PACIFIC COMOX RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTH PERIOD ENDED JANUARY 31, 2012
(Form 51-102F1)

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 month period ended January 31, 2012. The MD&A was prepared as of April 30, 2012 and should be read in conjunction with the Audited Consolidated Financial Statements for the fiscal year ended October 31, 2011, and the Company's Audited Consolidated Financial Statements for the fiscal year ended October 31, 2010 and Unaudited Consolidated Financial Statements for the three month period ended January 31, 2012 and notes thereto. Unless otherwise indicated, the following discussion is based in Canadian dollars. The January 31, 2012 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Reporting Interpretations Committee ("IFRIC"). Previously, the Company prepared its consolidated annual and interim financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). The information contained in this Management's Discussion and Analysis is dated April 30, 2012.

The Company's public filings can be accessed and viewed through the Company's website www.pacificcomox.com. A link to the Company's Canadian Securities Commissions filings can be viewed via the System for Electronic Data Analysis and Retrieval (SEDAR) at www.sedar.com.

Description of Business

Pacific Comox is engaged in mineral exploration and development and the present focus of its operations is mineral exploration in Canada and in Mexico.

RYAN LAKE PROPERTY

On March 16, 2005 the Company acquired a two year option to acquire the Ryan Lake copper-molybdenum property and mill located near Matachewan, Ontario. The property consists of 10 claims totaling 513 acres. Ryan Lake Mines Ltd. staked the property in 1947 and put it into production in 1950 at a 150 ton/day rate with a shaft sunk to 459 feet with development on 4 levels. The development extended for 1,000 feet on an east-west direction and about 500 feet north-south. The J. F. Ariz report dated October 20, 1978 gave the production during the 1950-1957 period as 163,490 tons grading 1.5% copper, 0.008 oz of gold and 0.21 oz of silver. A successor Company was also reported to have mined 6,000 tons grading 1.3% copper and 0.4% molybdenite in 1964. No production or significant exploration is reported on the property since 1966.

To acquire a 100% interest in the mining rights of the property, Pacific Comox over the two year period would make cash payments of C$600,000, issue 2,000,000 shares to the Vendors and fulfill a $300,000 work commitment. The Vendors retain a 1% NSR and Pacific Comox may purchase 50% of the NSR for $1,000,000 in the period expiring two years after commercial production is attained. Under the Option Agreement Pacific Comox could also acquire the mill building located on the property and certain equipment for C$100,000.

On November 17, 2006 Pacific Comox exercised its option to accelerate the fulfillment of the terms of the March 2005 Option Agreement to acquire the Ryan Lake property and mill. In addition to the work commitment on the Ryan Lake claims, which had been satisfied, Comox paid the vendors the remainder of the Option payments of about $262,000.00, issued 1,500,000 common shares to the vendors. The claims have been transferred to Pacific Comox and Pacific Comox is updating the Closure Plan and other permits for the property.

The mill which is currently processing barite is expected to be a major asset going forward to facilitate the resumption of copper/molybdenum production on the property.

Pacific Comox's diamond drilling and sampling on the Ryan Lake property has outlined 3 areas of drill intersected mineralization. A number of other showings on the claims have not been tested to-date.

The **South Zone,** the area of the former underground copper mine.
The **North Zone**, the area of the former producing molybdenum open pit which is located about 350 meters north of the former underground copper mine.
The **CLT Zone**, area is about 100 meters north of the North Zone.

CLT ZONE
Three of the six holes Pacific Comox drilled on the zone in 2006 reported drill intersected mineralization averaging 0.135% molybdenum (Mo) or 2.70 lbs/ton over 19 meters or 63 feet starting at 9 meters or 28 feet from the collar of the holes. Further drilling is warranted but is not currently scheduled to test and define this zone of drill intersected mineralization.

NORTH ZONE
The former producing molybdenum open pit (the North Zone) is approximately 350 meters north of the underground mine which was in production during the 1950-1964 period. No production or exploration has taken place in this pit area since the 1960's. On March 21, 2005 the Company reported assays for the samples taken on the walls of the former producing molybdenum open pit at the Ryan Lake property for due diligence and to assist in planning the exploration program. A series of two meter chip samples were taken on sections of the west and north walls of the molybdenum open pit.

A series of 2 meter chip samples totaling 24 meters in the syenite porphyry west and north walls of the pit averaged 0.15% molybdenum plus 0.05% copper, 0.01 g/tonne gold and 1.2 g/tonne silver.

All holes have intersected copper and molybdenum mineralization with minor amounts of gold and silver. Of the 30 holes completed in the North Zone by Pacific Comox during 2005-07, 20 holes have reported intervals with an average grade of 2.4 lbs/ton or 0.12 % molybdenum. The average length of the intervals was 36 meters or 118 feet starting at 4 meters or 13 feet in the core. The average copper grade in the intervals was 0.16%.

The results to-date indicate the drill intersected mineralization in the North Zone extends 100 meters NE-SW, 100 meters NW-SE and to a depth of at least 80 meters in the area of the open pit. The potential remains open in all directions and at depth. Further drilling is warranted but is not currently scheduled.

Robert Hill P. Eng. served as the qualified person (QP) for the sampling and exploration program under the definitions of National Instrument 43-101. The samples were assayed by Swastika Laboratories Ltd. at Swastika, Ontario.

On February 22, 2010 Comox reported the assays given in the following table for two sawn channel samples in the floor of the open pit to test the surface grades in an area where significant molybdenum and copper grades were reported in diamond drill holes at shallow depth. Three of the one meter samples were much higher grade than the assays from the 30 hole drill program. In addition to the mineralized quartz vein matrix which is prevalent in the North Zone there are a number of north-east, south-west trending mineralized fractures. The assays reported include a particularly wide outcropping vein. This vein material is very friable and some of the higher grade material in this or similar veins may have been washed away in the diamond drilling process by the circulating high pressure drilling water.

Bhagwat Singh P. Eng. served as the qualified person (QP) for this sampling and exploration program under the definitions of National Instrument 43-101. For the channel sampling, each sample was sawn on four sides and removed to a uniform depth and bagged. The channel sample was shipped by Company personnel to Swastika Laboratories Ltd., Swastika Ontario an accredited laboratory.

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Table 1: Channel Samples In North Zone Open Pit						
Ryan Lake Property						
Channel Sample #	**Length (m)**	**Copper (%)**	**Molybdenum (%)**	**Molybdenum (lbs/ton)**	**Silver (g/t)**	**Gold (g/t)**
Channel CH-1						
01	1	0.286	0.615	12.3	6.4	0.02
02	1	2.605	4.470	89.4	53.7	0.11
03	1	0.321	0.726	14.5	8.1	0.03
04	1	0.031	0.057	1.1	1.0	0.01
05	1	0.058	0.089	1.8	1.4	0.01
Channel CH-2						
06	1	1.890	3.050	61.0	34.5	0.07
07	1	3.705	6.110	122.2	71.9	0.14
08	1	0.037	0.029	0.6	0.3	<0.01
09	1	0.037	0.050	1.0	0.8	<0.01
10	1	0.026	0.008	0.1	0.2	0.01
11	1	0.018	0.008	0.1	0.2	0.02

SOUTH ZONE

To the current date, including closure plan related holes and exploration holes Pacific Comox has drilled 88 diamond drill holes on the South Zone testing the open pit, bulk-tonnage potential of the of the area mined from underground during the 1950-64 period. The results demonstrated the potential to extend the mineralized zone east and west on strike with the former underground workings and at depth. The 88 diamond drill holes completed by Pacific Comox to-date encompass an area over 250 meters or 820 feet on the East-West strike of the former underground copper mine and extend over an area 250 meters or 820 feet from the former underground mine to the North. The zone is considered to be open in all directions.

On May 29, 2008 the Company reported it had received the resource estimate for the South Zone. The resource estimate is classified as indicated and is 5,969,917 tonnes grading 0.34% copper, 0.039% molybdenum, 0.09g/tonne gold and 5.0g/tonne silver. The mineral resource estimate was prepared pursuant to the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council December 11, 2005 and compliant with National Instrument 43-101 Standards of Disclosure for Mineral Exploration and Development and Mining Properties. Mr. Lawrence Buss, P. Geo., P. Geol. of Buss Services Inc. is the Independent Qualified Persons for Pacific Comox's Resource Estimate for the South Zone.

The resource estimate was developed via block model analysis from 88 NQ diamond drill holes with an average length of 132 meters, with most drilled at a dip of 45 degrees on a nominal 15 meter spacing. All assay values are uncut and the inverse distance squared grade search criteria was used for the resource grade calculation. The specific gravity factor of 2.83 was determined by SGS Lakefield from 16 core samples of various rock units within the mineralized zone.

The Company plans to have separate resource estimates prepared for the North and CLT zones but no work is currently underway on these reports. The next exploration program will test to expand the mineralized zones to depth and the area between the two deposits. No drilling is currently scheduled. Robert Hill P. Eng. served as the qualified person (QP) for the sampling and exploration program under the definitions of National Instrument 43-101, reviewed the above mentioned programs and reports, and supervised the drilling program. The geologists on the programs were Murray McGill P. Geo., Dan Crossley P. Eng., Robert Van Ingen P. Eng. and Lawrence Buss P. Geo.. The split NQ core samples were assayed at Swastika Laboratories Ltd., Swastika Ontario, an accredited laboratory.

MABEL PROPERTY

Pacific Comox optioned the Mabel claims in northern Sonora State, Mexico in 2002 and has now completed the terms to acquire the property. The Mabel property is about a 2 hour drive south from Tucson, Arizona.

The Company is also the owner of two other properties in Mexico, the Dana and the Famosa. The Dana property is located 125 meters north of the Mabel property. Geochemical targets are known on Dana but work to date has been concentrated on Mabel.

The Famosa property is located several kilometers south of Mabel and Comox's exploration work has outlined an attractive near surface gold/silver, lead/zinc target associated with a former producing mine.

Pacific Comox has drilled 611 holes on the Mabel property totaling 12,546 meters. Carmelitas has been an area of concentrated closed spaced drilling to provide data for the resource estimate which is currently underway. Most of the holes have been RC and 20 diamond drill holes twinning RC holes have now been completed to provide additional information for the resource estimate. The Mabel property has additional exploration potential in several areas where Comox's drilling has intersected mineralization in one or more holes that warrant additional work.

As shown in Table 1, all the zones which have been drilled have returned a number of mineralized holes or clusters of holes which offer significant exploration potential. More closely spaced drilling is needed to assess the economic potential of the holes. For example, 11 contiguous holes in the Gate North area have averaged 1.6 g/tonne gold and 78 g/tonne silver over average mineralized intervals of 5 meters. However, the holes are approximately 50 meters apart and more closely spaced drilling is planned to test the ultimate size of the zone and the continuity of the mineralization.

To the current date, 195 mineralized holes have been drilled in the Carmelitas Zone (see Table 1) which includes 46 higher grade holes that averaged:

Gold grade 2.9 g/tonne,

Silver grade 104 g/tonne, with an average mineralized interval of 4.5 meters.

- The higher grade holes are concentrated in 5 sections of the Carmelitas zone.
- A preliminary economic assessment incorporating the resource estimate concentrating on the Carmelitas Zone of the Mabel property is partially completed and no work is currently underway. To provide additional geological information on the structure of the mineralized zone and the assay profile of the zone, 20 selected mineralized holes in the Carmelitas Zone have been twinned with diamond drill holes. The assays will be used in the preparation of the resource estimate when the preparation of the document is resumed, there is no work currently planned.
- The preliminary economic assessment of the project will incorporate the completed metallurgical test work by SGS and test recovery data from Comox's test leaching work.

Table 1: Summary of Mabel Results by Area				
	Number	Thickness	Gold	Silver
Area	Of Holes	(meters)	(g/tonne)	(g/tonne)
Carmelitas Zone Mineralized Holes	**195**	**3.9**	**1.2**	**42**
Carmelitas Zone Holes Include	**46**	**4.5**	**2.9**	**104**
Gate North	11	5.0	1.6	78
Gate South	8	3.0	0.5	35
Ridge Zone	10	3.0	1.7	35
Ridge Zone – 3 Meter Chip Samples	14	-	0.7	68
Micho – RC Holes	10	All Holes Reported Au/Ag Mineralization		
Micho – 3 Meter Chip Samples (1)	9	-	4.6	192
1. Also reported 0.43% average copper grade in chip samples.				
Note: All thicknesses and grades are arithmetic averages.				

The heap leach amenability tests (coarse mineralization bottle roll cyanidation tests) were conducted on approximately 1,000 gram of whole mineralization at different crush sizes for a 14 day period. Test results are summarized in Table M-1. The heap leach amenability cyanidation recovery of gold increased from 85.1% to 86.7% for gold and from 81.7% to 86.0% for silver when the feed size was decreased from 12.7 mm (1/2 inch) to 2.0 mm.

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Table M-1: Cyanide Leach Test Results			
Mabel Property - Carmelitas Zone			
1	**HEAP LEACH AMENABILITY CYANIDATION RESULTS**		
2	Whole Rock - 14 Days		
3		**Gold**	**Silver**
4	Head Grade (g/tonne)	3.3	117
5			
6	Feed Size - minus 12.7 mm		
7	Recovery (%)	**85.1**	**81.7**
8			
9	Feed Size - minus 2.0 mm		
10	Recovery (%)	**86.7**	**86.0**
11			
12	**CONVENTIONAL CYANIDATION RESULTS**		
13	Whole Rock - 48 hours		
14	Head Grade (g/tonne)	4.1	114
15			
16	Feed Size - minus 0.095 mm		
17	Recovery (%)	**95.2**	**89.2**
October 8, 2008			

On March 28, 2010 Pacific Comox Ltd. reported the cyanide leaching results of the first bulk sample of gold/silver mineralization at Mabel. Based on the beginning and ending assays, the gold recovery was 77% and silver 59% for a 2.3 tonne sample of mineralization from a number of outcropping veins in the Carmelitas area of the Mabel property, during a 16 day leach period and crushed to 1.9 cm (0.75 inches). The head grade for Test # 1 was 2.1 grams/tonne (g/t) for gold and 61 g/t for silver.

On April 6, 2010 Pacific Comox reported that approximately 2,000 tonnes of drill defined mineralization had been blasted on the Mabel property. This broken mineralization will be crushed and leached on test pads. The construction of the test pads and associated infrastructure has been planned but not completed due to lack of funds.

Pacific Comox reported the cyanide leaching results of the second bulk sample of gold/silver mineralization at Mabel on May 13, 2010. Based on the beginning and ending assays, the gold recovery was 70% and silver 55% for a 12.9 tonne sample of mineralization from a number of outcropping lower grade veins on the Mabel property, during a 16 day leach period and crushed to 1.3 cm (0.50 inches). The head grade for Test # 2 was 1.4 grams/tonne (g/t) for gold and 35 g/t for silver. These tests will provide data for the planned preliminary economic assessment of gold/silver production at Mabel using a cyanide leach process and for process design.

On May 17, 2010 Pacific Comox reported the assays for 26 surface samples, 3 meter long chip samples from the area north of the Micho copper/gold/silver zone. All samples were anomalous.

The strongest results were reported for a 300 meter east-west trending zone designated "Tajo de Cobre" located 800 meters north of the Micho RC drilling area. Of the 12 samples on this trend, 7 were taken across a face blasted to get fresh material and averaged 3.5% copper, 0.2 g/tonne gold and 16 g/tonne silver. The 5 other samples were taken in four locations from surface material (not blasted) within a 200 meter long alteration zone to the west. All the samples were anomalous in gold, silver and copper.

Four samples were taken to extend the area covered by 7 previously reported surface samples 200 meters northwest of the Micho drilling. The 11 samples averaged 3.8 g/tonne gold, 178 g/tonne silver and 0.55% copper.

The 10 RC holes drilled on the Micho Zone were previously reported with all holes intersecting mineralization. Hole 62 reported 6 meters starting at surface of 1.5 g/t gold, 51 g/tonne silver, 0.05% copper and the next 23 meters averaged 0.01 g/tonne gold, 10 g/tonne silver, and 1.1% copper, with the hole ending in mineralization.

The new results enlarge the area of strong gold/silver/copper results in the Micho-Tajo area to 1,200 meters east-west and 1,100 meters north-south.

Further work is warranted to test the new Tajo area as well as the Micho zone area but none is currently planned.

A preliminary economic assessment including a resource estimate has been started but not completed for the Mabel property as the Company planned to complete the larger leach test on the site to provide additional data. Due to the lack of funding the larger leach test on the site have not been completed. Contractors for the pad construction and other work have been selected.

The Company has announced preliminary financing for a test heap leach on the Mabel property but the financing is not completed at this date.

Bhagwat Singh P. Eng. serves as the qualified persons (QP) for the sampling and exploration programs under the definitions of National Instrument 43-101, and supervised the drilling programs. The geologist on the Mabel program is Cesar Lemas. A split sample is shipped by Company personnel to the ALS Chemex sample preparation facility at Hermosillo, Sonora which forwards prepared samples to the ALS Chemex Vancouver facility, an accredited laboratory, for assay.

Log Lake Claims Option Agreement

Pacific Comox, in September 2005 signed a preliminary Option Agreement on the "Log Lake Claims" totaling about 3,400 acres contiguous to the northern boundary of the Ryan Lake claims at Matachewan, Ontario. For the exercise of the 36 month option the Company has made total cash payments of $180,000, and issued 850,000 common shares. The option also contains a $235,000 work commitment. The Vendor retains a 2% NSR on all minerals mined or processed. The Company may buy back 1% of the 2% NSR for $1,000,000 at any time. The royalty on precious stone production is 1% of gross sales. Previous exploration on the claims has indicated anomalous copper/molybdenum zones. The claims have been transferred to Pacific Comox.

Continuing Exploration Work

The Company is in the process of determining whether its exploration properties contain mineral resources that may be economically recoverable. Pending the availability of funding the Company plans to further explore and test the properties to determine their economic merit. As a result the Company has no current sources of revenue other than interest earned on cash which is derived from the issuance of common shares in the Company.

Selected Financial Data

The following table provides selected consolidated financial information that should be read in conjunction with the audited consolidated financial statement of the Company.

	October 31, 2011	October 31, 2010	October 31, 2009	October 31, 2008	October 31, 2007
Total Revenue	Nil	Nil	Nil	Nil	Nil
Loss (Income) for the Year	621,805	913,508(1)	179,313	(412,326)	(29,192)
Loss per Share	0.003	0.005	0.00	0.00	0.00
Total Assets	8,245,431	8,089,924	7,871,955	7,939,994	5,838,688
Dividends per Share	Nil	Nil	Nil	Nil	Nil
Total Long-term Debt	Nil	Nil	Nil	Nil	Nil
Cash Dividends	Nil	Nil	Nil	Nil	Nil

Note 1: Revised October 31, 2011 from a loss of $128,572 previously reported for October 31, 2010.

Results of Operations:
October 31, 2011-2010

For the year ended October 31, 2011 the Company reported a loss before income taxes of $621,805 which did not include a write-off of mineral properties, but did include an amount of $494,432 assessed by the Canada Revenue Agency(CRA) in respect of flow-through share issuances of the Company during the period from 2005 to 2008. The Company reported a loss of $128,572 in 2010 which has been revised to $913,508 largely as a result of including a $751,936 liability assessed by the CRA. As a result of lower cash balances during 2011 and 2010 the Company reported minimal interest income compared to $6,978 in 2009 and $22,859 in 2008 and $61,256 in 2007.

Office, general and investor relations expenses were $30,234 in 2011 compared to $47,209 for 2010. Transfer agent and regulatory fees were $15,357 in 2011 and $19,854 in 2010.

Results of Operations:
October 31, 2010-2009

For the year ended October 31, 2010 the Company reported a revised loss before income taxes of $913,508 which did not include a write-off of mineral properties, compared to a loss of $179,313 in 2009 which did include a write-off of mineral properties of $10,000. As a result of lower cash balances during 2010 the Company reported nil interest income in 2010 compared to $6,978 in 2009 and $22,859 in 2008 and $61,256 in 2007 and an expense of $857 in 2006. The Company reported a loss of $179,313 in 2009 compared to an income of $412,326 for 2008, $29,192 for 2007 and a loss of $435,150 for 2006.

General, office and administration expenses were $186,343 in 2009, $452,396 in 2008, $250,747 for 2007 relatively unchanged from the $257,587 for 2006.

October 31, 2009-2008

For the year ended October 31, 2009 the Company reported a loss before income taxes of $179,313 which included $10,000 write-off of mineral properties and no stock based compensation compared to a loss of $452,396 in 2008 which did include a write-off of $48,231and a stock based compensation cost of $88,000. The loss of $193,168 for 2007 did not include a write-down of mineral properties and is before the future income tax recovery of $222,360. As a result of lower cash balances during 2009 the Company reported interest income of $7,030 compared to $22,859 in 2008 and $61,256 in 2007 and an expense of $857 in 2006. The Company had no income tax recovery in 2009, compared to a future tax recovery of $841,863 in 2008, $222,360 for 2007, and $105,000 for 2006. The Company reported a loss of $179,313 in 2009 compared to an income of $412,326 for 2008, $29,192 for 2007 and a loss of $435,150 for 2006.

General, office and administration expenses were $186,343 in 2009, $452,396 in 2008, $250,747 for 2007 relatively unchanged from the $257,587 for 2006.

October 31, 2008-2007

For the year ended October 31, 2008 the Company reported a loss before income taxes of $429,537 which included $48,231write-off of mineral properties and $88,000 in stock based compensation compared to a loss of $193,168 in 2007 which did not include a write-off or compensation item. The loss of $540,150 for 2006 included a write-down of mineral properties of $281,707. As a result of lower cash balances during 2008 the Company reported interest income of $22,859 compared to $61,256 in 2007 and an expense of $857 in 2006. After allowing for a future tax recovery of $841,863 in 2008, $222,360 for 2007, and $105,000 for 2006 the Company reported income of $412,326 for 2008, $29,192 for 2007 and a loss of $435,150 for 2006.

General, office and administration were $252,586 in 2008, $250,747 for 2007 relatively unchanged from the $257,587 for 2006.

October 31, 2007-2006

For the year ended October 31, 2007 the Company reported a loss before income taxes of $193,168 compared to a loss of $540,150 for 2006 which included a write-down of mineral properties of $281,707. As a result of higher cash balances during 2007 the Company reported interest income $57,579 for the year compared to an expense of $857 in 2006. After allowing for a future tax recovery of $222,360 for 2007, compared to $105,000 for 2006 the Company an income of $29,192 for 2007 compared to a loss of $435,150 for 2006.

General, office and administration were $250,747 for 2007 relatively unchanged from the $257,587 for 2006.

Summary Of Quarterly Results

The following table gives the summary of quarterly results during the periods indicated.

The loss was $38,184 during the three months ended January 31, 2012 compared to $74,232 during the same period of 2011. These consolidated quarterly financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Reporting Interpretations Committee (“IFRIC”).

After the restatements and revisions for 2011 the loss was $536,391 in the fourth quarter of 2011 compared to $45,459 previously reported for the same period of 2010. A future income tax recovery of $12,000 was recorded in the third quarter of 2010. The loss was $85,414 during the 2011 first nine month period compared to $116,164 during the corresponding 2010 period.

The loss was $23,383 in the third quarter of 2011 compared to $35,317 during the same period of 2010. A future income tax recovery of $12,000 was recorded in the third quarter of 2010 and nil during the 2011 period. The loss was $85,414 during the 2011 first nine month period compared to $116,164 during the corresponding 2010 period. There was a future income tax recovery of $21,000 during the 2011 first nine month period and $33,000 during the same period in 2010.

The loss was $27,799 in the first quarter of 2011 compared to $41,391 during the same period of 2010. A future income tax recovery of $21,000 was recorded in the first quarter of 2011. The future income tax recovery was $33,000 for the 2010 period.

The loss was $47,317 in the third quarter of 2010 compared to $24,421 during the same period of 2009. A future income tax expense of $12,000 was recorded in the third quarter. The future income tax recovery was $33,000 for the 2010 nine month period. There was no tax expense or recovery in the same periods of 2009.

The loss was $39,456 in the second quarter of 2010 compared to $32,355 during the same period of 2009. After a future income tax recovery of $12,000 in the 2010 quarter the loss was reduced to $27,456. There was no tax recovery in the same period of 2009.

The loss was $8,391 in the first quarter of 2010 after a future income tax recovery of $33,000 compared to $34,960 in the same period of 2009 when there was no tax recovery. The loss was $41,391 in the first quarter of 2010 before the tax recovery. The loss was $87,577 in the fourth quarter of 2009 which included a $10,000 property write-off, $24,421 in the third quarter, $32,355 in the second quarter, and $34,960 in the first quarter.

The loss was $306,400 in the Oct. 31 2008 quarter compared to $9,835 in the third quarter, $58,634 in the second, and $54,670 in the first quarter. Property write-offs of $22,000 and 26,231 were taken in the second and final quarters. Interest income of $19,583 was reported in the third quarter of 2008 significantly reducing the loss. A stock compensation expense of $88,000 was reported in the fourth quarter of 2008, with no stock compensation expense in 2009. In 2007 the loss was $68,676 in the third quarter and $110,996 in the second. Administrative expenses were $131,057 in the fourth quarter of 2008 compared to $29,412 in the third quarter when interest income of $19,583 was reported. The loss before tax recovery for the 2008 fourth quarter of $245,400 reflects the higher administrative expenses, the $26,231 property write-off and the stock based compensation charges. The net loss for the 2008 fourth quarter was reduced by the $40,000 income tax recovery reported in the quarter. The tax recovery of $715,000 in the first quarter of 2008 resulted in a net profit of $660,330 reported in the quarter. The second and third quarters of 2008 reported net income losses of $58,634 and 9,835.

Quarter (ending)	2012 Jan. 31	2011 Oct. 31	2011 July 31	2011 April 30	2011 Jan. 31	2010 Oct. 31	2010 July 31	2010 April 30	2010 Jan. 31
Revenue	-	-	-	-	-	-	-	-	-
Income (Loss) from continuing operations	(38,184)	(536,391)	(23,383)	(34,232)	(74,232)	(797,419)	(35,317)	(39,405) Bef. Inc. Tax Rec. $12,000	(41,391) Bef. Inc. Tax Rec. $33,000
Income (Loss) per common share basic and diluted	(0.0001)	(0.003)	(0.0001)	(0.0001)	(0.0004)	(0.0045)	(0.0002)	(0.0002)	(0.0002)
Net Income (Loss)	(38,184)	(536,391)	(23,383)	(34,232)	(74,232)	(797,419)	(47,317)	(27,456)	(8,391)
Net Income (Loss) per common share basic and diluted	(0.0001)	(0.003)	(0.0001)	(0.0001)	(0.0004)	(0.0045)	(0.0002)	(0.0001)	(0.000)

Mineral Exploration Activities During The Three Months Ended January 31, 2012
During the first quarter of 2012 the exploration and evaluation expenses were $17,528 compared to $46,433 during the same period of 2011. The expense during 2012 is the tax paid on the Mabel property. No exploration was conducted during the 2012 period compared to exploration expenditures of $25,335 on Mabel and Famosa during the 2011 period and $21,098 on Ryan Lake.

Mineral Exploration Activities During The Three Months Ended October 31, 2011
During the fourth quarter of 2011 the total deferred exploration expenditures were $18,319 on Ryan Lake and nil in Mexico compared to $45,819 on Ryan Lake and $31,569 in Mexico during the same period of 2010. The Ryan Lake expenses for 2011 included an asset retirement obligation of $86,952 during 2011and nil for this item during 2010.

Mineral Exploration Activities During The Three Months Ended July 31, 2011
During the third quarter of 2011 the total deferred exploration expenditures were $20,789 on Mabel and nil on Ryan Lake compared to $71,572 on Mabel and $39,310 on Ryan Lake during the same period of 2010. The Mabel expense was mining taxes on the property.

Mineral Exploration Activities During The Three Months Ended April 30, 2011
During the second quarter of 2011 the total deferred exploration expenditures were $9,412 on Mabel and $781 on Ryan Lake compared to $63,548 on Mabel and $23,429 on Ryan Lake during the same period of 2010. The Mabel work was related to the preparation for the proposed onsite test leach. On Ryan Lake geological assessment work was completed on testing geochemical copper and molybdenum soil samples reported by previous operators on Ryan Lake claims.

Mineral Exploration Activities During Three Months Ended January 31, 2011
During the first quarter of 2011 the total deferred exploration expenditures were $25,335 on Mabel and $21,098 on Ryan Lake compared to $111,958 on Mabel and $25,739 on Ryan Lake during the same period of 2010. The Mabel work was related to two test leaches of mineralization from the property and to the preparation for the onsite test leach. Leach tests were also conducted on mineralized material from Famosa. On Ryan Lake some geological assessment work was completed on testing geochemical copper and molybdenum soil samples reported by previous operators on Ryan Lake claims.

Mineral Exploration Activities During Twelve Months Ended October 31, 2010
During 2010 total deferred exploration expenditures were $425,944 compared to $637,997 in 2009, $2,036,549 in 2008, and $1,945,537 during 2007.

Expenditures on the Ryan Lake properties were $124,297 in 2010 and $201,262 in 2009, both years were much less than the $1,060,039 in 2008 and $1,584,784 in 2007 when large diamond drill programs were completed.

Expenditures on the Mexican properties, mainly Mabel were $278,647 in 2010, $401,345 in 2009 compared to $783,162 in 2008 when a larger drilling program was underway.

Nil expenditures were made in 2010 to test other properties compared to $10,000 in 2009, $48,231 in 2008 and nil in 2007.

The largest expenses on the Ryan Lake area work in 2010 and 2009 were geological consulting, geochem sampling and mapping programs. In 2008 and 2007 the programs involved larger drilling campaigns with more substantial geological consulting, assaying, and drilling expenses. Drilling charges declined from $899,671 in 2007 to $171,496 in 2008 to nil in 2009 and 2010. Assaying charges were $2,852 in 2009 compared to $199,927 in 2008 and $166,567 in 2007. Geological consulting declined to $64,509 in 2010 compared to $102,994 in 2009 as a result of less activity. Consulting was $377,005 in 2008 and $288,570 in 2007. Surveying charges were nil in 2010 and 2009 compared to $27,687 in 2008 and $40,909 in 2007. Property taxes were $18,421 in 2010, $20,070 in 2009, $38,489 in 2008 and $14,901 in 2007.

For Mabel the drilling charges were nil in 2010, $110,995 in 2009 mainly for the hole twinning program as part of the resource estimate program. Drilling charges were much higher in 2008 at $443,429 as a result of a large drilling program and up sharply from $71,897 in 2007. Assaying charges were $11,780 in 2010, $37,731 in 2009, smaller than the $94,548 in 2008 due to the smaller drilling program and approximately the same as the $35,168 in 2007. As a result of less activity geological consulting expenses were $84,937 in 2010, $141,157 in 2009 compared to $94,791 in 2008 and $52,330 in 2007. The IVA tax recoveries were $12,455 in 2010, $11,943 in 2009 lower than the $50,820 in 2008 due to the lower expenditure level and compared to nil in 2007.

Expenditures related to the development of the Ryan Lake property are planned during 2011 due the stronger base metal prices but the level is dependent on funding.

The resource estimate and preliminary economic assessment were not completed for Mabel during 2010. The larger test leach on the property was not completed due to the lack of funding and disruptions to activity due to security conditions.

Mineral Exploration Activities During Three Months Ended July 31, 2010
During the third quarter of 2010 the total deferred exploration expenditures were $71,572 on Mabel and $39,310 on Ryan Lake compared to $228,167 on Mabel and $26,558 on Ryan Lake during the same period of 2009. The Mabel work was related to the preparation for the onsite test leach. Leach tests were also conducted on mineralized material from Famosa. Some geological assessment work was completed on testing geochemical copper and molybdenum soil samples reported by previous operators on Ryan Lake claims and also on the North Zone pit at Ryan Lake in the current period compared to the general exploration during the same period of 2009.

Mineral Exploration Activities During Three Months Ended April 30, 2010
During the second quarter of 2010 the total deferred exploration expenditures were $63,548 on Mabel and $23,429 on Ryan Lake compared to $64,176 on Mabel and $36,172 on Ryan Lake during the same period of 2009. The Mabel work was largely related to the test leaches #1 & #2, blasting mineralization for the onsite test leach and preparation for the onsite test leach. Some geological assessment work was completed on the North Zone pit at Ryan Lake in the current period compared to the general exploration during the same period of 2009.

Mineral Exploration Activities During Three Months Ended January 31, 2010
During the first quarter of 2010 the total deferred exploration expenditures were $111,958 on Mabel and $25,739 on Ryan Lake compared to $54,536 on Mabel and $41,881 on Ryan Lake during the same period of 2009. The Mabel work was largely related to the test leach production program to provide data for the preliminary economic assessment. Some geological assessment work was completed on the North Zone pit at Ryan Lake in the current period compared to the general exploration during the same period of 2009.

Mineral Exploration Activities During Twelve Months Ended October 31, 2009
During 2009 total deferred exploration expenditures were $637,997 compared to $2,036,549 in 2008, and $1,945,537 during 2007.

Expenditures on the Ryan Lake properties were $201,262 in 2009 much less than the $1,060,039 in 2008 and $1,584,784 in 2007 when large diamond drill programs were completed.

Expenditures on the Mexican properties, mainly Mabel were $401,345 in 2009 compared to $783,162 in 2008 when a larger drilling program was underway, and $265,256 in 2007.

In 2009, expenditures of $10,000 were made to test other properties which were not optioned compared to $48,231 in 2008 and nil in 2007.

The largest expenses on the Ryan Lake area work in 2009 were geological consulting and mapping programs. In 2008 and 2007 the programs involved larger drilling campaigns with more substantial geological consulting, assaying, and drilling expenses. Drilling charges declined from $899,671 in 2007 to

$171,496 in 2008 to nil in 2009. Assaying charges were $2,852 in 2009 compared to $199,927 in 2008 and $166,567 in 2007. Geological consulting declined to $102,994 in 2009 as a result of less activity from $377,005 in 2008 and from $288,570 in 2007. Surveying charges were nil in 2009 compared to $27,687 in 2008 and $40,909 in 2007. Property taxes were $20,070 in 2009 compared to $38,489 in 2008 and $14,901 in 2007.

For Mabel the drilling charges were $110,995 in 2009 mainly for the hole twinning program as part of the resource estimate program. Drilling charges were much higher in 2008 at $443,429 as a result of a large drilling program and up sharply from $71,897 in 2007. Assaying charges were $37,731 in 2009, smaller than the $94,548 in 2008 due to the smaller drilling program and approximately the same as the $35,168 in 2007. Geological consulting expenses were $141,157 in 2009 compared to $94,791 in 2008 and $52,330 in 2007. The IVA tax recoveries were $11,943 in 2009 lower than the $50,820 in 2008 due to the lower expenditure level and compared to nil in 2007.

Increased exploration and development expenditures including production planning are planned for the Ryan Lake properties during 2010 due the stronger base metal prices but the level is dependent on funding. The resource estimate and preliminary economic assessment are proceeding for Mabel due to the strength in gold and silver prices.

Mineral Exploration Activities During Three Months Ended July 31, 2009

During the third quarter of 2009 deferred exploration expenditures were $26,558 at Ryan Lake compared to $241,345 during the same period of 2008. Mabel deferred expenditures were $228,167 during the third quarter of 2009 and $410,719 during the same period of 2008. During the first nine months of 2009 the Ryan Lake deferred expenditures were $104,611 compared to $829,932 during the same period of 2008. During the first nine months of 2009 the Mabel deferred expenditures were $346,879 compared to $783,666 during the same period of 2008. During 2009 the Mabel work has largely been related to doing the resource estimate and the scoping study, including a diamond drilling program of about 1,000 meters during the third quarter. During the 2008 period a major RC drilling program was underway at Mabel. A large diamond drilling program was underway at Ryan Lake during 2008 and the work during 2009 has been largely geological assessment programs on several areas.

Mineral Exploration Activities During Three Months Ended April 30, 2009

During the second quarter of 2009 the deferred exploration expenditures were $64,176 on Mabel and $36,172 on Ryan Lake compared to $329,972 on Mabel and $207,386 on Ryan Lake during the same period of 2008. The Mabel work represented exploration and field work associated with the resource estimate for Mabel which is being prepared. Some geological assessment work was completed on Ryan Lake in the period compared to the major drilling program being completed in 2008. For the six month period ended April 30 exploration expenditures on Mabel totalled $118,712 compared to $372,947 during 2008 when a large drilling program was underway. Ryan Lake exploration expenditures totalled $78,053 during the six month period compared to $$588,587 during 2008 when a large drilling program was completed.

Mineral Exploration Activities During Three Months Ended January 31, 2009

During the first quarter of 2009 the total deferred exploration expenditures were $54,536 on Mabel and $41,881 on Ryan Lake compared to $42,975 on Mabel and $381,201 on Ryan Lake during the same period of 2008. The Mabel work represented the final assays and geological work for the 2008 drilling campaign and preparation for the Mabel resource estimate which is underway. Some geological assessment work was completed on Ryan Lake in the current period compared to the completion of a major drilling program during the 2008 period.

Liquidity and Capital Resources

The Company’s cash position was $9,437 at January 31, 2012, $2,424 at October 31, 2011, and $22,183 at October 31, 2010. The cash position was $1,007,322 at October 31, 2008 and $759,318 at October 31, 2007. A $100,000 financing was completed on December 30, 2010.

Pacific Comox reported on June 14, 2006 the closing of a brokered private placement of approximately 37.2 million common share units (“CS Units”) of the Company at a price of C$0.07 per CS Unit for proceeds of approximately $2.6 million and approximately 11.8 million ‘flow through’ units (“FT Units”) at a price of C$0.09 per FT Unit for proceeds of approximately $1.1 million. Each CS Unit consisted of one common share and one common share purchase warrant (a “Warrant”) which entitles the holder to purchase one additional common share of the Company (“Warrant Shares”) at an exercise price of C$0.10 per Warrant Share until June 12, 2008. Each Flow-Through Unit consisted of one ‘flow through’ common share and one Warrant. Any Warrant Shares issued on exercise of the Warrants will be non ‘flow-through’ shares. The CS Units and FT Units are, and any Warrant Shares issued under the Offering would be subject to a four month hold period to October 13, 2006.

The agent for the financing was Dominick & Dominick Securities Inc. (the “Agent”). The Agent received a commission equal to 8% of the gross proceeds raised. In addition, the Company issued to the Agent Broker Warrants entitling the Agent to purchase, for C$0.10 per CS Unit until June 12, 2008, a total of 4,894,256 CS Units (being 10% of the number of all Units in the financing). Any Common Shares, Warrants and Warrant Shares issued on the exercise of the Broker Warrants would be subject to a four month hold period to October 13, 2006.

Pacific Comox announced the Closing of non-brokered private placements of C$300,000 on December 21, 2006. The financing was in the form of units consisting of one flow-through share and one-half share purchase warrant. A warrant is exercisable for one common share at C$0.12 for one year from closing. Each unit was priced at C$0.10. The securities will be subject to a four month hold period from the date of closing. A finder’s fee of 8% was payable on $155,000 of the Units. Directors of the Company subscribed for C$112,500 of the financing.

On November 30, 2007, the Company closed a private placement of $2,551,101. The financing was 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. A finder's fee of $122,000 was payable on the units. Directors of the Company subscribed for $275,000 of the financing. The Company used the net proceeds of the financings to diamond drill and develop its Ryan Lake copper-molybdenum properties near Matachewan, Ontario and working capital.

On December 31, 2009, the Company closed a private placement of $200,000. Of the financing, $100,000 was in the form of flow-through units consisting of one flow-through share and one share purchase warrant and $100,000 was in the form of units consisting of one flow-through share and one share purchase warrant. Each unit was priced at $0.05 and each warrant is exercisable at $0.10 for a period of two years expiring December 31, 2011. Directors of the Company subscribed for $175,000 of the financing. The funds raised will be used to advance the exploration program at Ryan Lake copper-molybdenum properties near Matachewan, Ontario, the Mabel gold/silver property in Mexico, and for general working capital purposes.

On June 18, 2010, the Company closed a private placement of $250,000. Each unit was priced at $0.05 and each warrant is exercisable at $0.10 for a period of five years expiring June 18, 2015. Directors of the Company subscribed for $100,000 of the financing. The funds raised will be used to advance the Mabel gold/silver property in Mexico, and for general working capital purposes.

On December 30, 2010, the Company closed a private placement raising gross proceeds of $100,000. Of the financing, $75,000 is in the form of flow-through units consisting of one flow-through common share and one common share purchase warrant and $25,000 is in the form of units consisting of one common share and one common share purchase warrant. Each unit was priced at $0.05 and each warrant is exercisable at $0.10 for a period of one year expiring December 31, 2011. Two directors of the Company subscribed for $100,000 of the financing.

Additional funding is required for the Company to delineate resources and/or reserves on its properties, complete economic assessment/feasibility studies and move the properties into production.

The Company has been successful in accessing the equity markets in the past but there is no guarantee that this will continue to be available in the near term.

Pacific Comox		
Exploration and Evaluation Expenses		
31-Jan-12		
	31-Jan-12	31-Jan-11
Expenditures Relating to Mabel and LaFamosa, Mexico Property		
Exploration and Evaluation Expenditures		
Equipment	$0.00	$3,252.00
Geological Consulting	$0.00	$2,811.00
Labour	$0.00	$6,060.00
Mining Taxes	$17,528.00	$9,867.00
Support Services	$0.00	$2,942.00
Supplies	$0.00	$2,715.00
IVA tax recoverable	$0.00	($2,312.00)
	$17,528.00	$25,335.00
Expenditures Relating to Ryan Lake, Matachewan, Ontario Properties		
Exploration and Evaluation Expenditures		
Assaying	$0.00	$0.00
Geological Consulting	$0.00	$20,475.00
Travel/Hotel/Meals/Miscellaneous	$0.00	$0.00
Drilling	$0.00	$0.00
Supplies	$0.00	$0.00
Equipment	$0.00	$0.00
Closure Plan	$0.00	$0.00
Surveying	$0.00	$0.00
Permitting	$0.00	$0.00
Property taxes	$0.00	$623.00
	$0.00	$21,098.00
	$17,528.00	$46,433.00

Off-Balance Sheet Arrangements

The Company has no material off-balance sheet arrangements, no material capital lease arrangements and no long-term debt obligations.

Transactions With Related Parties

During the first quarter of 2012 the Company paid $2,500 in consulting fees to an officer of the Company compared to $9,000 during the same period of 2011. At January 31, 2012 the Company reported $26,204 due from a shareholder, director and officer of the Company the same as at October 31, 2011. During the first quarter of 2012 rent of $2,466 was paid to a corporation under common management, the same as during the 2011 period.

Pacific Comox at January 31, 2012 was owed $338,436 by a company which has one person in common management, compared to $363,664 at October 31, 2011.

Administration Expenses During First Quarter of 2012 And 2011

Office, general and exploration and evaluation expenses were $38,184 during the 2012 first quarter and $74,232 during 2011. Expenses declined during 2012 due to a lower level of activity with consulting fees declining to $2,500 from $9,000 during the 2011 period. Exploration and evaluation expenses declined to $17,528 during 2012 from $46,433 during the 2011 period. Expenses for legal and audit were $150 during 2012 compared to $2,600 during 2011 due to less activity. Office general and investor relations were slightly lower at $5,835 during 2012 compared to $8,621 during 2011. Foreign exchange loss was $2,758 during 2012 increased from $597 during 2011.

Transfer agent and regulatory fees were $6,750 during 2012 compared to $4,287 during 2011 due to higher fee structures.

Writedown of mineral property charges were nil in both periods.

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

	January 31 2012	January 31 2011
EXPENSES		
Bank charges and interest	$ 172	$ 192
Consulting fees	2,500	9,000
Amortization	25	36
Exploration and evaluation expenses	17,528	46,433
Foreign exchange loss	2,758	597
Legal and audit	150	2,600
Office, general and investor relations	5,835	8,621
Rent	2,466	2,466
Transfer agent's and regulatory fees	6,750	4,287
	38,184	74,232
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(38,184)	(74,232)

BASIS OF PREPARATION OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND GOING CONCERN

While the consolidated financial statements have been prepared on a "going concern" basis, there are adverse conditions which cast significant doubt upon the validity of this assumption. For the three months ended January 31, 2012, the Company incurred a loss of $38,184 (October 31, 2011 - $804,491) and as at January 31, 2012, had an accumulated deficit of $21,188,587 (October 31, 2011 - $21,150,403). The Company has no income or cash flow from operations and, at January 31, 2012, had a working capital deficiency of $1,503,452 (October 31, 2011 - $1,490,521). The Company must secure sufficient funding to maintain legal title to its resources properties, to fund its exploration and development activities and to fund its general and administrative costs. In addition the company is currently undergoing a CRA assessment in relation to certain flow-through expenditures.

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Reporting Interpretations Committee ("IFRIC").

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of April 23, 2012, the date the board of directors approved the financial statements. Any subsequent changes to IFRS that are given effect in the annual consolidated financial statements could result in restatement of these consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

2. BASIS OF PREPARATION

a) Statement of Compliance (continued)

Previously, the Company prepared its consolidated annual and interim financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 19 of the financial statements.

b) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3. The comparative figures presented in these consolidated financial statements are in accordance with IFRS.

c) Adoption of new and revised standards and interpretations

The IASB issued a number of new and revised International Accounting Standards, International Reporting Standards, amendments and related interpretations which are effective for the Company's financial year beginning on January 1, 2011. For the purpose of preparing and presenting the Financial Information for relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

As at the date of approval of these Financial Statements, the IASB and IFRIC has issued the certain new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods. See Note 3 (s) for details on those new and revised Standards and Interpretations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary. All intercompany transactions and accounts have been eliminated.

b) Mineral Properties

All direct costs related to the acquisition of mineral property interests are capitalized into intangible assets on a property by property basis. Exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized to Property, Plant and Equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of- production basis using estimated resources as the depletion base.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

c) Decommissioning, restoration and other similar liabilities (Asset retirement obligation – ARO)

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with reclamation of mineral properties and Property, Plant and Equipment, when those obligations result from the acquisition, construction, development, or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized as its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related mineral property asset in the case where technical feasibility has been established, and expensed if technical feasibility is yet to be established. Once capitalized, the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

d) Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax is provided using the liability method on temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred income tax asset related to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is not longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position to the extent that it becomes probable that future taxable profit will allow the deferred asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of financial position.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current assets against current liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

e) Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive.

f) Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss (“FVTPL”).

Financial assets are classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company’s cash is classified as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. The Company’s accounts receivable are classified as loans-and-receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

g) Financial Liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method for calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through expected life of the financial liability, or, where appropriate, a shorter period. The Company’s accounts payable and accrued liabilities, preference and common share dividends payable and due to related parties are classified as other-financial liabilities.

Financial liabilities classified at FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At March 31, 2012, the Company has not classified any liabilities as FVTPL.

h) Impairment of financial assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-sale

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

i) Cash

Cash in the statement of financial position comprise cash held at Canadian banks.

j) Provisions

Provisions are recognized when the Company has a future obligation (legal or constructive) that has arisen as a result of a past event and is probable that a future outflow of resources will be required to settle the obligation, provided a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

k) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

l) Significant accounting judgments and estimates
The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affects the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing, basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to accounts receivable, and the valuation of deferred income tax amounts. The most significant judgments relate to recognition of deferred tax assets and liabilities, determination of the commencement of commercial production and the determination of the economic viability of a project.

m) Foreign currency translation
The Company`s functional currency and reporting currency is the Canadian dollar. Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated to Canadian dollars by the using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income. Exchange gains and losses arising on the retranslation of monetary available-for-sale financial assets are treated as a separate component of the change in fair value and recognized in net income. Exchange gains and losses on non-monetary available-for-sale financial assets for part of the overall gain or loss recognized in respect of that financial instrument.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalue amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

n) Share capital
Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and preference shares are classified as equity instruments. Incremental costs directly attributable to the new of shares or options are shown in equity as a deduction, net of tax, from the proceeds.

o) Share-based payments
Share-based payment transactions
Employees (including directors, senior executives and consultants) of the Company may receive a portion of their remuneration in the form of share-based payment transactions, whereby they render services as consideration for equity instruments ("equity-settled transactions"). In addition, the Company may settle certain debt obligations with employees under mutual consent and amount. The fair value of the shares issued determines the value of the settlement with any difference reported as a gain or loss on settlement.

In situations where the equity instruments are issued to non-employees and some or all of the goods and services received by the entity as cannot be specifically identified, they are measured at fair value of the share-based payment.

Equity-settled transactions
The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The cost of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the stock option award ('the vesting date"). The cumulative cost is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve. No expense is recognized for awards that do not ultimately vest.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modifications which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

(p) Property, Plant and Equipment

Property, plant and equipment (PPE) are stated at cost less accumulated amortization and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and the restoring the site on which it is located. Depreciation on the computer equipment is provided at the rate of 30% per annum on a diminishing balance.

q) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any; investors pay for the flow-through feature, which is recognized as a liability, and (ii) share capital. Upon expenses being incurred and the expenditures renounced, the Company de-recognizes the liability and recognizes a deferred tax liability for the amount of the tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

r) Comprehensive loss

The Company presents certain gains and losses from changes in fair value outside of net loss as comprehensive loss. It includes unrealized gains and losses, such as: unrealized gains or losses on available-for-sale investments.

s) Standards, amendments and interpretations not yet effective

The following new standards may have an effect on the Company's future results and financial position:

IFRS 9 Financial Instruments – IFRS 9 Financial Instruments is part of IASB's wider project to replace IFRS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on our after January 1, 2015. The Company is in the process of evaluating the impact of the new standard on the accounting for available-for-sale investment.

IFRS 10 Consolidated Financial Statements – IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more entities. IFRS 10 replaces the consolidation requirements of SIC-12 Consolidation – Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements and is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted. IFRS 10 builds upon existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is currently assessing the financial impact of the new standard

IFRS 12 Disclosure of Interests in Other Entities – IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS is effective for annual periods beginning on or after January 1, 2013. The Company is currently assessing the financial impact of the new standard.

IFRS 13 Fair-Value Measurement – IFRS 13 Fair Value Measurement aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The effective date of this new standard is for annual periods beginning on or after January 1, 2013. The Company is currently assessing the financial impact of the new standard.

Evaluation of Disclosure Controls

As required by National Instrument 52-109, management carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of January 31, 2012. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the company's disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by disclosed by the Company to satisfy its continuous disclosure obligations, and are effective in ensuring that information required to be disclosed in reports that the Company files is accumulated and communicated to management as appropriate to allow for timely decisions regarding required disclosure.

Other MD & A Requirements

The Company's authorized share capital is an unlimited number of common shares. On June 17, 2005 the Company filed new Articles under the B. C. Business Corporations Act. The authorized share structure was changed at that time to no maximum number of common shares.

At January 31, 2012 and at October 31, 2011 the Company had 183,260,655 shares outstanding, compared to 181,260,655 at October 31, 2010. The Company had 171,960,655 shares outstanding on October 31, 2008 and 148,343,828 shares at October 31, 2007.

At January 31, 2012 the Company had 5,000,000 warrants outstanding. The 6,000,000 warrants exercisable at $0.10 per share until December 31, 2011 expired during the quarter. The 5,000,000 warrants outstanding are exercisable at $0.10 per share until June 16, 2015. At October 31, 2008 the Company had 11,595,914 warrants outstanding compared to 50,576,807 at October 31, 2007.

On January 31, 2012 and at October 31, 2011 the Company had 8,500,000 options outstanding exercisable at $0.10 per share until October 20, 2013. The Company at October 31, 2010 had 10,400,000 options outstanding unchanged from October 31, 2009. Of this total, 1,900,000 options with an exercise price of $0.10 expired in the period to July 31 of 2011.

Directors & Officers

Donald Empey – Director, President, CEO and Secretary,
James Janzen – Director, CFO, and V-P Exploration,
Marvin Wolff – Director
Brent Johnson – Director

Mr. Janzen resigned as a Director, CFO and VP Exploration on December 31, 2011.
Mr. Perry Rapagna was appointed CFO effective February 22, 2012.

Trends

The market conditions for resource explorations companies have been difficult for many periods during the past ten years. Consequently, it has at times been difficult for such companies to raise funding for the acquisition of exploration properties, exploration programs on properties and for general administration costs. These conditions improved greatly during 2005 to early 2008 but deteriorated sharply during the last half of 2008. During the late 2008 to early 2011 period there was some improvement in operating conditions. Conditions have deteriorated since early 2011.

The potential to raise money for future exploration and development on our properties and for working capital is very uncertain.

Risk Factors
If exploration and development programs are successful, additional funds will be required for further exploration and development work to identify an economic ore body or to bring any such ore body to production. The only source of future funds available to the Company is through the sale of additional equity capital or borrowing the funds. There is no assurance that such funds will be available to the Company. Even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favorable to the Company or providing the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial condition.

Outlook
Based on the uncertain economic and market conditions and the volatile gold, silver and copper prices prevailing during the last half of 2011, the Company will continue to evaluate the development prospects of both the Mabel and Ryan Lake properties.

The Company will examine other properties which may be available to be optioned by the Company.

The funds required to explore and develop the properties and fund the Company's general and administrative expenses are expected to be raised through the exercise of existing options, private placements and other public financings. Depending on the availability and terms of funding to develop the Mabel and Ryan Lake projects the Company may Joint Venture their development.

Subsequent Events
The Canada Revenue Agency ("CRA") commenced an audit during 2010 in respect of flow-through share issuances of the Company during the period from 2005 to 2008.

The CRA has indicated that it will be assessing, pursuant to both an indicated deficiency in qualifying eligible exploration expenditures as well as the timing thereof, an aggregate of $383,953 for Part XII.6 tax and penalties associated with the forgoing flow-through audit. The Company believes that the indicated amount of the assessment is overstated by $152,618. The Company will be providing additional evidence of facts to the CRA relevant to the qualifying Canadian exploration expenditures made by the Company to support this position and it believes it is likely that it will be successful in reducing the amount of the associated assessments, however at this point the reduced tax and penalties cannot be determined with certainty. These financial statements contain the full amount of liability of $383,953 as assessed by CRA to reflect the estimated interest charges and penalties. In addition, depending on the results of the above mentioned proposal to CRA, the Company may be obligated to reimburse investors as a result of flow-through funds not being spent within the prescribed time limits. While a final determination of the associated liability cannot be made at this time, the Company estimates it may incur $862,317 in regards to these investor reimbursements and accordingly has accrued this amount in these financial statements.

The Company makes full provision for the estimated future costs of reclamations and the decommissioning of mineral exploration properties related to the Ryan Lake claims. The discounted estimate to settle the reclamation and decommissioning obligation at October 31, 2011 is $96,320. The undiscounted cash flows of $453,000 were discounted using a 35% credit adjusted risk free rate using a probability analysis of expected settlement over 20 years. There is no certainty in terms of the timing of the settlement of the cash flows. As such a 2% inflation rate was applied to the current cash flow estimate.

Forward Looking Statements
The above comments contain forward looking statements that are subject to a number of known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from those anticipated in our forward looking statements. Factors that could cause such differences include: changes in

world gold and base metal markets, equity markets, costs and supply of materials relevant to the mining industry, changes in government policy, and changes to regulations affecting the mining industry. Although we believe the expectations reflected in our forward looking statements are reasonable, results may vary, and we cannot guarantee future results, levels of activity, performance or achievements.