

Purepoint Uranium Group Inc.
Management's Discussion and Analysis
For the three months ended March 31, 2020

The following discussion and analysis is management's assessment of the results and financial condition of Purepoint Uranium Group Inc. ("Purepoint" or the "Company") and should be read in conjunction with the consolidated audited financial statements for the year ended December 31, 2019, together with the related notes contained therein. The Company's most recent filings are available on the SEDAR website. The date of this management's discussion and analysis is May 28, 2020.

The interim financial statements for the three-month periods ended March 31, 2020 and 2019 are prepared in accordance with International Accounting Standard ("IAS") 34 under International Financial Reporting Standards ("IFRS").

Forward looking statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Business of Purepoint

Purepoint maintains a focused objective of locating uranium deposits in the Athabasca Basin in Northern Saskatchewan. Purepoint currently maintains ten properties located in the Athabasca Basin. The Company entered into joint venture agreements and operates one of these projects with Cameco Corporation and Orano Canada Inc. (formerly AREVA Resources Canada Inc.), one of these projects with Cameco Corporation, while the other eight projects remain 100% owned. Saskatchewan's Athabasca Basin now provides approximately 25% of the world's uranium production credited primarily to that region's unusually high ore grade deposits.

The 2020 operating plan is discussed under Exploration Activities.

Selected quarterly information

The following selected information is derived from the audited annual and unaudited quarterly consolidated financial statements.

| | Quarter ended March 31, 2020 | Quarter ended December 31, 2019 | Quarter ended September 30, 2019 | Quarter ended June 30, 2019 | Quarter ended March 31, 2019 | Quarter ended December 31, 2018 | Quarter ended September 30, 2018 | Quarter ended June 30, 2018 |
|--------------------|------------------------------|---------------------------------|----------------------------------|-----------------------------|------------------------------|---------------------------------|----------------------------------|-----------------------------|
| Net loss | (379,076) | (216,925) | (215,807) | (450,295) | (467,453) | (198,126) | (178,512) | (469,175) |
| Net loss per share | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| Total assets | 1,014,644 | 1,695,213 | 732,030 | 968,516 | 1,365,887 | 1,991,443 | 979,427 | 1,182,545 |

Results of operations

The Company's operations during the three-month period ended March 31, 2020 produced a net loss of \$379,076 (2019 - \$467,453). The primary operational activity continues to be the exploration of the Company's major projects. The expenditures and levels of activity relating to the Company's projects are described in greater detail below following a brief discussion of significant changes in expense line items.

Exploration and evaluation expenditures for the three-month period ended March 31, 2020 amounted to \$401,429 (2019 - \$544,326) and a decrease of \$142,897 is mainly result of a decrease in joint project operational activities, especially drilling at Hook Lake Property - see Exploration and evaluation expenditures.

Exploration salaries and benefits for the three-month period ended March 31, 2020 amounted to \$142,377 (2019 - \$165,946).

Salaries, compensations and benefits increased by \$20,882 compared to the three-month period ended March 31, 2019 due to directors fees were paid in first quarter in 2020 as opposed to second quarter in 2019.

There were no new stock option grants in the three-month periods ended March 31, 2020 and 2019.

Investor relations decreased by \$20,882 compared to the three-month period ended March 31, 2019 and is attributable to higher marketing activities in 2019.

Professional fees were comparable to the same period in 2019.

Other expenses were comparable to the same period in 2019.

Operator fees and other expense recoveries with respect to joint projects for the three-month period ended March 31, 2020 amounted to \$291,221 (2019 - \$374,515). Decrease is mainly due to decrease in joint project operational activities overall, especially drilling at Hook Lake Property.

Exploration and evaluation expenditures

The Company incurred \$401,429 and \$544,326 in exploration and evaluation expenditures on its properties during the three-month period ended March 31, 2020 and 2019, as follows:

| | <u>2020</u> | <u>2019</u> |
|--------------------------|-------------|-------------|
| Red Willow Property | \$ - | \$ - |
| Hook Lake Property | 399,064 | 544,326 |
| Smart Lake Property | - | - |
| Turnor Lake Property | - | - |
| Umfreville Lake Property | 2,365 | - |
| Henday Lake Property | - | - |

During 2019 and early 2020, the Company carried out the following significant activities:

HOOK LAKE PROJECT - JOINT VENTURE WITH CAMECO AND ORANO

The Company entered into a definitive joint venture agreement with Cameco Corporation and Orano Canada Inc. (formerly AREVA Resources Canada Inc.) for the ongoing exploration of the Hook Lake uranium project in the Athabasca Basin pursuant to its option agreement with Cameco announced February 7, 2007.

Under the original option agreement, Purepoint acquired a 21% interest in the Hook Lake project. The remaining 79% of the project is owned by Cameco Corporation (39.5%) and Orano Canada Inc. (39.5%);

Located along the Patterson Uranium District, the Hook Lake JV has been operated by Purepoint since 2007. The project consists of nine claims totaling 28,683 hectares including the Spitfire high-grade discovery (53.3% U3O8 over 1.3 metres within a 10 metre interval of 10.3% U3O8).

Hook Lake Project Highlights:

- (i) Two of the world's largest, high-grade uranium deposits reside along-strike on adjacent properties;
- (ii) High-grade Spitfire/Harpoon deposit outlined at the claim border with NexGen;
- (iii) Widespread hydrothermal alteration in Dragon Zone similar to and along-strike with Spitfire, with a much larger footprint;
- (iv) Anomalously high concentrations of uranium within, and adjacent to graphitic shear zones in the sub-Athabasca basement rocks of the Dragon Zone;
- (v) Over 5 kilometres of untested, high-priority conductor targets along the Patterson Corridor.

Hook Lake Chronology

The Patterson Corridor is a structural corridor lying within the southwest edge of Saskatchewan's Athabasca Basin and is interpreted to extend for at least 50km with approximately 10km of the total corridor occurring on the Hook Lake project, making it the highest priority exploration target on the Hook Lake property. Recent exploration and discovery along the Patterson Corridor have progressed with astounding speed and impressive results.

| Date | Event | Explorer |
|------|--|--------------------------------|
| 2011 | Discovery of radioactive boulders | By: Fission/ESO JV |
| 2012 | Discovery of Triple R Deposit | By: Fission/ESO JV |
| 2013 | Discovery of Arrow Deposit | By: NexGen Energy |
| 2014 | Discovery of South Spitfire Zone HK14-09 returns 0.32% U3O8 over 6.2 metres | By: Purepoint / Cameco / Orano |
| 2015 | PEA released for Triple R based on an Indicated Resource of 81.1Mlbs U3O8 grading 1.8% U3O8 | By: Fission |
| 2015 | Bow Discovery | By: NexGen Energy |
| 2015 | Lower Spitfire Discovery HK15-27 returns 2.23% U3O8 over 2.8 metres | By: Purepoint / Cameco / Orano |
| 2016 | Harpoon Discovery | By: NexGen Energy |
| 2016 | Upper Spitfire Discovery HK16-53 returns 10.3% U3O8 over 10.0 metres | By: Purepoint / Cameco / Orano |
| 2017 | PEA released for Arrow Deposit based on an Indicated Resource of 164.9Mlbs U3O8 grading 6.88% U3O8 | By: NexGen Energy |
| 2017 | Upper Spitfire strike length extended by 25% | By: Purepoint / Cameco / Orano |
| 2018 | New Mineralized shear discovered in Dragon Zone | By: Purepoint / Cameco / Orano |
| 2018 | PFS released for Arrow Deposit Indicated Resource of 256.6M lbs of U3O8 grading 4.03% U3O8 | By: NexGen Energy |

2018/2019 Winter Exploration Program at Hook Lake

Highlights:

- Drill hole HK19-101 targeted the Spitfire shear zone below HK15-27 (2.2% U3O8 over 2.8 metres that included 12.9% U3O8 over 0.4 metres) in order to test for uranium mineralization at depth. Based on the Spitfire 3D model, the targeted down dip extension of a high-grade mineralization lens warrants additional follow-up as HK-19-01 was off ideal target;
- Six widely spaced holes totaling 4,240 metres were completed north of the previous Dragon zone drilling. HK19-105 was the highlight of these drill holes displaying strong alteration, numerous structures and intervals of anomalous radioactivity. All the Dragon area holes confirmed the continuation of significant structures and alteration along the Patterson corridor;
- A ground electromagnetic (EM) survey was completed with the objective of defining new drill targets between the Dragon and Spitfire areas. Cameco's geophysical team is currently reviewing the EM survey results and interpretations are pending;
- Six diamond drill holes totaling 1,750 metres were completed along the Derkson Corridor. Although testing did identify the source of the EM conductors, no prospective structures, alteration or radioactivity were encountered;
- Assays are pending on all drill results;
- Once an interpretation of the results is complete, the program findings will be assembled and presented at the joint venture technical committee meeting during the first week of May 2019.

North Dragon Area

Six drill holes tested two separate EM conductors within the North Dragon area during the 2019 exploration program. The EM conductor tested during the previous drill seasons has been named the “Dragon shear zone” and it is approximately 200 metres wide, is composed of three to four separate graphitic shears dipping southeast and has now been tested over a strike length of 2 kilometres. The second EM conductor has been historically named the “W” conductor and it runs approximately 800 metres west of and parallel to the Dragon shear zone. Three drill holes continued to test the Dragon shear zone to the northeast (HK19-102, 103 and 106) and 3 drill holes completed initial testing of the “W” conductor (HK19-104, 105 and 107).

Hole HK19-102 was a 300-metre step out northeast along strike of last year’s Dragon hole HK18-93 and returned relatively similar results. Both these holes intersected weak radioactivity proximal to the footwall contact of an intensely silicified, clay altered granodiorite gneiss unit near the unconformity.

Drill Hole HK19-103 was a 600-metre step-out along strike NE of HK19-102. Intensely silicified dioritic gneiss was then encountered to 478 metres before intersecting a 3-metre wide graphitic structure displaying brittle faulting and illite alteration with local fault gouge intervals and weak radioactivity (230 cps over 4.0 metres from the downhole gamma probe).

Drill hole HK19-106 was drilled 80 metres in front of hole HK19-103. A strong overprinting of honey-yellow Illite, typically only seen in the Spitfire deposit, was observed just below 400 metres followed by an interval of weak radioactivity (296 cps over 3.2 metres from the downhole gamma probe). Stacked graphitic shears, typically found in the Dragon Zone, were encountered between 449 and 490 metres. The three distinct shear zones are hosted in a chloritized mafic rock.

The initial “W” conductor hole HK19-104 encountered strong hydrothermal alteration and weak mineralization (300 cps over 3.3 metres from the downhole gamma probe) associated with a graphitic shear. Hole HK19-104 marked the first time strong alteration had been seen associated with the “W” conductor basement rocks and opened up new high priority targets for drill testing to the northeast.

The second “W” conductor hole, HK19-105, was collared 800 metres northeast of HK19-104 and intersected numerous high-strain-zones, a post-Athabasca fault combined with strong hydrothermal alteration and elevated radioactivity (up to 1635 cps from the downhole gamma probe) in both the sandstone and basement rocks. The results of HK19-105 are considered to make the area surrounding HK19-105 highly prospective for both unconformity-type and basement-hosted uranium mineralization.

Hole HK19-107 was collared 300 metres southwest of HK19-105 and intersected multiple radioactive spikes with the greatest radioactivity (732 cps over 0.7 metres from the downhole gamma probe) being returned from a strong shear zone associated with a redox front. Intense silicification (quartz dome) was encountered at the upper contact of the graphitic shears, however, the core lacked illite and intense clay alteration at depth.

Hole HK19-108 was collared 100 metres northeast of the favourable HK19-105 but was lost shortly after the unconformity was reached at a depth of 438.0 metres within strongly clay and hematite altered diorite gneiss.

Spitfire/Dragon Geophysical Survey

Discovery International Geophysics of Saskatoon, SK completed 74 kilometres of stepwise moving loop transient EM surveying between the Spitfire and Dragon areas this winter. An interpretation of the EM results is ongoing and it is anticipated that new drill targets will be provided for the next drill program.

Derkson Corridor

The 2019 Derkson area drilling showed that the strong clay alteration evidenced in historic holes was related to paleoweathering. Once the 2019 drill holes passed through the alteration zone related to paleoweathering, the basement rocks typically showed no further alteration. The electromagnetic conductors outlined by a 2004 ground survey and 2005 VTEM airborne survey were explained by rock units that hosted wide intervals of disseminated graphite and pyrite rather than prospective graphitic structures. The elongate magnetic highs seen within the airborne results were explained as magnetic syenites, an intrusive igneous rock that hosted finely disseminated pyrrhotite. The six Derkson corridor drill holes did not encounter notable alteration or structures within the basement rocks however unconformity-related mineralization, as evidenced with historic hole DER-04 (0.24% U3O8 over 2.5 metres at the unconformity), remains a potential target as does the 2018 gravity low located 1 kilometre west of DER-04.

2019/2020 Winter Exploration Program at Hook Lake

On February 25th and May 6th, 2020, Purepoint released updates on the 2019/2020 winter exploration program at Hook Lake.

Highlights:

- Seven diamond holes for 3,659 metres of drilling and five lines of stepwise-moving loop EM completed.
- Hole HK20-115 encountered strong hydrothermal clay and hematite alteration associated with graphitic shearing along the “W” conductor, approximately 3.5 kilometers along strike of previous drilling.
- An electromagnetic (EM) geophysical survey was completed and consisted of five lines of stepwise-moving loop EM surveying, 800 metres apart. The survey provided initial targets covering 4 kilometres of conductor strike length northeast of last year’s hole HK19-105 that intersected numerous shear zones, strong hydrothermal alteration and elevated radioactivity (up to 125 ppm U over 0.3 metres).
- The 2020 EM survey covered the edge of a gravity high identified by the 2019 airborne gravity survey, funded by the Targeted Geoscience Initiative (TGI). The gravity high edge is considered to reflect a lithologic contact, possibly providing a zone of weakness and structural traps for focusing uranium-rich fluids.
- Interpretation of the Tilt Derivative of the airborne magnetic results suggests destruction of the magnetic response in the area of the 2020 EM survey, possibly due to hydrothermal alteration.
- All assays have been received. Inversions of the EM results and interpretation of the geochemical results are pending.

Sabre Target Area (“W” Conductor - North):

Interpretation of the EM results provided four to six conductor picks of varying strength along each survey line. The “W” conductor now appears as two continuous parallel conductors of variable strength associated with numerous sub-parallel weaker conductors.

Drill hole HK20-115 tested a 2020 EM conductor pick located approximately 3.5 kilometres northeast along strike of favourable drill hole HK19-105. Below the unconformity at 460 metres, the hole encountered strongly clay altered porphyroblastic schist and mafic intrusive to 500 metres, strongly hematite altered granodiorite gneiss to 512 metres, then strongly chloritized, sheared and graphitic mafic intrusive to a depth of 525 metres before completion within unaltered diorite gneiss at a depth of 638 metres.

“W” Conductor (South):

Three holes, HK20-109, 111, and 112A, were completed on the southern portion of the “W” Conductor testing a strike length of approximately 1.5 kilometres. The EM conductors are explained by graphitic shear zones in all three holes. The graphitic shearing was associated with a lithologic contact between diorite gneiss and carbonatite in hole HK20-109 in the south, and a contact between diorite gneiss/mafic intrusives and unaltered granodiorite gneiss in holes HK20-111 and 112A in the north. No anomalous alteration or radioactivity was encountered by these holes.

Hornet Zone:

A single hole, HK20-110, was completed southwest of the Hornet zone where the 2019 EM survey results showed a second parallel EM conductor associated with the conductor targeted by HK15-26. The hole intersected a 34-metre interval of diorite gneiss that hosted pyrite and disseminated graphite and is considered to be the source of the targeted EM conductor. No significant radiation was encountered by the hole.

Spitfire-Dragon Conductor:

Drill hole HK20-113 was designed to test a strong ground EM anomaly, located by the 2019 stepwise moving loop survey, between the Spitfire and Dragon graphitic shears. The conductor was explained by a wide interval of graphitic diorite gneiss that was strongly sheared locally and no anomalous radioactivity was intersected.

Dragon Conductor (Northeast):

Drill hole HK20-114A was a lake hole designed to test the Dragon conductor northeast of previous drilling where it is associated with a magnetic low. The initial hole at this location was lost due to strongly desilicified sandstone and pressurized sand seams. The unconformity was intersected at 354 metres, after which strongly hematized mafic intrusives, granodiorite and diorite gneiss were encountered to 400 metres, followed by fenitized mafic intrusive and carbonatite. The hole failed to explain the EM anomaly or encounter significant radioactivity. The geology has a shallower dip than expected and carbonatite was intersected sooner in this area. The optimal target in this location is now thought to lie to the immediate west of HK20-114A.

UMFREVILLE PROJECT - 100% PUREPOINT

On July 20th, 2017 Purepoint reported on the results of a ground gravity survey conducted at its 100% owned Umfreville project in the northeast area of Canada’s Athabasca Basin in Northern Saskatchewan.

Originally covering over 60,000 hectares, the Umfreville Project has been refined to the most prospective target areas using results from airborne gravity, magnetic and electromagnetic surveys. The project sits on the North-East rim of the Athabasca Basin and lies over a series of cross-cutting faults which are typical mineralization settings. Geophysical signatures interpreted as being representative of hydrothermal alteration coincident with anomalous uranium-in-soil geochemistry have been isolated. The Umfreville Property covers approximately 3,941 hectares and consists of one mineral claim.

Not yet drill tested, the property has undergone a broad array of geophysical and geochemical surveys to delineate high value exploration targets. Initial work in 2005 consisted of a MEGATEM electromagnetic and magnetic survey flown by Fugro Airborne Surveys and the data then

processed using a layered-earth inversion program by Condor Consulting. In 2007, Bell Geospace conducted an airborne full tensor gravity gradiometry survey over the property which supported fault systems previously interpreted from magnetic features. During 2010, Terraquest Ltd. flew a High Resolution Aeromagnetic Gradient and XDS VLF-EM Survey over the property providing higher detailed fault and lithologic contact interpretations. Utilizing CAMIRO techniques (a three-year research study utilizing field samples collected from the areas overlying the McClean Lake, Cigar Lake West and Dawn Lake uranium deposits in Saskatchewan's Athabasca Basin), a systematic geochemical survey was conducted across the property during 2011 with the best geochemical response being returned from the Perching Zone. Infill geochemical sampling was conducted over the Perching Zone during 2012 and 2014.

The 2017 ground gravity survey outlined a pronounced gravity low area within the center of the Perching Zone grid and a linear north-south trending gravity low is present in the northeastern part of the grid. The main part of the gravity low anomaly is considered to be a response from hydrothermal alteration of the bedrock. Inversion of airborne electromagnetic survey results suggests the depth to the unconformity is approximately 150 metres. An electromagnetic conductor (Condor Consulting, 2006) lies along the north edge of the gravity anomaly and is interpreted as a graphitic horizon with strong alteration on its southern edge. The linear north-south gravity low is assumed to be an expression of the Fond du Lac fault that has been previously identified from magnetic survey results.

HENDAY PROJECT - 100% PUREPOINT

On August 10th, 2017 Purepoint reported on the results of a ground gravity survey conducted at its 100% owned Henday Lake project in the eastern area of Canada's Athabasca Basin in Northern Saskatchewan.

The 100% owned Henday Lake property is 1,029 hectares in size and consists of 2 claims. This property is located nine kilometres northwest of Areva's Midwest Lake deposit (41 million lbs. U3O8) and ten kilometers west of Rio Tinto's Roughrider Deposit (57 million lbs. U3O8).

Only one drill hole is known to have been drilled on Purepoint's Henday property. Hole HLH8-71 was drilled by Cogema Resources (now Orano Canada Inc.) in 1998 and encountered a steeply dipping, strongly graphitic fault gouge at the bottom of the hole. The claims rest within a magnetic low believed to represent pelitic basement rocks, a typical host rock for economic uranium mineralization. The depth to basement is locally less than 350 metres.

The Henday Lake property falls within the Mudjatik-Wollaston Tectonic Zone, a northeast trending structural zone along the eastern margin of the Basin. The Mudjatik-Wollaston Tectonic Zone is the NE trending high strain tectonic zone marking the boundary between the Archean gneisses and granitoids of the Mudjatik Domain to the west and Archean gneisses, metasediments, and pegmatite intrusions of the Wollaston domain to the east. All of the operating uranium mines in Canada are located along this trend.

The 2017 Henday Lake ground gravity survey results show that a gravity transition response correlates with the property's primary exploration target area. The primary target area was previously defined by a magnetic low coincident with an electromagnetic conductive zone. It is now thought that the gravity transition, may represent a crustal structure favourable for focusing uranium bearing fluids. The gravity transition lies within a broad magnetic low and conductive area which is thought to reflect graphite-bearing pelitic basement rocks and/or hydrothermal alteration.

OTHER PROJECTS

The Smart Lake, Red Willow and Turnor Lake projects remain in good standing and represent significant and valuable assets within the Company's exploration portfolio.

Smart Lake:

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

The Smart Lake 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.

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 (max. grade of 58.3% U₃O₈ over 3.5 m) 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 never drill tested.

During 2008, Purepoint's initial drill hole SMT08-01 intersected a weakly radioactive structure that displayed the strongest radioactivity returned from a tension fracture in SMT08-06 assaying 1,600 ppm U over 0.1 metre.

Known uranium mineralization at the Smart Lake project is associated with a steeply dipping, north-northwest striking, and hydrothermally altered, graphitic-shear zone. The strongest radioactivity returned from the conductor is 127 ppm U over 13.3 metres in hole SMT08-01. A geochemical signature is associated with the uranium mineralization and includes the enrichment of nickel, arsenic, and cobalt. A flat-lying, radioactive tensional fracture zone extends westward from the graphitic shear and returned 1,600 ppm U over 0.1 metre.

Red Willow:

The 100 % owned Red Willow property is situated on the eastern edge of the Athabasca Basin in Northern Saskatchewan, Canada and consists of 17 mineral claims having a total area of 40,116 hectares. The property is located close to several uranium deposits including Orano Resources Canada Inc.'s mined-out JEB deposit, approximately 10 kilometres to the southwest, and Cameco's Eagle Point deposit that is approximately 10 kilometers due south.

Geophysical surveys conducted by Purepoint at Red Willow have included airborne magnetic and electromagnetic (VTEM) surveys, an airborne radiometric survey, ground gradient array IP, pole-dipole array IP, fixed-loop and moving-loop transient electromagnetics, and gravity. The detailed airborne VTEM survey provided magnetic results that are an excellent base on which to interpret structures while the EM results outlined over 70 kilometers of conductors that in most instances represent favourable graphitic lithology. A total of twenty-one conductive zones have been identified as priority exploration targets of which only seven have been subject to first pass drilling.

Turnor Lake:

The Turnor Lake project is 100% owned by Purepoint and includes five claims with a total area of 9,705 hectares situated in the eastern plane of the Athabasca Basin. Depth to the unconformity is shallow at approximately 180 metres.

The property covers known graphitic conductors that are associated with uranium showings on adjoining properties, namely Cameco's La Rocque showing (33.9% U3O8 over 5.5 m) to the west and Areva's HLH-50 intercept (5.2% U3O8 over 0.38 m) located to the south. The project lies in close proximity to several uranium deposits including Roughrider, Midwest Lake, and McClean Lake.

Liquidity and capital resources

At March 31, 2020, the Company had a working capital surplus of \$583,462, compared to a surplus of \$962,180 as at December 31, 2019. The decrease is attributed to joint project operational activities.

The Company's sources of capital at present consist of cash on hand, exercise of options and warrants, sale of assets, joint venture financings and public equity raise. Assuming that ongoing capital raise, operations and exploration activity are consistent with recent activity levels management believes that cash on hand is adequate to fund ongoing operations through the next year.

Lease commitments

The Company adopted IFRS 16 effective January 1, 2019 with respect to its office in Saskatoon, using the modified retrospective approach. As a result, comparative information has not been restated and is accounted for under IAS 17, Leases. Upon transition to IFRS 16 on January 1, 2019, the Company recognized right-of-use asset and initial lease liability totalling \$137,637. The lease liability has a remaining term of 4 years and is discounted at a rate of 13.95%.

| | For the three-month period ended | |
|--|---|-------------------|
| | March 31, | |
| | 2020 | 2019 |
| | <i>(Restated - see Note 3(d))</i> | |
| Lease liability at the beginning of the year | \$ 108,759 | \$ 137,637 |
| Less: Lease accretion | (7,449) | (8,097) |
| Lease liability at the end of period | 101,310 | 129,540 |
| Less: Current portion | (32,464) | (28,230) |
| Lease liability - long term | <u>\$ 68,846</u> | <u>\$ 101,310</u> |

Critical accounting estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial consolidated statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Off-balance sheet arrangements

The Company had no off balance sheet arrangements as at March 31, 2020 or December 31, 2019.

Financial instruments and other instruments

The Company had no financial instruments other than short-term GIC's, accounts receivable, receivable from projects, accounts payable and accrued liabilities, and lease liability as at March 31, 2020 and December 31, 2019.

Outstanding share data

Common Shares:

The Company has authorized an unlimited number of common shares, with no par value, of which 223,370,228 shares are issued and outstanding as of the date hereof.

Share Purchase Warrants:

As of the date hereof, 19,245,832 share purchase warrants (including finder's compensation warrants) were outstanding.

Employee Stock Options:

As of date hereof, 22,210,000 options were outstanding under the Company's stock option plan for employees, directors, officers and consultants of the Company.

On April 27, 2020 the Company granted 6,650,000 stock options at an exercise price of \$0.07 per option, vesting immediately. On April 26, 2019 the Company granted 3,280,000 stock options at an exercise price of \$0.085 per option, vesting immediately.

Private placements

On December 31, 2019, the Company closed its non-brokered private placement for gross proceeds of \$552,005. The financing was transacted in two tranches with the first tranche closing December 18, 2019.

The Company issued 8,492,378 flow-through units at a price of \$0.065 per unit. Each flow-through unit consisted of one common share in the capital of the Company issued on a "flow-through" basis pursuant to the Income Tax Act (Canada) and one common share purchase warrant. Each warrant entitles its holder to purchase one common share in the capital of the Company at an exercise price of \$0.08 per share for a period of 24 months from the date of issuance. In connection with the private placement, the Company paid finders' fees consisting of \$30,120 in cash and 463,389 non-transferable compensation warrants. Each compensation warrant entitles its holder to purchase one common share in the capital of the Company at an exercise price of \$0.08 per share for a period of 24 months after the closing date.

Related party transactions

Related parties include the Board of Directors, officers, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The aggregate compensation of key management and directors of the Company for the three-month periods ended March 31, 2020 and 2019 was as follows:

| | <u>2020</u> | <u>2019</u> |
|----------------------|-------------|-------------|
| Remuneration | \$ 90,558 | \$ 70,558 |
| Share-based payments | \$ Nil | \$ Nil |

The Company did not enter into any other significant related party transactions during the year.

Proposed transactions

Management periodically enters into informal discussions with prospective business partners in the normal course of business. However, management does not believe that any of these discussions constitute proposed transactions for the purpose of this report.

Other matters

Risk Factors

Each of Purepoint's uranium properties is at a grassroots stage of exploration and development. Further development of Purepoint's current properties is contingent upon obtaining satisfactory exploration results. Mineral exploration and development involves substantial expenses and a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate.

Subsequent events

a) - COVID-19

Subsequent to 2019 year-end, there was a global outbreak of COVID-19 (coronavirus), which had a significant impact on businesses through restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolations/quarantine orders. At this time it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate that this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages and increased government regulations, all of which may negatively impact the Company's business and financial condition.

b) - Issuance of options

On April 27, 2020 the Company's Board of Directors approved the issuance of a total of 6,650,000 options to its Board of Directors, management and certain staff members pursuant to the Company's stock option plan. The options vest immediately, are exercisable at a price of \$0.07 per common share and expire on a date that is five years from the date of grant.

c) - Expiration of options

On April 27, 2020, 5,700,000 options having an exercise price of \$0.06 expired.

Signed: "Chris Frostad"

Chris Frostad
President & Chief Executive Officer

Signed: "Ram Ramachandran"

Ram Ramachandran
Chief Financial Officer