



Financial Statements

January 30, 2004

Cascadia International Resources Inc.
Balance Sheet

	January 2004 (unaudited)	July 2003 (audited)
Assets		
Current		
Cash	3,247,318	396,691
Marketable securities	-	300,000
Accounts receivable	47,073	11,077
Prepaid expenses	73,145	-
	3,367,536	707,768
Property and equipment (Note 3)	40,073	-
Mineral properties (Note 4)	2,774,332	2,534,662
	6,182,941	3,242,430
Liabilities		
Current		
Accounts payable and accruals	94,665	135,843
Future income tax liability (Note 5)	1,950,930	769,500
	2,045,595	905,343
Shareholders' Equity		
Share capital (Note 6)	6,392,918	4,790,159
Contributed surplus (Note 7)	453,986	-
Deficit	(2,709,558)	(2,453,072)
	4,137,346	2,337,087
	6,182,941	3,242,430

The accompanying notes are an integral part of these financial statements

Cascadia International Resources Inc.
Statement of Net Loss and Deficit
(unaudited)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>2004</i>	<i>January 31 2003</i>	<i>2004</i>	<i>January 31 2003</i>
Interest income	-	-	2,109	-
Expenses				
General corporate	11,770	2,511	28,607	4,011
Bank Charges	428	147	506	167
Investors and shareholder relations	19,567	1,510	48,046	1,510
Management fees	-	7,500	-	15,000
Professional fees	87,325	1,385	142,208	4,088
Transfer agent and regulatory fees	11,070	8,379	12,943	9,606
Travel and promotion	18,052	-	23,015	5,000
Depreciation	3,270	-	3,270	-
	151,482	21,432	258,595	39,382
Net loss	(151,482)	(21,432)	(256,486)	(39,382)
Deficit, beginning of period	(2,558,076)	(2,261,415)	(2,453,072)	(2,243,465)
Deficit, end of period	(2,709,558)	(2,282,847)	(2,709,558)	(2,282,847)

The accompanying notes are an integral part of these financial statements

Cascadia International Resources Inc.
Statement of Cash Flows

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>January 31</i>		<i>January 31</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
Cash provided by (used for) the following activities				
Operating				
Net loss	(151,482)	(21,432)	(256,486)	(39,382)
Add back depreciation	3,270	-	3,270	-
Changes in working capital				
Accounts receivable	(16,238)	11,274	(35,996)	10,403
Marketable securities	-	-	300,000	-
Prepaid expenses and deposits	61,855	-	(73,145)	-
Accounts payable	58,580	354	(41,178)	11,615
	(44,015)	(9,804)	(103,535)	(17,364)
Financing				
Issue of shares, net of share issuance costs	1,196,202	-	3,174,523	-
Investing				
Mineral property and equipment purchases	(167,381)	-	(220,361)	-
Increase (decrease) in cash	984,806	(9,801)	2,850,627	(17,364)
Cash, beginning of period	2,262,512	9,968	396,691	17,528
Cash, end of period	3,247,318	164	3,247,318	164

The accompanying notes are an integral part of these financial statements

Cascadia International Resources Inc. Notes to the 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 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 \$2,709,588. 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 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 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 financial statements for the year ended July 31, 2003.

3. Property and equipment

	<i>Cost</i>	<i>Accumulated Depletion</i>	<i>January 2004 Net Book Value</i>	<i>July 2003 Net Book Value</i>
Computer equipment	15,750	1,181	14,569	-
Leasehold improvements	19,771	1,648	18,123	-
Office equipment	8,822	441	8,381	-
Total property and equipment	44,343	3,270	41,073	-

Cascadia International Resources Inc.
Notes to the Financial Statements

4. Mineral properties

	<i>Cost</i>	<i>Accumulated Depletion</i>	<i>January 2004 Net Book Value</i>	<i>July 2003 Net Book Value</i>
Raglan – deferred exploration payments	2,500,744	-	2,500,744	2,395,875
Raglan – Thundermin acquisition	101,877	-	101,877	88,651
McGarry – deferred exploration payments	53,095	-	53,095	50,136
Norton Lake – deferred exploration payments	58,198	-	58,198	-
Attwood & Ficht Lake – deferred exploration payments	60,418	-	60,418	-
Total mineral properties	2,774,332	-	2,774,332	2,534,662

In October 2003, 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.

5. Future income taxes

Flow-through share liability	1,950,930
<i>Future income tax assets</i>	
Mineral exploration costs	153,000
Loss carryforwards	338,808
Share issuance costs	170,772
	662,580
Valuation allowance	(662,580)
	-
Future income tax liability	1,950,930

Cascadia International Resources Inc.
Notes to the Financial Statements

6. 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	5,000,000	2,500,000
Warrants exercised	3,267,500	786,925
Agent's commission shares	160,000	80,000
Thundermin purchase	129,900	63,651
Options exercised	50,000	15,000
Share issue costs	-	(158,990)
Share issue costs – agent's options	-	(453,986)
Effect of future income taxes on flow-through expenditures	-	(1,229,841)
Balance ending, January 31, 2004	29,652,787	6,392,918

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.

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 “flow through” 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.

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, January 31, 2004	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 January 31, 2004. During the three months ended January 31, 2004, no new options were issued.

Cascadia International Resources Inc.
Notes to the Financial Statements

7. Stock based Compensation

The Company accounts for stock options granted to directors, officers, employees and consultants using the “fair value method”, whereby compensation is recorded equal to the fair value of the option granted over the term of vesting. During the first quarter, 1,800,000 agent options with an estimated fair value of \$453,986 were granted and recognized as an increase to share issue costs. The fair value of these options granted during 2003 was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate (%)	4.73%
Expected volatility (%)	120.00%
Expected life (years)	5
Expected dividend yield (%)	-

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable 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	5,760,000	0.60	0.60	2005 – 2005
Exercised	(3,267,500)	0.10 – 0.40	0.24	
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Balance ending, January 31, 2004	16,242,500	0.10 – 0.60	0.39	2004 – 2005

8. Per share amounts

Basic loss per share is calculated using the weighted average number of shares outstanding for the period. For purposes of the calculations, the weighted average number of shares outstanding was 26,012,721

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

Cascadia International Resources Inc.
Notes to the Financial Statements

9. Related party transactions

During the first six months, the Company prepaid Yangarra Resources Inc. \$73,145 and spent \$76,855 for rent, office services and for its share of leasehold improvements and office equipment. 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.

During this period, the Company had transactions related to administration and consulting of \$83,544 with companies controlled by certain of the Company's officers and directors.

An aggregate of \$43,619 currently in accounts payable will be paid to Burstall Winger LLP for legal fees and disbursements. A director of the Company is a partner of Burstall Winger LLP.

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.