



**(A Development Stage Company)**

**Interim Financial Statements**

*January 31, 2008, and 2007*

*(Unaudited – Prepared by Management)*

**Notice of No Auditor Review of Interim Financial Statements:**

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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 and six months ended January 31, 2008 and 2007.

**Cascadia International Resources Inc.**  
**Interim Balance Sheet**  
*(unaudited)*

	<b>January 31</b>	<b>July 31</b>
	<b>2008</b>	<b>2007</b>
<b>Assets</b>		
<b>Current</b>		
Cash	1,115,040	172,095
Accounts receivable	110,116	108,408
Prepaid expenses	20,885	4,467
	<b>1,246,041</b>	<b>284,970</b>
<b>Property and equipment</b> <i>(Note 4)</i>	<b>15,376</b>	<b>17,884</b>
<b>Mineral properties</b> <i>(Note 5)</i>	<b>2,934,522</b>	<b>5,520,119</b>
<b>Investment</b> <i>(Note 6)</i>	<b>786,853</b>	<b>-</b>
	<b>5,325,691</b>	<b>5,822,973</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	73,566	406,799
<b>Future income tax liability</b>	<b>663,601</b>	<b>672,065</b>
	<b>737,167</b>	<b>1,078,864</b>
<b>Shareholders' Equity</b>		
<b>Share capital</b> <i>(Note 7)</i>	<b>10,535,205</b>	<b>10,005,209</b>
<b>Warrants</b> <i>(Note 8)</i>	<b>221,140</b>	<b>115,410</b>
<b>Contributed surplus</b> <i>(Note 9)</i>	<b>1,348,413</b>	<b>1,168,873</b>
<b>Deficit</b>	<b>(7,859,133)</b>	<b>(6,545,383)</b>
	<b>4,245,625</b>	<b>4,744,109</b>
	<b>4,982,792</b>	<b>5,822,973</b>
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 Loss and Deficit**

*Three and six months ended January 31*  
*(unaudited)*

	Three months ended January 31		Six months ended January 31	
	2008	2007	2008	2007
<b>Interest income</b>	<b>12,025</b>	8,400	<b>21,521</b>	13,458
<b>Expenses</b>				
Bank charges	622	59	1,031	111
Depreciation	1,206	461	2,508	921
General corporate	9,143	4,961	21,765	11,981
Investors and shareholder relations	24,434	9,237	31,175	12,195
Interest	-	14,036	-	17,093
Legal fees	10,191	157,024	20,338	274,373
Professional fees	60,267	(6,250)	341,324	1,826
Transfer agent and regulatory fees	4,343	2,894	6,371	5,108
Travel and promotion	4,574	2,325	9,558	204
Stock-based compensation	32,680	-	65,360	-
Overhead recoveries	(20,027)	-	(41,130)	-
Loss on disposition of mineral properties <i>(Note 5 (a))</i>	-	-	14,330	-
Write-down of mining properties <i>(Note 5 (c))</i>	342,899	-	342,899	-
Loss on investment <i>(Note 6)</i>	1,027,745	-	519,742	-
	<b>1,498,077</b>	184,747	<b>1,335,271</b>	323,812
<b>Loss for the period</b>	<b>(1,486,052)</b>	(176,347)	<b>(1,313,750)</b>	(310,354)
<b>Deficit, beginning of period</b>	<b>(6,373,081)</b>	(5,279,469)	<b>(6,545,383)</b>	(5,145,461)
<b>Deficit, end of period</b>	<b>(7,859,133)</b>	(5,455,816)	<b>(7,859,133)</b>	(5,455,816)
<b>Loss per share – basic and dilutive</b> <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**

*Three and six months ended January 31*  
*(unaudited)*

	Three months ended January 31		Six months ended January 31	
	2008	2007	2008	2007
<b>Cash provided by (used for) the following activities</b>				
<b>Operating</b>				
Loss for the period	(1,486,052)	(176,347)	(1,313,750)	(310,354)
Add back (deduct) non-cash items:				
Depreciation	1,206	461	2,508	921
Stock-based compensation	32,680	-	65,360	-
Loss on disposition of mineral properties	-	-	14,330	-
Write-down of mining properties	342,899	-	342,899	-
Loss on investment	1,027,745	-	519,742	-
	(81,522)	(175,886)	(368,911)	(309,433)
Changes in non-cash working capital <i>(Note 10)</i>	(158,014)	11,763	(166,615)	237,533
	(239,536)	(64,123)	(535,526)	(71,900)
<b>Financing</b>				
Issue of shares, net of share issue costs	229,057	-	723,817	-
Change in non-cash working capital <i>(Note 10)</i>	20,000	-	25,000	-
	249,057	-	748,817	-
<b>Investing</b>				
Purchase of and expenditures on mineral properties	(272,748)	-	(1,060,602)	(437,346)
Proceeds on sale of property and equipment	-	(45,137)	2,000,000	120,194
Change in non-cash working capital <i>(Note 10)</i>	(95,826)	70,348	(209,742)	181,764
	(368,574)	(25,211)	729,656	(135,388))
<b>Increase (decrease) in cash</b>	<b>(359,053)</b>	<b>(109,260)</b>	<b>942,945</b>	<b>(207,288)</b>
<b>Cash, beginning of period</b>	<b>1,474,093</b>	<b>707,706</b>	<b>172,095</b>	<b>805,734</b>
<b>Cash, end of period</b>	<b>1,115,040</b>	<b>598,446</b>	<b>1,115,040</b>	<b>598,446</b>

*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 and changed its name to Cascadia International Resources Inc. on April 7, 1997. The Company was continued from British Columbia and registered under the laws of Alberta on March 29, 2004. 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 six months ended January 31, 2008 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.

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

*January 31, 2008*  
*(Unaudited)*

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

***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 loss with the exception of derivatives designated as cash flow hedges. The Company did not identify any derivatives which require separate recognition and measurement.

***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 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>January 31, 2008 Net Book Value</i>	<i>July 31, 2007 Net Book Value</i>
Computer equipment	20,428	6,446	<b>13,982</b>	16,340
Office equipment	3,350	1,956	<b>1,394</b>	1,544
	<b>23,778</b>	<b>8,402</b>	<b>15,376</b>	<b>17,884</b>

**5. Mineral properties**

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>January 31, 2008 Net Book Value</i>	<i>July 31, 2007 Net Book Value</i>
<b>Ontario Properties</b>				
Norton Lake	<b>2,203,928</b>	-	<b>2,203,928</b>	1,969,368
Midway	<b>167,980</b>	-	<b>167,980</b>	137,250
Awkward	<b>55,249</b>	-	<b>55,249</b>	-
<b>British Columbia Properties</b>				
Goat Mountain, British Columbia (b)	<b>502,700</b>	-	<b>502,700</b>	29,213
<b>Other Properties</b>				
Baker Lake, Nunavut	<b>342,899</b>	-	<b>342,899</b>	77,693
Write-down	<b>(342,899)</b>	-	<b>(342,899)</b>	-
Raglan (a)	-	-	-	3,306,595
<b>International Properties</b>				
Peru Prospects	<b>4,666</b>	-	<b>4,666</b>	-
	<b>2,934,522</b>	-	<b>2,934,522</b>	<b>5,520,119</b>

During the three and six months ended January 31, 2008, mineral property expenditures and acquisitions totaled \$279,123 and \$1,078,227 respectively of which \$272,748 and \$1,060,602 was acquired with cash and \$6,375 and \$17,625 respectively was acquired through the issue of common shares (Note 7(d)). In November 2007, the Company returned the Baker Lake Property to the vendors and ceased any further exploration.

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

*January 31, 2008*  
*(unaudited)*

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

*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.

*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

To date the Company has paid \$50,000 in cash options payments and issued 150,000 common shares, of which 75,000 common shares were issued in January 2008 in respect of (iii). These shares were valued at \$6,375, and \$17,625 based on the market price of the Company's shares on the dates of issuance (Note 7). The Company may also acquire a 1% net smelter return royalty at any time for \$1,000,000.

*c) Baker Lake Project, Nunavut*

In May 2007, the Company signed an option agreement with Tanqueray Resources Ltd. for a property comprised of 22 claims (22,365 ha) located 75 km west of Baker Lake, Nunavut. Under the agreement, the Company may earn a 50% interest in the Baker Lake Claims over a two year term for a cash payment of \$50,000 paid in April 2007, the issue of 100,000 common shares of the Company in July 2007 and an additional 200,000 common shares of the Company on or before March 31, 2008. In addition, the Company has committed to incur a minimum \$200,000 of exploration expenditures by March 31, 2008 and to complete a drill program to a minimum depth of 1,000 metres by March 31, 2009.

In November 2007, the Company suspended exploration on Baker Lake Property, and as a result, all associated expenditures incurred on these properties to January 31, 2008, totaling \$342,899 were written off the second quarter ending January 31, 2008.

**6. Investment**

As at January 31, 2008, the fair value of the Company's investment (Note 5(a)) was \$786,853. As a consequence of adopting new financial instruments standards as described in note 3, the difference of (\$519,742) between the \$1,306,595 estimated fair value recorded on the date of the mineral property disposition and the January 31, 2008 fair value has been recognized as a loss on investment in the statement of net loss.

**Cascadia International Resources Inc.**  
**Notes to the Financial Statements**

*For the six months ended January 31, 2008*  
*(unaudited)*

**7. Share Capital**

***Issued***

<b>Common shares</b>	<b>Number</b>	<b>Value</b>
<i>Balance, July 31, 2007</i>	45,782,121	10,005,209
<i>Flow-through private placement (a)</i>	3,750,000	528,860
<i>Exercised warrants (b)</i>	20,000	4,231
<i>Mineral property (Note 5(b))</i>	150,000	17,625
<i>Share issues costs, net of \$8,464 future income tax</i>	-	(20,720)
<b><i>Balance ending, January 31, 2008</i></b>	<b>49,702,121</b>	<b>10,535,205</b>

- a) In October and November, 2007 the Company completed a non-brokered private placement for the issuance 3,750,000 units at a price of \$0.20 per unit for gross proceeds of \$750,000. 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, \$221,140 was ascribed to the warrants based on the Black-Scholes fair value pricing model and \$528,860 was ascribed to the common shares.
- b) In November 2007, 20,000 warrants were exercised for cash proceeds of \$3,000 plus the related fair value of \$1,231. The remaining warrants expired unexercised and the \$114,179 of fair value was reclassified from share capital to contributed surplus.

***Flow-through shares***

The \$275,500 tax effect of the \$450,000 flow-through share proceeds raised in March 2007 and the \$750,000 flow-through share proceeds raised in October/November 2007 have been recorded in February 2008 when the tax benefits were 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 December 31, 2007. The Company has until December 31, 2008 to incur \$750,000 of qualifying flow-through expenditures in respect of the October/November 2007 proceeds.

***Stock options***

As at July 31, 2007 and January 31, 2008, 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 January 31, 2008, options outstanding have a weighted average life remaining of 2.61 years.

***Per share amounts***

Basic and diluted net loss per share is calculated using the weighted average number of shares outstanding for the three and six months ended January 31, 2008 of 47,650,784 and 50,336,245, respectively, (three and six months ended January 31, 2007 – 41,932,121 and 41,932,121). Diluted per common share amounts have not been presented as any effect of options and warrants is anti-dilutive.

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

*January 31, 2008*  
*(unaudited)*

**8. Warrants**

	<i>Number of Warrants</i>	<i>Weighted Average Exercise Price (\$)</i>	<i>Value</i>	<i>Expiry Date</i>
<i>Balance, July 31, 2007</i>	1,875,000	\$0.15	\$115,410	
Exercised	(20,000)	\$0.15	(1,231)	
Expired	(1,855,000)	\$0.15	(114,179)	-
Issued (Note 7)	1,875,000	\$0.25	\$221,140	December 31, 2008
<i>Balance, January 31, 2008</i>	1,875,000	\$0.25	\$221,140	December 31, 2008

As of January 31, 2008, warrants have a weighted average life of 0.92 years.

**9. Contributed Surplus**

<i>Balance, July 31, 2007</i>	1,168,873
Stock-based compensation	65,360
Expiry of warrants (Note 7(b))	114,179
<i>Balance, January 31, 2008</i>	1,348,412

**10. Change in non-cash working capital**

	<i>Three months ended Jan 31</i>		<i>Six months ended Jan 31</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
Accounts Receivable	71,996	22,234	(1,708)	(28,519)
Prepaid expenses and deposits	10,192	6,700	(16,418)	(27,249)
Accounts payable and accrued liabilities	(316,028)	82,829	(333,233)	475,064
	(233,840)	111,763	(351,359)	419,296

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

	<i>Three months ended Jan 31</i>		<i>Six months ended Jan 31</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
Operating	(158,014)	41,415	(166,617)	237,532
Financing	20,000	-	25,000	-
Investing	(95,826)	70,348	(209,742)	181,764
	(233,840)	111,763	(351,359)	419,296

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

*January 31, 2008*  
*(unaudited)*

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**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 and six months ended January 31, 2008, the Company was charged \$4,500 and \$9,000, respectively (three and six months ended January 31, 2007 –\$500 and \$5,000) 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 January 31, 2008.

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.

**12. Contingency**

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. The Company posted the arbitration funds ruling award with the BC Court to be held until further order of the court, due to the appeal process proceedings.