



AXcess News: Energy Demands Fueling Uranium Market

By Alan Fein

(AXcess News) Sept. 14, 2006 - New York - In the last five years, the OPEC basket price of crude oil has climbed more than 200 percent. There was a wave of mergers as a result. Now uranium is in the spotlight, as more nations look to build nuclear power plants for generating electricity and the major powers of the world look to control that market place.

According to a report by CIBC World Markets, uranium prices have increased seven-fold in the last five years and demand threatens to consume global supply. "Just like we have seen with oil, the appetite for uranium to feed the rapidly growing energy needs of the world is straining supply and driving prices up," chief strategist Jeff Rubin said in a statement.

Rubin estimates that uranium could reach \$70 U.S. per pound by the end of 2007 and CIBC isn't alone in that outlook. Because of the rise in uranium prices many of the mining companies hunting for the "yellow cake" are beginning to scarf up existing claims and other companies, creating a fever pitch for mergers and acquisitions, from majors to juniors across the globe.

Last month several mergers were announced. High Plains Uranium Inc. (TSX: HPU) merged into Energy Metals Corp. (TSX: EMC). The deal increased EMC's Wyoming property position from over 42,000 hectares to more than 66,000 hectares and doubled its holdings in Texas.

Energy Metals chief executive Paul Matysek saw the merger as a key step in maintaining the company's position in the United States market.

Denison Mines, Inc. (TSX: DEN), which is a stake holder in EMC, completed an offering in March, raising \$75 million in the process. Denison is a player in Canada's Athabasca Basin in Western Canada. The region accounts for approximately 32% of the world's uranium supply.

Another player in the Athabasca Basin is Bayswater Uranium Corp. (TSX.V: BAY), which was formed through the merger of Bayswater Ventures Corp. (TSX.V: BVE) and Pathfinder Resources Ltd. (TSX.V: PHR) in mid August. Just months before the deal was completed Bayswater Ventures raised \$10 million in a private placement. Since completing that merger, BAY is now poised to more aggressively pursue the "yellow cake".

Since the merger, Bayswater wasted no time in moving to advance its holdings, announcing several geological actions intent on developing its projects in other Canadian uranium hot spots in the Hermitage Flexure Belt in Newfoundland, the Central Mineral Belt in Labrador and most recently, the Thelon Basin 350 km north of Saskatchewan's Athabasca Basin, which Bayswater says "shares many geological characteristics". "Thelon Basin uranium properties indicate that a large number of radiometric anomalies have been outlined in areas favorable for unconformity type uranium deposits," Bayswater stated in a September 1 announcement.

Further consolidation in the uranium mining industry is expected as the price of uranium rises and nuclear power plant construction worldwide drives up demand for the "yellow cake", though much of that M&A activity is likely to continue amongst Canadian companies due to the concentration of uranium mining stocks traded in that market.