

(update) Uranium market heats up on merger activity

By Eileen Bircher

June 8, 2007 - (SP) Toronto - Merger action in the uranium sector is on the rise with two deals announced this week that have something in common - both acquisition targets have uranium properties in the United States.

Bayswater Uranium Corp. (TSX.V: BAY) announced yesterday that it was moving forward with its merger plans with Kilgore Minerals (TSX.V: KAU) and Monday, SXR Uranium One (TSX: SXR) said it would acquire Energy Metals Corp. (TSX: EMC) for \$1.75 billion in stock.

Kilgore holds key uranium mining claims in the United States as does Energy Metals Corp.

Monday, SXR said that "The acquisition will dramatically enhance Uranium One's asset portfolio in the United States." Shareholders of Energy Metals will receive 1.15 common shares of Uranium One for each issued share of EMC. That represents a premium to EMC's market price of 28 per cent.

In Bayswater's Kilgore deal, shareholders of Kilgore would receive a share split prior to the merger with every 1 share being issued 1.25 new Kilgore shares prior to the merger. In the previous article, Source Press had misquoted that information.

Kilgore owns uranium properties in Wyoming, Nevada and Montana, with two of those properties in Nevada and Montana offering short-term production potential.

Upon closing the Kilgore deal, Bayswater would be entering a new phase of mining in stepping into a production mode from a pure exploration and development position.

Demand for uranium fuel is undisputedly rising. Prices for the commodity have risen 500% since 2003 as more nuclear plants are being developed. Now, Canadian Prime Minister Stephen Harper is beginning to sound like his U.S. counterpart, President George Bush, who are both in Germany attending the G-8 Summit. Harper stated Wednesday that if Canada were to adhere to the Kyoto Protocol it would ruin Canada's economy while Bush says the way to improving greenhouse gas emissions is to drop tariffs on importing technology that could offer developed and non-developed nations a way to produce energy with cleaner burning fuel - namely, uranium.

The uranium miners, SXR and BAY appear to be a jump ahead of that game and may have set themselves up for a boom in nuclear power.