

Cascadia International Resources Inc.
Financial Statements
October 31, 2003

Cascadia International Resources Inc.
Balance Sheet

	<i>October</i> <i>2003</i> <i>(unaudited)</i>	<i>July</i> <i>2003</i> <i>(audited)</i>
Assets		
Current		
Cash	2,262,512	396,691
Marketable securities	-	300,000
Accounts receivable	30,835	11,077
Prepaid expenses	135,000	-
	2,428,347	707,768
Mineral properties (Note 3)	2,651,294	2,534,662
	5,079,641	3,242,430
Liabilities		
Current		
Accounts payable and accruals	36,085	135,843
Future income tax liability (Note 4)	1,533,490	769,500
	1,569,575	905,343
Shareholders' Equity		
Share capital (Note 5)	6,068,142	4,790,159
Deficit	(2,558,076)	(2,453,072)
	3,510,066	2,337,087
	5,079,641	3,242,430

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 Earnings and Retained Earnings
For the three months ended October 31

	2003	2002
Interest income	2,109	-
Expenses		
General corporate	16,837	1,500
Bank Charges	78	20
Investors and shareholder relations	28,479	-
Management fees	-	7,500
Professional fees	54,883	2,703
Transfer agent and regulatory fees	1,873	1,227
Travel and promotion	4,963	5,000
	107,113	17,950
Loss before income taxes	(105,004)	(17,950)
Net loss	(105,004)	(17,950)
Deficit, beginning of period	(2,453,072)	(2,243,465)
Deficit, end of period	(2,558,076)	(2,261,415)

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Cascadia International Resources Inc.
Statement of Cash Flows
For the three months ended October 31

	2003	2002
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Cash provided by (used for) the following activities		
Operating		
Net loss	(105,004)	(17,950)
Changes in working capital		
Accounts receivable	(19,758)	(871)
Marketable securities	300,000	-
Prepaid expenses and deposits	(135,000)	-
Accounts payable	(99,758)	11,261
	<hr/>	<hr/>
	45,484	10,390
Financing		
Issue of shares, net of share costs	2,041,973	-
	<hr/>	<hr/>
	2,041,973	-
Investing		
Deferred project costs of mineral properties	(116,632)	-
	<hr/>	<hr/>
	(116,632)	-
Increase (decrease) in cash resources	<hr/>	<hr/>
	1,865,821	(7,560)
Cash, (Bank indebtedness) beginning of period	<hr/>	<hr/>
	396,691	17,528
Cash, end of period	<hr/>	<hr/>
	2,262,512	9,968
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements

Cascadia International Resources Inc.

Notes to the Financial Statements

For the three months ended October 31, 2003

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 is involved in the acquisition and exploration of mineral properties in Canada.

These 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 \$2,558,076. 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 consolidated 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, 2003. Certain information and note disclosure normally included in consolidated 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 consolidated financial statements for the year ended July 31, 2003.

3. Mineral properties

	<i>Cost</i>	<i>Accumulated Depletion</i>	<i>October 2003 Net Book Value</i>	<i>July 2003 Net Book Value</i>
Raglan – deferred exploration payments	2,475,875	-	2,475,875	2,395,875
Raglan – Thundermin acquisition	91,877	-	91,877	88,651
McGarry – deferred exploration payments	51,042	-	51,042	50,136
Norton Lake – deferred exploration payments	25,000	-	25,000	-
Attwood & Ficht Lake – deferred exploration payments	7,500	-	7,500	-
Total mineral properties	2,651,294	-	2,651,294	2,534,662

In October, the Company optioned a 290 claim unit property located 60 miles north of Armstrong, Ontario that covers 10 miles (16 km) of a greenstone belt containing numerous copper nickel-cobalt showings. The property is presently held 100% by East West Resource Corp. ("East West") subject to a 3% NSR to the original prospector vendors. Under the terms of the option agreement, the Company has agreed to spend a minimum of \$100,000 drilling this winter and may earn a 51% interest in the property by spending \$1.0 million by November 1, 2010. A 60% interest may be earned by completing a feasibility study by November 1, 2011 in accordance with the standards of the Toronto Stock Exchange, and may earn a 70% interest by financing the property to production. Option payments to East West totaling \$95,000 over 7 years in staged payments are to be made as well as payments to the underlying prospector vendors.

In October, 2003 the Company optioned a 164 and 152 claim unit group in the Norton Lake area, Thunder Bay from East West and Canadian Golden Dragon Resources Ltd. The Company may earn a 51% interest in both claim groups by spending \$1.5 million by November 1, 2010 and may earn a 60% interest by completing a feasibility study to the standards of the TSX and may obtain a 70% interest by financing the property to production. Option payments are to be made in stages, totaling \$150,000 over 7 years. A \$150,000 drill program is planned for January 2004 to March 2004.

Cascadia International Resources Inc.
Notes to the Financial Statements
For the three months ended October 31, 2003

4. Future income taxes

Flow-through share liability	1,533,490
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<i>Future income tax assets</i>	
Mineral exploration costs	153,000
Loss carryforwards	338,808
Share issuance costs	91,960
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	583,768
Valuation allowance	(583,768)
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	-
	<hr/>
Future income tax liability	1,533,490
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At its July 31, 2003, year end, the Company had available resource tax pools of approximately \$835,000 and non-capital loss carryforwards of approximately \$891,000, which will expire as follows:

2004	18,200
2005	122,000
2006	158,000
2007	133,000
2008	122,800
2009	123,500
2010	213,500

Cascadia International Resources Inc.
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5. Share capital

	Number	Value
<i>Authorized</i>		
Unlimited number of common shares, without nominal or par value		
Unlimited number of non-voting shares, without nominal or par value		
Unlimited number of preferred shares, without nominal or par value		
<i>Issued</i>		
Common shares		
Balance ending, July 31, 2003	21,045,387	4,790,159
Private placement	4,000,000	2,000,000
Warrants exercised	900,000	95,500
Agent's commission shares	160,000	80,000
Thundermin purchase	129,900	63,651
Share issue costs	-	(80,000)
Effect of future income taxes on flow-through expenditures	-	(763,990)
Balance ending, October 31, 2003	26,235,287	6,185,320

On September 19, 2003 the Company announced that it had closed its previously announced offering for gross proceeds of \$2,000,000 pursuant to a short form offering document. The Company, through its agent, First Associates Investments Inc, offered 4,000,000 units at a price of \$0.50 per unit. Each unit consisted of one common share, issued on a "flow through" basis under the *Income Tax Act* (Canada) and one share purchase warrant. Each share purchase warrant entitles the holder to acquire one additional common share at a price of \$0.60 per share until September 18, 2005.

Stock options

The Company has a stock option plan under which the Board of Directors may grant options to directors, officers, other employees and key consultants. The purpose of the plan is to advance the interests of the Company by encouraging these individuals to acquire shares in the Company and thereby remain associated with, and seek to maximize the value of the Company. The options expire not more than five years from the date of grant, or earlier if the individual ceases to be associated with the Company.

	<i>Number of Options</i>	<i>Price Range (\$)</i>	<i>Weighted Average Price (\$)</i>	<i>Expiry Date</i>
Balance ending, July 31, 2003	2,069,538	0.30	0.30	2008
Issued	506,000	0.50	0.50	2008
Balance ending, October 31, 2003	2,575,538	0.30 – 0.50	0.34	2008

In addition to the above options, agent options of 1,800,000 remain outstanding as at October 31, 2003.

Cascadia International Resources Inc.
Notes to the Financial Statements
For the three months ended October 31, 2003

5. Share capital *(continued from previous page)*

The Company uses the Black-Scholes option pricing model to estimate the fair value at the date of grant for options granted. During the current quarter, 506,000 options with a weighted average fair value of \$212,000 were granted and valued using the following weighted average assumptions:

Risk free interest rate	4.75%
Expected volatility	120%
Expected life	5 years
Expected dividends	-

Loss attributable to common shareholders – as reported	(105,004)
Stock-based compensation expense	(212,000)
Loss attributable to common shareholders – pro forma	(317,004)

Loss per share – pro forma (0.01)

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

Warrants

In relation to private placements, the Company has the following warrants outstanding:

	<i>Number of Warrants</i>	<i>Price Range(\$)</i>	<i>Weighted Average Price (\$)</i>	<i>Expiry Date</i>
Balance ending, July 31, 2003	13,750,000	0.10 – 0.40	0.26	2004 – 2005
Issued	4,600,000	0.60	0.60	2005 – 2005
Exercised	(900,000)	0.10 – 0.21	0.11	
October 31, 2003 outstanding	17,450,000	0.10 – 0.60	0.36	2004 – 2005

6. Per share amounts

Basic loss per share is calculated using the weighted average number of shares outstanding for the year. For purposes of the calculations, the weighted average number of shares outstanding was 24,713,605

Diluted per common share amounts have not been presented, as any effect is antidilutive.

Cascadia International Resources Inc.
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7. Related party transactions

During the quarter, the Company paid \$15,000 for rent and office services and prepaid \$135,000 for its share of leasehold improvements and office equipment to Yangarra Resources Inc. Yangarra Resources Inc. 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 Inc.

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.

8. Subsequent Events

On December 23, 2003 the Company completed a private placement of 1,000,000 units at a price of \$0.50 per unit. Each unit consisted of one common share to be issued on a "flowthrough" basis under the *Income Tax Act* (Canada) and one share purchase warrant (the "Warrants"). Each Warrant will entitle the holder to acquire one additional common share at a price of \$0.60 per share for a period of two years from the date of closing. The proceeds will be used to incur eligible Canadian Exploration Expenses at Norton and Lindsay Bay in Northern Ontario.