



Consolidated Financial Statements
Year ended September 30, 2014
Expressed in Canadian Dollars



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Acana Capital Corp.

We have audited the accompanying consolidated financial statements of Acana Capital Corp., which comprise the consolidated statements of financial position as at September 30, 2014 and 2013 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence that we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Acana Capital Corp. as at September 30, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Acana Capital Corp.'s ability to continue as a going concern.

A handwritten signature in dark ink that reads "DMCL".

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
January 28, 2015

Acana Capital Corp.
Consolidated statements of financial position
(Expressed in Canadian Dollars)

| | Note | September 30, 2014 | September 30, 2013 |
|---|---------|-----------------------|-----------------------|
| | | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash | | 117,747 | 1,363,153 |
| Marketable securities | 8,13,20 | 1,353,570 | 698,539 |
| Other receivables | 10 | 251,428 | 548,790 |
| Prepaid | | 3,739 | 1,250 |
| | | 1,726,484 | 2,611,732 |
| Non-current | | | |
| Properties | 9,13,20 | 10,711,496 | 10,835,388 |
| Total assets | | 12,437,980 | 13,447,120 |
| Liabilities and shareholders' equity | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 12 | 94,374 | 335,166 |
| Due to related party | 13 | 445,446 | 153,176 |
| Debenture | 4,13,14 | 7,064,401 | - |
| Deferred income | | 5,000 | - |
| | | 7,609,221 | 488,342 |
| Non-current liabilities | | | |
| Preferred shares | 6,13 | - | 8,500,000 |
| Note payable | 11 | 184,936 | 169,950 |
| Total liabilities | | 7,794,157 | 9,158,292 |
| Shareholders' equity | | | |
| Share capital | 7 | 2,808,250 | 2,808,250 |
| Reserves | 7 | 4,545,429 | 3,763,990 |
| Deficit | | (4,620,771) | (3,979,521) |
| Equity attributed to shareholders | | 2,732,908 | 2,592,719 |
| Non-controlling interests | | 1,910,915 | 1,696,109 |
| Total Equity | | 4,643,823 | 4,288,828 |
| Total liabilities and shareholders' equity | | 12,437,980 | 13,447,120 |

Nature of operations and going concern (Note 1)

Subsequent events (Notes 9 and 19)

Approved and authorized for issuance by the Board of Directors on January 28, 2015

"Sonny Janda"
Director

"Lucky Janda"
Director

See accompanying notes to the consolidated financial statements

Acana Capital Corp.
Consolidated statements of comprehensive loss
(Expressed in Canadian Dollars)

| | | Year ended September 30, | |
|---|-------------|---------------------------------|--------------------|
| | Note | 2014 | 2013 |
| | | \$ | \$ |
| Rental income | 13 | 92,226 | 70,051 |
| Rental expenses | | 19,829 | 18,541 |
| Net Rental income | | 72,397 | 51,510 |
| Expenses | | | |
| Office and administration | 13 | 88,139 | 101,621 |
| Consulting | 13 | 145,678 | 26,481 |
| Interest expense | 14 | 93,002 | |
| Professional fees | | 20,348 | 23,548 |
| Trust and filing fees | | 26,054 | 16,011 |
| Total operating expenses | | 373,221 | 167,661 |
| Loss before other items | | (300,824) | (116,151) |
| Accretion | | – | (2,664,963) |
| Dividends on preferred shares | 6 | (301,575) | (132,192) |
| Gain on extinguishment of preferred shares | 6,13 | 433,767 | – |
| Impairment loss | 9 | (325,962) | (428,310) |
| Insurance income | 9 | – | 396,023 |
| Loss on marketable securities | 8 | (150,453) | (814,918) |
| Foreign exchange loss | | (1,633) | (5,654) |
| Net loss | | (646,680) | (3,766,165) |
| Other comprehensive loss: | | | |
| Translation gain | | 907,640 | 205,373 |
| Comprehensive income (loss) | | 260,960 | (3,560,792) |
| Net loss attributable to: | | | |
| Equity holders of the Company | | (641,250) | (3,765,806) |
| Non-controlling interests | | (5,430) | (359) |
| | | (646,680) | (3,766,165) |
| Other comprehensive income attributable to: | | | |
| Equity holders of the Company | | 781,439 | 181,027 |
| Non-controlling interests | | 126,201 | 24,346 |
| | | 907,640 | 205,373 |
| Comprehensive income (loss) attributable to: | | | |
| Equity holders of the Company | | 140,189 | (3,584,779) |
| Non-controlling interests | | 120,771 | 23,987 |
| | | 260,960 | (3,560,792) |
| Loss per share attributable to the equity holders of the Company | | | |
| Loss per share, basic and diluted | | (0.02) | (0.16) |
| Weighted average number of outstanding shares, basic and diluted | | 30,646,670 | 23,643,108 |

See accompanying notes to the consolidated financial statements

Acana Capital Corp.
Consolidated statements of changes in equity
(Expressed in Canadian Dollars)

| | Note | Common shares | | Preferred shares | | Reserve | | | Deficit | Equity attributed to the equity holders of the Company | Non-controlling interests | Total equity |
|--|--------|---------------|-----------|------------------|--------|---------|-----------|-------------------------|-------------|--|---------------------------|--------------|
| | | Number | Amount | Number | Amount | Warrant | Loan | Translation gain (loss) | | | | |
| | | | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance, September 30, 2012 | | 7,546,670 | 1,653,250 | – | – | 918,000 | – | – | (213,715) | 2,357,535 | – | 2,357,535 |
| Warrant exercise | 7 | 7,500,000 | 375,000 | – | – | – | – | – | – | 375,000 | – | 375,000 |
| Acquisition for property | 7,9,13 | 600,000 | 30,000 | – | – | – | – | – | – | 30,000 | – | 30,000 |
| Private placement | 7 | 15,000,000 | 750,000 | – | – | – | – | – | – | 750,000 | – | 750,000 |
| Issuance of preferred shares | 6,13 | – | – | 10,250,000 | – | – | – | – | – | – | – | – |
| Discount on convertible debentures | 5 | – | – | – | – | – | 2,664,963 | – | – | 2,664,963 | – | 2,664,963 |
| Translation gain | | – | – | – | – | – | – | 181,027 | – | 181,027 | 24,346 | 205,373 |
| Contribution by non-controlling interest | | – | – | – | – | – | – | – | – | – | 1,672,122 | 1,672,122 |
| Net loss | | – | – | – | – | – | – | – | (3,765,806) | (3,765,806) | (359) | (3,766,165) |
| Balance, September 30, 2013 | | 30,646,670 | 2,808,250 | 10,250,000 | – | 918,000 | 2,664,963 | 181,027 | (3,979,521) | 2,592,719 | 1,696,109 | 4,288,828 |
| Contribution by non-controlling interest | | – | – | – | – | – | – | – | – | – | 94,035 | 94,035 |
| Extinguishment of preferred shares | 6,13 | – | – | (10,250,000) | – | – | – | – | – | – | – | – |
| Translation gain | | – | – | – | – | – | – | 781,439 | – | 781,439 | 126,201 | 907,640 |
| Net loss | | – | – | – | – | – | – | – | (641,250) | (641,250) | (5,430) | (646,680) |
| Balance, September 30, 2014 | | 30,646,670 | 2,808,250 | – | – | 918,000 | 2,664,963 | 962,466 | (4,620,771) | 2,732,908 | 1,910,915 | 4,643,823 |

See accompanying notes to the consolidated financial statements

Acana Capital Corp.
Consolidated statements of cash flows
(Expressed in Canadian Dollars)

| | September 30, 2014 | September 30, 2013 |
|---|-----------------------|-----------------------|
| | \$ | \$ |
| Operating activities | | |
| Net loss | (646,680) | (3,766,165) |
| Items not involving cash : | | |
| Accretion | - | 2,664,963 |
| Loss on marketable securities | 150,453 | 814,918 |
| Share of loss of non-controlling shareholders | 5,430 | 359 |
| Insurance income | - | (396,023) |
| Impairment loss | 325,962 | 428,310 |
| Dividends on retractable preferred shares | 301,575 | 132,192 |
| Gain on preferred share exchange | (433,767) | - |
| Interest expense | 93,002 | - |
| Changes in non-cash operating working capital | | |
| Other receivables and prepaid | 405,500 | (1,350) |
| Accounts payable and accrued liabilities | (232,014) | 320,577 |
| Deferred income | 5,000 | - |
| Due to related party | 157,000 | 20,984 |
| Cash provided by operating activities | 131,461 | 218,765 |
| Financing activities | | |
| Common shares issued for cash | - | 1,125,000 |
| Preferred shares issued for cash | - | 4,500,000 |
| Issuance of convertible debentures | - | 5,300,000 |
| Repayment of convertible debentures | - | (1,300,000) |
| Issuance of promissory notes | - | 169,950 |
| Issuance of related party advances | 379,777 | - |
| Repayment of related party loans | (100,751) | - |
| Cash provided by financing activities | 279,026 | 9,794,950 |
| Investing activities | | |
| Acquisition of marketable securities | (880,654) | (735,504) |
| Disposition of marketable securities | 75,170 | 34,990 |
| Acquisition of properties | (16,272) | (7,732,646) |
| Additions to properties | (835,633) | (378,649) |
| Cash used in investing activities | (1,657,389) | (8,811,809) |
| Effect of foreign exchange | 1,496 | 7,235 |
| Increase (Decrease) in cash | (1,245,406) | 1,209,141 |
| Cash, beginning | 1,363,153 | 154,012 |
| Cash, ending | 117,747 | 1,363,153 |
| Supplementary information: | | |
| Cash paid for interest | 7,743 | 3,228 |
| Cash paid for income taxes | - | - |
| Non- cash transactions: | | |
| 600,000 shares issued for the acquisition of Pershing-Churhill Property | - | 30,000 |

See accompanying notes to the consolidated financial statements

Acana Capital Corp.
Notes to the consolidated financial statements
Year ended September 30, 2014
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Acana Capital Corp. (the “Company”) was incorporated on June 18, 2007 in British Columbia, Canada. The Company’s principal activity is the acquisition and development of real estate properties. The Company’s head office is located at Suite 200 – 8338 120th Street, Surrey, BC, V3W 3N4. The Company’s shares are traded on the Canadian Securities Exchange (“CSE”) under the symbol “APB”.

Going concern

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at September 30, 2014, the Company is not able to finance its day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful sale or lease of its properties and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and through the issuance of its common and preferred shares. The Company’s ability to continue as a going concern requires the continued support from its Chief Executive Officer (“CEO”) who is also, along with companies he controls and other related parties, a key shareholder. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements of the Company 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”).

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, except for financial instruments measured at their fair value, and are presented in Canadian dollars, unless otherwise noted.

These consolidated financial statements incorporate the accounts of the Company and its controlled subsidiaries:

| Name | Country of incorporation/formation | Ownership percentage |
|--|------------------------------------|----------------------|
| JG Wealth Management Corp. | Canada | 100% |
| * JDLP LLP | USA | 50% |
| Ameri-Can Agri Co. (formerly Acana Capital USA Inc.) | USA | 100% |
| Acana Capital LLC. | USA | 100% |
| Crocker Acana LLC | USA | 100% |
| Pershing-Churchill LLC | USA | 100% |

** The Company has control over the partnership; therefore, it is consolidated resulting in non-controlling interests being recorded in the consolidated statements of financial position.*

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates where there is significant risk of material adjustments to assets and liabilities in future accounting periods include fair value measurements for financial instruments and share-based transactions, the recoverability and measurement of deferred tax assets and the fair value of the properties.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements is the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Loss per share

Basic loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of shares outstanding in the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Fair value through profit or loss ("FVTPL") - Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. They are subsequently measured at fair value with changes in fair value recognized in profit or loss. The Company designates its marketable securities as fair value through profit or loss financial assets.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company has designated its cash and other receivable as loan and receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities and that the Company intends to hold to maturity. These assets are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. The Company does not hold any held-to-maturity financial assets.

Available-for-sale – These consist of non-derivative financial assets that are designated as available-for sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets. The Company does not hold any available-for-sale financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Functional currency and foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency. The functional currency of all of the Company's US subsidiaries is the US dollar. The functional currency of JG Wealth Management Corp. is the Canadian dollar.

Transactions and balances:

Foreign currency transactions will be translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional currency and foreign currency translation (continued)

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Foreign operations:

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency will be translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recorded to the Company's other comprehensive income.

Properties

Recognition and measurement

Properties are comprised of real estate projects which are developed, to be developed, or are in development. The Company capitalizes the acquisition and development costs of its real estate projects. No amortization is taken before the real estate project is ready for use and leased.

Gains and losses on disposal of the properties are recognized on a net basis within other income in the consolidated statements of comprehensive loss.

Depreciation

No depreciation is taken on the properties as they were not in use as at September 30, 2014 with the exception of the Shangri-la Unit which is not depreciated since its replacement cost is estimated to be equal to or higher than its carrying value.

Impairment of assets

The carrying amount of the Company's assets (which include the properties) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of income and comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Rental income is recognized when:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the lease will flow to the Company;
- the stage of completion of the lease at the end of the reporting period can be measured reliably; and
- the costs incurred for and to complete the lease can be measured reliably.

Warrants

Proceeds from issuances of security units by the Company consisting of shares and warrants are allocated based on the residual method. The fair value of the warrants is determined to be the difference between gross proceeds over the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a fair value of \$Nil is assigned to the warrants.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Acana Capital Corp.
Notes to the consolidated financial statements
Year ended September 30, 2014
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting standards issued but not yet applied

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after October 1, 2014 or later periods.

The following new standards, amendments and interpretations that have not been early adopted in these consolidated financial statements, is not expected to have a material effect on the Company's future results and financial position: IFRS 9 Financial Instruments (new; to replace IAS 39 and IFRIC 9); and Amendments to IAS 32 Financial Instruments: Presentation.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. SALE OF SUBSIDIARIES

On September 30, 2014, the Company sold two of its subsidiaries, Crocker Acana, LLC ("Crocker") and Pershing-Churchill LLC ("Pershing"), at their carrying value to an arms-length party. In consideration, the Company received promissory notes from the seller in the amount of \$1,677,791 which bear no interest, are unsecured and are due on demand.

The assets and liabilities of the Crocker and Pershing at the date of disposition are as follows:

| | Crocker | Pershing | Total |
|---------------------|-----------|----------|-----------|
| | \$ | \$ | \$ |
| Properties (Note 9) | 1,623,358 | 40,746 | 1,664,107 |
| Accounts payable | - | 1,481 | 1,481 |
| Net assets | 1,623,358 | 39,265 | 1,665,585 |

The Company assigned the promissory notes to the CEO and his spouse in exchange for extinguishing \$1,677,791 of the debenture (the "Debenture") (Note 14).

5. CONVERTIBLE DEBENTURES

During the year ended September 30, 2013, the Company issued five convertible debentures to the following related parties:

- \$2,000,000 to the CEO of the Company;
- \$2,000,000 to the spouse of the CEO of the Company; and
- \$1,300,000 to a company controlled by the CEO of the Company.

The convertible debentures were convertible to Class B preferred shares at \$0.50 per share, had an effective interest rate of 15% , were unsecured, and were due 5 years after issuance. The face values were discounted to \$2,635,037 upon initial recognition. The discount of \$2,664,963 was recorded in the loan reserve.

During the year ended September 30, 2013, the Company repaid the \$1,300,000 to the company controlled by the CEO and issued 8,000,000 Class B preferred shares in settlement of the \$4,000,000 owing to the Company's CEO and his spouse (Notes 6 and 13).

6. PREFERRED SHARES

Non-voting Class B preferred shares - Issued and outstanding

On May 13, 2013, the Company issued 8,000,000 Class B preferred shares for the conversion of \$4,000,000 in convertible debentures to the CEO and his spouse (Notes 5 and 13). On July 2, 2013, the Company issued 2,250,000 Class B Series A preferred shares to the CEO and his spouse for proceeds of \$4,500,000 (Note 13).

The Class B non-voting preferred shares had the following features:

Conversion

Each Class B preferred share is convertible into one common share of the Company at the discretion of the holder. The conversion price will be 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.

Dividends

Cumulative dividends of 5% per annum. Holders are entitled to receive dividends over the holders of the common shares.

Redemption

Class B preferred shares are redeemable for cash at \$0.50 per share after the second anniversary of the issuance of the shares at the option of the holder. Class B Series A preferred shares are redeemable for cash at \$2 per share after the second anniversary of the issuance of the shares at the option of the holder.

Rights on Liquidation

Holders of the Class B shares shall receive priority over the holders of the common shares on any distribution of the assets of the Company on the voluntary or involuntary liquidation, dissolution or winding-up of the Company.

Per International Accounting Standard ("IAS") 32, "Financial Instruments: Presentation", the substance of a financial instrument, rather than its legal form, governs its classification in an entity's statement of financial position. As the shares include a contractual obligation to deliver cash, the preferred shares were classified as a financial liability.

During the year ended September 30, 2014, \$301,575 (2013 - \$132,192) in dividends was recorded on the Class B preferred shares and included in the consolidated statements of comprehensive loss.

On June 18, 2014, the CEO and his spouse exchanged the Class B and Class B Series A preferred shares for a \$8,500,000 debenture that bears interest at 10% per annum, is due on June 18, 2015 and is secured against Acana Capital, USA, Inc. Accrued dividends of \$433,767 were forgiven and a gain on the exchange of the preferred shares of \$433,767 was recognized (Notes 13 and 14).

Acana Capital Corp.
Notes to the consolidated financial statements
Year ended September 30, 2014
(Expressed in Canadian dollars)

7. SHARE CAPITAL

Authorized

Unlimited number of Class A common shares without par value.

Unlimited number of non-voting Class B preferred shares without par value.

Common shares - Issued and outstanding

On November 23, 2012, the Company closed a private placement for the issuance of 7,500,000 units at \$0.05 per unit for the gross proceeds of \$375,000. Each unit consisted of one common share and one share purchase warrant which is exercisable to a common share of the Company at \$0.05 per share for a period of 6 months. No value was assigned to the warrants.

On January 18, 2013, the Company closed a private placement for the issuance of 7,500,000 common shares at \$0.05 per share for gross proceeds of \$375,000.

On March 1, 2013, 7,500,000 warrants were exercised into common shares at \$0.05 per share for gross proceeds of \$375,000.

On February 25, 2013, the Company issued 600,000 shares with a fair value of \$30,000 to a Company controlled by the Company's CEO to acquire the Perishing-Churchill Property (Notes 9 and 13).

Non-voting Class B preferred shares - Issued and outstanding (Note 6)

Share base payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Foreign currency translation reserve

The foreign currency translation reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

Loan reserve

Recorded in the loan reserve is the discount on the convertible debentures (Note 6).

8. MARKETABLE SECURITIES

As at September 30, 2014 and September 30, 2013, the Company's marketable securities comprise of investments in shares and share purchase warrants of Canadian public companies (Note 13). The Company designates its marketable securities at fair value through profit or loss. The fair value of warrants is determined using a Black-Scholes pricing model. Details are as follows:

| September 30, 2014 | Cost | Gain (loss) | Fair value |
|--------------------|-----------|-------------|------------|
| | \$ | \$ | \$ |
| Common shares | 2,433,910 | (1,099,851) | 1,334,059 |
| Warrants | - | 19,511 | 19,511 |
| | 2,433,910 | (1,080,340) | 1,353,570 |

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8. MARKETABLE SECURITIES (Continued)

| September 30, 2013 | Cost | Gain (loss) | Fair value |
|--------------------|-----------|-------------|------------|
| | \$ | \$ | \$ |
| Common shares | 1,533,725 | (940,302) | 593,423 |
| Warrants | 34,500 | 70,616 | 105,116 |
| | 1,568,225 | (869,686) | 698,539 |

The fair value of the warrants was determined using the Black-Scholes option pricing model using the following assumptions:

| | September 30, 2014 | September 30, 2013 |
|-----------------------------------|--------------------|--------------------|
| Expected life of warrants (years) | 0.48 – 3.77 | 0.21 - 4.77 |
| Annualized volatility | 151% - 209% | 34% - 173% |
| Risk-free interest rate | 1.12% | 1.19% - 1.69% |
| Dividend rate | 0% | 0% |

During the year ended September 30, 2014, the Company acquired 8,957,500 common shares (2013-17,354,483) and 500,000 warrants (2013-3,440,000) at a cost of \$880,654 (2013-\$735,504) for the common shares and \$Nil (2014 - \$Nil) for the warrants. During the year ended September 30, 2014, the Company disposed of marketable securities with a cost of \$44,235 (2013-\$90,020) for proceeds of \$75,170 (2013-\$34,990).

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9. PROPERTIES

The following table summarizes the properties held by the Company as at September 30, 2014 and 2013:

| | September 30, 2013 | Acquisition | Additions | Impairment | Effect of foreign exchange | Disposals | September 30, 2014 |
|-----------------------------|-----------------------|---------------|----------------|------------------|-------------------------------|--------------------|-----------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Shangri La Unit | 1,166,062 | - | - | - | - | - | 1,166,062 |
| Crocker Drive Property | 232,857 | - | - | - | 20,532 | (253,389) | - |
| 106 Glenn | 629,437 | - | - | - | 55,504 | - | 684,941 |
| 860 Corning | 2,744,580 | - | 148,677 | - | 243,292 | - | 3,136,549 |
| Vineyard Plaza | 2,641,259 | - | 268,584 | (325,962) | 230,902 | - | 2,814,783 |
| River Road Property | 414,616 | 16,272 | 285,931 | - | 47,115 | (763,934) | - |
| Pershing-Churchill Property | 37,444 | - | - | - | 3,302 | (40,746) | - |
| Bradshaw Residential | 556,925 | - | 14,655 | - | 34,455 | (606,035) | - |
| Bader Road Lot | 284,652 | - | - | - | 25,100 | - | 309,752 |
| Tuscon Building | 2,127,556 | - | 274,654 | - | 197,199 | - | 2,599,409 |
| Total Properties | 8,707,832 | 16,272 | 835,638 | (325,962) | 857,401 | (1,664,104) | 10,711,496 |

| | September 30, 2012 | Acquisition | Additions | Impairment | Effect of foreign exchange | Disposals | September 30, 2013 |
|-----------------------------|-----------------------|------------------|----------------|------------------|-------------------------------|-----------|-----------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Shangri La Unit | 1,101,021 | 65,041 | - | - | - | - | 1,166,062 |
| Crocker Drive Property | 227,603 | - | 516 | - | 4,738 | - | 232,857 |
| 106 Glenn | - | 462,554 | 152,737 | - | 14,146 | - | 629,437 |
| 860 Corning | - | 2,530,162 | 152,737 | - | 61,681 | - | 2,744,580 |
| Vineyard Plaza | - | 2,532,716 | 49,184 | - | 59,359 | - | 2,641,259 |
| River Road Property | - | 405,298 | - | - | 9,318 | - | 414,616 |
| Pershing-Churchill Property | - | 36,602 | - | - | 842 | - | 37,444 |
| Bradshaw Residential | - | 529,434 | 14,975 | - | 12,516 | - | 556,925 |
| Bader Road Lot | - | 278,255 | - | - | 6,397 | - | 284,652 |
| Tuscon Building | - | 2,388,769 | 190,457 | (428,310) | (23,360) | - | 2,127,556 |
| Total Properties | 1,328,624 | 9,228,831 | 560,606 | (428,310) | 145,637 | - | 10,835,388 |

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9. PROPERTIES (Continued)

Shangri La Unit

Shangri La Unit is a residential condominium located in Toronto, Canada. The Company is currently leasing the property for \$6,017 per month to a company with a common director on a month to month basis. This lease may be terminated by either party with 30 days notice.

Crocker Drive Property

On July 31, 2012, the Company acquired a parcel of land in El Corado Hills, California, USA. The Company disposed of this property at its carrying value on September 30, 2014 through the disposal of Crocker (Note 4).

106 Glenn

On December 7, 2012, the Company acquired land in Corning, California, USA through its 50% owned limited liability partnership JDLP. The Company's wholly owned subsidiary, Acana Capital, LLC, is the general partner of JDLP. Consideration of \$462,554 was paid. Costs to prepare the land for farming activity are included in additions for the year ended September 30, 2013. The Company intends to begin farming operations on the property in fiscal 2015.

860 Corning

On December 26, 2012, the Company acquired 860 acres of land in Corning, California, USA through its 50% owned limited liability partnership JDLP. Consideration of \$2,530,162 was paid. Costs to prepare the land for farming activity are included in additions for the years ended September 30, 2014 and 2013.

Vineyard Plaza

On January 25, 2013, the Company acquired land located in Sacramento, California, USA for \$2,532,716. Pre-construction and costs toward the construction of a gas station are included in the additions during the years ended September 30, 2014 and 2013. Capitalized interest expense of \$156,863 is included in the additions during the year ended September 30, 2014 (Note 15). During the year ended September 30, 2014, management determined that the carrying value of the property exceeded its fair market value. As a result, the property has been written down to its assessed value and an impairment charge of \$325,962 has been recorded on the property.

River Road Property

On January 18, 2013, the Company acquired land located in Sacramento, California, USA from a company controlled by a director of the Company for \$405,298. On November 2013, the Company acquired a parcel of land adjacent to the River Road Property for \$16,272. The Company disposed of this property at its carrying value on September 30, 2014 through the disposal of Crocker (Note 4).

Pershing-Churchill Property

On February 25, 2013, the Company acquired various parcels of land and related mineral rights in the Pershing County and Churchill County, Nevada, USA from a company controlled by the CEO of the Company. The mineral rights consist of net smelter return royalties over various mineral claims. In consideration, the Company issued 600,000 common shares with a fair value of \$30,000 (Note 7) and paid \$6,602 (Note 13). The Company disposed of this property at its carrying value on September 30, 2014 through the disposal of Pershing (Note 4).

Bradshaw Residential

In April 2013, the Company acquired land located in Sacramento, California, USA for \$529,434. The Company disposed of this property at its carrying value on September 30, 2014 through the disposal of Crocker (Note 4).

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9. PROPERTIES (Continued)

Bader Road Lot

In June 2013, the Company acquired land located in Elk Grove, California, USA for \$278,255. The acquisition was partially financed by borrowing \$169,950 from the seller (Note 11).

Tuscon Building

On February 11, 2013, the Company acquired a warehouse building located in Tuscon, Arizona from a company controlled by the CEO of the Company.

In August 2013, the Tuscon Building was vandalized. Management estimated that the amount of the damage incurred was \$428,310 and recorded an impairment charge during the year ended September 30, 2013. The Company received insurance proceeds of \$396,023 (Note 10) to cover the damages and recognized the income in the consolidated statement of comprehensive loss during the year ended September 30, 2014.

Subsequent to the year ended September 30, 2014, the Company entered into as an agreement to lease out the Tuscon Building for three years commencing January 1, 2015 to December 31, 2017 for US\$20,000 per month.

10. OTHER RECEIVABLES

| | September 30, 2014 | September 30, 2013 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Sale taxes receivable | 460 | 5,752 |
| Receivable from JDLP's 50% partner | 250,968 | 141,163 |
| Insurance proceeds receivable (Note 9) | - | 401,875 |
| | 251,428 | 548,790 |

11. NOTE PAYABLE

On June 18, 2013, the Company issued a note payable to the seller of the Bader Road Lot for \$169,950 (US\$165,000) (Note 9). The note bears interest at 4% per annum, due on June 26, 2016, and is secured by the Bader Road Lot property. Interest payments are due every quarter subsequent to the issuance of the note. During the year ended September 30, 2014, interest expense of \$7,743 (2013 - \$3,228) was incurred on the note.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | September 30, 2014 | September 30, 2013 |
|---------------------|--------------------|--------------------|
| | \$ | \$ |
| Trade payables | 78,874 | 320,166 |
| Accrued liabilities | 15,500 | 15,000 |
| | 94,374 | 335,166 |

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13. RELATED PARTY TRANSACTIONS

During the year ended September 30, 2014, the Company acquired 6,445,800 common shares (2013-9,066,500) and 500,000 warrants (2013-3,520,000) of Canadian public companies that have directors or officers in common with the Company. The cost of the common shares was \$514,001 (2013-\$506,484) and the cost of the warrants was \$Nil (2013 – (\$Nil)). The market value of all securities from related public companies as at September 30, 2014 was \$1,345,677 (2013-\$621,639).

During the year ended September 30, 2014, the Company incurred rent expense of \$17,500 (2013-\$30,000) to companies controlled by a relative of the CEO of the Company.

During the year ended September 30, 2014, the Company incurred rent expense of \$13,000 to a company with a common director.

On January 18, 2013, the Company acquired the River Road Property from a company controlled by the CEO of the Company for \$405,298 (Note 9).

On February 11, 2013, the Company acquired the Tuscon Building from a company controlled by the CEO of the Company for \$2,388,769 (Note 9).

On February 25, 2013, the Company acquired the Pershing-Churchill Property from a company controlled by the CEO of the Company. In consideration, the Company issued 600,000 common shares with a fair value of \$30,000 (Notes 7 and 9) and paid \$6,602 (Note 9).

On October 1, 2012, the Company entered into a 1 year agreement with a company with a director in common with the Company to lease the Shangri La Unit for \$6,107 per month commencing November 1, 2012 (Note 9). During the year ended September 30, 2014, the Company earned rental income of \$73,281 from the related party (2013-\$70,051).

During the year ended September 30, 2013, the Company issued \$2,000,000, \$2,000,000 and \$1,300,000 in convertible debentures to the CEO of the Company, his spouse and a company controlled by the CEO, respectively. During the year ended September 30, 2013, the Company repaid the \$1,300,000 to the company controlled by the CEO and issued 8,000,000 Class B preferred shares in settlement of the \$4,000,000 owing to the CEO and his spouse (Notes 5 and 6).

On July 2, 2013, the Company issued 1,125,000 Class B Series A preferred shares to each of the CEO of the Company and his spouse at \$2.00 per share for gross proceeds of \$4,500,000 (Note 6).

On June 18, 2014, the CEO and his spouse exchanged the Class B and Class B Series A preferred shares for a \$8,500,000 debenture that bears interest at 10% per annum, is due on June 18, 2015 and is secured against Acana Capital, USA, Inc. (Note 14). Accrued dividends of \$433,767 were forgiven and a gain on the exchange of the preferred shares of \$433,767 was recognized (Note 6).

During the year ended September 30, 2014, TM Technologies Inc. ("TM"), a private company incorporated in the USA, issued a note receivable (the "Note Receivable") to the Company in the amount of US\$300,000. The Note Receivable is guaranteed by Medusa Scientific LLC, the parent company of TM and a private company incorporated in the United States. In consideration, TM issued 500,000 of its common shares to the Company. The fair value of these shares were determined to be \$Nil. On October 9, 2013, the Company assigned the Note Receivable to Maxtech Ventures Inc., a company with the CEO and CFO in common. The Company returned 400,000 of the common shares received to TM as part of the assignment.

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13. RELATED PARTY TRANSACTIONS (Continued)

As at September 30, 2014, the Company owed \$157,000 (2013-\$Nil) to a company controlled by a relative of the CEO and \$288,445 (2013-\$20,984) to the spouse of the CEO of the Company. The amounts do not bear any interest, are unsecured and are due on demand.

As at September 30, 2014, included in due to related parties is accrued dividends payable of \$Nil (2013-\$132,192).

Key Management Compensation

During the year ended September 30, 2014, the Company incurred consulting fees of \$100,000 (2013-\$5,000), management fees of \$Nil (2013-\$5,000) to a company with a common director.

14. DEBENTURE

On June 18, 2014, the CEO and his spouse exchanged 8,000,000 Class B and 2,250,000 Class B Series A preferred shares for a \$8,500,000 Debenture that bears interest at 10% per annum, is due on June 18, 2015 and is secured against Acana Capital, USA, Inc. (Notes 6 and 13).

On September 30, 2014, the Company assigned \$1,665,585 in promissory notes from the sale of Crocker and Pershing to the CEO and his spouse in exchange for extinguishing \$1,665,585 of the Debenture (Note 4).

During the year ended September 30, 2014, interest expense \$242,192 was accrued on the Debenture. \$156,863 of the interest was capitalized to the Vineyard Plaza property (Note 9).

15. SEGMENTS

Operating segments

The Company operates in a single reportable operating segment which is the acquisition and development of investment properties.

Geographic segments

The Company's non-current assets are located in the following countries:

| | As at September 30 , 2014 | | |
|------------|---------------------------|--------------------------|------------|
| | Canada | United States of America | Total |
| Properties | 1,166,062 | 9,433,352 | 10,599,414 |

| | As at September 30, 2013 | | |
|------------|--------------------------|--------------------------|------------|
| | Canada | United States of America | Total |
| Properties | 1,166,062 | 9,669,326 | 10,835,388 |

16. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors 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:

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16. FINANCIAL INSTRUMENTS (Continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's primary exposure to credit risk is on its cash and marketable securities which are held in bank accounts and deposited with brokers, respectively. As most of the Company's cash is held by two banks, and all of the marketable securities are held by one brokerage firm, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its sale taxes receivable from the Canadian government; as such, the credit risk is minimal.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

| | September 30, 2014 | September 30, 2013 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Loans and receivables: | | |
| Cash | 117,747 | 1,363,152 |
| Receivable from JDLP's 50% partner | 250,968 | 141,163 |
| Insurance proceeds receivable | - | 401,875 |
| Financial assets held at fair value through profit and loss: | | |
| Marketable securities | 1,353,570 | 698,539 |
| | 1,722,285 | 2,604,729 |

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16. FINANCIAL INSTRUMENTS (Continued)

Financial liabilities included in the statement of financial position are as follows:

| | September 30, 2014 | September 30, 2013 |
|---------------------------------------|--------------------|--------------------|
| | \$ | \$ |
| Non-derivative financial liabilities: | | |
| Trade payables | 78,874 | 320,166 |
| Due to related party | 378,445 | 20,894 |
| Debenture | 7,064,401 | |
| Note payable | 184,936 | 169,950 |
| Other financial liabilities | | |
| Retractable preferred shares | - | 8,500,000 |
| | 7,706,656 | 9,011,010 |

Fair value

The fair values of the Company's financial assets and liabilities approximates the carrying amounts either due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at September 30, 2014 and September 30, 2013:

| | As September 30, 2014 | | |
|-----------------------|-----------------------|---------------|----------|
| | Level 1 | Level 2 | Level 3 |
| | \$ | \$ | \$ |
| Cash | 117,747 | - | - |
| Marketable securities | 1,334,059 | 19,511 | - |
| | 1,451,806 | 19,511 | - |

| | As at September 30, 2013 | | |
|-----------------------|--------------------------|----------------|----------|
| | Level 1 | Level 2 | Level 3 |
| | \$ | \$ | \$ |
| Cash | 1,363,152 | - | - |
| Marketable securities | 593,423 | 105,116 | - |
| | 1,956,575 | 105,116 | - |

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17. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence, safeguard the Company's ability to support the development of its real estate projects and to sustain future development of the business. The capital structure of the Company consists of working and share capital.

There are no restrictions on the Company's capital aside from the note payable which is secured by the Bader Lot Property (Notes 9 and 11). There were no changes in the Company's approach to capital management during the year.

18. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

| | September 30, 2014 | September 30, 2013 |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| Net loss before income taxes | (646,680) | (3,766,165) |
| Statutory tax rate | 26% | 25% |
| Expected income tax recovery at the statutory tax rate | (163,868) | (941,451) |
| Non-deductible expenses and other | 32,744 | 615,504 |
| Effect of changes in tax rates | (24,968) | 46,744 |
| Changes in valuation allowance | 156,092 | 279,203 |
| Actual income tax recovery | - | - |

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

| | September 30, 2014 | September 30, 2013 |
|---------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Non-capital loss carry-forwards | 172,349 | 58,217 |
| Marketable securities | 133,683 | 109,746 |
| Properties | 167,930 | 149,908 |
| Valuation allowance | (473,963) | (317,871) |
| Net deferred income tax assets | - | - |

The Company's has \$662,882 in non-capital tax losses which will expire commencing 2031.

19. CORPORATE RESTRUCTURING

On July 15, 2014, the Company and two of its wholly owned subsidiaries, Ameri-Can Agri Co, Inc. (“Ameri-Can”) and JG Wealth Management Corp. (“JG”), entered into a plan of arrangement in order to proceed with a corporate restructuring (the “Arrangement”) by the way of a statutory plan of arrangement.

In accordance with the Arrangement, the Company will transfer its properties, excluding the Shangri La Unit and the Tuscon Building (Note 9), to Ameri-Can and its marketable securities (Note 8) and the Shangri La Unit (Note 9), to JG in return for common shares of Ameri-Can and JG which will be distributed to the shareholders of the Company on a pro-rata basis based on their relative shareholdings of the Company. Ameri-Can and JG will concurrently seek to list their shares on the CSE. Upon the completion of the Arrangement, Ameri-Can and JG will no longer be subsidiaries of the Company.

This Arrangement received the approval from the BC Supreme Court and the Company’s shareholders on October 28, 2014. As of the date of this report, the Arrangement is pending the final approval from the CSE and is not completed.