ACANA CAPITAL CORP.

Management's Discussion & Analysis

Nine Months Ended June 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
NINE MONTHS ENDED JUNE 30, 2013

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 nine months ended June 30, 2013.

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 third quarter ended June 30, 2013 which are available at www.sedar.com. This MD&A has been prepared effective as of August 28, 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 and farming properties in Canada and USA. In addition, it invests in shares of small and medium size Canadian public companies. Significant events of the Company year-to-date are summarized as follows:

Corporate Development

On April 26, 2013 Lucky Janda and Sonny Janda were appointed directors of the Company. Lucky Janda was also appointed the Company's CEO (the "New CEO"). Eugene Beukman stepped down from the position of CEO and is currently the President of the Company.

On April 26, 2013, the Company's shareholders approve to consolidate the Company's common shares on a 2-1 basis at the Company's annual general meeting. This 2-1 share consolidation is not commenced as of the date of this report

Equity Financing

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 were $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 were exercised in March 2013 at $0.05/share with gross proceeds of $375,000

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)

The Company issued five convertible debentures for the gross proceeds of $5,130,000 from December 2012 to February 2013 in order to finance the Company's acquisition of real properties. Details are as follows:

CD #	Principal	Interest rate	Lender	Mature date	Conversion features
1	1,000,000	6%/ annum	Spouse of the New CEO ("Kirin Janda")	December 18, 2017	Convertible to the Company's preferred share at $0.5/share
2	1,000,000	6% /annum	Kirin Janda	January 10, 2018.	Convertible to the Company's preferred share at $0.5/share
3	1,000,000	6% /annum	New CEO	January 21, 2018.	Convertible to the Company's preferred share at $0.5/share
4	1,000,000	6%/ annum	New CEO	January 22, 2018.	Convertible to the Company's preferred share at $0.5/share
5	1,300,000	4% / annum	Seymork Investments Ltd. ("Seymork"), a company controlled by the New CEO	February 10, 2018	Convertible to the Company's preferred share at $0.5/share

On May 23, 2013, CD #1, 2, 3, 4 (with principal totaling $4,000,000) were converted into eight million (8,000,000) Class B preferred share of the Company at $0.5/share. Subsequent to the quarter ended June 30, 2013, the Company fully repaid the CD#5 on July 3 2013 by cash. All the interests associated with these five convertible debentures have been waived by the lenders. Special features of Class B preferred shares are as follows:

- Each Class B preferred share is convertible into one common share of the Company at the discretion of the holder. The conversion price is the average closing price of the Company's common shares during ten trading days before conversion. This conversion right will expire on the second anniversary of the issuance.
- Holders of the Class B preferred shares are entitled to an cumulative dividend of 5% per annum
- After the second anniversary of the issuance, the holders of the Class B preferred shares have the right to ask the Company to fully redeem the Class B preferred shares at $0.5/share plus any accrued and unpaid cumulative dividends.

Debt Financing (Promissory Note)

As at June 30, 2013, the Company had the following promissory notes outstanding. Proceeds from the issuance of these promissory notes were used to finance the Company's operations and acquisition of properties:

Lender	**Principal ($)**	**Term**	**Interest Rate**	**Collateral**
Kirin Janda	492,635	On-demand	Nil	Un-secured
Seymork	1,000,000	On-demand	3% per annum	Un-secured
Elk Grove Bible Church, seller of the Bader Road Lot	173,250 (US$165,000)	Due on June 26, 2016	4% per annum	Secured by the Bader Road Lot
Total	1,665,885			

Retractable preferred share financing

Subsequent to the quarter ended June 30, 2013, the Company issued 2,250,000 Class B Series A convertible, retractable, cumulative preferred shares ("Class B Series A Preferred Shares") at $2.00/share for gross proceeds of $4,500,000. Holders of the Class B Series A Preferred Shares are entitled to a 5% annual cumulative dividend. Each Class B Series A Preferred Share is convertible into one common share of the Company at a conversion price equal to the average closing price of the Company's common share during the ten trading days before the conversion at the discretion of the holders. After the second anniversary of the issuance, holders of the Class B Series A Preferred Shares have the right to ask the Company to redeem the Class B Series A Preferred Shares at $2.00/share. The Company will use the proceeds for its working capital.

Investments in Shares of Canadian Public Companies

During the nine months ended June 30, 2013, the Company acquired common shares and stock purchase warrants of various small-size Canadian public companies with consideration of $648,004. Details of the Company's investment in shares and stock purchase warrants as at June 30, 2013 are available in the Note 6 to the Company's condensed consolidated interim financial statements for the third quarter ended June 30, 2013.

Real Properties

During the nine months ended June 30, 2013, the Company acquired various real properties. Details are as follow:

5575, S. Houghton Street – On February 11, 2013, the Company acquired an office/warehouse building located on 5575, S. Houghton Street, Tuscon, Arizona ("Tuscon Building") from Seymork for $2,300,000. The Company is currently actively selling this Tuscon Building.

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

On November 30, 2012, the Company acquired 106 acres of vacant lands located on Glenn Road, Corning, California, USA, for $468,680. In January 2013, the Company sold 50% interest of the 106 Glen at cost to an arm's length party.

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

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 $1,254,601.

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 $1,254,601.

The 860 Corning and 106 Glen are adjacent to each other. The Company plans to develop these two properties together. Currently, the fields of these two properties are in the process of preparation for walnuts planation.

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

On January 18, 2013, the Company acquired the River Road Property Seymork for $402,595. The Company plan to earn farming income from this property in the future.

8374 Bradshaw Road, Sacramento, California, USA

On January 25, 2013, the Company completed the acquisition of a parcel of vacant land located at 8374 Bradshaw Road, Sacramento, California, USA ("Vineyard Plaza") for $2,518,309. The Company plans to develop the Vineyard Plaza with construction of commercial buildings.

Land and Mineral Rights for land located in the Pershing County and Churchill County, Nevada, ("Pershing-Churchill Property")

On February 25, 2013, the Company acquired various parcels of fee lands and the related mineral rights in the Pershing County and Churchill County, Nevada, USA by from Seymork by issuance of 600,000 common shares of the Company. The fair value of the 600,000 common shares was $30,000 ($0.05/share) at the date of issuance. The Company is reviewing options in connection with this property.

7461 Bradshaw Road, Sacramento, California, USA ("Bradshaw Residential")

On April 18, 2013, the Company acquired 7461 Bradshaw Road which is a parcel of land (10.36 Acres) with tentative map for 60 single family lots. The purchase price is $533,827.

Lot 9, Bader Road, Elk Grove, California, USA ("Bader Road Lot")

In June 2013, the Company acquired the Bader Road Lot which is a parcel of land, whereby the Company intends to develop into residential housing units. The purchase price is $290,179 and was partly financed by a vendor financing whereby the Company borrowed US$165,000 from the seller (see "debt financing (promissory note) subsection in this MD&A)

Other

In addition, the Company entered into a 1 year lease agreement to lease the condominium located in Toronto that was acquired in fiscal 2012 ("Shangri La Unit), for rent of $6,107 per month commencing November 1, 2012.

All of the real properties recently acquired, except the Shangri La Unit are in a planning stage for the future development.

Continuity of the above properties is available at the Note 8 to the Company's condensed consolidated interim financial statements for the third quarter ended June 30, 2013.

RESULTS OF OPERATIONS

Nine Months Ended June 30, 2013 (the "2013 Nine Months")

The Company began its operation in late fiscal 2012 and is in the business of acquisition and development of real and farming properties. Development of these projects may take years to complete. As a result, the Company did not have significant revenue during 2013 Nine Months and does not expect to earn significant revenue from its operations in the next 12-month operating period.

Loss in the 2013 Nine Months was $854,126 (2012 Nine Months - loss of $34,990) which was mainly a combined result of earning rental income of $41,593 (2012 Nine Months - $nil), incurring $112,430 in operating expenses (2012 Nine Months – $42,824) and incurring loss on marketable securities of $779,376 (2012 Nine Months - $nil).

As discussed in the "Real Properties" section, the Company leased its Shangri La Unit commencing November 1, 2012. There was no similar rental income earned in 2012 Nine Months. As a result, rental income increased.

Main components of the operating expenses in the 2013 Nine Months were $34,980 in amortization expenses (2012 Nine Months - $Nil), $28,375 in office and administration (2012 Nine Months - $15,319), and $29,221 in professional fees (2012 Nine Months - $8,309). The Company only started significant operations in 2012 Q4, thus the operating expenses incurred in the 2013 Nine Months were generally higher than the same period 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. As a result, the Company 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. During 2013 Nine Months, the Company had $734,366 unrealized loss in connection with the Marketable Securities re-measurement and $45,010 realized loss for disposition of some shares (totalling $779,376 loss). The Company expects that the unrealized 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 June 30, 2013, the Company had $44,211 cash (September 30, 2012 - $154,012), $646,581 marketable securities (September 30, 2012 - $812,943), $6,862,190 real properties (September 30, 2012 - $1,328,624), note payable of $1,492,635 (September 30, 2012 - $nil), convertible debenture payable of $1,300,000 (September 30, 2012 - $nil), Retractable preferred shares payable of $4,000,000 (September 30, 2012 - $Nil), and share capital of $2,808,250 (September 30, 2012 - $1,653,250). These changes were a combined result of raising $8,090,885 cash by issuance of common shares, exercise of warrants, and by borrowing through issuance of convertible debentures and promissory note, to finance the Company's acquisition of properties and operating expenses during 2013 Nine Months.

Three Months Ended June 30, 2013 (the "Current Quarter" or "2013 Q3")

Loss in the Current Quarter was $261,315 (2012 Q3 loss of $4,589). This loss in the Current Quarter was mainly a combined result of earning rental income of $12,748 (2012 Q3 - $Nil), incurring $45,630 in operating expenses (2012 Q3 – $13,262), having a loss on marketable securities of $290,283 (2012 Q3 - $Nil), and incurring financing fees recovery/foreign exchange gain of $ 61,850 (2012 Q3 - $8,673)

As discussed in the "Real Properties" section, the Company leased its Shangri La Unit commencing November 1, 2012. As such, there was no similar rental income earned in 2012 Q3.

Main components of the operating expenses in the Current Quarter were $11,660 in amortization expenses (2012 Q3 - $Nil), $17,284 in office and administration fees (2012 Q3 - $7,819), and $6,700 in professional fees (2012 Q3 - $2,350). The operating expenses incurred in the 2013 Q3 was generally higher than the same quarter in last year as the Company did not start significant operation until 2012 Q4.

The loss on marketable securities increased by $290,283 from the same quarter of last year. As discussed in the section regarding the Company's 2013 Nine Months result, the Company expects the loss/gain will fluctuate in the future from quarter to quarter based on the market price of the marketable securities on hands at each reporting date.

During the Current Quarter, the lenders of various convertible debentures with the principal totalling $4,000,000 waived the associated 6% per annum interests expenses when these convertible debentures converted into the Company's Class B preferred shares. The Company enjoyed an interest expenses recovery in the Current Quarter. As a result, finance charge recovery/foreign exchange gain increased on a quarter to quarter basis.

SUMMARY OF QUARTERLY RESULTS

The table below sets out the recent eight quarterly information of the Company. As the Company was inactive in 2011, the quarterly results in the 2011 Q4 was null.

Significantly all of the properties on hand are still under development and are not ready to use. As a result, the Company's operation in these past eight quarters are not subject to seasonality. This may change once the Company's farming properties are ready for use and the Company starts to earn faming income in the future.

Management expects the Company's operation expenses will increase in the future when the Company starts the development of its properties and management expects to finance such development expenditures with additional equity and/or debt financing.

	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenue	12,748	17,307	11,538	--	--	--	--	--
Loss from operation	261,315	190,298	402,513	178,725	5,148	18,431	11,411	--
Loss per share, basic and diluted	0.01	0.01	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 June 30, 2013, the Company had a cash balance of $44,211, marketable securities of $646,581 and working capital of 185,234. The Company is not subject to external working capital requirements.

During 2013 Nine Months, the Company had $8,090,885 cash inflow from financing activities which was a combined result of receiving cash from share issuance and warrant exercise ($1,125,000), issuance convertible debenture ($5,300,000), and proceeds from issuance of promissory note ($1,665,885).

During 2013 Nine Months, the Company used $8,174,001 in investing activities which was mainly a combined result of paying $7,560,987 and $648,004 in the acquisition of real properties and marketable securities, which were partially financed by the $34,990 proceeds received from the disposition of various marketable securities.

Management realizes that the capital and liquidity on hand may not adequate for the Company to achieve its long term business objectives. 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

Refer to Note 13 to the Company's condensed consolidated interim financial statements for the third quarter ended June 30, 2013.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 30,646,670 common shares, 8,000,000 Class B preferred shares, and 2,250,000 Class B Series A Preferred Shares issued and outstanding.

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

Refer to Note 3 to the Company's condensed consolidated interim financial statements for the third quarter ended June 30, 2013.

FINANCIAL INSTRUMENTS

Refer to the Note 16 to the Company's unaudited financial statements for the third quarter ended June 30, 2013 and 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.

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, President, Director
Lucky Janda, CEO, Director
Sandy Janda, CFO
Ravinder Binpal, Director
Sonny Janda, Director