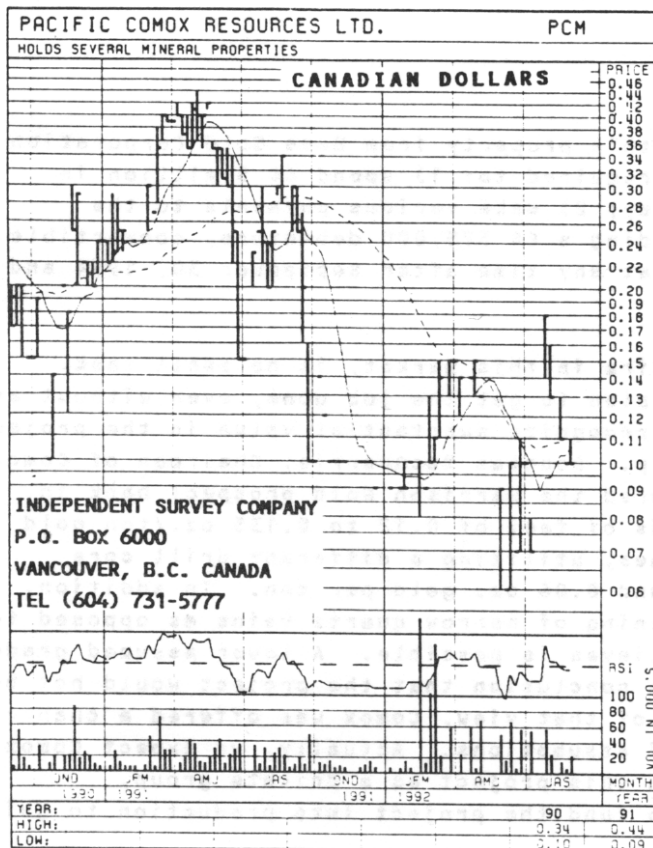


NORTH AMERICAN GOLD MINING STOCKS

VOL.12, NO. 11

JUNIOR GOLD STOCKS & SPECIAL SITUATIONS

Nov. 13, 1992

PACIFIC COMOX RESOURCES, LTD.

Traded Vancouver: (PCM)
 Shares Outstanding: 7,200,000
 1992 Price Range: \$0.13/\$0.06
 Price 11/5/92: \$0.10
 Quality Rating: "C"

How long would it take you to say "YES", if someone offered you a chance to buy an ounce of gold at \$17.50 with the market price being \$350? Assuming it was an honest, straightforward offer, your answer should be "about two seconds". In our opinion, with a conservative reserve estimate of over 500,000 ounces and just 7.2 million shares outstanding, Pacific Comox essentially offers you an opportunity to buy gold at a 95% discount below the current market price, after factoring out the cost of production.

Furthermore, a purchase of Pacific Comox (hereafter called Comox), offers you a very inexpensive open ended call option on the price of gold. Let us explain. The recent price of Pacific Comox has been quoted at around \$0.10 but the in ground value of the company's reserves, assuming a \$350 gold price and that our predicted costs estimates are correct, can be conservatively estimated at \$36.5 million or \$2.00 per share. Now, if the price of gold were to rise to say, \$500 into the future, (we view \$500 to be a conservative future market peak) the in ground value would be \$44.6 million or \$6.19 per share!

If Pacific Comox is so good, why is the stock selling for \$0.10? We can't be sure why Comox (and other junior gold stocks) are so out of fashion at present, except to say that small cap companies (i.e. those trading on Vancouver and in the Pink Sheets) have been hurt badly by the Reagan/Bush bank and SEC regulators. Of equal importance has been the long term bear market in gold which, if continued through January of 1993, will have been 12 years in duration. We believe the downtrend for the price of gold is about to end, and as it does, stocks like Pacific Comox will become the story book stocks of the 1990's!

With our federal debt spiraling out of control, we think it likely that over the next several years, few in the private sector will opt voluntarily, to buy Treasury debt. When that time arrives, our Federal Reserve will be forced to monetize the debt, which in turn is likely to result in a massive wave of inflation. Our steadfast belief that the issuance of unprecedented levels of debt by the Federal government during the Reagan and Bush years, will ultimately result in a massive wave of

NOVEMBER 13, 1992

-2-

inflation, has been the only reason we have continued to publish during this long bear market. History supports the proposition that consumer prices will, over the long term, rise in relation to increase in the amount of new debt. Therefore, it is only reasonable to believe the price of gold will increase to levels substantially above the 1980 high of \$850 and that the share prices of junior gold shares will rise by a factor of 10, 20, 30 times and more above their current depressed levels!

Pacific Comox has four gold properties, any one of which more than justifies the current price of the stock. But the property which is most likely to first produce substantial profits for the company is the Harrison Gold Project, located 60 miles northeast of Vancouver, B.C. where reserves range between 500,000 ounces and 1,000,000 ounces of gold. Following is a description of the company's gold projects.

Harrison Gold Project
Bear Mountain, B.C.

Comox holds the right to earn a 76% interest in this property from Bema Gold Corporation and ABO Resource Corp. To do so, Comox will be required to: 1) spend C\$ 5 million in exploration expenditures through feasibility study; 2) make various payments to the vendors, totaling C\$ 715,000 through 1994, including a C\$ 575,000 debenture, convertible into common stock at a price of \$0.77 per share at any time after September 30, 1994 and 3) issue 100,000 shares of stock to the vendors.

Raising C\$5.75 million by a junior gold mining firm in this market, is no small task. However, we believe that management has a valid plan to get the job done, even without any co-operation from the gold markets because they recognize substantial value in the project that was overlooked by Bema and ABO Resource Corp. Douglas MacQuarrie, Chairman of Comox, who is a geologist and geophysicist, first explored the Harrison Gold prospect back in 1981. His initial discovery hole graded hundreds of feet of 0.12 to 0.135 oz./ton gold but subsequent work by Bema and Kerr Addison Mines, utilizing a different drill core sampling technique, yielded a grade of only around 0.06 oz. gold per ton. In addition, the Bema feasibility plan called for a select mining of narrow quartz veins as opposed to lower cost bulk mining, which Mr. MacQuarrie believes is possible. A lower assumed grade and higher cost selective mining led Bema to the conclusion that the project would not be profitable at current gold prices. As a result of that view, Comox was offered a chance to move the project forward under its own set of assumptions. Actually, we expect Comox will eventually retain a 40% carried interest in this project as a private group, experienced in underground mining, has agreed to fund the project into production to gain a 60% interest.

With regard to ore grade and proper mining methods, who should we believe? An established major mining company like Kerr Addison or an entrepreneurial firm like Comox? History is on the side of the junior mining company, rather than established major firms, when it comes to ore discoveries, so we admit a bias in our leanings toward Comox. However, beyond that, it should be noted that very considerable data exists that suggest Comox has judged the grade as well as the distribution of the grade throughout the pipe structure correctly. First, numerous long drill holes have evidenced an even distribution of visible free gold on average every 10 feet, in every direction throughout the deposit. Therefore, the deposit can be classified as a "disseminated" gold deposit which along with the size of the structure lends itself to low cost bulk mining methods. Second, in the Bema study, the grade of the deposit had been cut three times by: 1) cutting of high assays down to 1 oz. gold/ton; 2) inadequate sampling as a result of the very high nugget effect; and 3) a lack of compensation for the effects of drill hole orientation on the number of quartz stringer intersections and therefore the grade. Third, there is excellent potential to upgrade the mill feed using a "pebble mill" or some other crushing/sorting techniques.

Given the large size of the gold-bearing pipe structure (200 to 330 ft. in diameter), and the even distribution of gold within quartz stringers throughout the pipe, bulk mining could be performed at a cost of between \$12 and \$16 per ton (based on a C\$/U.S.\$ exchange

rate of 0.80). It is also important to note that despite the fact that the gold is contained in a vertical pipe, the topography of the property allows for entry into the mine via a drift. Mining the top 1,000 ft. of the gold-bearing pipe should be possible via one or more drifts. At lower levels, access should be possible by way of a spiral decline, which would also be low cost compared to access by shaft.

The next step for Comox in developing this project is to establish the true grade of the deposit with a pilot, 1,500 ft. diamond drill hole, to be twinned by a reverse circulation drill hole. Chairman MacQuarrie noted in a recent discussion we had with him, that the Fort Knox deposit, near Fairbanks, Alaska (another intrusive hosted gold deposit) successfully used reverse circulation drilling to confirm bulk sample results at double the previous grade indicated by diamond core drilling. MacQuarrie believes the same is possible at Harrison, which would give Comox a 1 million ounce gold orebody. Future drilling is intended to cut at a perpendicular angle to previous drill holes. These holes should indicate tonnage of approximately 7,000 tons for every foot below the previous drilling. It is interesting to note that the highest grade intersection to date, 34 ft. of 0.33 oz. gold/ton, is also the deepest at 833 ft. down. Thus, overall reserves could gain a boost from higher grades at depth.

Once the current indicated grade of 0.125 to 0.15 is placed in the proven "category," Comox plans to follow up with a 9,000 ton bulk sample and test mining, which it believes it can finance with a gold loan to minimize dilution to shareholders. It is our belief that the existence of proven reserves, coupled with successful test mining, would enable Comox to raise additional capital to launch the project into test mining at a rate of perhaps 200,000 tons during the 1993-1994 time frame. We believe the estimated \$5 million capital required to expand the operation to 500,000 tons during the 1994-1995 year and \$17 million to further expand to 750,000 tons annually thereafter, can be obtained via outside financing. But, internal cash flow should be adequate to finance most capital needs.

As we go to press, the company is discussing a financing arrangement with a very reputable, private concern, who has had considerable experience in underground mining. Under this potential arrangement, Comox would retain a 40% carried interest in the project and the private concern would fund the project into production on a limited basis, and later to full production (i.e., from 2,250 to 5,000 tons per day). The private concern would buy out Bema's interest over a five year period. We will keep you posted as to the development of this possible financing in future hotline messages. Stay tuned!

Harrison Gold Profit Potential

Building off the Bema model, but factoring in higher grades, and lower bulk mining methods as noted above, the Harrison Gold Project offers considerable profit potential. Following are highlights from those projections:

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Annual Tonnage	200,000	500,000	750,000	750,000	750,000	750,000
Ore Grade (oz./ton)	0.193	0.145	0.145	0.145	0.145	0.145
Oz. Production	34,720	66,550	99,830	99,830	99,830	99,830
Gold Price	\$350	\$400	\$400	\$450	\$450	\$500
Revenues	15,191	31,944	47,916	53,906	53,906	59,895
Operating Costs	7,083	18,444	16,418	16,418	16,418	19,703
Operating Profit	6,163	9,476	27,715	33,704	33,704	39,694
Taxes	2,197	975	4,358	15,228	15,228	18,004
Pre Cap X Cash Flow	3,416	8,306	22,484	15,429	15,401	18,107
40% Comox Share	1,366	3,322	8,994	6,172	6,160	7,242
Cash Flow/share	0.18	0.46	1.24	0.84	0.85	1.00
10 X Cash Flow	\$1.80	\$4.60	\$11.24	\$8.40	\$8.50	\$10.00

Cash flow is projected to drop off sharply during 1996 despite an assumed higher gold

price because of much higher taxes which become effective as initial expenditures employed to develop the project are written off. But in any event, if Comox can earn a 40% share of the above noted profits, those of you who purchase the stock now at \$0.10 will have earned some exceptional profits! At the rate of production noted above, this project would contain a mine life of five years. However, given the size of the gold-bearing structure and grades assumed above, the project would run for an additional four or five years. A continuation of the projections noted above call for a reduction in the ore grade during 1999 through 2002 to 0.128, leaving the project with annual production of 88,730 ounces for those years. In any event, it is important to be aware that additional work must be completed on the Harrison Gold project before we can know costs, grades and other important project variables with certainty. But with Comox priced almost as if it were nothing more than a public corporate shell, we believe it is worth providing you with a best estimate of just how underpriced Comox may be, based on the Harrison Gold property alone, not to mention other properties of potential value as discussed below.

You can see why we are so excited about recommending purchase of Comox at \$0.10. Based on the projections noted above, which we believe are realistic and perhaps conservative, Comox should currently be selling at between \$1.80 and \$10.00 per share rather than its current paltry \$0.10! And when gold finally enters the long awaited bull market and/or when Comox proves up the second 500,000 ounces at Harrison or its other properties contribute to earnings, even a \$10.00 stock may look cheap!

Other Projects:

1. Tay - LP Project

Ross River Area, Yukon

Comox holds a 100% interest on this gold exploration project where copper, lead, zinc and silver mineralization have been noted. Comox believes an orebody of 2 or 3 million ounces of gold from underground mining is possible on this project, although unlike the Harrison project, reserves have not yet been established. Early surface work and 3,090 ft. of drill results provide a basis for believing the Tay - LP might be big. In 1991, Comox completed 653 line/km of airborne surveys to outline the full extent of the vein system on the property. Twelve rotary drill holes totaling 2,090 ft. from a very small portion of the property resulted in some very impressive finds including the best result, an intersection 70 ft. in length grading 0.11 oz. gold/ton. In a better gold market, the Tay - LP alone would be worth \$1.00 per share. Our hunch is that when drill holes are put down next summer, assays results should be good enough to give Comox stock a boost. Over the longer run, the Tay - LP could be a bigger profit producer than Harrison. As such, it is one more good reason to buy this stock now at \$0.10.

2. Uduk Lake

Ootsa Lake Area, B.C.

This is an epithermal large tonnage, low grade and high grade "bonanza" vein type target. Comox holds a 100% interest and the cost to the company to hold the project is quite low. This is a grass roots exploration project at this time, but indications are that a joint venture partner will be located. This property has good exploration potential, but given higher priorities at Harrison and Tay - LP, Uduk is now a property on the back burner.

3. La Ronge Properties

McLennan Lake, Saskatchewan

This two-claim gold prospect is also a grass roots property with good potential to establish a small, high grade operation. Surrounding the property are Cameco's James Gold mine and Goldsil's Joyce deposit. Based on its size, La Ronge is perhaps the least impressive of the Comox properties. However, the cost of retaining the property is less than \$300 per year. The La Ronge property serves to outline just how depressed gold stocks are at this time. In 1987, Comox sold at the equivalent of \$2.70 (post reverse split) based solely on developments of the surrounding gold deposits. Now, when Comox has

three other properties of superior value, Comox is selling at a measly \$0.10! WAKE UP INVESTORS!

Management

During gold bull markets, many junior mining companies have a "hot air" component added to their management team because during such times, stock is so easy to sell, it pays to have a "promoter" on staff to "tell the story," drive the price higher, then raise more money by issuing still more shares. But, in down market environments like the the one we are in now, most investors simply don't want to consider gold stock investments, so public relations artists are not effective. The best management team in down markets are those that are technically strong, because they are able to quietly build real companies by establishing gold reserves, that will serve the long term interest of their companies. For a \$0.10 penny gold stock, Comox has an excellent management team that is deep in technical competence. Douglas R. MacQuarrie, Chairman & Director, age 38, holds a degree in geology and geophysics from the University of British Columbia. Since his 1975 graduation, he has worked as an independent consultant on numerous projects throughout Canada and the Western United States. From 1981-1985 he co-founded and consulted for A & M Exploration Ltd. and has been actively involved in resource development projects. He has been responsible for the forming and managing of several public resource companies since 1982. J.C. Stephen, President and Director, has over 30 years of mining experience, with the last decade principally directing and managing exploration projects for a variety of clients. Mr. Stephen has been involved in the successful development of several underground gold projects and he has managed several syndicates that were funded by such well known mining giants as Cominco, Dome, Lornex and Newmont. Donald G. Allen, M.A.Sc., P.Eng. holds degrees in Applied Science and in Geological Engineering from the University of B.C. He has had 26 years of experience in exploration and engineering in Western Canada, the U.S. and Africa. Mr. Allen was responsible for the initial discovery of the Harrison Gold deposit, which Comox is developing. Thomas Hasek, B.Sc., P. Eng., Director, is a mining exploration geologist with post graduate training in photogeology. He has had an extensive background exploring, mapping, and in field supervision and project evaluation.

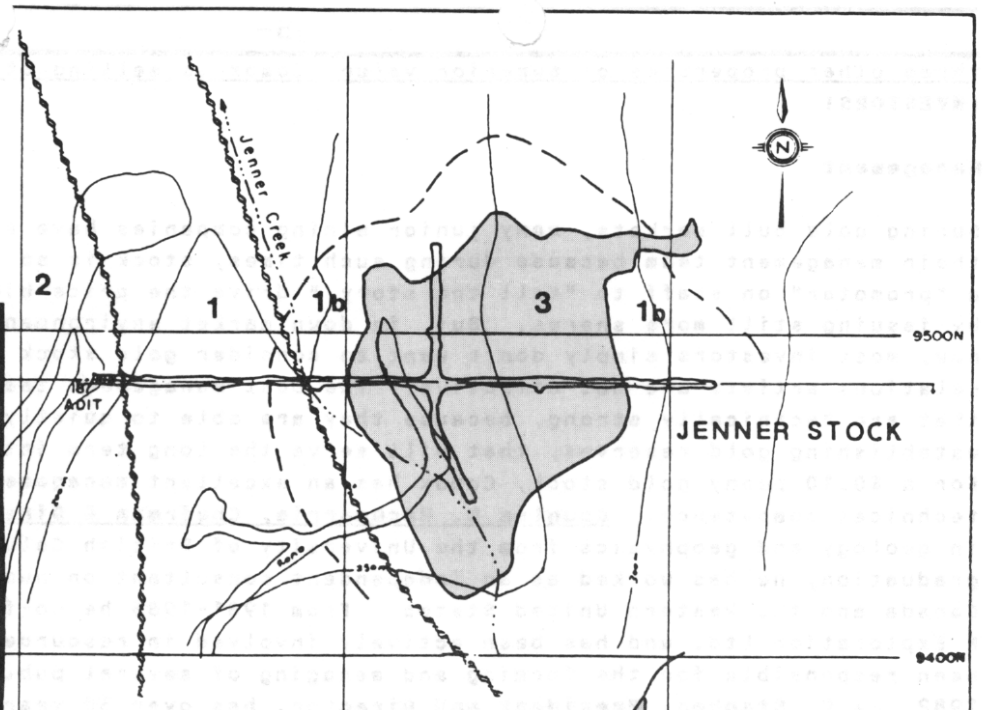
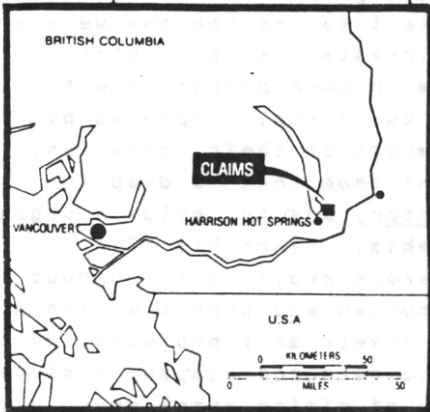
Summary & Conclusion

Assuming a gold price of \$350, mining costs of \$275 per ounce and 500,000 ounces of gold in the ground at the Harrison Gold property, the in-ground value of this deposit is \$37.5 million. If Comox retains a 40% interest in the project, its value is \$15 million or \$2.08 per share. With Comox now selling at around \$0.10 that amounts to a 95% discount. Of course, it is fair to point out that until the gold at Harrison is mined at a cost of \$275, it is of little value. Ok, so we'll accept a haircut of say 50% or 75%, which would mean the stock should sell at \$0.50 or \$1.00 based on current reserves at the Harrison project. But what about upside potential from other sources such as: 1) an additional 500,000 reserve potential at Harrison from depth and other unexplored sites on the property not discovered above; 2) the Tay - LP project which the company believes has a 2+ million ounce gold potential; 3) other properties noted above, one of which alone resulted in Comox trading at C\$2.70; and 4) HIGHER GOLD PRICES! We believe a call option on the price of gold alone is worth more than the current \$0.10 price of Comox. We rest our case! Buy Comox now! ***** For additional information on the stock, contact Neville Howard at C.M. Oliver & Company. Mr. Howard, our Canadian broker of choice, brought Comox to our attention. He can be reached in Vancouver at (604) 668-6890. You should also feel free to contact the company at 704-850 West Hastings St., Vancouver, B.C. V6C 1E1. Tel# (604) 684-5852.

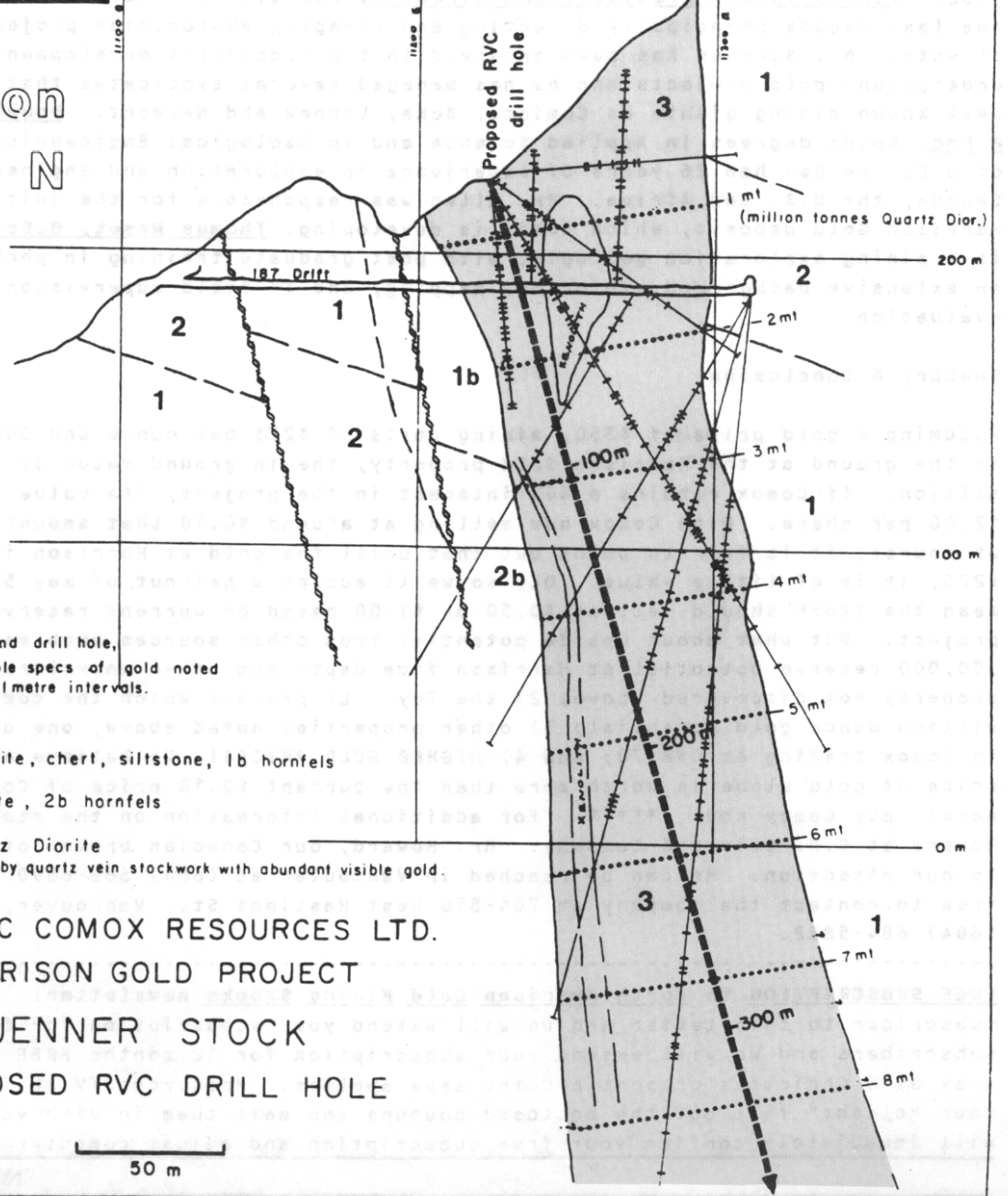
FREE SUBSCRIPTION to North American Gold Mining Stocks newsletter! Find one annual subscriber to this letter and we will extend your subscription for 6 months. Find two subscribers and we will extend your subscription for 12 months FREE OF CHARGE! Give it away as a Christmas present and the same applies. Mastercard/Visa is O.K. Simply have your "client" fill out the enclosed coupons and mail them in with your name attached. We will immediately confirm your free subscription and adjust computer records accordingly!

NOVEMBER 13, 1992

plan



section
9485 N

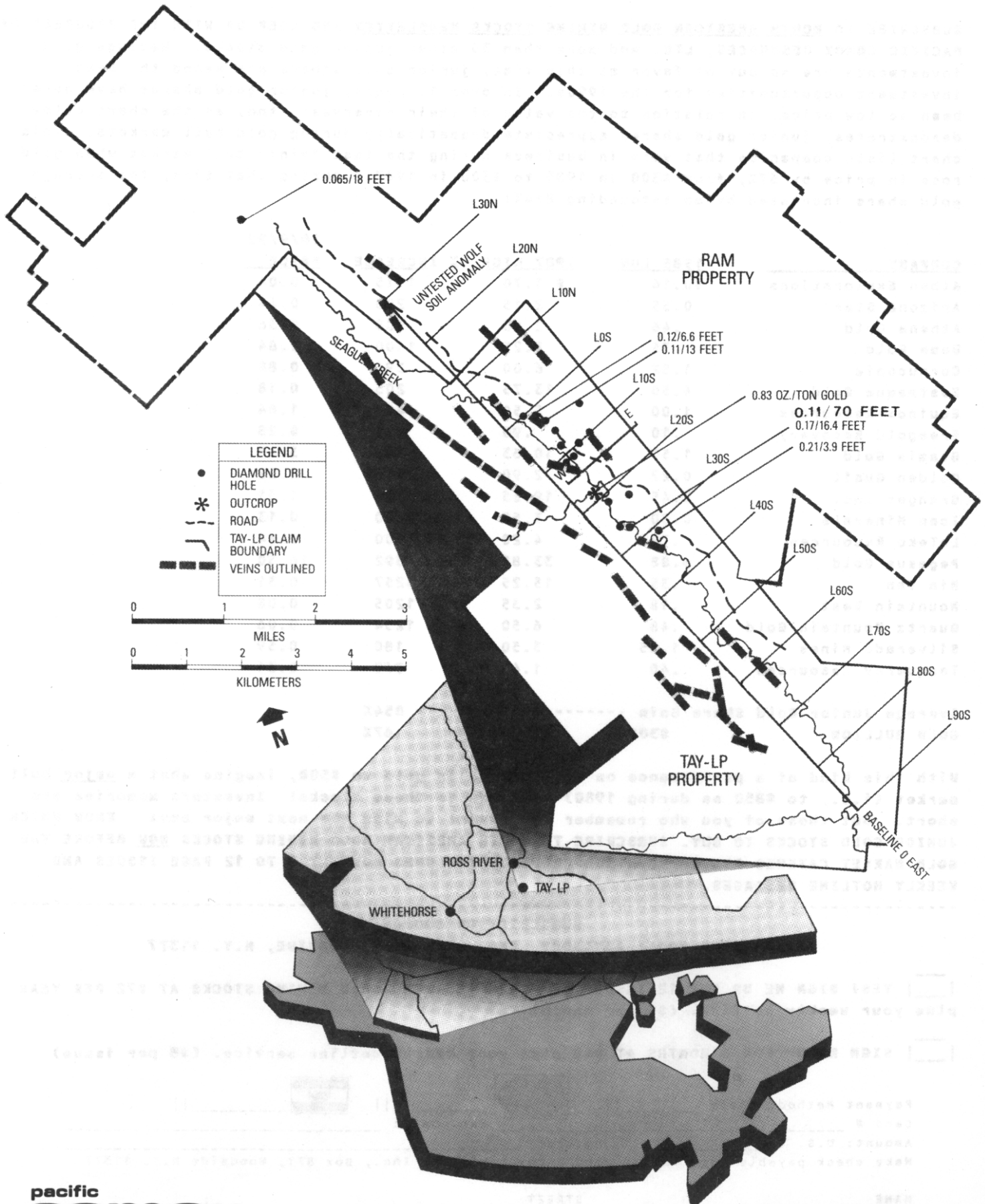


Diamond drill hole,
 multiple specs of gold noted
 in 1 metre intervals.

- 1** Argillite, chert, siltstone, 1b hornfels
- 2** Diorite, 2b hornfels
- 3** Quartz Diorite
cut by quartz vein stockwork with abundant visible gold.

PACIFIC COMOX RESOURCES LTD.
 HARRISON GOLD PROJECT
 JENNER STOCK
 PROPOSED RVC DRILL HOLE

TAY - LP GOLD PROJECT



FOLLOW PACIFIC COMOX IN THE FUTURE

SUBSCRIBE TO NORTH AMERICAN GOLD MINING STOCKS NEWSLETTER AND KEEP UP WITH THE PROGRESS OF PACIFIC COMOX RESOURCES, LTD. and more than 30 other junior gold stocks. Because gold investments are so out of favor at this time, junior gold stocks are among the best investment opportunities for the 1990s. In over 11 years, junior gold shares have never been so low priced in relation to the value of their reserves. And, as the chart below demonstrates, junior gold shares appreciate dramatically during gold bull markets. This chart lists companies that were in business during the last "mini" bull market when gold rose in price by 67%, from \$300 in 1985 to \$500 in 1987. During that time, the average gold share increased by an astounding 854%!

<u>COMPANY</u>	<u>1985 LOW</u>	<u>1987 HIGH</u>	<u>% INCREASE</u>	<u>10/9/92 PRICE</u>
Alban Explorations	\$0.14	\$ 1.70	1115	0.04
Arizona Star	0.55	2.15	290	0.44
Athena Gold	.46	2.80	508	0.36
Bema Gold	.35	5.25	1400	0.84
Cornucopia	1.52	6.00	294	0.88
Eastmaque Gold	4.50	13.75	205	0.18
Equinox Resources	1.00	5.50	450	1.84
Freegold Recovery	.10	.90	800	0.28
Glamis Gold	1.50	10.63	609	3.69
Golden Quail	0.22	2.90	1218	0.22
Granges Inc.	2.45	19.25	686	1.31
Ican Minerals	0.50	3.50	600	0.13
LaTeko Resources	.70	4.20	500	0.84
Pegasus Gold	6.88	33.88	392	16.50
Min Ven	.35	15.25	4257	0.31
Mountain West	.18	2.35	1205	0.08
Quartz Mountain Gold	.48	6.50	1254	0.06
Silverado Mines	1.25	3.50	180	0.59
Tanqueray Resources	.40	1.45	262	0.34

Average Junior Gold Share Gain -----> 854%
 GOLD BULLION \$300 \$500 67%

With this kind of a performance on a \$200 move in gold to \$500, imagine what a major bull market (i.e., to \$850 as during 1980) would do to these stocks! Investors memories are short. But those of you who remember won't want to miss the next major move. **KNOW WHICH JUNIOR GOLD STOCKS TO BUY. SUBSCRIBE TO NORTH AMERICAN GOLD MINING STOCKS NOW BEFORE THE GOLD MARKET CATCHES FIRE! YOUR SUBSCRIPTION INCLUDES MONTHLY 8 TO 12 PAGE ISSUES AND WEEKLY HOTLINE MESSAGES.**

SUBSCRIPTION COUPON

TAYLOR HARD MONEY ADVISORS, INC., BOX 871, WOODSIDE, N.Y. 11377

YES! SIGN ME UP FOR 12 ISSUES OF NORTH AMERICAN GOLD MINING STOCKS AT \$72 PER YEAR plus your weekly hotline. (\$6 per month)

SIGN ME UP FOR 6 MONTHS AT \$48 plus your weekly hotline service. (\$8 per issue)

Payment Method: Check _____ ||  _____ ||  _____ ||
 Card # _____ Exp. Date: _____
 Amount: U.S. \$ _____ Signature: _____
 Make check payable to: Taylor Hard Money Advisors, Inc., Box 871, Woodside N.Y. 11377

NAME _____ STREET _____
 CITY _____ STATE _____ ZIP _____
 New York residents add sales tax.

COMOX