THE SOURCE OF INDEPENDENT EQUITY RESEARCH™

eResearch

Analysts: Michael Wood, B.A. Sc. (Mining Engineering)
Bob Weir, B.Sc., B.Comm., CFA
September 11, 2006

Recommendation

Speculative Buy

Target Price

$0.55

Risk

High

Average Daily Volume

20da:27,800/150da:83,900

Quick Facts

Symbol	PTU:TSX-V
Price (Sept 7)	$0.36
52 Wk. Range	$0.80-$0.34
Shares O/S	50.0 million
Market Cap	$18.0 million
Year End	December 31

C$mill	BVPS	EPS
2005a	$0.10	$0.01
2006e	$0.12	$(0.01)
2007e	$0.19	$(0.01)

STRENGTHS

- **Strong & rising uranium prices**
- **Excellent land position in world-class uranium area**

RISKS

- **No current (NI 43-101) resource**
- **Permitting issues**

CONCLUSION

- **A junior explorer with an active exploration program with the potential to turn its land position into a large uranium resource**

PUREPOINT URANIUM GROUP INC.

Data Source: www.BigCharts.com

Purepoint Uranium Corporation Inc. is a junior uranium exploration company with prospective uranium projects in Canada's Athabasca Basin.

SUMMARY & RECOMMENDATION

We recommend the shares of Purepoint Uranium Group Inc. ("Purepoint" or the "Company") as a Speculative Buy to risk-tolerant investors for their longer term capital gain potential.

We think it unlikely that the shares will out-perform in the near term, simply because the Company's projects are all in early-stage development and there is no defined uranium resource as yet.

Nevertheless, we have a Target Price for the next 12 months of $0.55 per share. This represents a 53% premium over the current share price of $0.36. Our expectations are based on the realization that: (1) Purepoint is in a "hot" industry: uranium, and (2) its projects are located in the world's largest known uranium-producing area: the Athabasca Basin of northern Saskatchewan.

Now all Purepoint has to do is prove itself. To this end, the Company has a large land position in some of the most prospective areas in the Athabasca Basin, totaling about 250,000 hectares.

Purepoint is in the process of executing an exploration plan on its flagship properties, with planned expenditures in the 2006 season totaling $5,500,000, with a similar budget for 2007. The Company is well-funded to cover their "burn rate" and stated estimated capital expenses through 2006, but we believe that they will have to raise fresh capital in order to continue funding their aggressive exploration plan in 2007.

The Company's major property is the Turnor Lake project, located in the north-east part of the Athabasca Basin. In the area, there are a number of encouraging drill results from other companies, as well as several defined uranium deposits, including Midwest Lake (Cogema-Cameco JV), McClean Lake (Cogema), Eagle Point and Collins Bay (Cameco). Cameco Corporation's La Rocque Lake lies 12 km to the west of Turnor Lake, and Cogema Resources intersected anomalous uranium mineralization just 1/2 km to the south of Turnor Lake.

With uranium prices at all-time highs and, in our opinion, likely to trend higher, and with the Company well-positioned at the beginning of a growth phase, we find the prospects for Purepoint to be intriguing.

THE COMPANY

Casablanca Capital Corp. was incorporated in Alberta in February of 2004, and completed its initial public offering as a capital pool corporation listed on the TSX in June of 2004.

On March 11, 2005 Casablanca announced that it had entered into an arm's-length agreement to acquire all issued and outstanding shares of Purepoint Uranium Corporation, which was at the time a private exploration and development company. The acquisition was completed and the name of the corporation changed to Purepoint Uranium Group Inc. in May 2005.

Purepoint maintains an office in Toronto, Canada and trades under the symbol PTU on the TSX Venture Exchange.

URANIUM

1. Uranium Permitting

Regulations for the sale of radioactive goods into the international marketplace are very strict. Local governments and populations, in first-world nations particularly, look negatively on both the use and extraction of uranium because of its association with nuclear power generation and the strong emotional response related to misunderstood waste-products and historic accidents.

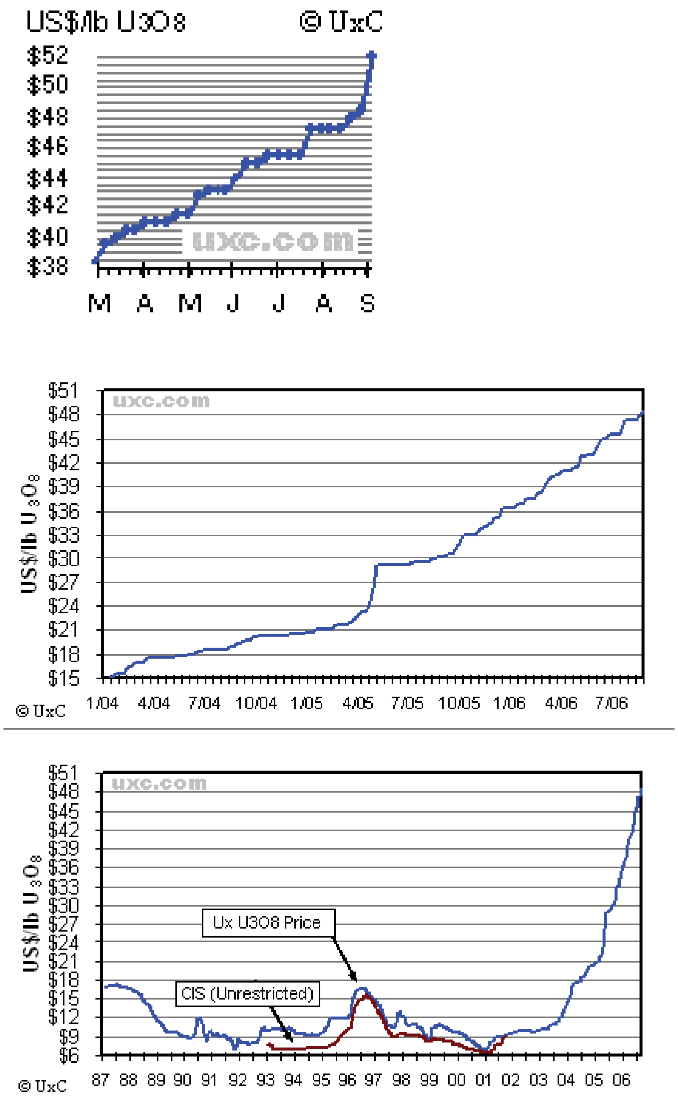
With any uranium project, there is the spectre of permitting issues. Australia, in particular, famously had a "Three Mine Law" preventing the operation of more than three uranium mines at any time; that law is no longer in place.

Canada's Athabasca Basin produces between 30%-50% of the world's uranium. The Federal and Provincial permitting authorities are amenable to the mining of uranium, provided certain conditions and standards are upheld.

2. Uranium Price Outlook

Month after month for the last 5 years, uranium prices have been climbing: from $7.10 per lb U_3O_8 in November 2000 to $47.50 per lb U_3O_8 currently; and rising more than 170% in the last 12 months alone.

Figure 1: Uranium Price Graphs- 6 Month/2-Year/20-Year



Source: The Ux Consulting Company, LLC http://www.uxc.com

24 new nuclear power plants are currently under construction worldwide, and another 154 are in the planning stages. These reactors join the more than 400 already in operation. As energy needs worldwide are beginning to be met less and less by fossil fuels, because of short supply and the growing political will to decrease the carbon-dioxide impact of energy generation, nuclear power plants are being planned, proposed and constructed at an increasing rate.

The move toward nuclear power generation is market-driven; the Canadian Energy Research Institute released a report in 2004 estimating that publicly funded nuclear energy costs 6.3¢/kWh (cents per kilowatt hour), while publicly funded coal generated electricity costs 6.1¢/kWh when carbon dioxide taxes are included. Nuclear electricity is much cleaner and costs only 0.2¢/kWh more. Additionally, the volume of uranium consumed is much smaller than the volume of coal that would be consumed to generate the same kilowatt hour, so ease of transportation of the raw material to the plant from its source becomes another advantage of using uranium over coal for jurisdictions with high energy demand but without significant coal or uranium deposits. At the same time, the volume of waste generated from nuclear power generation is several orders of magnitude smaller than the volume of waste generated from coal or natural gas generating plants. The smaller volume of waste, though radioactive, presents a smaller challenge for proper storage and handling than the volume of carbon dioxide that would have to be sequestered for complete zero-impact power generation.

In the last decades of the 20th century, sales of surplus uranium from stockpiles depressed the price and caused decreased production. Currently, production is meeting only about 60% of annual demand. The steadily increasing uranium price in recent years has revived the uranium industry, both exploration and production; however, the ramp-up to meeting almost twice as much demand as is currently being met will take a significant number of years. This could lead to a short-term worldwide uranium shortage as the remaining stockpiles are finally depleted.

Finally, the cost of uranium itself is not a major part of the price tag when operating a nuclear power plant. As such, electricity costs are insensitive to changes in the price of the metal.

COMMENT: *For the reasons stated above, we expect the price of uranium will remain buoyant for the foreseeable future.*

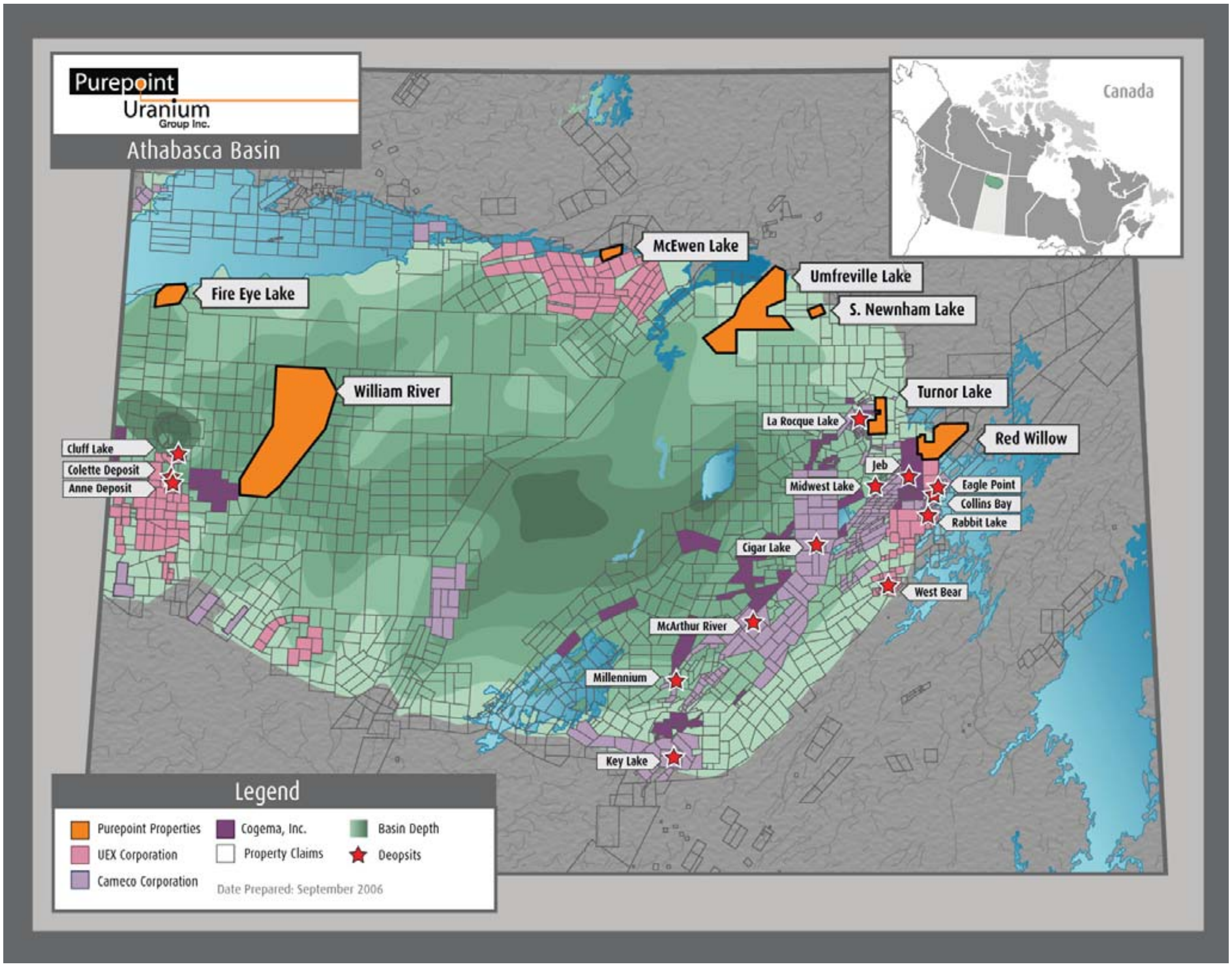
PROJECTS

Purepoint has a huge land position covering some 250,000 hectares in the Athabasca Basin area of northern Saskatchewan.

The Company's projects in the area are as follows:

Project	Hectares
Turnor Lake	9,705
Red Willow	18,622
William River	126,450
Umfreville	60,353
South Newnham	2,884
Fire Eye	10,434
McEwen Lake	5,083

Figure 2: Athabasca Map



Source: Company reports

COMMENT: *Athabasca-type uranium deposits are a well-understood and sought-after deposit model. The uranium mineralization is associated with the basement rock "unconformity" that makes up the bottom of the sedimentary basin. The economics of the uranium deposits in this basin are as controlled by grade as they are by the thickness of the sedimentary rock that lies above. Where the unconformity is covered by as little as 100m of sediment, lower grade targets grading down to 0.03%* U_3O_8 *are economic because they can be exploited by open pit mining. In other areas, where the cover rock is more than 400m thick, only the very high-grade targets for which the basin is famous are feasible as underground mines.*

A. Turnor Lake Project

The Turnor Lake project consists of 9,705 hectares of claims, in the northeast part of the Athabasca Basin.

The project covers 24 km of conductors, which were outlined by the geophysical surveys of previous operators as early as 1982. However, the recommended drilling was never conducted due to low uranium prices. Drilling conducted by Purepoint, to date, has intersected indicative alteration mineralization normally associated with uranium deposits.

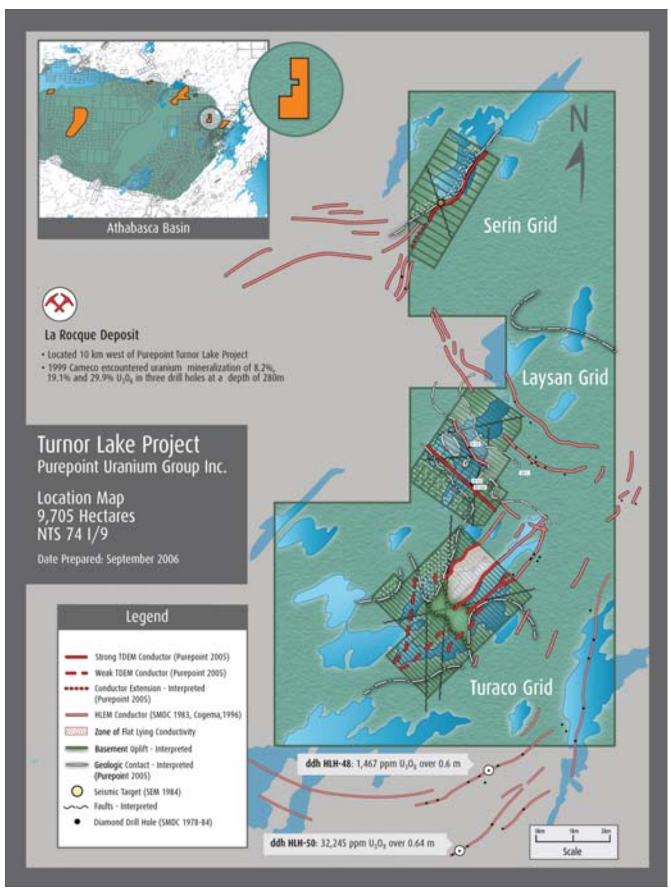
In the area, there are a number of encouraging drill results from other companies, as well as several defined uranium deposits including Midwest Lake (Cogema-Cameco JV), McClean Lake (Cogema), Eagle Point and Collins Bay (Cameco).

Cameco Corporation ("Cameco") La Rocque Lake lies 12 km to the west of Turnor Lake, and drilling completed in 1999 has shown extremely high-grade uranium mineralization of 8.2% U_3O_8 over 3.6m, 19.1% U_3O_8 over 2.5m and 29.9% U_3O_8 over 7.0m.

Cogema Resources Inc. ("Cogema") intersected anomalous uranium mineralization just 1/2 km to the south of Turnor Lake. A hole drilled by Cogema, which was underlain by the same alteration mineral sequence intersected by Purepoint to date, returned an assay of 0.17% U_3O_8 over 0.6m.

Purepoint has three main areas of exploration focus at Turnor Lake.

Figure 3: Turnor Lake Project Map



Source: Company reports

1. Turaco Grid

Exploration over the last two seasons at the Turaco Grid has served to develop further the Company's understanding of the potential that the area holds.

After the extensive geophysics program of Winter 2005, all 12 holes in the drilling program of Winter 2006 encountered anomalous radioactivity. Additionally, the contact between the formations of the Athabasca Basin and the underlying unconformity was confirmed at less than 185m depth.

COMMENT: *In the Athabasca Basin, the unconformity is considered the controlling factor for uranium mineralization, and knowing at what depth the unconformity occurs in a given project area allows for much more focused and targeted drilling. Alteration in and around the unconformity will give further indication of the presence of uranium mineralization.*

Drilling continues at the Turaco Grid. To date, Purepoint has spent approximately C$1.7million.

2. Laysan Grid

This area was originally controlled by Saskatchewan Mining Development Corp. ("SMDC") in 1983 and subsequently by Cogema. The claims were allowed to lapse by Cogema in the late 1990s because of the low uranium market price. Mineralization was encountered in SMDC's 1983 drill program, when a diamond drill hole intersected 0.06 % U_3O_8 over 3.4m, in an altered sedimentary rock immediately below the unconformity. Further drilling did not encounter uranium mineralization, but water samples from the barren holes showed elevated uranium and radon levels.

COMMENT: *U_3O_8 is soluble in groundwater, and movement of uranium mineralization by mechanism of groundwater flow is common. In this case, elevated uranium levels in water samples provide an excellent sign that, while earlier drill holes did not directly find mineralized material, we believe that Purepoint is likely to.*

The bulk of Purepoint's work on this grid to date has been focused on sharpening the resolution of several geophysical surveys in order to provide drill targets.

3. Serin Grid

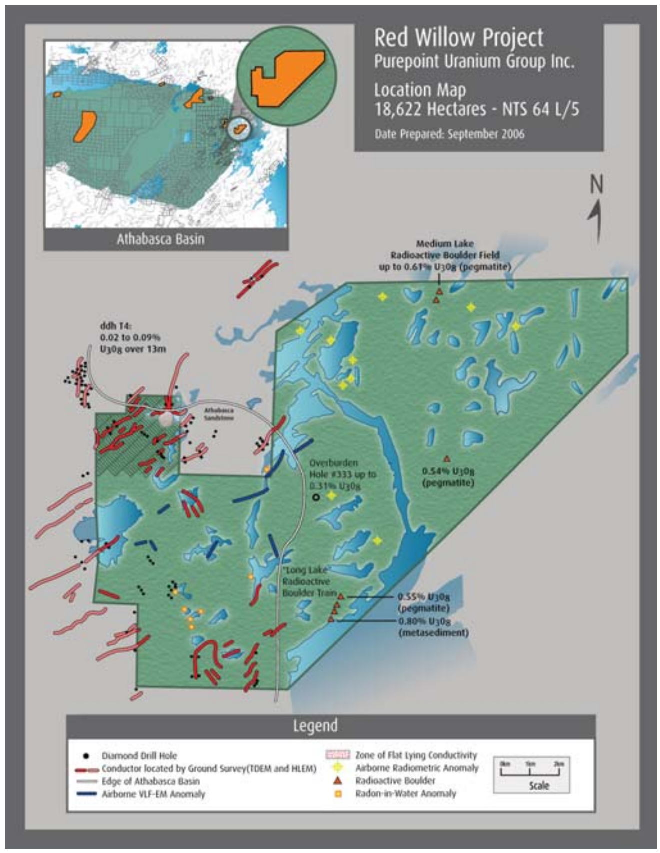
This area was considered by SMDC to be a priority drill target in 1984, although it remains untested. Geophysical surveys have identified a strong conductor extending 2.2km along the interpreted unconformity contact.

B. Red Willow

The Red Willow project consists of 12,994 hectares on the eastern edge of the Athabasca Basin. The cover thickness of the sedimentary rocks in this area is thin, with the unconformity found at depths of 0-80m

To the west, the claim group is directly adjacent to Cogema's claims, which contain the JEB, Sue and McClean deposits. To the south, Purepoint's claim group is directly adjacent to Cameco's claims, which contain the Rabbit Lake, Collins Bay, and Eagle Point deposits. The project is located on a NE-SW mine trend along with some very large deposits, including JEB, Midwest (Cogema JV), Cigar Lake (Cameco-Cogema JV), McArthur River (Cameco-Cogema JV), and Millennium (Cameco-JCU Exploration-Cogema JV).

Figure 4: Red Willow Project Location Map



Source: Company website

Within the claim area is the Long Lake Radioactive Boulder Train, discovered by Gulf Minerals in 1975. The boulder train is 2km long and up to 400m wide, with boulders assumed to be from a local source, as yet undiscovered. Sedimentary boulders from this train have assayed up to 0.8% v, and granitic boulders have assayed up to 0.55% U_3O_8.

Gulf Minerals conducted a program of overburden drilling in the 1970s, completing 350 holes along a series of NW-SE lines. The best results from this program were returned from the Red Willow property, with values up to 0.31% U_3O_8. The radioactive zone was localized, and quite thick. Although it was recommended, no further drilling was completed by Gulf Minerals.

The Company is currently conducting an intensive surface sampling program, taking soil, boulder and water samples in an effort to locate the source of the boulder train and to identify drill targets. The program has cost C$585,000 so far this year.

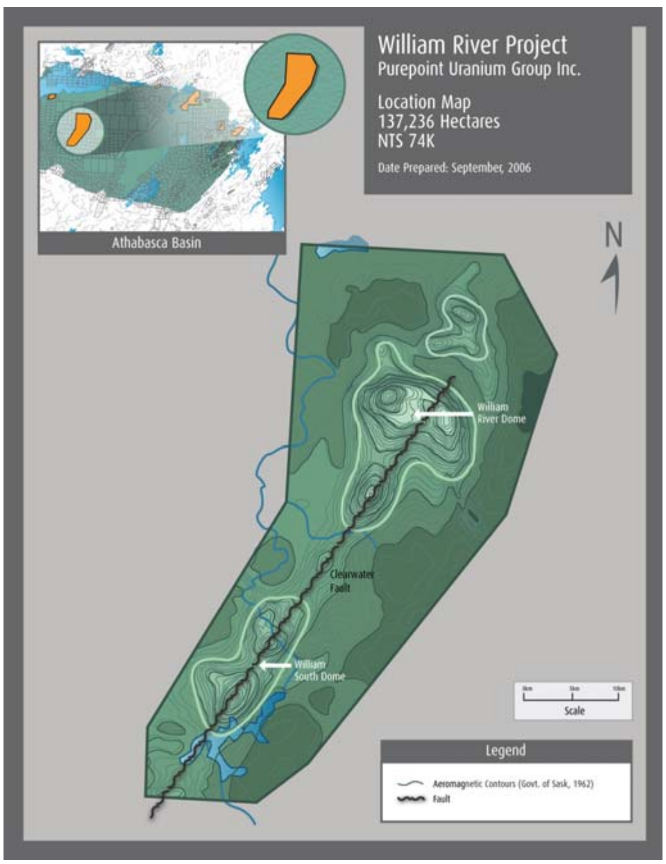
1. Osprey Grid

In Winter 2006, Purepoint conducted a ground-based geophysical survey over an area of the Red Willow project called the Osprey Grid. The survey discovered the continuation of a known graphite-rich conductor identified by Cameco in 1993. The conductor is also known to have anomalous uranium mineralization.

C. William River

The William River project covers 110,000 hectares in the western end of the Athabasca Basin, 10km east of the Carswell Structure which hosts Cogema's recently decommissioned Cluff Lake uranium mine. The property is also directly adjacent to the UEX/Areva Joint Venture project, where that JV has recently established a high-grade resource in the Kianna Uranium Deposit at Shea Creek. The best intersection at Kianna included 8.8m of 27.4% U_3O_8.

Figure 5: William River Location Map



Source: Company website

Company geologists believe the William River property has potential to host similar high-grade uranium mineralization due to the proximity to known high-grade deposits, and the presence of favourable fold/dome structures and a significant fault, the SW-NE Clearwater Fault. The interpreted depth of the targeted uranium deposition zones is approximately 300m.

COMMENT: *The western portion of the Athabasca Basin has much thicker sedimentary cover and, as such, Purepoint's interpreted target depth of 300m is actually much closer to the surface than other deposits in the area. This will be a boon to exploration drilling costs, and later to mining costs if Purepoint can prove a significant reserve at William River.*

To date in 2006, Purepoint has spent CDN $915,000 to complete a program of airborne geophysics in an effort to confirm the depth to the basement rock and identify initial targets for additional exploration work.

D. Umfreville

The Umfreville claim block covers 60,353 hectares at the northeast edge of the Athabasca Basin including the horseshoe-shaped Umfreville Lake. The horseshoe shape of the lake has led Company geologists to re-interpret the area as a massively folded block of sediments, and they also believe that the lake may have formed by the collapse of the overlying sediments into a deeper fold. Further evidence for this theory comes from a geophysical survey, which indicates that a conductive trend wraps around the lake, presumably following the unconformity contact as it dips.

COMMENT: *Structural differences between basement rocks and overlying sediments can cause collapses, and hydrothermal alteration of sediments into softer clay minerals can also contribute to the collapse of overlying rock. Both of these factors are believed to have played a part in the creation of Cigar Lake. The Cigar Lake uranium deposit, owned by Cameco, is the largest uranium deposit in the world.*

In 1980, SMDC drilled four holes to the southwest of Umfreville Lake and encountered strong hydrothermal alteration. The clay minerals kaolinite and chlorite, which typically surround uranium deposits in the Athabasca Basin, were present in all four holes. One of the holes in the SMDC drill program intersected the unconformity at 376m.

The Company is currently conducting ground-based geophysics to delineate conductors and develop drill targets. To date C$350,000 has been spent on this year's program.

E. South Newnham

The South Newnham property covers 2,884 hectares in the northeastern portion of the Athabasca Basin, with a significant series of faults.

The N-S running Newnham fault is considered a possible conduit for uranium-bearing fluids. Additionally, there are three cross-cutting E-W faults. Deep sensing airborne geophysics over the area revealed large conductive zones coincident with the larger Newnham fault.

The Company estimates that the depth of the unconformity is approximately 200m at this property, although the area has never been drilled.

Currently, the Company is conducting geophysics and ground surveying on the property in preparation for a drill program at a later date. Approximately C$165,000 has been spent thus far in 2006.

F. Fire Eye

The Fire Eye project is a 10,500 hectare property on a mining trend in line with the historically producing Uranium City deposits, and is located 70km to the north of Cogema's recently decommissioned Cluff Lake mine which produced more than 60 million lbs of U_3O_8.

To date, the Company has spent C$175,000 to complete a program of airborne geophysics.

8. McEwen Lake

The McEwen Lake project is in the extreme northeast of the Athabasca Basin.

Purepoint has completed C$15,000 of survey work in 2006, and has put the project on hold pending interpretation of results. McEwen Lake is a low-priority project at this time.

FINANCIAL REVIEW AND OUTLOOK

Cash: As at December 31, 2005, Purepoint had C$5.6 million cash and equivalents on hand. After exploration expenses over the last two quarters, the current treasury balance is C$2.5 million.

Burn Rate: The Company's "burn" rate is approximately C$35,000 per month. Burn refers to non-discretionary general, administrative, and operating expenses, such as rent, salaries, professional fees, utilities, etc.

Capex: Purepoint's exploration programs are actively working, and the Company plans to spend a total of C$5.5 million on exploration and development this year, and a similar amount in 2007.

Financing: Purepoint is active in raising capital in the market. They will likely go back to the market at the end of Q3 or beginning of Q4 2006 in order to finance their development plans for 2007 and beyond.

Capital Structure: The Company has 50.0 million shares issued and outstanding, with 58.9 million shares on a fully diluted basis, taking into account all outstanding warrants and options (see below). Insiders control approximately 40% or 20 million shares, of which 12 million currently remain in escrow. At recent share prices, the Company is capitalized at C$18Z million.

Options: The Company has issued 2,050,000 options at an exercise price of $0.30. The options have only begun to vest (in July 2006) and, since they expire in June 2008, they will have little or no effect during our 12-month review period.

Warrants: The Company currently has 6,875,000 warrants outstanding, with a strike price of $0.50, expiring in November 2006.

COMMENT: *The warrants expire within the next three months. With the shares now at $0.36, they are currently 28% below the exercise price. In our opinion, unless there is some very positive forthcoming corporate news, we deem it unlikely that the warrants will be exercised. If that is the case, it will deny the Company of approximately C$3.5 million.*

Debt: The Company has no debt.

Financial Statements: A summary of the Company's financial information, including an abridged Statement of Income/(Loss), Statement of Cash Flow, and Balance Sheet, is set out on the following page:

Table 1: Selected Financial Information

	Six Months Ending June 30: 2005	2006	Year Ending December 31: 2005	2006E	2007E
Statement of Income/(Loss):					
Operating Income	0	0	0	0	0
Non-Operating Income	3,815	60,640	37,916	71,315	52,500
General & Administrative Expense	(82,871)	(238,271)	(302,438)	(400,000)	(420,000)
Amortization	0	(754)	(754)	(1,200)	(1,400)
Stock-based Compensation	(2,228)	(110,927)	(98,265)	(200,000)	(150,000)
Other Non-Cash Items	0	0	637,569	0	0
Other Income/(Expenses)	0	0	(8,803)	0	0
Net Income/(Loss)	(81,284)	(289,312)	265,225	(529,885)	(518,900)
Total Shares Outstanding	34,885,556	50,005,756	49,755,556	50,943,256	60,943,256
Weighted Average Shares Outstanding	34,885,556	50,005,756	34,804,406	50,818,156	55,818,156
Earnings (Loss) Per Share	($0.00)	($0.01)	$0.01	($0.01)	($0.01)
Statement of Cash Flow:					
Net Income (Loss)	(81,284)	(289,312)	265,225	(529,885)	(518,900)
All Non-Cash Items	2,228	111,681	(538,550)	201,200	151,400
Cash Flow from Operations	(79,056)	(177,631)	(273,325)	(328,685)	(367,500)
Capital Expenditures (Properties)	(411,716)	(2,985,283)	(1,207,974)	(5,500,000)	(5,500,000)
Other Investing Items	(1,255,666)	2,691,015	(4,929,197)	0	0
Free Cash Flow	(1,746,438)	(471,899)	(6,410,496)	(5,828,685)	(5,867,500)
Working Capital Changes	9,007	249,016	(380,723)	4,974,441	(150,000)
Equity Financing	1,700,429	125,100	6,829,480	1,500,000	6,000,000
Debt Financing	0	0	0	0	0
Change in Cash	(37,002)	(97,783)	38,261	645,756	(17,500)
Cash, Beginning of the Period	138,183	176,444	138,183	176,444	822,200
Cash, End of the Period	101,181	78,661	176,444	822,200	804,700
	As at June 30: 2005	2006	As at December 31: 2005	2006E	2007E
Balance Sheet:					
Cash	101,181	78,661	176,444	822,200	804,700
Short-term Investments	1,252,215	2,233,656	4,924,671	0	0
Other Current Assets	85,693	417,397	571,404	417,397	417,397
Mining Properties	559,141	4,340,682	1,355,399	6,854,199	12,352,799
Other Assets	3,454	3,018	3,772	3,018	3,018
Total Assets	2,001,684	7,073,414	7,031,690	8,096,814	13,577,914
Current Liabilities	83,449	1,932,242	1,837,233	1,932,242	1,932,242
Other Liabilities	0	0	0	0	0
Debt Obligations	0	0	0	0	0
Total Liabilities	83,449	1,932,242	1,837,233	1,932,242	1,932,242
Shareholders' Equity	1,918,235	5,141,172	5,194,457	6,164,572	11,645,672
Total Liabilities & Equity	2,001,684	7,073,414	7,031,690	8,096,814	13,577,914
Book Value (S.E.) Per Share	$0.05	$0.10	$0.10	$0.12	$0.19

COMMENT: *Purepoint Uranium is an exploration company and, therefore, has no operating revenue and reports only net losses. The Company has had considerable short-term investments, but these will be fully realized by the end of 2006. The funds received will be used to finance the Company's capex program over the balance of this year. Total capex in each of this year and 2007 is forecasted by the Company to be $5,500,000. To achieve this, even after the sale of the short-term investments, Purepoint will need to raise additional funds from the capital markets. We are assuming an issue of 3,750,000 Units at $0.40 per Unit for gross proceeds of $1,500,000 before the end of 2006. With less than three months to expiry, we are assuming that the warrants that are expiring in November 2006 will not be exercised, which would deny the Company of a much needed $3.5 million. If, indeed, the shares rise and the warrants are exercised, then we would assume a reduction in our financing expectations in 2007, from $6.0 million to $2.5 million. If the capital markets get tight for junior mining companies in 2007, then the Company most likely will need to scale back its capex intentions. Book value per share is expected to almost double from $0.10 in 2005 to $0.19 at the end of 2007.*

VALUATION

For the purposes of valuing Purepoint, we have used the peer comparison method.

Purepoint Uranium Group Inc. has no formal uranium reserve as it is an early-stage junior exploration company. The focus is exclusively uranium in the Athabasca Basin and, over our 12-month review period, the Company will be undertaking extensive exploration activities to define and expand targets and resources on its properties. Therefore, we have selected four uranium exploration and development companies as peers: CanAlaska Ventures Inc.; Titan Uranium; Strathmore Minerals; and UEX. All four companies have prospective uranium exploration properties in the Athabasca Basin and no actual uranium production.

CanAlaska Ventures Inc. is a junior exploration and development company with almost 1 million hectares of claim area in the Athabasca Basin.

Titan Uranium Inc. is a junior exploration and development company that has a large Canadian uranium exploration position in the Athabasca Basin, as well as in Nunavut.

Strathmore Minerals Corp. is a junior exploration and development company with uranium exploration properties in Canada's Athabasca Basin. Currently, they have the second largest land-position in the Basin (the world's number one uranium producer, Cameco, has the largest).

UEX Corp. is a junior exploration and development company with a large number of uranium exploration interests in the Athabasca Basin.

Table 2: Corporate Comparison

	Purepoint Uranium Group June-30	Strathmore Minerals Corp. June-30	UEX Corp. June-30	Titan Uranium Inc. May-31	CanAlaska Ventures April-30
Corporate:					
Share Price	C$ 0.36	C$ 2.05	C$ 3.93	C$ 1.83	C$ 0.50
Shares O/S	50,005,756	69,397,630	180,394,618	24,521,618	77,127,238
Market Cap	C$ 18,002,072	C$ 142,265,142	C$ 708,950,849	C$ 44,874,561	C$ 38,563,619
Mineral Value:					
Book Value	C$ 4,340,682	C$ 8,022,225	C$ 49,602,707	C$ 3,017,912	C$ 10,706,505
Market Value	C$ 15,269,340	C$ 98,430,105	C$ 622,154,850	C$ 37,077,194	C$ 30,448,022
Difference	C$ 10,928,658	C$ 90,407,880	C$ 572,552,143	C$ 34,059,282	C$ 19,741,517
Property Ratio	3.52	12.27	12.54	12.29	2.84
Average Ratio (Peers	9.99				
Selected Ratio	6.00				
Common Equity (Reported)	C$ 5,141,172				
Common Equity (Property Ratio)	C$ 16,069,830				
Common Equity (Average Ratio)	C$ 38,529,486				
Common Equity (Selected Ratio)	C$ 26,844,582				
Equity Per Share (Reported)	C$ 0.10				
Equity Per Share (Property Ratio	C$ 0.32				
Equity Per Share (Average Ratio	C$ 0.77				
Equity Per Share (Selected Ratio	C$ 0.54				

Source: eResearch

The comparison table above shows that the market has not yet begun to pay Purepoint for the potential of their properties. The average book-value multiple of the comparison companies is 9.99x, while Purepoint is currently only valued at 3.52x times book.

In our opinion, we believe that the market is cautiously valuing Purepoint because the Company currently has no uranium resource. Their exploration activities in 2006 and early 2007 will serve to solidify their position in the Athabasca Basin and provide a preliminary indication of the value of their properties.

For this reason, until the Company is able to provide a better indication of its potential, we are selecting a multiple of 6.00x. As drilling proceeds and assay results return, we expect the Company's ratio will slowly rise to reflect its improving resource projects.

Based on the foregoing, our ensuing 12-month Target Price is $0.55 per share.

Looking ahead, although a definitive deposit has not yet been identified, when this occurs and when the company completes NI 43-101 resource estimates on their properties, likely in 2007 or 2008, then we expect there will be increasing investor attention to the stock.

APPENDIX 1: MANAGEMENT AND DIRECTORS

A. Management

Christopher Frostad, BBA, CA, President & CEO, Director
Mr. Frostad is one of the founding partners of the Company, and has 25 years of business expertise in high growth, early stage companies. He was previously CEO of a Toronto-based venture capital firm. Mr. Frostad is a respected business leader and has lectured at the INSEAD School of Business in Fountainbleu, France and at ABB's Learning Center in Zurich, Switzerland.

Scott Frostad, B.Sc., M.A.Sc., P.Geo., Vice President, Exploration
Mr. Frostad is an experienced exploration geologist with more than 20 years of experience. He has worked for Lac Minerals, Teck, Placer Dome and most recently, Cogema Resources Inc., managing environmental issues at their Cluff Lake and McClean Lake Uranium Mines.

Ram Ramachandran, BA, CA, Chief Financial Officer
Mr. Ramachandran is a respected Accountant who served for 11 years at Deputy Director and Associate Chief Accountant with the Ontario Securities Commission, and has provided advisory services on compliance and litigation issues to numerous companies. He is personally responsible for the Canadian Securities Reporting Advisor, an on-line compliance tool for publicly-listed companies.

Michael Lederhouse, Vice President, Field Operation
Mr. Lederhouse has spent his 25-year career in northern Saskatchewan, managing significant exploration projects for Cameco, Cogema (Areva), Noranda, Cominco, Placer Dome, and Phelps Dodge. He is currently a joint-venture partner in the Anglo-Rouyn project, a gold-recovery-from-tailings project.

Andrew Gracie, B.Sc., PhD, Consulting Geologist
Dr. Gracie has held numerous senior positions over his 35-year career, including positions with the Saskatchewan Department of Mineral Resources, Saskatchewan Energy and Mines, and Saskatchewan Industry and Resources.

Melain LaBelle-Nolan, Communications Director
Ms. LaBelle-Nolan is a specialist in the field of investor and public relations with more than 20 years of experience. Before joining Purepoint, she was Senior Vice-President, Public Relations with a major Toronto marketing communications firm. She is a part-time professor at Humber Institute of Technology and Advanced Learning, and a regular guest lecturer at Mohawk College.

B. Directors

Christopher Frostad, BBA, CA, President & CEO, Director

Peter Hooper, B.Sc., Director

Mr. Hooper is a senior mining executive with extensive experience, including 20 years offshore. His experiences have allowed him to develop extensive global industry relations and close corporate ties in more than twenty countries. While working for Eldorado Nuclear Uranium Mines Ltd., he oversaw all uranium production from the Athabasca Basin. Mr. Hooper currently serves as CEO and Director of three companies: Platinum Group Metals Corp., Canamaftrica Platinum Corp., and Atlantic Salt Corp. He is COO of Afcan Mining Corp., President of Valencia Resources, and a Director of Sandy K Silver Mines.

James Doak, Director

Mr. Doak is an Economist and Chartered Financial Analyst. He is currently the President and Managing Director of Magantic Asset Management Inc., a Toronto-based investment company. Mr. Doak is also a director of PetroKazakhstan Inc. Mr. Doak has previously held directorships with Superior Propane Inc., and Spar Aerospace Inc. as well as key positions with ScotiaMcLeod Inc., First Marathon Securities Ltd. and McLeod Young Weir Ltd. From 1979 to 1997, he was the founder and President of Enterprise Capital Management Inc. Mr. Doak is a Past-President and Director of the Toronto Society of Financial Analysts.

Allan Beach, BA, LL.B, Director

Mr. Beach is a Partner with the law firm of Fasken Martineau DuMoulin LLP in Toronto. In addition to general mergers and acquisitions experience, he has been involved with venture capital, domestic and offshore structured finance entities, flow-through share offerings, registered tax shelters and other government incentive financing.

Christopher Rich, Director

Mr. Rich is a veteran business builder. He is currently owner and CEO of Wolfe Transmission & ACE Powertrain Corp., Canada’s largest group of automotive transmission re-manufacturers. Throughout his career, Mr. Rich has acquired and transformed numerous mid-sized Canadian companies including Metal Supermarkets International; which he grew from 19 to 90 locations, and now in five countries.

NOTES

ANALYST CERTIFICATION

Each Research Analyst who was involved in the preparation of this Research Report hereby certifies that: (1) the views, opinions, and recommendations expressed in this Research Report reflect accurately the Research Analyst's personal views concerning any and all securities and issuers that are discussed herein and are the subject matter of this Research Report; and (2) the fees, earnings, or compensation, in any form, payable to the Research Analyst, is not and will not, directly or indirectly, be related to the specific views, opinions, and recommendations expressed by the Research Analyst in this Research Report.

eResearch analysts on this report: Michael Wood B.A. Sc. (Mining Engineering). Michael is responsible for research in the junior mining sector. He has experience in working for numerous junior mining companies in an engineering, exploration logistics, and geological capacity, with assignments in both Canada and China.
Bob Weir, Director of Research, B. Comm, B.Sc., CFA. Bob has 39 years experience both in equity and fixed-income research, and in industry (real estate and retailing). He was at Dominion Bond Rating Service (DBRS) from 1994 to 2001, latterly as Executive Vice-President responsible for conducting the day-to-day management affairs of the company.

*e*RESEARCH ANALYST GROUP

Director of Research: Bob Weir / Vice President of Operations: Bob Leshchyshen

Financial Services
Robin Cornwell

Biotechnology
Scott Davidson
Philippe Douville
Keith Lue

Transportation & Environmental Services/ Industrial Products
Bill Campbell
Peter von Ond

Mining & Metals
Emanuel Abraham
George Cargill
Stephen Mussart
David Scott
Robert Simpson
Thomas Schuster
Barbara Thomae
Michael Wood

Energy & Utilities
Emanuel Abraham
Melvyn Misner

Health Care
Scott Davidson
Philippe Douville

Oil & Gas
Emanuel Abraham
Achille Desmarais
Dick Fraser
Sam Kiri

Information Technology
Marcia Wisniewski

Special Situations
Bill Campbell
Bob Leshchyshen
Beverly Brooks
Amy Stephenson
Bob Weir

Telecommunications
Beverly Brooks
Mary Anne DeMonte-Whelan

Chief Economist
Beverly Brooks

*e*Research Recommendation System

Strong Buy: Expected total return within the next 12 months is at least 40%.

Buy: Expected total return within the next 12 months is between 10% and 40%.

Speculative Buy: Expected total return within the next 12 months is substantial, but Risk is High (see below).

Hold: Expected total return within the next 12 months is between 0% and 10%.

Sell: Expected total return within the next 12 months is negative.

*e*Research Risk Rating System

A company may have some, but not necessarily all, of the following characteristics of a specific risk rating to qualify for that rating:

High Risk: Financial - Little or no revenue and earnings, limited financial history, weak balance sheet, negative free cash flows, poor working capital solvency, no dividends.

Operational - Weak competitive market position, early stage of development, unproven operating plan, high cost structure, industry consolidating, business model/technology unproven or out-of-date.

Medium Risk: Financial - Several years of revenue and positive earnings, balance sheet in line with industry average, positive free cash flow, adequate working capital solvency, may or may not pay a dividend.

Operational - Competitive market position and cost structure, industry stable, business model/technology is well established and consistent with current state of industry

Low Risk: Financial - Strong revenue growth and earnings over several years, stronger than average balance sheet, strong positive free cash flows, above average working capital solvency, company may pay (and stock may yield) substantial dividends or company may actively buy back stock.

Operational - Dominant player in its market, below average cost structure, company may be a consolidator, company may have a leading market/technology position.

Disclosure Statement

***e*Research** accepts fees from the companies it researches (the "Covered Companies") and from major financial institutions. The sole purpose of this policy is to defray the cost of researching small and medium capitalization stocks which otherwise receive little research coverage. In this manner, ***e*Research** can minimize fees to its subscribers. Purepoint Uranium Group Inc. paid eResearch a fee of $17,500 to conduct research on the company.

To ensure complete independence and editorial control over its research, ***e*Research** follows certain business practices and compliance procedures. Among other things, fees from Covered Companies are due and payable prior to the commencement of research and, as a contractual right, ***e*Research** retains complete editorial control over the research.

***e*Research** analysts are compensated on a per-report, per-company basis and not on the basis of his/her recommendations. Analysts are not allowed to accept any fees or other consideration from the companies they cover for ***e*Research**. Analysts are also not allowed to trade in the shares, warrants, convertible securities or options of companies they cover for ***e*Research**.

In addition, ***e*Research**, its officers and directors, cannot trade in shares, warrants, convertible securities or options of any of the Covered Companies. ***e*Research** accepts payment for research only in cash or currency and will not accept payment in shares, warrants, convertible securities or options of Covered Companies. ***e*Research** will not conduct investment banking or other financial advisory, consulting or merchant banking services for the Covered Companies. ***e*Research** is not a brokerage firm and does not trade in securities of any kind.

***e*Research**'s sole business is providing independent equity research to its institutional and retail subscribers. ***e*Research** makes all reasonable efforts to provide its research, via email, simultaneously to all subscribers. Additional distribution of our research may be done through agreements with newswire agencies.

No representations, express or implied are made by ***e*Research** as to the accuracy, completeness or correctness of its research. Opinions and estimates expressed in its research represent ***e*Research**'s judgment as of the date of its reports and are subject to change without notice and are provided in good faith and without legal responsibility. Its research is not an offer to sell or a solicitation to buy any securities. The securities discussed may not be eligible for sale in all jurisdictions. Neither ***e*Research** nor any person employed by ***e*Research** accepts any liability whatsoever for any direct or indirect loss resulting from any use of its research or the information it contains. This report may not be reproduced, distributed, or published without the express permission of ***e*Research**.

For further information:

Independent Equity Research Corp.

**130 Adelaide St. W,
Suite 2215, Toronto Ont.,
Canada M5H 3P5**

**Telephone: 416-643-7650
Toll-free: 1-866-854-0765**

**Our research is accessible on:
www.eresearch.ca**