AAN Ventures Inc.

Management's Discussion and Analysis

For the Three Months Ended
December 31, 2014

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. constitutes management's review of the factors that affected the Company's financial and operating performance for the quarter ended December 31, 2014 and should be read in conjunction with the Company's consolidated financial statements for the quarter ended December 31, 2014 and audited annual financial statements and MD&A for the year ended September30, 2013. These financial statements and management discussion have been prepared in Canadian dollars unless otherwise stated, and in accordance with International Financial Reporting Standards ("IFRS").

Date

This document is dated January 23, 2014.

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 Securities Exchange ("CSE") under the symbol ("ANN").

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

Overall Performance

On October 09, 2013 the Company incorporated a subsidiary Ona Power Oil and Gas Corp. in the state of Delaware, USA ("Ona").

During the year ended September 30, 2014, through its subsidiary, the Company entered into a joint venture agreement with Keblo Energy, LLC ("Keblo") whereby the Company will acquire a 50% working interest and a 42.5% net revenue interest in a permit for an oil and gas well located in Tennessee, USA by paying US$50,169. Based on preliminary drilling results, management has decided not to pursue the project and the cost has been recorded as property investigation costs.

Prior to the current year, 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 but has not been pursued.

Ability to Continue as a Going Concern

The Company incurred a net loss of $14,730 for the quarter ended December 31, 2014, has an accumulated deficit of $29,423,963 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

Selected Annual Information

The following table summarizes selected data for the Company prepared in accordance with International Financial Reporting Standards (IFRS).

	September 30 2014[1]	September 30 2013	September 30 2012
	IFRS	IFRS	IFRS
	$	$	$
Expenses	129,088	69,272	126,661
Net income (loss)	(117,568)	(69,272)	(124,322)
Total assets	91,435	197,828	56,687
Net earnings (loss) per share (basic and diluted)	(0.00)	(0.00)	(0.00)

1 – Net loss includes $54,348 property investigation costs.

Selected Quarterly Information

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

	Q1-15	Q4-14	Q3-14	Q2-14
	IFRS	IFRS	IFRS	IFRS
	$	$	$	$
Revenue	-	11,520	Nil	Nil
Net loss	(14,730)	(74,246)	(18,763)	(10,384)
Basic & Diluted Loss per Share	(0.00)	(0.00)	(0.00)	(0.00)
Weighted Average Shares	36,753,079	36,753,079	33,553,079	28,753,079

	Q1-14	Q4-13	Q3-13	Q2-13
	IFRS	IFRS	IFRS	IFRS
	$	$	$	$
Revenue	Nil	Nil	Nil	Nil
Net loss	(14,175)	(23,488)	(18,733)	(12,237)
Basic & Diluted Loss per Share	(0.00)	(0.00)	(0.00)	(0.00)
Weighted Average Shares	22,506,504	18,616,094	16,753,080	16,753,080

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

Results for the three month period ended December 31, 2014

Operating expenses for the three month period totaled $14,730 (December 31, 2013 - $14,175). Significant expenses were $9,000 (December 31, 2013 - $Nil) and regulatory/transfer agent $4,098 (December 31, 2013 - $5,106).

Related party balances

As at December 31, 2014, $5,000 (December 31, 2013 - $Nil) was owing from a relative of the Chief Executive Officer ("CEO") of the Company. The amount is unsecured, non-interest bearing and due on demand.

Related party transactions

The Company incurred the following transactions with related parties

		December 31, 2014		**December 31, 2013**
Rent	$	9,000	$	-
	$	9,000	$	-

Key management personnel compensation

During the three months ended December 31, 2014, the Company incurred $750 (December 31, 2013 - $780) for accounting services to a company controlled by the Chief Financial Officer ("CFO").

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

Issued and outstanding:

	No. of Shares		Amount
Balance, September 30, 2012	16,753,079	$	22,809,240
Private placement	20,000,000		300,000
Balance, September 30, 2013	**36,753,079**		**23,109,240**
Balance,September 30, 2014	**36,753,079**		**23,109,240**
At document date	**36,753,079**	$	**23,109,240**

Share Purchase Warrants

Expiry Date	Exercise Price	Balance December 31, 2014	Issued (Exercised)	(Expired)	Balance at document date
January 7, 2016	$ 0.15	2,666,666	-	-	2,666,666
Total		2,666,666	-	-	2,666,666
Weighted Average Exercise Price		$ 0.05			$ 0.05
Weighted Average Life Remaining		1 year			.9 years

Share Purchase Options

Options Expiry Date	Exercise Price $	December 31, 2014	Granted	Balance at document date
March 1, 2016	0.30	241,666	-	241,666

On the document date, the weighted average exercise price and weighted average remaining life of the Company's outstanding stock options are $0.30 and 1.25 years respectively.

Liquidity and Capital Resources

At December 31, 2014, the Company had a working capital surplus of $36,824 and (September 30, 2014 - $74,753).

	December 31, 2014 $	September 30, 2014 $
Current assets	44,824	91,435
Current Liabilities	(8,000)	(16,682)
Working capital	36,824	74,753

Management believes the Company has adequate liquidity to settle its liabilities when they come due. However, the resources on hand will 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.

Transactions during the Quarter

On December 8, 2014, the Company entered into a loan agreement with Keblo whereby the Company advanced US$20,000 to Keblo. Keblo will repay the Company US$1,000 per month starting June 8, 2015 until the amount is repaid and the Company will receive a 26% net working interest in Keblo's two oil and gas wells located in Pickett County, Tennessee, USA.

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Accounting Policies

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, 2014.

New Accounting standards

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 IAS 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.

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.

Financial Instruments and Risks Management

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:

		December 31, 2014		**September 30, 2014**
Cash	$	35,627	$	83,043

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

		December 31, 2014		September 30, 2014
Non-derivative financial liabilities:				
Accounts payable	$		$	8,682
Accrued liabilities		8,000		8,000
	$	8,000	$	16,682

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 December 31, 2014 and September 30, 2014:

	As at December 31, 2014				
		Level 1		Level 2	Level 3
Cash	$	35,627	$	- $	-

	As at September 30, 2014				
Cash	$	83,043	$	- $	-

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. 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

Lucky Janda, President, CEO and Director
Jamie Lewin – CFO
Eugene Beukman – Director
Tom Kennedy - Director
J. Lewis Dillman – Director

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