

# MONTHLY ATHABASCA BASIN EXPLORATION UPDATE

AUGUST 2018

## Uranium production cuts expected to bode well for spot price

Source: Mining Review  
2018-07-30

Canadian uranium major Cameco has announced that it will not restart production at its McArthur River and Key Lake operations and that it would instead indefinitely suspended uranium production from the operations in bid to improve pricing in the face of rock-bottom prices caused by a global oversupply.

Cameco said that despite the impact it will have on its employees and their families, which will result in the permanent layoff of approximately 550 site employees, including those currently on temporary layoff since January of this year, the action to suspend the operations is to ensure the long-term sustainability of the company.

Cameco initially said in November 2017 that it was suspending operations at McArthur River mine, the world's largest producing uranium mine, for 10 months starting at the end of January 2018, in a bid to cut approximately 15 -18 million pounds of uranium during 2018.

According to Bloomberg, uranium advanced 1.7 percent to \$24.15 a pound last week on the New York Mercantile Exchange, the highest price close since December. The fuel has averaged about \$22.30 this year, the article reads.

Bloomberg quoted Cormark Securities analyst Tyron Breytenbach as saying that, spot prices could jump to between \$28 and \$30 a pound in the short term helped by Cameco's shutdown as well as financial entities buying up supplies and China's reactor buildout.

In combination with the forecast in a nuclear revival, the long-term outlook for uranium producers and developers looks strong.

To view Cameco's Q2 and decision to suspend McArthur River/Key Lake production for an indeterminate duration, [click here](#).

To view Cameco's Conference Call slides, [click here](#).

### UxC Consulting Spot Price (US\$)

July 31, 2018	\$25.81/lb U <sub>3</sub> O <sub>8</sub>
June 30, 2018	\$22.80/lb U <sub>3</sub> O <sub>8</sub>

Change of **+\$3.01/lb U<sub>3</sub>O<sub>8</sub>**

### UxC Consulting Long-Term Price (US\$)

July 31, 2018	\$32.00/lb U <sub>3</sub> O <sub>8</sub>
June 30, 2018	\$30.00/lb U <sub>3</sub> O <sub>8</sub>

Change of **+\$2.00/lb U<sub>3</sub>O<sub>8</sub>**

## Key Basin Announcements

**2018-07-09:** NexGen confirms uranium mineralization in newly discovered areas of the A0 shear

**2018-07-09:** ALX Uranium earns 40% of UEX's Black Lake Property

**2018-07-11:** ISO stakes additional exploration ground around the Whitewater Property

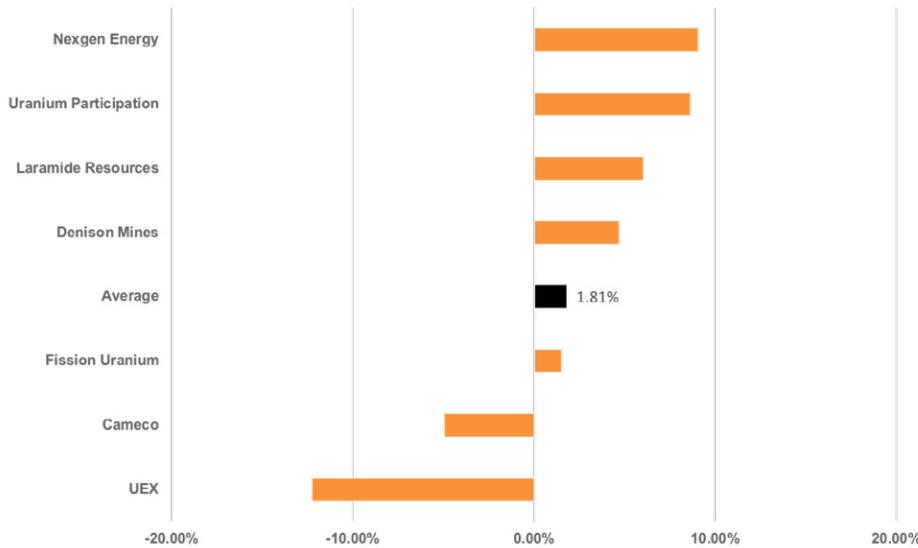
**2018-07-19:** Purepoint's CEO Chris Frostad on CTV News about potential impact of uranium tariffs on the Canadian economy

**2018-07-25:** ISO intersects uranium mineralization at Laroque East

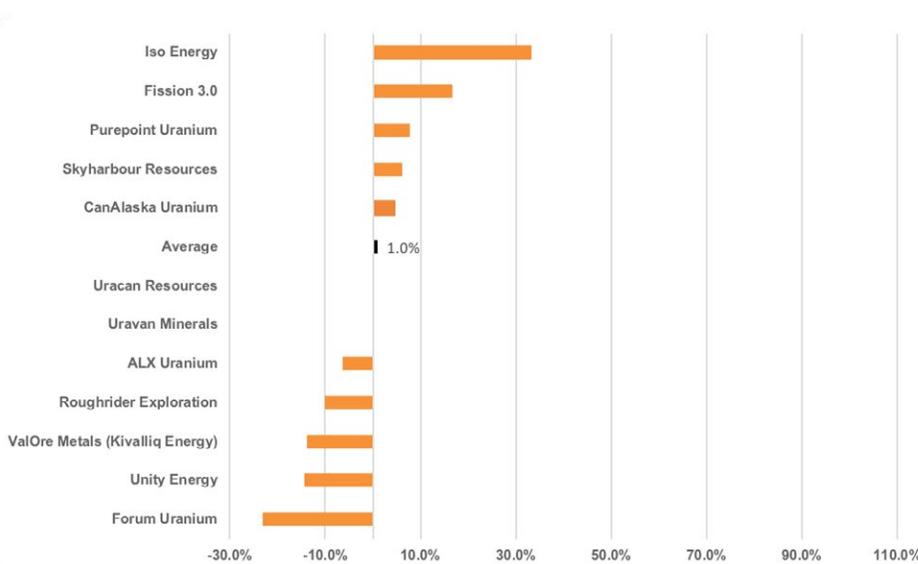
**2018-07-25:** Cameco reports Q2 and its decision to suspend production at McArthur River and Key Lake

## May 2018 Monthly Uranium Stock Performance

### Producing, Development & Advanced Exploration Companies



### Athabasca Basin Exploration Companies



## Monthly Athabasca Basin Exploration Update

Presented by Purepoint Uranium Group Inc. (TSXV: PTU), the Monthly Athabasca Basin Exploration Update is a monthly newsletter that gathers information on what's happening with uranium exploration companies in the Athabasca Basin, including its monthly exploration news, stock performances as well as the spot- and long-term uranium prices.

### Purepoint Uranium Group Inc. TSXV: PTU

Purepoint Uranium Group Inc. is a uranium exploration company focused on precision exploration and with ten projects in the Athabasca Basin.

Its flagship project is the Hook Lake, a joint venture with two of the largest producers in the world, Cameco Corporation and Orano Canada.

A total of \$4M exploration budget for 2018 has been completed.

For more information, please visit: [www.purepoint.ca](http://www.purepoint.ca).

### Be in the Know

[Click here to receive the Monthly Athabasca Basin Update via email](#)

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## Purepoint on CTV News about potential impact of uranium tariffs on the Canadian economy

**TSXV: PTU**

2018-07-19

Chris Frostad, President & CEO of Purepoint was invited to CTV News to discuss the potential impact of uranium tariffs on the Canadian economy, following the United States Department of Commerce announcement the launch an investigation into imports of uranium, citing the same concerns about national security that it did before implementing tariffs on steel and aluminum.

In a release July 18, 2018, Commerce Secretary Wilbur Ross said he has formally begun an investigation into the U.S. uranium industry by invoking a clause in U.S. law called Section 232 of the 1962 Trade Expansion Act – a rarely used law that allows the White House to implement tariffs or quotas on foreign imports if they are deemed to “threaten to impair the national security” of the United States.

The investigation will cover all aspects of the industry, from mining through enrichment for electricity generation, its role in military defence, and other industrial uses.

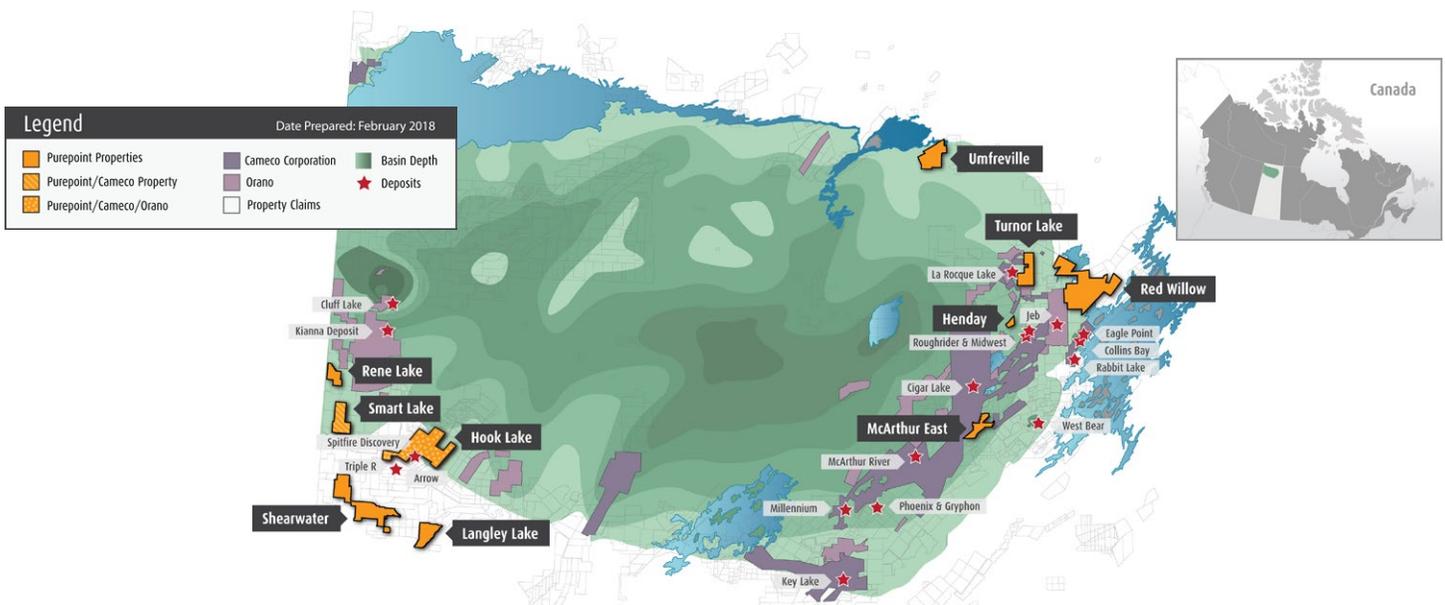
Canada is the second-largest producer of uranium in the world and a major supplier to the U.S. market.

Market Cap	Price as of 07/31/18	52-Week High	52-Week Low
\$14.34M	\$0.07	\$0.10	\$0.055



[Click here for 4-minute video](#)

## PUREPOINT'S ATHABASCA BASIN PROJECTS



### Strategic Project Acquisitions

- Focused on on the precision exploration of its ten projects in the Canadian Athabasca Basin, the world's richest uranium region

### Partnered with two of the World's Largest Uranium Producers



Hook Lake & Smart Lake



Hook Lake

### High Grade Discovery at the Patterson Uranium District

- Spitfire Discovery (53.3% U<sub>3</sub>O<sub>8</sub> over 1.3m within a 10m interval of 10.3% U<sub>3</sub>O<sub>8</sub> at Hook Lake JV
- \$4 Million Exploration program completed in Mid-April (2018) discovered a new mineralized shear zone on trend with Spitfire

## Cameco reports Q2 and its decision to suspend production at McArthur River and Key Lake

**TSX: CCO**

2018-07-25

Market Cap	Price as of 07/31/18	52-Week High	52-Week Low
\$5,481.73M	\$14.06	\$15.95	\$9.90

Cameco Corp. has released its consolidated financial and operating results for the second quarter ended June 30, 2018, in accordance with international financial reporting standards (IFRS).

"Our results reflect the impact of a weak uranium market and the deliberate actions we have taken driven by the goal of increasing long-term shareholder value," said Tim Gitzel, Cameco's president and chief executive officer. "We continue to expect to generate strong cash flow this year as we draw down inventory and focus on operating efficiently. However, we have not seen the improvement needed in the uranium market to restart McArthur River and Key Lake.

"This means we will extend the suspension of production at McArthur River and Key Lake for an indeterminate duration. It was a difficult decision to make because of the impact it will have on our employees, their families and other stakeholders, but we must take this action to ensure the long-term sustainability of the company. We thank our work force for their hard work and dedication.

"We believe our assets are among the best in the world, and we will continue to show the type of leadership needed to position the company to add significant value over the long term. We will not produce from our Tier 1 assets to deliver into an oversupplied spot market. Until we are able to commit our production under long-term contracts that provide an acceptable rate of return for our owners, we do not plan to restart.

"As 2018 unfolds, we will continue to evaluate the market signals. However, we remain resolved in our efforts to maximize cash flow, while maintaining our investment-grade rating so we can self-manage risk and preserve the value of our Tier 1 assets."

Summary of second quarter results and developments:

- **Net losses of \$76 million; adjusted net losses of \$28 million:** Results were impacted by lower gross profit in our uranium and fuel services segments. A persistently weak market continues to impact our business and contributed to weaker realized uranium prices in the quarter compared to the second quarter last year. In addition, as expected, the average unit cost of sales in our uranium segment was higher compared to the second quarter of 2017 as a result of the care and maintenance costs we are incurring at McArthur River and Key Lake while production is suspended, and in the US now that production has ceased. Also as expected, our production, direct administration costs, and exploration costs were all down due to the measures we have taken to deal with the weakness in our market. A \$41 million expense related to an update to the reclamation provision for Rabbit Lake and higher losses as a result of changes in foreign exchange rates resulted in greater net losses this quarter compared to in 2017. On an adjusted basis we exclude these expenses as they do not impact cash and we do not consider them reflective of our underlying financial performance. Adjusted net losses are a non-IFRS measure, see Adjusted net earnings (non-IFRS measure) in our news release.
- **McArthur River/Key Lake suspension extended for indeterminate duration:** This action will result in the permanent layoff of approximately 550 site employees, including those currently on temporary layoff since January of this year. A reduced workforce of approximately 200 employees will remain at the McArthur River and Key Lake sites to keep the facilities in a state of safe care and maintenance. We expect our share of the costs to maintain both sites to range between \$5 million and \$6 million per month once these layoffs take effect. In addition, to further decrease costs, the workforce at Cameco's corporate office will be reduced by approximately 150 positions including employees and vacancies. As a result of the layoffs at the two sites and corporate office, we expect to incur between \$40 million and \$45 million in severance costs in the third quarter. Our joint venture partner, Orano, has agreed to extend the suspension, and we have agreed to extend its repayment of up to 5.4 million pounds of uranium concentrates. Orano is now obligated to repay us, in kind, no later than December 31, 2023.
- For full release, [click here](#).
- To view Cameco's Conference Call slides, [click here](#).

## NexGen confirms uranium mineralization in newly discovered areas of the A0 shear

**TSX: NXE**

2018-07-07

Market Cap	Price as of 07/31/18	52-Week High	52-Week Low
\$867.25M	\$2.65	\$3.58	\$2.11

NexGen Energy Ltd. has released assay results for all 54 holes from its recently concluded winter drilling program on the 100-per-cent-owned Rook I property in the Athabasca basin, Saskatchewan.

Assays have confirmed uranium mineralization was intersected in areas representing significant stepouts to the northeast and northwest of the Arrow deposit representing large, wide-open areas of potential mineralization growth. Additionally, uranium mineralization was intersected in both A1 and A2 inferred expansion areas. Further, the A3 high-grade domain infill program, designed to convert inferred mineral resources into the indicated category, proved successful.

Discovery of A0 shear:

- AR-18-187c3 intersected 2.5 metres at 0.47 per cent triuranium octoxide (546.0 to 548.5 m) and 8.5 m at 0.21 per cent U3O8 (596.5 to 605.0 m), 95 m outside of the 2017 RPA mineral resource estimate. This hole is approximately 40 m along strike to the southwest of GAR-17-001 (1.43 per cent U3O8 over 8.0 m). To date, neither hole has been included in the Arrow mineral resource.

New mineralization intersected 160 m northwest of the A0 shear:

- AR-18-208c1 intersected 0.5 m at 0.60 per cent U3O8 (637.5 to 638.0 m) and 3.0 m at 0.35 per cent U3O8 (686.0 to 689.0 m), 175 m outside of the 2017 RPA mineral resource estimate.

New mineralization intersected to the northeast of the A1 and A2 shears:

- AR-18-189c4 intersected 7.0 m at 1.78 per cent U3O8 (819.0 to 826.0 m) including 2.0 m at 5.86 per cent U3O8 (822.5 to 824.5 m) and 36.5 m at 0.56 per cent U3O8 (832.0 to 868.5 m), 215 m outside of the 2017 RPA mineral resource estimate. This hole is approximately 35 m along strike to the northeast of AR-15-050 (0.47 per cent U3O8 over 19.5 m).

AR-18-187c3, AR-18-208c1 and AR-18-189c4 represent significant stepouts from the 2017 resource shells and are new areas of mineralization requiring more drilling to define mineralization.

Development, activities and financial:

- Prefeasibility staged technical studies including geotechnical work, hydrogeological work and metallurgy continue in advance of the updated mineral resource estimate and maiden prefeasibility study scheduled for the end of Q3/early Q4 2018.
- The company has cash on hand of approximately \$145-million.

## ALX Uranium earns 40% of UEX's Black Lake Property

**TSXV: AL**

2018-07-07

Market Cap	Price as of 07/31/18	52-Week High	52-Week Low
\$6.49M	\$0.075	\$0.11	\$0.06

ALX Uranium Corp. has earned a 40-per-cent interest from UEX Corp. in the Black Lake uranium project located in the northern Athabasca basin near Stony Rapids, Sask., Canada.

In September, 2017, ALX signed a definitive agreement with UEX, whereby ALX can earn up to a 75-per-cent participating interest from UEX in Black Lake (for additional details of the earn-in terms, see ALX news release dated July 31, 2017). Black Lake is currently the subject of a joint venture, in which UEX until recently held a 90.92-per-cent interest in the project with Orano Canada Inc. (formerly AREVA Resources Canada Inc.) holding the remaining 9.08-per-cent interest. ALX has earned its 40-per-cent interest in the project from UEX by meeting an initial commitment of \$1.0-million in exploration expenditures and issuing five million common shares of ALX to UEX. ALX is operator of exploration at Black Lake.

### Results of the 2017 drilling program

The 2017 fall drilling program at Black Lake consisted of five holes totalling approximately 2,830 metres designed to test new target areas developed by ALX in the northern portion of Black Lake. All five holes intersected graphitic fault zones in the basement rocks. Sandstone alteration observed included dravite veining, siderite and minor pyrite, and basement alteration included hematization, chloritization, saussuritization and carbonate veining. Geochemical results in selective samples from the sandstone show elevated uranium and lead values (up to 117 parts per million U and 97 ppm Pb) and anomalous values of boron (up to 1,430 ppm B).

Two of the drill holes, BL-155 and BL-156, intersected narrow intervals of uranium mineralization in the basement where pitchblende, a uranium mineral, was observed in veinlets just below the unconformity, at depths of 316.7 metres and 272.8 metres respectively. Geochemical results returned 0.06 per cent U<sub>3</sub>O<sub>8</sub> over 0.15 metre in hole BL-155 and 0.03 per cent U<sub>3</sub>O<sub>8</sub> over 0.07 metre in hole BL-156 corresponding to these pitchblende veinlets. Large graphite-rich fault zones, varying from 34 m to 68 m thick with local strongly graphitic to carbonaceous breccias, were intersected in holes BL-152, BL-153 and BL-156. These graphitic fault zones are enriched in uranium pathfinder elements such as nickel (up to 401 ppm Ni), copper (up to 1,420 ppm Cu), cobalt (up to 81 ppm Co) and boron (up to 195 ppm B).

An independent geological review of the project commissioned by ALX on both historical exploration at Black Lake and ALX's 2017 exploration program concluded that highly prospective target areas remain at the project, and should be tested by further drilling. ALX plans to carry out additional holes on the sparsely drilled western edge of the conductive system and on deeper targets in the central part of Black Lake.

## IsoEnergy Stakes two claims at Whitewater

**TSXV: ISO**

2018-07-11

Market Cap	Price as of 07/31/18	52-Week High	52-Week Low
\$19.87M	\$0.40	\$0.73	\$0.255

IsoEnergy Ltd. has extended the Whitewater property and added a new property called Whitewater East. Both of the new claims are located in the Athabasca basin region of Saskatchewan, and both were acquired by staking. The new 100-per-cent-owned claims were acquired to cover areas of historic uranium mineralization following continuing compilation efforts by IsoEnergy's technical team.

## IsoEnergy Intersects uranium mineralization at Laroque East

**TSXV: ISO**

2018-07-25

Market Cap	Price as of 07/31/18	52-Week High	52-Week Low
\$19.87M	\$0.40	\$0.73	\$0.255

IsoEnergy Ltd. has intersected an interval of uranium mineralization in drill hole LE18-01A, the final drill hole of its eight-hole summer core drilling program.

Drill hole LE18-01A was completed on the 100-per-cent-owned Laroque East property in the eastern Athabasca basin, Saskatchewan. The drill hole intersected a broad, 8.5-metre-long interval of elevated radioactivity (greater than 500 counts per second (cps) on a hand-held SRAT SPP2 scintillometer). The broad interval includes a 2.5-metre-long subinterval of moderate to strong radioactivity that measures greater than 2,500 cps on the SPP2. Within the 2.5-metre-long subinterval is a 1.0-metre-long zone of strong radioactivity that measures greater than 15,000 cps, which is off-scale on the instrument. Pitchblende is present and is associated with clay and hematite.

The originally planned eight-hole summer drilling program is now complete. LE18-01A was the only drill hole completed at Laroque East. The other seven drill holes were completed on the Geiger property to follow up mineralization in winter 2018 drill holes GG18-08 and GG18-09. Although some weakly elevated radioactivity and indicative alteration was intersected in the vicinity of drill hole GG18-09, no significant uranium mineralization was intersected.



**Corporate Office**

2500 - 120 Adelaide Street West  
Toronto, ON, M5V 1H1  
T: +1-416-603-U3O8

**Exploration Office**

111 - 2nd Avenue South, Unit 530  
Saskatoon, SK, S7K 1K6  
T: +1-306-905-U3O8

**Twitter:** @PurepointU3O8

**Website:** [www.purepoint.ca](http://www.purepoint.ca)

**Email:** [info@jeannyso.com](mailto:info@jeannyso.com)

