



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended October 31, 2008

*Management's discussion and analysis ("MD&A") of the financial condition and the results of operations should be read in conjunction with the unaudited interim consolidated financial statements of Cascadia International Resources Inc. ("Cascadia" or the "Company") for the three months ended October 31, 2008 and the audited consolidated financial statements for year ended July 31, 2008 together with the accompanying notes. The MD&A has been prepared using information that is current to **December 19, 2008**.*

The financial information presented herein has been prepared on the basis of Canadian generally accepted accounting principles ("GAAP"). Throughout this discussion, percentage changes are calculated using numbers rounded to the decimal to which they appear. All references to dollar amounts are in Canadian dollars.

Forward Looking Statements - *Information contained herein includes estimates and assumptions which management is required to make concerning future events, and may constitute forward-looking statements under applicable securities laws. Forward-looking statements include plans, expectations, estimates, forecasts and other comments that are not statements of fact. The words "anticipate", "believe", "expect", "estimate", "plans" and similar expressions are generally intended to identify forward-looking statements. Although the Company views such expectations as reasonable, no assurance can be given that such expectations will be realized. Such forward-looking statements are subject to risks and uncertainties and may be based on assumptions that may cause actual results to differ materially from those implied herein, and therefore are expressly qualified in their entirety by this cautionary statement.*

Forward-looking statements included in this MD&A may include, but are not limited to, statements with respect to: use of proceeds from sale of certain of the Company's properties; use of funds from private placements; the ability to meet current and future obligations; the performance characteristics of the Company's mineral properties; and realization of the anticipated benefits of acquisitions, option agreements and dispositions.

Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in this MD&A include, but are not limited to: industry conditions; liabilities inherent in the development stage of a mineral exploration company; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; interest and exchange rates, changes in government regulations in the mining industry, including environmental regulations and hazards which could result in substantial damage to the mineral properties and the environment; competition for, among other things, capital, mineral claims, and skilled personnel; and the other factors considered under "Business Risks and Uncertainties" herein.

With respect to forward-looking statements contained in this MD&A, the Company has made assumptions regarding: future exchange rates; the impact of increasing competition; conditions in general economic and financial markets; availability of equipment; availability of skilled labour; cash flow; timing and amount of capital expenditures; effects of regulation by governmental agencies and the Company's ability to obtain financing on acceptable terms. Management has included the above summary of assumptions and risks related to forward-looking information provided in this MD&A in order to provide shareholders with a more complete perspective on the Company's future outlook and may not be appropriate for other purposes.

These forward-looking statements are made as of the date of in this MD&A and the Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Business of Cascadia

Cascadia is a publicly traded company engaged in the exploration, acquisition, and development of mineral properties in Canada and Peru. The Company's mineral properties consist of projects specifically targeting base metal (copper, nickel and cobalt), molybdenum, tungsten, precious metal (gold, silver, platinum and palladium) and uranium exploration.

In March 2008, the Company incorporated a 99.99% owned subsidiary, Cascadia Peru S.A.C.

Overall Performance and Mineral Property Descriptions

Peru

In May 2008, the Company entered into a strategic alliance with Peru-based Quippu Exploraciones S.A.C. ("Quippu") to jointly explore for base and precious metal opportunities in Peru. In July 2008, an 800 hectare ("ha") base metal property was staked in southern Peru.

Canada

The Company currently holds Canadian exploration projects in Ontario and British Columbia. Ontario projects include Norton Lake, Midway and Awkward Lake. The Company's British Columbia project is Goat Mountain.

Norton Lake Project – Northern Ontario

The Company holds a 51% interest in a 469 claim unit group (7,504 ha) in the Norton Lake area of northern Ontario. In 2007, the Company finalized a joint venture agreement governing the future exploration plans for the area and designating the Company as operator of the project. In early summer 2007, the Company announced plans for an exploration program, and advanced the project with a combination of airborne, ground gravity and geochemical sampling. The Company also staked new ground (1,344 ha) during the 2007 exploration season. The Company is working with its joint venture partners to determine the direction of further exploration activity.

Midway Project – Northern Ontario

The Company currently owns 100% of the Midway Project, which consists of 608 claim units (9,584 ha). The property was staked and an airborne EM survey was flown over the entire property in early 2005. The survey outlined several coincident magnetic and electromagnetic anomalies potentially related to Ni-Cu-Co-PGE sulphide mineralization as well as traced several basement conductors below the Sibley sediments mapping out several untested uranium (U) targets.

In May 2008, the Company optioned the Midway Project to East West Resource Corporation ("East West"). Under the terms of the option agreement, East West may earn a 50% interest through the following:

- i.* Incurring \$175,000 of expenditures by February 8, 2009; and
- ii.* The issuance of 100,000 common shares and 100,000 warrants of East West to the Company upon approval by the TSX Venture Exchange.

The Company received the East West common shares and warrants on June 3, 2008. The warrants are exercisable at \$0.15 per share until June 3, 2009.

Awkward Lake Project – Northern Ontario

This project consists of 256 claim units (4,080 ha) in the Awkward Lake area of northern Ontario in which the Company has a 100% interest. During the fall of 2008, a property visit confirmed the presence of high tenor Ni-Cu-PGE mineralization (metal grades recalculated in 100% sulphides) within several of the historical showings outlined by Harrison Minerals during the 1960's. It was also recognized that the early drilling by Harrison Minerals failed to test the base of the gabbo intrusion where Ni-Cu-PGE sulphide deposits are expected to occur. Exploration plans on the Awkward Lake property for the 2009 fiscal year are currently under review by management.

Goat Mountain Project – Southern British Columbia

In July 2007, the Company signed an agreement to option the Goat Mountain molybdenum (Mo)-tungsten (W) property comprised of approximately 4,047 ha in southern British Columbia. Under the terms of the option agreement the Company will earn a 100% interest, subject to a 2% net smelter return royalty, in the property through the following:

- i. A commitment to spend \$500,000 by December 31, 2009;
- ii. Cash payments totaling \$100,000 by January 31, 2009; and
- iii. The issuance of 300,000 common shares of the Company by January 31, 2009

To date the Company has paid \$50,000 in cash options payments and issued 150,000 common shares and incurred the \$500,000 of committed expenditures. The Company may also acquire a 1% net smelter return royalty on this property at any time for \$1,000,000.

During the fall of 2008, a 900 metre diamond drill program was carried out by the Company to assess the potential for the Goat Mountain property to host economic Mo-W mineralization. The drilling returned anomalous Mo and W in 5 of the 6 holes completed including 11 metres of 0.083% MoS₂ in hole GM-07-02 and 4 metres of 0.405% MoS₂ in hole GM-07-06. The results proved the potential of the property to host high grade Mo deposit but more work is required to fully evaluate the potential of this property. Exploration plans on the Goat Mountain property for 2009 fiscal year are currently under review by management.

Other Projects

Raglan Properties – Northern Quebec

In August 2007, the Company closed the disposition of all of its mineral properties in the Raglan area to Goldbrook Ventures Inc. (“Goldbrook”). 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.

Mineral Property Expenditures

Annual mineral property expenditures for the three months ended October 31, 2008, 2007 and 2006 are as follows:

	October 31, 2008	October 31, 2007	October 31, 2006
Norton Lake	–	209,350	14,921
Midway	–	27,004	1,250
Awkward	–	55,226	–
Goat Mountain	43,417	90,430	–
Raglan (sold August 2007)	–	–	431,963
Baker Lake (suspended January 2008)	–	402,764	1,075
Peru	71,877	–	–
	115,294	784,774	449,209

Exploration expenditures during the three months ended October 31, 2008 were lower than the comparative quarters due to management’s decision to cutback exploration until economic conditions improve. Capital preservation is paramount in these difficult economic times.

Selected Financial Information

The highlights of financial data for the Company for the current quarter and two most recently completed financial years are as follows:

	As at and for the three months ended	As at and for the years ended	
	October 31, 2008	July 31, 2008	July 31, 2007
Interest income	3,519	35,024	19,352
Total expenses	295,451	2,291,025	2,809,814
Loss from operations	(291,932)	(2,256,001)	(2,790,462)
Loss from operations per share	(0.01)	(0.05)	(0.06)
Net loss	(291,932)	(1,447,605)	(1,399,922)
Net loss per share	(0.01)	(0.03)	(0.03)
Total assets	4,078,931	4,378,945	5,822,973
Total liabilities	265,101	305,863	1,078,864
Weighted average number of shares			
- Basic	49,702,121	49,095,396	43,198,011

Results of Operations

Below is a comparison of the Company's results of operations:

	Three months ended October 31	
	2008	2007
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 expense	2,501	–
Investor and shareholder relations	17,425	6,741
Legal fees	56,516	10,147
Professional fees	27,603	281,057
Transfer agent and regulatory fees	32,680	32,680
Travel and promotion	881	2,028
Stock-based compensation	12,925	4,984
Loss on disposition of mineral properties	–	14,330
Unrealized loss on investments	137,295	(508,003)
Overhead recoveries	(2,068)	(21,103)
	295,451	(162,806)
(Loss) income for the period	(291,932)	172,302
(Loss) income per share	(0.01)	–
Weighted average number of shares - Basic	49,702,121	45,786,197

Results of Operations

The Company reported a \$291,932 loss for the three months ended October 31, 2008 compared to income of \$172,302 for the three months ended October 31, 2007. The variance between the comparable 2008 and 2007 periods are explained by changes in the following income and expense items:

Interest income was higher in the comparative first quarter of fiscal 2008 than interest earned in the current first quarter due to an increase in the average cash balance resulting from the cash portion of Raglan disposition and private placements proceeds received in the first quarter of 2007.

Foreign exchange expense relates to the currency translation of Cascadia Peru operations which commenced in April 2008.

General corporate expenses increased for the three months October 31, 2008 periods due to the establishment of an office in Peru as well as to higher communications costs due to the varied locations of management personnel.

Interest expense relates to Part XII.6 interest on the unspent portion of flow-through proceeds raised in October and November 2007 for which expenditures are incurred using the look-back rule.

Investor and shareholder relations expenses were higher in the first quarter of the current period due to shareholder meeting expenses.

Legal fees incurred in the three months ended October 31, 2008 relate to Raglan appeal proceedings.

Professional fees were lower for three months ended October 31, 2008 compared to professional fees for the three months ended October 31 2007 as the comparative quarter included bonuses related to the Raglan sale as compensation for management consulting services rendered in prior period for which fees were not paid.

Travel and promotion expenses were higher in the three months ended October 31, 2008 than those incurred in the comparative quarter due to costs associated with the establishment of operations in Peru.

Stock-based compensation in both periods is comprised of a pro-rata portion of the fair value of 2,575,000 options granted in March and April 2007 which vest over a two-year period.

The loss on disposition of mineral properties for the three months ended October 31, 2007 to the disposition of the Raglan properties in August 2007.

Unrealized loss on investments for the three months ended October 31, 2008 is the difference between the October 31, 2008 and July 31, 2008 mark-to-market value of share and warrant consideration received as option proceeds and on the disposition of the Raglan properties. The unrealized gain on investments for the three months ended October 31, 2007 is the difference between the October 31, 2007 mark-to-market value of share and warrant consideration and the estimated fair value of share and warrant consideration recorded on the date of receipt and the mark-to-market value of the shares and warrants on July 31, 2008.

Overhead recoveries relate to the Norton Lake joint venture agreement for which the Company is the operator. As operator, the Company recovers a portion of its corporate overhead based on mineral property expenditures incurred on the Norton Lake project as specified in the joint venture agreement.

Summary of Quarterly Results

The following table sets out, for each of the previous eight quarters, information relating to the Company's revenue, net income (loss) and net income (loss) per share:

	Fiscal 2008			Fiscal 2009
	2nd Quarter Jan 2008	3rd Quarter Apr 2008	4th Quarter Jul 2008	1st Quarter Oct 2008
Revenues	12,025	8,166	5,337	3,519
Net income (loss)	(1,486,052)	(457,466)	323,611	(291,932)
Net income ((loss) per share	(0.031)	(0.009)	0.007	(0.006)

	Fiscal 2007			Fiscal 2008
	2nd Quarter Jan 2007	3rd Quarter Apr 2007	4th Quarter Jul 2007	1st Quarter Oct 2007
Revenues	8,400	4,963	931	9,496
Net loss	(176,347)	(175,852)	(913,716)	172,302
Net loss per share	(0.004)	(0.003)	(0.021)	0.003

Related party transactions

During the three months ended October 31, 2008, the Company was charged \$4,500 (three months ended October 31, 2007 – \$4,500) for rent and office services by Yangarra Resources Ltd. (“Yangarra”). Yangarra is a public oil and gas company based in Calgary, Alberta. James G. Evaskevich, the CEO and Executive Chairman of the Company is also the President, Chief Executive Officer and a director of Yangarra Resources Ltd.

During the three months ended October 31, 2008, the Company was charged \$66,000 (three months ended October 31, 2007 – \$313,000) by officers and directors for management and geological consulting fees, of which \$37,600 (2007 – \$38,400) was capitalized to mineral properties.

The above transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Liquidity and Capital Resources Operations

As the Company does not have revenue generating projects at this time, the ability of the Company to carry out its business plan rests with the ability to raise equity, other financings, and sales of properties.

As of October 31, 2008, the Company had incurred approximately \$613,985 qualifying flow-through expenditures related to the flow-through private placements completed in October and November 2007. The Company has until December 31, 2008 to incur the remaining \$136,015.

The Company may require additional financing to fund new exploration programs, new acquisitions, and ongoing costs on its current properties. Future funds for exploration will be by financing, sale of equity capital or the offering of an interest in its properties to be earned by another party carrying out further exploration or development. The Company proposes to meet any additional financing requirements through the exercise of outstanding warrants, sale or option of current properties, or arranging other forms of equity financing.

Share Capital

Common shares

As at July 31, 2008, the Company had 49,702,121 common shares outstanding. There has been no change in the number of shares outstanding as at October 31, 2008 or the date of this MD&A.

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.

Warrants

As at July 31, 2008, the Company had 1,875,000 warrants outstanding. There has been no change in the number of warrants outstanding as at October 31, 2008 or the date of this MD&A.

Options

As at July 31, 2008, the Company had 4,950,000 options outstanding. There has been no change in the number of options outstanding as at October 31, 2008 or the date of this MD&A.

Outlook

The Company is committed to developing new quality low risk international exploration opportunities with particular focus on base and precious metals in Peru and Brazil. The Company will also continue to explore its current base and precious metal opportunities in North American and will continually evaluate new prospects as the opportunities arise. Cascadia is committed to working with exploration partners to minimize exploration risk through joint ventures.

Due to recent issued in the equity markets, the Company has elected to reduce capital expenditures until the economy improves.

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.

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.

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.

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.

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.

Risks and Uncertainties

The Company’s principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks and uncertainties, including but not limited to, environmental, metal prices, political and economical. The industry is capital intensive and subject to fluctuations in metal prices,

market sentiment, foreign exchange and interest rates. The source of future funds for further exploration programs, are by the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development. The Company is subject to the laws and regulations relating to environmental matters and various licenses and permits in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

The Company has no significant source of operating cash flow and no revenues from operations. None of the Company's mineral properties currently have reserves. The property interests the Company has an option to earn an interest are in the exploration stages at this time.

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.

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 IFRS and will be effective on October 1, 2008.

Pending accounting pronouncements

The Company is currently assessing the impact of these following new standards on its consolidated financial statements:

i) International Financial Reporting Standards (“IFRS”)

In 2005, the Accounting Standards Board of Canada (“AcSB”) announced that accounting standards in Canada are to converge with IFRS. The AcSB has indicated that Canadian entities will need to begin reporting under IFRS by the first quarter of 2011 with appropriate comparative data from the prior year. Under IFRS, the primary audience is capital markets and as a result, there is significantly more disclosure required, specifically for quarterly reporting. Further, while IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy which must be addressed.

Critical Accounting Estimates

The Company's financial statements are prepared in accordance with Canadian generally accepted accounting principles. A comprehensive discussion of the Company's significant accounting policies is contained in Note 2 to the audited consolidated financial statements for the year ended July 31, 2008. The Company's significant accounting policies are subject to estimates and key judgments about future events, many of which are beyond management's control.

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of October 31, 2008, that the Company's disclosure controls and procedures are effective to provide reasonable assurance that material information related to the Company, is made known to them by others with the entity. It should be noted that while the Company's Chief Executive Officer and Chief Financial Officer believe that our disclosure controls and procedures provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Internal Controls over Financial Reporting

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. We have assessed the design of our internal control over financial reporting and during this process we have identified certain weaknesses in internal controls over financial reporting which are follows:

- Due to the limited number of staff at the Company, it is not possible to achieve complete segregation of duties; and
- Due to the size of the Company and the limited number of staff, the Company does not have the technical accounting expertise and knowledge to address all complex and non-routine accounting transactions that may arise.

These weaknesses in the Company's internal controls over financial reporting result in a more than remote likelihood that a material misstatement would not be prevented or detected. Management and the board of directors work to mitigate the risk of material misstatement in financial reporting. In addition, when complex accounting and technical issues arise during preparation of the quarterly financial statements outside consulting expertise is engaged. In spite of management's best efforts, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.