



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the quarter ended April 30, 2005**

---

The following discussion and analysis has been prepared on June 21, 2005 by management and should be read in conjunction with the audited consolidated financial statements for the year ended July 31, 2004 and the related notes thereto. The Company's auditors have not audited or reviewed the financial statements as at and for the period ended April 30, 2005.

This MD&A contains statements and other forward-looking information about potential future circumstances, results and developments. Such statements and information are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations generally and may differ materially from the Company's actual future results or events. See "Forward-Looking Statements".

The financial information presented herein has been prepared on the basis of Canadian generally accepted accounting principles ("GAAP"). Throughout this discussion, percentage changes are calculated using numbers rounded to the decimal to which they appear. All dollar amounts are in Canadian dollars.

### **Overall Performance**

The geographic locations of the Raglan (northern Quebec) and Norton (northern Ontario) projects are ideal to focus the efforts of our exploration staff, as the weather permits only mid-summer exploration in the Raglan while the Ontario projects allow for year round exploration. The Company has a fiscal year-end of July 31<sup>st</sup>; therefore, the 1st quarter exploration concentrated primarily on the Raglan while the 2<sup>nd</sup> and 3<sup>rd</sup> quarters targeted the exploration in Ontario.

During the past two years, the 3<sup>rd</sup> quarter activities also include the planning of logistical requirements and financial disbursements that were crucial to the success of the summer Raglan exploration. Due to default conditions on the part of Novawest on a number of requirements of the Option Agreement, Cascadia elected to defer its participation in the third year of the Raglan project and \$4.3 million option payment that was due in its entirety by April 15, 2005. Pursuant to a press release dated February 24, 2005 Novawest Resources Inc. announced that it had commenced Arbitration proceedings with regard to these disputes with Cascadia as provided for in the Option Agreement; to date this matter has not been finalized.

In February 2005, exploration commenced in Norton with seven holes aimed at identifying the extent of the existing massive sulphide deposit. By the end of April 2005, assay results from these holes confirmed that the zone extended to the 400 m elevation, where it is open to depth and along strike. Nickel grades encountered were as high as 2.02%, and new down-hole data suggests that the zone extends west into an

untested area beneath the original deposit. Assays from hole number NL05-14 also had the highest PGE value seen to date of 10.7 grams Pt+Pd over one meter.

The company acquired two new areas near Thunder Bay, Ontario - Midway and Havoc. An airborne EM survey was flown over these properties covering the Sibley Sediments and the Sturgeon Greenstone belt. These areas will be the focus of a future uranium / VMS exploration program.

Exploration expenditures during the nine months ended April 30, 2005 declined by 65% to \$1.3 million compared to \$3.7 million for the same period in 2004. The reason for this decline is the Company's election to defer participation in the 2005 Raglan program. The loss incurred for the nine months was \$580,718, a 9% change from the \$532,845 loss in 2004. As at April 30, 2005 the working capital deficit was \$449,892 compared to the surplus of \$343,958 the year before. To continue exploration at Norton, a flow-through share financing was announced June 2, 2005 that would privately place up to 4.0 million units at \$0.25. Also on April 14, 2005, the Company accepted the terms and conditions for a line of credit offered by the National Bank of Canada for \$500,000. Even as nickel prices climb past \$7.25 US /lb, market interest in base metals continues to lag. Cascadia share price closed at \$0.215 per share on April 30, 2005 down 62% from \$0.56 per share on April 30, 2004.

## Results of Operations

Investment income for the three months ended April 30, 2005 was \$1,828 compared to \$10,201 recorded for the same quarter in 2004. General and administrative expenses were \$178,469 for the quarter this year compared to \$126,674 for the quarter last year. This increase was primarily attributable to increased professional fees regarding the Raglan properties. The third quarter loss of \$181,005 was down 35% compared to the loss of \$276,359 for the same quarter in 2004. However, unlike 2005, in the third quarter of 2004 stock options were granted with an associated non-cash compensation expense of \$158,000.

Capital expenditures for the nine months of the past three years are summarized in the table below.

<b>For The Six Months Ended</b>	<b>April 2005</b>	<b>April 2004</b>	<b>April 2003</b>
Raglan	<b>388,118</b>	3,138,541	-
Raglan – True North properties	<b>76,398</b>	-	-
McGarry	-	2,959	-
Norton Lake	<b>934,268</b>	58,000	-
Linsey Bay	<b>(265,709)</b>	60,418	-
Midway	<b>70,374</b>	-	-
Havoc	<b>99,894</b>		
Total Resource Assets	<b>1,303,343</b>	3,709,210	-

## Summary of Quarterly Results

The following table sets out, for each of the previous eight quarters, information relating to the Company's revenue, net (loss) and (loss) per Common Share:

	4th Quarter Jul 2003	1st Quarter Oct 2003	2nd Quarter Jan 2004	3rd Quarter Apr 2004
Revenues	5,958	2,109	-	10,201
Net loss	(139,175)	(105,004)	(151,482)	(276,359)
Net loss per share	(0.02)	(0.004)	(0.006)	(0.01)

	4th Quarter Jul 2004	1st Quarter Oct 2004	2nd Quarter Jan 2005	3rd Quarter Apr 2005
Revenues	3,877	1,179	907	1,828
Net loss	(663,729)	(83,779)	(315,934)	(181,005)
Net loss per share	(0.02)	(0.002)	(0.009)	(0.005)

## Related party transactions

During the third quarter, the Company had transactions with Yangarra Resources Inc. ("Yangarra") totaling \$153,465. Of this total amount, \$95,693 was recorded in accounts receivable with an offset of \$57,772 in accounts payable. Yangarra 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 the year, the Company had transactions related to administration and consulting of \$83,209 with companies controlled by certain of the Company's officers and directors.

An aggregate of \$16,203 is payable 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.

## Liquidity and Capital Resources Operations

At April 30, 2005 the Company had a working capital deficit of \$449,892 compared to a capital surplus of \$343,958 at April 30, 2004.

On April 14, 2005 the Company accepted the terms and conditions for Credit Facilities as offered by the National Bank of Canada. The revolving term loan has a maximum available credit of \$500,000, bearing interest at prime plus two percent per annum,

requiring repayment of interest only. The terms include repayment in full upon the earlier of an equity issue, sub debt placement, refinancing, or August 31, 2005.

On June 2, 2005 the Company announced its intention to complete a private placement of a minimum of 2,000,000 units and up to a maximum of 4,000,000 units, at \$0.25 per unit. Each unit will be comprised of one common share of the Corporation issued on a flow-through basis under the *Income Tax Act* (Canada) and one common share purchase warrant with each whole warrant exercisable into a flow-through anytime up to December 15, 2006 at \$0.40 per share. Management and directors have committed to purchase up to 1,000,000 units of the private placement. The proceeds from the offering will be used to incur eligible Canadian Exploration and Development Expenses.

## **Share Capital**

As of April 30, 2005 there were 38,766,121 basic common shares issued and outstanding; 14,319,584 warrants exercisable into common shares; and agent and stock options to acquire an aggregate of 5,569,538 common shares outstanding.

## **Outlook**

The Norton area will continue to be the main focus for Cascadia. Results from this spring's seven holes have exceeded expectations and further drilling has been planned. Additional cross sections will be drilled to expand the deposit, and this phase of drilling results may define the size of the ore body. Ore reserve calculations will continue with the June/July'05 program.

Although the offer to purchase the Raglan properties from Novawest was turned down by their Board of Directors, Cascadia remains confident that the current impasse between Cascadia and Novawest over the terms of the Option Agreement will be resolved. Cascadia currently owns 25% of the original Raglan assemblage, 35% of the True North block, and 50% of the Thunder Block.

## **Risks and Uncertainties**

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks and uncertainties, including but not limited to, environmental, metal prices, political and economical. The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. The source of future funds for further exploration programs, are by the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development. The Company is subject to the laws and regulations relating to environmental matters and various licences and permits in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

The Company has no significant source of operating cash flow and no revenues from operations. None of the Company's mineral properties currently have reserves. The

property interests the Company has an option to earn an interest are in the exploration stages at this time.

### **Forward-Looking Statements**

This Management's Discussion and Analysis of financial condition and operating results contains forward-looking statements concerning the future prospects of the Company's exploration, development and production. Forward-looking statements include statements of plans, objectives, strategies and expectations. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

The Company considers the assumptions on which these forward-looking statements are based to be reasonable, but caution the reader that these assumptions regarding future events, many of which are beyond our control, may ultimately prove to be incorrect since they are subject to risks and uncertainties that affect us. There are a number of factors which could cause results or events to differ from current expectations including, among other matters: commodity prices for oil and gas; changes in the cost of exploration and other operating expenses to support future growth; competitive factors; general economic conditions; and the success in finding, drilling and completing oil and gas wells. For additional information with respect to risks and uncertainties which could affect the company's business and operations, reference should be made to the 2004 Annual MD&A and to the Company's continuous disclosure materials filed with Canadian securities regulatory authorities. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.