



**ACANA CAPITAL CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND NINE MONTHS ENDED  
JUNE 30, 2012**

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the condensed interim consolidated financial reports of Acana Capital Corp ("APB", "we" or "us") at June 30, 2012 and audited financial statements of the Company for the year ended September 30, 2011. Other information concerning the Company's formation is available on [www.sedar.com](http://www.sedar.com).

This document is effective August 13, 2012.

### **Our Business**

Acana Capital Corp (formerly 2801 Shangri-La Holdings Ltd.) was incorporated on June 18, 2007. The change of name occurred on July 01, 2011 and the Company is registered under the *Business Corporations Act* (British Columbia).

Acana is a Canadian land acquisition and development company of commercial and residential projects with a view to the re-sale or the management of such projects. In addition, it invests in small cap public companies and mineral properties.

On April 18, 2011, the Company entered into an agreement with Grand Peak Capital Corp. ("Grand Peak") to proceed with a corporate restructuring whereby Grand Peak would transfer its real estate interest (the "Interest") and loan \$200,000 to the Company. In consideration, the Company will issue 2,446,670 (consolidated) common shares to Grand Peak. The transaction constitutes a spin-out under the regulations on the Canadian National Stock Exchange ("CNSX"). The Interest is composed of a cash deposit of \$276,250 for the purchase of a real estate condominium with a balance of \$828,750 due upon completion.

The arrangement agreement received interim approval by the BC Supreme Court on May 24th, 2011 and was approved by the Company's shareholders at its annual general meeting on June 30, 2011. The court provided final approval for the arrangement by order dated July 13, 2011. The completion of the arrangement remained subject to the Company meeting the listing requirements on the CNSX. The Company's shares started trading under the symbol "APB" on the CNSX on December 2, 2011. On December 21, 2011, Grand Peak's real estate interest and the \$200,000 loan were transferred to the Company and the Company's shares have been delivered to Grand Peak.

On January 19, 2012, the Company closed a private placement of 5,100,000 units at a price of \$0.50 for gross proceeds of \$2,550,000. Each unit consisted of one common and one warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.50 per share for one year from closing of the private placement. Finder's fees in the amount of \$255,000 were paid in relation to this private placement.

The company has incorporated a 100% owned subsidiary called J G Wealth Management. This subsidiary will invest funds raised through private placements and has an investment trading account at RBC Direct Investing Inc. In addition, a US subsidiary has been incorporated.

## Selected Financial Information

### *Basis of Presentation*

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), and are presented in Canadian dollars.

## Results of Operations

### Annual Results

The following table represents selected annual financial information on the Company’s revenue & net income loss for the past three years. The Company adopted IFRS retroactively to November 30, 2010, when it began reporting under IFRS on December 01, 2011.

| Year Ending   |    | Sept 30, 2011 | Sept30, 2010 | Sept 30, 2009 |
|---|----|---------------|--------------|---------------|
|   |    | IFRS          | IFRS         | CGAAP         |
| Total Revenue   | \$ | -             | -            | -             |
| General Administration<br>(excluding property write offs) |    | -             | -            | -             |
| Net Income (Loss)   |    | -             | -            | -             |
| Net Income (Loss) Per Share                               |    | -             | -            | -             |
| Total Assets  | \$ | -             | -            | -             |

### Summary of Quarterly Results

Selected financial information for the preceding four quarters is as follows:

| Period end        | Q3 - 12    | Q2 - 12     | Q1 - 12     | Q4 -11       |
|-------------------|------------|-------------|-------------|--------------|
|                   | June 30    | March 31    | December 31 | September 30 |
|                   | IFRS       | IFRS        | IFRS        | IFRS         |
| Net Results       | \$ (4,589) | \$ (18,990) | \$ (11,411) | \$ -         |
| Basic and diluted | \$ (0.001) | \$ (0.02)   | \$ (0.02)   | \$ -         |

### Results for the three month period from April 01 to June 30, 2012

At June 30, 2012, the Company had Current Assets of \$1,830,764 (June 30, 2011 - \$Nil) .Total Assets of \$2,702,570 were recorded for the end of the third quarter (June 30, 2011 - \$Nil).

During the three months ended June 30 2012, General and Administrative expenses for the period were \$13,817 (June 30, 2011 - \$Nil.) The Company’s working capital was \$1,830,764 (June 30, 2011 - \$Nil).

The hold on 900,000 Grenville Gold shares was lifted and these assets were moved into marketable securities. The Company also invested \$55,555 Innovative Properties.

## Results for the nine month period from October 01, 2011 to June 30, 2012

The Company's total comprehensive loss for the nine month period was \$34,990 (2011 - \$nil).

A short term loan of \$150,000 plus \$9,228 interest was repaid by Musgrove Minerals. The Company repaid Grand Peak Capital the \$200,000 loan that occurred at the time of the spin-off.

The Company raised \$2,549,990 through a private placement and consolidated its shares on a 1 new for 10 old shares.

### Subsequent Events

On July 16th, ACANA CAPITAL CORP. announced that it's wholly owned subsidiary, Acana Capital Corp. USA, LLC, had entered into an agreement that significantly adds to its land holdings.

The Company has agreed with Seymork Investments Limited, a British Columbia private company, whereby Acana USA will purchase 4500+ acres of surface & mineral rights of land owned by Seymork in the state of Nevada. The Lands lie in the Pershing and Churchill Counties, in Nevada, USA and have no improvements thereon at this time. The Company shall issue 600,000 common shares in satisfaction of the consideration. The purchase of the Lands will also include an assignment of the net smelter returns allotted by Terraco Gold Corp. and assignment of a 1% net smelter return allotted by Midway Gold Corp.

### Share Capital

The Company obtained approval from the Canadian National Stock Exchange on May 9, 2012 to do a 1 for 10 Consolidation of its share capital. A total of approximately 7,546,670 consolidated common shares of the Company were issued and outstanding following the Consolidation.

#### (a) Shares

|  | No. Shares       | Value               |
|--|------------------|---------------------|
| <b>Balance September 30, 2010 &amp; September 30, 2011</b> | -                | \$ -                |
| Asset spinoff & acquisition                                | 2,446,670        | 276,250             |
| Private placement  | 5,100,000        | 2,549,990           |
| Warrants issued in PP                                      | -                | (15,300)            |
| Finders' fees  | -                | (255,000)           |
| <b>Balance August 13, 2012</b>                             | <b>7,546,670</b> | <b>\$ 2,555,940</b> |

#### (b) Warrants

|  | No. Warrants     | Exercise      | Expiry              |
|--|------------------|---------------|---------------------|
| <b>Balance September 30, 2010 &amp; September 30, 2011</b> | -                | -             | -                   |
| Private placement  | 5,100,000        | \$0.50        | Jan 19, 2013        |
| <b>Balance August 13, 2012</b>                             | <b>5,100,000</b> | <b>\$0.50</b> | <b>Jan 19, 2013</b> |

## **Liquidity and Capital Resources**

At June 30, 2012, the Company had cash of \$1,298,716 and (June 30, 2011 - \$Nil) and a working capital surplus of \$1,830,764 (2011 - \$nil).

At present, the Company does not generate a cash flow

## **Commitments, Contingencies and Off-Balance Sheet Arrangements**

The Company has no commitments, contingencies and off-balance sheet arrangements with the exception of \$2,500 a month for rent.

## **Related Party Transactions**

The Company has under gone a spin out from a publicly traded corporation following a restructuring that was approved by both shareholders and the BC Supreme Court.

## **Proposed Transactions**

Subsequent to the quarter end, the Company's US subsidiary entered into an agreement with a private company Seymork Investments Limited to acquire 4,500 acres in Nevada. The subject is halt traded and subject to the approval of the Exchange.

## **Critical Accounting Estimates**

A detailed summary of all the Company's significant accounting policies is included in Note 3 of the Company's June 30, 2012 annual financial statements.

## **Financial Instruments and Other Instruments**

### ***Derivative financial instruments:***

We do not have any derivative financial instruments or non-derivative financial assets.

### ***Non-derivative financial liabilities:***

We have the following non-derivative financial liabilities: amounts payable and other liabilities. Such financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

## ***Financial Risk Management***

We are exposed in varying degrees to a variety of financial instrument related risks. Our Board approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

### *Credit Risk*

Credit risk is our potential loss if counterparty to a financial instrument fails to meet its contractual obligations. Our credit risk is primarily attributable to our liquid financial assets, including cash and cash equivalents, amounts receivable and balances receivable from related parties. We limit the exposure to credit risk by only investing our cash and cash equivalents with high-credit quality financial institutions in business and saving accounts, guaranteed investment certificates, and in government treasury bills which are available on our demand for our programs.

### *Liquidity Risk*

Liquidity risk is the risk that we will not be able to meet our financial obligations when they become due. We ensure, as far as reasonably possible, we will have sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and our holdings of cash and cash equivalents. We believe that these sources will be sufficient to cover the likely short term cash requirements. Our cash and cash equivalents are currently invested in business accounts and guaranteed investment certificates which are available on our demand for our programs.

### *Interest Rate Risk*

We are subject to interest rate risk with respect to our investments in cash and cash equivalents. Our policy is to invest cash at fixed rates of interest and cash reserves are to be maintained in cash and cash equivalents in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when the cash and cash equivalents mature impact interest income earned.

### *Capital Management*

Our policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. Our capital structure consists of equity, comprising share capital, net accumulated deficit.

There were no changes in our approach to capital management during the year. We are not subject to any externally imposed capital requirements.

## **Forward Looking Statements**

Forward looking statements are statements that are not historical facts and are generally, but not always identified by the words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential”, “interprets” and similar expressions, or that events or conditions “will”, “may”, “could” or “should” occur. The information contained herein may contain forward looking statements including expectations of future production, cash flows or earnings. These statements are based on current expectations that involve a number of risks and uncertainties which could cause actual results to differ from those anticipated.

Although management believes that the expectations represented by such forward-looking statements are reasonable, there is significant risk that the forward-looking statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate.

## **Officers and Directors**

Eugene Beukman, Pres. CEO and Director  
Jamie Lewin, CFO  
Ravinder Binpal, Director  
Brian Findlay, Director

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