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MANAGEMENT DISCUSSION & ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of results of operations and financial position as at October 30, 2013 should be read in conjunction with the consolidated interim financial statements of Canyon Creek Food Company Ltd. ("Canyon Creek" or "the Company") for the period ended August 31, 2013, and the related notes thereto.

The Company prepares its consolidated interim financial statements in accordance with Part 1 of the Handbook of the Canadian Institute of Chartered Accountants (CICA Handbook) which incorporates International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS). This MD&A provides information on the activities of the Company and all amounts are expressed in Canadian dollars unless otherwise noted.

Management is responsible for the information contained in the MD&A and its consistency with information presented, reviewed and approved by the Audit Committee and Board of Directors. Additional information pertaining to the Company can be found on the System for Electronic Document Analysis and Retrieval ("SEDAR") web site at www.sedar.com.

Some information in this Management Discussion & Analysis is considered forward looking. It is subject to uncertainties and risks associated with industry and other economic factors. Forward looking statements contain assumptions and analysis made by us based on our experience, analysis of historical trends, current conditions and expected future developments, as well as other factors deemed appropriate. Readers are cautioned that we offer no assurance that events or results identified in any forward looking statements will be realized in whole or in part. Factors that could cause actual results or events to differ materially from current expectations include, among other things, the availability and price of raw materials and labour, competitive factors in the industry, regularity decisions, economic conditions in North America, our ability to successfully implement our strategic initiatives, and whether such initiatives yield the expected benefits. We make no obligation to publicly update any forward – looking statements.

Overview

Canyon Creek Food Company Ltd. is a food processing company based in Edmonton, Alberta providing fresh soups and other prepared food products for today's health conscious consumer. We provide our fresh food product line to both grocery retailers and a broad range of food service establishments, such as restaurants and institutions through out Canada. We are a public company trading on the TSX Venture under the symbol "CYF".

The business strategy is to increase sales by expanding distribution of Canyon Creek Soup Company branded product in new and existing markets, stimulating consumer trial of products and increasing consumer awareness. In addition we will selectively engage in co-packing opportunities. Some of the key elements of our strategy include:

- Developing unique alternative entrees and soups;
- Creating a strong distribution network;
- Stimulating strong customer demand of the Ready to Use soups in all food channels

As there has been a strong expressed interest by customers for unique but mainstream products, in fiscal 2013 the Company focused significant resources in research and development in several ready to eat products with the expectation of bringing them to market in Q2 of fiscal 2014. The Company continues to research other categories that may have mass appeal in the Ready to Eat segment.

The Chilled Soup Category

Industry trends in Canada:

Sales of Soup by Category: % Value Growth 2008-2012

	2008	2009	2010	2011	2012
Canned/preserved soup	2.0	3.2	(6.6)	1.6	2.0
Chilled soup	19.7	4.4	5.2	6.0	6.6
Dehydrated soup	(0.8)	3.6	6.0	(0.2)	(0.9)
Instant soup	0.6	5.5	8.8	1.8	3.5
UHT soup	15.8	(11.8)	(27.4)	(0.2)	1.8
Soup	2.2	2.8	(4.7)	1.4	1.7

Source: Soup in Canada (Euromonitor International)

The chilled soup category shows growth year over year as consumers preference to healthier alternatives continues.

Key Performance Drivers

- ***The ability to deliver superior product quality***

We continue to invest to ensure that our product is of high quality both in product safety and delivering superior innovative products. For every product run, the Quality Assurance Department undertakes extensive testing of product quality and packaging. This includes testing viscosity, taste, colour and product integrity. We have also begun the process of becoming British Retail Certification (BRC) certified. This falls under the Global Food Safety Initiative (GFSI) and is intended to build more safeguards to ensure a higher level of food safety.

- ***Competition***

The principle elements of competition in this industry include:

- Distribution
- Price
- Product quality and taste
- Innovation
- Trade and consumer promotions, and
- Labelling and packaging

Risk Factors

We need to effectively manage our resources in order to execute the business plan. Failure to execute would negatively impact our ability to achieve profitability.

To achieve profitability and manage operations effectively, we must continue to improve our operational, financial, and other management processes and systems. In addition, in order to grow and execute on our business plan and opportunities, we need to have adequate resources available, including capital and personnel. We also need to maintain controls and focus as we look to add new products and distribution channels.

In order to achieve a profit we must:

- Increase sales volume to reflect the uniqueness of our products;
- Achieve and maintain efficiencies in operations;
- Maintain fixed costs at or near current levels; and
- Avoid significant increases in costs such as production, marketing and distribution.

Significant Events

The Company has introduced its own branded product "George Pepper" and "Canyon Creek Kettle Soups" and is currently building distribution in both the convenience store and the traditional retail channels. In addition, the Company will continue to focus on building its' brand presence in big box retailers.

Share Capital

The authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of non-voting preferred shares, issuable in series. As of October 30, 2013 the total number of issued and outstanding common shares is 35,148,902.

During the periods ended August 31, 2013 and May 31, 2013 no securities were issued.

During the periods ended August 31, 2013 and May 31, 2013 no options to purchase securities were granted. A balance of nil stock options was outstanding as at August 31, 2013.

There are no outstanding share purchase warrants as of August 31, 2013.

Plan of Operation

We are committed to our mission of producing superior innovative food products that give our customers and consumers what they really want. "Favourite Foods Made Easy" in a way that is better, faster and more profitable than our competition. We aspire to be the "best food company" in Canada. This can be achieved through one guiding principal of superior quality, in people, products and customers. Our interaction, both internally and externally, will convey our commitment to superior quality everyday.

We are focusing on building our presence with our retail customers with the expectation of securing additional revenue. We are also in the process of working with our eastern based customer, which opens new opportunities in a heavily populated segment of Canada. We have secured an eastern based customer and are working to further penetrate this customer along with several others.

Selected Annual Information

Description	**May 31, 2013 $**	**May 31, 2012 $**	**May 31, 2011 $**
Total Revenues	*1,207,309*	*1,444,449*	*3,455,862*
Gross Margin	*(349,349)*	*(134,442)*	*61,870*
Net loss			
Total	*(2,016,341)*	*(1,640,061)*	*(1,126,953)*
Per share	*(0.06)*	*(0.05)*	*(0.03)*
Total Assets	*1,529,766*	*1,624,468*	*1,927,253*
Long term financial liabilities	-	*5,047*	*13,979*

- The Company's transition date was June 1, 2010, accordingly 2011 comparative figures are presented under IFRS.
- With the continuing operating losses, management annually engaged an independent appraiser to assess the fair value of the production equipment in each of fiscal 2011, 2012 and 2013. The independent valuator used accepted valuation techniques to arrive at a fair market value. As a result, a write down of $414,705 recorded as a non-cash charge to operations in fiscal 2011 and a write-down of $17,565 in fiscal 2012. No equipment write-down was required in fiscal 2013. These write downs were recorded in Q4 of each fiscal year.
- The decline in revenue and gross profit can be traced to the loss of a major retail customer along with a temporary co-packing arrangement.

Summary of Quarterly Results

Description	**Aug 31, 2013 $**	**May 31, 2013 $**	**Feb 28, 2013 $**	**Nov 30, 2012 $**	**Aug 31, 2012 $**	**May 31, 2012 $**	**Feb 29, 2012 $**	**Nov 30, 2011 $**
Revenue	*57,161*	*106,119*	*531,632*	*487,576*	*81,982*	*221,592*	*557,175*	*264,947*
Gross Margin	*(161,585)*	*(252,700)*	*72,507*	*(41,617)*	*(127,539)*	*(168,073)*	*71,613*	*(147,616)*
Net profit (loss) for period								
Total	*(557,956)*	*(694,755)*	*(349,366)*	*(413,239)*	*(558,981)*	*(453,261)*	*(355,605)*	*(520,576)*
Per share	*(0.02)*	*(0.02)*	*(0.01)*	*(0.01)*	*(0.02)*	*(0.01)*	*(0.01)*	*(0.01)*

The first and fourth quarter's revenue are generally lower vs second and third category due to seasonality in the chilled soup category.

Liquidity and Capital Resources

The Company's ability to continue as a going concern is dependent upon the continuing support of related parties, availability of operating and long-term financing, renewing and obtaining new customer supply contracts, achieving a profitable level of operations, and being able to meet future debt service requirements. Management is continuing to address the need to increase revenue, control costs, and obtain working capital and long-term financing. As the outcome of management's actions is dependent on future events, there is no certainty that management will be able to successfully resolve these issues. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. These financial statements do not reflect adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company was unable to realize its assets and settle its liabilities as a going concern in the normal course of operation. These adjustments could be material.

The Company is financed through the following:

Working Capital Funding

The Company has an operating loan with the Bank of Montreal for $600,000. This loan is used to finance the daily operations and has been in place for many years.

Capital Asset Funding

There is capital expenditures planned for fiscal 2014 in order to meet the customer demand. These expenditures are expected to be financed through a combination of equipment leasing and shareholder demand loans.

Going Concern Funding

A couple of the Company's shareholders have been investing in the Company through demand loans for over ten years and continue to support the Company.

Results of Operations

Revenue

Revenue declined by 43.4% during the quarter ended August 31, 2013, when compared to the same quarter in the previous year. The revenue decline is not that significant as it is being calculated off of a small sales base for the quarter of only $81,982. It is the intent to focus on product development that will allow greater throughput during the summer months when the soup sales are soft due to seasonality. We expect to launch these new initiatives in the spring of 2014. We continue to aggressively pursue other business and have launched a new branded product line with a major western retailer and several eastern based retailers, sales of which will be realized starting in Q2 of fiscal 2014. The product line that has been launched is under "Canyon Creek Kettle Soups" which includes several varieties of soups and entrees. The Company also has a co-packing arrangement where product is manufactured for an Eastern based customer that distributes soups in Western Canada with a large box retailer.

Gross Margin

The gross profit margin for the quarter ended August 31, 2013 has decreased by $34,046 when compared to the same quarter in the previous year. This decrease can mainly be attributed to the decrease in revenue.

Net Loss

The net loss for the quarter ended August 31, 2013 was relatively flat compared to the same quarter in the previous year ($557,596 in 2013 vs $558,981 in 2012).

Transactions with Related Parties

The related party transactions that we engaged in during the quarter are as follows:

- ***Demand Loans -*** one of the shareholders and director, Brian Halina, continues to invest in the Company by way of demand loans. Subsequent to the quarter end the director has indicated that he is not expecting any principal repayment of these demand loans in fiscal 2014.
- ***Accounts Payable –*** two of the officers, Terence Alty and Belva Rode continue to support the Company by way of payables that are unsecured, interest bearing at 8% annually and with no fixed terms of repayment.

These transactions are in the normal course of operations and are measured at the exchange value; the amount of consideration is established and agreed to by the related parties.

Changes in accounting policies

There were no changes in accounting policies during the quarter.

Unless otherwise noted, the following revised standards and amendments are effective per annual periods beginning on or after January 1, 2013 with earlier application permitted. The Company has not yet assessed the impact of these standards and amendments or determined whether it will early adopt them.

Changes in Internal Control over Financial Reporting

There have been no changes in the internal controls over financial reporting during the quarter ended August 31, 2013 that have materially affected, or are reasonably likely to materially affect, the internal controls over financial reporting.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Subsequent events

Subsequent to August 31, 2013, the Company received additional financing in the form of demand notes from a company controlled by a shareholder and director of the company, Brian Halina, bearing interest at 8% compounded annually, in the amount of $250,000.

Disclosure Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer are responsible for designing and monitoring the effectiveness of the disclosure controls and procedures. Effective disclosure controls provide reasonable assurance that external financial reporting and statements are reliable. We are small with few administrative staff to ensure effective segregation of duties – a key factor in designing disclosure controls; however, both the Chief Executive Officer and Chief Financial Officer are directly involved in designing and maintaining disclosure controls and procedures. This direct involvement results in effective controls notwithstanding the inability to effectively segregate duties. The Company is not required to certify the design and evaluation of DC&P and ICFR and has not completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and implement on a cost effective basis DC&P and ICFR for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.