

# Purepoint Uranium Group Inc.

## MONTHLY ATHABASCA BASIN EXPLORATION UPDATE

October 2019

### Uranium - bulls get ready

Source: [Livewire](#)  
2019-09-19

As uranium bulls, we are getting excited for the last few months of 2019 – which could see the uranium price appreciate materially. We are expecting the spot price of uranium to close the year somewhere between \$30 and \$35 (current spot price is \$25.65). This potential 20% rise in the spot uranium price should be driven by a couple of fairly obvious factors which also align with the seasonal price increases that are normally seen within the uranium market at this time of year.

The key reason we believe this year may see a large increase in the spot uranium price is primarily due to the contracts Cameco needs to deliver into by the end of this year. As many pundits who follow the uranium market are aware, Cameco's prize asset; McArthur River. Is currently on care and maintenance, removing over 18m pounds of uranium supply from the market. Cameco however still must deliver uranium as part of their contractual obligations to their utility (power station) buyers of the uranium fuel. This means Cameco will be actively purchasing from the spot market to deliver into these contracts.

While it's difficult to obtain contract-specific information about pricing, our discussions with industry experts lead us to believe somewhere between 40-60% of the contract pricing could be tied to the spot market price over a period that could range somewhere around 10-90 days. What this means, is that the average price of the spot market (similar to a VWAP) over say a 60 day period leading into the delivery date will impact say 50% of the price received by Cameco. For example, if they needed to deliver 1 million pounds of uranium by the 10th of December, then the price they receive could be an average of the spot price from the period 10th October – 10th December for say 50% of the contract value. The remaining 50% could be at a higher/lower price depending on when the long term pricing contract was written and structured. So the higher the price is over that period the more money the company receives when they deliver the uranium fuel.

So while Cameco still probably need to purchase around 10m pounds in the spot market, it's potentially the contract structure/pricing that could drive the spot price in the short term. Given the opaque nature of the uranium market and incredibly thin spot market trading, it could be a good bet to assume Cameco will try to achieve the best prices possible into these contract deliveries. Why should they waste their bullets buying uranium months ahead of delivery if it won't impact the profit they receive? This theory seems to tie in well with the seasonality typically seen within the uranium market around this time of year.

Irrespective of these short term moves in the spot market, the fact that Tier 1 lowest cost quartile mines like McArthur River are closed for business, it shows there is a clear disconnect between uranium market fundamentals and market pricing. Could you imagine if Saudi Arabia stopped producing oil? Just this week the oil price jumped over 20% as half of their production potentially went offline for just a short period of time.

In the end, the price of uranium will be driven by the cost of production needed to fill the demand. So as more and more secondary supply is removed from the market, the only place new supply can come from is the ground (uranium miners).

So while the uranium miners/developers/explorers have drastically underperformed the spot price of uranium. This should change once the price of uranium increases towards the incremental cost of production (around \$50/lb). While commodity prices are very difficult to predict – it seems inevitable the price of uranium should eventually recover to the price it costs to get it out of the ground. No doubt causing a resurgence amongst the uranium mining industry. As the below chart shows the basket of uranium mining holdings in our fund has drastically underperformed the spot price in the past year. However, in a bull market expect this to change dramatically to the upside!•

### UxC Consulting Spot Price

(US\$)

August 31, 2019	\$25.28/lb U <sub>3</sub> O <sub>8</sub>
September 30, 2019	\$25.65/lb U <sub>3</sub> O <sub>8</sub>

**Change of +\$0.37/lb U<sub>3</sub>O<sub>8</sub>**

### UxC Consulting Long-Term Price

(US\$)

August 31, 2019	\$32.00/lb U <sub>3</sub> O <sub>8</sub>
September 30, 2019	\$32.00/lb U <sub>3</sub> O <sub>8</sub>

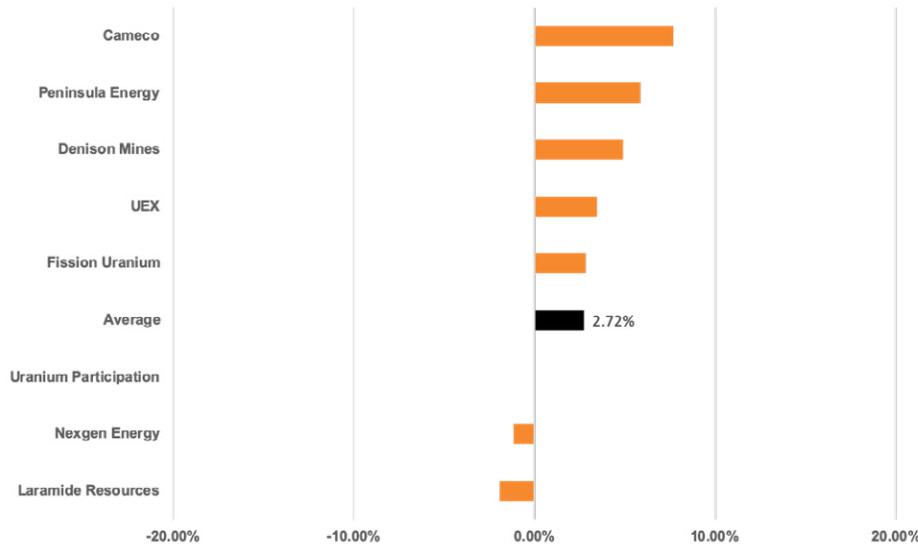
**Unchanged**

### Key Basin Announcements

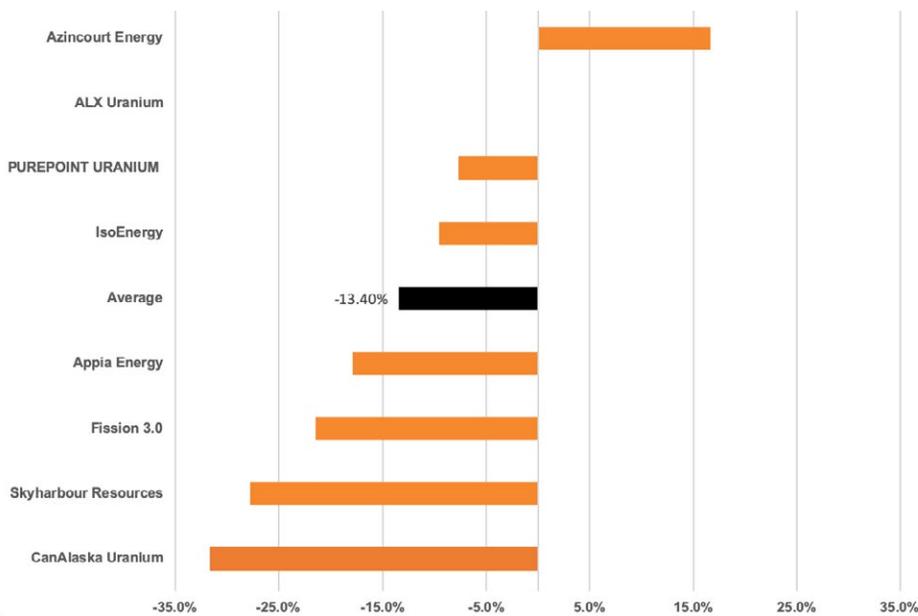
- 2019-04-04:** Purepoint Uranium identifies new priority targets at Smart Lake
- 2019-09-05:** ALX receives Close Lake Uranium Project drilling program and budget from Orano
- 2019-09-18:** ALX announces drilling underway at Close Lake Uranium Project
- 2019-09-19:** Denison reports initial results from ISR field test at Phoenix Test Area 2
- 2019-09-23:** Fission underground-only PFS results: reduced CAPEX, strong OPEX, minimized surface footprint
- 2019-09-24:** CanAlaska extends discovery with summer drill program
- 2019-09-25:** Skyharbour completes UAV-MAG airborne geophysics surveying and plans upcoming drill program on Moore

## September 2019 Monthly Uranium Stock Performance

### Producing, Development & Advanced Exploration Companies



### Athabasca Basin Exploration Companies



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## 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 \$3MM exploration budget for 2019 has been completed with two drill rigs at the Hook Lake JV.

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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[@PurepointU3O8](https://twitter.com/PurepointU3O8)

# Purepoint identifies new priority targets at Smart Lake

**TSXV: PTU**

2019-09-04

Market Cap	Price as of 09/30/19	52-Week High	52-Week Low
\$ 12.88MM	\$0.06	\$0.105	\$0.05

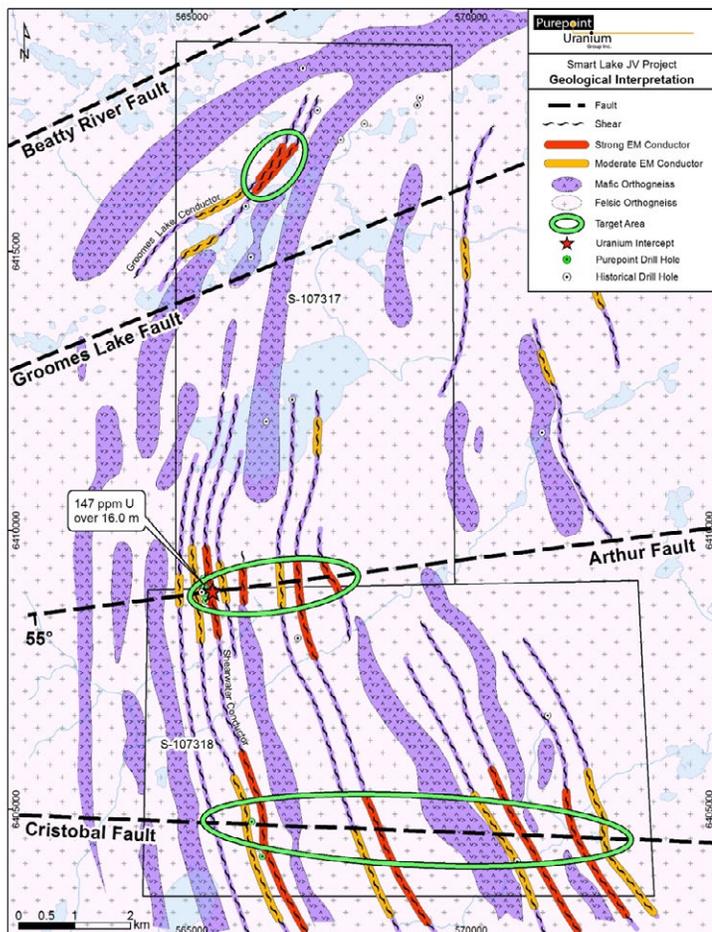
Purepoint Uranium Group Inc. (TSXV: PTU) announced today that geology at the Smart Lake JV, a project owned jointly by Cameco Corp. (73%) and Purepoint Uranium Group Inc. (27%), has been reinterpreted based on new regional knowledge of basement hosted uranium deposits. The Smart Lake property is situated in the southwestern portion of the Athabasca Basin, approximately 18 km west-northwest of the Hook Lake Project and 60 km south of the former Cluff Lake mine.

Last week, NexGen Energy Ltd. announced the commencement of a 4,000 metre drill program on their claims that surround Smart Lake. (See Press Release, Aug 26, 2019).

“Basement-hosted uranium mineralization was encountered at Smart Lake during our initial drill programs,” said Scott Frostad, Purepoint’s VP Exploration. “During the re-logging of our Smart Lake drill core this summer, it was immediately recognised that the rocks were similar to those encountered at our Hook Lake JV project. The Smart Lake target areas are seen as extremely prospective and we look forward to advancing this project further”.

**Highlights:**

- Smart Lake drill core was re-logged based on our new understanding of the western Athabasca geological setting acquired from advanced work at Hook Lake. All drill sections and plan maps have now been revised;
- Early drilling by the JV partners, intersected basement-hosted uranium mineralization associated with a hydrothermally altered, graphitic shear zone that included 15.4 metres of 147 ppm U only 200 metres from surface;
- Comparable to the Patterson Uranium District, key geological processes required for the development of high-grade uranium deposits are considered to be clearly present at Smart Lake;
- A revised 43-101 compliant technical report is being completed for review by our JV partners.



**Key Findings:**

Representatives from both Purepoint and Cameco Corp. carried out work at the Smart Lake project in June, focused on re-logging and reviewing the core from the 2008 and 2012 drill programs.

Upon subsequent analysis and interpretation, it was found that the geology of the Smart Lake Property (Figure 1) can be broadly broken into two rock types; felsic orthogneiss (dominated by pink, granite gneiss with lesser granodiorite and local tonalite gneiss) and mafic orthogneiss (grades from diorite to gabbro). The contrast in competency between the highly competent felsic rocks and the softer mafic rocks has focused displacement along lithologic contacts allowing for increased flow of hydrothermal fluids.

Known uranium mineralization at Smart Lake is associated with the Shearwater conductor, a 20 to 25 metre wide, steeply west dipping, north-northwest (NNW) striking and hydrothermally altered, graphitic-pyritic band of mafic orthogneiss. The Shearwater conductor is conformable with the dominant NNW striking, west-dipping gneissosity, the same orientation of the proximal linear magnetic highs. The gneissosity would be the first planer structure created, referred to as “S1”, and it was produced by an east-west shortening, the first phase of deformation referred to as “D1”.

Based on drill core observations and geochemistry, a second deformation event (D2) was identified; a north-south shortening related to the Beatty River Fault. The D2 event produced folds and east-northeast (ENE)-striking, south dipping S2 joints, fractures and faults axial planar to the folds (e.g. the interpreted Groomes

## Purepoint identifies new priority targets at Smart Lake (cont'd)

**TSXV: PTU**

2019-09-04

Market Cap	Price as of 09/30/19	52-Week High	52-Week Low
\$ 12.88MM	\$0.06	\$0.105	\$0.05

Lake, Arthur and Cristobal Faults). Where the ENE-striking Arthur Fault intersects both the Shearwater conductor and felsic-mafic transition zones, strong alteration, displacement and low-grade uranium mineralization is observed.

Reinterpretation of previous drilling while integrating the Shea Creek deposit model has identified priority exploration targets where interpreted faults (i.e. Arthur and Cristobal faults) crosscut both the conductive anomalies and interpreted mafic-felsic transitions.

The most prospective target may be the Groomes Lake conductor which, unlike other conductors, strikes north-east. When accommodating north-south compression (D2), which produced the east-west faults (S2), this orientation may have been favourable for enhanced dilation, fluid flow and uranium deposition.

### Smart Lake Project

Purepoint, as operator, holds a 27% ownership of the Smart Lake project in joint venture with Cameco Corporation.

The Smart Lake property includes two claims with a total area of 9,860 hectares situated in the southwestern portion of the Athabasca Basin, approximately 60 km south of the former Cluff Lake mine and 18 km west-northwest of Purepoint's Hook Lake JV Project.

Depth to the unconformity, where it occurs, is relatively shallow at less than 350 metres.

Aeromagnetic and electromagnetic patterns at Smart Lake reflect an extension of the patterns underlying the Shea Creek deposits (Indicated resource of 68M lbs at 1.48% U3O8) 55 km north of the property. Exploration by Purepoint and Cameco has firmly established the presence of uranium mineralization, hydrothermal alteration and the location of a number of basement electromagnetic conductors and cross-cutting east-west structures yet to be drill tested.

Similar to the Kianna fault at Shea Creek, known uranium mineralization at the Smart Lake project is associated with the intersection of the east-west Arthur Fault and north-south-striking fluid/chemical traps including the Shearwater conductor and chloritized mafic orthogneiss. The occurrence of low-grade uranium mineralization along the Arthur Fault away from Shearwater conductor underscore the need to target east-west structures both at the intersection with conductive anomalies and at magnetically interpreted lithological contacts.

Additional east-west striking faults (Groomes Lake and Cristobal) have been interpreted from examination of airborne magnetic and electromagnetic surveys. These faults are spatially related with strong EM conductors identified in both airborne and ground-based surveys.

The best uranium intercepts for each hole of the 2008 and 2012 drill programs are provided below. Note that holes SMT08-03 and 04 were drilled along strike over 4 km south of the other drill holes and their results suggest background uranium concentrations in basement rocks are typically less than 4 ppm.

Hole ID	Hole Depth	Maximum Radiation				
		Max. CPS	U (ppm)	Interval (m)	From (m)	To (m)
SMT08-01	300.0	3809	449	0.2	234.7	234.9
SMT08-02	192.0	534	27	1.0	191.0	192.0
SMT08-03	213.0	1579	4	0.3	94.0	94.3
SMT08-04	254.4	881	1	0.4	158.2	158.6
SMT08-05	219.0	13534	1900	0.2	152.8	153.0
SMT08-06	258.0	5047	1600	0.1	156.2	156.3
SMT12-07	369.0	1926	456	0.3	146.7	147.0
SMT12-08	306.0	1006	155	0.3	208.8	209.1
SMT12-09	292.6	2036	106	1.0	237.1	238.1

## ALX receives Close Lake Uranium Project drilling program and budget from Orano

**TSXV: AL**

2019-09-05

Market Cap	Price as of 09/30/19	52-Week High	52-Week Low
\$5.29MM	\$0.04	\$0.085	\$0.035

Orano, as operator of exploration, has received approval from the Close Lake joint venture partners for a helicopter-supported diamond drilling program in the northern part of the Project of approximately 3,000 metres in up to four holes at an estimated cost of \$1.1 million. The proximity of the Cigar Lake mine property infrastructure (approximately 10 kilometres from the northern boundary of the Project) as a staging area for personnel and equipment is expected to provide improved cost efficiency for a helicopter-supported drilling program. Drilling is planned to commence on or about the second week of September 2019 on highly-prospective target areas developed from Orano's previous work at the Project.

ALX has signed a binding option agreement for Close Lake with Orano, a subsidiary of Orano Group, France whereby ALX can earn up to a 51% participating interest in the Project. Orano, as operator, holds a 74.4004% interest in a joint venture at Close Lake with Cameco Corporation ("Cameco") (TSX: CCO) holding a 14.9849% interest, and JCU (Canada) Exploration Company Ltd. ("JCU") holding the remaining 10.6147% interest.

## ALX announces drilling underway at Close Lake Uranium Project

**TSXV: AL**

2019-09-18

Market Cap	Price as of 09/30/19	52-Week High	52-Week Low
\$5.29MM	\$0.04	\$0.085	\$0.035

ALX announced that Orano Canada commenced a helicopter-supported diamond drilling program in the northern part of the Project consisting of approximately 3,000 metres in up to four holes at an estimated cost of \$1.1 million. Initial drill targets are located on the C-14 and C-12 conductive trends, with each trend hosting highly-prospective settings for uranium mineralization identified from the joint venture's previous work at the Project.

## Denison reports initial results from ISR field test at Phoenix Test Area 2

**TSX: DML**

2019-09-19

Market Cap	Price as of 09/30/19	52-Week High	52-Week Low
\$371.84MM	\$0.64	\$0.89	\$0.52

Denison announced that the initial In-Situ Recovery ("ISR") field test results from Test Area 2 of the Phoenix deposit have confirmed hydraulic connectivity within a significant portion of the ore zone tested. The initial field tests are part of the ongoing ISR field test program at the Company's 90% owned Wheeler River Uranium Project ("Wheeler River") in northern Saskatchewan, Canada.

Following the positive initial test results from Test Area 1 (outlined in Denison's press release dated August 27, 2019) and Test Area 2, Denison has decided to advance to the second stage of ISR field testing – the installation of large-diameter commercial scale wells ("CSWs") and the completion of additional hydrogeological field testing. One CSW is planned for each of Test Area 1 and Test Area 2, with each well designed to meet the technical and regulatory standards expected for a commercial ISR well at Phoenix. Accordingly, each well's completion will provide key inputs for the Environmental Impact Assessment ("EIA") process and planned Feasibility Study ("FS") and will ultimately reduce the risk associated with the application of the ISR mining method at Phoenix.

**Fission Underground-only PFS results: reduced CAPEX, strong OPEX, minimized surface footprint**

**TSX: FCU**

2019-09-23

Market Cap	Price as of 09/30/19	52-Week High	52-Week Low
\$184.78MM	\$0.36	\$0.75	\$0.32

Fission announced the results of a prefeasibility study for an underground-only mining scenario, conducted by Roscoe Postle Associates Inc."RPA", and entitled "Pre-Feasibility Study on the Patterson Lake South Property Using Underground Mining Methods" (the "U/G PFS") for its' PLS property in Canada's Athabasca Basin region.

- The U/G PFS follows the results of an earlier PFS report outlining a hybrid mine approach using both open pit and underground techniques (the "Hybrid PFS").
- The U/G PFS highlights a substantial reduction in CAPEX and time requirements for construction of the Triple R mine due to simplified water control measures for underground mining.
- With the U/G PFS, access to the deposit is envisaged via a decline from land.
- The revised mining method eliminates the need for a system of dykes and slurry walls, dewatering and overburden removal and results in a reduction of 90% of total mine-related earth movement from the Hybrid PFS to the U/G PFS.
- The reduced earth movement results in reduced surface piles and overall minimized surface footprint.
- With a projected OPEX of just US\$7.18/lb,an IRR (pre-tax) of 34% and an NPV (pre-tax) at 8% of \$1.33B,the U/G PFS outlines the potential for highly economic production at PLS.

**CanAlaska extends discovery with summer drill program**

**TSXV: CVV**

2019-09-24

Market Cap	Price as of 09/30/19	52-Week High	52-Week Low
\$9.17MM	\$0.195	\$0.395	\$0.20

CanAlaska reported that summer drilling is now complete at the West McArthur uranium project. The unconformity related uranium mineralization intersected in Cameco's discovery holes WMA042 and WMA042-2, has been extended 50 metres to the south and 200 metres to the west and tied to down-hole geophysics imaging of the C10 conductor package.

With downhole geophysics, CVV have now located the C10 conductor horizon, approximately 100 metres south of the original high-grade discovery. There is highly elevated uranium, lead, cobalt, boron, nickel and copper in the mineralization and associated alteration halos in all of the drill holes where assays have been received to date. The program has successfully extended the discovery footprint of holes drilled by Cameco during their recent work programs on the property. The project is a joint venture with Cameco, controlled and operated by CanAlaska.

## Skyharbour completes UAV-MAG airborne geophysics surveying and plans upcoming drill program at Moore

**TSX: UEX**

2019-09-25

Market Cap	Price as of 09/30/19	52-Week High	52-Week Low
\$13.76MM	\$0.195	\$0.57	\$0.18

Skyharbour announced the completion of an Unmanned Aerial Vehicle Magnetometer Survey ("UAV-MAG™ Survey") by Pioneer Aerial Surveys Ltd. ("Pioneer") on the Company's 35,705 hectare Moore Uranium Project, located approx. 15 km east of Denison Mine's Wheeler River project on the southeast side of the Athabasca Basin, Saskatchewan.

The UAV-MAG™ survey has successfully identified high-priority, cross-cutting features and structures along the Maverick corridor. Identification of these features has helped refine and identify current and additional drill targets for the upcoming fall/winter diamond drilling program at Moore. Only 2 km of the total 4 km long Maverick structural corridor have been systematically drill tested leaving robust discovery potential along strike as well as at depth in the underlying basement rocks which have seen limited drill testing.

Skyharbour is planning a 2,500 metre diamond drilling program slated to commence later in the year / early next year. This drill program will test both unconformity and basement targets along the high grade Maverick structural corridor, as well as prospective regional targets identified by Skyharbour's technical team. Of particular interest are potential underlying basement feeder zones to the unconformity-hosted high grade uranium present along the Maverick corridor. These targets have seen limited historical drill testing. Additional drilling will also be undertaken, dependent on local field conditions, on the landward portions of the recently discovered Otter Zone targets along strike of hole ML19-04.

**Purepoint Uranium Group Inc.**  
**TSXV: PTU**

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\$ 12.88MM	\$0.06	\$0.105	\$0.05

**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 speculative phase of investment completed with low priority properties all exited

**Uranium Industry Market Overview**

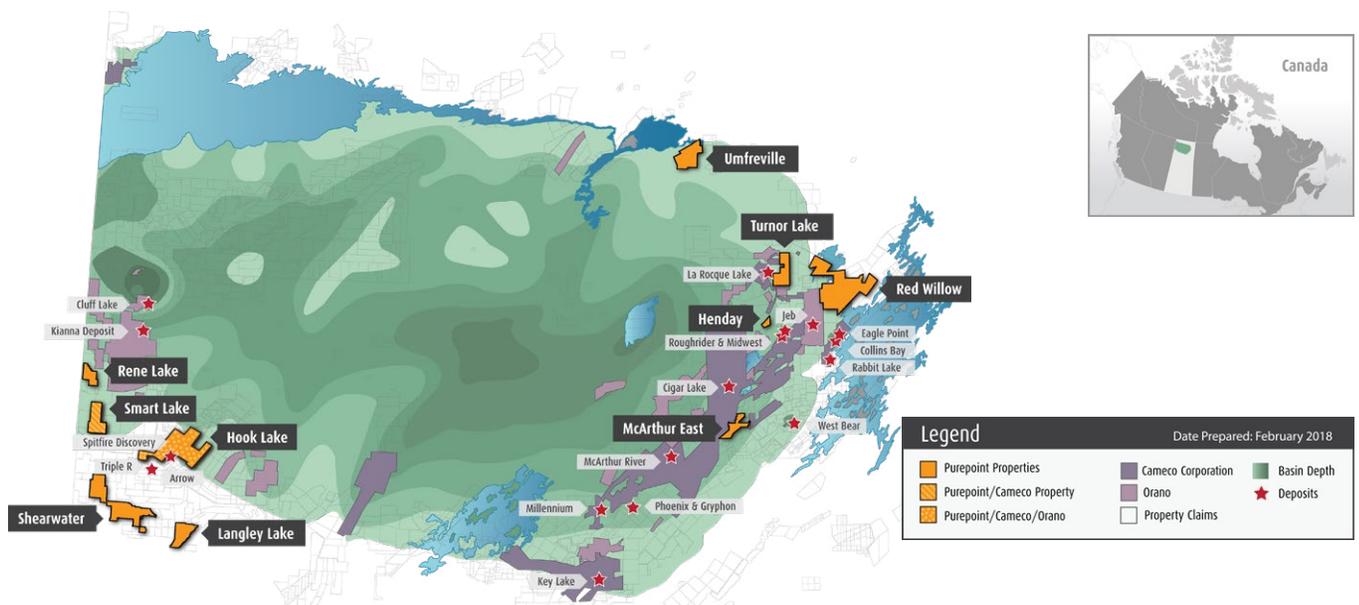
Click on the image to access full report.



**Purepoint Uranium Group Inc. (TSXV: PTU)** has assembled an end-to-end investment thesis for uranium investors, providing a complete understanding of the current events, facts and statistics that point towards a pending price correction.

Send us your comments/suggestions at [info@jeannyso.com](mailto:info@jeannyso.com).

**PUREPOINT'S ATHABASCA BASIN PROJECTS**



**Strategic Project Acquisitions**

- Focused 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**



**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
- \$3 Million Exploration program completed in 2019

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