

PUREPOINT URANIUM GROUP INC. (\$0.41, PTU:TSX-V)

Recommendation

Speculative Buy

Risk

High

Price (Dec 11)

\$0.41

52-Week Range

\$2.30 - \$0.35

Target Price

1 Year: \$1.05

3 Year: \$2.10

Potential Return

1 Year: 2.6x

3 Year: 5.1x

Shares O/S

73.1 million

Market Cap

\$30.0 million

Average Daily Volume

20-day: 649,200

150-day: 226,000

Year-End

December 31

C\$	BVPS	EPS
2005A	\$0.10	\$0.00
2006A	\$0.16	\$(0.01)
2007E	\$0.36	\$(0.01)
2008E	\$0.38	\$(0.02)

BVPS: Book Value Per Share

EPS: Earnings Per Share

Analysts

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Data Source: www.BigCharts.com

UPFRONT

How could a junior mining company, having strategically-located properties and partners that are major mining companies, have a stock price that only trades at or near book value?

RECOMMENDATION

We recommend the shares of Purepoint Uranium Group Inc. ("Purepoint" or the "Company") as a Speculative Buy with a one-year Target Price of \$1.05 and a three-year Target Price of \$2.10. These targets are predicated on the price of uranium averaging within a range of US\$90.00-US\$120.00 per pound. Should the uranium price return to its high of US\$138.00 per pound or beyond, and stay at these higher levels, then a higher share price is probable. Speculative interest could drive the stock towards \$3.00.

PROFILE

Purepoint is a Canadian exploration and development company, focused on uranium exploration in the world-class Athabasca Basin in northern Saskatchewan, where it has a large land position.

HIGHLIGHTS

- ▶ Joint ventures with major uranium miners Cameco and AREVA.
- ▶ Funded two new drill companies to secure drilling on projects.
- ▶ At stage of exploration where real potential of properties can be unlocked.
- ▶ Geological and operational variables favour discovery.
- ▶ Uranium price expected to remain buoyant.
- ▶ \$9 million to be spent on exploration and development in 2007 and \$10 million in 2008.
- ▶ As yet, no NI 43-101 resource estimates.
- ▶ Stock selling at only 1.0 times book value

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THE COMPANY

Purepoint is a Canadian exploration and development company, currently focused on uranium exploration in the world-class Athabasca Basin in northern Saskatchewan. The Athabasca Basin is the world's largest known uranium-producing area. Purepoint has a large land position in some of the most prospective areas in the Basin, totaling around 250,000 hectares. It holds a further 35,000 hectares through its two joint ventures.

Purepoint maintains its head office in Toronto, Ontario. It trades under the symbol PTU on the TSX Venture Exchange.

BACKGROUND

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.

COMMENT: *Purepoint has been extremely active over the past year. The Company now has 42 distinct drill-ready targets across four of its major projects and has built and staffed five year-round camps. It has also entered into joint-venture partnerships with major uranium miners Cameco and AREVA, and has funded two new drill companies in order to secure full-time dedicated drilling on its projects.*

Subsequent to a large financing in March 2007, the Company is well funded to cover its burn rate and stated exploration plans beyond the end of 2008. With 16,000 metres of diamond drilling planned for the next eight months, the Company stands to add significantly to shareholder value through deposit definition and a possible uranium resource.

MARKET POSITION

The recent decline in spot uranium pricing has depressed stocks in the uranium sector. Uranium explorers have largely fallen out of favour as an investment, speculative or otherwise, and the major uranium producers also have been equally punished in the capital markets.

As with all uranium prospects worldwide, the Athabasca Basin (the "Basin") has seen little exploration in the last three decades. The last few years of rising uranium prices have resulted in explorers in the Basin spending in the order of C\$85 million in exploration, yet by the end of summer 2007 only 50,000 metres of diamond drilling have been reported. Most exploration expenditure to date has been spent on geophysics and surface work. Purepoint, like most Basin explorers, has no uranium resource, but has spent the last several years turning regional ideas and a large land position into several viable drill targets.

COMMENT: For Purepoint, distilling all the information has taken time and an investment of over C\$12 million, but the Company is now at a stage of development where the real potential of its properties can be unlocked. The Company believes, and we agree, that the Athabasca Basin (indeed the uranium exploration universe as a whole) has reached a point where discovery will be rewarded and the lack of discovery could be devastating. Companies like Purepoint have positioned themselves for success. With all the dependent geological and operational variables favouring discovery, Purepoint is in a “sweet spot” where preparation meets opportunity. We believe the next 12 months could be exciting for Purepoint shareholders.

URANIUM

1. Uranium Permitting

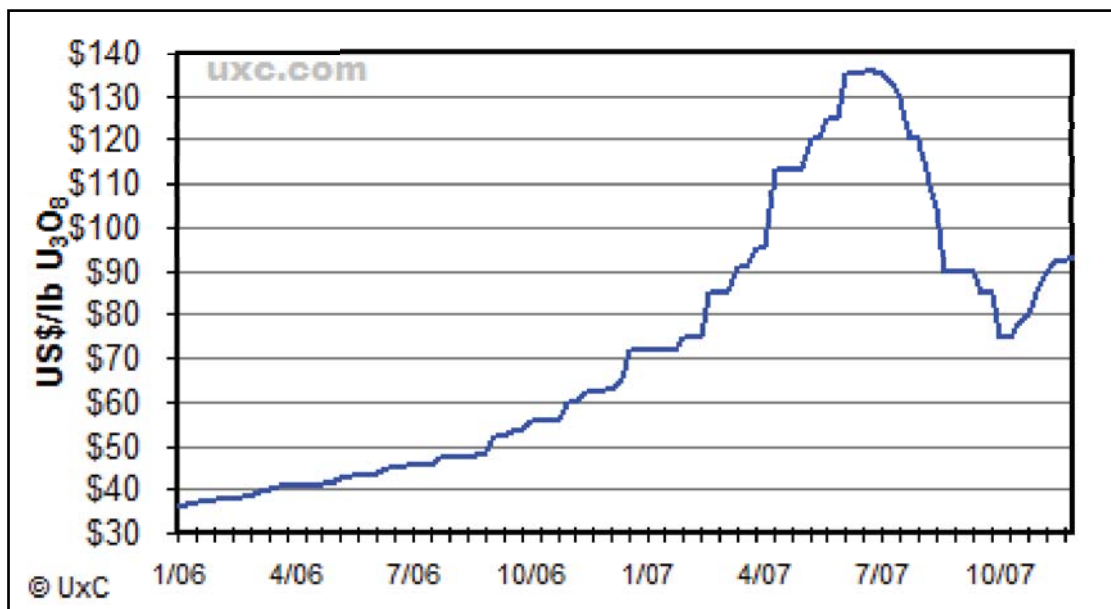
Regulations for the sale of radioactive goods into the international marketplace are very strict. Local governments and populations, in first-world nations particularly, look negatively on both the use and extraction of uranium because of its association with nuclear power generation and the strong emotional 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 at the federal level, and is in the process of being phased out at the provincial level.

Canada’s Athabasca Basin produces between 30% and 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

Uranium had a meteoric seven-year-long price run, from \$7.10 per lb U₃O₈ in November 2000, to a record high of \$137.50 per lb in June 2007. Subsequently, the price of uranium declined to \$75 per lb on October 3, 2007 and has since recovered to \$93 per lb. New demand for uranium is emerging from China, India, and Russia, as these countries seek to increase their nuclear power capabilities.



Source: The Ux Consulting Company, LLC

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 has led to an anticipated short-term worldwide uranium shortage as the remaining stockpiles depleted.

While the cost of uranium itself is not a major part of the price tag when operating a nuclear power plant, there are limits to what power generators are willing to pay. Electricity costs are relatively insensitive to changes in the price of the metal, but when power generators stopped paying the inflated prices for their uranium, the price fell by roughly 40% in just one quarter. Uranium pricing seems to have leveled for now, but remains historically high relative to its long-term price.

COMMENT: *For the reasons stated above, we expect the price of uranium will remain buoyant for the foreseeable future. This should keep the investment community focused on uranium stocks.*

PROJECTS

Newsflash: Red Willow

Purepoint recently announced that drill results at its Red Willow property in the uranium-rich Athabasca Basin showed highly positive returns. (For more on Red Willow, see page 9.)

COMMENT: *The news sent the Company's stock up sharply, almost 60%, on high trading volume. The shares have since retraced most of their upward move and, in our opinion, now present an ideal long-term purchase point.*

The drill results recently announced at Red Willow were very encouraging. Three of the five drill holes intersected radioactive structure. The last drill hole returned 5.8 metres of 0.20% U₃O₈, including 1.0 metre of 1.01% U₃O₈ and at a depth of only 71 metres.

In a comparative analysis conducted at the Saskatchewan Energy and Resources' Precambrian Geological Laboratory, drill core from the Red Willow project compared closely to Cameco's prolific Eagle Point uranium deposit, located about 15 km to the south. The Purepoint Red Willow project, if it firms up, is in good company. Eagle Point is Canada's longest producing uranium mine, with 133 million pounds of mined and proven resources.

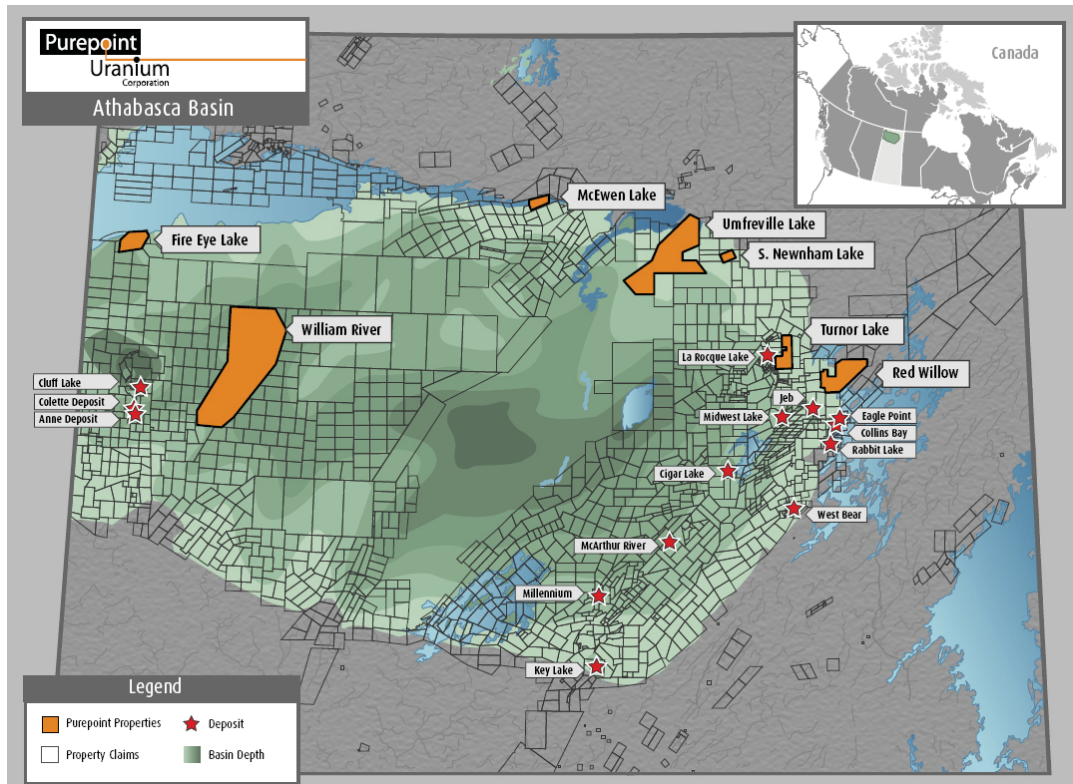
In addition, to reinforce this strategic location further, the Red Willow project adjoins the AREVA Resource's claim group that contains the JEB, Sue, McLean, and Caribou deposits to the west, and UEX's Hidden Bay project that surrounds Cameco's Rabbit Lake, Collins Bay, and Eagle Point deposits to the south.

Overview

Purepoint has a huge land position covering some 250,000 hectares in the Athabasca Basin area of northern Saskatchewan, with an additional 35,000 hectares owned in two joint ventures.

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 100 metres of sediment, lower-grade targets grading down to 0.03% U3O8 are economic because they can be exploited by open-pit mining. In other areas, where the cover rock is more than 400 metres thick, only the very high-grade targets for which the Basin is famous are feasible as underground mines.

Figure 1. Athabasca Map



Source: Company

The Company's projects are shown in the table below.

Project	Hectares	% Ownership	Options
Turnor Lake	9,705	100%	None
Red Willow	23,577	100%	None
William River	137,236	100%	None
Fire Eye	10,434	100%	None
Hook Lake	26,051	0%	Company can acquire 35%/50%
Smart Lake	9,800	0%	Company can acquire 35%/50%
Umfreville	60,353	100%	None
South Newnham	2,884	100%	None
McEwen Lake	5,083	100%	None

Source: Company

The Company is currently focused on four flagship advanced exploration properties: Turnor Lake, Hook Lake, Red Willow; and Smart Lake.

Over the winter and spring seasons in 2007, comprehensive geophysical surveys were completed over key targets. Importantly, Purepoint also has more than 60 people in full-time employment at various exploration camp sites.

A. Flagship Properties

1. 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).

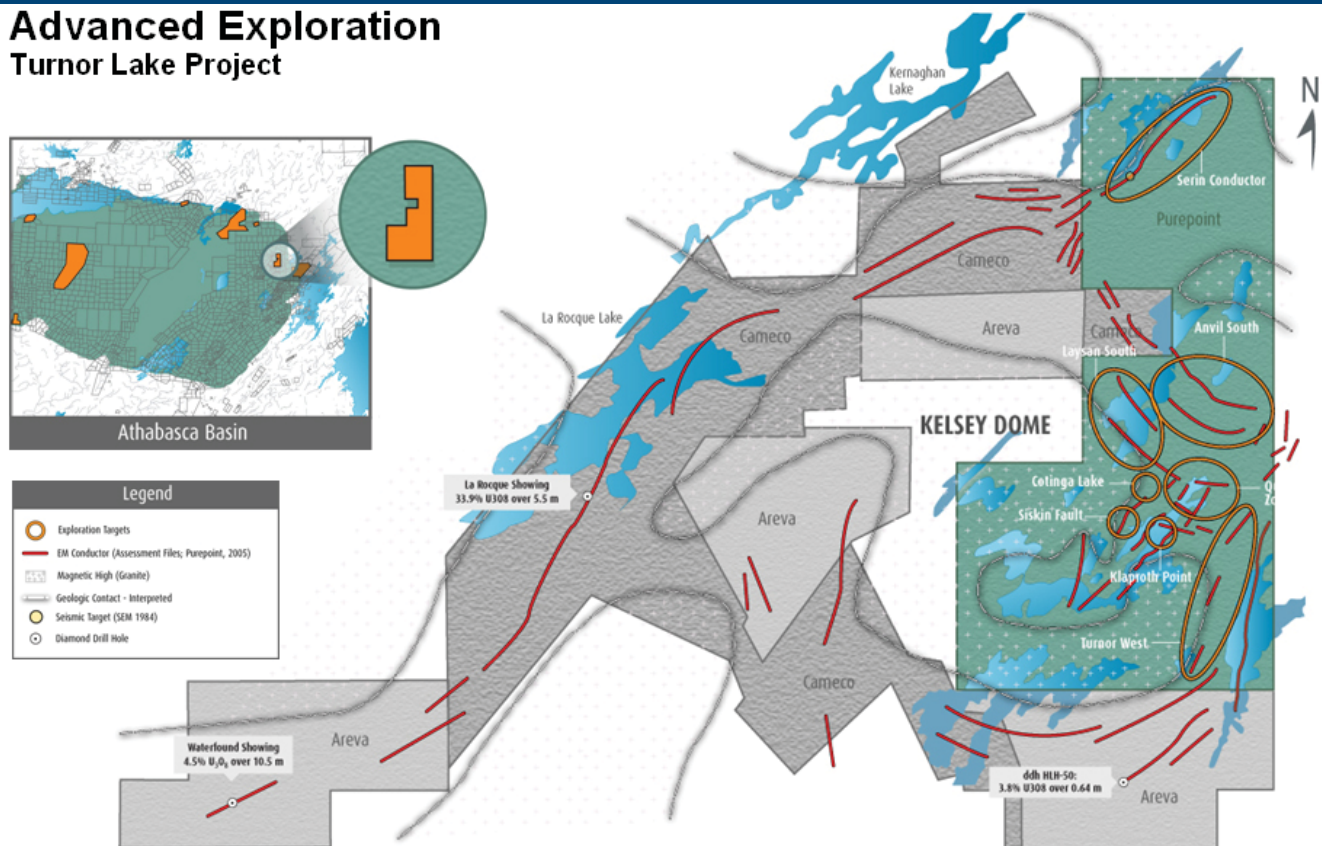
Cameco Corporation's La Rocque Lake lies 12 km to the west of Turnor Lake, and drilling completed in 1999 (nothing disclosed since then, but aggressive drilling has been carried out) showed extremely high-grade uranium mineralization of 8.2% U₃O₈ over 3.6 metres, 19.1% U₃O₈ over 2.5 metres and 29.9% U₃O₈ over 7.0 metres.

Also in close proximity is a project controlled by AREVA, which intercepted 5.2% U₃O₈ over 0.38 metres.

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% U₃O₈ over 0.6 metres.

Figure 2. Turnor Lake Project

Advanced Exploration Turnor Lake Project



Source: Company

Purepoint has several areas of exploration focus at Turnor Lake, where the unconformity is relatively shallow at approximately 180 metres.

In 2006, the Company drilled 27 diamond drill holes and outlined uranium-alteration mineralization typical of the halos surrounding high-grade uranium deposits. The highest uranium assay occurred in an intercept just above the unconformity with 0.12 metres at 1230 ppm U (0.15% U₃O₈). The most impressive intercept was 44.8 metres of 11 ppm U.

COMMENT: *In the 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. The alteration discovered by Purepoint in and around the unconformity gives further confidence for the presence of uranium mineralization.*

In January 2007, Purepoint began a drill program to confirm its interpretation of geophysical results to date. In the first quarter, the Company completed 1,789 metres of diamond drilling in five holes. The focus of this year's work, however, was on refining the drill targets and the understanding of alteration halos identified in 2006 through significantly enhanced geophysics. The exploration budget for this project in 2007 totals \$1,700,000.

2. Hook Lake

The Hook Lake Project consists of six claims totaling 26,051 hectares situated in the southwestern part of the Basin, 80 km southeast of the former Cluff Lake mine.

In February 2007, Purepoint announced an agreement with UEM Inc. to form a joint venture covering UEM's Hook Lake uranium project in the Athabasca Basin.

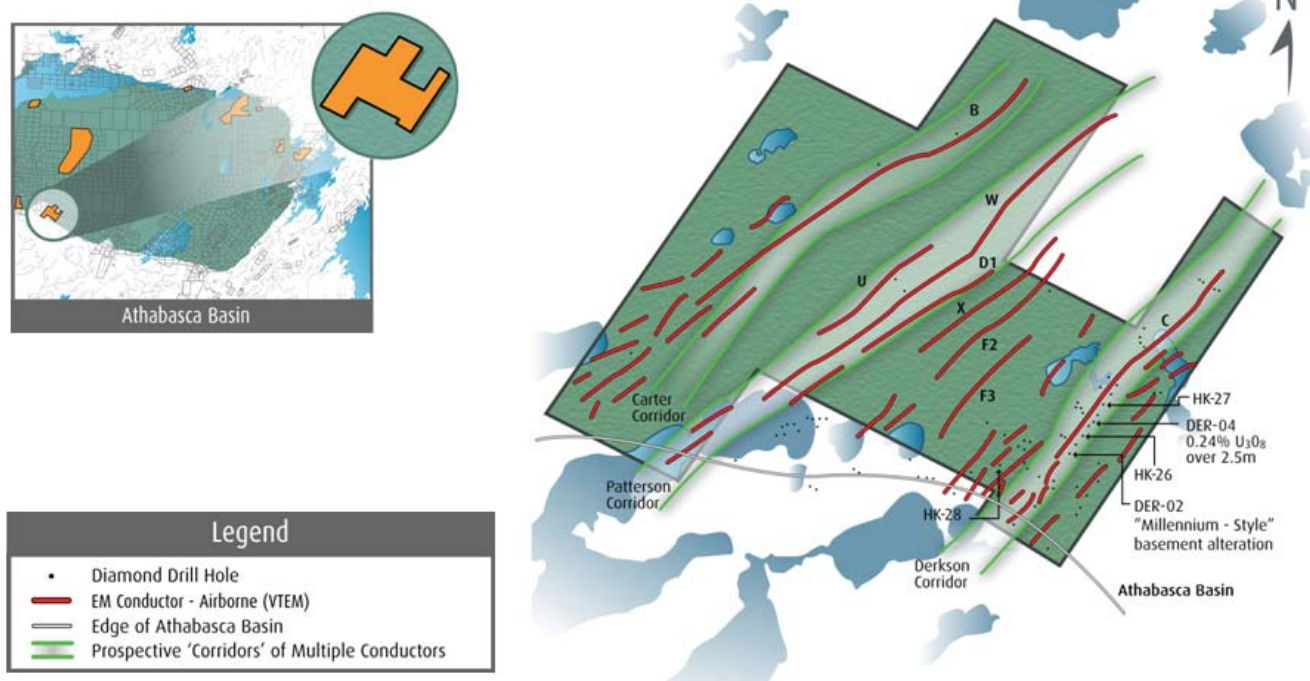
UEM is owned equally by AREVA Resources Canada Inc. and Cameco Corp. Under the terms of the agreement, Purepoint will be the operator and may acquire 35% of the project by funding \$7.5 metres in exploration over six years. Subsequent to acquiring 35%, the Company can increase its interest up to 50% by funding further exploration and participating on an equal basis in feasibility funding.

This is a millennium-style basement alteration. The depth of the unconformity at Hook Lake is relatively shallow, ranging from zero to 350 metres. Multiple conductors have been identified through geophysics, and an historic drill intercept encountered 0.24% U₃O₈ and 1.35% Ni over 2.5 metres.

COMMENT: *The fact that two major uranium developer/producers have partnered with Purepoint to work on Hook Lake indicates the esteem and confidence that the industry has in the Company's management and technical expertise, even more so since Purepoint is the operator on the project. The Company believes that the likelihood of finding economic uranium mineralization at Hook Lake is high, because little modern exploration has taken place.*

Figure 3. Hook Lake Drilling Program

Accelerating Exploration Hook Lake Drill Program



Source: Company

3. 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 up to 80 metres.

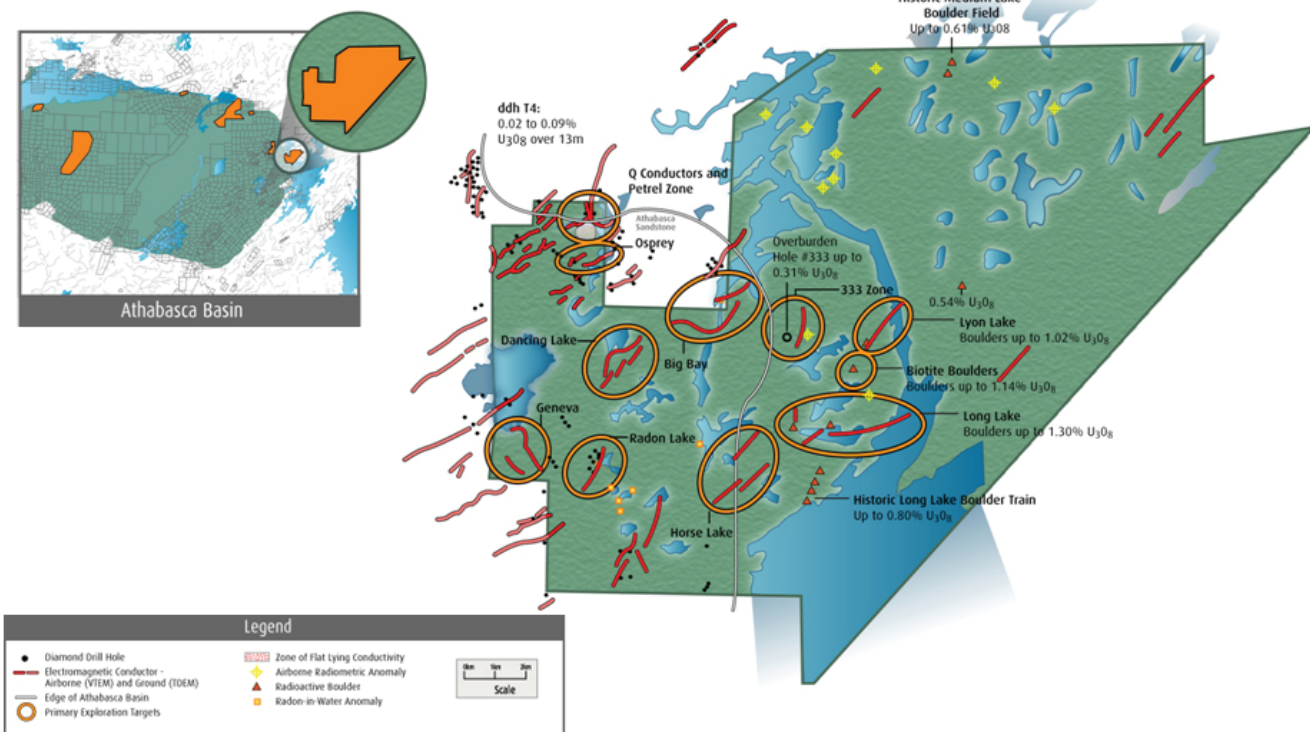
To the west, the claim group is directly adjacent to Cogema’s claims, which contain the JEB, Sue and McClean deposits. To the south, Purepoint’s claim group is directly adjacent to Cameco’s claims, which contain the Rabbit Lake, Collins Bay, and Eagle Point deposits. The project is located on a NE-SW 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). (See map.)

Within the claim area is the Long Lake Radioactive Boulder Train, discovered by Gulf Minerals in 1975. The boulder train is 2 km long and up to 400 metres wide, with boulders assumed to be from a local source, as yet undiscovered. Sedimentary boulders from this train have assayed up to 0.8% U₃O₈, and granitic boulders have assayed up to 0.55% U₃O₈.

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% U₃O₈. The radioactive zone was localized, and quite thick.

Figure 4. Red Willow Project

Advanced Exploration Red Willow Project



Source: Company

Although further drilling was recommended, none was completed by Gulf Minerals.

In 2006, the Company completed a 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 sampling succeeded in extending the known zone further up-ice and returned assays up to 1.30% U3O8.

In June 2007, the Company began a 2,000-metre program of diamond drilling on two target zones in the project area. In order to facilitate this drilling, Purepoint financed the purchase of a drill for the contract crew, in a contract which also grants the Company priority access to a minimum of 30,000 metres of drilling.

A further 11 geophysically identified targets will be drill-tested this winter with 4,000 metres.

4. Smart Lake

In January 2007, Purepoint entered into an agreement with Cameco to acquire up to 50% of the Smart Lake project. Under the terms of the agreement, Purepoint will be the operator and can acquire 35% of the project through exploration expenditure of \$4,000,000 over six years, and may thereafter participate in exploration funding up to a maximum of 50% ownership.

The Smart Lake property consists of two claims covering 9,800 hectares in the southwestern portion of the Basin, 60 km south of the Cluff Lake mine. Similarly to Hook Lake, the unconformity at Smart Lake lies at depths from 0 to 350 metres.

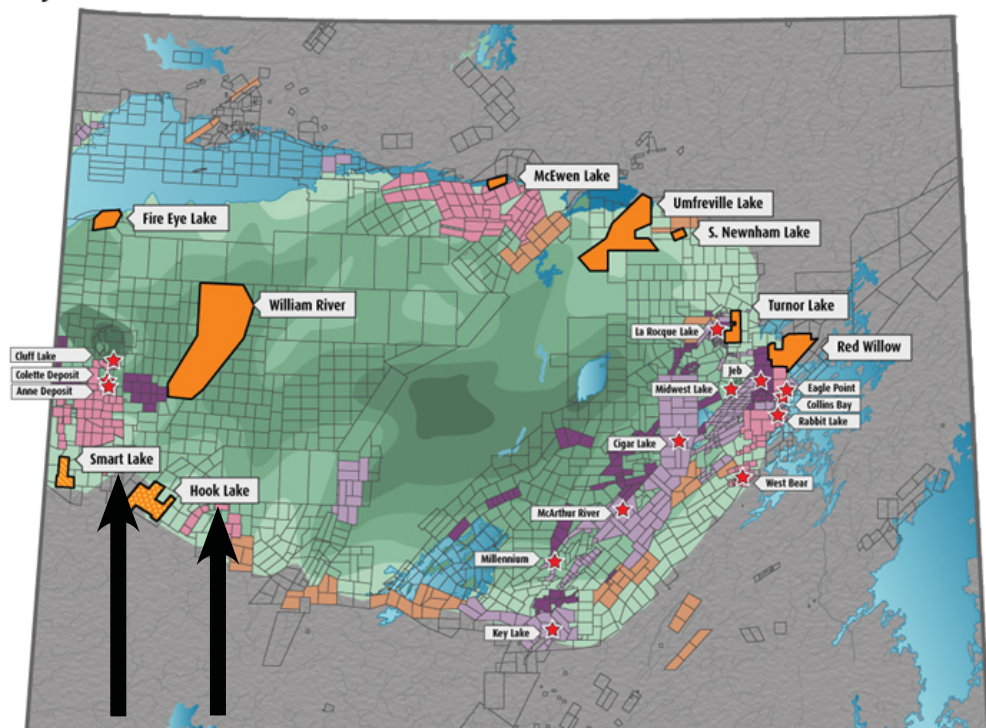
In 2007, three untested electromagnetic conductors were identified by Cameco for drilling.

Figure 5. Hook Lake/Smart Lake Projects

Advanced Exploration Hook Lake/Smart Lake Projects

Cameco/AREVA Joint Ventures

- Purepoint is engaged as project operator
- Smart - \$4 m over 6 yrs for 50%
- Hook - \$7 m over 6 yrs for 50%
- 23 drill targets
- high-quality, drill-ready, shallow sandstone project on the southwest edge of the Athabasca basin.

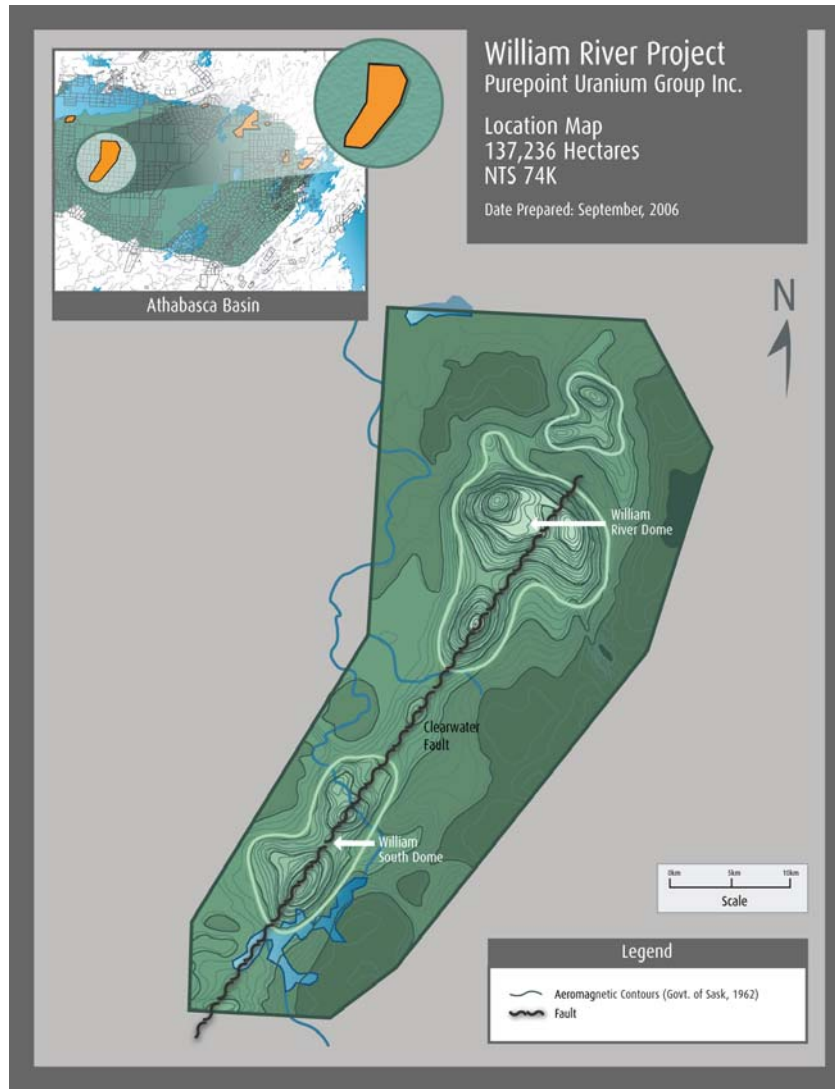


Source: Company

B. Other Properties

1. William River and Fire Eye

Figure 6. William River Project



Source: Company

In September 2007, Purepoint entered into an agreement to option out both the William River and Fire Eye projects to RYM Capital Corp. (“RYM”). In November, 2007, Purepoint announced that RYM did not meet certain conditions of the option agreement and, accordingly, it expired.

Purepoint retains title to 100% of both properties.

The William River project covers 137,236 hectares in the western end of the Athabasca Basin, 10 km 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 the joint venture has recently established a high-grade resource in the Kianna Uranium Deposit at Shea Creek. The best intersection at Kianna included 8.8 metres of 27.4% U3O8.

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 Fire Eye project is a 10,434-hectare property on a mining trend in line with the historically producing Uranium City deposits, and is located 70 km to the north of Cogema’s recently decommissioned Cluff Lake mine which produced more than 60 million lbs of U3O8.

2. Umfreville

The Umfreville claim block covers 75,353 hectares at the northeast edge of the 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. They also believe that the lake may have been 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 376 metres.

South Newnham

The South Newnham property covers 2,884 hectares in the northeastern portion of the 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 200 metres at this property, although the area has never been drilled.

McEwen Lake

The McEwen Lake project, on 5,083 acres, consists of one claim in the extreme northeast of the Athabasca Basin.

Purepoint completed C\$15,000 of survey work in 2006, but has put the project on hold as the Company feels that McEwen Lake is a low-priority project at this time.

FINANCIAL REVIEW AND OUTLOOK

Cash: As at September 30, 2007, Purepoint had C\$11.8 million in cash and equivalents on hand. After exploration expenses over the last three months, the current treasury balance is about C\$10 million.

Burn Rate: The Company's "burn" rate is approximately C\$67,000 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\$9 million on exploration and development this year and likely \$10 million in 2008.

Financing: In March 2007, Purepoint raised C\$16 million through two private placements structured between C\$1.45 and C\$1.65 per share, plus some warrants at C\$2.00. With the money raised and the Company's joint-venture deals and option agreements, the Company has more than enough cash in the treasury to operate for several years.

Capital Structure: The Company has 73.1 million shares issued and outstanding, with 80.4 million shares on a fully diluted basis, taking into account all outstanding warrants and options (see below). Insiders control approximately 18% or 13.3 million shares. At recent share prices, the Company is capitalized at C\$30.0 million.

Options: Total options outstanding number 3,508,334, with a weighted average exercise price of \$0.66, and a weighted average remaining contractual life of 3.96 years. Outstanding exercisable options number 1,486,667 at an average strike price of C\$0.31. The exercise of these options would add C\$460,867 to treasury.

1. Warrants

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Comment</u>	<u>Potential Equity</u>
608,909	\$1.45	March 8, 2008	Out-of-the-Money	\$882,918
105,000	\$1.45	March 19, 2008	Out-of-the-Money	\$152,250
1,719,000	\$2.00	March 8, 2009	Out-of-the-Money	\$3,438,000
<u>350,000</u>	\$2.00	March 19, 2009	Out-of-the-Money	<u>\$700,000</u>
2,782,909				\$5,173,168

Note: None of the warrants have an exercise price below our 12-month forecast.

2. Options

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Comment</u>	<u>Potential Equity</u>
1,053,334	\$0.31	August 1, 2010	In-the-Money	\$326,534
1,800,000	\$0.90	January 11, 2012	Out-of-the-Money	\$1,620,000
155,000	\$1.00	June 1, 2012	Out-of-the-Money	\$155,000
<u>500,000</u>	<u>\$0.45</u>	August 24, 2012	Out-of-the-Money	<u>\$225,000</u>
3,508,334	\$0.66			\$2,326,534

Note: The weighted average remaining contractual life is 3.96 years.

Source: Company and eResearch

COMMENT: *The outstanding warrants are all well out-of-the-money at this time. We expect that they will not come into the money for the remainder of our 12-month review period. The options expire too far in the future to be considered.*

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 Statements

Statement of Income/(Loss):	Nine Months Ending Sept. 30:		Year Ending December 31:			
	2006	2007	2005	2006	2007E	2008E
Operating Income	0	0	0	0	0	0
Non-Operating Income	63,870	403,404	37,916	89,401	500,000	400,000
General & Administrative Expense	(335,799)	(602,900)	(302,438)	(534,790)	(700,000)	(800,000)
Amortization	(1,131)	(6,121)	(754)	(1,508)	(7,000)	(8,000)
Stock-based Compensation	(130,639)	(656,993)	(98,265)	(153,704)	(800,000)	(700,000)
Other Non-Cash Items	0	0	373,079	323,999	0	0
Other Income/(Expenses)	0	0	(83,803)	0	0	0
Income taxes (expense)/recovery		470,000			470,000	0
Net Income/(Loss)	(403,699)	(392,610)	(74,265)	(276,602)	(1,007,000)	(1,108,000)
Total Shares Outstanding	50,005,756	73,143,452	49,755,556	61,144,589	73,143,452	73,143,452
Weighted Average Shares Outstanding	50,005,756	70,134,263	34,804,406	51,104,509	70,134,263	70,134,263
Earnings (Loss) Per Share	(\$0.01)	(\$0.01)	(\$0.00)	(\$0.01)	(\$0.01)	(\$0.02)
Statement of Cash Flow:						
Net Income (Loss)	(403,699)	(392,610)	(74,265)	(276,602)	(1,007,000)	(1,108,000)
All Non-Cash Items	131,770	193,114	(274,060)	(168,787)	337,000	708,000
Cash Flow from Operations	(271,929)	(199,496)	(348,325)	(445,389)	(670,000)	(400,000)
Capital Expenditures (Properties)	(4,153,634)	(8,109,880)	(1,207,974)	(6,128,798)	(9,000,000)	(10,000,000)
Other Investing Items	3,987,892	(7,259,514)	(4,929,197)	(337,469)	(3,259,514)	10,500,000
Free Cash Flow	(437,671)	(15,568,890)	(6,485,496)	(6,911,656)	(12,929,514)	100,000
Working Capital Changes	194,207	(4,873)	(296,920)	529,995	(737,007)	918,004
Equity Financing	125,100	15,669,252	6,820,677	6,190,637	15,669,252	0
Debt Financing	0	0	0	0	0	0
Change in Cash	(118,364)	95,489	38,261	(191,024)	2,002,731	1,018,004
Cash, Beginning of the Period	176,444	(14,580)	138,183	176,444	(14,580)	1,988,151
Cash, End of the Period (Note 1)	58,080	80,909	176,444	(14,580)	1,988,151	3,006,155
Note 1: If Cash is negative, it is assumed to be short-term Bank Debt and included in Current Liabilities.						
Balance Sheet:						
	As at September 30:		As at December 31:			
	2006	2007	2005	2006	2007E	2008E
Cash	58,080	80,909	176,444	0	1,988,151	3,006,155
Short-term Investments	2,233,656	11,740,609	4,924,671	5,262,139	11,240,609	740,609
Other Current Assets	417,397	823,905	571,404	440,033	700,000	800,000
Mining Properties	4,340,682	15,429,811	1,355,399	7,484,197	16,484,197	26,484,197
Other Assets	3,018	941,453	3,772	2,264	420,000	410,000
Total Assets	7,052,833	29,016,687	7,031,690	13,188,633	30,832,957	31,440,961
Current Liabilities	1,932,242	957,053	179,428	592,635	601,952	601,956
Other Liabilities	0	2,329,938	1,997,295	2,799,938	2,500,000	2,000,000
Debt Obligations	0	0	0	0	0	0
Total Liabilities	1,932,242	3,286,991	2,176,723	3,392,573	3,101,952	2,601,956
Shareholders' Equity	5,141,172	25,729,696	4,854,967	9,796,060	26,472,312	27,580,312
Total Liabilities & Equity	7,073,414	29,016,687	7,031,690	13,188,633	29,574,264	30,182,268
Book Value (S.E.) Per Share	\$0.10	\$0.35	\$0.10	\$0.16	\$0.36	\$0.38

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 significantly reduced by the end of 2008. The \$10.5 million in Other Investing Items reflects the reduction in Short Term Investments. The funds received will be used to finance the Company's considerable capex program over the next two years. Accordingly, based upon current plans and excluding unforeseen transactions, we do not anticipate Purepoint needing to revisit the capital markets during 2008. Book value is estimated to reach \$0.36 per share in 2007 and \$0.38 per share in 2009. Thus, as of the date of this report, the Company's shares are selling around 1.0 times book. Cheap!

VALUATION

As with our Initiating Report, we have used the peer comparison method to derive an intrinsic value for Purepoint. We have used the same companies in the comparison, to illustrate the value still to be unlocked in Purepoint.

Purepoint Uranium Group Inc. has no formal uranium reserve as it is an early-stage junior exploration company. The Company has produced an NI 43-101 report on the Turnor Lake project, although no resource has been calculated. Purepoint's focus is exclusively uranium in the Athabasca Basin, and, once again, over our ensuing 12-month review period, the Company will be undertaking extensive exploration activities to define potential resources on its properties.

The following uranium exploration and development peer companies have prospective uranium exploration properties in the Athabasca Basin and no actual uranium production:

Uracan Resources Ltd. is a junior exploration and development company and holds an option to purchase a 100% interest in various uranium properties located in Quebec. It also holds interests in the Pipewrench Lake and Narrows Lake properties covering approximately 2,056 hectares located approximately 130 kilometers northwest of La Ronge, Saskatchewan.

Solitaire Minerals Corp. is a diversified junior mineral exploration company and has assembled a portfolio of precious and base metal exploration prospects in Ontario, Saskatchewan, Alberta, and the North West Territories. In Saskatchewan, the Company has signed a purchase agreement to acquire a 100% interest in the Highrock Lake property and a 90% interest in the Riou Lake Property located in the Athabasca Basin.

Forum Uranium Corp. is a junior exploration mineral company with a focus on uranium projects. The company has a 100% interest in over 190,000 hectares of uranium exploration properties, a 65% operating interest in the Costigan Lake Joint Venture with partner NVI Mining (Breakwater Resources) and a 50% operating interest in the Haultain River Joint Venture with partner Hathor Exploration in the prolific Athabasca Basin, Saskatchewan.

Pitchstone Exploration Ltd. is a junior exploration mineral company with a focus on uranium projects. The company owns 50 to 100% interest in the mineral rights to more than 200,000 hectares (500,000 acres) of land situated in the eastern Athabasca Basin, Saskatchewan and in the Hornby Bay Basin, Nunavut and Northwest Territories.

Triex Minerals Corporation is a junior uranium exploration company. The company is working in Pasfield Lake and Mann Lake properties and recently acquired an interest in two properties, the Riverlake (Key Lake West) and Highrock (Key Lake East), all the properties are located in the Athabasca Basin.

Bayswater Uranium Corp. is a uranium exploration and development company. The company has landholdings in -- the Athabasca Basin, the Central Mineral Belt, and the Thelon Basin. The Company also owns several advanced uranium properties in the United States that are being fast tracked to production.

Eagle Plains Resources Ltd. is a junior exploration company. The company currently controls over 35 gold, silver, uranium, copper, molybdenum, zinc and rare earth mineral projects, two of which contain NI 43-101 compliant Inferred Resources.

CanAlaska Uranium Inc. is a junior exploration and development company which is undertaking uranium exploration in seventeen 100%-owned and two optioned uranium projects in Canada's Athabasca Basin. The company has acquired a large land position in the region, comprising over 2,7 mil. acres

International Enxco Ltd. is exploration and development company focusing full attention on two key properties: 1) The 100% owned Contact Copper/Silver Resource Property located in Elko County, Nevada and 2) The Mann Lake High-Grade Uranium Property which Enxco is jointly developing with Cameco Corp; in the Athabasca Basin, Saskatchewan (Cameco is the operator).

Table 2: Corporate Comparison

	Uracan Resources Ltd. URC July 31	Solitaire Minerals SLT August 31	Forum Uranium Corp. FDC August-31	Pitchstone Exploration Ltd. PXP September 30	Triex Minerals Corp. TXM July 31
Corporate:					
Share Price (Dec. 11, 2007)	C\$ 0.56	C\$ 0.15	C\$ 0.42	C\$ 2.27	C\$ 2.69
Shares O/S	54,177,532	87,789,080	60,454,660	30,935,585	17,782,300
Market Cap	C\$ 30,339,418	C\$ 13,168,362	C\$ 25,390,957	C\$ 70,223,778	C\$ 47,834,387
Mineral Properties:					
Book Value (Cost)	C\$ 7,374,466	C\$ 3,746,466	C\$ 9,502,949	C\$ 11,450,346	C\$ 15,631,602
Market Value	C\$ 24,418,001	C\$ 11,004,560	C\$ 17,607,022	C\$ 59,869,604	C\$ 32,649,131
Difference	C\$ 17,043,535	C\$ 7,258,094	C\$ 8,104,073	C\$ 48,419,258	C\$ 17,017,529
Property Ratio	3.31	2.94	1.85	5.23	2.09
	Purepoint Uranium Corp. PTU September 30	Bayswater Uranium Corp. BAY August 31	Eagles Plains Resources Ltd. EPL September 30	CanAlaska Uranium Ltd. CVV July 31	International Enxco Ltd. IEC September 30
Corporate:					
Share Price (Dec. 11, 2007)	C\$ 0.41	C\$ 0.68	C\$ 0.55	C\$ 0.40	C\$ 2.15
Shares O/S	73,143,452	123,732,242	59,525,873	107,762,858	18,800,777
Market Cap	C\$ 29,988,815	C\$ 84,137,925	C\$ 32,739,230	C\$ 43,105,143	C\$ 40,421,671
Mineral Properties:					
Book Value (Cost)	C\$ 15,429,811	C\$ 32,227,850	C\$ 9,105,016	C\$ 21,825,412	C\$ 3,669,601
Market Value	C\$ 16,401,939	C\$ 46,849,410	C\$ 23,613,840	C\$ 34,407,143	C\$ 22,246,023
Difference	C\$ 972,128	C\$ 14,621,560	C\$ 14,508,824	C\$ 12,581,731	C\$ 18,576,422
Property Ratio	1.06	1.45	2.59	1.58	6.06
Average Ratio (Peers)	3.00				
Adjusted Book Value (Cost)	(1) C\$ 25,429,811				
Adjusted Property Ratio	0.64				
Selected Ratio	3.00				
Common Equity (Per Statements)	C\$ 25,729,696				
Adjusted Common Equity (Selected Ratio)	(1) C\$ 76,589,318				
Equity Per Share (Per Statements)	C\$ 0.35				
Adjusted Equity Per Share (Selected Ratio)	(1) C\$ 1.05				

Note (1): Mineral Properties and Shareholders' Equity are adjusted for estimated capex of \$2.8 million over the next 12 months.

Note (2): Shares outstanding includes the eResearch estimate of additional shares from the exercising of warrants during the forecast period.

Source: eResearch

Analysis

The comparison table on the previous page shows that the market has not yet begun to pay Purepoint for the potential of the Company's properties. The average book-value multiple of the comparison companies is 3.00x, while Purepoint is currently only valued at 1.06x times book. In our opinion, we believe that the market is valuing Purepoint cautiously because the Company currently has no uranium resource.

With advantages of having key partners and strategic project locations offsetting the disadvantage of not having a uranium resource, we believe the shares of Purepoint should trade at least at the same multiple of property book value as its peers, or 3.00x.

This provides an intrinsic value of \$1.05 per share for Purepoint, which we are setting as our 12-month Target Price.

As drilling proceeds and assay results return, we expect the Company's ratio will rise to reflect its improving resource projects.

Looking further ahead, we expect that Purepoint's stock will draw increasing investor attention when a definitive deposit is identified and when the Company completes NI 43-101 resource estimates on its properties. Key drivers for investors to watch for will be the second-quarter drilling results from the ongoing exploration drilling. Share price activity for the next 12 months should be driven by exploration assay results. Assuming that some encouraging intercepts are found, the 24- and 36-month performance of the shares will be driven by further outlining of the deposits and resource calculations.

All other things being equal, and assuming (a) the price of uranium stays within US\$90-US\$120 per pound, and (b) investors come to recognize the Company's potential, we believe the ratio could approach 6.00x. This gives us our 3-year Target Price of \$2.10 per share. A higher and sustained uranium price most likely would provide increased speculative investor interest and drive the stock towards \$3.00.

TECHNICAL COMMENT

By Stephen Whiteside - TheUpTrend.com

Since peaking in early 2007, Purepoint Uranium Group has been in a steady decline. While this decline has not been out of line with the overall momentum of the uranium sector, looking back over the last six months, Purepoint Uranium's market performance has ranked 29th out of the 35 Canadian uranium stocks that we follow.

This stock is currently moving down to test the lower support range formed in 2006 (1). Looking ahead, we would consider a long-term purchase of this stock on a weekly close above \$0.53 (2). As time passes, this breakout point will continue to fall by two or three cents per week.



APPENDIX 1: MANAGEMENT AND DIRECTORS

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

Christopher 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 Fontainebleau, France and at ABB's Learning Center in Zurich, Switzerland.

Scott Frostad, BSc., MA.Sc., P.Geo., Vice President, Exploration

Scott Frostad is an experienced exploration geologist with more than 20 years' experience. He has worked for Lac Minerals, Teck, Placer Dome and, most recently, Cogema Resources Inc. At Cogema, Mr. Frostad managed environmental issues at the company's Cluff Lake and McClean Lake uranium mines.

Dale Huffman, BSc., MBA, Vice President, Field Operations

Dale Huffman has spent his entire career in the field of nuclear energy. He worked for Atomic Energy Canada, overseeing assessment, clean-up and monitoring of radioactive waste facilities. Most recently, Mr. Huffman worked for AREVA in the company's mining and exploration operations, and was responsible for the OHSAS 18001 certifications of all its mine sites worldwide.

Ram Ramachandran, BA, CA, Chief Financial Officer

Ram Ramachandran is a respected accountant who served for 11 years as 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 online compliance tool for publicly-listed companies.

Roger Watson, BA.Sc., Chief Geophysicist

Roger Watson is a geoscientist with more than 40 years' experience in consulting and interpretation of geophysical data. He has designed, overseen and consulted on large-scale geophysical surveys around the world. Mr. Watson's numerous professional memberships include membership in the Professional Engineers of Ontario.

Allan Beach, BA, LL.B, Director

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

James Doak, BA, DEC, CFA, Director

James Doak is an Economist and Chartered Financial Analyst. He is currently the President and Managing Director of Megantic Asset Management Inc., a Toronto-based investment company. He 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.

Martin Schady, B.B.Sc., CA, Director

Martin Schady has spent the last 16 years in a variety of senior executive positions within the Noranda/Falconbridge group of companies. For the last six years, he was Senior Vice-President, Business Development where he was responsible for all merger and acquisition activities of the group, including the formation of group strategy and the identification and implementation of business activities. Prior to Noranda, he worked with Arthur Andersen & Co. for eight years in South Africa and Canada.

Andrew Gracie, BSc., Ph.D., Consulting Geologist

Andrew 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.

Michael Lederhouse, Consultant, Field Operations

Michael 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.

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 Wood 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, B. Comm, B.Sc., CFA. Bob Weir has 40 years of investment research and analytical experience in both the equity and fixed-income sectors, and in the commercial real estate industry. 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. He joined eResearch in 2004.

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Chief Economist

Beverly Brooks

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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.

eResearch 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:	<i>Financial</i> - Little or no revenue and earnings, limited financial history, weak balance sheet, negative free cash flows, poor working capital solvency, no dividends. <i>Operational</i> - 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:	<i>Financial</i> - 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. <i>Operational</i> - Competitive market position and cost structure, industry stable, business model/technology is well established and consistent with current state of industry.
Low Risk:	<i>Financial</i> - 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. <i>Operational</i> - Dominant player in its market, below average cost structure, company may be a consolidator, company may have a leading market/technology position.

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