



(A Development Stage Company)

Interim Financial Statements

October 31, 2007

(unaudited – prepared by Management)

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, 2007 and 2006.

Cascadia International Resources Inc.
Interim Balance Sheets
(unaudited)

	<i>October 31</i> <i>2007</i>	<i>July 31</i> <i>2007</i>
Assets		
Current		
Cash	1,474,093	172,095
Accounts receivable	182,112	108,408
Prepaid expenses	31,077	4,467
	1,687,282	284,970
Property and equipment <i>(Note 4)</i>	16,582	17,884
Mineral properties <i>(Note 5)</i>	2,998,298	5,520,119
Investment <i>(Note 6)</i>	1,814,598	–
	6,516,760	5,822,973
Liabilities		
Current		
Accounts payable and accrued liabilities	389,594	406,799
Future income tax liability	670,545	672,065
	1,060,139	1,078,864
Shareholders' Equity		
Share capital <i>(Note 7)</i>	10,360,459	10,005,209
Warrants <i>(Note 8)</i>	267,690	115,410
Contributed surplus <i>(Note 9)</i>	1,201,553	1,168,873
Deficit	(6,373,081)	(6,545,383)
	5,456,621	4,744,109
	6,516,760	5,822,973
Subsequent event and contingency <i>(Note 12)</i>		

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

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

*For the three months ended October 31
(unaudited)*

	<i>2007</i>	<i>2006</i>
Interest income	9,496	5,058
Expenses		
Bank charges	409	52
Depreciation	1,302	460
General corporate	12,622	7,021
Investors and shareholder relations	6,741	2,958
Interest	–	3,057
Legal fees	10,147	117,349
Professional fees	281,057	5,751
Transfer agent and regulatory fees	2,028	2,214
Travel and promotion	4,984	204
Stock-based compensation	32,680	–
Overhead recoveries	(21,103)	–
Loss on disposition of mineral properties <i>(Note 5(a))</i>	14,330	–
Gain on investment <i>(Note 6)</i>	(508,003)	–
	(162,806)	139,066
Income (loss) for the period	172,302	(134,008)
Deficit, beginning of period	(6,545,383)	(5,145,461)
Deficit, end of period	(6,373,081)	(5,279,469)
Income (loss) per share – basic and dilutive <i>(Note 7)</i>	–	–

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

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

	2007	2006
Cash provided by (used for) the following activities		
Operating		
Income (loss) for the period	172,302	(134,008)
Add back (deduct) non-cash items:		
Depreciation	1,302	460
Stock-based compensation	32,680	–
Loss on disposition of mineral properties	14,330	–
Gain on investment	(508,003)	–
	(287,389)	(133,548)
Change in non-cash working capital (<i>Note 10</i>)	(8,603)	76,884
	(295,992)	(56,664)
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	(787,854)	(392,209)
Proceeds on sale of property and equipment	2,000,000	120,194
Change in non-cash working capital (<i>Note 10</i>)	(113,916)	230,651
	1,098,230	(41,364)
Increase (decrease) in cash	1,301,998	(98,028)
Cash, beginning of period	172,095	805,734
Cash, end of period	1,474,093	707,706
Supplemental cash flow information		
Interest paid	–	3,057

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

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. The Company is in the process of acquiring, exploring and developing its mineral properties in Canada and is thus considered to be a development stage company.

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 continuing operations of the Company to 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.

The 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 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 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, 2007 financial statements except certain disclosures have been condensed or omitted. Accordingly, these unaudited interim financial statements should be read in conjunction with the notes contained in the Company’s audited July 31, 2007 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, 2007 may not be indicative of the results for the year ended July 31, 2008. Certain prior year comparatives have been reclassified to conform with current year presentation.

3. Changes in accounting policies

On August 1, 2007, the Company adopted the new or revised Canadian accounting standards for accounting changes, financial instruments—recognition and measurement, financial instruments—presentation and disclosures, and comprehensive income. Prior periods have not been restated.

Accounting changes

Voluntary changes in accounting policies are permitted only if they result in financial statements which provide more reliable and relevant information. Accounting policy changes are applied retrospectively unless it is impracticable to determine the period or cumulative impact of the change. Corrections of prior period errors are applied retrospectively and change in accounting estimates are applied prospectively by including the effect of the change in earnings.

Financial instruments—recognition and measurement

This new standard requires all financial instruments within its scope, including all derivatives, to be recognized on the balance sheet initially at fair value. Subsequent measurement of all financial assets and liabilities except those held-for-trading and available for sale are measured at amortized cost determined using the effective interest rate method. Held-for-trading financial assets are measured at fair value with changes in fair value recognized in earnings. Available-for-sale financial assets are measured at fair value with changes in fair value recognized in comprehensive income and reclassified to earnings when derecognized or impaired. There were no changes to the measurement of existing financial assets and liabilities at the date of adoption.

Derivative instruments

Derivative instruments, including embedded derivatives, are recorded on the balance sheet at fair value. Changes in the fair values of derivative instruments are recognized in net income (loss) with the exception of derivatives designated as cash flow hedges. The Company did not identify any derivatives which require separate recognition and measurement.

Cascadia International Resources Inc.
Notes to the Interim Financial Statements

October 31, 2007
(unaudited)

3. Changes in accounting policies (continued from the previous page)

Comprehensive income

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources and includes unrealized gains and losses on financial assets classified as held available-for-sale. When related amounts are recorded in accordance with this new standard, the Company will report a statement of comprehensive income combined with the statement of income (loss) and a new category, accumulated other comprehensive income, in the shareholders' equity section of the balance sheet.

4. Property and equipment

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>October 31 2007 Net Book Value</i>	<i>July 31 2007 Net Book Value</i>
Computer equipment	20,428	5,313	15,115	16,340
Office equipment	3,350	1,883	1,467	1,544
	23,778	7,196	16,582	17,884

5. Mineral properties

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>October 31 2007 Net Book Value</i>	<i>July 31 2007 Net Book Value</i>
Northern Quebec Properties				
Raglan (a)	–	–	–	3,306,595
Ontario Properties				
Norton Lake	2,178,718	–	2,178,718	1,969,368
Midway	164,254	–	164,254	137,250
Awkward	55,226	–	55,226	–
Other Properties				
Baker Lake, Nunavut	480,458	–	480,458	77,693
Goat Mountain, British Columbia (b)	119,642	–	119,642	29,213
	2,998,298	–	2,998,298	5,520,119

During the three months ended October 31, 2007, mineral property expenditures and acquisitions totaled \$799,104 of which \$787,854 was acquired with cash and \$11,250 was acquired through the issue of common shares (Note 4(d)). In addition, the Company sold the Raglan mineral properties for total proceeds valued at \$3,306,595 as described in (a) below..

a) *Raglan, Ungava Bay Properties in Quebec, Canada*

In August 2007, the Company closed the disposition of all of its mineral properties in the Raglan area to Goldbrook Ventures Inc. ("Goldbrook"). As consideration for the disposition, the Company received \$2 million of cash, 2 million common shares of Goldbrook, 2 million common share purchase warrants to acquire 2 million common shares of Goldbrook at \$0.35 per share until August 2012 and a 0.5% net smelter return on certain of the Raglan properties. The total value of consideration received is estimated at \$3,306,595 based on the \$0.33 per share market value Goldbrook's common shares on the date of closing and the estimated \$646,595 fair value of Goldbrook warrants using the Black-Scholes fair value pricing model. At the date of disposition, the net book value of the properties exceeded the total proceeds resulting in a \$14,330 loss on disposition.

Cascadia International Resources Inc.
Notes to the Interim Financial Statements

October 31, 2007
(unaudited)

5. Mineral properties *(continued from the previous page)*

b) Goat Mountain Project, British Columbia, Canada

In July 2007, the Company signed an option agreement for a molybdenum property comprised of approximately 10,000 acres 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
- iii.* The issuance of 300,000 common shares of the Company by January 31, 2009

In July 2007, the Company paid a \$20,000 cash option payment and incurred \$9,213 of geological and geophysical expenditures on the property. In October 2007, the Company issued 75,000 common shares in respect of (iii). These shares were valued at \$11,250 based on the market price of the Company's shares on the date of issuance (Note 7). The Company may also acquire a 1% net smelter return royalty at any time for \$1,000,000.

6. Investment

As at October 31, 2007, the fair value of the Company's investment (Note 4(a)) was \$1,814,598. As a consequence of adopting new financial instruments standards as described in note 3, the difference of \$508,003 between the \$1,306,595 estimated fair value recorded on the date of the mineral property disposition and the October 31, 2007 fair value has been recognized as a gain on investment in the statement of net income (loss).

7. Share capital

Issued

Common shares	<i>Number</i>	<i>Value</i>
<i>Balance, July 31, 2007</i>	45,782,121	10,005,209
Flow-through unit private placement	2,500,000	347,720
Mineral property (Note 5(b))	75,000	11,250
Share issue costs, net of \$1,520 future income tax	-	(3,720)
<i>Balance, October 31, 2007</i>	48,357,121	10,360,459

On October 31, 2007 the Company completed the first closing of a non-brokered private placement of 2,500,000 units at a price of \$0.20 per unit for gross proceeds of \$500,000. Each unit consists of one common share issued on a "flow-through" basis under the Income Tax Act (Canada) and one-half common share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one additional common share at a price of \$0.25 per share until December 31, 2008. At the time of the private placement, \$152,280 was ascribed to the warrants based on the Black-Scholes fair value pricing model and \$347,720 was ascribed to the common shares.

Flow-through shares

The \$275,500 tax effect of the \$450,000 flow-through share proceeds raised in March 2007 and the \$500,000 flow-through share proceeds raised in October 2007 will be recorded in February 2008 when the tax benefits are filed with the tax authorities and renounced to investors with an effective date of December 31, 2007.

All of the \$450,000 qualifying flow-through expenditures in respect of the March 2007 proceeds had been incurred as at October 31, 2007. The Company has until December 31, 2008 to incur \$500,000 of qualifying flow-through expenditures in respect of the October 2007 proceeds.

Stock options

As at July 31, 2007 and October 31, 2007, the Company had 4,564,538 stock options outstanding with a weighted average exercise price of \$0.19 per share, of which 3,616,038 options are exercisable. As at October 31, 2007, options outstanding have a weighted average life remaining of 2.9 years.

Cascadia International Resources Inc.

Notes to the Interim Financial Statements

October 31, 2007

(unaudited)

7. Share capital (continued from the previous page)

Per share amounts

Basic and diluted net income (loss) per share is calculated using the weighted average number of shares outstanding for the period of 45,786,197 and 46,687,292, respectively, for the three months ended October 31, 2007 (three months ended October 31, 2006 – 41,932,121 and 41,932,121 as the effect of options and warrants is anti-dilutive in loss periods).

8. Warrants

	<i>Number of Warrants</i>	<i>Weighted Average Exercise Price</i>	<i>Value</i>	<i>Expiry</i>
<i>Balance, July 31, 2007</i>	1,875,000	\$ 0.15	\$ 115,410	December 31, 2007
<i>Issued (Note 7)</i>	1,250,000	0.25	152,280	December 31, 2008
<i>Balance, October 31, 2007</i>	3,125,000	\$0.19	\$ 267,690	

As at October 31, 2007, warrants outstanding have a weighted average life remaining of 0.6 years.

9. Contributed surplus

<i>Balance, July 31, 2007</i>	1,168,873
<i>Stock-based compensation</i>	32,680
<i>Balance, October 31, 2007</i>	1,201,553

10. Change in non-cash working capital

	<i>For the three months ended October 31</i>	
	<i>2007</i>	<i>2006</i>
Accounts receivable	(73,704)	(50,753)
Prepaid expenses	(26,610)	(33,949)
Accounts payable and accrued liabilities	(17,205)	392,237
	(117,519)	307,535

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

	<i>For the three months ended October 31</i>	
	<i>2007</i>	<i>2006</i>
Operating	(8,603)	76,884
Financing	5,000	–
Investing	(113,916)	230,651
	(117,519)	307,535

11. Related party transactions

Except as disclosed elsewhere in these financial statements, the Company had the following related party transactions 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:

During the three months ended October 31, 2007, the Company was charged \$4,500 (three months ended October 31, 2006 – received \$4,500) for rent and office services by a company related through a common officer and director, of which \$nil is included in accounts payable and accrued liabilities at October 31, 2007.

Cascadia International Resources Inc.
Notes to the Interim Financial Statements

October 31, 2007
(unaudited)

11. Related party transactions *(continued from previous page)*

During the three months ended October 31, 2007, the Company was charged \$1,807 (three months ended October 31, 2006 – \$1,630) by a law firm in which a former director of the Company is a partner, of which \$1,807 is included in accounts payable and accrued liabilities at October 31, 2007.

12. Subsequent events and contingency

- a) In November 2007, the Company completed the second closing of a non-brokered unit private placement. The Company issued a total of 1,250,000 units at \$0.20 per unit for gross proceeds of \$250,000. Each unit consists of one common share issued on a “flow-through” basis under the Income Tax Act (Canada) and one-half common share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one additional common share at a price of \$0.25 per share until December 31, 2008.
- b) In November 2007, the Company returned the Baker Lake property to the vendors and ceased any further exploration earning.
- c) In March 2007, the Company commenced appeal proceedings on various arbitration rulings relating to the Raglan properties *(Note 5(a))*; however, the Court’s decision to hear the appeal remains outstanding. As the likely outcome of an appeal, should it occur, cannot be determined no further provision has been made in these financial statements.