



**Management's Discussion and Analysis**  
For the nine months ended September 30, 2017

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, 2016, 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 November 23, 2017.

The interim financial statements for the nine-month periods ended September 30, 2017 and 2016 are prepared in accordance with International Accounting Standard ("IAS") 34 under 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 seven properties located in the Athabasca Basin. The Company is a party to two joint venture agreements and operates one of these projects with Cameco Corporation and AREVA Resources Canada Inc., one of these projects with Cameco Corporation, while the other five 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 2017 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 September 30, 2017	Quarter ended June 30, 2017	Quarter ended March 31, 2017	Quarter ended December 31, 2016	Quarter ended September 30, 2016	Quarter ended June 30, 2016	Quarter ended March 31, 2016	Quarter ended December 31, 2015	Quarter ended September 30, 2015
Net loss	(416,114)	(483,625)	(553,373)	(291,834)	(653,910)	(227,864)	(447,251)	(201,540)	(181,447)
Net loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	1,352,784	1,788,829	3,665,478	2,393,798	2,227,299	2,396,337	676,877	538,114	452,970

## Results of operations

The Company's operations during the three- and nine-month periods ended September 30, 2017 produced a net loss of \$416,114 and \$1,979,537 respectively (2016 - \$653,910 and \$1,329,025). 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- and nine-month periods ended September 30, 2017 amounted to \$58,497 and \$1,078,805 (2016 - \$61,804 and \$716,910). The decrease of \$3,307 for the three- and increase of \$361,895 for the six-month periods, respectively, is mainly the result of fluctuations in joint project operational activities, especially drilling at Hook Lake Property as well as general, geological and gravity work at Turnor Lake, Umfreville, Henday and McArthur East projects - see Exploration and evaluation expenditures.

Exploration salaries and benefits increased by \$63,256 and \$55,532 compared to the three- and nine-month periods ended September 30, 2016 due to intensive work at Turnor Lake, Umfreville, Henday and McArthur East projects. For the three- and nine-month periods ended September 30, 2017 exploration salaries and benefits amounted to \$95,683 and \$330,821 (2016 - \$32,427 and \$275,289).

Salaries, compensations and benefits increased by \$696 and \$35,789 compared to the three- and nine-month periods ended September 30, 2016 partly due to payment of directors fees not paid in prior year.

Share based payments in the amount of \$185,446 (2016 - \$550,893) have been recognized during the nine-month period ended September 30, 2017. On July 13, 2017 the Company granted 3,250,000 stock options at an exercise price of \$0.065 per option, vesting immediately. Fair value assigned to new grants was expensed in the same period when granted.

General and administration increased by \$14,420 and \$31,062 compared to the three- and nine-month periods ended September 30, 2016 due to a higher rent and related expenses.

Investor relations (decreased) increased by \$(1,991) and \$10,484 compared to the three- and nine-month periods ended September 30, 2016. The increase is attributable to an increase in marketing activities in the first half of 2017.

Professional fees increased by \$13,814 and \$14,096 compared to the three- and nine-month periods ended September 30, 2016, primarily due to more legal work done in 2017.

Transfer agent and regulatory fees decreased by \$500 and \$14,303 for the three- and nine-month periods ended September 30, 2017, compared to the same periods in 2016, is primarily due to private placements completed in 2016.

Operator fees and other expense recoveries with respect to joint projects for the three- and nine-month periods ended September 30, 2017 amounted to \$33,849 and \$520,188 (2016 - \$70,827 and \$514,262). The decrease for the three- and the increase for the nine-month period is mainly due to the change in joint project operational activities overall, especially drilling at Hook Lake Property.

## Exploration and evaluation expenditures

The Company incurred \$58,497 and \$1,078,805 (2016 - \$61,804 and \$716,910) in exploration and evaluation expenditures on its properties during the three- and nine-month periods ended September 30, 2017, as follows:

	Three-month Period ended September 30, 2017	Nine-month Period ended September 30, 2017
Red Willow Property	\$ -	\$ -
Hook Lake Property	17,750	790,105
Smart Lake Property	-	-
Turnor Lake Property	14,189	30,813
Umfreville Lake Property	9,932	145,341
Henday Lake Property	9,443	47,857
McArthur East Property	7,183	64,689

Since January 1<sup>st</sup>, 2017, the Company has carried out the following significant activities:

### HOOK LAKE PROJECT - JOINT VENTURE WITH CAMECO AND AREVA

The Company is a party to a definitive joint venture agreement with Cameco Corporation and 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.

#### Key features:

- 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 AREVA Resources Canada Inc. (39.5%);
- Purepoint is operating the project on behalf of the Joint Venture and its partners Cameco Corporation and AREVA Resources Canada Inc.

The Hook Lake Project consists of nine claims totaling 28,598 hectares and is situated in the southwestern Athabasca Basin approximately 80 kilometers southeast of the former Cluff Lake mine. The depth to the Athabasca unconformity is very shallow, ranging from zero to 350 metres. Three prospective "corridors" have been identified on the property, each corridor being comprised of multiple EM conductors that have been confirmed by drilling to be the results of graphitic metasediments that intersect the Athabasca unconformity.

Current exploration is targeting the Patterson Lake Corridor, an emerging, world class uranium district that is attracting significant exploration investment. The Patterson Lake corridor is the same conductive trend along which NexGen Energy and Fission Uranium Corp have been expanding their high-grade uranium discoveries. Within the Hook Lake project, the Patterson Corridor displays geophysical evidence of a complex structural history and, where drill tested, the conductors have locally shown favourable signs of alteration, structural disruption and elevated radioactivity.

## 2017 Winter Drilling Program at Hook Lake

The 2017 drill program has currently conducted 9,162 metres of diamond drilling with 20 holes completed and 4 holes lost before reaching basement rocks. The Company is currently completing the 2017 drill program with the remaining budget and plans to complete approximately 2,000 metres (4 to 5 drill holes).

### Highlights:

- The Company has now mobilized two drills to focus on the Spitfire Zone and the Dragon Zone;
- The initial Spitfire Zone hole will test for mineralization approximately 50 metres northwest of NexGen's Harpoon hole HP-16-20 that intersected 13.5 m at 3.9% U3O8 including 2.5 m at 20.9% U3O8 (NexGen PR of Mar. 23, 2017);
- The Hook Lake JV portion of the Patterson Shear Zone is now separated into five exploration target areas that are, from southwest to northeast,; The Spitfire Zone, the Hornet Zone, the Dragon Zone, the Hawk Zone and the Sabre Zone;
- The Spitfire Zone has been tested with 28 diamond drill holes, 16 of which are mineralized and 6 of those 16 returned high-grade uranium intervals;
- Neighbouring Harpoon results have now been correlated with Spitfire and the strike length of the Spitfire/Harpoon Deposit is interpreted as being greater than 550 metres;
- Dragon Zone results are promising with the discovery of favourable clay alteration of basement hosted rocks that host hydrothermal quartz, graphitic shears and elevated radioactivity;
- No drilling has yet been completed at the Hawk Zone or the Sabre Zone

### Spitfire/Harpoon Deposit

With the release of assays from NexGen Energy Ltd.'s neighbouring Harpoon discovery (NexGen PR of March 23, 2017), Purepoint was able to integrate them with its drill findings and interpret a single deposit of over 550 metres in strike length. Both a long section and plan map are available on the Purepoint website.

Six drill holes totaling 2,152 metres were completed this season in the Upper Spitfire mineralized zone with two holes (HK16-55 and HK17-60) returning high-grade uranium intercepts. HK16-55 intersected 2.92% U3O8 over 9.5 metres that included 13.3% U3O8 over 1.5 metres and hole HK17-60 intersected 0.47% U3O8 over 11.0 metres that included 3.07% U3O8 over 0.7 metres. The three holes testing the Upper Spitfire mineralization down-dip, HK17-57, 58 and 62, intersected the graphitic shear but it was not associated with radioactivity. One of the six holes, HK17-64, targeted the Spitfire graphitic shear on the northern side of an interpreted east-west fault. The HK17-64 hole intersected a major structure but did not intersect the graphitic shear or anomalous radioactivity.

### Dragon Zone

Four drill holes totaling 2,087 metres were completed within the Dragon Zone that is located approximately 5 kilometres northeast of Spitfire. The initial hole at Dragon, HK17-70, intersected locally clay altered granodiorite gneiss, strongly hematized mafic intrusive rocks and a 20-metre wide graphitic shear zone before being completed within a carbonatite intrusive. Radiation spikes were returned from fractures located approximately 10 metres up-hole of the graphitic shear zone.

Hole HK17-72 was spotted by backing up the drill 80 metres from the HK17-70 collar location as a follow-up to the anomalous radioactivity and strong clay and chlorite alteration encountered in the basement rocks of that hole. The unconformity was reached at 310 metres, a strongly clay and chlorite altered granodiorite gneiss was drilled to 360 metres, mafic intrusive with strong clay and hematite alteration was then encountered to 385 metres followed by 6 metres of hydrothermal quartz. Elevated radioactivity (100X background) is associated with steeply dipping north-south trending structures (from televue results) between the depths of 378 and 380 metres. Clay-altered granodiorite gneiss was drilled from 391 to 432 metres, and then a mafic intrusive cut by two graphitic shear zones was encountered to 500 metres before the hole was completed within carbonatite at a depth of 530 metres.

Hole HK17-73 was drilled 600 metres northeast along strike of HK17-72 and intersected hydrothermal quartz, a 100-metre wide shear zone within granodiorite gneiss associated with clay and hematite alteration, a graphitic shear zone hosted by a mafic intrusive, and was completed within a carbonatite. HK17-74 was collared approximately 1.2 kilometres southwest of HK17-72 and intersected mafic dykes, graphitic shear zones and a wide chloritic shear before being completed in unaltered granodioritic gneiss. Holes HK17-73 and 74 did not encounter anomalous radioactivity.

Drill Hole HK17-75 was a follow-up to the favourable alteration and radioactivity encountered by HK17-72 and was spotted by moving the drill 200 metres southwest along strike from the HK17-72 collar location. Unfortunately, the hole was lost at a depth of 204 metres within a pressurized sand seam similar to those present within the Spitfire Zone.

#### **Hornet Zone**

Ten holes totaling 3,995 metres were completed within the Hornet Zone this winter, however, no significant radioactivity was encountered within these holes.

#### **SMART LAKE PROJECT - JOINT VENTURE WITH CAMECO**

The Company is a party to a definitive joint venture agreement with Cameco Corporation for the ongoing exploration of the Smart Lake uranium project in the Athabasca Basin. The Smart Lake Project consists of two claims totaling 9,860 hectares. The Company holds a 23% interest in the Smart Lake Project.

#### **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 4,383 hectares and consists of two mineral claims.

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 suggest 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.

#### MCARTHUR EAST PROJECT - 100% PUREPOINT

On August 1st, 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 McArthur East property adjoins Cameco's McArthur River project, which contains the world's largest high-grade uranium deposit, and is situated due south of the Cigar Lake Mine. The property is 1,985 hectares in size and consists of 1 claim. It is underlain by a magnetic low believed to represent pelitic basement rocks, a typical host rock for economic uranium mineralization. Based on historic drill results from the surrounding area, the unconformity is assumed to lie approximately 250 metres below the surface. To date, no drilling has occurred on the McArthur East property.

Exploration conducted by Purepoint on the project has consisted of a helicopter-borne EM and magnetic (VTEM max) survey carried out in 2013 and the recent ground gravity survey. The airborne EM survey results showed that a broad conductive area in the northern portion of the property was a response from the basement rocks while weak conductors located within the southeastern area of the property are probably a response from swamp or lake bottom sediments. The broad basement EM conductor is thought to represent a series of closely spaced graphitic units and is considered to be a prospective exploration target.

The 2017 McArthur East ground gravity survey results show that a low gravity response correlates with the property's primary exploration target. The prospective area was previously defined by a magnetic low and an airborne electromagnetic (EM) conductive zone. It is now thought that the gravity low, as well as the magnetic high and broad conductive area, is reflecting pelitic basement rocks and/or hydrothermal alteration.

Preliminary exploration of McArthur East has provided evidence of graphitic pelitic rocks occurring along the northern flank of a magnetic high that is believed to be granitic rock. The highly competent granitic rock would provide a contrast in competency to the softer graphitic pelitic rocks and be favourable for zones of dilatancy and mineral deposition. Next steps include resolving the conductive zone into discreet conductors for drill testing, most likely with a stepwise moving loop EM survey. No drilling has occurred on the project to date.

## 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 AREVA Resources 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.

### Liquidity and capital resources

At September 30, 2017, the Company had a working capital surplus of \$981,455, compared to a surplus of \$2,202,539 as at December 31, 2016. The decrease is attributed to an increase in joint project operational activities, especially drilling at the Hook Lake Property, as well as increase of activities at Purepoint's own Turnor Lake, Umfreville, Henday and McArthur East Properties.

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.

### **Contractual commitments**

#### *Operating leases:*

Minimum payments due under operating leases in respect of exploration office space are set out below:

2017 -	\$ 46,803
2018 -	46,803
2019 -	46,803
Thereafter	Nil

### **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 September 30, 2017 or December 31, 2016.

### **Financial instruments and other instruments**

The Company had no financial instruments other than short-term GIC's, accounts receivable, receivables from project and accounts payable and accrued liabilities and advances to project as at September 30, 2017 and December 31, 2016.

### **Outstanding share data**

#### *Common Shares:*

The Company has authorized an unlimited number of common shares, with no par value, of which 189,180,013 shares are issued and outstanding as of the date hereof.

#### *Share Purchase Warrants:*

As of the date hereof, 30,167,979 share purchase warrants (including finder's compensation warrants) were outstanding.

#### *Employee Stock Options:*

As of date hereof, 18,180,000 options were outstanding under the Company's stock option plan for employees, directors, officers and consultants of the Company.



On July 12, 2017 the Company granted 3,250,000 stock options at an exercise price of \$0.065 per option, vesting immediately. On September 27, 2016 the Company granted 6,230,000 stock options at an exercise price of \$0.10 per option, vesting immediately.

*Private placement*

On May 5, 2016, the Company closed its non-brokered private placement for gross proceeds of \$1,995,750. The financing was transacted in three tranches with the first two tranches closing April 15, 2016 and April 28, 2016 respectively.

The Company issued 21,124,000 common share units at a price of \$0.075 per unit and 4,840,000 flow-through units at a price of \$0.085 per unit. Each common share unit consists of one common share in the capital of the Company and one common share purchase warrant. Each flow-through unit consists 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 \$0.10 per share for a period of 36 months from the date of issuance.

In connection with the closing of the final tranche of the private placement, the Company paid finders’ fees consisting of \$45,605 in cash and 591,080 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 \$0.10 per share for a period of 36 months after the closing date.

**Related party transactions**

The remuneration of key management of the Company for the three- and nine-month periods ended September 30, 2017 and 2016 was as follows:

	2017		2016	
	Three months	Nine months	Three months	Nine months
Aggregate compensation	\$ 244,270	\$ 430,770	\$ 70,558	\$ 729,928
Share-based payments	\$ 168,328	\$ 168,328	\$ 512,870	\$ 512,870

The Company did not enter into any other significant related party transactions during the six-month period ended September 30, 2017.

### 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.



Chris Frostad  
President & Chief Executive Officer



Ram Ramachandran  
Chief Financial Officer