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Bayswater Uranium: Growth Through Acquisition

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You'll probably be surprised to learn that the uranium exploration company with the largest combined landholdings in Canada's chief uranium regions – the Athabasca, Thelon, and Labrador basins – is Bayswater Uranium, a Vancouver based junior whose stated mission has been to become a significant global producer of uranium.

With an extensive portfolio of projects running the full gamut from greenfields to brown, that goal sounds a lot less like hubris than it would coming from other companies. And with its most recent acquisition – the Reno Creek Project – uranium production is on the not-too-distant horizon.

Reno Creek is an advanced, near-surface uranium project at the permitting/feasibility stage located in the Powder River Basin in northeastern Wyoming, a well established uranium development region. The Project comprises NI 43-101 compliant resources of 10.96 million pounds of U3O8 at an average grade of 0.066% U3O8 measured and indicated and 4.73 million pounds of U3O8 at an average grade of 0.063% U3O8 inferred. In addition, Reno Creek contains approximately 8.41 million pounds of U3O8 in historical resources grading approximately 0.083% U3O8. The Project also has excellent potential to significantly increase resources through low-risk exploration. An extensive database, deep well injection permit and a disposal well are being acquired in conjunction with the resources.

At 17,500 acres (7,082 hectares), the project ranks as one the largest undeveloped uranium projects in the western United States.

CEO George Leary was understandably excited about the company's latest addition in a recent telephone interview.

"It's a company maker for Bayswater because of its sheer size," he said. "It's one of the largest undeveloped ISR (In-situ Recovery) projects in the western US, and it has all of the favorable characteristics of an ISR project. It's very favourably endowed with the proper sort of depth, water table, hydrology, metallurgy, surface infrastructure, geography, etc which will lead to a very low cost operation. It has had a history of drilling and various engineering studies, and it's at the stage where it's ready for permitting. There's already a deep well injection permit that we are in the process of renewing."

The Reno Creek Project encompasses approximately 17,500 acres of claims and leases, including 563 unpatented mining claims, four Wyoming State mineral leases, four fee (private) mineral leases, and five surface access agreements. As the deposits at Reno Creek are considered to be highly amenable to ISR production, and are located in close proximity to major infrastructure, power, and other operating ISR facilities, the Project economics appear to be very robust.

The near-ideal geological characteristics of the uranium deposits which make the resources conducive to low-cost, minimal-impact ISR mining, combined with the benefits of nearby infrastructure within a highly favorable political jurisdiction for uranium mining, are among the chief reasons that the Reno Creek Project is one of the best undeveloped major uranium properties in the western United States as stated by Tom Pool, a leading US uranium industry mining engineer.

The aggregate purchase price for a 100% interest in the Reno Creek Uranium Project is US$32 million. The acquisition price is equivalent to about US$2.04 per pound of NI 43-101 U3O8 compliant resources.

Bayswater has conducted a preliminary in-house economic evaluation of the Reno Creek Project, including an ISR facility and central processing plant producing up to 2 million pounds of U3O8 per year. Based on this preliminary study, utilizing current long term contract prices for U3O8, Bayswater has decided to complete an independent Pre-Feasibility Report on the deposit prior to closing of the transaction.

“Our next step is to complete the baseline environmental and engineering studies in preparation for permiting and licensing to production,” explained Mr. Leary, “which will take approximately 3 years working with the various regulatory agencies. So by about the 4th year we should be ready to design and begin construction of an ISR operation with production in early 2015. So it’s a pretty major project for us, it’s ready to go, with 16 million pounds of uranium as a 43-101 compliant resource, with another 8 million pounds in historic resources, with plenty of potential exploration blue sky. We can see this project becoming 30 million pounds plus with some confidence.”

The Reno Creek project substantially advances Bayswater’s business plan of becoming a major low-cost uranium producer. But even before this acquisition, the company had extensive holdings throughout North America and even in Africa.

Current early stage projects are held in Saskatchewan, Labrador, Nunavut, the Northwest Territories and Niger, West Africa, while advance projects are in Wyoming, Montana, Labrador, California, Nevada and.New Mexico. The company announced in July that it would sell its properties in Mali to Cascade Resources Ltd, another TSX Venture-listed exploration firm, so it could focus on its advanced, development projects in the U.S.

This summer saw the company’s exploration team hard at work on the Boiteau Lake Uranium Project in Labrador, near its Anna Lake discovery. The Boiteau Lake Trend represents one of several high priority targets identified by Bayswater during 2008 requiring detailed ground follow-up. Highlights from the Boiteau Lake Trend include the identification of four outcropping uranium showings from which 23 of 28 rock samples collected returned values greater that 0.10% U3O8 and up to 0.723% U3O8.

And the company’s Tejana Mesa property in New Mexico is within a region that has the potential to host 15 to 45 million pounds U3O8 according to a report by the New Mexico Bureau of Mines and Mineral Resources.

The Tejana Mesa property is located in Catron County, New Mexico, USA in an historic uranium producing region. Bayswater holds an option to acquire a 100% interest in 127 claims and owns a 100% interest in an additional 1,570 staked claims comprising 33,940 acres. The project covers favourable sandstone units along a 20 mile long portion of the margin of the Colorado Plateau– known for its uranium deposits, many of which were previously in production. Extensive drilling was completed in the region during the late 1960's to early 1980's by major companies including Ranchers Exploration, Occidental Minerals, Wold Nuclear, Pioneer Nuclear, Energy Reserves and Federal American Partners, as well as Gulf Minerals who drilled over 900 holes. Bayswater's property may host half of the region's uranium resource potential estimated at between 15 – 45 million lbs.

"We have a huge portfolio," said Mr. Leary. "We' still have the largest combined uranium land holdings in the Athabasca andThelon Basins and the Labrador Central Mineral Belt. We've made a pretty significant discovery in Labrador at Anna Lake that we'll be coming out with a 43-101 on shortly, and we have over 20 targets at the drill stage on our various land holdings in Canada, any one of which could generate another discovery, plus we have a number of projects throughout the U.S. that we expect will add significantly to our resource base."

In just 3 1/2 years since Bayswater began in the uranium business, the company has grown rapidly as a result of its land acquisitions and three mergers that saw it acquire other uranium companies with strategic and advanced uranium properties.

Added Mr. Leary, "With our most recent acquisition (Reno Creek) we're well positioned to become a major player in the uranium business, which has been our stated goal from day one, and so we're well on the way to accomplishing that."

Follow the company's progress at http://www.bayswateruranium.com .