

# MONTHLY ATHABASCA BASIN EXPLORATION UPDATE

April 2020

## Could Cameco suspension kick-start the uranium sector?

Source: [Resource World](#)

Cameco Corp. [CCO-TSX; CCJ-NYSE] is temporarily suspending production at its Cigar Lake uranium mine in northern Saskatchewan. It said the move is a safety precaution that stems from the threat posed by the Coronavirus [COVID-19] pandemic.

Cameco is one of the world's leading uranium producers. Cigar Lake is the globe's largest operating uranium mine and represents 100% of the company's current output of 9.0 million pounds. Cigar Lake also accounts for 13% of the world's mine supply and 10% of total supply, including secondary material.

As result, the suspension at Cigar Lake is being viewed by analysts at Scotiabank as a potential turning point for the uranium sector, which has been locked in a bear market since a 2011 earthquake and tsunami in Japan disabled three reactors at the Fukushima nuclear plant, causing their cores to melt down, forcing Japan to shut down 50 nuclear reactors that remained intact.

Spot uranium is trading this week at US\$24.10 a pound. That is down from US\$72.63 a pound just prior to the Fukushima disaster, which prompted major producers like Cameco and Kazakh state-owned KazAtomProm, to shut down production and announce indefinite layoffs.

In November 2017 Cameco said it was temporarily suspending production at the McArthur River and Key Lake operation in Saskatchewan. It attributed the move to the continued state of oversupply in the uranium market and the expectation of little change in the immediate future. McArthur River remains on care and maintenance.

In a press release that came after the close of trading on March 23, 2020, Cameco said the Cigar Lake operation will be ramped down over the coming days and placed into care and maintenance for four weeks. During this time, Cameco will assess the status of the situation and determine whether to restart the mine or extend the care and maintenance period. This supply shock, if extended beyond four weeks, has the potential to become the turning point in a 10-year bear market, said Scotiabank analyst Orest Wowkodaw in a research report.

"Given low inventories, the closure will increase Cameco's required market purchases (current guidance 20-22 million pounds) to meet its significantly higher 2020 sales commitments (28-30 million pounds guidance)," Scotiabank said.

Cigar Lake ore is processed at Orano Canada Inc.'s McClean Lake mill, also located in northern Saskatchewan. The decision to suspend production at Cameco's Cigar Lake mine was made in conjunction with Orano to suspend production at their McClean Lake mill.

Cameco said the decision will affect 300 highly skilled employees at Cigar Lake, with about 35 expected to remain on site to keep the operation safe. As of March 21, 2020, total packaged production from these operations for 2020 was about 4.0 million pounds (100% basis, Cameco's share 50%).

"We are in unprecedented and challenging times," said Cameco President and CEO Tom Gitzel. "In the face of great uncertainty, our first priority is to protect the health and well-being of our employees, their families and their communities," he said.

"Our leadership team took a measured approach and weighed many factors in assessing the situation both globally and locally to make this decision, which takes into account the specific and unique circumstances at Cigar Lake, a remote, isolated fly-in/fly-out northern Saskatchewan operation."

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

February 28, 2020	\$24.75/lb U <sub>3</sub> O <sub>8</sub>
March 31, 2020	\$27.25/lb U <sub>3</sub> O <sub>8</sub>

**Change of +2.50/lb U<sub>3</sub>O<sub>8</sub>**

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

February 28, 2020	\$32.00/lb U <sub>3</sub> O <sub>8</sub>
March 31, 2020	\$31.00/lb U <sub>3</sub> O <sub>8</sub>

**Change of -\$1.00/lb U<sub>3</sub>O<sub>8</sub>**

## Key Basin Announcements

**03-09-2020:** Skyharbour option partner Orano Canada commences exploration at Preston

**03-18-2020:** IsoEnergy intersects 4m of 20.5% U<sub>3</sub>O<sub>8</sub> in drill hole LE20-40 and drills

**03-20-2020:** Denison announces temporary suspension of Wheeler River Environmental Assessment Amidst Covid-19 disruptions

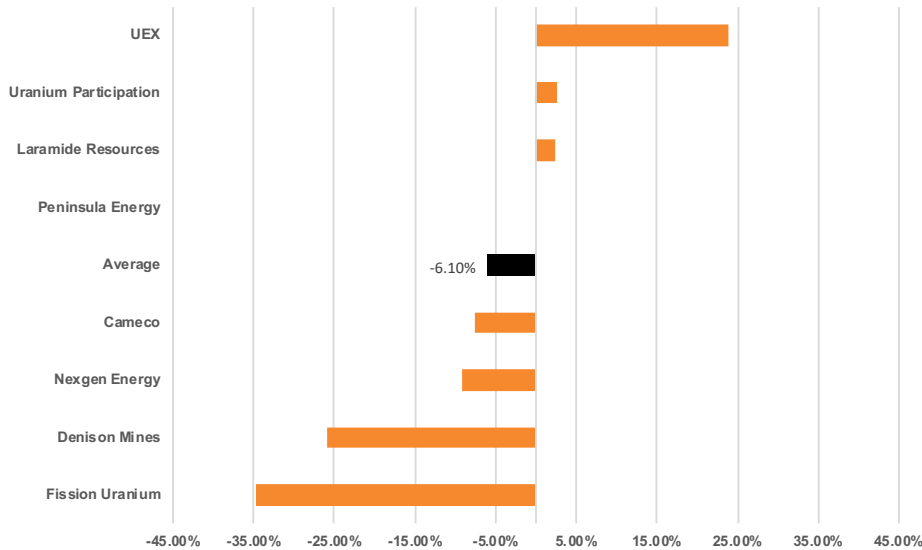
**03-23-2020:** Cameco suspending production at Cigar Lake Mine

**03-25-2020:** NexGen update on operations and activities due to Covid-19

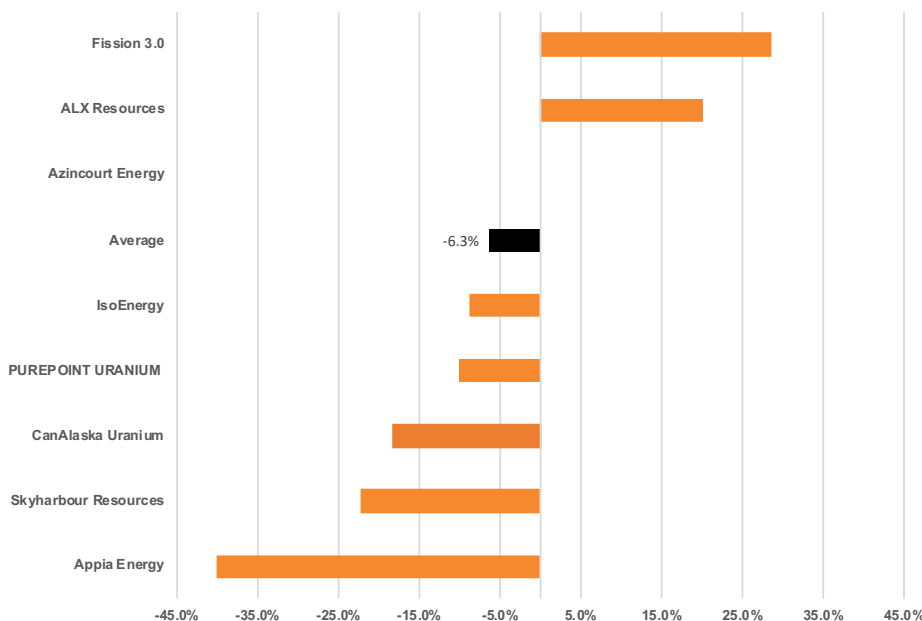
**03-31-2020:** IsoEnergy intersects 7.5m of 14.5% U<sub>3</sub>O<sub>8</sub> in drill hole LE20-51 including 3.5m of 30.9% U<sub>3</sub>O<sub>8</sub>

## Month over Month Uranium Stock Performance (as of March 31, 2020)

### 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 of its nine 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.

An exploration budget for \$2million for 2020 has been set to include up to 3,500 m drilling at Hook Lake.

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

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## Purepoint's Flagship Project: HOOK LAKE JV TSXV: PTU

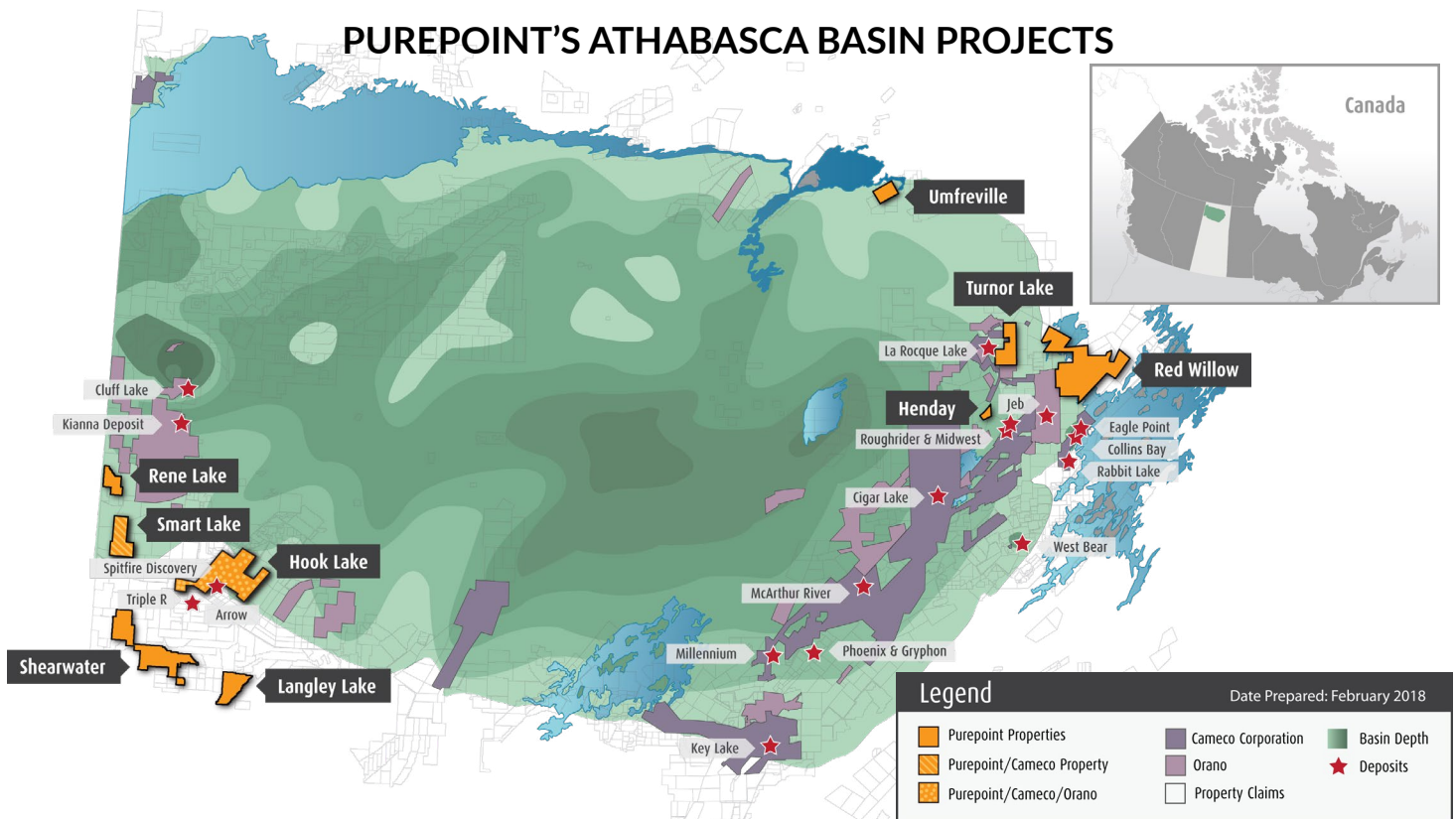
Market Cap	Price as of 03/31/20	52-Week High	52-Week Low
\$ 10.05MM	\$0.045	\$0.10	\$0.025

The Hook Lake JV Project is owned jointly by Cameco Corp. (39.5%), Orano Canada Inc. (39.5%) and Purepoint Uranium Group Inc. (21%) as operator and consists of nine claims totaling 28,598 hectares situated in the southwestern Athabasca Basin.

The Hook Lake JV Project is considered one of the highest quality uranium exploration projects in the Athabasca Basin due to its location along the prospective Patterson Lake trend and the relatively shallow depth to the unconformity.

Current exploration is targeting the Patterson Lake Corridor that hosts Fission's Triple R Deposit (indicated mineral resource 87,760,000 lbs U<sub>3</sub>O<sub>8</sub> at an average grade of 1.82% U<sub>3</sub>O<sub>8</sub> - www.fissionuranium.com), NexGen Energy's Arrow Deposit (indicated mineral resource 256,600,000 lbs U<sub>3</sub>O<sub>8</sub> at an average grade of 4.03% - www.nexgenenergy.ca) and the Spitfire discovery by the Hook Lake JV.

The foregoing mineral resource disclosure is information about the properties adjacent to the Company's property and does not imply that the Company will obtain similar information from its own property.



### Strategic Project Acquisitions

- Focused on the precision exploration of its nine 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
- \$2 Million Exploration program approved for 2020

## Cameco suspending production at Cigar Lake Mine

TSX: CCO / NYSE: CCJ

03-20-2020

Market Cap	Price as of 03/31/20	52-Week High	52-Week Low
\$ 4,132.2MM	\$10.73	\$16.15	\$7.69

Cameco (TSX: CCO; NYSE: CCJ) announced that it is temporarily suspending production at its Cigar Lake uranium mine in northern Saskatchewan and placing the facility in safe care and maintenance mode due to the threat posed by the Coronavirus (COVID-19) pandemic. There are no confirmed cases of COVID-19 among Cameco’s workforce at the present time.

The operation will be ramped down over the coming days and placed into care and maintenance for four weeks. During this time, Cameco will assess the status of the situation and determine whether to restart the mine or extend the care and maintenance period.

Cigar Lake ore is processed at Orano Canada Inc.’s McClean Lake mill, also located in northern Saskatchewan. The decision to suspend production at Cameco’s Cigar Lake mine was made in conjunction with Orano to suspend production at their McClean Lake mill. As of March 21, 2020, total packaged production from these operations for 2020 was about 4 million pounds U3O8 (100% basis, Cameco’s share 50%).

“We are in unprecedented and challenging times,” said Cameco President and CEO Tim Gitzel. “In the face of great uncertainty, our first priority is to protect the health and well-being of our employees, their families and their communities. Our leadership team took a measured approach and weighed many factors in assessing the situation both globally and locally to make this decision, which takes into account the specific and unique circumstances at Cigar Lake, a remote, isolated fly-in/fly-out northern Saskatchewan operation.”

“We are all in this together,” said Orano Canada Inc. President and CEO Jim Corman. “Our operations work in tandem, and our communities are all interconnected. This is a difficult time for many, and we understand the concerns we are hearing. McClean Lake will safely be put into care and maintenance within the next few days and we will continue to assess the situation, always keeping health and safety at the forefront.”

The precautions and restrictions enacted by the federal and provincial governments, the significant degree of concern among leaders in remote isolated communities of northern Saskatchewan, and the increased challenges of maintaining the recommended physical distancing at fly-in/fly-out sites were critical factors Cameco considered in reaching this decision. As with other remote northern operations that are currently in care and maintenance, having a substantially reduced workforce on site will enable improved physical distancing and enhanced safety precautions.

At full production, there are typically around 300 highly skilled people working across the Cigar Lake operation at any given time, the majority being residents of Saskatchewan’s north. When the production suspension is fully implemented, a workforce of about 35 people at a time will remain on site to keep the facility in safe care and maintenance.

Cameco will be in full consultation with public health authorities to help develop the logistical plan to safely move workers at Cigar Lake off site and back to their home communities.

We are also closely monitoring the operations in Cameco’s Fuel Services Division in Ontario, and will continue to operate them for as long as it remains safe to do so in order to continue a reliable supply of fuel.

“We have the tools we need to deal with the current uncertain environment,” Gitzel said. “We have a deliberate strategy to build long-term value and have been executing it in a disciplined fashion on three fronts – operational, marketing and financial. As a result, our balance sheet is strong, and we are well-positioned to self-manage risk. We will work with our customers to help meet their delivery needs and enable them to continue to provide the 24-hour nuclear power their governments and communities will need to rely on to run hospitals, care facilities, clinics and communities during this time of extraordinary uncertainty.”

This unplanned event may lead to variability in the 2020 outlook we provided in our Annual MD&A, however, it is too soon to quantify what that impact might be. We will continue to assess the rapidly evolving situation, and we will provide an update when we can better understand what the implications for this year’s outlook might be.

The Cigar Lake operation is owned by Cameco (50.025%), Orano Canada Inc. (37.1%), Idemitsu Canada Resources Ltd. (7.875%) and TEP-CO Resources Inc. (5.0%) and is operated by Cameco.

## Skyharbour option partner Orano Canada commences exploration at Preston

**TSXV: SYH**

03-09-2020

Market Cap	Price as of 03/31/20	52-Week High	52-Week Low
\$ 8.66MM	\$0.11	\$0.435	\$0.08

Skyharbour announced the Company's option partner Orano Canada has commenced its exploration programs at the Preston Uranium Project located in the western Athabasca Basin near NexGen Energy Ltd.'s high-grade Arrow deposit and Fission Uranium Corp.'s Triple R deposit.

Orano Canada has an option to acquire up to a 70% working interest in the Preston Uranium Project (see news release dated March 9th, 2017). Under the Agreement, Orano Canada will contribute cash and exploration program considerations totaling up to CAD \$8,000,000 in exchange for up to 70% of the project over six years.

Orano's exploration program on the Preston Project will consist of DC resistivity ground geophysics on the JL and Canoe grids and the B conductive area. The objective of this \$735,000 exploration program is to use the DC resistivity method to further characterize the EM conductors by providing information about possible clay, silicification or associated alteration in the vicinity of conductors adding another layer of information to prioritize areas to be drill tested. Historical geophysical lines will be utilized at the JL and Canoe grids, and 15.9 km of line cutting will be carried out at the B conductive area.

## IsoEnergy intersects 4m of 20.5% U3O8 in drill hole LE20-40

**TSXV: ISO**

03-18-2020

Market Cap	Price as of 03/31/20	52-Week High	52-Week Low
\$29.97MM	\$0.42	\$0.79	\$0.23

IsoEnergy reported additional results from the winter 2020 drilling program at the Hurricane zone. The Hurricane zone is a new discovery of high-grade uranium mineralization on the Company's 100% owned Larocque East property in the Eastern Athabasca Basin of Saskatchewan.

### Highlights:

- Assays received from previously reported drill hole LE20-40 average 20.5% U3O8 over 4.0m from 322.5 to 326.5m
- The last six drill holes at the Hurricane zone all intersected thick intervals (>7m) of strong uranium mineralization, including two with off-scale sub-intervals (>65,000CPS on the RS-125 hand-held spectrometer, the "RS-125")
- Assays from the final six drill holes at the Hurricane zone are still pending.

### Next Steps

Winter drilling is now complete at the Larocque East property. Assays for the final six drill holes completed at the Hurricane zone are pending. Data compilation and interpretation are underway. Plans for a summer drilling program that will continue to define the extent of the Hurricane zone are being developed.

## Denison announces temporary suspension of Wheeler River Environmental Assessment

**TSX: DML**

03-18-2020

Market Cap	Price as of 03/31/20	52-Week High	52-Week Low
\$ 188.12MM	\$0.37	\$0.78	\$0.235

Denison announced temporary suspension of activities related to the environmental assessment ("EA") for the Company's 90% owned Wheeler River Uranium Project ("Wheeler River" or the "Project"). An important element of the EA process is the completion of extensive in-person engagement and consultation activities with various interested parties and community groups. The decision to suspend the EA process and other discretionary activities is motivated by the significant social and economic disruption that has emerged as a result of the COVID-19 pandemic and the Company's commitment to ensure employee safety, support public health efforts to limit transmission of COVID-19, and exercise prudent financial discipline.

The duration of the temporary suspension is unknown at this time. The Company intends to monitor the COVID-19 situation and will coordinate the resumption of the EA with the applicable regulators and interested parties. Further information will be provided as appropriate.

## NexGen Energy update on operations and activities due to Covid-19

**TSX: NXE / NYSE: NXE**

03-25-2020

Market Cap	Price as of 03/31/20	52-Week High	52-Week Low
\$367.46MM	\$1.08	\$2.45	\$0.76

NexGen Energy provided an update on the operational and corporate impacts of the COVID-19 pandemic on its planned activities. The Company confirmed that all of the assets of the Company including at the 100% owned Rook I site and the offices (in Saskatoon and Vancouver) are secure and operational in accordance with the Federal and Provincial Health Authorities guidelines.

The Company has postponed “yet to commence” work programs associated with both the FS and EA. Previously commenced “in progress” work programs (including environmental monitoring and community programs) are continuing where it has been assessed the function is not impacted by the current Health Authority guidelines. A rescheduled timeline for the FS and filing of the Environmental Impact Statement will be communicated once the Company and its consultants establish a return to normalized working conditions. In the interim, all workflows will continue to be optimized in light of the current health and economic climate.

## IsoEnergy intersects 7.5m of 14.5% U3O8 in drill hole LE20-51 including 3.6m of 30.9% U3O8

**TSXV: ISO**

03-18-2020

Market Cap	Price as of 03/31/20	52-Week High	52-Week Low
\$29.97MM	\$0.42	\$0.79	\$0.23

IsoEnergy reported report additional assay results from the winter 2020 drilling program at the Hurricane zone. The Hurricane zone is a new discovery of high-grade uranium mineralization on the Company’s 100% owned Larocque East property (the “Property”) in the Eastern Athabasca Basin of Saskatchewan.

### Highlights:

- Assays received from drill hole LE20-51 average 14.5% U3O8 and 3.5% Ni over 7.5m from 322.5 to 330.0m (see the core photo in Figure 2)
- A higher-grade sub-interval within LE20-51 averages 30.9% U3O8 and 7.1% Ni over 3.5 m from 325.5 to 329.0m
- Other assay results include 3.6% U3O8 and 1.4% Ni over 10.0m from 318.0 to 328.0m in drill hole LE20-46.
- Assays from the final two drill holes LE20-52 and LE20-53 are still pending, both of which intersected long lengths of strong uranium mineralization, including sub-intervals of off-scale radioactivity (>65K CPS RS-125)

### Next Steps

Assays for the final two drill holes completed at the Hurricane zone are expected to be reported soon. Data compilation and interpretation of the winter drilling results are well underway, as is planning for a potential summer drilling program that will continue to define the extent of the Hurricane zone.

# Purepoint

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