

Athabasca Basin EXPLORATION UPDATE

April.1.2010

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Uranium
Group Inc.

	Feb 28, 2010	Mar 30, 2010	Change
Ux Consulting's Spot Price	US\$41.75/lb U ₃ O ₈	US\$42.00/lb U ₃ O ₈	US \$0.25
Ux Consulting's Term Price	US\$60.00/lb U ₃ O ₈	US\$58.00/lb U ₃ O ₈	US - \$2.00

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Industry Commentary

By Chris Frostad

So You Want to Buy a Nuclear Reactor

You have \$5-10 billion burning a hole in your pocket and it's time to buy that shiny new reactor you've always dreamed of. Who do you call; GE, Westinghouse, Areva, Toshiba, Hitachi or Mitsubishi? Usually, but these days the big six are bracing themselves for a wave of new (and not-so-new) competition.

In February Russia was awarded the contract to build Vietnam's first nuclear power plant. China has been bidding on international projects for some time now and is currently marketing an independently innovated third-generation nuclear power technology. India plans to create 30,000 mega watts of new nuclear capacity utilizing their own domestic capabilities - capabilities they hope to market to the rest of the world. There is little doubt that the world's emerging nuclear power users have every intention of being the world's largest nuclear technology providers as well.

The biggest new player on the block, however, has to be South Korea; specifically the Korea Electric Power Company (Kepco) who is winning international bids to build, run and fuel new nuclear power plants around the world. On the heels of last years' contract to construct four new reactors in the United Arab Emirates (UAE), South Korea is now in discussions with Lithuania, Turkey, Jordan and the Philippines.

What appears to be winning the day for South Korea is the direct involvement of the government in shepherding these deals to conclusion. As the President of Kepco stated, "There is a need to engage in government-to-government talks to make meaningful breakthroughs. Countries like Turkey and India have preconditions like extent of technology transfer, mandatory use of local parts and components and financing issues that need to be resolved. Issues such as nuclear accident liability and import/export regulations can only be resolved at the highest government levels."

The UAE tender was won based on two vital criteria. The first was safety, which the UAE deemed to be proven and significantly superior to the competition. The second was price. Apparently Kepco was able to provide an all-in, fixed price that came in at 50% of Areva's quote. It is clear that the Japanese, French and American nuclear firms are being trumped by large state-backed bids.

The global number of planned and proposed reactors has more than doubled over the last three years (from 222 to 469) and the landscape for managing the necessary regulatory, technical, financial and risk components of these projects is expanding quickly. Vietnam is now looking to construct an additional \$11 billion in new nuclear projects and last month, Japanese Prime Minister Yukio Hatoyama sent a letter to his Vietnamese counterpart in an effort to solicit that business. It appears the lesson is starting to sink in.

Inhibiting the Growth of Canada’s Uranium Industry

Last month’s Throne Speech by Canadian Prime Minister Stephen Harper laid down a fairly specific promise to the country’s uranium industry when he stated “our Government will ensure that unnecessary regulation does not inhibit the growth of Canada’s uranium mining industry by unduly restricting foreign investments.” This, of course implies that it **has** been inhibiting foreign investment – which is true.

Saskatchewan, as the primary producer of uranium and a magnet for exploration investment, provides a succinct snapshot of Canada’s uranium industry. Below is a chart of uranium exploration expenditures in Saskatchewan over this past decade:

Uranium Exploration Expenditures – Saskatchewan (Cdn \$ millions)									
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
\$17.7	\$14.0	\$15.4	\$13.3	\$31.2	\$74.6	\$123.7	\$199.2	\$204.4	\$124.2

As would be expected, the spending lags (by about six months) the rise in the price of uranium and the funds raised on its back. The \$600 million spent between 2005 and 2008 represents an immense investment by Canada (through both the private and public sectors) in the revitalization of its uranium industry.

Last year’s spending, however, saw a 40% decrease and this year is expected to drop by at least another 50%; a situation that has laid waste to an industry just getting on its feet.

Of course the primary culprit was a global recession that hit most industries with equal disregard; however, Canada had an opportunity to cushion the blow by allowing foreign investment to pick up the torch. Instead we chose to debate it for two years.

Ownership Limits

The promise in the Throne Speech is a specific reference to the fact that under current regulations any uranium mine in Canada must be controlled (51%) by Canadian interests which means that any foreign investor may only occupy a minority share in such projects. This limitation has been slated for removal or amendment for years but still awaits approval.

During the last uranium cycle, numerous Japanese companies working within that limitation took up smaller interests in many Canadian uranium projects. The feedback from these companies was that they were frustrated with their limited ability to steer the advancement of projects in a direction that provided the value they were looking for. As a result they have largely avoided Canadian uranium investments in favour of Australia and South Africa.

China, India and South Korea have all voiced similar concern with this issue and have also focused their attention elsewhere.

Trade Agreements

Ownership limitations are not the only barriers in place at the moment. China and Canada have yet to finalize a nuclear trade agreement that would let product flow freely into that country. I think we got a taste of China’s interest in cooperating with Canada after they reprimanded Harper during his visit last year.



As well, a nuclear trade agreement with India has been “weeks away” for over two years now. Despite the fact that all issues were finally resolved last year, the agreement has yet to be signed.

Until Canada allows potential foreign partners to influence the advancement of a project and take possession of their portion of the product, it is going to be difficult to attract any serious investors.

Uranium Supply - Does Anyone Really Know?

So what is your bet on the future of uranium supplies? Over the past few weeks we have been barraged with an endless supply of conflicting opinions:

- BMO Capital Markets: “Global uranium supply will outpace demand until at least 2017”;
- European Organization for Nuclear Research (CERN): “Without access to the military stocks, the civilian western uranium stocks will be exhausted by 2013”;
- Areva SA: “Output targets may be cut by as much as 20% as prices no longer justify the cost”;
- Cameco Corp.: “Our goal is to double our annual uranium production by 2018 to help fuel the nuclear renaissance. Skeptics who dismiss the idea of a nuclear renaissance ignore the accelerating momentum,”
- The World Nuclear Association: “Global proved reserves are sufficient to supply fuel for existing and future nuclear reactors”;
- Paladin Energy Ltd.: “There is a fundamental shortage in uranium supply mid to long-term”;

In an interview two weeks ago, Ray Goldie, a senior analyst and Vice President with Salman Partners said; “Supply and demand are both pretty easy to forecast; the real issue though is that third missing part of the puzzle—what are the inventories? We don’t know that very well, but it looks as if we could be running out of the stuff before the end of next year. I think we could see a repeat of 2007, with prices running up well above \$100 for a year or so around the end of next year, but beyond that looking out to 2016/17 we are going to have a long term surplus of uranium, because there are a lot of projects that are coming on stream. Most of them are not coming on stream as fast as management expects, but they will eventually return us back to the \$40 to \$45 per pound price that we have today.”

Here are some more numbers to consider. One week prior to the flood of Cameco’s Cigar Lake mine (Nov 2006) and the run on uranium prices, the spot price of a pound of U3O8 was US\$56.00 and the long term price was US\$54.00.



At that time the World Nuclear Association reported that globally:

- There were 435 operating reactors;
- There were 28 reactors under construction;
- There were 64 reactors committed and on order; and
- There were 158 reactors proposed.

Three years later those numbers reflect a significantly different landscape:

- There are 436 operating reactors;
- There are 53 reactors under construction;
- There are 142 reactors committed and on order; and
- There are 327 reactors proposed.

In three short years the number of reactors in the pipeline has more than doubled across the board but these reactors are apparently not reflected in the current price of uranium, or increases in global uranium reserves.

There appears to be two magic dates to be mindful of. The first is 2013 when Russia's supply agreement with the United States expires. The US has only just begun that negotiation process, while Russia has recently moved from being a "net exporter" of uranium to a "net importer" of uranium. Russia's recently announced intention to be a global provider of nuclear technologies and services could seriously impact the outcome of their talks with the United States.

The second date is 2018 which is when many of the newly constructed reactors come on stream and, coincidentally, the date when most analysts stop making predictions.

Uranium prices are poised for another roller coaster run with many ups and downs over the coming decade. Investors should carefully be watching the signs for the appropriate times to get on and off.



The Technology of Reactors

Although it may not affect your investment portfolio any time soon, it is always interesting to keep up to date on the changing face of nuclear technologies.

Last month AECL commenced its first commercial trials of using recovered uranium fuel in a CANDU reactor. The reactor is operating in China and has begun using Natural Uranium Equivalent (NUE). NUE is produced by mixing uranium from spent light-water-reactor fuel with depleted uranium from enrichment plant tails.

Along similar lines, Japan announced its plans to upgrade most of its 18 nuclear power plants to “pluthermal reactors”. These re-tooled reactors will use plutonium uranium mixed oxide fuel or MOX fuel which takes advantage of the benefits of fuel recovery.

Something a little further out on the horizon is the “travelling-wave” reactor made famous in recent weeks by Microsoft chairman Bill Gates. Gates backed company TerraPower is currently in talks with Toshiba to begin designing the reactor capable of burning depleted uranium and operating for decades without the need for refueling. A travelling-wave reactor is a form of breeder reactor - one that creates new fuel for a fission reactor even as it burns it up. No such reactor has ever been built so this may yet be a bit of a long shot.

Moving on the next stages of science fiction are two recently announced projects focused on harnessing nuclear fusion. Conventional nuclear power, nuclear fission, is based on the break-up (fission) of the heaviest naturally occurring element - uranium atoms. Nuclear fusion, on the other hand, means the joining together (fusion) of atoms of the lightest element - hydrogen. This, in fact, is the process currently taking place on the sun.

The \$4 billion project in California and the \$14 billion project in France intend to test two separate approaches to achieve containable fusion. At current rates of progress, however, the construction of the first demonstration nuclear fusion plant may not begin until around 2100.

Technology moved in the wrong direction last week when South Africa announced it would stop funding state-owned Pebble Bed Modular Reactor Limited. The Pebble Bed Reactor's most unique attributes are the tennis ball sized spherical fuel elements called "pebbles". These reactors are also unique due to their passive safety which removes the need for redundant, active safety systems.

Even after investing \$970 million into the project over 11 years, the South African company could not attract a long-term investor or a customer.

The ongoing advancements to nuclear technology may mean our grandchildren will be free of the energy worries we currently face. Unfortunately, for the next decade we will be playing the nuclear cards already dealt to us.



Bayswater Uranium Corp.(BYU-TSXV) and Canalaska Uranium Ltd. (CVV-TSXV): Drilling Underway and extended to Test New Target at Collins Bay Extension Project - On March 1, Bayswater and Canalaska announced that drilling is now under way on the Fife Island target on the Collins Bay Extension project, and additional drilling is planned for a second, large and well-defined conductivity/gravity anomaly target located eight kilometres due east of Cameco Corporation's Collins Bay-Eagle Point mine. Project operator, CanAlaska Uranium Ltd., has increased personnel to manage the program which will drill test shallow targets at Fife Island with an initial five to seven holes; and a minimum of three holes at the new target.

Collins Bay Extension project

The Collins Bay Extension project is immediately adjacent to the current producing underground Eagle Point mine and the past producing open pit mines of Collins Bay and Rabbit Lake, mined by Cameco Corporation and its predecessors.

Extensive exploration, including land and lake bottom geochemical sampling, airborne VTEM and magnetic surveys, and limited drilling, has previously been carried out by Bayswater on the project. As a result, numerous targets remain to be drill tested in favourable geological, geochemical and geophysical settings associated with basement conductive zones and structures favourable for high-grade unconformity-type mineralization.

In July, 2009, Bayswater optioned the Collins Bay Extension property to CanAlaska. Under the terms of the option, CanAlaska shall act as the exploration operator and may earn a 51-per-cent participating interest in the project by undertaking a minimum of \$4.0-million in exploration expenditures within five years and issuing a total of 500,000 shares to the company over this period. CanAlaska may increase its participating interest in the project to a 70-per-cent level by successfully undertaking a further \$2.0-million in exploration expenditures over a period of three years.

Fife Island target

In September, 2009, CanAlaska's field crews mapped and sampled mineralization in the Fife Island area north of the Eagle Point mine and along the its geological trend in preparation for the winter drill program.

CanAlaska is currently drill testing the structurally controlled uranium mineralization intersected in historical Minatco drill holes (1984) MWLD8 to MWLD13. The best of these historical holes intersected 0.152 per cent U₃O₈ over four metres (over three pounds per ton U₃O₈), along an offset structure on the northern part of Fife Island, in an area designated as the Vic zone.

The drill target is at shallow depth (110 metres) and will be tested with at least five holes adjacent and below the intersection. Additional drill holes are planned for the on-strike extension of the structural splay.

Second target area (Blue Island)

The new target, southwest of Blue Island, was identified from the VTEM airborne geophysical survey completed in 2007 by Bayswater. Inversion of the data by CanAlaska defined two large zones (700 metres by 500 metres) of very high conductivity in basement rocks, located below conductive lake sediments and straddling an east-west magnetic structural trend. Detailed gravity surveys across the target in January, 2010, have confirmed a large gravity low associated with each of the deeper conductive zones. CanAlaska intends to carry out a drill program comprising a minimum of three exploratory holes to depths of 400 to 500 metres to test the target zones during the next four weeks.



George Leary, president of Bayswater, stated: "We are excited about the drill follow-up of an historical drill intercept after re-evaluation by CanAlaska's knowledgeable technical team. The second new drill target, defined by state-of-art VTEM and gravity surveys which indicate a conductor in coincidence with an alteration system and favourable structure, has the size, geological and geophysical character and proximity to known uranium deposits that are highly favourable indications of a significant target. We look forward to the results of drilling on both of these targets."

Canalaska Uranium Ltd. (CVV-TSXV): Drilling Begins at Helmer Uranium Project - On March 22, Canalaska announced they have commenced their drill program on the Helmer project, situated along the northern rim of the Athabasca basin. The drilling will test a group of strong targets along the Grease River fault, which were modelled from airborne EM and gravity surveys.

The target area is just south of CanAlaska's Fond Du Lac project and is located on the eastern part of the Helmer project. Previous airborne surveys provided strong evidence of conductive targets in the lower levels of the Athabasca sandstone, immediately above a strong zone of dislocation in the Grease River fault system.

The Grease River fault is a major tectonic event in the Athabasca region, and the structure can be traced for over 200 kilometres, both inside and outside of the Athabasca basin. There are numerous zones with multiple mineralizing events of gold, nickel and uranium along the trace of the fault, indicating how it is a significant focus of fluid flow and mineralization. The company tested a uranium-mineralized splay associated with the fault system on the adjacent Fond Du Lac project in September of 2009 and intercepted a uranium zone assaying 40.4 metres at 0.32 per cent U₃O₈. The company plans to first test the large target at Helmer and then return to further drilling at Fond Du Lac.

The Helmer drill program has been contracted to Driftwood Drilling and will comprise two to three reconnaissance drill holes to be completed before breakup. Additional targets are available for summer drilling. The drill is currently on-site and drilling is under way.

Other activity

The company expects to have drilling approvals for the adjacent Fond Du Lac project in April and will schedule further drilling around the Fond Du Lac deposit, and across the zone containing last September's mineralized intercepts, at the earliest opportunity, weather and access conditions permitting.

Elsewhere in the Athabasca basin, the company is active with drill programs at West McArthur, Collins Bay extension and at Cree East. At the Cree East project, drilling is scheduled to continue through the summer period. The company understands that drilling is continuing at the McTavish project under the direction of Kodiak Exploration, which has commenced exploration under a \$4-million earn-in option.



Denison Mines Corp. (DML-TSX): Phoenix High-Grade Uranium Deposit Continues to Encounter Significant Results - On March 16 Denison reported that initial drill results of the 2010 winter drill program at Wheeler River had significantly expanded the high-grade uranium mineralization at the Phoenix deposit.

Winter 2010 initial results

Two holes (WR-299 and 300) returned intersections of 8.88 per cent eU₃O₈ and 30.19 per cent eU₃O₈ over 3.7 and 2.5 metres, respectively, expanding the deposit to the northeast. A third hole (WR-302), returning 18.49 per cent eU₃O₈ over 3.2 metres, was drilled on section from previous hole WR-272 which intersected 4.13 per cent U₃O₈ over 4.5 metres, thereby expanding the Phoenix zone A to the southwest. A fourth hole, WR-301 extended the width of the deposit. All grades listed in the table are reported as equivalent probe grades.

Three drill holes (WR-296, 297 and 298A) of this 2010 winter program were drilled in area D. This area is exhibiting significant sandstone alteration as well as the strongest basement alteration seen on the project to date. Although no significant uranium mineralization has been identified this area continues to be one of the company's highest-priority target areas.

Ron Hochstein, president and chief executive officer, commented: "We have high expectations for the Wheeler River project, and these results go a long way to affirm those expectations. The Phoenix deposit alone is developing into one of the most important new uranium discoveries in the Athabasca basin in the past 20 years, and we look forward to continued growth."

Wheeler 2010 exploration program

In 2010 a \$6.0-million exploration program comprising 22,500 metres of diamond drilling in approximately 45 holes will be carried out. This program will focus on the delineation of uranium along the favourable mineralized horizon within the Phoenix deposit's stratigraphy. Currently the program has one drill rig, and a second rig will be added for the summer program. The 2010 drill program will continue through until September.

Phoenix is a growing new uranium deposit in the Athabasca basin and is located between the McArthur River and Key Lake uranium mines. Denison is the operator of and holds a 60-per-cent interest in the Wheeler River property. Cameco Corp. holds a 30-per-cent interest and JCU (Canada) Exploration Company Ltd. holds the remaining 10-per-cent interest.

Forum Uranium Corp. (FDC-TSXV) and Hathor Exploration Ltd. (HAT-TSXV): Significant Alteration Intersected on Henday Property - On March 23 Hathor and Forum announced that they have intersected strong alteration in both the Athabasca group sandstone and well down into the basement rocks on their Henday joint venture property located in the Athabasca basin, Saskatchewan. Further, there is intermittent uranium mineralization present just below the unconformity. The drill and skidder have been left on site for a planned follow-up drill program this summer.

The Henday property is located 10 kilometres northeast of Hathor's Roughrider discovery at the northern end of the midwest deposit trend. Hathor has earned a 20-per-cent interest in the Henday property from Forum, and has the option to earn up to 70 per cent.



The recently completed winter drill program at Henday totalled 18 holes for 4,061 metres. Drilling followed up on illite clay alteration discovered during the 2008 drill program, which targeted gravity anomalies along a northeast trending structure. In addition to drilling, geophysical work was also carried out this winter. Previous resistivity survey blocks are currently being expanded. Work is expected to be complete by mid-April. This work will refine targets for follow-up drilling planned for this summer.

The extent and strength of the alteration encountered during the winter drill program at Henday are very positive. Clay alteration and bleaching followed by hematization are important analogues to known uranium deposits in the Athabasca basin. Sandstone dissolution (desilicification) is also an important feature present at Henday. The alteration zone extends over a width of 100 metres, with a strike length of at least 150 metres and open to the south and west. Further, the alteration extends for at least 150 metres down into the basement lithologies, similar to the extent seen at Hathor's Roughrider uranium deposit.

Intermittent anomalous radioactivity up to 3,200 counts per second (cps) occurs just below the unconformity. Visual examination of the drill core indicates this to be primary and secondary uranium mineralization. It is significant that the unconformity at Henday was intersected at depths shallower than expected, at around 110 metres.

Fission Energy Corp. (FIS-TSXV): Vertical Step Out at J Zone Intersects 6m of 14.7% U3O8 at Unconformity, Including 4m Grading 21.2% U3O8 - On March 3 Fission reported that drill hole WAT10-071, a 10-metre vertical step-out south of the high-grade mineralization encountered in hole WAT10-070B, has intersected six m of 14.70 per cent U3O8 at the unconformity (199 m to 205 m) at Fission Energy Corp. and its joint venture partner, the Kepco consortium's Waterbury Lake project. This interval includes four metres grading 21.20 per cent U3O8, with a maximum grade of 50.6 per cent across 0.50 m. These intervals represent some of the best overall composite assays received to date for the J zone. In addition, hole WAT10-072C, a vertical step-out located 10 m to the north of hole WAT10-070B, intersected five m of 1.18 per cent U3O8 at the unconformity (196.5 m to 201.5 m), including 1.50 m grading 3.04 per cent U3O8.

Located west of discovery hole WAT10-063A, drill holes WAT10-070B through 072C, demonstrate the continuity of the high-grade uranium mineralization north to south, or perpendicular to the presumed trend of the J zone. At this drill fence, the mineralization remains open both to the north and south, while the J zone remains open laterally, and appears to be trending to the west.

To date, all mineralized drill intersections encountered at the J zone are associated with a broad and continuous zone of alteration and radioactivity, variably extending from between several metres above to 25 m below the unconformity. Drilling is continuing with two rigs. The first rig continues to delineate the J zone, while the second rig is testing the Highlander and Talisker targets located to the west of the J zone within the three-kilometre-long east-west corridor.

All intersections are down-hole, core interval measurements. Given that the mineralization thus far encountered appears to be almost flat-lying, drill intercepts reported herein are approximately true thickness.

Then on March 29, Fission announced that WAT10-092A, an angled step-out hole located approximately 140 metres west of the J zone hole WAT10-087, and WAT10-094A, a vertical step-out, located approximately 75 m east of the J zone, near the property boundary, have both intersected highly radioactive mineralization. A narrow 0.20-metre intercept of off-scale radioactivity (greater than 9,999



counts per second) was identified in hole WAT10-094A. More importantly, these two drill holes have identified mineralization 300 m apart, on either side of the J zone from east to west.

Drill hole summary

Hole WAT-092A, an angled step-out to the west, was collared at a 130-degree azimuth and minus-52-degree dip to a total depth of 455.0 m. The unconformity was intersected at 252.16 m. Intermittent zones of anomalous radioactivity (greater than 300 cps) beginning just above the unconformity were intersected between 251.0 m to 307.5 m, as shown below:

- 251.0 m to 253.0 m -- up to 680 cps;
- 263.0 m to 265.5 m -- up to 3,005 cps;
- 273.0 m to 274.0 m -- up to 900 cps;
- 280.5 m to 281.0 m -- up to 1,200 cps;
- 303.5 m to 307.0 m -- up to 7,580 cps.

Mineralization is associated with hematized and fractured intervals within a pelitic gneiss, which was encountered from the unconformity to 334.2 m. Basement rocks found below this level to the bottom of the hole (455.0 m) comprise a quartz-feldspar gneiss. Further drilling will be required to define this significant new discovery, which is located on the eastern flank of the Highland resistivity low anomaly, defined by recent ground induced polarization geophysics. The new Highland discovery reaffirms Fission's belief that the three-kilometre-long East-West corridor, extending west from the J zone, has significant potential for multiple occurrences of high-grade uranium mineralization.

Hole WAT-094A is a vertical step-out drilled 75 m east of the J zone discovery hole WAT10-063A (10.5 m of 1.91 per cent uranium oxide including one metre grading 13.87 per cent -- see Stockwatch news dated Feb. 11, 2010). Hole WAT10-094A is located approximately halfway between the J zone and the Roughrider zone, which lies 140 m to the east. This drill hole was completed to a depth of 296.0 m and the unconformity was intersected at 201.1 m. Below the unconformity, significant anomalous radioactivity within a strongly clay-altered pelitic gneiss was identified over six metres from 208.0 m to 214.0 m, with a 2.5-metre interval (209.0 m to 211.5 m) exhibiting highly radioactive mineralization, ranging from 1,476 cps to greater than 9,999 cps, and including a 0.20-metre intercept of off-scale radioactivity. A second, two-metre-wide radioactive zone was intersected from 222.5 m to 224.5 m, with peaks up to 6,000 cps.

Fission is highly encouraged by these latest two widely separated step-out holes, which have intersected mineralization almost 300 m apart. While the J zone's current east-west-mineralized strike length is approximately 80 m and 40 m wide, north-south, the potential for extending the strike length, in addition to delineating mineralization at the new Highland discovery further to the west, have clearly been demonstrated.



Hathor Exploration Ltd. (HAT-TSXV): Intersects 81.5m of 1.59% U3O8 at Roughrider Zone and Updates on 2010 Drilling - On March 3, Hathor Exploration Ltd. and Terra Ventures Inc. released assay results from drill hole MWNE-10-607, the first complete set of drill hole assays from the 2010 winter drill program at the company's Midwest NorthEast project in the Athabasca basin, Saskatchewan. Highlights include the following:

- A composite interval of 81.5 metres which grades 1.59 per cent U3O8.
- The composite interval includes 41 metres of 2.61 per cent U3O8, which itself includes 13.5 metres of 6.52 per cent U3O8 with individual assays as high as 68.1 per cent U3O8 (see the table).
- Alteration is pervasive throughout the composite interval; all core pieces are both altered and anomalous in radioactivity. For example in the 13.5-metre interval, there are 26 half-metre samples, of which only one is less than 500 parts per million U3O8, and it is well above background. A full list of assay data is available on the company's website.
- Similar to Roughrider, arsenic and selenium contents are low.
- Mineralization spans a vertical extent of 100 metres down from the unconformity.
- There is no preferred host rock to mineralization and alteration; all basement rock types are affected, including both the Wollaston group pelitic gneisses and the overlying hangingwall of granites and pegmatites.

Dr. Alistair McCready, Hathor's exploration manager, said: "These assays confirm the uranium potential that originally excited our exploration team in the field, seeing core box after core box of altered and radioactive core delivered from hole after hole at the new RRZE discovery. I am excited about once again intersecting high-grade mineralization associated with massive to semi-massive pitchblende, but the fact that we are now intersecting broad and continuous sections of altered and radioactive rock with proven elevated uranium content throughout gives us something entirely new to be excited about; namely, the potential for broad and continuous composite sections of mineralization, and in three dimensions, large volumes of continuously mineralized rock."

Then on March 29 the company released the first update, detailing 15 drill holes, for its 2010 winter drilling program on the Roughrider uranium deposit at its Midwest Northeast property, in Northern Saskatchewan. The company is pleased with the success of the continuing delineation drilling.

The 2010 winter drill program has two objectives -- infill and fully delineate the Roughrider uranium deposit, in order to increase the initial resource model, and follow up on 2009 discovery at Roughrider East, located 200 metres east of the Roughrider uranium deposit, as shown in the figure on the company's website. Both objectives are returning positive results.

The winter drill program continues, at the time of writing, with 41 drill holes completed on the Roughrider deposit for a total of approximately 13,000 m, with up to 10 additional holes to be completed by the anticipated demobilization at the end of March. This is in addition to 12,000 m already completed at Roughrider East, where drilling is also continuing.

Results for drilling on the Roughrider uranium deposit will be released in four separate areas -- radioactivity and general geology data first, to be followed up with assay data when available. This news release reports on the first area to be completed, Area No. 3. It includes a total of 15 drill holes for a total of approximately 4,600 m. The remaining drilling in the current program will occur exclusively in the other three areas. Results from those areas will be reported in subsequent releases.

The drill holes in the third area are from the central area of Roughrider. They span lines 40E to 70E. The area is mostly within the lower-grade mineralization shell (5 per cent uranium oxide), as defined by the



initial, NI43-101-compliant resource model completed by Scott Wilson Roscoe Postle Associates Inc. in December of last year, based on drilling prior to the summer of 2009 (see SEDAR and Hathor's website).

The potential to increase the initial resource model for Roughrider is underscored by certain highlights, including intersections of semi-massive uranium mineralization within the lower-grade shell of the initial resource model.

MWNE-10-179 had 22.2 m of nearly continuous, elevated radioactivity, including 5.1 m of over 9,999 counts per second (off-scale radioactivity). Intersections of new uranium mineralization in two separate areas are shown as unmineralized within the initial resource model. For example, MWNE-10-187a had 9.3 m of nearly continuous, elevated radioactivity, including 1.8 m of over 9,999 counts per second. Intersections of semi-massive mineralization adjacent to and outside of the model included MWNE-10-192, with 18.8 m of nearly continuous, elevated radioactivity, including 3.8 m of over 9,999 counts per second.

A summary of drill hole results from No. 3 is provided here:

- Line 40E -- 10-192 and 10-191 were designed to test the mineralization inferred to be downdip from 09-47A. Both drill holes intersected anomalous radioactivity. This radioactivity, however, was both stronger and wider than that modelled in the initial resource model. Hole 10-195, an infill drill hole between 09-47A and 09-44, intersected off-scale radioactivity within an area previously modelled as lower-grade;
- Line 50E -- 10-179, 10-182 and 10-185A, planned as infill holes within the lower-grade mineralization (under 5 per cent uranium oxide), intersected wide intersections of anomalous radioactivity and variable amounts of off-scale mineralization. Further drilling is still required to the west of 161C;
- Line 60E -- 196 and 198 intersected off-scale radioactivity within an area that had been defined by the initial resource model as not having any mineralization, due to a lack of drill information. This area is now considered infilled. Hole 10-177, intended to test the thickness of the mineralization acutely intersected in 08-30, intersected anomalous radioactivity and achieved its aim. Holes 10-173 and 10-174 were designed to test for mineralization at the downdip northern extent of the deposit. While 10-174 did intersect radioactivity from 249.80 to 250.80 m, within the basement, including intervals of over 9,999 counts per second, these holes did not intersect the intended target. More drilling is required to fully delineate the northern limit of the deposit.
- Line 70E -- 10-187A and 10-189 were designed to test the inferred mineralization downdip from 09-88 and 09-110C. Hole 10-187A intersected a thick package of anomalous radioactivity. Hole 10-189, located further downdip, only intersected a thin zone of anomalous radioactivity. Hole 10-211 identified uranium mineralization within the second, smaller hole, internal to the initial resource model.

Natural gamma emission radiation is measured in counts per second using an eExploranium GR hand-held gamma ray scintillometer. Scintillometer readings are not directly or uniformly related to uranium grades of the rock sample measured and should be used only as a preliminary indication of the presence of radioactive materials. All intersections are downhole, core-length intervals and true thickness of mineralization is yet to be determined.



Pitchstone Exploration Ltd.(PXP-TSXV): Completes Winter Drilling - On March 23 Pitchstone reported that the winter exploration program of core drilling and geophysical surveying on three eastern Athabasca basin properties has been completed as planned. Drilling was completed on Pitchstone's 100-per-cent-owned Gumboot property, and on the adjoining Johnston Lake property that was optioned in early 2009 from Denison Mines Corp. Electromagnetic and gravity surveys, and drilling were also completed at Marten and Wolverine. Samples collected from the drilling programs have been submitted for analysis. A total of 6,480 metres were drilled.

Gumboot

Drilling at Gumboot consisted of six holes totalling 4,786 metres. Significant alteration and/or weakly anomalous radioactivity were observed at the unconformity in all six holes. The program extended the alteration zone along strike to the north and south. The zone now measures 500 metres long and is still open in both directions. Mineralization intersected previously in the zone includes 0.66 per cent U₃O₈, 11.10 per cent Ni and 0.57 per cent Co over 0.3 metre, 2.06 per cent U₃O₈, 1.15 per cent Ni and 0.23 per cent Co over 0.1 metre, and 1.04 per cent Ni, 0.15 per cent Co and 0.01 per cent U₃O₈ over 14.1 metres (see the company's news release in Stockwatch dated Sept. 9, 2009). The alteration zone is coincident with a five-kilometre-long graphitic horizon that is largely untested (see maps on the company's website). Additional drilling at Gumboot is planned this summer.

Johnston Lake

One 710-metre hole was completed on the Johnston Lake property to follow up on the results of a detailed core review and resampling program completed in the summer of 2009. A short interval of intense sandstone alteration immediately above the Athabasca unconformity was intersected in this year's drill hole. Oriented core measurements have allowed a reinterpretation of the basement geology and suggest that the primary target at this location on the Johnston Lake property is still untested. Further geophysical surveying and drilling are planned for Johnston Lake in 2010.

Wolverine and Marten

A total of 72 kilometres of line cutting was completed on the Marten and Wolverine properties. This was followed with 72 kilometres of ground gravity surveying on both properties and 18 kilometres of EM surveying at Marten. Six drill holes totalling 984 metres were then completed at Marten. No significant radioactivity was observed in the drill holes, but anomalous alteration and faulting are present in four of the holes.

Wolverine, 30 kilometres east of the McArthur River mine, and Marten, immediately southwest of the West Bear deposit, are under option to Japan Oil, Gas and Metals National Corporation (Jogmec); Pitchstone is the operator. All exploration on the properties is being financed by Jogmec, which can earn a 50-per-cent interest after spending \$1.8-million on exploration. Data collected during the winter program will be used to select target areas for additional geophysical surveying and drilling programs.



UEX Corp. (UEX-TSX): Significant Unconformity Intersections at Shea Creek's 58B Area Including 7.6 m of 1.81% eU3O8 - On March 17 UEX released the initial results from exploration in the 58B area of the Shea Creek project, which is part of its 2010 Western Athabasca exploration program that was announced in Stockwatch on Nov. 24, 2009. A \$7.96-million annual exploration budget was approved for Shea Creek with AREVA Resources Canada Inc., of which UEX is responsible for its 49-per-cent share of approximately \$3.9-million.

Shea Creek project

Shea Creek hosts the Kianna, Anne and Colette deposits, and is the most advanced of the 10 49-per-cent-owned Western Athabasca uranium projects under joint venture with AREVA, the operator. The Shea Creek deposits form part of a world-class uranium system in which mineralization is being defined over a strike length exceeding three kilometres along the Saskatoon Lake graphitic conductor in northern parts of Shea Creek. Most areas of mineralization continue to be open and have high potential for both expansion of known areas of mineralization as well as discovery of new zones (see UEX's news release of Nov. 19, 2009, in Stockwatch).

58B area

This highly prospective area lies between the Kianna and Colette deposits along a one-kilometre strike length of the Shea Creek trend. It has only been previously tested by very widely spaced holes.

Previous drilling has intersected multiple intervals of basement-hosted mineralization in the 58B area, located 700 metres northwest of Kianna. In 1997, drill hole SHE-58B intersected basement-hosted mineralization grading 2.21 per cent U3O8 over 2.6 metres, including 6.73 per cent U3O8 over 0.7 metre. In addition, SHE-58B intersected unconformity mineralization grading 0.44-per-cent U3O8 equivalent (eU3O8) over 8.1 metres.

Drilling in the 58B area during 2009 intersected basement-hosted mineralization grading 1.34 per cent eU3O8 over 3.2 metres and 0.88 per cent eU3O8 over 1.1 metres in drill hole SHE-133-2 (see UEX's news release of Nov. 19, 2009). This basement-hosted mineralization occurs in steeply dipping vein systems, suggesting potential for Kianna basement-style structurally controlled mineralization.

Pilot hole SHE-133, completed during 2009, is being used to test the unconformity and basement extensions of mineralization in the 58B area. AREVA has reported to UEX drilling results from the first two directional cuts of the current program at 58B from the SHE-133 pilot hole.

SHE-133-3:

- 1.81 per cent eU3O8 over 7.6 metres, including 2.65 per cent eU3O8 over 4.8 metres (unconformity);
- 1.02 per cent eU3O8 over 1.1 metres (basement);
- 0.54 per cent eU3O8 over 0.8 metre (basement);
- 4.80 per cent eU3O8 over 0.9 metre (basement).



SHE-133-3 is the third directional cut from pilot hole SHE-133 and the first for the 2010 drill program. The unconformity was intersected 27.0 metres west-southwest of pilot hole SHE-133 at a depth of 725.2 metres. The majority of the mineralization was associated with breccias at the unconformity between 718.2 and 725.8 metres grading 1.81 per cent eU3O8 over 7.6 metres, including 2.65 per cent eU3O8 over 4.8 metres. Basement-hosted mineralization occurs in a series of narrow, pitchblende-rich veins between 744.6 and 745.7 metres grading 1.02 per cent eU3O8 over 1.1 metres; 749.3 to 750.1 metres grading 0.54 per cent eU3O8 over 0.8 metre; and 757.6 to 758.5 metres grading 4.80 per cent eU3O8 over 0.9 metre.

SHE-133-4:

- 6.55 per cent eU3O8 over 2.4 metres (unconformity);
- 1.08 per cent eU3O8 over 1.6 metres (basement);
- 1.21 per cent eU3O8 over 1.3 metres (basement).

The unconformity was intersected 39.0 metres southwest of pilot hole SHE-133 at a depth of 716.5 metres. The majority of the mineralization was associated with breccias at the unconformity between 714.2 and 716.6 metres grading 6.55 per cent eU3O8 over 2.4 metres. Basement-hosted mineralization occurs in a series of narrow, pitchblende-rich veins between 742.0 and 743.6 metres grading 1.08 per cent eU3O8 over 1.6 metres, and between 784.1 and 785.4 metres grading 1.21 per cent eU3O8 over 1.3 metres.

Graham Thody, president and chief executive officer of UEX, commented: "These high-grade intersections found both at the unconformity and in the basement of the 58B area in each of this program's first two directional cuts of the SHE-133 pilot hole are extremely encouraging. Our objective was to establish the existence of high-grade unconformity mineralization as has previously been outlined at the Kianna, Anne and Colette deposits, and to establish the continuation of unconformity and basement mineralization in the 58B area. These initial results have certainly met that objective."