



MANAGEMENT'S DISCUSSION AND ANALYSIS For the three months ended October 31, 2009

*Management's discussion and analysis ("MD&A") of the financial condition and the results of operations for the three months ended October 31, 2009 should be read in conjunction with the October 31, 2009 unaudited interim consolidated financial statements and the audited consolidated financial statements of Cascadia Resources Inc. ("Cascadia" or the "Company") for the year ended July 31, 2009 together with the accompanying notes. The MD&A has been prepared using information that is current to **December 28, 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. 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. Due to current market conditions, the Company has decided to undertake no further commitments with Quippu and suspend operations in Peru.

Overall Performance and Mineral Property Descriptions

Peru

In July 2008, an 800 hectare ("ha") base metal property was staked in southern Peru, however the Company subsequently suspended operations in Peru and wrote-off all related expenditures in fiscal 2009.

Canada

The Company currently holds two active 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.

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 2010 fiscal year are currently under review by management.

Mineral Property Expenditures

Mineral property expenditures for each of the three month periods ended October 31, 2009, 2008 and 2007 are as follows:

	October 31, 2009	October 31, 2008	October 31, 2007
Norton Lake (sold May 2009)	–	–	209,350
Midway	–	–	27,004
Awkward	–	–	55,226
Goat Mountain (terminated January 2009)	–	43,417	90,430
Baker Lake (suspended January 2008)	–	–	402,764
Peru (suspended February 2009)	–	71,877	–
	–	115,294	784,774

Exploration expenditures have declined due to management's decision to cutback exploration until economic conditions improve.

Selected Financial Information

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

	As at and for the three months ended	As at and for the years ended	
	October 31, 2009	July 31, 2009	July 31, 2008
Interest income	–	5,403	35,024
Total expenses	148,275	3,033,302	1,368,587
Unrealized gain (loss) on investments	(495,903)	(63,343)	922,438
Earnings (loss) for the period	347,628	(2,964,556)	(2,256,001)
Earnings (loss) per share	0.02	(0.18)	(0.05)
Net earnings (loss)	347,628	(2,808,184)	(1,447,605)
Net earnings (loss) per share	0.02	(0.17)	(0.03)
Total assets	1,844,007	1,384,318	4,378,945
Total liabilities	152,248	40,187	305,863
Weighted average number of shares - Basic	16,567,374	16,567,374	16,365,132

Results of Operations

Below is a comparison of the Company's results of operations for the three months ended October 31:

	2009	2008
Interest income	–	3,519
Expenses		
Bank charges	46	715
Depreciation	1,099	1,184
Foreign exchange (gain) loss	–	(7,614)
General corporate	14,305	15,408
Interest	–	2,501
Investor and shareholder relations	3,191	17,425
Legal fees	–	56,516
Professional fees	121,343	27,603
Stock-based compensation	–	32,680
Transfer agent and regulatory fees	931	881
Travel and promotion	7,360	12,925
Unrealized (gain) loss on investments (<i>Note 6</i>)	(495,903)	137,295
Overhead recoveries	–	(2,068)
	(347,628)	295,451
Earnings (loss) and comprehensive earnings (loss)	347,628	(291,932)
Earnings (loss) per share - basic	0.02	(0.01)

Results of Operations – three month comparison

The Company reported earnings of \$347,628 for the three months ended October 31, 2009 compared to a loss of \$291,932 for the three months ended October 31, 2008. The variances between the comparable periods are explained by changes in the following income and expense items:

The Company did not earn any interest income in the current quarter due to a reduction in the average cash balance.

General corporate expenses in the first quarter of fiscal 2010 were comparable to those for the fiscal 2009 quarter.

The Company did not incur any interest expense in the current quarter. Interest expense in the first quarter of 2009 related 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 and travel and promotion expenses as part of on-going efforts to control costs.

The Company did not incur any legal fees in the first quarter of fiscal 2010. Legal fees incurred in the comparative quarter related to appeal proceedings on the Raglan property which were settled in fiscal 2009.

Professional fees in the current period primarily relate to management consulting fees which had been suspended in the prior period.

The Company did not recognize any stock-based compensation expense in the current quarter. Stock-based compensation expense in the first quarter of fiscal 2009 was comprised of a pro-rata portion of the fair value of options granted in March and April 2007 which vested over a two-year period.

Transfer agent and regulatory fees for the current period were comparable to those for the first quarter of 2009.

Overhead recoveries reported in the three months ended October 31, 2008 related to the Norton Lake joint venture agreement for which the Company was the operator. As operator, the Company recovered 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 sold its Norton Lake Property interest to White Tiger Mining Corp.

The unrealized gain on investments for the three months ended October 31, 2009 is the difference between the October 31, 2009 and July 31, 2009 mark-to-market values of the Company's minority equity investments. The unrealized loss on investments for the three months ended October 31, 2008 is the difference between the October 31, 2008 and July 31, 2008 mark-to-market values.

Summary of Quarterly Results

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

FISCAL 2010	1st Quarter Oct 2009
Revenues	–
Net income (loss)	347,628
Net income (loss) per share	0.02

FISCAL 2009	1st Quarter Oct 2008	2nd Quarter Jan 2009	3rd Quarter Apr 2009	4th Quarter Jul 2009
Revenues	3,519	1,418	466	–
Net income (loss)	(291,932)	(612,764)	(1,820,661)	(82,827)
Net income (loss) per share	(0.018)	(0.036)	(0.110)	(0.005)

FISCAL 2008	1st Quarter Oct 2007	2nd Quarter Jan 2008	3rd Quarter Apr 2008	4th Quarter Jul 2008
Revenues	9,496	12,025	8,166	5,337
Net income (loss)	172,302	(1,486,052)	(457,466)	323,611
Net income ((loss) per share	0.009	(0.093)	(0.027)	0.021

Related party transactions

During the three months ended October 31, 2009, the Company was charged \$9,000 (three months ended October 31, 2008 – \$4,500) 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 months ended October 31, 2009, the Company was charged \$114,000 (three months ended October 31, 2008 – \$66,000) by officers and directors for management and geological consulting fees, of which the Company capitalized nil (three months ended October 31, 2008 – \$37,600) 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.

Liquidity and Capital Resources Operations

As at October 31, 2009, the Company had working capital of \$517,380 compared to \$664,556 at July 31, 2009. The \$147,176 decrease in working capital is a result of cash used by 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.

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, 2009, October 31, 2009 and the date of this MD&A, the Company had 16,567,374 common shares were issued and outstanding.

Warrants

As at July 31, 2009, October 31, 2009 and the date of this MD&A there were no warrants outstanding.

Stock options

As at July 31, 2009, October 31, 2009 and the date of this MD&A, the Company had 866,665 stock options outstanding.

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, investments 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. Investments are marked-to-market value at each balance sheet date.

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. The following paragraphs present 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 the Company's October 31, 2009 consolidated 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 October 31, 2009, the maximum credit exposure is the carrying amount of the accounts receivable of \$9,349 (July 31, 2009 – \$37,656). The Company's accounts receivable consists of Goods and Services Tax input tax credits for which the Company views credit risk 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 October 31, 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. The

Company has suspended operations in Peru and is therefore not exposed to foreign currency exchange risk at this time. For the previous three months ended October 31, 2008, had the Canadian dollar increased by \$0.10, the Company's foreign exchange gain would have decreased by approximately \$1,950. 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 October 31, 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:

	<i>October 31</i> 2009	<i>July 31</i> 2009
Working capital	517,380	664,556
Shareholders' equity	1,691,759	1,344,131
	<u>2,209,139</u>	<u>2,008,687</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 period ended October 31, 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, 2009, the Company adopted the Canadian Institute of Chartered Accountants Handbook *Section 3064 Goodwill and Intangible Assets* which replaces the previous goodwill and intangible asset standard and revises the requirement for recognition, measurement, presentation and disclosure of intangible assets. The adoption of this standard had no impact on the Company's unaudited interim consolidated financial statements.

Pending accounting pronouncements

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 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. IFRS is effective for the Company on August 1, 2011 with the restatement of for comparative purposes of amounts reported by the Company for the year ended July 31, 2011. The Company has begun assessing the adoption of IFRS for 2011 and the financial reporting impact of the transition to IFRS is not expected to be significant, with the exception of additional note disclosures.

Business combinations and non-controlling interests

In January 2009, the AcSB issued *Section 1582 Business Combinations, Section 1601 Consolidations and Section 1602 Non-controlling Interests*. Section 1582 replaces *Section 1581 Business Combinations* and provides the Canadian equivalent to *IFRS 3 Business Combinations*. Section 1601 and Section 1602 replace *Section 1600 Consolidated Financial Statements*. Section 1602 provides the Canadian equivalent to *International Accounting Standard ("IAS") 27 Consolidated and Separate Financial Statements*, for non-controlling interests. These standards are effective for the Company on August 1, 2011.

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, 2009. The Company's significant accounting policies are subject to estimates and key judgments about future events, many of which are beyond management's control.

The Company believes the following are the most critical accounting estimates used in the determination of its financial results:

Valuation of mineral properties

The Company records its interest in mineral claims and properties at cost whereby all direct and indirect costs of acquiring, exploring for and developing mining properties are capitalized as separate areas of interest. When the areas of interest are brought into production, the costs will be amortized using the unit-of-production method based on estimated proved reserves. Where a property shows no promise from prior exploration results and is dormant, the claims may be allowed to lapse, and would be written down to a nominal value where an interest in claims remained. Management will also determine if an exploration property is impaired, and whether the carrying value of such property should be written down and whether exploration costs incurred should be charged against earnings rather than being deferred, on each occasion that financial statements are issued.

Income taxes

The Company records future tax assets and liabilities to account for the expected future tax consequences of events that have been recorded in its consolidated financial statements and its tax returns. These amounts are estimates and the actual tax consequences may differ from the estimates due to changing tax rates and regimes, as well as changing estimates of cash flows and capital expenditures in current and future periods. A valuation allowance is recorded to the extent that there is uncertainty regarding utilization of future tax assets.

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations, often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability and expense may differ from that estimated and recorded.

Stock-based compensation

Stock-based compensation expense is recorded in the statement of loss and deficit for all options granted based on the estimated fair value at the time of the grant and recognized as expense over the vesting period of the option. The fair value of options is estimated using the Black-Scholes pricing model based on estimates and assumptions for expected life of the options, expected volatility, risk-free interest rate and dividend yield. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates could be material in future periods.

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.