

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

Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended June 30, 2016

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	June 30, 2016	September 30, 2015
		\$	\$
Assets			
Current assets			
Cash		561,891	367,396
Other receivable	5	34,329	7,818
Prepaid		59,152	10,695
		655,372	385,909
Non-current			
Construction in progress	6	–	54,468
Equipment and property	6	133,071	–
Total assets		788,443	440,377
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	7	33,862	123,426
Due to related parties	8	205,116	53,728
Note payable	8	100,000	–
		338,978	177,154
Shareholders' equity			
Share capital	9	4,907,250	3,733,250
Reserves		6,857,761	3,590,808
Deficit		(11,315,546)	(7,060,835)
Total equity		449,465	263,223
Total liabilities and shareholders' equity		788,443	440,377

See accompanying notes to the condensed consolidation interim financial statements

Nature of operations and going concern (Note 1)

Commitment (Note 12)

Approved and authorized for issuance by the Board of Directors on August 26, 2016

"Nelson Skalbana"
Director

"Lucky Janda"
Director

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

	Three months ended June 30,		Nine months ended June 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Expenses				
Business development	–	93,310	–	125,000
Office and administration	18,503	1,552	42,139	24,636
Promotion and investor communication	17,722	–	186,798	–
Research	150,979	–	338,834	–
Professional and consulting fees	136,098	(63,299)	317,585	(4,106)
Share-based compensation (Note 9)	–	–	3,267,200	–
Travel	18,061	–	57,012	–
Trust and filing fees	943	51,233	42,173	66,796
Total operating expenses	342,306	82,796	4,251,741	212,326
Lose before other items	(342,306)	(82,796)	(4,251,741)	(212,326)
Interest	(1,221)	–	(2,970)	–
Losss from continued operations	(343,527)	(82,796)	(4,254,711)	(212,326)
Income (loss) from discontinued operations	–	–	–	868,080
	(343,527)	(82,796)	(4,254,711)	655,754
Other comprehensive loss:				
Translation gain (loss)	4,756	–	(247)	(962,466)
Comprehensive loss	(338,771)	(82,796)	(4,254,958)	(306,712)
Loss per share, basic and diluted	(0.01)	(0.00)	(0.13)	0.02
Weighted average number of outstanding shares, basic and diluted	33,277,614	30,653,263	32,657,874	30,826,306

See accompanying notes to the condensed consolidation interim financial statements

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

	Common shares		Reserve				Translation gain (loss)	Deficit	Equity attributed to the equity holders of the Company	Non- controlling interests	Total equity
	Number	Amount	Warrant	Loan	Option						
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	
Units issued for cash	1,250,000	625,000	–	–	–	–	–	625,000	–	625,000	
Translation from subsidiaries	–	–	–	–	–	(962,466)	–	(962,466)	71,547	(890,919)	
Completion of plan of arrangement	–	–	–	–	–	–	(2,746,914)	(2,746,914)	(1,982,462)	(4,729,376)	
Net income	–	–	–	–	–	–	655,754	655,754	–	655,754	
June 30, 2015	31,896,670	3,433,250	918,000	2,664,963	–	–	(6,711,931)	304,282	–	304,282	
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	–	–	–	–	–	(247)	–	(247)	–	(247)	
Share-based compensation	–	–	–	–	3,267,200	–	–	3,267,200	–	3,267,200	
Share issuance for cash	1,401,111	1,174,000	–	–	–	–	–	1,174,000	–	1,174,000	
Net loss	–	–	–	–	–	–	(4,254,711)	(4,254,711)	–	(4,254,711)	
June 30, 2016	33,710,281	4,907,250	918,000	2,664,963	3,267,200	7,598	(11,315,546)	449,465	–	449,465	

See accompanying notes to the condensed consolidation interim financial statements

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

Nine months ended June 30,	2016	2015
Cash (used in) provided by:	\$	\$
Operating activities		
Income (loss) for the period	(4,254,711)	(212,326)
Items not involving cash :		
Share-based compensation	3,267,200	-
Amortization included in the research expenditure	15,138	-
Changes in non-cash operating working capital		
Other receivables and prepaid	(74,968)	(27,951)
Accounts payable and accrued liabilities and due to related parties	61,824	(69,452)
Cash flow from discontinued operations	-	(27,687)
Cash used in operating activities	(985,517)	(337,416)
Investing activities		
Additional of equipment and property	(93,741)	-
Transfer of cash to JG Wealth		(106,313)
Cash flow from discontinued operation	-	43,429
Cash used in investing activities	(93,741)	(62,884)
Financing activities		
Proceeds from issuance of promissory note	100,000	-
Share issuance for cash	1,174,000	625,000
Cash provided by financing activities	1,274,000	625,000
Effect of holding cash in foreign currency	(247)	-
Increase of cash	194,495	224,700
Cash, beginning of period	367,396	117,747
Cash, end of period	561,891	342,447
Supplementary information:		
Cash paid for interest	-	-
Cash paid for income taxes	-	-

See accompanying notes to the condensed consolidation interim financial statements

Mag One Products Inc. (formerly Acana Capital Corp.)
Notes to the condensed consolidated interim financial statements
Three and nine months ended June 30, 2016
(Unaudited - Expressed in Canadian dollars)

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 June 30, 2016, 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, 2016 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 August 26, 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 its recent year ended September 30, 2015.

Mag One Products Inc. (formerly Acana Capital Corp.)
Notes to the condensed consolidated interim financial statements
Three and nine months ended June 30, 2016
(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:

Name	Country of incorporation/formation	Ownership Percentage	
		March 12, 2015 (Note 4)	September 30, 2015 and June 30, 2016
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%
Magone Operations Inc. (Previously North American Magnesium Company)	USA	Nil	100%
North American Magnesium Company LLC (NAMP)	USA	Nil	100%

Inter-company balances and 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.

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.

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.

Mag One Products Inc. (formerly Acana Capital Corp.)
Notes to the condensed consolidated interim financial statements
Three and nine months ended June 30, 2016
(Unaudited - Expressed in Canadian dollars)

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 “Arrangement”).

In accordance with the Arrangement, the Company transferred various real and farming properties to 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 Arrangement was completed on March 12, 2015 when the common shares of JG and Ameri-Can commenced their trading on the CSE. The operations that were transferred to Ameri-Can and JG are considered a discontinued operation of the Company. Their results of operations from October 1, 2014 up to March 12, 2015 are as follows:

	Ameri-Can	JG	Total
	\$	\$	\$
Revenue	-	18,320	18,320
Direct costs	-	(3,081)	(3,081)
Net revenue	-	15,239	15,239
Amortization	-	(14,566)	(14,566)
Office and administration	(737)	-	(737)
Interest expense	(172,429)	-	(172,429)
Gain on debt settlement (Note 10)	-	313,701	313,701
Realized gain on sale of marketable securities	-	30,161	30,161
Unrealized loss on fair value of marketable securities	-	(503,599)	(503,599)
Realized gain on foreign exchange (Note 12)	1,239,861	-	1,239,861
Profit (loss)	1,066,695	(159,064)	907,631

5. OTHER RECEIVABLES

	June 30, 2016	September 30, 2015
	\$	\$
Sale taxes receivable	34,329	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, Magone 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.

Mag One Products Inc. (formerly Acana Capital Corp.)
Notes to the condensed consolidated interim financial statements
Three and nine months ended June 30, 2016
(Unaudited - Expressed in Canadian dollars)

6. ACCESS AGREEMENT AND ACQUISITION OF NAMP LLC (Continued)

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.

As at June 30, 2016, the Company, through NAMP LLC has built a laboratory for performing research work. The Cost and accumulated amortization of this laboratory was \$147,857 and \$147,86 respectively. The expected life of the laboratory is 5 years.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2016	September 30, 2015
	\$	\$
Trade payables	21,862	93,701
Accrued liabilities	12,000	29,725
	33,862	123,426

8. RELATED PARTY TRANSACTIONS

Compensation paid to key management and directors

The following are the remuneration of the Company's related parties:

Nine months ended June 30,		2016	2015
		\$	\$
Chairman of the board	Consulting	72,000	-
Chief executive officer ("CEO").	Consulting	72,000	-
President and CEO of a subsidiary	Consulting	7,000	-
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

	June 30, 2016	September 30, 2015
Chairman of the Board of Directors	\$ 96,000	\$ 24,000
CEO	96,000	24,000
President and CEO of a subsidiary	9,746	-
Company with common directors and management	3,370	3,586
Family member of director of NAMP LLC	-	2,142
	\$ 205,116	\$ 53,728

Mag One Products Inc. (formerly Acana Capital Corp.)
Notes to the condensed consolidated interim financial statements
Three and nine months ended June 30, 2016
(Unaudited - Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS (Continued)

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

Note payable

As at June 30, 2016 the Company had a promissory note payable of \$100,000 owing to the CEO and the CEO's affiliate. This note payable is unsecured, and payable on demand. An amount of \$1,458 interest payable in connection with this note payable was included in the Company's accounts payable and accrued liabilities on June 30, 2016.

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 nine months ended June 30, 2016, the following shares and units were issued:

- 290,000 warrants were exercised into common shares at \$0.60/share for \$174,000.
- 1,111,111 security units were issued at \$0.90/unit. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable into one common share at \$1.10/share in one year after issuance. The exercise is subject to an acceleration clause of thirty days in the event the Company's share traded at \$2.00 per share over ten consecutive trading days.

Warrants

Continuity of the Company's warrant is as follows:

	Number of Warrants	Weighted average exercise price	Expiry date
Balance, September 30, 2015	1,662,500	\$ 0.70	
Exercised	(290,000)	\$0.60	March 26, 2017
Issuance	1,111,111	\$1.10	May 18, 2017
Balance, June 30, 2016	2,483,611		

As at June 30, 2016, the Company had the following warrants outstanding:

Number of Warrants	Exercise price	Expiry date
10,000	\$0.60	March 26, 2017
950,000	\$0.60	June 28, 2017
412,500	\$0.60	August 26, 2016
1,111,111	\$1.00	May 18, 2017
2,483,611		

As at June 30, 2016, warrants outstanding have an average life of 0.80 years and average exercise price of \$0.78.

Mag One Products Inc. (formerly Acana Capital Corp.)
Notes to the condensed consolidated interim financial statements
Three and nine months ended June 30, 2016
(Unaudited - Expressed in Canadian dollars)

9. SHARE CAPITAL (Continued)

Option

During nine months ended June 30, 2016, the Company granted 3,200,000 stock options to its consultants, directors, and management. 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 3,200,000 options granted vested immediately, the Company recorded the fair value of these 3,200,000 options of \$3,267,200 as share-based compensation during the nine months ended June 30, 2016.

The Company did not have outstanding options at the beginning of fiscal 2016. As at June 30, 2016, the Company had 3,200,000 options outstanding, with an exercise price of \$1.10/share and a remaining life of 4.36 years.

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 June 30, 2016	Canada	United States of	Total
		\$	\$
Equipment and property (transferred from CIP)	-	133,071	133,071

Mag One Products Inc. (formerly Acana Capital Corp.)
Notes to the condensed consolidated interim financial statements
Three and nine months ended June 30, 2016
(Unaudited - Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS

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

Fair value

Financial instruments that are not measured at their fair values are cash, other receivable, accounts payable and accrued liabilities, due to related party, and note payable. The fair values of these financial instruments approximate their 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 does not have financial instruments measured at fair value

12. COMMITMENT

On May 12, 2016, the Company entered into an initial 50:50 joint venture agreement with Magboard LLC (“MagBoard”), a private US company, to form a new company (“MBE”) in Quebec for the manufacturing of magnesium based wallboard.

Mag One will earn its 50% interest of MBE by :

- Providing \$500,000 startup capital to MBE
- Providing a minimum 20,000 sq ft serviced facility to house the magboard assembly operation
- Providing up to US\$800,000 to purchase a convertible debenture into Magboard. The convertible debenture would have a coupon of 5% per annum and convertible into shares of Magboard at a mutually agreed upon price.

As at the date of this report, the Company is in the progress in finalizing this final joint venture agreement.