

MANAGEMENT'S DISCUSSION AND ANALYSIS

This report, dated November 28, 2007, is a discussion relating to the financial position and operating results of Ranaz Corporation ("Ranaz" or the "Corporation") for the third quarters ended September 30, 2007 and 2006. This discussion should be read in conjunction with the Corporation's selected consolidated financial information and its unaudited interim consolidated financial statements and the accompanying notes. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All references to "dollars" and "\$" are to Canadian dollars, unless otherwise expressly stated. All additional information regarding the Corporation is available on the SEDAR website at: www.sedar.com.

Notice regarding forward-looking statements

This MD&A contains certain "forward-looking statements," which include, but are not limited to, statements regarding strategic plans, sales and future financial results, in particular expected capital expenditures, measures to mitigate operating and financial risks, and more generally, continued access to financial markets and the overall outlook of the Corporation. These forward-looking statements express, at the date of this MD&A, our plans, estimates, forecasts, projections, expectations or beliefs as to future events or results. The forward-looking statements include certain risks and uncertainties, many of which are beyond our control, and there can be no assurance that such statements will prove to be accurate. Accordingly, the actual results or future events could differ materially from these forward-looking statements. The risks and uncertainties that may cause the actual results or future events to differ materially from current expectations expressed or implied by these forward-looking statements include, but are not limited to, the risks described in the "Risks" section of our Annual Information Form available at www.sedar.com. Readers should not place undue reliance on these forward-looking statements. We do not undertake to update the forward-looking statements included 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 interim report are the responsibility of management and have been approved by the Corporation's Board of Directors. The consolidated financial statements have been prepared by management in accordance with GAAP. They include amounts based on management's best judgment and estimates. In order to ensure the accuracy and objectivity of information included in the financial statements, the Corporation's management has designed, implemented and maintained internal control systems. Management is of the opinion that these internal controls provide reasonable assurance, at a reasonable cost, that the accounting records are reliable and form a proper basis for preparing the financial statements, and that the Corporation's assets are properly accounted for and safeguarded. In accordance with Multilateral Instrument 52-109, the Corporation's Chief Executive Officer and Chief Financial Officer have provided the Canadian Securities Administrators with a certificate attesting to the Corporation's interim filings, including the unaudited interim consolidated financial statements and management's discussion and analysis.

The Board of Directors approved the interim consolidated financial statements and this MD&A on November 28, 2007.

Summary of operations

Ranaz is a corporation specialized in manufacturing and marketing protein and dietary supplements related to weight loss and obesity treatments. Its operations include designing, developing, manufacturing and marketing nutritional, protein and dietary supplements. All of the Corporation's products have certain common features, such as: (i) flavours, tastes and formats tailored to market needs; (ii) quick and easy preparation; (iii) scientific design; and (iv) rigorous manufacturing standards. The Corporation markets its products under its own corporate brands and concepts, and private labels. To date, the Corporation has based its products on two main business concepts: *Protidiet* and *ProtiLife*.

The Protidiet line has been developed for the needs of a special niche: health specialists. Its products come in ready-to-eat formats consisting of bars, powders, soups, cookies, concentrates, muffins, and other high-protein meals and snacks. The principal markets for the Protidiet line are North American weight loss clinics and European pharmacies and parapharmacies.

The ProtiLife line was launched in the first quarter of 2007. The Corporation's launch of this weight loss and weight maintenance program in Canada drew on two decades of manufacturing expertise in high-protein diet products. This weight loss program includes a line of products specially designed for quick weight loss, complete with a program for maintaining a healthy weight once achieved. In Canada, the product line is distributed through independent pharmacy chains and major retail distributors.

The Corporation markets products mainly through its wholly owned subsidiaries Pro-Amino International Inc. ("Pro-Amino") for the Protidiet line and Distribution ProtiLife Inc. for the ProtiLife line. Pro-Amino handles manufacturing for all the Corporation's products. Pro-Amino and Distribution ProtiLife Inc. handle product distribution of their respective products worldwide, with the exception of France, Belgium and Spain. In these three territories, our products are distributed by our wholly owned Irish subsidiary, Distridiet Limited.

Non-GAAP measures

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

Highlights for the third quarter of 2007

- Robust sales growth fuelled mainly by our ProtiLife product line
- Completion of a 2,944,100-unit public offering resulting in gross proceeds of \$3,827,330

Subsequent events

- On October 1, 2007, a 927,464-unit private placement was completed resulting in gross proceeds of \$1,205,705
- ProtiLife products are now available in 240 Wal-Mart stores across Canada

Selected consolidated financial information

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
Sales	3,381,452	2,091,010	9,766,039	7,456,431
Gross profit	1,017,169	585,602	2,822,814	2,317,777
Net earnings (loss)	(671,306)	107,023	(2,649,076)	24,063
Basic and diluted earnings (loss) per common share	(0.021)	0.005	(0.09)	0.001
Earnings (loss) before interest, taxes, depreciation and amortization (EBITDA)	(581,000)	153,000	(2,431,000)	261,000
Basic earnings (loss) before interest, taxes, depreciation and amortization (EBITDA) per common share	(0.018)	0.007	(0.083)	0.01

Reconciliation of EBITDA

The following table reconciles EBITDA to net loss, based on the Corporation's historical financial statements for the periods indicated.

(In thousands of dollars)	Three-month periods ended September 30		Nine-month periods ended September 30	
	2007	2006	2007	2006
Net earnings (loss)	(671)	107	(2,649)	24
Interest	21	17	41	53
Income taxes	—	(28)	—	13
Amortization	69	57	177	171
EBITDA	(581)	153	(2,431)	261

Comparison between the three- and nine-month periods ended September 30, 2007 and 2006

Marketing agreements

During the nine-month period ended September 30, 2007, we entered into distribution agreements for the ProtiLife product line with the following chains:

Jean Coutu Group	McMahon/Brunet
Shoppers Drug Mart/Pharmaprix	Loblaws
Uniprix	A&P Canada Co.
Kohl & Frisch	AmerisourceBergen Canada
Familiprix	Lawton's Wholesale/Sobeys
Proxim	Wal-Mart

Financing arrangements

On September 26, 2007, the Corporation completed a public offering of 2,944,100 units at \$1.30 per unit for gross proceeds totalling \$3,827,330. Each unit comprises one common share of the Corporation and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at an exercise price of \$1.65 in cash until September 27, 2009. Share issuance costs totalled \$714,886 in cash and 117,764 broker warrants valued at \$69,480 for the purchase of units. These broker warrants may be exercised during the 24-month period starting on September 26, 2007. The issuance costs were recorded as a decrease in capital stock.

On January 25, 2007, the Corporation completed a private placement of 850,000 units at \$0.60 per unit for a total of \$510,000 in cash. Each unit comprises one common share and one-half of one common share warrant. Each warrant entitles its holder to purchase one common share at an exercise price of \$0.70 in cash until January 26, 2009. This private placement follows our initial public offering ("IPO"), which closed on December 29, 2006.

All 333,333 broker warrants issued in connection with the IPO have been exercised, which generated a cash inflow of \$200,000.

During the third quarter of 2007, 150,276 warrants were exercised for a cash consideration of \$90,166.

During the first nine months of 2007, 673,397 warrants were exercised for a cash consideration of \$404,034.

Sales and gross margin

Sales totalled \$3,381,452 for the third quarter ended September 30, 2007, up \$1,290,442 or 61.7% compared with the corresponding quarter of 2006. This increase, which was mainly attributable to ProtiLife sales and higher Protidiet product sales in the U.S. and Spain due to a broader client base, was partially offset by the strength of the Canadian dollar.

Sales totalled \$9,766,039 for the nine-month period ended September 30, 2007, up \$2,309,608 or 31% compared with the corresponding period of 2006. This improvement, resulting mainly from ProtiLife sales and higher Protidiet product sales in the U.S. and Spain owing to a broader client base, was partially offset by lower French sales and initial sales to a new client in 2006.

Management expects further sales growth in the coming periods. The ProtiLife product line, launched in March 2007 at major retail distributors and pharmacy chains across Canada, will continue to expand its outreach through several new marketing agreements and a variety of advertising campaigns. With an established presence in more than 3,000 points of sale at the end of the third quarter, the ProtiLife line will be picked up by several new stores in Canada to continue driving sales growth.

With regard to the longer term, we are currently studying a project to manufacture ready-to-eat products. During the quarter, we completed the acquisition of a lot in St-Eustache, Québec to build our new plant, with work originally scheduled to begin in fall 2007. The plans are still being studied, and various scenarios are under consideration with a view to minimizing building costs, which has resulted in construction being postponed until spring 2008.

Gross profit amounted to \$1,017,169, up \$431,567 or 73.7% for the quarter ended September 30, 2007, compared with \$585,602 for the corresponding quarter of 2006, representing 30.1% and 28% of sales (gross margin) for the quarters, respectively. This increase in gross margin was mainly due to new ProtiLife product sales.

For the first nine months of 2007, *gross profit* amounted to \$2,822,814 with a gross margin of 28.9% compared with \$2,317,777 and 31.1%, respectively, for the corresponding period of 2006. The decrease in our gross margin stemmed mainly from strong growth in European and U.S. sales with more competitive gross margins, higher production and U.S. shipping costs, the development and start-up costs related to the 2007 launch of our new ProtiLife product line, and the Canadian dollar's appreciation. This narrowing was offset however by new ProtiLife sales.

Operating and other expenses

Research expenses held relatively steady, totalling \$60,878 and \$180,449 for the three- and nine-month periods ended September 30, 2007, respectively, compared with \$57,589 and \$167,506 for the corresponding periods of 2006.

Selling and administrative expenses totalled \$1,439,905 (42.6% of sales) for the quarter ended September 30, 2007, up \$870,395 or 152.8% from \$569,510 (27.2% of sales) for the same quarter in 2006. This increase resulted mainly from promotional expenses related to the ProtiLife product line and administrative expenses linked to new management hires to meet our additional responsibilities since becoming a public company, as well as our future growth targets.

Selling and administrative expenses amounted to \$4,815,536 for the first nine months of 2007, up 142.4% from \$1,986,717 for the corresponding period of 2006. This increase resulted mainly from promotional and launch expenses related to the ProtiLife product line and administrative expenses linked to new management hires to meet our additional responsibilities since becoming a public company, as well as our future growth targets.

For the three- and nine-month periods ended September 30, 2007, *stock-based compensation expense* amounted to \$82,059 and \$233,066, respectively. No options were granted in the corresponding periods of 2006.

Amortization expense amounted to \$69,178 for the quarter ended September 30, 2007, up \$11,956 from \$57,222 for the corresponding quarter in 2006. This increase resulted from several additions to property, plant and equipment in the third quarter of 2007.

For the nine-month period ended September 30, 2007, *amortization expense* held relatively steady, amounting to \$176,921, compared with \$170,525 for the corresponding period of 2006.

Interest expenses rose \$3,152 or 18.1% during the quarter ended September 30, 2007. This increase was due to greater use of the bank borrowing facility in the third quarter of 2007 compared with the same quarter in 2006. For the nine-month period ended September 30, 2007, *interest expenses* were down \$11,624 or 21.9% due to the full repayment of the bank borrowing facility in the first quarter of 2007 subsequent to our IPO; this decrease was offset by the greater use of this facility in the third quarter of 2007.

There was little change in our *exchange loss*, which stood at \$15,926 for the quarter ended September 30, 2007, compared with \$25,260 for the corresponding quarter in 2006.

For the first nine months of 2007, our *exchange loss* amounted to \$64,540 compared with \$122,806 for the corresponding period in 2006. This loss was lessened in large part by the Canadian dollar's appreciation against the euro since December 31, 2006.

Net loss for the quarter ended September 30, 2007 stood at \$671,306 compared with net earnings of \$78,617 for the same quarter in 2006. For the first nine months of 2007, *net loss* amounted to \$2,649,076 compared with net earnings of \$24,063 for the corresponding period of 2006.

Net loss for the third quarter of 2007 declined \$478,613 or 41.6% compared with the second quarter of 2007, mainly as a result of expenses incurred in the first six months of the year for the development and launch of the new ProtiLife product line.

Quarterly information

The following table summarizes our operating results from the past eight quarters. The Corporation believes that the information related to these quarters has been prepared on a basis consistent with that of the audited financial statements for the year ended December 31, 2006. The unaudited quarterly financial statements have not been reviewed by the Corporation's external auditors.

<i>(In thousands of dollars, except per share amounts)</i>	2007			2006
	Q3	Q2	Q1	Q4
Sales	3,381	3,472	2,913	2,094
Gross profit	1,017	1,086	720	492
Net earnings (loss)	(671)	(1,150)	(828)	(342)
Basic and diluted earnings (loss) per common share	(0.021)	(0.037)	(0.03)	(0.017)
	2006			2005
	Q3	Q2	Q1	Q4
Sales	2,091	2,556	2,810	2,019
Gross profit	586	906	826	531
Net earnings (loss)	107	(75)	(8)	(1,085)
Basic and diluted earnings (loss) per common share	0.005	(0.003)	(0.00)	(0.059)

Consolidated cash flows

Operating activities

For the three- and nine-month periods ended September 30, 2007, cash flows used in *operating activities* amounted to \$852,024 and \$4,440,875, respectively, compared with cash flows provided by *operating activities* amounting to \$301,255 and \$14,048 for the corresponding periods of 2006.

Changes in working capital items accounted for cash outflows of \$356,456 for the third quarter of 2007 and cash inflows of \$385,389 for the corresponding period of 2006. For the quarter ended September 30, 2007, the cash outflow related to changes in working capital items is mainly attributable to an increase in inventories and a decrease in accounts payable and accrued liabilities, which was partially offset by a decline in prepaid expenses for the same period. The increase in inventories resulted mainly from a new distribution contract in Europe and ramping up inventory levels to meet demand stemming from the signing of new marketing agreements for the ProtiLife product line.

Changes in working capital items accounted for cash outflows of \$2,218,955 for the first nine months of 2007 and cash inflows of \$36,308 for the same period of 2006. For the first nine months of 2007, the cash outflow related to changes in working capital items was mainly attributable to an increase in accounts receivable and inventories, which was partially offset by an increase in accounts payable and accrued liabilities for the same period. For the quarter, accounts receivable and inventories increased \$241,092 and \$1,357,689, respectively, to meet growing demand resulting from the marketing agreements entered into for the ProtiLife product line. The increase in accounts receivable was also related to stronger sales for the third quarter of 2007 compared with the fourth quarter of 2006. The rise in inventories was also explained by the need to build up inventory levels to meet demand from new clients, while the increase in accounts payable stemmed mainly from increased procurement to support sales growth.

Investing activities

Our *investing activities* consist mainly of additions to property, plant and equipment to manufacture commercialized products and make cash advances to private companies.

During the three-month period ended September 30, 2007, additions to property, plant and equipment in the normal course of business totalled \$608,638; a significant portion of this amount was used to acquire a lot for the construction of a new plant. We also received \$4,643 in repaid advances from private companies. A second disbursement was received under a Canada Economic Development financing application in respect of a number of additions to property, plant and equipment.

During the nine-month period ended September 30, 2007, additions to property, plant and equipment in the normal course of business totalled \$1,035,176 including the acquisition of a lot for construction of our new plant, proceeds on the disposal of property, plant and equipment of \$40,000 and repaid advances from private companies of \$103,961.

Financing activities

During the quarter ended September 30, 2007, the Corporation completed a public offering of 2,944,100 units at \$1.30 per unit for gross proceeds totalling \$3,827,330. Share issuance costs totalled \$714,886 in cash and 117,764 broker warrants valued at \$69,480 for the purchase of units. We also issued 150,276 warrants for a cash consideration of \$90,166. Finally, we drew down \$40,069 under a new borrowing arrangement and repaid \$22,868 in long-term debt.

During the first nine months of 2007, we repaid \$690,000 on a bank borrowing facility and \$82,668 in long-term debt, and drew down \$134,016 under a new borrowing arrangement. These cash inflows totalling \$134,016 were the first in a series with a maximum authorized amount of \$323,000 under a Canada Economic Development financing application in respect of a number of additions to property, plant and equipment that have already been paid for. This interest-free borrowing is repayable in ten equal and consecutive semi-annual instalments starting 24 months after the project completion date. In addition to the public offering that closed on September 26, 2007, the Corporation also issued 850,000 units on January 25, 2007 for a consideration of \$469,624 (net of \$40,376 in issuance costs), and 333,333 broker warrants were exercised during the quarter, as well as 673,397 warrants for a cash consideration of \$604,034.

Capital resources and balance sheet

Consolidated balance sheet data

	(unaudited) September 30, 2007	December 31, 2006
	\$	\$
Cash	1,750,498	2,344,298
Cash in trust	—	1,190,840
Current assets	7,330,856	6,072,052
Working capital	4,620,783	3,577,075
Total assets	9,163,965	7,125,553
Current liabilities	2,710,073	2,494,977
Long-term debt (including current portion)	425,613	374,265
Total liabilities	3,019,227	2,750,907
Total shareholders' equity	6,144,738	4,374,646

Management believes that the Corporation's liquidities, funds available under bank credit agreements and anticipated cash flows from operating activities will be sufficient to meet working capital requirements, contractual obligations and capital expenditure requirements in the foreseeable future. The Company presently keeps its inventory levels high so as to provide a prompt customer delivery service despite rapid sales growth, particularly for the ProtiLife line of products. Inventory levels will be reviewed once the distribution network is well established. On October 1, 2007, the Corporation completed a private placement of 927,464 units at the same price (i.e., \$1.30 per unit) on terms consistent with those of the public offering concluded on September 26, 2007, for gross proceeds of \$1,205,705, which had the effect of increasing cash to \$2,956,203 and working capital to \$5,826,488.

Change in long-term balance sheet items

Long-term assets increased \$1,833,109 or 174% between December 31, 2006 and September 30, 2007, primarily due to the following:

- With respect to long- and short term advances to private companies as at December 31, 2006, amounting to \$63,751 and \$118,107, respectively, repayments for the three- and nine-month periods ended September 30, 2007, totalled \$4,643 and \$103,961, respectively.
- During the third quarter of 2007, additions to property, plant and equipment totalling \$608,638 resulted in an increase in long-term assets. This increase was partially offset however by amortization of property, plant and equipment. During the nine-month period ended September 30, 2007, additions to property, plant and equipment amounted to \$1,035,176. However, the resulting increase in long-term assets was partially offset by amortization of property, plant and equipment and the disposal of property, plant and equipment amounting to \$40,000 during the same period. Property, plant and equipment in the balance sheet (at unamortized cost) amounted to \$1,447,507 as at September 30, 2007, up \$911,820 or 170.2% since December 31, 2006.

As at September 30, 2007, long-term liabilities amounted to \$309,154, up \$53,224 or 20.8% compared with December 31, 2006. This increase was attributable to two drawdowns received in 2007 under the Corporation's new borrowing arrangement, which was offset however by an \$82,668 repayment of long-term debt.

Shareholders' equity stood at \$6,144,738 as at September 30, 2007, up \$1,770,092, or 40.5% since December 31, 2006. This increase resulted from the share issuance proceeds, net of issuance costs related to the public offering of 2,944,100 units on September 26, 2007, the private placement of 850,000 units on January 25, 2007, 333,333 exercised broker warrants, 673,397 exercised warrants and the recognition of a stock-based compensation expense credited to contributed surplus in relation to the options granted in 2006 and 2007. This increase was partially offset by the net loss for the nine-month period ended September 30, 2007 recognized in deficit.

Capital stock information

	Authorized	Issued as at September 30, 2007	Issued as at November 28, 2007
Common shares	Unlimited	34,324,640	35,292,632
Warrants	6,825,621	6,152,224	6,575,427
Broker's warrants	117,764	117,764	117,764
Class "A" preferred shares	Unlimited	—	—
Common share options	2,952,381	2,054,884	2,154,884

Changes in accounting policies

Financial instruments

On January 1, 2007, the Corporation adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA) *Handbook* Section 1530, *Comprehensive Income*, Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3861, *Financial Instruments – Disclosure and Presentation*, Section 3865, *Hedges*, and Section 3251, *Equity*. These sections apply to fiscal years beginning on or after October 1, 2006, and provide standards for recognition, measurement, disclosure and presentation of financial assets, financial liabilities and non-financial derivatives, and describe when and how hedge accounting may be applied. Section 1530 provides standards for the reporting and presentation of comprehensive income, which represents the change in equity, from transactions, and presentation of circumstances from non-owner sources. Other comprehensive income includes items that would not normally be included in net earnings, such as revenues, expenses, gains and losses, in accordance with GAAP.

Under the new standards, all financial assets are classified as held for trading, held-to-maturity investments, loans and receivables or available for sale. Also, all financial liabilities must be classified as held for trading or other financial liabilities. All financial assets and liabilities are recorded initially on the balance sheet at fair value. After initial recognition, the financial instruments should be measured at their fair values, except for held-to-maturity investments, loans and receivables and the other financial liabilities, which should be measured at amortized cost. The effective interest related to the financial liabilities and certain financial assets and the gain or loss arising from a change in the fair value of a financial asset or financial liability classified as held for trading are included in net earnings for the period in which they arise. If a financial asset is classified as available for sale, the change in fair value should be recognized in other comprehensive income until the financial asset is derecognized or written down, at which time the gain or loss is recognized in net earnings.

The Corporation has classified its cash and cash in trust as held for trading. The accounts receivable included in accounts receivable and advances to private companies have been classified as loans and receivables. Bank overdraft, accounts payable and accrued liabilities, the bank borrowing arrangement and long-term debt have been classified as other financial liabilities. The adoption of these standards had no impact on the consolidated financial statements.

Transaction costs, related to financial assets and liabilities, are recognized in net earnings under administrative expenses.

Accounting changes

On January 1, 2007, in accordance with the applicable transitional provisions, the Corporation adopted the new recommendations of *CICA Handbook* Section 1506, *Accounting Changes*. This Section describes the criteria for changing accounting policies, together with the accounting treatment and disclosure for changes in accounting policies, changes in accounting estimates and corrections of errors.

Disclosure controls and procedures

The Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures for the Corporation. These disclosure controls and procedures have been designed to provide reasonable assurance that the material information relating to the Corporation was known to management during the period in which the annual filings are made. The Corporation's management, including the Chief Executive Officer and Chief Financial Officer, evaluated whether the Corporation had applied changes, during the interim period ended September 30, 2007, to internal control over financial reporting that could materially affect or are reasonably thought to materially affect internal control over financial reporting. No such changes were identified through their evaluation.

During management's evaluation of the design of disclosure controls and procedures, it was determined that increased management oversight over its controls and procedures should offset the lack of segregation of duties owing to the size of the Corporation. The Corporation intends to complete a thorough assessment of its internal control over financial reporting during fiscal 2007.

The Corporation's auditors have not reviewed the interim consolidated financial statements for the three-month periods ended September 30, 2007 and 2006.