Purepoint Uranium Corporation

Unaudited Financial Statements

For the Nine Months Ended September 30, 2005

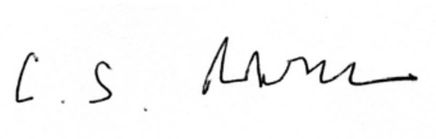
Prepared by Management

Notice to Reader

The management of Purepoint Uranium Corporation is responsible for the preparation of the accompanying interim consolidated financial statements. The interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and are considered by management to present fairly the financial position, operation results and cash flows of the Company.

These interim financial statements have not been audited, reviewed or otherwise verified for accuracy and completeness of information by the auditor of the Company.

Chief Executive Officer



Chief Financial Officer

Balance Sheets

	September 30, 2005 *(unaudited)*	December 31, 2004 *(audited)*
Assets		
Current assets		
Cash and cash equivalents	$ 1,401,389	$ 138,183
Accounts receivable	46,749	5,703
Deposits and prepaid expenses	31,512	-
Permit deposits *(note 5)*	15,000	15,000
	1,494,650	158,886
Equipment	4,149	-
Mining properties *(note 5)*	656,577	147,425
	$ 2,155,376	$ 306,311
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 58,734	$ 9,449
Shareholders' equity		
Share capital *(note 4)*	2,431,348	320,002
Contributed surplus *(note 10)*	37,358	
Deficit	(372064)	(23,140)
	2,096,642	296,862
	$ 2,155,376	$ 306,311

See accompanying notes to consolidated financial statements

Approved by the Board

Statements of Operations and Deficit

	For the three month period ending Sept 30, 2005 *(unaudited)*	For the three month period ending Sept 30, 2004 *(unaudited)*	For the nine month period ending Sept 30, 2005 *(unaudited)*	Period from date of incorporation, February 12, 2004 to Sept 30, 2004 *(unaudited)*
Expenses				
Research expenses	$ -	$ -	$ -	$ 9,296
Professional fees	7,721	-	13,221	-
General and administrative expenses	79,656	37	157,027	277
Stock-based compensation *(note 10)*	37,358	-	37,358	-
	124,735	37	207,606	9,573
Net loss before interest income	(124,735)	(37)	(207,606)	(9,573)
Interest income	6,784	-	10,599	-
Net loss	(117,951)	(37)	(197,007)	(9,573)
Reverse take-over costs	(15,000)	-	(151,917)	-
Deficit, beginning of period	(239,113)	-	(23,140)	-
Deficit, end of period	$ (372,064)	$ (37)	(372,064)	(9,573)
Loss per share	$0.00	$0.00	$0.00	$0.00

See accompanying notes to consolidated financial statements

Statements of Cash Flows

	For the three month period ending Sept 30, 2005 *(unaudited)*	For the three month period ending Sept 30, 2004 *(unaudited)*	For the nine month period ending Sept 30, 2005 *(unaudited)*	Period from date of incorporation, February 12, 2004 to Sept 30, 2004 *(unaudited)*
Cash flow from operating activities				
Net loss	$ (117,951)	$ (37)	$ (197,007)	$ (9,573)
Stock-based compensation	37,358		37,358	
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Increases (decreases) in cash attributable to changes in operating assets and liabilities:				
Accounts receivable	(10,124)	3,487	(41,046)	(148)
Deposits and prepaid expenses	2,556		(31,512)	
Accounts payable	(24,715)	(2,370)	49,285	2
	(112,876)	1,080	(182,922)	(9,719)
Cash flow from investing activities				
Equipment	(695)		(4,149)	
Mining properties	(97,436)		(509,152)	(50,277)
	(98,131)		(513,301)	(50,277)
Cash flow from financing activities				
Issuance of shares	274,000		2,036,346	62,002
Reverse take-over costs	(15,000)		(76,917)	
	259,000		1,959,429	62,002
Increase in cash	47,993	1,080	1,263,206	2,006
Cash, beginning of period	1,353,396	923	138,183	
Cash, end of period	$ 1,401,389	$ 2,003	$1,401,389	$ 2,006

See accompanying notes to consolidated financial statements

1. Business of the Company

Purepoint Uranium Corporation ("the Company") was incorporated under the Canada Business Corporations Act on March 24, 2004. The Company completed a reverse take over transaction with Casablanca Capital Inc. on May 30, 2005 and subsequently changed its name to Purepoint Uranium Group Inc. For a description of the transaction see Note 3. The Company's principal assets are mineral properties located in Saskatchewan. The Company is engaged in the acquisition, exploration and development of properties for the purpose of producing uranium. The recoverability of the amounts shown for mining properties is dependant, among other things, upon; the existence of economically recoverable reserves; the ability of the Company to obtain the necessary financing to complete exploration and development and upon future production or proceeds from disposition of such properties.

These financial statements have been prepared according to Canadian generally accepted accounting principles applicable to going concern which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to acquire, maintain and enhance its resource properties and to meet ongoing administration expenses and related liabilities as they fall due.

These financial statements do not reflect any adjustments relating to the recoverability and classifications of assets and liabilities should the Company be unable to continue going concern.

2. Significant Accounting Policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and, accordingly, certain disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles are not provided. These financial statements have been prepared following accounting principles consistent with those used in the annual financial statements of the Company for the year ended December 31. 2004. The results of the operations for the interim periods are not necessarily indicative of the results of operations for any other interim period or for a full fiscal year.

Mining properties and exploration expenditures deferred

Mining property acquisition costs and related direct exploration and development expenditures, net of recoveries, are deferred until the properties are placed into production. These net costs will be amortized against income using the unit-of-production method based on estimated recoverable reserves if the properties are brought into commercial production, or written off if the properties are abandoned or the carrying value is determined to be in excess of possible recoverable amounts.

The recoverability of amounts shown for mining properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mining claims, the ability of the Company to obtain financing to complete development of the properties, and on future profitability production or proceeds from the disposition thereof.

On an annual basis, the Company reviews the carrying values of deferred mining property acquisition and exploration expenditures to assess whether there has been an impairment in value. The Company recognizes write-downs for impairment where the carrying value of a mining property exceeds its estimated long term net recoverable value.

2. Significant Accounting Policies – continued

Recoverable value is estimated based upon current exploration results and upon management’s assessment of the future probability of positive cash flows from the property or from the sale of the property.

Income taxes

Future Income tax assets and liabilities are recognized for the future income tax consequences of events that have been included in the financial statements or income tax returns of the Company. Future income taxes are provided for using the liability method. Under the liability method, future income taxes are recognized for all significant temporary differences between tax and financial statement bases of assets, liabilities and certain carry forward items.

Future tax assets are recognized only to the extent that, in the opinion of management, it is more likely than not that the future income tax assets will be realized. Future income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment or substantive enactment. The Company makes full provision for income taxes deferred as a result of claiming depreciation and other costs for income tax purposes which differ from the related amounts charged to earnings.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management judgement include assessing the recoverability of mining properties and exploration costs and future income tax assets The reported amounts and note disclosures are determined to reflect the most probable set of economic conditions and planned course of action. Actual results could differ from these estimates.

Flow-through shares

The Company has financed a portion of its exploration activities through the issuance of flow-through shares. Under the terms of the flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers. To recognize the foregone tax benefits to the Company, the carrying value of the shares issued is reduced by the tax effect of the tax benefit at the time of the renouncement, provided there is a reasonable assurance that the expenditures will be incurred.

3. Casablanca Capital Corp. Merger

On March 10, 2005, the Company entered into a share exchange agreement (the “Share Exchange Agreement”) with Casablanca Capital Corp. (Casablanca) and with each of its shareholders. Pursuant to the Share Exchange Agreement, all of the issued and outstanding shares of the Company were sold, by way of exchange, to Casablanca (the “Share Exchange”).

Pursuant to the Share Exchange Agreement holders of issued and outstanding common shares of the Company received twenty (20) common shares of Casablanca for each outstanding share of the Company at a deemed value of $0.25 per Casablanca share.

3. Casablanca Capital Corp. Merger - continued

The Share Exchange was completed on May 30, 2005. For accounting purposes, the transaction is considered a reverse take-over whereby the Company would be considered the acquiring company as the shareholders of the Company would acquire more than 50% of the issued and outstanding shares of Casablanca.

Prior to the Share Exchange, Casablanca changed its name to Purepoint Uranium Group Inc. The Company then continued as a public company and a reporting issuer in British Columbia, Alberta and Ontario with its common shares listed on the TSX Venture Exchange. The transaction resulted in the Company assuming the cash assets of Casablanca in the amount of $104,350. The total transaction costs incurred by the Company with respect to the Share Exchange amounted to $151,917 and have been included as a separate charge in the Company's statement of operations and deficit for the nine months ended September 30, 2005.

4. Capital Stock and Other Equity

	Common Shares	Amount
Common shares, no par value, authorized unlimited number of shares, issued and outstanding 34,885,556 and 1,308,444 at September 30, 2005 and December 31, 2004 respectively.		
Balance January 1, 2005 *(audited)*	1,308,444	$ 320,002
Shares issued in private placement (a)	285,834	1,657,996
Shares issued in RTO (b)	50,000	75,000
Balance May 30, 2005	1,644,278	2,052,998
Casablanca Share Exchange (c)	33,241,278	104,350
Shares issued in private placement (d)	1,000,000	250,000
Options exercised	120,000	24,000
Balance September 30, 2005 *(unaudited)*	36,005,556	$ 2,431,348

(a) On March 29, 2005 the Company issued 100,000 flow-through shares at a price of $6.00 per unit. On May 30, 2005 the Company issued an additional 99,999 flow-through shares at a price of $6.00 per unit and 85,835 common shares at a price of $5.00 per unit.

(b) On May 30, 2005 50,000 common shares were issued at a price of $1.50 in consideration for certain professional fees associated with the RTO.

(c) The Casablanca share exchange includes a deemed issuance of 2,000,000 shares to former share holders of Casablanca, with the remainder being comprised of a 20-to-1 stock split of common shares outstanding prior to the RTO transaction (note 3).

4. Capital Stock and Other Equity - continued

(d) On August 11, 2005 the Company issued 1,000,000 common shares at a price of $0.25 per unit

5. Mining Properties

	Sept 30, 2005 *(unaudited)*	December 31, 2004 *(audited)*
McEwen Lake Property	$ 16,260	$ 9,625
Red Willow Property	139,603	31,171
S. Newnham Lake Property	6,509	4,115
Turnor Lake Property	313,772	29,505
Umfreville Lake Property	110,751	68,990
William River Property	30,497	4,019
Fire Eye Lake Property	39,185	-
	$ 656,577	$ 147,425

These properties are all located at the Athabasca Basin, Northern Saskatchewan. The Company owns 100% interest in a total of 22 claims covering 86,900 hectares. In addition, the Company paid a $15,000 deposit on a Mineral Prospecting Permit that grants the Company the exclusive right to explore and prospect for all minerals on 27,276 hectares of land in the same region. This deposit will be refunded when the Company makes the required exploration expenditures as follows:

a) $1.25 per hectare for a total of $34,095 in first permit year; and
b) $4.00 per hectare for a total of $109,104 in subsequent permit year.

6. Income Tax Losses Carryforward

The Company has approximately $335,000 non-capital losses and $656,000 of unclaimed exploration expenditures available to reduce future taxable income. The non-capital losses expire as follows:

2014	$ 23,000
2015	$ 312,000

7. Financial Instruments

Fair value

The carrying amounts of accounts receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturities of these amounts.

Commodity price risk

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.

8. Commitment

Pursuant to the flow-through issue described in note 4, the Company is required to spend $1,199,994 on Canadian Exploration Expenditures in 2005 and 2006.

9. Loss per share

The computations for basic loss per common share are as follows:

	Nine months ended Sept 30, 2005	Nine months ended Sept 30, 2004	Three months ended Sept 30, 2005	Three months ended Sept 30, 2004
Net Loss	-197,007	-9,573	-117,951	-37
Average Number of Shares	34,161,111	32,549,722	35,445,556	32,549,722
Loss per Common Share	0	0	0	0

Diluted earnings per share are not presented as the exercise of the potentially dilutive options would have an anti-dilutive effect on earnings per share and/or the options' exercise price was greater than the average market price of the common shares for the reporting period.

10. Stock-Based Compensation

The Company accounts for stock options granted under its employee stock option plan using the fair value based method of accounting. Using the Black-Scholes pricing model, the weighted average fair value of options granted during the nine-month period ended September 30, 2005 was estimated to be $314,264. Expenses in the amount of $37,358 (2004 – $ nil) have been recognized in the nine-month period ended September 30, 2005. No options have been exercised as of September 30, 2005.
The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions. In addition, such models require the use of subjective assumptions, including expected stock price volatility. The principal assumptions used in applying the Black-Scholes option-pricing model for the nine-month period ended September 30, 2005 were as follows:

Risk-free interest rate	**3.5%**
Dividend yield	**N/A**
Volatility factor	**75%**
Expected life	**2 years**

A summary of the status of the Company's plan is as follows:

	Number of options	Exercise price
Outstanding, January 1, 2005	-	$ -
Granted	2,050,000	0.30
Expired or cancelled	-	
Exercised	-	
Outstanding, September 30, 2005	2,050,500	$ 0.30
Exercisable- September 30, 2005	nil	

11. Subsequent Event

On November 7, 2005 the Company closed a private placement of 13,750,000 common shares at $0.39 per share and 6,875,000 purchase warrants at $0.02 per warrant for gross proceeds of $5,500,000. Each warrant entitles the holder to purchase one common share at $0.50 per share for a period of one year from the closing date.