

DELTA URANIUM INC.

(FORMERLY WAVEPOWER SYSTEMS INTERNATIONAL INC.)

(A DEVELOPMENT STAGE COMPANY)

INTERIM FINANCIAL STATEMENTS

**FOR THE THREE & SIX MONTH PERIODS
ENDED AUGUST 31, 2007**

(UNAUDITED – PREPARED BY MANAGEMENT)

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DELTA URANIUM INC.,

(FORMERLY WAVEPOWER SYSTEMS INTERNATIONAL INC.)

(A Development Stage Company)

(Incorporated under the Ontario Business Corporations Act)

BALANCE SHEETS

(Prepared by Management)

	August 31 2007	February 28
	<u>(unaudited)</u>	<u>(audited)</u>
ASSETS		
	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 149,697	\$ 28,802
Due to related party (Note 3)	16,974	16,590
	<u>166,671</u>	<u>45,392</u>
SHAREHOLDERS' DEFICIENCY		
Share Capital (Note 4)		
241,666 (2006 - 733,332) Redeemable, Convertible, Preference Shares, Series "A" (note 4)	346,549	346,549
2,314,786 (2006 - 595,298) Common Shares	6,561,820	6,561,820
Contributed Surplus	78,072	78,072
Deficit	(7,153,112)	(7,031,833)
	<u>(166,671)</u>	<u>(45,392)</u>
	<u>\$ -</u>	<u>\$ -</u>

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

DELTA URANIUM INC.,

(FORMERLY WAVEPOWER SYSTEMS INTERNATIONAL INC.)

(A Development Stage Company)

Statements of Deficit

For Three and Six Month Periods Ended August 31, 2007 and 2006

and Cumulative from April 28, 2006 (date of re-entering development stage) to August 31, 2007

(Unaudited - Prepared by Management)

	For the 3 Month Period		For the 6 Month Period		Cumulative from
	August 31	August 31	August 31	August 31	April 28, 2006 to
	2007	2006	2007	2006	August 31, 2007
					(Note 1)
Deficit - Beginning of Period	\$ (7,044,307)	\$ (7,002,672)	\$ (7,031,833)	\$ (7,000,841)	\$ (30,420)
Net Loss	<u>(108,805)</u>	<u>(16,558)</u>	<u>(121,279)</u>	<u>(18,389)</u>	<u>(121,279)</u>
Deficit - End of Period	<u>\$ (7,153,112)</u>	<u>\$ (7,019,230)</u>	<u>\$ (7,153,112)</u>	<u>\$ (7,019,230)</u>	<u>\$ (151,699)</u>

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

DELTA URANIUM INC.,

(FORMERLY WAVEPOWER SYSTEMS INTERNATIONAL INC.)

(A Development Stage Company)

Statements of Loss

For Three and Six Month Periods Ended August 31, 2007 and 2006
and Cumulative from April 28, 2006 (date of re-entering
development stage) to August 31, 2007

(Unaudited - Prepared by Management)

	For the 3 Month Period August 31 2007	For the 3 Month Period August 31 2006	For the 6 Month Period August 31 2007	For the 6 Month Period August 31 2006	Cumulative from April 28, 2006 to August 31, 2007 (Note 1)
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Professional fees	7,451	13,161	7,451	13,161	18,181
Management fees	92,116	1,500	99,166	1,500	109,166
Transfer agent & filing fees	8,908	1,897	14,272	3,728	23,610
General and administrative	330	-	390	-	742
	<u>108,805</u>	<u>16,558</u>	<u>121,279</u>	<u>18,389</u>	<u>151,699</u>
Net Loss	<u>\$ (108,805)</u>	<u>\$ (16,558)</u>	<u>\$ (121,279)</u>	<u>\$ (18,389)</u>	<u>\$ (151,699)</u>
Net loss per weighted average number of common shares					
- Basic and diluted	<u>\$ (0.05)</u>	<u>\$ (0.03)</u>	<u>\$ (0.05)</u>	<u>\$ (0.03)</u>	
Weighted average number of common shares					
- Basic and diluted	<u>2,314,786</u>	<u>595,298</u>	<u>2,314,786</u>	<u>595,298</u>	

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

DELTA URANIUM INC.,

(FORMERLY WAVEPOWER SYSTEMS INTERNATIONAL INC.)

(A Development Stage Company)

Statements of Cash Flows

For Three and Six Month Periods Ended August 31, 2007 and 2006

and Cumulative from April 28, 2006 (date of re-entering development stage) to August 31, 2007

(Unaudited - Prepared by Management)

	For the 3 Month Period August 31 2007	For the 3 Month Period August 31 2006	For the 6 Month Period August 31 2007	For the 6 Month Period August 31 2006	Cumulative from April 28, 2006 to August 31, 2007 (Note 1)
Operations					
Net loss	\$ (108,805)	\$ (16,558)	\$ (121,279)	\$ (18,389)	\$ (151,699)
Changes in non-cash working capital:					
Accounts payable and accrued liabilities	108,805	9,558	120,895	11,389	134,725
Net cash used in operating activities	-	(7,000)	(384)	(7,000)	(16,974)
Financing					
Advances from related party	-	7,000	384	7,000	16,974
Net cash provided by financing activities	-	7,000	384	7,000	16,974
Net increase in Cash	-	-	-	-	-
Cash at Beginning of Year	-	-	-	-	-
Cash at End of Year	\$ -	\$ -	\$ -	\$ -	\$ -
Supplemental Cash Flow Information					
Cash paid for interest	\$ -	-	-	-	-
Cash paid for tax	\$ -	-	-	-	-
Issuance of shares for settlement of debt			\$ 430,000.00		\$ 430,000.00

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

DELTA URANIUM INC.

(FORMERLY WAVEPOWER SYSTEMS INTERNATIONAL INC.)

(A Development Stage Company)

Notes to Financial Statements

For the Six Month Period Ended August 31, 2007

1. Nature of Operations and Going Concern

Nature of Operations

Delta Uranium Inc. (“Delta” or the “Company”) was established in 1988, as Whitney Porcupine Resources Ltd. The Company was involved in the acquisition, exploration and development of mining properties in Northern Ontario. On July 15, 1993, the Company changed its name to Birch Capital Inc. and on April 2, 1996, to Breckenridge Technologies Inc. During this period, the Company was involved in the development and distribution of computer software. On October 23, 1996, the Company changed its name to Breckenridge Minerals Inc. and became involved in the acquisition, exploration and development of mining properties in Mexico and the Great Basin area in the state of Nevada in the United States. On June 7, 2005, the Company changed its name to WavePower Systems International Inc. On May 31, 2007 at a special and general shareholders’ meeting the name change to Delta Uranium Inc. was approved. The Company is currently an inactive investment holding company in the development stage.

Going Concern

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as a going concern.

As at August 31, 2007, the Company reported an accumulated deficit of \$7,153,112 (August 31, 2006: \$7,019,230) and cash outflows from operations of \$384 (2006: \$7,000) for the six month period then ended. Since the Company has re-entered the development stage, it has cumulative net losses of \$151,699. The cash position of the Company is insufficient to finance continued exploration. The continuity of the Company’s operations is dependent on Delta raising future financing for working capital, the continued exploration and development of its properties to be acquired as described in Note 6, and for acquisition and development costs of new project opportunities. There can be no assurance that adequate financing will be available, or available under terms favourable to the Company.

No adjustments to the assets and liabilities that may have to be made, if this assumption is not valid, are reflected in the financial statements.

2. Notice of No Auditor Review Of Financial Statements

Under National Instrument 51-102 “Continuous Disclosure Requirements”, Part 4, Subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financials have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

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

DELTA URANIUM INC.

(FORMERLY WAVEPOWER SYSTEMS INTERNATIONAL INC.)

(A Development Stage Company)

Notes to Financial Statements

For the Six Month Period Ended August 31, 2007

3. Significant Accounting Policies

Management in accordance with generally accepted accounting principles in Canada has prepared the financial statements of the Corporation. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements, in management's opinion, have been properly prepared using careful judgment with reasonable limits of materiality. The interim financial statements have been prepared following the same accounting policies and methods of computation as the financial statements for the fiscal year ended February 28, 2007. These interim financial statements do not contain all disclosures required under generally accepted accounting principles for annual financial statements and should therefore be read in conjunction with the financial statements and the notes for the year ended February 28, 2007.

Accounting Changes

On January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1506, "*Accounting Changes*". This standard establishes criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies and estimates, and correction of errors.

Financial Instruments

Liquidity Risk

There is the risk that the Company will have difficulty raising funds to meet obligations when they fall due. The Company has negative working capital and its current assets are insufficient to cover the short term liabilities.

On January 1, 2007, the Company adopted CICA Handbook Section 3855 "*Financial Instruments – Recognition and Measurement*". Under this standard, financial assets available for sale and financial assets and liabilities held for trading have to be measured at fair value. In relation to this policy: accounts receivable are classified as loans and receivables and are measured at amortized cost. Accounts payable, accrued liabilities and long term debt are classified as other and are initially measured at amortized cost. The adoption of this standard had no impact on the financial statements for the six months ended August 31, 2007.

Comprehensive Income (Loss)

On January 1, 2007, the Company adopted CICA Handbook Section 1530 "*Comprehensive Income*". Under this standard, comprehensive income and losses are charges to shareholders equity to record unrealized gains and losses resulting from changes in the fair value of certain financial instruments. The Company did not have any Comprehensive Income for the six months ended August 31, 2007.

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Notes to Financial Statements

For the Six Month Period Ended August 31, 2007

4. Due to Related Party

Amounts due to related parties are due to a shareholder and are unsecured, non-interest bearing and have no specified terms of repayment.

5. Share Capital

Authorized

500,000 Preference Shares - non-voting and entitle the holder to receive cumulative cash dividends at the rate of 4% per annum, are redeemable at the Company's option, and are convertible into common shares by the holder at a ratio as determined by the Board of Directors.

Unlimited number of Special Shares - non-voting and issuable in series with the directors fixing the designations, rights, privileges, restrictions and conditions attaching to each series prior to their issuance. The Special Shares of each series may be convertible into common shares by the holder at a ratio as determined by the Board of Directors.

Unlimited number of Common Shares, no par value

Issued

No preference shares have been issued as at August 31, 2007

241,666 Redeemable Convertible Special Shares Series "A" - non-voting shares which entitle the holder to receive a cumulative cash dividend at the rate of 6% per annum. This class is redeemable at the Company's option at an amount equal to the amount paid thereon, together with all unpaid cumulative dividends, whether or not declared, and is convertible by the holder, together with accrued dividends, into common shares at a ratio of one Special Share for 12.4159 Common Shares. As at August 31, 2007, undeclared cumulative dividends total \$184,947 (February 28, 2007 - \$174,551).

	Number	Value
Balance March 1, 2006	241,666	\$ 346,549
Shares issued for debt	-0-	-0-
Balance February 28, 2007	241,666	346,549
Shares issued	-0-	-0-
Balance August 31, 2007	<u>241,666</u>	<u>\$346,549</u>

DELTA URANIUM INC.

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(A Development Stage Company)

Notes to Financial Statements

For the Six Month Period Ended August 31, 2007

5. Share Capital (cont'd)

2,314,786 Common Shares

	Number	Value
Balance February 28, 2006	595,289	\$ 6,131,820
Shares issued for debt	<u>1,719,497</u>	<u>430,000</u>
Balance February 28, 2007	2,314,786	6,561,820
Shares issued	<u>-0-</u>	<u>-0-</u>
Balance August 31, 2007	<u>2,314,786</u>	<u>\$ 6,561,820</u>

Warrants

As at August 31, 2007 there were no warrants issued and outstanding.

Options

On December 19, 2006, the Board of Directors granted 210,000 options to management, employees and consultants of the Company. Each option is exercisable at \$0.10 per common share at any time until December 19, 2008. As the Company is not trading, these options currently have no value to be expensed as stock based compensation. During the period ended August 31, 2007, no options were exercised, cancelled or forfeited. On April 23, 2007, this stock option plan was amended as described in Note 6

6. Acquisition of 4316282 Canada Inc.

On April 23, 2007, the Company entered into a share exchange agreement (the "Agreement") with 4316282 Canada Inc. ("4316282"), a Canadian privately-owned junior mining corporation in the uranium and gold sectors with 100% interest in 3,199 claims covering a total of 51,176 hectares in north-western Ontario, to exchange:

- a) 15,799,000 Common Shares of the Company for 100% of the outstanding common shares of 4316282;
- b) 1,000,000 options of the Company to acquire one common share in the capital of the Company at an exercise price of \$0.40 per share at any time before December 30, 2011 for 100% of the outstanding options of 4316282; and
- c) 1,312,500 warrants and 655,000 warrants of the Company exercisable to acquire one common share in the capital of the Company each at an exercise price of \$0.30 per share and \$0.65 per share respectively at any time before December 22, 2007 and December 31, 2007 respectively for 100% of the outstanding warrants of 4316282.

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Notes to Financial Statements

For the Six Month Period Ended August 31, 2007

6. Acquisition of 4316282 Canada Inc. (cont'd)

In addition, on closing of the Agreement, the Company will convert the 241,666 Redeemable Convertible Special Shares Series "A" outstanding at year-end into 3,000,501 of its Common Shares. The Company also approved an amendment to increase the number of common shares reserved for the stock option plan to an amount to be determined upon regulatory approval by the Ontario Securities Commission and the Toronto Stock Exchange Venture Exchange.

This transaction will be accounted for as a reverse takeover whereby 4316282 has been identified as the accounting acquirer.

The Agreement was approved by the shareholders of the Company at an annual and special shareholders' meeting held on May 31, 2007. Final approval of the Agreement is dependent upon regulatory approval by the Ontario Securities Commission and the Toronto Stock Exchange Venture Exchange.