Purepoint Uranium Corporation

Unaudited Consolidated Financial Statements

For the Nine Months Ended September 30, 2006

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

Consolidated Balance Sheets

	September 30, 2006 *(unaudited)*	December 31, 2005 *(audited)*
Assets		
Current assets		
Cash	$ 58,080	$ 176,444
Accounts receivable	133,192	126,660
Short-term investments	936,779	4,924,671
Prepaid expenses	39,590	21,178
Deposits	273,985	423,566
	1,441,626	5,672,519
Equipment	2,641	3,772
Mining properties *(note 3)*	5,509,033	1,355,399
	$ 6,953,300	$ 7,031,690
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 248,998	$ 179,428
Future income tax liability	1,657,805	1,657,805
	1,906,803	1,837,233
Shareholders' equity		
Share capital *(note 4)*	3,929,577	3,804,477
Contributed surplus	1,278,535	1,147,896
Retained earnings (deficit)	(161,615)	242,084
	5,046,497	5,194,457
	$ 6,953,300	$ 7,031,690

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

Approved by the Board

Signed: ***"James Doak"***

James Doak

Signed: ***"Allan Beach"***

Allan Beach

Consolidated Statements of Operations and Deficit

	For the three month period ending Sept 30, 2006 *(unaudited)*	For the three month period ending Sept 30, 2005 *(unaudited)*	For the nine month period ending Sept 30, 2006 *(unaudited)*	For the nine month period ending Sept 30, 2005 *(unaudited)*
Revenue				
Interest income	$ 3,230	$ 6,784	$ 63,870	$ 10,599
Expenses				
Salaries and benefits	42,847	28,520	139,690	57,821
Stock-based compensation *(note 5)*	19,712	37,358	130,639	37,358
Investor relations	16,835	29,663	90,865	56,171
Professional fees	22,907	7,721	53,818	13,221
General and administration	6,169	13,197	25,465	27,409
Travel	2,225	2,270	5,544	9,620
Transfer agent and filing fees	6,545	5,629	20,417	5,629
Amortization	377	377	1,131	377
	117,617	124,735	467,569	207,606
Net loss	(114,387)	(117,951)	(403,699)	(197,007)
Reverse take-over costs	-	(15,000)	-	(151,917)
Retained earnings (deficit), beginning of period	(47,228)	(239,113)	242,084	(23,140)
Deficit, end of period	$ (161,615)	$ (372,064)	$ (161,615)	$ (372,064)
Basic and diluted loss per common share *(note 7)*	$ 0.00	$ 0.00	$ 0.00	$ 0.00

See accompanying notes to consolidated financial statements

Consolidated Statements of Cash Flows

	For the three month period ending Sept 30, 2006 *(unaudited)*	For the three month period ending Sept 30, 2005 *(unaudited)*	For the nine month period ending Sept 30, 2006 *(unaudited)*	For the nine month period ending Sept 30, 2005 *(unaudited)*
Cash flow from operating activities				
Net loss	$ (114,387)	$ (117,951)	$ (403,699)	$ (197,007)
Items not affecting cash				
Amortization	377	337	1,131	377
Stock based compensation	19,712	37,358	130,639	37,358
Increases (decreases) in cash attributable to changes in operating assets and liabilities:				
Accounts receivable	(54,582)	(10,124)	(6,532)	(41,046)
Deposits and prepaid expenses	25,212	2,556	131,169	(31,512)
Accounts payable	(25,439)	(24,715)	69,570	49,285
	(149,107)	(112,539)	(77,722)	(182,545)
Cash flow from investing activities				
Equipment	-	(1,032)	-	(4,526)
Mining properties	(1,168,351)	(97,436)	(4,153,634)	(509,152)
Short-term investments	1,296,877	(1,158,207)	3,987,892	(1,158,207)
	128,526	(1,256,675)	(165,742)	(1,671,885)
Cash flow from financing activities				
Issuance of shares	-	274,000	125,100	2,036,346
Reverse take-over costs	-	(15,000)	-	(76,917)
	-	259,000	125,100	1,959,429
Increase (decrease) in cash	(20,581)	(1,110,214)	(118,364)	104,999
Cash, beginning of period	78,661	1,353,396	176,444	138,183
Cash, end of period	$ 58,080	$ 243,182	$ 58,080	$ 243,182

See accompanying notes to consolidated financial statements

Notes to Consolidated Financial Statements
September 30, 2006

1. Business of the Company

Purepoint Uranium Corporation ("the Company") is a Canadian resource company. 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 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 obtain necessary financing and attain profitable operations, or alternatively, upon the disposal of properties, or the Company's interests therein, on an advantageous basis.

In order to meet future expenditures and cover administrative costs, the Company may 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 consolidated financial statements have been prepared on a going concern basis that assumes the Company will be able to continue to realize its assets and discharge it liabilities in the normal course of business. In the event the Company is not able to obtain adequate funding, there is uncertainty as to whether the Company will be able to maintain or complete the acquisition of its property interests. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing. Changes in future conditions could require material write downs of the carrying values of certain assets.

2. Significant Accounting Policies

The accompanying unaudited interim consolidated 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 statements prepared in accordance with generally accepted accounting principles are not provided. These unaudited interim consolidated financial statements have been prepared following accounting principles consistent with those used in the audited annual consolidated financial statements and should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2005. The results of operations for the interim period are not necessarily indicative of the results of operations for any other interim period or for a full fiscal year.

3. Mining Properties

	September 30, 2006 *(unaudited)*	December 31, 2005 *(audited)*
McEwen Lake Property	$ 110,628	$ 92,952
Red Willow Property	772,877	184,045
S. Newnham Lake Property	67,716	56,486
Turnor Lake Property	2,431,706	340,476
Umfreville Lake Property	905,859	534,716
William River Property	1,061,761	86,597
Fire Eye Lake Property	158,486	60,127
	$ 5,509,033	$ 1,355,399

3. Mining Properties - continued

These properties are all located at the Athabasca Basin, Northern Saskatchewan. The Company owns 100% interest in a total of 45 claims covering 206,225 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.

4. Share Capital

	Number of shares	Amount
Authorized		
Common shares	unlimited	-
Issued		
Common shares		
Balance, March 24, 2004 (Date of incorporation)	543,800	$ 2
Share issued in private placement	764,644	320,000
Balance, December 31, 2004	1,308,444	320,002
Shares in private placement	285,834	1,657,996
Shares issued in RTO	50,000	75,000
Balance, May 30, 2005, (Date of RTO)	1,644,278	2,052,998
RTO share exchange	33,241,278	36,236
Shares issued in private placement	14,750,000	4,061,617
Option exercised	120,000	24,000
Tax benefits renounced on flow-through shares	-	(2,370,374)
Balance, December 31, 2005 *(audited)*	49,755,556	3,804,477
Warrants exercised	250,200	125,100
Balance, September 30, 2006 *(unaudited)*	50,005,756	$ 3,929,577

Notes to Consolidated Financial Statements
September 30, 2006

5. Stock-Based Compensation

The Company has a stock option plan (the "Plan"). Under the Plan, the Company can grant options up to 10% of the total number of issued and outstanding shares.

On August 1, 2006 the Company granted 120,000 stock options vesting evenly over a 12-month period. As at September 30, 2006, 413,333 of the outstanding options, net of forfeitures, had vested and carry a weighted average remaining contractual life of 4 years.

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, 2006 was estimated to be $19,320 (2005 - $314,264). Expenses in the amount of $130,639 (net of forfeitures) have been recognized in the nine-month period ended September 30, 2006 (2005 - $37,358). No options have been exercised as of September 30, 2006.

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, 2006 were as follows:

Risk-free interest rate	4.5%
Dividend yield	N/A
Volatility factor	103%

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

	Number of options	Exercise price
Outstanding, January 1, 2006	2,050,000	$ 0.30
New Award	120,000	$ 0.40
Forfeited	(250,000)	$ 0.30
Outstanding, September 30, 2006	1,920,000	$ 0.30
Exercisable, September 30, 2006	620,000	$ 0.30

6. Commitment

In connection with the issuance of flow-through shares, the Company renounced a total of $6,562,496 of qualifying expenditures to the shareholders in 2005 of which $1,045,000 had been spent as of December 31, 2005. Pursuant to this flow-through issue, the Company is required to spend $5,517,496 on Canadian Exploration Expenditures in 2006.

7. Loss per share

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

	Three months ended September 30, 2006	Three months ended September 30, 2005	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Net Loss	$ (114,387)	$ (117,951)	$ (403,699)	$ (197,007)
Average Number of Shares	50,005,756	35,445,556	50,005,756	34,161,111
Loss per Common Share	$0.00	$0.00	$0.00	$0.00

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.

8. Subsequent Event

During November 2006, 3,316,250 warrants and options were exercised for total proceeds of $1,647,375.