



Interim Consolidated Financial Statements

October 31, 2008

(unaudited)

Notice of No Auditor Review of Interim Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited interim financial statements as at and for the three months ended October 31, 2008 and 2007.

Cascadia International Resources Inc.
Interim Consolidated Balance Sheets
(unaudited)

	<i>October 31</i> <i>2008</i>	<i>July 31</i> <i>2008</i>
<hr/>		
Assets		
Current		
Cash	488,914	728,888
Accounts receivable	49,714	110,962
Prepaid expenses	28,726	4,333
	<hr/>	<hr/>
	567,354	844,183
Property and equipment <i>(Note 4)</i>	11,488	12,672
Mineral properties <i>(Note 5)</i>	3,241,634	3,126,340
Investments <i>(Note 6)</i>	258,455	395,750
	<hr/>	<hr/>
	4,078,931	4,378,945
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Liabilities		
Current		
Accounts payable and accrued liabilities	108,729	149,491
Future income tax liability	156,372	156,372
	<hr/>	<hr/>
	265,101	305,863
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Shareholders' Equity		
Share capital <i>(Note 7)</i>	10,234,037	10,234,037
Warrants <i>(Note 8)</i>	221,140	221,140
Contributed surplus <i>(Note 9)</i>	1,643,573	1,610,893
Deficit	(8,284,920)	(7,992,988)
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	3,813,830	4,073,082
	<hr/>	<hr/>
	4,078,931	4,378,945
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Commitment <i>(Note 12)</i>		
Contingency <i>(Note 13)</i>		
Subsequent event <i>(Note 16)</i>		

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

Cascadia International Resources Inc.
Interim Consolidated Statements of Loss, Comprehensive Loss and Deficit
For the three months ended October 31, 2008 and 2007
(unaudited)

	<i>2008</i>	<i>2007</i>
Interest income	3,519	9,496
Expenses		
Bank charges	715	409
Depreciation	1,184	1,302
Foreign exchange	(7,614)	–
General corporate	15,408	12,622
Interest	2,501	–
Investor and shareholder relations	17,425	6,741
Legal fees	56,516	10,147
Professional fees	27,603	281,057
Stock-based compensation (<i>Note 7</i>)	32,680	32,680
Transfer agent and regulatory fees	881	2,028
Travel and promotion	12,925	4,984
Loss on disposition of mineral properties	–	14,330
Unrealized loss (gain) on investments (<i>Note 6</i>)	137,295	(508,003)
Overhead recoveries	(2,068)	(21,103)
	295,451	(162,806)
(Loss) income and comprehensive (loss) income for the period	(291,932)	172,302
Deficit, beginning of period	(7,992,988)	(6,545,383)
Deficit, end of period	(8,284,920)	(6,373,081)
(Loss) income per share – basic and dilutive (<i>Note 7</i>)	(0.01)	–

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

Cascadia International Resources Inc.
Interim Consolidated Statements of Cash Flows
For the three months ended October 31, 2008 and 2007
(unaudited)

	2008	2007
Cash provided by (used for) the following activities		
Operating		
(Loss) income for the period	(291,932)	172,302
Add back (deduct) non-cash items:		
Depreciation	1,184	1,302
Stock-based compensation	32,680	32,680
Loss on disposition of mining properties	–	14,330
Unrealized loss (gain) on investments	137,295	(508,003)
	(120,773)	(287,389)
Change in non-cash working capital (<i>Note 10</i>)	27,174	(8,603)
	(93,599)	(295,992)
Financing		
Issue of shares, net of share issue costs	–	494,760
Change in non-cash working capital (<i>Note 10</i>)	–	5,000
	–	499,760
Investing		
Purchase of, and expenditures on, mineral properties	(115,294)	(787,854)
Proceeds from disposition of mineral properties	–	2,000,000
Change in non-cash working capital (<i>Note 10</i>)	(31,081)	(113,916)
	(146,375)	1,098,230
Increase (decrease) in cash	(239,974)	1,301,998
Cash, beginning of period	728,888	172,095
Cash, end of period	488,914	1,474,093
Supplemental cash flow information		
Interest paid	–	–

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

Cascadia International Resources Inc.
Notes to the Interim Consolidated Financial Statements

October 31, 2008
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1. Incorporation, nature and continuance of operations

Cascadia International Resources Inc. (the “Company”) was incorporated under the laws of the Province of British Columbia as Craven Resources Inc. on July 18, 1983. On March 29, 2004, the Company was continued from British Columbia and registered under the laws of Alberta and changed its name to Cascadia International Resources Inc. on April 7, 1997. In March 2008, the Company incorporated a 99.99% owned subsidiary, Cascadia Peru S.A.C. (“Cascadia Peru”). The Company is in the process of acquiring, exploring and developing its mineral properties in Canada and Peru.

The Company is in the process of exploring mineral properties and has not yet determined whether these properties contain deposits that are economically recoverable. The Company’s ability to continue operations and meet its commitments as they become payable, including the development of the properties, securing and maintaining title and financing exploration and development of the properties, is dependent upon obtaining necessary financing through public and private share offerings.

These consolidated financial statements include the accounts and results of the Company and Cascadia Peru after the elimination of intercompany transactions and balances. These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. These consolidated financial statements do not include any adjustments that would be necessary should the Company be unable to obtain sufficient financing and consequently be unable to continue as a going concern.

2. Basis of presentation

These unaudited interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and on a basis consistent with the audited July 31, 2008 consolidated financial statements except certain disclosures have been condensed or omitted. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the notes contained in the Company’s audited July 31, 2008 consolidated financial statements. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. Accordingly, actual results could differ from those estimates.

The operating results for the three months ended October 31, 2008 may not be indicative of the results for the year ended July 31, 2009.

3. Changes in accounting policies

On August 1, 2008, the Company adopted the new or revised Canadian accounting standards for capital disclosures, financial instruments – disclosure and presentation and inventories. Prior periods have not been restated. The adoption of these policies had no impact on opening deficit.

Capital Disclosures

Section 1535 Capital Disclosures specifies the disclosure of (i) an entity’s objectives, policies, and processes for managing capital, (ii) quantitative data about what the entity regards as capital, (iii) whether the entity has complied with any capital requirements, and (iv) if it has not complied, the consequences of such non-compliance.

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Notes to the Interim Consolidated Financial Statements
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3. Changes in accounting policies *(continued)*

Financial Instruments

Section 3862 Financial Instruments – Disclosure and Section 3863 Financial Instruments – Presentation replace Section 3861 Financial Instruments – Disclosure and Presentation. These new sections revise and enhance disclosure requirements and carrying forward unchanged presentation requirements. Increased emphasis is placed on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Goodwill and intangible assets

Section 3064 Goodwill and Intangible Assets was issued to replace Section 3062 Goodwill and Other Intangible Assets and Section 3450 Research and Development Costs. This standard aligns Canadian GAAP with International Financial Reporting Standards.

4. Property and equipment

			<i>October 31, 2008</i>	<i>July 31, 2008</i>
	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>	<i>Net Book Value</i>
Computer equipment	20,428	10,112	10,316	11,438
Office equipment	3,350	2,178	1,172	1,234
	23,778	12,290	11,488	12,672

5. Mineral properties

			<i>October 31, 2008</i>	<i>July 31, 2008</i>
	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>	<i>Net Book Value</i>
Ontario Properties				
Norton Lake	2,250,824	–	2,250,824	2,250,824
Midway	156,387	–	156,387	156,387
Awkward	56,157	–	56,157	56,157
British Columbia Properties				
Goat Mountain	612,952	–	612,952	569,535
International Properties				
Peru Prospects	165,314	–	165,314	93,437
	3,214,634	–	3,214,634	3,126,340

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6. Investments

	<i>October 31</i>	<i>Jul 31</i>
	<i>2008</i>	<i>2008</i>
East West Resource Corporation (<i>Note 5(b)</i>) – 100,000 common shares and 100,000 common share purchase warrants	3,082	11,036
Goldbrook Ventures Inc. (<i>Note 5(e)</i>) – 2 million common shares and 2 million common share purchase warrants	255,373	384,714
	258,455	395,750

The difference of \$137,295 between the estimated fair values at July 31, 2008 and October 31, 2008 has been recognized as an unrealized loss on investment in the consolidated statement of net loss and comprehensive loss.

7. Share capital

<i>Common shares issued</i>	<i>Number</i>	<i>Value</i>
<i>Balance, July 31, 2008 and October 31, 2008</i>	49,702,121	10,234,037

Stock options

As at July 31, 2008 and October 31, 2008, the Company had 4,950,000 stock options outstanding. Information on stock options outstanding as at October 31, 2008 is as follows:

<i>Exercise Price</i>	<i>Number of Options</i>	<i>Weighted Average Exercise Price</i>	<i>Weighted Contractual Life Remaining (Years)</i>	<i>Number Exercisable</i>
0.10	4,325,000	\$ 0.10	4.0	3,225,000
0.155	375,000	0.155	3.4	187,500
0.25	250,000	0.25	1.9	250,000
	4,950,000	\$ 0.11	3.8	3,662,500

Per share amounts

Basic loss per share is calculated using the weighted average number of shares outstanding for the period. For purposes of the calculation, the weighted average number of shares outstanding was 49,702,121 (2007 – 45,786,197). Diluted per common share amounts have not been presented as any effect of options and warrants is anti-dilutive.

8. Warrants

	<i>Number</i>	<i>Value</i>
<i>Balance, July 31, 2008 and October 31, 2008</i>	1,875,000	221,140

All of the Company's warrants are exercisable at \$0.25 per share and expire on December 31, 2008.

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9. Contributed surplus

Balance, July 31, 2008	1,610,893
Stock-based compensation <i>(Note 7)</i>	32,680
Balance, October 31, 2008	1,643,573

10. Change in non-cash working capital

	<i>Three months ended October 31</i>	
	<i>2008</i>	<i>2007</i>
Accounts receivable	61,248	(73,704)
Prepaid expenses	(24,393)	(26,610)
Accounts payable and accrued liabilities	(40,762)	(17,205)
	(3,907)	(117,519)

The change in non-cash working capital has been allocated to the following activities:

	<i>Three months ended October 31</i>	
	<i>2008</i>	<i>2007</i>
Operating	27,174	(8,603)
Financing	–	5,000
Investing	(31,081)	(113,916)
	(3,907)	(117,519)

11. Related party transactions

Except as disclosed elsewhere in these financial statements, the Company had the following related party transactions in the three months ended October 31, 2008 and 2007 in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties:

The Company was charged \$4,500 (2007 – \$4,500) for rent and office services by a company related through a common officer and director, for which no amount is included in accounts payable and accrued liabilities at October 31, 2008 (July 31, 2008 – \$4,500).

The Company was charged \$66,000 (2007 – \$313,000) by officers and directors for management and geological consulting fees, of which \$37,600 (2007 – \$38,400) were capitalized to mineral properties. As at October 31, 2008, accounts payable and accrued liabilities included \$14,583 (July 31, 2008 – \$25,322) in relation to these charges.

12. Commitment

As at October 31, 2008, the Company has a commitment to incur approximately \$136,015 of qualifying flow-through expenditures by December 31, 2008.

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13. Contingency

In August 2007, the Company closed the disposition of all of its mineral properties in the Raglan area to Goldbrook Ventures Inc. The Company continues to await the Court's decision to hear appeal proceedings commenced by the Company on various arbitration rulings relating to the Raglan properties. As the likely outcome of an appeal, should it occur, cannot be determined no further provision has been recorded the Company's consolidated financial statements.

14. Financial instruments and financial risk management

The Company's financial instruments include cash, accounts receivable and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values due to their relatively short periods to maturity.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. As at October 31, 2008, the maximum credit exposure is the carrying amount of the accounts receivable of \$49,714 (July 31, 2008 – \$110,962). The Company's accounts receivable consists of \$20,089 of Goods and Services Tax input tax credits, \$11,119 due from joint venture partners and \$18,506 related to renewal fees on the Raglan property (note 13). With the exception of the receivable related to the Raglan property, the Company views credit risk on accounts receivable as minimal. The Company will collect or write-off the receivable related to the Raglan property when a decision on the appeal proceedings is reached.

Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. To facilitate its expenditure program, the Company raises funds through private equity placements. The Company anticipates it will have adequate liquidity to fund its financial liabilities through future equity contributions.

As at October 31, 2008, the Company's financial liabilities were comprised of accounts payable and accrued liabilities which have a maturity of less than one year.

Market risk

Market risk consists of currency risk, interest rate risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

14. Financial instruments and financial risk management *(continued)*

Market risk (continued)

i) Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the exploration stage and has not yet developed commercial mineral interests, the underlying market prices in Canada for minerals are impacted by changes in the exchange rate between the Canadian and United States ("U.S.") dollar. In addition, the Company's activities in Peru are primarily denominated in U.S. dollars. For the three months ended October 31, 2008, had the Canadian dollar increased by \$0.10, the Company's foreign exchange gain would have decreased and the loss for the period increased by approximately \$1,950. An equal and opposite impact would have occurred had the Canadian dollar decreased by the same amount. The Company had no outstanding forward exchange rate contracts in place at October 31, 2008.

ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As the Company has no debt, it is not exposed to interest rate risk at this time.

iii) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time.

15. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the development of its mineral properties. Therefore, the Company monitors the level of risk incurred in its mineral property expenditures relative to its capital structure.

The Company considers its capital structure to include working capital and shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the development of its mineral properties, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors.

To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

The Company's investment policy is to hold cash in interest bearing bank accounts and highly liquid short-term interest bearing investments with maturities of one year or less which can be liquidated at any time without penalties.

The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the three months ended October 31, 2008.

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16. Subsequent event

On December 16, 2008, a three (3) for one (1) share consolidation was approved by the Company's shareholders on the basis such that for every three (3) common shares presently held, each shareholder will receive one (1) common share. Upon completion of the share consolidation, it is expected that approximately 16,535,707 common shares will be issued and outstanding. No fractional common shares will be issued and any fractional common shares that would otherwise result from the consolidation will be rounded down to the nearest whole common share. The share consolidation is subject to the receipt of regulatory approval.