



**Condensed Consolidated Interim Financial Statements**

**June 30, 2017 and 2016**

### **Notice of no auditor review of Interim financial statements**

Under National Instrument 51-102, 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 indication that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by, and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements.

**Purepoint Uranium Group Inc.**  
**Condensed Consolidated Statements of Financial Position**

*As at June 30, 2017*

*(Expressed in Canadian Dollars)*

*(Unaudited)*

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash	623,229	618,459
Short-term investments	1,008,997	1,256,055
Accounts receivable	33,960	28,484
Receivable from projects <i>(note 7)</i>	-	337,325
Prepaid expenses	5,450	15,647
Deposits	108,762	124,320
	<u>1,780,398</u>	<u>2,380,290</u>
<b>Property and equipment</b> <i>(note 5)</i>	8,431	13,508
	<u>1,788,829</u>	<u>2,393,798</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	246,834	177,751
Advances on projects <i>(note 7)</i>	321,821	-
	<u>568,655</u>	<u>177,751</u>
<b>Shareholders' equity</b>		
Share capital <i>(note 9(a))</i>	33,739,563	33,665,670
Contributed surplus	6,828,853	6,861,621
Deficit	(39,348,242)	(38,311,244)
	<u>1,220,174</u>	<u>2,216,047</u>
	<u>1,788,829</u>	<u>2,393,798</u>

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

# Purepoint Uranium Group Inc.

## Condensed Consolidated Statements of Loss and Comprehensive Loss

For the three- and six-month periods ended June 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

	For the three month period ended June 30,		For the six month period ended June 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Expenses</b>				
Mining exploration and evaluation expenditures (note 6)	285,923	76,858	1,020,308	655,106
Mining exploration and evaluation salaries and benefits	88,261	104,841	235,138	242,862
Salaries, compensations and benefits	76,764	43,332	113,014	77,921
General and administration	23,925	8,035	48,657	31,936
Investor relations	23,119	22,811	40,717	28,242
Professional fees	19,363	12,150	28,007	27,725
Insurance	11,127	13,190	17,734	20,367
Travel	6,667	1,196	10,992	7,914
Transfer agent and filing fees	5,978	19,273	13,278	27,081
Depreciation	(348)	46	152	96
	<u>540,779</u>	<u>301,732</u>	<u>1,527,997</u>	<u>1,119,250</u>
<b>Other</b>				
Operator fees and other recoveries	(55,096)	(73,167)	(486,339)	(443,434)
Interest income	(2,058)	(701)	(4,660)	(701)
	<u>(57,154)</u>	<u>(73,868)</u>	<u>(490,999)</u>	<u>(444,135)</u>
<b>Net loss and comprehensive loss</b>	<u>(483,625)</u>	<u>(227,864)</u>	<u>(1,036,998)</u>	<u>(675,115)</u>
<b>Basic and diluted loss per common share (note 12)</b>	<u>(0.00)</u>	<u>(0.00)</u>	<u>(0.01)</u>	<u>(0.01)</u>

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

Purepoint Uranium Group Inc.  
**Condensed Consolidated Statements of Changes in Equity**

As at June 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

	Capital stock		Contributed surplus	Deficit	Equity total
	Number of shares	Amount			
		\$	\$	\$	\$
Balance at January 1, 2017	188,629,260	33,665,670	6,861,621	(38,311,244)	2,216,047
Exercise of warrants and options	550,753	41,125	-	-	41,125
Fair value of exercised warrants and options	-	32,768	(32,768)	-	-
Net loss	-	-	-	(1,036,998)	(1,036,998)
<b>Balance at June 30, 2017</b>	<b>189,180,013</b>	<b>33,739,563</b>	<b>6,828,853</b>	<b>(39,348,242)</b>	<b>1,220,174</b>
Balance at January 1, 2016	149,226,271	31,410,173	5,674,863	(36,690,385)	394,651
Issuance of common shares from private placement ( <i>note 9</i> )	25,964,592	1,995,750	-	-	1,995,750
Fair value of issued warrants from private placement	-	(856,394)	856,394	-	-
Fair value of finders fee compensation warrants	-	(42,829)	42,829	-	-
Exercise of warrants	8,456,794	586,587	-	-	586,587
Fair value of exercised warrants	-	153,793	(153,793)	-	-
Expenses of the private placement	-	(75,654)	-	-	(75,654)
Net loss	-	-	-	(675,115)	(675,115)
<b>Balance at June 30, 2016</b>	<b>183,647,657</b>	<b>33,171,426</b>	<b>6,420,293</b>	<b>(37,365,500)</b>	<b>2,226,219</b>

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

Purepoint Uranium Group Inc.  
**Condensed Consolidated Statements of Cash Flows**  
*For the six month period ended June 30, 2017 and 2016*

*(Expressed in Canadian Dollars)*

*(Unaudited)*

	<b>For the six month period ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Cash flow from operating activities</b>		
Net loss for the period	(1,036,998)	(675,115)
Items not affecting cash:		
Depreciation	644	96
Gain on sale of assets	(600)	(285)
	<u>(1,036,954)</u>	<u>(675,304)</u>
Changes in non-cash items relating to operating activities:		
Accounts receivable	(5,476)	(25,557)
Prepaid expenses	10,197	(370)
Deposits	15,558	21,000
Accounts payable and accrued liabilities	69,083	26,594
Advances from (disbursements on behalf of) joint venturers, net	659,146	(374,675)
	<u>(288,446)</u>	<u>(1,028,312)</u>
<b>Cash flow from investing activities</b>		
Short-term investments	247,058	(1,250,000)
Cost of purchase of property and equipment	(4,567)	-
Proceeds from sale of property and equipment	9,600	21,250
	<u>252,091</u>	<u>(1,228,750)</u>
<b>Cash flow from financing activities</b>		
Proceeds from private placement - net of expenses	-	1,920,096
Proceeds from exercise of warrants and options	41,125	586,587
	<u>41,125</u>	<u>2,506,683</u>
<b>Net increase in cash</b>	4,770	249,621
<b>Cash - Beginning of the period</b>	<u>618,459</u>	<u>356,026</u>
<b>Cash - End of the period</b>	<u>623,229</u>	<u>605,647</u>

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

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Six Months Ended June 30, 2017 and 2016*

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*(Expressed in Canadian Dollars)*

*(Unaudited)*

## **1. General Information**

Purepoint Uranium Group Inc. ("the Company") is a Canadian resource company engaged in the acquisition, exploration and development of properties for the purpose of producing uranium. The Company's principal assets are mineral properties located in Saskatchewan. The ability of the Company to realize the costs it has incurred to date on these and other properties is dependent upon the discovery of economically recoverable reserves, the preservation of the Company's interest in the underlying mining claims, the ability to continue to raise adequate financing and to commence profitable operations in the future, or alternatively, upon the disposal of properties, or the Company's interests therein, on an advantageous basis.

The Company's head office is located at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, M5H 1T1, Canada.

## **2. Basis of Presentation and Going Concern**

These condensed consolidated interim financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The ability of the Company to continue as a going concern is dependent on the successful completion of the actions taken or planned. In order to meet future expenditures and cover administrative costs, the Company will need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. These circumstances may cast significant doubt as to the Company's ability to continue as a going concern and ultimately the appropriateness of the use of accounting principles to a going concern.

These condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these condensed consolidated interim financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses, and the condensed consolidated interim statement of financial position classifications used.

## **3. Significant Accounting Policies**

### **(a) Statement of compliance**

The accounting policies applied by the Company in these unaudited condensed consolidated interim financial statements are the same as those applied by the Company in its audited consolidated annual financial statements as at and for the year ended December 31, 2016. These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Company as at and for the year ended December 31, 2016.

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Six Months Ended June 30, 2017 and 2016*

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*(Expressed in Canadian Dollars)*

*(Unaudited)*

**3. Significant Accounting Policies - continued**

**(a) Statement of compliance - continued**

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as of August 29, 2017, the date the Board of Directors approved the condensed consolidated interim financial statements.

**(b) IFRS 11, *Joint Arrangements*:**

In May 2011, the IASB issued IFRS 11, which provides guidance on accounting for joint arrangements. If an arrangement has joint control, IFRS 11 classifies joint arrangements as either joint operations or joint ventures, depending on the rights and obligations of the parties involved.

A joint operation is an arrangement where the jointly controlling parties have rights to the assets and obligations in respect of the liabilities relating to the arrangement. An entity accounts for a joint operation by recognizing its portion of the assets, liabilities, revenues and expenses. A joint venture is an arrangement where the jointly controlling parties have rights to the net assets of the arrangement. This standard is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. Adoption of IFRS 11 has had no impact on the Company.

**(c) Basis of preparation**

The condensed consolidated interim financial statements are presented in Canadian dollars. The condensed consolidated interim financial statements are prepared on the historical cost basis.

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary William River Exploration Corp. Subsidiaries are entities over which the Company has the power, directly or indirectly, to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible, are taken into account in the assessment of whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date on which control ceases.

All intercompany accounts and transactions have been eliminated.



**Notes to Condensed Consolidated Interim Financial Statements**

*For the Six Months Ended June 30, 2017 and 2016*

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*(Expressed in Canadian Dollars)*

*(Unaudited)*

**3. Significant Accounting Policies - continued**

**(d) Accounting standards issued but not yet effective**

IFRS 9 Financial Instruments ("IFRS 9") was initially issued by the IASB in November 2009 and issued in its completed version in July 2014, and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company intends to adopt the standard on its effective date and has not yet assessed its impact on the consolidated financial statements.

**(e) Reclassifications**

Certain prior period balances have been reclassified to conform to the current period presentation.

**4. Significant Accounting Judgments and Estimates**

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could have an effect on the amounts recognized in the condensed consolidated interim financial statements relate to, but are not limited to, the following:

*Share-based payments*

The Company grants options to certain individuals. Fair value is measured at the date of grant using the Black-Scholes option pricing mechanism. Management is required to make certain estimates when determining the fair value of stock option awards. These estimates affect the amount recognized as share-based payment expense in the condensed consolidated interim statements of loss.

Purepoint Uranium Group Inc.

**Notes to Condensed Consolidated Interim Financial Statements**

For the Six Months Ended June 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

**5. Property and Equipment**

		<b>Additions and Deductions in 2016</b>		<b>Additions and Deductions in 2017</b>	
<b>Cost</b>	<b>January 1, 2016</b>	<b>December 31, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2017</b>	<b>June 30, 2017</b>
Exploration property and equipment					
Field property and equipment	\$ 144,196	\$ (138,846)	\$ 5,350	\$ -	\$ 5,350
Furniture and equipment	28,373	-	28,373	-	28,373
Office property and equipment					
Computer equipment	13,299	-	13,299	-	13,299
Furniture and fixtures	1,977	10,000	11,977	(5,433)	6,544
Leasehold improvements	19,536	(19,536)	-	-	-
	<b>\$ 207,381</b>	<b>\$ (148,382)</b>	<b>\$ 58,999</b>	<b>\$ (5,433)</b>	<b>\$ 53,566</b>
		<b>Depreciation and Deductions in 2016</b>		<b>Depreciation and Deductions in 2017</b>	
<b>Accumulated depreciation</b>	<b>January 1, 2016</b>	<b>December 31, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2017</b>	<b>June 30, 2017</b>
Exploration property and equipment					
Field property and equipment	\$ 120,386	\$ (117,312)	\$ 3,074	\$ 222	\$ 3,296
Furniture and equipment	25,398	743	26,141	270	26,411
Office property and equipment		-		-	
Computer equipment	13,299	-	13,299	-	13,299
Furniture and fixtures	1,882	1,095	2,977	(848)	2,129
Leasehold improvements	19,536	(19,536)	-	-	-
	<b>\$ 180,501</b>	<b>\$ (135,010)</b>	<b>\$ 45,491</b>	<b>\$ (356)</b>	<b>\$ 45,135</b>

# Purepoint Uranium Group Inc.

## Notes to Condensed Consolidated Interim Financial Statements

For the Six Months Ended June 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

### 5. Property and Equipment - continued

Net book value		June 30, 2017	December 31, 2016	January 1, 2016
Exploration property and equipment				
Field property and equipment		\$ 2,054	\$ 2,276	\$ 23,810
Furniture and equipment		1,962	2,232	2,975
Office property and equipment				
Computer equipment		-	-	-
Furniture and fixtures		4,415	9,000	95
Leasehold improvements		-	-	-
		<u>\$ 8,431</u>	<u>\$ 13,508</u>	<u>\$ 26,880</u>

In the three- and six-month periods ended June 30, 2017, \$239 and \$492 (2016 – \$Nil and \$360) of depreciation expense was included in mining exploration and evaluation expenditures on the condensed consolidated interim statements of loss and comprehensive loss.

Furniture and equipment purchased in 2016 were sold in 2017 for proceeds of \$9,600, resulting in net gain of \$600.

Field equipment were sold in 2016 for proceeds of \$21,250, resulting in net gain of \$285.

Leasehold improvements were totally amortized at the end of the lease in 2016 and written off as the Company moved out to a new location.

# Purepoint Uranium Group Inc.

## Notes to Condensed Consolidated Interim Financial Statements

For the Six Months Ended June 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

### 6. Mining Exploration and Evaluation Expenditures

The Company's properties are all located at the Athabasca Basin, Northern Saskatchewan. The Company currently maintains seven properties. The Company entered into joint venture agreements and operates one of these projects with Cameco Corporation and AREVA Resources Canada Inc., one of these projects with Cameco Corporation, while the other five projects remain 100% owned. Mining exploration expenditures on the Company's properties during the three- and six-month periods ended June 30, 2017 and 2016 are as follows:

	For the three months period ended		For the six months period ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Red Willow Property	\$ -	\$ -	\$ -	\$ -
Hook Lake Property	37,970	70,407	772,355	648,655
Smart Lake Property	-	6,451	-	6,451
Turnor Lake Property	16,624	-	16,624	-
Umfreville Lake Property	135,409	-	135,409	-
Henday Lake Property	38,414	-	38,414	-
McArthur East Property	57,506	-	57,506	-
	\$ 285,923	\$ 76,858	\$ 1,020,308	\$ 655,106

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Six Months Ended June 30, 2017 and 2016*

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*(Expressed in Canadian Dollars)*

*(Unaudited)*

## **7. Advances and Receivables on Projects**

### **Joint Venture with Cameco and Areva**

On October 31, 2012, the Company entered into a definitive joint venture agreement with Cameco Corporation ("Cameco") and Areva Resources Canada Inc. ("Areva") for the ongoing exploration of Hook Lake uranium project in the Athabasca Basin (the "Project") and pursuant to the option agreement with Cameco from 2007. The Company holds a 21% interest in the Project. The remaining 79% is owned equally by Cameco and Areva. The Company acts as the Project operator for the Joint Venture and charges an administration fee of 10% of the invoiced Project costs incurred. In 2016, Cameco and Areva each funded their respective portions of the project by contributing \$1,360,308 (2015 - \$1,327,158) to the Company for a total amount of \$2,720,616 (2015 - \$2,654,315). In the six-month period ended June 30, 2017 Cameco and Areva advanced further \$1,849,864 (2016 - \$947,269) each for a total amount of \$3,699,728 (2016 - \$1,894,538). At June 30, 2017 the Company has advances balance of \$322,031 (2016 – receivable balance of \$412,789) from Joint Venture partners representing funds provided by Cameco and Areva, in excess of Project expenditures, inclusive of the administration fee. The advances and receivables are unsecured and non-interest bearing.

The administration fees are included in operator fees and other recoveries in the consolidated statements of loss and comprehensive loss.

### **Joint Venture with Cameco**

On January 1, 2010, the Company entered into a definitive joint venture agreement with Cameco Corporation ("Cameco") for the ongoing exploration of the Smart Lake uranium project in the Athabasca Basin (the "Smart Lake Project"). The Company holds a 23% interest in the Smart Lake Project. The remaining 77% is owned by Cameco. The Company acts as the Project operator for the Joint Venture. In 2016 Cameco contributed \$31,033 (2015 - \$Nil). At June 30, 2017 there was a receivable balance of \$210 (December 31, 2016 - \$210) from Cameco. The receivable is unsecured and non-interest bearing.

## **8. Deposits**

Deposits consist of deposit for first and last month rent for Saskatoon office, security deposit for rent of Toronto office and deficiency deposits for the Umferville and McArthur East properties. The deficiency deposits are held by the Province of Saskatchewan in lieu of exploration work performed. As at June 30, 2017, all required work was completed and the deficiency deposits will be refunded once the appropriate filings have been made.

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Six Months Ended June 30, 2017 and 2016*

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*(Expressed in Canadian Dollars)*

*(Unaudited)*

## **9. Shareholders' Equity**

### **(a) Share Capital**

#### **Authorized, issued and outstanding common shares**

Authorized – unlimited number of common shares without par value.

Issued – 189,180,013 common shares at June 30, 2017 and 188,629,260 at December 31, 2016.

On May 5, 2016, the Company closed its non-brokered private placement for gross proceeds of \$1,995,750. The financing was transacted in three tranches with the first two tranches closing April 15, 2016 and April 28, 2016 respectively.

The Company issued 21,124,000 common share units at a price of \$0.075 per unit and 4,840,592 flow-through units at a price of \$0.085 per unit. Each common share unit consists of one common share in the capital of the Company and one common share purchase warrant. Each flow-through unit consists of one common share in the capital of the Company issued on a “flow-through” basis pursuant to the Income Tax Act (Canada) and one common share purchase warrant. Each warrant entitles its holder to purchase one common share in the capital of the Company at an exercise price of \$0.10 per share for a period of 36 months from the date of issuance. In connection with the all three tranches of the private placement, the Company paid finders’ fees consisting of \$45,455 in cash and 591,080 non-transferable compensation warrants. Each compensation warrant entitles its holder to purchase one common share in the capital of the Company at an exercise price of \$0.10 per share for a period of 36 months after the closing date.

All securities issued in connection with the private placement were subject to a four-month hold period pursuant to the applicable securities laws with an expiry date of September 6, 2016.

The Company incurred cash costs of \$75,654 and non-cash compensation warrants valued at \$42,829.

The proceeds have been prorated to common shares and warrants based on the relative fair value of each component, with \$856,394 being allocated to warrants. The Black-Scholes option pricing model was used to determine the fair value of the warrants and the compensation warrants using the following assumptions: expected dividend yield – nil; expected volatility – 153%; risk free interest rate – 0.60%; and an expected life of 3 years.

**Notes to Condensed Consolidated Interim Financial Statements**

For the Six Months Ended June 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

**9. Shareholders' Equity - continued**

**(b) Share purchase warrants**

The following common share purchase warrants were outstanding at June 30, 2017:

	<b>Number of warrants</b>	<b>Exercise price</b>	<b>Expiry date</b>
Common share purchase warrants	3,623,060	\$ 0.05	December 31, 2017
Common share purchase warrants	8,279,481	\$ 0.10	April 15, 2019
Common share purchase warrants	15,001,277	\$ 0.10	April 29, 2019
Common share purchase warrants	3,264,161	\$ 0.10	May 6, 2019
	<b>30,167,979</b>		

A summary of warrants outstanding as at June 30, 2017 and December 31, 2016 and changes during periods ending on these dates are presented below:

	<b>For the six months period ended</b>			<b>For the year ended</b>		
			<b>June 30</b>			<b>December 31</b>
			<b>2017</b>			<b>2016</b>
	<b>Number of warrants</b>	<b>Weighted average exercise price</b>	<b>Fair value</b>	<b>Number of warrants</b>	<b>Weighted average exercise price</b>	<b>Fair value</b>
Balance, beginning of the period	29,365,592	\$ 0.09	\$ 889,973	17,205,793	\$ 0.07	\$ 282,944
Granted	-	-	-	25,964,592	0.10	856,394
Exercised	-	-	-	(12,652,797)	0.07	(242,254)
Expired	-	-	-	(1,151,996)	0.10	(7,110)
Balance, end of the period	<b>29,365,592</b>	<b>\$ 0.09</b>	<b>\$ 889,973</b>	<b>29,365,592</b>	<b>\$ 0.09</b>	<b>\$ 889,973</b>

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Six Months Ended June 30, 2017 and 2016*

*(Expressed in Canadian Dollars)*

*(Unaudited)*

**9. Shareholders' Equity - continued**

**(c) Finder's Compensation Warrants**

A summary of Compensation Warrants outstanding as at June 30, 2017 and December 31, 2016 and changes during periods ending on these dates are presented below:

	For the six months period ended			For the year ended		
	June 30			December 31		
	2017			2016		
	Number of	Weighted	Fair	Number of	Weighted	Fair
	warrants	average	value	warrants	average	value
		exercise			exercise	
		price			price	
Balance, beginning of the period	813,140	\$ 0.09	\$ 47,936	947,660	\$ 0.07	\$ 22,767
Granted	-	-	-	591,080	0.10	42,829
Exercised	(10,753)	0.10	(779)	(725,600)	0.07	(17,660)
Expired	-	-	-	-	-	-
Balance, end of the period	802,387	\$ 0.09	\$ 47,157	813,140	\$ 0.09	\$ 47,936

**(d) Shareholder's Rights Plan**

The shareholder's rights plan is intended to ensure, to the extent possible, that all shareholders of the Company are treated equally and fairly in connection with any take-over bid for the Company, and was designed to discourage discriminatory or unfair bids and to provide management, if appropriate, with sufficient time to pursue alternatives to maximize shareholder value.



**Notes to Condensed Consolidated Interim Financial Statements**

*For the Six Months Ended June 30, 2017 and 2016*

*(Expressed in Canadian Dollars)*

*(Unaudited)*

**10. Share-based Payments – Employee Share Option Plan**

The Company has a stock option plan (the "Plan"). Under the Plan, the Company can grant options to directors, officers, employees and consultants for up to 10% of the total number of issued and outstanding shares. The exercise price of the options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. No option shall be exercisable for a period exceeding ten years from the date the option is granted and vesting limitations shall be determined by the Board at the time that such option is granted.

No stock options have been granted in the six-month periods ended June, 2017 and 2016.

On September 27, 2016 the Company granted 6,230,000 stock options at an exercise price of \$0.10 per option, vesting immediately. These options expire in 5 years. On April 27, 2015 the Company granted 5,910,000 stock options at an exercise price of \$0.06 per option, vesting immediately. These options expire in 5 years.

Using the Black-Scholes pricing model, the weighted average fair value of options granted during the year ended December 31, 2016 was estimated at \$550,893. This amount, net of estimated forfeitures, has been recognized as an expense in 2016, as the options vested immediately. The unvested, unamortized fair value balance of stock options granted at December 31, 2016 amounted to \$Nil. The following principal assumptions were used in applying the Black-Scholes option-pricing model for options granted in 2016:

Risk-free interest rate	0.61%
Dividend rate	0%
Expected volatility	140%
Expected life	5 years

A summary of the status of the Plan as at June 30, 2017 and December 31, 2016, and changes during periods ending on these dates is presented below:

	For the six months period ended		For the year ended	
		June 30		December 31
	2017		2016	
		Weighted average		Weighted average
	Number of options	exercise price	Number of options	exercise price
Balance, beginning of the period	18,130,000	\$ 0.08	11,960,000	\$ 0.07
Granted	-	-	6,230,000	0.10
Exercised	(540,000)	0.07	(60,000)	0.07
Expired and cancelled	(2,660,000)	0.11	-	-
Balance, end of the period	14,930,000	\$ 0.08	18,130,000	\$ 0.08

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Six Months Ended June 30, 2017 and 2016*

*(Expressed in Canadian Dollars)*

*(Unaudited)*

**10. Share-based Payments – Employee Share Option Plan - continued**

As at June 30, 2017, the Company had stock options issued to directors, officers, employees and contractors of the Company outstanding and exercisable as follows:

<b>Date of grant</b>	<b>Number of options</b>	<b>Number exercisable</b>	<b>Exercise price</b>	<b>Expiry date</b>
April 24, 2013	1,250,000	1,250,000	\$ 0.07	April 24, 2018
January 30, 2014	1,780,000	1,780,000	\$ 0.075	January 30, 2019
April 27, 2015	5,730,000	5,730,000	\$ 0.06	April 27, 2020
September 27, 2016	6,170,000	6,170,000	\$ 0.10	September 27, 2021
	<b>14,930,000</b>	<b>14,930,000</b>		

On July 12, 2017 the Company granted 3,250,000 stock options at an exercise price of \$0.065 per option, vesting immediately.

**11. Income Taxes**

The Company has non-capital losses of approximately \$7.1 million that will expire between 2027 and 2036 and exploration expenditures of approximately \$6.6 million that may be carried forward indefinitely.

# Purepoint Uranium Group Inc.

## Notes to Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

### 12. Loss per Share

#### (a) Basic

Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares issued during the period.

	For the three months period ended		For the six months period ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Loss attributable to common shareholders	\$ (483,625)	\$ (227,864)	\$ (1,036,998)	\$ (675,115)
Weighted average common shares outstanding	189,180,013	167,083,045	189,147,993	160,939,376
Basic loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)

#### (b) Diluted

Diluted loss per common share has not been presented as this is anti-dilutive.

### 13. Commitments

- (a) Minimum payments due under operating leases in respect of exploration office space are set out below:

2017	\$ 46,803
2018	46,803
2019	46,803
Thereafter	-
	<u>\$ 140,409</u>

- (b) Pursuant to the issuance of flow-through shares described in note 7(a), the Company was required to spend approximately \$411,450 on Canadian Exploration Expenditures before the end of 2017; it achieved this expenditure commitment before December 31, 2016.

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Three Months Ended March 31, 2016 and 2015*

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*(Expressed in Canadian Dollars)*

*(Unaudited)*

## **14. Financial Instruments**

The Company's financial instruments include cash, short-term investments, accounts receivable, receivable from project and accounts payable and accrued liabilities and advances on project. The fair value of these financial instruments approximates their carrying value.

### *Fair Value Hierarchy*

The fair value hierarchy establishes three levels to classify inputs to the valuation techniques used to measure fair value. Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly, such as prices, or indirectly (derived from prices). Level 3 inputs are unobservable (supported by little or no market activity), such as non-corroborative indicative prices for a particular instrument provided by a third party.

## **15. Financial Risk Management**

### **(a) Credit risk management**

The Company's credit risk is primarily attributable to short-term investments, accounts receivable (excluding HST), and receivable from projects. The Company has no significant concentration of credit risk arising from operations. Short-term investments consist of GIC's, which have been invested with reputable Canadian financial institution, from which management believes the risk of loss to be remote. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable and receivable from projects is remote.

### **(b) Liquidity risk**

The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its capital, development and exploration expenditures. The Company ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

As of June 30, 2017, the Company had a cash and short-term investments balance totaling \$1,632,226, (December 31, 2016 - \$1,874,514), accounts receivable and receivable from government of \$33,960. All these funds are sufficient to settle current accounts payable and accrued liabilities and advances from partners of \$568,665 (December 31, 2016 - \$177,751).

### **(c) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest bearing debt.

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Three Months Ended March 31, 2016 and 2015*

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*(Expressed in Canadian Dollars)*

*(Unaudited)*

**15. Financial Risk Management - continued**

**(d) Commodity price risk**

The Company is exposed to price risk with respect to commodity and equity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The ability of the Company to develop its mining properties and the future profitability of the Company is directly related to the market price of uranium. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

**(e) Fair value of financial assets and liabilities**

The carrying value of the receivable on project approximates its respective fair value due to the short-term nature of this instrument.

For accounts receivable, excluding HST, and accounts payable and accrued liabilities with a remaining life of less than one year, the carrying value amounts are equivalent to their fair values.

**16. Capital Risk Management**

The Company considers its capital structure to consist of capital stock and contributed surplus. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its exploration, development and operations activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and maximize shareholder returns. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing bank indebtedness or equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets. As at June 30, 2017, the Company had no bank debt.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Three Months Ended March 31, 2016 and 2015*

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*(Expressed in Canadian Dollars)*

*(Unaudited)*

**17. Related Party Transactions and Balances**

Related parties include the Board of Directors, officers, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The remuneration of key management of the Company for the six-month periods ended June 30, 2017 and 2016 was as follows:

	2017	2016
Aggregate compensation	\$ 186,500	\$ 146,500
Share-based payments	\$ Nil	\$ Nil