

**Cascadia
Resources
Inc.**



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

*April 30, 2009
(unaudited)*

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 and nine months ended April 30, 2009 and 2008.

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

	<i>April 30</i> 2009	<i>July 31</i> 2008
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Assets		
Current		
Cash	287,370	728,888
Accounts receivable	162,782	110,962
Prepaid expenses	3,985	4,333
	<hr/>	<hr/>
	454,137	844,183
Property and equipment <i>(Note 4)</i>	9,121	12,672
Mineral properties <i>(Note 5)</i>	677,858	3,126,340
Investments <i>(Note 6)</i>	303,454	395,750
	<hr/>	<hr/>
	1,444,570	4,378,945
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Liabilities		
Current		
Accounts payable and accrued liabilities	17,612	149,491
Future income tax liability	–	156,372
	<hr/>	<hr/>
	17,612	305,863
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Shareholders' Equity		
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>	1,911,266	1,610,893
Deficit	(10,718,345)	(7,992,988)
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	1,426,958	4,073,082
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	1,444,570	4,378,945
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Contingency *(Note 12)*

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 nine months ended April 30
(unaudited)

	Three months ended April 30		Nine months ended April 30	
	2009	2008	2009	2008
Interest income	466	8,166	5,403	29,687
Expenses				
Bank charges	147	380	3,858	1,411
Depreciation	1,184	1,400	3,551	3,908
Foreign exchange (gain) loss	–	–	(10,965)	–
General corporate	9,359	18,369	39,490	40,134
Investors and shareholder relations	14,923	12,370	36,789	43,545
Interest expense (reduction)	–	2,237	437	2,237
Legal fees	3,478	617	66,048	20,955
Professional fees	64,190	56,219	108,690	397,543
Transfer agent and regulatory fees	6,862	7,776	13,747	14,147
Travel and promotion	971	7,971	15,140	17,529
Stock-based compensation (<i>Note 7</i>)	13,873	47,130	79,233	112,490
Overhead recoveries	–	(1,928)	(2,515)	(43,058)
(Recovery) loss on disposition of mineral properties (<i>Note 12</i>)	(138,265)	–	(138,265)	14,330
Mineral property impairment (<i>Note 5</i>)	1,957,995	–	2,579,598	342,899
Unrealized (gain) loss on investment (<i>Note 6</i>)	(113,590)	313,091	92,296	832,833
	1,821,127	465,632	2,887,132	1,800,903
Loss for the period before income taxes	(1,820,661)	(457,466)	(2,881,729)	(1,771,216)
Future income tax reduction	–	–	156,372	–
Net loss and comprehensive loss for the period	(1,820,661)	(457,466)	(2,725,357)	(1,771,216)
Deficit, beginning of period	(8,897,684)	(7,859,133)	(7,992,988)	(6,545,383)
Deficit, end of period	(10,718,345)	(8,316,599)	(10,718,345)	(8,316,599)
Net loss per share – basic (<i>Note 7</i>)	(0.11)	(0.03)	(0.17)	(0.11)

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 nine months ended April 30
(unaudited)

	Three months ended April 30		Nine months ended April 30	
	2009	2008	2009	2008
Cash provided by (used for):				
Operating activities				
Loss for the period	(1,820,661)	(457,466)	(2,725,357)	(1,771,216)
Add back (deduct) non-cash items:				
Depreciation	1,184	1,400	3,551	3,908
Stock-based compensation	13,873	47,130	79,233	112,490
Loss on disposition of mineral properties	–	–	–	14,330
Mineral property impairment	1,957,995	–	2,579,598	342,899
Unrealized (gain) loss on investment	(113,590)	313,091	92,296	832,833
Future income tax reduction	–	–	(156,372)	–
	38,801	(95,845)	(127,051)	(464,756)
Change in non-cash working capital <i>(Note 10)</i>	(155,167)	58,179	(177,184)	(108,438)
	(116,366)	(37,666)	(304,235)	(573,194)
Financing activities				
Issue of shares, net of share issue costs	–	–	–	723,817
Change in non-cash working capital <i>(Note 10)</i>	–	–	–	25,000
	–	–	–	748,817
Investing activities				
Purchase of and expenditures on mineral properties	(7,171)	(82,370)	(131,116)	(1,142,972)
Proceeds on sale of mineral property	–	–	–	2,000,000
Change in non-cash working capital <i>(Note 10)</i>	18,026	125,369	(6,167)	(84,373)
	10,855	42,999	(137,283)	772,655
Increase (decrease) in cash	(105,511)	5,333	(441,518)	948,278
Cash, beginning of period	392,881	1,115,040	728,888	172,095
Cash, end of period	287,370	1,120,373	287,370	1,120,373

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

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.

On February 5, 2009, pursuant to a resolution passed by the Company’s shareholders on December 16, 2008, the Company consolidated its share capital on the basis of one (1) common share for every three (3) common shares held. Effective February 6, 2009, the Company’s common shares commenced trading on the TSX Venture Exchange under the symbol CCR.V.

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 nine months ended April 30, 2009 may not be indicative of the results for the year ended July 31, 2009.

Cascadia Resources Inc.
(Formerly Cascadia International Resources Inc.)
Notes to the Interim Consolidated Financial Statements
April 30, 2009
(unaudited)

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>April 30, 2009 Net Book Value</i>	<i>July 31, 2008 Net Book Value</i>
Computer equipment	20,428	12,356	8,072	11,438
Office equipment	3,350	2,301	1,049	1,234
	23,778	14,657	9,121	12,672

Cascadia Resources Inc.
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April 30, 2009
(unaudited)

5. Mineral properties

	<i>April 30, 2009</i>		<i>July 31, 2008</i>	
	<i>Cost</i>	<i>Accumulated Depreciation and Impairment</i>	<i>Net Book Value</i>	<i>Net Book Value</i>
Ontario Properties				
Norton Lake	2,257,995	(1,957,995)	300,000	2,250,824
Midway	156,387	–	156,387	156,387
Awkward	56,157	–	56,157	56,157
British Columbia Properties				
Goat Mountain	621,603	(621,603)	–	569,535
International Properties				
Peru Prospects	165,314	–	165,314	93,437
	3,257,456	(2,579,598)	677,858	3,126,340

Norton Lake

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 was approved by the TSX Venture Exchange in May 2009 and the proceeds were received by the Company on May 27, 2009. As at April 30, 2009, the net book value of the properties exceeded the cash consideration resulting in an impairment of \$1,957,995 which has been included in the reported amount of mineral property impairment in the interim consolidated statement of net loss and comprehensive loss.

Midway

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

Goat Mountain

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 nine months ended April 30, 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.

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(unaudited)

6. Investments

	<i>April 30</i> <i>2009</i>	<i>July 31</i> <i>2008</i>
East West Resource Corporation – 100,000 common shares and 100,000 common share purchase warrants	3,000	11,036
Goldbrook Ventures Inc. – 2 million common shares and 2 million common share purchase warrants	300,454	384,714
	303,454	395,750

The difference of \$205,886 between the estimated fair values at July 31, 2008 and April 30, 2009 has been recognized as an unrealized loss on investment in the consolidated statement of net loss and comprehensive loss.

7. Share capital

<i>Common shares issued</i>	<i>Number</i>	<i>Value</i>
<i>Balance, July 31, 2008</i>	49,702,121	10,234,037
<i>3 for 1 share consolidation</i>	(33,134,747)	–
<i>Balance, April 30, 2009</i>	16,567,374	10,234,037

On February 5, 2009, the Company 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, 16,567,374 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.

Stock options

As at July 31, 2008, the Company had 1,650,000 post-consolidation stock options outstanding with a weighted average price of \$0.33 per share. During the period, 216,667 post-consolidation stock options exercisable at \$0.30 per share were cancelled reducing the number of post-consolidation stock options outstanding at April 30, 2009 to 1,433,333.

Information on stock options outstanding (post-consolidation) as at April 30, 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>
\$ 0.30	1,225,000	\$ 0.30	3.4	1,225,000
\$ 0.465	125,000	0.465	2.9	125,000
\$ 0.75	83,333	0.75	1.4	83,333
	1,433,333	\$ 0.33	3.2	1,433,333

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7. Share capital (continued)

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 nine months ended April 30, 2009 was 16,567,374 (three and nine months ended April 30, 2008 – 16,250,115 and 16,567,374, respectively). Diluted per common share amounts have not been presented as any effect of options and warrants is anti-dilutive.

8. Warrants

<i>Post-consolidation</i>	<i>Number</i>	<i>Value</i>
<i>Balance, July 31, 2008</i>	625,000	221,140
<i>Expired</i>	(625,000)	(221,140)
<i>Balance, April 30, 2009</i>	–	–

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

9. Contributed surplus

Balance, July 31, 2008	1,610,893
Stock-based compensation	79,233
Fair value of expired warrants (<i>Note 8</i>)	221,140
Balance, April 30, 2009	1,911,266

10. Change in non-cash working capital

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>April 30</i>		<i>April 30</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
Accounts receivable	(135,122)	58,691	(51,820)	56,983
Prepaid expenses and deposits	14,571	8,500	348	(7,918)
Accounts payable and accrued liabilities	(16,590)	116,357	(131,879)	(216,876)
	(137,141)	183,548	(183,351)	(167,811)

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

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>April 30</i>		<i>April 30</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
Operating	(155,167)	58,179	(177,184)	(108,438)
Financing	–	–	–	25,000
Investing	18,026	125,369	(6,167)	(84,373)
	(137,141)	183,548	(183,351)	(167,811)

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 nine months ended April 30, 2009, the Company was charged \$6,000 and \$17,500 respectively (three and nine months ended April 30, 2008 – \$4,500 and \$13,500) for rent and office services by a company related through a common officer and director, for which \$8,000 is included in accounts payable and accrued liabilities at April 30, 2009 (July 31, 2008 – \$4,500).

During the three and nine months ended April 30, 2009, the Company was charged \$68,124 and \$140,524, respectively (three and nine months ended April 30, 2008 – \$98,000 and \$546,500) by officers and directors for management and geological consulting fees. In the current three and nine month periods, the Company capitalized \$nil and \$44,000 (three and nine months ended April 30, 2008 – \$42,200 and \$126,600) of the geological fees to mineral properties. As at April 30, 2009, accounts payable and accrued liabilities included nil (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. Litigation appeals with Appella Resources Inc. (formerly NovaWest Resources Inc.) have been discontinued and the Company has received a ruling in its favor for the return of \$156,771 including accrued interest in respect of \$423,525 the Company paid to the Court in 2007. As a result, the Company has recorded a \$138,265 recovery related to the August 2007 disposition of the Raglan properties for the \$156,771 net of settled amounts receivable from Appella Resources Inc.

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 April 30, 2009, the maximum credit exposure is the carrying amount of the accounts receivable of \$162,782 (July 31, 2008 – \$110,962). The Company's accounts receivable consists of \$156,771 related to the appeal proceedings described in Note 12, \$4,632 of Goods and Services Tax input tax credits and \$1,378 due from joint venture partners. The Company views credit risk on accounts receivable as minimal.

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

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 April 30, 2009, the Company's financial liabilities were comprised of accounts payable and accrued liabilities which have a maturity of less than one year.

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 nine months ended April 30, 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 April 30, 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.

Cascadia Resources Inc.
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Notes to the Interim Consolidated Financial Statements
April 30, 2009
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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:

	April 30 2009	July 31 2008
Working capital	\$ 436,525	\$ 694,692
Shareholders' equity	1,426,958	4,073,082
	\$ 1,863,483	\$ 4,767,774

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.

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 nine months ended April 30, 2009.