ONA POWER CORP.

Management's Discussion and Analysis

Year Ended September 30, 2011

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As at September 30, 2011

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The following management's discussion and analysis (the "MD&A") of the financial condition and results of the operations of Ona Power Corp. (the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended September 30, 2011 and should be read in conjunction with the Company's audited annual financial statements and MD&A for the year ended September 2010.. The annual financial statements and management discussion have been prepared in Canadian dollars unless otherwise stated, and in accordance with Canadian generally accepted accounting principles ("GAAP"). This document is dated January 25, 2012.

Readers can find the Company's financial statements and additional information regarding the company and its operations on the System for Electronic Document Analysis and Retrieval (SEDAR) at *www.sedar.com*.

Forward-Looking Statements

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 usually preceded by, followed by or include the words 'believes', 'expects', 'anticipates', 'estimates', 'intends', 'plans', 'forecasts', 'may', 'will', or similar expressions, although not all forward-looking statements contain these words. These forward-looking statements are based on management's current expectations and involve numerous risks and uncertainties. Such uncertainties may include general economic, political or market uncertainties in Canada or elsewhere, changes to regulatory or compliance requirements, changes in government policies, the risks inherent in a development stage business, the possible future impact of tax exposures, currency and exchange rate fluctuations, changes in interest rate, all of which are difficult or impossible to predict accurately. While we believe the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. Forward-looking statements are not guarantees of future performance. Actual results may be differ materially from those implied be the forward-looking statements. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. Ona Power Corp. has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on the Company's behalf.

Business Description

The Company was incorporated under the Business Corporation Act of Alberta on August 31, 1998 and was continued to a British Columbian company on January 30, 2006. The Company changed its name from ONA Energy Inc. to Ona Power Corp. on July 16, 2009. The Company's shares are publicly traded on the Frankfurt Exchange and Canadian National Stock Exchange ("CNSX").

Prior to 2008, the Company held only exploration stage natural resources project and a power plant project in the development stage. With the acquisition of a 60% interest in the Yongxing Power Plant Corporation ("YPPC"), a Sino-Foreign Joint Venture Company that operated a 60MW coal-fired power plant in the Hunan Province of China., the Company started generating revenue in August 2008 and became a Canadian-based international energy company focusing on the acquisition and development of power generation facilities.

On August 31, 2010, the Company entered into an agreement to dispose all of its 60% ownership in YPPC (discussed in "Overall Performance" section). After the disposition, the Company is actively seeking other business opportunities. On February 18, 2011, the Company acquired interests in two potential oil wells located in Tennessee, USA. (discussed in "Acquisition of Resource Property Interests" subsection).

Resource properties exploration and development has become the Company's principal business activities since then.

Overall Performance

Disposition of YPPC

In July 2010, the Company's convertible debenture ("Foothills Debenture") creditor, Foothills Enterprise Ltd. ("Foothills") issued a notice of default to the Company requesting an immediate repayment of principal and accrued interest totaling approximately $6,700,000. Because the Company did not have the liquidity and financial resources to meet the repayment demand, the Company reached an agreement with Foothills to fully settle the Foothills Debenture by assigning its 60% interest in YPPC and outstanding loans receivable from YPPC, and paying $1,500,000 cash to Foothills. The settlement of the Foothills Debenture and the disposition of YPPC was completed on August 31, 2010.

In the event of a successful sale of YPPC, Foothill will pay the Company the proceeds of the sale minus the following:

(i) the amount of the Foothills Debenture plus accrued interest as at July 31, 2010 less the $1,500,000 cash payment paid by the Company; and

(ii) an administrative fee of CAD $100,000.

Legal Claims

There are no legal claims pending.

Private Placement

In January 2011, the Company closed a non-brokered private placement for the issuance of 8,000,000 units at $0.05 per unit for gross proceeds of $400,000. Each unit is comprised of one common share in the capital of the Company and one share purchase warrant. Each share purchase warrant allows the holder to purchase one common share of the Company for a period of 5 years. The Company allocated $228,216 to common shares and $171,784 to the value of the warrants. These warrants will expire on January 7, 2016. The Company did not pay finder's fee and will use the proceeds for general working capital.

Issuance of Stock Option

The Company has stock option plans that allow it to grant options to its employees, officers, directors. On March 1, 2011, 725,000 stock options were granted to various consultants, directors, and officers at an exercise price of $0.05 per share. These stock options are exercisable for five years and will expire on March 1, 2016. These options were fully vested upon issuance. The fair value of these options at the date of grant was estimated at $0.05 per option ($35,033 totaling) by using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	2.6 %
Dividend yield	0 %
Expected volatility	200 %
Expected life	5 years

Acquisition of Resource Property Interests

On February 18, 2011, the Company entered into an agreement to purchase interests in two oil wells located in Tennessee, USA. The Company paid US$135,000 (CDN$134,772) in acquisition costs and incurred $34,941 in exploration activity costs during the year ended September 30, 2011.

Management has determined that both wells are not commercially viable and both interests have been fully impaired as at September 30, 2011.

Ability to continue as a Going Concern

The Company incurred net loss of $ 279,415 for the year ended September 30, 2011, has an accumulated deficit of $29,098,071, and has had recurring losses since inception. The Company may not have sufficient funds to sustain its operations over the next twelve months. Management is considering all possible financing alternatives, including equity and debt financing to finance the future operations. The ability to continue operating as a going concern is dependent on raising additional funding to develop successful businesses. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. These circumstances lead to substantial doubt as to the ability of the Company to meet its obligations as they become due and, accordingly, as to the appropriateness of the use of accounting principles applicable to a going concern.

Results of Operations

The Company's financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") in Canadian dollars

Selected Annual Information	September. 30 2011	September. 30 2010	September. 30 2009
	$	$	$
Expenses	306,091	298,147	984,706
Impairment of mineral properties	169,713	-	-
Discontinued operations	-	(1,579,448)	(7,544,152)
Dispositions	-	(4,592,112)	-
Net income (loss)	(279,415)	(6,469,707)	(8,528,858)
Total assets	118,439	200,592	50,548,261
Total long-term liabilities	-	-	-
Net earnings (loss) per share (basic and diluted)	(0.01)	(0.26)	(0.10)

Selected Quarterly Information

The following table summarized the results of operations for the eight most recent quarters

The Company disposed its discontinued operation, YPPC, on August 31, 2010 (discussed in the "Disposition of YPPC" section). As a result, results of operations in current year's periods are compared to the results of operations from the continuing operations in the same periods in 2010.

	2011				2010			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Period Ended	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31
	$	$	$	$	$	$	$	$
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	285,575	767,434
Net Result	(44,235)	(23,892)	(202,346)	(8,942)	(667,108)	(667,108)	(680,451)	(428,923)
Basic & Diluted Loss per Share	0.01	0.00	0.00	0.00	0.24	0.04	0.04	0.02
Weighted Average Shares Outstanding	48,111,294	49,637,017	49,637,017	42,259,239	18,985,450	18,792,573	18,792,573	18,792,573

Results for the Fourth Quarter

Operating expenses for the quarter totaled $70,911. Significant expenses were: the impairment of property investigation costs $34,940, Professional fees $16,305 (mostly accrued 2011 audit expenses), Consulting $15,000, rent of $7,500 and Transfer Fees $4,633.

The quarter showed a gain on debt settlement of $26,676.

Related Party Transactions

Related party transactions for the year ended September 30, 2011 are as follows:

a) During the year ended September 30, 2011, management fees of $35,000 (2010 –$104,387) and occupancy cost of $25,000 (2010-$45,000) were charged by companies with a common director of the Company (Lucky Janda).

Disclosure of Outstanding Share Data

The Company's share structure as at the date of this MD&A are as follows:

Authorized Share Capital: Unlimited number of voting common shares without par value
Unlimited number of preferred shares without par value

Issued and outstanding:

	No. of Shares		**Amount**
Balance, September 30, 2009	18,792,573	$	21,771,680
Private placement	23,466,666		809,344
Balance, September 30, 2010	42,259,239	$	22,581,024
Private placement	8,000,000		228,216
Balance, September 30, 2011	**50,259,239**	$	**22,809,240**

The status of the Company's outstanding share purchase warrants as at September 30, 2011 and 2010 are as follows:

Expiry Date	Exercise Price	Balance September 30, 2010	Issued (Exercised)	(Expired)	Balance September 30, 2011
March 10, 2011	$ 2.50	3,506,553	-	(3,506,553)	-
March 10, 2011	$ 3.75	761,051	-	(761,051)	-
August 11, 2011	$ 0.20	10,333,300	-	(10,333,300)	-
August 13, 2011	$ 0.40	1,000,000	-	(1,000,000)	-
September 27, 2012	$ 0.075	23,466,666	-	-	23,466,666
January 7, 2016	$ 0.050	-	8,000,000	-	8,000,000
Total		39,067,570	8,000,000	(15,600,904)	31,466,666
Weighted Average Exercise Price		$ 0.41			$ 0.07
Weighted Average Life Remaining		1.5 years			1.83 years

Options Expiry Date	Exercise Price $	September 30, 2010	Granted	September 30,2011
March 1, 2016	0.05	-	725,000	725,000

On September 30, 2011, the weighted average exercise price and weighted average remaining life of the Company's outstanding stock options are $0.15 and 4.41 years respectively.

Liquidity and Capital Resources

As at September 30, 2011, the Company had a working capital of $(83,532). Management believes the Company has adequate liquidity to settle its liabilities when they come due. However, the resources on hand may not be sufficient to enable the Company to acquire and develop successful businesses in the future. Management is actively looking for addition equity and debt financing to address future cash flow needs. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet transactions.

Proposed Transactions

The Company does not have proposed transactions that will materially impact the Company.

Changes in Accounting Policies including Initial Adoption

The critical accounting policies of the Company are listed in the Note 2 to the Company's interim financial statements for the year ended September 30, 2011. The Company has not changed its accounting policies and method of application since it most recent year ended September 30, 2010.

Details of new accounting policies announced but not yet adopted by the Company is as follows:

Business Combination:

In January 2009, the CICA issued Handbook Sections 1582 – Business Combinations, 1601 – Consolidated Financial Statements and 1602 – Non-controlling Interests which replace CICA Handbook Sections 1581 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two sections must also be adopted at the same time. The Company believes there are no material impacts on adoption of these accounting standards.

International Financial Reporting Standards (IFRS)

In 2006, the Accounting Standards Board of Canada ("ACSB") ratified a strategic plan that will result in the convergence of Canadian GAAP, as used by publicly accountable entities, with International Financial Reporting Standards ("IFSR") over a five-year transition period. The ACSB has developed and published a detailed implementation plan, with changeover required for fiscal years beginning on or after January 1, 2011. For the Company, the transition balance sheet date is October 1, 2010 as it adopting IFRS on **October 1, 2011** with one comparative period.

It is not anticipated that the transition to IFRS will have an impact on the statements of financial position, income and comprehensive income and cash flows of the Company. No adjustments are expected to be required upon adoption of IFRS.

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 are certifying officers to design and implement on a cost effective basis.

Risks and Uncertainties

Credit Risk

At the present time, the Company does not perceive any serious credit risks.

Liquidity Risk

The Company believes that at the present time it will not face significant liquidity risk as it will able to secure sufficient funding from equity financing.

Interest Risk

ONA Power may become exposed to interest rate risk as a result of holding investments of varying maturities. The fair value of investments, as well as the investment income derived from the investment portfolio, will fluctuate with changes in prevailing interest rates. ONA will not use interest rate derivative financial instruments in its investment portfolio but will invest surplus capital in Canadian Schedule A bank instruments, until it is required.

Uncertainties

Global economies, while showing fitful signs of recovery remain a long way from being healthy. Financial markets continue to deal with the fallout of a crisis in credit markets and are struggling to return to normal in most countries. Volatile financial market conditions are likely to continue through 2010 as credit and liquidity concerns persist. We anticipate that global government intervention will continue as the fear of removing support too early will outweigh the concerns of stoking inflation. This stimulus should improve financial market operations.

Directors & Officers

Lucky Janda – Chairman, Director, President, CEO
J. Lewis Dillman – Director
Rana Vig – Director
Thomas Kennedy – CFO

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