MAG ONE PRODUCTS INC.

(Formerly Acana Capital Corp.)

Management's Discussion & Analysis

Six Months Ended March 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
SIX MONTHS ENDED MARCH 31, 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 six months ended March 31, 2016.

This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the same period. 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 May27, 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 co-listed on the Börse Frankfurt stock exchange ("Frankfurt" or "Xetra") with the ticker symbol "304".

The Company's principal business is the development and commercialization of technologies for the manufacturing of magnesium (Mg) metal, related Mg compound and Mg byproducts.

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

Private Placement

The Company started a private placement for issuance security units at $0.90/unit. Each unit consists 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.

The Company closed this private placement on May 19, 2016 for the issuance of 1,111,111 units for $1,000,000.

OUTLOOK AND ACQUISITION OF BUSINESS

Business

The Company's wholly owned subsidiary, NAMP, has built a small laboratory for engineering test work. The cost and accumulated amortization of this laboratory was $80,485 and $4,025 respectively as at March 31, 2016. Initial results from work to produce briquette (the feed for the pyrometallurgical part of Mag One's process) are encouraging.

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 March 31, 2016, the Company has received IRAP funding of $17,006.

During this same period the Company engaged patent agents to assist with the filing of additional patents related to its proprietary innovative technology. This effort is ongoing. The Company also engaged several expert technical consultants with various Mg and metallurgical processing experience to review Mag One's process. The goal of these efforts is to further enhance the technology.

In December 2015 the Company engaged a geologist to determine the optimal location to exploit the above-ground chrysotile tailings. The location was determined and samples have been collected with the results aiding in optimum location for plant, processing equipment.

Outlook

The Company plans to refine and commercialize its proprietary technology and become a low-cost, environmentally friendly, and sustainable manufacturer of Mg metal ingots and ultra-pure Mg compounds and related Mg byproducts. The tests and the patented technologies may be applicable to processing other ores or brines to produce saleable products. The Company expects that its technical experts will complete their review sometime in late spring of 2016. The Company also intends to engage an environmental expert to begin the permitting process at the Quebec location. The Company's technology is designed to be environmentally friendly with no production of dioxins or furans, thus does not expect the permitting process to be a significant risk factor. 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

Management believes 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.

	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
	$	$	$	$	$	$	$	$
Revenue (a)	-	-	-	-	-	-	-	-
Net income (loss) to the equity holders from continued operations	(407,855)	(3,503,329)	(388,497)	(82,814)	(92,400)	(37,130)	(159,149)	282,304
Income (loss) per share, basic and diluted	(0.01)	(0.11)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	0.01
(a) Revenue that was reported in previous MD&A from 2014Q3 to 2015Q1 have been reclassified to income/loss from discontinued operations								

RESULTS OF OPERATIONS

Six Months ended March 31, 2016 ("2016 Six Months")

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

Six Months ended March 31,	**2016**	**2015**	**2016-2015**	**Ref**
	$	$	$	
Income from discontinued operations	-	868,080	(868,080)	
Expenses				
Business development	–	31,690	(31,690)	
Office and administration	23,636	23,084	552	
Professional & consulting fees	181,487	59,193	122,294	2
Promotion and investor communication	169,076	–	169,076	3
Research	187,855	–	187,855	
Share-based compensation	3,267,200	–	3,267,200	1
Travel	38,951	–	38,951	
Trust and filing fees	41,230	15,563	25,667	
Total operating expenses	3,909,435	129,530	3,779,905	

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. As a result, share-based compensation increased.*

2	*Business activities during six months ended March 31, 2016 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.*

Three Months ended March 31, 2016 ("2016 Q2")

The Comparison of the Company's results of 2016 Q2 to 2015 Q2 is as follows:

	2016 Q2	2015 Q2	2016-2015 Q2	Ref
	$	$	$	
Income from discontinued operations	–	1,544,788	(1,544,788)	
Expenses				
Business development	–	31,690	(31,690)	
Office and administration	9,974	6,772	3,202	
Professional & consulting fees	64,045	51,103	12,942	1
Promotion and investor communication	151,887	–	151,887	2
Research	157,224	–	157,224	3
Travel	13,999	–	13,999	
Trust and filing fees	9,471	2,835	6,636	
Total operating expenses	406,600	92,400	314,200	

1	*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.*
2	*The Company has been developing new technologies since 2015 Q3. As a result, incurred expenses related to updating investors and increasing its marketing awareness efforts and broaden shareholder base.*
3	*The Company has been developing new technologies since ?Day one, so there were expenses for research in 2015, wrong classification I guess this is wrong: 2015 Q3. As a result there were no research expenditure in 2015 Six Months*

LIQUIDITY & CAPITAL RESOURCES

Financing of operations has been achieved primarily by equity and debt financing. On March 31, 2016, the Company had a cash balance of $225,957 and working capital deficiency of $38,224. 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. The Company intends to finance the Company's operations and to eliminate the working capital deficiency by the proposed Financing discussed above, as well as pursuing potential customers and offtake agreements.

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.

After 2016 Six Months, the Company closed a private placement for proceeds of $1,000,000 of which $250,000 was received during 2016 Six Months

During 2016 Six Months the Company used $26,195 in construction of a laboratory.

TRANSACTIONS WITH RELATED PARTIES

Compensation charged by key management and directors

During six months ended March 31, 2016 and 2015, the Company was charged by the related parties the following:

Six months ended March 31,		**2016**	**2015**
		$	$
Chairman, Nelson Skalbania	Consulting	48,000	-
Chief Executive Officer ("CEO") , Lucky Janda	Consulting	48,000	-
President and CEO of a subsidiary, Gillian Holcroft	Consulting	48,000	
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:

	March 31, 2016	**September 30, 2015**
	$	$
Chairman	122,000	24,000
CEO	72,000	24,000
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 March 31, 2016 the Company had a promissory note payable of $50,000 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 33,432,505 common shares outstanding. The Company also has 1,372,500 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

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

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 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 cashflows 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 does not have financial instrument that is measured in fair value.

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:

	March 31, 2016	September 30, 2015
Loans and receivables:	$	$
Cash	225,957	367,396

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

	March 31, 2016	September 30, 2015
Non-derivative financial liabilities:	$	$
Trade payables	23,611	93,701
Due to related party	197,370	53,728
Note payable	50,000	-
	270,981	147,429

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 client and customers is critical. The key to success is to ensure that the Corporation is consistently a low cost ultrapure magnesium metal (and Mg related byproducts and compounds) producer compared to its competitors. The Corporations 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, lowcost 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 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-relalted 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 transforming serpentine tailings into magnesium metal and other related Mg byproducts. The Corporation has secured a long term 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 labour and extremely lowcost 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