

Uranium miners lured by US demand for nuclear power

By Alan Fein

October 17, 2007 - (AXcess News) New York - As the US electric utility industry embarks on a period of massive new construction to meet rising demand, it will be pursuing nuclear power generation as an important source of new capacity, says Moody's. Uranium mining companies are also preparing, lured by future US nuclear fuel demand.

Yesterday, Bayswater Uranium Corp. (TSX.V: BAY; OTC: BYSWF) announced that it was acquiring Northern Canadian Uranium, Inc. (TSX.V: NCA; OTC: NCADF) in an all-stock transaction in which NCA's shareholders are receiving 0.65 shares of BAY for each share of Northern Canadian.

Based on the previous closing price of Bayswater, the deal would be valued at \$19.62 million.

The deal with NCA strengthens Bayswater's US uranium property holdings significantly and marks the second time in less than a year that Bayswater has combined with a uranium mining company with US properties. Now, Bayswater says it plans on developing an extensive drilling program with an eye towards moving into a production phase in the foreseeable future.

According to Tuesday's announcement, "Bayswater's goal is to develop open-pit table resources in this region sufficient to support a conventional mill."

Moody's does not expect more than one or two new US nuclear plants to be on line by 2015. That would coincide with the average length of time it takes to develop a uranium mining property and enter production. The average time for a Canadian company is seven years, which would place Bayswater's US properties within the estimate the rating agency gives for new nuclear power plants to go online.

While NCA shareholders are getting a premium for their shares, Bayswater's timing was ideal, considering uranium prices have declined since July and along with it, the share price of uranium mining stocks in Canada. In retrospect, it appears that Bayswater's bid for NCA will prove to be more valuable as its combined eU3O8 resources are developed.