

Athabasca Basin EXPLORATION UPDATE

June.1.2010

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Uranium
Group Inc.

	Apr 30, 2010	May 31, 2010	Change
Ux Consulting's Spot Price	US\$41.75/lb U ₃ O ₈	US\$40.75/lb U ₃ O ₈	US \$1.00
Ux Consulting's Term Price	US\$58.00/lb U ₃ O ₈	US\$58.00/lb U ₃ O ₈	unchanged

Industry Commentary:

1. Nuclear Plans in the Middle East
2. Production Ups and Downs
3. Results Month
4. The Global Shell Game

Exploration News:

1. **Denison Mines Corp. (DML-TSX): Announces Expanded Summer Exploration Program on Wheeler River Property**
2. **Forum Uranium Corp. (FDC-TSXV) and Hathor Exploration Ltd. (HAT-TSXV): Heday Winter Drill Program**
3. **Fission Energy Corp. (FIS-TSXV): Assays Confirm Continuity of High Grade Uranium Mineralization at J-Zone**
4. **Hathor Exploration Ltd. (HAT-TSXV): New Zones Discovered at Roughrider**
5. **Purepoint Uranium Group Inc. (PTU-TSXV): Completes Successful Field Test of CAMIRO Uranium Deposit Identification Techniques**
6. **Pitchstone Exploration Ltd. (PXP-TSXV): Plans Summer Athabasca Uranium Drilling**
7. **Red Rock Energy Inc. (RRK-TSXV): Announces Commencement of Summer Work Program at Uranium City**
8. **UEX Corp. (UEX-TSX): Shea Creek Emerges as Largest Undeveloped Uranium Resource in the Athabasca Basin**

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Industry Commentary

By Chris Frostad

Nuclear Plans in the Middle East

Saudi Arabia currently burns 1.25 million barrels of oil a day to meet domestic and industrial power demand – oil that could be exported. As part of its \$80 billion drive to boost power generation over the next eight years the kingdom is setting up a center to develop nuclear technology.

Similar signs of nuclear activity are showing up across the region. In December the United Arab Emirates signed a \$20.5 billion deal with Korea's KEPCO for four new reactors. Last month Kuwait signed a civilian nuclear cooperation agreement with France and Saudi Arabia is expected to sign a similar agreement shortly.

For the past four years the Gulf Cooperation Council (a partnership between Saudi Arabia, Kuwait, the UAE, Qatar, Oman and Bahrain) has been collectively studying the expansion of nuclear power through its collective grid. Despite being the world's major producers of fossil fuels, their electricity demand is projected to increase by 10 percent every year for the next five years.

The economics seem to indicate that the most cost effective route is using nuclear power to fulfill domestic demand allowing for more exports of lucrative fossil fuels.

Production Ups and Downs

As the world's 4th largest producer of uranium, Namibia is looking at ever increasing numbers moving forward. The Rossing Uranium mine was initially expected to close down operations in 2009 but a new life-of-mine plan has extended its operation until 2023. At 4,626 tonnes of U, 2009 saw that mine's production surpass anything it has seen in the past 26 years. The mine's expansion, however, will require considerable capital, time and talent and (like Canada's Cigar Lake mine) is a crucial variable in meeting uranium demand over the next few years.

Paladin's Langer Heinrich mine in Namibia also reported healthy increases in production, up 17% this quarter over last. Current plans see this number steadily increasing over the coming years.

Numbers were not so positive in Australia, however, where Rio Tinto's Ranger mine reported a 27% decrease in production over the previous quarter. Management expects a continued decrease in production this quarter with things picking up over Q3 and Q4.



Results Month

Last month we saw the Q1 results from Cameco, Uranium One and Denison as well as the Q3 results from Paladin. While Cameco continues to impress with its results, its future plans (doubling production by 1018) still seem strongly tied to their ability to harvest the Cigar Lake mine. In the case of Uranium One, their steady progress in Kazakhstan is serving them well yet they continue to struggle with their operating costs.

In commenting on its new discover in Saskatchewan (Phoenix Zone) Denison noted last month that their in-house estimates place that deposit as the fifth largest discovered in the Athabasca Basin. As wonderful as that is, the company has a number of development projects that cannot be economically advanced. CEO Ron Hochstein said “We’re going to need to see \$60 to \$70 a pound plus uranium prices in order to make those projects move forward”.

Over at Paladin production hit a record, however, so did their costs.

Here’s a quick comparative scan of some select results:

Q1 Uranium Revenues:

Cameco	305,000,000 lbs
Paladin (Q3)	52,700,000 lbs
Uranium One	35,500,000 lbs
Denison	15,000,000 lbs

Sales Price per Pound

Cameco	\$45.79
Paladin	\$50.49
Uranium One	\$46.00
Denison	\$56.27

Cost of Production per Pound

Cameco	\$30.79
Paladin	\$71.00
Uranium One	\$19.00
Denison	\$30.32 - in Canada; \$53.56 - in U.S.



Production in Q1

Cameco	6,131,000 lbs
Paladin (Q3)	1,157,375 lbs
Uranium One	1,800,000 lbs
Denison	307,000 lbs

2010 Production Estimates

Cameco	21,500,000 lbs
Paladin	3,300,000 lbs
Uranium One	6,800,000 lbs
Denison	1,600,000 lbs

The Global Shell Game

The Nuclear Non-Proliferation Treaty and the fear of atomic weapons are proving to be no barrier to the capitalist objectives of the world's global powers. Where there is a will (and a market) there is a way.

As India and the United States move to finalize their civilian nuclear energy agreement, few realize that it cannot be fully implemented until India and Japan work out their differences. Tokyo has long been informing New Delhi that this is the case. And why?

The fact is that the two US companies pushing to build civilian nuclear plants in India, General Electric and Westinghouse Electric Co, are either partly owned or wholly owned by Japanese companies. GE and Hitachi came together in a 60:40 percent international joint venture in 2006, while Toshiba Corp. bought Westinghouse outright in 2006 for \$4 billion.

Japanese public opinion is outraged at the Nuclear Suppliers Group exception to India. As a result, India and Japan's activities to finalize an inter-governmental agreement on civilian nuclear energy have been done so very quietly.

Another attempt at a quiet change in the landscape was Uranium One's acquisition of shares in Paladin. Through a regular monitoring of purchases of its shares, Paladin identified the buying of shares through a Credit Suisse nominee company in the US - Cheetah Resources. Paladin has suggested that Uranium One holds further shares acquired through another entity yet to be uncovered. Uranium One claimed that the purchases were purely for "investment purposes".



Paladin's response was to publically blow the whistle claiming that Uranium One was in violation of Australia's foreign investment guidelines, pointing out that Uranium One (a Canadian company) is 15% owned by Russia's Atomredmetzoloto (ARMZ) and 16.6% owned by a Japanese consortium (JUM) comprised of Tokyo Electric Power, Toshiba and the Japan Bank for International Co-operation.

China, on the other hand, has not been so quiet in its submission to the Nuclear Suppliers Group to allow it to export two nuclear power reactors to Pakistan. The deal for the reactors was signed between Pakistan and Chinese National Nuclear Corporation last month and has triggered considerable criticism from both the United States and India.

Finally, in a move to change its reputation from one of "potential nuclear arms dealer" to "nuclear power provider", Iran announced last month an agreement to begin shipping enriched nuclear fuel to Turkey. In exchange Iran, after one year, can begin receiving enriched material from Russia and France.

While Iran and its partners proclaim this as a show of understanding and cooperation on nuclear issues, the United States media is taking every effort to question and attack the move.

As China, Japan and Russia wield their considerable political clout to achieve their energy forecasts and countries like India, Pakistan and Iran are being allowed into the "nuclear" club house, one must conclude that the genie is out of the bottle. Global, main stream nuclear power is here to stay and the question for each country is no longer "do we allow it", but rather how do we regulate, manage and monitor it in a safe and responsible manner.



Denison Mines Corp. (DML-TSX): Announces Expanded Summer Exploration Program on Wheeler River Property - On May 13, Denison and their Wheeler River joint venture partners have approved the addition of a third drilling rig for the upcoming summer program. The summer program is anticipated to begin in early June and will involve the drilling of 45 holes for approximately 20,000 metres. The anticipated spending for the year is now estimated at \$7-million (Denison's share, \$3.6-million).

Summer drill program

The summer 2010 drill program will initially have three primary areas of focus. One rig will concentrate on drilling the known Phoenix Zone A mineralization to further expand the zone. The second drill will focus on Area D in the extreme northeast, where drill holes WR-309 and 309A from the winter program intercepted a silicified cap and strong sandstone and basement alteration. This rig will also test strike extensions to the southwest of Zone A. The third rig will concentrate solely on identified untested geophysical anomalies along the favourable horizon over a strike length of seven kilometres to the northeast and southwest of the known Zone A of the Phoenix deposit.

Winter drill program results

Assay results from the final nine drill holes of the winter drill program have been received. Previously released initial probe results (April 26, 2010) are confirmed by the assay results. The accompanying table shows only the significant mineral intersections from the final nine drill holes of the winter program.

2010 WINTER PROGRAM RESULTS

Hole	From (m)	Interval To (m)	Assay grade (m)	Grade (% U3O8)	thickness (m -- % U3O8)
WR-305	402.0	408.5	6.5	25.50	165.75
WR-306	406.5	414.0	7.5	33.22	249.15
WR-308	404.5	406.5	2.0	2.00	4.00
WR-311	402.5	409.0	6.5	6.66	43.29

Notes:

1. Only the highest assay is shown where there were multiple intersections.
2. All assay grades are presented at a cut-off grade of 0.05 per cent U3O8.

There were no significant mineral intersections in drill holes WR-303, 304, 307, 309A and 310.

Drill holes 305 and 306 increased the Phoenix Zone A deposit's strike length by approximately 50 metres to the southwest and demonstrated the presence of a high-grade core of mineralized intersections over appreciable widths over the entire strike length.



Resource study

At the recent joint venture meeting, the partners also approved the preparation of an initial resource study in accordance with National Instrument 43-101 which will incorporate the results of the summer drilling program at the Phoenix deposit. The company anticipates that this report will be completed by the fourth quarter of 2010.

The Phoenix deposit is located on the Wheeler River property which is located between the McArthur River mine and Key Lake mill complex. Denison is the operator 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.

The technical information contained in this press release related to the above-described exploration activities is reported and verified by William Kerr, Denison's vice-president, exploration, who is a qualified person as defined by NI 43-101. For a description of the quality assurance program and quality control measures applied by Denison, please see Denison's annual information form dated March 19, 2010, filed under the company's profile on SEDAR. All drill holes reported to date were drilled at either minus 80 or minus 90 degrees, and while the exact attitude of the mineralization remains uncertain, it is believed, at this time, that the mineralized intervals represent near true widths.

Forum Uranium Corp. (FDC-TSXV) and Hathor Exploration Ltd. (HAT-TSXV): Henday Winter Drill Program - On May 15, Forum and Hathor released the results from the eight-week winter drill program at the Henday project, Athabasca basin, Saskatchewan. Drilling intersected a strong alteration halo in both the sandstone and well down into the basement with elevated geochemical indicators and weak uranium mineralization. The size and strength of the alteration encountered is very positive, and extends over 200 metres in width and at least 200 m in strike, being intersected by several graphitic conductors.

The alteration halo was encountered in 12 of the 18 holes drilled. A graphitic package within the alteration halo hosts the mineralization intersected to date. The uranium mineralization was very clean with almost no associated elements except for boron in one hole (one metre of 0.162 per cent), which is typical of basement-hosted uranium deposits in the Athabasca basin. Geochemistry returned from core samples processed at the Saskatchewan Research Council shows anomalous values of uranium in the basement lithologies. Highlights of the geochemistry include those in the accompanying table.

Hole No.	Downhole depth (metres)	Thickness	Uranium (ppm)	Lb U3O8/ton
RL-66	135.4-137.9	2.5 m	264	0.5
RL-66	139.9-142.2	2.5 m	302	0.6
RL-66	144.0-144.5	0.5 m	491	1.0
RL-68	144.0-144.5	0.5 m	424	0.8
RL-68	221.2-221.7	0.5 m	1690	3.4



A resistivity survey was completed over the area of alteration in April. The survey shows a resistive low under Mallen Lake in the area of the alteration intersected by the winter drilling. This low is 200 m by 200 m at the level of the unconformity (110 metres). The resistivity survey shows that the main target area lies under the lake with approximately 700 metres of graphitic conductors within the resistivity low to be tested (see figure 1 on the company website). A drill program proposed for the summer will be deferred until the winter drill season to adequately test the uranium mineralization and geophysical targets. Geochemical surveys will be run over several target areas throughout the summer to aid in focusing future drill programs.

Ken Wheatley, vice-president, exploration, stated: "Judging from the extent and geochemistry of the alteration in both the sandstone and basement, it is apparent that a fertile hydrothermal cell had developed in this area. Basement-hosted deposits in the Athabasca basin, such as Hather's Roughrider zone, occur as sheet-like pods within a much larger alteration zone. We have found the large alteration zone with the correct geochemistry at Henday, now we have to find the smaller target of the mineralized pod."

Hather has earned a 20-per-cent interest in the Henday property from Forum, and has the option to earn a 60-per-cent interest by spending \$3.5-million in exploration with an additional 10 per cent earned by electing to take the project to a bankable feasibility study (for details see the company's website).

Fission Energy Corp. (FIS-TSXV): Assays Confirm Continuity of High Grade Uranium Mineralization at J-Zone - On May 27, Fission and its joint venture partner, the KEPCO consortium, released J zone assay results for three previously completed vertical oriented step-out drill holes: WAT10-079, 081 and 083B, located to the west along strike of discovery-hole WAT10-063A.

All three holes encountered mineralization at the unconformity with hole WAT10-083B intersecting 7.5 metres grading 3.83 per cent U308 (194.50 m to 202.0 m), including six metres at 4.74 per cent U308 (195.50 m to 201.5 m) and 0.5 m at 10.70 per cent U308 (196.0 m to 196.50 m). In addition, hole WAT10-079 intersected 7.50 m grading 1.89 per cent U308 (197.0 m to 204.5 m) and hole WAT10-081 intersected 6.5 m grading 2.16 per cent U308 (198.0 m to 204.5 m). Most significantly, these latest assay results confirm the continuity of high-grade uranium mineralization over exceptional widths, trending laterally to the west of discovery-hole WAT10-063A. The J zone is currently defined by 25 drill holes over an area of 90 metres by 50 metres and remains open along strike and to the north and south.

All drill intersections are associated with a broad, continuous zone of alteration extending from several metres above the unconformity to greater than 25 m below the unconformity, with mineralization occurring within this altered system. All intersections are downhole, core-interval measurements and true thickness is yet to be determined. Given that the mineralization thus far encountered appears to be almost flat lying, drill intercepts reported herein are approximately true thickness.

An updated map of the J zone showing the location of these latest three drill holes and a table summarizing all assay results to date can be found on the company's website.



Assays are pending on the remaining seven drill holes, which further extended the J zone's east-west-trending mineralized strike length to approximately 90 m and 50 m wide, north-south, and from mineralized holes 92A and 94A which extend mineralization 130 m to the west and 70 m to the east, respectively, of the J zone at the time the winter 2010 drill program was completed. In addition, assays are pending on nine other regional drill holes: WAT10-062, 078, 080, 082, 084, 086, 088 and 090. The J zone remains open in all directions.

Follow-up drilling at the J zone, in addition to testing other high-priority land-based targets, is planned for the summer. Further details will be provided once all data have been collected and analyzed.

Hathor Exploration Ltd. (HAT-TSXV): New Zones Discovered at Roughrider - On May 27, Hathor released the first set of complete assays from the 2010 winter drill program on the Roughrider uranium deposit at its Midwest Northeast property in the Athabasca basin in Northern Saskatchewan. A new zone of uranium mineralization was intersected in the western part of the deposit. Highlights of assays from the new discovery include:

1. Discovery of high-grade uranium mineralization within, and extending beyond, the lower-grade shell of the initial resource model. For example, hole MWNE-10-197a intersected 17 metres of 15.2 per cent U3O8.
2. Discovery of high-grade uranium mineralization adjacent to and outside of the initial resource model. For example, hole MWNE-10-200 intersected 22.5 metres of 11.31 per cent U3O8.
3. Confirmation of high-grade uranium mineralization inferred to be downdip of the high-grade shell within the initial resource model. For example, hole MWNE-10-188B intersected 7.5 metres of 28.98 per cent U3O8.

These new assays underscore the potential to increase the initial resource model for the Roughrider uranium deposit, via both infill drilling and extension drilling on zones defined in the initial model, and by the discovery of entirely new zones. These new assays confirm the potential to grow the resource which was first indicated by the preliminary scintillometer data (April 13, 2010, news release in Stockwatch), as clearly shown on the cross-sections in figure 3 and figure 4 (see figure 2 for location) -- available on the company's website.

Assay results from the 27,000-metre 2010 winter drill program for the Roughrider uranium deposit will be released in the same four blocks, or areas, that were used to organize and release the original scintillometer data (see Stockwatch news releases dated March 29, April 13 and April 15, 2010). This news release covers Area 1, the first area for which all assay results have been received. The remaining assay results will be reported in subsequent releases, including those for the Roughrider East discovery.

Figure 1 on the company's website shows the 400-metre strike length potential of the Roughrider uranium deposit and Roughrider East discovery. Figure 1 also shows the location of 30 drill holes completed at Roughrider East for 11,951 metres. Figure 2 is a plan map which shows the location of all 47 drill holes (14,978 metres) completed on the Roughrider deposit itself.



A total of 13 drill holes were completed in Area 1, the westernmost of the four areas covering the Roughrider uranium deposit as it is currently delineated. It spans span grid lines 45W to 5E. Of the 13 drill holes, 10 intersected uranium mineralization. Four have a grade-thickness factor (GT) of between one and five, three have a GT of between 10 and 50 and three have a GT of greater than 200. A full list of composite assay results are shown in the table on the company's website.

Area 1 includes parts of both the high-grade core shell of mineralization (greater than 5 per cent uranium oxide) and the lower-grade outer shell of mineralization (less than 5 per cent uranium oxide), as defined by the initial National Instrument 43-101-compliant resource model (initial resource model) completed by Scott Wilson Roscoe Postle Associates Inc. (SWRPA) in December, 2009. The report is posted on SEDAR and on the company's website and includes all drilling prior to the summer of 2009.

The Roughrider uranium deposit remains open. More drilling is yet required to fully delineate the high-grade uranium mineralization within the deposit as it is currently outlined. The deposit remains open downdip to the northwest and to the north. Further, along-strike continuity to the east for some 200 metres toward the Roughrider East discovery is yet to be fully tested.



Purepoint Uranium Group Inc. (PTU-TSXV): Completes Successful Field Test of CAMIRO Uranium Deposit Identification Techniques

- On June 1 Purepoint released the results of a six-month geochemical/diamond-drill analysis designed to validate the results of a syndicated research study recently submitted by the Canadian Mining Industry Research Organization.

"These techniques will help us to identify deep uranium mineralization from surface," said Chris Frostad, president and chief executive officer of Purepoint Uranium Group. "We anticipate that utilizing Camiro's findings will significantly reduce the time to new uranium discoveries while providing lower cost exploration methods."

In 2006 the Canadian Mining Industry Research Organization (Camiro) carried out a scoping study documenting and evaluating the relative effectiveness of methods applied in the past to explore for uranium in the Athabasca basin. This scoping phase formed the basis for designing field studies to develop new methods and optimize existing ones for the direct detection of uranium deposits along the unconformity of the Athabasca sandstone. Field studies were carried out in 2008 and 2009 and the final report was released in April, 2010. All scientific results arising from the research project are subject to a confidentiality period ending on March 15, 2013.

Purepoint and other members of Canada's uranium industry (including Cameco, Areva, Denison and the Saskatchewan Research Council) sponsored the three-year research study. The field samples were collected from the areas overlying the McClean Lake, Cigar Lake West and Dawn Lake uranium deposits in Saskatchewan's Athabasca basin.

"Now that we are confident in the utility of this approach, we will be incorporating it into our ongoing exploration programs to help prioritize our drill targets," said Scott Frostad, vice-president, exploration, at Purepoint. "We consider the work performed by the late Mr. Robert Jackson who initially led the project and the team at Camiro will prove invaluable in advancing one of the world's most prolific uranium-bearing regions."

Red Willow results

The Camiro geochemical techniques were applied over three separate zones within the Osprey area.

Osprey Hinge zone -- the strongest Camiro geochemical anomaly returned from the 2009 field sampling was located over the nose of the Osprey fold. The three drill holes in this zone discovered a radioactive fault now named the Hinge fault. RW-29 intersected the Hinge fault approximately 70 metres below surface while RW-41, drilled beneath RW-29, intersected this vertical structure at approximately 150 metres below surface. The best assays from the Hinge fault are provided in the table. The strike of the Hinge fault is currently unknown and remains untested.

Osprey Lake zone -- the area surrounding the RW-07 discovery (0.20 per cent eU3O8 over 5.8 metres) also returned a Camiro geochemical anomaly. Drilling within this area during 2010 continued to return promising results with assays up to 5,420 parts per million U (0.64 per cent U3O8).



Osprey Conductor North -- despite the existence of classic geophysical indicators, the Camiro geochemical sampling failed to return anomalous results from this high-priority drill target. Geophysics indicated that the Osprey conductor was bifurcated (split into two parts) in this area and offset by a crosscutting fault. Drilling in this area intersected wide intervals of the target host rock, graphitic pelite, as well as major structures but no anomalous radioactivity was encountered.

Significant Uranium Intercepts from Red Willow, 2010 Drill Program

Hole		Uranium			Lb
No.	Depth (metres)	Width	ppm	U3O8/ton	
Osprey Hinge Zone					
RW-29	74.7	76.3	1.6	288	0.6
RW-41	159.1	159.5	0.4	358	0.7
Osprey Lake Zone					
RW-34	57.8	58.6	0.8	340	0.7
RW-34	80.2	80.6	0.4	1300	2.5
RW-35	64.8	65.6	0.8	5350	10.5
RW-35	83.8	84.0	0.2	921	1.8
RW-37	54.8	55.4	0.6	499	1.0
RW-38	66.5	71.3	4.8	1160	2.3
includes	66.5	67.3	0.8	5420	10.6
RW-39	78.4	79.8	1.4	360	0.7
RW-40	60.2	61.7	1.5	3970	7.8
Osprey Conductor North					
No significant assays					

Pitchstone Exploration Ltd. (PXP-TSXV): Plans Summer Athabasca Uranium Drilling - On May 18 Pitchstone announced that it had received all analytical results from the winter drilling programs in the eastern Athabasca basin. During the winter, drilling and other activities were completed on Pitchstone's 100-per-cent-owned Gumboot property, on the adjoining Johnston Lake property that was optioned in early 2009 from Denison Mines Corp., and on the Marten property, which was optioned to Japan Oil, Gas and Metals National Corporation (Jogmec) in 2009.

Gumboot

Significant alteration and/or anomalous radioactivity were observed at the unconformity in all six holes drilled during the winter. The highest uranium result from the winter drilling program was in hole GB10-13R, which intersected 0.07 per cent U3O8 and 0.11 per cent Ni over 0.5 metre. The program extended the alteration zone along strike to the north and south. It is now 500 metres long and 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 news in Stockwatch Sept. 9, 2009). At least 1,600 m of drilling is planned for Gumboot during the summer exploration season.

Johnston Lake

One 710 m drill 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. No significant radioactivity was observed although the hole did intersect intense alteration in sandstone immediately above the Athabasca unconformity. 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. At least 1,500 m of drilling is planned for Johnston Lake this summer. One of the drill holes will be the first-ever test of a strong conductor thought to be the southern extension of the LaRocque-Waterfound conductor system northeast of Johnston Lake.

Wolverine and Marten

Several geophysical surveys including ground gravity, ground TDEM and DC-resistivity were completed at Wolverine and Marten during the winter exploration season. These have generated prospective targets on both properties. A first phase of drilling consisting of six drill holes was also completed at Marten. While the drilling did not intersect any significant radioactivity, anomalous alteration and faulting are present in four of the holes. This information, in combination with interpretations of the geophysical surveys, will aid in selecting targets for additional drilling this summer. All exploration on the Wolverine and Marten properties is being financed by Jogmec.

Candle

In addition to the above drilling programs, 700 m of drilling is also planned on the Candle property to test a gravity anomaly along an unexplored portion of the 95H conductor. Exploration on the Candle property is a joint venture between Pitchstone (41 per cent), Uranium One (34 per cent) and JCU (Canada) Exploration Company, Limited (25 per cent).

Red Rock Energy Inc. (RRK-TSXV): Announces Commencement of Summer Work Program at Uranium City - Red announced on May 31 that it had completed plans to effect the mobilization of a crew and equipment to commence the summer work program at its Uranium City exploration properties.

The commencement of exploration on these properties is the product of extensive integration and analysis of historic data obtained during the summer, fall and winter programs undertaken by Red Rock in 2009 and from archival resources of former operators within the Uranium City camp.

These activities have identified multiple areas of interest that require detailed field follow-up and mapping in preparation for a new drill program. Preliminary review indicates continued strong geological potential to produce additional resources to augment the 1.34 million lbs of U₃O₈



inferred mineral resource (utilizing a cut off grade of .05%) discovered on Red Rock ground and outlined in two previously disclosed NI 43-101 reports. Additional information and the full technical reports for these discoveries are available on Red Rock Energy's web site and detailed in the news release of Aug 31 2009. Red Rock's field personnel will operate out of facilities in Uranium City which will allow for implementation of a cost effective exploration program.

Exploration activities shall be focused on testing selected zones of interest on the properties, including those additional properties added to the portfolio of lands controlled by Red Rock by virtue of the transaction completed with Uranium City Resources Inc. These properties have been identified from geological compilation work of historical operators and Red Rock's own drilling as well as air and ground geological and geophysical programs.

UEX Corp. (UEX-TSX): Shea Creek Emerges as Largest Undeveloped Uranium Resource in the Athabasca Basin - On May 26 UEX provided the first National Instrument 43-101-compliant independent mineral resource estimate for the Shea Creek project. Shea Creek is located in the Western Athabasca basin of Northern Saskatchewan, Canada, and is owned 49 per cent by UEX and 51 per cent by AREVA Resources Canada Inc. AREVA is the project operator. The mineral resource estimate, commissioned by UEX, was completed by Golder Associates Ltd. of Burnaby, B.C. A technical report supporting this resource estimate will be filed on SEDAR within 45 days of this news release.

This resource estimate for Shea Creek incorporates resources from the Kianna, Anne and Colette deposits based on drilling information up to Dec. 31, 2009. Mineralization encountered during the continuing 2010 program is therefore not included.

At a cut-off grade of 0.30 per cent U(3)O(8), indicated mineral resources for the three Shea Creek deposits comprise 1,872,600 tonnes grading 1.54 per cent U(3)O(8) containing 63.57 million pounds of U(3)O(8), and an additional 1,068,900 tonnes grading 1.04 per cent U(3)O(8) in the inferred category containing 24.53 million pounds of U(3)O(8).

This estimate confirms Shea Creek as the largest undeveloped uranium resource in the basin. It also ranks as the third largest uranium resource in the basin, exceeded in size only by McArthur River and Cigar Lake. Resources at Shea Creek are largely open and have excellent potential to expand significantly as drilling continues. Some of the largest areas of mineralization, including the Kianna and Colette basement zones, are open and new areas of mineralization remain undefined, such as the sparsely tested 58B area that is currently being explored after the initial positive results announced by UEX on March 17, 2010.

Graham Thody, president and chief executive officer of UEX, commented: "This first uranium resource estimate for the Shea Creek deposits is a huge milestone in the development of this world-class uranium system. Given the high success rate of our drilling on this trend and the amount of untested potential, we anticipate expanding these resources with our partner AREVA as we move towards an ultimate production decision." Mr. Thody went on to say, "This announcement is also a milestone in the evolution of UEX from the company with the highest exploration expenditures in the Athabasca basin, to one now focused on the development of the third and sixth largest known uranium resources in the Athabasca basin, being Shea Creek and Hidden Bay."



Resource estimation details

The Shea Creek resource estimate was prepared by K. Palmer, PGeo, of Golder, an independent qualified person as defined by NI 43-101, and peer reviewed by G. Greenough, PGeo, and O. Tavchandjian, PGeo, both of Golder. The resource calculation utilized 361 diamond drill holes (totalling 292,100 metres) which were drilled from 1992 to 2009. Drill spacing across the deposits is variable, ranging from about seven metres to more than 50 metres, which is reflected in the different resource categories.

The mineralized wireframe models from the Kianna, Anne and Colette deposits which form the basis of the resource outlines were constructed using a minimum cut-off grade of 0.05 per cent U(3)O(8). The resource estimate utilized a geostatistical-block model technique with ordinary kriging methods and the Datamine Studio 3 software package. Log histogram and log probability plots were created for uranium geochemical data for each mineralized zone in order to define a capping strategy, and as a result a total of 52 samples were capped at various grades for the different zones.

The resource database utilized primarily uranium geochemical analyses from the Saskatchewan Research Council (SRC) Geoanalytical Laboratories in Saskatoon, Sask. In addition to AREVA's internal quality controls, duplicate and independent check analyses were performed by UEX on sample suites representing approximately 5 per cent of the mineralized assay database since mineralization was discovered in 1992. In cases where geochemical analyses were not available due to incomplete sampling or core recovery issues, downhole gamma probe data were used to calculate equivalent uranium grades based on correlation of assays with previous probe results. A total of 678 dry bulk density samples, representing all rock types and mineralization styles from the three Shea Creek deposits, form a comprehensive basis for the density component of the resource estimate.

Continuing exploration

UEX and AREVA continue to explore the Shea Creek deposits and four drills are currently active in several target areas, including:

- Testing the down plunge continuations of high-grade basement mineralization in the Kianna deposit;
- Testing new basement and unconformity-hosted mineralization in the sparsely tested 58B area.

The 58B area lies between the Kianna and Colette deposits where both significant unconformity and basement mineralization have been encountered in successive drill holes, suggesting a high potential to define a fourth deposit with further drilling.

The Shea Creek project has excellent potential for further expansions of current resources. These expansions will come from new discoveries within the trend, much like Kianna and the evolving 58B area were discovered, and also from further expansion of the three known deposits, all of which are open in most directions. An \$8.0-million 2010 annual exploration



budget was approved for Shea Creek, of which UEX is responsible for its 49-per-cent share of approximately \$3.9-million.

About the Shea Creek deposits

The Kianna, Anne and Colette deposits within Shea Creek are distributed along a strike length of over three kilometres of the north-northwest-trending Saskatoon Lake graphitic conductor. The Saskatoon Lake conductor is coincident with a southwest-dipping, reverse fault that displaces the flat-lying unconformity with the overlying Athabasca group sandstone by several tens of metres. Depth to unconformity typically ranges from 700 to 740 metres. As a result of the sandstone thickness, drilling is normally completed by drilling a master pilot drill hole from which several wedge holes are drilled to enable close-spaced drilling.

Known deposits and mineralized areas along the Saskatoon Lake conductor at Shea Creek occur often in areas where east-northeast-trending discordant faults offset the north-northwest-trending conductive graphitic unit. Three styles and settings of mineralization are present, all of which form components of the current resource estimate:

- Perched, sandstone-hosted mineralization is found in discrete zones tens of metres above the unconformity;
- Unconformity-type mineralization is found in close proximity to the unconformity;
- Basement-hosted mineralization is found in zones up to 200 metres below the unconformity.

Although each style of mineralization is comparable with individual uranium deposits in the Athabasca basin, the common vertical stacking of these three styles is unique to the deposits at Shea Creek. The resources reported here include components of all three of these mineralization styles. Mineralization is mineralogically simple comprising dominantly pitchblende as the primary host to uranium, typical of other significant deposits in the Athabasca basin, and lacking significant quantities of deleterious elements such as As, Ni and Co found in some uranium deposits. Some portions of the Shea Creek deposits contain significant gold grades, which were not assessed in this current resource, but will be further investigated.