

AAN Ventures Inc.

Management's Discussion and Analysis

For the Year Ended September 30, 2012

Management's Discussion and Analysis

The following management's discussion and analysis (the "MD&A") of the financial condition and results of the operations of AAN Ventures Inc. (formerly ONA Power Corp. constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended September 30, 2012 and should be read in conjunction with the Company's annual financial statements at September 30, 2012 and the audited annual financial statements and MD&A for the year ended September 30, 2011. These financial statements and management discussion have been prepared in Canadian dollars unless otherwise stated, and in accordance with International Financial Reporting Standards ("IFRS").

This document is dated January 23rd, 2013.

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.

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 and on April 09, 2012 changed it again to AAN Ventures Inc. The Company's shares are publicly traded on the Frankfurt Exchange and Canadian National Stock Exchange ("CNSX") under the symbol ("ANN").

The Company is currently reviewing new opportunities. It is open to both domestic and international projects.

Overall Performance

During the year ended September 30, 2012 the company has been occupied with changing its name, carrying out a change over in management and looking for a new business opportunity.

Ability to Continue as a Going Concern

The Company incurred a net loss of \$124,322 for the year ended September 30, 2012, has an accumulated deficit of \$29,222,393 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 following table summarizes selected data for the Company prepared in accordance with International Financial Reporting Standards (IFRS).

Selected Annual Information	September 30	September 30	September 30
	2012	2011	2010
	\$	\$	\$
Expenses	126,661	306,091	298,147
Impairment of mineral properties	-	(169,713)	-
Discontinued operations	-	-	(1,579,448)
Dispositions	-	-	(4,592,112)
Net income (loss)	(124,322)	(279,415)	(6,469,707)
Total assets	56,687	118,439	200,592
Total long-term liabilities	-	-	-
Net earnings (loss) per share (basic and diluted)	(0.00)	(0.02)	(0.26)

Selected Quarterly Information

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

	Q4-12	Q3-12	Q2-12	Q1-12	Q4-11	Q3-11	Q2-11	Q1-11
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
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	Nil	Nil
Net Result	(64,940)	(13,245)	(29,297)	(16,840)	(44,235)	(23,892)	(202,346)	(8,942)
Basic & Diluted Loss per Share	(0.00)	(0.00)	(0.00)	(0.00)	0.01	0.00	0.00	0.00
Weighted Average Shares Outstanding	16,753,080	16,753,080	16,753,080	16,753,080	16,037,096	16,545,671	16,545,671	16,419,746

Weighted averages are consolidated shares. See Disclosure of Outstanding Share Data section.

Results for the three month period ended September 30, 2012

Operating expenses for the fourth quarter totaled \$81,781 (2011 - \$44,468). Significant expenses were rent \$7,500 (2011 - \$7,500) and regulatory/transfer agent \$7,238 (2011 - \$4,633). The general increase in expenses for the three month period in relation to the same period in the prior year can be attributed to the accrual of management fees at year-end of \$60,000 amount versus \$nil amount in the same period in 2011.

Results for the year ended September 30, 2012

Operating expenses for the year totaled \$126,661 (2011 – \$136,378). Significant expenses were management fees \$60,000 (2011 – \$35,000), rent \$30,000 (\$25,000) and regulatory/transfer agent \$21,937 (2011 - \$14,145). The increase in operating expenses was mainly caused by the increase in filing and transfer fees due to the increase in fees charged by CNSX.

At the March 2nd, 2012 AGM shareholders approved a name change and consolidation of shares. The Company's name was changed from ONA Power Corp to AAN Ventures Inc on April 9, 2012. Consolidation of three of the Company's old shares for one new share was approved on April 25, 2012. For further details refer to Disclosure of Outstanding Share Data.

Related Party Transactions

Related party transactions for the year ended September 30, 2012 are as follows:

During the year ended September 30, 2012, management fees of \$60,000 (2011 –\$35,000) and occupancy cost of \$30,000 (2011-\$25,000) were charged by companies with a common director of the Company (Lucky Janda).

Key management personnel compensation

During the year ended September 30, 2012 no stock based compensation was issued to officers and directors; however, during the previous year the Company incurred \$25,369 in stock based compensation.

Disclosure of Outstanding Share Data

On April 25, 2012, the Company received CNSX approval to consolidate its shares on a 3 to 1 basis. This resulted in the outstanding shares of the company being consolidated from 50,259,239 to 16,753,080. All references to common shares, share purchase warrants, stock options, and per share amounts for all periods have been adjusted on a retrospective basis to reflect the common share consolidation.

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	6,264,191	\$	21,771,680
Private placement	7,822,223		809,344
Balance, September 30, 2010	14,086,414	\$	22,581,024
Private placement	2,666,666		228,216
Balance, September 30, 2011 and 2012	16,753,080	\$	22,809,240
Balance, November 19, 2012	16,753,080		22,809,240

Share Purchase Warrants

Expiry Date	Exercise Price	Balance September 30, 2011	Issued (Exercised)	(Expired)	Balance January 23, 2013
September 27, 2012	\$ 0.225	7,822,222	-	(7,822,222)	-
January 7, 2016	\$ 0.30	2,666,666	-	-	2,666,666
Total		10,488,888	-	-	2,666,666
Weighted Average Exercise Price		\$ 0.07			\$ 0.05
Weighted Average Life Remaining		1.83 years			3 years

Share Purchase Options

Options Expiry Date	Exercise Price \$	September 30, 2011	Granted	January 23, 2013
March 1, 2016	0.10	241,666	-	241,666

On January 23, 2013, the weighted average exercise price and weighted average remaining life of the Company's outstanding stock options are \$0.10 and 3.14 years respectively.

Liquidity and Capital Resources

As at September 30, 2012, the Company had a working capital deficit of \$40,790 (\$83,532 surplus – September 30, 2011). 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 significant accounting policies of the Company are listed in the Note 3 to the Company's audited financial statements for the year ended September 30, 2012.

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

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". 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.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

New standard IFRS 10 "Consolidated Financial Statements"

This new standard will replace IAS 27 "Consolidated and Separate Financial Statements", and SIC-12 "Consolidation – Special Purpose Entities". Concurrent with IFRS 10, the IASB issued IFRS 11 "Joint Ventures"; IFRS 12 "Disclosures of Involvement with Other Entities"; IAS 27 "Separate Financial Statements", which has been amended for the issuance of IFRS 10 but retains the current guidance for separate financial statements; and IAS 28 "Investments in Associates and Joint Ventures", which has been amended for conforming changes based on the issuance of IFRS 10 and IFRS 11.

IFRS 10 uses control as the single basis for consolidation, irrespective of the nature of the investee, eliminating the risks and rewards approach included in SIC-12, and requires continuous assessment of control over an investee. The above consolidation standards are effective for annual periods beginning on or after January 1, 2013.

New standard IFRS 11 "Joint Arrangements"

This new standard requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes AIS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities-Non-monetary Contributions by Venturers.

New standard IFRS 12 "Disclosure of Interests in Other Entities"

This new standard establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

New standard IFRS 13 "Fair value measurement"

This new standard replaces the fair value measurement guidance currently included in various other IFRS standards with a single definition of fair value and extensive application guidance. IFRS 13 provides guidance on how to measure fair value and does not introduce new requirements for when fair value is required or permitted. It also establishes disclosure requirements to provide users of the financial statements with more information about fair value measurements. IFRS 13 is effect for annual periods beginning on or after January 1, 2013.

New interpretation IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"

This new IFRIC clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. IFRIC 20 is effective for annual periods beginning on or after January 1, 2013.

Amendments to IAS 32 ‘Financial Instruments: Presentation’

These amendments address inconsistencies when applying the offsetting requirements, and are effective for annual periods beginning on or after January 1, 2014.

Financial statement presentation

In June 2011, the IASB and the Financial Accounting Standards Board (“FASB”) issued amendments to standards to align the presentation requirements for other comprehensive income (“OCI”). The IASB issued amendments to IAS 1 “Presentation of Financial Statements” to require companies preparing financial statements under IFRS to group items within OCI that may be reclassified to the profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The amendments are effective for fiscal years beginning on or after July 1, 2012.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on its consolidated financial statements.

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

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

The company is without an operating project and does not generate any revenue. It must find a viable opportunity in a difficult market and when it does, it will have to raise funds for working capital as well as project development funds. There is no guarantee that the Company will be successful with either of these challenges. The Company will need to continue its reliance on the sale of securities for future financing, which may result in dilution to existing shareholders. In addition, the amount of additional funds required may not be available under favourable terms, if at all, and will depend largely on the market conditions.

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 differ materially from those implied by the forward-looking statements. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. AAN Ventures Inc. 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.

Directors and Officers

Rana Vig – Director, CEO

Thomas Kennedy – CFO

J. Lewis Dillman – Director

Curt Huber – Director

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