



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended October 31, 2006

The following discussion and analysis has been prepared on December 29, 2006 by management and should be read in conjunction with the unaudited consolidated financial statements for the three months ended October 31, 2006 and the audited financial statements for the year ended July 31, 2006 and the related notes thereto.

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

During the first quarter of the current fiscal year, the arbitration proceedings with Novawest Resources Inc. were in the final stage, with only the ruling on costs and interest still outstanding at quarter end. In response to the final award, Cascadia has filed an appeal on three on the rulings from the arbitrator based on errs of law.

Northern Ontario Properties - Norton Lake

During the first quarter, the company has been working on finalizing the 51% earn-in letter and joint venture agreement on the property with its partners on the property.

Northern Ontario Properties - Midway

The Company proceeded with line cutting and pad preparation in the fall of 2006, and delayed the drilling program to early spring 2007.

Northern Quebec Properties – The Raglan Assemblage

The arbitration proceedings between Novawest Resources Inc. ("Novawest") and Cascadia has been completed and a final clarification award was issued September 30th, 2006. The net amount of \$298,455 plus \$18,271 GST was awarded in favor of Novawest. Cascadia has filed an appeal on the outcome of three of the rulings from the arbitration.

Results of Operation – First Quarter

Investment income for the three months ended October 31, 2006 was \$5,058 compared to \$341 recorded for the same quarter in 2005. General and administrative expenses were \$139,066 for the quarter this year compared to \$ 176,655 for the same quarter last year. This decrease was primarily attributable to less investor and shareholder activity, and reduced interest expenses due to the Company no longer utilizing the credit facility at the bank. Although in the first quarter of 2005 the company had a recovery of prior period costs in general corporate costs, the general corporate costs in the first quarter of 2006 were offset by no fees being charged by management, and no stock-based compensation.

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

For The Three Months Ended	October 2006	October 2005	October 2004
Raglan / Thunder	431,963	4,451	336,050
Raglan – True North properties	14,921	-	76,398
Norton Lake	1,250	244,537	35,521
Midway	1,075	-	-
Total Resource Expenditures	449,209	249,375	447,969

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:

	1st Quarter Oct 2006	4th Quarter Jul 2006	3rd Quarter Apr 2006	2nd Quarter Jan 2006
Revenues	\$ 5,508	\$ 9,185	\$ 63	\$ 71
Net loss	(134,007)	(119,042)	(271,679)	(213,958)
Net loss per share	(0.000)	(0.003)	(0.006)	(0.005)

	1st Quarter Oct 2005	4th Quarter Jul 2004	3rd Quarter Apr 2004	2nd Quarter Jan 2004
Revenues	\$ 341	\$ 732	\$ 1,828	\$ 907
Net loss	(176,314)	(134,104)	(181,005)	(315,934)
Net loss per share	(0.004)	(0.004)	(0.005)	(0.009)

Related party transactions

During the first quarter, the Company had a net payable of \$4,500 to Yangarra Resources Ltd. ("Yangarra") for rent and office services. 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 Ltd.

The Company paid legal fees in the amount of \$1,630 (three months ended October 31, 2005 - \$14,410) to a law firm in which a past director of the Company is a partner. Of this amount, \$1,630 is included in accounts payable at October 31, 2006 (July 13, 2006 - \$6,662).

The above 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 October 31, 2006 the Company had a working capital surplus of \$ 258,817 compared to a working capital surplus of \$664,378 at July 31, 2006.

Share Capital

As of December 29, 2006 there were 41,932,121 basic common shares issued and outstanding; and stock options to acquire an aggregate of 1,989,538 common shares outstanding.

Outlook

Cascadia is pleased to have Arbitration proceedings behind us. The sum total of the rulings by the Arbitrator is a net payable to Novawest in the amount of \$407,000 which quantifies the downside exposure to the Company. While Cascadia is happy to finally have the certainty of the awards, we are also confident that the Arbitrator has erred in his application of the law to his finding of facts from the Arbitration. This has convinced Cascadia to Appeal several of the decisions including the cost award by the Arbitrator. The leave to Appeal will likely be heard in March of 2007 and if Cascadia is successful the appeal itself will likely be held in the summer of 2007.

Raglan continues to be an area of focus for Cascadia. The remoteness, size of the property and the complex geology of the Raglan area make it necessary to have an operator competent to operate in the far North. Once these issues are resolved Cascadia intends to return to explore for Nickel.

The Norton property continues to be a priority for Cascadia. The earning of a 51% interest is now satisfied and the company is currently finishing off earn in letters and the Joint Venture Agreement to govern future activity. Cascadia is the operator of the project and plans are underway to conduct a pre-feasibility study to determine the viability of bringing the project to production. With the huge run up in Nickel and Copper prices, the magnitude of the in situ value of the commodities in Norton is very attractive. In addition, our current

Geological Model suggests that more ore bearing lenses exist along strike. An exploration program to prove this model will be developed early in 2007.

Line cutting and pad preparation was done in Midway in the fall of 2006 and drilling will be planned for early in 2007. This area has Uranium potential in the Sibley sediment that sits on top of the Sturgeon Lake Greenstone Belt which has base metal potential. Cascadia conducted an IP and Mag Aerial survey of the property in 2004 and has identified several anomalies to be drilled in the future. The Sibley Sediment is prevalent in the area and recently has been successfully tested for Uranium by other companies.

Subsequent Events

On December 6th, 2006 the arbitrator awarded final costs and interest on the arbitration, with a net result of \$92,762 in favor of Novawest. Cascadia added to their current appeal the cost award, due to arbitrator's unwillingness to give credit for the offers of settlement made by Cascadia to Novawest during the arbitration, citing procedural mistakes on the part of Cascadia. The cost appeal also deals with the potential of revised awards in favor of Cascadia due to the appeal.

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 licenses 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. All statements other than those of a historical nature are 'forward-looking statements' that may involve a number of unknown risks, uncertainties and other factors. There can be no assurance that such statements will

prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. For additional information with respect to risks and uncertainties which could affect the company's business and operations, reference should be made to the 2006 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.