MAG ONE PRODUCTS INC.

(Formerly Acana Capital Corp.)

Management's Discussion & Analysis

Year Ended September 30, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2015
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 Mag One Products Inc., formerly Acana Capital Corp., ("Mag One", the "Corporation", or the "Company") for the year ended September 30, 2015.

This MD&A should be read in conjunction with the Company's consolidated financial statements for the same year, which are 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 such as press release and informational circular are available at www.sedar.com. This MD&A has been prepared effective as of January 25, 2016.

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. Mag One. 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***
The Company intends to finance the Company's operations by additional related party financing, equity financing, joint ventures or other forms of partnership financing.	*Based on the Company's understanding of current capital market*	*The Company may lose support from related parties*

OVERALL PERFORMANCE

Mag One was incorporated on June 18, 2007 in British Columbia, Canada and had its name changed on March 18, 2015. The Company's head office is located at Suite 200 – 8338 120th Street, Surrey, BC, V3W 3N4. The Company's shares are currently traded on the Canadian Securities Exchange ("CSE") under the symbol "MDD and are co-listed on the Börse Frankfurt stock exchange ("FSE") with the ticker symbol "304". The listing on the Frankfurt exchange provides the company exposure to the European market. In September 2015 the Company announced that it intends to list on the OTCQB and was subsequently called to trade on this exchange in December 2015 under the symbol MGPRF. Other significant events of the Company year-to-date are summarized as follows:

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. Ameri-Can is the Company's wholly subsidiary incorporated in British Columbia of Canada on October 17, 2014.

In accordance with the Arrangement, the Company would transfer its properties, excluding the Shangri La Unit to Ameri-Can; and its marketable securities and the Shangri La Unit to JG (collectively the "Assets Transfer") in return for common shares of Ameri-Can and JG which would 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 would concurrently seek to list their shares on the CSE. Upon the completion of the Arrangement, Ameri-Can and JG would 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. The Company conducted the Asset Transfer on January 1, 2015, and the Arrangement completed on March 12, 2015 when the common shares of JG and Ameri-Can commenced their trading on the CSE.

The Company's principal activity was the acquisition and development of real estate properties. After the Asset Transfer, the Company's current business is the development and commercialization of technology for the manufacturing of magnesium (Mg) metal and Mg compounds (refer to the section of "Outlook" in the below).

Private Placement

On March 26, 2015 and June 8, 2015, the Company closed the first and second tranche of a private placement ("Offering") and issued 300,000 units for $150,000 and 950,000 units for $475,000 ($0.50/unit) respectively. Each unit consists of one common share and one common share purchase warrant of the Company. Each warrant can be exercised into one common share at $0.60 per share for a period of twenty four (24) months from the date of issuance.

On August 26, 2015, the Company issued 375,000 units ("Unit A") at a price of $0.80/share for proceeds of $300,000. Each Unit A is comprised of one common share and one share purchase warrant ("Warrant A"). Each Warrant A can be exercised into one common share at $1.00 per share for a period of twelve (12) months from the date of issuance. Finders' fees of 37,500 Unit A were issued.

The Company will use the proceeds from the Financing for its working capital.

OUTLOOK AND ACQUISITION OF BUSINESS

Acquisition of Business

Since the completion of the Arrangement, the Company has acquired proprietary technology with the goal of becoming a processing and refining company that will result in it being the world's lowest-cost producer of 99.9% pure magnesium (Mg) metal ingots and ultra-pure magnesium compounds.

On March 25, 2015, the Company entered into an agreement with Mines Jeffrey to acquire the rights to exploit 30 million tonnes of serpentinite-rich tailings containing ~23% Mg in Quebec. The Company completed the final payment totaling $100,000 to finalize this agreement during the year ended September 30, 2015.

On April 2, 2015, the Company, through its wholly owned subsidiary, entered into a definitive agreement to acquire 100% of North American Magnesium Products, LLC (NAMP), a series LLC formed by Orion Laboratories, LLC, which is headed by James G. Blencoe, Ph.D. for the consideration of $1 (one dollar). Dr. James G. Blencoe became a Director of the Company in June 2015.

The assets of NAMP includes know-how, trade secrets, and other pieces of intellectual property that relate to the production of Mg metal and Mg compounds.

The members of Orion Laboratories will receive up to 40 million common shares of the Company based on the operating performance of the Company: One common share for $1.00 operating profit of the Company earned over a designated period.

NAMP is in the progress of constructing a laboratory for performing engineering test work and have incurred $73,154 as at September 30, 2015.

As a result of the Acquisition, the Company announced the appointment of the following experienced Management Executives, Board Members and Advisors to the Board:

- Nelson Skalbania B.Sc, M.Ap. Sc, P. Eng., Chairman of the Company
- James Blencoe, Ph.D., Co-Chairman and Chief Operating Officer of the Company
- Gillian Holcroft, B. Eng, M. Eng., Chief Executive Officer and President of Mag One Operations Inc., the Company's wholly owned Canadian operating subsidiary.
- David Dreisinger, Ph.D., Advisor to the Board
- Uri Z. Ben-Noon, Advisor to the Board
- Donald A. Palmer, Ph.D., Advisor to the Board

In November 2015, the Company's application for a grant from the Canadian Government's Industrial Research Assistance Program has been approved for its novel Mg technology. During this same period the Company engaged patent agents to assist with the filing of additional patents related to its proprietary process. This effort is currently on-going. In addition, the Company engaged several expert technical consultants with Mg and metallurgical processing experience to review Mag One's propriety process. The goal of these efforts is to further de-risk the technological, CAPEX and OPEX estimates that were developed by the NAMP team. In December 2015 the Company engaged a geologist to determine the optimal location to exploit the above ground tailings. The location was determine and 50 samples were collected. This material will be analyzed and data used to engineer the serpentinite pre-processing equipment.

Outlook

The Company plans to engineer and commercialize the proprietary technology acquired from NAMP to become a low-cost and environmentally friendly manufacturer of Mg metal ingots and ultra-pure Mg

Compounds. The Company expects that its technical experts will complete their review by the spring of 2016. The Company also intends to engage an environmental expert to begin the permitting process at the Quebec location. Given that the initial production target is only 5000 tonnes per year of Mg metal, and that the technology is designed to be environmentally friendly with no production of dioxins or furans, the Company does not expect that the permitting process to a risk factor. The Company intends to raise more equity financing to finance the capital and operating expenditures once the budget is approved by the Board of the Directors.

SELECTED ANNUAL INFORMATION

The following table includes selected annual information of the last three recent years.

	2015 **$**	**2014** **$**	**2013** **$**
Revenue	-	-	-
Loss from continued operations	(600,841)	(154,512)	(2,970,470)
Loss from continued operations			
Per share, basic and diluted	(0.02)	(0.01)	(0.13)
Income (loss)	306,790	(646,680)	(3,766,165)
Earnings (loss) per share, basic and diluted	0.01	(0.02)	(0.16)
Total assets	440,377	12,437,980	13,447,120
Total non-current liabilities	-	184,936	8,669,950
Cash dividend	-	-	132,192

SUMMARY OF QUARTERLY RESULTS

Management believes the Company's operation in these past eight quarters are not subject to seasonality.

Given the change in Company direction discussed in the above, the Company expects the operating losses to increase after 2015 Q3 as funds will be required to engineer and commercialize the acquired technology for the manufacturing of Mg metal and Mg compounds. The Company does not expect to earn revenue from these activities before Q4 2017.

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

	Q4 2015	**Q3 2015**	**Q2 2015**	**Q1 2015**	**Q4 2014**	**Q3 2014**	**Q2 2014**	Q1 2014
	$	**$**	**$**	**$**	**$**	**$**	**$**	$
Rental revenue, net of direct rental cost (a)	-	-	-	-	-	-	-	-
Net income (loss) to the equity holders from continued operations	(388,497)	(82,796)	(92,418)	(37,130)	(159,149)	282,304	(138,054)	(139,613)
Income (loss) per share, basic and diluted	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	0.01	(0.00)	(0.00)

(a) Rental revenue, net of direct rental cost that was reported in previous MD&A from 2014Q1 to 2015Q1 have been reclassified to income/loss from discontinued operations

RESULTS OF OPERATIONS

Year ended September 30, 2015 ("Fiscal 2015")

The Comparison of the Company's results of Fiscal 2015 to 2014 is as follows:

	2015	2014	2015-2014	Ref
	$	$	$	
Income (loss) from discontinued operations	907,631	(492,168)	1,399,799	1
Expenses				
Business development	125,000	–	125,000	2
Consulting	95,108	145,678	(50,570)	3
Office and administration	90,434	9,362	81,072	4
Access fees	100,990	-	100,990	5
Research	71,720	–	71,720	
Professional fees	35,643	20,348	15,295	
Trust and filing fees	42,434	26,054	16,380	
Total operating expenses	561,329	201,442	359,887	
Others				
Dividends on retractable preferred shares	–	(301,575)	301,575	6
Gain on preferred share redemption	–	433,767	(433,767)	6
Loss on arrangement	(39,512)	–	(39,512)	
Interest expenses	–	(85,262)	(85,293)	
Income (loss)	407,780	(646,680)	1,054,460	

1	*The Company completed the Arrangement with its former subsidiaries and transferred assets to these subsidiaries as at January 1, 2015. As a result, the operating results of these subsidiaries during 2014 and 2015 are reclassified as result from discontinued operations. Upon the completion of the Arrangement, a foreign exchange gain of $1,239,861 has been recorded to the results of the discontinued operations. As a result, the operating results of the discontinued operations increased by $1,399,799 from Fiscal 2014.*
2	*The Company reimbursed $125,000 to a company controlled by Nelson Skalbania, Chairman of the Company, for the efforts and expenditures incurred in order to secure the* access agreement discussed in the section of "Outlook" in the above. No similar transactions in Fiscal 2014.
3	*Consulting fees was lower in Fiscal 2015 as the Company incurred additional expenditures in preparing the Arrangement during Fiscal 2014.*
4	*During Fiscal 2015, the Company had more business activities. As a result, office and administration increased.*
5	*During Fiscal 2015, the Company paid $100,990 to secure supplies of magnesium tailing. No similar transaction in the last year.*
6	*The Company's operations were financed from issuance of preferred shares in 2014. The Company redeemed the outstanding preferred shares with a promissory note. A one time gain recorded in Q4 of Fiscal 2014. As result, there was no dividend in Fiscal 2015.*

As at September 30, 2015, the Company had $367,396 cash (September 30, 2014 - $117,747), $Nil marketable securities (September 30, 2014 - $1,353,570), $Nil properties (September 30, 2014 - $10,711,496), due to related party of $53,728 (September 30, 2014 - $445,446), debenture of $Nil (September 30, 2014 - $7,064,401) and share capital of $3,733,250 (September 30, 2014 - $2,808,250). The increase of cash was mainly a combined result of receiving $925,000 from private placement which was partially offset by transferring 106,313 cash to its former subsidiaries upon the completion of the Arrangement, use of $52,467 in construction of a laboratory used for research, and use of $535,216 in operations.

Three months ended September 30, 2015 ("2015 Q4")

The Comparison of the Company's results of 2015 Q4 to 2014 Q4is as follows:

	2015	2014	2015-2014	Ref
	$	$	$	
Income (loss) from discontinued operations	1,270,673	(782,900)	2,052,763	1
Expenses				
Access fees	100,990	–	100,990	
Consulting, office and administration	176,275	108,819	67,456	2
Research	71,720	–	71,720	3
Loss from operations	(348,985)	(108,819)	(240,076)	
Others				
Dividends on retractable preferred shares	–	(301,575)	301,575	
Gain on preferred share redemption	–	433,767	(433,767)	
Loss on arrangement	(39,512)	–	(39,512)	
Interest expenses	–	(85,262)	(85,293)	4
Income (loss) from continued operations	(388,497)	(159,149)	(229,348)	
Income (loss)	(882,176)	(941,239)	59,063	

1	*There were three main non-recurring factors to account for the $2,052,763 improvement.* *-The Company recorded a foreign exchange gain of $1,239,803 at the year end to account for the de-consolidation of the subsidiaries upon completion of the Arrangement. No similar transaction in 2014 Q4* *- The Company recorded impairment of property of $325,962 in 2014 Q4. No similar transaction in 2015 Q4* *- The Company recorded loss of marketable securities of $466,966 in 2014 Q4 comparing to $47,954 gain from marketable securities in 2015 Q4*
2	*The Company increased its business activities (in connection with its Mg business) during 2014 Q4. As a result, office, consulting, and trust filing expenditures increased.*
3	*Commencing 2015 Q4, the Company started its research activities for an economically feasible technology for the extraction of Mg. There was no similar transaction in 2014 Q4*
4	*The Company was financed by related party loan during 2014 Q4. During 2015 Q4, the Company did not have interest bearing liabilities. As a result, interest expenses decreased.*

LIQUIDITY & CAPITAL RESOURCES

Financing of operations has been achieved primarily by equity and debt financing. On September 30, 2015, the Company had a cash balance of $367,396 and working capital of $208,755. The Company is not subject to external working capital requirements.

Management realizes that the capital and liquidity on hand is 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 Company intends to finance the Company's operations and to eliminate the working capital deficiency by additional equity financing.

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.

During Fiscal 2015, the Company received $925,000 from private placements (refer to section "Private Placement" in the above).

During Fiscal 2015 the Company used $52,467 in construction a laboratory and transferred $106,313 to two formerly subsidiaries in connection with the Arrangement.

TRANSACTIONS WITH RELATED PARTIES

Compensation paid to key management

During the years ended September 30, 2015 and 2014, the Company was charged by the related parties the following:

		2015	2014
		$	$
Chairman of the board of directors	Consulting	24,000	-
Chairman of the board of directors	Business development	125,000	-
Chairman of the board of directors	Consulting	24,000	-
Chief executive officer ("CEO")	Consulting	24,000	-
		197,000	-

Debenture and debt settlement

On June 18, 2014, the CEO and his spouse (the "Lenders") exchanged 8,000,000 Class B and 2,250,000 Class B Series A preferred shares for a $8,500,000 debenture that bore interest at 10% per annum, was due on June 18, 2015 and was secured against Acana Capital, USA, Inc. On September 30, 2014, the Company assigned $1,677,755 in promissory notes from the sale of Crocker and Pershing to the CEO and his spouse in exchange for extinguishing $1,677,755 of the debenture. During the year ended September 30, 2015, interest expense of $170,555 (2014 - $242,192) was accrued on the Debenture.

During the year ended September 30, 2015, in accordance with the Arrangement, the Lenders agreed to settle this debenture, plus an additional non-interest amount of $130,623 that was due to them for $7,051,914. As a result of the settlement, a gain of $313,701 was recorded.

Marketable securities

During the year ended September 30, 2015, prior to the Arrangement, the Company acquired 500,000 common shares (2014 - 6,445,800) and Nil warrants (2014 - 500,000) of Canadian public companies that have directors

or officers in common with the Company. As at September 30, 2015, the Company held common shares and warrants with a cost of $Nil (January 1, 2015 - $850,033, September 30, 2014 - $970,874) and a fair value of $Nil (January 1, 2015 - $410,835, September 30, 2014 - $726,835) of Canadian public companies with directors and officers in common with the Company.

Transactions with related parties other than key management personnel

During the years ended September 30, 2015 and 2014, the company incurred the following transactions with related parties:

		2015	2014
		$	$
Consulting fees	Company with a common director	-	100,000
Rent expense	Companies controlled by a relative of the CEO	-	17,500
Rent expense	Company with a common director	-	13,000
		-	130,500

During the period ended December 31, 2014 (before the Arrangement), the Company leased the Shangri La Unit to a company with a director in common for $6,107 per month on a month to month basis and earned rental income of $18,320. As the Shangri La Unit was transferred to JG Wealth on January 1, 2015 as part of the Arrangement , the Company did not have rental income from January 1, 2015 to September 30, 2015.

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.

Amounts due to related parties

	2015	2014
	$	$
Chairman of the board of directors	24,000	-
CEO	24,000	-
Company controlled by former director	-	157,000
Company with common directors and management	3,586	-
Family member of director of NAMP LLC	2,142	-
Spouse of CEO *(i)*	-	288,446
	53,728	445,446

(i) *Of the $288,446 owing at September 30, 2014, $163,179 was transferred to Ameri-Can during the Arrangement.*

The amounts owing to related parties do not bear any interest, are unsecured and are due on demand.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 32,309,170 common shares outstanding. The Company also has 1,662,500 share purchase warrants and 3,200,000 stock options that can be converted to common shares of the Company on one-to-one basis.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have off-balance sheet arrangements.

PROPOSED TRANSACTIONS

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

SIGNIFICANT ACCOUNTING POLICIES

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 the recoverability and measurement of deferred tax assets.

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 are the determination of the functional currency of the parent and its subsidiaries, and 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.

Income (loss) per share

Basic income (loss) per share is computed by dividing net income (loss) attributable to common shareholders by the weighted average number of shares outstanding in the period. Diluted income (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 income (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.

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, Mag One Operations Inc. and NAMP LLC is the US dollar. The functional currency of Mag One Operations Inc. 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.

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. These differences are recognized in profit and loss in the period which the operation is disposed of.

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 January 1, 2015 (the date of the Arrangement) with the exception of the Shangri-la Unit which was depreciated during the year ended September 30, 2015 at 4% on a declining balance basis. The property was not depreciated during the year ended September 30, 2014 since its replacement cost was 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) are 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.

Common-control transaction

Since the shareholders of JG, Ameri-Can and the Company, upon the close of the Arrangement were the same, these transactions were deemed common-control transactions. As such, the assets and liabilities transferred out of Mag One were done so at their carrying value. The difference between the fair value and the carrying value of the net assets transferred out is recorded on the statement of comprehensive loss.

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 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 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 tax:

Deferred tax is provided 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 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 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 tax assets and deferred 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.

Accounting standards issued but not yet applied

Certain pronouncements were issued by the IASB or IFRIC that are mandatory for accounting periods beginning after October 1, 2015 or later periods.

The following new standard has 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.

FINANCIAL INSTRUMENTS AND RISKS

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:

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 which is held in bank accounts. As most of the Company's cash is held by two banks, 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.

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's 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.

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:

- 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 either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's cash was measured at fair value using level 1 inputs as at September 30, 2015.

Financial instruments classification

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 FVTPL.

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.

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.

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

	September 30, 2015	September 30, 2014
Loans and receivables:	$	$
Cash	367,396	117,747
Receivable from JDLP's 50% partner	-	250,968
Financial assets held at FVTPL		
Marketable securities	-	1,353,570
	367,396	1,722,285

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

	September 30, 2015	September 30, 2014
Non-derivative financial liabilities:	$	$
Trade payables	93,701	78,874
Due to related party	53,728	445,446
Debenture	-	7,064,401
Note payable	-	184,936
	147,429	7,773,657

RISK FACTORS

Risks of the Company's business include the following:

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.

Competition

Magnesium Metal is a competitive market and the ability to secure off-take agreements with magnesium metal clients is critical. The key to success is to ensure that the Corporation is consistently a low cost magnesium metal producer compared to its competitors. Although the Corporation's estimates that its technology/process will be the lowest cost producer currently on the market, there is no guarantee that new competition with a lower cost approach will gain market share.

New Business

The Company currently does not have any contractual customers. To mitigate this risk, the Corporation has actively in discussion with several large organizations who have shown great interest in purchasing the Corporation's magnesium based products. However, there is a risk that the Company may not be able to find sufficient customers at the early stages.

Market

The profitability of the Corporation's operations is significantly affected by changes in the market prices of the products. The level of interest rates, the rate of inflation, and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

Project Execution Risk

The business is based on a novel, low cost modular method for producing magnesium metal and magnesium hydroxide. Although the majority of the unit operations are commercially proven, several key processing steps need to undergo a technical and economic review and possible testing prior to engineering and construction. To mitigate this risk, this capital and operating cost review will be carried out by an independent engineering firm prior to detailed engineering design and construction of the facility.

Once the detailed engineering design is complete, there are no guarantee that the processing facility will be built on time and on budget. Any delays in receiving the appropriate environmental and construction permits, construction delays, as well as ramp up to full capacity may materially impact the Corporation's financial performance and cash flow. This risk, however is being mitigated through the design and construction of a modular facility. This approach limits the financial exposure and helps to ensure adequate cash flow prior to expanding production through additional modular units.

Key Personnel

The loss or departure of the Corporation's key management personnel would have a material impact on delivering the novel magnesium processing facility. This risk is mitigated through the engagement of technology experts who can intervene in such an instance. Once the design basis is complete this risk is further mitigated

The facility will be located in an industrial community and as such the ability to engage qualified personnel to operate the facility is deemed to be a low risk. The Corporation is aware that this jurisdiction has a strong union history and as such will carefully select its personnel to avoid a unionized environment which may increase its labor costs and subsequently the Corporation's profitability.

Product Quality

The novel Magnesium process is designed to produce high purity magnesium metal ingots. If the processing steps result in inconsistent product quality then the Corporation will not be able to fulfill its contractual agreements to its customers which will adversely impact its financial performance.

In addition to producing Magnesium ingots, the process is also designed to produce significant quantities of secondary products for sale to customers. If the quality of these secondary products does not meet market specifications then these by-products become a waste product. This will result in disposal costs that will inherently reduce the overall profit margin of the Corporation.

Consumable and Raw Material costs

The process is based on transforming serpentine tailings into magnesium metal and other by-products. The Corporation has secured a long term agreement for the raw material supply at a fixed price. This contract ensures a long term raw material supply and as such this risk has been mitigated.

Because the process is based on the cost effective re-use of chemical consumables, the risk of higher consumable pricing from third parties has also been mitigated. In addition, the location of the production facility is in a mining/ industrial friendly, low electrical power cost jurisdiction. As such substantial increases in electricity costs is not a concern.

Property Damage

The facility will be insured against loss of property as well as other insurances to protect against certain risks. The Corporation, however cannot insure against operator error, improper maintenance and general equipment

failure. As such these events may increase the overall operational costs of the facility and thus impact the profitability of the Corporation.

Environmental and Safety Compliance
The processing facility will be designed and constructed to meet all required environmental, health and safety standards. Although best practices will be used to design, construct and operate the facility, there is always a risk that operator error or equipment failure will result in environmental and / or safety non-compliance.

Intellectual Property
The Corporation has significant know-how which will be protected through the filing of patents as well as the issuance of non-disclosure agreements for specific know-how and business confidential information. Although every effort will be made to ensure that the Corporation's IP and know-how are protected, there is a risk that the Competition and/or employees will not respect their legal obligations and the Corporation may be forced to take legal action.

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

Lucky Janda, CEO, Director
Sonny Janda, Director; CFO (Since May 28, 2015)
Charn Deol, Director
Nelson Skalbania, Director (since March 31, 2015)
Dr. James Blencoe, Director (since March 31, 2015)