



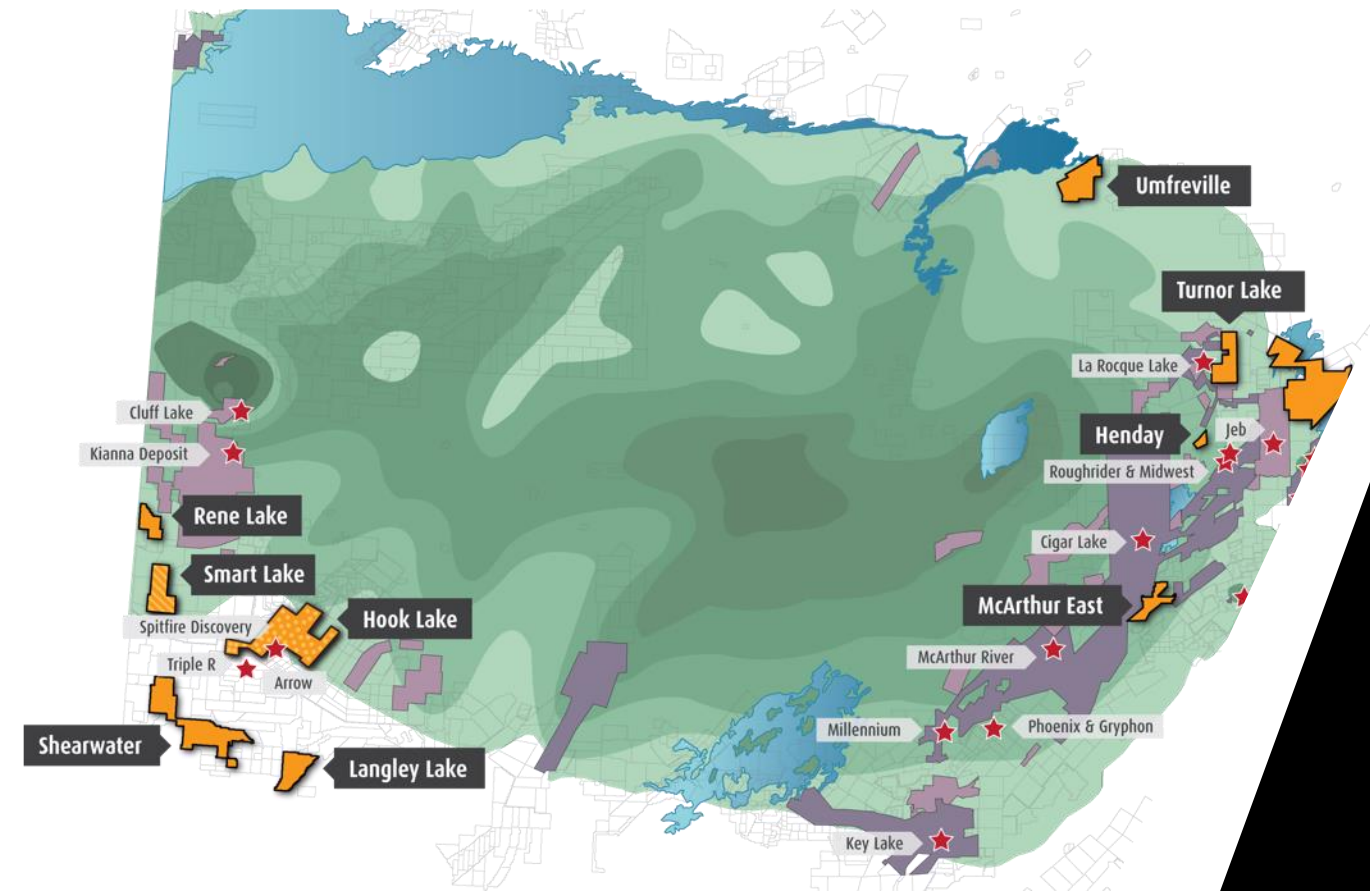
Purepoint
Uranium
Group Inc.

IT'S 2004 ALL OVER
AGAIN

*DEVELOPING A URANIUM
INVESTMENT THESIS*

Q4 2018

TSXV: PTU



Disclaimer

Forward Looking Statements

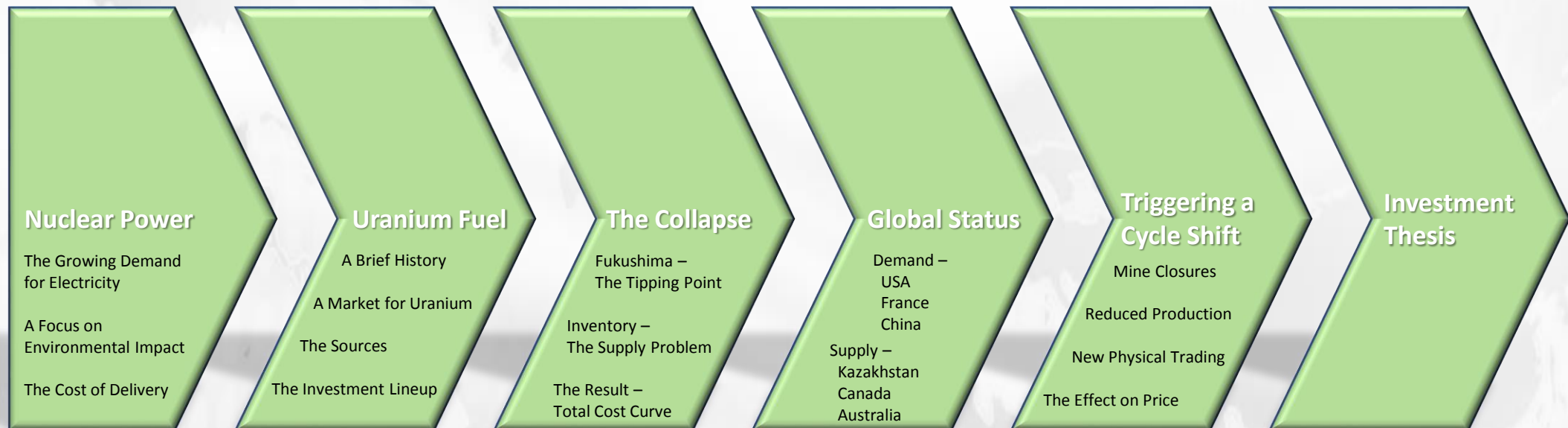
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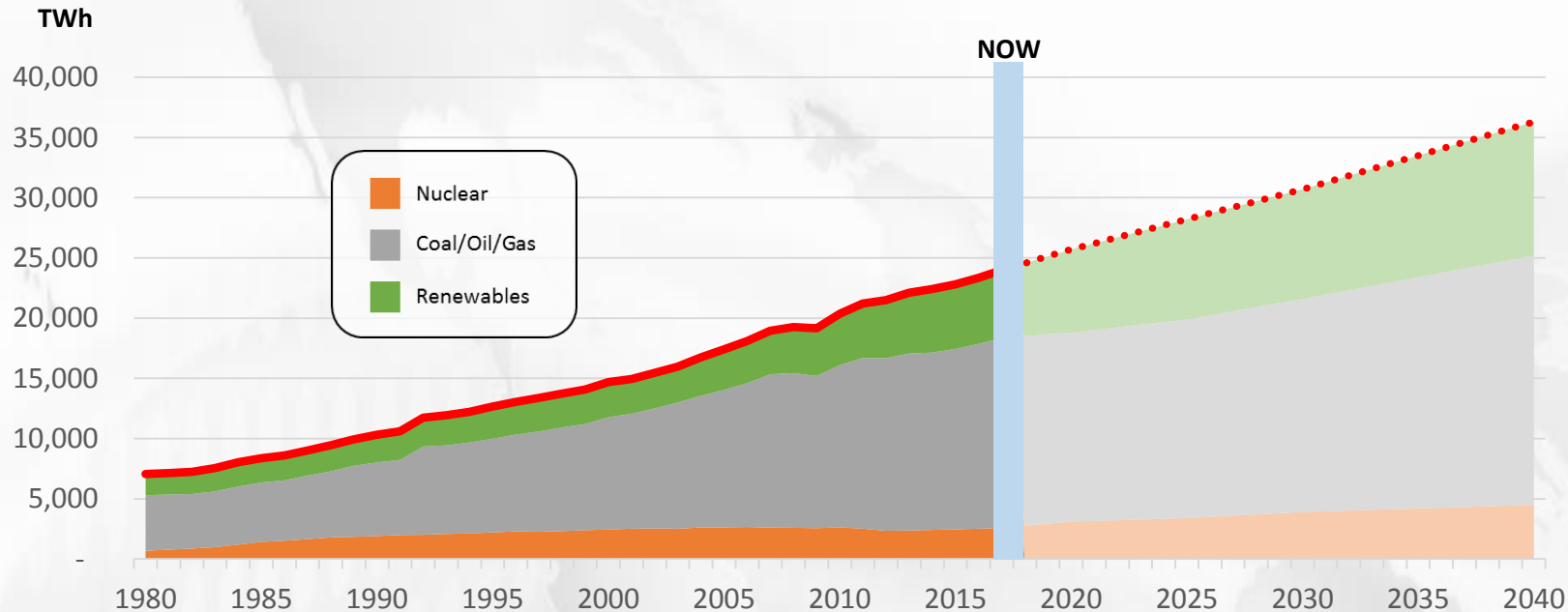
Nuclear Power



Nuclear Power

The Growing Demand for Electricity

Since 1980 Global demand for electricity has more than tripled
15 Years from now, the World will be consuming twice as much electricity as it did 15 Years ago!

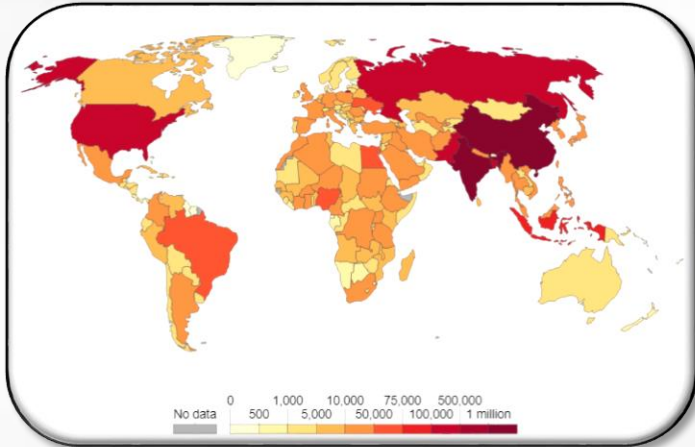


	Change in Mix	
	Now	2040
Nuclear	11%	12%
Renewables	24%	31%
Coal/Oil/Gas	66%	57%

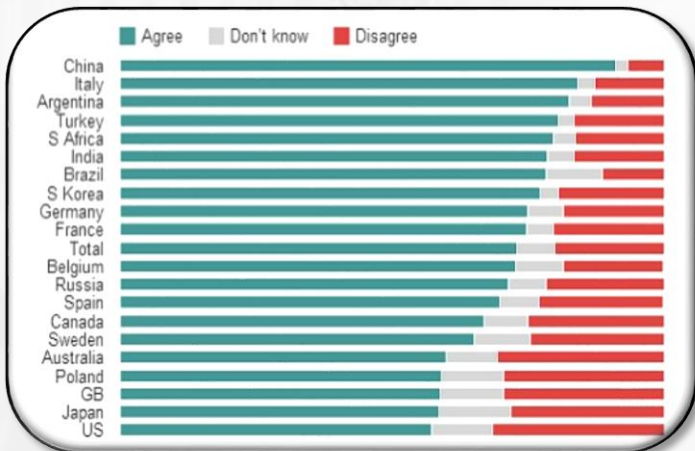
*Although the bulk of power will continue to be produced by coal, natural gas and renewables,
Nuclear power generation is expected to grow at a consistent rate of 2.3% per year*

Nuclear Power

A Focus on Environmental Impact

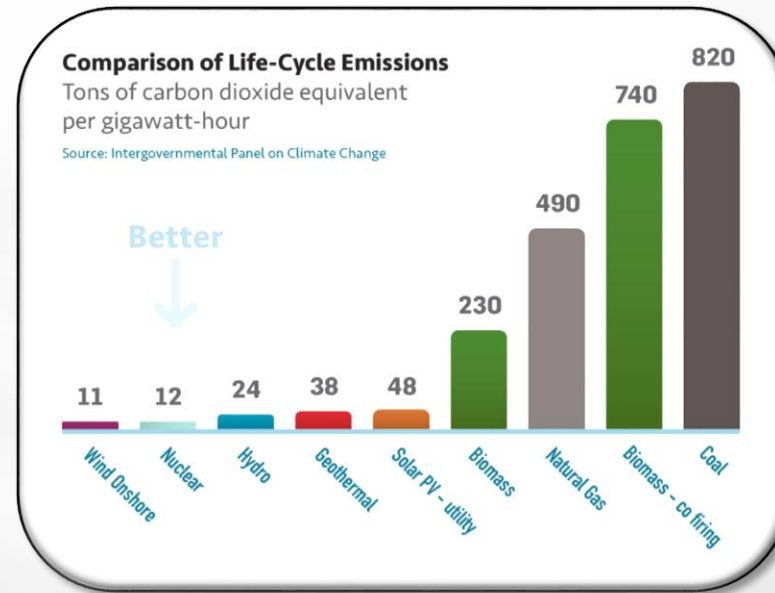


Absolute number of deaths from outdoor air pollution - 2016



Do you agree? - We headed for environmental disaster if we don't change our behavior or habits.

A significant driver of the world's energy mix is its impact on the environment

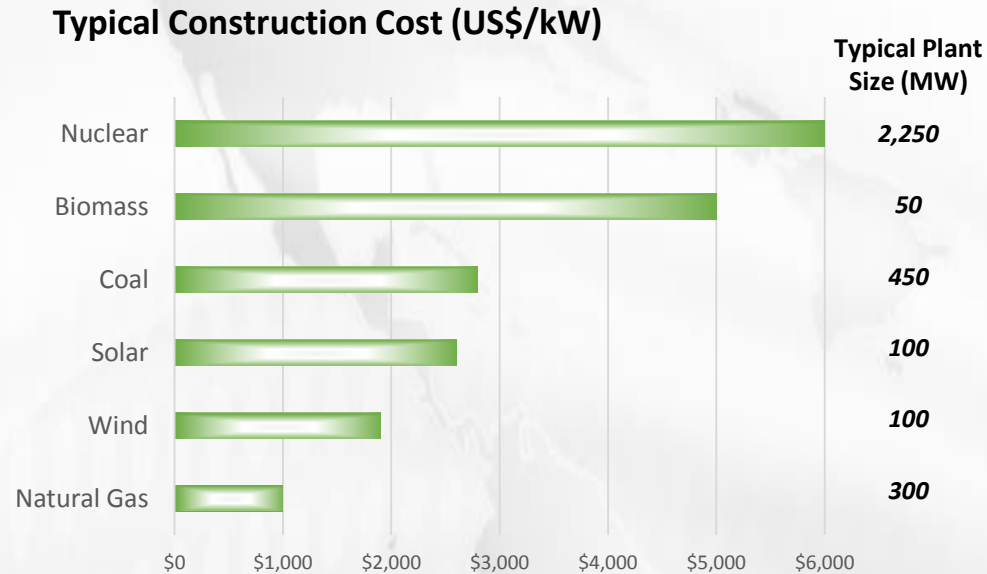


In evaluating the complete life-cycle of energy sources, from creation to ultimate use, Nuclear energy delivers the most environmentally friendly, base-line option

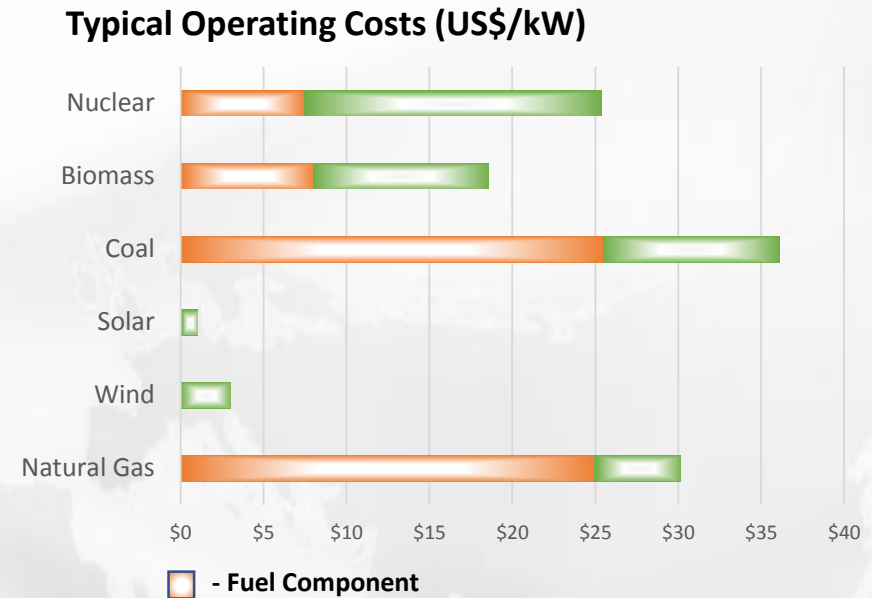
Nuclear Power

The Cost of Delivery

Relative to the total cost of delivery, nuclear fuel (uranium) represents a very minor component



Where typical power plants can cost \$100's of millions, Nuclear Power Plants typically cost in the range of \$10-15 billion



Despite its efficiency and environmental benefits..... project size, construction costs, lead time and social/political resistance, make nuclear power a challenging option

Uranium Fuel

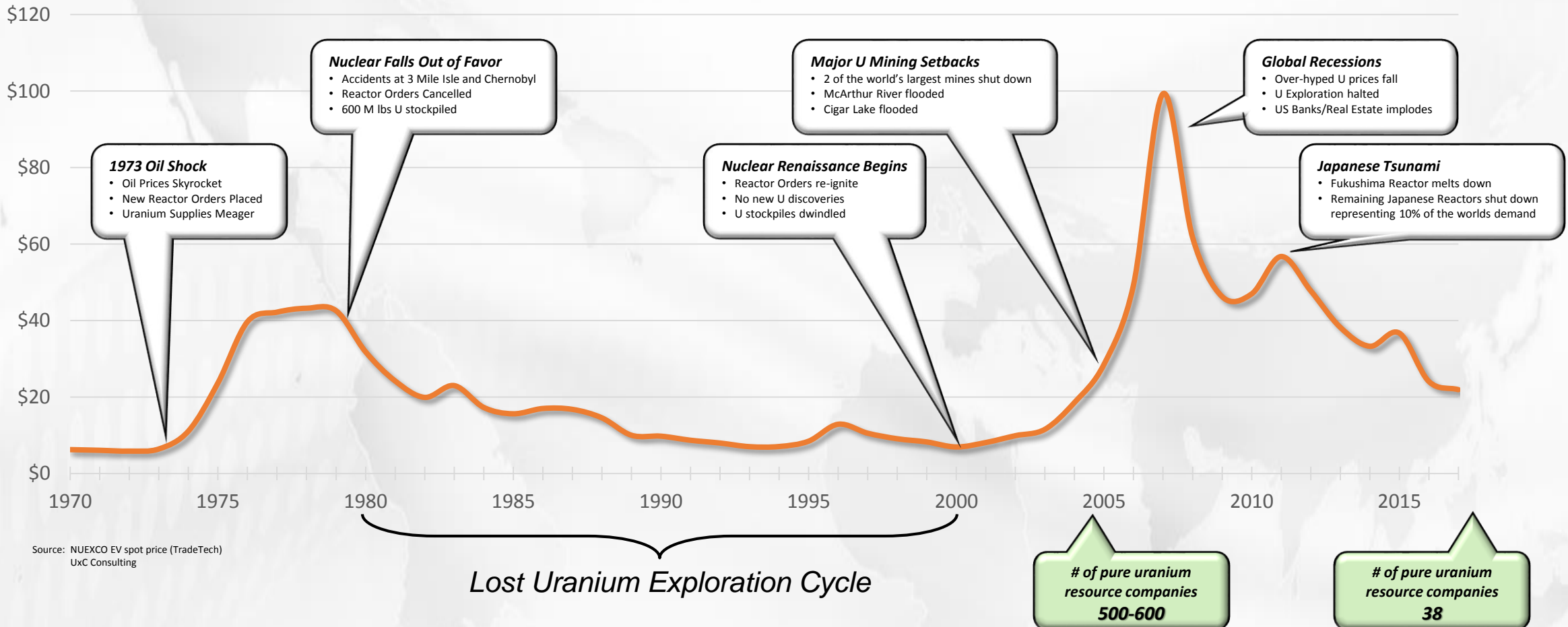


Uranium Fuel

A Brief History

The tight, illiquid uranium market has resulted in major price swings emanating from clearly identified events

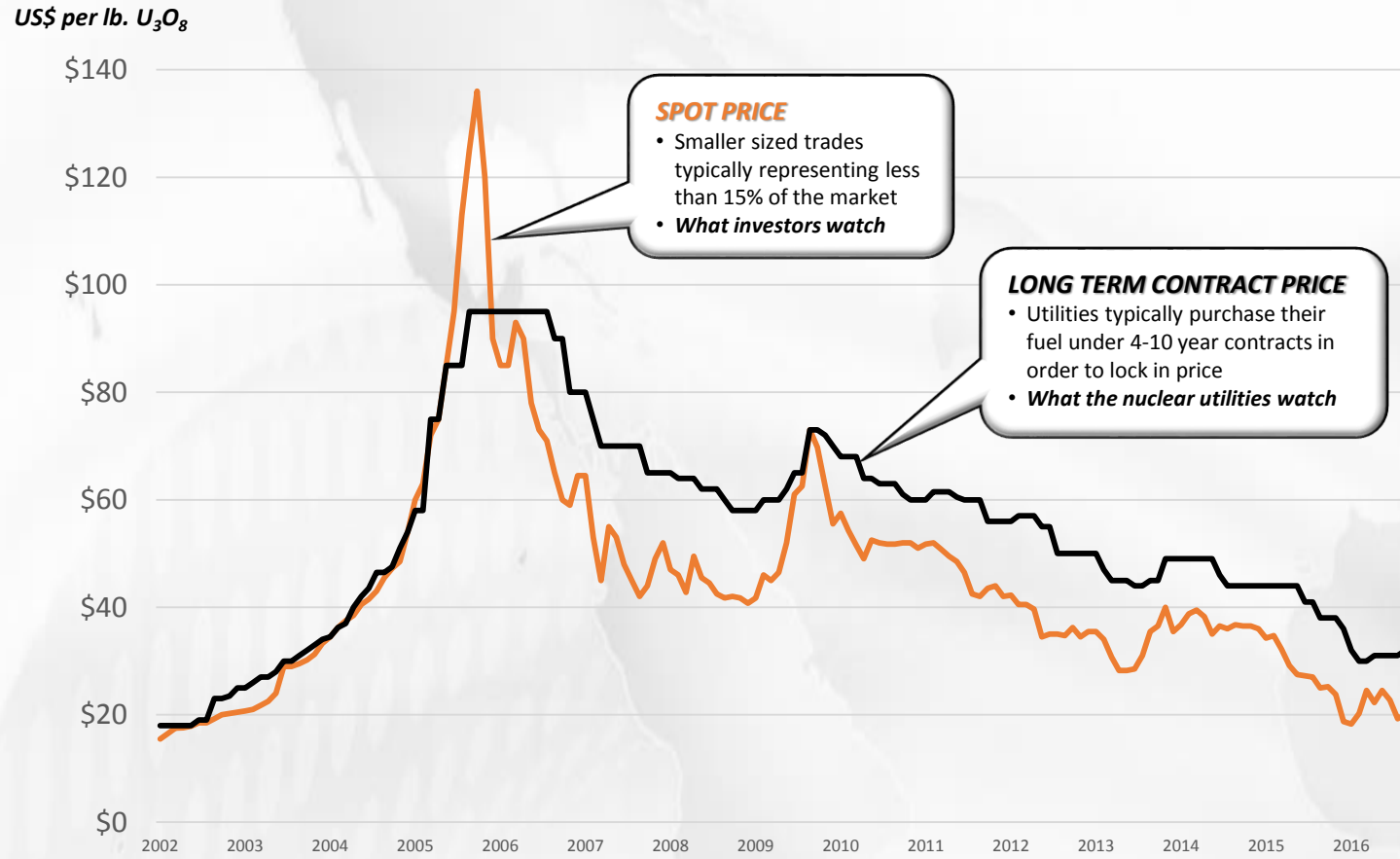
US\$ per lb. U_3O_8



Uranium Fuel

The Market for Uranium

Uranium does not trade on an open market like other commodities
Buyers and sellers negotiate contracts privately



Source: UxC Consulting
World Nuclear Association

Q4 2018

TSXV: PTU

Reactors & Fuel Requirements

	# of Reactors	lbs. U Required	lbs. U per Reactor
Operating (Oct, 2018)	420	143.3 MM	340,000
Japan – Idle	<u>33</u>	<u>11.2 MM</u>	
Operable	453	154.5 MM	
Under Construction	<u>55</u>	<u>18.7 MM</u>	
Total	<u>508</u>	<u>173.2 MM</u>	
Planned	152		
Proposed	<u>335</u>		
Total	<u>487</u>		
2017 Production		131.2 MM	

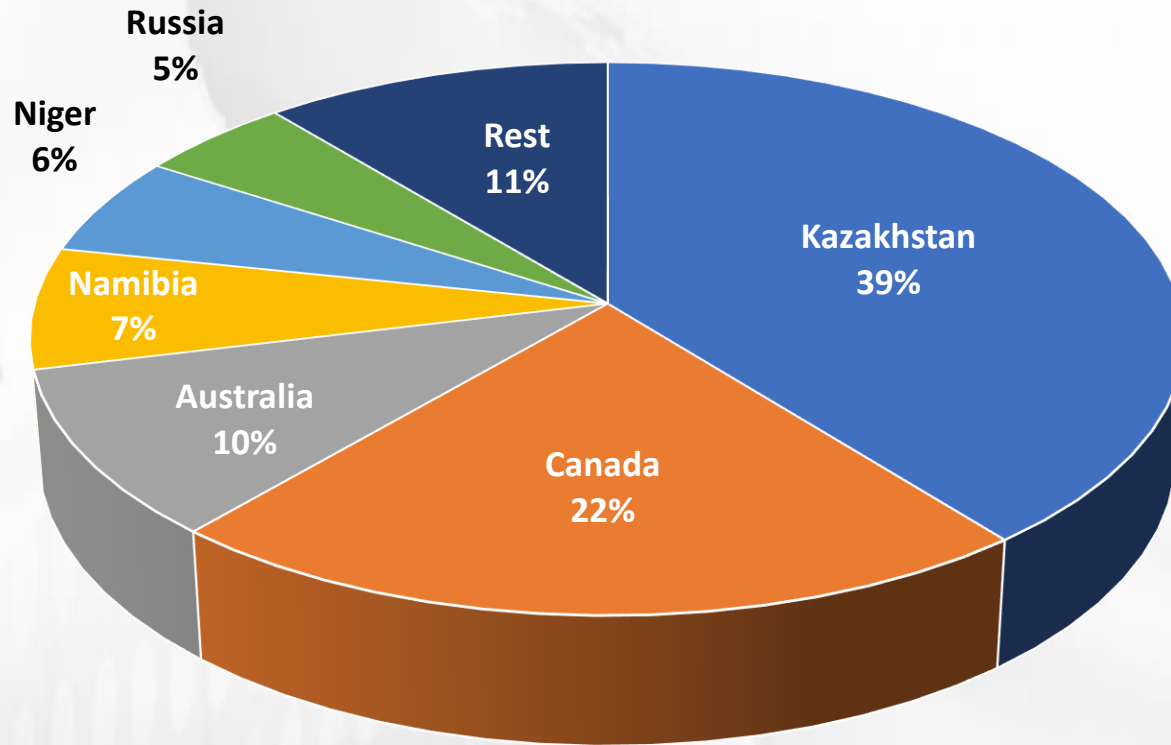
Observations:

- ✓ Production is less than current consumption (by ~ 8%)
- ✓ Reactors under construction or idle further increase the gap (to ~ 24%)
- ✓ Does not account for the 1.8 MM lbs. for initial new reactor fill
- ✓ Planned and proposed reactors potentially double consumption

Uranium Fuel

The Sources

Nearly 80% of the world's uranium is mined in 4 countries



Global Uranium Production – 2017

131,244,000 lbs. U

154,767,000 lbs. U_3O_8

Kazakhstan

- Holds 12% of the world's uranium resources
- Utilizing low cost ISL mining methods
- Currently no investment opportunity
- Kazatomprom IPO scheduled before year end

Canada

- Holds 9% of the world's uranium resources
- Largest high-grade mines in the world

Australia

- Relative low production despite holding 29% of the world's uranium resources
- The vast majority of Australia's uranium resources are within five deposits including Olympic Dam (the world's largest known uranium deposit)

Namibia

- Two significant uranium mines capable of providing 10% of world mining output
 - Rössing owned primarily by Rio Tinto
 - Langer Heinrich owned by Paladin – recently closed
- Production at Husab mine recently underway (owned by Chinese interests)

Uranium Fuel

The Investment Lineup

Due to the prolonged languishing of uranium prices, there remain only 38 public pure-uranium investments available today (with three more pending)

Producers/Traders/Funds

COMPANY	EXCHANGE	COUNTRY FOCUS
Cameco Corp	TSX/NYSE	Canada
Denison Mines Corp	TSX	Canada
Energy Fuels Inc.	TSX	United States
Energy Resources of Australia	ASX	Australia
Paladin Energy	ASX	Africa
Uranium Energy Corp	NYSE	United States
Ur-Energy	TSX/NTSE	United States
Kazatomprom	<i>Soon on LSE</i>	Kazakhstan
Uranium Participation Corp	TSX	n/a
Yellow Cake Plc	LSE	n/a
Global X Uranium Fund	NYSE	n/a
Geiger Counter Ltd	LSE	n/a
Uranium Trading Corp	<i>Soon on NYSE</i>	n/a
Tribeca Global Natural Res.	<i>Soon on ASX</i>	n/a

Developers

COMPANY	EXCHANGE	COUNTRY FOCUS
NexGen Energy Limited	TSX/NYSE	Canada
Fission Uranium Corp	TSX	Canada
Plateau Energy Metals Inc.	TSX.V	Peru
Toro Energy Limited	ASX	Australia
Berkeley Energia Ltd.	ASX	Spain
Forsys Metals Corp	TSX	Namibia
GoviEx Uranium Inc.	TSX.V	Niger
Aura Energy Limited	ASX	Sweden
Vimy Resources Ltd.	ASX	Australia
A-Cap Resources Limited	ASX	Botswana
Anifield Energy Inc.	TSX.V	United states
Azarga Uranium Corp	TSX	United States
Laramide Resources Ltd.	TSX	United States
Bannerman Resources Limited	ASX	Namibia

Explorers

COMPANY	EXCHANGE	COUNTRY FOCUS
Purepoint Uranium Group	TSX.V	Canada
UEX Corporation	TSX	Canada
Fission 3.0 Corp	TSX.V	Canada
CanAlaska Uranium Ltd.	TSX.V	Canada
ALX Uranium Corp	TSX.V	Canada
Summit Resources Ltd.	ASX	Australia
Skyharbour Resources Ltd.	TSX.V	Canada
Azincourt Energy Corp	TSX.V	Canada
Blue Sky Uranium Corp	TSX.V	Argentina
ValOre	TSX.V	Canada
enCore Energy Corp	TSX.V	United States
ISOEnergy Ltd.	TSX.V	Canada
Appia Energy Corp	TSX.V	Namibia
Deep Yellow Limited	ASX	Namibia

The Collapse



The Collapse

Fukushima – The Tipping Point

On March 11, 2011 the most powerful earthquake ever recorded in Japan triggered tsunami waves that reached heights of up to 40.5 metres (133 ft), critically damaging the Fukushima Daiichi nuclear power plant

As a precaution, all of the country's 42 reactors were shut down representing approximately 10% of the world's nuclear fleet

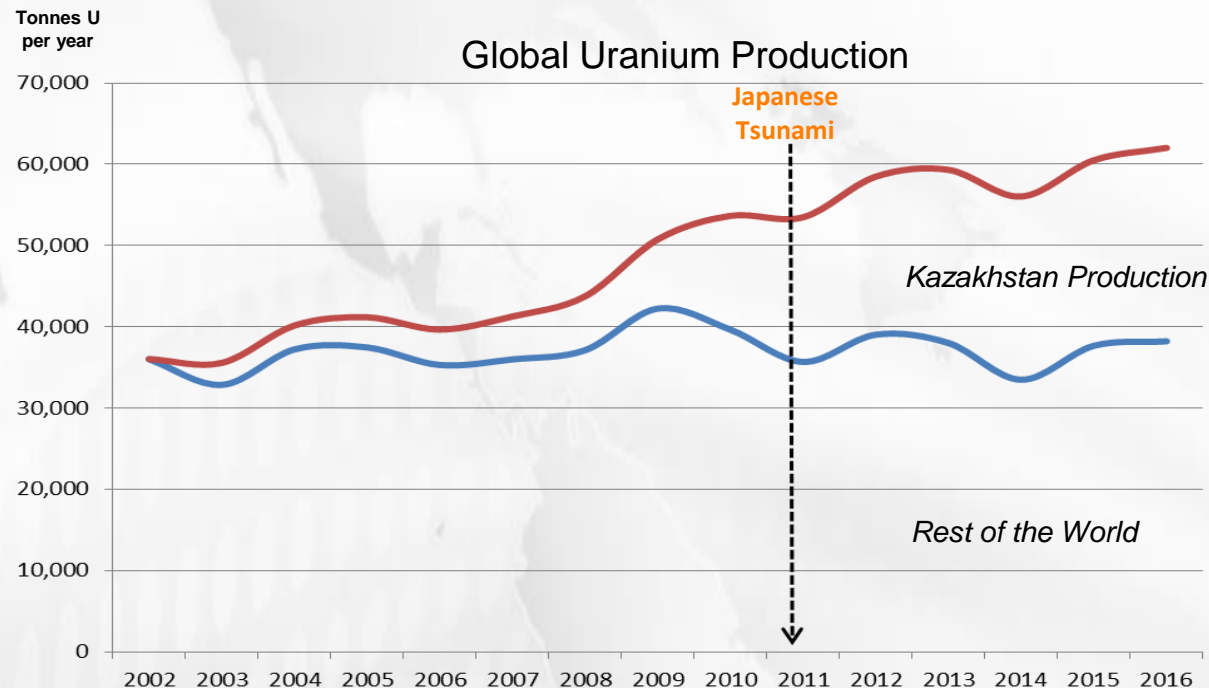
ANTICIPATED JAPANESE REACTOR RESTART								
Status/Date	2011 - 2017	2018	2019	2020	2021	2022	Permanent Closure	Total Operable
Currently Operating	5	4						9
Scheduled for Re-Start		1	2	3	1	1		8
Under Review/Repair				4	5	4	8	21
To be Decommissioned							4	4
Total	5	5	2	7	6	5	12	42

Over time, however, it has become evident that the industry's expected short term shut down has become a permanent reduction in demand

The Collapse

Inventory – The Supply Problem

Unfortunately, the drop in Japanese demand was not the primary problem, but only the trigger exposing a larger underlying issue



Excess Inventory:

1. In the 5 years leading up to the Japanese shut down, the mining industry had increased production by 16%
2. Over a 10 year period, Kazakhstan had increased their production from practically nothing to 1/3 of the global supply
3. Post March 2011, Kazakhstan continued to ramp up production, increasing market share to nearly 40%
4. Kazakh transfer pricing laws and saturated demand, resulted in practically all Kazakh production being sold into the spot market
5. Making the entire situation worse – there was no reliable quantification of global uranium inventories. Current best inventory estimates are approximately 1B lbs U_3O_8 +/- 150MM. (6.5x annual demand)

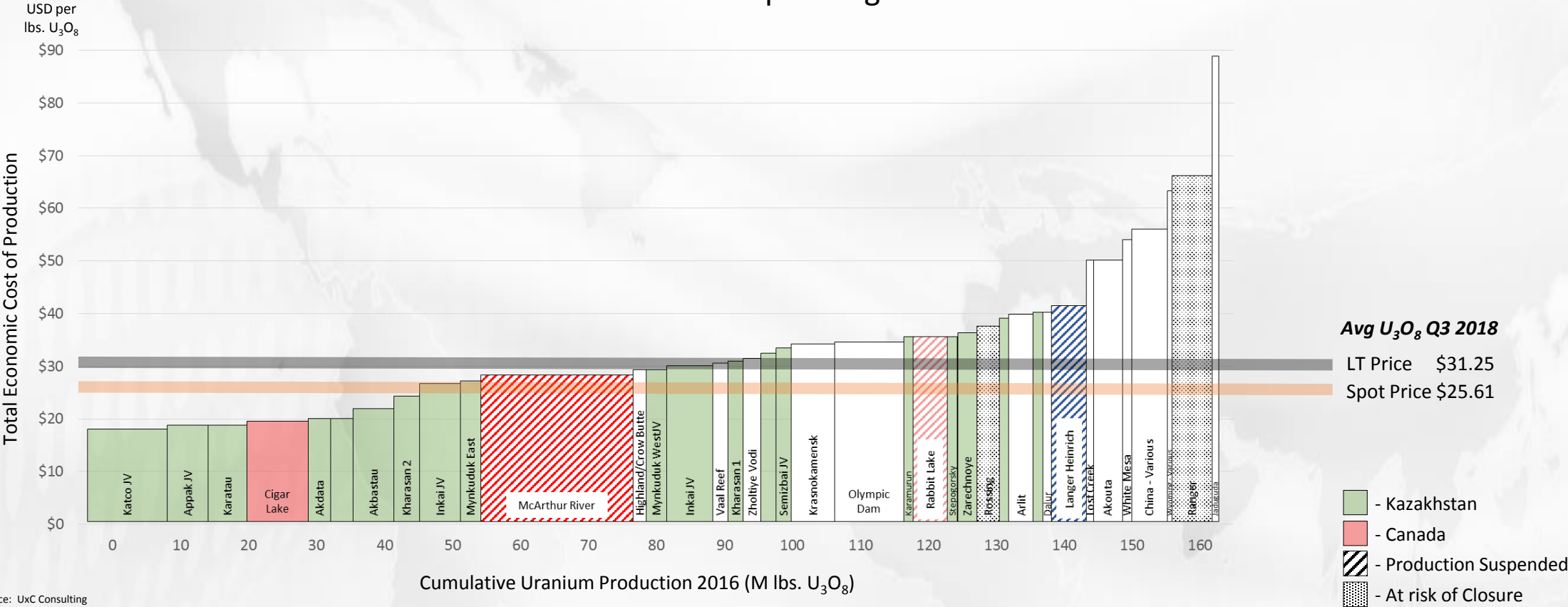
In addition to current inventory quantities, there is no clear level of “normal” inventory quantities or at what point price is affected

The Collapse

The Result – Total Cost Curve

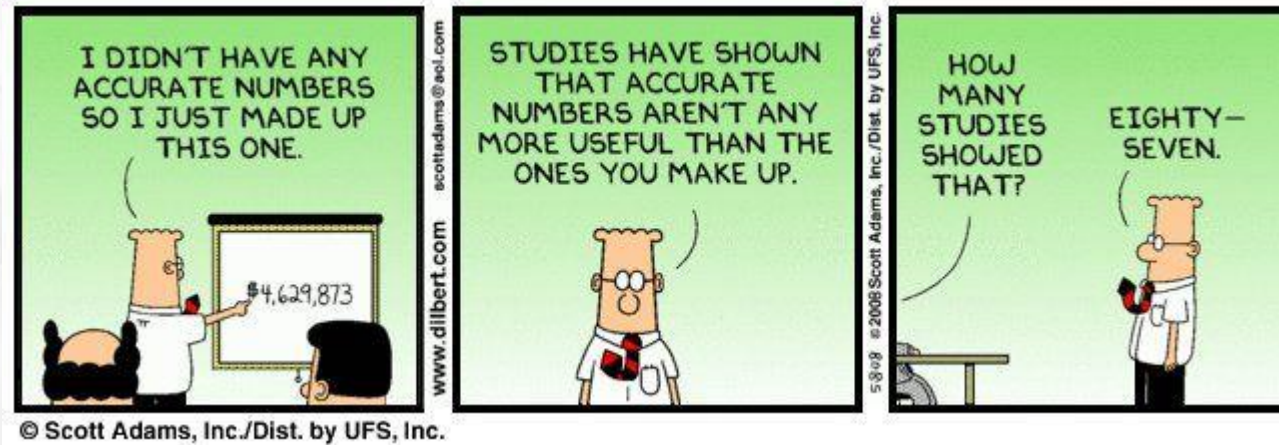
The flooding of the spot market and excess inventory has resulted in a severe languishing of demand and decline in price

Most of the world’s mines are operating at or below break-even



Source: UxC Consulting
The World Nuclear Association
BMO Capital Markets

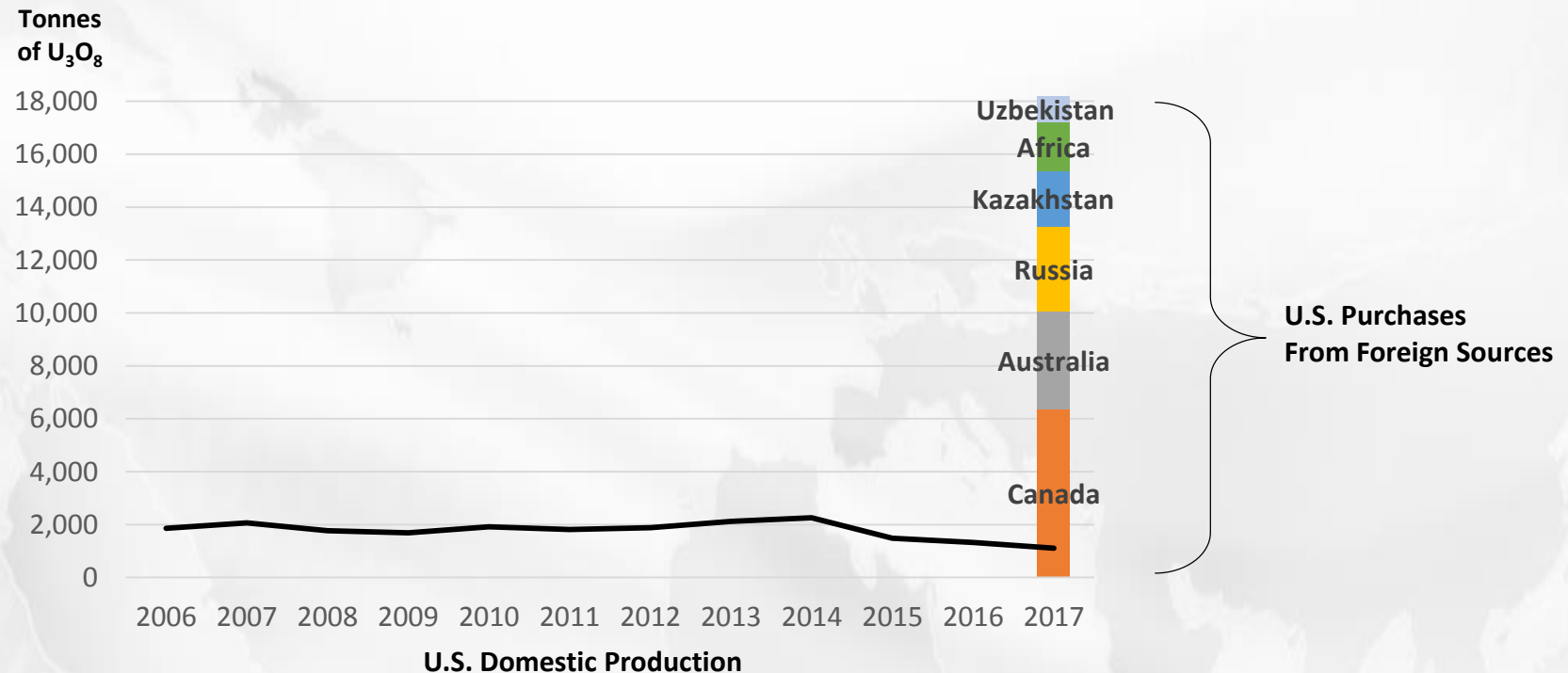
Global Status



Global Status

Demand – United States

The USA is the world's largest producer of nuclear power, accounting for more than 30% of worldwide nuclear generation of electricity



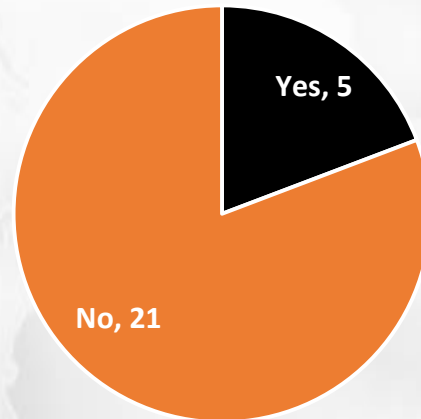
Currently, almost all the uranium used in US commercial reactors is imported. After reaching a peak in 1980, domestic mining now accounts for only 10% of the fuel used in US reactors

Global Status

Demand— United States

In January 2018, Ur-Energy and Energy Fuels Jointly Filed a Section 232 Petition with U.S. Commerce Department to Investigate Effects of Uranium Imports on U.S. National Security

Action Taken?



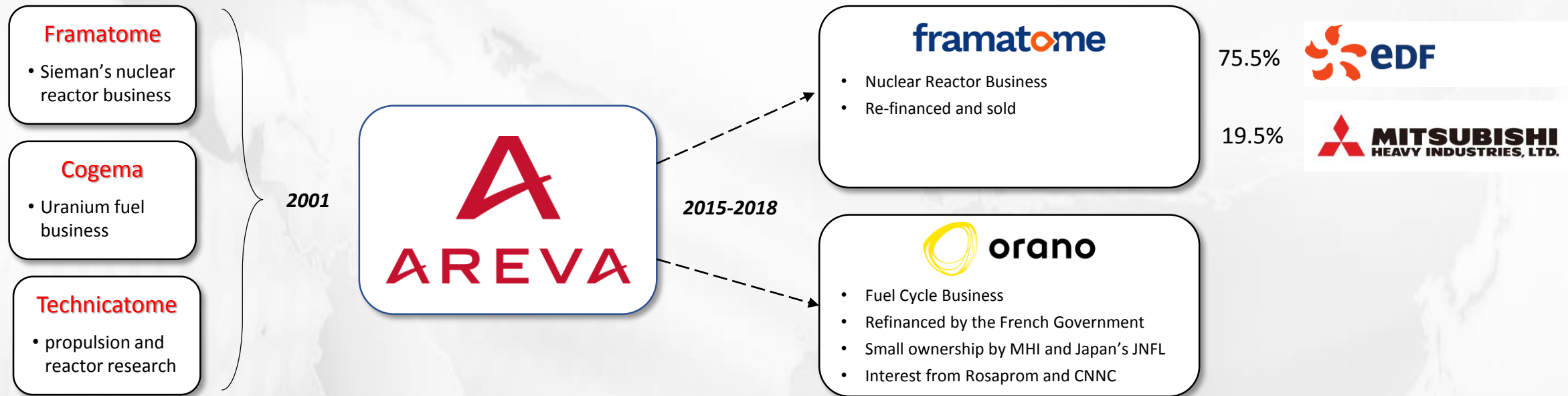
- ☐ Under Section 232 of the Trade Expansion Act of 1962, investigations may be carried out to determine the effects of imports on the USA's national security and give the President the ability to address any threats to national security by **restricting imports through tariffs**.
- ☐ Prior to the current administration there have been only 26 investigations performed – including oil and uranium
- ☐ Very few have resulted in actions taken

In July 2018, the US Department of Commerce launched a Section 232 investigation to review the entire uranium fuel cycle. Results are pending

Global Status

Demand– France

France derives about 75% of its electricity from nuclear energy, due to a long-standing policy based on energy security



Areva (87% Government owned) was created in 2001 by merging Framatome, Cogema, and Technicatome

In 2015/2018 Areva was re-structured/re-financed to create Framatome and Orano

Global Status

Demand – China

Generating 10% of the world nuclear power, mainland China has about 45 nuclear power reactors in operation, about 15 under construction, and more about to start construction



China aims to produce one-third of its uranium domestically (currently only 21%), obtain one-third through foreign equity in mines and joint ventures overseas, and to purchase one-third on the open market

Global Status

Supply – Kazakhstan

Kazatomprom is the national atomic company set up in 1997. Owned by the government, it controls all of the country's uranium exploration and mining

Aggressive International Collaboration Efforts

Russia

- **2006**; US\$10B JV for 3 new soviet reactors
- **2011**; Coop on U exploration, Kazakh reactor and Russian enrichment plant
- **2014**; several new nuclear & uranium agmts

Japan

- **2007**; several high-level agmts re: U supply and fuel fabrication
- **2006**; J invests in numerous Kazakh mines
- **2009**; agmt for fuel processing
- **2010**; further plant construction in Kazakh
- **2012/15**; joint fast-reactor projects

China

- **2006**; China Guangdong Nuclear (CGN) signs strategic agmt
- **2007**; investment in Kazakh mines & Chinese technology
- **2014**; 55% of Kazakh U goes to China
- **2015**; after US\$B's in deals, China allows transit of U (via China) to NA

India

- **2009**; India's Nuclear Power Corp. (NPCIL) agrees to purchase 2100 tonnes U starting in 2010-2011 and undertake to build reactors in Kazakh

S. Korea

- **2010**; signs nuclear cooperation agreement paving the way for Korean SMART 100 MWe reactors for India
- Discussions ongoing with Korea Electric Power Corp (KEPCO) on mining and plant construction

Toshiba

- **2007**; Kazatomprom acquires 10% interest in Westinghouse from Toshiba strengthening upstream links for fuel supply
- **2017**; interest is sold back to Toshiba
- Relationship resulted in numerous ongoing joint projects

Cameco

- **1996**; Inkai mine 60% Cameco/40% Kazakh
- **2008**; NewCo to build conversion plant
- **2013**; Joint PFS for U refinery
- **2013**; Canada & Kazakhstan sign nuclear coop agmt
- **2016**; Kazakh increases interest in Inkai by 20%

United States

- **2015**; agmt signed with Centrus Energy to market Kazakh U in the USA
- **2016**; Kazakh – US energy partnership agreement signed related to nuclear security

Areva

- **2008**; MOU signed to expand production at joint owned Katco mine
- **2009**; agmt to establish joint marketing on integrated fuel supply to Asian customers
- **2010**; JV to build fuel fabrication plant

As part of a program to reduce the Government's holdings in several state enterprises, Kazatomprom will launch an IPO on the London Stock Exchange before the end of 2018

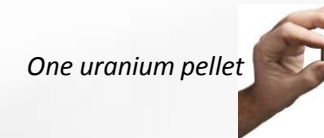
Global Status

Supply – Canada

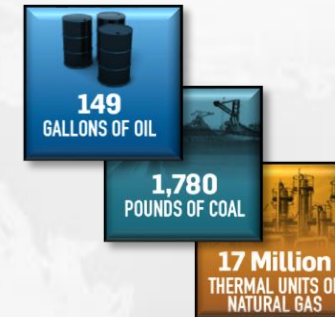
Canada's Saskatchewan resources hold grades far in excess of that anywhere else in the world, ranging from 1% - 20%

1% U_3O_8 =

- 15.6 g/t Gold (U\$1,200/oz)
- 1,215 g/t Silver (U\$14/oz)
- 10.78% Copper (U\$2.80/lb)
- 24.54% Zinc (U\$1.22/lb)
- 9.87 barrels of Oil (U\$66.82/barrel)



Produces the Equivalent Power of:



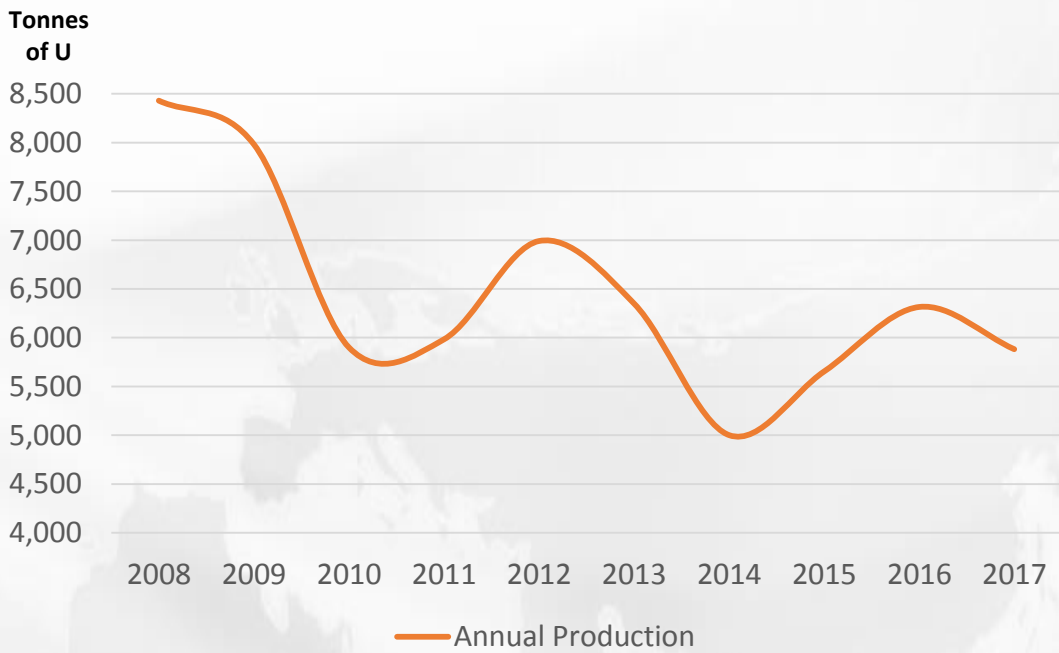
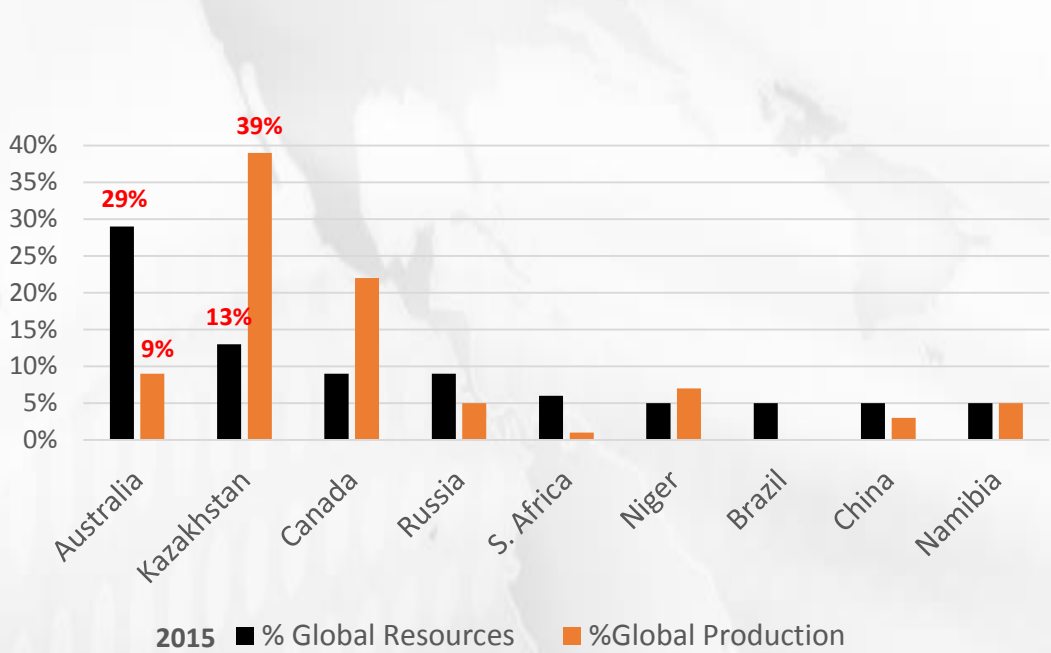
Until 2018, production came primarily from the McArthur River and Cigar Lake mines in northern Saskatchewan province, which are the largest and highest-grade in the world.

McArthur River production was suspended in 2018

Global Status

Supply – Australia

Australia's known uranium resources are the world's largest yet only three mines are currently in production



Most of Australia's uranium resources carry an all in production cost of less than US\$50/lb U_3O_8 - half carry costs of less than US\$30/lb U_3O_8

Source: Identified resources (recoverable), to \$130/kg U, 1/1/15, from OECD NEA & IAEA, Uranium 2016: Resources, Production and Demand ('Red Book'), Table 1.2a. The total to \$260/kg U is 7.642 million tonnes U.

Triggering a Cycle Shift



Triggering a Cycle Shift

Mine Closures

As prices reach breakeven or lower, some producers have been forced to suspend production at key projects

Mine Name	Owner	Country	Date	Annual Production MM lbs U ₃ O ₈
Rabbit Lake/U.S Operations	Cameco	Canada/U.S.	April 21, 2016	4,971
McArthur River (10 month suspension)	Cameco	Canada	November 8, 2017	18,000
Langer Heinrich	Paladin	Namibia	May 25, 2018	5,036
McArthur River (indefinite suspension)	Cameco	Canada	July 25, 2018	

In the case of Cameco, the company currently purchases 1/3 of their uranium on the Spot Market to fulfil sales contracts

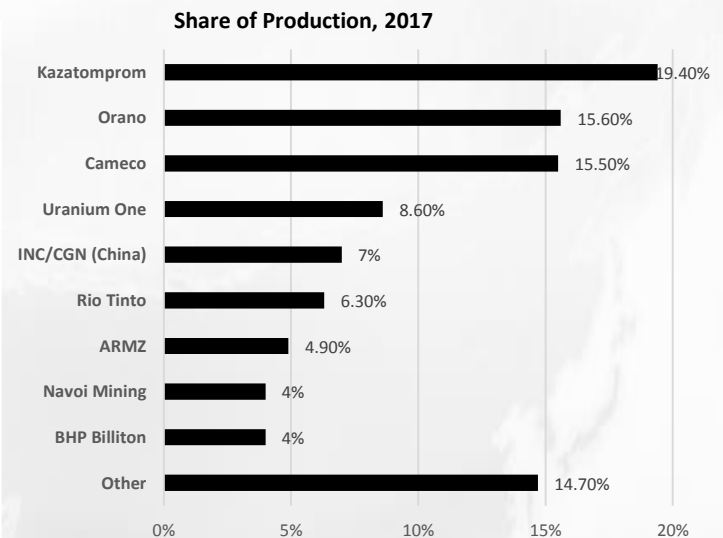
Triggering a Cycle Shift

Reduced Production

In an effort to more proactively manage uranium prices, Kazakhstan announced/launched a number of initiatives

Event	Date	Affected Production MM lbs U ₃ O ₈
Launch of Swiss-based trading subsidiary - TH Kazatom - to bring greater liquidity to the uranium market. It buys and sells on the spot market as part of its corporate transformation to align its pricing mechanism with European and US markets.	July 1, 2017	-
Kazatomprom announces 10% reduction in production	January 9, 2017	6,390
Kazatomprom announces 20% reduction in production	December 4, 2017	12,160
Kazatomprom, announces IPO plans to list as much as 25 percent of its equity in London and the Kazakh capital Astana	October 22, 2018	-
Kazatomprom announces 20% reduction in production for 2019 & 2020	October 23, 2018	20,200

Source: Kazatomprom



Kazatomprom's pending IPO caps a 20 year growth strategy that has allowed them to significantly influence the ongoing price of uranium and emerge as the single largest uranium producer in the world

Triggering a Cycle Shift

New Physical Trading Companies

Up until this year, Uranium Participation Group was the only company purchasing and holding physical uranium as an investment.

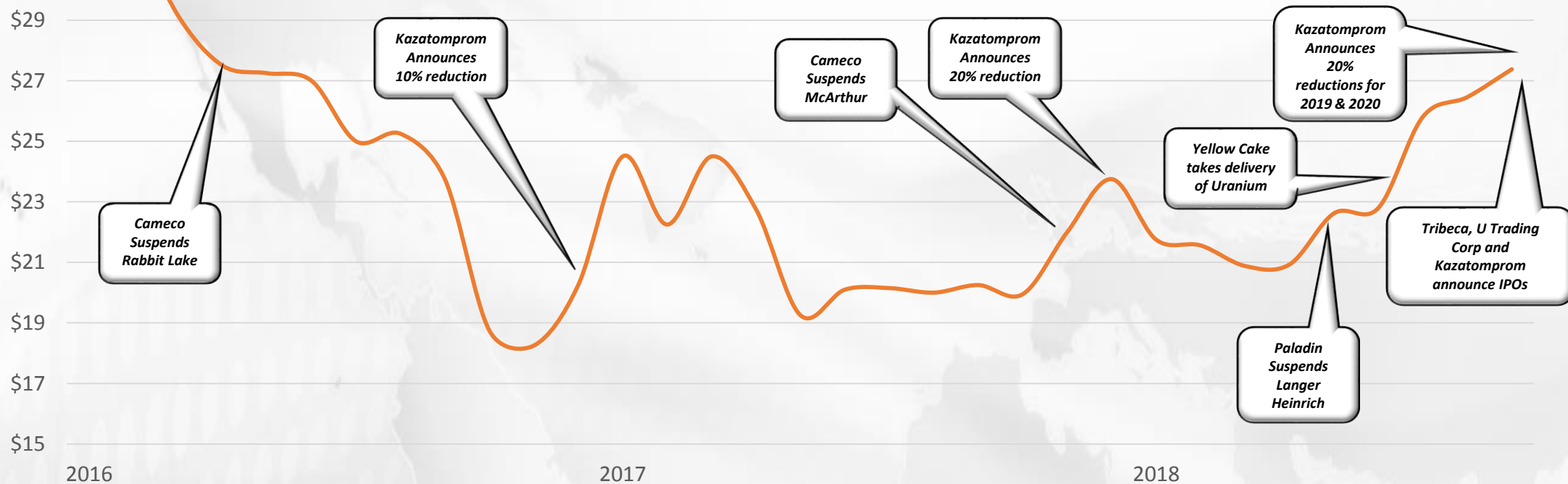
COMPANY	EXCHANGE	Announced	Launched	Purchased Since Jan 1, 2016
Uranium Participation Corp	TSX	n/a	May, 2005	2,645,000 lbs U ₃ O ₈
Yellow Cake Plc	LSE		July, 2018	8,450,000 lbs U ₃ O ₈
Tribeca Global Natural Res.	ASX	September 2, 2018	-	
Uranium Trading Corp	NYSE	October 5, 2018	-	

There will soon be a public U trading company in Canada, the USA, Australia and London

Triggering a Cycle Shift

The Effect on Price

Since the beginning of 2016, the industry's various tactics have reduced global U inventories by 6.5% - 7.5% with ongoing annual reductions expected of 3% to 4%

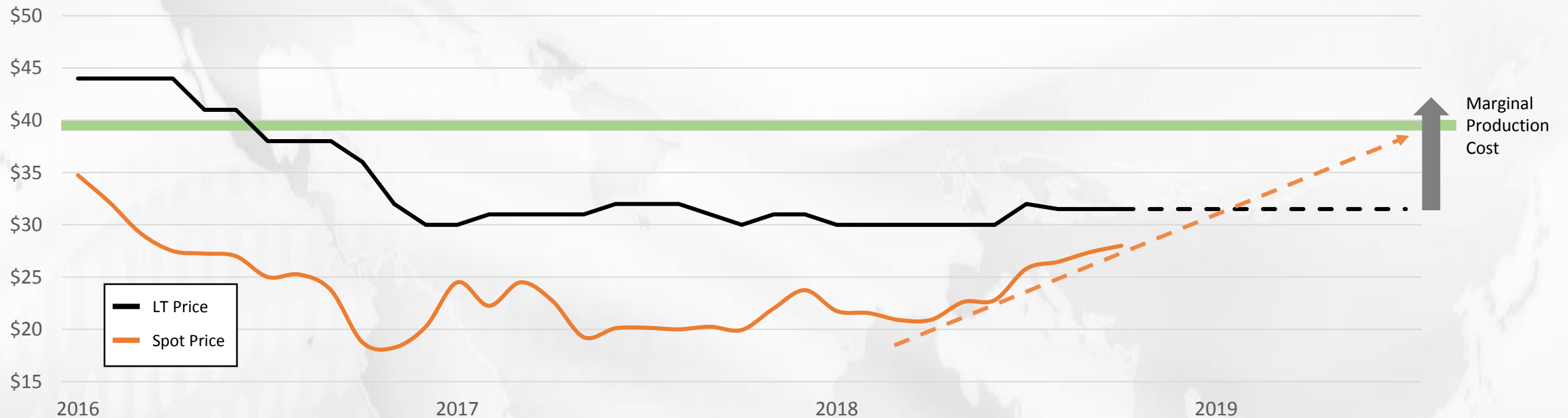


As these tactics take hold, the Spot Price has risen over 50% since it's 2016 low of \$18.25 / lb U₃O₈

Triggering a Cycle Shift

The Effect on Price

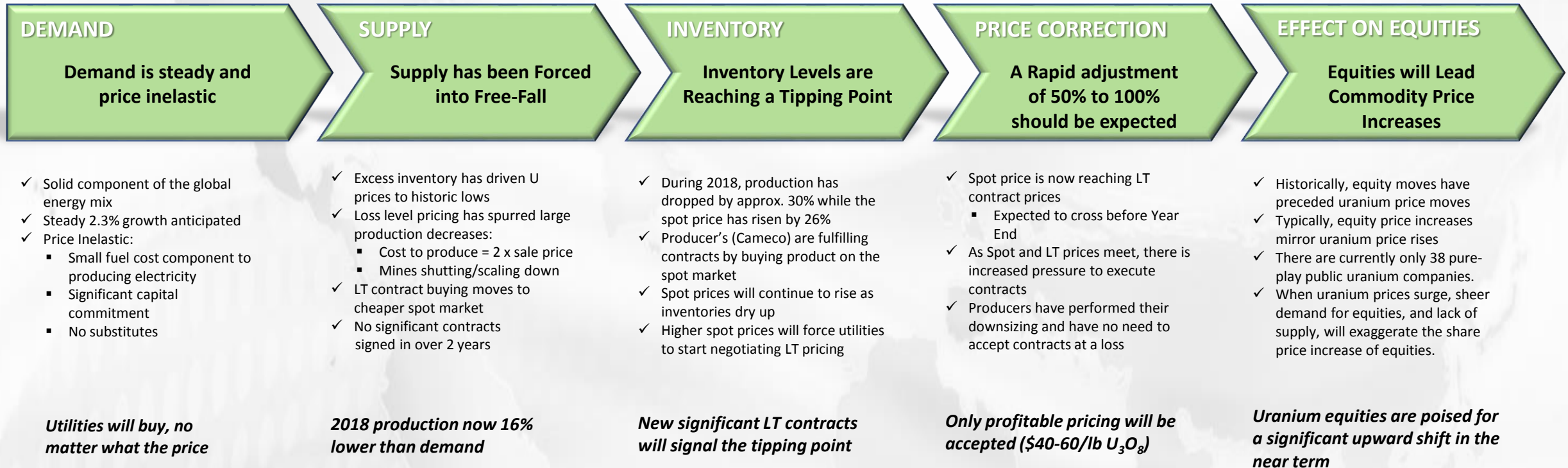
Unlike the Spot Price, the LT Price has maintained a steady level of \$30-32.00 / lb U_3O_8 resulting from no significant contracts signed in over two years now



As the Spot Price approaches or crosses the LT Price, there will be increasing pressure to enter into new contracts – but only at prices producers are prepared to accept

Investment Thesis

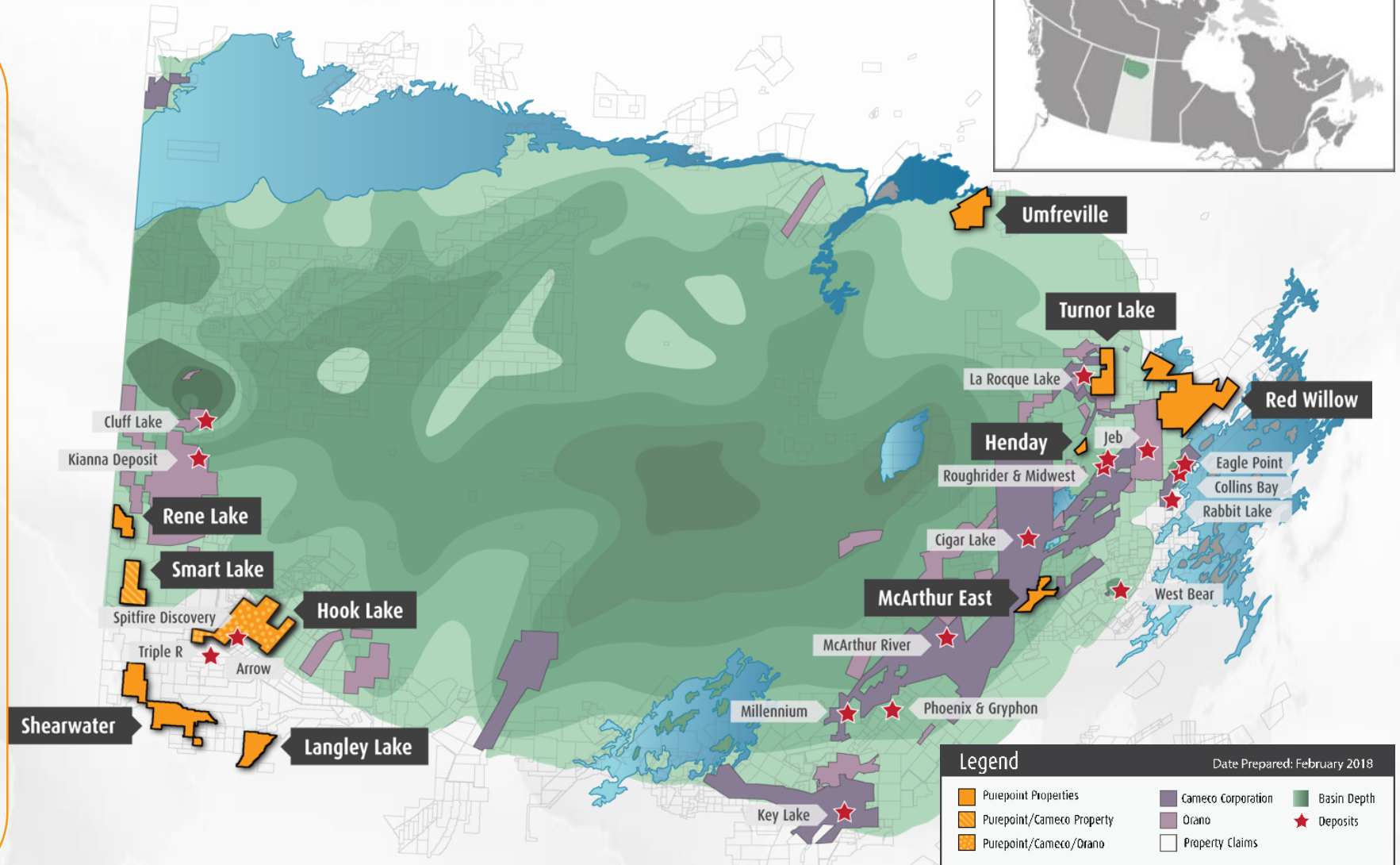
The Best Time to Invest in Uranium



Purepoint's Athabasca Basin Portfolio

10 Projects All Active

- Advanced stage exploration
 - ✓ Dozen of drill targets well defined
 - ✓ Low priority property all exited
 - ✓ Assessment requirements current
- Support and continued spending by two of the largest Uranium producers in the world – Cameco & Orano
- Spitfire discovery (53.3% U_3O_8 over 1.3 metres within a 10.0 metre interval of 10.3% U_3O_8) by the Hook Lake JV
- Patterson Uranium District hosts Fission's Triple R Deposit (indicated mineral resource 87,760,000 lbs U_3O_8 at an average grade of 1.82% U_3O_8) and NexGen Energy's Arrow Deposit (inferred mineral resource 201,900,000 lbs U_3O_8 at an average grade of 2.63% U_3O_8)



TSX Venture: PTU

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