Purepoint Uranium Group Inc.

MONTHLY ATHABASCA BASIN EXPLORATION UPDATE

OCTOBER 2018

Is uranium about to breakout?

Source: InvestorIntel
2018-09-17

On Friday, September 14, uranium increased to US$ 27.30 a pound. Is this going to be the breakout indicator? Historically, uranium reached an all time high of US$143 in May of 2007 and a record low of US$7.10 in December of 2000.

Uranium demand set to increase: A major percentage of all uranium is used in nuclear power plants to generate electricity. With mounting demand for electricity all across the globe and the growing capacity of nuclear reactors, the uranium market is set for significant expansion. China (with 18 reactors under construction) and Russia are the fastest growing markets for uranium. It is estimated that India, Europe, and the Middle East will also join the uranium party. Over the coming years all these regions are projected to expand their use of nuclear energy and invest in uranium mining operations, which will ultimately drive the global uranium market.

Despite its perceived risks and history, nuclear energy is a relatively green form of power generation, as it is emissions free. New projects are going to be continually needed to meet the increased demand for electricity.

Uranium supply - Low prices fail to stimulate new supply: Current uranium prices are well below what is needed to stimulate new sources of supply. This means we will continue to see global uranium inventories decline. Recent current low prices have made 75% of uranium mines uneconomical, at the same time a few big mines in Australia and Africa are running low on ore. Low ore grades further make the mines uneconomic causing a further scale back or even a possible closure. Prices are so low, it is actually cheaper to buy uranium from mobile storage than it is to mine it. In addition to this, obtaining mining permits is a lengthy process. These factors are expected to limit near term supply to the uranium market.

Cameco the Canadian producer has closed down mines, but still has supply commitments in long term contracts with utilities. Cameco Vice President David Doerksen said Cameco expects its share of the 2018 production to be 9.1 million pounds with purchases of 8-9 million pounds. With sales deliveries of 33 million pounds. “We will have to rely on our inventories, or make opportunistic purchases, to meet these commitments. It seems that many in the industry are relying on inventory. I would suggest that only a relatively small portion of the inventory overhang is truly mobile.”

Uranium demand now exceed supply (but there is a large inventory overhang): Uranium mines will only produce around 135 million pounds in 2018, compared to demand of about 190 million pounds, leaving a 55 million pound shortfall. Annually the US uses approximately 50 million pounds of uranium but only produces 2.5 million, so it needs to import the balance. To put this in perspective the US has 99 nuclear reactors but produces only enough for one reactor, thus making them the most vulnerable country to the supply risk of uranium.

Uranium inventory: As of February 2018, global uranium inventory is said to be around 1.79 billion pounds. Most of this inventory is not for sale and held for strategic purposes. In fact, less than 10% (~179m) is available (“mobile”) to the market. Given the current 55 million pounds per annum deficit the world may have a uranium shortage within the next few years, especially with new demand from the 57 reactors currently under construction.

UxC Consulting Spot Price (US$)	
August 31, 2018	$26.46/lb U_3O_8
September 30, 2018	$27.38/lb U_3O_8
Change of +$0.92/lb U_3O_8	

UxC Consulting Long-Term Price (US$)	
August 31, 2018	$31.50/lb U_3O_8
September 30, 2018	$31.50/lb U_3O_8
Unchanged	

Key Basin Announcements

2018-09-04: Denison to increase its interest in the Wheeler River Uranium Project

2018-09-06: ALX Uranium exploration update

2018-09-17: Denison discovers uranium mineralization 2 km northeast of Huskie Zone, Waterbury Lake Project

2018-09-25: Denison releases NI 43-101 PFS for Wheeler River

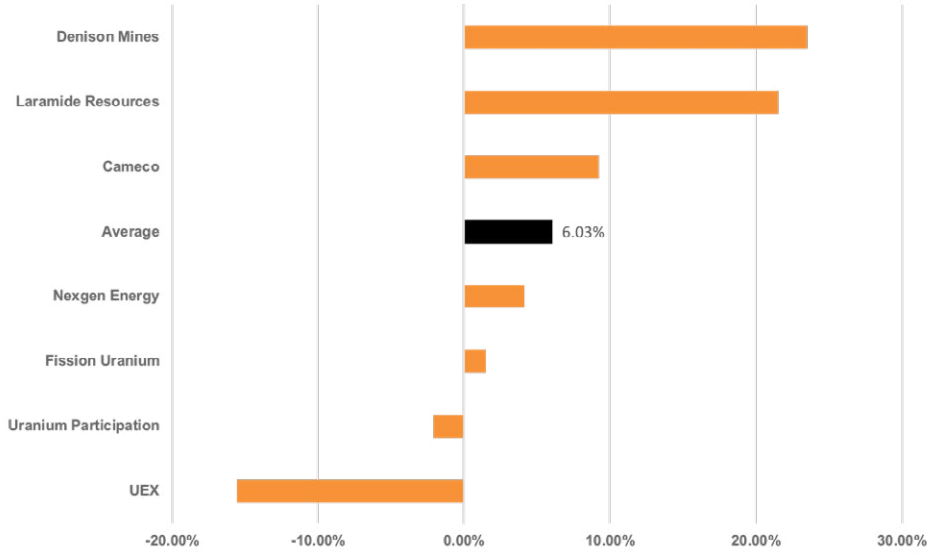
2018-09-26: Cameco submits comments to US Department of Commerce Section 232 Investigation

2018-09-27: Tax Court of Canada rules in favour of Cameco

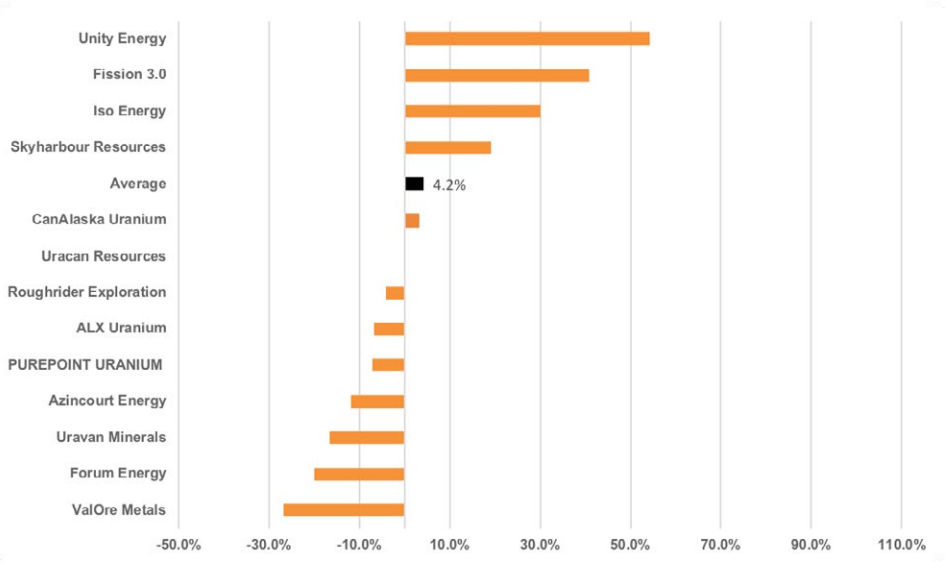
In conclusion, the world is going to continue to build more and more nuclear power plants to meet future electricity demand. With constrained future uranium supply, speculators are betting on a rising uranium price. Most uranium companies are currently very cheap, as sentiment has been terrible the past 5 years. However the past 4 months are showing strong signs of a uranium turnaround. Investors should take note and take a fresh look at the uranium sector.▪

September 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.

Be in the Know

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Purepoint Uranium Group Inc.
TSXV: PTU

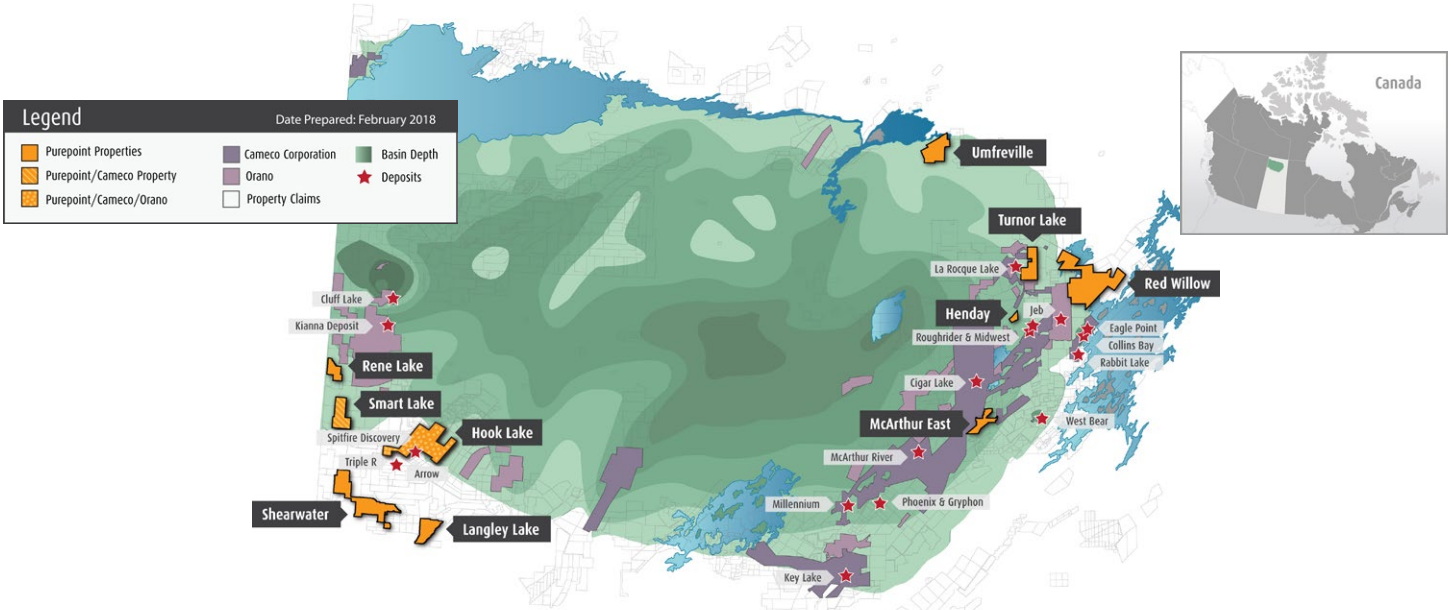
Market Cap	Price as of 09/28/18	52-Week High	52-Week Low
$13.31M	$0.065	$0.10	$0.055

Strategically positioned in the Athabasca Basin

- Advanced-stage exploration portfolio of 10 projects in the Athabasca Basin - *all assessment requirements current*
- Dozen of drill targets well defined
- Support and continued spending by two of the world's largest uranium producers
- Most swpeculative phase of investment completed with low priority properties all exited

Click here to view Purepoint's presentation

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

Cameco — Hook Lake & Smart Lake

orano — Hook Lake

High Grade Discovery at the Patterson Uranium District

- Spitfire Discovery (53.3% U_3O_8 over 1.3m within a 10m interval of 10.3% U_3O_8 at Hook Lake JV
- $4 Million Exploration program completed in Mid-April (2018) discovered a new mineralized shear zone on trend with Spitfire

Denison to increase its interest in the Wheeler River Uranium Project

TSX: DML

2018-09-04

Market Cap	Price as of 09/28/18	52-Week High	52-Week Low
$475.30M	$0.85	$0.89	$0.50

Denison Mines Corp. announced that it has entered into an agreement with Cameco Corp. ("Cameco") to increase its ownership in the Wheeler River Uranium Project ("Wheeler River" or the "Project") through the acquisition of Cameco's minority interest in the Project (the "Transaction"). View PDF version.

Pursuant to the terms of the Transaction, and subject to certain rights of first refusal ("ROFR") in favor of JCU (Canada) Exploration Company Limited ("JCU"), Denison has agreed to acquire 100% of Cameco's interest (expected to be approximately 24% by the end of 2018) in the Wheeler River Joint Venture ("Wheeler River JV"), in exchange for the issuance of 24,615,000 common shares of Denison (the "Consideration Shares") at a deemed price of $0.65 per share, for total consideration valued at approximately $16 million (the "Purchase Price"). The acquisition of Cameco's interest in the Wheeler River JV will increase Denison's interest in the Project to 90% (or approximately 86.84% if JCU exercises its ROFR).

Wheeler River is host to the Phoenix and Gryphon uranium deposits, which are estimated to contain combined Indicated Mineral Resources of 132.1 million pounds U_3O_8 at an average grade of 3.3% U_3O_8 , plus combined Inferred Mineral Resources of 3.0 million pounds U_3O_8 at an average grade of 1.7% U_3O_8 . The Project is situated along the road and power line that runs between Cameco's McArthur River mine and Key Lake mill complex in northern Saskatchewan, and is a joint venture between Denison (63.3%, increasing to approximately 66% by the end of 2018 under a previously announced earn-in agreement), Cameco (26.7%, decreasing to approximately 24% by the end of 2018), and JCU (10%).

Restriction on Denison Shares

The Consideration Shares will be subject to a six month escrow period, during which time Cameco has agreed to not, directly or indirectly, transfer any Consideration Shares without the prior written consent of Denison. The transfer of the Consideration Shares is also restricted for a further six month period, where Denison retains the right, under certain circumstances, to designate a purchaser upon notice from Cameco of the intent to transfer or sell all or a portion of the Consideration Shares. The issuance of the Consideration Shares is subject to the receipt of regulatory approvals from the TSX and NYSE American stock exchanges.

Rights of First Refusal

Under the terms of the Wheeler River JV, JCU's ROFR allows for JCU to purchase its proportional interest of Cameco's share of the Wheeler River JV alongside of Denison. Based on Denison's expected ownership interest of approximately 66%, and JCU's ownership interest of 10%, JCU would have the right to purchase approximately 13.16% of Cameco's expected 24% interest in the Wheeler River JV.

The Transaction is not conditional on JCU waiving its ROFR. Accordingly, should JCU elect to exercise the ROFR, the Purchase Price to be paid to Cameco by Denison shall be reduced to approximately $13.9 million and Denison will own approximately 86.84% (rather than 90%) of the Wheeler River JV on completion of the Transaction.

Advisors & Counsel

Haywood Securities Inc. is acting as financial adviser to Denison in connection with the transaction, and Blake, Cassels & Graydon LLP is acting as legal counsel to Denison.

ALX Uranium Exploration Update

TSXV: AL

2018-09-06

Market Cap	Price as of 09/28/18	52-Week High	52-Week Low
$6.05M	$0.07	$0.11	$0.06

ALX Uranium reported geochemical results from its inaugural diamond drilling program at the Newnham Lake Uranium Project ("Newnham Lake") and ground geophysical results from the Perch Project ("Perch"), each located in the northeastern Athabasca Basin of northern Saskatchewan, east of Stony Rapids.

Newnham Lake 2018 Drilling Program

The 2018 drilling program at Newnham Lake consisted of three drill holes totaling approximately 1,164 metres. The three drill holes were designed to test high-priority drill targets interpreted from integrating the results of a historical airborne ZTEM™ survey with a 3D induced polarization/resistivity ("IP/resistivity") ground geophysical survey carried out by ALX in 2017, along with other historical data.

Highlights of the 2018 Drilling Program

- Drill hole NL18-001 was drilled to test a target approximately 140 metres along strike to the east of historical drill hole BL-066, drilled in 1979. Hole BL-066 intersected 1,656 parts per million ("ppm") uranium over 0.20 metres from 86.9 to 87.1 metres in basement pelitic gneiss just below the base of the Athabasca sandstone. Drill hole NL18-001 intersected approximately 6.0 metres of elevated radioactivity (see ALX news release dated May 14, 2018) straddling the sub-Athabasca unconformity, which included visible pitchblende. A 5.7 metre interval averaged 0.035% U3O8 from 100.8 to 106.5 metres, including a sample containing 0.118% U3O8 over 0.5 metres. Uranium pathfinder elements returned from the interval include nickel (up to 149 ppm Ni), arsenic (up to 64 ppm As) and boron (up to 217 ppm B);
- Drill hole NL18-002 was drilled approximately 200 metres along strike to the southeast of historical drill hole BL-090, drilled in 1980. Hole BL-090 intersected 855 ppm uranium over 0.3 metres from 74.2 to 75.5 metres in locally graphitic pelitic gneiss 10 metres below the unconformity. Drill hole NL18-002 encountered a fault zone just above the unconformity consisting of highly brecciated, broken and rubbly core with elevated radioactivity. A strongly hematized red zone in the basement rocks just below the fault zone also shows elevated radioactivity. Geochemical sampling of the fault zone and upper portion of the red zone returned anomalous uranium (up to 202 ppm U), nickel (up to 74 ppm Ni) and boron (up to 207 ppm);
- Drill hole NL18-003 was drilled approximately 200 metres along strike to the northwest of historical drill hole BL-146, drilled in 1983. Drill hole BL-146 intersected 2,260 ppm uranium over 0.13 metres straddling the unconformity from 83.64 to 83.77 metres. Drill hole NL18-003 intersected a large fault zone deep in the basement rocks approximately 62 metres wide with brecciation, fracturing and evidence of strong hydrothermal alteration. Geochemical sampling of the fault zone returned elevated uranium (up to 94 ppm U), nickel (up to 126 ppm Ni), cobalt (up to 361 ppm Co), vanadium (up to 136 ppm V) and boron (up to 362 ppm B).

Perch 2018 Geophysical Program

A ground electromagnetic geophysical survey was carried out by ALX during the winter of 2018 to further explore anomalies identified during a 2016 gravity survey with the goal of defining drill targets. A total of 22.7 line-km were surveyed using a PROMIS Horizontal Loop Electromagnetic (HLEM) system. The interpreted HLEM conductors compare reasonably to the results of an airborne VTEM survey carried out in 2007. An interpreted cross structure from inversions of the HLEM data confirmed previously-identified structural magnetic features. In addition, a conductive bright spot and other interpreted cross structures occur over a gravity high anomaly seen in the 2016 gravity survey, indicating that the anomaly may be due to possible silicification, an important form of sandstone alteration related to hydrothermal processes.

Denison discovers uranium mineralization 3km NE of the Husky Zone

TSX: DML

2018-09-17

Market Cap	Price as of 09/28/18	52-Week High	52-Week Low
$475.30M	$0.85	$0.89	$0.50

Denison Mines Corp. reported a new discovery of uranium mineralization on the Company's Waterbury Lake project, located in the infrastructure rich eastern portion of the Athabasca Basin region in northern Saskatchewan. Basement-hosted uranium mineralization was intersected in two drill holes, approximately three kilometres northeast of the project's Huskie zone, returning mineralized assay intervals of 0.43% U_3O_8 over 1.0 metre (including 0.73% U_3O_8 over 0.5 metres) in drill hole WAT18-478 and 0.45% U_3O_8 over 0.5 metre as well as 0.31% U_3O_8 over 0.5 metre and 0.20% U_3O_8 over 0.5 metre in drill hole WAT18-479.

The two drill holes were completed as a fence and were designed to test the intersection of the interpreted regional Midwest structure with the conductive GB trend. The mineralization is contained within a 60 to 80 metre wide package of highly structured and strongly altered graphitic basement rocks, which remains open along strike to the northwest and southeast. Additional targets exist along the interpreted Midwest structure, notably to the south at the intersection with the uranium-bearing Oban trend.

Summer 2018 Exploration Program

The summer 2018 exploration program at Waterbury Lake commenced in late-July and included 3,315 metres of diamond drilling in seven completed holes. The program was focused on drill testing regional exploration targets related to the interpreted Midwest structure and additional step-out drilling down-dip and up-dip of the Huskie zone. An initial DCIP resistivity survey is planned for mid-September to map the potential extension of the Midwest structure on to the Waterbury Lake property to the southwest of the Midwest Main deposit (25.17% Denison-owned) – with the possibility of defining drill targets for future testing.

Huskie Zone Drilling

The Huskie zone of high-grade basement-hosted uranium mineralization was discovered by Denison during the summer of 2017 and is located approximately 1.5 kilometres to the northeast of the property's J Zone uranium deposit. Prior to summer 2018, the completion of 23 drill holes on an approximate 50 x 50 metre spacing allowed for the definition of mineralization over a strike length of approximately 250 metres and dip length of up to 170 metres. The individual lenses of mineralization vary in interpreted true thickness between approximately 2 and 7 metres. Highlight drill intersections include:

- 9.1% U3O8 over 3.7 metres (including 16.8% U_3O_8 over 2.0 metres) in drill hole WAT17-446A (see Denison's press release dated October 11, 2017); and
- 4.5% U_3O_8 over 6.0 metres (including 5.8% U_3O_8 over 4.5 metres) in drill hole WAT18-452 (see Denison's press release dated April 25, 2018).

The mineralized lenses are interpreted to occur as parallel, stacked lenses, which are conformable to the foliation and fault planes within the east-west striking graphitic gneiss unit. The drilling to date suggests the grade, thickness, and number of lenses present is controlled by the presence of northeast striking faults which cross-cut the graphitic gneiss unit. The northeast striking faults identified at the Huskie zone are interpreted to be part of the regional Midwest structure.

A total of three drill holes were completed as part of the summer 2018 program, with targets located both up-dip and down-dip of the known mineralization with a view to test for high-grade extensions related to the northeast striking, cross-cutting faults.

Drill hole WAT18-475A, completed as a 50 metre step up-dip of the know mineralization, intersected 0.12% eU_3O_8 over 1.0 metre from 277.5 metres and 0.15% eU_3O_8 over 1.0 metre from 285.5 metres. Due to core loss, the interval is reported as radiometric equivalent U_3O_8 ("eU_3O_8") derived from a calibrated total gamma downhole probe. The mineralization intersected by WAT18-475A appeared as disseminations of uraninite (pitchblende) contained within zones of strong clay replacement surrounded by patches of quartz flooding. True thickness of the mineralization is expected to be 75% of the intersection length given the drill hole's azimuth and dip of 154 degrees and -81 degrees, respectively.

The two holes designed to test for extensions down-dip of Huskie, WAT18-473 and WAT18-474, intersected the targeted structure but no significant mineralization was encountered.

Midwest Extension DCIP Resistivity Survey

Current interpretation suggests the Midwest structure, which hosts the Midwest Main and Midwest A deposits on the Midwest property (25.17% Denison owned), may extend onto the Waterbury Lake property to the southwest of the Midwest Main deposit. An initial DCIP resistivity survey is planned for mid-September to map the possible extension of the Midwest structure and to define possible drill targets for future testing.

Denison reports results from Wheeler River PFS

TSX: DML

2018-09-24

Market Cap	Price as of 09/28/18	52-Week High	52-Week Low
$475.302M	$0.85	$0.89	$0.50

Denison Mines Corp. announced the results of the Pre-Feasibility Study ("PFS") on its flagship Wheeler River uranium project ("Wheeler River") in northern Saskatchewan. The PFS has been completed in accordance with NI 43-101 and is highlighted by the selection of the in-situ recovery ("ISR") mining method for the development of the Phoenix deposit, with an estimated average operating cost of $4.33 (US$3.33) per pound U3O8.

The PFS considers the potential economic merit of co-developing the Phoenix and Gryphon deposits. The high-grade Phoenix deposit is designed as an ISR mining operation, with associated processing to a finished product occurring at a plant to be built on site at Wheeler River. The Gryphon deposit is designed as an underground mining operation, utilizing a conventional long hole mining approach with processing of mine production assumed at Denison's 22.5% owned McClean Lake mill. Taken together, the project is estimated to have mine production of 109.4 million pounds U3O8 over a 14-year mine life, with a base case pre-tax Net Present Value ("NPV") of $1.31 billion (8% discount rate), Internal Rate of Return ("IRR") of 38.7%, and initial pre-production capital expenditures of $322.5 million.

The base-case economic analysis assumes uranium sales are made at UxC Consulting Company, LLC's ("UxC") annual estimated spot price for mine production from the Phoenix deposit (from ~US$29/lb U3O8 to US$45/lb U3O8), and a fixed price for mine production from the Gryphon deposit (US$50/lb U3O8).

Using the same price assumed for the project's 2016 Preliminary Economic Assessment ("2016 PEA"), a fixed uranium price of US$44/lb U3O8 ("PEA Reference Case"), the PFS produces a combined pre-tax project NPV of $1.41 billion – representing a roughly 275% increase from the $513 million pre-tax project NPV estimated in the 2016 PEA.

The PFS is prepared on a project (100% ownership) and pre-tax basis, as each of the partners to the Wheeler River Joint Venture ("WRJV") are subject to different tax and other obligations. After-tax results attributable to Denison's ownership interest are provided under the heading "Indicative Denison Post-Tax Results". All amounts are in Canadian dollars unless otherwise noted.

To view full release, click here.

Cameco submits comments to the US Department of Commerce Section 232 Investigation

TSX: CCO

2018-09-25

Market Cap	Price as of 09/28/18	52-Week High	52-Week Low
$5,857.73M	$14.73	$15.95	$9.90

Cameco filed a submission with the United States Department of Commerce (DOC) in response to its request for comments as part of the investigation into whether foreign uranium imports threaten to impair US national security under Section 232 of the Trade Expansion Act of 1962.

Highlights of Cameco's submission include:

- Cameco reaffirms its support for free and fair trade, including reciprocal market access for trade and investment in countries that produce and consume uranium. We want to work with the US government and industry colleagues to ensure a viable and sustainable US uranium supply.
- Cameco does not support the specific quota proposed by the petitioners, as it is unrealistic in its estimate of feasible US uranium production capabilities; would be difficult to implement and harmful to responsible participants in the US nuclear energy industry; and could ultimately increase US dependence on state-controlled uranium supplied by the countries of concern as listed in the petition.
- Moreover, while the petitioners' complaints are focused on imports from state-owned enterprises in specific countries acting against market principles and creating an uneven playing field, the broad-based quota they propose would apply to uranium imported from all foreign countries, allied or not, and to all non-American producers, whether publicly traded or government-run.
- If a quota remedy is ultimately implemented, we believe no import limits or restrictions should be placed on Cameco uranium. The quota should be applied solely to imports from state-owned enterprises from the countries named in the petition.
- Tariffs should not be considered as a remedy, as they would need to be prohibitively high for US utilities in order to make US uranium production economical.

Tax Court of Canada rules in favour of Cameco

TSX: CCO

2018-09-26

Market Cap	Price as of 09/28/18	52-Week High	52-Week Low
$5,857.73M	$14.73	$15.95	$9.90

Cameco announced that the Tax Court of Canada has ruled unequivocally in favour of the company in its dispute of the reassessments issued by Canada Revenue Agency (CRA) for the 2003, 2005 and 2006 tax years.

The Tax Court ruled that Cameco's marketing and trading structure involving foreign subsidiaries and the related transfer pricing methodology used for certain intercompany uranium sale and purchase agreements are in full compliance with Canadian laws for the tax years in question.

"We are very pleased with the Tax Court's clear and decisive ruling in our favour," said Tim Gitzel, Cameco's president and CEO. "We followed the rules, yet this dispute has caused significant uncertainty for our investors during a period of prolonged weakness in markets for our products. Now we hope CRA accepts the decision and applies it to other tax years in dispute, so we can focus on managing our business for the benefit of all our stakeholders."

The court has referred the matter back to the Minister of National Revenue in order to issue new reassessments for the 2003, 2005 and 2006 tax years in accordance with the court's decision. The timing for the issuance of the revised reassessments along with refunds plus interest is uncertain.

CRA has 30 days from the date of the decision to appeal to the Federal Court of Appeal. If appealed, Cameco estimates it would take about two years for the Federal Court of Appeal to hear and decide the matter.

Decisions of the Federal Court of Appeal may be appealed to the Supreme Court of Canada, but only if the Supreme Court agrees to hear the appeal. If an appeal to the Supreme Court is pursued, Cameco estimates that a further two years would be required to receive a decision.

The Tax Court decision is not legally binding for other tax years in dispute, but we believe there is nothing in the decision that would warrant a different outcome for the other tax years in question.

Cameco will be making an application to the court to recover the substantial costs incurred over the course of this case.

To view full Tax Court Decision, click here.

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