

# Athabasca Basin EXPLORATION UPDATE

September.1.2010

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Uranium  
Group Inc.

	July 31, 2010	August 30, 2010	Change
Ux Consulting's <b>Spot Price</b>	US\$46.00/lb U <sub>3</sub> O <sub>8</sub>	US\$45.00/lb U <sub>3</sub> O <sub>8</sub>	<b>US \$1.00</b>
Ux Consulting's <b>Term Price</b>	US\$60.00/lb U <sub>3</sub> O <sub>8</sub>	US\$60.00/lb U <sub>3</sub> O <sub>8</sub>	<b>no change</b>

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## Industry Commentary

*By Chris Frostad*

### **The Growing Nuclear Club**

As the world continues to evaluate alternatives to meet its growing power demands so grows the number of countries turning to nuclear power. The newest members: Jordan, Turkey, Vietnam and the United Kingdom.

Prompted by uranium discovered within its borders, Jordan has been negotiating with United States this year for backing to produce nuclear fuel for domestic use. Despite the fact that they really don't require US approval, they lost that argument last month when Washington told them that they would not agree to the domestic production of the fuel and would have to acquire nuclear fuel on the world market.

None the less, Jordan has recently signed agreements with Areva to find and extract Jordan's uranium, engaged South Korea to train Jordanians to operate nuclear facilities and is negotiating nuclear cooperation agreements with Japan, Romainia and the Czech Republic. At the end of July, South Korea won the contract to build Jordan's first nuclear research reactor - a deal also being financed, to a large degree, by South Korea.

Meanwhile, South Korea has also been busy in Turkey where they are attempting to win a plant order from Istanbul estimated to be worth \$10 billion. In anticipation of the deal, the countries have been negotiating a new nuclear cooperation agreement - an agreement that has stumbled over the past few months. Early last month, however, both South Korea and Turkey announced their confidence that an agreement would be in place very shortly.

Early this summer, Vietnam announced a master plan for the introduction of nuclear energy into the country. Some 14 nuclear power reactors are to be completed in eight locations in five central provinces by 2030. Vietnam has now signed bilateral nuclear cooperation agreements with Russia, China, France, India, South Korea and Argentina and last week initiated similar discussion with the United States.

Finally, with a looming target to meet its carbon-reduction targets, Britain's Energy Secretary, Chris Huhne reiterated last week that its first nuclear power station will open in 2018. The announcement was prompted by concerns over planning delays.

### **A Busy Summer for China**

Early in June at the International Atomic Energy Agency (IAEA) Board meeting in Copenhagen, Chen Qiufa, chairman of the China Atomic Energy Authority once again reminded the nuclear community of China's promise to reduce carbon emissions and stressed the immense priority that his country has placed on developing the peaceful use of nuclear energy within its boundaries and abroad. This statement appears to have been the kick off to a summer of nuclear related transactions for China.

In mid June China's CGNPC announced the signing of a natural uranium trade contract with Uzbekistan-based Navoi Mining and Metallurgy Combine allowing China to deepen cooperation with Uzbekistan on uranium resource development and uranium trade. Uzbekistan is the world's 7th largest producer of uranium and delivered 934 tons of uranium to China during the first four months of this year.

On June 24th China's CNNC announced a deal with Canada's Cameco to purchase 23 million pounds of uranium concentrate through to 2020. This represented Cameco's first long-term uranium supply agreement with a major Chinese nuclear utility.



In mid-July CNNC formalized their interest in assisting to build Argentina's fourth nuclear power plant, estimated to cost more than \$3 billion to build. Argentina re-launched its nuclear-power program in 2006 as their energy woes began to worsen. Shortages of natural gas used to fuel their conventional plants started appearing in 2004, while the national power grid began running short on generation capacity in late 2006.

On August 5, Paladin Energy Ltd. announced the signing of a memorandum of understanding with China's CGNPC as a precursor to a long term uranium supply deal between the companies. Although this milestone took about a year and a half of discussion, it is hoped that Paladin may begin supplying uranium within the next one to two years.

Finally, on August 9, the East China Exploration and Development Bureau acquired control of Australia's Northern Uranium.

The pace of nuclear based deals out of China appears to be picking up and is a positive backdrop to a 15% increase in uranium prices over these summer months.

### **The Hold up in India**

Over the last 2 years construction has commenced around the world on 23 new nuclear reactors and nearly 200 more have been ordered. Not small numbers considering there are still only 440 currently operating in total. If you believe that these numbers are primarily driven by China and India, you'd be half right.

Yes; 12 of the 23 reactors being built are in China and newly planned reactors in that country have risen from 100 to 153. India, however, has yet to create a serious impact on the nuclear pipeline with no new construction and planned reactor numbers rising from 19 to only 60 over the last two years. This may all have changed this week with the passage of India's new nuclear liability bill; a bill, which is crucial for monetization of India's civil nuclear deals with the US and other countries.

The controversial law establishes a compensation system for nuclear accidents and sought to place the burden of damages solely on the nuclear plant operators and limiting the liability held by the suppliers of equipment. This lack of protection for suppliers has prevented the US and others from moving ahead on new facilities in India. Prior to the bill only 18 facilities in the world were not covered by liability laws - the 18 in India and two in Pakistan. Final adjustments to the bill included tripling the compensation cap in the event of nuclear accident from approximately US\$100 million to US\$322 million.

Fueling local opposition to the liability bill was this summer's 25<sup>th</sup> anniversary of the Union Carbide pesticide plant disaster in Bhopal where thousands were killed. Further fanning the flames of opposition was the 25 years it took to convict those responsible.

Despite India's new law, Russia formally stated last week that it would not accept any liability for the supply of equipment and other materials to help India build its nuclear power plants, either in the present or future. This may, in fact, move more of the coming business to the US, South Korea, France, Canada and even Japan (pending ongoing negotiations with that country).

As if to punctuate the need for more electricity generation in a nation where power outages are a daily event, the lights went out in the Parliament building just as the bill was brought to a vote.

**CanAlaska Uranium Ltd. (CVV-TSXV): Reports Drill Results from Collins Bay Extension Project -**

On August 20, CanAlaska released an update on its exploration activities at the Collins Bay extension project, with assay results from Fife Island, where drilling in April, 2010, established multiple uranium-bearing zones, and the commencement of seismic profiling of the Blue Island diatreme target. The Collins Bay extension project was optioned from Bayswater Uranium in 2009. It is situated 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 Corp. and its predecessors.

Uranium mineralization in drill core from hole CBX002 measured 4.7 metres assaying 0.043 per cent U(3)O(8), where stringer zones of uranium mineralization were identified within a northwest-trending fault splay on the Vic zone at Fife Island. This is in the same area where drilling in 1981 intercepted four metres of 0.152 per cent U(3)O(8) (in DDH MWL-D-8). In the table there are both assay and radiometric probe results from April's drilling. Drill holes CBX001 to CBX005 are from the Fife Island target, and the CBX006C assay is from one of the deeper fault zones on the Blue Island diatreme target. The first drill hole in April, 2010, was southwest of Blue Island on the western of two circular geophysical anomalies. Drill hole CBX006 showed strong evidence of an extensive disruptive geological event associated with the circular features, with brecciation continuing to the end of the drill hole. The probe results are from zones where there was limited, or no recovery of core.

ASSAYS

Hole No.	From	To	Width	U3O8%
CBX001	82.30	82.80	0.50	0.013
CBX001	94.10	94.60	0.50	0.012
CBX001	113.10	113.60	0.50	0.017
CBX001	113.85	114.35	0.50	0.020
CBX002	116.50	117.00	0.50	0.079
CBX002	117.00	118.20	1.20	0.007
CBX002	118.20	118.60	0.40	0.223
CBX002	118.60	119.60	1.00	0.001
CBX002	119.60	120.70	1.10	0.005
CBX002	120.70	121.20	0.50	0.114
included in CBX002	116.50	121.20	4.70	0.043
CBX003	129.45	129.85	0.40	0.017
CBX004	114.80	115.40	0.60	0.055
CBX006C	292.35	292.95	0.60	0.014

RADIOMETRIC

Hole No.	From	To	Width	eU3O8%
CBX001	90.35	90.50	0.15	0.02
CBX001	98.10	98.35	0.25	0.01
CBX001	109.60	110.40	0.80	0.02
CBX002	114.30	114.50	0.20	0.04
CBX002	115.45	115.95	0.50	0.08

CBX002	117.25	117.65	0.40	0.29
CBX002	119.55	120.45	0.90	0.06
CBX002	122.25	122.95	0.70	0.03
CBX002	114.25	123.05	8.80	0.03
CBX003	67.85	68.05	0.20	0.02
CBX003	69.65	70.50	0.85	0.01
CBX003	71.85	72.55	0.70	0.01
CBX003	113.70	114.50	0.80	0.04
CBX003	128.40	128.70	0.30	0.02
CBX006C	161.00	161.70	0.70	0.02
CBX006C	238.70	238.85	0.15	0.02

The company is currently carrying out seismic survey profiling of the lake and basement terrain across the Blue Island target. This profiling will be used to identify major structures within the diatreme in preparation for winter 2011 drilling. Preliminary results indicate that modelling will be able to provide significant detail on the target.

President Peter Dasler commented: "The Blue Island target is a large new feature in this area of the Athabasca basin, and we are pleasantly surprised by the amount of breccia intersected in the drill hole. Other areas of the Athabasca basin have circular structures associated with brecciation, alteration and uranium mineralization. This is a discrete target, and it is very encouraging that the first drill hole has given us evidence of uranium mineralization associated with the breccias."

**Denison Mines Corp. (DML-TSX): Wheeler River Summer Drill Program Completed; Confirms Continuity of Phoenix Trend - Wheeler River Summer Program Continues to Expand Phoenix Deposits** - On August 4, Denison provided results from a further 14 holes of its summer drill program on its Wheeler River property in Saskatchewan. High-grade mineralization at zone A has been extended 25 metres to the northeast by WR-334, which returned 10.7 per cent eU3O8 over 2.7 metres. The strike length of zone B has also been extended a further 50 metres to the northeast by hole WR-333, which returned 20.7 per cent eU3O8 over 2.2 metres. Both of these zones continue to remain open along strike. The remainder of the summer program will concentrate on zones A and B to continue to extend the strike length and support the forthcoming resource study to be completed this year.

The results from this portion of the summer program are shown in the table.

Hole ID	From (m)	To (m)	Interval (m)	Grade (% eU3O8)	GT grade x thickness
WR-329	397.05	400.25	3.2	0.23	0.7
and	409.35	412.05	2.7	0.22	0.6
WR-330	403.45	404.45	1.0	1.4	1.4
WR-331	No significant results				
WR-332	No significant results				
WR-333	397.55	399.75	2.2	20.7	45.5
WR-334	407.75	410.45	2.7	10.7	28.9



WR-335	402.45	403.75	1.3	3.6	4.7
WR-336		No significant results			
WR-337	411.65	413.85	2.2	0.13	0.3
WR-338		No significant results			
WR-339		No significant results			
WR-340		No significant results			
WR-341A	400.30	401.10	0.8	0.27	0.2
WR-342	407.50	411.80	4.3	28.3	121.7

### Zone A

An additional nine holes totalling approximately 4,111 metres continued to define zone A. On the northeastern boundary, drill hole WR-334 returned 10.7 per cent eU3O8 over 2.7 metres and extended this boundary at least 25 metres. Two holes (WR-335 and 338) tested the current southerly boundary of zone A. Drill hole WR-335 returned 3.62 per cent eU3O8 over 1.3 metres from 402.45 metres. With this intersection, zone A is continuously mineralized over a width of 45.0 metres in this area and remains open. Drill hole WR-338, however, did not return any significant results. Hole WR-342 was drilled on section 12.5 metres northwest of hole WR-311, which previously reported 6.66 per cent U over 6.5 metres, and returned 28.28 per cent over 4.3 metres from 407.5 metres. This hole tested a relatively undrilled part of zone A, where the section spacing was 70 metres, again demonstrating the presence of a high-grade core of mineralization. The remaining five holes tested the extreme northeast and northwest boundaries.

Holes WR-332 and 340 did not return any significant results. WR-340 attempted to test the extent of zone A a further 25 metres to the northeast, and while intense alteration of the type usually associated with mineralization was intersected in the sandstone, no graphitic pelite was noted in the basement.

### Zone B

Three holes totalling 1,404 metres tested zone B. Drill hole WR-333 reported 20.7 per cent eU3O8 over 2.2 metres from 397.55 metres. This hole was located 50 metres to the northeast of the discovery hole WR-258, which returned 11.82 per cent U3O8 over 5.5 metres from 397.0 metres. This result has extended the strike of this important mineralized zone a further 50 metres. Two holes, WR-331 and WR-336, tested on section at 10-metre step outs to both the northwest and southeast of discovery hole WR-258, did not intersect any significant mineralization, indicating a narrowing of the mineralization in this area.

### Gap area

The area between zone A and zone B, which was approximately 200 metres in length, had very few drill holes to test the potential for zones A and B converging. WR-341A tested the midpoint of the gap between zones A and B and returned 0.27 per cent eU3O8 over 0.8 metre from 400.3 metres. The mineralization, sandstone structures and observed alteration in this hole indicate that this area is probably continuously mineralized but may be narrower at this location and the optimum zone is proving difficult to target from surface. WR-339 was located 50 metres to the southwest of the last mineralized hole on zone B, WR-266 at 3.78 per cent U3O8 over one metre, and returned no significant mineralization.

### Summer 2010 overview

A total of 31 holes have now been drilled for 14,813 metres. The average depth to the unconformity for the summer program is 396 metres. Five holes have been drilled on geophysical targets and 13, three, two, and four holes have been drilled on zones A, B, C and D, respectively. A further four holes tested the



gaps between the mineralized zones. The planned 45-hole, 20,000-metre drill program will likely end in late August.

The Phoenix deposits are 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 Co. Ltd. holds the remaining 10-per-cent interest.

**Denison Mines Corp. (DML-TSX): Wheeler River Summer Drill Program Completed; Confirms Continuity of Phoenix Trend** - On August 30, Denison released results from the final 13 holes of the summer drill program on its Wheeler River property in Saskatchewan. Significant results included WR-343, which returned 16.20-per-cent equivalent triuranium octoxide over 1.7 metres, and WR-345, which intersected 2.7 metres grading 17.59 per cent eU3O8, both of which were in zone A of the Phoenix trend. In zone B, WR-347 returned 9.88 per cent eU3O8 over 2.0 metres, and WR-348 intersected 6.28 per cent eU3O8 over 2.8 metres.

Ron Hochstein, president and chief executive officer of Denison, commented, "We are very happy with the results of the summer drill program as it has extended the overall strike length of both zones A and B by approximately 55 and 110 metres, respectively, confirmed the continuity of the high-grade mineralization over the entire strike length and identified two new mineralized zones along the highly prospective Phoenix trend on the Wheeler River property."

#### Final summer drill program results

The summer drill program extended the strike length of the high-grade mineralization of zone A to 306 metres and in zone B to strike length of 261 metres. The drilling at the end of the program focused on the gap area between zones A and B. This drilling confirmed that the area between the two zones is continuously mineralized but at a lower grade. The drilling on the gap area was on 50-metre sections and still has the potential to add higher-grade mineralization with additional drilling.

The results from the final 13 holes of the summer program, not previously reported, are shown in the attached summer drill probe results table.

#### SUMMER DRILL PROBE RESULTS

Hole No.	From (m)	To (m)	Interval (m)	Probe grade (% eU3O8)	GT grade x thickness	Cut-off grade (% eU3O8)
WR-343	409.6	411.3	1.7	16.20	27.5	1.00
WR-344	396.7	401.6	4.9	0.66	3.2	0.05
WR-345	402.1	404.8	2.7	17.59	47.5	1.00
WR-346	402.5	404.9	2.4	0.35	0.8	0.05
WR-347	398.8	400.8	2.0	9.88	19.8	1.00
WR-348	387.8	390.6	2.8	6.20	17.4	1.00
WR-349	409.9	410.9	1.0	0.24	0.2	0.05
WR-350			No significant results			
WR-351	387.9	388.7	0.8	10.64	8.5	1.00
WR-352			No significant results			
WR-353	384.1	385.6	1.5	0.41	0.6	0.05
WR-354	410.1	410.5	0.4	0.13	0.05	0.05



The foregoing drill results are measured using downhole geophysical probes, which measure natural gamma radiation, from which an indirect estimate of uranium content can be made. The result is referred to as eU3O8 for equivalent U3O8.

Assay results (see the attached summer drill assay results table) received for the holes drilled earlier this summer, confirmed the grade previously reported as initial probe results (July 15 and Aug. 4, 2010).

#### SUMMER DRILL ASSAY RESULTS

Hole No.	From (m)	To (m)	Interval (m)	Chemical grade (% U3O8)	GT grade x thickness
WR-318	400.4	410.9	10.5	7.70	80.9
WR-327	401.5	409.0	7.5	1.96	14.7
WR-330	402.5	406.5	4.0	1.09	4.4
WR-333	397.4	399.0	2.5	34.8	87.0
WR-334	406.5	411.0	4.5	7.96	35.8
WR-335	402.0	404.5	2.5	4.91	12.3

Chemical analyses were completed by SRC Geoanalytical Laboratories of Saskatoon, Sask., and were a combination of geochemical and assay methods. The assay grades are reported at a 0.05-per-cent-equivalent-triuranium-octoxide cut-off.

Summer 2010

#### Overview

The summer drill program totalled 43 holes for 20,320 metres drilled in the locations detailed in the attached table of drill locations.

#### DRILL LOCATIONS

Area	Metres	No. of holes
Zone A	8,148	18
Zone B	3,265	7
Zone C	858	2
Zone D	2,269	4
Gap	3,332	7 (includes one restart)
Geophysical	2,448	5
Total	20,320	43

#### Other Wheeler activities

Denison is currently preparing a technical report in accordance with National Instrument 43-101, which will estimate the mineral resources at the Phoenix zone A and B deposits. Estimates will be prepared by Denison and audited by SRK Consulting (Canada) Inc. The technical report is anticipated to be released in the fourth quarter of 2010.

The joint venture is scheduled to meet in November to plan and approve the 2011 exploration and development program.





The Phoenix deposits are 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 Co. Ltd. holds the remaining 10-per-cent interest.

**Fission Energy Corp. (FIS-TSXV): Waterbury Lake Project Update** - On August 17, Fission and its joint venture partner, the KEPCO Consortium's hole WAT10-103, a vertical step-out drill hole at its Waterbury lake project in the Athabasca basin, has expanded and widened the J-zone uranium discovery at its western margin. Hole WAT10-103 was collared 10 metres south of hole WAT 10-093 and more importantly, intersected a much wider 17 metres (191 metres to 208 metres) of variable radioactive mineralization at the unconformity, including 2.24 metres (193.26 metres to 195.5 metres) of off-scale (counts per second greater than 9,999) radioactivity. To date, two vertical step-out holes targeting the J-zone, WAT10-098A and WAT10-099 have extended the mineralized boundary to the north of the previously known mineralization delineated during the winter 2010 drilling program, while hole WAT10-103 has now further extended mineralization on trend to the west. Drilling is continuing.

#### J-east zone

The J-east zone, located east of the main J-zone discovery, near Fission's property boundary, continues to develop as a new area of interest. Two drill holes, WAT10-100 and WAT10-102, were recently completed. Hole WAT10-102, drilled 90 m to the east of the J-zone, identified a 17-metre wide intersection of moderately to locally strong radioactivity in strongly hematite/limonite altered pelitic basement rocks (220.0 metres to 237.0 metres). Hole WAT10-100 intersected a 10.5-metre zone of weak anomalous radioactivity in the basement rocks (292.5 metres to 303 metres) within weak graphitic and moderately altered pelite. The mineralization found in the basement rocks at J-east zone correlates with known mineralization found beyond Fission's property boundary. This finding suggests further potential for basement type mineralization at the J-zone east, in contrast to the main J-zone discovery, which continues to demonstrate mineralization focused at the unconformity.

#### Structural and geologic drilling

Finally, hole WAT10-101B, a follow-up angled hole to WAT10-097, was drilled for structural and geologic information purposes. Its primary purpose is to help define the geology and fault structures, to the north of the J-zone and at the western extent of known mineralization within the prospective three-kilometre long east-west corridor.

Given that the mineralization at the J-zone encountered appears to be almost flat-lying, drill intercepts from the vertically collared drill hole WAT10-103 reported herein are approximately true thickness. The geometry of the mineralization at J-east is not yet established and thus true thickness may differ from downhole thickness.

#### Hole WAT10-103 (J-zone)

WAT10-103 encountered moderate to very strong clay alteration from 175 metres to 222 metres, with the most intense alteration associated with mineralization at and near the unconformity (197.0 metres). A broad interval of continuously anomalous and variable radioactivity was intersected from 191.0 metres to 208.0 metres, including a 2.24-metre-wide interval (193.26 metres to 195.5 metres) of greater than 9,999 cps off-scale radioactivity. A lower zone of anomalous radioactivity was intersected from 228 to 229.5 metres with radioactivity up to 4,200 cps.



The sandstone has variable pervasive and fracture controlled limonitic alteration throughout and strong hematite and chlorite clay alteration is prevalent from 175.0 metres to the unconformity. Strong hematite clay alteration continued in the basement to 207.7 metres, transitional to chloritic clay from 207.7 metres to 222 metres. Less intense chloritic alteration persists to 262.4 metres. The basement rocks consist of pelitic rocks throughout.

WAT10-103 was drilled from a barge set-up collared 10 metres south of hole WAT10-093 and completed to a depth of 275 metres.

Hole WAT10-102 (J-east zone)

WAT10-102 encountered a broad interval of continuously anomalous and variable radioactivity and mineralization in pelitic basement rocks below the unconformity (198.7 m) from 220.0 m to 237.0 m, with readings up to 6,700 cps. This 17-metre-wide interval is characterized by very strong hematite alteration from 220 to 224.5 m, abruptly changing to strong chloritic alteration from 224.5-237.0m.

Moderate to locally strong limonite plus/minus hematite alteration is present in the sandstone from 168.8 - to the unconformity. A strong bleached zone is present from the unconformity to 211.7 m, grading to chloritic alteration which persists to 247 m. The basement rocks consist of pelitic rocks down to 287.8 m. From 287.8 m to EOH (323.0 m) the basement rocks consist of mixed pelitic and semipelitic gneiss, with minor amounts of quartz-feldspar gneiss.

WAT10-103 was drilled from a barge set-up collared 45 m northeast of hole WAT10-094A and completed to a depth of 323 m.

Hole WAT10-100 (J-east zone)

WAT10-100 encountered a broad zone of weakly anomalous radioactivity from 292.0 to 302.5 m within strongly chlorite clay altered and faulted graphitic pelitic basement rocks below the unconformity (200.0 m).

Moderate to locally strong limonite clay alteration is present in the sandstone from 195.4 m to the unconformity. Moderate to strong clay alteration persists in the basement to 232 m. A lower interval of moderate to locally strong chlorite alteration is present from 273.4 m to 327.5 m. The basement rocks consist of pelitic rocks from the unconformity to 350.0 m (EOH).

WAT10-100 was drilled from a barge set-up collared 30 m northeast of hole WAT10-094A and completed to a depth of 350 m.

Hole WAT10-101B (structural and geologic information) is an angle hole collared from shore and oriented to the southeast, primarily designed to intersect the northern hanging wall contact of the favourable pelitic basement lithology corridor and structures believed to be important controls of the J-zone mineralization near the known western extent of the J-zone. The unconformity was intersected approximately 50 m to the north of WAT10-093 at a depth of 238.62 m.

Moderate to very strong limonite plus/minus hematite clay alteration was encountered in the sandstone from 218.2 m to the unconformity. Moderate to strong clay alteration continued in the basement rocks below the unconformity to 242 m. Immediately below the unconformity, the basement rocks consisted of a quartz-feldspar granofel. The pelitic rock hanging wall contact was intersected at 260.56 m and this lithologic package continued to 349.1 m, below which a quartz-feldspar gneiss encountered to the end of hole (365.0 m). This places the hanging wall pelitic sequence farther to the north than expected resulting in a wider prospective lithologic corridor than previously modelled (similar to the results of hole WAT10-097 as highlighted in news release dated Aug. 9 in Stockwatch). No mineralization was encountered.



The hole was collared at an azimuth of 150 degrees and a dip of negative 57 degrees.

An updated drill hole map and a table summarizing drill core hand-held scintillometer readings can be found on the company's website.

All holes will be radiometrically surveyed with a Mount Sopris 2GHF triple gamma probe. The triple gamma probe uses both a Na-I scintillation crystal and a ZP1320 high flux Geiger-Mueller tube pair, which allows better resolution in strongly radiometric intervals.

Natural gamma radiation in drill core that is reported in this news release was measured in counts per second (cps) using a hand-held Exploranium GR-110G total count gamma-ray scintillometer. The reader is cautioned that 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 interval measurements and true thickness is yet to be determined.

### **Fission Energy Corp. (FIS-TSXV): Waterbury Expenditures Double to \$30 Million over Three Years**

- On August 24, Fission and the Korea Waterbury Uranium LP, announced that they had entered into a definitive limited partnership agreement to further the joint exploration and development of the Waterbury Lake property located in Saskatchewan's Athabasca basin.

#### Background

In January, 2008, Fission entered into an earn-in agreement with a group led by Korea Electric Power Corp. under the newly created Korea Waterbury Uranium, for the joint development of the Waterbury property. The consortium was granted the exclusive right to earn up to a 50-per-cent interest in the project by incurring \$14-million in exploration expenditures over a three-year period and by completing a private placement for one million common shares of Fission Energy at a price of \$1 per share. Fission retained a 2-per-cent NSR royalty in the project, in addition to a back-in provision allowing the company to reacquire a 10-per-cent interest for \$6-million.

#### Continuation at Waterbury Lake 2010 to 2012

With the completion of the Waterbury Lake winter 2010 exploration program, the Kepco consortium satisfied its earn-in requirements and the terms of the earn-in agreement required the parties to form a limited partnership to continue the exploration and development of the Waterbury property. The partnership will be formed and governed pursuant to the terms of the partnership agreement. The following summary highlights the key terms of the partnership agreement:

- The partnership will be formed with Fission and the Kepco consortium each holding a 50-per-cent interest in the partnership.
- Each party is responsible for expenditures in accordance with its interest in the partnership and any profits will be distributed to the parties on the same basis.
- The work plan and budget shall cover a term of three years and incur expenditures of \$10-million per year for a total of \$30-million. Each program shall be divided into a summer period (May 1 to Oct. 31) and winter period (Nov. 1 to April 30), with expenditures to be shared according to each party's ownership interest in the partnership.
- Fission shall continue as operator of the Waterbury Lake project pursuant to the terms of a separate operator services agreement and is entitled to an administrative fee in the amount equal



to 10 per cent of all expenditures incurred pursuant to approved exploration and development programs.

- Waterbury Lake Uranium Corp. has been incorporated to act as general partner of the partnership and manage the business and affairs of the partnership. Fission and Kepco consortium each hold 50 per cent of the shares of the general partner and have entered into a unanimous shareholder agreement to govern its operation.
- Fission has a back-in option to acquire a 10-per-cent interest in the partnership from the Kepco consortium for \$6-million at any time until the first anniversary of the expiry of the earn-in period.
- Fission retains a 2-per-cent NSR royalty in the Waterbury property.
- The partnership agreement contains other terms with respect to partnership meetings and governance, accounting procedures, dispute resolution, development decisions, transfer of a party's interests, and matters requiring extraordinary approval.

An approximate \$2.07-million budget and work plan for the summer 2010 exploration program has been approved, which includes a 4,000-metre drill program.

With the completion of the partnership agreement, Fission and the Kepco consortium look forward to building on the success achieved at Waterbury Lake in 2010 and beyond.

**Pitchstone Exploration Ltd. (PXP-TSXV): Confirms New Uranium Occurrence at Wolverine** - On August 18, Pitchstone released analytical results from drilling recently completed on the Wolverine property. The Wolverine property was optioned to Japan Oil, Gas and Metals National Corp. (JOGMEC) in 2009, and is located in Saskatchewan's prolific eastern Athabasca basin. All exploration on Wolverine is being financed by JOGMEC.

#### Wolverine analytical results

This first phase of drilling at Wolverine consisted of four holes that tested two target areas. The targets are characterized by DC-resistivity lows and magnetic lineaments that have been interpreted as possible fault structures. Anomalous radioactivity was observed in one hole (WL-01) associated with faulted hematite and chlorite-altered breccia in basement rocks 370 metres below surface and 70 metres below the Athabasca unconformity (see Stockwatch news dated July 14, 2010). Assay results confirm that the radioactivity is due to uranium. The highest uranium value is 0.25 per cent U<sub>3</sub>O<sub>8</sub> over a 10-centimetre interval within a two-metre interval that averages 0.05 per cent U<sub>3</sub>O<sub>8</sub>. Pitchstone is encouraged by this new uranium discovery, particularly due to its association with brecciated and altered basement. Further drilling will be required to follow up on the results.