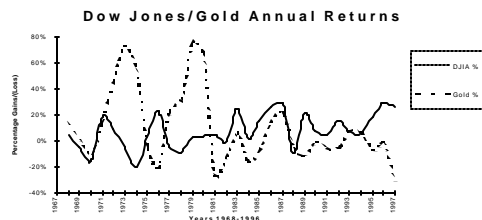




Gold

& Technology Stocks



Weekly Hotline Message

(Now in our 25th Year)

December 23, 2006

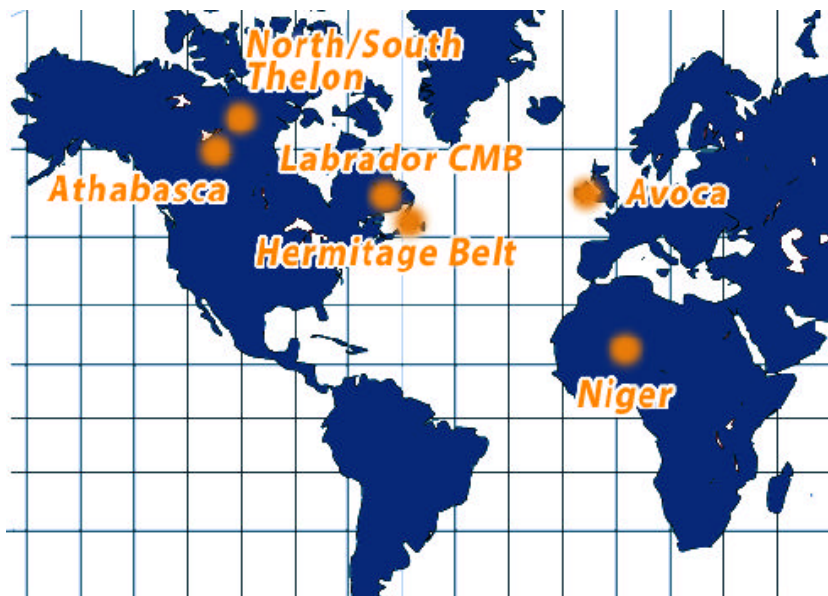
New Uranium Recommendation

Bayswater Uranium Corporation



Traded TSX Venture: BAY
 Pink Sheets: BAYFF
 Shares Outstanding: 71,422,408
 Insider Holdings: 9 Million
 Price 12/22/06: US\$1.277
 Market Capitalization: \$92 Million
 Warrants & Options: 24,819,813
 Cash: C\$12 Million
 Add.Cash with Warrant Execution: \$19-\$20 Million
 Progress Rating: "D"
 Telephone: 604-687-2153
 Web Site: www.bayswateruranium.com

Bayswater Uranium Corporation (BAY) is the only uranium exploration company to have major landholdings in each of Canada's most important producing and exploration regions: The Central Mineral Belt (in Labrador), the Thelon Basin, and the Athabasca Basin. In fact, the company holds more than one million acres in each of those areas.



A good property portfolio is only a third of what it takes for an exploration company to succeed. Another third is of the requirement is a strong management team. Not to take anything away from our other two recommendations this week, but I would be hard pressed to find another junior mining firm with a team of geologists who have had more discoveries under their belts. See below for more on this company's management team.

The third of the three requisites for success of any junior mining firm is an ability to raise high risk capital. Bayswater has demonstrated that ability. It has approximately \$12 million in the till right

now and 19 million warrants, all of which are in the money. If completely exercised, these warrants would raise another \$19 million to \$20 million, to be used to explore and develop the company's highly prospective projects. In fact, management is getting ready to spend \$20 million in 2007 to explore and carry out an aggressive drill program, which leads us to think 2007 could be a huge year for this company.

In the **Central Mineral Belt**, BAY holds some 1,041,000 acres and as such is the largest landholder there. Through its early exploration work, the company has identified 12 iron-oxide, copper, and gold targets and Rossing-style uranium deposit targets, plus a number of radiometric anomalies. The Central Mineral Belt features numerous uranium and copper occurrences, most notable of which is the Michelin and Moran Lake Uranium Deposit. More grassroots exploration is scheduled for this property, but in the spring, BAY plans to carry out a 10,000-meter drill program. The total budget for 2007 on this project is \$5.5 million.

At **Thelon Basin, Nunavut, and the Northwest Territories**, BAY holds interests ranging from 50% to 100% in some 3,663,818 acres of claims. The Thelon Basin, which is considered to be geologically similar to the prolific Athabasca Basin, located 300 kilometers to the south, is very under-explored. Based on geophysical surveys covering some 21,000 line kilometers, some 18 different radiometric anomalies have been identified, all of which are located in geological settings said to be favorable for unconformity-type uranium deposits—the kind of setting where the richest deposits in the world exist. In the southern part of the Thelon Basin, airborne surveys have identified 12 conductors, which are associated with fault structures that are key features associated with high-grade unconformity-type uranium deposits like McArthur River and Cigar Lake in the Athabasca Basin. BAY is planning to spend some \$8 million for further exploration of this vast region and to begin drilling selective targets.

In the **Athabasca Basin**, which has been much more extensively explored than the Central Mineral Belt or the Thelon Basin, BAY holds claims to 1,508,056 acres on three claim blocks that cover major fault structures and geological settings that are favorable for high-grade unconformity deposits. Some \$5 million is scheduled to be spent in 2007 for some select drilling and more geophysical work, including deep penetrating airborne geophysical surveys and follow-up ground geophysical and geological surveys to identify drill targets.

Other Properties: The above-noted three areas are the primary focus of this company, but the company also holds 420,000 acres of claims in the Hermitage Uranium Belt in Newfoundland. During 2006, airborne geophysical surveys to measure radiometric, magnetic, and electromagnetic responses were flown over a portion of the Bayswater's ground. The 4,000 line kilometer surveys identified in excess of 100 priority uranium targets for follow-up exploration. BAY's exploration budget for this project in 2007 is \$1 million.

MANAGEMENT

George M. Leary, M.Sc., P.Eng. – President, CEO and Director - George Leary is a highly experienced exploration geologist who has been involved in the mineral resource industry since 1964 having worked throughout North and South America and Russia. He has been responsible for the discovery of a number of significant mineralized systems in B.C and the Yukon, and has extensive experience with a wide variety of commodities and mineral deposit models. He spent 14 years with Amax Exploration Inc. in Vancouver, B.C. and during the latter part of his tenure was in charge of base metal exploration in the Canadian cordillera. He subsequently spent 3 1/2 years with Union Oil of Canada in Calgary where he was responsible for base, precious and specialty metal exploration in Canada.

Mr. Leary's focus is to develop Bayswater as a major global player in the uranium exploration and mine development business, while also developing opportunities for the company's other projects to capitalize on his experience and current markets.

Victor Tanaka, B.Sc. P.Geo. – Chief Operating Officer, Executive Vice President and Director – Vic Tanaka is a geologist who has participated in several significant mineral discoveries. He has held senior positions in both major and junior mining companies and has broad Canadian and international experience. He previously served as general manager of exploration for Asamera Inc., one of the original partners in the joint venture that led to the discovery of the high-grade Cigar Lake and Dawn Lake uranium deposits in the Athabasca Basin. The joint venture was also involved in laying the groundwork for the eventual discovery of the world-class McArthur River uranium deposit. McArthur River and Cigar Lake are the world's largest, high-grade uranium deposits.

Damien Reynolds, Chairman and Director - Mr. Reynolds has an impressive record spanning over 20 years in identifying, acquiring and developing resource projects of merit around the world, and also for his exceptional ability to raise capital for junior companies. He has been and will continue taking a leading role in the on-going development of the asset base of the Company. Mr. Reynolds also currently serves as president of Longview Capital Partners Inc. (which owns a major equity position in Bayswater) and is a director of several other resource companies.

Ken Armstrong – Director - Mr. Armstrong graduated from the University of Western Ontario with an Honours Bachelor of Science degree (Geology) in 1992, and from Queen's University with a Master of Science degree in Geology in 1995. He worked as a geologist with Rio Tinto from 1996 to 1997. During that time, he was involved with the development of the original resource models for the Diavik diamond mine in the Northwest Territories. Mr. Armstrong joined Aber Resources Ltd. in the fall of 1997, as project geologist. Since that time, he has also managed diamond, gold and base metal exploration programs in Canada's North for a number of junior exploration companies. Mr. Armstrong has been president and chief executive officer of Strongbow since January 2005, and is a registered professional geoscientist in the province of Ontario.

Gordon Davidson, B.Sc.(Hons), P.Geol., Vice President, Exploration - Gordon Davidson has over 20 years experience in uranium exploration including directing exploration strategy and project management. He is credited with having a significant role in the discovery of Areva's Andrew Lake uranium deposit in the Kiggavik Trend of the North Thelon Basin, Canada, as well as the discovery of unconformity-type uranium mineralization in the South Thelon Basin at the Boomerang Project. Mr. Davidson also has significant uranium exploration experience in the Athabasca Basin as well as Labrador's Central Mineral Belt. Uranium exploration companies he has held positions in include Uravan Minerals, PNC Exploration (now JNC Exploration), Urangesellschaft (now part of Areva) and Brinex.

Stephen Flechner – Advisor - Mr. Flechner, of Denver, Colorado, holds a Doctorate in Law from Yale University and is the former Vice President, General Counsel and Secretary of Gold Fields Mining Corporation ("GFMC"). In that position, he established and directed corporate legal, land, and environmental compliance functions in order to acquire, permit, finance, develop and expand low cost heap-leach gold mining operations at Ortiz in New Mexico, at Mesquite in California, and at Chimney Creek in Nevada. These mines produced over 400,000 ounces of gold per year, grossing over \$175 million annually, with high profitability. Mr. Flechner drafted/negotiated \$150 million of gold loans and equipment leases with Chase, Citibank, Mellon and Westpac. He served on corporate budget, strategic planning, environmental compliance, community relations, and personnel policy committees as GFMC grew from 20 to 1200 people with increasing profits. More recently, Mr. Flechner has joint ventured base metal exploration with the largest zinc producer in S. Korea, helped establish the major gold exploration project in Papua New Guinea, acquired a wave technology/project company for a TSX/RTO, and has worked on uranium acquisition projects in Europe and in North America. His impressive experience and track record with GFMC plus his international mining project experience in Australia, Bolivia, Canada, Chile, Ghana, Ireland, Kazakhstan, Korea, Indonesia, Mexico, Papua New Guinea & Slovakia, are indicative of his ability to significantly contribute to the asset growth of Bayswater.

Robert Campbell – Advisor - Mr. Campbell, P.Geo.(BC) conducts uranium exploration activities for Strongbow Exploration Inc., the Company's joint venture partner under the Canada Uranium Joint Venture, and is a qualified person under NI 43-101 with 18 years of uranium exploration experience. He has primarily focused on the search for high-grade unconformity type uranium deposits in the Athabasca and Thelon Basins in Canada and on roll front type uranium deposits in Wyoming and Nebraska, USA. Mr. Campbell has been employed by and consulted for a number of major uranium exploration and mining companies, including Urangesellschaft Ltd.(Canada), Cogema Resources Inc. and PNC Exploration Inc. The Company looks forward to building its uranium asset base with the assistance of Mr. Campbell.

Sigfried Muessig, Ph.D. Advisor - Sig Muessig is an independent senior mineral consultant with a very distinguished and successful career. He has been directly involved with some of the world's largest mineral discoveries including Australia's Jabiluka uranium deposit and Chile's world-class Escondida copper mine.

Jerry Blackwell, B.Sc. Advisor - Jerry D. Blackwell is President of Gitennes Exploration Inc. and a professional geologist with over 30 years experience including participation in uranium ventures on a world wide basis. He has published papers on uranium under the auspices of the IAEA and has worked with Gulf, Getty and Cominco on uranium projects.

SUMMARY & CONCLUSION

BAY has perhaps the strongest uranium exploration team in the world. It is the only company to have over one million acres of prospective claims in three of Canada's prime uranium hunting districts. The company is well funded and will spend \$20 million next year, including some drilling, in an attempt to hunt for big game in what is definitely elephant-sized uranium country. There are never any guarantees of success in the mining business and especially in early exploration, but given all this company has going for it, we like its odds. We think BAY provides speculative investors with a chance to enjoy some spectacular upside, though we would caution investors who may be inclined to gamble not to do so. Play the odds for building wealth slowly and systematically. An essential part of that strategy is to avoid cataclysmic losses, meaning that, unless you have suicidal tendencies, you want to limit your allocation to any one stock. Our strongly-held suggestion as always is that you not allocate more than 5% of your portfolio to BAY or any other stock, whether "A" quality producers, or high risk/high reward "D" plays like BAY.

When might BAY graduate from a "D" to a "C"? If through drilling the company can establish uranium-bearing structures of a sufficient size to hint at the possibility of an economic deposit, that will do it. If that happens, and assuming, as I do, that we remain in a bull market for uranium through 2007, a 5% allocation should serve you very well indeed.

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