

# 'Super junior' uranium company Baywater continues to expand

THESE are heady days in the uranium business. Consider the aggressive Canadian junior exploration company Bayswater Uranium Corporation. Started just 18 months ago with less than C\$1 million capitalisation, its cap is now well over C\$100 million, it has a fat bank account and this year plans to spend C\$18 million on exploration in Canada and C\$2 million in the West African country of Niger. It is also expanding through mergers.

Bayswater president George Leary says, "We started off as a shell company with virtually no assets and now we have robust land positions, an aggressive management team and the capital needed to add value to our assets. We have individuals in the company who have been responsible, either directly or indirectly, for some of the world's largest uranium discoveries."

*Bayswater has acquired large strategic holdings in key uranium districts*

Rather than following the common practice of exploration juniors and acquiring a small land position in the hope of making a discovery, Bayswater – which calls itself a 'super junior' uranium company (and has even trade-marked the description) – has acquired large, strategic holdings in key uranium districts with demonstrable exploration models for discovery of additional deposits. This way, it expects to reduce substantially the risk to discovery.

Over the past year Bayswater stock jumped from C\$0.85 to C\$2.45, then slipped back to the C\$1.30-\$1.60 range.

Mr Leary says, "Today the company is the only major landholder in all three of the most important uranium districts in Canada, namely the north and south parts of the Thelon Basin, the Athabasca Basin and Labrador's Central

Mineral Belt. In addition, we have applied for about two million acres in Niger which will bring our total worldwide land interests for uranium to over nine million acres, which is a very large position – and we own a majority of that 100%."

With worldwide pressure to find clean substitutes for fossil fuels, nuclear power is again attracting the attention of governments – and boosting the price of uranium dramatically. Canada is the world's leading uranium producer.

"There are those who say that we are in a nuclear renaissance – and I do believe that. It is so logical. The reactors have proven themselves safe, reliable and cost-effective. Their operating costs are quite low. Capital is a bit high, but overall they provide a very cost-competitive alternative to hydrocarbons. There are no carbon dioxide emissions. Zero," says Mr Leary.

Bayswater's timing is excellent. Mr Leary says: "The price of uranium has appreciated significantly from a low of about US\$8/lb a few years ago to US\$125/lb now. When we got into the business in 2005, uranium was trading at around US\$35/lb."

Financial backer Damien Reynolds of Vancouver-based Longview Capital Partners put up about C\$250,000 in financing and gave Bayswater seed capital for property acquisition. He also transferred over to Bayswater the rights to properties Longview already controlled in Labrador and Ireland.

"We are very aggressive. The association with Damien Reynolds and Longview has been a catalyst for us. It has given us the ability to put together an enviable land package and raise substantial capital to advance our projects to the drilling stage. We have approximately C\$37 million in cash and about C\$3 million in securities. Warrants and options will give us another C\$50 million.

## THE TEAM

### DAMIEN REYNOLDS Chairman

During his 23 years in the junior resource sector, Mr Reynolds has founded, invested in and served on the boards of number of public exploration companies. Mr Reynolds is chairman and CEO of Longview Capital Partners, which has been instrumental in the raising of over C\$250 million of equity in the last 30 months. Mr. Reynolds is also chairman and CEO of Buffalo Gold Ltd.



### VICTOR TANAKA COO

Mr Tanaka has participated in several significant mineral discoveries and held senior positions in major and junior mining companies. He has broad Canadian and international experience. He previously served as general manager of exploration for Asamera Inc, one of the original partners in the JV that led to the discovery of the high-grade Cigar Lake and Dawn Lake uranium deposits in the Athabasca Basin.



### GORDON DAVIDSON Vice president, exploration

Mr Davidson has over 20 years' experience in uranium exploration including directing exploration strategy and project management. He is credited having a significant role in the discovery of Areva's Andrew Lake uranium deposit in Canada, as well as the discovery of unconformity-type uranium mineralisation at the Boomerang Project.



### GEORGE LEARY CEO

Mr Leary is an experienced exploration geologist, involved in the mineral resource industry since 1964. He has been responsible for the discovery of a number of significant mineralised systems in Canada. He spent 14 years with Amex Exploration Inc then over three years with Union Oil of Canada in Calgary where he was responsible for base, precious and specialty metal exploration in Canada.



### KEN ARMSTRONG Director

Mr Armstrong worked as a geologist with Rio Tinto from 1996-1997, involved with the development of the original resource models for the Diavik diamond mine in the Northwest Territories. He subsequently joined Aber Resources as project geologist. Since that time, he has also managed diamond, gold and base metal exploration programs in Canada for a number of junior exploration companies. Mr Armstrong is also president and CEO of Strongbow.



So, we are well-financed," says Mr Leary.

Bayswater has investment from about 20 different institutional investors who are attracted to the company's assets.

These assets include a 100% interest in 1.1 million acres in the Central Mineral Belt in Labrador, Newfoundland. The company is searching for large Olympic Dam or Rossing-type uranium deposits, and has budgeted C\$7 million for exploration work this year. This will include airborne surveys, prospecting, mapping, sampling and up to 20,000 m of drilling that is scheduled to start this summer.

In addition, Bayswater has a 100% interest in 1.7 million acres in the west-central region of the Athabasca Basin, Saskatchewan, east of the Cluff Lake uranium mine. The company plans to spend C\$4.5 million on exploration in 2007.

"We recently flew a large deep-penetrating electromagnetic survey over our Athabasca properties and are currently processing the geophysics," says Mr Leary. "We expect the survey will identify several basement conductors and targets for follow-up detailed ground work this summer, and then drilling later in the year – we're exploring in elephant country."

Also, the company owns a 50-100% interest in a land package of 4.4 million acres in the Thelon Basin, Northwest Territories/Nunavut. The Thelon Basin is geologically similar to the Athabasca Basin and is highly

under-explored. Bayswater plans to spend C\$8.1 million on exploration in this area in 2007.

The company is also awaiting the government of Niger's approval of its applications for about two million acres in two large blocks in favourable settings close to the producing uranium mines of French company Cogema. Once these applications are granted, an aggressive program of about C\$2 million is planned to advance these properties to the drill stage.

Although it is focussed primarily on uranium, Bayswater's projects also include a base metals deposit in Ireland and, soon, a gold deposit in the US when its merger with Kilgore Minerals is completed. Bayswater intends to spin off these non-uranium assets into a new public company, thereby providing shareholders with a stake in another resource firm that also has tangible assets.

Bayswater announced its intention to merge (anticipated this summer) with Kilgore Minerals Ltd (TSX-V: KAU) in March. Kilgore has uranium properties in Montana and Wyoming. It also has some historical resources – particularly deposits in Nevada and Montana – that offer near-term production potential and which Bayswater intends to "fast track to feasibility" as soon as possible.

Mr Leary sees the Kilgore merger as a way of balancing Bayswater's risk exposure. He says: "We are advancing our early stage projects to the drill stage to make discoveries. Obviously, that involves risks. I felt it was important at this stage to balance the company with some pounds in the ground. Kilgore has about 10 Mlb of physical uranium resources in Nevada, Montana and Northern California. The bulk of that is in Nevada and Montana and those two situations offer us production potential in the short term – probably four years in Nevada and about six years in Montana. We are working now very closely with Kilgore, even pre-merger, with respect to all the permitting, the baseline studies and getting all the appropriate drill permits so we can advance these projects in a timely manner."

Asked which is the company's most exciting project, Mr Leary says he is excited by all of them.

But, he adds: "I have great hopes for Labrador. Aurora Energy keeps making important



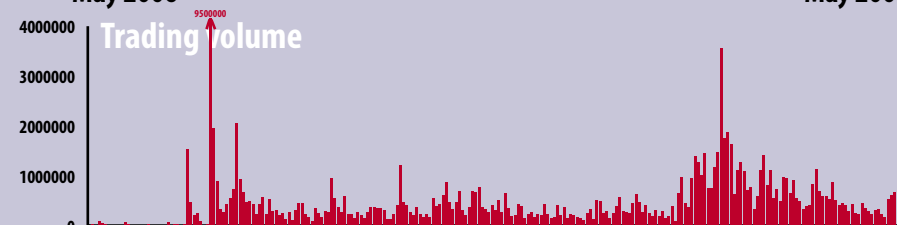
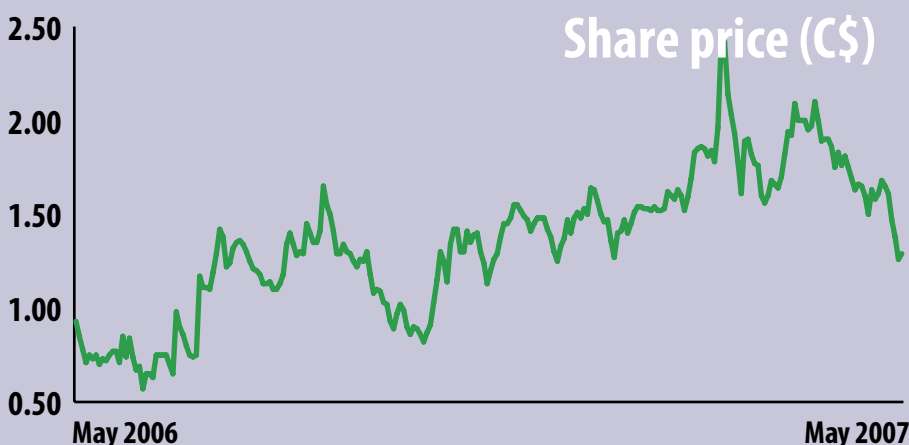
Bayswater property location map

resource discoveries on old known uranium prospects, and drilling results by Crosshair and others have been very positive for the district so far. We have ten uranium prospects on our land, nine of which were new discoveries that we made last year. Only one was a previously known uranium occurrence.

"So, we are very hopeful as we move into the drilling stage this year that we will begin the process of discovery with the drill and begin outlining resources. I suppose at this point I have to say that Labrador is the one that offers the most short-term potential for growth for the company."

Mr Leary says Bayswater is unique, providing investors with a substantial opportunity for growth: "We have a very capable, aggressive management team, substantive experience in uranium amongst our board and advisors, and the ability to raise substantial capital as our projects dictate, as evidenced by our healthy treasury. We have properties second to none in Canada. It is quite unique that a junior company can come along and acquire the kind of positions we have in the three most important uranium districts in Canada."

He concludes: "No other company can make the claim to be the largest landowner in Canada's three most important uranium districts. No one else can say that – not even the majors. There isn't a major that even comes close. I think Bayswater offers investors great upside potential. We are aggressively advancing all our projects and pursuing additional merger and acquisition opportunities to add value for shareholders."



## VITAL STATISTICS

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### SHARE INFORMATION

**Listed:** TSX-V  
**Ticker:** BAY  
**Shares outstanding:** 90,610,084  
**Fully diluted:** 122,196,711  
**Market cap:** C\$118 million  
**Cash position:** C\$37 million  
**Cash fully diluted:** C\$80 million

### ASSOCIATES

**Auditor:** Davidson and Company  
**Transfer agent:** Pacific Corporate Trust Company