

CANADA VENTURE: Bayswater Uranium Looks To Grow Via M&A

Wednesday 04 October 2006

By Brian Truscott

Of DOW JONES NEWSWIRES

VANCOUVER (Dow Jones) Bayswater Uranium Corp. (BAY.V) describes itself as a 'super junior explorer,' following this summer's amalgamation with fellow explorer Pathfinder Resources Ltd.

What's more, Chairman Damien Reynolds told Dow Jones Newswires that the company is actively looking for additional merger and acquisition possibilities. He wouldn't comment on whether the company is currently in discussions with another partner or target.

Nevertheless, industry watchers say this particular segment of the commodity market is due for consolidation. That means a number of junior explorers will either merge or be taken over by majors, especially if an economic resource is apparent.

Now that global demand for uranium has returned, following a number of dormant years, prices have surged: a pound of uranium which cost about \$7 back in the 1990s now changes hands for more than \$53.

That well-known uranium bug, newsletter writer James Dines, is now calling for uranium prices to be ramped up to around \$70 to \$100 a pound.

'Naturally, the higher the uranium price goes, the more valuable the ore deposits of uranium-mining corporations become, building underground and untaxed wealth such that when the 'moment of recognition' finally reaches critical mass there should be a buying stampede,' Dines wrote in a recent letter to investors.

Ultimately, the resurgence in prices has clearly made mining and production more affordable, even more so now that countries such as China and India are actively searching for yellow cake.

'We took a view on where uranium exploration was headed and were able to move into large land positions across Canada,' Reynolds said.

Those land positions comprise 6.6 million acres in the country's top uranium-producing areas - the Athabasca Basin, the Thelon Basin and tracts of land in Newfoundland's central mineral belt.

Given that Bayswater is playing in some of the more expensive - and lucrative - uranium areas in the country, it only stands to reason that a major economic find will attract considerable attention from one of the majors.

The company has even applied for 100% interest in concessions in Niger, West Africa - one of the world's top uranium producers behind Canada and Australia.

The bottom-line here is that the world's major uranium producers, which includes Canada's Cameco Corp. (CCO.T), would be loathe to give up global market position.

'They will want to keep market share and they will bring you into their fold,' Reynolds said.

Having said that, Bayswater is still at the high-risk, high-reward stage, in terms of exploration leading to drilling and then finding a resource.

The company has about C\$6 million in the till for further exploration, Reynolds said. And, as mentioned, Bayswater is still on the look-out for the next merger or acquisition in the market.

'Reynolds said this kind of activity will increase shareholder liquidity as market capitalization increases.

Company website: <http://www.bayswateruranium.com>

-Brian Truscott, Dow Jones Newswires; 604-660-1595; brian.truscott@dowjones.com

(END) Dow Jones Newswires

October 04, 2006 12:15 ET (16:15 GMT)

Copyright (c) 2006 Dow Jones & Company, Inc.