Mag One Products Inc.

(Formerly Acana Capital Corp.)

Condensed Consolidated Interim Financial Statements

Three Months Ended December 31, 2015

Unaudited

Expressed in Canadian Dollars

NOTICE TO READER

Under National Instrument 51-102, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements have been prepared by management, and were not reviewed by the Company's independent auditor.

Mag One Products Inc. (formerly Acana Capital Corp.)
Condensed consolidated interim statements of financial position
(Unaudited - Expressed in Canadian Dollars)

	Note	December 31, 2015	September 30, 2015
		$	$
Assets			
Current assets			
Cash		148,443	367,396
Other receivable	5	7,095	7,818
Prepaid		17,390	10,695
		172,928	385,909
Non-current			
Construction in progress		-	54,468
Equipment and property	6	86,087	
Total assets		**259,015**	**440,377**
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	7	45,038	123,426
Due to related party	8	107,586	53,728
Note payable	8	50,000	-
		202,624	177,154
Shareholders' equity			
Share capital	9	3,757,250	3,733,250
Reserves	9	6,863,305	3,590,808
Deficit		(10,564,164)	(7,060,835)
Total equity		56,391	263,223
Total liabilities and shareholders' equity		**259,015**	**440,377**

Nature of operations and going concern (Note 1)

Approved and authorized for issuance by the Board of Directors onFebruary 28, 2016

"Nelson Skalbania"
Director

"Lucky Janda"
Director

Mag One Products Inc. (formerly Acana Capital Corp.)
Condensed consolidated interim statements of comprehensive loss
(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended December 31, 2015	2014
		$	$
Expenses			
Consulting		105,492	5,090
Office and administration		13,662	16,312
Promotion		17,189	–
Research		30,631	–
Professional		11,950	3,000
Share-based compensation	9	3,267,200	–
Travel		24,952	–
Trust and filing fees		31,759	12,728
Total operating expenses		3,502,835	37,130
Lose before other items		(3,502,835)	(37,130)
Interest		(494)	–
Losss from continued operations		(3,503,329)	(37,130)
Income (loss) from discountinued operations		–	(676,708)
		(3,503,329)	(713,838)
Other comprehensive loss:			
Translation gain (loss)		5,297	907,640
Comprehensive loss		(3,498,032)	870,510
Net income (loss) attributable to:			
Equity holders of the Company		(3,503,329)	(641,250)
Non-controlling interests		–	(5,430)
		(3,503,329)	(646,680)
Other comprehensive income attributable to:			
Equity holders of the Company		5,297	781,439
Non-controlling interests		–	126,201
		5,297	907,640
Comprehensive income (loss) attributable to:			
Equity holders of the Company		(3,498,032)	140,189
Non-controlling interests		–	120,771
		(3,498,032)	260,960
Loss per share attributable to the equity holders of the Company			
Loss per share, basic and diluted		(0.11)	(0.02)
Weighted average number of outstanding shares, basic and diluted		32,329,170	30,646,670

Mag One Products Inc. (formerly Acana Capital Corp.)
Condensed consolidated interim statements of changes in equity
(Unaudited - Expressed in Canadian Dollars except for number of shares)

	Common shares		Reserve							
	Number	Amount	Warrant	Loan	Option	Translation gain (loss)	Deficit	Equity attributed to the equity holders of the Company	Non-controlling interests	Total equity
September 30, 2014	32,349,170	2,808,250	918,000	2,664,963	–	962,466	(4,620,771)	2,732,908	1,910,915	4,643,823
Translation from subsidiaries	–	–	–	–	–	108,765	–	108,765	71,572	180,337
Net loss	–	–	–	–	–	–	(713,813)	(713,813)	(25)	(713,838)
December 31, 2014	**32,349,170**	**2,808,250**	**918,000**	**2,664,963**	–	**13,142**	**(5,334,584)**	**2,127,860**	**1,982,462**	**4,110,322**
September 30, 2015	32,309,170	3,733,250	918,000	2,664,963	–	7,845	(7,060,835)	263,223	–	263,223
Translation from subsidiaries	–	–	–	–	–	5,297	–	5,297	–	5,297
Share-based compensation	–	–	–	–	3,267,200	–	–	3,267,200	–	3,267,200
Share issuance - warrant exercise	40,000	24,000	–	–	–	–	–	24,000	–	24,000
Net loss	–	–	–	–		–	(3,503,329)	(3,503,329)	–	(3,503,329)
December 31, 2015	32,349,170	3,757,250	918,000	2,664,963	3,267,200	13,142	(10,564,164)	56,391	–	56,391

Mag One Products Inc. (formerly Acana Capital Corp.)

Condensed consolidated interim statements of cash flows

(Unaudited - Expressed in Canadian Dollars)

Three months ended December 31,	2015	2014
Cash (used in) provided by:	$	$
Operating activities		
Income (loss) for the period	(3,503,329)	(713,813)
Items not involving cash :		
Accrued debenture interest	–	170,555
Changes in non-cash operating working capital		
Due to related party	53,858	(151,104)
Other receivables and prepaid	(5,972)	(5,712)
Accounts payable and accrued liabilities and deferred revenue	3,194,109	129,690
Cash flow from discontinued operations	–	521,367
Cash provided by (used in) operating activities	(261,334)	(49,017)
Investing activities		
Additional of equipment and property	(31,619)	–
Cash flow from discountineud operation	–	43,429
Cash used in investing activities	(31,619)	43,429
Financing activities		
Proceeds from note payable	50,000	–
Share issuance- warrant exercise	24,000	–
cash flow from discontinued operations	–	–
Cash provided by investing activities	74,000	–
Effect of holding cash in foreign currency	–	1,709
Increase (decrease) of cash	(218,953)	(3,879)
Cash, beginning of year	367,396	117,747
Cash, end of year	148,443	113,868
Supplementary information:		
Cash paid for interest	–	724
Cash paid for income taxes	–	–

1. NATURE OF OPERATIONS AND GOING CONCERN

Mag One Products Inc., (formerly Acana Capital Corp.), (the "Company" or "Mag One") was incorporated on June 18, 2007 in British Columbia, Canada and had its name changed to Mag One Products Inc. on March 18, 2015. The Company's head office is located at Suite 145 – 925 Georgia Street West, Vancouver, V6C3L2. The Company's shares are traded on the Canadian Securities Exchange ("CSE").

The Company's principal business is the research and development of technology and manufacturing facilities for the production of magnesium and magnesium compound.

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 December 31, 2015, 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 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 through the issuance of its common and preferred shares. 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

These condensed consolidated interim financial statements for the three and nine months ended June 30, 2015 together with the comparative figures herein have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Accordingly, certain disclosures required in annual financial statements have been condensed or omitted. These condensed interim financial statements are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the most recent audited annual financial statements of the Company for the year ended September 30, 2015.

These condensed interim consolidated financial statements were approved and authorized by the Board of Directors on February 28, 2016

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 certain financial instruments measured at their fair value, and are presented in Canadian dollars, unless otherwise noted.

The Company has not adopted new accounting policies since it recent year ended September 30, 2015.

(Unaudited - Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation Continued)

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

		Ownership Percentage	
Name	**Country of incorporation/ formation**	**December 31, 2014**	**September 30 and December 31, 2015**
		(Note 4)	
JG Wealth Management Corp.	Canada	100%	Nil
JDLP LLC*	USA	50%	Nil
Ameri-Can Agri Co. Inc.	Canada	100%	Nil
Ameri-Can Agri Co.	USA	100%	Nil
Acana Capital LLC.	USA	100%	Nil
Mag One Operations Inc.	Canada	Nil	100%
Mag One Operations Inc. (Previously North American Magnesium Company)	USA	Nil	100%
North American Magnesium Company LLC (NAMP LLC)	USA	Nil	100%

**The Company had control of JPLP. LLC up until January 1, 2015. It was consolidated resulting in non-controlling interest being recorded in the consolidated statements of financial position, up until control ceased on January 1, 2015.*

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

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.

(Unaudited - Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

4. CORPORATE RESTRUCTURING

In July 2014, the Company, and two of its wholly owned subsidiaries, Ameri-Can, and JG entered into a plan of arrangement in order to proceed with a corporate restructuring (the "Arranagement").

In accordance with the Arrangement, the Company transferred various real and farming properties o Ameri-Can; and its marketable securities and a condominium unit to JG (collectively the "Assets Transfer") in return for common shares of Ameri-Can and JG which were distributed to the shareholders of the Company on a pro-rata basis based on their relative shareholdings of the Company. Ameri-Can and JG concurrently applied to list their shares on the CSE. Upon the completion of the Arrangement, Ameri-Can and JG were no longer subsidiaries of the Company.

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.

In accordance with *IFRIC 17, Distribution of non-cash assets to owners*, the Company recognized the distribution of assets to Mag One shareholders at fair value with the difference between that value and the carrying amount of the net assets recognized in the statement of comprehensive loss. The fair value of the shares was determined by using the fair value of the net assets transferred.

The operations that were transferred to Ameri-Can and JG are considered a discontinued operation of the Company with the following details:

Three months ended December 31, 2015:

	Ameri-Can	**JG**	**Total**
	$	$	$
Revenue	-	18,320	18,320
Direct costs	-	(3,081)	(3,081)
Net revenue	-	5,239	15,239
Interest expense	(170,555)	-	(170,555)
Change in fair value of marketable securities	-	(521,392)	(521,392)
Profit (loss)	(170,555)	(506,153)	(676,708)

(Unaudited - Expressed in Canadian dollars)

5. OTHER RECEIVABLES

	September 30, 2015	September 30, 2015
	$	$
Sale taxes receivable	7,095	7,818

6. ACCESS AGREEMENT AND ACQUISITION OF NAMP LLC

On March 25, 2015, the Company entered into an access agreement that provides the Company access to 30 million tonnes of magnesium tailings at $1.50/tonne. The Company made a payment of $100,990 during the year ended September 30, 2015 in connection with the agreement.

On April 2, 2015, the Company, through its wholly owned subsidiary, Mag One Operations Inc. ("MagOne USA"), entered into a definitive agreement ("Acquisition") to acquire 100% of North American Magnesium Products, LLC (NAMP LLC), a LLC formed by Orion Laboratories, LLC.

The assets of NAMP LLC include intellectual property that relate to the production of magnesium metal and magnesium compounds.

The members of Orion Laboratories LLC 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.

The Acquisition is considered a fundamental change in business direction that was approval by the CSE on May 28, 2015.

NAMP LLC has just completed construction of a laboratory for performing research work and has incurred $86,087 in construction cost as at December 31, 2015. The expect life of the laboratory is 5 years and the Company will start to amortize this laboratory in the second quarter of 2016.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2015	September 30, 2015
	$	$
Trade payables	18,538	93,701
Accrued liabilities	26,500	29,725
	45,038	123,426

(Unaudited - Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS

Compensation paid to key management and directors

During three ended December, 2015 and 2014, the Company was charged by the related parties the following:

		2015	**2014**
		$	$
Chairman of the board	Consulting	24,000	-
Chief executive officer ("CEO").	Consulting	24,000	-
President and CEO of a subsidiary	Consulting	24,000	
Chairman of the board and a company controlled by the Chairman	Shared-based compensation	969,950	-
A company controlled by the CEO	Shared-based compensation	510,500	
President and CEO of a subsidiary	Shared-based compensation	306,300	
Chief Financial Officer	Shared-based compensation	102,100	
Other directors	Shared-based compensation	510,500	

Amounts due to related parties

	December 31, 2015	**September 30, 2015**
	$	$
Chairman of the board of directors	48,000	24,000
CEO	48,000	24,000
President and CEO of Mag Operations Inc.	8,000	-
Company with common directors and management	3,586	3,586
Family member of director of NAMP LLC	-	2,142
	107,586	445,446

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

Note payable

As at December 31, 2015, the Company had a promissory note payable of $50,000 owing to a Company with a common director with the Company. This note payable is unsecured, bears interest of 5% per annum, and payable on demand.

(Unaudited - Expressed in Canadian dollars)

9. 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

During three months ended December 31, 2015, the Company issued 40,000 common shares when the same amount of warrants were exercised at $0.60/share for gross amount of $24,000.

Warrants

As at September 30, 2015, the Company had the following warrants outstanding:

	Number of Warrants	Exercise price	Expiry date
Balance, September 30, 2014	-	-	
Granted, March 26, 2015	300,000	$0.60	March 26, 2017
Granted, June 8, 2015	950,000	$0.60	June 28, 2017
Granted, August 26, 2015	412,500	$1.00	August 26, 2016
Balance, September 30, 2015	1,662,500		

As at December 31, 2015, the Company had the following warrants outstanding:

	Number of Warrants	Exercise price	Expiry date
Balance, September 30, 2014	-	-	
Granted, March 26, 2015	260,000	$0.60	March 26, 2017
Granted, June 8, 2015	950,000	$0.60	June 28, 2017
Granted, August 26, 2015	412,500	$1.00	August 26, 2016
Balance, December 31, 2015	1,622,500		

As at December 31, 2015, warrants outstanding have an average life of 1.19 years and average exercise price of $0.70.

Option

During three months ended December 31, 2015, the Company granted 3,200,000 stock options to its consultants, directors, and management. These options were fully vested at the grant date. Each option can be exercised into one common share at $1.10/share and will expire November 11, 2020 if unexercised.

The Company used black-schole option pricing model to value the fair value of the options granted as $1.021/option with the use of the following assumptions: share price at the grant date $1.10; exercise price $1.10; expiry period of 5 years; risk free interest rate of 0.93% per annum; Nil dividend rate, and the annual volatility of 160%.

As all the options granted were vested immediately, the Company recorded the fair value of these 3,200,000 options of $3,267,200 as share-based compensation during three months ended December 31, 2015

(Unaudited - Expressed in Canadian dollars)

9. SHARE CAPITAL (Continued)

Warrant reserve
The warrant reserve records the fair value of the warrant issued until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

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 previously issued.

10. SEGMENTS

Operating segments
The Company operates in a single reportable operating segment which is the research and development of technology and manufacturing facilities for the processing and production of magnesium and magnesium compound.

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

As at September 30 , 2015	**Canada**	**United States**	**Total**
	$	$	$
Construction in progress ("CIP")	-	54,468	54,468

As at December 31, 2015	Canada	United States of	Total
	$	$	$
Equipment and property (transferred from CIP)	-	86,087	86,087

11. FINANCIAL INSTRUMENTS

The Company has not changed it approach in managing risk associated with its financial instruments since its recent year ended September 30, 2015.

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.

(Unaudited - Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS (Continued)

The Company's cash was measured at fair value using level 1 inputs as at December 31, 2015.

Classification of financial instruments

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

	December 31, 2015	**September 30, 2015**
Loans and receivables:	$	$
Cash	148,443	367,396

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

	September 30, 2015	**September 30, 2015**
Non-derivative financial liabilities:	$	$
Trade payables	18,538	93,701
Due to related party	107,586	53,728
	126,124	147,429