

Uranium Stocks Hold Up Against Record Oil Prices

By Eileen Bircher

Nov. 19, 2007 - (SP) Toronto - Crude oil prices are at record levels and this weekend's OPEC meeting in Riyadh drew criticism over dollar denominated trading, which only proved to support uranium stocks as an alternative energy resource despite the cost of nuclear power plant construction and ore prices.

Uranium One (TSX: UUU), which recently moved from an exploration to a development stage company, saw its shares rise Friday 6 percent while Bayswater Uranium (TSX.V: BAY, OTC: BYSWF) saw its shares tumble. Wellington West Capital analyst Leonie Soltay said that as Uranium One evolves from a "developer to producer," its growth potential justifies a premium. Two weeks ago, Jay Taylor's Energy & Energy Stocks upgraded Bayswater based on the company's historical uranium resources and discovery at Anna Lake. Apparently the market is awaiting the outcome of the Anna Lake report.

Uranium prices are now at \$92 per pound, which is up from a late summer low of \$75, which brought out the critics in the US who are against nuclear power plant construction, though the largest number of plants in over 25 years are in application for permits to construct with the US Energy Department. Those same critics were arguing that costs are too high, both for plant construction and for uranium ore, though crude oil prices have been rising as well.

The threat of even higher oil prices came this weekend with some OPEC oil ministers saying crude should be uncoupled from the US dollar. Talk of \$200 dollar oil came from Venezuelan President Hugo Chavez who sided with Iran in wanting to cut off US sales if the United States continued its aggressive policies.

The real underlying issue was the weak US dollar. But uranium ore isn't traded in that fashion and is sold based on supply and demand with demand appearing to be stronger than anticipated, especially in the US. Bayswater recently expanded its US uranium properties through a merger and in late October announced what could be a major play of a million pounds or more in its Anna Lake discovery in Canada. It too appears to be on the brink of moving from an exploration to a development operation, like Uranium One.

While oil remains in high demand in the US, oilsands development has yet to deliver one barrel to that market. Pipelines under development won't be able to deliver oil to the United States for years to come and environmental setbacks as well as a recent increase in royalties by the Alberta provincial government are also taking their toll. But higher uranium ore prices look to be less volatile than oil and nuclear power plants becoming a more readily acceptable energy resource in America. Only construction costs appear to be in the way, but the Bush government is leaning towards guaranteeing those contractors to finance them, which makes US uranium properties becoming a viable resource for future development, a bet that Bayswater made earlier this year that appears to be a payoff for the Vancouver-based junior mining and exploration company.