Acana Capital Corp.
(Formerly Ameri-Can Agri Co. Inc.)

Condensed Consolidated Interim Financial Statements

Three and Six Months Ended March 31, 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.

Acana Capital Corp. (formerly Ameri-Can Agri Co. Inc.)
Condensed consolidated interim statements of financial position
(Unaudited - Expressed in Canadian Dollars)

	Note	March 31, 2016	September 30, 2015
		$	$
Assets			
Current assets			
Cash		1,048,541	973,823
Marketable securities	4	861,200	677,000
Other receivable		1,160	3,857
		1,910,901	1,654,680
Non-current			
Biological Assets	5	3,110,443	3,144,217
Equipment	6	1,003,254	997,661
Properties	7	10,659,669	11,024,753
Total assets		16,684,267	16,821,311
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	8	243,407	613,790
Note payable	9	1,214,005	220,935
Due to related party	11	3,490,667	3,606,220
		4,948,079	4,440,945
Non-current liabilities			
Debenture	11	7,051,914	7,051,914
Notes payable	9	259,400	267,800
Total liabilities		12,259,393	11,760,659
Shareholders' equity			
Share capital	10	2,509,793	2,484,793
Reserves	10	743,474	1,170,365
Deficit		(1,730,337)	(1,581,419)
Equity attributed to shareholders		1,522,930	2,073,739
Non-controlling interests	2,7	2,901,943	2,986,913
Total Equity		4,424,873	5,060,652
Total liabilities and shareholders' equity		16,684,266	16,821,311

Nature of operations and going concern (Note 1)

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

"Rajen Janda"	*"Sonny Janda"*
Director	Director

See accompanying notes to the condensed consolidated interim financial statements

Acana Capital Corp. (formerly Ameri-Can Agri Co. Inc.)
Condensed consolidated interim statements of comprehensive loss
(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended March 31, 2016	2015	Six months ended March 31, 2016	October 17 to March 31, 2015
		$	$	$	$
Rental income	7	96,833	94,245	191,500	94,245
Rental expenses		11,991	7,446	23,713	7,446
Net Rental income		84,842	86,799	167,787	86,799
Expenses					
Amortization		38,784	18,450	76,699	18,450
Consulting		29,200	35,300	35,700	35,300
Office and administration		90,006	5,798	103,952	5,798
Professional fees		8,940	7,300	13,940	7,300
Trust and filing fees		8,803	2,090	11,439	2,090
Total operating expenses		175,733	68,938	241,730	68,938
Income (loss) before the others:		(90,891)	17,861	(73,943)	17,861
Change of fair value-marketable securities	4	6,200	–	110,200	–
Other income		52,281	–	52,281	–
Recovery of impaired receivable		100,000	–	100,000	–
Interest expense	11	(189,370)	(176,298)	(370,773)	(176,298)
Net Loss		(121,780)	(158,437)	(182,235)	(158,437)
Other comprehensive loss:					
Translation gain (loss)		(616,066)	878,636	(478,544)	878,636
Comprehensive income		(737,846)	720,199	(660,779)	720,199
Net income (loss) attributable to:					
Equity holders of the Company		(102,552)	(158,284)	(148,918)	(158,284)
Non-controlling interests		(19,228)	(153)	(33,317)	(153)
		(121,780)	(158,437)	(182,235)	(158,437)
Other comprehensive income attributable to:					
Equity holders of the Company		(497,419)	716,650	(426,891)	716,650
Non-controlling interests		(58,192)	161,986	(51,653)	161,986
		(555,611)	878,636	(478,544)	878,636
Comprehensive income (loss) attributable to:					
Equity holders of the Company		(599,971)	558,366	(575,809)	558,366
Non-controlling interests		(77,420)	161,833	(84,970)	161,833
		(677,391)	720,199	(660,779)	720,199
Loss per share attributable to the equity					
Earnings per share, basic and diluted		(0.00)	(0.02)	(0.00)	(0.03)
Weighted average number of outstanding shares, basic and diluted		48,296,672	10,143,705	48,234,172	5,466,667

See accompanying notes to the condensed consolidated interim financial statements

Acana Capital Corp. (formerly Ameri-Can Agri Co. Inc.)

Condensed consolidated interim statements of cash flows

(Unaudited - Expressed in Canadian Dollars)

	Six months ended March 31, 2016	From Ocotober 17, to March 31, 2015
Cash (used in) provided by:	$	$
Operating activities		
Income (loss) for the period	(182,235)	(158,284)
Items not involving cash :		
Amortization	76,699	18,450
Unrealized change in fair value - marketable securities	(110,200)	-
Recovery of impaired promissory note	(100,000)	-
Loss shared by minority shareholder	33,317	-
Changes in non-cash operating working capital		
Due to related party	(115,553)	350,000
Other receivables and prepaid	2,697	1,916
Accounts payable and accrued liabilities	(401,575)	153,850
Cash provided by (used in) operating activities	(796,850)	365,932
Investing activities		
Acquisition of short-term investment	(74,000)	-
Acquisition of cash - Arrangement	-	47,951
Proceeds from recovery of impaired promissory note	100,000	-
Addition of biological assets	(88,173)	-
Additional of development cost and properties	(18,547)	(919,638)
Addition of equipment	(72,712)	-
Cash used in investing activities	(153,432)	(871,687)
Financing activities		
Proceeds from issuance of promissory note	1,000,000	-
Issuance of shares for cash	25,000	1,500,000
Cash provided by financing activities	1,025,000	1,500,000
Increase (decrease) of cash	74,718	994,245
Cash, beginning of period	973,823	-
Cash, end of period	1,048,541	994,245
Supplementary information:		
Cash paid for interest	2,209	1,730
Cash paid for income taxes	–	–

See accompanying notes to the condensed consolidated interim financial statements

Acana Capital Corp. (formerly Ameri-Can Agri Co. Inc.)
Condensed consolidated interim statements of changes in equity
(Unaudited - Expressed in Canadian Dollars except for number of shares)

		Common shares		Reserve					
	Note	Number	Amount	Translation gain (loss)	Warrant	Retained earnings	Equity attributed to the equity holders of the Company	Non-controlling interests	Total equity
			$	$	$	$	$	$	$
October 17, 2014, date of inception		1	1	–	–	–	1	-	1
Completion of Arrangement		30,646,671	576,245	–	–	–	576,245	1,982,462	2,558,707
Unit issuance for cash		15,000,000	750,000	–	750,000	–	1,500,000	–	1,500,000
Translation from subsidiaries		–	–	716,650	–	–	716,650	161,986	878,636
Loss for the period		–	–	–	–	(158,284)	(158,284)	(153)	(158,437)
March 31, 2015		**45,646,672**	**1,326,246**	**716,650**	**750,000**	**(158,284)**	**2,634,612**	**2,144,295**	**4,778,907**
September 30, 2015		48,046,672	2,484,793	1,170,365	-	(1,581,419)	2,073,739	2,986,913	5,060,652
Translation from subsidiaries		-	-	(426,891)	-	-	(426,891)	(51,653)	(478,544)
Issuance of shares, warrant exercise		250,000	25,000	-	-	-	25,000	-	25,000
Net income (loss)		-	-	-	-	(148,918)	(148,918)	(33,317)	(182,235)
March 31, 2016		**48,296,672**	**2,509,793**	**743,474**	**-**	**(1,730,337)**	**1,522,930**	**2,901,943**	**4,424,873**

See accompanying notes to the condensed consolidated interim financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Acana Capital Corp., formerly Ameri-Can Agri Co. Inc., ("Acana" or the "Company") was incorporated on October 17, 2014 in British Columbia. The Company changed its name on February 8, 2016. The Company's principal activity is the acquisition and development of real estate and farming properties. The Company's head office is located at Suite 200 – 8338 120th Street, Surrey, BC, V3W 3N4. On January 1, 2015 the Company was spun out from its former parent company, Mag One Products Inc. ("Mag One"). The Company's shares are traded on Canadian Securities Exchange ("CSE") under the symbol ACM.

Going concern

These condensed consolidated interim 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 March 31, 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 whether the Company can be developed into a viable business and continued support from the Company's related persons. 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. 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 statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed consolidated interim financial statements 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 its recent year ended September 30, 2015.

Basis of preparation

These condensed consolidated interim financial statements have been prepared on an accrual basis and are based on historical costs, except for financial instruments measured at their fair value, and are presented in Canadian dollars, unless otherwise noted.

These condensed consolidated interim financial statements incorporate the accounts of the Company and its controlled subsidiaries. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Name	Country of incorporation/formation	Ownership percentage
* JDLP LLP ("JDLP")	USA	50%
Ameri-Can Agri Co. ("Agri")	USA	100%
Acana Capital LLC. ("Acana")	USA	100%

* *The Company has control over the partnership; therefore, it is consolidated resulting in non-controlling interests being recorded in the consolidated statement of financial position.*

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, fair value of properties and biological assets, estimation of percentage of completion of the development of the biological assets, useful life of equipment 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 is 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, the determination of the functional currencies of the parent and each subsidiary, and the classification of financial instruments.

New Accounting Standards and Interpretations

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

IFRS 9 Financial Instruments ("IFRS9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective January 1, 2018. Earlier adoption is permitted. The Company is in the process of assessing the impact of this standard on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued and have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. CORPORATE RESTURCTING

On January 1, 2015, the Company and Mag One entered into a plan of arrangement in order to proceed with a corporate restructuring (the "Arrangement"), whereby Mag One transferred the ownership of its 50% interest in JDLP, Agri and Acana, to the Company in return for 30,646,671 common shares of the Company ("Ameri-Can Shares") with a fair value of $744,792. Ameri-Can Shares were distributed to the shareholders of Mag One on a pro-rata basis based on their relative shareholdings of Mag One upon the completion of the Arrangement (March 11, 2015), and the Company ceased to be a subsidiary of Mag One.

(Unaudited - Expressed in Canadian dollars)

4. MARKETABLE SECURITIES

As at September 30, and March 31, 2016, the Company's marketable securities comprise of shares and share purchase warrants of public companies. The fair value of warrants is determined using a Black–Scholes pricing model.

September 30, 2015	Cost	Unrealized Gain	Fair value
	$	$	$
Common shares	236,000	224,000	460,000
Warrants	-	217,000	217,000
	236,000	441,000	677,000

March 31, 2016	Cost	Unrealized Gain	Fair value
	$	$	$
Common shares	310,000	341,200	651,200
Warrants	-	210,000	210,000
	310,000	551,200	861,200

The fair value of the warrants was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	March 31, 2016	September 30, 2015
Expected life of warrants	1.80-3.25 years	3.75 years
Annualized volatility	123%-270%	123%
Risk-free interest rate	0.42% - 0.66%	0.66%
Dividend rate	0%	0%

All the marketable securities acquired during the period ended March 31, 2016 are of public companies that have directors or officers common with the Company.

5. BIOLOGICAL ASSETS

As at March 31, 2016, the Company had immature non-current biological assets which were comprised of plantation bearer assets of walnut trees planted on the Company's properties located at 106 Glenn and 860 Corning (collectively the "Corning Properties") (Note 7).

Continuity of the cost of the biological assets are as follows:

	September 30, 2015	Additions	Effect of foreign exchange	March 31, 2016
	$	$	$	$
Deferred farming costs (Note 8 and 11)	3,144,217	88,173	(121,947)	3,110,443

(Unaudited - Expressed in Canadian dollars)

6. EQUIPMENT

Cost:	$
At October 17, 2014	-
Additions	1,036,479
At September 30, 2015	1,036,479
Additions	72,712
At March 31, 2016	1,109,191
Amortization:	
At October 17, 2014	-
Charge for the period	(36,605)
At September 30, 2015	(36,605)
Charge for the period	(37,308)
At March 30, 2016	(73,913)
Foreign exchange adjustment at September 30, 2015:	(2,213)
Foreign exchange adjustment at March 31, 2016:	(32,024)
Net book value:	
At September 30, 2015	997,661
At March 31, 2016	1,003,254

7. PROPERTIES

All of the properties were transferred from Mag One in accordance with the Arrangement on January 1, 2015 (Note 3). Continuity is as follows:

	Septembeer 30, 2015	Additions	Accumulated Amortization	Effect of foreign exchange	March 31, 2016
	$	$	$	$	$
48th Ave Land	262,415.00	-	-	(8,232)	254,183
49th Ave Land	98,170.00	-	-	(3,079)	95,091
6565 Lang Ave	303,411.00	18,547	-	(9,517)	312,441
106 Glenn	615,145	-	-	(19,295)	595,850
860 Corning	3,364,829	-	-	(105,543)	3,259,286
Vineyard Plaza	2,965,056	-	-	(93,003)	2,872,053
Bader Road Lot	370,047	-	-	(11,607)	358,440
Tuscon Building	3,045,680	-	(39,391)	(93,964)	2,912,325
Total Properties	11,024,753	18,547.00	(39,391)	(344,240)	10,659,669

106 Glenn: Farm land in Corning, California, USA. The Company, owns 50% interest through its 50% owned limited liability partnership JDLP.

860 Corning: Farm land in Corning, California, USA. The Company, owns 50% interest through its 50% owned limited liability partnership JDLP. 106 Glenn and 860 Corning are adjacent to each other (collectively the "Corning Properties"). The Company, through JDLP, entered into an agreement with a contractor to plant a walnut orchard.

(Unaudited - Expressed in Canadian dollars)

7. PROPERTIES (Continued)

Subsequent to three months ended March 31, 2016, the Company has considered for sale the Corning Properties including the biological assets planted.

Vineyard Plaza: Vacant land located in Sacramento County, California, USA, and is intended for commercial buildings development.

48 Ave Land: Vacant land which is intended for multi-family development.

49 Ave Land: Vacant land which is intended for multi-family development.

6565 Lang Avenue: Vacant land which is intended for multi-family development.

Bader Road Lot: Vacant land located in Elk Grove, California, USA which is intended for multi-family residential development.

Tuscon building: This is an industrial building located in 5575 S Houghton St., Tuscon, Arizona. This property is leased out for three years commencing January 1, 2015 to December 31, 2017 for US$20,000 per month.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2016	September 30, 2015
Trade payables	$ 218,005	$ 590,312
Interest payable (Note 11)	13,012	12,478
Accrued liabilities	12,000	11,000
	$ 243,017	$ 613,790

9. NOTES PAYABLE

As at March 31, 2016, the Company had the following notes payable:

Principal	Current	Non-Current	Terms	Security
$ 1,000,000	$ 1,000,000	-	6% per annum, maturing on February 4, 2017	Un-secured
214,005	214,005	-	Interest of 4% per annum, maturing on June 26, 2016	Bader Road Lot
129,700	-	$ 129,700	Interest of 4% for the first 2 years and 5% per annum thereafter, maturing on May 19, 2019	48th Ave Land
129,700	-	129,700	Interest of 4% per annum maturing on July 1, 2018	6565 Lang Avenue
$ 1,473,405	$ 1,214,005	$ 259,400		

Interest accrued of $13,012 (Note 8) is included in accounts payable and accrued liabilities as at March 31, 2016.

(Unaudited - Expressed in Canadian dollars)

9. NOTES PAYABLE (Continued)

During six months ended March 31, 2016, the Company received a repayment of $ 112,281 for a promissory note receivable that was fully impaired in the prior year (principal $100,000 plus accrued interest of $12,281). As a result, the Company recorded a gain from recovery of impaired promissory note of $100,000 and other income of $12,281.

10. SHARE CAPITAL

Authorized

Unlimited number of common shares and preferred shares without par value.

Issued

In March 2015, the Company issued 30,646,671 common shares upon the completion of the Arrangement with fair value of $744,792 (Note 3).

On March 11, 2015, the Company completed a private placement for the issuance of 15,000,000 units for gross proceeds of $1,500,000. Each unit is comprised of one common share and one share purchase warrant of the Company. Each share purchase warrant can be exercised into one common share at $0.10 until March 11, 2020. The fair value of the warrants was determined to be $Nil. 10,500,000 common shares issued from this private placement are under escrow and will be released as follows: 25% on March 11, 2015, 25% on September 11, 2015, 25% on March 11, 2016, and 25% on September 11, 2016.

2,400,000 of the above share purchase warrants were exercised into 2,400,000 common shares of the Company for proceeds of $240,000 during the year ended September 30, 2015.

Another 250,000 of the above warrants were exercised into 250,000 common shares of the Company for $25,000 during six months ended March 31, 2016.

Warrants

	Number of Warrants	Exercise price	Expiry date
Balance, October 17, 2015	-	-	
Granted	15,000,000	$0.10	March 11, 2020
Exercised	(2,400,000)	$0.10	March 11, 2020
Balance, September 30, 2015	12,600,000	$0.10	
Exercised	(250,000)	$0.10	
Balance, March 31, 2016	12,350,000	$0.10	March 11, 2020

As at March 31, 2016, warrants outstanding have a weighted average life of 3.95 years and average exercise price of $0.10.

Foreign currency 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.

(Unaudited - Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS

Key Management Compensation
Fees paid to the Company's former CEO during six months ended March 31, 2016 was $25,000 (2015 - $Nil)

Debenture
As at March 31, 2016, the Company had a debenture of principal of $7,051,914 ("Debenture') payable to to the Company's former CEO and his spouse. The Debenture bears interest at 10% per annum, is due on March 25, 2018 and is secured against all of the Company's interests in the US. In addition to the interest, the holder of the Debenture is also entitled to the following:

- a bonus of $400,000 upon the Company having earned its first net income of $1,000,000 from its operations;
- another bonus of $400,000 upon the Company having earned its second net income of $1,000,000 from its operations.

Agent
The Company contracted a company with common management (the "Agent") to provide farming services on its biological assets. During the period ended March 31, 2016 the Company incurred $88,173 of costs to this company, which have been capitalized to biological assets.

During six months ended March 31, 2016, the Agent has collected the revenue associated with its rental properties on behalf of the Company.

Due to related parties
As at March 31, 2016, the Company had the following balance owing to the related parties:

- $156,522 due to the former CEO of the Company and his spouse
- Accrued interest in connection with the Debenture of $881,543
- $2,452,602 owing to the Agent.

These amounts owing are unsecured, non-interest bearing, due on demand.

Revenue
During six months ended March 31, 2016, the Company charged a company with a common director consulting fees of $40,000 for incidental services rendered.

12. FINANCIAL INSTRUMENTS

Classification of financial instruments

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

	March 31, 2016	**September 30, 2015**
Loans and receivables:	$	$
Cash	1,048,541	973,823
FVTPL:		
Marketable securities	861,200	677,000
	1,909,741	1,650,823

(Unaudited - Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS (Continued)

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

	March 31, 2016	September 30, 2015
Non-derivative financial liabilities:	$	$
Trade payables	218,005	590,312
Interest payable	13,012	12,478
Due to related parties	3,490,667	3,606,220
Debenture	7,051,914	7,051,914
Notes payable	1,473,405	488,735
	12,247,007	11,749,659

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. The three levels of the fair value hierarchy are:

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

September 30, 2015:	Level 1	Level 2	Level 3
	$	$	$
Cash	973,823	-	-
Marketable Securities (Note 4)	460,000	217,000	-
	1,433,823	217,000	

March 31, 2016:	Level 1	Level 2	Level 3
	$	$	$
Cash	1,048,541	-	-
Marketable Securities (Note 4)	651,200	210,000	-
	1,699,741	210,000	

14. SEGMENTS

Operating segments

The Company operates in a single reportable operating segment which is the acquisition and development of properties and biological assets in the US.

Geographic segments

All of the Company's non-current assets are located in the US and all revenue is earned in the US.