Management's Discussion and Analysis

ONA POWER CORP.

Three Months Ended December 31, 2010

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 three months ended December 31, 2010 and should be read in conjunction with the Company's unaudited consolidated interim financial statements for the same period. These unaudited consolidated interim financial statements have been prepared in Canadian dollars unless otherwise stated, and in accordance with Canadian generally accepted accounting principles ("GAAP"). This document is dated February 21, 2011.

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 agreement to dispose all of its 60% ownership in YPPC (discussed in details in the "Overall Performance" section). After the disposition of YPPC, the Company does not have any business operating activities and is currently seeking other business opportunities.

Subsequent to current quarter, the Company entered into an agreement on February 18, 2011 with Keblo Energy LLC to purchase an interest in two potential oil wells ("Oil Wells") to be drilled on the Doug Norris and Eddie Dean Smith leaseholds located in Fentress and Pickett Counties, Tennessee, USA. The Company is to receive 50% working interest and 40% net revenue interest (collectively the "Interest") in the Oil Wells. The Company will pay $100,000 for the Interest in the drilling and testing cost of the Oil Wells. The Company has not commenced any drilling or exploration activities as of the date of this MD&A.

Overall Performance

Disposition of YPPC

The Yongxing Power Plant Corporation (YPPC) was the Company's 60% owned subsidiary (a Sino-Foreign Joint Venture Company) that holds the right to construct a 240 Mega-Watts (MW) coal-fired power plant in Yongxing County, in the Hunan Province of China.

Management expected coal price would come down to reasonable level in 2010 so that YPPC can be operational profitable. However this expectation did not materialize and coal prices went much higher throughout 2010 and many other power plants in China experienced operating losses during the same period. As a result management decided to shut down the power plant in January 2010 to avoid incurring operating losses.

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 totalling 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 Company was able to complete a private placement in September 2010 (discussed in the "Private Placement" subsection) to raise the required cash to repay Foothills, and 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

During 2009 and 2010 YPPC received various legal claims from its suppliers to demand payments of the over-due payable balances. It is management's opinion that the Company is not liable to the legal claims against YPPC after the Company has assigned all of its interest in YPPC to Foothills on August 31, 2010.

Private Placement
The Company closed two private placements in September 2010 and January 2011 respectively:

a) On September 27, 2010, the Company issued 23,466,666 units at a price of $0.075 per unit through a non-brokered private placement. Each unit consisted of one common share of the Company and one common share purchase warrant exercisable to purchase one additional common share at a price of $0.075 for a period of two years from September 27, 2010 for an aggregate amount of $1,760,000. Finder's fees totaling $175,999 was paid in relation to this private placement. The net proceeds $1,584,001 was used to make a $1,500,000 payment to Foothills (discussed in "Disposition of YPPC" section) with the remaining proceeds used for general working capital purposes.

b) Subsequent to the three months ended December 31, 2010, 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. 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.

Ability to continue as a Going Concern

The Company incurred net loss of $8,942 for the three months ended December 31, 2010, had an accumulated deficit of $28,827,598, and had recurring losses since inception. The working capital deficiency as at December 31, 2010 was $81,530. As a result, 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. 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. The ability to continue operating as a going concern is dependent on raising additional funding to acquire a new business venture.

The Company's consolidated interim financial statements for the three months ended December 31, 2010 have been prepared in accordance with Canadian GAAP applicable to a going concern, which assumes that the Company will continue in operation for a reasonable period of time and will be able to realize its assets and discharge its liabilities in the normal course of operations. These consolidated interim financial statements do not include any adjustments to the recoverability and classification of certain recorded asset amounts and classification of certain liabilities that might be necessary if the Company were unable to continue as a going concern. In the event the Company is unable to further identify and complete its equity or debt financing favorable to the Company, the carry value of the Company's assets could be subject to material adjustment.

Summary of Quarterly Results

	2011	2010				2009		
		Q4	Q3	Q2	Q1	Q4	Q3	Q2
Period Ended	**12/31/ 2010**	**9/30/ 2010**	**6/30/ 2010**	**3/31/ 2010**	**12/31/ 2009**	**9/30/ 2009**	**6/30/ 2009**	**3/31/ 2009**
Revenue	Nil	Nil	Nil	285,575	767,434	3,757,446	380,874	2,783,906
Net Loss	8,942	4,693,225	667,108	680,451	428,923	5,494,677	1,317,586	640,854
Basic and diluted - loss per Share	0.00	0.24	0.04	0.04	0.02	0.39	0.16	0.08

Results of Operations

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

The Company has $nil revenue in this quarter (2010 Q1-$nil). Net loss for the quarter is $8,942 (2010 Q1 - loss of $84,903). The loss incurred in current quarter was a result of $ 8,942 operating expenses incurred (2010 Q1-$84,903), which mainly consisted of $4,900 transfer agent and filing fees (2010 Q1-9,088), $1,791 professional fees (2010 Q1-$3,200), and $1,710 office and general expenditure (2010 Q1 - $6,888). The operating expenses in current quarters were generally lower, which is the Company's effort to curtail expenditures in order to preserve liquidity.

The Company is currently actively seeking new business opportunities and may incur more expenditures in relation to its operating and investing activities if a new business venture is identified.

Related Party Transactions

Related party transactions for the current period are as follows:

a) For the three months ended December 31, 2010, management fees of $nil (2010 –$15,000) and occupancy cost of $nil (2010-$15,000) were charged by a company with a common director (Lucky Janda) of the Company.

b) During the three months ended December 31, 2010, management fees of $nil (2010-$15,000) was charged by a company controlled by the Chief Executive Officer of the Company

c) As at December 31, 2010, the Company owed $963 (September 30, 2010-$2,423) to various shareholders of the Company. The loans are unsecured, non-interesting bearing and without specific terms of repayment.

The above transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties

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:

Common shares	50,259,239	
Share purchase Warrants[1]	47,067,570	Expiring from March 10, 2011 to January 6, 2016.
Stock Options	nil	

[1]Each share purchase warrant is exercisable into one common share, has a weighted average exercise price of $0.34 per share and weighted average remaining life 1.8 years as of the date of this MD&A.

Liquidity and Capital Resources

As at December 31, 2010, the Company had cash balance of $379, current liabilities of $81,909, and a working capital deficiency of $81,530. The cash on hand is believed not sufficient to sustain operations over the next twelve months. Subsequent to the three months ended December 31, 2010, the Company has completed a private placement in January 2011 and raised net proceeds totalling $400,000 to finance the Company's operations. 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.

The Company does not have any capital commitment.

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 have material impact to 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 consolidated interim financial statements for the three months ended December 31, 2010. 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. Because the Company has a fiscal year ended on September 30, the Company will adopt IFRS commencing October 1, 2011, and the adoption of IFRS will require the restatement for comparative purposes of amounts reported by the Company for the year ending September 30, 2011. In light of these requirements, the Company has adopted a four phase approach to ensure successful conversion to IFRS, including:

Phase 1 - diagnostic impact assessment: This phase is essentially completed.
Phase 2 - design and planning: to identify specific changes required to existing accounting policies, information system, and business processes. This phase is essentially completed.
Phase 3 – solution development: Involves the selection of the Company's accounting policies among alternatives allowed under IFRS by senior management and the review by the Audit Committee, the quantification of the impact of changes on the Company's existing accounting policies on the opening IFRS balance sheet and the development of the draft IFRS financial statements. This phase is ongoing and will continue before the transition to the IFRS.
Phase 4 – implementation– to execute the changes to information systems and business processes, completing formal authorization processes to approve recommended accounting policies changes and training programs across the Company's finance and other staff, as needed. This phase is ongoing and will continue before the transition to the IFRS.

After disposition of YPPC, the Company does not have any an operating business and is looking for new business opportunities. It is impractical for the Company to identify and estimate the impacts of IFRS conversion before a new business venture is acquired. Management is closely monitoring the impacts of future acquisitions of new business opportunities.

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's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.