



**AAN Ventures Inc.**  
**Condensed Consolidated Interim Financial Statements**  
**For the Three and Nine Months Ended June 30, 2014**  
**Unaudited and Expressed in Canadian Dollars**

## **NOTICE TO THE READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accomplished by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of the condensed interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with standards established by the Canadian Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

AAN Ventures Inc.  
Condensed consolidated interim statements of financial position  
(Unaudited and Expressed in Canadian Dollars)

	Note	June 30, 2014	September 30, 2013
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	4	\$ 101,157	\$ 197,083
GST recoverable	5	1,408	745
		102,565	197,828
Exploration and evaluation assets	6	52,552	-
<b>TOTAL ASSETS</b>		\$ 155,117	\$ 197,828
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	7	\$ 10,500	\$ 2,690
Accrued liabilities		8,000	8,000
Due to related party	9	-	27,200
<b>TOTAL LIABILITIES</b>		18,500	37,890
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
Share capital	8	23,109,240	23,109,240
Subscriptions receivable		-	(30,000)
Reserves		6,372,363	6,372,363
Deficit		(29,344,986)	(29,291,665)
<b>TOTAL EQUITY (DEFICIENCY)</b>		136,617	159,938
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		\$ 155,617	\$ 197,828

Nature and continuance of operations (Note 1)

Statement of Compliance (Note 2)

**APPROVED BY THE DIRECTORS ON August 08, 2014:**

*"Lewis Dillman"*

Director

*"Tom Kennedy"*

Director

See accompanying notes to the financial statements

AAN Ventures Inc.

Condensed consolidated interim statements of comprehensive loss

(Unaudited and Expressed in Canadian Dollars)

	Note	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
		\$	\$	\$	\$
<b>Expenses</b>					
Bank charges and interest		64	60	334	201
Consulting		10,000	-	10,000	-
Office and miscellaneous		7,236	6,896	8,076	9,767
Professional fees		540	1,000	1,950	1,769
Rent		7,500	7,500	22,500	22,500
Transfer agent and regulatory fees		3,423	3,277	10,462	11,547
		<b>28,763</b>	<b>18,733</b>	<b>53,322</b>	<b>45,784</b>
<b>Other item</b>					
Other		-	-	-	-
		-	-	-	-
<b>Comprehensive loss</b>		<b>(28,763)</b>	<b>(18,733)</b>	<b>(53,322)</b>	<b>(45,784)</b>
<b>Basic and diluted loss per share</b>		<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.00)</b>
<b>Weighted average shares outstanding</b>					
– basic and diluted		33,553,079	16,753,080	33,553,079	16,753,080

See accompanying notes to the financial statements

AAN Ventures Inc.  
Condensed consolidated interim statement of changes in equity (deficiency)  
(Unaudited and Expressed in Canadian Dollars)

	Note	Share capital		Subscriptions receivable	Reserves			Deficit	Total
		Number of shares	Amount		Stock option reserve	Warrant reserve			
<b>Balance, September 30, 2012</b>		<b>16,753,079</b>	<b>\$ 22,809,240</b>	-	<b>\$ 5,425,922</b>	<b>\$ 946,441</b>	<b>\$ (29,222,393)</b>	<b>\$ (40,790)</b>	
Net loss		-	-	-	-	-	(45,784)	(45,784)	
<b>Balance, June 30, 2013</b>		<b>16,753,079</b>	<b>22,809,240</b>	-	<b>5,425,922</b>	<b>946,441</b>	<b>(29,186,396)</b>	<b>(86,574)</b>	
<b>Balance, September 30, 2013</b>		<b>36,753,079</b>	<b>\$ 23,109,240</b>	<b>\$ (30,000)</b>	<b>\$ 5,425,922</b>	<b>\$ 946,441</b>	<b>\$ (29,291,665)</b>	<b>\$ 159,938</b>	
Subscriptions receivable		-	-	30,000	-	-	-	30,000	
Net loss		-	-	-	-	-	(53,322)	(53,322)	
<b>Balance, June 30, 2014</b>		<b>36,753,079</b>	<b>\$ 23,109,240</b>	<b>\$ -</b>	<b>\$ 5,425,922</b>	<b>\$ 946,441</b>	<b>\$ 29,344,987</b>	<b>\$ 136,616</b>	

See accompanying notes to the financial statements

AAN Ventures Inc.  
Condensed consolidated interim statements of cash flows  
(Unaudited and Expressed in Canadian Dollars)

	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	\$	\$	\$	\$
<b>Operating activities</b>				
Net loss	(28,763)	(18,733)	(53,322)	(45,784)
Changes in non-cash working capital items:				
Accounts receivable	(696)	(1,254)	(163)	6,466
Accounts payable	10,500	2,799	7,810	(4,677)
Prepaid	-	2,625	(27,200)	-
<b>Net cash flows used in operating activities</b>	(19,459)	(20,161)	(73,375)	(43,995)
<b>Investing activities</b>				
Exploration and evaluation assets	-	-	(52,552)	-
<b>Net cash flows used in investing activities</b>	-	-	(52,552)	-
<b>Financing activities</b>				
Subscriptions receivable	-	-	30,000	-
Related party	-	-	-	-
<b>Net cash flows provided by financing activities</b>	-	-	30,000	-
Change in cash	(19,459)	(20,161)	(95,927)	(43,995)
Cash , beginning	120,615	22,771	197,083	46,604
<b>Cash, ending</b>	101,157	2,610	101,157	2,610

See accompanying notes to the financial statements

AAN Ventures Inc.  
Notes to the Financial Statements  
June 30, 2014 and 2013  
(Unaudited and Expressed in Canadian Dollars)

**1. Nature and continuance of operations**

AAN Ventures Inc. was incorporated under the Business Corporation Act of Alberta on August 31, 1998 and was continued to British Columbia on January 30, 2006. The Company changed its name from Ona Power Corp. to AAN Ventures Inc. on April 9, 2012. The Company's shares are publicly traded on the Frankfurt Exchange and Canadian Stock Exchange (the "CSE") under the symbol "ANN".

The head office, principal address and records office of the Company are located at 8338 – 120th Street, Surrey, British Columbia, Canada, V3W 3N4.

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. As at June 30, 2014, the Company is not able to finance day to day activities through operations.

The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that cast significant doubt about the Company's ability to continue as a going concern.

	<b>June 30, 2014</b>	<b>September 30, 2013</b>
	<b>\$</b>	<b>\$</b>
Current assets	102,565	197,828
Current liabilities	(18,500)	(37,890)
Working capital	84,065	159,938

Management intends to finance operating costs with loans from directors and companies controlled by directors and or the private placement of common shares. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

**2. Significant accounting policies and basis of preparation**

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on August 08, 2014.

**Statement of compliance**

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as were applied in our most recent audited annual financial statements for the year ended September 30, 2013.

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements do not include all of the information required of a full annual financial report and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the most recent audited annual financial statements of the Company for the year ended September 30, 2013.

**Basis of preparation**

The condensed consolidated interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

AAN Ventures Inc.  
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### 3. Significant accounting policies

#### *Significant estimates and assumptions*

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability and measurement of deferred tax assets.

#### *Significant judgments*

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

#### *Basis of consolidation*

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. Intercompany balances and transactions were eliminated in preparing the consolidated financial statements.

Entity	Incorporation	Status	Functional Currency
Ona Power Oil & Gas Corp	United States	Active	Canadian Dollar

#### *Loss per share*

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

#### *Share-based payments*

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.



AAN Ventures Inc.  
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**3. Significant accounting policies (continued)**

***Loss per Share***

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares issued and outstanding during the reporting period. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is anti-dilutive.

***Income taxes***

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of comprehensive income / (loss) except to the extent it relates to items recognized in other comprehensive income or directly in equity.

***Current tax***

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

***Amortization***

Amortization is calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The Company's equipment, which consists of office equipment, is amortized at 30%.

***Changes in significant accounting policies***

At the date of authorization of these financial statements, the following standards, amendments and interpretations have not been early adopted and are not expected to have a material effect on the Company's future results and financial position:

3. IFRS 9 "Financial Instruments";
4. IFRS 10 "Consolidated Financial Statements";
5. IFRS 11 "Joint Arrangements";
6. IFRS 12 "Disclosure of Interests in Other Entities";
7. IFRS 13 "Fair value measurement"; and
8. Amendments to IAS 27 "Separate Financial Statements", IAS 28 "Investments in Associates and Joint Ventures" and IAS 32 "Financial Instruments: Presentation"

**4. Cash and cash equivalents**

	June 30, 2014	September 30, 2013
Cash	\$ 101,157	\$ 197,083
	\$ 101,157	\$ 197,083

**5. Receivables**

	June 30, 2014	September 30, 2013
GST	\$ 1,408	\$ 745
	\$ 1,408	\$ 745

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**6. Exploration and evaluation assets**

On October 09, 2013 the Company incorporated a subsidiary Ona Power Oil and Gas Corp. in the state of Delaware, USA (“Ona”). The company drilled the Doug Norris Well in Fentress County Tennessee at a cost of US\$ 50,000, but it didn’t complete. The company then drilled the Eddie Dean Smith #5 Well at a cost of US\$35,000 and it did complete. Ona entered into a joint venture agreement with Keblo Energy, LLC whereby Ona acquired a 50% working interest and a 42.5% net revenue interest in a permit for Eddie Dean Smith #5 Well by paying \$50,000.

Keblo Energy, the operator, arranged to complete a sand frac on Eddie Dean Smith #5 Oil Well in Pickett County Tennessee. On May 8, 2014 Keblo reported that the Well tested at 4,800 lbs. of pressure and was placed on a pump. The frac job was completed at a cost of US\$ 50,000. On June 6<sup>th</sup> the operator reported that the well has now settled and is producing about 15 bbls per day.

The Company earns 100% of the net revenue until payout of its expenditures of US\$ 135,000. Upon payout, the Company will earn 50% of the net cash flow, which is estimated at \$38,000 per month.

**7. Payables and accrued liabilities**

	<b>June 30, 2014</b>		<b>September 31, 2013</b>	
	\$		\$	
Accounts payable		10,500		2,690
Accrued liabilities		8,000		8,000
Due to related party		-		27,200
	\$	18,500	\$	37,890

**8. Share capital**

*Authorized share capital*

Unlimited number of common shares without par value

*Issued share capital*

On June 30, 2014 there were a total of 36,753,079 common shares issued and outstanding (September 30, 2013 - \$36,753,079).

*Financings*

On August 27, 2013 the Company closed a non-brokered private placement of 20,000,000 shares at a price of \$0.015 per share for gross proceeds of \$300,000. \$30,000 of the subscriptions was received during the three month period ended December 31, 2013.

*Stock options*

The Company has adopted a stock option plan whereby the Company may from time to time grant to directors, officers, employees and consultants options to purchase common shares of the Company provided that the number of options granted, including all options granted by the Company to date, does not exceed 10% of the Company’s common shares issued and outstanding at the time of granting stock options. Options may be exercised no later than 90 days following cessation of the optionee’s position with the Company or 30 days following cessation of an optionee conducting investor relations activities’ position.

The Company did not grant any options during the nine month period ended June 30, 2014 or during the year ended September 30, 2013.

There were 241,667 options outstanding at the nine month period ended June 30, 2014 and at the year ended September 30, 2013 with an exercise price of \$0.30 and a weighted average remaining life of 2.25 years.

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**Share Purchase Warrants**

The Company did not issue any warrants during the nine month period ended June 30, 2014 or during the year ended September 30, 2013.

As at June 30, 2014 and September 30, 2013, there were 2,666,666 warrants outstanding with the weighted average exercise price and the weighted average remaining life of \$0.05 and 1.5 years respectively.

**Reserves**

**Stock option reserve**

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

**Warrant reserve**

The warrant reserve records items recognized as warrants until such time that they are exercised, at which time the corresponding amount will be transferred to share capital.

**9. Related party transactions**

**Related party balances**

As at June 30, 2014, \$10,500 (September 30, 2013-\$27,200) was owing to the Chief Executive Officer (“CEO”) of the Company, Lucky Janda. The amounts are and were unsecured, non-interest bearing and due on demand. The 2013 \$27,000 amount was acquitted during the three month period ended December 31, 2013.

**Related party transactions**

The Company incurred the following transactions with a Company controlled by the CEO, Lucky Janda:

	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Rent	22,500	22,500
	\$ 22,500	\$ 22,500

**Key management personnel compensation**

During the nine month period ended June 30, 2014, the Company incurred \$1,950 (June 30, 2013 - \$1,769) for accounting services to a company controlled by the Chief Financial Officer (“CFO”), Jamie Lewin.

**10. Income Taxes**

As at June 30, 2014, the Company’s has \$5,006,187 in non-capital losses which expire as follows:

<b>Year</b>	<b>Amount</b>
2015	145,848
2026	610,913
2027	677,234
2028	1,352,301
2029	1,203,313
2030	571,354
2031	73,625
2032	124,322
2033	69,272
<b>Total</b>	<b>\$ 4,828,181</b>

**11. Financial instruments and risk management**

AAN Ventures Inc.  
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**11. Financial instruments and risk management (continued)**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is high credit quality of financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its sales tax receivable, which is due from the Government of Canada. The risk is determined to be low.

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

***Foreign exchange risk***

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

***Capital Management***

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of cash and share capital.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

***Classification of financial instruments***

Financial assets included in the statement of financial position are as follows:

		<b>June 30, 2014</b>		<b>September 30, 2013</b>
Cash	\$	101,157	\$	197,083

Financial liabilities included in the statement of financial position are as follows:

AAN Ventures Inc.  
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**12. Financial instruments and risk management (continued)**

	<b>June 30, 2014</b>	<b>September 30, 2013</b>
Non-derivative financial liabilities:		
Accounts payable	\$ 10,500	\$ 2,690
Accrued liabilities	8,000	8,000
Due to related parties	-	27,200
	<b>\$ 18,500</b>	<b>\$ 37,890</b>

***Fair value***

The fair value of the Company's financial assets and liabilities approximates their carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at June 30, 2014 and September 30, 2013:

	As at June 30, 2014		
	Level 1	Level 2	Level 3
Cash	\$ 101,157	\$ -	\$ -
	As at September 30, 2013		
	Level 1	Level 2	Level 3
Cash	\$ 197,083	\$ -	\$ -

**13. Subsequent Events**

On July 23, 2014 the Company announced that its wholly owned subsidiary, Ona Power Oil & Gas Corp. has entered into a joint venture agreement to drill up to ten (10) oil and/gas wells in the State of Tennessee upon various leases that have been located and have existing wells on them. The leases have been secured by Keblo Energy, LLC, the joint venture partner.