



(A Development Stage Company)

Financial Statements

(Unaudited – Prepared by Management)

April 30, 2006, and 2005

To the Shareholders of:

Cascadia International Resources Inc.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors exercises its responsibilities for financial controls through an Audit Committee. The Audit Committee is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

The Company's external auditors have not reviewed the accompanying interim financial statements for the three and nine months ended April 30, 2006 and 2005.

Jim Evaskevich

Trish Olynyk

Cascadia International Resources Inc.
Balance Sheets
(unaudited)

	April 30 2006	July 31 2005
Assets		
Current		
Cash	221	292,835
Accounts receivable	19,601	67,648
Tax credits recoverable <i>(Note 2/9)</i>	1,336,894	
	1,356,717	360,483
Property and equipment <i>(Note 3)</i>	7,498	45,189
Mineral properties, plant and equipment <i>(Note 4)</i>	7,853,299	8,922,570
	9,217,513	9,328,242
Liabilities		
Current		
Revolving term loan <i>(Note 5)</i>	400,000	
Accounts payable and accruals	702,656	590,641
	1,102,656	590,641
Future income taxes	2,167,489	2,167,489
	3,270,146	2,758,130
Shareholders' Equity		
Share capital <i>(Note 6)</i>	9,906,037	9,906,037
Contributed surplus <i>(Note 7)</i>	1,096,336	1,028,543
Deficit	(5,026,419)	(4,364,468)
	5,975,954	6,570,112
	9,246,099	9,328,242

Approved on behalf of the Board:

"signed" Director
 Jim Evaskevich

"signed" Director
 Gordon Bowerman

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

Cascadia International Resources Inc.
Statements of Net Loss and Deficit
(unaudited)

	Three months ended April 30		Nine months ended April 30	
	2006	2005	2006	2005
Interest income	63	1,828	475	2,086
Expenses				
Arbitration Fees	238,572	8,912	510,100	8,912
Bank charges	1,062	86	2,453	3,540
Depreciation	433	4,364	1,462	11,999
General corporate	4,908	22,264	(76,806)	64,707
Investors and shareholder relations	4,944	80,679	73,238	109,190
Interest expense	6,971	-	28,074	-
Professional fees	11,321	57,289	65,831	299,451
Stock-based compensation	-	-	44,430	70,954
Transfer agent and regulatory fees	3,490	6,740	8,075	12,359
Travel and promotion	41	2,499	5,569	3,520
	271,742	182,833	662,426	584,632
Net loss for the period	(271,649)	(181,005)	(661,951)	(580,718)
Deficit, beginning of period	(4,754,740)	(4,049,359)	(4,364,468)	(3,649,646)
Deficit, end of period	(5,026,419)	(4,230,364)	(5,026,419)	(4,230,364)
Loss per share – basic	(0.01)	(0.00)	(0.02)	(0.01)
Weighted average number of shares - basic	41,932,121	38,766,121	41,932,121	38,766,121

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

Cascadia International Resources Inc.
Statements of Cash Flows
(unaudited)

	Three months ended April 30		Nine months ended April 30	
	2006	2005	2006	2005
Cash provided by (used for) the following activities				
Operating				
Net loss	(271,679)	(181,005)	(661,951)	(514,427)
Depreciation	433	4,364	1,462	11,999
Non-cash stock-based compensation	-	-	44,430	70,954
	(271,246)	(176,641)	(616,059)	(431,474)
Changes in non-cash working capital				
Accounts receivable	32,203	(113,794)	48,048	(152,810)
Tax credits recoverable	-	-	1,336,894	-
Accounts payable and accruals	173,486	522,886	112,015	419,676
	(65,557)	232,451	880,898	(164,608)
Financing				
Proceeds from revolving term loan	75,000	-	400,000	-
Issue of shares, net of share issue costs	-	9,000	-	1,264,757
	75,000	9,000	400,000	1,264,757
Investing				
Proceeds on sale of property and equipment <i>(Note 3)</i>	-	-	59,593	-
Purchase of and expenditures on mineral properties	15,755	(749,955)	(267,557)	(1,312,312)
	15,755	(749,555)	(207,557)	(1,312,312)
Increase (decrease) in cash and cash equivalents	25,198	(508,504)	1,072,934	(212,163)
Cash, (bank indebtedness) beginning of period	1,340,571	690,549	292,835	394,208
Cash and cash equivalents, end of period	1,365,769	182,045	1,365,769	182,045

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

Cascadia International Resources Inc.

Notes to the Financial Statements

For the nine months ended April 30, 2006
(Unaudited)

1. Incorporation, nature and continuance of operations

These interim 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, 2005 financial statements except certain disclosures have been condensed or omitted. Accordingly, these interim financial statements should be read in conjunction with the notes contained in the Company's audited July 31, 2005 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 interim financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies.

These interim 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.

The Company has a history of losses, and an accumulated deficit of \$5,026,419 (July 31, 2005 - \$4,364,468). The ability of the Company to continue operating as a going concern is dependent upon, among other things, its ability to attain profitable operations and generate funds therefrom and to continue to obtain capital financing from investors sufficient to meet current and future obligations.

2. Accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The accounting policies followed in preparing these financial statements are those used by the Company as set out in the audited financial statements for the year ended July 31, 2005. Certain information and note disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles are not included. These interim financial statements should be read together with the Company's audited financial statements for the year ended July 31, 2005.

The Company is entitled to claim certain refundable tax credits from the Quebec government in respect of qualifying mining exploration expenditures in the Province of Quebec. Pursuant to the Quebec Taxation Act, the Company can claim up to 38% of qualifying expenditures incurred as a refundable tax credit. The Company records the Quebec refundable tax credits as a reduction to mineral properties when the qualifying expenditures are incurred and collection is reasonably assured.

3. Property and equipment

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>April 30, 2006 Net Book Value</i>	<i>July 31, 2005 Net Book Value</i>
Computer equipment	7,276	1,709	4,401	27,235
Leasehold improvements	-	-	-	10,984
Office equipment	3,350	1,420	1,063	6,970
	<u>10,626</u>	<u>3,129</u>	<u>5,464</u>	<u>45,189</u>

During the nine months ended April 30, 2006, the Company sold certain property and equipment to Yangarra Resources Ltd. ("Yangarra"), a related company (note 8), for \$59,593 based on the original cost of the property and equipment. As the sale is a related party transaction, it is recorded at the Company's carrying amount of the assets. The \$23,364 difference between the exchange amount of \$59,593 and the carrying value of \$36,229 has been recorded as a credit to contributed surplus (note 6).

Cascadia International Resources Inc.
Notes to the Financial Statements

*For the nine months ended April 30, 2006
(Unaudited)*

4. Mineral properties

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Apr 30, 2006 Net Book Value</i>	<i>July 31, 2005 Net Book Value</i>
Northern Quebec Properties				
Raglan – deferred exploration payments	6,796,987	-	6,796,987	6,884,950
Raglan – Thundermin acquisition	88,651	-	88,651	88,651
Raglan – True North properties	177,708	-	177,708	177,708
Refundable Tax Credit and Mining Duties	(1,336,894)	-	(1,336,894)	-
Ontario Properties				
Norton Lake – deferred exploration payments	1,770,284	-	1,770,284	1,400,793
Attwood & Ficht Lake – deferred exploration payments	195,804	-	195,804	195,804
Midway - deferred exploration payments	74,769	-	74,769	74,769
Havoc - deferred exploration payments	100,282	-	100,282	99,895
Other Prospects	14,293	-	14,293	-
	7,881,884		7,881,884	8,922,570

During the quarter ended April 30, 2006, mineral property expenditures and acquisitions totaled \$12,896 (2005 - \$742,679).

Raglan, Ungava Bay Properties in Quebec, Canada

During 2003, the Company entered into an Option Agreement (“Agreement”) with NovaWest Resources Inc. (“Novawest”) of Vancouver, Canada, whereby the Company could earn a 50% interest in the NovaWest’s 660 sq. km. (161,500 acre) Raglan Ni-Cu-PGM-Co Assemblage situated in northern Quebec (the “Raglan Claims”).

Year 1 and Year 2 exploration contemplated by the Option Agreement was undertaken by the parties with Cascadia earning a 25% interest in the original Raglan block. The parties have been involved in arbitration over various disagreements since mid 2005; consequently, there was no exploration project in 2005.

On September 29, 2005, the Company and Novawest have consented to the issuance of a partial award by the arbitrator in the arbitration proceedings.

A summary of the partial award agreed upon by the Company and Novawest is as follows:

- 1) The Company is the owner of an undivided 25% interest in the remaining original Raglan Assemblage.
- 2) There are no continuing rights, obligations or duties whatsoever arising from any fiduciary relationship, any joint venture relationship, or any contract or any agreement between Novawest and the Company, including without limitation, any option rights, rights of first refusal, area of influence obligations, or joint venture obligations.
- 3) The Option Agreement dated April 10, 2003 is terminated as of February 16, 2005.

Thunder Project, Raglan, Ungava Bay Property in Quebec, Canada

During 2003, the Company and Novawest acquired a 100% interest in the 35-claim Thunder Project situated on the “Main” Raglan Trend just north-northeast of the present Raglan Claims. The Company’s consideration is comprised of \$25,000 cash and 129,900 common shares at a price of \$0.49 per share for a total of \$63,652. Cascadia acquired a 50% interest in these claims, subject to 3% net smelter return.

Cascadia International Resources Inc.
Notes to the Financial Statements

For the nine months ended April 30, 2006
(unaudited)

True North Project, Ungava Bay Properties in Quebec, Canada

In April 2004, the Company acquired, in partnership with NovaWest Resources Inc., a 70% interest in the 30,774 acre True North Project on the north Raglan Trend. The acquisition of the True North property from Minera Capital is on condition of spending a minimum of \$440,000 over 3 years split between the Company and NovaWest.

An award on the True North property was issued by the arbitrator in January 2006, ruling that the Company has an undivided 25% interest in and to the option agreement between Novawest and Minera Capital Corporation, pursuant to which Novawest and Cascadia may acquire up to a 70% interest in the True North property.

Norton Lake Property, Thunder Bay, Ontario

In October 2003, the Company optioned a 164 and 152 claim unit group in the Norton Lake area, Thunder Bay from East West Resource Corp. ("East West") and Canadian Golden Dragon Resources Ltd. Under the terms of the option agreement, the Company has agreed to spend a minimum of \$150,000 on drilling within 12 months of the agreement.

The Company may earn the following interests in both claims groups:

- 51% by spending \$1.5 million by November 1, 2010;
- 60% by completing a feasibility study to the standards of the Toronto Stock Exchange ("TSX") by Nov 1, 2011;
- 70% by financing the property to production.

To date the Company has spent \$1,770,284 thereby exceeding the requirement, and earning the Company 51%.

Option payments are to be made in stages, totaling \$125,000 over 7 years commencing November 1, 2004. An option payment of \$25,000 was paid upon the signing of the agreement.

Midway Project, Thunder Bay, Ontario, Canada

An airborne EM survey was flown over the entire property which traced a number of basement conductors and the westward extent of conductors that occur on the adjoining Havoc claim group. These conductors form the primary uranium exploration targets that will determine future lease acquisitions. The Company intends to participate in this area with 100% ownership.

Havoc Project, English Bay, Ontario, Canada

During February 2005, the Company entered into an option agreement to earn an interest in this property by carrying out the following exploration work and option payments. It is understood that this agreement is only an option and the optionee may abandon all or part of the property subject to the terms and conditions set out in the agreement. The Company plans to perform a minimum work program of 1,100m of diamond drilling within 12 months of this agreement and spend a total of \$0.75 million by February 22, 2011 to earn a 51% interest in all or part of the two claim groups within this area. The optionee may earn a 60% interest in the property by completing a feasibility study to the standards of the TSE (TSX) by February 22, 2012 and may earn a 70% interest by financing the property to production. The optionee will be the operator of the work program. Parties will enter into a Joint Operating Agreement ("JOA") for the property. Option Payments are to be in two stages, totaling \$25,000 over 5 years.

5. Revolving term loan

The Company has access to a revolving term loan with a maximum available credit of \$500,000, bearing interest at prime plus two percent per annum, requiring repayment of interest only and is secured by personal guarantees by two of the Company's Directors. During the nine months ended April 30, 2006, the lender extended the term of the facility to June 30, 2006. As at April 30, 2006, \$400,000 had been drawn on this facility (July 31, 2005 – nil).

Cascadia International Resources Inc.
Notes to the Financial Statements

For the nine months ended April 30, 2006
(unaudited)

6. Share Capital

a) Issued

Common shares	Number	Value
<i>Balance ending, April 30, 2006 and July 31, 2005</i>	41,932,121	9,906,037

b) Stock options

In September 2005, the Company granted 400,000 options to officers and directors. The options are exercisable at \$0.25 per common share, vest immediately and expire in September 2010. The fair value of the options was estimated at \$44,430 using the Black-Scholes Pricing Model with the following significant assumptions: risk free interest rate of 3.14%; expected life of 2 years; dividend yield of nil; and expected volatility of 100%. For the purposes of recording stock-based compensation, the total estimated fair value of options is recognized over the vesting term of the options, resulting in the entire fair value recorded as stock-based compensation expense in the period.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

The following table provides information about the Company's outstanding stock options as of April 30, 2006:

	Number of options	Price Range (\$)	Weighted Average Price (\$)	Expiry Date
Balance, July 31, 2005	3,769,538	0.30-0.59	0.40	2008-2010
Granted	400,000	0.25	0.25	2010
Expired	(553,500)	0.25-0.59	0.40	2008-2010
Balance, April 30, 2006	4,169,538	0.25-0.59	0.39	2008-2010

c) Agent options

	Number of options	Price Range (\$)	Weighted Average Price (\$)	Expiry Date
Balance, July 31, 2005	600,000	0.50	0.50	2005
Expired	(600,000)	0.50	0.50	2005
Balance, April 30, 2006	-	-	-	-

d) Warrants

	Number of Warrants	Price Range (\$)	Weighted Average Price (\$)	Expiry Date
Balance, July 31, 2005	11,390,584	0.40-0.75	0.56	2005-2006
Granted	(5,760,000)	0.60	0.60	2005
Balance, April 30, 2006	5,630,584	0.40-0.75	0.69	2006

7. Contributed Surplus

Balance, July 31, 2005	1,028,543
Stock based compensation (Note 6(b))	44,430
Related party transaction (Note 3)	23,364
Balance, April 30, 2006	1,096,337

8. Related party transactions

Except as disclosed elsewhere in this financial statement, the Company had the following related party transactions during the first nine months ended April 30, 2006:

The Company had a net payable of \$4,500 and \$ 142,674 (three months and nine months ended) with Yangarra Resources Ltd. ("Yangarra") Yangarra is a public oil and gas company based in Calgary, Alberta. James G. Evaskevich, the President and a director of the Company is also the President, Chief Executive Officer and a director of Yangarra Resources Ltd.

The Company had transactions related to administration and consulting fees in the amount of \$ nil and \$24,000, respectively three and nine months ended April, 2006 (nine months ended April 30, 2005 - \$83,209) to companies controlled by a current and by a former officer of the Company. Of this amount, \$3,745 is included in accounts payable at April 30, 2006 (July 31, 2005 - \$2,675).

The Company paid legal fees in the amount of \$nil and \$21,743, respectively (three and nine months ended April 30, 2005 - \$15,142 and \$22,463, respectively) to a law firm in which a director of the Company is a partner. \$23,264 due to this law firm is included in accounts payable at April 30, 2006 (July 31, 2005 - \$29,141).

The 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.

9. Quebec Mineral Tax Incentive Program

Under the terms of the Raglan Option Agreement between Cascadia and Novawest Resources Inc. dated April 10, 2003, Novawest is obliged to assign exploration expenses to Cascadia for monies advanced by Cascadia to the Raglan Joint Venture that are raised by Cascadia through an equity offering of its shares on a flow through basis. As a result of incurring exploration expenditures on its Quebec properties the Company is entitled to claim certain refundable tax credit in respect of qualifying mining exploration credits in the Province of Quebec. As at January 31, 2006 Cascadia has filed its application for the Quebec Mining Duties credit/refund for the Company's fiscal year ending 2004.

10. Contingency

The Company has been in arbitration proceedings with NovaWest Resources Inc. ("Novawest") in regards to an option agreement entered into during 2003 (the "Option Agreement"). In February 2005, the Company deferred its election to participate in the third year of the Option Agreement. Novawest commenced arbitration proceedings against the Company in March 2005, and the Company brought a counterclaim against Novawest within that arbitration. A partial award was issued by the arbitrator in October 2005 by the consent of both parties. That partial award confirmed, among other things, that the Option Agreement terminated effective February 16, 2005 and that the Company had earned an undivided 25% interest in the Raglan assemblage and a 50% interest in the Thunder claim under the terms of the Option Agreement. An award on the True North property was issued by the arbitrator in January 2006, ruling that the Company has an undivided 25% vested interest in and to the option agreement between Novawest and Minera Capital Corporation pursuant to which Novawest and Cascadia may acquire up to a 70% interest in the True North Property.

The main arbitration with Novawest concluded on March 22, 2006. Final arguments are scheduled for April 11-13, 2006 at which time the decision will be in the hands of the arbitrator with a decision expected by July 15, 2006.

In late February 2006, the corporation received a statement of claim from D. Baker Capital for \$115,000 plus costs for the year two finder's fee on the Raglan project. Cascadia is of the view that the finder's fee was not earned and will vigorously defend its' position.

Cascadia International Resources Inc.
Notes to the Financial Statements

*For the nine months ended April 30, 2006
(unaudited)*

11. Subsequent Events

In May 2006, Cascadia announced its intention to complete a private placement of up to \$1,000,000 principal amount of secured, subordinated, convertible, redeemable debentures. Each debenture will bear interest at a rate of 10% per annum payable semi-annually, will mature in three years, and will be convertible at any time into units of the Corporation on the basis of \$0.17 per Unit for the first two years and into common shares of the Corporation on the basis of \$0.20 per share for the third year. Each Unit will consist of one Common share and one-half of one share purchase warrant, with each Warrant being exercisable at a price of \$0.17 for a period expiring two years from the date of closing of the Private Placement. The proceeds from the offering will be used for working capital purposes.