



MANAGEMENT DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") dated November 28, 2008, discusses the financial position and operating results of Ranaz Corporation ("Ranaz" or the "Company") for the quarters ended September 30, 2008 and 2007. This MD&A should be read in conjunction with the Company's selected consolidated financial information, unaudited interim consolidated financial statements, and audited consolidated financial statements to December 31, 2007 and the notes thereto. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. All amounts in this MD&A are in Canadian dollars unless otherwise indicated. Additional information regarding the Company is available on the SEDAR website at www.sedar.com.

Unless otherwise indicated or implied by the text, "Ranaz", the "Company", "we" and "our" refer to Ranaz Corporation and its subsidiaries. The disclosure in this report is limited to information that management considers "material", meaning that any omission of or inaccuracy in such information could hamper the investor's ability to make a reasonable decision regarding whether to buy, sell or hold Company securities.

Forward-Looking Statements

This MD&A includes certain "forward-looking statements", including but not limited to statements regarding strategic plans, future sales and financial results, particularly anticipated capital expenditures, measures to mitigate operating and financial risks, and, more generally, the Company's continued access to capital markets and overall outlook. These forward-looking statements express management's plans, estimates, forecasts, projections, expectations and opinions regarding future events or results as of the date of this MD&A. Forward-looking statements are subject to certain risks and uncertainties, many of which are beyond our control, and there is no guarantee that these statements will be accurate. Accordingly, actual results or future events may differ materially from those anticipated by such forward-looking statements. The risks and uncertainties that may cause the actual results or future events to differ materially from the current expectations expressed or implied by such forward-looking statements include, but are not limited to, the risks described in the "Risks" section of the annual MD&A and annual information form found on www.sedar.com. Readers should not rely unduly on such forward-looking statements. We do not undertake to update the forward-looking statements contained in this MD&A.

Management's Responsibility for Financial Reporting

The unaudited interim consolidated financial statements of Ranaz and the financial information presented in this MD&A are the responsibility of management and have been approved by the Company's Board of Directors. The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP"). They include amounts based on management's best judgment and estimates. In order to ensure the accuracy and objectivity of the information in the financial statements, management has designed and implemented and maintains internal control systems. Management is of the opinion that these internal controls provide reasonable assurance, at a reasonable cost, regarding the reliability of accounting records necessary for the preparation of financial statements, and that the Company's

assets are properly recognized and safeguarded. The Board of Directors approved the consolidated financial statements and this MD&A on November 28, 2008.

The unaudited interim consolidated financial statements for the quarter ended September 30, 2008, have not been reviewed by the Company's auditors.

Overview of Operations

Ranaz specializes in the manufacturing and sale of protein and dietary supplements. Its activities include the design, development, production and sale of nutritional, protein and dietary supplements. All Ranaz products have common features, including: (i) a flavour, taste and format tailored to market needs; (ii) quick and easy preparation; (iii) scientific formulation; and (iv) rigorous manufacturing standards. Products are sold under private labels as well as under the Company's own corporate brands. To date, the Company has based its products on two main business concepts: Protidiet and ProtiLife.

The Protidiet line is intended for physicians treating obesity, and comes in ready-to-eat formats consisting of bars, powders, soups, cookies, concentrates, muffins and other high-protein meals and snacks.

The ProtiLife line was launched in the first quarter of 2007. Marketing of a weight loss and weight maintenance program in Canada is based on expertise acquired in manufacturing high-protein diet products over the past two decades. This weight-loss program includes a line of products specially designed to enable quick weight loss while incorporating a healthy weight maintenance program once a healthy weight is reached.

On January 11, 2008, the Company acquired BarTech Manufacturing, Inc. ("BarTech"). This company produces nutritional bars for its own customers and will eventually produce nutritional bars for the Protidiet and ProtiLife brands.

The Company mainly sells its products through Pro-Amino International Inc. ("Pro-Amino"), a wholly-owned subsidiary that holds the various trademarks and is responsible for making all of the Company's products. Pro-Amino is responsible for distributing the Company's Protidiet products worldwide, with the exception of France and Belgium. In these two countries, product distribution is carried out by a wholly-owned Irish subsidiary, Distridiet Limited. ProtiLife products are distributed by another wholly-owned subsidiary, Distribution ProtiLife Inc.

At September 30, 2008, the Company had 66 employees.

Principal Markets

Protidiet

The principal markets for the Protidiet concept are weight-loss clinics in North America and pharmacies and parapharmacies in Europe.

ProtiLife

The principal markets for the ProtiLife line are pharmacies and major retail distributors in search of readily-available weight-loss programs in North America.

Private Labels

The main private label products are manufactured by BarTech, a wholly-owned subsidiary. The United States is the primary target market.

Distribution Methods

Protidiet

In Canada and the United States, Protidiet products are sold directly by the Company in clinics with medical supervision and through commercial weight-loss chains, as well as in boutiques that specialize in obesity treatment. In Europe, the products are sold over the counter in pharmacies and parapharmacies through Eurodep.

ProtiLife

In Canada, the ProtiLife product line is sold in pharmacies and supermarkets, over the counter, without prescription.

Private Labels

BarTech sells its nutritional bars to customers that subsequently distribute their own products.

Development Stages

Protidiet

Ranaz plans to continue developing its customer base in North America by introducing new products and continually improving its level of service. In 2007, the Company launched its new website, www.protidiet.com, which allows European consumers to buy the products directly and access extensive information on the high-protein Protidiet program.

ProtiLife

The Company initially targeted the Canadian market for deployment of the ProtiLife product line. In 2007, it achieved its objective of deploying its ProtiLife line in over 4,000 sales outlets in Canada. Stage two consists of introducing ProtiLife to the American and French markets.

Private Labels

BarTech plans to continue developing the US market and manufacturing nutritional bars for the Protidiet and ProtiLife brands.

Competition

Protidiet

Few companies in North America specialize in the manufacturing of high-protein and weight-loss nutritional products. Most of the companies in the nutritional food industry subcontract out production of their products to manufacturing companies like Ranaz. By making its own products, Ranaz has the advantage of lower production costs than its competitors, and better control over the contents of the products it sells.

The Company sets itself apart from the competition by adapting its strategies to specific market segments, such as pharmacies or the medical industry. It should be noted that competition is greater at the design level.

Unlike North America, high-protein diets are well-known in France, Belgium and Italy. Just as meal substitutes are well-known in North America, high-protein diet products are readily available in superstores, pharmacies and specialized clinic boutiques in Europe.

ProtiLife

There is currently no direct competitor to ProtiLife. A nutritional supplement rather than a meal substitute, ProtiLife is in fact the first such product available in North American supermarkets. It is therefore important that Ranaz differentiate its products clearly from those of its competitors.

Private Labels

In North America, few businesses specialize in the manufacturing of small batches of nutritional bars. This small batch production method leads to greater flexibility, reduced customer risk when launching new products and therefore a larger pool of potential customers for BarTech. Many companies subcontract the manufacturing of their products, which creates a large market for BarTech.

Key Performance Indicators

Key performance indicators are:

1. Sales
2. Operating earnings

Non-GAAP Measures

Management believes that operating earnings is an important measure in evaluating the Company's performance. However, operating earnings is not a recognized earnings measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, operating earnings may not be comparable to similar measures presented by other issuers. Investors are cautioned that operating earnings should not be construed as an alternative to net earnings determined in accordance with GAAP as an indicator of the Company's performance, or to cash flows from operating, investing and financing activities, or as a measure of the Company's liquidity and cash flows.

Highlights for the Period

- Sales growth of 45.9% in the third quarter of 2008 relative to the same period in 2007
- Closing of a \$1.5 million convertible debenture financing with Fondaction CSN
- Closing of a \$1.8 million financing through the issuance of units

Selected Consolidated Financial Information

<i>(dollars)</i>	Quarters ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Sales	4,859,475	3,331,706	15,937,915	9,643,067
Gross profit	808,778	1,140,747	4,010,390	3,255,288
Net loss	(878,738)	(671,306)	(2,474,403)	(2,649,076)
Basic and diluted loss per share	(0.023)	(0.021)	(0.066)	(0.09)
Operating loss	(639,136)	(483,614)	(1,812,526)	(2,133,171)
Basic and diluted operating loss per share	(0.017)	(0.015)	(0.049)	(0.073)

Reconciliation of Operating Loss

The following table reconciles operating loss to the net loss, based on the Company's financial statements for the periods indicated.

<i>(thousands of dollars)</i>	Quarters ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Net loss	(879)	(671)	(2,474)	(2,649)
Stock-based compensation expense	108	82	312	233
Interest	74	20	120	41
Amortization of property, plant and equipment, intangible assets and deferred costs	89	69	280	177
Exchange loss (gain)	(31)	16	(50)	65
Operating loss	(639)	(484)	(1,812)	(2,133)

Comparison of Quarters ended September 30, 2008 and 2007

Sales and Gross Margin

Sales for the third quarter of 2008 totalled \$4.9 million, up \$1.5 million or 45.9% from the same quarter of 2007. *Sales* for the first nine months of 2008 amounted to \$15.9 million, \$6.3 million or 65.3% more than in the same period of 2007. The increase in sales for the quarter and the nine-month period was mainly due to higher sales of Protidiet, BarTech and Galaxy. Sales grew in all markets served. In contrast, sales in Europe declined in 2008 relative to 2007 due to the reorganization of activities. In the third quarter of 2008, a customer list was sold to a company that will henceforth be responsible for selling the Company's products on the European market. Sales of ProtiLife were also lower in the third quarter of 2008 compared to the same quarter in 2007 due to a large initial order from Shoppers Drug Mart in the third quarter of 2007.

Management expects to increase sales in future periods by launching new ProtiLife products in Canada and Protidiet products in Canada and the United States. A number of large Canadian retailers have already agreed to add new ProtiLife products as of the first quarter of 2009. The Company will also invest about \$300,000 to increase its nutritional bar production capacity. Management estimates that it can increase its current production capacity by 50% to over 40 million bars. The Company has therefore postponed the purchase of a building near BarTech to a later date, as it was unable to secure adequate financing given the ongoing financial crisis in the United States.

Gross profit totalled \$808,778 or 16.6% of sales (gross margin) for the three-month period ended September 30, 2008, compared to \$1.1 million or 34.2% of sales for the same quarter in 2007. For the nine-month period ended September 30, 2008, *gross profit* was \$4.0 million or 25.2% of sales (gross margin) compared to \$3.3 million or 33.8% of sales for the same period in 2007. The decline in gross margin for the quarter was primarily attributable to the price increase for the raw materials used to manufacture nutritional bars. The sales price of nutritional bars has been increased to reflect the higher raw material prices, but the increases will only apply as of the fourth quarter of 2008. The drop in gross margin for the nine-month period ended September 30, 2008 is mainly attributable to the acquisition of BarTech, which generates lower margins, and the decline in the margin in the third quarter.

Operating Loss

The *operating loss* increased in the third quarter of 2008, to \$639,136 from \$483,614 for the same quarter of 2007. The increase in the operating loss was mainly due to the lower gross margin and severance charges of \$154,000. The net loss for the nine-month period ended September 30, 2008 was \$1,812,526 compared to \$2,133,171 for the same period in 2007.

Operating Costs and Other Charges

Research expenses declined by \$56,441 or 92.7% in the quarter ended September 30, 2008 to stand at \$4,437 compared to \$60,878 in the same quarter of 2007. *Research expenses* for the nine-month period ended September 30, 2008 grew by \$39,175 or 21.7% to \$219,624, compared to \$180,449 for the same period in 2007. The decrease for the quarter was due to the capitalization of development costs for nutritional bars, offset by higher research expenses in relation to new products. The increase for the nine-month period ended September 30, 2008 is mainly due to research work for new product development, offset by the capitalization of nutritional bar development expenses. Eight new ProtiLife bars have been developed, four of which will be put on the market in the first quarter of 2009. Seventeen new Protidiet bars have been developed, with eight to be marketed as of the first semester of 2009, and the remainder later in the year. As revenues from nutritional bars represent a large proportion of total sales and higher sales generates growth in other product sales, it is essential that the Company enhance the breadth of this product line.

Selling and administrative expenses decreased slightly to \$1.5 million for the quarter ended September 30, 2008, from \$1.6 million for the third quarter of 2007. *Selling and administrative expenses* for the nine months ended September 30, 2008 grew by \$406,609 or 7.7% to \$5.7 million from \$5.2 million for the same period in 2007. The increase for the nine-month period was due to the acquisition of BarTech in the first quarter of 2008 and employee severance premiums. These increases were offset by lower advertising and promotion costs for the ProtiLife product line and a general decrease in administrative expenses.

During the quarter and subsequently, the Company reduced its personnel for an amount equal to \$825,000 per year. This cost reduction will have a positive effect on the Company's results as of the fourth quarter of 2008 and will not affect operations or the implementation of the action plan.

Stock-based compensation of \$108,400 for the third quarter and \$311,873 for the first nine months of 2008 was attributable to options granted in 2007 and 2008, and compares to amounts of \$82,059 and \$233,066 for the corresponding periods in 2007.

Depreciation and amortization grew by \$19,504 to \$88,682 for the quarter ended September 30, 2008, compared to \$69,178 for the three months ended September 30, 2007. The increase was primarily due to property, plant and equipment acquired in 2008 and the second half of 2007 to support sales growth. *Depreciation and amortization* for the nine months ended September 30, 2008 was \$279,506 compared to \$176,921 for the same period in 2007. The increase was primarily attributable to property, plant and equipment acquired in 2008 and the second half of 2007 to support sales growth, as well as the BarTech acquisition.

The Company sold a list of its customers in Europe for the equivalent of €225,000, payable in monthly instalments of €1,875. The sale of this customer list generated a gain of \$51,327.

The *exchange gain* for the quarter ended September 30, 2008, was \$31,099 compared to a loss of \$15,926 for the same quarter of 2007. For the nine-month period ended September 30, 2008, the exchange gain amounted to \$49,564, compared to a loss of \$64,540 for the same period in 2007. The change was primarily attributable to the lower value of the Canadian dollar against foreign currencies in the third quarter of 2008 compared to the same period in 2007.

The *net loss* for the third quarter ended September 30, 2008 was \$878,738 or \$0.023 per share compared to a net loss of \$671,306 or \$0.021 per share in the third quarter of 2007. The *net loss*

for the nine-month period ended September 30, 2008 was \$2,474,403 or \$0.066 per share compared to a net loss of \$2,649,076 or \$0.09 per share for the first nine months of 2007.

Consolidated Cash Flows

Operating Activities

Cash flow used in *operating activities* totalled \$997,952 for the quarter ended September 30, 2008 and \$3,349,964 for the first nine months of 2008, compared to \$852,024 and \$4,440,875 used in the corresponding quarter and nine-month period in 2007.

Changes in non-cash working capital items used \$281,790 in the third quarter of 2008 and \$356,456 in the same quarter of 2007. In the three-month period ended September 30, 2008, these changes consisted mainly of decreases in accounts payable and accrued liabilities, accounts receivable and prepaid expenses, offset by an increase in inventories.

For the first nine months of 2008 and 2007, changes in working capital items reduced cash flow by \$1,448,764 and \$2,218,955 respectively. For the nine months ended September 30, 2008, these changes consisted primarily of increases in accounts receivable, inventories and prepaid expenses, offset by increases in accounts payable and accrued liabilities.

Investing Activities

Investing activities consisted primarily of the acquisition of businesses and property, plant and equipment to support the manufacturing of products sold.

During the quarter ended September 30, 2008, \$128,033 was used to acquire property, plant and equipment to support the normal course of business. We also sold a list of customers in Europe for €225,000, receivable in monthly instalments of €1,875.

In the first nine months of 2008, we used \$355,834 to acquire property, plant and equipment to support the normal course of business, \$27,548 to acquire trademarks, \$16,092 to acquire BarTech and \$397,710 to develop new products, and were repaid \$393,501 in advances to BarTech.

Financing Activities

In the quarter ended September 30, 2008, the Company repaid its \$1,214,350 bank loan, borrowed \$684,145 in new loans and repaid \$190,796 in long-term debt. In addition, following the acquisition of BarTech Manufacturing, Inc., the Company closed a financing arrangement with its lenders on January 30, 2008, that includes a US \$250,000 credit facility.

On August 26, 2008, the Company closed a financing by way of a \$1,500,000 unsecured convertible debenture with Fondaction CSN. The debenture matures in five years, bears a 12% annual interest and is convertible into common shares of Ranaz at \$0.96 per share for the first 24 months. The conversion price will then rise by 10% in each of the following years. Interest will be capitalized for the first year, and there is a capital repayment holiday for the first two years.

On September 17, 2008, the Company closed a private placement of 3,000,000 units at \$0.60 per unit for total cash proceeds of \$1,800,000. Each unit consists of one common share of the Company and half a common share purchase warrant. Each whole warrant entitles its holder to purchase one common share at \$0.75 until September 17, 2010. The share issue costs for the placement totalled \$321,527 in cash and 300,000 warrants worth \$87,270 issued to the broker for the purchase of units. These broker warrants are exercisable for an 18-month period after September 17, 2008. The share issue costs were charged against share capital.

In the first nine months ended September 30, 2008, the Company borrowed \$1,367,601 in new loans and repaid \$743,260 in long-term debt. Equity instruments were issued for consideration of \$2,040,081 pursuant to the exercise of warrants, including \$500,000 from Fier Ville-Marie in the first quarter of 2008, the issuance of 3,000,000 units and the exercise of warrants. Another financing request was granted for \$107,484 during the nine-month period under the agreement with Canada Economic Development.

Sources of Financing and Balance Sheet

Consolidated Balance Sheet Data

<i>(dollars)</i>	September 30, 2008	December 31, 2007
Cash	954,023	583,019
Current assets	8,779,844	5,686,754
Working capital	5,570,657	3,821,949
Total assets	12,207,647	7,918,336
Current liabilities	3,209,187	1,864,805
Long-term debt (including current portion)	2,805,259	390,246
Total liabilities	5,638,187	2,138,292
Total shareholders' equity	6,569,460	5,780,044

Management believes that the Company's cash assets, the CA \$2,000,000 and US \$250,000 available under its bank credit agreements and its anticipated cash flows from operations will be sufficient to meet working capital requirements, contractual obligations and capital expenditure requirements in the foreseeable future. The Company presently has a high inventory level, which allows it to assure prompt delivery to its customers as sales grow.

Changes in Long-Term Balance Sheet Items

The \$1,196,221 or 53.62% increase in long-term assets from December 31, 2007 to September 30, 2008 was mainly due to the following items:

- The acquisition of BarTech on January 11, 2008, which brought in property, plant and equipment and the recognition of amounts for customer relations and goodwill;
- The acquisition of \$334,515 in property, plant and equipment to support sales growth, less depreciation of \$138,880 for the first half of 2008;
- Capitalization of \$375,710 in new product development costs; and
- Receipt of \$397,390 advanced to BarTech Manufacturing, Inc. in the form of a note receivable.

Shareholders' equity increased by \$789,416 or 13.7% to \$6.6 million at September 30, 2008. The increase was due to \$2,805,236 added to capital stock and warrants in the first nine months of 2008, being the proceeds of share issuances pursuant to the private placement and the exercise of warrants during the quarter, the issuance of a convertible debenture and the granting of shares as consideration for the acquisition of BarTech. The increase is also due to a \$311,873 addition to contributed surplus in the first nine months of 2008 related to the stock-based compensation expense for the quarter. These factors were partially offset by the net loss of \$2,474,403 for the nine-month period ended September 30, 2008, which was charged to the deficit during the period.

Capital Stock

	Authorized	Issued as at September 30, 2008	Issued as at November 28, 2008
Common shares	Unlimited	40,565,312	40,565,312
Warrants	-	6,910,757	6,910,757
Broker warrants	-	417,764	417,764
Common stock options	2,952,381	2,538,656	1,871,989

Quarterly Review

Operating results for each of the last eight quarters are shown in the table below. The Company considers that the information for these quarters was prepared in the same manner as the audited financial statements for the year ended December 31, 2007.

<i>(thousands of dollars)</i>	Q3-2008	Q2-2008	Q1-2008	Q4-2007
Sales	4,859	6,723	4,355	3,033
Gross profit	809	2,015	1,187	928
Net loss	(879)	(409)	(1,187)	(1,635)
Basic and diluted loss per share	(0.023)	(0.011)	(0.030)	(0.046)
Operating loss	(639)	(146)	(1,027)	(1,427)

<i>(thousands of dollars)</i>	Q3-2007	Q2-2007	Q1-2007	Q4-2006
Sales	3,381	3,472	2,908	2,094
Gross profit	1,017	1,086	901	492
Net loss	(671)	(1,150)	(828)	(342)
Basic and diluted loss per share	(0.021)	(0.037)	(0.030)	(0.017)
Operating loss	(483)	(951)	(699)	(396)

In the fourth quarter of 2007, the Company restated shipping costs, previously included in cost of goods sold, to selling and administrative expenses. This change did not affect the net loss or the basic and diluted loss per share. The quarterly results have not been restated.

Changes in Accounting Policy

Financial instruments

The Company has adopted the following new sections of the handbook of the Canadian Institute of Chartered Accountants ("CICA"). Adoption of these new standards has not had a material effect on the Company's earnings, financial position or cash flows.

Financial instruments - disclosure

Section 3862, *Financial Instruments - Disclosure*, applicable for interim periods in years starting on or after October 1, 2007, describes disclosure required by entities regarding the importance of financial instruments relative to the entity's financial position and performance, as well as the nature and level of risk arising from the financial instruments to which the entity is exposed, and how the entity manages such risk. This section supplements the accounting, evaluation and presentation standards for financial instruments set out in Section 3855, *Financial Instruments - Recognition and Measurement*.

Financial instruments - presentation

Section 3863, *Financial Instruments - Presentation*, applicable to interim periods for years beginning on or after October 1, 2007, establishes presentation standards for financial instruments and non-financial derivatives. It supplements the presentation standards in Section 3862, *Financial Instruments - Disclosure*.

Capital disclosure

Section 1535, *Capital Disclosure*, applicable to interim periods for years beginning on or after October 1, 2007, establishes disclosure standards for the entity's capital and how it is managed, to enable users of the financial statements to assess the Company's capital management procedures, objectives and policies.

Inventories

Section 3031, *Inventories*, applicable to interim periods for years beginning on or after January 1, 2008, establishes standards for the determination of cost and its later expensing, including any depreciation to net realizable value. It also provides commentary on the cost determination method used to charge against inventories.

Goodwill and intangible assets

Section 3064, *Goodwill and Intangible Assets*, provides guidelines on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This new standard applies to years beginning on or after October 1, 2008, and requires retroactive application. The Company is presently assessing the effects of this new standard.

General standards of financial statement presentation

In September 2007, the CICA amended Section 1400, *General Standards of Financial Statement Presentation*, to require that management assess the Company's ability to continue as a going concern for a period of at least, but not limited to, 12 months from year-end. These new requirements are applicable to financial years beginning on or after January 1, 2008. The new standards only cover disclosure, and do not affect the Company's financial results.