

Bayswater Amends Terms of Agreement to Acquire Reno Creek Project, Wyoming & Provides Update on Transaction

Vancouver, BC, December 9, 2009 — **Bayswater Uranium Corporation (TSX-V: [BAY](#)), (OTC: [BYSWE](#))** is pleased to announce that the Company has signed an amended LLC Option Agreement dated December 8, 2009 with Strathmore Resources (US) Ltd. (“Strathmore”), a wholly owned subsidiary of Strathmore Minerals Corp (TSX-V: [STM](#)), and American Uranium Corp (OTC: [ACUC](#)). Under the original terms of the LLC Purchase Agreement the Company was to acquire a 100% interest in the Reno Creek Uranium Project (“the Project”) and its holding company, AUC LLC in exchange for the aggregate cash payment of US\$30,000,000 on or before December 22, 2009. Pursuant to the terms of the amended LLC Option Agreement, the Company has been granted the option to acquire up to a 100% interest in the Project and AUC LLC (the “Option”) for the aggregate payment of US\$31,000,000 over a two year period. The Option terms are as follows:

- In order to earn a 25% interest in the Project, the Company shall pay to Strathmore on the Closing Date, being that date which is 160 days from the August 20, 2009 letter agreement entered into by the parties, US\$5,250,000 of which US\$5,000,000 shall be payable in cash (less a US\$250,000 deposit previously paid by the Company) and of which US\$250,000 shall be paid through the issuance of common shares of the Company at a deemed price equal to the price of securities raised by the Company in a concurrent financing described below;
- In order to earn a further 26% interest in the Project (for an aggregate 51% interest in the Project), the Company shall pay to Strathmore on or before June 30, 2010, US\$5,250,000 of which US\$5,000,000 shall be payable in cash and of which US\$250,000 shall be paid through the issuance of common shares of the Company at a deemed price equal to the weighted average trading price of the Company’s common shares for the ten day period preceding the date the payment is due;
- In order to earn a further 24% interest in the Project (for an aggregate 75% interest in the Project), the Company shall pay to Strathmore on or before December 31, 2010, US\$10,500,000 of which US\$10,000,000 shall be payable in cash and of which US\$500,000 shall be paid through the issuance of common shares of the Company at a deemed price equal to the weighted average trading price of the Company’s common shares for the ten day period preceding the date the payment is due; and
- In order to earn the final 25% interest in the Project (for an aggregate 100% interest in the Project), the Company shall pay to Strathmore on or before December 31, 2011, US\$10,000,000 of which US\$5,000,000 shall be paid in cash and US\$5,000,000 may be paid in shares, at the sole discretion of the Company, at a deemed price equal to the weighted average trading price of the Company’s common shares for the ten day period preceding the date the payment is due.

Under the terms of the Option Agreement, Bayswater shall be the operator of the Project during the Option Period and during any joint venture that may be formed as long as it holds 51% or more interest in the Project at the time of and subsequent to any joint venture having been formed. Upon Bayswater earning any of the interests above, it can at its option, elect to form a joint venture.

The Company shall also have the option, upon earning a 51% interest in the Project as described above, to elect to earn a further 24% interest in the Project (for an aggregate 75% interest in the Project) instead of making the last two payments set forth above, by completing a bankable feasibility study on the Property on or before December 31, 2013 and making a further and final payment of US\$10,500,000 to Strathmore of which US\$10,000,000 shall be paid in cash and US\$500,000 shall be paid through the issuance of common shares at a deemed price equal to



the weighted average trading price of the Company's common shares for the ten day period preceding the date the payment is due, at which time Strathmore may elect to form a joint venture with its 25% interest in the Project or convert its interest into a 5% royalty, which is purchasable by the Company at any time prior to commencement of commercial production at a price of US\$2,000,000 for each percent of the royalty, payable ½ in cash and ½ in common shares of the Company.

The terms of the Company's agreement with American Uranium Corp. ("American"), as described in the Company's press release dated August 24, 2009, remain substantially unchanged. In exchange for American's consent to the Option and termination of its rights pursuant to a previous joint venture on the Project, the Company shall pay to American US\$2,000,000 on the Closing Date, of which US\$1,000,000 shall be payable in cash and US\$1,000,000 shall be paid through the issuance of common shares of the Company at a deemed price equal to the price of the concurrent financing to be completed by the Company as described below.

The Company mailed an Information Circular to its shareholders on October 16, 2009 which describes the terms of the acquisition and the Project. The acquisition was approved by 73.62% of those shareholders voting at the extraordinary meeting of the Company held on November 16, 2009. A copy of the agreement, as well as the information circular, is also available on SEDAR at www.sedar.com

Final completion of the Transaction is subject to receipt of applicable regulatory approvals, among other things. Please see the Company's news releases dated August 24, 2009, September 18, 2009 and October 5th, 20th, and 22nd, 2009 for additional information concerning the Project.

Concurrent Financing

The Company is also pleased to announce it is in the process of arranging a non-brokered private placement of a minimum of 15,555,556 units and a maximum of 26,666,667 units at a price of \$0.45 per Unit to raise aggregate gross proceeds of a minimum of \$7,000,000 and a maximum of \$12,000,000 for the purposes of closing of the Option on the Project and for general working capital. The financing will close concurrently with the closing of the Option.

Each Unit is comprised of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to acquire an additional common share of the Company for a period of two years at a price of \$0.60 per share during the first six months of the warrant term and at a price of \$0.75 per share thereafter. Finder's fees may be payable on all or a portion of the financing.

Consolidation

The Company announced a proposed consolidation of its share capital in order to raise needed capital for the Project in its news release dated October 20, 2009. A consolidation on an up to 15-for-1 basis was approved by the shareholders of the Company at the extraordinary meeting held on November 16, 2009, and the board was granted the discretion to amend the consolidation ratio to such lower number they thought fit. The board of directors of the Company has determined a consolidation of its shares on a 5 to 1 basis is appropriate in the circumstances. The consolidation remains subject to the approval of the TSX Venture Exchange. The consolidation will be completed concurrently with the closing of the acquisition of the Reno Creek Option and the financing described above. The Company's name will remain the same, but its new trading symbol will be "BYU".



Statement from the President

“This amended deal is more favourable for Bayswater as it allows us to acquire Reno Creek over a period of time and gives us the option of purchasing the Project outright or forming a joint venture,” states George Leary, President of Bayswater. “We also believe acquiring this flagship Project in stages will be less dilutive as we develop the Project and the market better recognizes this excellent asset and our Company’s growth plans.”

The Reno Creek Project

Reno Creek is an advanced, near-surface, *in-situ recovery* (ISR) amenable 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 in 8.27 million tons and 4.73 million pounds of U₃O₈ at an average grade of 0.063% U₃O₈ inferred in 3.80 million tons in the Reno Creek and Southwest Reno Creek deposits. In addition, the Project contains approximately 8.41 million pounds of U₃O₈ in historical resources grading approximately 0.083% U₃O₈. This historical resource estimate is not compliant with NI 43-101 and should not be relied upon.

The Company believes there is good potential for converting the historical resources to NI 43-101 compliant resources and for additional resources in the immediate vicinity of the known deposits within the property. The Project assets being acquired also include a deep well injection permit (i.e. UIC Permit in the renewal process) for two disposal wells for residual fluids of the ISR operation, plus an abandoned dry oil well that will serve as one of the deep injection wells.

During the early 1980’s, a full scale ISR pilot plant operated successfully on the Project which demonstrated the amenability of in-situ recovery and of successful reclamation. Excellent road and power infrastructure is available within the Property.

Subsequent to entering into the agreement with Strathmore and American Uranium in August, 2009, Bayswater completed a preliminary feasibility study on the Reno Creek Project as announced on October 5, 2009. This study and economic analysis were very positive for the project and showed excellent operating margins and internal rate of return of capital with an 8% discounted net present value of \$164 million based on only the 10.96 million pounds of measured and indicated National Instrument 43-101 compliant uranium resources.

Bayswater plans to bring Reno Creek into production by 2015 subject to positive feasibility results. This lead time is based on current environmental and regulatory processes for permitting and licensing ISR operations in Wyoming. The deep well injection permit renewal process was initiated in early November. The Company plans to submit its applications for remaining permits and licenses during 2011 following completion of base line environmental and engineering studies. The Project should advance to the final feasibility stage by the end of 2013 with construction to follow and production to commence in early 2015.

Bayswater’s exploration activities are conducted under the supervision of George M. Leary, M.Sc. P. Eng. (BC), President of the Company, and Victor Tanaka, B.Sc. P.Geo. (B.C.), Chief Operating Officer of the Company. Both are qualified persons under NI 43-101. George Leary is the qualified person responsible for the technical information in this news release.



About Bayswater Uranium Corporation - The Super Junior Uranium Company™

Bayswater Uranium Corporation is an international uranium exploration and development company. The Company owns several advanced uranium properties in the United States with significant historical resources that may be amenable to ISR and/or conventional mining. As well, Bayswater is the only uranium company to have major landholdings in each of Canada's most important producing and exploration regions - the Athabasca Basin, the Central Mineral Belt, and the Thelon Basin. Bayswater combines a balanced portfolio of advanced and exploration projects with the uranium expertise of its technical and managerial teams. To capitalize on current market conditions and strong growth of the nuclear industry, the Company is pursuing acquisition opportunities of advanced-stage uranium projects with near-term production potential. Bayswater's vision is to build a major international uranium company. Shares of the Company are listed on the TSX Venture Exchange under the symbol "BAY". For further information visit www.bayswateruranium.com.

On behalf of the Board of:

BAYSWATER URANIUM CORPORATION

George M. Leary
President

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Statements in this news release other than purely historical information, including statements relating to the Company's future plans and objectives or expected results, constitute forward-looking statements. Forward-looking statements are based on numerous assumptions and are subject to all of the risks and uncertainties inherent in the Company's business, including risks inherent in mineral exploration, development and mining. There can be no assurance that such forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on such statements. The Company does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.

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