

**Cascadia
Resources
Inc.**



Interim Consolidated Financial Statements

October 31, 2009

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, 2009 and 2008.

Cascadia Resources Inc.
Interim Consolidated Balance Sheets
(unaudited)

	<i>October 31</i> <i>2009</i>	<i>July 31</i> <i>2009</i>
Assets		
Current		
Cash	644,864	665,493
Accounts receivable	9,349	37,656
Prepaid expenses	15,415	1,594
	669,628	704,743
Property and equipment <i>(Note 4)</i>	6,839	7,938
Mineral properties <i>(Note 5)</i>	212,544	212,544
Investments <i>(Note 6)</i>	954,996	459,093
	1,844,007	1,384,318
Liabilities		
Current		
Accounts payable and accrued liabilities	152,248	40,187
Shareholders' Equity		
Share capital <i>(Note 7)</i>	10,234,037	10,234,037
Contributed surplus	1,911,266	1,911,266
Deficit	(10,453,544)	(10,801,172)
	1,691,759	1,344,131
	1,844,007	1,384,318

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

Cascadia Resources Inc.
Interim Consolidated Statements of Net Loss, Comprehensive Loss and Deficit
For the three months ended October 31
(unaudited)

	2009	2008
Interest income	–	3,519
Expenses		
Bank charges	46	715
Depreciation	1,099	1,184
Foreign exchange (gain) loss	–	(7,614)
General corporate	14,305	15,408
Interest	–	2,501
Investor and shareholder relations	3,191	17,425
Legal fees	–	56,516
Professional fees	121,343	27,603
Stock-based compensation	–	32,680
Transfer agent and regulatory fees	931	881
Travel and promotion	7,360	12,925
Unrealized (gain) loss on investments <i>(Note 6)</i>	(495,903)	137,295
Overhead recoveries	–	(2,068)
	(347,628)	295,451
Earnings (loss) and comprehensive earnings (loss)	347,628	(291,932)
Deficit, beginning of period	(10,801,172)	(7,992,988)
Deficit, end of period	(10,453,544)	(8,284,920)
Earnings (loss) per share – basic and dilutive <i>(Note 7)</i>	0.02	(0.01)

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

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

	<i>2009</i>	<i>2008</i>
Cash provided by (used for) the following activities		
Operating		
Earnings (loss) for the period	347,628	(291,932)
Add back (deduct) non-cash items:		
Depreciation	1,099	1,184
Stock-based compensation	–	32,680
Unrealized (gain) loss on investments	(495,903)	137,295
	(147,176)	(120,773)
Change in non-cash working capital (<i>Note 8</i>)	90,409	27,174
	(56,767)	(93,599)
Investing		
Purchase of, and expenditures on, mineral properties	–	(115,294)
Change in non-cash working capital (<i>Note 8</i>)	36,138	(31,081)
	36,138	(146,375)
Decrease in cash	(20,629)	(239,974)
Cash, beginning of period	665,493	728,888
Cash, end of period	644,864	488,914
Supplemental cash flow information		
Interest paid	–	–

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

1. Incorporation, nature and continuance of operations

Cascadia Resources Inc. (the “Company”) (formerly Cascadia International Resources Inc.) 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, 2009 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, 2009 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 months ended October 31, 2009 may not be indicative of the results for the year ended July 31, 2010.

3. Changes in accounting policies

On August 1, 2009, the Company adopted the Canadian Institute of Chartered Accountants Handbook *Section 3064 Goodwill and Intangible Assets* which replaces the previous goodwill and intangible asset standard and revises the requirement for recognition, measurement, presentation and disclosure of intangible assets. The adoption of this standard had no impact on the Company’s unaudited interim consolidated financial statements.

Cascadia Resources Inc.
Notes to the Interim Consolidated Financial Statements
October 31, 2009
(unaudited)

4. Property and equipment

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>October 31, 2009 Net Book Value</i>	<i>July 31, 2009 Net Book Value</i>
Computer equipment	20,428	14,527	5,901	6,951
Office equipment	3,350	2,412	938	987
	23,778	16,939	6,839	7,938

5. Mineral properties

	<i>Cost</i>	<i>Impairment</i>	<i>October 31, 2009 Net Book Value</i>	<i>July 31, 2009 Net Book Value</i>
Ontario Properties				
Midway (a)	156,387	–	156,387	156,387
Awkward (b)	56,157	–	56,157	56,157
International Properties				
Peru Prospects (e)	165,314	(165,314)	–	–
	377,858	(165,314)	212,544	212,544

a) *Midway Project, Thunder Bay, Ontario, Canada*

The Company owns 100% of the Midway Project area. An airborne EM survey was flown in early 2005, over the entire property which traced a number of basement conductors and the westward extent of conductors that occur on the adjoining Havoc claim group. These conductors form the primary uranium exploration targets that will determine future lease acquisitions.

b) *Awkward Project, Ontario, Canada*

This project consists of 256 claim units (4,080 ha) in the Awkward Lake area of northern Ontario in which the Company has a 100% interest.

c) *Peru Prospects*

In May 2008, the Company entered into a strategic alliance with Peru-based Quippu Exploraciones S.A.C. to jointly explore for base metal opportunities in Peru. In July 2008, an 800 hectare (“ha”) base-metal property was staked in southern Peru. The Company has suspended operations in Peru and the related mineral property expenditures on these claims totaling approximately \$165,314 were recorded as mineral property impairment in the year ended July 31, 2009.

Cascadia Resources Inc.
Notes to the Interim Consolidated Financial Statements
October 31, 2009
(unaudited)

6. Investments

	<i>October 31</i>	<i>July 31</i>
	<i>2009</i>	<i>2009</i>
East West Resource Corporation (a)	2,000	2,000
Goldbrook Ventures Inc. – (b)	952,996	457,093
	954,996	459,093

During the three months ended October 31, 2009, the Company reported a \$495,903 unrealized gain (three months ended July 31, 2008 – \$137,295 unrealized loss) for the change in the marked-to-market values of the investments at each balance sheet date.

- a) The Company holds a minority equity interest of 100,000 common shares in East West Corporation.
- b) The Company holds a minority equity interest of 2 million common shares and 2 million common share purchase warrants in Goldbrook Ventures Inc. The warrants are exercisable at \$0.35 per share per share until August 2012.

7. Share capital

Issued - common shares

	<i>Number</i>	<i>Value</i>
<i>Balance, October 31, 2009 and July 31, 2009</i>	16,567,374	10,234,037

Stock options

As at October 31, 2009 and July 31, 2009, the Company had 866,665 stock options outstanding. Information on stock options outstanding as at October 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>
\$ 0.30	666,666	\$ 0.30	3.2	666,666
\$ 0.465	124,999	0.465	2.5	124,999
\$ 0.75	75,000	0.75	0.9	75,000
	866,665	\$ 0.36	2.9	866,665

Per share amounts

Basic loss per share is calculated using the weighted average number of post-consolidation shares outstanding for the period. For purposes of the calculation, the weighted average number of shares outstanding for the three months ended October 31, 2009 was 16,567,374 (three months ended October 31, 2008 – 16,567,374). Diluted per common share amounts have not been presented as any effect of options and warrants is anti-dilutive.

Cascadia Resources Inc.
Notes to the Interim Consolidated Financial Statements
October 31, 2009
(unaudited)

8. Change in non-cash working capital

	<i>Three months ended October 31</i>	
	<i>2009</i>	<i>2008</i>
Accounts receivable	28,307	61,248
Prepaid expenses	(13,821)	(24,393)
Accounts payable and accrued liabilities	112,061	(40,762)
	126,547	(3,907)

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

	<i>Three months ended October 31</i>	
	<i>2009</i>	<i>2008</i>
Operating	90,409	27,174
Investing	36,138	(31,081)
	126,547	(3,907)

9. Related party transactions

Except as disclosed elsewhere in these financial statements, the Company had the following related party transactions during the three months ended October 31, 2009 and 2008. These related party transactions were 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:

The Company was charged \$9,000 (2008 – \$4,500) for rent and office services by a company related through a common officer and director, of which nil (July 31, 2009 – \$2,000) is included in accounts payable and accrued liabilities at year end.

The Company was charged \$114,000 (2008 – \$66,000) by officers and directors for management and geological consulting fees, of which nil (2008 – \$37,600) was capitalized to mineral properties. As at October 31, 2009, accounts payable and accrued liabilities included \$114,000 (July 31, 2009 – nil) in relation to these charges.

10. Financial instruments and financial risk management

The Company's financial instruments include cash, accounts receivable, investments 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. Investments are marked-to-market value at each balance sheet date.

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.

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

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 October 31, 2009, the maximum credit exposure is the carrying amount of the accounts receivable of \$9,349 (July 31, 2009 – \$37,656). The Company views credit risk on accounts receivable as minimal.

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 October 31, 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. The Company has suspended operations in Peru and is therefore not exposed to foreign currency exchange risk at this time. For the previous three months ended October 31, 2008, had the Canadian dollar increased by \$0.10, the Company's foreign exchange gain would have decreased by approximately \$1,950. 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 October 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.

11. 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:

	<i>October 31</i>	<i>July 31</i>
	<i>2009</i>	<i>2009</i>
Working capital	517,380	664,556
Shareholders' equity	1,691,759	1,344,131
	2,209,139	2,008,687

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 period ended October 31, 2009.