete a going public transaction during the late 2002 to late 2003 period.

Comox and Papex also plan to amend and update the November, 2000 definitive agreements and the February, 2001 revisions to deal with the changed financial and market conditions of each company. As part of the amendments, Comox has agreed to issue a full warrant with each of the 3,004,000 Comox shares to be issued pursuant to the Papex transaction, on the terms and conditions outlined below.

Papex Inc. is a private Ontario corporation, based in Mississauga, Ontario. The business plan of Papex is based on the implementation of on-line transaction networks for pulp and paper transactions and integration of the transaction systems with the corporate inventory management systems of the buyers and sellers, on a global basis. Papex is now marketing its systems to publishing groups and newsprint producers. Papex will derive its revenue through fees and commissions on the transactions completed through its facilities, implementation and system management fees and from fees for other information generated by Papex and provided to clients.

Pacific Comox raised C\$700,000 through a number of private placements to fund the cash component of acquiring the interest in Papex, and for working capital purposes. During December 13, 2000 to June 19, 2001 Comox advanced C\$400,000 to Papex against the above mentioned commitment under a loan agreement. Under the loan agreement Comox may demand repayment of the funds advanced, with interest, on it being established that the Comox-Papex transaction will not be completed, with repayment due one year from that date.

Pacific Comox plans to seek regulatory approval to extend the term of the warrants issued pursuant to the C\$700,000 financing from the original one year term to one year from the closing of the Papex transaction, to reduce the exercise price of the warrants and to issue warrants in relation to the other common shares to be issued as part of the Papex transaction on essentially the same terms and conditions.

Upon receipt of Papex's audited and unaudited financial statements and the approval of the amendments to the November, 2000 definitive agreements, the Management Information Circular will be prepared, in collaboration with Papex, which after review by the CDNX, will be sent to Comox's shareholders in preparation for a shareholders meeting to be called to approve the Papex transaction. Although Comox may retain interests in gold mining properties, this transaction will constitute a change of business, as the Company plans to devote a high proportion of its future expenditures to non-mining interests. Comox is proposing to change its line of business to on-line application services and information technology projects. Final documents required in support of the Company's "Change Of Business" review by the CDNX will also be submitted. At July 31, 2001 Comox had 45,467,547 common shares outstanding.

The Canadian Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.

For further information please contact Donald Empey, President at tel 416 977-4653, fax 416 977-8335, or e-mail [daempey@attcanada.net](mailto:daempey@attcanada.net) .

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