

# **URANIUM POWER CORP.**

**(FORMERLY BELL COAST CAPITAL CORP.)**

## **Interim Financial Statements** (unaudited and prepared by Management)

**For the Third Quarter Ended**

**JUNE 30, 2005**

### **Notice to Reader**

These interim financial statements of Uranium Power Corp. have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these interim financial statements, notes to financial statements and the related quarterly Management Discussion and Analysis.

**URANIUM POWER CORP.**  
**BALANCE SHEET (Unaudited)**

	June 30 <u>2005</u>	September 30 <u>2004</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and short term investments	\$ 4,318,261	\$ 1,114,713
Accrued interest	22,488	
Accounts receivable	<u>7,563</u>	<u>3,222</u>
	4,348,312	1,117,935
<b>Resource Properties (Note 3)</b>	<u>3,096,932</u>	<u>1,635,606</u>
	<u>\$ 7,445,244</u>	<u>\$ 2,753,541</u>

**LIABILITES**

**Current Liabilities**

Accounts payable and accrued liabilities	<u>0</u>	\$ <u>12,435</u>
	<u>0</u>	<u>12,435</u>

**SHAREHOLDERS' EQUITY**

<b>Share Capital (Note 5)</b>	16,510,929	11,388,795
<b>Contributed surplus</b>	147,894	62,924
<b>Retained Earnings (Deficit)</b>	<u>(9,213,579)</u>	<u>(8,710,613)</u>
	<u>7,445,244</u>	<u>2,741,106</u>
	<u>\$ 7,445,244</u>	<u>\$ 2,753,541</u>

**APPROVED BY THE DIRECTORS**

"Rahoul Sharan"

Director

"Michael Waggett"

Director

**URANIUM POWER CORP.**  
**STATEMENT OF OPERATIONS AND DEFICIT**  
**Unaudited (prepared by management)**

	Three months ended June 30		Nine months ended June 30	
	2005	2004	2005	2004
<b>REVENUE</b>				
Interest income	\$ 3,145	\$ 1,541	\$ 14,234	\$ 3,095
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>				
Bank and interest charges	\$ 522	\$ 436	\$ 1,463	\$ 943
Management fees	30,000	15,000	65,000	45,000
Office rent and administration	29,220	7,858	87,140	33,598
Professional fees	61,324	9,750	143,203	20,219
Regulatory fees and transfer agent	10,456	0	54,780	10,281
Stock compensation expense	28,323	0	84,970	0
Shareholder communications	22,361	6,508	80,645	16,508
	<u>182,206</u>	<u>39,552</u>	<u>517,200</u>	<u>126,549</u>
<b>Income (Loss) before other items</b>	(179,062)	(38,011)	(502,966)	(123,454)
<b>Other items</b>				
Write-off mineral property	0	(207,393)	0	(207,393)
Other items	0	4,345	0	10,020
	<u>0</u>	<u>4,345</u>	<u>0</u>	<u>10,020</u>
<b>Income (Loss)</b>	(179,062)	(241,059)	(502,966)	(320,827)
<b>DEFICIT, beginning of period</b>	\$ (9,034,517)	\$ (8,426,841)	\$ (8,710,613)	\$ (8,347,073)
<b>DEFICIT, end of period</b>	\$ (9,213,579)	\$ (8,667,900)	\$ (9,213,579)	\$ (8,667,900)
Weighted average earnings per share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)

**URANIUM POWER CORP.****STATEMENT OF CHANGES IN FINANCIAL POSITION (Unaudited)**

	Nine months ended		Three months ended	
	June 30		June 30	
	2005	2004	2005	2004
<b>CASH PROVIDED BY (USED IN)</b>				
<b>OPERATING ACTIVITIES:</b>				
Net gain (loss) for the period	\$ (502,966)	\$ (320,827)	(179,062)	(241,059)
Changes in non-cash working capital items	274,923	22,237	156,846	(849)
Stock based compensation expense	84,970	207,393	28,323	207,393
Net cash used in	<u>(143,073)</u>	<u>(91,197)</u>	<u>6,107</u>	<u>(34,515)</u>
<b>FINANCING ACTIVITIES</b>				
Issuance of capital stock	4,807,947	1,479,482	118,290	0
	<u>4,807,947</u>	<u>1,479,482</u>	<u>118,290</u>	<u>0</u>
<b>INVESTING ACTIVITIES</b>				
Resource property expenditures, net of recoveries	<u>(1,461,326)</u>	<u>(671,035)</u>	<u>(473,193)</u>	<u>(311,702)</u>
	<u>(1,461,326)</u>	<u>(671,035)</u>	<u>(473,193)</u>	<u>(311,702)</u>
<b>Increase (Decrease) in cash position during the period</b>	<u>3,203,548</u>	<u>717,250</u>	<u>(348,796)</u>	<u>(346,217)</u>
<b>Cash position, beginning of period</b>	<u>1,114,713</u>	<u>289,118</u>	<u>4,667,056</u>	<u>1,352,585</u>
<b>Cash position, end of period</b>	<u>\$ 4,318,261</u>	<u>\$ 1,006,368</u>	<u>4,318,261</u>	<u>1,006,368</u>

## **URANIUM POWER CORP (FORMERLY BELL COAST CAPITAL CORP.)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited, prepared by management)

JUNE 30, 2005

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Uranium Power Corp. (Formerly Bell Coast Capital Corp.) (the "Company") was incorporated under the Company Act of British Columbia and is primarily engaged in the acquisition and exploration of resource properties. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

The Company is in the process of acquiring and exploring its mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **Use of estimates**

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

#### **Principles of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Minera Bell Coast S.A. de C.V., a Mexican company, and BH Minerals USA Inc. All significant inter-company balances and transactions have been eliminated upon consolidation.

#### **Mineral properties**

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

## **URANIUM POWER CORP (FORMERLY BELL COAST CAPITAL CORP.)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited, prepared by management)

JUNE 30, 2005

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### **2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

#### **Mineral properties (cont'd...)**

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and future profitable production or proceeds from the disposition thereof.

#### **Stock-based compensation**

Effective October 1, 2002, the Company adopted CICA Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments", which recommended the fair value-based methodology for measuring compensation costs. The Company adopted the fair value method for all awards. Any consideration paid by the option holders to purchase shares is credited to capital stock.

#### **Future income taxes**

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized 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 the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

#### **Foreign currency translation**

The Company's subsidiaries are integrated foreign operations and are translated into Canadian dollar equivalents using the temporal method. Monetary items are translated at the exchange rate in effect at the balance sheet date; non-monetary items are translated at historical exchange rates. Income and expense items are translated at rates approximating those in effect at the date of transaction. Translation gains and losses are reflected in loss for the year.

#### **Loss per share**

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. Existing stock options and warrants have not been included in the computation of diluted loss per share because to do so would be anti-dilutive.

Loss per share is calculated using the weighted-average number of common shares outstanding during the year.

**URANIUM POWER CORP (FORMERLY BELL COAST CAPITAL CORP.)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited, prepared by management)

JUNE 30, 2005

**3. MINERAL PROPERTIES**

	Opening Oct. 1 2004	Acquisition costs net of recoveries	Exploration costs net of recoveries	Written off during period	Balance June 30 2005
<b>Mineral properties</b>					
<b>Mongolia claims</b>	1,229,095	(12,600)	320,816	0	1,537,311
<b>Wyoming claims</b>	0	1,147,319	0	0	1,147,319
<b>Utah claims</b>	0	5,792	0	0	5,792
<b>Nevada claims</b>	406,511	0	0	0	406,511
<b>Total</b>	<b>\$ 1,635,606</b>	<b>\$ 1,140,510</b>	<b>\$ 320,816</b>	<b>\$ 0</b>	<b>3,096,932</b>

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Exploration costs for the period are as follows:

	Mongolia	Wyoming	Utah	Nevada	Total
Balance - beginning of year	\$ <u>337,796</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>250,605</u>	\$ <u>588,401</u>
Additions:					
Drilling	283,014	0	0	0	283,014
Geophysics	369	0	0	0	369
Licensing	4,119	0	0	0	4,119
Technical consulting	<u>33,313</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>33,313</u>
	320,816	0	0	0	320,816
Balance - end of period	\$ <u>658,612</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>250,605</u>	\$ <u>909,217</u>

**Mongolia**

The Company beneficially holds a 100% interest in certain properties in Mongolia, which are subject to a 2% net smelter royalty.

During fiscal 2004, the Company granted an option to Montex Exploration, Inc. ("Montex") to earn a 50% interest in certain of the Company's mineral properties. To earn the interest, Montex paid \$124,800, is required to contribute \$2,400,000 of exploration costs over an 18-month period and is required to subscribe to a private placement of the Company for a minimum of \$500,000. If Montex does not contribute its full amount towards exploration within the 18 months, its interest will be proportionately reduced provided a minimum of \$500,000 is contributed. Montex has contributed \$158,576 towards exploration costs on the mineral properties. This option was terminated during the period.

## **URANIUM POWER CORP (FORMERLY BELL COAST CAPITAL CORP.)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited, prepared by management)

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### **3. MINERAL PROPERTIES (cont'd...)**

#### **Nevada**

During fiscal 2004, the Company entered into an option agreement to acquire various interests in certain mineral properties located in Nevada, U.S.A. To earn the interests, the Company must pay US\$398,540, issue 412,500 common shares and incur US\$732,000 in exploration expenses. To date, the Company issued 247,500 common shares at a value of \$49,500 to the vendor and 50,000 common shares at a value of \$7,500 as a finder's fee.

The Company subsequently entered into an agreement with Staccato Gold Resources Ltd. ("Staccato") whereby Staccato can earn various interests in certain of the properties in exchange for payments totaling US\$247,500. Staccato will also assume various payments due to the underlying holders of the interests. To date, the Company received option payments of \$229,094. The Company and Staccato replaced the agreement above with an agreement whereby each party will hold a 50% interest in the properties and each will be responsible for 50% of ongoing exploration expenses.

During fiscal 2004, the Company also entered into an option agreement to acquire a 100% interest in additional properties. To earn the interest, the Company is required to pay US\$45,000 and escalating annual payments on the first through to the sixth anniversary totaling US\$540,000 plus US\$150,000 every anniversary thereafter. The Company then entered into an agreement with Staccato whereby Staccato can earn a 50% interest by assuming 50% of the costs of the underlying option agreement.

During the current year, the Company signed a binding letter agreement with Staccato Gold Resources Ltd whereby Staccato will acquire Uranium Power Corp.'s remaining 50% interest in a suite of 5 advanced exploration Nevada gold properties together with all of its interest in the High Desert office assets in Elko, Nevada. Under an option agreement dated November 20, 2003, Staccato acquired a minority interest in the properties and subsequently increased its interest to 50% on November 16, 2004. The Joint Venture operates in Nevada as BH Minerals USA Inc. The transaction is intended to involve Staccato's acquisition of all of the shares of BH Minerals USA Inc. so that on closing of the acquisition BH Minerals will become a wholly owned subsidiary of Staccato.

Under the terms of the agreement, Staccato will pay to Uranium Power Corp. \$100,000 (CDN) plus one million shares (received) of Staccato to acquire the remaining 50% from Uranium Power Corp. In addition to the cash and share consideration, Staccato will pay to Bell Coast 15% of any net proceeds received by Staccato from its interest in the Long Peak property. As part of the transaction Staccato and Uranium Power Corp. have agreed to continue to share a 50/50 interest in a sixth property; the Cobb Creek property which was acquired subsequent to the original option agreement. The Cobb Creek property is located in the Independence trend in northern Nevada and has an indicated resource of over 170,000 ounces of gold.

#### **Wyoming**

The Company entered into an option agreement to acquire certain mineral claims in the Wasatch and Battle Springs Formation, Sweetwater County and Fremont County, Wyoming from Southwest Geothermal Inc, ("SWG"). Under the terms of the option agreement, the Company will pay US\$30,000 and issue 100,000 common shares on closing, and then pay US\$25,000 and issue 100,000 common shares on the first, second and third anniversary of the closing date, being October 25, 2004. In addition, the Company will reserve a 3% Net Smelter Return Royalty for SWG, which can be repurchased by the Company for a total of US\$ 3,000,000 or portion thereof.

The Company signed an agreement with US Energy Corp. ("USEG") and Crested Corp. ("CBAG") with respect to acquiring an interest in the Sheep Mountain uranium mines and properties held by USEG and CBAG located in the Crooks Gap Mining District in south-central Fremont County, Wyoming.

**URANIUM POWER CORP (FORMERLY BELL COAST CAPITAL CORP.)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited, prepared by management)

JUNE 30, 2005

**3. MINERAL PROPERTIES (cont'd...)****Wyoming (continued)**

The Company is required to make payments totaling \$4,050,000 (paid \$798,295) and issue 4,000,000 shares to USEG and CBAG. The initial \$100,000 is a non-refundable deposit with the balance of cash and shares paid by installment through

December 29, 2007 starting when the Company completes due diligence and the definitive agreement for the Company to acquire a 50% interest in the properties is signed. In the event that uranium prices rise above \$30 per pound for a period of 30 days, an additional \$3,000,000 in cash will be paid to USEG and CBAG. The letter agreement also contemplates forming a joint venture by June 29, 2005 to explore, develop and produce uranium from the properties and any new properties or uranium resources the joint venture may acquire.

**4. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$30,000 to a company controlled by a director during the quarter.

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

**5. CAPITAL STOCK AND CONTRIBUTED SURPLUS**

	Number of Shares	Capital Stock	Contributed Surplus
Authorized			
100,000,000 common shares, without par value			
Issued			
Balance at September 30, 2004	30,950,354	\$ 11,388,795	\$ 62,924
Private placements	23,649,176	4,020,360	-
Share issuance costs	-	(390,804)	-
Corporate finance fee	250,000	42,500	-
Stock compensation expense	-	-	56,646
Finders fee	200,000	17,000	-
Exercise of warrants	3,823,447	1,351,638	-
Exercise of options	475,000	81,440	-
Balance at June 30, 2005	59,347,977	\$ 16,510,929	\$ 119,570

**Stock options**

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

**URANIUM POWER CORP (FORMERLY BELL COAST CAPITAL CORP.)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited, prepared by management)

JUNE 30, 2005

**5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)**

As at June 30, 2005, the following incentive stock options were outstanding enabling optionees to acquire the following number of shares:

Number of Shares	Exercise Price	Expiry Date
1,425,000	\$ 0.17	September 27, 2006
300,000	0.32	February 8, 2007
200,000	0.50	May 5, 2007
250,000	0.50	April 12, 2007

Stock option transactions are summarized as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding at September 30, 2004	2,250,000	0.18
Granted	750,00	0.41
Expired/cancelled	(350,000)	0.26
Exercised	<u>(475,000)</u>	0.17
Outstanding at June 30, 2005	2,175,000	\$ 0.21
Exercisable at June 30, 2005	712,500	\$ 0.17

**Warrants**

At June 30, 2005, warrants were outstanding enabling holders to acquire the following number of shares:

Number of Shares	Exercise Price	Expiry Date
3,005,381	\$ 0.50	January 13, 2006
11,684,588	\$ 0.25	December 24, 2006
1,299,917	\$ 0.17	December 27, 2006
125,000	\$ 0.25	December 27, 2006

**URANIUM POWER CORP (FORMERLY BELL COAST CAPITAL CORP.)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited, prepared by management)

JUNE 30, 2005

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**5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)**

**Stock-based compensation**

The fair value of compensatory options and warrants granted is estimated on the grant date using the Black-Scholes option-pricing model. During fiscal 2004, the Company granted 2,000,000 incentive stock options with a fair value of \$169,940 or \$0.08 per option. During the current quarter, 333,340 options became vested and accordingly, the Company recorded stock compensation expense of \$28,323.

During the first six months of fiscal 2005, the Company granted 300,000 incentive stock options with a fair value of \$51,797 or \$0.17 per option. Since the options have not yet vested, the Company has not recognized any compensation expense.

The fair value of compensatory options and warrants granted is estimated on the grant date using the Black-Scholes option-pricing model. The weighted average assumptions used in calculating fair value during the current period ended are as follows:

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Risk-free interest rate	3.0 %
Expected option or warrant life in years	2 years
Expected stock price volatility	101%
Expected dividend yield	0%

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**Private placement**

The Company completed a private placement with Canaccord Capital Corporation ("Canaccord") whereby Canaccord acted as agent for gross proceeds of \$4,020,360 at a price of \$0.17 per unit. Each unit consists of one common share and one-half of one share purchase warrant with each whole warrant entitling the holder to purchase an additional common share at an exercise price of \$0.25 for a period of 2 years.

Canaccord was paid an 8% commission and issued agent's warrants equal to 10% of the offering sold. As Agent for the purposes of the offering, Canaccord Capital Corporation has received 2,364,917 warrants all exercisable at a price of \$0.17 per share and 125,000 Corporate Finance Warrants exercisable at a price of \$0.25 per warrant. One full warrant is required in each case in order for the Agent to be able to purchase one full share. Any shares issued pursuant to the exercise of the Agent's Warrants and the Corporate Finance Warrants will be issued subject to a mandatory hold period expiring April 25<sup>th</sup>, 2005. All warrants issued pursuant to the offering expire December 24<sup>th</sup>, 2006. Also, Canaccord was paid a corporate finance fee of 250,000 units

**6. COMMITMENTS**

The Company entered into a management agreement with a company controlled by a director of the Company, effective July 2, 2002, for a term of one year. The agreement requires the Company to pay management fees of \$5,000 per month to this company. During the current year, the management agreement was renewed for another year at \$10,000 per month.

The Company is committed to future minimum lease payments for premises of approximately \$5,300 per month through to August 31, 2005. The Company's lease costs may be reduced due to recoveries through sub-leases.

**URANIUM POWER CORP (FORMERLY BELL COAST CAPITAL CORP.)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited, prepared by management)

JUNE 30, 2005

**7. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported income taxes is as follows:

	2004	2003
Loss for the year	\$ (363,540)	\$ (734,187)
Expected income tax (recovery)	\$ (129,420)	\$ (276,054)
Write-off of mineral properties	73,832	220,312
Share issue costs	(21,590)	14,050
Unrecognized benefit of non-capital losses	<u>77,178</u>	<u>41,692</u>
Total income taxes	\$ -	\$ -

The significant components of the Company's future income taxes assets are as follows:

	2004	2003
Future income tax assets:		
Non-capital loss carryforwards	\$ 481,000	\$ 482,000
Cumulative exploration and development expenses	535,000	457,000
Share issue costs	<u>66,000</u>	<u>45,000</u>
	1,082,000	984,000
Valuation allowance	<u>(1,082,000)</u>	<u>(984,000)</u>
Net future income tax assets	\$ -	\$ -

The Company has non-capital losses of approximately \$1,350,000 available for deduction against future taxable income. These losses, if not utilized, will expire through 2014. Subject to certain restrictions, the Company also has resource expenditures and share issue costs of approximately \$3,130,000 and \$180,000 respectively, available to reduce taxable income in future years. Future tax benefits which may arise as a result of these non-capital losses, resource deductions and share issue costs have not been recognized in these financial statements and have been offset by a valuation allowance.

**8. SUBSEQUENT EVENTS**

Subsequent to June 30, 2005, the Company issued 1,000,000 shares to the Vendors of the Sheep Mountain property located in Fremont County of the State of Wyoming. These shares were issued as the first installment of shares required to be issued under the option agreement entered into between Uranium Power and US Energy Corp and Crested Corp. dated December 8, 2004.