TECHNICAL REPORT

on the

SMART LAKE URANIUM PROJECT

NORTHERN SASKATCHEWAN, CANADA

National Instrument 43-101

NTS Map Area 74F/13

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1. SUMMARY

The Smart Lake uranium property includes 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.

The Smart Lake project was staked by Cameco Corp. in 2004 based on aeromagnetic and electromagnetic patterns that were thought to reflect an extension of the patterns underlying the Shea Creek uranium deposits located 55 km to the north. Purepoint Uranium Group Inc. operates the Smart Lake project under the terms of an agreement with Cameco that permits Purepoint to acquire up to a 50% interest in the project. Program expenditures to date have completed Purepoint's initial earn-in of 22% interest in the project.

The Smart Lake property lies in the southwestern portion of the Athabasca Basin, Saskatchewan, which is the host to some of the world’s largest and richest known uranium deposits. The Athabasca Basin is filled by relatively undeformed and flat-lying, mainly fluvialite clastic sediments of the Athabasca Group. This Group unconformably overlies crystalline basement rocks of the Lloyd Domain that is part of the Archean-aged Rae Province. The Lloyd Domain consists of a series of granulite facies metamorphic grade granodioritic, granitic, gabbroic, and layered and blue quartz bearing gneisses with subordinate amounts of anorthosite, quartzite and pelitic gneiss. The Lloyd Domain underlies the entire Smart Lake project area and hosts the Cluff Lake deposits, the Shea Creek uranium deposits, and the Dragon Lake (Maybelle River) uranium mineralization. Extensive areas are covered by Cretaceous sediments and Quaternary glacial drift and outwash.

Known uranium mineralization at the Smart Lake project is associated with the Shearwater conductor, a steeply dipping, north-northwest striking, and hydrothermally altered, graphitic-pyritic pelitic gneiss. The strongest radioactivity returned from the conductor is 127 ppm U over 13.3 metres between 155.1 and 168.4 metres in hole SMT08-01. A geochemical signature is associated with the uranium mineralization and includes the enrichment of nickel, arsenic, and cobalt.

A structure (SW Fault) is interpreted to follow the Shearwater conductor dipping towards the west at approximately 70 degrees. The SW Fault is characterized as chloritic fault rubble within shear zones or as a brecciated zone with intense clay alteration, silicification and hematization.

A flat-lying, radioactive tensional fracture zone (Fracture Zone “A”), is interpreted to extend westward from the SW Fault at a depth of approximately 160 metres. Fracture Zone “A” is associated with brownish-red hematite alteration (limonite overprinting) and flat-lying hairline fractures that dip shallowly to the east-
northeast. The strongest radioactivity returned from Fracture Zone A is 1,600 ppm U over 0.1 metre.

The geology of the Shea Creek deposits, located to the north, is considered to provide a good working exploration model for the Smart Lake project. The Shearwater conductor is similar to the Saskatoon conductor at Shea Creek in that they are both north-northwest trending, are comprised of faulted graphite-rich pelitic gneisses, the basement mineralization is mainly developed in areas of clay and chlorite alteration, and low concentrations of nickel, arsenic and cobalt are present as a basement geochemical signature. Based on the Shea Creek model, primary exploration targets will be where interpreted faults crosscut the graphitic units (e.g., Kianna fault crosscutting the Saskatoon conductor).

Exploration conducted by Purepoint to date on the Smart Lake project includes linecutting, ground electromagnetic (EM) surveys, a soil geochemical survey, and 10 diamond drill holes totaling 2,539 metres. Eight of the ten drill holes were collared on the Central Grid and targeted Conductor E (Shearwater conductor) while the other two holes were collared on the South Grid. The Shearwater conductor has been traced for 400 metres by drilling, over 1.0 kilometer by a ground EM survey, and for 1.4 kilometers by an airborne EM survey.

Based on the encouraging drill results from the Shearwater conductor and the favorable geologic setting, further exploration is warranted.

Stage 1: Fall 2013/ Winter 2014: The Central and South grids should be refurbished and a new grid should be established over the northern conductor. Ground magnetic and gravity surveys should then be conducted over all three grids. The results of the detailed magnetics and gravity surveys will further define favourable structures and potentially identify areas of hydrothermal alteration for follow-up.

A resistivity survey should be conducted over the northern conductors in an attempt to detect alteration chimneys within the Athabasca sandstone. A step-wise moving loop EM survey is recommended for between the known airborne conductors (i.e. between the existing grids) to test for their possible continuance.

Drill testing of the Shearwater conductor high priority geophysical targets with a six hole, 2500 meter drill program is recommended.

Stage 2: Winter 2015: Drill testing of the high priority geophysical targets. A ten hole, 4500 meter drill program is recommended.
2. INTRODUCTION

The Smart Lake technical report was prepared for Purepoint Uranium Group Inc. in compliance with National Instrument 43-101 following the guidelines specified by National Instrument 43-101F. The purpose of this report is to evaluate the potential of the property to host uranium mineralization.

Scott Frostad, P.Geo., Vice President of Purepoint Uranium Group Inc., is the qualified person responsible for the content of this report. Mr. Frostad has been involved with the Smart Lake Project since June, 2007, was at the project for 10 days between November 12th and 21st, 2008 and more recently for 23 days between June 4th and 26th, 2012 to manage the diamond drill program.

The report includes opinions on the geophysical data by Roger K. Watson, P.Eng., Purepoint’s Chief Geophysicist. The Smart Lake geochemistry data collected by Purepoint from drilling and a 2011 soil sampling program have been reviewed by Donald M. Wright, P. Geo. of Peridot Geoscience Ltd. (Wright, 2012) and his opinions of the geochemical data are referenced in this report.

The available assessment data on the property filed with Saskatchewan Industry and Resources has been reviewed, including examination of the airborne magnetic and electromagnetic (EM) surveys, ground EM surveys, a geochemical survey and drill log results from within, and proximal to, the property. References citing these files are included in Section 15.

Data collected by Cameco Corp. has been reviewed and discussed with Cameco during Smart Lake technical meetings. Site visits by Cameco were conducted on October 3, 2008 and on July 5th, 2012. Opinions of the Cameco team have been considered for this report and the ongoing exploration work.

The author has not verified the technical information in the past technical reports, but has formed opinions on the potential for the uranium mineralization in the project area primarily on the basis of the technical information and preliminary results of the current exploration programs.

3. PROPERTY DESCRIPTION AND LOCATION

The Smart Lake project is situated in the southwestern quadrant of the Athabasca Basin and is located approximately 60 kilometres south-southwest of the AREVA Resources Canada Inc.’s Cluff Lake mining operation (Figure 1). It is located within the NTS map area 74-F-13, with its centre at about 109° 53’ west longitude and 57° 51’ north latitude, covers 9,800 hectares (ha) and consists of two mineral claims, S-107317 and S-107318 (Figure 2).
Figure 1: Location Map of the Smart Lake Project
The mineral claims are held in the name of Cameco Corporation. On February 6, 2007, Purepoint Uranium Group Inc., a public company listed on the TSX Venture Exchange, entered into an agreement with Cameco Corporation to form a joint venture in the ongoing exploration of the Smart Lake uranium project. The agreement permits Purepoint, as operator, to acquire up to 50% of the Smart Lake project. Program expenditures to date have completed Purepoint’s initial earn-in of 22% interest in the project.

In order to conduct work at the property, the operator must be registered with the Saskatchewan government and comply with the Saskatchewan Environment’s Exploration Guidelines and hold the appropriate Temporary Work Camp Permit, Timber Permit and Aquatic Habitat Alteration Permit. As well, the operator must comply with the Federal Department of Fisheries and Oceans that administers its own Guidelines for the Mineral Exploration Industry.

A mineral disposition in good standing gives the owner mineral rights only; Saskatchewan Environment controls surface rights. Mineral Claim Status was granted for the two claims (S-107317 and S-107318) comprising the Smart Lake property on April 14, 2004 (Table 1). Mineral claims require work commitments of $12.00/ha/annum in claim years 2 to 10 then requires work commitments of $25.00/ha/annum. Since enough assessment credit for the first 10 years has been accepted, the annual work commitment is now $25/ha/annum; $121,250 for S-107317 and $123,750 for S-107318. The claims are now in good standing until April 14, 2021, however, the 2012 drill program expenditures have not yet been submitted.

### 4. ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

Primary access to the property is via a 40-km trail that leaves the all-weather Cluff Lake Road, which starts in La Loche, SK, at kilometer 183. Air access is via float or ski-equipped aircraft from Buffalo Narrows, SK (230 km SSE) or Fort McMurray, AB (150 km SW).

The climate is typical of northern Saskatchewan, being cold in the winter, (-20 to -40 degrees Celsius) and hot in the summer (15 to 35 degrees Celsius). Precipitation is moderate. Freeze up begins in late October and break up occurs...
in late May. During the period of freeze up, from December to April, accessibility in the area is enhanced by frozen muskegs and lakes.

Some services are available in La Loche, SK including a hospital, gas station and freighting companies. Services available in Buffalo Narrows, SK include an airstrip, hotels, groceries and vehicle repairs.

A temporary work camp, constructed in 2007, is located 100 metres south of Smart Lake and includes a kitchen, six sleeping cabins, office, core logging facilities, core splitting shack, and a work shop.

The property has varied topography due to Quaternary landforms that include drumlins, eskers, ground moraine and hummocky moraine. Outcrop exposure is sparse due to a blanket of glacial till that is in excess of 100 metres in thickness. The forest cover is comprised of mainly jack pine and spruce. The elevation of Smart Lake is 471 metres above sea level (masl) while the elevation of the Smart Lake camp is 480 masl.

5. HISTORY

The Smart Lake property was explored by Saskatchewan Mining Development Corporation (SMDC), Hudson Bay Exploration and Development Company Ltd. (now Hudbay Minerals Inc.), and Can-Lake Explorations during the late 1970’s and early 1980’s. Work completed during this period included airborne magnetic and electromagnetic survey (Questor INPUT and EM-30) with follow up ground electromagnetic (Max-Min II and Turam) surveying, prospection, geochemical surveys and diamond drilling.

In 1977, Hudbay Minerals drilled 10 holes, SAM-01 to 10, within the Smart Lake area (Figure 3). In 1978, Hudbay Minerals joint ventured the Smart Lake area project with SMDC, a predecessor to Cameco. Hudbay Minerals continued as operator and conducted airborne geophysical surveys followed by 7 diamond drill holes, SAM-11 to 17. In 1979, the Hudbay / SMDC joint venture conducted a program of mapping, prospecting, lake sediment sampling, and an additional 6 diamond drill holes (SAM-18 to 23). Of the 23 drill holes completed by Hudbay Minerals in the Smart Lake area, the only hole known to have intersected graphite is SAM-20, which reportedly intersected graphite within the groundmass of a quartz-hematite-chlorite schist.

In 1978, E&B Exploration began exploring for uranium in the Smart Lake area with airborne geophysical surveys that included electromagnetics, magnetics and radiometrics and geochemical surveys that included lake water and lake sediment sampling. In 1979, E&B conducted a ground EM survey, geological
Figure 3: Compilation of Historical Work
mapping and a radon gas surveys followed by 7 diamond drill holes, S-01 to 07. As with the Hudson Bay drill holes, no cause for the conductivity anomalies was observed in the majority of these holes. The shallow, conductive Cretaceous cover likely compromised the effectiveness of EM surveys completed during the 1970’s and 1980’s (Cristall et al., 2005).

In 1990, an airborne electromagnetic GEOTEM survey completed by AMOK Ltd. (now Areva Resources Canada Inc.) re-established a number of the previously interpreted conductive trends. In 1991, Areva conducted ground geophysical surveys that included electromagnetics, magnetics and gravity. In 1992, a 7 hole diamond drill program was conducted with just one of the holes, BEA-7, being drilled in the Smart Lake area. The BEA-7 drill hole intersected weak graphite and anomalous nickel enrichment (122 ppm Ni) in the basement assemblage.

During 2004 and 2005, Cameco Corporation Ltd conducted an exploration program on the Smart Lake property designed to reaffirm and delineate the graphitic conductors in the Lloyd Lake Domain basement rocks underlying the Smart Lake property. The program involved a reconnaissance MEGATEM fixed-wing time-domain electromagnetic (TDEM) survey followed up by a detailed VTEM helicopter-borne TDEM survey (Cristall et al., 2005).

During 2006, exploration at the Smart lake project by Cameco consisted of 46 km of linecutting, chaining, and picketing, 47 km of step-wise moving loop electromagnetic surveying, and 12 km of fixed-loop electromagnetic surveying. The goal of the 2006 program was to ground define the highest conductance portions of the electromagnetic conductors identified by their recent airborne EM surveys in preparation for drilling (Cristall and Jiricka, 2006).

6. GEOLOGICAL SETTING AND MINERALIZATION

The Smart Lake property lies in the southwestern portion of the Athabasca Basin, Saskatchewan. The Athabasca Basin is filled by the Athabasca Group of relatively undeformed and flat-lying, mainly fluviatile clastic sediments. This Group unconformably overlies crystalline basement rocks of the Rae Province in the northwest and the Hearne Province to the east (Hoffman, 1990). Extensive areas are covered by Cretaceous sediments and Quaternary glacial drift and outwash.

The Smart Lake property is underlain by basement rocks of the Lloyd Domain (Figure 4) that is part of the Archean-aged Rae Province (Scott, 1985). Card et. al. (2007) have concluded that the majority of the granitoid gneiss in the Lloyd Domain is Proterozoic in age and not Archean. The Lloyd Domain consists of a series of granulite facies metamorphic grade granodioritic, granitic, gabbroic, and layered and blue quartz bearing gneisses with subordinate amounts of anorthosite, quartzite and pelitic gneiss (Scott, 1985; Hubregtse, 1982).
Figure 4: Bedrock Geology of Northern Saskatchewan
Two high strain zones characterized by late ductile to brittle faulting are prominent within the Lloyd Domain. A dextral, northeast-trending set (i.e., the Beatty River Fault) parallels the Grease River Shear Zone in the north and a second set of north-northwest trending faults is probably time equivalent to the Tabernor Fault system. The Lloyd Domain hosts the Cluff Lake deposits, the Shea Creek uranium deposits, the Dragon Lake (Maybelle River) uranium mineralization and underlies the entire Smart Lake project area.

Following the Trans-Hudson Orogeny (ca. 1.8 Ga, Jefferson et al., 2007), the basement rocks and Paleoproterozoic metasedimentary rocks were uplifted and subjected to erosion (Ramaekers, 1990, 2003a,b) leaving a weathered profile or regolith with a 1.75 to 1.78 Ga. retrograde metamorphic age (Annesley et al., 1997). The regolith consists of a few meters of a hematized red zone, grading into a buff, white to light green weathered basement which grades downwards over a few meters into unweathered basement (Ramaekers, 1990).

The Athabasca Group geology has been recently updated by Ramaekers et al, (2007) but was built on the framework set out by Raemaekers (1990). Four regional sequences of fluviatile sands and gravels filled five sub-basins within the Athabasca Basin from different directions. Sequence 1 is the Fair Point Formation, Sequence 2 begins with the sandy Smart Formation in the west and is overlain by the Manitou Falls Formation, Sequence 3 includes the Lazenby Lake and Wolverine Point Formations while Sequence 4 comprises the Locker Lake, Otherside, Douglas and Carswell Formations.

A maximum age constraint for the Athabasca Group is approximately 1.66 Ga provided by a detrital ziron suite collected from the Wolverine Point Formation (Rainbird et al., 2002). The thickness of the Athabasca Group sediments is presently estimated to be a maximum of 2200 m (Sibbald and Quirt, 1987).

The Smart Lake, Manitou Falls and Lazenby Lake formations of the Athabasca Group are thought to cover the northern two-thirds of mineral claim S-107317 and the northeast corner of S-107318 (Figure 5). The Fair Point Formation (FP), is thought to pinch out unconformably slightly southeast of the Carswell area since it is not present within the area of the Shea Creek deposits (Collier et al., 2001). The Smart Formation is a uniform, fine to coarse quartzarenite with horizontal bedding, and sparse isolated pebbles increasing in abundance downward. Two subunits of the Warnes Member of the Manitou Falls formation are interpreted to be present on the property; a lower quartz pebbly quartzarenite (MFw-lp) that is overlain by, a lower quartzarenite with <1% intraclasts and sparse small quartz pebbles (MFw-s). If present, the Lazenby Lake formation would sit conformably above the Manitou Falls formation and be characterized as a moderately sorted, fine-coarse pebbly sandstone with a thin basal conglomerate (Ramaekers et al., 2007).
Figure 5: Local Geology
The Cretaceous Mannville Group is present over most of the two Smart Lake claims (Figure 5). The eastern edge of the Lower Mannville occurs in this area of Saskatchewan and is primarily sandstone, gray and brown, fine to medium grained, moderately sorted, poorly cemented, very porous; with interbedded silty shale (Christopher, 1984).

6.1 Mineralization

Uranium mineralization discovered to date on the Smart Lake property is located on the Centre Grid and is associated with a steeply dipping, north-northwest striking structure that follows a hydrothermally altered graphitic-pyritic pelitic gneiss unit. The structure dips to the west at approximately 70 degrees and has been seen as sheared and chloritized in some holes and in others as a brecciated zone with intense clay alteration, silicification and hematization. The true width of the structure is estimated at 20 metres at its widest and the best assay to date was returned from SMT08-01 with a weighted average of 76 ppm U over 15.0 m from 226.0 to 241.0 m. The background uranium concentration of the basement rocks is approximately 10 ppm U. The graphitic-pyritic unit and structure has been intersected over a strike length of 400 metres and remains open in both directions.

A secondary radioactive structure, a flat-lying tensional fracture zone, is interpreted to extend westward from the main structure at a depth of approximately 160 metres. The fracture zone is associated with brownish-red hematite alteration (limonite overprinting) and flat-lying hairline fractures that dip east-northeast (75) at 30 degrees. The best assay from the flat-lying fracture zone was returned from SMT08-06 with 295 ppm U over 1.1 m from 155.2 to 156.3 m which included 0.19% U\textsubscript{3}O\textsubscript{8} (1600 ppm U) over 0.1 m from 156.2 to 156.3 m.

7. DEPOSIT TYPES

The Athabasca Basin hosts some of the world's largest and richest known uranium deposits. The Cigar lake deposits grade ~15% uranium while McArthur River grades ~22% uranium and the average grade of 30 deposits for 30 unconformity-associated deposits in the Athabasca Basin is ~2% uranium, approximately four times the average grade of Australian unconformity-associated deposits (Jefferson et al., 2007). The deposits are located at the sub-Athabasca unconformity, and are hosted in both the Athabasca Group sandstones above the unconformity, and in the Paleoproterozoic metamorphed supracrustal rocks and intrusives of the Archean Hearne Craton basement. Most of the known important deposits occur within a few tens to a few hundred metres of the unconformity and within 500 m of the present-surface, thus making them accessible and attractive exploration targets.
The initial discoveries were found through surficial indicators, such as radioactive boulders, strong geochemical anomalies in the surrounding lakes and swamps, and geophysical signatures (Wheatley et al., 1996). After these initial discoveries, an exploration model was developed that targeted electromagnetic conductors based on the associated underlying graphitic schists with strong electromagnetic signatures (Kirchner and Tan, 1977; Matthews et. al., 1997).

The uraniferous zones are structurally controlled both with relation to the sub-Athabasca unconformity, and the basement fault and fracture-zones. They are commonly localized above and along or in graphitic pelitic gneiss that generally flank structurally competent Archean granitoid domes (Quirt, 1989). Although electromagnetic conductors are typical exploration targets, the Kiggavik deposit in the Thelon Basin, Nunavut (Fuchs and Hilger, 1989) is an example of a significant uranium deposit forming without graphitic units. Uranium deposits within the Athabasca Basin that are associated with little or no graphite include Rabbit Lake, Eagle Point, Raven, Horseshoe, Cluff Lake, and Centennial (Rhys et al., 2010a; Yeo and Potter, 2010).

Uranium deposits in the Athabasca Basin that occur in proximity to the Athabasca unconformity can be characterized as polymetallic (U-Ni-Co-Cu, Pb, Zn and Mo) or monometallic (Ruzicka, 1997, Thomas et al., 2000, Jefferson et al., 2007). Examples of polymetallic deposits include the Key Lake, Cigar Lake, Collins Bay ‘A’, Collins Bay ‘B’, McClean, Midwest, Sue and Cluff Lake ‘D’ deposits. Polymetallic deposits have high-grade ore at or just below the unconformity, and a lower grade envelope that extends into the sandstone or downwards into the basement. The lower grade envelope exhibits a distinct zonation marked by predominance of base metal sulphides (Ruzicka, 1997).

Monometallic deposits are completely or partially basement hosted deposits localized in, or adjacent to, faults in graphitic gneiss and calc-silicate units. Monometallic deposits contain traces of metals besides uranium and include completely basement-hosted deposits developed for up to 500 m below the unconformity (e.g. Eagle Point deposit, Thomas et al., (2000)), or deposits that may extend from the unconformity downward along faults in, or adjacent to, graphitic gneiss and/or calc-silicate units such as the McArthur River deposit (Thomas et al., 2000; Jefferson et al., 2007).

### 7.1 Shea Creek Deposits

The Shea Creek uranium deposits are located approximately 40 km to the northeast of the Smart Lake project. Between 1994 and 2000, the Anne and Colette deposits at Shea Creek were identified by AREVA along the Saskatoon Lake Conductor. Cameco staked the Smart Lake project in 2004 based on aeromagnetic and electromagnetic patterns that were thought to reflect an extension of the patterns underlying the Shea Creek deposits (Figure 6).
Figure 6: Regional Magnetics (Tilt Derivative) of the Smart Lake Project Area
Four uranium deposits have been outlined at Shea Creek along the 3 km strike length of the Saskatoon Lake conductor and have been described by Rhys et al. (2010b). The uranium mineralization consists of both unconformity and basement styles as well as perched mineralization within the sandstone. The Saskatoon Lake conductor is 30 to 60 metres thick, north-northwest trending, moderately west-southwest dipping, comprised of pelitic gneisses that are graphite-rich and faulted (R3 Fault), and is surrounded by felsic granitic gneiss. Uranium deposition has occurred at sites where the R3 Fault is intersected by northeast trending pre-Athabasca mylonites (Figure 7).

Basement mineralization is developed mainly in granitic gneiss in the footwall of the Saskatoon Lake conductor in areas of intense clay-chlorite alteration, may exploit earlier faults. Intercepts are up to 200 metres below the unconformity. The mineralization is present within east-west to east-northeast trending, steep to moderate north dipping veins, and in west-southwest dipping concordant zones along faults and lithologies. Low concentrations of nickel, arsenic and cobalt comprise the “basement signature” and anomalous gold (up to 56 g/t Au) is found locally.

The Kianna deposit is east-west trending, steeply dipping basement mineralization that follows the Kianna Fault which crosscuts the Saskatoon Conductor and extends to depths of greater than 200 metres below unconformity. The Kianna mineralization is associated with clay and strong chlorite alteration and the best basement intercept was 4.1% U₃O₈ over 45.0 metres.

7.2 Exploration Criteria

Based on the general geological model for unconformity-type uranium deposits and more specifically, the main geological characteristics of the Shea Creek deposits, the exploration for uranium on the Smart Lake property will target: (1) Areas proximal to graphitic basement rocks; (2) Possible structures, especially where cross-cutting structures are indicated; (3) Extensive alteration envelopes within basement or sandstone rocks, (4) Low grades of uranium; (5) Complex mineralogy and geochemistry (U, Ni, As, Co, B, Cu, Mo, Pb, Zn and V); (6) Areas proximal to the Athabasca basement unconformity either above or below it; and (7) Zones of highly fractured sandstone that may be coincident with and overlying uraniferous zones.
Figure 7: Geology of Shea Creek Deposits (Rhys et al., 2010b)
8. EXPLORATION PROGRAMS

During 2007 and 2008 exploration program at the Smart Lake property by Purepoint Uranium Group Inc. consisted of camp and access construction, line cutting, ground geophysical surveying and a diamond drill program consisting of six diamond drill holes. During 2012, a four-hole diamond drilling program was conducted.

8.1 Camp Construction and Grid Establishment

The temporary work camp was constructed on the south shore of Smart Lake in June of 2007 by West Athabasca Ventures Inc. of La Loche, Saskatchewan.

During August and September of 2007, 135 line-km was cut during the establishment of the Central and South Grids by Big Bear Contracting Ltd. of La Loche, Saskatchewan. Of the lines cut, 14 line-km were cut on claim S-107317 and 121 line-km were cut on claim S-107318. Select lines were cut to a width sufficient to allow access by all terrain vehicles.

8.2 Ground Electromagnetic Survey

A total of 132.4 line-km of Transient Electromagnetic surveying (TEM), using the Step-wise Moving Loop array as well as a Fixed-loop array, were conducted during three property visits between October 2007 and August 2008 by Quantec Geoscience Ltd. of Porcupine, Ontario.

Purepoint’s Chief Geophysicist, Roger K. Watson, B.A.Sc., P.Eng. reviewed and interpreted the results of the TEM surveys. The interpretation of the data collected and the methods used for the interpretation are provided below. The anomalies were evaluated with respect to their quality as electromagnetic conductors and in relation to other geophysical data. Recommendations for follow-up work are given where appropriate.

The TEM surveys were carried out on twelve traverse lines (Figure 8). For the Central Grid, surveyed lines included L140N, L142N, L144N, 148N, 150N, and L152N. On the South Grid, surveyed lines are L94N, L96N, L98N, L104N, L106N and L108N.

8.2.1 Interpretation Methods

The anomalies are ‘picked’ from profiles displayed on a Geosoft database format.
Figure 8: Location Map of 2007/2008 Line Cutting and Geophysical Surveys
Modeling shows that conductor axes are located under local maxima and minima on the x channel and at points of inflection on the z channel. The y channel shows a ‘cross-over’ for conductors crossing the traverse line at an angle, and which disappears when the conductor crosses the traverse line at exactly 90 degrees.

To help find points of inflection and local maxima and minima the profiles are smoothed using a low pass filter where needed, and the first difference is calculated for the last five channels. Some points of inflection are difficult to pick but will show a maximum or minimum on the first difference. An x channel maximum or minimum will show a profile passing through zero on the first difference.

The anomaly picks are assembled on a spreadsheet and plotted as in Figure 9. There is always some variation in the location of the conductor from loop to loop but this can be resolved by grouping them, assigning a letter, and then calculating the average location in local co-ordinates. The average value is the most probable location and should be used to position a vertical drill hole. The standard deviation is the uncertainty that can be expected in the positioning.
The anomaly locations are provided in Table 2. The standard deviation is provided as the distance (metres) from the location (station) of the anomaly as seen from all transmitter loop positions on that line. Thus, it is a measure of the uncertainty of the actual position. The number of channels on which the anomaly could be observed is also provided. A high number of channels indicate a high conductance. The anomaly picks were transferred to the plan map, which also shows the position of the airborne VTEM anomalies (Figure 10).
Figure 10: Interpreted TEM Conductors and 2008/2012 Drill Hole Locations
8.2.2 Description and Evaluation of Anomalies

Central Grid

The geophysical survey data for the Central Grid was gathered in 2007 and consisted of a total of six lines in two groups of three lines each (Figure 8). The center line of each group was covered with the stepwise moving loop method with transmitter coil movements of 200 metres. The transmitter coil was 200 x 400 metres wide and as a cost saving measure, the ‘outside’ lines that were 200 metres from the center line were surveyed from each 3rd or 4th transmitter setup.

On all lines there was evidence of a near surface conductive layer showing on the early channels. Below this conductive layer the later channels show a number of anomalies that can be attributed to steeply dipping plate-like conductive layers that may be graphitic sediments. These have been picked, processed with the spreadsheet method described above, and final locations plotted on Figure 11. They showed good correlation with the two airborne VTEM conductor axes named “Conductor E” and “Conductor F”. The principal conductor, “E”, was interpreted as a conductive plate dipping to the west probably caused by graphitic sediments. The strongest part of the E conductor from the airborne data lies between lines 154 and 144 and the most suitable drill target point was considered to be the TEM anomaly on line 150N at station 104+65E.

The data from the fixed loop surveys on Lines 144N and 140N was examined for anomalies that would correlate to those found on the stepwise moving loop survey done on the central line 142N. The data was somewhat noisy and at best there were several vague anomalies seen but none that could be considered to be well enough defined to support those seen on L142. No anomalies are interpreted on these two lines.

Southern Grid

The geophysical data for the southern grid was collected over both the 2007 and the 2008 field seasons and the results are shown in Figure 10. Conductor axes are labeled to conform to earlier interpretive work by Cameco Corporation.

Anomaly A

Line 10800N was surveyed in the 2007 season with the SWML array using eleven transmitter coil positions to evaluate a VTEM anomaly. The results show a clear and strong conductor at 110+70E with a spread of +/- 37 metres and it correlates well with the “A” VTEM conductor.

The “A” anomaly is seen on six loops on line 96N and confirmed by fixed loop data on the adjacent lines 94N and 98N. It is strong and very well defined, particularly on the later channels. It correlates well with the strong “A” VTEM conductor and
Figure 11: Location Map of EM Anomalies and 2011 Soil Sampling Survey – Central Grid
supports earlier conclusions that it represents graphitic sediments in the basement and would make a good target in a follow-up drill program. The anomalies on lines 94N and 98N are not accurately positioned since they are seen on only two fixed loop data sets and therefore have not been plotted on Figure 10.

**Anomaly B**

This anomaly is less well defined and is obscured somewhat by surface conductive material which has the effect to of showing a ‘migrating’ anomaly as the channels progress. It correlates with a moderate VTEM conductor axis (Conductor Axis B) and probably indicates basement graphitic sediments. The symbol for the VTEM conductor axis is 250 metres to the east and some work on the ground will be needed to establish the correct location of ground stations with GPS so as to check the correlation with the airborne work.

**Anomaly C**

This is a strong, well-defined anomaly seen in 18 channels and from 6 or more loops on both lines 96N and L106N. It is supported on adjacent lines from fixed loop readings for both of these SWML lines. The anomalies seem to be displaced some 65 metres to the west of the VTEM conductor axis (Conductor Axis C). Again it is believed that this apparent displacement is probably not real and is most likely because accurate GPS readings have yet to be taken on the ground stations. It is interpreted as graphitic sediments in the basement and was recommended for a follow-up drilling program.

**Anomaly D1**

This anomaly is seen on both of the SWML lines. It is strong, somewhat disturbed by near surface conductivity, but well defined on the later channels. The VTEM anomaly is somewhat spread out and indefinite, which is probably a result of the surface conductivity. The SWML data confirms a good conductor axis (Conductor Axis D1) in the basement.

**Anomaly D2**

This anomaly correlates well with a moderate VTEM conductor (Conductor Axis D2) on line 96N but is not seen on Line 106N. It is a weak, poorly defined anomaly that shows up in later channels and persists in 5 loops. It is concluded to be real and caused by a thin layer of graphitic sediments in the basement.

### 8.3 Geochemical Survey

Purepoint Uranium Group Inc. conducted a geochemical survey of 206 samples over known mineralization on the Central Grid at the Smart Lake Project during October, 2011 (Figure 11). The survey involved sampling the A1 humus horizon and using aqua regia digestion for ICP-MS analysis.
8.3.1 Soil Sampling Method, Preparation and Analysis

A sampling grid was designed and downloaded into GPSs prior to going into the field. The GPSs were then used to guide the sampling teams to each pre-selected and pre-named sample site. After choosing a suitable sample location close to the GPS sample coordinate, the black A1 organic soil layer was collected either by hand or with a spade. The A1 horizon was occasionally just below the litter and could be easily scrapped up and at other times, the A1 horizon was most easily accessed by pulling up the surface vegetation by hand and collecting the black soil at the root base. The A1 horizon varied in thickness from 1cm to about 6cm. The samples were stored in a plastic sample bag and labeled with the pre-determined sample ID. All samples were described in the field by field technicians who noted the percent peat, the percent charcoal and colour of the soil.

Approximately one in 30 samples was doubled in size for later splitting for quality assurance purposes. Splitting was conducted by placing the oversized sample into a pail and then thoroughly breaking apart the soil clumps by hand. Reaching into the pail, a handful of sample material was taken then alternatively put into two open plastic bags until the pail was empty. The duplicate sample was marked with a “D” following the original sample ID.

All samples were sent to SRC in Saskatoon, SK for both an ICP-MS and ICP-OES analysis. Samples were air dried, mortared, sieved to 180 microns then analyzed after both partial (two-acid) and total (three-acid) digestions. Partial digestion was suggested as a means of avoiding interference that arises when ICP-MS is conducted on totally digested samples. For partial digestion, a 0.250 g pulp was digested with 2.25 ml of 8:1 ultrapure HNO3:HCl for 1 hour at 95 C. For total digestion, a 0.125 g pulp was gently heated in a mixture of ultrapure HF/HNO3/HClO4 until dry and the residue dissolved in dilute ultrapure HNO3.

8.3.2 Quality Assurance/Quality Control (QA/QC)

Eleven (11) field quality control samples (recorded as duplicates) were collected randomly within the survey area. Laboratory quality control measures included the inclusion of thirteen (13) laboratory standards (specific to analytical method) and eight (8) sample repeats.

Wright (2012) visually reviewed the duplicate samples for the soil geochemistry dataset using scatterplots of duplicate sample data compared against parent sample data. These plots were mathematically supported by calculating and plotting the relative percent difference between duplicate and parent samples against concentration in the parent sample. Only the duplicate data for elements actually identified as being relevant to exploration were reviewed.
The only standards used were internal SRC laboratory standards, which would have been reviewed prior to delivery to Purepoint. As a result, additional review of the laboratory standards was not completed.

8.3.3 Discussion of Results

The soil geochemical survey returned very weak analytical concentrations and spotty anomalies (Figure 12). The weak anomalism may be related to the fact that the host basement rock is overlain by significant amounts of the Cretaceous Mannville Formation and Quaternary overburden or due to soil destruction following a recent forest fire. The Mannville Formation is composed of fine grained sandstones and mudstones, and could represent a barrier to upward migration of elements. However, post-Cretaceous reactivation of any structures present could assist with allowing penetration of geochemical signals through the Mannville Formation. The depth of overburden, typically greater than 100 metres thick, may have also been a factor in limiting the distribution of geochemical signals. Recent forest fires in the area resulted in the complete destruction of soils locally and a high percentage of charcoal in some samples possibly accounting for the spotty geochemical anomalies.

The total uranium results from the soil survey suggests a weak north-northwest trend when 3 of the 6 highest results are correlated (Figure 12) but it must be assumed that the previously discussed interferences of the overburden, clay-rich Mannville formation and recent forest fire have resulted in the spotty anomalies. The anomalous nickel results are also quite spotty and are not readily comparable to the uranium results. A possible explanation is that nickel is displaying a halo signature to the uranium anomaly.

8.3.4 Conclusions

The soil geochemistry anomalies are quite weak and spotty, however, some of the anomalous uranium results appear to follow the north-northwest trend of the Shearwater conductor that is associated with known uranium mineralization (Figure 11). Although the Central Grid results are considered to be generally inconclusive, soil geochemistry may still be a worthwhile exploration technique on other parts of the property where fire has not destroyed the soil.
Figure 12: Uranium and Nickel Results from 2011 Soil Geochemical Survey – Central Grid
9. DIAMOND DRILLING

A total of 2,539 metres has been drilled in ten diamond drill holes by Purepoint on the Smart lake property during two drill programs (Figure 10). The drilling contractor for both the 2008 and 2012 drill programs was Aggressive Drilling of Prince Albert, Saskatchewan. The 2008 diamond drill program consisted of six holes with a total of 1,436 m being drilled while the 2012 drill program consisted of four holes with a total of 1,103 m.

9.1 Downhole and Core Logging Procedures

Downhole procedures included oriented core readings and radiometric logging. Oriented drill core markings were made on the drill core for each drill run using a Reflex ACT II RD Core orientating tool. The radiometric logging was conducted using a 2PGA-1000 Poly-Gamma Probe and a MGX II Logger. The gamma probe was calibrated against a set of known standards in test pits located at the Saskatchewan Research Council's facilities in Saskatoon.

Data collected from the drill core included geologic descriptions, core recovery, rock quality determination (RQD), fracture count, magnetic susceptibility and radioactivity using a handheld scintillometer. Oriented drill core measurements, recorded using a goniometer, included shearing, foliation, slips, gouge, fractures and veins.

Samples were collected for analysis using a portable short-wave infrared mineral analyzer (PIMA) for the determination of the spatial distribution of clay minerals. The geologist collected PIMA samples where clay alteration was prominent and where clay coatings were seen on fracture surfaces within the basement rock. A 2 to 4 cm long piece of drill core was collected where required and placed in a sample bag marked with the hole number and sample depth. All PIMA samples were forwarded to Ken Wasyluk, M.Sc., P.Geo. of Northwind Resources, Saskatoon, Saskatchewan for analysis.

Sampling procedures for samples submitted for analysis using partial and total digestion inductively coupled plasma methods, for boron by Na2O2 fusion, and for uranium by NHO3/HCl and fluorimetry at the Saskatchewan Research Council Geoanalytical Laboratories in Saskatoon are described in detail in Section 10.

9.2 Diamond Drill Hole Results

Eight of the ten drill holes were collared on the Central Grid and targeted Conductor E (Shearwater conductor) while the other two holes were collared on the South Grid and tested separate EM conductors (Figure 10). Drill hole collar locations are provided in Table 3. All holes were drilled at an azimuth of 080 or 085 and at a dip of -80. Two of the Central Grid drill holes, SMT08-06 and SMT12-04,
 were lost before reaching their intended depth.

The extension of the 2008 drill program and the entire 2012 drill program was designed to systematically test the Shearwater Conductor, an EM conductor associated with the successful hole SMT08-01. During 2008, Purepoint’s initial drill hole SMT08-01 intersected a weakly radioactive structure that displayed intense clay alteration, silicification and hematization while the strongest radioactivity was returned from a tension fracture in SMT08-06 assaying 1,600 ppm U over 0.1 metre. The best uranium intercepts for each hole of the 2008 and 2012 drill programs are provided in Table 4.

9.2.1 Central Grid Drill Results

Four of the six holes that tested the Shearwater conductor intersected graphitic-pyritic pelitic gneiss. Hole SMT08-04 was a 50 metre step-out from SMT08-01 but appears to have overshot the conductor target while SMT12-04 was lost before reaching its intended target. Athabasca sandstone was not encountered in any of the holes, however, 25 to 40 metres of Mannville Formation was found covering the basement rocks.

A drill hole location map for the Central Grid with all the significant core orientation measurements and a geologic interpretation is provided in Figure 13. Drill hole sections for these holes are provided, from north to south, in Figures 14 to 18. The weighted averages of uranium for the Fracture Zone “A” and Shearwater Conductor intercepts are provided in Table 5. The intercepts of anomalous geochemistry, which includes weighted averages for partial analyses of nickel, arsenic, and cobalt and total CaO2, Na2O and Al2O3, are provided in Table 6.
PIMA samples were collected throughout the Central Grid drill holes to help identify clay mineralogy. The favourable clay kaolinite comprised up to 47% of the clay mineralogy for SMT08-01 between 130 and 270 metres but was only locally identified in holes SMT12-01, 02 and 03.

SECTION 152+00N
SMT12-02 (Figure 14) encountered Pelitic Gneiss with chlorite and hematite alteration to 208.0 metres and then clay alteration became prominent to a depth of 210.7 metres. From 152.0 to 154.4 metres, 37 ppm U over 2.4 metres was returned from a strongly hematite alteration. Strongly silicified graphitic-pyritic pelitic gneiss, very weakly radioactive, was intersected between 210.7 and 224.3 metres and hosted a 1.5 metre wide fault zone. Silicified Pelitic Gneiss with weak to moderate clay alteration was then encountered to the completion depth of 306.0 metres.

Table 5: Uranium Intercepts of Fracture Zone “A” and Shearwater Conductor

<table>
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<tr>
<th>Grid Line</th>
<th>Hole ID</th>
<th>U (ppm)</th>
<th>Interval (m)</th>
<th>To (m)</th>
<th>U (ppm)</th>
<th>Interval (m)</th>
<th>From (m)</th>
<th>To (m)</th>
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<td>SMT12-02</td>
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<td>152.0</td>
<td>154.4</td>
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<td>153.8</td>
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<td>13.3</td>
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<td>156.3</td>
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Figure 13: Drill Hole Location and Geologic Interpretation – Central Grid
Figure 14: Section 152+00N – Drill Hole SMT12-02
Figure 15: Section 150+50N – Drill Holes SMT08-05 & 06
Figure 17: Section 149+00N – Drill Hole SMT12-03
Figure 18: Section 148+00N – Drill Hole SMT12-01
## Table 6: Intercepts of Anomalous Geochemical Signature

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<tr>
<th>Grid Line</th>
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<th>From (m)</th>
<th>To (m)</th>
<th>Interval (m)</th>
<th>Ni (ppm)</th>
<th>As (ppm)</th>
<th>Co (ppm)</th>
<th>CaO (wt %)</th>
<th>Na2O (wt %)</th>
<th>Al2O3 (wt %)</th>
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</table>

NOTE: * Missing analysis intervals estimated

## SECTION 150+50N

SMT-08-05 (Figure 15) was cased to a depth of 117.3 metres, the Mannville Formation was encountered to a depth of 128 metres, then non-radioactive pelitic gneiss with silicification, hematite, clay and chlorite alteration to a depth of 150.1 metres. The SW Fault appeared as black radioactive fault gouge between 150.1 and 154.2 metres, with only 1.2 metres of core recovered and returned 624 ppm U over 0.8 metres from 153.0 to 153.8 metres. Silicified pelitic gneiss, also displaying hematite and chlorite alteration, was encountered to 159.4 metres, followed by strongly silicified, slightly radioactive, graphitic-pyritic gneiss to 192.0 metres. Non-radioactive, moderately silicified pelitic gneiss was then encountered to the completion depth of 219.0 m. The graphitic-pyritic gneiss displayed strong pervasive silicification and returned 127 ppm U over 13.3 metres from 155.1 to 168.4 metres.

SMT08-06 was collared 25 m behind, and on section with, SMT08-05 (Figure 15). The hole intersected elevated radioactivity and strong alteration at approximately the same depth as SMT08-05 (155 to 160 metres), however, the radioactivity was associated with tension fractures rather than fault gouge. Analysis results from the Fracture Zone “A” returned 253 ppm U over 3.3 m from 153.0 to 156.3 metres which included 0.19% U₃O₈ (1600 ppm U) over 0.1 m from 156.2 to 156.3 metres. The hole intersected a weakly radioactive structure, which returned 12 ppm U over 0.5 metres between 210.1 and 210.6 metres, and is presently interpreted to be the SW Fault. The hole had just intersected a fault within a pyritic zone when it was
lost before its intended completion depth at a depth of 258 metres. The bottom of SMT08-06 returned an anomalous geochemical signature from the bottom of the hole including 99 ppm Ni, 92 ppm As and 149 ppm Co over 0.4 metres from 254.6 to 255.0 metres.

SECTION 150+00N
SMT08-01 (Figure 16) drilled through overburden to 120.0 metres, then Mannville Formation mudstones and sandstones to 125.7 metres, followed by pelitic gneiss basement rocks with evidence of multiple episodes of alteration. Fracture Zone “A” was associated with pyritic gneiss, the only instance of holes drilled on Central grid where pyrite is seen at this elevation, and returned 24 ppm U over 2.0 metres from 152.0 to 154.0 metres. A clay alteration zone was intersected between 222.5-260.5 metres and is associated with local shearing and brecciation as well as the alteration geochemical signature. This zone of alteration also hosts multiple minor radioactive peaks and returned a weighted average of 73 ppm U over 16.0 metres from 226.0 to 242.0 metres. The background uranium concentration of the basement rocks is approximately 10 ppm U. The Shearwater conductor is a graphitic-pyritic unit from 276.5 to 285.5 metres. The radioactivity and the anomalous geochemical signature, which includes partial digestion concentrations of 189 ppm Ni, 27 ppm As and 209 ppm Co over 37.0 metres from 223.0 to 260.0 metres, is found in the hanging wall of the Shearwater conductor. In the other five holes in which the Shearwater conductor was intersected, the radioactivity and alteration geochemistry signature occurs within the Shearwater conductor.

SMT08-04 (Figure 16) was drilled 50m east of SMT-08-01 to follow-up the highly altered, radioactive structure that hole intersected. The hole was cased to a depth of 93 metres, then poor recovery and intervals of massive clay of the Mannville Formation occurred to a depth of 131.6 metres. The basement rock consisted of relatively featureless pelitic gneiss dominated by moderate silicification and chlorite alteration to the completion depth of 254.4 metres. A small zone of brecciation was intersected between 248.8 to 250.8 metres that displayed weak clay alteration of feldspars. It is currently believed that hole SMT08-04 overshot the Shearwater conductor (Figure 16). Downhole gamma results returned radioactive peaks of 668 cps and 880 cps at depths of 200.3 metres and 218.1 metres, respectively, which correlate with fractures.

The historic hole Sam-14 was a vertical hole collared approximately 60 m west-southwest of SMT08-01 (Figure 13). The hole was cased to 116.0 metres, encountered Mannville Formation rocks to 125.0 metres, and then drilled 22 metres of granitic gneiss before being completed at 147.0 metres. Pyrite and clay were seen as fracture coatings between 128.6 and 136.6 metres. The granitic gneiss was highly fractured for the last 6 metres of core, 141.0 to 147.0 metres, with greenish black chlorite on the fracture surfaces. No anomalous radioactivity was noted.
SECTION 149+50N
SMT12-04 (Figure 13) targeted the Shearwater conductor between hole SMT12-03, which had encountered strong shearing, and SMT08-01, which had encountered a wide zone of brecciation. It was interpreted that an east-west trending structure may lie between these two holes and be responsible for the shearing and brecciation. Unfortunately, after only drilling 7.1 metres of basement rock (chloritic pelitic gneiss), the rods encountered an open cavity, dropped 1.0 metre and became stuck. The hole was lost at a depth of 135.3 metres and was the last hole of the 2012 drilling program.

SECTION 149+00N
SMT12-03 (Figure 17) was cased to 94.0 metres, encountered Mannville Formation rocks to 133.9 metres, then pelitic gneiss with hematite, chlorite and clay alteration to a depth of 222.3 metres. A radiometric peak of 12 ppm U over 2.1 metres from 140.5 to 142.6 metres was associated with a strong hematite alteration and flat-lying hairline fractures that dip northeast (55) at 25 degrees. Strongly sheared and moderately clay altered pyritic pelitic gneiss was intersected between 211.3 and 233.9 metres then strongly silicified, very weakly radioactive, graphitic-pyritic pelitic gneiss was encountered to a depth of 253.2 metres. The graphitic-pyritic unit hosted a 1.0 metre wide, weakly clay altered fault zone between 237.0 and 238.0 metres. The anomalous geochemical signature extends from 209.6 to 249.0 and was most notable for its anomalous cobalt returning 122 ppm Co over 39.4 metres. A weakly silicified pegmatite that returned high gamma readings was determined to be thorium-rich returning 340 ppm Th over 4.3 metres from 253.7 to 258.0 metres. The hole then encountered pelitic gneiss with moderate clay alteration to a depth of 281.2 metres and then siliceous pelitic gneiss to the completion depth of 292.6 metres.

SECTION 148+00N
SMT12-01 (Figure 18) intersected basement rock at 127.5 metres. Pelitic gneiss with hematite and chlorite alteration was encountered between 127.5 and 170.7 metres then strong clay alteration became prominent to a depth of 234.2 metres. A radiometric peak of 1926 cps (total gamma) at a depth of 146.0 metres is associated with flat-lying hairline fractures that dip ENE (75) at 30 degrees. The Shearwater conductor was explained by chloritized graphitic-pyritic pelitic gneiss between 234.2 and 271.7 metres that was moderately sheared and weakly radioactive returning 24 ppm U over 6.8 metres between 263.6 and 270.4 metres. A fault zone with chloritic angular rubble, interpreted as the SW Fault, was intersected between 261.7 and 262.5 metres. As with SMT12-03, an anomalous geochemical signature most notable for its cobalt concentration returned 205 ppm Co over 13.7 metres between 234.2 and 247.9 metres. The hole then encountered pelitic gneiss that was strongly silicified to a completion depth of 369.0 metres and hosted strongly clay altered gneissic bands between 312.1 and 326.8 metres.
9.2.2 South Grid Drill Results

**DDH SMT08-02**

SMT-08-02 was drilled on the South Grid to a downhole depth of 192m to test Conductor A. The hole encountered 74 m of overburden then pelitic gneiss to the end of the hole. A strongly graphitic-pyritic pelitic gneiss was intersected between 110.7 and 116.3 metres with a 1.0 metre interval of strong fracturing and weak clay alteration returned anomalous partial digestion concentrations of Ni (135 ppm), Co (92 ppm), Cu (340 ppm), Se (15 ppm), and B (113 ppm) from 111.0 to 112.0 metres. Only background concentrations of geochemical signature elements and uranium (partial digestion) were returned elsewhere in this hole.

**DDH SMT08-03**

SMT-08-03 also targeted Conductor A, 650 metres of hole SMT08-01, but failed to explain the conductor. Overburden extended to 83 metres then biotitic pelitic gneiss, showing weak to moderate chlorite and hematite alteration, was encountered to the final depth of 213.0 metres. No anomalous radioactivity or geochemistry was returned from the drill core analyses.

9.2.3 Interpretation and Conclusions

Drilling on the Central Grid has discovered weak uranium mineralization associated with the Shearwater conductor, a steeply dipping, north-northwest striking, and hydrothermally altered, graphitic-pyritic pelitic gneiss. A structure (Shearwater or SW Fault) is interpreted to follow the Shearwater conductor dipping towards the west at approximately 70 degrees. The SW Fault can be characterized as chloritic fault rubble within shear zones or as a brecciated zone with intense clay alteration, silicification and hematization.

A flat-lying, radioactive tensional fracture zone (Fracture Zone “A”), is interpreted to extend westward from the SW Fault at a depth of approximately 160 metres. Fracture Zone “A” is associated with brownish-red hematite alteration (limonite overprinting) and flat-lying hairline fractures that dip shallowly to the east-northeast.

The uranium mineralization at Smart Lake is associated with a geochemical halo that includes the enrichment of nickel, arsenic, and cobalt. The geochemical signature is considered to be a good exploration tool for vectoring towards a uranium deposit.

The mineralized Shearwater conductor and associated SW Fault have been intersected by drilling over a strike length of 400 metres and remain open in both
Conductor A, located 3 kilometers to the south, is thought to be an extension of the Shearwater conductor (Figure 10) and has now been tested with two drill holes. Only one of the two holes, SMT12-02, explained the conductor by intersecting graphitic-pyritic pelitic gneiss. The graphitic unit of SMT12-02 hosted 1.0 metre of strong fracturing, weak clay alteration and anomalous nickel, cobalt and copper values but low uranium.

The area targeted by drill hole SMT12-04 is still considered a high-priority target. SMT12-04 was lost within an open cavity after drilling only 7.1 metres of basement rock (chloritic pelitic gneiss). The hole was collared 50 metres west of SMT08-01 that has returned the strongest alteration and anomalous geochemical signature to date from a weakly radioactive brecciation zone (SW Fault). The interpretation of a crosscutting fault at the SMT12-04 location is supported by the intersected cavity.

10. SAMPLE PREPARATION, ANALYSES AND SECURITY

10.1 Sample Preparation

The sample preparation on site is limited to splitting the core. All other sample preparation is performed by the independent laboratory, SRC. The core splitting is done under the supervision of the site geologist by the company’s geological technician.

Diamond drill core was placed in core boxes and transported to the core logging building at the Smart Lake camp by the drilling company. The project geologists log the core for lithologic characteristics and the geological technicians log the core for core recovery, rock quality determination (RQD), fracture count, magnetic susceptibility and radioactivity.

Samples of drill core are typically chosen for analysis based on the radioactivity recorded by the geological technician using a handheld scintillometer. Additional “shoulder” samples are also taken above and below the radioactive zone. Also, non-radioactive structures, alteration and lithologies were sampled to possibly identify processes related to the mineral deposit model and background geological and geochemical processes. Attempts were made by the geologist to avoid having more than one lithology in any given sample.

Samples were collected by both a composite method (only for sandstone) and by splitting. For composite samples of sandstone, the geologist collects a 2 to 4 cm long piece of core every metre and places these in a marked plastic sample bag along with a sample number tag from the sample ticket book. The geologist records the sample intervals within the sample ticket book, and then staples a sample number tag from the sample ticket book to the core box where the interval begins.
For core to be sampled by splitting, the geologist marks the sample intervals on the core, records sample intervals within the sample ticket book, then staples sample number tags from the sample ticket book to the core box where the interval begins.

After the core has been marked for sampling, it is photographed both wet and dry. The core requiring splitting is then is split lengthwise using a mechanical knife-type core splitting tool and every attempt was made to ensure an even split. Intervals of poorly lithified core (i.e. clay altered) were split using stainless steel kitchen utensils. One half of the core is placed in plastic sample bags pre-marked with the sample number along with a sample number tag from the sample ticket book. The other half is returned to the core box and stored at the core storage area located near the Smart Lake camp. The core splitter and sample collection pans are cleaned thoroughly with a brush before the next sample is split. The bags containing split samples are then placed in buckets with lids for transport to Saskatchewan Research Council (SRC) in Saskatoon, Saskatchewan.

The Smart Lake drillhole database contains the assay results from 365 split samples and the length of these samples, which range from 0.1 to 3.0 metres, is considered appropriate for the current stage of exploration. Recovery is not believed to be a factor that could materially impact the accuracy and reliability of the results since sample intervals are broken where the core has been lost. Only 3 composite samples, which were of Mannville Group sediments and ranged in length from 5 to 9 metres, were collected and analyzed. A total of 105 samples were collected for PIMA analysis.

10.2 Sample Analysis

The SRC facility in Saskatoon crushes each sample to 60% -10 mesh and then riffle split to a 200g sample with the remainder retained as coarse reject. The 200 g sample is then ground to 90% -140 mesh. Replicates are chosen at random and an additional 200 g sample is riffle split and ground to 90% -140 mesh. For total digestion analysis, a 0.125 g pulp is gently heated in a mixture of ultrapure HF/HNO₃/HClO₄ until dry and the residue dissolved in dilute ultrapure HNO₃. For the partial digestion analysis, a 0.500 g pulp is digested with 2.25 ml of 8:1 ultrapure HNO₃/HCl for 1 hour at 95 C. The solutions are then analyzed by ICP (Inductively Coupled Plasma) analysis. For boron, a 0.1 g pulp is fused at 650 C in a mixture of Na₂O₂/Na₂CO₃.

The SRC facility is licensed by the Canadian Nuclear Safety Commission (CNSC) to receive, process, and archive radioactive samples. The facility is ISO/IEC 17025:2005 accredited by the Standards Council of Canada (scope of accreditation #537) and also participates in regular interlaboratory tests for many of their package elements.

10.3 Sample Security
Core samples are transported to the SRC laboratory by Purepoint employees. Results from the analyses are transmitted by email directly to Purepoint's exploration office in Saskatoon and the signed paper assay certificates are mailed.

11. DATA VERIFICATION

The drilling database is compiled directly from Excel spreadsheets sent from SRC to Purepoint's Saskatoon office, thus eliminating the errors associated with manual data input. The results from individual Excel spreadsheets received for each certificate are then moved into a single Access database. Values below the detection limit are given a value that is one-half of the detection limit. Results provided in the PDF versions of the assay certificates that are received from SRC by email were randomly checked against the values in the Access database by the author at the end of the 2008 drill program and again at the end of the 2012 drill program. All anomalous intercepts used in this report were recalculated using original Excel assay datasheets from SRC and compared to previous weighted average calculations.

12. ADJACENT PROPERTIES

Some occurrences of unconformity-type uranium deposits occur north of the Smart Lake property (Figure 6). The Cluff Lake Mine, owned by AREVA Resources Canada Inc. (100%), is located 55 km north-northeast of the Smart Lake property. Cluff Lake Mine produced 62 million pounds of U₃O₈ and has been mined out (AREVA July 24, 2004 news release).

The Shea Creek deposits, jointly owned by AREVA Resources Canada and UEX Corp., are located approximately 40 km northeast of the Smart Lake property. A N.I. 43-101 compliant mineral resource estimate for the Kianna, Anne and Colette deposits is 63.6 million pounds U₃O₈ in the indicated category and 24.5 million pounds U₃O₈ in the inferred category (UEX, May 26, 2010 news release).

The mineral dispositions that immediately surround the Smart Lake property are currently 100% owned by Mega Uranium Inc (Figure 19). The dispositions were staked during March 2005 by Titan Uranium Inc. and formed the Border Block property to the west and the Gartner Lake property to the east. During February 2012, Mega Uranium acquired the claims from Titan. In August 2012, Mega Uranium entered into a letter of intent with NexGen Energy Ltd. allowing NexGen to acquire the majority of Mega's Canadian uranium projects including Border Block and Gartner Lake.
13. INTERPRETATIONS AND CONCLUSIONS

The Smart Lake project is interpreted as covering the southern extension of the Shea Creek deposit trend based on airborne electromagnetic and magnetic signatures. The Shea Creek deposits are located 55 km north of the Smart Lake property.

The Shearwater conductor, located on the Central grid of the Smart Lake project, has been shown to host widespread hydrothermal alteration, favourable structure and rock types that are associated with anomalous radioactivity. The Shearwater conductor has been traced for 400 metres by drilling, over 1.0 kilometer by a ground EM survey, and for 1.4 kilometers by an airborne EM survey.

The geology of the Shea Creek deposits is considered to provide a good working exploration model for the Smart Lake project. The Shearwater conductor is similar to the Saskatoon conductor at Shea Creek in that they are both trending north-northwest, are comprised of faulted graphite-rich pelitic gneisses, basement mineralization is mainly developed in areas of clay and chlorite alteration, and low concentrations of nickel, arsenic and cobalt are present as a basement geochemical signature. Based on the Shea Creek model, primary exploration targets will be where interpreted faults crosscut the graphitic units (e.g., Kianna fault crosscutting the Saskatoon conductor).

The stepwise moving-loop EM survey, in combination with the cheaper fixed-loop EM survey, is effective for targeting the graphitic-pyritic pelitic gneisses.

A geochemical halo that includes the enrichment of nickel, arsenic, and cobalt is associated with uranium mineralization at the Smart Lake project. The geochemical signature is considered to be a good exploration tool for vectoring towards a uranium deposit and

Soil geochemistry outlined very weak anomalies, however, one anomaly generally follows the north-northeast trend of the Shearwater conductor. Interpretation of the survey results was hampered by the low analytical concentrations returned from the Central Grid soil, possibly influenced by the Cretaceous cover, thick overburden and the recent forest fire. Limited soil sampling over the south and north grid areas is required to properly evaluate the usefulness of extensive geochemical surveying in these areas.

The area targeted by drill hole SMT12-04 is still considered a high-priority target. SMT12-04 was lost within an open cavity after drilling only 7.1 metres of basement rock (chloritic pelitic gneiss). The hole was collared 50 metres west of SMT08-01 that has returned the strongest alteration and anomalous geochemical signature to date from a weakly radioactive brecciation zone (SW Fault). The interpretation of a crosscutting fault at the SMT12-04 location is supported by the intersected cavity.
The Conductor A on the South Grid is interpreted as an extension of the Shearwater conductor. Only one hole intersected graphitic-pyritic pelitic gneiss while testing Conductor A and it is considered to warrant further evaluation.

The 17 kilometres of EM conductors on the Smart Lake property are all considered to be prospective for uranium deposition.

**14. RECOMMENDATIONS**

Based on the encouraging drill results from the Shearwater conductor and the favorable geologic setting, further exploration is warranted. A multi-staged exploration program and budget is recommended for the Smart Lake property (Table 7).

*Stage 1: Fall 2013/ Winter 2014:*

All grids should be refurbished and a new grid established over the northern conductor. Ground magnetic and gravity surveys should be conducted over all grids on the property. The results of the detailed magnetics and gravity surveys will further define favourable structures and potentially identify areas of hydrothermal alteration for follow-up.

A resistivity survey should be conducted over the northern conductors in an attempt to detect alteration chimneys within the Athabasca sandstone.

A step-wise moving loop survey should be conducted between the North and Central grids and between the Central and South grids. If the ground EM survey is successful in locating conductors not seen by the airborne VTEM survey, the amount of prospective ground on the property would increase significantly.

Soil geochemical orientation surveys are recommended for the southern and northern grids.

Drill testing of the Shearwater conductor high priority geophysical targets with a six hole, 2500 meter drill program is recommended.

Stage 2 is not contingent on positive results from Stage 1 since the purpose of the geophysics of Stage 1 is to further refine drill targets and to aid in their prioritization.

*Stage 2: Winter 2015:*

Drill testing of the high priority geophysical targets. A ten hole, 4500 meter drill program is recommended.
Table 7: Proposed Smart Lake Exploration Budget

**Stage 1**  
*Fall 2013 and Winter 2013/14*

**Geophysical & Geochemical Surveys**
- **Linecutting** 26 kms @ $650/km  
  - **Total:** 16,900
- **Grid Refurbishing** 128 km @ $100/km  
  - **Total:** 12,800
- **Ground Magnetic Survey** 1540 stations @$20/station  
  - **Total:** 30,800
- **Ground Gravity Survey** 770 stations @ $75/station  
  - **Total:** 57,750
- **Ground Resistivity Survey** 26 kms @ $2,350/km  
  - **Total:** 61,100
- **Ground Electromagnetic Survey** 60 kms @ $1,600/km  
  - **Total:** 96,000
- **Soil Geochemical Survey** 120 samples  
  - **Total:** 12,000
- **Mob/demob of field crews**  
  - **Total:** 25,000
- **Camp Costs - 7 to 10 people** 40 days @ $3000/day  
  - **Total:** 120,000
- **Data Inversions and Report**  
  - **Total:** 479,450

**Diamond Drill Program**
- **Mob / Demob**  
  - **Total:** 150,000
- **Diamond Drilling** 6 holes, 2400 m @ $140/m  
  - **Total:** 336,000
- **Geologist** 42 days @ $800/day  
  - **Total:** 33,600
- **Camp Costs - 10 people** 52 days @ $3000/day  
  - **Total:** 156,000
- **Analytical Costs** 600 samples @ $70/sample  
  - **Total:** 42,000
- **Report**  
  - **Total:** 10,000

**Subtotal** 1,207,050  
Management Fees (10%)  
**Total Stage 1 =** 1,327,755

**Stage 2**  
*Fall 2014 and Winter 2014/15*

**Diamond Drill Program**
- **Mob / Demob**  
  - **Total:** 150,000
- **Diamond Drilling** 10 holes, 4500 m @ $140/m  
  - **Total:** 630,000
- **Geologist** 70 days @ $800/day  
  - **Total:** 56,000
- **Camp Costs - 10 people** 80 days @ $3000/day  
  - **Total:** 240,000
- **Analytical Costs** 1000 samples @ $70/sample  
  - **Total:** 70,000
- **Report**  
  - **Total:** 10,000

**Subtotal** 1,156,000  
Management Fees (10%)  
**Total Stage 2 =** 1,271,600

**Estimate for Total Stages 1 And 2**  
$2,599,355
15. REFERENCES


Ramaekers, P; Jefferson, C W; Yeo, G M; Collier, B; Long, D G F; Drever, G; McHardy, S; Jiricka, D; Cutts, C; Wheatley, K; Catuneanu, O; Bernier, S; Kupsch, B; and Post, R (2007): Revised geological map and stratigraphy of the Athabasca Group, Saskatchewan and Alberta; in EXTECH IV: Geology and Uranium EXploration TECHnology of the Proterozoic Athabasca Basin, Saskatchewan and Alberta; by Jefferson, C W (ed.); Delaney, G (ed.); Geological Survey of Canada, Bulletin no. 588, 2007; p. 155-191.


16. DATE AND SIGNATURE

This NI 43-101 technical report titled “Smart Lake Uranium Project, Northern Saskatchewan, Canada” and dated November 5, 2012, was prepared and signed by the following author:

“Scott Frostad”  
(Signed and sealed)

Scott Frostad, BSc, MASc, P.Geo.

Dated at Saskatoon, SK  
November 5, 2012
APPENDIX 1

STATEMENT BY QUALIFIED PERSON
CERTIFICATE OF QUALIFIED PERSON

I. Scott R. Frostad, of 362 Thode Avenue, Saskatoon, Saskatchewan, Canada S7W 1B9 do hereby certify that:

1. I am a registered as a Professional Geologist with the Association of Professional Engineers and Geoscientists of Saskatchewan (Member Number 12878) and the Association of Professional Engineers and Geoscientists of British Columbia (Member Number 25020)

2. I am a graduate of the University of Western Ontario with a Bachelor of Science Degree in Geology (1984) and of the University of British Columbia with a Master of Applied Science Degree in Mining and Mineral Process Engineering (1999).

3. I have practiced my profession continuously since 1984 and have experience in the search for uranium, gold, and base metals in Canada.

4. I am currently employed as the Vice President of Exploration for Purepoint Uranium Group Inc. and am also a director and shareholder of the company.

5. That I have read National Instrument 43-101 and Form 43-101F1 and consider myself a “qualified person” for the purpose of the Instrument.


7. That I have been involved with the Smart Lake Project since June, 2007, was at the project for 10 days between November 12th and 21st, 2008 and more recently for 23 days between June 4th and 26th, 2012 to manage a diamond drill program.

8. For this report, I have relied on assessment reports currently on file with Saskatchewan Industry and Resources and recent exploration reports of Purepoint Uranium Group Inc.

9. That, as of the date of this certificate, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

10. That I consent to the public filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes. I also consent to an extraction from, or a summary of, the Technical Report.

Dated at Saskatoon, Saskatchewan, this 5th day of November, 2012.

(Signed and sealed) "Scott Frostad"

Scott Frostad, BSc, MASc, P.Geo