

Athabasca Basin

EXPLORATION UPDATE

January.1.2012

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Uranium
Group Inc.

	November 30, 2011	December 31, 2011	Change
Ux Consulting's Spot Price	US\$ 51.75/lb U ₃ O ₈	US\$ 52.00/lb U ₃ O ₈	US \$0.25

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Athabasca Uranium Inc. (TSXV-UAX): Athabasca Uranium Completes Winter Drilling Program – On December 22, Athabasca Uranium Inc. announced that it had completed its 2011 diamond drilling program at the Keefe Lake uranium project in the Athabasca basin region of Saskatchewan. Five holes (1,645 metres total) were completed in November and December, 2011, with two holes encountering significantly anomalous alteration and another containing chloritic alteration at various intervals below the unconformity, a common feature found in the host rocks containing uranium mineralization.

As previously reported in a release dated Nov. 24, 2011, hole AU4-1 intersected a large zone of strong and sustained alteration, beginning at approximately 172 metres true depth. The main alteration zone is a 25-metre-thick interval of clay minerals at and below the unconformity; this overprints a more-than-170-metre multigenerational heeled quartz stockwork, overprinting an older mylonite. At depth, the basement mylonite contains granitic pegmatite veins up to 50 centimetres thick. Hole AU4-1, which bore at an 80-degree angle southeast toward a subtle subsurface electromagnetic anomaly identified through Aerotem, was stopped at 402 metres, still encountering pronounced silicification and fracturing. These features are significant in that they are commonly found in the vicinity of Archean/Wollaston regional geological/structural interfaces which are often host settings to the rich Athabasca uranium deposits.

Hole AU13-4, located approximately 500 metres southwest of hole AU4-1, encountered the alteration zone at 175 metres, approximately four metres above the unconformity, which was sustained for another 67 metres. Moderately bleached core and weak-to-moderate fracturing were pervasive and continued to approximately 242 metres. In addition, hole RZ-X, 50 metres to the south of AU4-1, encountered several bands of chloritic clays below 193 metres. The presence of chlorite is of interest as specific clay minerals, such as illite and chlorite, have been observed to form alteration halos around Athabasca basin deposits, such as at McArthur River. Samples of interest have been shipped for chemical analysis, and results should be available in the near term. The company will be examining core to determine the nature of the alteration and for the presence of pathfinder minerals/clays.

While the alteration in AU13-4 was not as pronounced and persistent as AU4-1, it was significant enough to indicate a zone of alteration, associated with a northeast-trending local fault system, identified through seismic and airborne surveys. Holes to the north of AU4-1 did not encounter the alteration zone, which the seismic interpretation shows to be subject to a series of faults and folds that converge at the northern edge of Keefe Lake. Core from holes AU4-1 and AU13-4 both display dramatic bleaching above and below the unconformity, presumably caused by the ingress of mineral-rich fluids. While no significant gamma radiation was encountered (readings ranged from nominal to 215 counts per second), this does not rule out the possibility of uranium mineralization existing within the Keefe Lake alteration zone; gamma emissions are easily absorbed by host rocks and mineralized bodies may be undetectable by gamma probing if missed by only a few metres.

In addition, downhole geological data are being reanalyzed to recalibrate and refine drilling targets. The company intends to resume its program in the new year to test the Keefe Lake alteration zone and other targets defined by its multidisciplinary team. Drilling is also planned at Volhoffer Lake, immediately to the south of Keefe Lake. Gil Schneider, president, commented: "With three of five holes warranting analysis and follow-up, the company is pleased with the preliminary results of the winter program. Taken together, holes AU4-1 and AU13-4 clearly define a 500-metre zone of intense alteration, striking to the northeast. We intend to vigorously test and investigate the Keefe Lake alteration zone in the early part of the new year."



Cameco Corporation (TSX-CCO): Cameco Signs Agreements to Improve Cigar Lake Economics –

On December 19, Cameco Corp. announced that it had signed agreements with the owners of the Cigar Lake project and McClean Lake mill to process all Cigar Lake ore at McClean Lake.

Under the previous toll milling agreements, both the McClean Lake mill and Cameco's Rabbit Lake mill would process uranium from Cigar Lake. Under the new milling arrangement, the McClean Lake operation will process and package 100 per cent of Cigar Lake uranium. Cameco's Rabbit Lake mill will continue to process ore mined on the site and has the flexibility to process ore from other sources.

Cameco expects the new milling arrangement to decrease the estimated average cash operating cost of the Cigar Lake project to about \$18.60 per pound from \$23.14 per pound.

The Cigar Lake project is 50 per cent owned and operated by Cameco. AREVA Resources Canada Inc. (37 per cent), Idemitsu Resources Canada Inc. (8 per cent) and Tepco Resources Inc. (5 per cent) are the other Cigar Lake joint venture partners.

The McClean Lake joint venture is 70 per cent owned and operated by AREVA. Denison Mines Corp. (22.5 per cent) and OURD (Canada) Co. Ltd. (7.5 per cent) are the other McClean Lake joint venture partners.

Cameco plans to file an updated Cigar Lake technical report with, or prior to, its February, 2012, annual information form to reflect the impact of this new milling arrangement and other developments since the March, 2010, Cigar Lake technical report.

ESO Uranium Corp. (TSXV-ESO)/ Fission Energy Corp. (TSXV-FIS): Uranium Boulder Field Yields

up to 31.4% U3O8 at Patterson Lake South JV, Saskatchewan – On December 14, it was announced that ESO Uranium Corp., the operator, and its 50-per-cent joint venture partner Fission Energy had received assays for an additional 49 radioactive boulders located in and around the 18 trenches completed in October, 2011. Highest values are 31.4 per cent U3O8 (triuranium octoxide) and 31.2 per cent U3O8.

- Twelve boulders over 20 per cent U3O8 average 23.7 per cent U3O8.
- Thirteen boulders (10 per cent U3O8 to 20 per cent U3O8) average 14.51 per cent U3O8.
- Fifteen boulders (1 per cent U3O8 to 10 per cent U3O8) average 5.22 per cent U3O8.
- Nine boulders (less than 1.0 per cent U3O8) average 0.47 per cent U3O8.

These uranium-bearing boulders were all associated with basement rocks, schists, psammities and granulites, and not Athabasca sandstones or conglomerates. These boulders were plucked from a basement source by ice scouring of the pre-Proterozoic and Archean basement rocks along the southwest margin of the Athabasca basin.

Other companies currently active in the area include Titan Uranium Inc., which holds a claim block that straddles the Patterson and the Derkson conductor corridors and which occupies the area on the northeast side of the ESO-Fission JV claims. Recent claim posts identify Cameco as having staked along the northwest side of the JV property boundary.



In the area of the ESO-Fission JV claims, the Patterson conductor corridor, which extends into a potential source area for the uranium boulder field, runs close to the boundary zone between the Clearwater and Western granulite domains. According to assessment reports submitted by SMDC, the Crown corporation predecessor company of Cameco, this is interpreted to have had a favourable geological history, analogous to the highly productive Wollaston domain along its boundary with the Mudjatik domain in the East Athabasca basin.

The joint venture is currently carrying out a 1,000-metre diamond drill program to locate the source area of the boulders by drilling geophysical targets and drilling for radioactive till sheets on the up-ice (northeast) side of the boulder field.

A map of the Patterson Lake South property can be found on the company's website.

Hathor Exploration Limited (TSX-HAT): Hathor Provides Corporate Update – On December 14, it was announced that approximately 107,343,487 Hathor Exploration Ltd. common shares had been validly tendered to Rio Tinto PLC on Dec. 12, 2011, as of 5 p.m. Eastern Standard Time through an indirect wholly owned Canadian subsidiary. The tendered common shares represent 84.26 per cent of the outstanding common shares of Hathor, other than the Hathor common shares already held by an affiliate of Rio Tinto.

Rio Tinto on Dec. 12, 2011, extended its offer to acquire all the common shares of Hathor for \$4.70 in cash per common share on Dec. 22, 2011, until 5 p.m. EST. Shareholders are advised that the administrative procedures established by brokers and other intermediaries may cause a delay in their ability to accept tender instructions following this extension of Rio Tinto's offer; however, Rio Tinto understands that all such intermediaries should be able to process tenders of Hathor common shares from Dec. 16, 2011, onward.

All common shares validly tendered and not withdrawn prior to the expiry of the offer will be taken up on a daily basis, and Rio Tinto will pay for such shares within three business days of take-up. Hathor shareholders whose shares are registered in the name of an investment adviser, stockbroker, bank or trust company should contact their intermediary before Dec. 22, 2011, at 5 p.m. EST to ensure they meet any tendering cut-off times established by the intermediaries.

Hathor also announced changes to its board of directors. Pursuant to the support agreement between Rio Tinto and Hathor, Jim Malone (chairman), Ben Ainsworth and Martin Glynn have resigned from the board. Michael Gunning and John Currie remain on the board and are joined by the following new members from Rio Tinto: Dominique Bouchard (chairman), Simon Wensley, Stephen Scott and Justin Quigley.

Hathor Exploration Limited (TSX-HAT): Rio Tinto Extends Offer for Hathor Exploration – On December 22, it was announced that Rio Tinto had extended its offer, made through an indirect wholly owned subsidiary, to acquire all the common shares of Hathor for \$4.70 in cash per common share until Jan. 6, 2012, at 5 p.m. (Toronto time). The offer had been extended to allow the remaining Hathor shareholders sufficient time to tender their common shares to Rio Tinto's offer. On Dec. 22, 2011, as of 5 p.m. (Toronto time), approximately 111,170,930 Hathor common shares had been validly tendered, representing 87.26 per cent of the outstanding Hathor common shares (other than the Hathor common shares already held by an affiliate of Rio Tinto as of the date of the offer). Rio Tinto has taken up all validly deposited common shares and will pay for such shares within three business days of take-up.



A notice of extension will be mailed to Hathor shareholders and filed on SEDAR. All common shares validly tendered and not withdrawn by Jan. 6, 2012, at 5 p.m. (Toronto time), will be taken up on a daily basis, and Rio Tinto will pay for such shares within three business days of take-up. Hathor shareholders whose shares are registered in the name of an investment adviser, stockbroker, bank or trust company should contact their intermediary before Jan. 6, 2012, at 5 p.m. (Toronto time), to ensure they meet any tendering cut-off times established by the intermediaries. Shareholders are advised that the administrative procedures established by brokers and other intermediaries may cause a delay in their ability to accept tender instructions following this extension of Rio Tinto's offer; however, Rio Tinto understands that all such intermediaries should be able to process tenders of Hathor common shares from and after Dec. 29, 2011. Shareholders who need assistance tendering their shares to Rio Tinto's offer can contact Rio Tinto's information agent, Laurel Hill Advisory Group, toll-free at 1-877-452-7184 or collect call at 416-637-4661 or e-mail assistance@laurelhill.com.

About Rio Tinto in Canada

Rio Tinto employs over 13,400 people across its extensive operations in Canada, which include mining and manufacturing interests in alumina, aluminum, iron ore, diamonds and titanium dioxide. Rio Tinto also operates exploration activities, research and development centres, port and rail facilities to support various businesses, technical and sales service centres, and substantial hydroelectric power facilities in British Columbia and Quebec. In addition, Canada is home to the global headquarters of Rio Tinto Alcan.

About Rio Tinto

Rio Tinto is a leading international mining group headquartered in the United Kingdom, combining Rio Tinto PLC, a London Stock Exchange- and New York Stock Exchange-listed company, and Rio Tinto Ltd., which is listed on the Australian Securities Exchange.

Rio Tinto's business is finding, mining and processing mineral resources. Major products are aluminum, copper, diamonds, thermal and metallurgical coal, uranium, gold, industrial minerals (borax, titanium dioxide and salt), and iron ore. Activities span the world and are strongly represented in Australia and North America, with significant businesses in Asia, Europe, Africa and South America.

UEX Corporation (TSX-UEX): UEX/Areva Drilling Expands Mineralization Northward From the Kianna Deposit at Shea Creek – On December 6, UEX Corp. announced that it had released the final drilling results from the 2011 exploration program on the Shea Creek project as reported to UEX by the project operator, Areva Resources Canada Inc. Shea Creek hosts the Kianna, Anne, Colette and 58B deposits, and is one of 10 49-per-cent-owned Western Athabasca uranium projects joint ventured with Areva.

The results reported are from three pilot holes and 10 directional drill holes in the SHE-136, SHE-140 and SHE-141 series which were drilled in the area between the Kianna and 58B deposits. Drill hole intersections within this area have expanded the unconformity mineralization northward from the Kianna deposit toward the 58B deposit. These drill intersections, which lie at the northern margin of Kianna, extend well outside of the existing National Instrument 43-101-compliant mineral resource estimate. The holes drilled in the Kianna area and the area between Kianna and 58B were part of a larger 2011 exploration program on the Shea Creek project that was completed in November (see UEX's news releases dated Sept. 29 and Oct. 31, 2011).



Mineralization was intersected in all directional drill holes in the area between Kianna and 58B either at the unconformity or in the underlying basement rocks. These drill holes represent the first systematic exploration of this corridor and the highly encouraging results provide significant geological information which will be followed up in subsequent drilling programs.

The results include unconformity intercepts of 0.42 per cent eU3O8 over 5.0 metres in drill hole SHE-136-7, 0.25 per cent eU3O8 over 19.7 metres including 0.99 per cent eU3O8 over 3.1 metres in drill hole SHE-140-1 as well as 0.88 per cent eU3O8 over 1.2 metres in drill hole SHE-141-1. These intercepts suggest that unconformity mineralization may extend continuously over a strike length of greater than 300 metres northwest of the Kianna deposit, with mineralization open along trend toward the 58B deposit.

In addition to the unconformity intercepts, drill holes also encountered basement mineralization which is of similar style to that in Kianna and 58B, suggesting there is potential for the discovery of basement deposits in this corridor. Basement intercepts include 0.37 per cent eU3O8 over 2.2 metres in drill hole SHE-140, 0.57 per cent eU3O8 over 2.5 metres including 0.96 per cent eU3O8 over 1.4 metres in drill hole SHE-140-3 as well as 1.85 per cent eU3O8 over 0.7 metre in drill hole SHE-140-5.

Drilling difficulties were encountered in drill hole SHE-141-1 due to a large fault zone. This hole was not completed to target depth where it was intended to test open areas of the Kianna basement mineralization which had been considerably expanded during the 2011 exploration program (see UEX's news release dated Sept. 29, 2011).

Drilling is planned for 2012 in the area immediately south of the 58B deposit to further test the continuity of unconformity mineralization between 58B and Kianna (see UEX's news release dated Nov. 30, 2011).

Equivalent-grade results reported here were obtained using a DHT27-STD gamma probe which collects continuous readings along the length of the drill hole. Probe results are calibrated using an algorithm calculated from the comparison of probe results against geochemical analyses in previous drill holes in the Shea Creek area. True widths of mineralized intervals have not yet been determined.

About Shea Creek

Effective Dec. 31, 2009, UEX reported a combined NI 43-101-compliant mineral resource estimate for the Kianna, Anne and Colette deposits of 1,872,600 tonnes grading 1.54 per cent U3O8 containing 63.57 million pounds of U3O8 in the indicated mineral resource category and an additional 1,068,900 tonnes grading 1.04 per cent U3O8 in the inferred mineral resource category containing 24.53 million pounds of U3O8 at a cut-off of 0.3 per cent U3O8 (see UEX news release dated May 26, 2010). This mineral resource estimate is based on drilling information up to Dec. 31, 2009. Results from the 2010 and 2011 drilling programs, which include the expansion of Kianna, Colette and the addition of the 58B deposit, are not incorporated in this resource estimate.

This estimate confirmed Shea Creek as the largest undeveloped uranium resource in the Athabasca basin. Shea Creek also ranks as the third largest uranium resource in the basin, exceeded in size only by McArthur River and Cigar Lake. Resources at Shea Creek are largely open and have excellent potential for expansion of known areas of mineralization and discovery of new zones.



Unity Energy Corp. (TSXV-UTY): Unity Identifies "Thorium Zone" at Thorburn Lake Project, Athabasca Basin – On December 14, Unity Energy Corp. announced that it had identified the primary exploration target at the Thorburn Lake project, Saskatchewan. The Thorium zone consists of three thorium anomalies, ranging from approximately 500 metres to 1,500 metres in length, coincident with magnetic lows at the northeastern extent of the property. The anomalies appear to be related to cross-faults and splays of the Collins Bay thrust fault, which arcs over the property to the north and is the most significant control in the area, offsetting the overlying sandstone and the underlying basement rocks by as much as 100 metres in elevation.

Cameco drilled several conductors related to the Collins Bay thrust fault and intersected uranium mineralization as close as approximately 800 metres from the northern border of the Thorburn Lake project. A preliminary ore reserve calculation (i) at Wolf Lake (approximately 1,600 metres northeast of the Thorburn Lake project) indicated approximately 5.17 million pounds of uranium oxide at an average grade of 2.3 per cent triuranium octoxide. The maximum grade is 22 per cent U₃O₈ over 1.3 metres (4.27 feet) in drill hole SOD-147-84.

Thorium anomalies at Thorburn Lake were identified in a Falcon (Furgo) survey, completed by Areva in 2007. The only other significant thorium anomaly observed in the survey was detected approximately 14.4 kilometres to northwest over the Cigar Lake mine. As uranium and thorium (which is also radioactive) are often found together in mineralized zones, Unity is placing significance on these results. Follow-up work on these targets would include a ground resistivity survey to map local structural controls such as faulting and to identify subtle anomalies that may evidence alteration. If warranted, diamond drilling of high-value targets would then follow. The Thorium zone has not been tested by diamond drilling.

(i) Dr. Peter Born, PGeo, the company's qualified person and director, has neither reviewed the original Sand/Wolf Lake deposit exploration data, either on site or in the assessment files, nor verified assay results with respect to the before-mentioned "historical ore reserve estimate." This calculation were prepared by what is assumed to be a reputable source (Cameco) and thought to be a reasonable resource estimate. This calculation is only relevant in assessing the potential type and dimension of a deposit that could exist in a similar and nearby, local geological settings. The company is not treating this calculation as compliant with NI 43-101 and should not be relied upon. Geological and exploration information contained in this release are derived from sources believed to be credible. The Sand Lake and Wolf Lake deposits are not located on the Thorburn Lake project.