CASCADIA INTERNATIONAL RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements for the years ended July 31, 2004 and 2003 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.

Corporate History

Cascadia International Resources Inc. ("Cascadia") was incorporated in British Columbia, Canada as Craven Resources Inc. on July 18, 1983 and changed its name to Cascadia on April 7, 1997. Corporate headquarters were relocated to Calgary, Alberta in early 2003 and in January 2004 the registered and records office was transferred to the offices of our legal counsel in Calgary.

Overall Performance

Cascadia is an emerging Canadian mining company dedicated to "grass-roots" exploration of base metals (nickel, copper, cobalt) and precious metals (platinum and palladium) in northern Ontario and Quebec.

This fiscal year, the Company raised net proceeds of $4.5 million from three financings and from the conversion of outstanding warrants and options to common shares.

Exploration expenditures in 2004 increased 186% to $4.7 million compared to $2.5 million in 2003. All conditions for year two of the Raglan Option Agreement were fulfilled and Cascadia earned a 25% undivided interest in the original NovaWest Raglan Assemblage. In February 2004 Cascadia acquired a 35% interest in the 30,774 acre True North Project on the north Raglan trend in partnership with NovaWest (35% interest). This acquisition of the True North property from Minera Capital is on condition of spending a minimum of $440,000 over 3 years split 50/50 between Cascadia and NovaWest Resources Inc.

At Norton Lake, results from the winter drilling program have been very encouraging as they indicate a dramatic increase to the tonnage of the Company's existing deposit.

The loss from operations in 2004 was $616,056 compared to the loss of $209,607 in 2003. The increased costs pertained to financings, investor awareness and additional exploration consulting expertise. After including non-cash items such as the stock-based compensation expense and future income tax recovery, this year's net loss was $1.2 million compared to a net loss of $0.2 million last year.

The price of Cascadia's shares continued to rise from the close price of $0.52 August 1, 2003 to the year's high of $0.75 on March 10, 2004. At July 31, 2004 the shares closed at $0.47.

Selected Annual Information (- $ Canadian -)

For the years ended July 31,	2002	2003	2004
Net loss from continuing operations	(81,023)	(209,607)	(616,056)
Net loss	(81,023)	(209,607)	(1,196,574)
Net loss per share - average	(0.01)	(0.03)	(0.04)
Net loss per share – fully diluted	(0.01)	((0.01)	(0.02)
Weighted average number of Common Shares outstanding	6,319,697	6,319,697	29,095,468
Total assets	29,233	3,242,430	7,703,379

Results of Operations

Investment income increased 158 percent to $16,187 from $6,262 last year due to higher working capital levels from financings.

Administrative expenses increased in 2004 to $632,243 compared to $209,607 in 2003. These higher costs are a direct reflection of the Company's increased activity in exploration drilling operations and financing. Professional fees increased with the addition of a Vice President of Exploration and two new members to the Company's Advisory Board.

Capital expenditures are summarized in the table below.

	July 2002	**July 2003**	**July 2004**
Raglan	-	2,395,875	6,458,178
Thundermin acquisition	-	88,651	88,651
McGarry	-	50,136	54,992
Norton Lake	-		173,864
Linsey Bay	-		461,513
Total Resource Assets	**-**	**2,534,662**	**7,237,198**

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 2002	**2nd Quarter Jan 2003**	**3rd Quarter Apr 2003**	**4th Quarter Jul 2003**
Revenues	-	-	-	-
Net loss	(17,950)	(21,432)	(31,050)	(139,175)
Net loss per share	(0.003)	(0.007)	(0.005)	(0.02)

	1st Quarter Oct 2003	**2nd Quarter Jan 2004**	**3rd Quarter Apr 2004**	**4th Quarter Jul 2004**
Revenues	-	-	-	-
Net loss	(105,004)	(151,482)	(276,359)	(663,729)
Net loss per share	(0.004)	(0.006)	(0.01)	(0.02)

Related party transactions

During the year, the Company paid Yangarra Resources Inc. (“Yangarra”) $144,628 (2003 - $6,000) for rent, office services and for its share of leasehold improvements and office equipment. At year-end, included in accounts receivable and accounts payable and accruals are $3,348 (2003 - $nil) and $75,273 (2003 - $nil), respectively, relating to transactions with Yangarra. Yangarra is a public oil and gas company based in Calgary, Alberta. James G. Evaskevich, the President and a director of the Company is also the President, Chief Executive Officer and a director of Yangarra Resources Inc.

During the year, the Company had transactions related to administration and consulting of $61,070 (2003 - $25,000) with companies controlled by certain of the Company’s officers and directors. Of this amount, $4,135 (2003 - $nil) is in accounts payable and accruals at year-end.

An aggregate of $2,268 (2003 - $nil) currently in accounts payable will be paid to Burstall Winger LLP for legal fees and disbursements. A director of the Company is a partner of Burstall Winger LLP. Legal fees to Burstall Winger were $52,247 (2003 - $nil).

The transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Liquidity and Capital Resources Operations

At July 31, 2004 the Company had a working capital surplus of $95,429 compared to $571,925 at July 31, 2003. Without production and cash flow from operations, “grass-roots” exploration is dependant on equity financing.

On June 21, 2004, the Company completed a private placement with SIDEX of 833,334 shares for gross proceeds of $500,000 at $0.60 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles SIDEX to acquire one additional common share at a price of $0.75 for two years from the closing date. SIDEX is a Limited Partnership sponsored by the government of Quebec and the Solidarity Fund QFL.

If the Company’s stock price continues this year’s trend and remains over $0.40 then outstanding warrants and options with expiry dates in 2005 will fund new exploration. If stock prices fall, then new equity flow through share financing will be considered before the 2004 calendar year end.

Changes In Accounting Policy

Stock based compensation - Effective July 31, 2003 the Company adopted *CICA Handbook 3870 "Stock-based Compensation and Other Stock-based Payments"*, which establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services to employees and non-employees. The standard sets out a fair-value based method of accounting that is required for certain, but not all, stock-based transactions. The Company records compensation expense in the consolidated financial statements for stock options granted to employees and directors using the fair value method. Fair values are determined using the Black-Scholes option-pricing model. Compensation costs are recognized over the vesting period

During the year, 1,573,000 options with an estimated fair value of $646,012 were granted. The fair value of options granted during 2004 was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate (%)	**4.73%**
Expected volatility (%)	**100.00%**
Expected life (years)	**5**

Had the fair value method been used since August 1, 2002, the Company's proforma net loss for 2003 would have been $729,607 or $0.12 per share - basic.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

Outlook

The management and technical staff of Cascadia are excited about this summer's exploration program in the Raglan properties for several reasons. During the year, our exploration staff has been expanded and two highly respected and experienced individuals in the mining community have joined our technical advisory committee. Through the correlation of geophysical and geological data, 58 drill targets have been identified. A recent acquisition expanded the Company's land base by an additional 30,774 acres and Cascadia, together with five or six other mining companies in the area, are spending approximately $25.0 million in the Raglan belt.

Nickel prices have risen 43 percent on the London Metal Exchange in the past year. Price fluctuations during calendar 2004 have been dramatic; ranging from a high of $17,660 USD a ton on January 6, 2004 to a low of $10,495 USD on May 18, 2004. On October 8, 2004 prices climbed back to $16,550 USD a ton. Exploitation of current mining capacity worldwide has been increased as far as possible, but higher outputs have failed to match the higher global demand. A significant increase in production before the end of 2006 is not likely since considerable time is required to bring new mines on stream or to exploit new veins; consequently it is our belief that nickel prices will continue the same trend, at similar price levels for the next few years. The reality of globalization hits close to home as the Chinese Minmetals Corporation currently negotiates with Noranda and Brascan Corporation to acquire 100% of the outstanding common shares of Noranda. China's dramatic growth continues to fuel their need for base metals and Noranda is a leading copper and nickel company with significant ownership in Falconbridge's producing nickel mine in the Raglan belt.

Forward-Looking Statements

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

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