ONA POWER CORP.

Consolidated Interim Financial Statements
For the Three Months Ended
December 31, 2010

(Unaudited-Prepared by Management)

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 interim financial statements have not been reviewed by an auditor.

The accompanying consolidated interim financial statements of the Company for the three months ended December 31, 2010 have been prepared in accordance with Canadian generally accepted accounting principles and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these consolidated interim 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.
CONSOLIDATED BALANCE SHEETS
(Unaudited - expressed in Canadian dollar)

	December 31, 2010	September 30, 2010
ASSETS		
Current assets		
Cash	$ 379	$ 199,549
Total current assets	379	199,549
Equipment (Note 3)	502	1,043
Total Assets	$ 881	$ 200,592
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities	$ 80,946	$ 270,255
Due to related parties (Note 6)	963	2,423
Total liabilities	81,909	272,678
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 4b)	22,581,024	22,581,024
Contributed surplus (Note 4e)	6,165,546	6,165,546
Deficit	(28,827,598)	(28,818,656)
Total shareholders' deficiency	(81,028)	(72,086)
Total liabilities and shareholders' deficiency	$ 881	$ 200,592

Going concern (Note 1)
Subsequent events (Note 7)

Approved by the Board of Directors:

"Lucky Janda"
Director

"Rana Vig"
Director

See accompanying notes to the Consolidated financial statements

ONA POWER CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited-expressed in Canadian dollar)
FOR THE THREE MONTHS ENDED DECEMBER 31,

		2010		2009
Expenses				
Amortization	$	541	$	620
Consulting and management fees		-		44,100
Office and general		1,710		6,888
Occupancy and administration		-		15,000
Professional fees		1,791		3,200
Transfer agent and filing fees		4,900		9,088
Travel		-		6,007
Loss from continuing operations		(8,942)		(84,903)
Discontinued operations (Note 5)				
Loss from discontinued operations, net of taxes		-		(344,028)
		-		(344,028)
Loss for the period		(8,942)		(428,931)
Deficit, beginning of period		(28,818,656)		(22,348,949)
Deficit, end of period	$	(28,827,598)	$	(22,777,880)
Loss per share from continuing operations, basic and diluted	$	(0.00)	$	(0.00)
Loss per share from discontinued operations, basic and diluted	$	(0.00)	$	(0.02)
Weighted average number of shares outstanding, basic and diluted		42,259,239		18,792,573

ONA POWER CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited-expressed in Canadian dollar)
FOR THE THREE MONTHS ENDED DECEMBER 31,

		2010		2009
CASH PROVIDED BY (USED IN)				
Operating Activities				
Net loss for the period from continuing operations	$	(8,942)	$	(428,931)
Adjusted for items not involving cash:				
Amortization		541		620
Changes in non-cash working capital items:				
Amounts receivable and prepaid expense		-		158
Accounts payable and accrued liabilities		(189,309)		(203,642)
Cash used in operating activities of continuing operations		(197,710)		(631,795)
Cash used in operating activities of discontinued operations		-		513,532
		(197,710)		(118,263)
Investing Activities				
Cash used in investing activities of continuing operations		-		-
Cash used in investing activities of discontinued operations		-		(231,038)
		-		(231,038)
Financing Activities				
Due to related parties		(1,460)		-
Cash used in financing activities of continuing operations		(1,460)		-
Cash used in financing activities of discontinued operations		-		-
		(1,460)		-
Decrease in cash during the period		(199,170)		(349,301)
Effect of exchange rate changes on cash		-		(2,225)
Cash, beginning of period		199,549		661,579
Cash, end of period		379		310,053
Represented by:				
Cash - continuing operations	$	379	$	255,693
Cash - discontinued operations		-		54,360
	$	379	$	310,053
Supplementary Cash Flow Information				
Cash paid for income taxes	$	-	$	-
Cash paid for interest	$	-	$	172,818

See accompanying notes to the Consolidated financial statements

ONA POWER CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited-expressed in Canadian dollar)

FOR THE THREE MONTHS ENDED DECEMBER 31,

		2010		2009
Net Loss	$	8,942	$	428,931
Other Comprehensive Income :				
Unrealized gain on translation of self-sustaining subidiary		-		282,602
Comprehensive Loss	$	8,942	$	711,533

ONA POWER CORP.
CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE INCOME
(Unaudited-expressed in Canadian dollar)
FOR THE THREE MONTHS ENDED DECEMBER 31,

		2010		2009
Balance, beginning of period	$	-	$	2,040,485
Other Comprehensive Income :				
Unrealized translation adjustments		-		(282,602)
Balance, end of period	$	-	$	1,757,883

Ending balance of accumulated other comprehensive income comprises of:				
Unrealized translation adjustments	$	-	$	1,757,883
Balance, end of period	$	-	$	1,757,883

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Ona Power Corp. (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 (formerly Ona Energy Inc.). The Company's shares are publicly traded on the Frankfurt Exchange and Canadian National Stock Exchange ("CNSX").

The Company's principal business was acquisition and development of power generation in China. On August 31, 2010, the Company entered into an agreement to dispose all of its 60% ownership of its operating subsidiary, Yongxing Power Plant Corporation ('YPPC") (Notes 5). As a result of the disposition of YPPC, the Company currently does not have any operations and is actively seeking other business opportunities (Note 7).

Basis of presentation
These consolidated interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") pursuant to the recommendations of the Canadian Institute of Chartered Accountants ("CICA") on Interim Financial Statements, and do not include all the disclosures required for annual financial statements under Canadian GAAP. However, these consolidated interim financial statements follow the same accounting policies and methods of application as the Company's most recent audited annual financial statements. These consolidated interim financial statements should be read in conjunction with the Company's most recent audited consolidated financial statements for the year ended September 30, 2010, which are available on www.sedar.com.

Operating results for the three months ended December 31, 2010 are not necessarily indicative of the results that may be expected for the full year ending September 30, 2011 or for any other period.

Going concern
The Company incurred net loss of $8,942 for the three months ended December 31, 2010, had an accumulated deficit of $28,827,598, and had recurring losses since inception. The working capital deficiency as at December 31, 2010 was $81,530. As a result, the Company may not have sufficient funds to sustain its operations over the next twelve months. Management is considering all possible financing alternatives, including equity and debt financing to finance the future operations. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. These circumstances lead to substantial doubt as to the ability of the Company to meet its obligations as they become due and, accordingly, as to the appropriateness of the use of accounting principles applicable to a going concern.

These consolidated interim financial statements have been prepared in accordance with Canadian GAAP applicable to a going concern, which assumes that the Company will continue in operation for a reasonable period of time and will be able to realize its assets and discharge its liabilities in the normal course of operations. These consolidated interim financial statements do not include any adjustments to the recoverability and classification of certain recorded asset amounts and classification of certain liabilities that might be necessary if the Company were unable to continue as a going concern. The ability to continue operating as a going concern is dependent on raising additional funding to acquire a new business venture.

2. CHANGES IN ACCOUNTING POLICIES

These consolidated interim financial statements follow the same accounting policies and methods of application as the Company's most recent audited consolidated annual financial statements for the year ended September 30, 2010. The Company has not changed its accounting policies since then.

Comparative Information
Certain comparative balances have been reclassified to conform to the current period's presentation.

(Unaudited-expressed in Canadian dollar)

2. CHANGES IN ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements Not Yet Adopted
Future accounting changes announced by CICA but not yet adopted by the Company are as follows:

International Financial Reporting Standards

In 2006, the Accounting Standards Board of Canada ("ACSB") ratified a strategic plan that will result in the convergence of Canadian GAAP, as used by publicly accountable entities, with International Financial Reporting Standards ("IFSR") over a five-year transition period. The ACSB has developed and published a detailed implementation plan, with changeover required for fiscal years beginning on or after January 1, 2011. Because the Company has a fiscal year ended on September 30, the Company will adopt IFRS commencing October 1, 2011, and the adoption of IFRS will require the restatement for comparative purposes of amounts reported by the Company for the year ending September 30, 2011. The Company is in the process of executing an IFRS conversion plan.

Business Combination

In January 2009, the CICA issued Handbook Sections 1582 – Business Combinations, 1601 – Consolidated Financial Statements and 1602 – Non-controlling Interests which replace CICA Handbook Sections 1581 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two sections must also be adopted at the same time. The Company believes there are no material impacts on adoption of these accounting standards.

3. EQUIPMENT

The Company's equipment used in continuing operations is as follows:

		December 31, 2010	
	Cost	Accumulated Amortization	Net Book Value
Equipment	$10,812	$ 10,310	$502

		September 30, 2010	
	Cost	Accumulated Amortization	Net Book Value
Equipment	$10,812	$ 9,769	$1,043

4. SHARE CAPITAL

a) Authorized
The authorized share capital of the Company consists of unlimited voting common shares without par value and unlimited preference shares without par value.

b) Issued and outstanding
The Company did not issue or redeem any common shares during the three months ended December 31, 2010. As a result, the number of issued and outstanding shares as at December 31, 2010 and September 30, 2010 were the same. The continuity of the Company's issued and outstanding common shares is as follows:

(Unaudited-expressed in Canadian dollar)

4. SHARE CAPITAL (Continued)

b) Issued and outstanding (continued)

	Number of shares		Amount
Balance, at September 30, 2008	8,459,273	$	20,964,569
Private placement	10,333,300		807,111 (A)
Balance, at September 30, 2009	18,792,573	$	21,771,680
Private placement	23,466,666		809,344 (B)
Balance, at September 30 and December 31, 2010	42,259,239	$	22,581,024

(A) Net of value allocated to warrants of $740,296 and share issue cost of $2,588
(B) Net of value allocated to warrants of $774,657 and finder's fee of $175,999

The Company has not issued preferred shares since inception and did not have outstanding preferred shares as at December 31 and September 30, 2010.

c) Warrants outstanding

The status of the Company's outstanding share purchase warrants as at December 31 and September 30, 2010 are as follows:

Expiry Date	Exercise Price	Balance: September 30, 2010	Issued (Exercise)	Balance: December 31, 2010
March 10, 2011	$ 2.50	3,506,553	-	3,506,553
March 10, 2011	$ 3.75	761,051	-	761,051
August 11, 2011	$ 0.20	10,333,300	-	10,333,300
August 13, 2011	$ 0.40	1,000,000	-	1,000,000
September 27, 2012	$ 0.075	23,466,666	-	23,466,666
Total		39,067,570	-	39,067,570
Weighted Average Exercise Price		$ 0.41	-	$ 0.41

Expiry Date	Exercise Price	Balance: September 30, 2009	Issued	Balance: September 30, 2010
March 10, 2011	$ 2.50	3,506,553	-	3,506,553
March 10, 2011	$ 3.75	761,051	-	761,051
August 11, 2011	$ 0.20	10,333,300	-	10,333,300
August 13, 2011	$ 0.40	1,000,000	-	1,000,000
September 27, 2012	$ 0.075	-	23,466,666	23,466,666
Total		15,600,904	23,466,666	39,067,570
Weighted Average Exercise Price		$ 0.90	$ 0.08	$ 0.41

On December 31, 2010, the weighted average remaining life of outstanding warrants was 1.25 years (September 30, 2010: 1.50 years).

(Unaudited-expressed in Canadian dollar)

4. SHARE CAPITAL (Continued)

d) Stock options

The Company has cancelled all the outstanding options on September 2, 2009 and has not issued any option since then. As at December 31 and September 30, 2010, there were no options outstanding.

e) Contributed surplus

The Company did not have any activities during the three months ended December 31, 2010 that would have changed the contributed surplus. As a result, the Company's contributed surplus balance as at December 31 and September 30, 2010 were the same. The continuity of the Company's contributed surplus is as follows:

		Amount
Balance, October 31, 2009	$	5,390,889
Warrants -private placement		774,657
Balance, September 30 and December 31, 2010.	**$**	6,165,546

5. DISCONTINUED OPERATIONS

In July 2010, Foothill Enterprise Ltd. ("Foothill") issued a notice of default to the Company requesting an immediate repayment of principal and accrued interest, on the convertible debentures, totaling approximately $6,700,000. The Company did not have the liquidity and financial resources to meet the repayment demand. The Company reached an agreement with Foothill to fully settle the convertible debentures by assigning its 60% interest in YPPC and outstanding loans receivable from YPPC of approximately of $9,050,000 and paying $1,500,000 cash to Foothill. The settlement was completed on August 31, 2010. As a result, the Company did not have assets or liabilities from its discontinued operations as at September 30, and December 31, 2010. The operating results of the discontinued operations for the three months ended December 31, 2010 and 2009 are as follows:

Operating Results:		**Three months ended December 31, 2010**		**Three months ended December 31, 2009**
Revenue	$	-	$	786,073
Loss from discontinued operations	$	-	$	(344,028)

In the event of a successful sale of YPPC, Foothill will pay the Company the proceeds of the sale minus the following: (i) the amount of the Foothills Debenture plus accrued interest as at July 31, 2010 less the $1,500,000 cash payment paid by the Company; and (ii) an administrative fee of CAD $100,000.

6. TRANSACTIONS WITH RELATED PARTIES

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

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

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

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

6. TRANSACTIONS WITH RELATED PARTIES (Continued)

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.

7. SUBSEQUENT EVENTS

a) Private placement:

Subsequent to the three months ended December 31, 2010, the Company completed a private placement to raise gross proceeds of $400,000 by issuing 8,000,000 units in $0.05/unit. Each unit consists of one common share and one share purchase warrant of the Company. Each share purchase warrant entitles the holder to purchase a common share of the Company at $0.05 for a period of five years. There was no finder's fee in relation with this private placement. The Company will use the proceeds for its operations.

b) Acquisition of interest in oil well project:

On February 18, 2011, the Company entered into an agreement with Keblo Energy LLC to purchase an interest in two potential oil wells ("Oil Wells") to be drilled on the Doug Norris and Eddie Dean Smith leaseholds located in Fentress and Pickett Counties, Tennessee, USA. The Company is to receive 50% working interest and 40% net revenue interest (collectively the "Interest") in the Oil Wells. The Company will pay $100,000 for the Interest in the drilling and testing cost of the Oil Wells.