ACANA CAPITAL CORP.

Management's Discussion & Analysis

First Quarter Ended December 31, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FIRST QUARTER ENDED DECEMBER 31, 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 quarter ended December 31, 2013.

This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the same period (the "2014 Q1 Financial Statements") and the audited consolidated financial statements for the recent year ended September 30, 2013, which are both presented in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC). The Company's financial statements and other important information of the Company are available at www.sedar.com. This MD&A has been prepared effective as of March 1, 2014.

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.

The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.

Forwarding looking statements	*Assumptions*	*Risk factors*
As the development of residential/commercial/farming properties takes years to complete, the Company do not expect to have significant revenue in Fiscal 2014 and may incur more losses until the projects in development are completed.	*Management makes projections based on the Company's business plan*	*The Company have not have adequate financing to develop its properties as planned*
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.	*Based on the Company's understanding of the nature of marketable securities*	*The movement of marketable securities is difficult to predict*

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. The shares of the Company are traded on Canadian Securities Exchange under the symbol APB. Significant events of the Company year-to-date are summarized as follows:

Update on Properties Held by the Company

5575, S. Houghton Street (the "Tuscon Building")
On February 11, 2013, the Company acquired a warehouse building located in 5575, S. Houghton Street, Tuscon, Arizona from a company controlled by the Company's CEO (Lucky Janda).

In August 2013, the Tuscon Building was vandalized. Management estimates that the amount of the damage incurred is $428,310 and recorded an impairment charge in fiscal 2013. Subsequent to the quarter ended December 31, 2013, the Company received insurance proceeds of $417,248 to cover the repair work done (totalling $443,079 cumulative as of the date of this report) by the Company.

Management is currently listing the building for sale. Management expects to sell the building in the next 12 months.

106 acres of farm land, Glenn Road, Corning, California, USA ("106 Glenn")
The Company acquired 106 Glenn through its 50% owned limited liability partnership JDLP during fiscal 2013. The Company's wholly owned subsidiary, Corning 106 LLC is the general partner of JDLP.

860 acres of farm land, 19542,19544, Corning Road, Corning, California, USA ("860 Corning")
The Company acquired 860 Corning through its 50% owned limited liability partnership JDLP during fiscal 2013. The Company's wholly owned subsidiary, Corning 106 LLC is the general partner of JDLP.

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 from Seymork, a company related to the Company's CEO. The Company plan to earn farming income from this property in the future. During the quarter ended December 31, 2013, the Company acquired a small parcel of land adjacent to the current property at $16,076 in order to facilitate the future use of this farm land.

8374 Bradshaw Road, Sacramento, California, USA **("Vineyard Plaza")**

On January 25, 2013, the Company completed the acquisition of a parcel of vacant land located at 8374 Bradshaw Road, Sacramento, California, USA. The Company plans to develop the Vineyard Plaza with construction of commercial buildings. During the quarter ended December 31, 2013, the Company incurred $53,464 in preparation work for construction a gas station and in this premises.

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 net smelter returns over mineral rights issued by two separated Canadian public companies, various parcels of land and the related mineral rights in the Pershing County and Churchill County, Nevada, USA from a company controlled by the CEO. The Company is reviewing various 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. During quarter ended December 31, 2013, the Company incurred $3,210 in preparation work for developing this property.

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 Company is currently making a plan to develop this property.

Other

In addition, the Company entered into a 1 year lease agreement to lease the condominium located in Toronto ("Shangri La Unit") that was acquired in fiscal 2012, for monthly rent of $6,107 commencing November 1, 2012. This lease was ended on November 2013 and continued on a monthly basis with the same tenant, which is a Canadian public company with a director (Sonny Janda) common to the Company.

Continuity of the above properties is available at the Note 8 to the Company's 2014 Q1 Financial Statements.

RESULTS OF OPERATIONS

Quarter ended December 31, 2013 ("2014 Q1")

Quarter to quarter comparison of the Company's results for the first quarter of 2014 and 2013 are as follows:

	2014 Q1	2013 Q1	2014-2013 Q1	Ref
	$	$	$	
Net Rental income	15,581	11,538	4,043	
Expenses				
Amortization	–	11,010	(11,010)	1
Office and administration	12,331	9,907	2,424	
Professional fees	5,575	11,061	5,486)	
Property taxes	35,714	–	35,714	2
Trust and filing fees	6,002	7,235	(1,233)	
Total operating expenses	59,622	39,213	20,409	
Others				
Dividends on retractable preferred shares	(106,250)	–	(106,250)	3
Gain (losses) on marketable securities	25,360	(373,169)	398,529	4
Foreign exchange gain (loss) and finance charges	(1,730)	(1,669)	(61)	
Net loss	(126,661)	(402,513)	275,852	

1	*The amount of $11,010 amortization expense was taken in 2013 Q1 as the Company's Shangri La Unit was available for use commencing 2013 Q1. At the recent year ended September 30, 2013, management was in the opinion that the fair value of this property has greatly exceeded the carrying value given Canadian real properties generally have significant appreciation in recent years. It will be misleading of taking further amortization on this property. As a result, amortization expense taken in 2014 Q1 was $nil.*
2	*Most of the properties of the Company were acquired after 2013 Q1. As a result, there were no property taxes recorded in 2013 Q1.*
3	*The Company did not have outstanding cumulative retractable preferred shares in 2013 Q1, as a result, there was no dividend recorded in 2013 Q1.*
4	*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 December 31, 2013, the Company had $970,606 cash (September 30, 2013 - $1,363,153), $731,399 marketable securities (September 30, 2013 - $698,539), $9,070,010 properties (September 30, 2013 - $8,707,832), property held for sale $2,481,283 (September 30, 2013 - $2,127,556), note payable of $176,451 (September 30, 2013 - $169,950), retractable preferred shares payable of $8,500,000 (September 30, 2013 - $8,500,000), and share capital of $2,808,250 (September 30, 2013 - $2,808,250). These changes were mainly a combined result of the change of foreign exchange (US$ Vs C$), use of $335,135 in the acquisition of properties, addition of development cost and renovation expenditures.

SUMMARY OF QUARTERLY RESULTS

The table below sets out the recent eight quarterly information of the Company.

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 farming income in the future.

As the development of residential/commercial/farming properties takes years to complete, the Company do not expect to have significant revenue in Fiscal 2014 and may incur more losses until the projects in development are completed.

Loss of the Company have been increasing since fiscal 2012 when the Company's operating expenses increased with the amount of business activities increased. Management expects the Company's operation expenses may increase further in the future when more development works of the Company's properties are done.

The loss in 2013 Q4 was significantly higher than the other quarters, which was mainly a result of having a non-recurring non-cash accounting adjustment for convertible debentures issued and redeemed in fiscal 2013. Nature of this accounting adjustment is discussed in the MD&A of the Company for the year ended September 30, 2013.

	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
	$	$	$	$	$	$	$	$
Rental revenue, net of direct rental cost	15,581	9,917	12,748	17,307	11,538	--	--	--
Net Loss attributable to the equity holders	114,689	2,911,680	261,315	190,298	402,513	178,725	5,148	18,431
Loss per share, basic and diluted	0.00	0.10	0.01	0.01	0.04	0.02	0.00	0.01

LIQUIDITY & CAPITAL RESOURCES

Financing of operations has been achieved primarily by equity and debt financing. On December 31, 2013, the Company had a cash balance of $970,606, marketable securities of $731,399 and working capital of $1,628,141. The Company is not subject to external working capital requirements.

During 2014 Q1, the Company did not have cash inflow or outflow in connection with its financing activities.

During 2014 Q1 the Company used $335,135 in investing activities which was mainly a combined result of using $327,635 and $7,500 in investing in the Company's properties and marketable securities.

Management realizes that the capital and liquidity on hand may not adequate for the Company to achieve its long term business objectives as the development of real properties, including farming properties takes years to finish before these properties can generate positive operating cash flow. The working capital on hand may not adequate to finance the development in the next twelve months. Management will consider further equity or debt financing, or financing arrangements, including but not limited to disposition of some properties on hand or forming joint ventures with partners 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

During the quarter ended December 31, 2013, the Company acquired common shares and share purchase warrants for a cost of $7,500 (quarter ended December 31, 2012 - $381,665). There was no dispositions during the quarter ended December 31, 2013 (quarter ended December 31, 2012 – Nil).

During the quarter ended December 31, 2013, the Company incurred rent expense of $7,500 (2013 first quarter-$7,500) to a company controlled by a director (Lucky Janda) of the Company.

The Company has an agreement with a company with a director in common (Sonny Janda) to lease the Shangri La Unit for $6,107 per month.

As at December 31, 2013, the Company owed $15,911 (September 30, 2013-$20,984l) to the spouse of a director (Lucky Janda) of the Company. The amount does not bear any interest, is unsecured and is due on demand.

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. The Company does not have outstanding warrants, options or other instrument that can be converted into the Company's common or preferred shares.

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 2014 Q1 Financial Statements.

FINANCIAL INSTRUMENTS

Refer to the Note 14 to the Company's 2014 Q1 Financial Statements.

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 or that 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