

Athabasca Basin EXPLORATION UPDATE

February.1.2011

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Uranium
Group Inc.

	December 31, 2010	January 30, 2011	Change
Ux Consulting's Spot Price	US\$62.50/lb U ₃ O ₈	US\$73.00/lb U ₃ O ₈	US \$10.50
Ux Consulting's Term Price	US\$65.00/lb U ₃ O ₈	US\$73.00/lb U ₃ O ₈	US \$8.00

Industry Commentary:

1. Uranium Exploration takes a Major Step
2. Can New Chinese Technology Replace Uranium Fuel?
3. India Strengthens Its Global Position
4. Nuclear Sharing

Exploration News:

1. Denison Mines Corp. (DML-TSX): Plans Significant Winter Drilling Programs in the Athabasca Basin
2. Fission Energy Corp. (FIS-TSXV): Commences Three drill, \$7.9 Million Winter Exploration Program at Waterbury Lake
3. Forum Uranium Corp. (FDC-TSXV) and Hathor Exploration Ltd (HAT-TSXV): Drilling Commences on Henday Uranium Project
4. Hathor Exploration Ltd. (HAT-TSXV): Drilling Underway at Russell
5. Hathor Exploration Ltd.(HAT-TSXV): Three Rig Winter Drill Program Underway at Roughrider
6. Purepoint Uranium Group Inc. (PTU-TSXV): Signs Athabasca Basin Venture with Cameco
7. Purepoint Uranium Group Inc. (PTU-TSXV): Stakes Forsythe Lake Property in Athabasca Basin
8. Pitchstone Exploration Ltd. (PXP-TSXV): Begins Athabasca Uranium Programs
9. Red Rock Energy Inc. (RRK-TSXV): Finds Redox Uranium Zone in 2010 Work
10. Titan Uranium Inc. (TUE-TSXV): Provides Results of Summer Drilling at Border Block
11. UEX Corp. (UEX-TSX): Commences Winter Program at Hidden Bay

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Industry Commentary

By Chris Frostad

Uranium Exploration takes a Major Step

2010 closed our out on a few high notes at the end of December as Uranium One completed the sale of its controlling interest to ARMZ; Cameco produced its 400 millionth pound of uranium at its Saskatchewan based Key Lake facility and the spot price of uranium hit \$62.50 - a 40% increase over the 2009 close. More important to the exploration segment, however, last week also saw another major uranium producer taking visible steps in their hunt for new reserves.

On top of those exploration related transactions reported last month (Paladin's acquisition of Aurora Energy and Rio Tinto's option with Purepoint Uranium), year end saw Cameco bulk up their interests in the Thelon Basin. Through a swap of properties with Uravan Minerals Inc. Cameco acquired the remaining 49% of the Boomerang exploration property to give them full ownership of the project.

As the price of uranium continues to climb amid long term product shortages, analysts are predicting a surge of M&A activity in the current year. The long term supply gap is sending the major producers back into the field to find and control the next big deposits.

Can New Chinese Technology Replace Uranium Fuel?

No

Early last month Chinese state-owned TV announced CNNC's technological breakthrough in reprocessing spent nuclear fuel. Surprisingly, this advancement has since become significantly overblown.

Chinese media hailed the event as potentially solving the country's uranium supply problem while allowing for the re-use of existing depleted uranium resources for the next 3,000 years. North American blogs, message boards and follow up articles began humming about the negative impact on uranium prices and claims that the claims were false, and that the Chinese were paying dirty and attempting to pressure suppliers such as Areva.

It seems that the media or anyone else with an attentive audience is probably making far too much of this. Mixed Oxide (MOX) fuel has been in use since 1963 and currently provides 2% of the new nuclear fuel used today. Almost all of it is fabricated in France with some coming from Japan, Russia and the UK.

With the massive amount of resources China is currently placing behind its energy development efforts it is no surprise that they have been working on; and probably perfected the manufacturing of MOX fuel, a product created from plutonium recovered from used reactor fuel.

CNNC's accomplishments should be applauded but until such time as the economics of this fuel source improve it will not result in a silver bullet. A Harvard study in 2001 analyzing the option of reprocessing spent fuel in China demonstrated that MOX fuel was 3-4 times more expensive to fabricate than conventional new uranium fuel – a result confirmed in a recent German study. The Harvard study did go on, however, to show that by advancing their technologies and storing spent fuel now, the Chinese could create significant opportunities for themselves beyond 2020.



For now, the existence of MOX fuel as an alternative is well incorporated into analyst's pricing models. Until there is a significant change in the cost effectiveness of the technology we should not expect to see any impact reflected in the markets.

India Strengthens Its Global Position

India and Japan announced last month that they are close to finalizing a civil nuclear cooperation agreement, a key relationship in opening up India's huge nuclear import market. Despite the existence of similar agreements with other countries, the lack of a Japanese treaty has become a roadblock to moving product from countries such as the United States and France.

Many American companies keen to set up nuclear plants in India are, in fact, owned by Japanese companies and governed by Japanese laws. Now companies such as Mitsubishi, Hitachi and Toshiba can all look forward to selling their advanced technologies to India whose nuclear market is pegged at an estimated \$150 billion.

As a sign of preparation for this new customer, Tokyo announced in January that they will begin stockpiling enriched uranium for nuclear power generation purposes this year. The government's aim is to secure a stable supply of fuels to enhance its energy security and pitch the country's nuclear power generation technologies to emerging economies. The country plans to accumulate 120 tons through fiscal 2015.

Meanwhile, South Korea and India also announced in January that they are set to sign a nuclear power cooperation pact in the first half of this year, allowing Korean firms to also tap India's multi-billion dollar atomic power plant market.

Over the last couple of years, India has signed civil nuclear agreements with the U.S., France, Russia, Mongolia, Kazakhstan, Argentina and Namibia.

India now has 17 power-generating reactors and reportedly plans to build 50 more by 2030. There is little standing in the way the country's nuclear growth plans.

Nuclear Sharing

Late last month, China's CNNC announced a memorandum of understanding with US company Exelon Nuclear Partners making Exelon their preferred nuclear service provider. In particular, CNNC is interested in entering into information exchanges on business planning and performance management processes.

With 17 reactors at ten plants, Exelon is the largest operator of nuclear plants in the USA and is one of the world's best performing nuclear operators. The companies anticipate service support agreements to be signed by 30 June and potentially mark the beginning of long term cooperation between the two companies.

On the other side of the coin, officials at Westinghouse, a unit of Japan's Toshiba Corp, stated last week that foreign partnerships in China's rapidly growing energy sector could eventually help the United States replace its own aging power infrastructure with efficient low-carbon plants. Westinghouse is hopeful that its experience in China will provide the company with the know-how to construct a nuclear plant in the United States in four years or less, a major improvement for an industry that has been plagued by regulatory delays.



Things are not so smooth for Westinghouse in India, however, as Japan and India continue to lock horns over provisions for a proposed civil nuclear cooperation pact. Points of contention include a ban on the transfer of "sensitive technology" from Japan that could be used to develop nuclear weapons as well as disagreement over a provision that could enable India to reprocess spent nuclear fuel to extract plutonium from power plants built using Japanese technologies and equipment.

Over the past 3 years we have seen countless nuclear trade agreements put in place between all major countries. We are now seeing the outcome of those foundational agreements as countries such as the US, China, Japan, South Korea and others now begin working in a cooperative fashion to exponentially enhance the technology and its long term use. This is an energy option that is definitely picking up steam.



Denison Mines Corp. (DML-TSX): Plans Significant Winter Drilling Programs in the Athabasca Basin

– On January 20, Denison announced that it had commenced significant winter drill programs at a number of its Athabasca basin projects, including the commencement of the first part of the multifaceted 2011 exploration program at Wheeler River.

Wheeler River

Denison's 60-per-cent-owned Wheeler River project is host to the Phoenix deposit, for which initial NI 43-101 resource estimates were announced in Stockwatch late in 2010. Drilling at Wheeler has tested only 1.3 kilometres of a known 18 kilometres of favourable stratigraphy, and Denison believes that this stratigraphy has strong potential to host other high-grade zones. The Wheeler River joint venture has approved a \$10-million budget for 2011, making this the largest exploration program to be carried out to date in the 35-year exploration history of the Wheeler property.

The first step in the program will involve testing of several high-priority targets along strike from the high-grade Phoenix deposit. The winter portion of the program is focused on diamond drilling and has commenced with two drills, expanding to three drills as the season progresses. It is anticipated that 15,000 metres, or 34 holes, will be completed this winter, which will be followed up by an anticipated 20,000-metre summer program. The project team has identified a number of high-quality drill targets to test in 2011.

In addition to the drilling activity, the 2011 Wheeler River program will also entail activities identified as a result of the concept study completed by Golder Associates Ltd. for the joint venture in the fourth quarter 2010. The path forward will require advancing environmental programs, engineering studies, and geotechnical and hydrogeological investigations.

The study was completed for the joint venture for its internal use to help prepare a development strategy for the project. The study conceptually proposed that a mine which could produce between six and eight million pounds U3O8 per year would have an initial estimated capital cost of \$690-million and an estimated operating cash cost of approximately \$31 (U.S.) per pound, assuming toll milling. Based on an integrated environmental and engineering approach, the study project schedule indicates potential first production by early 2019, assuming a positive production decision is made by the end of 2013.

Moore Lake

Denison's 75-per-cent-owned Moore Lake project is host to the Maverick deposit, which was extensively tested by the former manager. During the past several years, Denison has completed a number of geophysical (resistivity) surveys over the favourable targets, in addition to relogging a number of critical holes. The Moore Lake joint venture has approved an eight-hole, 3,000-metre program which will test a combination of strong resistivity targets and strongly altered stratigraphy along strike from the Maverick deposit. Preparatory work is under way and drilling will commence shortly.

Hatchet Lake

Denison's 50-per-cent-owned Hatchet Lake project is located only 40 kilometres north of the McClean Lake mill, in an area of strongly altered basement rocks. The Hatchet Lake joint venture has authorized a 14-hole, 2,300-metre drill program designed to test targets developed over several years in an area where the unconformity is relatively close to surface. Work is expected to commence shortly.

McClean Lake

Areva Resources Canada Inc., the operator of the 22.5-per-cent McClean Lake joint venture, is expected to commence a 4,500-metre, 19-hole program at McClean Lake this season. This is the largest drill



program at McClean in recent history, and is being undertaken now in support of near-term mining operations. Targets near known mineralization at Sue D, McClean South and McClean North will be tested during the winter program. The targets are designed to locate both incremental resources and new mineralization on a property that has already produced almost 50 million pounds U₃O₈ and still has significant untested potential.

Joint venture participants

Denison is the operator and holds a 60-per-cent interest in the Wheeler River property, while Cameco Corp. holds a 30-per-cent interest and JCU (Canada) Exploration Company Ltd. holds the remaining 10-per-cent interest. The participants in the Moore Lake joint venture are Denison (75 per cent and operator) and JNR Resources Inc. (25 per cent). The participants in the Hatchet Lake joint venture are Denison (50 per cent and operator) and Virginia Energy Resources Inc. (50 per cent). The participants in the McClean Lake joint venture are Areva Resources Canada (70 per cent and operator), Denison (22.5 per cent) and OURD (Canada) Co. Ltd. (7.5 per cent).

Fission Energy Corp. (FIS-TSXV): Commences Three drill, \$7.9 Million Winter Exploration Program at Waterbury Lake – On January 4, Fission and its limited partner, Korea Waterbury Uranium LP (the Waterbury consortium), announced that they have planned their largest winter exploration program, including 22,000 metres of drilling with three drills, at the flagship 40,256-hectare Waterbury Lake uranium project, located in the eastern part of the Athabasca basin. The primary focus will be to build on the success of the J-zone unconformity high-grade uranium discovery made in 2010, in addition to continued drilling at the nearby J-East and Highland targets. The J-zone high-grade uranium discovery currently comprises an area that is 120 metres by 50 metres wide, as defined by 28 closely spaced drill holes, most of which were vertically drilled, and is open laterally in all directions.

In addition, exploration drilling is planned at newly identified high-priority targets to the west of the J-zone along the prospective three-kilometre-long Discovery Bay East-West corridor and at Oban, which parallels the Discovery Bay corridor three kilometres to the north and exhibits a similar east-west-trending magnetic-low region with strong electromagnetic conductors. Geophysical work will be initiated at the highly prospective Murphy Lake and Glen areas, located on the northwest part of the property. Previous drilling by Areva (formerly Cogema) and later by Strathmore Minerals (now Fission) identified anomalous uranium values at the unconformity (including hole H-34, with 246 parts per million uranium over 1.5 metres, and hole WAT06-06, with 53 parts per million uranium over 5.0 metres) within a 10-kilometre strike length characterized by low magnetic and high-conductivity signatures as well as discrete electromagnetic conductors. The planned geophysical work should provide enhanced resolution of this corridor and will lead to the selection of new drill targets.

Crews and equipment are being mobilized, and the program will be under way shortly. The following summary outlines the winter 2011 exploration program:

- The program's \$7.9-million budget has been approved by the limited partnership.
- Using three drill rigs, 65 drill holes totaling an estimated 22,000 metres are planned. Forty-four holes are planned at the J-zone high-grade uranium discovery, in addition to four holes at J-East and three holes at the Highland targets.
- Fourteen drill holes are planned on other targets along the East-West corridor and at Oban, located 1.5 kilometres north of Discovery Bay.
- Time domain electromagnetic (TDEM) ground geophysics surveys will continue at Discovery Bay and Oban to identify additional drill targets.



- Geophysical work including TDEM and induced polarization (IP) surveys will commence at Murphy-Glen Lake, located on the northwest part of the property.
- The Korean Institute of Geoscience and Mineral Resources (KIGAM), respected for its expertise in IP and tomography imaging, will provide downhole IP tomography support services.

Fission is the operator of the program, which is expected to be completed by early to mid-April. Results will be announced when available. An updated map highlighting the planned winter 2011 program can be found on the company's website.

Fission Energy and the Waterbury consortium have budgeted \$30-million for exploration at Waterbury Lake over a three-year period from 2010 to 2012.

Forum Uranium Corp. (FDC-TSXV) and Hathor Exploration Ltd (HAT-TSXV): Drilling Commences on Henday Uranium Project - Forum and Hathor announced on January 11 that diamond drill program on the Henday project in the Athabasca basin, Saskatchewan, was now under way.

A total of 3,750 metres of drilling are planned to test the large area of prospective alteration (with up to 0.16 per cent uranium) discovered in 2010 at the Mallen Lake zone. Two targets, along the interpreted extension of the prolific Midwest fault, which hosts the Areva/Denison Midwest deposit, the Hathor Roughrider deposits and Fission's J zone, will also be tested.

Mallen Lake zone

Drilling has commenced on the Mallen Lake zone, where a large alteration system extending into the overlying sandstones and down into the basement rocks was discovered in the 2010 drill season. The unconformity in the Mallen Lake area is shallow at 110 metres, easily reached by open pit methods. Several drill holes intersected uranium mineralization, with 0.5 metre at 723 parts per million uranium in RL-66 and 0.5 metre of 1,610 parts per million uranium in RL-68, both within basement lithologies. Clean geochemistry (very minor arsenic and nickel) returned from this zone suggests that the uranium model is similar to Hathor's Roughrider zone or Cameco's Millennium deposit.

A series of drill holes are planned to intersect a graphitic unit within the basement rocks, just below the unconformity and approximately 80 metres below the unconformity on either side of the mineralization intersected in 2010. Any further uranium mineralization will be followed up immediately.

Other priority targets

The two other targets are located along the interpreted northern extension of the Midwest fault, where it is intersected by crosscutting structures, the Mallen Lake structure and the Moonlight structure. These areas have never been drill tested and show a combination of electromagnetic conductors and both gravity and resistivity lows (indicative of alteration). Also, a soil-sampling survey in the summer of 2010 returned elevated uranium values in these areas.

Ownership

Hathor currently holds a 40-per-cent interest in the Henday project with Forum as operator. The financing of this drill program by Hathor will complete Hathor's option to earn a 60-per-cent interest in the Henday project, and a joint venture will be formed with Forum holding a 40-per-cent interest.



Hathor Exploration Ltd. (HAT-TSXV): Drilling Underway at Russell – On January 18, Hathor announced that their winter diamond drill program was under way at its Russell project in the southeastern part of the Athabasca basin in Northern Saskatchewan. Drilling will follow up on uranium intersected at Christie Lake in the fall of 2010, and it will test the nearby Fox Lake (FLT) and M zone extension (MZE) target areas.

Ground geophysics (gravity) will also be carried out this winter on the Key Lake trend target located in the southern part of the property.

Drilling and geophysics will continue until April for the duration of the winter season.

Diamond drilling

Diamond drilling is the focus of the 2011 winter program. Drilling will be carried out in the northwestern part of the Russell property. The two holes at Christie Lake will be drilled at the start of the 2011 winter program, followed by drilling at FLT, which targets basement geologic features (quartzite ridge) extending northeasterly from the recently discovered Phoenix deposit. Drill holes will be completed at MZE pending results from the first two target areas and the length of the winter drill season.

Drill holes at Christie Lake follow up on last fall's drill hole CL-10-03, which intersected an occurrence of visible pitchblende mineralization occurring as disseminations and fracture linings within an intensely calcium-phosphorus-rare-earth-element-rich, hematite-altered pegmatite in basement rocks approximately 60 metres below the unconformity (see photo on website). Drilling this winter will move farther up the section and into the core of the regional magnetic low.

Drill targets at FLT and MZE integrate a wide range of data, including a transient magnetotelluric survey (AMT) completed last fall (24.2 line kilometres on 12 lines at FLT and 26.8 line kilometres on 12 lines at MZE). Drilling at FLT this winter will specifically target changes in resistivity and gravity patterns in relation to the northeasterly grain of basement and magnetic features.

Ground geophysics

The entire property is covered by numerous airborne geophysical surveys, augmented locally by ground geophysics, including gravity, resistivity and electromagnetics (EM).

A priority target area for the Russell property is named the Key Lake trend. Basement geology and airborne magnetic trends trend northeasterly from the Key Lake uranium mine through the southern part of the Russell property. A ground gravity survey will be conducted this winter, roughly within the target area northeast of Key Lake. This work will help identify specific targets for future drilling.

Regional context

The Russell property is within the Wollaston-Mudjatic magnetic-low transition zone, commonly referred to as the eastern corridor of the Athabasca basin. This corridor accounts for 100 per cent of current uranium production in Canada. It has consistently contributed between 20 and 30 per cent of the global primary uranium supply for the past 30 years. Looking forward, the greatest endowment of proven resources for future production within the Athabasca basin is within the eastern corridor, in the region immediately surrounding Russell Lake. The south end of the property is 15 kilometres northeast of the Key Lake mine/mill complex. The northern end is 12 kilometres southeast of the McArthur River mine. The Phoenix deposit, now estimated at 39 million pounds by Denison Mines, is immediately west of the central part of the Russell Lake property.



Drill targets at Russell Lake are based on the integration of recent geophysical surveys, updated regional geological surveys and the synthesis of historical work, as summarized on the company's website. The property is vastly underexplored and has seen little previous drilling relative to surrounding areas. Targets generated during data compilation in 2010 are for the most part untested, enhancing the overall exploration potential of Russell Lake.

Property description

The Russell project covers both of the properties historically referred to as Russell Lake and South Russell. Combined, the properties cover approximately 71,670 hectares in one contiguous block of 23 claims. Hathor controls 100 per cent of the Russell Lake property (45,742 hectares) following the successful acquisition of Northern Continental Resources (see the company's news released dated Nov. 23, 2010). The South Russell property is owned 90 per cent by Hathor, with a cumulative 10-per-cent interest held by two parties, and will be carried to the completion of a feasibility study.

Russell Lake has excellent infrastructure. The McArthur River-Key Lake haul road and associated power line run along the western margin of the property. The exploration camp is accessible by road year-round.

Hathor Exploration Ltd.(HAT-TSXV): Three Rig Winter Drill Program Underway at Roughrider – On January 20, Hathor announced that it had begun the 2011 winter diamond drill program at its Roughrider project in the Athabasca basin of Northern Saskatchewan.

Two rigs are now on site and drilling has begun. An additional third rig will be arriving shortly. The program will run for the duration of the winter season. Between 35 and 40 holes are planned, for approximately 15,000 metres in total.

For greater clarity going forward in 2011, the company will refer to work on the Midwest Northeast claims (the property) as simply the Roughrider project. Deposits previously referred to as Roughrider and Roughrider East are part of the same overall uranium mineralizing system, and therefore will be referred to collectively as the Roughrider uranium deposit, which currently comprises the West zone and the East zone, respectively.

As announced in Stockwatch on Nov. 30, 2010, and filed on SEDAR Jan. 14, 2011, the West zone of the Roughrider uranium deposit is estimated to contain 27.81 million pounds U₃O₈ (17.21 million pounds U₃O₈ indicated; 10.60 million pounds U₃O₈ inferred), including a core zone of 24.25 million pounds U₃O₈ at 11.7 per cent U₃O₈ average grade (13.70 million pounds U₃O₈ at 10.68 per cent U₃O₈ indicated; 10.55 million pounds U₃O₈ at 13.07 per cent U₃O₈ inferred). The current resource does not include the East zone. The Roughrider system has not been fully tested.

Holes planned for this winter in the immediate vicinity of the Roughrider deposit include 23 holes on the East zone to both infill areas of known mineralization and to test for extensions of mineralization, which is open both to the east and west. Seven holes are planned for infill on the West zone itself, with two additional holes planned to test for an extension of mineralization to the northeast, based on magnetics and alteration in drill core.

The resistivity anomaly extends for about 700 metres to the southwest of the East zone. The anomaly extends for five kilometres to the south, and in conjunction with regional magnetic and structural patterns, defines the Midwest trend, which currently has a proven uranium endowment of approximately 90 million pounds U₃O₈. The alteration intersected in 2010 in a drill fence across the anomaly just south of the East zone will be followed up this winter with two additional fences located farther to the south. Areas along the



trend to the northeast and southwest of the East zone at Roughrider are largely untested and provide significant upside potential for the project.

Property description

The Midwest Northeast property is within the main uranium-producing eastern corridor of the Athabasca basin. The property comprises three claims covering 543 hectares. Infrastructure is excellent. The property is connected to Highway 955 by a six-kilometre winter road. The property is 8.5 kilometres north of the community of Points North and the Points North commercial airport, the main service hub for northeastern Saskatchewan. It is within 25 kilometres of operating uranium mine, mill and tailings facilities established at Rabbit Lake and McClean Lake during the past 35 years of production in the Athabasca.

Purepoint Uranium Group Inc. (PTU-TSXV): Signs Athabasca Basin Venture with Cameco - On January 11, Purepoint announced that it had entered into a definitive joint venture agreement with Cameco Corp. for the continuing exploration of the Smart Lake uranium project in the Athabasca basin pursuant to its option agreement with Cameco announced Dec. 5, 2006. Purepoint, as operator, has currently earned to date a 23-per-cent interest in the project and may acquire up to 50 per cent.

"With the discovery of a highly altered, radioactive structure during our initial drill program, Smart Lake represents an exciting asset," said Chris Frostad, Purepoint's president and chief executive officer. "We are eager to return to the project and are currently finalizing our plans for its continued advancement this year."

Highlights:

- Purepoint may acquire up to 35-per-cent ownership interest through the expenditure of an additional \$1.9-million by 2013 with the option to participate further to a maximum interest of 50 per cent;
- To date Purepoint has performed 1,436 metres of first-pass diamond drilling;
- The most recent drill program discovered a radioactive structure that displays multiple episodes of intense alteration;
- The newly discovered radioactive structure at Smart Lake is associated with graphite and the Shearwater conductor;
- Best results reported to date from SMT08-05 where downhole total gamma results returned 0.22 per cent eU3O8 over 0.2 metre;
- The Shearwater conductor has been outlined over 1.0 kilometre by a ground electromagnetic (EM) survey and over 1.4 kilometres by an airborne EM survey.

Smart Lake project

The Smart Lake property comprises two claims with a total area of 9,800 hectares situated in the southwestern portion of the Athabasca basin, approximately 60 km south of the former Cluff Lake mine. Depth to the unconformity is shallow, at zero to 350 metres. Aeromagnetic and electromagnetic patterns at Smart Lake reflect an extension of the patterns underlying the Shea Creek deposits (maximum grade of 58.3 per cent U3O8 over 3.5 m) just 55 km north of the property. Recent exploration by Purepoint and Cameco has firmly established the presence and location of a number of basement electromagnetic conductors that have never been drill tested.



Purepoint Uranium Group Inc. (PTU-TSXV): Stakes Forsythe Lake Property in Athabasca Basin -

On January 13, Purepoint reported that it had staked a 4,217-hectare property near the northeastern edge of Canada's Athabasca basin. The Forsythe Lake property contains known electromagnetic (EM) conductors that extend onto the neighbouring Denison/JNR Bell Lake project and lies approximately 20 kilometres west of Cameco's La Rocque occurrence (which returned up to 33.9 per cent U3O8 over 5.5 metres).

"We maintain a very active watch for prospective projects that may occasionally come available in the basin," said Chris Frostad, president and chief executive officer of Purepoint. "As the uranium sector emerges from the recent global economic collapse we are fortunate to be able to add such a promising prospect to our portfolio."

Forsythe Lake

A previous airborne EM and magnetic survey outlined two parallel, east-west-striking EM conductors that are associated with a magnetic low and total 10 kilometres in length. The conductors terminate in the west against a very strong, oval-shaped magnetic anomaly having an associated increase in conductivity. Modelling of this anomaly suggests that it is located in the basement rocks at a depth of 430 metres, is cylindrical in shape and has a diameter of approximately 1.2 kilometres.

Review of government assessment files show that the Forsythe Lake property has never been drill tested. Initial drill targets will be areas where the EM conductors show evidence of structural disruption, possibly creating traps for uranium-rich hydrothermal fluids. One promising target is where the conductors terminate against the magnetic anomaly, and a second is the location at which the most northern conductor is apparently offset by about 500 metres.

Pitchstone Exploration Ltd. (PXP-TSXV): Begins Athabasca Uranium Programs - On January 18, Pitchstone reported that drilling and ground geophysical surveying had begun on its eastern Athabasca basin properties. A total of 4,400 meters of core drilling is planned at Gumboot and Johnston Lake during the January-March, 2011, winter drilling season. Geophysical surveying is under way on the Darby and Candle properties.

Gumboot

Bryson Drilling has mobilized to the Gumboot property, 20 kilometres northwest of the Cigar Lake mine. A total of three drill holes will be completed along the five-kilometre-long Gumboot electromagnetic conductor. The conductive graphitic unit is the host to significant uranium, nickel and cobalt mineralization discovered by Pitchstone in 2009 (see the company's news release in Stockwatch dated Sept. 9, 2009). Property maps are available on the company's website.

Johnston Lake

Three additional drill holes are also planned for the Johnston Lake property to follow up on the results of preliminary work completed during 2009 and 2010. This work highlighted a 2.4-kilometre-long section of the MJ-1 conductor as being particularly prospective. Each of the three drill holes will test for extensions of previously intersected mineralization along the conductive graphitic unit.



Darby and Candle

A program of moving loop electromagnetic geophysical surveying is under way at Darby and Candle, eight kilometres west of the Cameco operated Cigar Lake mine. Discovery International Geophysics is employing new Squid receiver technology to more accurately define the location of numerous conductors, including some that are along trend of Cigar Lake mineralization. This information will be integrated with other datasets to refine drill targets.

JCU joint venture

A formal joint venture agreement covering the Candle property has been signed between Pitchstone and JCU (Canada) Exploration Company Ltd. JCU is owned by three major Japanese corporations and has interests in numerous advanced uranium projects in Canada.

Red Rock Energy Inc. (RRK-TSXV): Finds Redox Uranium Zone in 2010 Work – On January 26, Red Rock announced that with the conclusion of its 2010 exploration program and the continued geological compilation of historical work in the Uranium City area, it has discovered a new uraniferous mineralized zone. Dubbed the Redox Zone, the newly discovered zone is located in the hangingwall of the St. Louis Fault approximately 600 m east of Red Rock's 46 Zone resource and about 500 metres northeast of the former-producing Verna Mine workings and the Bolger open pit. The zone was discovered during Red Rock's field-mapping and geological-reconnaissance activities conducted through the summer of 2010. Historic drill collars located in the field were later compiled against historic drill logs and location maps, which form part of Red Rock's historic data set. Data available from source records indicate that the main uraniferous zone and the subsidiary zones that comprise the Redox Zone are open to surface, laterally and at depth, thus providing several prospective drill targets. Red Rock is now finalizing an exploration drill program to further delineate this zone.

On Aug. 31, 2009, Red Rock announced an inferred resource at the 46 Zone of about 523,000 pounds U₃O₈ in 402,600 tonnes at a grade of 0.065% U₃O₈.

From the early 1950s to 1982, when Eldorado Nuclear Limited (ENL) was both actively mining and exploring at Beaverlodge District, extensive drilling northeast of Verna-Bolger along both sides of the geologically favourable St. Louis Fault was completed. This work resulted in, among other things, the discovery of the 11 (hangingwall deposit), 21 and Dubyna zones (both footwall deposits), all of which were mined by ENL. With respect to the Redox Zone, which exists between the Bolger and 11/21 zone deposits, a preliminary review of the assay data for numerous B-series drill holes drilled by ENL in this area identified at least 10 holes that encountered uranium mineralization at depths ranging from approximately 60 m to 320 m below surface. Historically, the Verna mine produced a total of 14.26 million pounds U₃O₈ at a grade of 0.190% U₃O₈, and the Bolger open pit produced 752,700 pounds U₃O₈ at a grade of 0.240%. All of this historic production came only from the hangingwall side of the St. Louis Fault. As well, in the Eldorado Mine Closure report published in 1982 by Don Ward (former Eldorado Nuclear Chief geologist), it was determined that the unmined underground portions of the Verna-Bolger area uranium deposits contain a now historic resource of 8.99 million pounds U₃O₈ (this and all other historical resource estimates in this press release are non-NI 43-101 compliant but are believed by management of Red Rock to be relevant and reliable as having been prepared in accordance with the then current industry standards).

This historic surface and underground production from the Verna-Bolger area is within a few hundred metres of Red Rock's previously announced development prospect, the 46 Zone or East Target, which is in footwall rocks and thus geologically similar to the Ace and Fay orebodies that were historically mined to the southwest producing 35.39 million pounds of U₃O₈ and containing 7.99 million pounds of U₃O₈ in



historical unmined resources, as identified by Don Ward in his 1982 Eldorado Mine Closure Report (Non-NI 43-101-compliant resources).

Based upon the results of the initial review, Red Rock staff constructed a 3-D model of the Redox Zone, which consists of one main and several uraniferous subzones. Of the zones modeled, ENL holes B147 and B308 both intersected the main uraniferous zone; this zone has lateral continuity of greater than 150 m and has intercepts that assay 0.072% U₃O₈ across 15.2 m (50 ft) and 0.079% U₃O₈ across 17.0 m (55.8 ft), respectively, in these two holes. Within each of these intercepts, there are higher-grade intervals approximately 130 m to 230 m below surface that assay 0.171% U₃O₈ across 4.57 m (15 ft) in hole B147 and 0.116% U₃O₈ across 5.79 m (19 ft) in hole B308.

In reviewing this data, Sandy Loutitt, President of Red Rock, commented: "The discovery of the Redox Zone is another step forward in the realization of our strategic goal to define new orebodies at the Uranium City camp. Once again, we have successfully applied new and modern exploration techniques to evaluate areas on the periphery of older zones that have a known extent of existing mineralization. The financial and geological advantages are obvious with this approach given that the Redox Zone is within several hundred metres of approximately 9 million lbs of historic (Non-NI 43-101-compliant) resources and within 1 km of approx. 17 million lbs of total historic resource (Non-NI 43-101 compliant) as defined by the 1982 Eldorado Mine closure report."

Titan Uranium Inc. (TUE-TSXV): Provides Results of Summer Drilling at Border Block – On January 11, Titan released the analytical results from the company's summer 2010 drill campaign and provided an update on a direct current (DC) resistivity geophysical program conducted this fall on the Border Block project. The Border Block project is the subject of a letter of agreement between Titan and Japan Oil, Gas and Metals National Corporation (JOGMEC) wherein JOGMEC can earn a 50-per-cent undivided interest in the project by financing \$6-million in exploration over four years.

Three drill holes were completed for a total of 1,504 metres to test favourable uranium targets at or near the unconformity between the Athabasca sandstone rocks and the underlying basement rocks. Analytical results from holes MB-10-01 and CSE-10-01 displayed anomalous uranium values in the Athabasca sandstone and basement rocks. Anomalous levels of pathfinder elements boron, molybdenum, cobalt, arsenic, vanadium and lead were also found in the Athabasca sandstone and basement rocks.

CSE-10-01 intersected anomalous levels of rare earth elements, particularly yttrium, in the Athabasca sandstone rocks. The analytical results also indicated the presence of illite and sudoite clay species throughout the sandstone rocks, generally in areas with the greatest boron concentrations. In addition, the sandstone and basement rocks displayed evidence of faulting which was typically associated with bleaching and alteration. Boron, illite and sudoite anomalies are typically part of hydrothermal alteration systems associated with unconformity-style uranium mineralization in the Athabasca basin.

Approximately 23 line kilometres of pole-dipole DC resistivity surveys to search for alteration chimneys along the H-Grid time domain electromagnetic (TDEM) conductive trend were completed in November, 2010. These data are currently being assessed, interpreted and compiled for targeting in future drill programs along the H-Grid conductor trend where favourable alteration indicators together with anomalous uranium values were also identified in past drill.

The Border Block project is located in the southwest area of the Athabasca basin, near the Alberta border and consists of the Maybelle River, Gartner Lake, King and Castle South Extension properties. The project (76,354 hectares/188,675 acres) covers an area where historic exploration data identified favourable basement rocks capable of hosting uranium mineralization. The basement rocks are thought



to be correlative with those found on the adjacent AREVA/UEX Corp.'s Shea Creek project which hosts significant uranium mineralization in the Anne, Collette and Kianna deposits.

UEX Corp. (UEX-TSX): Commences Winter Program at Hidden Bay – On January 27, UEX announced that its winter 2011 diamond drilling program has commenced on its 100-per-cent-owned Hidden Bay project in the eastern Athabasca basin of Northern Saskatchewan, Canada. Two drills operated by Lantech Drilling Services Inc. are currently being used on the project. Drilling totalling approximately 12,000 metres with a budget of \$2.0-million will focus on targets in the vicinity of the Horseshoe and Raven deposits as well as in the Shamus Lake area.

Given the successful results from drilling the Horseshoe and Raven deposits over the last several years, UEX intends to carry out an aggressive drilling program to test additional geological and geophysical targets in the area. These outlying exploration targets include areas with resistivity and gravity anomalies similar to those at the Horseshoe and Raven deposits, suggesting the possibility of new zones of clay alteration that may be associated with uranium mineralization. This drill program will also test structural targets where projections of known faults may extend across potentially favourable lithologies that are host to uranium mineralization.

In addition to the drilling program in the Horseshoe and Raven deposit areas, further exploration drilling is planned for the Shamus Lake area in the northwestern part of the Hidden Bay property. This area, which lies just south of and along strike from UEX's Telephone Lake area as well as the Sue deposits on the adjacent McClean Lake mine property operated by AREVA Resources Canada Inc., has the potential for the discovery of Sue C- or Eagle Point-style mineralization along the Telephone Lake fault.

Drilling at Shamus will target areas identified by recent geophysical data that are down dip from several previously intersected areas of uranium mineralization encountered near the Athabasca unconformity and in underlying basement rocks.

About the Horseshoe and Raven deposits

Mineralization at the Horseshoe and Raven deposits comprises shallow-dipping zones of hematization with disseminated and veinlet pitchblende-boltwoodite-uranophane that are hosted by folded arkosic quartzite gneiss. The two deposits are located less than five kilometres south of Cameco's Rabbit Lake milling operation and 22 kilometres southeast of AREVA's McClean Lake milling operation. As previously announced in July, 2009, the Horseshoe and Raven deposits collectively contain, at a cut-off grade of 0.05 per cent U₃O₈, National Instrument 43-101-compliant resources of 35.04 million pounds of U₃O₈ grading 0.155 per cent U₃O₈ in the indicated category and 2.72 million pounds of U₃O₈ grading 0.111 per cent U₃O₈ in the inferred category. These resource estimates are supported by a technical report by K. Palmer, PGeo, of Golder Associates Ltd., with an effective date of July 15, 2009, filed on SEDAR on Sept. 8, 2009.

With a high proportion of the Horseshoe and Raven resource base in the indicated category, UEX has engaged SRK Consulting (Canada) Inc. of Vancouver, B.C., to perform a scoping-level evaluation of the potential economic viability of mining the deposits. The SRK scoping report is expected to be completed in the first quarter of 2011.