



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

**For the Year Ended July 31, 2007**

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The following discussion and analysis for Cascadia International Resources Inc. ("Cascadia" of the "Company") has been prepared on November 13, 2007 by management and should be read in conjunction with the audited consolidated financial statements for the year ended July 31, 2007 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"). All dollar amounts are in Canadian dollars unless otherwise noted.

### **Business of Cascadia**

Cascadia International Resources Inc. is a publicly traded development stage company engaged in the exploration, acquisition, and development of mineral properties in Canada. The Company's mineral properties consist of projects specifically targeting base metal (copper, nickel, cobalt), molybdenum, precious metal (platinum, palladium) and uranium exploration.

### **Overall Performance**

Cascadia renewed the Company's exploration mandate by strengthening the management team and adding new projects during the current fiscal year. The Company has built a strong center of experience and knowledge to facilitate development of its properties.

During the year, the Company signed an option agreement to earn 50% working interest in the Baker Lake nickel Project, Nunavut.

Cascadia signed an option agreement to earn 100% interest in a molybdenum property in southern British Columbia (Goat Mountain Project).

In July 2007, the Company announced the sale of its interest in the Raglan property to Goldbrook Ventures Inc.

## Selected Annual Information

The highlights of financial data for the Company for the three most recently completed financial years are as follows:

	July 31, 2007	July 31, 2006	July 31, 2005
Interest income	19,352	9,660	4,646
Total expenses	2,809,814	1,174,457	768,948
Loss from operations	(2,790,462)	(1,164,797)	(764,302)
Loss from operations per share	(0.060)	(0.028)	(0.020)
Net loss	(1,399,922)	(780,993)	(714,822)
Net loss per share	(0.030)	(0.019)	(0.019)
Total assets	5,822,973	7,813,867	9,328,242
Total liabilities	1,078,864	2,165,439	2,758,130

## Results of Operation

### **Mineral Properties**

#### **Goat Mountain Project – Southern British Columbia Property**

In July 2007, the Company entered into an option agreement for a molybdenum property comprised of approximately 10,000 acres in southern British Columbia. The Company plans to gather further geophysical data on the area during the fall and follow with a drill program in November of 2007.

#### **Norton Lake Project - Northern Ontario Property**

During the fiscal year ended July 31, 2007 a joint venture agreement was finalized, assigning 51% of the property to the Company, and governing the future exploration plans for the area with Cascadia designated as operator of the project. In early summer 2007, the Company announced plans for an exploration program, and advanced the project with a combination of airborne, ground gravity and geochem sampling. A review of the data and analysis will continue throughout the balance of 2007, with a drill program to follow when the science is complete.

#### **Midway Project – Northern Ontario Property**

Minimal expenses were incurred to maintain the claims in good standing during the year. Subsequent to year end, the Company had signed a Memorandum of Understanding with an industry partner to exchange reciprocal rights to explore certain mineral properties of each company, which was later retracted by the corresponding company. A winter exploration program is being reviewed by management.

## **Baker Lake Project – Nunavut Property**

In 2007, the Company signed an option agreement with Tanqueray Resources Ltd. to earn a 50% interest in a property comprised of 22 claims (22,365 ha) located 75 km west of Baker Lake, Nunavut. Under the agreement, the Company may earn a 50% interest in the Baker Lake Claims over a two year term for a cash payment of \$50,000 paid in April 2007, the issue of 100,000 common shares of the Company in July 2007 and an additional 200,000 common shares of the Company on or before March 31, 2008. In addition, the Company has committed to incur a minimum \$200,000 of exploration expenditures by March 31, 2008 and to complete a drill program to a minimum depth of 1,000 metres by March 31, 2009.

The Company flew an airborne survey in October of 2007 to develop a strategy for further exploration programs for the area, which satisfied the first year commitment of the option agreement.

## **Raglan Project – Northern Quebec Properties**

In late fall of 2006, the arbitrator issued a final award and determined that both the Company and Novawest were entitled to damages, for which the Company's share including the award of interest and legal fees was a net liability of \$405,254 plus \$18,271 GST payable to Novawest.

The Company has appealed the arbitrator's award and is still waiting on a ruling regarding the granting of its appeal on the arbitration award. The damage award in Novawest's favour was posted with the BC courts pending the outcome of the appeal.

In July the Company entered into an agreement with Goldbrook Ventures Inc. to sell its interest in the Raglan properties. On August 17, 2007, the Company closed the sale of the property with consideration for the sale as \$2 million cash, 2 million common shares of Goldbrook, 2 million common share purchase warrants to acquire common shares of Goldbrook at \$0.35 per share until August 2012, and a 0.5% net smelter return on certain of the Raglan properties. At year end July 31, 2007, the Company recorded a write-down of \$2,144,776 on the Raglan properties due to impairment based on the estimated fair value of the properties negotiated in the purchase and sale agreement.

## **Annual Capital Expenditures on Mineral Properties**

Annual capital expenditures by property for the past three years are summarized below.

<b>For The Year Ended</b>	<b>July 31, 2007</b>	<b>July 31, 2006</b>	<b>July 31, 2005</b>
Raglan – Original properties	<b>459,367</b>	(87,393)	426,773
Raglan - Thunder property	<b>20,965</b>	101,312	-
Raglan – True North property	<b>14,921</b>	-	76,396
Norton Lake	<b>156,140</b>	311,058	1,328,306
Midway	<b>36,543</b>	26,003	74,704
Baker Lake	<b>77,693</b>	-	-
Goat Mountain	<b>29,213</b>	-	-

Attwood - Linsey Bay	-	-	(265,709)
Havoc	-	688	99,895
<b>Total Resource Assets</b>	<b>794,842</b>	351,668	1,740,365

Exploration expenditures during the fiscal year ended July 31, 2007 were up by 126% to \$794,842 compared to the \$351,668 million spent in 2006 due primarily to the expenses relating to the Company's addition of new properties, final arbitration award on the Raglan exploration expenses, and the Norton summer exploration program.

## Financial Information

Below is a comparison of the Company's results of operations for the three months and years ended July 31, 2007 and 2006.

	Three Months Ended July 31, (unaudited)		Fiscal Years Ended July 31, (audited)	
	2007	2006	2007	2006
	- \$ -	- \$ -	- \$ -	- \$ -
Interest income	931	9,185	19,352	9,660
Expenses:				
Bank Charges	326	2,071	580	4,524
Depreciation	910	475	2,291	1,937
General corporate	11,403	4,834	39,906	(71,972)
Interest expense	0	24,680	17,712	52,754
Investors & shareholders	19,340	6,938	78,759	80,176
Legal fees	9,583	95,045	276,928	605,145
Professional fees	172,858	58,138	174,709	123,969
Transfer agent & regulatory fees	5,043	3,513	15,572	11,588
Travel and promotion	5,593	(1,099)	7,095	4,470
Non-cash stock-based compensation	(64,648)	21,050	51,486	65,480
Write-down of mineral properties	2,144,776	296,386	2,144,776	296,386
Total expenses	2,305,184	512,031	2,809,814	1,174,457
Loss from operations	(2,304,253)	(502,846)	(2,790,462)	(1,164,797)
Loss from operations per share	(0.050)	(0.012)	(0.064)	(0.028)
Future income tax recovery	(1,332,626)	(383,804)	(1,390,540)	(383,804)
Net loss	(971,627)	(119,042)	(1,399,922)	(780,993)
Net loss per share	(0.021)	(0.003)	(0.032)	(0.019)
Weighted average number of shares - Basic	45,690,817	41,932,121	43,198,011	41,932,121

The loss incurred for the year was \$1,399,922, a 79% change from the \$780,993 loss in 2006. Interest income earned on cash deposits held in financial institutions increased for the year due to amount of cash on hand, the seasonal use of cash, and on the prevailing

interest rates. Administrative expenses decreased for year primarily associated to the decrease in legal arbitration fees, and interest expenses. The primary factor of the loss was the write-down of the Raglan properties due to impairment based on the estimated fair value of the properties negotiated in the purchase and sale agreement of the Company's interest to Goldbrook Ventures Inc. which closed in August 2007.

#### Investor Relation Activities

Currently, the Company has no formal arrangements in place with respect to investor relations. The Company has assigned spokespersons to response to any shareholder or investor calls. They are also responsible for handling shareholder mail-outs and represent the Company in conferences and trade shows.

#### **Results of Operations – Fourth Quarter**

The loss for the three months ended July 31, 2007 was \$971,627 as compared with a loss of \$119,042 for the same quarter ended July 31, 2006. Investment income for the three months ended July 31, 2007 was \$931 compared to \$9,185 recorded for the same quarter in 2006. General and administrative expenses were \$225,056 for the fourth quarter of this year compared to \$ 194,595 for the same quarter last year. Management fees also increased in the fourth quarter due to the Company hiring a new president; however, the stock option compensation expense decreased. Legal fees decreased compared to the same quarter in 2006, due to the arbitration proceedings finalized in early 2007.

#### **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:

Year Ended July 31, 2007				
	<b>1st Quarter Oct 2006</b>	<b>2nd Quarter Jan 2007</b>	<b>3rd Quarter Apr 2007</b>	<b>4th Quarter Jul 2007</b>
Revenues	\$ 5,058	\$ 8,400	\$ 4,963	\$ 931
Net loss	(134,007)	(176,347)	(175,852)	(971,630)
Net loss per share	(0.003)	(0.004)	(0.003)	(0.021)

Year Ended July 31, 2006				
	<b>1st Quarter Oct 2005</b>	<b>2nd Quarter Jan 2006</b>	<b>3rd Quarter Apr 2006</b>	<b>4th Quarter Jul 2006</b>
Revenues	\$ 341	\$ 71	\$ 63	\$ 9,185
Net loss	(176,314)	(213,958)	(271,679)	(119,042)
Net loss per share	(0.004)	(0.005)	(0.006)	(0.003)

## **Related party transactions**

During 2007, the Company had a net payable of \$15,500 (2006 – received \$110,710) 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 CEO, and Executive Chairman of the Company is also the President, Chief Executive Officer and a director of Yangarra Resources Ltd.

During the year ended July 31, 2007, the Company was charged \$1,630 (2006 – \$29,926) by a law firm in which a former director of the Company is a partner, of which nil (2006 – \$6,662) is included in accounts payable and accrued liabilities at year end.

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**

As the Company does not have revenue generating projects at this time, the ability of the Company to carry out its business plan rests with the ability to raise equity, other financings, and sales of properties.

At March 30, 2007, the Company completed a non-brokered private placement of 3,750,000 units at \$0.12 per unit, on March 30, 2007, for gross proceeds of \$450,000. Each unit consists of one common share on a flow through basis and one half of a one common share purchase warrant at \$0.15 exercisable anytime up to December 31, 2007.

In connection with the sale of the Company’s interest in the Raglan properties to Goldbrook, the Company received a \$2 million cash payment on August 16, 2007.

Subsequent to year end, the Company also announced and closed a private placement of 3,750,000 units at \$0.20 per unit for aggregate proceeds of \$750,000. Each unit consists of one common share on a flow through basis and one half of one common share purchase warrant at \$0.25 exercisable up to December 31, 2008.

The Company may require additional financing to fund new exploration programs, new acquisitions, and ongoing costs on its current properties. Future funds for exploration will be by financing, sale of equity capital or the offering of an interest in its properties to be earned by another party carrying out further exploration or development. The Company proposes to meet any additional financing requirement through the exercise of outstanding warrants, sale of current properties, or arranging other forms of equity financing.

## **Share Capital**

As of November 13, 2007, the Company has a total of 57,921,659 common shares outstanding on a fully diluted basis.

### Common shares

The Company commenced the year with 41,932,121 common shares outstanding. During 2007, the Company issued a total of 3,850,000 common shares, increasing the number of shares outstanding as of July 31, 2007 to 45,782,121.

Subsequent to July 31, 2007, the Company issued an additional 75,000 common shares as first year consideration on its Goat Mountain Project in British Columbia, and an additional 3,750,000 common shares from a private placement. As at the date of this MD&A, the Company had 49,607,121 common shares issued and outstanding.

### Warrants

As at July 31, 2006, the Company had 4,797,250 warrants outstanding which expired during the 2007 fiscal year. In March 2007, 1,875,000 warrants were issued resulting in 1,875,000 warrants outstanding as at July 31, 2007.

Subsequent to July 31, 2007, the Company issued an additional 1,875,000 warrants. As at the date of the MD&A, the Company had a total of 3,750,000 warrants outstanding.

### Options

As at July 31, 2006, the Company had 3,616,038 options outstanding. During the 2007 fiscal year, the Company granted 2,575,000 options and cancelled 1,626,500 options. As at July 31, 2007, the Company had 4,564,538 options outstanding.

## **Outlook**

The Company will continue to explore its current properties and continually evaluate new prospects as opportunity arises. Cascadia also will continue to evaluate the current projects it holds and is committed to selling or farming out the projects that do not meet Cascadia's internal goals..

## **Subsequent Events and Contingency**

In March 2007, the Company commenced the appeal proceedings on various rulings of the Arbitration awards, but the decision to appeal the 2007 arbitration ruling between Novawest and the Company remains outstanding.

In August 2007, the Company closed the disposition of all of its mineral properties in the Raglan area to Goldbrook Ventures Inc. ("Goldbrook"). As consideration for the disposition, the Company received \$2 million of cash, 2 million common shares of Goldbrook, 2 million common share purchase warrants to acquire common shares of Goldbrook at \$0.35 per share until August 2012 and a 0.5% net smelter return on certain of the Raglan properties. The total value of consideration received is estimated at \$3,306,595 based on the \$0.33 per

share market value Goldbrook's common shares on the date of closing and the estimated \$646,595 fair value of Goldbrook warrants using the Black-Scholes fair value pricing model.

The Company completed a non-brokered private placement of a maximum of 3,750,000 units at \$0.20 per unit for proceeds of up to \$750,000. Each unit will consist of one common share issued on a "flow-through" basis under the Income Tax Act (Canada) and one-half common share purchase warrant. Each whole share purchase warrant will entitle the holder to acquire one additional common share at a price of \$0.25 per share until December 2008.

### **Financial Instruments**

At July 31, 2007 the carrying amount of cash and equivalents, accounts receivable, accounts payable and accrued liabilities approximates their fair value due to the short-term maturities of these items.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial statements.

The Company had no off-balance sheet arrangements to which the Company is committed.

### **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.

### **Changes in Accounting Procedures**

The Canadian Institute of Chartered Accountants ("CICA") has issued a number of accounting pronouncements which may impact the Company's reported results and financial positioning future periods.

Comprehensive Income / Financial Instruments / Hedges

The CICA issued new standards in early 2005 for Comprehensive Income (CICA 1530), Financial Instruments – Recognition and Measurement (CICA 3855), Financial Instruments

– Disclosure and Presentation (CICA 3861) and Hedges (CICA 3865), all of which are effective for the Company's next fiscal year commencing on August 1, 2007.

The standards require the inclusion of all financial instruments on a company's balance sheet at their fair value, other than held-to-maturity investments, loans and receivables. Held-to-maturity investments, loans and receivables would be measured at their amortized cost. The standards create a new statement of comprehensive income that will include changes in fair value of certain derivative financial instruments.

The Company elects to mark-to-market its derivative contracts under its risk management program. The accounting for hedging relationships for prior fiscal years is not retroactively changed. Therefore, management expects no restatement of prior periods as a result of these new standards. As the Company does not have any hedges in place, this new pronouncement does not impact the Company's current financial position.

### International Financial Reporting Standards ("IFRS")

Over the next five years, the CICA will adopt its new strategic plan for the director of accounting standards in Canada as ratified in 2006. As part of that plan, Canadian accounting standards for public companies will converge with IFRS. The Company will continue to monitor and assess the impact of the planned convergence of Canadian GAAP with IFRS.

### Other Information

#### **Disclosure Controls and Procedures**

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of July 31, 2007, that the Company's disclosure controls and procedures are effective to provide reasonable assurance that material information related to the Company, is made known to them by others with the entity. It should be noted that while the Company's Chief Executive Officer and Chief Financial Officer believe that our disclosure controls and procedures provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

#### **Internal Controls over Financial Reporting**

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. We have assessed the design of our internal control over financial reporting and during this process we have identified certain weaknesses in internal controls over financial reporting which are follows:

- § Due to the limited number of staff at the Company, it is not possible to achieve complete segregation of duties; and
- § Due to the size of the Company and the limited number of staff, the Company does not have the technical accounting expertise and knowledge to address all complex and non-routine accounting transactions that may arise.

These weaknesses in the Company's internal controls over financial reporting result in a more than remote likelihood that a material misstatement would not be prevented or detected. Management and the board of directors work to mitigate the risk of material misstatement in financial reporting. In addition, when complex accounting and technical issues arise during preparation of the quarterly financial statements outside consulting expertise is engaged. In spite of management's best efforts, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

### **Critical Accounting Estimates**

The Company's financial statements are prepared in accordance with Canadian generally accepted accounting principles. A comprehensive discussion of the Company's significant accounting policies is contained in Note 2 to the audited consolidated financial statements for the year ended July 31, 2007. The Company's significant accounting policies are subject to estimates and key judgments about future events, many of which are beyond management's control.

### **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 2007 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.