MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is dated November 28, 2014 and should be read in conjunction with the unaudited condensed interim financial statements of Aroway Energy Inc. ("Aroway" of the "Company") for the three months ended September 30, 2014. The MD&A should also be read in conjunction with the audited annual financial statements and MD&A for the year ended June 30, 2014. The unaudited condensed interim financial statements do not include all the information required for annual financial statements. Aroway prepares its unaudited condensed interim financial statements in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting, under International Financial Reporting Standards ("IFRS"), as set out in Part 1 of the Handbook of the Canadian Institute of Chartered Accounts ("CICA Handbook").

BUSINESS DESCRIPTION AND READER GUIDANCE

Aroway is a Canadian oil and gas company incorporated on March 27, 1980. The principal business activities of the Company are the exploration, development and production of oil and gas properties and it is considered to be in the exploration stage.

The Company's financial statements were prepared in accordance with IFRS that are applicable to a going concern, which contemplate the realization of assets and the settlement of liabilities and commitments in the normal course of business. At September 30, 2014, the Company had accumulated losses of $36,974,051, since inception (June 30, 2014: $36,851,401) a working capital deficiency of $ 9,454,284. (June 30, 2014: $9,247,334).

The Company's ability to continue as a going concern is dependent upon the ability to generate profitable operations and/or raise the necessary debt or equity financing to meet obligations and repay liabilities as they come due. The Company plans to explore all alternatives possible for securing its financial viability including joint ventures, debt and equity financings, merger opportunities and asset dispositions. There are no assurances that the Company will be successful with these initiatives and there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Barrel of oil equivalent ("BOE") is a measure used throughout the MD&A which may be misleading, particularly if used in isolation. BOE amounts have been calculated using an energy equivalency conversion ratio of six thousand cubic feet ("mcf") of natural gas to one barrel of oil. This conversion method is primarily applicable at the burner tip and does not represent value equivalency at the wellhead.

References to production are to Aroway's working interest share of production before deducting royalties and including any royalty interest income.

FORWARD-LOOKING INFORMATION

Certain information in this MD&A is forward-looking and is subject to important risks and uncertainties. The results or events predicted in this information may differ materially from actual results or events. Factors which could cause actual results or events to differ materially from current expectations include the ability of the Company to implement its strategic initiatives, the availability and price of energy commodities, government and regulatory decisions, plant availability, competitive factors in the oil and gas industry and prevailing economic conditions in the regions the Company operates. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "project", "predict", "potential", "could", "might", "should" and other similar expressions.

The Corporation believes the expectations reflected in forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct. These forward-looking statements speak only to the date of this MD&A. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required pursuant to applicable securities laws.

OVERALL PERFORMANCE

Performance Highlights (from continuing operations)

	Three months ended September 30, 2014	Three months ended September 30, 2013
Gross petroleum and natural gas sales	$ 2,312,210	$ 2,839,953
Net income (loss)	$ 122,650	$ 319,599
Net income (loss) per share – basic and diluted	$ 0.00	$ 0.01
BOE	27,691	36,755
Average realized price		
Oil and natural gas liquids *(per bbl)*	$ 83.50	$ 93.03
Natural gas *(per mcf)*	$ n/a	$ 2.46
Cash from (used) in operations	$ 1,059,006	$ 514,930
Total assets	$ 8,977,077	$ 9,663,149
Capital expenditures	$ 579,167	$ 259,086

During the first three months of fiscal 2015, Aroway strengthened its financial position by reducing its debt position by repayment of both the term loan and finance lease obligation. During the three months ended September 30, 2014 the Company reduced its debt by $503,424 and currently continues to reduce its debt position by approximately $335,000 per month. During the first quarter, the Company realized lower market prices from the sale of oil, and with decreased production resulting from the need to work over wells at the West Hazel property. As a result, revenue for the three month period ended September 30, 2014 from crude oil and natural gas sales decreased to $2,312,210 in 2014 from $2,839,953 for the same period in 2013. During the first three months of fiscal 2015, Aroway's capital expenditures increased to $579,167 (2013 - $259,086, includes discontinued operations) with the expenditures being primarily the purchase of land at Kerrobert. Net loss was $ (122,650) for the three month period ended September 30, 2014 compared to a net income of $319,599 for the same period in 2013. The net loss is the result of the lower realized commodity prices and the decreased production resulting from the need to work over wells at the West Hazel property. Cash flows provided by operations of $1,059,006, versus $514,930 in the period ended September 30, 2014 and 2013 respectively is the result of change in non-cash working capital.

During the period, the Company acquired certain freehold oil and gas rights pursuant to its Jan 16, 2014 seismic option agreement for lands in the Kerrobert area.

RESULTS OF OPERATIONS (from continuing operations)

Revenue

Summary of first quarter of fiscal 2015 and 2014 revenue:

	Three months ended September 30,	
	2014	**2013**
Gross petroleum and natural gas sales	$2,312,210	$ 2,839,953

During the three months ended September 30, 2014, revenue decreased to $2,312,210 from $2,839,953 in 2013. The decrease in revenue is attributed to realized lower market prices from the production of oil, and along with decreased production resulting from the need to work over wells at the West Hazel property. During the first quarter of fiscal 2015, the Company realized an average price of $83.50 per BOE in 2014 compared to $86.57 per BOE in 2013. The decrease in the realized price is the result of the decrease in the spot price for oil and gas products. Currently, the Company does not hedge against market price risk. The 2013 comparable numbers have been adjusted to reflect the disposition of the Worsley property.

Production

	Three months ended September 30,	
	2014	**2013**
Production – BOE		
Oil	27,691	30,861

The Company's overall production for the quarter ended September 30, 2014 decreased 3,170 BOE to 27,691 BOE in 2014 compared to 30,861 BOE in 2013. The result is due to decreased production resulting from the need to work over wells at the West Hazel property. The 2013 comparable numbers have been adjusted to reflect the disposition of the Worsley property.

Royalties

	Three months ended September 30,	
	2014	**2013**
Royalties	$ 942,522	$ 753,471

Royalty expense for the first three months of fiscal 2015 was $942,522 compared to $753,471 in 2013, representing an increase of $189,051. Royalties as a percentage of revenue is 40.76% in 2014 compared to 26.53% in 2013. The increase in the royalty rate is the result of the Worsley disposition removing a number of marginal production wells paying a marginal royalty rate, and the remaining Kirkpatrick Lake and West Hazel wells producing at higher rates attracting higher royalties. The 2013 comparable numbers have been adjusted to reflect the disposition of the Worsley property.

Production Costs

	Three months ended September 30,	
	2014	2013
Production costs	$ 553,522	$ 681,076

Production costs were $553,522 in 2014 compared to $681,076 in 2013, representing a decrease of $127,554 or 18.72% for the first quarter of fiscal 2015. The decrease is the result of the West Hazel disposal facility reducing the amount of emulsion hauling and oil treating costs.

Consulting Fees

	Three months ended September 30,	
	2014	2013
Consulting fees	$ 113,224	$ 144,927

Consulting fees were $113,224 for the three month period ending September 30, 2014 and $144,927 for 2013, representing a decrease of $31,703. The decrease in the consulting fees is the result of reduced amounts paid for communications and third party engineering costs.

Professional Fees

	Three months ended September 30,	
	2014	2013
Professional fees	$ 24,338	$ 29,472

Professional fees were $24,338 for the three month period ending September 30, 2014 and $29,472 for 2013, representing a decrease of $5,134. The decrease in the professional fees relates to the amounts paid for audit and legal services for general business matters.

Stock Based Compensation

	Three months ended September 30,	
	2014	2013
Stock based compensation	$ nil	$ 18,641

Stock based compensation decreased to nil for the three months ended September 30, 2014 from $18,641 in 2013. The change is the result of the Company not granting any stock options in the period.

Depletion and Depreciation

	Three months ended September 30,	
	2014	2013
Depletion and depreciation	$ 491,555	$ 517,690

Depletion and depreciation expense of $491,555 for the three month period ended September 30, 2014 decreased by $26,135 from $517,690 for the same period in 2013. The decrease in depletion and depreciation is attributed to the increase in West Hazel reserves due to the installation of the disposal facility and its economic effect of extending the life of the reserves by decreasing the operational costs associated with producing such reserves. The 2013 comparable numbers have been adjusted to reflect the disposition of the Worsley property.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Aroway utilizes existing cash and the issuance of equity instruments to provide liquidity to the Company and finance development projects. The Company plans for major capital programs and preserves cash and plans equity issuances to finance these programs.

The following table shows how the activities of the Company were financed:

	September 30, 2014	September 30, 2013
Cash on hand, beginning of period	$ 240,973	$ 715,678
Cash flow from operations:		
Funds from operations	372,216	891,367
Changes in working capital	686,790	(342,463)
Cash flow from financing	(503,424)	(950,000)
Available for investments	796,555	314,582
Cash flow used in investing	(579,167)	(259,086)
Cash on hand, end of period	$ 217,388	$ 55,496

The decrease in funds from operations of $519,151 compared to funds from operations of $372,216 at September 30, 2014 is a result of the decrease in revenue from lower average realized prices and the shutdown of West Hazel production during the disposal facility construction period and need to work over certain West Hazel wells. Fluctuations in working capital represented a cash inflow of $686,790 at September 30, 2014 compared to a cash outflow of $342,463 at September 30, 2013, resulting in an increase in accounts payable. Cash flow from financing arose from the repayment of $503,424 on the Company's debt. At September 30, 2013, the Company had cash outflow from financing of $950,000 (which resulted from the proceeds on credit facility). During first three months of fiscal 2014, the Company spent $579,167 on investing activities. These activities include the acquisition of land and work over costs on wells. For the three month period ended September 30, 2013, the Company spent $259,086 on well work over activities.

The following table shows the capital of the Company:

	September 30, 2014	June 30, 2014
Cash	$ 217,388	$ 240,973
Term loan	$ (915,291)	$ (1,141,028)
Short-term debt	$ (832,731)	$ (805,599)
Finance lease obligation	$ (920,135)	$ (1,224,954)
Shareholders' equity	$ 2,199,855	$ 2,077,205
Net capital	$ (250,914)	$ (853,403)

The decrease in the shareholders' equity in the year is primarily the result of the increase in the accumulated deficit due to operations and trade payables.

Working Capital

Working capital deficiency increased from $9,247,334 as of June 30, 2014 to $9,454,284 at September 30, 2014. An increase of $206,950 in working capital deficiency was due to the contractual obligation to acquire certain freehold oil and gas rights.

Cash and cash equivalents decreased $23,585 from $240,973 at June 30, 2014 to $217,388 at September 30, 2014 resulting from the pay down of accounts payable. Amounts receivable increased by $5,900 to $654,852 as of September 30, 2014 from $648,952 as of June 30, 2014. The increase in current liabilities is due to the increase in accounts payable and accrued liabilities.

Contractual Obligations

The Company has a commitment to make monthly principal and interest payments on short term debt, term loan and a finance lease.

SELECTED QUARTERLY FINANCIAL INFORMATION (prepared in accordance with IFRS)

Financial Quarter Ended (Unaudited)

	2015 Sept 30	2014 Jun 30	2014 Mar 31	Dec 31
Gross Revenue	$ 2,312,210	$ 2,292,804	$ 1,509,297	$ 3,164,024
Net income (loss):	$ (122,650)	$ (3,577,125)	$ (1,120,923)	$ 221,631
Basic income (loss) per share	$ 0.00	$ (0.07)	$ (0.02)	$ 0.00
Diluted income (loss) per share	$ 0.00	$ (0.07)	$ (0.02)	$ 0.00
Total assets	$ 8,977,077	$ 8,905,108	$ 11,064,746	$ 10,535,067

	2013 Sept 30	2013 Jun 30	2013 Mar 31	2013 Dec 31
Gross Revenue	$ 3,181,959	$ 2,383,965	$ 2,030,500	$ 1,754,010
Net income (loss)	$ 319,599	$ (6,061,180)	$ (1,167,382)	$ (622,367)
Basic income (loss) per share	$ 0.01	$ (0.10)	$ (0.02)	$ (0.01)
Diluted income (loss) per share	$ 0.01	$ (0.10)	$ (0.02)	$ (0.01)
Total assets	$ 9,663,149	$ 10,336,072	$ 17,026,082	$ 17,053,851

In the first quarter of fiscal 2015, revenue and net income has increased resulting from the increase in production from the West Hazel wells due to a work over.

In the third quarter of fiscal 2014, net loss increased resulting from the temporary shut-in of the West Hazel property occurred as the water disposal facility was constructed. As a result production decreased, in that short period.

In the fourth quarter of fiscal 2013, revenue and net loss had increased resulting from the increase in average realized prices in the period along with the impairment taken on the Worsley property.

In the third quarter of fiscal 2013, revenue has increased resulting from the acquisition of the West Hazel property and the Kirkpatrick Lake well commencing commercial operations offset by the lower average realized price. Net loss has increased from the second quarter of fiscal 2013 due to the increased operating costs resulting from the decreased production at the Worsley property, the increase in depletion as a result of the increase in production, and the increase in consulting fees resulting in the additional individuals required as a result of the Company becoming an operator.

OFF-BALANCE SHEET ARRANGEMENTS

Disclosure is required of all off-balance sheet arrangements that are reasonably likely to have a current or future effect on the results of operations or financial condition of the Company. Aroway does not have such off-balance sheet arrangements.

BUSINESS RISKS

In the normal course of business the Company is exposed to a variety of risks and uncertainties. In addition to the risks associated with liquidity and capital resources, critical accounting estimates, financial instruments, credit risk and market risk described in this MD&A, the Company is exposed to various operational, technical, financial and regulatory risks and uncertainties, many of which are beyond its control and may significantly affect future results. Operations may be unsuccessful or delayed as a result of competition for services, supplies and equipment, mechanical and technical difficulties, the ability to attract and retain employees and contractors on a cost-effective basis, commodity and marketing risk and seasonality.

The Company is exposed to considerable risks and uncertainties including, but not limited to;

- finding oil and natural gas reserves on an economical basis;
- uncertainties related to estimating the Company's reserves;
- financial risks including access to debt or equity markets which the Company is dependent upon in order to meet obligation and liabilities as they fall due;
- technical problems which could lead to unsuccessful wells, well blowouts and environmental damage;
- obtaining timely regulatory approvals;
- third party related operational risks including the ability to obtain access to wells, access to third party gathering and processing facilities, access to pipeline, railway and other transportation infrastructure;
- fluctuations in commodity prices;
- adverse factors including climate, geographical and weather conditions and labour disputes;
- timing of future debt and other obligations and lender uncertainty;
- regulatory legislation and policies, including the fulfilment of contractual minimum work programs, the compliance with which may require significant expenditures and non-compliance with which may result in fines, penalties, production restrictions, suspensions or revocations of contracts;
- changes to taxation policies, laws and interpretations thereof; and
- obtaining comprehensive and appropriate insurance coverage at reasonable rates;

CHANGES IN ACCOUNTING POLICIES

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions, based on its experience, concerning the future in applying accounting policies and practices involving the use of estimates that are critical in determining the financial results of the Company.

Adoption of new and revised standards and interpretations

At the date of authorization of these Interim Condensed Financial Statements, the IASB and IFRIC has issued the following new and revised standards, amendments and interpretations which are not yet effective during the year ended June 30, 2014 and for the three month period ended September 30, 2014

- The IASB has undertaken a three-phase project to replace IAS 39 *'Financial Instruments: Recognition and Measurement*' with IFRS 9 *'Financial Instruments'*. In November 2009, the IASB issued the first phase of IFRS 9, which details the classification and measurement requirements for financial assets. Requirements for financial liabilities were added to the standard in October 2010. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. In July 2013, the IASB deferred the mandatory effective date of IFRS 9 and has left this date open pending the finalization of the impairment and classification and measurement requirements. IFRS 9 is still available for early adoption.

- IFRS 2 *'Share-based Payments'* is an amendment to clarify the definition of vesting conditions and separately define a performance condition and a service condition. The amendments are effective for a share-based payment transaction for which the grant date is on or after July 1, 2014.

- IFRS 3 *'Business Combinations'* is an amendment to clarify the definition of contingent consideration. The amendments are effective for business combinations for which the acquisition date is on or after July 1, 2014.

- IFRS 8 *'Operating Segments'* is an amendment that clarifies aggregation criteria. The amendments are effective for annual periods beginning on or after July 1, 2014.

- IAS 24 *'Related Party Disclosures'* amendments clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclosure amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

- IAS 36 *'Impairment of Assets'* was amended to require disclosure of the recoverable amount of impaired assets and requires additional disclosures about the measurement of the recoverable amount when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

- IFRIC 21 *'Levies'* provides guidance on the accounting for levies within the scope of IAS 37 provisions, contingent liabilities and contingent assets. The main feature of IFRIC 21 are the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation, and the liability to pay a levy is recognized progressively if the obligation event occurs over a period of time. The standard is effective for annual periods beginning on or after January 1, 2014.
- IFRS 7 *'Financial Instruments: disclosure'* and IAS 32 '*Financial Instruments: Presentation'* is effective for annual periods beginning on or after January 1, 2014 and revises certain aspects of the requirements on offsetting.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

CONTROLS AND PROCEDURES

Disclosure controls and procedures ('DC&P') are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ('ICFR') are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

TSX Venture listed companies are not required to provide representations in filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument MI- 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer 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 (b) 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 issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosures of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 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.

TRANSACTIONS WITH RELATED PARTIES

During the three months ended September 30, 2014, the Company expensed $67,500 (2013 - $45,000) to directors, officers, former officers or companies controlled by directors or officers for accounting services and legal services.

As at September 30, 2014, amounts due to related party of $369,332 (June 30, 2013 - $324,178) are included in accounts payable and accrued liabilities. The amounts are non-interest bearing, unsecured and have no fixed terms of repayment.

These transactions are in the normal course of operations and are measured at the exchange amount established and agreed to by the related parties.

OUTSTANDING SHARE DATA

Common shares

The following table sets forth the Company's outstanding share data:

Total common shares September 30, 2014	61,769,160
Total outstanding warrants	4,584,741
Total outstanding stock options	4,182,000
Total diluted common shares at November 25, 2014	70,535,901

SUBSEQUENT EVENT DISCLOSURE

Nil

End.