



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended April 30, 2009

Management's discussion and analysis ("MD&A") of the financial condition and the results of operations should be read in conjunction with the unaudited interim consolidated financial statements of Cascadia Resources Inc. ("Cascadia" or the "Company") for the three and nine months ended April 30, 2009 and the audited consolidated financial statements for year ended July 31, 2008 together with the accompanying notes. The MD&A has been prepared using information that is current to **June 29, 2009**.

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 references to dollar amounts are in Canadian dollars.

Forward Looking Statements - Information contained herein includes estimates and assumptions which management is required to make concerning future events, and may constitute forward-looking statements under applicable securities laws. Forward-looking statements include plans, expectations, estimates, forecasts and other comments that are not statements of fact. The words "anticipate", "believe", "expect", "estimate", "plans" and similar expressions are generally intended to identify forward-looking statements. Although the Company views such expectations as reasonable, no assurance can be given that such expectations will be realized. Such forward-looking statements are subject to risks and uncertainties and may be based on assumptions that may cause actual results to differ materially from those implied herein, and therefore are expressly qualified in their entirety by this cautionary statement.

Forward-looking statements included in this MD&A may include, but are not limited to, statements with respect to: use of proceeds from sale of certain of the Company's properties; use of funds from private placements; the ability to meet current and future obligations; the performance characteristics of the Company's mineral properties; and realization of the anticipated benefits of acquisitions, option agreements and dispositions.

Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in this MD&A include, but are not limited to: industry conditions; liabilities inherent in the development stage of a mineral exploration company; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; interest and exchange rates, changes in government regulations in the mining industry, including environmental regulations and hazards which could result in substantial damage to the mineral properties and the environment; competition for, among other things, capital, mineral claims, and skilled personnel; and the other factors considered under "Business Risks and Uncertainties" herein.

With respect to forward-looking statements contained in this MD&A, the Company has made assumptions regarding: future exchange rates; the impact of increasing competition; conditions in general economic and financial markets; availability of equipment; availability of skilled labour; cash flow; timing and amount of capital expenditures; effects of regulation by governmental agencies and the Company's ability to obtain financing on acceptable terms. Management has included the above summary of assumptions and risks related to forward-looking information provided in this MD&A in order to provide shareholders with a more complete perspective on the Company's future outlook and may not be appropriate for other purposes.

These forward-looking statements are made as of the date of in this MD&A and the Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Business of Cascadia

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

In March 2008, the Company incorporated a 99.99% owned subsidiary, Cascadia Peru S.A.C.

On February 5, 2009, pursuant to a resolution passed by the Company's shareholders on December 16, 2008, the Company changed its name from Cascadia International Resources Inc. to Cascadia Resources Inc. and consolidated its share capital on the basis of one (1) common share for every three (3) common shares held. Upon completion of the share consolidation, 16,567,374 common shares were issued and outstanding. No fractional common shares were issued and any fractional common shares that would have otherwise resulted from the consolidation were rounded down to the nearest whole common share.

Effective at the opening of markets on February 6, 2009, the Company's common shares commenced trading on the TSX Venture Exchange under the symbol CCR.V.

In March 2009, Richard Osmond resigned as President and COO of the Company, but will remain as a Director and technical advisor to the Company. In June 2009, Steve Balch resigned as a Director and Donald Poruchny was appointed to the Board.

Overall Performance and Mineral Property Descriptions

Peru

In May 2008, the Company entered into a strategic alliance with Peru-based Quippu Exploraciones S.A.C. ("Quippu") to jointly explore for base and precious metal opportunities in Peru. In July 2008, an 800 hectare ("ha") base metal property was staked in southern Peru. Due to current market conditions, the Company has decided to undertake no further commitments with Quippu and suspend operations in Peru.

Canada

The Company currently holds two projects in Ontario: Midway and Awkward Lake.

Midway Project – Northern Ontario

The Company currently owns 100% of the Midway Project, which consists of 608 claim units (9,584 ha). The property was staked and an airborne EM survey was flown over the entire property in early 2005. The survey outlined several coincident magnetic and electromagnetic anomalies potentially related to Ni-Cu-Co-PGE sulphide mineralization as well as traced several basement conductors below the Sibley sediments mapping out several untested uranium (U) targets.

In May 2008, the Company optioned the Midway Project to East West Resource Corporation ("East West"). Under the terms of the option agreement, East West may earn a 50% interest through the following:

- i.* Incurring \$175,000 of expenditures by February 8, 2009; and
- ii.* The issuance of 100,000 common shares and 100,000 warrants of East West to the Company upon approval by the TSX Venture Exchange.

The Company received the East West common shares and warrants on June 3, 2008. The warrants are exercisable at \$0.15 per share until June 3, 2009.

On February 20, 2009 East West Resources terminated its agreement to earn-in 50% on the Company's Midway project.

Awkward Lake Project – Northern Ontario

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. During the fall of 2008, a property visit confirmed the presence of high tenor Ni-Cu-PGE mineralization (metal grades recalculated in 100% sulphides) within several of the historical showings outlined by Harrison Minerals during the 1960's. It was also recognized that the early drilling by Harrison

Minerals failed to test the base of the gabbo intrusion where Ni-Cu-PGE sulphide deposits are expected to occur. Exploration plans on the Awkward Lake property for the 2009 fiscal year are currently under review by management.

Norton Lake Project – Northern Ontario

The Company holds a 51% interest in a 469 claim unit group (7,504 ha) in the Norton Lake area of northern Ontario. In 2007, the Company finalized a joint venture agreement governing the future exploration plans for the area and designating the Company 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 geochemical sampling. The Company also staked new ground (1,344 ha) during the 2007 exploration season.

On February 5, 2009, the Company announced a joint venture assignment agreement to sell its Norton Lake Property interest to White Tiger Mining Corp. for cash consideration of \$300,000. The transaction was approved by the TSX Venture Exchange in May 2009 and the proceeds were received by the Company on May 27, 2009. As at April 30, 2009, the net book value of the properties exceeded the assignment consideration resulting in an impairment of \$1,957,995 which has been included in the reported amount of mineral property impairment in the interim consolidated statement of net loss and comprehensive loss.

Goat Mountain – British Columbia

During the nine months ended April 30, 2009, the Company's on-going strategic evaluation of its mineral properties resulted in the termination of the Goat Mountain, British Columbia option agreement signed in July 2007. The related mineral property expenditures on these claims totaled approximately \$621,603 which has been recorded as mineral property impairment in the consolidated statement of loss.

Mineral Property Expenditures

Mineral property expenditures for each of the nine month periods ended April 30, 2009, 2008 and 2007 are as follows:

Nine months ended	April 30, 2009	April 30, 2008	April 30, 2007
Norton Lake (sold May 2009)	7,171	234,560	14,921
Midway	–	30,730	1,250
Awkward	–	55,249	–
Goat Mountain (terminated January 2009)	52,068	470,192	–
Raglan (sold August 2007)	–	–	431,963
Baker Lake (suspended January 2008)	–	265,205	1,075
Peru (suspended February 2009)	71,877	4,666	–
	131,116	1,060,602	449,209

Exploration expenditures during the nine months ended April 30, 2009 were lower than the comparative periods due to management's decision to cutback exploration until economic conditions improve. Capital preservation is paramount in these difficult economic times.

Selected Financial Information

The highlights of financial data for the Company for the current period and two most recently completed financial years are as follows:

	As at and for the nine months ended	As at and for the years ended	
	April 30, 2009	July 31, 2008	July 31, 2007
Interest income	5,403	35,024	19,352
Total expenses	2,887,132	2,291,025	2,809,814
Loss from operations	(2,881,729)	(2,256,001)	(2,790,462)
Loss from operations per share	(0.02)	(0.05)	(0.06)
Net loss	(2,725,357)	(1,447,605)	(1,399,922)
Net loss per share	(0.17)	(0.09)	(0.09)
Total assets	1,444,570	4,378,945	5,822,973
Total liabilities	17,612	305,863	1,078,864
Weighted average number of post-consolidated shares - Basic	16,567,374	16,365,132	14,399,337

Results of Operations

Below is a comparison of the Company's results of operations:

	Three months ended April 30		Nine months ended April 30	
	2009	2008	2009	2008
Interest income	466	8,166	5,403	29,687
Expenses				
Bank charges	147	380	3,858	1,411
Depreciation	1,184	1,400	3,551	3,908
Foreign exchange (gain) loss	–	–	(10,965)	–
General corporate	9,359	18,369	39,490	40,134
Investors and shareholder relations	14,923	12,370	36,789	43,545
Interest expense (reduction)	–	2,237	437	2,237
Legal fees	3,478	617	66,048	20,955
Professional fees	64,190	56,219	108,690	397,543
Transfer agent and regulatory fees	6,862	7,776	13,747	14,147
Travel and promotion	971	7,971	15,140	17,529
Stock-based compensation	13,873	47,130	79,233	112,490
Overhead recoveries	–	(1,928)	(2,515)	(43,058)
(Recovery) loss on disposition of mineral properties	(138,265)	–	(138,265)	14,330
Mineral property impairment	1,957,995	–	2,579,598	342,899
Unrealized (gain) loss on investment	(113,590)	313,091	92,296	832,833
	1,821,127	465,632	2,887,132	1,800,903
Loss for the period before income taxes	(1,820,661)	(457,466)	(2,881,729)	(1,771,216)
Future income tax reduction	–	–	156,372	–
Net loss and comprehensive loss for the period	(1,820,661)	(457,466)	(2,725,357)	(1,771,216)
Net loss per share – basic	(0.11)	(0.03)	(0.17)	(0.11)

Results of Operations – three month comparison

The Company reported a \$1,820,661 net loss for the three months ended April 30, 2009 compared to a net loss of \$457,466 for the three months ended April 30, 2008. The variance between the comparable fiscal 2009 and fiscal 2008 periods are explained by changes in the following income and expense items:

Interest income was lower in the second quarter of fiscal 2009 due to a reduction in the average cash balance.

General corporate expenses decreased for the three month April 30, 2009 period due to management's efforts to reduce costs.

The Company reduced investor and shareholder relations expenses in the current quarter as compared to the third quarter of fiscal 2008 as part of on-going efforts to control costs.

Legal fees incurred in the three months ended April 30, 2009 relate to Raglan appeal proceedings and the Company's AGM and share reorganization.

Professional fees and travel and promotion expenses were lower for three months ended April 30, 2009 compared to the three months ended April 30, 2008 as part of on-going efforts to control and reduce costs.

Stock-based compensation in both periods is comprised of a pro-rata portion of the fair value of 2,575,000 options granted in March and April 2007 which vest over a two-year period.

Overhead recoveries relate to the Norton Lake joint venture agreement for which the Company is the operator. As operator, the Company recovers a portion of its corporate overhead based on mineral property expenditures incurred on the Norton Lake project as specified in the joint venture agreement. In May 2009, the Company received approval for the assignment agreement to sell its Norton Lake Property interest to White Tiger Mining Corp. for cash consideration of \$300,000.

The recovery on the disposition of mineral properties relates to the return of \$156,771 in respect of amounts paid to the Court in 2007 for litigation proceedings in respect of the Raglan properties which were sold by the Company in August 2007. See the Contingency section.

The amount for mineral property impairment reported in the three months ended April 30, 2009 relates to the write-down of exploration expenditures incurred on the Norton Lake project as the net book value of the properties at April 30, 2009 exceeded the cash consideration resulting in an impairment of \$1,957,995.

Unrealized loss on investments for the three months ended April 30, 2009 is the difference between the April 30, 2009 and January 31, 2009 mark-to-market values of share and warrant consideration received as option proceeds and on the disposition of the Raglan properties. The unrealized loss on investments for the three months ended April 30, 2008 is the difference between the April 30, 2008 and January 31, 2008 mark-to-market values of share and warrant consideration.

Results of Operations – nine month comparison

The Company reported a \$2,725,357 net loss for the nine months ended April 30, 2009 compared to a net loss of \$1,771,216 for the nine months ended April 30, 2008. The variance between the comparable fiscal 2009 and fiscal 2008 periods are explained by changes in the following income and expense items:

Interest income was lower in the nine month period of fiscal 2009 due to a reduction in the average cash balance.

Foreign exchange gains relate to the currency translation of Cascadia Peru operations which commenced in April 2008.

General corporate expenses for the 2009 were comparable to those incurred in 2008.

Interest expense in the both periods relates to Part XII.6 interest on the unspent portion of flow-through proceeds raised in October and November 2007 for which expenditures are incurred using the look-back rule prior to December 31, 2008.

The Company reduced investor and shareholder relations expenses in the 2009 period as compared to the 2008 period as part of on-going efforts to control costs.

Legal fees incurred in the nine months ended April 30, 2009 relate to Raglan appeal proceedings and the Company's shareholder AGM and corporation restructuring.

Professional fees were lower for nine months ended April 30, 2009 compared to the nine months ended April 30, 2008 as part of on-going efforts to control and reduce costs.

Travel and promotion expenses in the 2009 period were comparable to those incurred in the 2008. Travel for the nine months ended April 30, 2009 included costs associated with the establishment of operations in Peru.

Stock-based compensation in both periods is comprised of a pro-rata portion of the fair value of 2,575,000 options granted in March and April 2007 which vest over a two-year period.

The recovery on the disposition of mineral properties relates to the return of \$156,771 in respect of amounts paid to the Court in 2007 for litigation proceedings in respect of the Raglan properties which were sold by the Company in August 2007. See the Contingency section. During the nine months ended April 30, 2008, the Company reported a loss on disposition of the Raglan properties.

The amount for mineral property impairment reported in the nine months ended April 30, 2009 includes (i) \$621,603 related to the write-down of exploration expenditures incurred on the Goat Mountain, British Columbia project as the related option agreement was terminated during the second quarter and (ii) \$1,957,995 for the excess of Norton Lake project net book value over proceeds to be received on the closing of the property sale in May 2009.

The amount for mineral property impairment reported in the nine months ended April 30, 2008 relates to the write-down of exploration expenditures incurred on the Baker Lake Property as the Company suspended exploration in November 2007.

Unrealized loss on investments for the nine months ended April 30, 2009 is the difference between the April 30, 2009 and July 31, 2008 mark-to-market values of share and warrant consideration received as option proceeds and on the disposition of the Raglan properties. The unrealized loss on investments for the nine months ended April 30, 2008 is the difference between the April 30, 2008 and July 31, 2007 mark-to-market values of share and warrant consideration.

Overhead recoveries relate to the Norton Lake joint venture agreement for which the Company is the operator. As operator, the Company recovers a portion of its corporate overhead based on mineral property expenditures incurred on the Norton Lake project as specified in the joint venture agreement.

Summary of Quarterly Results

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

	Fiscal 2008	Fiscal 2009		
	4th Quarter Jul 2008	1st Quarter Oct 2008	2nd Quarter Jan 2009	3rd Quarter Apr 2009
Revenues	5,337	3,519	1,418	466
Net income (loss)	323,611	(291,932)	(612,764)	(1,820,661)
Net income (loss) per share	0.021	(0.018)	(0.036)	(0.110)
	Fiscal 2007	Fiscal 2008		
	4th Quarter Jul 2007	1st Quarter Oct 2007	2nd Quarter Jan 2008	3rd Quarter Apr 2008
Revenues	931	9,496	12,025	8,166
Net loss	(913,716)	172,302	(1,486,052)	(457,466)
Net loss per share	(0.063)	0.009	(0.093)	(0.027)

Related party transactions

During the three and nine months ended April 30, 2009, the Company was charged \$6,000 and \$17,500 respectively (three and nine months ended April 30, 2008 – \$4,500 and \$13,500) for rent and office services by Yangarra Resources Ltd. (“Yangarra”). 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 three and nine months ended April 30, 2009, the Company was charged \$68,124 and \$140,524, respectively (three and nine months ended April 30, 2008 – \$98,000 and \$546,500) by officers and directors for management and geological consulting fees. In the current three and nine month periods, the Company capitalized \$nil and \$44,000 (three and nine months ended April 30, 2008 – \$42,200 and \$126,600) of the geological fees to mineral properties.

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.

Contingency

In August 2007, the Company closed the disposition of all of its mineral properties in the Raglan area to Goldbrook Ventures Inc. Litigation appeals with Appella Resources Inc. (formerly NovaWest Resources Inc.) have been discontinued and the Company has received a ruling in its favor for the return of \$156,771 including accrued interest in respect of \$423,525 the Company paid to the Court in 2007. As a result, the Company has recorded a \$138,265 recovery related to the August 2007 disposition of the Raglan properties for the \$156,771 net of settled amounts receivable from Appella Resources Inc.

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, obtain other forms of financing, and sale or option of properties.

As of December 31, 2008, the Company had incurred all of the required qualifying flow-through expenditures related to the flow-through private placements completed in October and November 2007.

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 requirements through the sale or option of current properties or the arrangement of other forms of equity financing.

Share Capital

Common shares

As at July 31, 2008, the Company had 49,702,121 common shares outstanding. The Company did not issue any shares from treasury during the nine months ended April 30, 2009.

On February 5, 2009, pursuant to a resolution passed by the Company’s shareholders on December 16, 2008, the Company changed its name to Cascadia Resources Inc. and consolidated its share capital on the basis of one (1) common share for every three (3) common shares held.

Upon completion of the share consolidation, at April 30, 2009 and as of the date of this MD&A, 16,567,374 common shares were issued and outstanding.

Warrants

As at July 31, 2008, the Company had 625,000 post-consolidation warrants outstanding. On December 31, 2008, all warrants expired. As at April 30, 2009 and the date of this MD&A there were no warrants outstanding.

Stock options

As at July 31, 2008, the Company had 1,650,000 post-consolidation stock options outstanding. During the period, 216,667 post-consolidation stock options cancelled reducing the number of stock options outstanding at April 30, 2009 to 1,433,333. There has been no change in the number of options outstanding as of date of this MD&A.

Outlook

Due to current economic conditions and the related impact on equity markets, the Company has elected to reduce exploration and G&A costs to preserve capital. The Company continues to evaluate both mineral and oil and gas properties as they are presented as opportunity is increasing rapidly in both sectors.

Financial Instruments and Financial Risk Management

The Company's financial instruments include cash, accounts receivable 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.

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.

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 April 30, 2009, the maximum credit exposure is the carrying amount of the accounts receivable of \$162,782 (July 31, 2008 – \$110,962). The Company's accounts receivable consists of \$156,771 related to the appeal proceedings described in Note 12, \$4,632 of Goods and Services Tax input tax credits and \$1,378 due from joint venture partners. 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 April 30, 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.

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. In addition, the Company’s activities in Peru are primarily denominated in U.S. dollars. Had the Canadian dollar increased by \$0.10, the Company’s foreign exchange gain would have decreased and the loss would have increased by approximately \$nil and \$1,950, respectively, for the three and nine months ended April 30, 2009. 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 April 30, 2009.

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.

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.

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.

	April 30 2009	July 31 2008
Working capital	\$ 436,525	\$ 694,692
Shareholders’ equity	1,426,958	4,073,082
	<u>\$ 1,863,483</u>	<u>\$ 4,767,774</u>

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 nine months ended April 30, 2009.

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 Policies

On August 1, 2008, the Company adopted the new or revised Canadian accounting standards for capital disclosures, financial instruments – disclosure and presentation and inventories. Prior periods have not been restated. The adoption of these policies had no impact on opening deficit.

Capital Disclosures

Section 1535 Capital Disclosures specifies the disclosure of (i) an entity's objectives, policies, and processes for managing capital, (ii) quantitative data about what the entity regards as capital, (iii) whether the entity has complied with any capital requirements, and (iv) if it has not complied, the consequences of such non-compliance.

Financial Instruments

Section 3862 Financial Instruments – Disclosure and Section 3863 Financial Instruments – Presentation replace Section 3861 Financial Instruments – Disclosure and Presentation. These new sections revise and enhance disclosure requirements and carrying forward unchanged presentation requirements. Increased emphasis is placed on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Goodwill and intangible assets

Section 3064 Goodwill and Intangible Assets was issued to replace Section 3062 Goodwill and Other Intangible Assets and Section 3450 Research and Development Costs. This standard aligns Canadian GAAP with IFRS and was effective on October 1, 2008.

Pending accounting pronouncements

The Company is currently assessing the impact of these following new standards on its consolidated financial statements:

i) International Financial Reporting Standards (“IFRS”)

The Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that outlines the convergence of Canadian generally accepted accounting principles with International Financial Reporting Standards (“IFRS”) over an expected five year transitional period. The changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles is interim and annual financial statements for fiscal years beginning on or after January 1, 2011 with the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

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, 2008. The Company's significant accounting policies are subject to estimates and key judgments about future events, many of which are beyond management's control.

Disclosure Controls and Procedures

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Company's certifying officers will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification includes a 'Notice to Reader' stating that the certifying officers do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings.