MAG ONE PRODUCTS INC.

(Formerly Acana Capital Corp.)

Management's Discussion & Analysis

Nine Months Ended June 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
NINE MONTHS ENDED JUNE 30, 2016
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 nine months ended June 30, 2016.

This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the same period and the consolidated financial statements and MD&A for the recent year ended September 30, 2015. The Company's financial statements and other important information of the Company such as press releases and informational circular are available at www.sedar.com. This MD&A has been prepared effective as of August 26, 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, sale of shares, 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 and the capital market may not be available to provide financing.*

OVERALL PERFORMANCE

Mag One was incorporated on June 18, 2007 in British Columbia, Canada. The Company's head office is located at Suite 145 – 925 Georgia Street West, Vancouver, V6C3L2. The Company's shares are currently traded on the Canadian Securities Exchange ("CSE") under the symbol "MDD and are also listed on the Börse Frankfurt stock exchange ("Frankfurt" or "Xetra") with the ticker symbol "304" and on the OTCQB, symbol, "MgPRF".

The Company's principal business is the development and commercialization of technologies for the processing and production of magnesium (Mg) metal and Mg-related compounds and byproducts.

Following is a summary of other significant operating events of the Company:

During this period Mag One retained a team of consultants to conduct an independent confirmation ("proof of process") investigation of the Company's innovative technologies for producing high-purity MgO (magnesium oxide or "magnesia"), which can either be sold directly or converted to other valuable magnesium products such as magnesium hydroxide, $Mg(OH)_2$, and magnesium metal, Mg. In addition, the consulting team is exploring the possibility that Mag One's MgO manufacturing methods have the potential to co-produce valuable iron/silicon/silica byproducts.

From January to June Mag One's team performed bench-scale laboratory tests using state-of-the-art facilities at the Department of Chemical and Biotechnological Engineering at the Université de Sherbrooke (UdS) in Quebec. The team is headed by Professor Dr. Gervais Soucy, with important assistance provided by Dr. Jean-Marc Lalancette and Mr. Denys Pinard, M.Sc. This team was chosen considering not only their extensive experience with serpentinite processing, but also their ability to identify opportunities for producing value-added byproducts. It was agreed that any new intellectual property developed by this team during the course of their work will be the property of Mag One. To date, results of their efforts have shown that Mag One's MgO manufacturing processes have the potential to produce greater than 98 weight percent pure MgO, as well as a saleable byproduct with a per-tonne commercial value that *could* be equal to greater than the MgO product.

In addition to working with experts at UdS, Mag One has engaged SNC Lavalin in Australia to carry out an independent review of the economics of its novel process for producing MgO, and potentially also one or more valuable iron/silicon/silica byproducts. SNC was chosen for this mandate as their lead engineer has over 30 years of experience with complex hydrometallurgical flowsheets. It is anticipated that SNC's report, which will provide an independent CAPEX/OPEX estimate for one of Mag One's methods of producing high-purity MgO, will be completed sometime in early September.

In March, Mag One entered into an Agreement with MagBoard LLC, a U.S.-based private company that manufactures MgO wallboard at its Chinese facility. The Mag One-MagBoard partnership will explore the development and construction of a MgO wallboard ('Magboard') plant adjoining Mag One's processing plant. Once Mag One's operations produce surplus MgO, the joint venture between the two companies will involve manufacturing Magboards entirely at the Quebec site. The specific site location in Asbestos, QC was identified in June, and negotiations are ongoing for a lease-to-buy arrangement.

As previously disclosed, Mag One has collected 50 samples of magnesium silicate ore containing approximately 22% Mg from the pile of tailings it has purchased from Mine Jeffrey Inc. Mag One has also engaged a surveyor to map the tailings area. In May, Mine Jeffrey Inc. agreed to enter into a new agreement whereby the cost per tonne of the rock would be reduced from $1.50 to $1.00/tonne (a savings of $15M to Mag One) provided that the Company starts production of MgO by January 1, 2017.

Also in May, the Company announced that it has engaged Dr. Jagmohan Singh, a former post-doc at the renowned Oak Ridge National Laboratory (ORNL) in Tennessee, to provide key technical assistance to

CTO Dr. Jim Blencoe not only to advance Mag One's innovative MgO and Mg production concepts, but also to develop similar modular production technologies for manufacturing lithium hydroxide, LiOH, and lithium carbonate, Li_2CO_3, from spodumene, $LiAlSi_2O_6$.

In late spring a process flow diagram for manufacturing 99.9 wt. % pure Mg ingots from the Company's Mg silicate ore was prepared by Jim Blencoe and consultant Andy Felker, President, PROCESS Engineering International, LLC. Comments on the technical and economic feasibility of the manufacturing method were received from several of the Company's advisors and consultants

In November 2015, the Company's application for a grant from the Canadian Government's Industrial Research Assistance Program was approved for its novel Mg technology. As at June 30, 2016, the Company has received IRAP funding of $36,285.

During 2016 Nine Months the Company engaged patent agents to assist with the filing of additional patents related to its proprietary innovative technology. This effort is ongoing.

OUTLOOK

Business outlook

Mag One's goal is to become a low-cost and environmentally friendly manufacturer of high-purity Mg compounds and Mg metal, and to expand its operations in a modular fashion. The idea is that an initial small modular system will generate sufficient revenues to enable expansion of manufacturing as offtake agreements are secured. Production of magnesium wallboard, high-purity Mg compounds, and Mg metal in one or more locations near its source of Mg silicate ore will allow the same management infrastructure to manage/operate all of the Company's modular operations, which will help reduce labor costs.

Because Mag One's manufacturing operations are largely decoupled, the Company can execute these efforts as distinct projects. Thus, in the case of producing high-purity MgO and Mg metal, Mag One can start the permitting, engineering and construction efforts for the MgO production facility while important optimization test work is carried out in parallel on the Company's Mg metal production technology. This strategy allows for a standalone MgO facility to begin operations and generate revenues as quickly as possible. In addition, the ability to begin construction and operation of the standalone MagBoard facility (refer to the discussion regarding MBE in the previous section) will help to reduce the overall fixed costs of Mag One's management infrastructure, making overall operations more cost effective.

Financing summary and outlook

The Company closed a private placement for issuance of 1,111,111 security units at $0.90/unit for $1,000,000 in May 2016. Each unit consisted of one common share and one share-purchase warrant. Each warrant is exercisable into one common share at $1.10/share with the term of one year. The exercise is subject to an acceleration clause of thirty days in the event the Company's shares traded at $2.00 per share over ten consecutive trading days.

There were also 290,000 warrants exercised into 290,000 common shares for $174,000.

Finally, the Company intends to secure more equity financing and secure offtake agreements to defray capital and operating expenditures while increasing working capital and providing its customers with an economical consistent supply of ultrapure products.

SUMMARY OF QUARTERLY RESULTS

The Company's operation in these past eight quarters are not subject to seasonality.

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 the pure Mg metal and Mg compounds. The Company does not expect to earn revenue from these activities before Q3 or Q4 2017, unless it is successful in procuring an offtake agreement.

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

	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
	$	$	$	$	$	$	$	$
Revenue (a)	-	-	-	-	-	-	-	-
Net income (loss) from continued operations	(343,527)	(407,855)	(3,503,329)	(388,515)	(82,796)	(92,400)	(37,130)	(159,149)
Income (loss) per share, basic and diluted	(0.01)	(0.01)	(0.11)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)
(a) Revenue that was reported in previous MD&A from 2014Q4 to 2015Q3 have been reclassified to income/loss from discontinued operations								

RESULTS OF OPERATIONS

Nine Months ended June 30, 2016 ("2016 Nine Months")

The Comparison of the Company's results of 2016 Nine Months to 2015 Nine Months is as follows:

Nine months ended June 30,	**2016**	**2015**	**2016-2015**	**Ref**
	$	$	$	
Income from discontinued operations	-	868,080	(868,080)	
Expenses				
Business development	–	125,000	(125,000)	5
Office and administration	42,139	24,636	17,503	
Professional & consulting fees	186,798	(4,106)	190,904	2
Promotion and investor communication	338,834	–	338,834	3
Research	317,585	–	317,585	
Share-based compensation	3,267,200	–	3,267,200	1
Travel	57,012	–	57,012	2
Trust and filing fees	42,173	66,796	(24,623)	4
Total operating expenses	4,251,741	212,326	4,039,415	
Others				
Interest expenses	(2,970)	–	(2,970)	
Income (loss)	(4,254,711)	655,754	(4,910,465)	

1	*The Company granted 3,200,000 options to its directors/consultants/management during three months ended December 31, 2015. All of the options granted vested immediately. There were no options*

	granted or vested during 2015 Nine Months. As a result, share-based compensation increased in 2016 Nine Months.
2	*Business activities during 2016 Nine Months increased significantly in connection with the new business.*
3	*Fees increased in connection with a marketing awareness campaign in updating investors and potential investors about the development.*
4	*The Company applied for change in business during 2015 Nine Months, as a result, the trust and filing fees were higher in 2015 Nine Months.*
5	*The business development fees incurred in 2015 Nine Months were related to the acquisition and development of the new line of business. There were no similar transactions in 2016.*

Three Months ended June 30, 2016 ("2016 Q3")

The Comparison of the Company's results of 2016 Q3 to 2015 Q3 is as follows:

	2016 Q3	2015 Q3	2016-2015 Q3	Ref
	$	$	$	
Expenses				
Business development	–	93,310	(93,310)	1
Office and administration	18,503	1,552	16,951	
Professional & consulting fees, and trust and filing	18,665	(12,066)	30,731	2
Promotion and investor communication	150,979	–	150,979	3
Research	136,098	–	136,098	2
Travel	18,061	–	18,061	2
Total operating expenses	342,306	82,796	259,510	
Others				
Interest expenses	(1,221)	–	(1,221)	
Income (loss)	(343,527)	(82,796)	(260,731)	

1	*The business development fees incurred in 2015 were related to the acquisition and development of the new line of business. There were no similar transactions in 2016 Q3*
2	*Business activities during three months ended December 31, 2015 increased significantly in connection with the new business. As a result, consulting fees and, professional fees increased.*
3	*Fees increased in connection with a marketing awareness campaign in updating investors and potential investors about the development of the Company.*

LIQUIDITY & CAPITAL RESOURCES

Financing of operations has been achieved primarily by equity and debt financing. On June 30, 2016, the Company had a cash balance of $561,891 and working capital of $316,394. 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. In July 2016, the Company has proposed another round of private placement of raising $1,000,000 for issuance of 1 million of security units at $1.00/unit.

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 2016 Nine Months the Company used $93,147 in construction of a laboratory and received $1,274,000 from its financing activities ($1,000,000 from security units issuance and $100,000 from a promissory note borrowing)

TRANSACTIONS WITH RELATED PARTIES

Compensation charged by key management and directors

During nine months ended June 30, 2016 and 2015, the Company was charged by the related parties the following:

Nine months ended June 30,		**2016**	**2015**
		$	$
Chairman, Nelson Skalbania	Consulting	72,000	-
Chief Executive Officer ("CEO") , Lucky Janda	Consulting	72,000	-
President and CEO of a subsidiary, Gillian Holcroft	Consulting	72,000	
Chairman and a company controlled by the Chairman. Nelson Skalbania	Shared-based compensation	969,950	-
A company controlled by the CEO, Lucky Janda	Shared-based compensation	510,500	-
President and CEO of a subsidiary, Gillian Holcroft	Shared-based compensation	306,300	-
Chief Financial Officer, Jared Scarf	Shared-based compensation	102,100	-
Other directors (Sonny Janda, Charn Deol, and Dr. James Blencoe)	Shared-based compensation	510,500	-

Balance owing due to related parties:

	June 30, 2016	**September 30, 2015**
	$	$
Chairman	96,000	24,000
CEO	96,000	24,000
President and CEO of a subsidiary, Gillian Holcroft	9,746	-
A company with common directors and management (Desert Gold Ventures Inc.)	3,370	3,586
Family member of director of NAMP LLC	-	2,142
	197,370	445,446

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 a Company (Acana Capital Corp.) with a common director of the Company.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 33,710,281 common shares outstanding. The Company also has 2,483,611 share-purchase warrants and 3,200,000 stock options that can be converted to common shares of the Company on a one-to-one basis.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have off-balance sheet arrangements.

PROPOSED TRANSACTIONS

Other than the proposed private placement that have been disclosed in the section "Liquidity", the Company does not have proposed transactions that have material effects to the Company.

SIGNIFICANT ACCOUNTING POLICIES

The Company has not adopted new accounting policies since its recent year ended September 30, 2015. Details of the Company's significant accounting polices is available at the Note 3 of the Company's audited financial statements for the year ended September 30, 2015.

FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments and its approach to deal with the risks associated with the financial instruments have not significantly changed since its recent year ended September 30, 2015.

RISK FACTORS

Risks of the Company's business include the following:

Competition

Magnesium Metal is a competitive market and the ability to secure offtake agreements with magnesium metal clients and customers is critical. The key to success is to ensure that the Corporation is consistently a lowcost ultrapure magnesium metal (and Mg-related byproducts and compounds) producer compared to its competitors. The Corporation's second largest asset is its innovative, proprietary and patented technologies and processes which in themselves could lead to the production of other products and licensing of its technologies.

New Business

The Company currently does not have any contractual customers. To mitigate this risk, the Corporation is actively in discussion with several large companies 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 oxide. 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.

Product Quality

The unique Magnesium process is designed to produce 99.9% wt. magnesium metal ingots. If the processing steps result in inconsistent product quality, then the Corporation may 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 Mg-related products for sale to customers. If the quality of these secondary products does not meet market specifications, then these compounds and related byproducts could also be sold to customers.

Consumable and Raw Material costs

The process is based on processing serpentine tailings to produce magnesium metal and other related Mg byproducts. The Corporation has secured a longterm agreement for the raw material supply at a fixed price. This contract ensures a longterm raw material supply and as such this risk has been mitigated. In addition, there may be an option to acquire more tailings at a very discounted price.

Because the process is based on game-changing technologies and unique modular plant design, the risk of higher consumable pricing from third parties has also been mitigated. In addition, the location of the production facility in Canada, specifically the province of Quebec is in a mining, industrial-friendly, abundance of skilled labor and extremely low-cost electrical power jurisdiction.

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
Nelson Skalbania, Co-Chairman & Director
Dr. James Blencoe, Co-Chairman, Chief Technology Officer & Director
Jared Scharf, CFO
Sonny Janda, Director
Charn Deol, Director