FORM 5

QUARTERLY LISTING STATEMENT

Name of CNSX Issuer: ONA POWER COPR. (the "Issuer").

Trading Symbol: OPO

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the CNSX.ca website.

General Instructions

(a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the CNSX Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS - ATTACHED

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.

(b) A description of the transaction(s), including those for which no amount has been recorded.

(c) The recorded amount of the transactions classified by financial statement category.

(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.

(e) Contractual obligations with Related Persons, separate from other contractual obligations.

(f) Contingencies involving Related Persons, separate from other contingencies.

Loans totaling 4,278,319 (RMB 24 million) to the Company's subsidiary, by the subsidiary's minority shareholders. The loans are unsecured and are due October 1, 2009, at an interest rate of 10% per annum.

$48,319 owing to two shareholders of the company. These amounts are unsecured, non-interest 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.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

No securities were issued during the period

Date of Issue	**Type of Security (common shares, convertible debentures, etc.)**	**Type of Issue (private placement, public offering, exercise of warrants, etc.)**	**Number**	**Price**	**Total Proceeds**	**Type of Consideration (cash, property, etc.)**	**Describe relationship of Person with Issuer (indicate if Related Person)**	**Commission Paid**

(b) summary of options granted during the period,

No options were granted during the period

Date	**Number**	**Name of Optionee if Related Person and relationship**	**Generic description of other Optionees**	**Exercise Price**	**Expiry Date**	**Market Price on date of Grant**

Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
(b) number and recorded value for shares issued and outstanding,
(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

Class	Number authorized	Number of shares outstanding	Share Capital
Common shares, without par value,	Unlimited	42,296,363	$20,964,569

The following tables summarize the status of the Company's share purchase warrants and options outstanding as at June 30, 2009:

	Number of warrants / options	**Exercise price**	**Expiry Date**
Warrants	17,527,454	$0.50	March 10, 2011
Warrants	3,805,255	$0.75	March 10, 2011
Options	50,000	$0.60	February 28, 2010
Options	901,000	$1.50	August 17, 2011
Options	925,000	$1.50	September 11, 2011
Options	100,000	$1.00	May 27, 2012
Options	955,000	$0.85	October 21, 2012
Options	75,000	$0.75	March 5, 2013
Options	50,000	$0.75	March 18, 2013
Options	50,000	$0.75	April 4, 2013
Options	150,000	$0.80	October 22, 2009

The following tables summarize the status of the Company's share purchase warrants and options outstanding as at June 30, 2009:

Total convertible debenture	Conversion Price	Number of shares convertible	Maturity
$6,940,737	$0.60	11,567,895	October 31, 2009

No shares were subjected to escrow or pooling agreements or any other restriction on transfer as at June 30, 2009.

3. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

NIKOLAS PERRAULT, CFA - Director
JOHN F. WONG - B.A.Sc., P. Eng. - Director
MAHMOUD S. AZIZ, - Director
LUCKY JANDA - Director

ABDUL NURMOHAED - Director
SANDEEP POONIA – Director, President & CEO
THOMAS KENNEDY - Director
STEVEN KWOK, CPA, CMA - CFO

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: September 4, 2009.

Steven Kwok
Name of Director or Senior Officer

"Steven Kwok"
Signature

CFO
Official Capacity

Issuer Details Name of Issuer: Ona Power Corp.	For Quarter Ended June 30, 2009	Date of Report September 4, 2009
Issuer Address: 1250 West Hastings Street		
City/Province/Postal Code Vancouver, British Columbia V6E 2M4	Issuer Fax No. (604) 408-9301	Issuer Telephone No. (604) 685-2542
Contact Name Nikolas Perrault	Contact Position Director	Contact Telephone No. (604) 685-2542
Contact Email Address info@onapowercorp.com	Web Site Address www.onapowercorp.com	

ONAPOWER

ONA POWER CORP.
(FORMERLY ONA ENERGY INC.)

Consolidated Financial Statements
UNAUDITED - Prepared by Management
(Expressed in Canadian Dollars)
June 30, 2009

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim consolidated financial statements of the Company for the three and nine month periods ended June 30, 2009 and 2008, have been prepared in accordance with Canadian generally accepted accounting principles and are the responsibility of the Company's management.

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

ONA POWER CORP. (Formerly Ona Energy Inc.)

Consolidated Balance Sheets

UNAUDITED - Prepared by Management

(Stated in Canadian Dollars)

		June 30, 2009		September 30, 2008
ASSETS				
Current assets				
Cash and cash equivalents	$	164,103	$	1,859,007
Inventory		1,111,554		977,854
Accounts receivable		148,077		1,221,773
Prepaid expenses and other receivable		845,553		199,618
Due from related parties		-		17,437
Total current assets		2,269,287		4,275,689
Oil and gas properties (note 5)		4		4
Property, plant and equipment (note 6)		47,279,202		44,316,319
Licenses and permits		5,542,247		5,542,247
Total Assets	$	55,090,740	$	54,134,259
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$	13,699,332	$	11,739,371
Short term loan (note		-		774,000
Due to related parties (note 11)		4,776,638		4,144,013
Total current liabilities		18,475,970		16,657,384
Convertible debentures (note 7)		7,071,429		6,491,113
Long-term debt (note 8)		13,616,000		12,384,000
Future income tax liability		1,385,562		1,385,562
Other long term liabilities		-		159,494
Total Liabilities		40,548,961		37,077,553
Non-controlling interest		3,457,694		4,390,970
Shareholder' Equity				
Share capital (note 9)		20,964,569		20,964,569
Contributed Surplus (note 12)		4,053,970		4,019,959
Accumulated other comprehensive income (loss)		3,117,877		1,501,299
Deficit		(17,052,331)		(13,820,091)
Total Shareholders' Equity		11,084,085		12,665,736
Total Liabilities and Shareholders' Equity	$	55,090,740	$	54,134,259

Nature of continuance of operations (note 1)

Commitments and contingencies (note 10)

Subsequent events (note 17)

Approved by the Board of Directors

"Sandeep Poonia"
Director

"Nikolas Perrault"
Director

The accompanying notes are an integral part of these consolidated financial statements

ONA POWER CORP. (Formerly Ona Energy Inc.)

Consolidated Statements of Operations, Comprehensive Loss and Deficit

UNAUDITED - Prepared by Management

(Stated in Canadian Dollars)

	For three months ended June 30, 2009	For three months ended June 30, 2008	For nine months ended June 30, 2009	For nine months ended June 30, 2008
Revenue	380,874	-	8,519,723	-
Direct costs	796,840	-	8,829,429	-
	(415,966)	-	(309,706)	-
Operating expenses				
Accrection of interest	$ 48,183	$ -	$ 127,277	$ -
Amortization	343,692	9,296	1,068,352	110,409
Business development	(51,857)	30,547	76,059	91,509
Consulting	36,501	335,742	165,327	366,712
Interest expenses	661,245	607,372	1,676,420	607,372
Investor relations	846	1,639	3,523	6,696
Office and general	79,795	99,174	365,991	180,334
Occupancy & administration	20,000	30,000	50,000	90,000
Professional fees	16,406	66,466	363,521	171,405
Salaries	69,714	106,632	300,392	181,570
Stock based Compensation	8,798	-	34,011	197,672
Training	-	6,313	-	62,893
Travel	119,913	64,742	254,811	157,967
Trust and filing fees	177	3,604	12,093	35,962
Total operating expenses	1,353,413	1,361,527	4,497,777	2,260,501
Loss from operations	(1,769,379)	(1,361,527)	(4,807,483)	(2,260,501)
Other items				
Interest income	-	125,615	-	207,597
Foreign exchange gain (loss)	(217,976)	(2,632)	155,884	(27,635)
Loss before non-controlling interest	(1,987,355)	(1,238,544)	(4,651,599)	(2,080,539)
Non controlling Interest	669,769	141,772	1,419,359	324,655
Net loss for the period	$ (1,317,586)	$ (1,096,772)	$ (3,232,240)	$ (1,755,884)
Other Comprenhensive Income (loss)				
Net loss for the period	$ (1,317,586)	$ (1,096,772)	$ (3,232,240)	$ (1,755,884)
Unrealized gains (losses) on translation of self sustaining operations	(843,886)	1,479,760	1,616,578	-
Comprenhensive loss	$ (2,161,472)	$ 382,988	$ (1,615,662)	$ (1,755,884)
Net loss for the period	$ (1,317,586)	$ (1,096,772)	$ (3,232,240)	$ (1,755,884)
Deficit, beginning of period	(15,734,745)	(9,152,111)	(13,820,091)	(8,492,999)
Deficit, end of period	$ (17,052,331)	$ (10,248,883)	$ (17,052,331)	$ (10,248,883)
Basic and diluted loss per common share	$ (0.03)	$ (0.03)	$ (0.08)	$ (0.05)
Weighted average number of common shares	42,296,363	36,756,855	42,296,363	33,177,284

ONA POWER CORP. (Formerly Ona Energy Inc.)

Consolidated Statements of Cash Flows

UNAUDITED - Prepared by Management

(Stated in Canadian Dollars)

	For three months ended June 30, 2009	For three months ended June 30, 2008	For six months ended June 30, 2009	For six months ended June 30, 2008
Cash provided by (used for):				
Operating Activities				
Net loss for the period	$ (1,317,586)	$ (1,096,772)	$ (3,232,240)	$ (1,755,884)
Adjustment for items not involving cash:				
Accretion	48,183		127,277	
Allocation of subsidary's loss to minority	(669,769)	(141,772)	(1,419,359)	(324,655)
Amortization	343,692	9,296	1,068,352	110,409
Stock based compensation	8,798	-	34,011	197,672
	(1,586,682)	(1,229,248)	(3,421,959)	(1,772,458)
Net changes in non-cash working capital:				
Inventory	41,650		(133,700)	
Amounts receivable and prepaid expense	(44,434)	(1,199,062)	427,761	(1,235,189)
Accounts payable and accrued liabilities	(1,200,229)	(2,955,414)	1,959,961	(4,279,858)
	(2,789,695)	(5,383,724)	(1,167,937)	(7,287,505)
Investing Activities				
Prepayment for construction of power plant	-	257,523	-	257,523
Purchase of property and equipment	-	(216,332)	-	(238,828)
Sale of short-term investment	-		-	992,000
Power plant acquisition	-	1,609,236	-	(4,802,162)
	-	1,650,427	-	(3,791,467)
Financing Activities				
Due to related parties	-	277,521	-	2,812,899
Increase (decrease) in short term loan	-	(937,384)	(897,500)	509,500
Increase in deferred financing costs	-	(168,250)	-	(168,250)
Decrease in long term liabilities	-	(1,856,999)	-	(1,856,999)
Restricted cash	-		-	2,665,943
Increase in long term debt	-	1,272,000	-	1,272,000
Common shares issued for cash, net of issuing cost	-	6,274,580	-	6,749,330
	-	4,861,468	(897,500)	11,984,423
Increase in cash and cash equivalent	(2,789,695)	1,128,171	(2,065,437)	905,451
Effect of exchange rate changes on cash	1,484,196	1,745,761	370,533	1,479,760
Cash and cash equivalents - beginning of period	1,469,602	33,856	1,859,007	522,577
Cash and cash equivalents - end of period	$ 164,103	$ 2,907,788	$ 164,103	$ 2,907,788
Supplemental Cash Flow Information				
Cash paid for interest	$ 263,210	$ 607,302	$ 784,697	$ 607,302
Cash paid for income taxes	-	-	-	-

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

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 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").

Ona Energy is a Canadian-based international energy company focusing on the acquisition and development of power generation. The Company's main focus is the operation of a power plant in Yongxing, China (Note 4).

Basis of presentation
The consolidated financial statements are presented in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future.
The Company has incurred a net loss of $1,317,586 and $3,232,240 for the three and nine months periods ended June 30, 2009 (June 30, 2008 - $1,096,772 and $1,755,884) and at March 31, 2009 has an accumulated deficit of $17,052,331 (June 30, 2008 - $10,248,883). The Company had a working capital deficiency of $16,206,683 (June 30, 2008 – surplus of $173,207). To date, management has been able to finance the operations through the issuance of common stock and through related party and third party loans in order to meet its strategic objectives.

The Company's future business plan focuses on the operation and expansion of its power plant. The ability of the Company to continue as a going concern is dependent upon the Company's ability to obtain immediate financing on favourable terms to meet its current obligations as and when they fall due. There are no assurances that any such financing can be obtained on favourable terms, if at all. The Company's ability to obtain sufficient financing to continue the operations and future development of its power plant is uncertain. In view of these conditions, the ability of the Company to continue as a going concern is in substantial doubt and dependent on the ability of the Company to obtain necessary financing to fund ongoing operations. Without this financing and based on our estimated cash requirements through December 31, 2009, the Company does not expect its operations to generate sufficient cash flow to fund its obligations as they fall due, and the Company does not currently have other traditional sources of liquidity available to fund these obligations. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation
These consolidated financial statements include the accounts of the Company and its subsidiaries:

- Ona Power & Energy is a wholly-owned corporation. This Company is inactive.
- PT Muba Ona Oil is an 80% owned joint venture governed under the laws of Indonesia.
- Yongxing Power Plant Corporation ("YPPC") was acquired on August 21, 2007 as a 60% owned subsidiary. YPPC was incorporated under the laws of the Peoples Republic of China on December 1, 2004.

All significant intercompany transactions and balances have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates due to factors such as fluctuations in interest rates, currency exchange rates, inflation levels and commodity prices, changes in economic conditions and legislative and regulatory changes.

Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments that are readily convertible to cash with maturities of three months or less when initially purchased.

Inventory

The inventory balance represents oil, coal and supplies which is valued at the lower of cost and net realizable value. Inventory cost is determined using the weighted average method. The cost of the inventory includes all costs to purchase and other costs incurred in bringing the inventory items to its existing location and condition.

Interest capitalized

The Company capitalizes the interest expenses directly related to construction of the power plant and the amount is recorded in the cost of the power plant.

Revenue Recognition

Revenue is recognized upon delivery of electricity to the Hunan Electricity Power Corporation (the 'Grid') as metered at the point of interconnection with the transmission system in accordance with the Company's Electricity Purchase Agreement with the Grid.

Convertible Debentures

The Company accounts for its convertible debentures by the residual approach and assesses the allocation between the liability and the equity component. Interest expense, computed at the fair market value interest rate determined at the date of the issuance and assessed on the allocable liability amount, is recognized in the consolidated statements of operations. Costs incurred relating to convertible debenture financings are added to the amount of the liability and amortized using the effective interest method.

Foreign currency translation

The Company's functional and reporting currency is Canadian dollars and the functional currency of YPPC is Chinese Renminbi ("RMB"). The accounts of YPPC, all of which are considered to be self-sustaining foreign operations, are translated into Canadian dollars using the current rate method. Under this method, assets and liabilities are translated at the year-end exchange rates. Revenue and expenses are translated at the average rate during the year. Translation adjustments are reflected in other comprehensive income and accumulated other comprehensive income in shareholders' equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment

Property and equipment are recorded at cost. Amortization is provided for over the estimated useful life of the assets commencing when the asset is brought into use, using the following method and annual rates:

Buildings	50 year straight-line bases with a 3% residual value
Land use right	47 year straight-line bases with a 3% residual value
Machinery & equipment (boilers, turbine and generator)	year straight-line bases with a 3% residual value
Auxiliary machinery & equipment includes, but is not limited to, boiler cleaning equipment, fuel preparation and burning equipment	20 year straight-line bases with a 3% residual value
Other machinery & equipment	10 year straight-line bases with a 3% residual value
Automobiles	5 year straight-line bases with a 3% residual value
Furniture & fixtures	5 year straight-line bases with a 3% residual value

Buildings are stated at cost, which comprises of direct labor, material costs, engineering, related overhead costs directly attributed to construction and interest incurred during construction. Following completion of the first power plant unit during the year the estimated useful economic life of buildings was reassessed and increased from 30 to 50 years.

Licenses and permits
License and permit represents permission received to allow the Company to produce and sell electricity in China. License and permit is not amortized and is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. Impairment is assessed through a comparison of the carrying amount with its fair value. When assessing fair value, management is required to make estimates of future cash flows and business performance. When the fair value is less than its carrying amount, license and permit is considered to be impaired. Any impairment of license and permit is expensed in the period of impairment.

Oil and gas properties
The Company follows the full cost method of accounting for its oil and gas operations whereby all costs related to the acquisition of petroleum and natural gas interests are capitalized. Such costs include land and lease acquisition costs, annual carrying charges of non-producing properties, geological and geophysical costs, costs of drilling and equipping productive and non-productive wells, and direct exploration salaries and related benefits. These costs do not necessarily reflect present values. Proceeds from the disposal of oil and gas interests are recorded as a reduction of the related expenditures without recognition of a gain or loss unless the disposal would result in a change of 20 percent or more in the depletion rate.
Depletion and amortization of the capitalized costs will be computed using the unit-of-production method on producing properties, which will be based on the estimated proven reserves of oil and gas.
Oil and gas activities are conducted jointly with others and accordingly, the accounts reflect only the Company's proportionate interest in such activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimated future removal and site restoration costs are provided over the life of proven reserves on a unit-of-production basis. Costs, which include the cost of production, equipment removal and environmental clean-up, are estimated each period by management based on current regulations, costs, technology, and industry standards. The charge is included in the provision for depletion and depreciation and the actual restoration expenditures are charged to the accumulated provision accounts as incurred. As at September 30, 2007 these properties were abandoned by the Company resulting in any accumulated provision to be included in the loss on the disposal of the investment.

Stock-based compensation

The Company uses the fair value method for stock-based compensation granted to employees and non-employees of the Company and all direct awards of stock, in accordance with the CICA Handbook Section 3870 "Stock-Base Compensation and Other Stock-based Payments". The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-fee interest rates, dividend yields, volatility factors of the expected market price of the company's common shares and an expected life of the options. The fair value of direct awards of stocks is determined by the quoted market price of the Company's stock.

Asset retirement obligations

Accounting for ARO requires the Company to record an asset and related liability for the costs associated with the retirement of long-lived tangible assets when a legal liability to retire such assets exist. The provisions of Section 3110 of the Canadian Institute of Chartered Accountants Handbook ("CICA" handbook) require the ARO to be recorded at fair value at the time the liability is incurred. The liability is accreted over the estimated time period until settlement of the obligation. Accretion expense is recognized as an operating expense using the credit-adjusted risk-free interest rate in effect when the liability was recognized. The associated ARO are capitalized as part of the carrying amount of the long-lived asset and depreciated over the estimated useful life of the asset. As at December 31, 2008, the Company has not recognized any asset retirement obligations as management have concluded that the ARO is not significant as at June 30, 2009.

Impairment of long-lived Assets

Long-lived assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable from the future undiscounted net cash flows expected to be generated by the asset. If the asset is not fully recoverable, an impairment loss would be recognized in that period for the difference between the carrying value of the asset and its estimated fair value based on discounted net future cash flows or quoted market prices. There have been no impairment losses recognized to date.

Loss per share

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Diluted loss per share is equal to the basic loss per share for the periods presented because common stock equivalents consisting of options to acquire common shares that are outstanding and shares are issued if convertible debentures are converted at June 30, 2009 and September 30, 2008 are anti-dilutive, however, they may be dilutive in future.

Risk management

The Company is a Canadian-based international energy company focused on the acquisition and development of power generation and oil & gas projects. The Company manages related industry risk issues directly.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company has loans denominated in US dollars. A significant change in the currency exchange rates could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

The Company is exposed to interest rate risk related by its floating interest rate long-term debt. The risk relates to the resetting of the interest rates upon maturity and refinancing of the debt.

In addition, the Company is exposed to Chinese currency fluctuations and restrictions on Chinese currency exchange, which may affect the Company's ability to repatriate profits from China.

Income taxes

The Company accounts for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net assets are recognized. Such an allowance has been applied to all potential income tax assets of the Company.

New Accounting Pronouncements

Section 3064 – "Goodwill and Intangible Assets"" is effective for fiscal years beginning on or after October 1, 2008. Adoption of this standard has had no impact on the company's consolidated financial statements.

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 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. The Company is in the process of reviewing the impact of this initiative on the financial statements.

Comparative Information

Certain comparative balances have been reclassified to conform to the current year's presentation.

3. CHANGES IN ACCOUNTING POLICY

a) Accounting Changes

Effective October 1, 2007 the Company adopted revised Canadian Institute of Chartered Accountants ("CICA") handbook section 1506, "Accounting Changes." The changes covered by this section include changes in accounting policy, changes in accounting estimates and correction of errors. Under section 1506, voluntary changes in accounting policy are only permitted if they result in financial statements that provide more reliable and relevant information. When a change in accounting policy is made, this change is applied retrospectively unless impractical. Changes in accounting estimates are generally applied prospectively and material prior period errors are corrected retrospectively. CICA Section 1506 is effective for fiscal years beginning on or after October 1, 2007. The only impact in the current year is to provide disclosure of when an entity has not applied a new source of Generally Accepted Accounting Principles ("GAAP") that has been issued but is not yet effective.

This is the case with CICA handbook section 3862 – "Financial Instruments disclosures", section 3863 – "Financial Instruments Presentations", and section 1535 – "Capital disclosures", which are required to be adopted for fiscal years beginning on or after October 1, 2007. The Company adopted these standards on October 1, 2007 and only effect on the Company were incremental disclosures regarding the significance of financial instruments for the entity's financial position and performance (including the nature, extent and management of risks arising from financial instruments to which the entity is expose) and incremental disclosures regarding the Company's objectives, policies, and processes for managing capital resources.

b) Financial instruments and hedging Activities

Effective October 1, 2006, the company adopted CICA handbook section 3855, "Financial Instruments – recognition and Measurement," section 3865, "Hedges," section 1530 "Comprehensive Income" and section 3861, "Financial Instruments – disclosure and Presentation." The Company has adopted these standards prospectively and the comparative interim consolidated financial statements have not been restated.

(i) Financial Instruments

All financial instruments must initially be recognized at fair value on the balance sheet. The Company has classified each financial instrument into the following categories: held for trading financial assets and financial liabilities, loans and receivables, held to maturity investments, available for sale financial assets, and other financial liabilities. Subsequent measurement of the financial instruments is based on their classification. Unrealized gains and losses on held for trading financial instruments are recognized in earnings. Gains and losses on available for sale financial assets are recognized in other comprehensive income ("OCI") and are transferred to earnings when the asset is disposed of. The other categories of financial instruments are recognized at amortized cost using the effective interest rate method. Transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability are added to the cost of the instrument at its initial carrying amount except for held-for-trading items in which case they are expensed as incurred.

The Company has made the following classifications:

- Cash and cash equivalents are classifies as financial assets held for trading and are measured at fair value. Gains and losses related to periodical revaluation are recorded in net income.
- Accounts receivable are initially measured at fair value and subsequent measurements are recorded at amortized cost using the effective interest rate method.
- Accounts payable and accrued liabilities, short term loans, convertible debentures and long-term debt (including current portion) are classified as other liabilities and are initially measured at fair value and subsequent measurement are recorded at amortized cost using the effective interest rate method.

3. CHANGES IN ACCOUNTING POLICY (Continued)

The Company's credit facilities are comprised of senior unsecure convertible debentures, long term debt and as such, the Company is exposed to interest rate risk. The Company mitigates some of this risk by fixing the interest rates of the convertible debentures upon the inception of the debt.

(ii) Embedded Derivatives

Derivatives embedded in other financial instruments or contracts are separated from their host contracts an accounted for as derivatives when their economic characteristics and risks are not closely related to those of the host contract; the terms of the embedded derivative are the same as those of a free standing derivative and the combined instrument or contract is not measured at fair value, with changes in fair value recognized in interest and other expenses, net. The Company adopted October 1, 2006 as the transition date for embedded derivatives, as such only contracts or financial instruments entered into or modified after the transition date were examined for embedded derivatives. As at June 30, 2009 and September 30, 2008, the Company does not have any outstanding contracts or financial instruments with embedded derivatives that require bifurcation.

(iii) Comprehensive income

Comprehensive income consists of net earnings and Other Comprehensive Income ('OCI'). OCI comprises the change in the fair value of the effective portion of the derivatives used as hedging its in a cash flow hedge and the change in fair value of any available for sale financial instruments. Amounts included in OCI are shown net of tax. The Company's accumulated other comprehensive income ("AOCI") is a new equity category comprised of the cumulative amounts of OCI.

c) Capital Disclosures

Section 1535 requires an entity to disclose information that enables users of its consolidated financial statements to evaluate an entity's objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance. The new standard applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after October 1, 2007. The Company adopted this standard effective October 1, 2007. This standard impacted the Company's disclosures but did not affect the Company's consolidated results or financial position.

d) Inventories

Section 3031 relates to the accounting for inventories and revises and enhances the requirements for assigning costs to inventories. The new standard applies to interim an annual financial statements relating to fiscal years beginning on or after January 1, 2008. The Company early adopted Section 3031 effective October 1, 2007. Adoption of this standard has had no impact on the company's consolidated financial statements.

4. ASSET ACQUISITION

Yongxing Power Plant Project ("YPPC")

On August 21, 2007, the Company completed the acquisition of 60% equity interest in the Yongxing Power Plant Corporation (YPPC), a foreign investment enterprise. YPPC holds the right to construct a coal-fired power plant in Yongxing County, Hunan Province, China capable of producing up to 240 Mega-Watts (MW) of power. Construction of the first 60 MW unit was completed June 2008.

The aggregate purchase price of the acquired interest in YPPC was US$10.5 million (CDN $11,185,000). The Company paid service fees of US$1 million (CDN $1,069,409) in cash and issued 500,000 shares at market value of $0.80 per share in connection with the acquisition .This acquisition has been accounted for as an acquisition of assets. The following sets forth the fair value of the assets acquired and the liabilities assumed.

		Proportionate Share Acquired
Assets acquired		
Cash	$	776,071
Advances to employees		33,668
Restricted cash		89,880
Prepayment for construction of Power Plant		68,141
Property and equipment		160,167
Power Plant		18,572,396
License and permit		5,542,247
Total assets acquired	**$**	**25,242,570**
Liabilities assumed		
Account payable and accrued liabilities	$	3,783,880
Short term borrowing		1,260,000
Due to related parties		844,375
Long term liabilities		1,114,344
Long term loan		4,200,000
Future income tax liability		1,385,562
Total liabilities assumed	**$**	**12,588,161**
Assets acquired over liabilities assumed	$	12,654,409
Consideration consists of the following:		
Cash	**$**	12,254,409
Share issued in connection with the acquisition (Note 9)		400,000
Total	**$**	**12,654,409**

License and permit represents permission received to allow the Company to produce and sell electricity in China. License and permit is not amortized and is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset may be impaired. As at June 30, 2009 and September 30, 2008 the Company tested for impairment and concluded no write down was necessary.

5. OIL AND GAS PROPERTIES

Dutch Oil Wells Project, Indonesia

The Dutch Oil Wells Project is made up of three historic oil fields in South Sumatra, Indonesia. The Company acquired an interest in a joint venture agreement to rework and develop these fields.

All projects are held in PT. Muba Ona Oil, the Company's 80% held Foreign Investment Company in Indonesia, which is a jointly controlled with P.T. Petro Muba ("PTPM"), an agency of the Musi Banyuasin ("MUBA") Local Government Regency. Rights of the projects are governed under a Production Sharing Contract (PSC) within the MUBA Regency. The agreement provides for the management and rehabilitation of the abandoned oil wells located within the boundary of the Corridor Block PSC area in the Keluang, Karangringin, and Suban Baru oil fields being an area that was previously managed by ConocoPhillips. Under this agreement, the Company is entitled to 80% of the net profit of the Contractor's take, after expenses and taxes under the PSC with the Indonesian government. In 2007, management determined the project to be impaired and accordingly wrote down its interest in the investment to $3.

Dyberg Prospect, Alberta, Canada

During the 2005 fiscal year, the Company had entered into an agreement whereby the Company was granted the right to earn up to a 22.5% Working Interest before payout (13.75% after payout) in the Dyberg Prospect by contributing 25% of the costs associated with the drilling of a test well. The Company has paid $106,800 under the agreement; however, during 2007, the Company considered the investment impaired and wrote down its interest to $1.

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	2009 Net Book Value	2008 Net Book Value
Building – Power Plant	$ 27,133,096	$ 515,036	$ 26,618,060	$ 24,553,372
Machinery & equipment	18,685,793	722,267	17,963,526	17,224,383
Automobiles	153,133	61,732	91,401	103,396
Furniture & fixtures	232,279	86,473	145,806	161,986
Land use right	2,512,298	51,889	2,460,409	2,273,182
	$ 48,716,599	**$ 1,473,397**	**$ 47,279,202**	**$ 44,316,319**

As disclosed in note 8, the Company's long term debt with Yongxing Urban Construction Business Investment Co. Ltd is secured over the power plant and the future revenue of the power plant.

7. CONVERTIBLE DEBENTURE

On June 9, 2008 the Company amended the $5 million debenture originally issued on July 31, 2007. As part of the initial debenture the Company was advanced $5 million in exchange for a debenture convertible into units at a conversion price of $0.75 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one additional common share at a price of $1.50 per common share for a period of two years expiring on August 1, 2009. The warrants are subject to an accelerated exercise provision if after 120 days from closing the Company's shares trade at $2.50 or greater for 10 consecutive days, in which event the warrants will expire if not exercised within 30 days. As additional consideration for the purchase of the debentures the Company sold 2,000,000 bonus warrants to the debenture's holders at $0.01 per share for a total of $19,990 (net of issuance cost). Each bonus warrant is exercisable for one common share at price of $0.74 per share for a period of two years expiring on August 1, 2009. In addition, a finder's fee $500,000 was paid in connection with the transaction.

Originally the debenture was due one year from issuance bearing an interest rate of 10% per annum payable quarterly. During the year, the Company amended the terms of the debenture agreement. The principle of the original $5 million debenture was repaid by $1.008 million. With the amendments of June 9, 2008, the maturity date was extended to October 31, 2009, with the option to repay prior to maturity, while the conversion price was decreased from the original $0.75 per unit, to $0.60 per unit. Also, the terms of the interest payments were changed from quarterly, to payable on maturity. This amendment was accounted for as a continuation of the old terms in accordance with EIC-88 as the present value of the cash flow under the old terms is less than 10% different to the present value of the cash flow under the amended terms.

On June 30, 2008 the Company completed a $2.065 million debenture and warrant financing. The Company was advanced $2.065 million in exchange for a debenture convertible into units at a conversion price of $0.60 per unit. Each unit consists of one common share and one purchase warrant. Each share purchase warrant is exercisable into one additional common share at a price of $0.75 per unit for a period of one year expiring October 31, 2009, with the portion to pay prior to maturity Interest is payable at maturity.

The Company has classified the above debenture and related warrants into its component parts being a financial liability and equity instrument respectively. The total proceeds were allocated to their component parts on a residual value basis by discounting the future cash stream of debt.

Based on the above residual value basis determinations the amount of the proceeds and costs allocated to the debt component and equity component (contributed surplus) at the issuance are as follows:

$5m Convertible debenture	**Contributed Surplus**	**Debt**	**Total**
Carrying value at September 30, 2008	$ 104,388	$ 4,475,507	$ 4,579,895
Accretion	-	47,040	47,040
Accrued Interest		298,580	298,580
Carrying value at June 30, 2009	104,388	4,821,127	4,925,515
$2,065,110 Convertible debenture	**Contributed Surplus**	**Debt**	**Total**
Carrying value at September 30, 2008	$ 122,934	$ 2,015,606	$ 2,138,540
Accretion	-	80,237	80,237
Accrued Interest		154,459	154,259
Carrying value at June 30, 2009	$ 122,934	$ 2,119,610	$ 2,242,544

8. LONG TERM DEBT

In November 2006, the Company entered into a contract to borrow up to $12.4 million (RMB 80 million) from Yongxing Urban Construction Business Investment Co. Ltd. for a twenty year term expiring in 2026, bearing interest at 93% of rate quoted by the People's Bank of China payable quarterly. The principal is payable semi-annually (in May and November each year) commencing November 2011. Payment is initially set at $465,000 (RMB 3m) at each payment date reducing to $310,000 (RMB 2m) from May 2023 and then to $155,000 (RMB 1m) from May 2025. The loan is collateralized by the power plant and the future revenue of the power plant.

9. SHARE CAPITAL

a) Authorized

The authorized capital consists of unlimited voting common shares without par value and unlimited preference shares without par value.

b) Issued and outstanding:

	Number of shares		Amount
Balance, at September 30, 2007	30,562,172	$	14,379,141
Private placements	10,665,566		5,724,272
Shares issued in connection with borrowing of short-term loan	420,625		336,500
Options exercised	75,000		94,906
Warrants exercised	573,000		429,750
Balance, at September 30, 2008 & June 30, 2009	42,296,363	$	20,964,569

During the year ended September 30, 2008, the following changes in issued share capital occurred:

1) The Company completed private placements on May 7, 2008, May 26, 2008, and May 28, 2008 consisting of 10,665,566 units at a price of $0.60 per unit for aggregate gross proceeds of $6,399,339. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a strike price of $0.75 until May 7, 2009, May 26, 2009 and May 28, 2009, respectively (i.e. one year after closing of each tranche of the private placement). The Company applied the residual approach and allocated $6,185,533 to common shares and $213,806 to warrants. The warrants valued using the residual value approach was reclassified into contributed surplus. The Company paid $461,261 cash and issued 620,323 warrants, with the same terms as noted above, in respect of share issuance costs. These costs have been netted against total proceeds.

2) The Company issued 420,625 bonus shares at a fair value of $0.80 per share for total of $336,500 in connection with the short term loan financing. The amount was considered as implicit interest costs to the Company and charged to the income as interest expense accordingly.

3) The Company issued 75,000 common shares for stock options exercised at $0.60 per share for total proceeds of $45,000. In addition, $49,906 was reclassified from Contributed surplus to share capital.

4) The Company issued 573,000 common shares for warrants exercised at $0.75 per share for total proceeds of $429,750.

c) Warrants outstanding

During the nine months ended June 30, 2009, the company amended the exercise price and expiry date of 17,527,454 share purchase warrants with exercisable price varying between $0.74 and $1.50, and expiring at various dates between April, 2009 and July 2009. Each amended warrant is exercisable into one common share of the Company at an exercise price of $0.50 until March 10, 2011.

The remaining 3,805,255 warrants with exercise price of $0.75 and expiry date varying between April 2009 and July 2009 were also amended. Each amended warrant is exercisable into one common share of the Company at an exercise price of $0.75 until March 10, 2011

9. SHARE CAPITAL (Continued)

The following tables summarize the status of the Company's share purchase warrants outstanding as follows:

Expiry Date	Exercise Price	Balance September 30, 2008	Changes in the period			Balance June 30, 2009
			Issued	Exercised	Expired	
March 10, 2011	$ 0.50	17,527,454	-	-	-	17,527,454
March 10, 2011	$ 0.75	3,805,255	-	-	-	3,805,255
		21,332,709	-	-	-	21,332,709
Weighted average Exercise Price		$ 0.54	-	-	-	$ 0.54

Expiry Date	Exercise Price	Balance September 30, 2007	Changes in the period			Balance September. 30, 2008
			Issued	Exercised	Expired	
November 24, 2007	$ 0.75	693,000	-	(573,000)	(120,000)	-
April 25, 2008	$ 1.00	2,925,833	-	-	(2,925,833)	-
July 27, 2009	$ 1.50	5,126,299	-	-	-	5,126,299
July 31, 2009	$ 0.74	2,000,000	-	-	-	2,000,000
May 7, 2009	$ 0.75	-	5,640,288	-	-	5,640,288
May 26, 2009	$ 0.75	-	5,357,566	-	-	5,357,566
May 28, 2009	$ 0.75	-	288,035	-	-	288,035
		10,745,132	11,285,889	(573,000)	(120,000)	21,338,021
Weighted average Exercise Price		$ 1.17	$ 0.75	$ 0.75	$ 0.75	$ 0.96

d) Stock options

The Company has stock option plans that allow it to grant options to its employees, officers, directors and consultants to acquire up to 10% of issued and outstanding common stock. The exercise price of each option shall not be less than the greater of the closing market price of the underlying securities on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options. Options have a maximum term of five years and terminate thirty to ninety days following the termination of the optionee's employment. The right to exercise the options will vest immediately at the time the option is granted.

During the nine months period ending June 30, 2009 the following stock options were granted:

i. 150,000 stock options were granted at a price of $0.80 per share, exercisable for a one year term, which vest over an eighteen month period.

In the year ended September 30, 2008 the following stock options were granted:

i. 955,000 & 125,000 stock options were granted to directors and officers at a price of $0.85 & $0.75 per share respectively, exercisable for a term of five years which vest immediately.

9. SHARE CAPITAL (Continued)

ii. 50,000 stock options were granted to a member of the Technical Advisory Board at a price of $0.75 per share, exercisable for a term of five years which vested over a twelve month period.

The fair value of the directors and officers options at the date of grant were estimated per unit using the Black-Scholes option pricing model with the following assumptions:

	2009	2008
Risk-free interest rate	2.85%	4.3%
Dividend yield	0%	0%
Expected volatility	114.00%	116.00%
Expected life	5 years	5 years

The stock-based compensation expense recorded in the nine months ended June 30, 2009 was $34,011 (2008 – 117,757), which was charged to the consolidated statements of operations and deficit and credited to contributed surplus.

Expiry Date	Exercise Price	September 30, 2008	Granted	Exercised	June 30, 2009	Weighted average Remaining life
February 28, 2010	$ 0.60	50,000	-	-	50,000	0.7
August 17, 2011	$ 1.50	901,000	-	-	901,000	2.2
September 11, 2011	$ 1.50	925,000	-	-	925,000	2.2
May 27, 2012	$ 1.00	100,000	-	-	100,000	3.0
October 21, 2012	$ 0.85	955,000	-	-	955,000	3.3
March 5, 2013	$ 0.75	75,000	-	-	75,000	3.6
March 18, 2013	$ 0.75	50,000	-	-	50,000	3.7
April 4, 2013	$ 0.75	50,000	-	-	50,000	3.7
October 22, 2009	$ 0.80	-	150,000	-	150,000	4.0
		3,106,000	150,000	-	3,256,000	
Weighted average exercise price		$ 1.23	$0.80	-	$ 1.21	

Expiry Date	Exercise Price	September 30, 2007	Granted	Exercised	September 30, 2008	Weighted average Remaining life
February 28, 2010	$ 0.60	125,000	-	75,000	50,000	1.4
August 17, 2011	$ 1.50	901,000	-	-	901,000	2.9
September 11, 2011	$ 1.50	925,000	-	-	925,000	2.9
May 27, 2012	$ 1.00	100,000	-	-	100,000	3.7
October 21, 2012	$ 0.85	-	955,000	-	955,000	4.1
March 5, 2013	$ 0.75	-	75,000	-	75,000	4.4

March 18, 2013	$	0.75	-	50,000	-	50,000	4.5
April 4, 2013	$	0.75		50,000		50,000	4.5
			2,051,000	1,130,000	75,000	3,106,000	
Weighted average exercise price			$ 1.42	$ 0.83	$ 0.60	$ 1.23	

10. COMMITMENTS

As at June 30, 2009, the Company did not have any commitments other than meetings its financial obligations recognized on the consolidated balance sheet.

11. DUE TO/FROM RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Related party transactions for the period not otherwise disclosed elsewhere in these consolidated financial statements are as follows:

		June 30, 2009	September 30, 2008
a)	Loans totaling RMB 24 million to YPPC by minority shareholders of YPPC. These loans are unsecured and are due October 1, 2009, at an interest rate of 10% per annum	$ 4,728,319	$ 4,095,694
b)	Amounts owing to two shareholders of the company. These amounts are unsecured, non-interest bearing and without specific terms of repayment	48,319	48,319
	Total	$ 4,776,638	4,144,013

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.

12. CONTRIBUTED SURPLUS

Balance as at September 30, 2007		2,961,730
Stock based compensation for Employees, Directors (note 9)	$	771,393
Equity component of $2.065 mil convertible debenture (note 7)		122,934
Warrants related to private placement (note 9)		213,807
Contributed surplus transferred to share capital on option exercised (note 9)		(49,905)
Balance as at September 30, 2008		4,019,959
Stock based compensation (note 9)		34,011
Balance as at June 30, 2009	$	4,053,970

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

The Company is exposed to a number of different financial risks arising from normal course business exposures, as well as the Company's use of financial instruments, these risks are as follows:

a) Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. The market price movements that could adversely affect the value of the Company's financial assets, liabilities and expected future cash flows include:

i) Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument, or cash flows associated with the instrument, will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk related through its floating interest rate long-term debt.

As at June 30, 2009, if interest rates had been 100 basis points higher or lower with all other variables held constant, the change in loss before taxes would have been $0.1m higher or lower.

ii) Foreign Exchange Risk:

The Corporation is exposed to foreign currency exchange rate fluctuations as the Corporation has a significant amount of its assets and liabilities in China. The carrying value of these assets and liabilities fluctuates with changes in foreign currency exchange rates. The Corporation does not hedge this exposure.

At June 30, 2009, if the Canadian dollar had been 5% higher or lower against the Chinese Yuan Renminbi with all other variables held constant, loss before tax would have been $0.1m lower or higher.

b) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its financial obligations as and when they fall due. The Company believes that it has access to sufficient capital through internally generated cash flows and external equity sources to meet current spending forecasts. Of the Company's liabilities, $17,020,542 matures in 2009 as current liabilities fall due. Payment of this will be funded through additional capital raising. Long term liabilities include long term debt which is due over a number of years.

c) Credit Risk

Management is of the opinion that credit risk with respect to amounts receivable is limited due to the only customer being the Chinese State Grid, where collection is considered assured.

Balance Sheet Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivables, accounts payable, short-term loan, convertible debentures, and long term debt. The fair values of the current assets and current liabilities approximate their carrying amounts due to their short term nature. The fair value of long term debt approximates its carrying value as it is a third party floating rate debt. The fair value of related party transactions also approximates its carrying value as they were agreed on terms equivalent to those that would be agreed in an arm's length transaction.

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

(a) to maintain adequate levels of funding to support and grow its operations; and

(b) to safeguard its ability to continue as a going concern.

The management of capital includes the management of cash, cash equivalents, bank indebtedness and shareholders' equity comprised of capital stock, contributed surplus and retained earnings.

Funds are secured through equity capital and additional third party loans. There can be no assurance that the Company will be able to obtain sufficient capital in the case of continued operating cash deficits.

The Company is not exposed to any externally imposed capital requirements.

15. ECONOMIC DEPENDENCY

The Company currently sells all electricity produced to one customer, the Hunan Electricity Power Corporation. Management believes alternative customers will become available on acceptable terms if the Hunan Electricity Corporation no longer requires, or is no longer able, to purchase electricity from the Company.

16. SEGMENTED INFORMATION

The Company has one reporting segment.

The Company's head office is located in Vancouver, British Columbia. The operations of the Company are located in three geographic areas: Canada, China and Indonesia. Majority of all of the capital assets are located in China. A summary of geographical information for the Company's capital assets and license & permits as of June 30, 2009 and September 30, 2008 and net loss for the nine months period ended June 30, 2008 and 2009 is as follows:

		June 30, 2009		**September 30, 2008**
Property and equipment, power plant, and oil and gas properties				
Canada	$	4,125	$	4,119
China		42,273,830		44,310,953
Indonesia		1,247		1,247
Total property and equipment, power plant, and oil and gas properties	$	42,279,202	$	44,316,319
License & permits				
Canada	$	-	$	-
China		5,542,247		5,542,247
Indonesia		-		-
Total license & permits	$	5,542,247	**$**	5,542,247
Assets				
Canada		5,595,364		5,776,823
China		49,494,129		48,356,189
Indonesia		1,247		1,247
Total Assets		55,090,740		54,134,259

	Nine months ended June 30, 2009	Nine months ended June 30, 2008
Revenues		
Canada	$ -	$ -
China	8,519,723	-
Indonesia	-	-
Total Revenues	**$** 8,519,723	**$** -
Net loss for the period		
Canada	$ 1,103,202	$ 1,269,155
China	2,129,038	486,842
Indonesia	-	(113)
Net loss for the period	$ 3,232,240	$ 1,755,884

17. SUBSEQUENT EVENTS

Subsequent to the nine months period ended June 30, 2009, the following events occurred:

a) On July 16, 2009, the Company consolidated its issued and outstanding common shares, each five shares being consolidated into one share.

b) On August 11, 2009, the Company has completed a non-brokered private placement of 10,333,300 units at a price of $0.15 per unit for total proceed of $1,549,995. Each unit consists of one common share of the Company and one share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one additional common share of the Company for a period of 24 months at an exercise price of $0.20 per share subject to forced conversion if after 120 days, stock trades above $0.40 per share for 20 consecutive days.

c) On August 28, 2009, the debenture (note 7) holders have agreed to extend the maturity of the remaining balance and accrued interest to December 31, 2010, after payment of $900,000 from the proceed of a private placement (note 17b). As additional consideration, the Company will issue to the debenture holders 1 million 2 year warrants with an exercise price of $0.40 per share. All other previous features of the debentures will remain the same including convertible feature at $3 per share.

Management's Discussion and Analysis

ONA POWER CORP.

(Formerly Ona Energy Inc.)

For the nine months period ended June 30, 2009

The following Management's Discussion and Analysis, prepared as of August 31,, 2009, should be read together with the Company's unaudited interim consolidated financial statements for the nine months period ended June 30, 2009 and the related notes attached thereto and the audited consolidated financial statements for the year ended September 30, 2008 and 2007 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements contained in the following Management's Discussion and Analysis ("MD&A") constitute forward-looking statements. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual result to differ materially from those implied be the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

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 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"). During the year ended September 30, 2006, the Company voluntarily delisted its shares on the TSX Venture Exchange ("TSX-V").

Ona Power Corp is a Canadian-based international energy company focusing on the acquisition and development of power generation. The Company's main focus is the operation of a power plant in Yongxing, China.

Overview of Projects

Prior to the fiscal year 2008, the Company held only grassroots staged projects in the areas of power plant development and oil & gas prospects. With the acquisition of a 60% interest in the Yongxing Power Plant Corporation, the Company now owns an asset that has started generating revenue in August 2008. In the coming year, Management will focus its attention on the continuing development of this Chinese power plant, while continuing to evaluate additional advanced stage power plant opportunities around the world.

Power Plant Project – Yongxing County, China

The Yongxing Power Plant Corporation (YPPC) is the Company's 60% owned subsidiary (a Sino-Foreign Joint Venture Company) with original plans to construct a 240Mega-watt coal-fired power plant in Yongxing County, in the Hunan Province of China, for which the rights to first 120 Mega-Watts (MW) has been secured. The first phase of the power plant is currently under construction, and consists of two 60 MW units. Construction of the first 60 MW unit was completed in December 2007 and began commercial production in September, 2008. Construction of the second unit of this phase is contingent on the Company securing additional financing.

The power plant will burn a mixture of up to 75% coal tailings (coal mining waste) and 25% coal as fuel to generate electricity for sale to the Hunan Provincial grid. The power plant is approved by the Chinese National Development and Reform Committee (NDRC) as an environmentally friendly project, not only by addressing the utilization of coal tailings which has become a major environmental issue for the Yongxing County, but also by complying with the NDRC guidelines of achieving very low NO_x and SO_2 emissions. The YPPC power plant has been designed to emit less than 50 milligrams/nominal cubic metre (mg/Nm^3) of fly-ash to the atmosphere, which is the lower end of the range of particulate matter emissions as recommended by World Bank Group guidelines of similar size thermal power plants. The fly-ash contained in the flue gas will be captured by a five-field electrostatic precipitator and will be sold to the local cement plants to generate a secondary revenue stream for YPPC.

On July 31, 2007, ONA made the final payment for the acquisition of its 60% interest in YPPC, for a total investment of US$10.46 million. On August 21, 2007, Ona officially assumed control of the construction and operation of the power plant with the registration of its shares of YPPC. Subsequent to the acquisition, Ona and the other partners of YPPC provided a loan from shareholders of RMB 60 mil (ONA's share being RMB 36 mil - approx US$4.85 mil) to ensure that there was sufficient funding in place to complete the power plant on schedule.

On January 8, 2008 the Company announced that construction on the first 60 MW unit was complete and that a major milestone had been reached in the plant's commissioning and testing process by completing the 110 kilo-volt (kV) high voltage transmission substation to the Hunan Provincial Grid. The power plant substation consists of the 110 kV step-up transformer, all the protection and metering equipment and the 6.3 kV and the 600 volt distribution systems.

On January 14, 2008 ONA announced that Management at YPPC had signed an interim power purchase agreement with the Hunan Provincial Grid Authority to purchase the electricity generated during the commissioning and test phase at the power plant. Under the agreement, the Hunan Provincial Grid Authority will purchase the electricity generated from YPPC for a base price of RMB 390/MW-hr (US$53.70/MW-hr) for the purpose of commissioning, testing and start-up of the first 60 MW unit. The price is expected to be increased in line with similar power plants in the country with the issuance of the clean power certificate as determined by the China Pricing Bureau and China National Development and Reform Committee (NDRC). Any new pricing will be retroactive to the first day of power generation.

On February 11, 2008 ONA announced that ice storms had crippled the southern provinces of China, with temperatures lingering in the -5° to -13° C range for a period of over 20 days. The southern provinces of China including Hunan Province are not accustomed and/or prepared for severe winters of this nature and have suffered one of the worst winters in 52 years, resulting in much disruption in the region's power distribution system. Although little damage occurred to the Yongxing power plant, 19 transmission towers from the 20 km 110 kV transmission line from the power plant, suffered significant damage and needed either to be repaired or replaced.

On April 7, 2008 ONA announced the Management of YPPC, had reached agreement with the State Grid Corporation of China (State Grid) www.sgcc.com.cn/ywlm (a state-owned enterprise) to take over the reconstruction and maintenance of the 20 km transmission line currently owned and operated by YPPC.

Under the agreement, YPPC will turn over the rights to the 20 km transmission line to the State Grid, and in return the State Grid will install a new and improved transmission system designed to withstand more severe winter conditions. The State Grid will be responsible for all design, installation and all maintenance costs of the transmission system from the time of the turnover. The State Grid Corporation of China is the largest electric power provider in China, with a registered capital of 200 billion RMB and its service area is equal to 88% of the national territory covering 26 provinces, autonomous regions and municipalities. The State Grid is directly under the jurisdiction of the Central Government and the Chinese President is its legal corporate representative. As the State Grid is under the presidential order to restore the nation's damaged transmission system, they will have first priority in obtaining materials and labour required to restore the YPPC transmission system.

On June 20, 2008, the Chinese government announced that it would increase the electricity tariff by RMB 0.025 per kilowatt-hour and would temporarily control coal prices to power plants, effective July 1, 2008.

By June 26, 2008, the upgrade and rebuilding of the transmission system was completed by the State Grid of China, which added larger conductors and de-icing devices and connected it to their new state grid 220 kV sub-station. YPPC began the commissioning and testing of the first 60 MW unit on June 27, 2008. YPPC successfully tested the boiler system, steam cleaning and blowing of the steam piping and boiler components and connected the high-pressure steam to the turbine generator. The YPPC plant was also connected to the State Grid. This included a 72-hour full-load test run of the facility at 60 MW capacity.

Also on June 26, 2008, the local politicians of Yongxing County met and agreed to guarantee deliver of 1,000 tonnes of coal per day at a subsidized price equivalent to that offered to the larger power plants in China, which will ensure the smooth and continuous operation of the YPPC facility.

On July 23, 2008, YPPC completed all the necessary turbine-generator tests including the half load and 72 hours full load tests. This was followed by an opening ceremony attended by all the high level officials from Hunan Province as well as the Second Consul from the Canadian Embassy from Beijing.

On July 24, 2008, the Company announced that the unit was shut down to allow for the upgrading and modification work on the boiler's ash handling systems. The power plant will be in commercial operation following the upgrading and modification work.

On August 26, 2008, commercial production was originally anticipated to begin in the middle of August, but was delayed with the discovery of defective rear bearings in the generator. This repair is now complete, along with inspection of all other bearings in the generator. The delay in production has allowed the Company to stock pile the plant's fuel supply. There is now close to a full month's fuel surplus on hand, prior to the beginning of commercial operation.

On March 6, 2009, commercial production was halted due to an unscheduled shutdown caused by in the 1st stage pulverizer of the fuel feeding system. YPPC have to stop operation in order to replace the defective parts of the pulverizer and also took the opportunity to change out all the bearings and the HP control oil valve in the steam turbine and the generator, and did repairs to the front end ash removal system as well as the electrostatic-precipitator. On May 13, 2009 YPPC reported they have resumed commercial operation.

On March 31, 2009, YPPC announced that it has passed safety evaluation from the fire-marshal. This is a first step towards the completion of the clean power certification.

Dutch Oil Wells Project, Indonesia

The Dutch Oil Wells Project is made up of three historic oil fields in South Sumatra, Indonesia. The Company acquired an interest in a joint venture agreement to rework and develop these fields.

All projects are held in PT. Muba Ona Oil, the Company's 80% held Foreign Investment Company in Indonesia, which is a jointly controlled with P.T. Petro Muba ("PTPM"), an agency of the Musi Banyuasin ("MUBA") Local Government Regency. Rights of the projects are governed under a Production Sharing Contract (PSC) within the MUBA Regency. The agreement provides for the management and rehabilitation of the abandoned oil wells located within the boundary of the Corridor Block PSC area in the Keluang, Karangringin, and Suban Baru oil fields being an area that was previously managed by ConocoPhillips. Under this agreement, the Company is entitled to 80% of the net profit of the Contractor's take, after expenses and taxes under the PSC with the Indonesian government. In 2007, management determined the project to be impaired and accordingly wrote down its interest in the investment to $3.

Dyberg Prospect, Alberta, Canada

During the 2005 fiscal year, the Company had entered into an agreement whereby the Company was granted the right to earn up to a 22.5% Working Interest before payout (13.75% after payout) in the Dyberg Prospect by contributing 25% of the costs associated with the drilling of a test well. The Company has paid $106,800 under the agreement; however, during 2007, the Company considered the investment impaired and wrote down its interest to $1.

Results of Operations

For the Three Months Ended June 30, 2009

The Company reported a loss for the three months period ended June 30, 2009 of $1,317,586 as compared to $1,096,772 for the same period in 2008. For the three months ended June 30, 2009, commercial production of the power plant was substantially halted due to malfunction of the pulverizer; while the power plant was still under construction during the three months ended June 30, 2008.

Total operating expense was $1,353,413 for the three month period ended June 30, 2009 compared to $1,361,527 for the same period in 2008. The significant changes in expenses between the years were interest expense. Interest expense in 2008 was capitalized to the cost base of the power plant. Since the power plant was completed in August, 2008, interest was expensed. Amortization expense increased from $9,296 for the three month period ended June 30, 2008 to $343,692 for the same period in 2009. During the construction period, amortization was capitalized to the cost base of the power plant.

For the Nine Months Ended June 30, 2009

The Company reported a loss for the nine months period ended June 30, 2009 of $3,232,240 as compared to $1,755,844 for the same period in 2008. For the nine months ended June 30, 2009, commercial production of the power plant began but was substantially halted since March 6, 2009 due to malfunction of the pulverizer; while the power plant was still under construction during the nine months ended June 30, 2008.

Total operating expense was $4,497,777 for the three month period ended June 30, 2009 compared to $2,260,501 for the same period in 2008. The significant changes in expenses between the years were interest expense. Interest expense in 2008 was capitalized to the cost base of the power plant. Since the power plant was completed in August, 2008, interest was expensed. Office and administration expense increased significantly during the nine months ended June 30, 2009 as the power plant began commercial production; while it was under construction during the same period in 2008. Amortization expense increased from $110,409 for the three month period ended March 31, 2008 to $1,068,352 for the same period in 2009. During the construction period, amortization was capitalized to the cost base of the power plant.. Entertainment, travel and professional expenses all increased for the nine month period ended June 30, 2009 when compared to the same period a year before due to the power plant now being in operation.

Summary of Quarterly Results.

Three months period ended	June 30,2009	March 31, 2009	December 31, 2008	September 30, 2008	'Restated' June 30, 2008	'Restated' March 31, 2008	'Restated' December 31, 2007	September 30, 2007
Total Revenue	380,874	2,783,906	4,363,640	1,251,882	-	-	-	-
Loss before other items	(1,769,379)	(945,106)	(1,435,712)	(2,178,319)	(1,519,140)	(1,208,789)	(1,022,483)	(664,509)
Net Loss	(1,317,586)	(640,854)	(1,075,740)	(2,081,297)	(1,254,385)	(1,139,831)	(851,579)	(2,933,200)
Basic loss per Share	(0.03)	(0.02)	(0.03)	(0.04)	(0.05)	(0.04)	(0.03)	(0.13)

Related Party Transactions

Related party transactions for the period not otherwise disclosed elsewhere in these consolidated financial statements are as follows:

		June 30, 2009		September 30, 2008
a)	Loans totaling RMB 24 million to YPPC by minority shareholders of YPPC. These loans are unsecured and are due October 1, 2009, at an interest rate of 10% per annum	4,728,319	$	4,095,694
b)	Amounts owing to two shareholders of the company. These amounts are unsecured, non-interest bearing and without specific terms of repayment	48,319		48,319
	Total	4,776,638		4,144,013

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.

Outstanding Shares

As at August 31, 2009 there were 18,792,570 common shares outstanding, 3,256,000 stock options and 14,598,842 warrants.

On July 16, Company consolidated its issued and outstanding common shares; each five shares being consolidated into one share, all share purchase warrants and options outstanding has been adjusted to reflected the effect of the consolidation.

On August 11, 2009, the Company has completed a non-brokered private placement of 10,333,300 units at a price of $0.15 per unit for total proceed of $1,549,995. Each unit consists of one common share of the Company and one share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one additional common share of the Company for a period of 24 months at an exercise price of $0.20 per share subject to forced conversion if after 120 days, stock trades above $0.40 per share for 20 consecutive days.

The following table summarizes the status of the Company's share purchase warrants outstanding as at August 31, 2009:

Expiry Date	Exercise Price	Number of warrants
March 10, 2011	$ 2.50	3,505,491
March 10, 2011	$ 3.75	11,094,351
		14,599,842

The following table summarizes the status of the Company's share purchase options outstanding as at August 31, 2009:

Expiry Date	Exercise Price	Number of options
February 28, 2010	$ 3.00	10,000
August 17, 2011	$ 7.50	180,200
September 11, 2011	$ 7.50	185,000
May 27, 2012	$ 5.00	20,000
October 21, 2012	$ 4.25	191,000
March 5, 2013	$ 3.75	25,000
March 18, 2013	$ 3.75	10,000
October 22, 2009	$ 4.00	30,000
		651,200

Liquidity and Capital Resources

The Company had a working deficiency of $16,026,683 as at June 30, 2009 compared to a working capital of $173,207 as at September 30, 2008. Historically, the Company has raised funds through equity financing and the exercise of options and warrants to fund its operations and it continues to rely upon these sources of capital to finance its operations.

On August 28, 2009, the debenture (note 7) holders have agreed to extend the maturity of the remaining balance and accrued interest to December 31, 2010, after payment of $900,000 from the proceed of a private placement (note 17b). As additional consideration, the Company will issue to the debenture holders 1 million 2 year warrants with an exercise price of $0.40 per share. All other previous features of the debentures will remain the same including convertible feature at $3 per share.

The market price of natural resources is highly speculative and volatile. Instability in prices may affect the interest in resource properties and the development of and production from such properties. This may adversely affect the Company's revenues as well as its ability to raise capital to acquire and explore resource properties.

As at June, 2009, the Company had cash and cash equivalents of $163,103 current debt of $18,475,970.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet transactions.

Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Changes in Accounting Policies and Initial Adoption

a) Accounting Changes

Effective October 1, 2007 the Company adopted revised Canadian Institute of Chartered Accountants ("CICA") handbook section 1506, "Accounting Changes." The changes covered by this section include changes in accounting policy, changes in accounting estimates and correction of errors. Under section 1506, voluntary changes in accounting policy are only permitted if they result in financial statements that provide more reliable and relevant information. When a change in accounting policy is made, this change is applied retrospectively unless impractical. Changes in accounting estimates are generally applied prospectively and material prior period errors are corrected retrospectively. CICA Section 1506 is effective for fiscal years beginning on or after October 1, 2007. The only impact in the current year is to provide disclosure of when an entity has not applied a new source of Generally Accepted Accounting Principles ("GAAP") that has been issued but is not yet effective. This is the case with CICA handbook section 3862 – "Financial Instruments disclosures", section 3863 – "Financial Instruments Presentations", and section 1535 – "Capital disclosures", which are required to be adopted for fiscal years beginning on or after October 1, 2007. The Company adopted these standards on October 1, 2007 and only effect on the Company were incremental disclosures regarding the significance of financial instruments for the entity's financial position and performance (including the nature, extent and management of risks arising from financial instruments to which the entity is expose) and incremental disclosures regarding the Company's objectives, policies, and processes for managing capital resources.

b) Financial instruments and hedging Activities

Effective October 1, 2006, the company adopted CICA handbook section 3855, "Financial Instruments – recognition and Measurement," section 3865, "Hedges," section 1530 "Comprehensive Income" and section 3861, "Financial Instruments – disclosure and Presentation." The Company has adopted these standards prospectively and the comparative interim consolidated financial statements have not been restated.

(I) Financial Instruments

All financial instruments must initially be recognized at fair value on the balance sheet. The Company has classified each financial instrument into the following categories: held for trading financial assets and financial liabilities, loans and receivables, held to maturity investments, available for sale financial assets, and other financial liabilities. Subsequent measurement of the financial instruments is based on their classification. Unrealized gains and losses on held for trading financial instruments are recognized in earnings. Gains and losses on available for sale financial assets are recognized in other comprehensive income ("OCI") and are transferred to earnings when the asset is disposed of. The other categories of financial instruments are recognized at amortized cost using the effective interest rate method. Transaction costs that are directly

attributable to the acquisition or issue of a financial asset or financial liability are added to the cost of the instrument at its initial carrying amount except for held-for-trading items in which case they are expensed as incurred.

The Company has made the following classifications:

- Cash and cash equivalents are classifies as financial assets held for trading and are measured at fair value. Gains and losses related to periodical revaluation are recorded in net income.

- Accounts receivable are initially measured at fair value and subsequent measurements are recorded at amortized cost using the effective interest rate method.

- Accounts payable and accrued liabilities, short term loans, convertible debentures and long-term debt (including current portion) are classified as other liabilities and are initially measured at fair value and subsequent measurement are recorded at amortized cost using the effective interest rate method.

The Company's credit facilities are comprised of senior unsecure convertible debentures, long term debt and as such, the Company is exposed to interest rate risk. The Company mitigates some of this risk by fixing the interest rates of the convertible debentures upon the inception of the debt.

(II) Embedded Derivatives

Derivatives embedded in other financial instruments or contracts are separated from their host contracts an accounted for as derivatives when their economic characteristics and risks are not closely related to those of the host contract; the terms of the embedded derivative are the same as those of a free standing derivative and the combined instrument or contract is not measured at fair value, with changes in fair value recognized in interest and other expenses, net. The Company adopted October 1, 2006 as the transition date for embedded derivatives, as such only contracts or financial instruments entered into or modified after the transition date were examined for embedded derivatives. As at September 30, 2008 and 2007, the Company does not have any outstanding contracts or financial instruments with embedded derivatives that require bifurcation.

(III) Comprehensive income

Comprehensive income consists of net earnings and Other Comprehensive Income ('OCI'). OCI comprises the change in the fair value of the effective portion of the derivatives used as hedging its in a cash flow hedge and the change in fair value of any available for sale financial instruments. Amounts included in OCI are shown net of tax. The Company's accumulated other comprehensive income ("AOCI") is a new equity category comprised of the cumulative amounts of OCI.

c) Capital Disclosures

Section 1535 requires an entity to disclose information that enables users of its consolidated financial statements to evaluate an entity's objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance. The new standard applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after October 1, 2007. The Company adopted this standard effective October 1, 2007. This standard impacted the Company's disclosures but did not affect the Company's consolidated results or financial position.

d) Inventories

Section 3031 relates to the accounting for inventories and revises and enhances the requirements for assigning costs to inventories. The new standard applies to interim an annual financial statements relating to fiscal years beginning on or after January 1, 2008. The Company early adopted Section 3031 effective October 1, 2007. Adoption of this standard has had no impact on the company's consolidated financials statements.

New Accounting Pronouncements

Section 3064 – "Goodwill and Intangible Assets"" is effective for fiscal years beginning on or after October 1, 2008. Adoption of this standard has had no impact on the company's consolidated financials statements.

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 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. The Company is in the process of reviewing the impact of this initiative on the financial statements.

Current Economic Conditions

a) General Conditions

The company's major investment relates to a power plant in China. The demand for its product has not experience a decreased due to current economic conditions as the power continues to be sold to the local grid under contract. Pricing has reduced for sale price but has also decreased for raw materials, so the gross profit will not be significantly affected. The company has also hired a new general manager in China to run operations at a greater efficiency. The new general manager is focused on renegotiating terms with existing vendors and to have operations sustain its cash flow needs.

b) Liquidity and Capital Resources

The Company is actively looking for financing to address its immediate cash flow needs. It has also restructured the convertible debentures to extend the due dates to October 31, 2009. In YPPC, the Company is negotiating with its vendors as some amounts due to them should be reduced, as the quality of work performed from these vendors did not justify the price they are charging. With the hiring of the new general manager, the goal is for YPPC to start to generate enough cash flow to self sustain itself. If it's unable to, the Company, along with its minority shareholders will work to raise capital to construct further power plants. As all of the inventory and accounts receivable on the financial statements relate to YPPC, the Company does not expect any downside risk with these assets. Accounts receivable is to the Hunan Electricity Power Corporation which is a government body. The inventory has been turning regularly. With regards to the Company's working capital deficiency, the company does plan to raise capital in the market to address its immediate cash requirements. The company has no further capital expenditure commitments as at June 30, 2009.

Disclosure Controls and Procedures & Internal Controls Over Financial Reporting

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining the company's disclosure controls and procedures and the Company's internal controls over financial reporting. An evaluation of the effectiveness of the Company's disclosure controls and procedures as defined under Multilateral Instrument 52-109, was conducted as of September 30, 2008 to provide reasonable assurance that material information relating to the Company and its subsidiaries would have been summarized and reported on timely bases, and communicated to the issuer's Management, including its CEO and CFO (or persons who perform similar functions to a CEO and CFO), as appropriate to allow timely decision regarding required disclosure. Additionally, the CEO and CFO, together with Management, have designed internal controls over financial reporting in accordance with GAAP.

Based on that evaluation, the CEO and CFO have concluded that the operation of the Company's disclosure controls and procedures is ineffective in certain areas with improvements needed. It should be noted that while the CEO and CFO have evaluated disclosure controls and procedures for the fiscal period ended August 31, 2008 and concluded that they are being maintained as designed, they expect that the disclosure controls and procedures or internal controls over financial reporting may not prevent all errors and fraud. A control system, no matter how well designed or operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met.

During the Fiscal period ended September 30, 2008, the Company's transactions in China that had complex accounting and valuation issues. Due to complexities of these transactions during the current fiscal period, the Company reported certain financial information in the Company's quarterly reports which were subsequently reported in the Company's audited statements. The Company was unable to obtain and determine the fair values on timely bases which led to delays in closing and finalizing the Company's consolidated financial statements, and as a result the Company's consolidated financial statements for the fiscal period ended September 30, 2008 was late in filing with the regulators.

Consequently, the Company identified certain weakness and the need for improvement of controls and procedures in the following areas: (i) timely preparation of the financial information needed for the consolidated financial statements, and (ii) use of technically experienced personnel for complex accounting and valuation issues to ensure proper reporting of the financial information.

The Company has already begun to make improvements to its controls and procedures to address the two areas described above. Management expects to continue theses efforts to further strengthen Company's internal controls over financial reporting. The Company will be: (i) closely monitoring financial transaction to identify complex issues that need technical expertise t resolve on timely basis, and (ii) engage personnel with the proper technical expertise to assist the Company in preparing the financial information required for the Company's consolidated financial statements.

While the CEO, CFO and Management believes that the Company has designed adequate controls and procedures, there is no certainty that lapses in the controls and procedures will not occur and/or mistakes will not happen. Upon discovery of lapses in the effectiveness of designed controls, the company takes steps to implement changes and enforcement as deemed appropriate to reduce the risks of material errors or misstatements in its reporting to an acceptable level.

For the Company: ONA POWER CORP.

"Sandeep Poonia"

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Sandeep Poonia
CEO & Director