

Athabasca Basin EXPLORATION UPDATE

November.1.2010

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Uranium
Group Inc.

	September 30, 2010	October 31, 2010	Change
Ux Consulting's Spot Price	US\$46.50/lb U ₃ O ₈	US\$52.00/lb U ₃ O ₈	US \$5.50
Ux Consulting's Term Price	US\$60.00/lb U ₃ O ₈	US\$62.00/lb U ₃ O ₈	US \$2.00

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Industry Commentary

By Chris Frostad

South Korea Moving Quickly

Last month I mentioned that the Japan Bank for International Cooperation announced it may lend as much as \$4 billion for a nuclear plant project in Texas. Not to be outdone, a South Korean government entity recently announced that it would provide US \$10 billion in loans for Abu Dhabi's nuclear project.

Korea has been courting Abu Dhabi for some time now and comes on the heels of last year's winning bid to build four new nuclear power plants in the United Arab Emirates. Just this past summer South Korea initiated an exchange program to help train UAE nationals for careers in the nuclear industry.

On a similar theme, South Africa announced on October 1 that as much as 50% of that country's new electrical production could be comprised of nuclear energy and that it expected six new nuclear plants to be constructed over the next 20 years.

One week later, South Korea signed an MOU with South Africa for the peaceful use of and joint cooperation in nuclear power technology marking South Korea's 24th nuclear cooperation agreement to date.

One of South Africa's concerns surrounds that country's ability to maintain a supply of enriched uranium with China consuming more and more of Africa's exports of the material. South Korea may be able to lock up this relationship by providing South Africa with a reliable alternate fuel supply.

South Korea's aggressive pace to be a top provider of nuclear goods and services seems to be accelerating. I suspect we will see them becoming an even more important participant in acquiring uranium resources and driving investment in uranium exploration than China or Russia.

International Nuclear Energy Development of Japan

Above we spoke about South Korea's rapid moves to establish international nuclear contracts. Now Japan is back in the spot light. On October 22nd, a consortium of thirteen Japanese companies comprising, Hokkaido Electric Power Co., Inc., Tohoku Electric Power Co., Inc., The Tokyo Electric Power Co., Inc., Chubu Electric Power Co., Inc., Hokuriku Electric Power Company, The Kansai Electric Power Co., Inc., The Chugoku Electric Power Co., Inc., Shikoku Electric Power Co., Inc., Kyushu Electric Power Co., Inc., Toshiba Corporation, Hitachi, Ltd., Mitsubishi Heavy Industries, Ltd. and Innovation Network Corporation of Japan will join hands to establish "International Nuclear Energy Development of Japan Co., Ltd. (JINED)".

JINED will be engaged in activities leading to the creation of proposals to support nuclear power plant projects in the emerging countries. Under legislative and financing support from the Japanese Government, JINED intends to submit these public-private proposals as a comprehensive package that will contribute to the introduction of safe and reliable nuclear power plants for the countries and allow the dissemination of Japanese technologies and know-how, such seasoned experience includes actual power plant construction, O&M and human resources development.

Currently, JINED in collaboration with the Ministry of Economy, Trade and Industry of Japan (METI) and other entities is aiming to win nuclear power plant project orders in Ninh Thuan province, Vietnam. In order to fulfill Vietnam's own needs and requests, JINED is creating concrete plans for power plant construction and human resources development.



Uranium’s Return?

It is certainly no surprise that the stock prices of the major uranium producers would be moving in close lock-step with the price of uranium. As the spot price of uranium steadily ticks upward (20% since the beginning of July) so does the stock price of Cameco Corp (up 18% since the beginning of July). What’s more, the markets seem to be embracing a real and sustainable increase in the commodity as over the same four month period they have also rewarded Denison Mines Corp. with an increase of nearly 60%.

Last month, however, the markets showed a real leap of faith when we started to see junior uranium companies rallying in a manner not seen in years. For example, here is a selection of juniors operating in Canada’s Athabasca Basin showing the share price increase over the week of October 25 as well as their average daily volume compared to the average for the three prior months:

Forum Uranium Corp	s/p up 35%	800,000 up from 266,000 shares per day
Fission Energy Corp.	s/p up 16%	620,000 up from 152,000 shares per day
Hathor Exploration Ltd.	s/p up 21%	1,550,000 up from 273,000 shares per day
JNR Resources Inc.	s/p up 35%	702,000 up from 131,000 shares per day
Purepoint Uranium Group Inc.	s/p up 29%	275,000 up from 51,000 shares per day
Titan Uranium Inc.	s/p up 21%	640,000 up from 185,000 shares per day
UEX Corp.	s/p up 5%	1,568,000 up from 317,000 shares per day

Although UEX’s share price appears to be the least affected of the bunch, the fact is, it rose over 20% the week before.

The rally could well have been ignited by a new report released mid October by Morgan Stanley forecasting that uranium prices will average US\$52.25/lb next year, representing an advance of 19% compared with 2010 with mid- to longer-term price rises attributable to an increasingly tightening demand-supply balance. It is hard to deny that there is a buzz in the air that could be heralding a reprise of long languishing commodity.

Eyes on Namibia

Earlier this Fall India’s largest state-owned company, the National Aluminum Company announced its intention to avail itself of the country’s recent nuclear trade agreement with Namibia and look for uranium assets to acquire there. The uranium is required to fuel India’s first proposed new nuclear power plant since the signing of the Indo-US nuclear deal 2 years ago.

Namibia, the world’s fourth largest producer of uranium, may be a very good place to start. The country currently produces approximately 10% of the world’s uranium and has stated in recent weeks that it hopes to quadruple production by 2015. As a matter of fact, for the quarter ended June 30, 2010 Namibia’s production levels had increased 18% over a year earlier.

The country’s largest mine (accounting for 75% of the production) is the Rossing mine owned 68% by Rio Tinto. Rio Tinto is the world’s third largest producer of uranium and Namibia is certainly helping the company keep its balance. A few weeks ago Rio (through its majority ownership of Energy Resources) announced a continuing downgrading of production as a result of disappointing ore grades from the Ranger mine in northern Australia.

Namibia’s second largest mine is the Langer Heinrich owned by Paladin Energy and it produces, for the most part, the remaining 25% of the country’s uranium. Last month Paladin upgraded their ore reserve by more than double.



Other developing assets in the area include Extract Resources Ltd's Husab/Rossing South resource, Areva's Trekkapje deposit, Forsys Metals' Valencia project, Bannerman Resources Etango deposit, West Australia Metals' Marenica project and Deep Yellow's (through its subsidiary Reptile Uranium Namibia) Omahola project. All have the potential of moving to production in the very near future.

In the exploration space, Vancouver's Pitchstone Exploration has recently released promising drill samples from its early stage Dome property.

There is currently very strong support from the Namibian government behind the expansion of uranium mining and mining companies operating there should benefit greatly from that momentum.

CanAlaska Uranium Ltd. (CVV-TSXV): Files NI 43-101 Report for Fond Du Lac Project - On October 29, CanAlaska filed its recently commissioned NI 43-101 technical summary report for the Fond Du Lac uranium project in the Athabasca basin, Canada. This report is now available on SEDAR and EDGAR databases for public viewing.

The Fond Du Lac NI 43-101 report was prepared by Ron Parent, PGeo, principal geologist with AMEC Americas Ltd., Vancouver. In the report, Mr. Parent describes the historical sandstone-hosted uranium deposit and CanAlaska's recent discovery of shallow basement-hosted uranium mineralization adjacent to this known mineralization. Additional areas on the property display potential for hosting basement and sandstone-hosted uranium mineralization. Mr. Parent's review recommends a two-stage program of exploration, consisting of drilling and investigation, at an estimated budget of \$2.87-million.

President Peter Dasler states: "The Fond Du Lac project hosts a number of areas with potential for uranium mineralization. The historical sandstone-hosted deposit is located within 40 metres (130 feet) of surface and the recently discovered basement-hosted mineralization occupies a brecciated feeder-type system, which is expected to extend to depth and along strike. The basement mineralization is also very near surface, and able to be tested systematically with short drill holes during the coming 2011 winter season and continuing into the summer."

Denison Mines Corp (DML-TSX): Releases Final Assay Results from Wheeler River Summer Drill Program - On October 18, Denison Mines released assay results from the remaining holes of the summer drill program on the Wheeler River property in Saskatchewan. Significant results included WR-342, which returned 12.41 per cent U3O8 over 10.0 metres, and WR-345, which intersected five metres grading 16.21 per cent U3O8, both of which were in zone A of the Phoenix trend. In zone B, WR-347 returned 5.44 per cent U3O8 over 6.5 metres and WR-348 intersected 4.87 per cent U3O8 over seven metres.

FINAL SUMMER DRILL PROGRAM RESULTS

Hole ID	From (m)	To (m)	Chemical Interval (m)	GT grade (% U3O8)	x thickness
WR-341A	401.0	402.0	1.0	0.35	0.4
WR-342	406.0	416.0	10.0	12.41	124.1
WR-343	409.5	415.5	6.0	7.45	44.7
WR-344	400.0	404.5	4.5	1.36	6.1
WR-345	402.0	407.0	5.0	16.21	81.1
WR-346	403.8	405.8	2.0	0.38	0.8
WR-347	398.6	405.1	6.5	5.44	35.4
WR-348	389.0	396.0	7.0	4.87	34.1
WR-349	402.3	403.3	1.0	0.38	0.4
WR-351	387.0	389.5	2.5	6.09	15.2
WR-353	385.0	386.5	1.5	1.10	1.7
WR-354	410.0	410.5	0.5	0.30	0.2



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 U₃O₈ cut-off. No significant results were returned from holes WR-336, WR-338, WR-339, WR-340, WR-350 and WR-352. WR-337 will continue to be reported as equivalent grade due to poor core recovery.

NI 43-101 update

Denison is also pleased to report that work on a technical report, which is being prepared in accordance with National Instrument 43-101 (NI 43-101), of estimates of the mineral resources at the Phoenix zone A and B deposits, is progressing well. It is expected that these estimates will be announced in the fourth quarter of 2010.

A block model has been constructed, and now that final assays have been received, estimates of mineral resources are being completed using both ID squared and kriging routines. Composited assays will be used for all intersections unless core recovery was poor; in that event, probe grades will be used.

The Wheeler River 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. All previous and current drill results from Phoenix have been tabulated and are presented on the company's website.

Fission Energy Corp. (FIS-TSXV): Continued Confirmation at J-Zone - On October 13, Fission and its joint venture partner, the Kepco consortium, released J-Zone assay results for four previously completed vertical step-out drill holes: WAT10-099, 103-105, in addition to two vertical step-outs at the J-East zone: WAT10-100 and 102. The Waterbury Lake summer drill program has successfully expanded the J-Zone uranium discovery to approximately 120 metres by 50 m. Results obtained at J-East warrant further evaluation and follow-up exploration now that mineralization has been traced over a 45-metre strike length in three holes (WAT10-094A, 100 and 102).

J-Zone

Hole WAT10-103, drilled on line 075W and collared 10 m to the south of WAT10-093A (two m grading 1.12 per cent U₃O₈; see news release in Stockwatch dated June 21, 2010), intersected 15.5 m of 5.55 per cent U₃O₈ (191.5 m to 207.0 m), including 2.5 m grading 32.39 per cent U₃O₈ (193.0 m to 195.5 m). With a GT (grade by thickness) value of 86.0, hole 103 ranks as the second strongest mineralized hole in the J-Zone to date, after hole WAT10-071, which is located in the southeast part of the J-Zone. Hole 103 intersected significantly higher grades over much wider widths at the unconformity than previous results on the western part of the J-Zone.

Hole WAT10-099, drilled on line 045W and collared 10 m north of WAT10-079 (7.5 m grading 1.89 per cent U₃O₈; see news release in Stockwatch dated May 27, 2010), intersected 5.0 m grading 2.90 per cent U₃O₈ (195.0 to 200.0), including 3.0 m grading 4.59 per cent U₃O₈ (196.5 m to 199.5 m).

Holes WAT10-104 and 105 are located on the J-Zone's western perimeter. Both holes encountered weak mineralization at the unconformity. Hole 104 was drilled on line 075W and collared 10 m south of hole 103. Hole 105 was drilled on line 090W, and extended mineralization 15 m to the west. Although this hole



was found to be only marginally mineralized, it is believed drilling may have missed the main mineralized target evidenced nearby at hole WAT10-103.

Over all, drilling has confirmed the continuity of high-grade uranium mineralization, while extending the mineralized boundary of the J-Zone to the west and north. The J-Zone is now defined by 27 closely spaced drill holes over an area of 120 m by 50 m, and remains open in all directions.

J-East

The J-East zone is located immediately east of the J-Zone, close to the property boundary. Holes WAT10-100 and 102 both intersected basement uranium mineralization at the J-East zone. The best results were found at Hole WAT10-102, which intersected 8.50 m grading 0.38 per cent U3O8 (220.00 m to 228.50 m) and 3.5 m of 0.67 per cent U3O8 (233.00 m to 236.50 m). Fission believes the J-East zone is an extension of the Roughrider uranium discovery adjacent to the company's property boundary. Results to date warrant follow-up drilling.

All drill intersections at the J-Zone 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.

Assays are pending on six remaining drill holes: two at the J-Zone: holes WAT10-109 and 111D; one at the J-East zone: hole WAT10-110; and three at Highland: holes WAT10-107-108 and WAT10-112. Results will be reported when available.

Continued drilling at the J-Zone, in addition to testing at the J-East and Highland zones, and other high priority targets is planned for a significantly larger exploration program in the forthcoming winter season. Further details will be provided once all data have been collected and analyzed.

Hathor Exploration Limited (HAT-TSXV): Roughrider East Delivers Best Hole to Date - On October 24, Hathor and Terra Ventures Inc. released assay results from drill hole MWNE-10-648, the first complete set of drill hole assays from the recently completed 2010 summer drill program at the company's Midwest Northeast project in the Athabasca basin, Saskatchewan. This drill hole enforces the resource potential for the Roughrider East deposit. Results include:

- The composite interval of 63.5 metres grades 7.75 per cent U3O8. The composite interval includes 42.0 metres of 11.06 per cent U3O8, which itself includes 17.5 metres of 24.28 per cent U3O8.
- The highest individual assay to date on the property, at 87.2 per cent U3O8.
- Mineralization is nearly continuous. For example, 57 of 72 samples are mineralized within the 42.0-metre composite interval.
- The 63.5-metre intersection is near to the true structural thickness of the mineral zone.
- Arsenic and selenium contents are low, similar to the Roughrider deposit itself.

The mineralization on line 20W at Roughrider East is robust. It extends from approximately 10 metres below the unconformity to 90 metres down into the basement rocks. It comprises two high-grade intervals of 42.0 metres at 11.06 per cent U3O8 and 18.5 metres of 1.48 per cent U3O8 respectively, separated by



a three-metre zone with an average of grade of less than 0.05 per cent U₃O₈ (below cut-off grade). Compositing of the two mineralized zones and the zone of internal dilution produces an average grade of 7.75 per cent U₃O₈ over 63.5 metres.

Alteration is pervasive throughout the composite interval, including hematite, illitic and chloritic clay assemblages. Desilicification occurs in sandstone above the unconformity, and breccia textures are common in the basement. Over all, there is no preferred host rock to mineralization and alteration; all basement rock types are affected, including Wollaston Group pelitic (plus or minus graphite) gneiss and overlying hangingwall microgranite and pegmatite.

Drill hole 648 provides infill data for the heart of the Roughrider East mineral system. For resource modelling, it will provide new data for high-grade mineralization previously separated by 40 metres between holes MWNE-10-613 and 610. Twenty metres down dip from hole 648, drill hole MWNE-10-610 intersected two distinct zones of mineralization, an upper zone of 61 metres of nearly continuous lower-grade mineralization (less than 1 per cent U₃O₈), including 12.0 metres at 22.51 per cent U₃O₈. Twenty metres up dip from hole 648, drill hole MWNE-10-613 intersected an upper zone of 39.0 metres of nearly continuous lower-grade mineralization (less than 1 per cent U₃O₈), including 4.5 metres at 1.17 per cent U₃O₈, and a lower zone of 16.0 metres at 1.24 per cent U₃O₈.

Upside

The overall exploration and resource potential for the Midwest Northeast property grows as Roughrider East is solidified. Resource models are currently being developed for the Roughrider uranium deposit, with results expected later this fall. A geologic model is also being developed in two dimensions for Roughrider East, on geologic cross-sections spaced 10 metres apart, congruous with the model for Roughrider. Resource models will be built in three dimensions for Roughrider East based on this work, once all geochemical data from the summer drill program are in hand. Drilling in the upcoming winter season will complete infill and extension work both in the eastern and western parts of the 220 metres of strike of Roughrider East, as it is currently identified. Further, drilling will test the footwall zone of the resistivity anomaly which extends for 700 metres to the southwest, along the Midwest uranium trend.

Red Rock Energy Inc. (RRK-TSXV): Announces Completion of Work Program and Approval of Assessment Work - On October 22, Red Rock announced that it has successfully completed a program of summer fieldwork on its Uranium City properties and has had assessment work documenting its 2008 and 2009 field exploration programs approved.

Building upon its thorough 2009 fieldwork program and the collection, integration and analysis of historical data, the 2010 program focused on selected targets that required further detailed geological mapping and examinations. This work took place in the vicinity of the former Eldorado Nuclear Limited Fay-Ace-Verna mines and in the Eagle and Lorado areas. Early results indicate that Red Rock has identified new drill targets that have the potential to add additional resources to its 1.34 million lbs of U₃O₈ of inferred resources that were discovered at the Fusion Zone and East Target. Additional information and the full technical reports for these discoveries are available on Red Rock Energy's web site on the Investors page under the link 'Technical Reports'.

In late September the Mines Branch of the Saskatchewan government approved assessment work for Red Rock's 2008 and 2009 programs ensuring that its core group of claims totaling 24,498 ha will be kept in good standing until 2020. This important step in the process illustrates Red Rock's commitment to ensuring that capital expenditures end up in final exploration, which generates the greatest potential to produce additional resources. Equally important is that this will allow Red Rock to continue the process of identifying, evaluating and analyzing new drill targets and selected areas that require further geological mapping and examinations.



Titan Uranium Inc. (TUE-TSXV): Reports on 2010 Geophysical Exploration Programs - On October 14, Titan released the results from the 2010 geophysical exploration surveys in the Athabasca basin on the company's 100-per-cent-owned Bishop II, Meanwell and R-Seven projects. Electromagnetic and resistivity surveys were completed with the objective of detecting conductors and hydrothermal alteration anomalies, respectively. These features are typically found associated with fault zones and unconformity-type uranium deposits in the Athabasca basin.

A number of conductors were located by max-min horizontal loop electromagnetic (HLEM) surveys on grid BII-2009-1 and grid M-2009-1 of the Bishop II/Meanwell projects. The conductors have been interpreted as steeply dipping conductive structures associated with conductive basement host rocks. Direct current (DC) resistivity surveys were able to image the conductivity structure of the earth below grid BII-2009-1 to a depth of approximately 165 metres, where a low resistivity chimney was detected coincident with convergent structural lineaments in N70E, near east-west and northwest-southeast orientations.

On the R-Seven project, moving loop array time domain electromagnetic (TDEM) surveys were successful in detecting multiple conductors in grid areas ML-1 and ML-2. As a follow-up to the high-priority conductive targets, DC resistivity surveys were performed over a portion of the ML-2 grid area where a prominent resistivity anomaly was also located in association with two of the conductors. It has been interpreted that the resistivity anomaly in the lower sandstone rocks may represent the effects of hydrothermal alteration processes often associated with fault zones and unconformity-type uranium deposits.

Follow-up drilling is recommended on the Bishop II, Meanwell and R-Seven projects to test the high-potential targets identified in the 2010 geophysical exploration programs.