

**Cascadia  
Resources  
Inc.**



**(Formerly Cascadia International Resources Inc.)  
Interim Consolidated Financial Statements**

*January 31, 2009  
(unaudited)*

**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, 2009 and 2008.

**Cascadia Resources Inc.**  
**(Formerly Cascadia International Resources Inc.)**  
**Interim Consolidated Balance Sheets**  
*(unaudited)*

	<i>January 31</i>	<i>July 31</i>
	<i>2009</i>	<i>2008</i>
<b>Assets</b>		
<b>Current</b>		
Cash	392,881	728,888
Accounts receivable	27,660	110,962
Prepaid expenses	18,556	4,333
	<b>439,097</b>	844,183
<b>Property and equipment</b> <i>(Note 4)</i>	<b>10,305</b>	12,672
<b>Mineral properties</b> <i>(Note 5)</i>	<b>2,628,682</b>	3,126,340
<b>Investments</b> <i>(Note 6)</i>	<b>189,864</b>	395,750
	<b>3,267,948</b>	4,378,945
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	34,202	149,491
<b>Future income tax liability</b>	–	156,372
	<b>34,202</b>	305,863
<b>Shareholders' Equity</b>		
Share capital <i>(Note 7)</i>	10,234,037	10,234,037
Warrants <i>(Note 8)</i>	–	221,140
Contributed surplus <i>(Note 9)</i>	1,897,393	1,610,893
<b>Deficit</b>	<b>(8,897,684)</b>	<b>(7,992,988)</b>
	<b>3,233,746</b>	4,073,082
	<b>3,267,948</b>	4,378,945
<b>Contingency</b> <i>(Note 12)</i>		
<b>Subsequent event</b> <i>(Note 15)</i>		

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

**Cascadia Resources Inc.**  
**(Formerly Cascadia International Resources Inc.)**  
**Interim Consolidated Statements of Loss, Comprehensive Loss and Deficit**  
*Three and six months ended January 31*  
*(unaudited)*

	Three months ended January 31		Six months ended January 31	
	<b>2009</b>	2008	<b>2009</b>	2008
<b>Interest income</b>	<b>1,418</b>	12,025	<b>4,937</b>	21,521
<b>Expenses</b>				
Bank charges	<b>2,996</b>	622	<b>3,711</b>	1,031
Depreciation	<b>1,183</b>	1,206	<b>2,367</b>	2,508
Foreign exchange (gain) loss	<b>(3,351)</b>	–	<b>(10,965)</b>	–
General corporate	<b>14,723</b>	9,143	<b>30,131</b>	21,765
Investors and shareholder relations	<b>4,441</b>	24,434	<b>21,866</b>	31,175
Interest expense (reduction)	<b>(2,064)</b>	–	<b>437</b>	–
Legal fees	<b>6,054</b>	10,191	<b>62,570</b>	20,338
Professional fees	<b>16,897</b>	60,267	<b>44,500</b>	341,324
Transfer agent and regulatory fees	<b>6,004</b>	4,343	<b>6,885</b>	6,371
Travel and promotion	<b>1,244</b>	4,574	<b>14,169</b>	9,558
Stock-based compensation ( <i>Note 7</i> )	<b>32,680</b>	32,680	<b>65,360</b>	65,360
Overhead recoveries	<b>(447)</b>	(20,027)	<b>(2,515)</b>	(41,130)
Loss on disposition of mineral properties	–	–	–	14,330
Mineral property impairment ( <i>Note 5</i> )	<b>621,603</b>	342,899	<b>621,603</b>	342,899
Unrealized loss on investment ( <i>Note 6</i> )	<b>68,591</b>	1,027,745	<b>205,886</b>	519,742
	<b>770,554</b>	1,498,077	<b>1,066,005</b>	1,335,271
<b>Loss for the period before income taxes</b>	<b>(769,136)</b>	(1,486,052)	<b>(1,061,068)</b>	(1,313,750)
<b>Future income tax reduction</b>	<b>156,372</b>	–	<b>156,372</b>	–
<b>Loss and comprehensive loss for the period</b>	<b>(612,764)</b>	(1,486,052)	<b>(904,696)</b>	(1,313,750)
<b>Deficit, beginning of period</b>	<b>(8,284,920)</b>	(6,373,081)	<b>(7,992,988)</b>	(6,545,383)
<b>Deficit, end of period</b>	<b>(8,897,684)</b>	(7,859,133)	<b>(8,897,684)</b>	(7,859,133)
<b>Loss per share – basic (<i>Note 7</i>)</b>	<b>(0.01)</b>	(0.03)	<b>(0.02)</b>	(0.03)

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

**Cascadia Resources Inc.**  
**(Formerly Cascadia International Resources Inc.)**  
**Interim Consolidated Statements of Cash Flows**  
*Three and six months ended January 31*  
*(unaudited)*

	Three months ended January 31		Six months ended January 31	
	2009	2008	2009	2008
<b>Cash provided by (used for):</b>				
<b>Operating activities</b>				
Loss for the period	<b>(612,764)</b>	(1,486,052)	<b>(904,696)</b>	(1,313,750)
Add back (deduct) non-cash items:				
Depreciation	<b>1,183</b>	1,206	<b>2,367</b>	2,508
Stock-based compensation	<b>32,680</b>	32,680	<b>65,360</b>	65,360
Loss on disposition of mineral properties	–	–	–	14,330
Mineral property impairment	<b>621,603</b>	342,899	<b>621,603</b>	342,899
Unrealized loss on investment	<b>68,591</b>	1,027,745	<b>205,886</b>	519,742
Future income tax reduction	<b>(156,372)</b>	–	<b>(156,372)</b>	–
	<b>(45,079)</b>	(81,522)	<b>(165,852)</b>	(368,911)
Change in non-cash working capital <i>(Note 10)</i>	<b>(49,191)</b>	(158,014)	<b>(22,017)</b>	(166,617)
	<b>(94,270)</b>	(239,536)	<b>(187,869)</b>	(535,528)
<b>Financing activities</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 activities</b>				
Purchase of and expenditures on mineral properties	<b>(8,651)</b>	(272,748)	<b>(123,945)</b>	(1,060,602)
Proceeds on sale of mineral property	–	–	–	2,000,000
Change in non-cash working capital <i>(Note 10)</i>	<b>6,888</b>	(95,826)	<b>(24,193)</b>	(209,742)
	<b>(1,763)</b>	(368,574)	<b>(148,138)</b>	729,656
<b>Increase (decrease) in cash</b>	<b>(96,033)</b>	(359,053)	<b>(336,007)</b>	942,945
<b>Cash, beginning of period</b>	<b>488,914</b>	1,474,093	<b>728,888</b>	172,095
<b>Cash, end of period</b>	<b>392,881</b>	1,115,040	<b>392,881</b>	1,115,040

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

**Cascadia Resources Inc.**  
(Formerly Cascadia International Resources Inc.)  
**Notes to the Interim Consolidated Financial Statements**  
*January 31, 2009*  
*(unaudited)*

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**1. Incorporation, nature and continuance of operations**

Cascadia Resources Inc. (the “Company”) (formerly Cascadia International Resources Inc., see note 15) 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. In March 2008, the Company incorporated a 99.99% owned subsidiary, Cascadia Peru S.A.C. (“Cascadia Peru”). The Company is in the process of acquiring, exploring and developing its mineral properties in Canada and Peru and has not yet determined whether these properties contain deposits that are economically recoverable.

These consolidated financial statements include the accounts and results of the Company and Cascadia Peru after the elimination of intercompany transactions and balances. These consolidated financial statements have been prepared on the basis that the Company will be able to discharge its obligations and realize its assets in the normal course of business at the values at which they are carried in these consolidated financial statements, and that the Company will be able to continue its business activities. The ability of the Company to carry out its planned business objectives is dependent on the ability to raise adequate financing from shareholders, other investors and lenders and/or the discovery, development or sale of mineral reserves and achievement of profitable operations and controlling expenditure in relation to existing cash resources. There can be no assurances that the Company will continue to obtain additional financial resources necessary and/or capability to achieve profitability or positive cash flows. The Company is planning to meet its future expenditures and obligations by raising funds through private placements or by farm-outs of mineral properties and by controlling expenditures over the next twelve months. It is not possible to predict whether these efforts will be successful. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations, exploration and development activities. These consolidated financial statements do not reflect adjustments, which could be material, to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

**2. Basis of presentation**

These unaudited interim consolidated 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, 2008 consolidated financial statements except certain disclosures have been condensed or omitted. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the notes contained in the Company’s audited July 31, 2008 consolidated 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 and six months ended January 31, 2009 may not be indicative of the results for the year ended July 31, 2009.

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**Notes to the Interim Consolidated Financial Statements**  
January 31, 2009  
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**3. 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 polices 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 International Financial Reporting Standards.

**4. Property and equipment**

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>January 31, 2009 Net Book Value</i>	<i>July 31, 2008 Net Book Value</i>
Computer equipment	20,428	11,234	9,194	11,438
Office equipment	3,350	2,239	1,111	1,234
	<b>23,778</b>	<b>13,473</b>	<b>10,305</b>	<b>12,672</b>

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**5. Mineral properties**

	<i>Cost</i>	<i>Accumulated Depreciation and Impairment</i>	<i>January 31, 2009 Net Book Value</i>	<i>July 31, 2008 Net Book Value</i>
<b>Ontario Properties</b>				
Norton Lake	2,250,824	–	2,250,824	2,250,824
Midway	156,387	–	156,387	156,387
Awkward	56,157	–	56,157	56,157
<b>British Columbia Properties</b>				
Goat Mountain	621,603	(621,603)	–	569,535
<b>International Properties</b>				
Peru Prospects	165,314	–	165,314	93,437
	3,250,285	(621,603)	2,628,682	3,126,340

*Goat Mountain impairment*

Under Canadian generally accepted accounting principles, when the Company relinquishes claims or when delays in development activity extend beyond three years, there is a presumption that an impairment write-down of capitalized costs, deferred development and pre-operating costs is necessary.

During the six months ended January 31, 2009, the Company's on-going strategic evaluation of its mineral properties resulted in the termination of the Goat Mountain option agreement signed in July 2007. The related mineral property expenditures on these claims totaled approximately \$621,603 which has been recorded as mineral property impairment in the consolidated statement of loss.

**6. Investments**

	<i>January 31 2009</i>	<i>July 31 2008</i>
East West Resource Corporation – 100,000 common shares and 100,000 common share purchase warrants	3,006	11,036
Goldbrook Ventures Inc. – 2 million common shares and 2 million common share purchase warrants	186,858	384,714
	189,864	395,750

The difference of \$205,886 between the estimated fair values at July 31, 2008 and January 31, 2009 has been recognized as an unrealized loss on investment in the consolidated statement of net loss and comprehensive loss.

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**7. Share capital**

<i>Common shares issued</i>	<i>Number</i>	<i>Value</i>
<i>Balance, July 31, 2008 and January 31, 2009</i>	49,702,121	10,234,037

*Stock options*

As at July 31, 2008, the Company had 4,950,000 stock options outstanding with a weighted average price of \$0.11 per share. During the period, 650,000 options exercisable at \$0.10 per share were cancelled reducing the number of stock options outstanding at January 31, 2009 to 4,300,000.

Information on stock options outstanding as at January 31, 2009 is as follows:

<i>Exercise Price</i>	<i>Number of Options</i>	<i>Weighted Average Exercise Price</i>	<i>Weighted Contractual Life Remaining (Years)</i>	<i>Number Exercisable</i>
0.10	3,675,000	\$ 0.10	3.6	2,575,000
0.155	375,000	0.155	3.2	187,500
0.25	250,000	0.25	1.6	250,000
	4,300,000	\$ 0.11	3.5	3,012,500

*Per share amounts*

Basic loss per share is calculated using the weighted average number of shares outstanding for the period. For purposes of the calculation, the weighted average number of shares outstanding for the three and six months ended January 31, 2009 was 49,702,121 (three and six months ended January 31 2008 – 49,529,874 and 47,657,991, respectively). Diluted per common share amounts have not been presented as any effect of options and warrants is anti-dilutive.

**8. Warrants**

	<i>Number</i>	<i>Value</i>
<i>Balance, July 31, 2008</i>	1,875,000	221,140
<i>Expired</i>	(1,875,000)	(221,140)
<i>Balance, January 31, 2009</i>	–	–

All of the Company's warrants expired on December 31, 2008.

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**9. Contributed surplus**

Balance, July 31, 2008	1,610,893
Stock-based compensation ( <i>Note 7</i> )	65,360
Fair value of expired warrants ( <i>Note 8</i> )	221,140
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Balance, January 31, 2009	1,897,393

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

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>January 31</i>		<i>January 31</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
Accounts receivable	22,054	71,996	83,302	(1,708)
Prepaid expenses and deposits	10,170	10,192	(14,223)	(16,418)
Accounts payable and accrued liabilities	(74,527)	(316,028)	(115,289)	(333,233)
	(42,303)	(233,840)	(46,210)	(351,359)

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

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>January 31</i>		<i>January 31</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
Operating	(49,191)	(158,014)	(22,017)	(166,617)
Financing	–	20,000	–	25,000
Investing	6,888	(95,826)	(24,193)	(209,742)
	(42,303)	(233,840)	(46,210)	(351,359)

**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, 2009, the Company was charged \$7,000 and \$11,500 respectively (three and six months ended January 31, 2008 – \$4,500 and \$9,000) for rent and office services by a company related through a common officer and director, for which \$2,000 is included in accounts payable and accrued liabilities at January 31, 2009 (July 31, 2008 – \$4,500).

During the three and six months ended January 31, 2009, the Company was charged \$16,000 and \$82,000, respectively (three and six months ended January 31, 2008 – \$95,500 and \$458,500) by officers and directors for management and geological consulting fees. In the current three and six month periods, the Company capitalized \$6,400 and \$44,000 (three and six months ended January 31, 2008 – \$42,200 and \$84,400) of the geological fees to mineral properties. As at January 31, 2009, accounts payable and accrued liabilities included \$14,580 (July 31, 2008 – \$25,322) in relation to these charges.

## 12. Contingency

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

## 13. 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 January 31, 2009, the maximum credit exposure is the carrying amount of the accounts receivable of \$27,660 (July 31, 2008 – \$110,962). The Company's accounts receivable consists of \$3,675 of Goods and Services Tax input tax credits, \$5,479 due from joint venture partners and \$18,506 related to renewal fees on the Raglan property (note 12). 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 January 31, 2009, the Company's financial liabilities were comprised of accounts payable and accrued liabilities which have a maturity of less than one year.

**13. Financial instruments and financial risk management** *(continued)*

*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.

*i) 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. Had the Canadian dollar increased by \$0.10, the Company’s foreign exchange gain would have decreased and the loss would have increased by approximately \$nil and \$1,950, respectively, for the three and six months ended January 31, 2009. 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 January 31, 2009.

*ii) 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.

*iii) 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.

**14. 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.

**14. Capital management** *(continued)*

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 six months ended January 31, 2009.

**15. Subsequent events**

On February 5, 2009, pursuant to a resolution passed by the Company's shareholders on December 16, 2008, the Company changed its name to Cascadia Resources Inc. and consolidated its share capital on the basis of one (1) common share for every three (3) common shares held. Upon completion of the share consolidation, 16,535,707 common shares were issued and outstanding. No fractional common shares were issued and any fractional common shares that would have otherwise resulted from the consolidation were rounded down to the nearest whole common share.

Effective at the opening of markets on February 6, 2009, the Company's common shares commenced trading on the TSX Venture Exchange under the symbol CCR.V.

On February 5, 2009, the Company announced a joint venture assignment agreement to sell its Norton Lake Property interest to White Tiger Mining Corp. for cash consideration of \$300,000. The transaction is under review with the TSX Venture Exchange.

On February 20, 2009 East West Resources terminated its agreement to earn-in 50% on the Company's Midway project.

On March 6, 2009 Richard Osmond resigned as President and COO of the Company, but will remain as a Director and technical advisor to the Company.