



Consolidated Financial Statements
(Unaudited)
For the three months ended
March 31, 2008

Prepared by Management

Notice to Reader

The management of Purepoint Uranium Group Inc. is responsible for the preparation of the accompanying unaudited interim financial statements. The interim financial statements have been prepared in accordance with accounting principles generally accepted in Canada and are considered by management to present fairly the financial position, operation results and cash flows of the Company. These interim financial statements have not been audited, reviewed or otherwise verified for accuracy and completeness of information by the auditor of the Company.



Chief Executive Officer



Chief Financial Officer

Purepoint Uranium Group Inc.

Consolidated Balance Sheets

March 31, 2008

	March 31, 2008 <i>(unaudited)</i>	December 31, 2007 <i>(audited)</i>
	\$	\$
Assets		
Current assets		
Cash	-	86,839
Short-term investments	7,364,368	8,847,135
Accounts receivable	71,999	325,109
Prepaid expenses	20,216	36,159
Deposits	1,032,841	1,038,736
	8,489,424	10,333,978
Property and equipment <i>(note 3 (b))</i>	914,863	887,140
Mining properties and deferred exploration expenditures <i>(note 3 (a))</i>	18,988,063	16,943,312
	28,392,350	28,164,430
Liabilities		
Current liabilities		
Bank indebtedness	12,832	-
Accounts payable and accrued liabilities	739,071	444,355
	751,903	444,355
Future income tax liability <i>(note 6)</i>	4,525,927	1,865,150
	5,277,830	2,309,505
Shareholders' equity		
Share capital <i>(note 4 (a))</i>	20,990,257	23,874,302
Contributed surplus	2,940,165	2,839,341
Deficit	(815,902)	(858,718)
	23,114,520	25,854,925
	28,392,350	28,164,430

Approved by the Board

Signed: "Martin Schady"

Martin Schady

Signed: "James Doak"

James Doak

The accompanying notes are an integral part of these consolidated financial statements.

Purepoint Uranium Group Inc.

Consolidated Statements of Operations, Comprehensive Income (Loss) and Deficit

For the three month period ending March 31, 2008 and 2007

(Unaudited)

	For the three month period ending March 31,		Cummulative period from inception to March 31, 2008
	2008	2007	2008
	\$	\$	\$
Revenue			
Interest	100,085	63,165	754,934
Expenses			
Salaries and benefits	69,490	52,433	585,819
Stock-based compensation (note 5 (a))	106,824	324,281	1,180,615
Investor relations	21,851	31,566	363,377
Professional fees	19,386	35,018	479,054
General and administration	51,066	44,777	323,288
Other taxes	-	-	128,623
Transfer agent and filing fees	15,444	11,341	107,074
Travel	9,508	1,975	56,303
Amortization	2,968	929	14,096
	296,537	502,320	3,238,249
Loss from operations	(196,452)	(439,155)	(2,483,315)
Mining properties and exploration expenditures written off	-	-	(119,917)
Reverse take over costs	-	-	(83,803)
Loss before recovery of future income taxes	(196,452)	(439,155)	(2,687,035)
Recovery of future income taxes (note 6)	239,268	440,000	1,871,133
Net income (loss) and comprehensive income (loss) for the year	42,816	845	(815,902)
Deficit, beginning of the year	(858,718)	(374,008)	-
Deficit, end of the year	(815,902)	(373,163)	(815,902)
Basic and diluted loss per common share (note 7)	0.00	0.00	

The accompanying notes are an integral part of these consolidated financial statements.

Purepoint Uranium Group Inc.

Consolidated Statements of Cash Flows

For the three month period ending March 31, 2008 and 2007

(Unaudited)

	For the three month period ending March 31,		Cumulative period from inception to March 31, 2008
	2008	2007	
	\$	\$	\$
Cash flow from operating activities			
Net income (loss) for the year	42,816	845	(815,902)
Items not affecting cash:			
Amortization	2,968	929	14,096
Stock-based compensation	106,824	324,281	1,180,615
Mining properties and exploration expenditures written off	-	-	119,917
Reverse take over costs	-	-	8,803
Shares issued for reverse take over costs	-	-	75,000
Recovery of future income taxes	(239,268)	(440,000)	(1,871,133)
	(86,660)	(113,945)	(1,288,604)
Changes in non-cash items relating to operating activities:			
Accounts receivable	253,110	29,009	(71,999)
Prepays	15,943	-	(20,216)
Deposits	5,895	(110,058)	(412,201)
Accounts payable and accrued liabilities	294,717	43,853	544,070
	483,005	(151,141)	(1,248,950)
Cash flow from investing activities			
Mining properties and deferred exploration expenditures	(2,024,084)	(2,518,457)	(19,512,953)
Property and equipment	(51,359)	(6,620)	(949,627)
Short-term investments	1,482,767	(12,552,944)	(7,364,369)
	(592,676)	(15,078,021)	(27,826,949)
Cash flow from financing activities			
Proceeds from issuances of shares, net of costs	-	14,863,204	25,891,236
Issuance of warrants	-	-	3,170,634
Exercise of options and warrants	10,000	473,920	10,000
Reverse take over costs	-	-	(8,803)
	10,000	15,337,124	29,063,067
Net (decrease) increase in cash	(99,671)	107,962	(12,832)
Cash (Bank indebtedness) - Beginning of year	86,839	(14,580)	-
(Bank indebtedness) Cash - End of year	(12,832)	93,382	(12,832)

The accompanying notes are an integral part of these consolidated financial statements.

Purepoint Uranium Group Inc.

Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2008 and 2007

1 Business of the Company

Purepoint Uranium Group Inc. (“the Company”) is a Canadian resource company. The Company completed a reverse take over transaction (the “RTO”) with Casablanca Capital Corp. (“Casablanca”) on May 30, 2005 and subsequently Casablanca changed its name to Purepoint Uranium Group Inc. The Company’s principal assets are mineral properties located in Saskatchewan. The Company is engaged in the acquisition, exploration and development of properties for the purpose of producing uranium. The Company has not earned any revenue to date from its operations and is therefore considered to be in the development stage. The ability of the Company to realize the costs it has incurred to date on these and other properties is dependent upon the discovery of economically recoverable reserves, the preservation of the Company’s interest in the underlying mining claims, the ability to obtain necessary financing and attain profitable operations, or alternatively, upon the disposal of properties, or the Company’s interests therein, on an advantageous basis.

In order to meet future expenditures and cover administrative costs, the Company may need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favorable to the Company. These financial statements have been prepared on a going concern basis that assumes the Company will be able to continue to realize its assets and discharge its liabilities in the normal course of business. In the event the Company is not able to obtain adequate funding, there is uncertainty as to whether the Company will be able to maintain or complete the acquisition of its property interests. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing. Changes in future conditions could require material write-downs of the carrying values of certain assets.

2 Basis of presentation and summary of significant accounting policies

The accompanying unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and, accordingly, certain disclosures normally included in annual statements prepared in accordance with generally accepted accounting principles are not provided. These unaudited interim financial statements have been prepared following accounting principles consistent with those used in the audited annual financial statements and should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2007. The results of operations for the interim period are not necessarily indicative of the results of operations for any other interim period or for a full fiscal year.

Adoption of new accounting recommendations

Financial instruments

The Canadian Institute of Chartered Accountants (“CICA”) issued the following new Handbook Sections, which were effective for interim periods beginning on or after October 1, 2007:

Purepoint Uranium Group Inc.

Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2008 and 2007

- a) Section 3862, “Financial Instruments – Disclosures”, describes the required disclosure for the assessment of the significance of financial instruments for an entity’s financial position and performance and of the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. This section and Section 3863, “Financial Instruments – Presentation” replaced Section 3861, “Financial Instruments – Disclosure and Presentation”.
- b) Section 3863, “Financial Instruments – Presentation”, establishes standards for presentation of financial instruments and non-financial derivatives.
- c) Section 1535, “Capital Disclosures”, establishes standards for disclosing information about an entity’s capital and how it is managed. It describes the disclosure requirements of the entity’s objectives, policies and processes for managing capital, the quantitative data relating to what the entity regards as capital, whether the entity has complied with capital requirements, and, if it has not complied, the consequences of such non-compliance.

The additional disclosures, required as a result of the adoption of these standards, have been included in Note 9, *Financial Instruments* and Note 10 *Capital Management*.

Future accounting standard effective January 1, 2009

The CICA has issued a new standard which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2009. The Company will adopt the requirements commencing in the quarter ended March 31, 2009 and is considering the impact this will have on the Company's financial statements. Section 3064, Goodwill and intangible assets, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and Expenses during the pre-operating period.

Purepoint Uranium Group Inc.

Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2008 and 2007

3 Mining properties and deferred exploration expenditures

a) Mining properties

	Balance December 31, 2007 (audited)	Expenditures during the three-month period ending March 31, 2008	Balance March 31, 2008 (unaudited)
Red Willow Property	\$ 5,205,007	\$ 1,201,059	\$ 6,406,066
Hook Lake Property	2,069,351	217,882	2,287,233
Smart Lake Property	1,064,437	49,596	1,114,033
S. Newnham Lake Property	98,176	0	98,176
Turnor Lake Property	4,753,621	576,214	5,329,835
Umfreville Lake Property	1,499,646	0	1,499,646
William River Property	1,601,339	0	1,601,339
Fire Eye Lake Property	651,735	0	651,735
	<u>\$ 16,943,312</u>	<u>\$ 2,044,751</u>	<u>\$ 18,988,063</u>

These properties are all located at the Athabasca Basin, Northern Saskatchewan. The Company owns a 100% interest in a total of 57 claims covering 251,558 hectares on properties located on McEwen Lake, Red Willow, S. Newnham Lake, Turnor Lake, Umfreville Lake, William River, and Fire Eye Lake.

b) Mining and other plant and equipment

	Balance December 31, 2007 (audited)	Balance March 31, 2008 (unaudited)
Mining plant and equipment	\$ 849,240	\$ 875,343
Other plant and equipment	37,900	39,520
	<u>\$ 887,140</u>	<u>\$ 914,863</u>

Purepoint Uranium Group Inc.

Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2008 and 2007

4 Capital stock and other equity

a) Share capital

	Number of shares	Amount
Authorized <i>Common shares</i>	unlimited	-
Issued and outstanding <i>Common shares</i>		
Balance December 31, 2005	49,755,556	3,804,477
Options and warrants exercised	4,260,433	2,088,684
Shares issued in private placement	7,129,000	4,145,044
Tax benefits renounced on flow-through shares	-	(1,126,641)
Balance December 31, 2006 (<i>audited</i>)	61,144,989	8,911,564
Options and warrants exercised	1,931,013	1,656,268
Shares issued in private placement (i)	10,198,700	13,306,470
Balance December 31, 2007 (<i>audited</i>)	73,274,702	23,874,302
Options and warrants exercised	33,333	16,000
Tax benefits renounced on flow-through shares	-	(2,900,045)
Balance March 31, 2008 (<i>unaudited</i>)	73,308,035	20,990,257

- (i) On November 30, 2006 the Company completed a private placement of 2,542,000 units (at \$0.60 per unit) and 4,587,000 flow-through common shares (at \$0.68 per share) for gross proceeds of \$4,644,360. Each unit consisted of one common share and one half of one common share purchase warrant. Each full warrant entitles the holder to purchase one common share of the Company at a price of \$0.75 per share for a period of eighteen months from the closing date. The Company paid a commission of \$361,549 in cash and 712,900 in broker warrants exercisable at \$0.60 for eighteen months, as well as \$137,767 in legal and miscellaneous fees. The 1,983,900 warrants were assigned a fair value, net of the pro-rata issue costs, of \$589,099 calculated using the Black-Scholes model. The assumptions used in the model for valuing warrants were 0% dividend rate, 80% expected volatility, 3.5% risk-free interest rate and expected life of eighteen months.
- (ii) In connection with the issuance of flow-through shares under the fiscal 2006 private placements referred to above, the Company renounced a total of \$3,119,160 of qualifying expenditures to the shareholders in 2006 of which \$611,301 was spent in 2006 and the balance in 2007. The tax benefit forgone by the Company in 2006 at the current tax rates amounted to \$1,126,641.

Purepoint Uranium Group Inc.

Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2008 and 2007

(iii) In 2007, the Company completed a private placement of 4,138,000 units and 6,060,700 flow-through common shares for gross proceeds of \$16,000,255, realized in two tranches as follows:

On March 9, 2007, the Company completed a private placement of 3,438,000 units at \$1.45 per unit and 5,260,700 flow-through common shares at \$1.65 per share for gross proceeds of \$13,665,255. Each unit consisted of one common share and one half of one common share purchase warrant. Each full warrant entitles the holder to purchase one common share of the Company at a price of \$2.00 per share for a period of twenty-four months from date of issue. The Company paid a commission of \$819,915 in cash and 608,909 in broker warrants exercisable at \$1.45 for twelve months. The securities issued were restricted from resale before July 10, 2007.

On March 20, 2007, the Company completed a private placement of 700,000 units at \$1.45 per unit and 800,000 flow-through common shares at \$1.65 per share for gross proceeds of \$2,335,000. Each unit consisted of one common share and one half of one common share purchase warrant. Each full warrant entitles the holder to purchase one common share of the Company at a price of \$2.00 per share for a period of twenty-four months from date of issue. The Company paid a commission of \$140,100 in cash and 105,000 in broker warrants exercisable at \$1.45 for twelve months. The securities issued were restricted from resale before July 21, 2007. Other expenses of private placements amounted to \$201,866. The 2,782,909 warrants issued during the year were assigned a fair value, net of the prorated issue costs, of \$1,531,904 calculated using the Black-Scholes model. The assumptions used in the model for valuing the 2,069,000 unit warrants were 0% dividend rate, 102% expected volatility, 4.5% risk-free interest rate and expected life of two years. The assumptions used in the model for valuing the 713,909 broker warrants were 0% dividend rate, 102% expected volatility, 4.5% risk-free interest rate and expected life of one year.

(iv) With respect to the flow-through shares issued during fiscal year 2007 the future income tax liability has been recognized and the share capital reduced, upon filing of the renouncement documents with the tax authorities in the first three-month period 2008 to renounce the tax credits associated with the expenditures.

(c) Share purchase warrants

Details of the number of warrants outstanding are as follows:

Balance, January 1, 2008	4,183,029
Exercised during the period	-
Expired during the period	-
Granted during the period	-
Balance, March 31, 2008	<u>4,183,029</u>

Purepoint Uranium Group Inc.

Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2008 and 2007

5 Stock-based compensation

- (a) The Company has a stock option plan (the "Plan"). Under the Plan, the Company can grant options for up to 10% of the total number of issued and outstanding shares, the exercise price of the options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. The Company accounts for the options using the fair value based method of accounting.

The following table reflects the continuity of options outstanding:

	Number of options	Exercise price
Outstanding, January 1, 2008	3,230,001	\$ 0.66
Exercised and expired	(200,000)	\$ 0.50
Outstanding, March 31, 2008	3,030,001	\$ 0.67

The weighted average fair value of stock options granted is amortized as stock-based compensation expense over the vesting period of the options. Expenses in the amount of \$106,824 and \$324,281 have been recognized for the three-month period ended March 31, 2008 and 2007, respectively. No stock options have been granted in the three-month period ended March 31, 2008. As of March 31, 2008, unvested, unamortized fair value of stock options granted amounts to \$357,924 (2007 - \$731,357).

Purepoint Uranium Group Inc.

Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2008 and 2007

- (b) The weighted average remaining contractual life and weighted average exercise price of options outstanding and exercisable as at March 31, 2008 are as follows:

Options outstanding				Options exercisable		
Range of exercise price \$	Number outstanding as at March 31, 2008	Weighted average remaining contractual life	Weighted average exercise price \$	Number outstanding as at March 31, 2008	Weighted average remaining contractual life	Weighted average exercise price \$
0.30	750,001	2.3 years	0.30	466,667	2.3 years	0.30
0.90	1,600,000	3.8 years	0.90	233,334	3.8 years	0.90
1.00	80,000	4.2 years	1.00	51,429	4.2 years	1.00
0.45	500,000	4.4 years	0.45	-	-	-
0.54	100,000	4.6 years	0.54	33,333	4.6 years	0.54
0.30 - 1.00	3,030,001	3.5 years	0.67	784,763	3.0 years	0.53

6 Income taxes

In connection with the issuance of flow-through shares during 2007 the Company renounced a total of \$10,000,155 of qualifying expenditures to the shareholders during the first three months of 2008. The tax benefit forgone by the Company in 2008 at the current tax rates amounted to \$2,900,045 and has been recorded as an increase in future income tax liability and a decrease in share capital.

The tax reduction benefit relating to non-capital losses carried forward and undeducted financing and related costs was recognized in the amount of \$239,268 to offset a portion of the future tax liability recognized on the renounced flow-through expenditures.

The Company applied the principles set out in EIC-146, *Flow-Through Shares* in recording the above entries.

Purepoint Uranium Group Inc.

Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2008 and 2007

7 Loss per share

The computations for basic and diluted income (loss) per common share are as follows:

	Three-month period ended March 31, 2008	Three-month period ended March 31, 2007
Net income (loss) for the period	\$ 42,816	\$ 845
Weighted average number of common shares - Basic and diluted	73,307,302	64,226,702
Income (loss) per common share - Basic and diluted	\$ 0.00	\$ 0.00

Diluted earnings per share are not presented as the exercise of the potentially dilutive options would have an anti-dilutive effect on earnings per share and/or the options' exercise price was greater than the average market price of the common shares for the reporting period.

8 Commitments

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

2008	\$ 121,796
2009	129,527
2010	130,409
2011	132,171
2012	118,093
	<u>\$ 631,996</u>

(b) Pursuant to the issuance of flow-through shares described in *note 6*, the Company is required to spend \$2,826,871 on Canadian Exploration Expenditures in 2008.

9 Financial instruments

Derivative financial instruments

The Company does not have any exposure to derivative financial instruments.

Risk management disclosures

The Company is exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to these risks. The principal financial risks to which the Company is exposed are described below.

Purepoint Uranium Group Inc.

Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2008 and 2007

Interest rate exposure

The Company does not have significant exposure to interest rate fluctuations.

Commodity price risk

The ability of the Company to develop its mining properties and the future profitability of the Company is directly related to the market price of uranium.

Fair values

The carrying amounts for short-term investments, sundry receivables, deposits and accounts payable and accrued liabilities on the balance sheets approximate fair value because of the limited term of these instruments.

10 Capital management

The Company considers its capital structure to consist of capital stock and contributed surplus. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support its exploration and corporate activities.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the three months ended March 31, 2008. The Company is not subject to externally imposed capital requirements.

The Company's objectives in managing capital are to safeguard its ability to operate as a going concern – see note 1.

11 Amalgamation

Pursuant to Articles of Amalgamation the Company amalgamated with its wholly owned subsidiary Purepoint Uranium Group Inc. effective January 1, 2007. The name of the amalgamated company is Purepoint Uranium Group Inc.