Purepoint Uranium Group Inc.

Consolidated Financial Statements
(Unaudited)
For the nine months ended
September 30, 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

September 30, 2008

	September 30, 2008 *(unaudited)*	December 31, 2007 *(audited)*
	$	$
Assets		
Current assets		
Cash	278,719	86,839
Short-term investments	3,784,410	8,847,135
Accounts receivable	57,830	325,109
Prepaid expenses	37,899	36,159
Deposits	741,836	218,096
	4,900,694	9,513,338
Long-term deposits	-	820,640
Property and equipment *(note 3 (b))*	872,039	887,140
Mining properties and deferred exploration expenditures *(note 3 (a))*	21,769,423	16,943,312
	27,542,156	28,164,430
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	261,601	444,355
	261,601	444,355
Future income tax liability *(note 6)*	4,257,976	1,865,150
	4,519,577	2,309,505
Shareholders' equity		
Share capital *(note 4 (a))*	20,990,257	23,874,302
Contributed surplus	3,030,237	2,839,341
Deficit	(997,915)	(858,718)
	23,022,579	25,854,925
	27,542,156	28,164,430

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 nine month period ending September 30, 2008 and 2007

(Unaudited)

	For the three month period ending September 30,		For the nine month period ending September 30,		Cummulative period from inception to September 30,
	2008	2007	2008	2007	2008
	$	$	$	$	$
Revenue					
Interest	38,533	156,313	205,814	403,404	860,663
Expenses					
Salaries and benefits	60,349	53,610	191,382	165,692	707,711
Stock-based compenzation (note 5 (a))	78,925	188,394	196,896	686,240	1,270,687
Investor relations	7,517	24,077	53,862	98,499	395,388
Professional fees	67,262	115,193	133,986	188,969	593,654
General and administration	53,268	31,948	166,085	104,423	438,307
Other taxes	-	-	-	-	128,623
Transfer agent and filing fees	1,544	4,987	32,225	31,207	123,855
Travel	28,222	7,138	69,156	14,110	115,951
Amortization	2,714	2,679	8,638	6,121	19,766
	299,801	428,026	852,230	1,295,261	3,793,942
Loss from operations	(261,268)	(271,713)	(646,416)	(891,857)	(2,933,279)
Mining properties and exploration expenditures written off	-	-	-	-	(119,917)
Reverse take over costs	-	-	-	-	(83,803)
Loss before recovery of future income taxes	(261,268)	(271,713)	(646,416)	(891,857)	(3,136,999)
Recovery of (provision for) future income taxes (note 6)	430,000	30,000	507,219	470,000	2,139,084
Net income (loss) and comprehensive income (loss) for the period	168,732	(241,713)	(139,197)	(421,857)	(997,915)
Deficit, beginning of the period	(1,166,647)	(554,152)	(858,718)	(374,008)	-
Deficit, end of the period	(997,915)	(795,865)	(997,915)	(795,865)	(997,915)
Basic and diluted loss per common share (note 7)	0.00	(0.00)	(0.00)	(0.01)	

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

Purepoint Uranium Group Inc.

Consolidated Statements of Cash Flows

For the nine month period ending September 30, 2008 and 2007

(Unaudited)

	For the three month period ending September 30,		For the nine month period ending September 30,		Cummulative period from inception to September 30,
	2008	2007	2008	2007	2008
	$	$	$	$	$
Cash flow from operating activities					
Net income (loss) for the period	168,732	(241,713)	(139,197)	(421,857)	(997,915)
Items not affecting cash:					
Amortization	2,714	2,679	8,638	6,121	19,766
Stock-based compensation	78,925	188,394	196,896	686,240	1,270,687
Mining properties and exploration expenditures written off	-	-	-	-	119,917
Reverse take over costs	-	-	-	-	8,803
Shares issued for reverse take over costs	-	-	-	-	75,000
Provision for (recovery of) future income taxes	(430,000)	(30,000)	(507,219)	(470,000)	(2,139,084)
	(179,629)	(80,640)	(440,882)	(199,496)	(1,642,826)
Changes in non-cash items relating to operating activities:					
Accounts receivable	(2,827)	(137,546)	267,279	(229,651)	(57,830)
Prepaids	16,320	14,134	(1,740)	(10,003)	(37,899)
Deposits	233,439	(437,459)	296,900	(925,262)	(121,196)
Accounts payable and accrued liabilities	(245,615)	61,296	(182,754)	378,999	66,599
	(178,312)	(580,215)	(61,197)	(985,413)	(1,793,152)
Cash flow from investing activities					
Mining properties and deferred exploration expenditures	(1,333,506)	(2,705,093)	(4,738,105)	(7,945,614)	(22,226,974)
Property and equipment	(3,099)	(123,010)	(81,543)	(164,266)	(979,811)
Short-term investments	1,752,154	3,158,345	5,062,725	(6,478,470)	(3,784,411)
	415,549	330,242	243,077	(14,588,350)	(26,991,196)
Cash flow from financing activities					
Proceeds from issuances of shares, net of costs	-	-	-	14,838,374	25,891,236
Issuance of warrants	-	-	-	-	3,170,634
Exercise of options and warrants	-	-	10,000	830,878	10,000
Reverse take over costs	-	-	-	-	(8,803)
	-	-	10,000	15,669,252	29,063,067
Net increase (decrease) in cash	237,237	(249,973)	191,880	95,489	278,719
Cash (Bank indebtness) - Beginning of period	41,482	330,882	86,839	(14,580)	-
Cash - End of period	278,719	80,909	278,719	80,909	278,719

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

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 it 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:

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.

Future accounting standard effective January 1, 2009

The CICA has issued a new standard, Section 3064, 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.

3 Mining properties and deferred exploration expenditures

a) Mining properties

	Balance December 31, 2007 (audited)	Expenditures during the nine-month period ending September 30, 2008	Expenditures during the three-month period ending September 30, 2008	Balance September 30, 2008 (unaudited)
Red Willow Property	$ 5,205,007	$ 2,337,977	$ 59,433	$ 7,542,984
Hook Lake Property	2,069,351	988,154	755,210	3,057,505
Smart Lake Property	1,064,437	487,013	434,590	1,551,450
S. Newnham Lake Property	98,176	15,971	13,190	114,147
Turnor Lake Property	4,753,621	867,408	31,318	5,621,029
Umfreville Lake Property	1,499,646	45,150	20,313	1,544,796
William River Property	1,601,339	81,657	42,000	1,682,996
Fire Eye Lake Property	651,735	2,781	0	654,516
	$ 16,943,312	$ 4,826,111	$ 1,356,054	$ 21,769,423

These properties are all located at the Athabasca Basin, Northern Saskatchewan. The Company owns a 100% interest in a total of 34 claims covering 130,951 hectares on properties located on 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 September 30, 2008 (unaudited)
Mining plant and equipment	$ 849,240	$ 834,195
Other plant and equipment	37,900	37,844
	$ 887,140	$ 872,039

4 Capital stock and other equity

a) Share capital

	Number of shares	Amount
Authorized		
Common shares	unlimited	-
Issued and outstanding		
Common shares		
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 (i)	7,129,000	4,145,044
Tax benefits renounced on flow-through shares (ii)	-	(1,126,641)
Balance December 31, 2006 *(audited)*	61,144,989	8,911,564
Options and warrants exercised	1,931,013	1,656,268
Shares issued in private placement (iii)	10,198,700	13,306,470
Balance December 31, 2007 *(audited)*	73,274,702	23,874,302
Options and warrants exercised	33,333	16,000
Tax benefits renounced on flow-through shares (iv)	-	(2,900,045)
Balance September 30, 2008 *(unaudited)*	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.

(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 prorate 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	(2,127,029)
Granted during the period	-
Balance, September 30, 2008	2,056,000

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	Weighted average Exercise price
Outstanding, January 1, 2007	1,586,667	$ 0.31
New award granted	2,555,000	$ 0.80
Exercised and expired	(911,667)	$ 0.46
Outstanding, January 1, 2008	3,230,000	$ 0.66
New awards granted	2,000,000	$ 0.21
Exercised and expired	(600,000)	$ 0.69
Outstanding, September 30, 2008	4,630,000	$ 0.46

On May 29, 2008 the Company granted 200,000 stock options at an exercise price of $0.32 vesting 1/3 on the first, second and third anniversaries respectively over a three year period. On August 28, 2008 the Company granted 1,800,000 stock options at an exercise price of $0.20 vesting 1/3 on the first, second and third anniversaries respectively over a three year period.

The following principal assumptions were used in applying the Black-Scholes option-pricing model:

Risk-free interest rate – 3.27%
Dividend rate – 0%
Expected volatility – 93%
Expected life – 3 years

Using the Black-Scholes pricing model, the weighted average fair value of options granted during the nine month period ended September 30, 2008 was estimated to be $240,254 (2007 - $1,283,355). This amount, net of estimated forfeitures, is amortized as stock-based compensation expense over the vesting period of options. In the first nine months of 2008, $196,896 (2007 - $686,240) was taken into contributed surplus as stock option expense being recognized to match the vesting periods of options granted.

As of September 30, 2008, unvested, unamortized fair value of stock options granted amounts to $362,293 (2007 - $457,078).

(b) The weighted average remaining contractual life and weighted average exercise price of options outstanding and exercisable as at September 30, 2008 are as follows:

	Options outstanding			Options exercisable		
Range of exercise price $	**Number outstanding as at September 30, 2008**	**Weighted average remaining contractual life**	**Weighted average exercise price $**	**Number outstanding as at September 30, 2008**	**Weighted average remaining contractual life**	**Weighted average exercise price $**
0.30	750,000	1.8 years	0.30	750,000	1.8 years	0.30
0.90	1,300,000	3.3 years	0.90	666,667	3.3 years	0.90
1.00	80,000	3.7 years	1.00	80,000	3.7 years	1.00
0.45	400,000	3.9 years	0.45	133,333	3.9 years	0.45
0.54	100,000	4.1 years	0.54	33,333	4.1 years	0.54
0.32	200,000	4.7 years	0.32	-	-	-
0.20	1,800,000	4.9 years	0.20	-	-	-
0.20 - 1.00	4,630,000	3.8 years	0.46	1,663,333	2.7 years	0.59

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 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 $507,219 for the nine month period ended September 30, 2008 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.

7 Loss per share

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

	Three-month period ended September 30, 2008	Three-month period ended September 30, 2007	Nine-month period ended September 30, 2008	Nine-month period ended September 30, 2007
Net income (loss) for the period	$ 168,732	$ (241,713)	$ (139,197)	$ (421,857)
Weighted average number of shares - Basic and diluted	73,308,035	73,142,718	73,307,792	70,134,263
Income (loss) per common share - Basic and diluted	$ 0.00	$ (0.00)	$ (0.00)	$ (0.01)

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
	$ 631,996

(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.

Capital risk management
The Company manages its capital to ensure that there are adequate capital resources for the purpose of meeting its planned exploration expenditures. The capital structure of the Company consists of cash and cash equivalents and shareholders' equity comprising of accumulated deficit and capital stock.

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 nine months ended September 30, 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 it's wholly owned subsidiary Purepoint Uranium Group Inc. effective January 1, 2007. The name of the amalgamated company is Purepoint Uranium Group Inc.