ACANA CAPITAL CORP.

Management's Discussion & Analysis

Three Months Ended December 31, 2012

This MD&A is dated January 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
THREE MONTHS ENDED DECEMBER 31, 2012

FORM 51-102F1

DATE AND SUBJECT OF REPORT

The following Management's Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of the operations of Acana Capital Corp. ("Acana" or the "Company") for the three months ended December 31, 2012.

This MD&A should be read in conjunction with the Company's audited consolidated financial statements for most recent year ended September 30, 2012 and condensed consolidated interim financial statements for the three months ended December 31, 2012 which are available at www.sedar.com. This MD&A has been prepared effective as of January 30, 2013.

On May 14, 2012, the Company's shares were consolidated on a 10-1 basis. All presentations in this MD&A have been adjusted to reflect this share consolidation.

FORWARD LOOKING STATEMENTS

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward looking statements involve a number of risks and uncertainties, including the impact of general economic conditions, industry conditions, and changes in Canadian and foreign laws and regulations, increased competition, fluctuations in real estate properties market, foreign exchange, and interest rates and stock market volatility. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and while many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. Acana Capital Corp. is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

OVERALL PERFORMANCE

Acana Capital Corp. (the "Company"), formerly 2801 Shangri-La Holdings Ltd., was incorporated on June 18, 2007 in British Columbia, Canada. The company's principal activity is the acquisition and development of real estate properties in Canada and USA. In addition, it invests in shares of small and medium size Canadian public companies.

Significant events happened during the three months ended December 31, 2012 are summarized as follows:

Equity Financing (Private Placements)

i) The Company completed a private placement on November 23, 2012, whereby 7,500,000 units were issued at $0.05/unit. The gross proceeds of this private placement was $375,000 and the Company did not pay finder's fees. Each unit of this private placement consists of one common share and one share purchase warrant which can be converted one common share of the Company at $0.05/share. The share warrants issued from this private placement will expire on June 6, 2013.

ii) On January 18, 2013, the Company closed a private placement for the issuance of 7,500,000 shares at $0.05/share for the gross proceeds of $375,000. There are no finder's fees in connection with this private placement.

Debt Financing (Convertible Debentures)

From the period of October 1, 2012 to the date of this report, the Company borrowed $2,000,000 from a shareholder and $2,000,000 from the spouse of a shareholder to finance various acquisitions of real estate projects in December 2012 and January 2013. Four un-secured convertible debentures were issued. Details are as follows:

Principal	Interest rate	Interest payment	Mature date	Conversion features
1,000,000	6%/ annum	Payable semi-annually	December 18, 2017	Convertible to the Company's preferred share at $0.5/share
1,000,000	6% /annum	Payable semi-annually	January 10, 2018.	Convertible to the Company's preferred share at $0.5/share
1,000,000	6% /annum	Payable semi-annually	January 21, 2018.	Convertible to the Company's preferred share at $0.5/share
1,000,000	6%/ annum	Payable semi-annually	January 22, 2018.	Convertible to the Company's preferred share at $0.5/share

Investments in Shares of Canadian Public Companies

During the three months ended December 31, 2012, the Company acquired common shares and stock purchase warrants of various small-size Canadian public companies with consideration of $381,665. Details of the Company's investment in shares and stock purchase warrants as at December 31, 2012 are available in the Note 6 to the Company's condensed consolidated interim financial statements for the three months ended December 31, 2012.

Real Estate Projects

During the three months ended December 31, 2012, the Company acquired various real estate projects, and there are various real estate project acquisitions pending completion. Details are as follow:

106 acres of vacant land, Glenn Road, Corning, California, USA ("Glenn Road Property)

On November 30, 2012, the Company acquired 106 acres of vacant lands located on Glenn Road, Corning, California, USA, for US$455,800 ($452,200). In January 2013, the Company sold 50% interest of their interest in the property at cost to an arm's length party.

860 acres of land, 19542,19544, Corning Road, Corning, California, USA (Corning Road Property)

On December 24, 2012, the Company acquired a 50% interest of 860 acres of land located at 19542 and 19544 Corning Road, Corning, California, USA. with the consideration of US$1,254,685 ($1,254,601).

74 acres of land located at 12749 River Road, Sacramento, California ("River Road Property")

On December 24, 2012, the Company entered into an agreement to acquire this property from a company controlled by a shareholder of the Company for $400,000. Subsequent to the three months ended December 31, 2012, the Company paid the $400,000 consideration on January 18, 2013.

An office building in Tuscon, Arizona ("Tuscon Office Building")

On December 24, 2012, the Company entered into an agreement to acquire this property, from a company controlled by a shareholder for the purchase price of $2,300,000 which will be delivered to the vendor as a $1,300,000 convertible debenture and a $1,000,000 promissory note. This convertible debenture bears interest at 4% annually, is due in 5 years, and is convertible to preferred shares of the Company. The promissory note is due on demand and bears interest at 3% annually. As of the date of this report, the acquisition is not completed and the $1,300,000 convertible debenture and $1,000,000 promissory have not been issued pending the transfer of the title of this property to the Company.

8374 Bradshaw Road, Sacramento, California, USA ("Bradshaw Road Property")

On January 25, 2013, the Company completed the acquisition of a parcel of vacant land located at 8374 Bradshaw Road, Sacramento, California, USA for US$2,515,481. As at December 31, 2012, US$250,000 ($250,000) deposit was paid to the escrow agent in connection to this acquisition.

In addition, the Company entered into a 1 year lease agreement to lease the condominium located in Toronto that was acquired in fiscal 2012 ("Toronto Condo'), for rent of $6,682 per month commencing November 1, 2012.

All of the real estate projects recently acquired, except the Toronto Condo are in a planning stage for the future development.

The Continuity of the Company's real estate projects are as follows:

	Cost, September 30, 2012 ($)	Acquisition ($)	Maintenance ($)	Cost, December 31, 2012 ($)
Toronto Condo	1,101,021		-	1,101,021
Crocker Drive Property	227,603		3,253	230,856
Glenn Road Property	-	452,200	5,856	458,056
Corning Road Property	-	1,254,601	-	1,254,601
Bradshaw Road Property	-	250,000	-	250,000
Total	**1,328,624**	**1,956,801**	**9,109**	**3,294,534**

	Accumulated amortization, September 30, 2012	Addition ($)	Accumulated amortization, December 31, 2012
Toronto Condo	**-**	**11,010**	**11,010**

	Net, September 30, 2012 ($)	Increase (decrease) ($)	Effect of foreign exchange ($)	Net , December 31, 2012 ($)
Toronto Condo	1,101,021	(11,010)	-	1,090,011
Crocker Drive Property	227,603	3,253	(2,933)	227,923
Glenn Road Property	-	458,056	2,050	460,106
Corning Road Property	-	1,254,601	(4,182)	1,250,419
Bradshaw Road Property	-	250,000	(850)	249,150
Total	**1,328,624**	**1,954,900**	**(5,915)**	**3,277,609**

RESULTS OF OPERATIONS

Three Months Ended December 31, 2012 (the "Current Quarter" or "2013 Q1")

The Company began its operation in late fiscal 2012 and is in the business of acquisition and development of real estate projects, which may take years to complete. As a result, the Company did not have significant revenue in the Current Quarter and does not expect to earn significant revenue from its operations in the next 12-month operating period.

Loss in the Current Quarter was $402,513 (2012 Q1 loss of $11,411) which was mainly a combined result of earning rental income of $11,538 (2912 Q1 - $nil) incurring $39,213 in operating expenses (2012 Q1 – $11,270) , and having an unrealized loss on marketable securities of $373,169 (2012 Q1 - $nil).

As discussed in the "Real Estate Project" section, the Company leased its Toronto Condo commencing November 1, 2012. As such, there was no similar rental income earned in 2012 Q1.

Main components of the operating expenses in the Current Quarter were $7,235 in trust and listing fees (2012 Q1 - $10,821), $9,907 in office and administration (2012 Q1 - $nil), and $11,061 in professional fees (2012 Q1 - $449). The Company started significant operations in 2012 Q4, thus the operating expenses incurred in the Current Quarter was generally higher than the same quarter in last year.

The Company invested in common shares and warrants of various Canadian public companies (the "Marketable Securities'). The Company has designated these Marketable Securities at fair-value-through-profit- and-loss financial instruments and is required to re-measure the Marketable Securities on hand at its market value on each reporting date and recognize any un-realized gains and losses through income and losses. The Company expects that the gains and losses arising from these marketable securities will fluctuate from time to time depending on the market prices of the marketable securities held on hand.

As at December 31, 2012, the Company had $102,270 cash (September 30, 2012 - $154,012), $821,439 marketable securities (September 30, 2012 - $812,943), $3,277,609 real estate properties (September 30, 2012 - $1,328,624), share capital of $2,028,250 (September 30, 2012 - $1,653,250) and warrant reserve of $918,000 (September 30, 2012 - $918,000). These changes were a combined result of raising $375,000 cash through the issuance of shares and warrants, borrowing 1,000,000 through issuance a 5-year term convertible debenture, and borrowing $939,688 short-term loan/promissory note, and the acquisition of real estate interests, marketable securities, and incurring operating expenses in the Current Quarter.

SUMMARY OF QUARTERLY RESULTS

The table below sets out the recent eight quarterly information of the Company. As discussed in the selected annual information section, the Company was inactive in 2011. As such, the quarterly results in fiscal 2011 were all $nil.

	Q4 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011
	$	$	$	$	$	$	$	$
Revenue	13,364	--	--	--	--	--	--	--
Loss	402,513	178,725	5,148	18,431	11,411	--	--	--
Loss per share, basic and diluted	0.04	0.02	0.00	0.01	0.00	--	--	--

LIQUIDITY & CAPITAL RESOURCES

Financing of operations has been achieved primarily by equity and debt financing. On December 31, 2012, the Company had a cash balance of $102,270, marketable securities of $821,439 and working capital of 40,754. The Company is not subject to external working capital requirements.

During the Current Quarter, the Company had $2,314,688 cash inflow from financing activities which was a combined result of receiving cash from share and warrant issuance ($375,000), issuance convertible debenture ($1,000,000), and proceeds from short-term loan and promissory note ($939,688).

In the Current Quarter, the Company used $2,347,575 in investing activities which was a combined result of paying $1,965,910 and $381,665 in the acquisition of real estate interests and marketable securities respectively.

Management realizes that the capital and liquidity on hand may not adequate for the Company to achieve its long term business objectives. Subsequent to the quarter ended December 31, 2012, the Company borrowed $3,000,000 by issuing convertible debentures (discussed in the "Debt Financing" section) and raised $375,000 from another private placement completed in January 2013. Management will consider further equity or debt, or other financing arrangements in the future if needed. While the Company was able to raise financing when needed in the past, there is no guarantee that the Company can do so in the future.

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties that are not disclosed elsewhere in this MD&A are as follows:

During the three months ended December 31, 2012, the Company acquired 800,000 common shares of a Canadian public company that has an officer in common with the Company. The cost of these marketable securities was $40,010 and their market value as at December 31, 2012 was $24,000. During the three months ended December 31, 2012, the Company recorded an unrealized loss of $16,010 on these securities.

During the three months ended December 31, 2012, the Company incurred rent expense of $7,500 to a company controlled by a shareholder of the Company.

As at December 31 and September 30, 2012, the Company did not have any balances due to or due from its related parties.

During the three months ended December 31, 2012, the Company did not pay or grant any short-term employee benefits, post-employment benefits, other long-term benefits, or termination benefits to its management; and there was $nil share-based payments made to the Company's management and directors.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 22,546,670 common shares and 12,600,000 share purchase warrants outstanding. Each share purchase warrant can be exercisable into one common share of the Company. Other features of the share purchase warrants are available at the Note 5 to the Company's condensed interim consolidated financial statements for the three months ended December 31, 2012.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company does not have other proposed transactions that have material effects to the Company to discuss at this time.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES

The Company's significant accounting policies are available in the Note 3 to the Company's audited consolidated financial statements for the year ended September 30, 2012. The Company has not changed its accounting policies since then.

Accounting standards issued but not implemented are available in the Note 3 to the Company's condensed interim consolidated financial statements for the three months ended December 31, 2012.

FINANCIAL INSTRUMENTS

Refer to the Note 12 to the Company's audited consolidated financial statements for the year ended September 30, 2012 for the details of the Company's financial instruments and the management of risks related to these financial instruments. The Company's financial instruments and risk management policies have no significant changes since then.

RISK FACTORS

Risks of the Company's business include the following:

Development and Construction Risk
The Company's real estate development are subject to risks generally attributable to construction projects which include: (i) design risk including delays involving zoning or other approvals from local authorities; (ii) construction cost overruns; and (iii) lease-up and rental achievement risk.

(i) Planning and design risk - Planning and design encompasses a review of local development requirements, the acquisition of suitable land, the selection of an appropriate building configuration with suitable amenities and appearance, zoning or other approvals from local authorities, identification of a skilled workforce, available contractors and selection of a project manager. Planning and design risk is mitigated by understanding local building codes, contracting the design to qualified professionals, obtaining development permits and meeting all other legal requirements. The process of obtaining approvals may take months or years, and there can be no assurance that the necessary approvals for any project will be obtained. Significant delays could render future developments uneconomical.

(ii) Construction risk is the risk that development will not be completed by the expected turnover date, the costs will exceed budgeted amount or health and safety concerns. The Company will minimize its exposure to construction risk by entering into fixed price contracts when possible, analyzing project costs compared to budget, management approval of change orders, utilizing qualified project managers and the use of a robust internal health and safety program. Management monitors the construction costs by analyzing variances between actual and budgeted costs.

(iii) Lease-up and potential rent risk includes the risk that tenants will fail to occupy the completed project on a timely basis following completion and (or) pay the forecast rents.

Government Regulation
Real estate development are subject to various applicable federal and local laws governing real estate development, taxes, labour standards, and occupational health and safety, and environment protection matters.

Management will monitor the Company's activities closely to ensure they are implemented in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's activities. Amendments to current laws and regulations could have substantial impacts on the Company.

Permits and Licenses
The real estate development may require the Company to obtain regulatory permits and licenses from various governmental licensing bodies. There can be no assurance that the Company will be able to obtain all necessary permits and licenses that may be required.

Prices of Real Estate Properties
The profitability of real estate development is significantly affected by changes in the market price of real estate properties may significantly fluctuate with the change of economic condition, interest rate, and rate of employment which are not predictable.

Conflicts of Interest
Certain of the directors of the Company also serve as directors and/or officers of other companies involved in real estate development or management. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Land Title
Although the Company has obtained title opinions with respect to certain of its properties, there may still be undetected title defects affecting such properties. Accordingly, such properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects which could have a material adverse impact on the Company's operations.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

Venture issuers are not required to include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"). In particular, the Company's certifying officers are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

OFFICERS AND DIRECTORS

Eugene Beukman, CEO, Director
Jamie Lewin, CFO before January 22, 2013
Khalil Kassam, CFO since January 22, 2013
Ravinder Binpal, Director
Brian Findlay, Director