



## Management's discussion and analysis

for the quarter ended March 31, 2022

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This management's discussion and analysis (MD&A) includes information that will help you understand management's perspective of our unaudited condensed consolidated interim financial statements and notes for the quarter ended March 31, 2022 (interim financial statements). The information is based on what we knew as of May 4, 2022 and updates our annual MD&A included in our 2021 annual report.

As you review this MD&A, we encourage you to read our interim financial statements as well as our audited consolidated financial statements and notes for the year ended December 31, 2021 and annual MD&A. You can find more information about Cameco, including our audited consolidated financial statements and our most recent annual information form (AIF), on our website at [cameco.com](http://cameco.com), on SEDAR at [sedar.com](http://sedar.com) or on EDGAR at [sec.gov](http://sec.gov). You should also read our annual information form before making an investment decision about our securities.

The financial information in this MD&A and in our financial statements and notes are prepared according to International Financial Reporting Standards (IFRS), unless otherwise indicated.

Unless we have specified otherwise, all dollar amounts are in Canadian dollars.

Throughout this document, the terms we, us, our and Cameco mean Cameco Corporation and its subsidiaries unless otherwise indicated.

### Caution about forward-looking information

Our MD&A includes statements and information about our expectations for the future. When we discuss our strategy, plans, future financial and operating performance, or other things that have not yet taken place, we are making statements considered to be *forward-looking information* or *forward-looking statements* under Canadian and United States (US) securities laws. We refer to them in this MD&A as *forward-looking information*.

Key things to understand about the forward-looking information in this MD&A:

- It typically includes words and phrases about the future, such as: anticipate, believe, estimate, expect, plan, will, intend, goal, target, forecast, project, strategy and outlook (see examples below).
- It represents our current views and can change significantly.
- It is based on a number of *material assumptions*, including those we have listed starting on page 4, which may prove to be incorrect.
- Actual results and events may be significantly different from what we currently expect, due to the risks associated with our business. We list a number of these *material risks* below. We recommend you also review our annual information form, and annual MD&A, which includes a discussion of other *material risks* that could cause actual results to differ significantly from our current expectations.
- Forward-looking information is designed to help you understand management's current views of our near- and longer-term prospects, and it may not be appropriate for other purposes. We will not necessarily update this information unless we are required to by securities laws.

### Examples of forward-looking information in this MD&A

- the discussion under the heading *Our strategy*, including for uranium production, and contracting, about our vision and involvement in the nuclear fuel cycle, our ability to self-manage risk and to address environmental, social and governance risks and opportunities, and our ambition to reach net-zero greenhouse gas emissions
- the discussion under the heading *Strategy in action*, including our ability to self-manage risk, expected financial capacity to execute our strategy, our production plan, views on uranium supply, demand, contracting, deliveries, and creating long-term value
- our expectations about 2022 and future global uranium supply, demand, consumption, and the role of nuclear power and its growth profile, including the discussion under the heading *First quarter market update*
- the discussion of our expectations relating to our Canada Revenue Agency (CRA) transfer pricing dispute, including our expectations regarding receiving refunds and payment of disbursements from CRA, our confidence that the courts would reject any attempt by CRA to utilize the same or similar positions for other tax years currently in dispute, and our belief that CRA should return the full amount of cash and security that has been paid or otherwise secured by us
- the discussion under the heading *Outlook for 2022*, including expected business resiliency, 2024 production, expectations for 2022 average unit cost of sales, average realized price per pound, 2022 financial outlook, our revenue, adjusted net earnings and cash flow sensitivity, and our price sensitivity analysis for our uranium segment
- the discussion under the heading *Liquidity and capital resources*, including expected liquidity to meet our 2022 obligations, impact of McArthur River/Key Lake production on cash flow, and our expectations for our uranium contract portfolio to provide a solid revenue stream
- our expectation that our operating and investment activities for the remainder of 2022 will not be constrained by the financial-related covenants in our unsecured revolving credit facility
- life of mine operating cost estimates for the McArthur River/Key Lake, Cigar Lake and Inkai operations
- our future plans and expectations for each of our uranium operating properties and fuel services operating sites
- our expectations related to care and maintenance costs and operational readiness costs
- we have inventory, long-term purchase agreements and loan arrangements in place that mitigate the risk of delay of Inkai deliveries in 2022

## Material risks

- actual sales volumes or market prices for any of our products or services are lower than we expect for any reason, including changes in market prices, loss of market share to a competitor, trade restrictions or the impact of the COVID-19 pandemic
- we are adversely affected by changes in currency exchange rates, interest rates, royalty rates or tax rates
- our production costs are higher than planned, or our cost reduction strategies are unsuccessful, or necessary supplies are not available, or not available on commercially reasonable terms
- our strategies may change, be unsuccessful or have unanticipated consequences
- changing views of governments regarding the pursuit of carbon reduction strategies or our view may prove to be inaccurate on the role of nuclear power in pursuit of those strategies
- risks relating to the development and use of new technology or lack of appropriate technology needed to advance our ambition to reach net-zero greenhouse gas emissions
- our estimates and forecasts prove to be inaccurate, including production, purchases, deliveries, cash flow, revenue, costs, decommissioning, reclamation expenses, or receipt of future dividends from JV Inkai
- we are unable to enforce our legal rights under our agreements, permits or licences
- disruption or delay in the transportation of our products, including shipment of our share of Inkai production to our Blind River refinery
- we fail to mitigate the consequences of delay in delivery of our share of Inkai production
- we are subject to litigation or arbitration that has an adverse outcome
- that we may not receive expected refunds and payments from CRA
- that the courts may accept the same, similar or different positions and arguments advanced by CRA to reach decisions that are adverse to us for other tax years
- the possibility of a materially different outcome in disputes with CRA for other tax years
- that CRA does not agree that the court rules for the years that have been resolved in Cameco's favour should apply to subsequent tax years
- that CRA will not return all or substantially all of the cash and security that has been paid or otherwise secured in a timely manner, or at all
- there are defects in, or challenges to title, to our properties
- our mineral reserve and resource estimates are not reliable, or there are unexpected or challenging geological, hydrological or mining conditions
- we are affected by environmental, safety and regulatory risks, including workforce health and safety or increased regulatory burdens or delays resulting from the COVID-19 pandemic or other causes
- necessary permits or approvals from government authorities cannot be obtained or maintained
- we are affected by political risks, including the recent and any potential future unrest in Kazakhstan, and geopolitical events, including the Russian invasion of Ukraine
- operations are disrupted due to problems with our own or our suppliers' or customers' facilities, the unavailability of reagents, equipment, operating parts and supplies critical to production, equipment failure, lack of tailings capacity, labour shortages, labour relations issues, strikes or lockouts, fires, underground floods, cave-ins, ground movements, tailings dam failures, transportation disruptions or accidents, unanticipated consequences of our cost reduction strategies, or other development and operating risks
- we are affected by war, terrorism, sabotage, blockades, civil unrest, social or political activism, outbreak of illness (such as a pandemic like COVID-19), accident or a deterioration in political support for, or demand for, nuclear energy
- we may be unable to successfully manage the current environment resulting from the COVID-19 pandemic and its related operational, safety, marketing or financial risks successfully, including the risk of significant disruptions to our operations, workforce, required supply or services, and ability to produce, transport and deliver uranium
- a major accident at a nuclear power plant
- we are impacted by changes in the regulation or public perception of the safety of nuclear power plants, which adversely affect the construction of new plants, the relicensing of existing plants and the demand for uranium
- government laws, regulations, policies or decisions that adversely affect us, including tax and trade laws and sanctions on nuclear fuel exports and imports
- our uranium suppliers or purchasers fail to fulfil their commitments
- our McArthur River development, mining or production plans are delayed or fail for any reason
- our Key Lake mill production plan is delayed or fails for any reason
- our Cigar Lake development, mining or production plans are delayed or fail for any reason
- McClean Lake's mill production plan is delayed or fails for any reason, including due to labour disruption
- water quality and environmental concerns could result in a potential deferral of production and additional capital and operating expenses required for the Cigar Lake operation
- JV Inkai's development, mining or production plans are delayed or fail for any reason
- we may be unsuccessful in pursuing innovation or implementing advanced technologies, including the risk that the commercialization and deployment of SMRs may incur unanticipated delays or expenses, or ultimately prove to be unsuccessful
- our expectations relating to care and maintenance costs or operational readiness costs prove to be inaccurate
- the risk that we may become unable to pay our 2022 annual dividend at the expected rate
- we are affected by climate change or natural phenomena, including inclement weather, forest fires, flood, and earthquakes

## Material assumptions

- our expectations regarding sales and purchase volumes and prices for uranium and fuel services, trade restrictions and that counterparties to our sales and purchase agreements will honour their commitments
- our expectations for the nuclear industry, including its growth profile, market conditions and the demand for and supply of uranium
- the continuing pursuit of carbon reduction strategies by governments and companies, including Cameco, and the role of nuclear in the pursuit of those strategies
- the availability or development of technologies needed to achieve our net-zero greenhouse gas emissions ambition
- the assumptions discussed under the heading *2022 Financial Outlook*
- our expectations regarding spot prices and realized prices for uranium, and other factors discussed under the heading *Price sensitivity analysis: uranium segment*
- that the construction of new nuclear power plants and the relicensing of existing nuclear power plants will not be more adversely affected than expected by changes in regulation or in the public perception of the safety of nuclear power plants
- our ability to continue to supply our products and services in the expected quantities and at the expected times
- our expected production levels for Cigar Lake, McArthur River/Key Lake, JV Inkai and our fuel services operating sites
- plans to transport our products succeed, including our share of Inkai production to our Blind River refinery
- our ability to mitigate adverse consequences of delay in delivery of our share of Inkai production
- our cost expectations, including production costs, operating costs, capital costs and the success of our cost reduction strategies
- our expectations regarding tax payments, royalty rates, currency exchange rates and interest rates
- our entitlement to and ability to receive expected refunds and payments from CRA
- in our dispute with CRA that courts will reach consistent decisions for other tax years that are based upon similar positions and arguments
- that CRA will not successfully advance different positions and arguments that may lead to different outcomes for other tax years
- our expectation that we will recover all or substantially all of the amounts paid or secured in respect of the CRA dispute to date
- our decommissioning and reclamation estimates, including the assumptions upon which they are based, are reliable
- our mineral reserve and resource estimates, and the assumptions upon which they are based, are reliable
- our understanding of the geological, hydrological and other conditions at our uranium properties
- our McArthur River development, mining and production plans succeed
- our Key Lake mill is able to process McArthur River ore as expected
- our Cigar Lake development, mining and production plans succeed
- the McClean Lake mill is able to process Cigar Lake ore as expected
- JV Inkai's development, mining and production plans succeed
- the ability of JV Inkai to pay dividends
- that care and maintenance costs and operational readiness costs will be as expected
- the ability of Cameco and its contractors to comply with current and future environmental, safety and other regulatory requirements and to obtain and maintain required regulatory approvals
- our operations are not significantly disrupted as a result of political instability, nationalization, terrorism, sabotage, blockades, civil unrest, breakdown, climate change, natural disasters, forest or other fires, outbreak of illness (such as a pandemic like COVID-19), governmental or political actions, litigation or arbitration proceedings, cyber-attacks, the unavailability of reagents, equipment, operating parts and supplies critical to production, labour shortages, labour relations issues, strikes or lockouts, underground floods, cave-ins, ground movements, tailings dam failure, lack of tailings capacity, transportation disruptions or accidents, unanticipated consequences of our cost reduction strategies, or other development or operating risks

## Our strategy

We are a pure-play nuclear fuel investment, focused on providing nuclear fuel products across the fuel cycle for the generation of a clean source of energy, and on taking advantage of the long-term growth we see coming in our industry. Our strategy is set within the context of what we believe is a transitioning market environment, where increasing populations, a growing focus on electrification and decarbonization, and geopolitical uncertainty are expected to durably strengthen the long-term fundamentals for our industry. Nuclear energy must be a central part of the solution to the world's shift to a low-carbon, climate resilient economy. It is an option that can provide the power needed, not only reliably, but also safely and affordably, and in a way that will help avoid some of the worst consequences of climate change.

Our strategy is to capture full-cycle value by:

- remaining disciplined in our contracting activity, building a balanced portfolio in accordance with our contracting framework
- profitably producing from our tier-one assets and aligning our production decisions with our contract portfolio and market signals
- being financially disciplined to allow us to self-manage risk
- exploring other emerging and non-traditional opportunities within the fuel cycle, which align with our commitment to responsibly and sustainably manage our business and increase our contributions to global climate change solutions

We expect our strategy will allow us to increase long-term value, and we will execute it with an emphasis on safety, people and the environment.

Our vision – “Energizing a clean-air world” – recognizes that we have an important role to play in enabling the vast reductions in global greenhouse gas emissions required to achieve a resilient net-zero carbon economy. We are vertically integrated across the nuclear fuel cycle. Our uranium and fuel services products are used around the world in the generation of safe, carbon-free, affordable, base-load nuclear energy. In addition, we are exploring other emerging and non-traditional opportunities within the fuel cycle, which align well with our commitment to responsibly and sustainably manage our business and increase our contributions to global climate change solutions, such as our investment in Global Laser Enrichment LLC and the non-binding arrangements we have signed to explore several areas of cooperation to advance the commercialization and deployment of small modular reactors in Canada and around the world.

We believe we have the right strategy to achieve our vision and we will do so in a manner that reflects our values. For over 30 years, we have been delivering our products responsibly. Building on that strong foundation, we remain committed to our efforts to transform our own, already low, greenhouse gas footprint in our ambition to reach net-zero emissions, and identifying and addressing the environmental, social and governance (ESG) risks and opportunities that we believe may have a significant impact on our ability to add long-term value for our stakeholders.

You can read more about our strategy in our 2021 annual MD&A and our approach to ESG in our 2020 ESG report.

## Strategy in action

In the current environment, we consider the risk to uranium supply greater than the risk to uranium demand and believe it is creating a renewed focus on ensuring availability of long-term supply to fuel nuclear reactors. In addition, the risk has been heightened by recent geopolitical events, which have highlighted concerns about the concentration of supply in our industry.

Managing geopolitical uncertainty is not new for us. We have a long history of working with global business partners and international governments in the nuclear industry. We have learned the importance of taking time to evaluate evolving situations to understand the long-term implications of our decisions. Our values have guided us through past geopolitical uncertainties and will continue to do so during these uncertain times. If we find a misalignment, we will take appropriate measures to manage the risk.

Similarly, with the heightened supply risk caused by geopolitical uncertainty, utilities are evaluating their nuclear fuel supply chains. Our utility customers' nuclear power plants continue to be part of the critical infrastructure needed to guarantee the availability of 24-hour electricity to run hospitals, care facilities and other essential services. Our customers are going to need nuclear fuel supplies. As a reliable, independent, commercial supplier, we are focused on working with our customers to secure long-term commitments that will underpin the long-term operation of our productive capacity and that will help derisk their nuclear fuel supply chains, allowing them to continue to provide carbon-free baseload electricity.

While we have not concluded any new contracts in 2022 beyond the 40 million pounds disclosed in our fourth quarter MD&A, we continue to have a significant pipeline of contract discussions underway. We will continue to exercise strategic patience in our contracting activity. As we continue to build our contract portfolio, the primary driver for our contracting activity is value. In the uranium market, the spot market is not the fundamental market. Historically, most uranium has been bought under long-term contracts. We recognize that in our business real value is created by building a long-term contract portfolio that supports the operation of our productive assets, is leveraged to greater returns as prices increase, and provides downside protection. Therefore, to create long-term value, we manage our contract portfolio with a long-term view, layering in volumes over time and in accordance with market conditions. Currently, our preference is for market-related pricing mechanisms however there are other factors we consider including, the duration of the contract, volumes, product form, region and customer to ensure we have a diversified portfolio. In this environment, contracts may contain hybrid pricing mechanisms, a mix of fixed-price (escalated to the time of delivery) and market-related, that reflect current market conditions. As the market continues to transition, we expect to continue to place our uranium and conversion services under long-term contracts and to meet rising demand with production from our best margin operations. We will continue to adjust our actions based on market signals and our contract portfolio with the intent of being able to self-manage risk, and to capture long-term value.

As we announced in February, in the first quarter we began preparing for the next phase of our supply discipline strategy. Our plan includes both McArthur River/Key Lake and Cigar Lake operating at less than licensed capacity starting in 2024. Starting in 2024, it is our plan to produce 15 million pounds per year (100% basis) at McArthur River/Key Lake, 40% below the annual licensed capacity of the operation. At that time, we plan to reduce production at Cigar Lake to 13.5 million pounds per year (100% basis), 25% below its annual licensed capacity, for a combined reduction of 33% of licensed capacity at the two operations. In addition, we plan to keep our tier-two assets on care and maintenance, and production at Inkai will continue to follow the 20% reduction until the end of 2023 unless Kazatomprom further extends its supply reductions. This will remain our production plan until we see further improvements in the uranium market and contracting progress, once again demonstrating that we are a responsible supplier of uranium fuel.

During the first quarter, at the McArthur River mine and Key Lake mill we focused on recruitment and training activities. There are now approximately 600 employees and long-term contractors employed at the mine and mill. When we resume operations later this year, we expect to have approximately 850 employees and long-term contractors. In addition, we advanced the work necessary to complete critical projects and the maintenance readiness checks at both the mine and mill. We expensed the operational readiness costs directly to cost of sales, which totaled approximately \$40 million during the quarter. We continue to expect we could produce up to 5 million pounds (100% basis) this year depending on our success in completing operational readiness activities and managing the potential risks of the COVID-19 pandemic and related supply chain challenges.

In connection with the changes to our production profile in northern Saskatchewan, we have amended the terms of the product loan to Orano. The new agreement allows for flexibility in repayment and extends the repayment date to December 31, 2028 from December 31, 2023. Additionally, the agreement allows Orano to borrow 1.15 million kgU of conversion supply with repayment expected by December 31, 2035 if drawn, and an additional 1.2 million pounds U<sub>3</sub>O<sub>8</sub> with repayment expected by December 31, 2027 if drawn. As of March 31, 4.6 million pounds U<sub>3</sub>O<sub>8</sub> and 0.3 million kgU were drawn on the loans.

We continue to meet our sales commitments from a combination of production, inventory and purchases. In the first quarter, we produced 1.9 million pounds of uranium at Cigar Lake and purchased 2.3 million pounds. The average unit cost of our purchases was \$53.48 per pound (\$42.06 per pound (US)). We have started to bring forward some of the approximately 13 million pounds we secured under long-term fixed-price purchase arrangements. The arrangements are risk mitigation and made in a lower price environment for delivery in the 2025 through 2028 timeframe. With McArthur River/Key Lake returning to operation, and the planned reduction in Cigar Lake production extending its mine life, our need for these pounds to mitigate risk has been reduced. We will continue to balance this activity with our spot market purchases. And, we have not taken delivery or paid for the majority of these pounds. See *Financial results by segment – Uranium* starting on page 21 for more information.

Thanks to the disciplined execution of our strategy on all three fronts – operational, marketing and financial – we expect to have the financial capacity to execute our strategy. As of March 31, 2022, we had \$1.5 billion in cash and cash equivalents and short-term investments and \$1.0 billion in long-term debt. In addition, we have a \$1.0 billion undrawn credit facility.

We expect our cash balances and operating cash flows to meet our capital requirements during 2022. Our balance sheet remains strong, and we believe we are well positioned to self-manage risk. With the Supreme Court of Canada's dismissal of Canada Revenue Agency's (CRA) application for leave, the dispute for the 2003 through 2006 tax years is fully and finally resolved in our favour. Furthermore, we are confident the courts would reject any attempt by CRA to utilize the same or similar positions and arguments for the other tax years currently in dispute (2007 through 2014) and believe CRA should return the \$778 million in cash and letters of credit we have been required to pay or otherwise secure for those years. However, timing of any further payments is uncertain.

## First quarter market update

During the first quarter, the uranium spot price appreciated quickly and closed at about \$58 (US) per pound U<sub>3</sub>O<sub>8</sub>. Unrest in Kazakhstan in early-January had an impact on the market. Security of supply concerns were amplified with the Russian invasion of Ukraine in late-February. This geopolitical uncertainty has led many governments and utilities to re-examine supply chains and procurement strategies that are reliant on nuclear fuel supplies coming out of Russia. Currently, the global nuclear industry relies on Russia for approximately 14% of its supply of uranium concentrates, 27% of conversion supply and 39% of enrichment capacity.

The geopolitical situation driven by Russia's invasion of Ukraine is creating transportation risk in the region. Sanctions on Russia and the restrictions on and cancellations of some cargo insurance coverage create uncertainty about the ability to ship material from Central Asia.

As a result of the potential impact of geopolitical uncertainty on nuclear fuel supply, we have seen pressure on prices in all segments of the fuel cycle. The uranium spot price is up over 38% and the long-term price is up 15% since the beginning of the year. The conversion spot price is up 65% and the long-term price is up 25%, while enrichment spot prices are up 43% this year.

Despite the recent increase in uranium prices, years of underinvestment in new production capacity has shifted risk from producers to utilities. In addition to the decisions many producers, including the lowest-cost producers, have made to preserve long-term value by leaving uranium in the ground, there have been a number of unplanned supply disruptions related to the impact of the COVID-19 pandemic and associated supply chain challenges on uranium mining and processing activities. In addition, not only are there the transportation risks as a result of geopolitical uncertainty, the risk of transport disruptions for Class 7 nuclear material continues due to global supply chain challenges. Uranium is a highly trade-dependent commodity. Adding to security of supply concerns is the role of commercial and state-owned entities in the uranium market, and trade policies that highlight the disconnect between where uranium is produced and where it is consumed. Nearly 80% of primary production is in the hands of state-owned enterprises, over 70% comes from countries that consume little-to-no uranium and nearly 90% of consumption occurs in countries that have little-to-no primary production. As a result, government-driven trade policies and, more recently, actions taken in response to Russia's invasion of Ukraine, can be particularly disruptive for the uranium market. Some of the more significant developments affecting supply in the quarter and to date are:

- On March 31, US Senators Kevin Cramer and John Barrasso introduced the National Opportunity to Restore Uranium Supply Services In America Act of 2022, which would authorize the US Department of Energy (DOE) to establish a national strategic uranium reserve to increase domestic fuel cycle production. Senator Barrasso also put forward the Fueling Our Nuclear Future Act of 2022, which is legislation designed to ensure a domestic supply of high-assay, low-enriched uranium (HALEU) for advanced reactors. In addition, on April 7, the US Senate unanimously passed legislation for the Suspending Normal Trade Relations with Russia and Belarus Act which restricts them through a ban on Russian oil imports. Additionally, on April 8, US Senators Joe Manchin and Jim Risch introduced the International Nuclear Energy Act to develop a civil nuclear export strategy to reduce and eventually eliminate reliance on Chinese and Russian nuclear fuels. The bill seeks to appropriate \$3.5 billion (US) to increase low-enriched uranium and HALEU production and amend the USEC Privatization Act to eliminate imports of Russian-origin nuclear fuel. Most recently, on April 19, the DOE announced it was launching the Civil Nuclear Credit Program, a \$6 billion (US) effort to rescue nuclear power plants at risk of closing, citing the need to continue supporting nuclear energy as a carbon-free power source which helps combat climate change.
- Following the Russian invasion, numerous European countries announced their intention to move away from Russian-supplied nuclear fuel, including Ukraine's state-owned utility, Energoatom. This had been preceded by actions started in 2021, when the company signed a related agreement with Westinghouse Electric Co.
- A resolution was passed by the European Union (EU) parliament on April 7 to support "an immediate full embargo on Russian imports of oil, coal, nuclear fuel, and gas." The vote follows several official sanctions enacted in response to the invasion and that they be "fully and effectively implemented throughout the EU and by the EU's international allies as a matter of priority".
- Kazatomprom (KAP) said the January protests in Kazakhstan did not have a major impact on the overall business and that it had not experienced production disruptions. KAP reported producing 56.7 million pounds  $U_3O_8$  in 2021 and reaffirmed its intention to flex down 20% from planned production through 2023. For 2022, KAP is projecting between 54.6 million pounds and 57.2 million pounds  $U_3O_8$  (100% basis), while noting that pandemic related supply chain challenges remain a risk.
- On February 17, the Canadian Nuclear Safety Commission (CNSC) announced that Cameco's Blind River Refinery has been granted a 10-year renewal of its Fuel Facility Operating Licence, valid until 2032. In addition, Cameco Fuel Manufacturing Inc. in Port Hope was granted a 1-year renewal, while a 20-year license renewal remains in process.
- As announced in February, starting in 2024, Cameco plans to be operating at about 40% below productive capacity (100% basis). Once the planned production of 15 million pounds per year (100% basis) at McArthur River/Key Lake is reached, starting in 2024, Cameco will reduce production at Cigar Lake to 13.5 million pounds per year (100% basis).

According to the International Atomic Energy Agency (IAEA), there are currently 441 reactors operating globally and 52 reactors under construction. With a number of reactor construction projects recently approved, and many more planned, the demand for uranium continues to improve. There is growing recognition of the role nuclear must play in providing safe, affordable, carbon-free baseload electricity that achieves a low-carbon economy while being a reliable energy source to help countries diversify away from Russian energy. Further evidence of the important role for nuclear in the clean energy transition is the ongoing energy crisis due to natural gas shortages and soaring prices and a lack of diversified supply/reliance on sovereign supply. Highlighting that energy policy needs to balance three main objectives: providing a clean emissions profile; providing a reliable and secure baseload profile; and providing an affordable levelized cost profile. Momentum is also building for non-traditional commercial uses of nuclear power such as the development of small modular reactors (SMRs) and advanced reactors, with numerous companies and countries pursuing projects. Longer term, these projects have the potential to open up new fuel cycle opportunities and demand for uranium. In the medium-term, reactor life extensions are adding demand and in the near-term unplanned demand has come from junior uranium companies and financial funds purchasing in the spot market. Policy decisions to support the continued operation of existing reactors also have the potential to increase near-term demand. Some of the more significant developments affecting demand in the quarter and to date are:

- Sprott Physical Uranium Trust (SPUT) continued to be active in the spot market. As of May 3, the non-redeemable fund has raised over \$1.7 billion (US) and purchased approximately 37 million pounds  $U_3O_8$  since inception. On April 27, the fund announced that the US Securities and Exchange Commission has declined to consider its application for a US listing. The fund does not intend to further pursue a US listing at this time.
- The UN Intergovernmental Panel on Climate Change released a new report, Climate Change 2022: Mitigation of Climate Change which concluded without "immediate and deep emissions reductions across all sectors, limiting global warming to 1.5°C is beyond reach" and identified nuclear as a low-carbon energy source to switch to from fossil fuels.



- In Japan, Prime Minister Fumio Kishida confirmed that the government plans to maximize the use of nuclear power to secure a stable power supply. In addition, a recent poll concluded that a majority of Japanese citizens at 53% support idled nuclear reactors restarting for the first time since the Fukushima accident.
- China's State Council included the construction of six reactors in its national plan at a meeting on April 20. The plan includes two units at each of the Sanmen, Haiyang and Lufeng nuclear plants. In addition, China National Nuclear Corporation's (CNNC) Fuqing unit 6 became the country's second HPR-1000 (Hualong One) PWR to begin commercial operation while the fourth HPR-1000, also built by CNNC, became operational at Karachi unit 3 in Pakistan.
- South Korea elected Yoon Seok-youl of the Peoples Power Party as the country's new president elect in March. He is notably pro nuclear and has stated wanting it to account for 30% of total energy generation, reversing President Moon Jae-in's phase out plan. He also vowed to make South Korea a major exporter of nuclear technology and integrate it with renewable energy to push for carbon neutrality. In addition, in January, the prior government announced plans to revise its green taxonomy and consider SMRs as eligible for state funding, reversing its stance to drop nuclear projects.
- In the United Kingdom, the British Energy Security Strategy was released in early April with plans to build eight new nuclear power plants as it seeks to reduce dependence on oil and natural gas from Russia. The plan is to increase the share of nuclear generation from 15% today to 25% by 2050 through a combination of life extensions and new capacity.
- In Poland, the government has submitted the environmental impact assessment (EIA) report for its first plant and is progressing its policy to build up to six reactors at multiple sites by 2040.
- In Belgium, the government announced plans for 10-year lifespan extensions for the country's two newest reactors at Doel 4 and Tihange 3, subject to feasibility study.
- In Finland, Teollisuuden Voima Oyj announced that its EPR-1600 at Olkiluoto had successfully been connected to the grid, after facing numerous delays.
- In France, President Emmanuel Macron was re-elected, becoming the first French president to get re-elected in two decades. This came after his recently announced plans to build up to 14 new reactors to meet France's 2050 carbon neutral goal.
- The government of India has granted in-principal approval for five new sites for the construction of 10 indigenous 700 MWe PHWRs, while reaffirming plans to reach nuclear power capacity of 22,480 MWe by 2031, roughly tripling from 2022 capacity.

#### Caution about forward-looking information relating to the nuclear industry

This discussion of our expectations for the nuclear industry, including its growth profile, uranium supply and demand, and reactor growth is forward-looking information that is based upon the assumptions and subject to the material risks discussed under the heading *Caution about forward-looking information* beginning on page 2.

### Industry prices at quarter end

	MAR 31 2022	DEC 31 2021	SEP 30 2021	JUN 30 2021	MAR 31 2021	DEC 31 2020
<b>Uranium</b> (\$US/lb U <sub>3</sub> O <sub>8</sub> ) <sup>1</sup>						
Average spot market price	<b>58.20</b>	42.05	42.60	32.25	30.95	30.20
Average long-term price	<b>49.00</b>	42.75	42.50	33.50	33.75	35.00
<b>Fuel services</b> (\$US/kgU as UF <sub>6</sub> ) <sup>1</sup>						
<i>Average spot market price</i>						
North America	<b>26.63</b>	16.10	17.50	20.25	21.50	21.75
Europe	<b>26.63</b>	16.10	17.50	19.75	20.50	20.50
<i>Average long-term price</i>						
North America	<b>22.50</b>	18.00	18.50	18.00	18.50	19.00
Europe	<b>22.50</b>	18.00	18.50	18.00	18.50	19.00

Note: the industry does not publish UO<sub>2</sub> prices.

<sup>1</sup> Average of prices reported by TradeTech and UxC LLC (UxC)

On the spot market, where purchases call for delivery within one year, the volume reported by UxC for the first quarter of 2022 was 24 million pounds U<sub>3</sub>O<sub>8</sub> equivalent, compared to 23 million pounds U<sub>3</sub>O<sub>8</sub> equivalent contracted in the first quarter of 2021. As of March 31, 2022, the average reported spot price was \$58.20 (US) per pound, an increase of \$16.15 (US) per pound from the previous quarter, due in large part to purchases by financial funds, unrest in Kazakhstan and most notably the Russian invasion of Ukraine.

Long-term contracts usually call for deliveries to begin more than two years after the contract is finalized, and use a number of pricing formulas, including fixed prices escalated over the term of the contract, and market referenced prices quoted near the time of delivery. Long-term contracting reported by UxC for the first three months of 2022 was about 61 million pounds U<sub>3</sub>O<sub>8</sub> equivalent transacted, up from about 11 million pounds U<sub>3</sub>O<sub>8</sub> equivalent reported over the same period in 2021. The average reported long-term price at the end of the quarter was \$49.00 (US) per pound U<sub>3</sub>O<sub>8</sub> equivalent, an increase of \$6.25 (US) per pound from the previous quarter.

The Russian invasion of Ukraine and resulting trade restrictions had a drastic impact on UF<sub>6</sub> conversion prices. Spot UF<sub>6</sub> conversion prices increased by over \$10.00 (US) in the North American and European markets due to limited short-term capacity, further tightened by the threat of Russian restrictions, while long-term prices increased as well. For North American delivery, the average reported spot price at the end of the quarter was \$26.63 (US) per kilogram uranium as UF<sub>6</sub> (US/kgU as UF<sub>6</sub>), up \$10.53 (US) from the previous quarter. Long-term UF<sub>6</sub> conversion prices finished the quarter at \$22.50 (US/kgU as UF<sub>6</sub>), up \$4.50 (US) from the previous quarter.

## Financial results

This section of our MD&A discusses our performance, financial condition and outlook for the future.

In 2021, we determined that it was appropriate to report NUKEM's results with our uranium and fuel services segments. The purchase and sale of enriched uranium product and separative work units will continue to be reported in "other". Comparative information has been adjusted. See note 18 for more information.

### Consolidated financial results

HIGHLIGHTS (\$ MILLIONS EXCEPT WHERE INDICATED)	THREE MONTHS ENDED MARCH 31		CHANGE
	2022	2021	
Revenue	398	290	37%
Gross profit (loss)	50	(40)	>100%
Net earnings (losses) attributable to equity holders	40	(5)	>100%
\$ per common share (basic)	0.10	(0.01)	>100%
\$ per common share (diluted)	0.10	(0.01)	>100%
Adjusted net earnings (losses) (non-IFRS, see page 12)	17	(29)	>100%
\$ per common share (adjusted and diluted)	0.04	(0.07)	>100%
Cash provided by operations (after working capital changes)	172	45	>100%

## NET EARNINGS

The following table shows what contributed to the change in net earnings and adjusted net earnings (non-IFRS measure, see page 12) in the first quarter of 2022, compared to the first quarter of 2021.

(\$ MILLIONS)		THREE MONTHS ENDED MARCH 31	
		IFRS	ADJUSTED
<b>Net losses – 2021</b>		<b>(5)</b>	<b>(29)</b>
Change in gross profit by segment			
(We calculate gross profit by deducting from revenue the cost of products and services sold, and depreciation and amortization (D&A))			
<b>Uranium</b>	Higher sales volume	(11)	(11)
	Higher realized prices (\$US)	82	82
	Lower costs	17	17
	<b>Change – uranium</b>	<b>88</b>	<b>88</b>
<b>Fuel services</b>	Lower sales volume	(4)	(4)
	Higher realized prices (\$Cdn)	5	5
	Higher costs	(2)	(2)
	<b>Change – fuel services</b>	<b>(1)</b>	<b>(1)</b>
<b>Other changes</b>			
	Higher administration expenditures	(47)	(47)
	Higher exploration expenditures	(2)	(2)
	Change in reclamation provisions	(2)	1
	Higher earnings from equity-accounted investee	22	22
	Change in gains or losses on derivatives	1	(1)
	Change in foreign exchange gains or losses	(4)	(4)
	Canadian Emergency Wage Subsidy in 2021	(12)	(12)
	Change in income tax recovery or expense	(1)	(1)
	Other	3	3
<b>Net earnings – 2022</b>		<b>40</b>	<b>17</b>

See *Financial results by segment* on page 21 for more detailed discussion.

## ADJUSTED NET EARNINGS (NON-IFRS MEASURE)

Adjusted net earnings (ANE) is a measure that does not have a standardized meaning or a consistent basis of calculation under IFRS (non-IFRS measure). We use this measure as a meaningful way to compare our financial performance from period to period. Adjusted net earnings is our net earnings attributable to equity holders, adjusted to reflect the underlying financial performance for the reporting period. We believe that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate our performance. Adjusted net earnings is one of the targets that we measure to form the basis for a portion of annual employee and executive compensation (see *Measuring our results* starting on page 30 of our 2021 annual report).

In calculating ANE we adjust for derivatives. We do not use hedge accounting under IFRS and, therefore, we are required to report gains and losses on all hedging activity, both for contracts that close in the period and those that remain outstanding at the end of the period. For the contracts that remain outstanding, we must treat them as though they were settled at the end of the reporting period (mark-to-market). However, we do not believe the gains and losses that we are required to report under IFRS appropriately reflect the intent of our hedging activities, so we make adjustments in calculating our ANE to better reflect the impact of our hedging program in the applicable reporting period. See *Foreign exchange* starting on page 16 for more information.

We also adjust for changes to our reclamation provisions that flow directly through earnings. Every quarter we are required to update the reclamation provisions for all operations based on new cash flow estimates, discount and inflation rates. This normally results in an adjustment to an asset retirement obligation asset in addition to the provision balance. When the assets of an operation have been written off due to an impairment, as is the case with our Rabbit Lake and US ISR operations, the adjustment is recorded directly to the statement of earnings as "other operating expense (income)". See note 8 of our interim financial statements for more information. This amount has been excluded from our ANE measure.

Adjusted net earnings is non-IFRS financial measure and should not be considered in isolation or as a substitute for financial information prepared according to accounting standards. Other companies may calculate this measure differently, so you may not be able to make a direct comparison to similar measures presented by other companies.

The following table reconciles adjusted net earnings with net earnings for the first quarter of 2022 and compares it to the same period in 2021.

(\$ MILLIONS)	THREE MONTHS ENDED MARCH 31	
	2022	2021
<b>Net earnings (losses) attributable to equity holders</b>	<b>40</b>	(5)
<b>Adjustments</b>		
Adjustments on derivatives	(11)	(9)
Adjustments to other operating income	(19)	(22)
Income taxes on adjustments	7	7
<b>Adjusted net earnings (losses)</b>	<b>17</b>	(29)

## Quarterly trends

HIGHLIGHTS (\$ MILLIONS EXCEPT PER SHARE AMOUNTS)	2022				2021			2020
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	398	465	361	359	290	550	379	525
Net earnings (losses) attributable to equity holders	40	11	(72)	(37)	(5)	80	(61)	(53)
\$ per common share (basic)	0.10	0.03	(0.18)	(0.09)	(0.01)	0.20	(0.15)	(0.13)
\$ per common share (diluted)	0.10	0.03	(0.18)	(0.09)	(0.01)	0.20	(0.15)	(0.13)
Adjusted net earnings (losses) (non-IFRS, see page 12)	17	23	(54)	(38)	(29)	48	(78)	(65)
\$ per common share (adjusted and diluted)	0.04	0.06	(0.14)	(0.10)	(0.07)	0.12	(0.20)	(0.16)
Cash provided by (used in) operations (after working capital changes)	172	59	203	152	45	257	(66)	(316)

### Key things to note:

- the timing of customer requirements, which tend to vary from quarter to quarter, drives revenue in the uranium and fuel services segments, meaning quarterly results are not necessarily a good indication of annual results due to seasonal variability
- net earnings do not trend directly with revenue due to unusual items and transactions that occur from time to time. We use adjusted net earnings, a non-IFRS measure, as a more meaningful way to compare our results from period to period (see page 12 for more information).
- cash from operations tends to fluctuate as a result of the timing of deliveries and product purchases in our uranium and fuel services segments

The following table compares the net earnings and adjusted net earnings for the first quarter to the previous seven quarters.

HIGHLIGHTS (\$ MILLIONS EXCEPT PER SHARE AMOUNTS)	2022				2021			2020
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
<b>Net earnings (losses) attributable to equity holders</b>	<b>40</b>	11	(72)	(37)	<b>(5)</b>	80	(61)	(53)
<b>Adjustments</b>								
Adjustments on derivatives	(11)	5	26	(9)	(9)	(43)	(31)	(41)
Adjustments to other operating expense (income)	(19)	10	(2)	6	(22)	-	7	23
Income taxes on adjustments	7	(3)	(6)	2	7	11	7	6
<b>Adjusted net earnings (losses) (non-IFRS, see page 12)</b>	<b>17</b>	23	(54)	(38)	<b>(29)</b>	48	(78)	(65)

## Corporate expenses

### ADMINISTRATION

(\$ MILLIONS)	THREE MONTHS ENDED MARCH 31		
	2022	2021	CHANGE
Direct administration	33	27	22%
Stock-based compensation	21	11	91%
Reversal (recovery) of fees related to CRA dispute	4	(27)	(115)%
<b>Total administration</b>	<b>58</b>	11	427%

Direct administration costs were \$6 million higher at \$33 million for the first quarter of 2022 compared to the same period last year. Stock-based compensation expenses were \$10 million higher from the first quarter of 2021 due to the increase in our share price compared to last year. See note 16 to the financial statements. In 2021, we recorded \$27 million as a reduction to administration costs to reflect the amounts owing to us for legal fees and disbursements for costs as was awarded to us by the Tax Court of Canada (Tax Court) and nominal cost awards related to the Federal Court of Appeal (Court of Appeal) hearing and Supreme Court of Canada (Supreme Court) application. After preliminary review by an officer of the Tax Court, we were advised the award will be approximately \$13 million, \$4 million less than previously expected. This adjustment was recognized during the quarter.

## EXPLORATION AND RESEARCH & DEVELOPMENT

In the first quarter, uranium exploration expenses were \$3 million, an increase of \$2 million from the first quarter of 2021. We also had research and development expenditures of \$3 million which were mainly related to our investment in Global Laser Enrichment, LLC, compared to \$0.5 million in 2021.

## INCOME TAXES

We recorded an income tax recovery of \$1 million in the first quarter of 2022, compared to a recovery of \$2 million in the first quarter of 2021.

In 2022, we recorded earnings of \$32 million in Canada compared to earnings of \$21 million in 2021, while we recorded earnings of \$7 million in foreign jurisdictions compared to losses of \$28 million last year.

(\$ MILLIONS)	THREE MONTHS ENDED MARCH 31	
	2022	2021
Net earnings (loss) before income taxes		
Canada	32	21
Foreign	7	(28)
<b>Total net earnings (loss) before income taxes</b>	<b>39</b>	<b>(7)</b>
Income tax expense (recovery)		
Canada	(3)	(1)
Foreign	2	(1)
<b>Total income tax recovery</b>	<b>(1)</b>	<b>(2)</b>

## TRANSFER PRICING DISPUTE

### Background

Since 2008, CRA has disputed our marketing and trading structure and the related transfer pricing methodology we used for certain intercompany uranium sale and purchase agreements.

For the years 2003 to 2014, CRA shifted Cameco Europe Limited's income (as recalculated by CRA) back to Canada and applied statutory tax rates, interest and instalment penalties, and, from 2007 to 2011, transfer pricing penalties. In addition, for 2014 and 2015, CRA has advanced an alternate reassessing position, see *Reassessments, remittance and next steps* below for more information.

In September 2018, the Tax Court ruled that our marketing and trading structure involving foreign subsidiaries, as well as the related transfer pricing methodology used for certain intercompany uranium sales and purchasing agreements, were in full compliance with Canadian law for the tax years in question (2003, 2005 and 2006). On June 26, 2020 the Court of Appeal upheld the Tax Court's decision.

On February 18, 2021, the Supreme Court dismissed CRA's application for leave to appeal the June 26, 2020 decision of the Court of Appeal. The dismissal means that the dispute for the 2003, 2005 and 2006 tax years is fully and finally resolved in our favour. Although not technically binding, there is nothing in the reasoning of the lower court decisions that should result in a different outcome for the 2007 through 2014 tax years, which were reassessed on the same basis.

### Refund and cost award

The total tax reassessed for the three tax years was \$11 million, and we remitted 50%. The Minister of National Revenue has issued new reassessments for the 2003 through 2006 tax years in accordance with the decision and in July we received payments totaling \$9 million, representing the refund of the \$5.5 million we remitted plus interest.

On April 20, 2021, we received \$10 million from CRA, which includes payment of the legal fees awarded by the Tax Court as well as the cost awards related to the Court of Appeal and Supreme Court decisions.

In addition to the cost award for legal fees, in 2019, the Tax Court awarded us an amount for disbursements of up to \$17 million. After preliminary review by an officer of the Tax Court, we were advised the award will be approximately \$13 million. The award of these costs is discretionary, and we have not yet received a written explanation for the reduction.

Receipt of this award is expected before the end of 2022.

### Reassessments, remittances and next steps

The Canadian income tax rules include provisions that generally require larger companies like us to remit or otherwise secure 50% of the cash tax plus related interest and penalties at the time of reassessment. While we have received a refund for the amounts remitted for the 2003 through 2006 reassessments as noted above, CRA continues to hold \$778 million (\$295 million in cash and \$483 million in letters of credit) we paid or secured for the years 2007 through 2013. For the 2014 and 2015 reassessments, CRA did not require additional security to secure the tax debts they considered owing.

Following the Supreme Court's dismissal of CRA's application for leave to appeal, we wrote to CRA requesting reversal of CRA's transfer pricing adjustments for 2007 through 2013 and the return of our \$778 million in cash and letters of credit. Given the strength of the court decisions received, our request was made on the basis that the Tax Court would reject any attempt by CRA to defend its reassessments for the 2007 through 2013 tax years applying the same or similar positions already denied for previous years. Due to a lack of significant progress in response to our request, in October 2021, we filed a notice of appeal with the Tax Court for the years 2007 through 2013. We are asking the Tax Court to order the reversal of the CRA's transfer pricing adjustment for those years and the return of our cash and letters of credit, with costs.

In 2020, CRA advanced an alternate reassessing position for the 2014 tax year in the event the basis for its original reassessment, noted above, is unsuccessful. In late 2021, we received a reassessment for the 2015 tax year using this alternative reassessing position. The new basis of reassessment is inconsistent with the methodology CRA has pursued for prior years and we are disputing it separately. Our view is that this alternate methodology will not result in a materially different outcome from our 2014 or 2015 filing positions.

We will not be in a position to determine the definitive outcome of this dispute for any tax year other than 2003 through 2006 until such time as all reassessments have been issued advancing CRA's arguments and final resolution is reached for that tax year. CRA may also advance alternative reassessment methodologies for years other than 2003 through 2006, such as the alternative reassessing position advanced for 2014 and 2015.

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### Caution about forward-looking information relating to our CRA tax dispute

This discussion of our expectations relating to our tax dispute with CRA and future tax reassessments by CRA is forward-looking information that is based upon the assumptions and subject to the material risks discussed under the heading Caution about forward-looking information beginning on page 2 and also on the more specific assumptions and risks listed below. Actual outcomes may vary significantly.

#### *Assumptions*

- our entitlement and ability to receive the expected refunds and payments from CRA
- the courts will reach consistent decisions for subsequent tax years that are based on similar positions and arguments
- CRA will not successfully advance different positions and arguments that may lead to a different outcome for other tax years

#### *Material risks that could cause actual results to differ materially*

- we will not receive the expected refunds and payments from CRA
- the possibility the courts may accept the same, similar or different positions and arguments advanced by CRA to reach decisions that are adverse to us for other tax years
- the possibility that we will not be successful in eliminating all double taxation
- the possibility that CRA does not agree that the court decisions for the years that have been resolved in Cameco's favour should apply to subsequent tax years
- the possibility CRA will not return all or substantially all of the cash and security that has been paid or otherwise secured by Cameco in a timely manner, or at all
- the possibility of a materially different outcome in disputes for other tax years
- an unfavourable determination of the officer of the Tax Court of the amount of our disbursements award

## FOREIGN EXCHANGE

The exchange rate between the Canadian dollar and US dollar affects the financial results of our uranium and fuel services segments.

We sell the majority of our uranium and fuel services products under long-term sales contracts, which are routinely denominated in US dollars. Our product purchases are denominated in US dollars, while our production costs are largely denominated in Canadian dollars. To provide cash flow predictability, we hedge a portion of our net US/Cdn exposure (e.g. total US dollar sales less US dollar expenditures and product purchases) to manage shorter term exchange rate volatility. Our results are therefore affected by the movements in the exchange rate on our hedge portfolio, and on the unhedged portion of our net exposure.

### Impact of hedging on IFRS earnings

We do not use hedge accounting under IFRS and, therefore, we are required to report gains and losses on economic hedging activity, both for contracts that close in the period and those that remain outstanding at the end of the period. For the contracts that remain outstanding, we must treat them as though they were settled at the end of the reporting period (mark-to-market).

However, we do not believe the gains and losses that we are required to report under IFRS appropriately reflect the intent of our hedging activities, so we make adjustments in calculating our ANE to better reflect the benefits of our hedging program in the applicable reporting period.

### Impact of hedging on ANE

We designate contracts for use in particular periods, based on our expected net exposure in that period. Hedge contracts are layered in over time based on this expected net exposure. The result is that our current hedge portfolio is made up of a number of contracts which are currently designated to net exposures we expect in 2022 and future years, and we will recognize the gains and losses in ANE in those periods.

For the purposes of ANE, gains and losses on derivatives are reported based on the difference between the effective hedge rate of the contracts designated for use in the particular period and the exchange rate at the time of settlement. This results in an adjustment to current period IFRS earnings to effectively remove reported gains and losses on derivatives that arise from contracts put in place for use in future periods. The effective hedge rate will lag the market in periods of rapid currency movement. See *Non-IFRS measures* on page 12.

For more information, see our 2021 annual MD&A.

At March 31, 2022 :

- The value of the US dollar relative to the Canadian dollar was \$1.00 (US) for \$1.25 (Cdn), down from \$1.00 (US) for \$1.26 (Cdn) at December 31, 2021. The exchange rate averaged \$1.00 (US) for \$1.27 (Cdn) over the quarter.
- The mark-to-market position on all foreign exchange contracts was a \$38 million gain compared to a \$28 million gain at December 31, 2021.

For information on the impact of foreign exchange on our intercompany balances, see note 17 to the financial statements.

## Outlook for 2022

Our outlook for 2022 reflects the expenditures necessary to help us achieve our strategy including the ramp-up to planned production of 15 million pounds per year (100% basis) at McArthur River/Key Lake by 2024. As in prior years, we will incur care and maintenance costs for the ongoing outage at our tier-two assets, which are expected to be between \$50 million and \$60 million. We also expect to incur between \$15 million and \$17 million per month at McArthur River/Key Lake in operational readiness costs which will be expensed directly to cost of sales until we achieve a reasonable production rate.

The production outlook reflects the expected impact of the delays and deferrals to development work at Cigar Lake in 2021 and the ongoing pandemic and supply chain challenges we are currently experiencing at all our operations. We will work to mitigate and minimize any disruptions to our operations.



We expect our business to remain resilient. From a cash perspective, we expect to continue to maintain a significant cash balance. We expect to continue to generate cash from operations. The amount of cash generated will be dependent on the timing and volume of production at the McArthur River/Key Lake operations, and the extent to which COVID related disruptions including supply chain challenges impact our operations and the magnitude and mix of spot and long-term purchases. Therefore, our cash balance may fluctuate throughout the year. We now expect to purchase between 12 million and 14 million pounds in the uranium segment this year (previously 11 million to 13 million pounds) in order to maintain a working inventory with some additional sales/delivery commitments for both 2022 and 2023.

As a result of the movement in the uranium spot price in recent months, we have updated our outlook for the anticipated uranium average realized price to \$58.60 per pound (previously \$50.90 per pound), expected uranium revenue to be between \$1,380 million and \$1,470 million (previously \$1,150 million to \$1,240 million), and expected consolidated revenue to be between \$1,730 million and \$1,880 million (previously \$1,500 million to \$1,650 million). The average unit cost of sales is now expected to be between \$53.50 and \$54.50 per pound (previously \$50.00 to \$51.00 per pound) due to the higher spot price and the impact on our purchasing activity.

## 2022 FINANCIAL OUTLOOK

	CONSOLIDATED	URANIUM	FUEL SERVICES
<b>Production (owned and operated properties)</b>	-	up to 11.0 million lbs	12.5 to 13.5 million kgU
<b>Purchases</b>	-	<b>12 to 14 million lbs</b>	-
<b>Sales/delivery volume</b>	-	23 to 25 million lbs	10.5 to 11.5 million kgU
<b>Revenue</b>	<b>\$1,730-1,880 million</b>	<b>\$1,380-1,470 million</b>	\$340-370 million
<b>Average realized price</b>	-	<b>\$58.60/lb</b>	-
<b>Average unit cost of sales (including D&amp;A)</b>	-	<b>\$53.50-54.50/lb<sup>1</sup></b>	\$21.50-22.50/kgU <sup>2</sup>
<b>Direct administration costs</b>	\$125-135 million	-	-
<b>Exploration costs</b>	-	\$11 million	-
<b>Capital expenditures</b>	\$150-175 million	-	-

<sup>1</sup>Uranium average unit cost of sales is calculated as the cash and non-cash costs of the product sold, care and maintenance, operational readiness and selling costs, divided by the volume of uranium concentrates sold.

<sup>2</sup>Fuel services average unit cost of sales is calculated as the cash and non-cash costs of the product sold, transportation and weighing and sampling costs, divided by the volume of products sold.

We do not provide an outlook for the items in the table that are marked with a dash.

The following assumptions were used to prepare the outlook in the table above:

- Production – we achieve 11 million pounds of production (our share) in our uranium segment. If we do not achieve 11 million pounds, the outlook for the uranium segment may change.
- Purchases – are based on the volumes we have already taken delivery of this year, those we currently have commitments to acquire under contract in 2022, including our JV Inkai purchases and additional volumes we are required to purchase in order to meet the sales/delivery commitments we have under contract in 2022 and to maintain a working inventory. It does not include any purchases that we may make as a result of any impact on our production rate for the remainder of the year for any reason, including disruptions caused by the COVID-19 pandemic and related supply chain challenges.
- Our 2022 outlook for sales/delivery volume and revenue does not include sales between our uranium and fuel services segments.
- Sales/delivery volume is based on the volumes already delivered this year and the remaining commitments we have to deliver under contract in 2022.
- Uranium revenue and average realized price are based on a uranium spot price of \$58.20 (US) per pound (the UxC spot price as of March 28, 2022), a long-term price indicator of \$48.00 (US) per pound (the UxC long-term indicator on March 28, 2022) and an exchange rate of \$1.00 (US) for \$1.27 (Cdn).

- Uranium average unit cost of sales (including D&A) is based on the expected unit cost of sales for produced material, the planned purchases noted in the outlook at an anticipated average purchase price of about \$57.00 per pound and includes care and maintenance costs of between \$50 million and \$60 million, and operational readiness costs of between \$15 million and \$17 million per month until a reasonable level of production is achieved. We expect the overall unit cost of sales could vary if there are changes in purchase volumes or the mix between spot and long-term purchases, uranium spot prices, care and maintenance costs and/or operational readiness costs in 2022.
- Direct administration costs do not include stock-based compensation expenses. See page 13 for more information.

Our 2022 financial outlook is presented on the basis of equity accounting for our minority ownership interest in JV Inkai. Under equity accounting, our share of the profits earned by JV Inkai on the sale of its production will be included in “income from equity-accounted investees” on our consolidated statement of earnings. Our share of production will be purchased at a discount to the spot price and included at this value in inventory. In addition, JV Inkai capital is not included in our outlook for capital expenditures.

For more information on how changes in the exchange rate or uranium prices can impact our outlook see *Revenue, adjusted net earnings, and cash flow sensitivity analysis* below, and *Foreign exchange* on page 16.

### REVENUE, ADJUSTED NET EARNINGS, AND CASH FLOW SENSITIVITY ANALYSIS

FOR 2022 (\$ MILLIONS)	CHANGE	IMPACT ON:		
		REVENUE	ANE	CASH FLOW
Uranium spot and term price <sup>1</sup>	\$5(US)/lb increase	32	12	(3)
	\$5(US)/lb decrease	(36)	(15)	(2)
Value of Canadian dollar vs US dollar	One cent decrease in CAD	10	4	2
	One cent increase in CAD	(10)	(4)	(2)

<sup>1</sup> Assuming change in both UxC spot price (\$58.20 (US) per pound on March 28, 2022) and the UxC long-term price indicator (\$48.00 (US) per pound on March 28, 2022)

We have sensitivity to the uranium price through both our sales and purchase commitments. However, our sales commitments are less sensitive to an increase in the uranium price than a decrease while our purchase commitments are equally sensitive to an increase or decrease. The overall impact on cash flow is expected to be very small.

### PRICE SENSITIVITY ANALYSIS: URANIUM SEGMENT

As discussed under *Long-term contracting* on page 20 of our 2021 annual MD&A, our portfolio of long-term contracts includes a mix of base-escalated and market-related contracts. Each contract is bilaterally negotiated with the customer and is subject to terms of confidentiality. Therefore, to help understand how the pricing under our current portfolio of commitments is expected to react at various spot prices at March 31, 2022, we have constructed in the table that follows.

The table is based on the pricing terms under the long-term commitments in our contract portfolio that have been fully executed as at March 31, 2022. Based on the terms and volumes under those commitments, the table is designed to indicate how our average realized price will react under various spot price assumptions at a point in time. The annual average sales commitments under our contract portfolio at March 31, 2022 are 20 million pounds per year, with commitment levels in 2022, 2023 and 2024 higher than the average and in 2025 and 2026 lower than the average. As the market improves, we expect to continue to layer in volumes capturing greater upside using market-related pricing mechanisms. In this table, we do not consider the impact on our average realized price of volumes under negotiation and those not yet committed under contract. In other words, the prices shown in the table would only be realized if the contract portfolio remained exactly as it was on March 31, 2022, using the following assumptions:

- The uranium price remains fixed at a given spot level for each annual period shown
- Deliveries based on commitments under contracts include best estimates of the expected deliveries under contract terms
- To reflect escalation mechanisms contained in existing contracts, the long-term US inflation rate of 2% is used, for modeling purposes only

It is important to note, that the table is not a forecast of prices we expect to receive. The prices we actually realize will be different from the prices shown in the table. We intend to update this table each quarter in our MD&A to reflect deliveries made and changes to our contract portfolio. As a result, we expect the table to change from quarter to quarter.

(rounded to the nearest \$1.00)

SPOT PRICES (\$US/lb U <sub>3</sub> O <sub>8</sub> )	\$20	\$40	\$60	\$80	\$100	\$120	\$140
2022	35	41	47	51	54	56	58
2023	29	39	50	57	60	63	65
2024	31	39	49	54	57	58	58
2025	32	41	52	59	63	64	66
2026	34	41	54	60	65	69	72

## Liquidity and capital resources

Our financial objective is to ensure we have the cash and debt capacity to fund our operating activities, investments and other financial obligations in order to execute our strategy and to allow us to self-manage risk. We have a number of alternatives to fund future capital requirements, including using our operating cash flow, drawing on our existing credit facilities, entering new credit facilities, and raising additional capital through debt or equity financings. We are always considering our financing options so we can take advantage of favourable market conditions when they arise. In addition, due to the deliberate cost reduction measures we have implemented, we have continued to have positive cash from operations and as a result, we have significant cash balances.

As of March 31, 2022, we had cash and cash equivalents and short-term investments of \$1.5 billion, while our total debt amounted to \$1.0 billion.

We have large, creditworthy customers that continue to need uranium despite fluctuations in economic conditions, and we expect the uranium contract portfolio we have built to continue to provide a solid revenue stream. As of March 31, 2022, we had commitments to deliver an average of 20 million pounds per year from 2022 through 2026, with commitment levels in 2022, 2023 and 2024 higher than in 2025 and 2026.

We expect a return to production at McArthur River/Key Lake will be positive for cash flow. It will allow us to source more of our committed sales from lower-cost produced pounds and we will no longer be required to expense care and maintenance costs directly to cost of sales. Until we achieve a reasonable production rate, we expect to incur between \$15 million to \$17 million per month in operational readiness costs, which will be expensed directly to cost of sales. Therefore, cash flow from operations for 2022 will be dependent on the timing and volume of McArthur River/Key Lake production, the timing and volume of Cigar Lake production and the timing and magnitude of our purchasing activity, as a result cash balances may fluctuate throughout the year. However, we expect our cash balances and operating cash flows to meet our capital requirements during 2022.

With the Supreme Court's dismissal of CRA's application for leave, the dispute of the 2003 through 2006 tax years are fully and finally resolved in our favour. Furthermore, we are confident the courts would reject any attempt by CRA to utilize the same or similar positions and arguments for the other tax years currently in dispute (2007 through 2014) and believe CRA should return the \$778 million in cash and letters of credit we have been required to pay or otherwise secure. However, timing of any further payments is uncertain. See page 14 for more information.

### CASH FROM/USED IN OPERATIONS

Cash provided by operations was \$127 million higher this quarter than in the first quarter of 2021 due to a decrease in working capital requirements, which required \$107 million less in 2022 than in 2021. In addition, lower care and maintenance and operational readiness costs in 2022 positively impacted cash from operations. In 2021, we incurred \$33 million for care and maintenance costs in the first quarter due to the unplanned suspension of production at Cigar Lake due to the COVID-19 pandemic. With McArthur River/Key Lake moving to operational readiness, we expensed \$40 million in operational readiness costs to cost of sales during the quarter compared to \$27 million in 2021.

## **FINANCING ACTIVITIES**

We use debt to provide additional liquidity. We have sufficient borrowing capacity with unsecured lines of credit totalling about \$2.7 billion at March 31, 2022, unchanged from December 31, 2021. At March 31, 2022, we had approximately \$1.6 billion outstanding in financial assurances, unchanged from December 31, 2021.

At March 31, 2022, we had no short-term debt outstanding on our \$1.0 billion unsecured revolving credit facility, unchanged from December 31, 2021. This facility matures October 1, 2025.

### **Long-term contractual obligations**

Since December 31, 2021, there have been no material changes to our long-term contractual obligations. Please see our 2021 annual MD&A for more information.

### **Debt covenants**

We are bound by certain covenants in our unsecured revolving credit facility. The financially related covenants place restrictions on total debt, including guarantees. As at March 31, 2022, we met these financial covenants and do not expect our operating and investment activities for the remainder of 2022 to be constrained by them.

## **SHARES AND STOCK OPTIONS OUTSTANDING**

At May 3, 2022, we had:

- 398,403,050 common shares and one Class B share outstanding
- 3,111,741 stock options outstanding, with exercise prices ranging from \$11.32 to \$19.30

## **DIVIDEND**

As announced on February 9, 2022, our board of directors declared a 2022 annual dividend of \$0.12 per common share, payable on December 15, 2022 to shareholders of record on November 30, 2022. The decision to declare an annual dividend by our board is reviewed regularly and will be based on our cash flow, financial position, strategy and other relevant factors including appropriate alignment with the cyclical nature of our earnings.

## **OFF-BALANCE SHEET ARRANGEMENTS**

We had three kinds of off-balance sheet arrangements at March 31, 2022:

- purchase commitments
- financial assurances
- other arrangements

There have been no material changes to our purchase commitments since December 31, 2021. Please see our annual MD&A for more information.

### **Financial assurances**

At March 31, 2022, our financial assurances totaled \$1.6 billion, unchanged from December 31, 2021.

### **Other arrangement**

We have arranged for standby product loan facilities with various counterparties. The arrangements allow us to borrow up to 2.0 million kgU of UF<sub>6</sub> conversion services and 1.4 million pounds of U<sub>3</sub>O<sub>8</sub> over the period 2020 to 2023 with repayment in kind up to December 31, 2023. Under the loan facilities, standby fees of up to 1% are payable based on the market value of the facilities and interest is payable on the market value of any amounts drawn at rates ranging from 0.5% to 1.6%. At March 31, 2022, we have 1.3 million kgU of UF<sub>6</sub> conversion services and 630,000 pounds of U<sub>3</sub>O<sub>8</sub> drawn on the loans.

## BALANCE SHEET

(\$ MILLIONS)	MAR 31, 2022	DEC 31, 2021	CHANGE
Cash, cash equivalents and short-term investments	1,479	1,332	11%
Total debt	996	996	-
Inventory	403	410	(2)%

Total cash, cash equivalents and short-term investments at March 31, 2022 were \$1.5 billion, or 11% higher than at December 31, 2021 primarily due to the draw-down of inventory during the period. Net debt at March 31, 2022 was negative \$483 million.

Following quarter end, on April 28, we received dividend payments from JV Inkai totaling \$83 million (US). JV Inkai distributes excess cash, net of working capital requirements, to the partners as dividends.

Total product inventories are \$403 million compared to \$410 million at the end of 2021. Inventories decreased as sales were higher than production and purchases in the first three months of the year. The average cost for uranium has increased to \$40.42 per pound compared to \$38.30 per pound at December 31, 2021. As of March 31, 2022, we held an inventory of 6.9 million pounds of U<sub>3</sub>O<sub>8</sub> equivalent (excluding broken ore). Inventory varies from quarter to quarter depending on the timing of production, purchases and sales deliveries in the year.

## Financial results by segment

### Uranium

HIGHLIGHTS		THREE MONTHS ENDED MARCH 31		CHANGE
		2022	2021	
Production volume (million lbs)		1.9	-	n/a
Sales volume (million lbs)		5.9	5.0	18%
Average spot price	(\$US/lb)	50.01	29.52	69%
Average long-term price	(\$US/lb)	45.25	34.00	33%
Average realized price	(\$US/lb)	43.24	32.25	34%
	(\$Cdn/lb)	55.05	41.05	34%
Average unit cost of sales (including D&A)	(\$Cdn/lb)	50.91	53.83	(5)%
Revenue (\$ millions)		322	205	57%
Gross profit (loss) (\$ millions)		24	(64)	>100%
Gross profit (loss) (%)		7	(31)	>100%

### FIRST QUARTER

Production during the quarter was 1.9 million pounds. In the first quarter of 2021 there was no production as Cigar Lake was temporarily suspended as a precaution due to the COVID-19 pandemic. See *Uranium 2022 Q1 updates* starting on page 24 for more information.

Uranium revenues this quarter were up 57% compared to 2021 due to an increase in sales volume of 18% as well as an increase of 34% in both the US and Canadian dollar average realized price. The average realized price increased as a result of the impact of the increase in the average US dollar spot price on market related contracts.

Total cost of sales (including D&A) increased by 11% (\$298 million compared to \$269 million in 2021) due to an increase in sales volume of 18% partially offset by a unit cost of sales that was 5% lower than the same period last year. Unit cost of sales was lower than in the first quarter of 2021 as \$33 million in care and maintenance costs for Cigar Lake were incurred during 2021. Cigar Lake was in care and maintenance in 2021 as a result of our proactive decision to suspend production at the Cigar Lake mine in response to the threat posed by the COVID-19 pandemic. Partially offsetting the reduction in care and maintenance costs at Cigar Lake, are the operational readiness costs incurred at McArthur River/Key Lake. With McArthur River/Key Lake moving to operational readiness, we expensed \$40 million in operational readiness costs to cost of sales, compared to \$27 million for care and maintenance costs in the first quarter of 2021.

The net effect was an \$88 million increase in gross profit for the quarter.

Equity earnings from investee, JV Inkai, were \$43 million in the first quarter compared to \$21 million in same period last year.

The table below shows the costs of produced and purchased uranium incurred in the reporting periods (which are non-IFRS measures, see the paragraphs below the table). These costs do not include care and maintenance costs, selling costs such as royalties, transportation and commissions, nor do they reflect the impact of opening inventories on our reported cost of sales.

(\$CDN/LB)	THREE MONTHS ENDED MARCH 31		CHANGE
	2022	2021	
<b>Produced</b>			
Cash cost	21.33	-	n/a
Non-cash cost	19.35	-	n/a
Total production cost <sup>1</sup>	40.68	-	n/a
Quantity produced (million lbs) <sup>1</sup>	1.9	-	n/a
<b>Purchased</b>			
Cash cost <sup>1</sup>	53.48	37.62	42%
Quantity purchased (million lbs) <sup>1</sup>	2.3	1.0	130%
<b>Totals</b>			
Produced and purchased costs	47.69	37.62	27%
Quantities produced and purchased (million lbs)	4.2	1.0	320%

<sup>1</sup> Due to equity accounting, our share of production from JV Inkai is shown as a purchase at the time of delivery. These purchases will fluctuate during the quarters and timing of purchases will not match production. In the first quarter we purchased 626,000 pounds at a purchase price per pound of \$69.48 (\$54.63 (US)). We did not have any purchases in the first three months of 2021.

In 2022, with McArthur River/Key Lake transitioning to operational readiness and production rates at Cigar Lake impacted by the mine development delays caused by the COVID-19 pandemic in 2021 and the current supply chain challenges, our annual cash cost of production is expected to be higher than the \$16.21 per pound average experienced over the last two years and will vary depending on the timing and rate of production. Once we achieve the 2024 planned production, the average unit operating costs for our operating mines are expected to reflect the life of mine operating costs noted in our most recent annual information form: approximately \$16 per pound at McArthur River/Key Lake; approximately \$18 per pound at Cigar Lake.

The benefit of the estimated life-of-mine operating cost for Inkai's production of between \$8 and \$9 per pound as noted in our most recent annual information form, is expected to be reflected in the line item on our statement of earnings called, "share of earnings from equity-accounted investee". There is considerable uncertainty regarding the future political and economic landscape in Kazakhstan, which could impact operating costs.

Although purchased pounds are transacted in US dollars, we account for the purchases in Canadian dollars. The average cash cost of purchased material in US dollar terms was \$42.06 (US) per pound this quarter, compared to \$29.48 (US) per pound in the first quarter of 2021. In addition, in the first quarter of 2022, the exchange rate on purchases averaged \$1.00 (US) for \$1.27 (Cdn), compared to \$1.00 (US) for \$1.28 (Cdn) in the first quarter of 2021. As a result, the average cash cost of purchased material in Canadian dollar terms increased by 42% this quarter compared to the same period last year.

Cash cost per pound, non-cash cost per pound and total cost per pound for produced and purchased uranium presented in the above table are non-IFRS measures. These measures do not have a standardized meaning or a consistent basis of calculation under IFRS. We use these measures in our assessment of the performance of our uranium business. We believe that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate our performance and ability to generate cash flow.

These measures are non-standard supplemental information and should not be considered in isolation or as a substitute for measures of performance prepared according to accounting standards. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate these measures differently, so you may not be able to make a direct comparison to similar measures presented by other companies.

To facilitate a better understanding of these measures, the following table presents a reconciliation of these measures to our unit cost of sales for the first quarter of 2022 and 2021.

## Cash and total cost per pound reconciliation

(\$ MILLIONS)	THREE MONTHS ENDED MARCH 31	
	2022	2021
<b>Cost of product sold</b>	<b>266.9</b>	231.9
<b>Add / (subtract)</b>		
Royalties	(5.2)	(4.7)
Care and maintenance and operational readiness costs	(42.3)	(53.8)
Other selling costs	(2.3)	(1.3)
Change in inventories	(53.6)	(134.5)
<b>Cash operating costs (a)</b>	<b>163.5</b>	37.6
<b>Add / (subtract)</b>		
Depreciation and amortization	31.2	37.0
Care and maintenance and operational readiness costs	(11.8)	(18.7)
Change in inventories	17.4	(18.3)
<b>Total operating costs (b)</b>	<b>200.3</b>	37.6
Uranium produced & purchased (million lbs) (c)	4.2	1.0
<b>Cash costs per pound (a ÷ c)</b>	<b>38.93</b>	37.62
<b>Total costs per pound (b ÷ c)</b>	<b>47.69</b>	37.62

## Fuel services

(includes results for UF<sub>6</sub>, UO<sub>2</sub>, UO<sub>3</sub> and fuel fabrication)

HIGHLIGHTS	THREE MONTHS ENDED MARCH 31		
	2022	2021	CHANGE
Production volume (million kgU)	4.1	4.0	2%
Sales volume (million kgU)	2.2	2.6	(15)%
Average realized price (\$Cdn/kgU)	34.49	31.91	8%
Average unit cost of sales (including D&A) (\$Cdn/kgU)	22.58	21.52	5%
Revenue (\$ millions)	76	84	(10)%
Gross profit (\$ millions)	26	27	(4)%
Gross profit (%)	34	32	6%

## FIRST QUARTER

Total revenue for the first quarter of 2022 decreased to \$76 million from \$84 million for the same period last year. This was primarily due to a 15% decrease in sales volumes partially offset by an 8% increase in average realized price compared to 2021. The increase in average realized price was mainly the result of contracts that were entered into in an improved price environment.

The total cost of products and services sold (including D&A) decreased 12% (\$50 million compared to \$57 million in 2021) due to the 15% decrease in sales volume partially offset by a 5% increase in the average unit cost of sales. Average unit cost of sales increased due to higher input costs.

The net effect was a \$1 million decrease in gross profit.

## Our operations

### Uranium – production overview

We had 1.9 million pounds production in the first three months of 2022 compared to no production in the same period of 2021 due to our decision to proactively suspend production at Cigar Lake for a period of time in 2021, to manage the threat posed by the COVID-19 pandemic to our workforce.

We continue to evaluate the optimal mix of production, inventory and purchases in order to retain the flexibility to deliver long-term value.

#### URANIUM PRODUCTION

OUR SHARE (MILLION LBS)	THREE MONTHS ENDED MARCH 31		CHANGE	2022 PLAN
	2022	2021		
Cigar Lake	1.9	-	n/a	7.5 <sup>1</sup>
McArthur River/Key Lake	-	-	-	up to 3.5 <sup>2</sup>
<b>Total</b>	<b>1.9</b>	<b>-</b>	<b>n/a</b>	<b>up to 11.0</b>

<sup>1</sup>At Cigar Lake, we expect production of 15 million pounds (100% basis) in 2022 due to the delays and deferrals to development work experienced in 2021 related to the suspension of production noted above and ongoing pandemic and supply chain challenges impacting the availability of construction materials, equipment and labour.

<sup>2</sup>Over the course of 2022 and 2023, we will undertake all the activities necessary to ramp up to the 2024 planned production of 15 million pounds per year (100% basis) at McArthur River/Key Lake. As a result, in 2022, we could produce up to 5 million pounds (100% basis).

### Uranium 2022 Q1 updates

#### PRODUCTION UPDATE

##### McArthur River/Key Lake

In February, we announced plans to transition McArthur River and Key Lake from care and maintenance to planned production of 15 million pounds per year (100% basis) by 2024. In the first quarter of 2022, there was no production as we began the recruiting and training process. There are now approximately 600 employees and long-term contractors employed at the mine and mill. When we resume operations later this year, we expect to have approximately 850 employees and long-term contractors. Our maintenance readiness checks are underway, and we are completing the critical automation, digitization and other projects needed to begin production.

Over the course of 2022 and 2023, we will undertake all the activities necessary to ramp up to the planned annual production of 15 million pounds (100% basis) by 2024. As a result, in 2022, we could produce up to 5 million pounds (100% basis). This plan will significantly improve our financial performance by allowing us to source more of our committed sales from lower-cost produced pounds and we will no longer be required to expense care and maintenance costs directly to cost of sales. However, until we achieve a reasonable production rate, we expect to incur between \$15 million to \$17 million per month in operational readiness costs, which will be expensed directly to cost of sales. There is a potential for the COVID-19 pandemic and related supply chain challenges to impact the availability of materials, reagents and labour, which could not only impact 2022 production but could also introduce risk to production in 2023.

In connection with the changes to our planned production profile in northern Saskatchewan, we have amended the terms of the product loan to Orano. The new agreement allows for flexibility in repayment and extends the repayment date to December 31, 2028 from December 31, 2023. Additionally, the agreement allows Orano to borrow 1.15 million kgU of conversion supply with repayment expected by December 31, 2035 if drawn, and an additional 1.2 million pounds U<sub>3</sub>O<sub>8</sub> with repayment expected by December 31, 2027 if drawn. As of March 31, 4.6 million pounds U<sub>3</sub>O<sub>8</sub> and 0.3 million kgU were drawn on the loans.

We continue to advance and implement innovation opportunities/projects at the McArthur River mine and Key Lake mill to focus on improvement of the mine and mill through application of automation, digitization and optimization.

The collective agreement with the United Steelworkers Local 8914 expires in December 2022. There is a risk to the production plan if we are unable to reach an agreement and there is a labour dispute.



## **Cigar Lake**

Production for the first quarter in 2022 was 1.9 million pounds (our share). In 2022, we expect to produce 15.0 million packaged pounds at Cigar Lake; our share is 7.5 million pounds. As a result of the suspension in production in 2021, we have experienced delays and deferrals in project work, which reduced capital expenditures, but introduced risk to production in 2022. Furthermore, the potential for supply chain impacts on construction materials, equipment and labour remains uncertain and could further exacerbate production risk in 2022 and future years.

Continuing to align our production with the market conditions and our contract portfolio, starting in 2024, we will target production from Cigar Lake that is 25% below the licensed capacity, or 13.5 million pounds (100% basis) per year. This will remain our production plan until we see further improvements in the uranium market and contracting progress, demonstrating that we continue to be a responsible supplier of uranium fuel. Extending the mine life at Cigar Lake by aligning production with the market opportunities and our contract portfolio is consistent with our tier-one strategy and is expected to allow more time to evaluate the feasibility of extending the mine life beyond the current reserve base while continuing to supply ore to Orano's McClean Lake mill.

The collective agreement between Orano and unionized employees at the McClean Lake mill expires on May 31, 2022. There is a risk to the production plan if Orano is unable to reach an agreement and there is a labour dispute.

## **Inkai**

Production on a 100% basis was 1.7 million pounds for the quarter and 1.9 million pounds in the same period last year.

Based on an adjustment to the production purchase entitlement under the 2016 JV Inkai restructuring agreement, we are entitled to purchase 4.2 million pounds, or 50% of JV Inkai's updated planned 2022 production of 8.3 million pounds, assuming no production disruptions due to the COVID-19 pandemic, supply chain disruptions or other causes.

Due to equity accounting, our share of production is shown as a purchase at a discount to the spot price and included in inventory at this value at the time of delivery. Our share of the profits earned by JV Inkai on the sale of its production is included in "share of earnings from equity-accounted investee" on our consolidated statement of earnings.

Presently, JV Inkai is experiencing wellfield development, procurement and supply chain issues, including inflationary pressure on production materials and reagents, which are expected to continue and could pose a risk to JV Inkai's 2022 production volume, impacting its costs. In addition, JV Inkai's costs could be negatively impacted by potential changes to the tax code in Kazakhstan, although this risk cannot be quantified or estimated at this time.

The geopolitical situation arising as a result of the Russian invasion of Ukraine is creating transportation risk in the region. Sanctions on Russia and the restrictions on, and cancellations of, some cargo insurance coverage create uncertainty about the ability to ship uranium products from Central Asia, potentially complicating the logistics for deliveries from those areas, including JV Inkai's final product. For reference, Inkai is responsible for making all transportation arrangements and retains title on Cameco's share of material until it arrives at our Blind River refinery.

While it is still possible to ship through Russia, due to insurance and other concerns, we are working with Inkai and our joint venture partner, Kazatomprom, to secure an alternate shipping route that doesn't rely on Russian rail lines or ports. In the meantime, we have decided to delay a near-term delivery for our share of Inkai production destined for our Blind River refinery.

In the event that it takes longer than anticipated to secure an alternate shipping route, we could experience further delays in our expected Inkai deliveries this year. To mitigate this risk, we have inventory, long-term purchase agreements and loan arrangements in place we can draw on.

## TIER-TWO CURTAILED OPERATIONS

### US ISR Operations

As a result of our 2016 curtailment decision, commercial production has ceased. As production is suspended, we expect ongoing cash and non-cash care and maintenance costs to range between \$17 million (US) and \$19 million (US) for 2022.

### Rabbit Lake

Rabbit Lake remains in a safe state of care and maintenance following the suspension of production in 2016. We continue to evaluate opportunities to minimize care and maintenance costs. We expect care and maintenance costs to range between \$27 million and \$32 million for 2022.

## Fuel services 2022 Q1 updates

### PORT HOPE CONVERSION SERVICES

#### CAMECO FUEL MANUFACTURING INC. (CFM)

##### Production update

Fuel services produced 4.1 million kgU in the first quarter, 2% higher than the same period last year.

We expect to produce between 12.5 million and 13.5 million kgU in 2022, assuming no production disruptions due to the COVID-19 pandemic or other causes.

In February 2022, the Canadian Nuclear Safety Commission (CNSC) granted our Blind River refinery a 10-year operating licence, which will expire in February 2032.

In February 2022, the CNSC granted a one-year extension to the licence for CFM. We asked for this extension with the intention to separate the timing of this process from the Blind River Refinery relicensing efforts. A renewal application has been submitted for a 20-year licence which will be decided upon in early 2023. We do not expect any interruption or significant risks from this process.

The current collective bargaining agreement with the unionized employees at our Port Hope conversion facility expires on June 30, 2022. There is a risk to our production if we are unable to reach an agreement and there is a labour disruption.

## Qualified persons

The technical and scientific information discussed in this document for our material properties (McArthur River/Key Lake, Inkai and Cigar Lake) was approved by the following individuals who are qualified persons for the purposes of NI 43-101:

#### MCARTHUR RIVER/KEY LAKE

- Greg Murdock, general manager, McArthur River/Key Lake, Cameco

#### INKAI

- Sergey Ivanov, deputy general director, technical services, Cameco Kazakhstan LLP

#### CIGAR LAKE

- Lloyd Rowson, general manager, Cigar Lake, Cameco

## Additional information

### Critical accounting estimates

Due to the nature of our business, we are required to make estimates that affect the amount of assets and liabilities, revenues and expenses, commitments and contingencies we report. We base our estimates on our experience, our best judgment, guidelines established by the Canadian Institute of Mining, Metallurgy and Petroleum and on assumptions we believe are reasonable.

### Controls and procedures

As of March 31, 2022, we carried out an evaluation under the supervision and with the participation of our management, including our chief executive officer (CEO) and chief financial officer (CFO), of the effectiveness of our disclosure controls and procedures. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Based upon that evaluation and as of March 31, 2022, the CEO and CFO concluded that:

- the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports we file and submit under applicable securities laws is recorded, processed, summarized and reported as and when required
- such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure

There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.



**Cameco Corporation**  
**2022 condensed consolidated interim financial statements**  
**(unaudited)**

May 4, 2022

## Cameco Corporation

### Consolidated statements of earnings

(Unaudited) (\$Cdn thousands, except per share amounts)	Note	Three months ended	
		Mar 31/22	Mar 31/21
Revenue from products and services	10	\$ 398,038	\$ 290,016
Cost of products and services sold		307,611	280,462
Depreciation and amortization		40,601	49,358
<b>Cost of sales</b>		<b>348,212</b>	<b>329,820</b>
<b>Gross profit (loss)</b>		<b>49,826</b>	<b>(39,804)</b>
Administration	13	57,780	11,199
Exploration		2,618	1,314
Research and development		2,801	479
Other operating income	8	(19,973)	(21,785)
Gain on disposal of assets		(344)	(1)
<b>Earnings (loss) from operations</b>		<b>6,944</b>	<b>(31,010)</b>
Finance costs	11	(18,730)	(17,681)
Gain on derivatives	17	9,935	8,706
Finance income		1,951	1,278
Share of earnings from equity-accounted investee	6	43,023	20,617
Other income (expense)	12	(4,258)	11,106
<b>Earnings (loss) before income taxes</b>		<b>38,865</b>	<b>(6,984)</b>
Income tax recovery	13	(1,419)	(2,031)
<b>Net earnings (loss)</b>		<b>\$ 40,284</b>	<b>\$ (4,953)</b>
<b>Net earnings (loss) attributable to:</b>			
Equity holders		40,350	(4,929)
Non-controlling interest		(66)	(24)
<b>Net earnings (loss)</b>		<b>\$ 40,284</b>	<b>\$ (4,953)</b>
<b>Earnings (loss) per common share attributable to equity holders:</b>			
Basic	14	<b>\$ 0.10</b>	<b>\$ (0.01)</b>
Diluted	14	<b>\$ 0.10</b>	<b>\$ (0.01)</b>

See accompanying notes to condensed consolidated interim financial statements.

## Cameco Corporation

### Consolidated statements of comprehensive earnings

(Unaudited) (\$Cdn thousands)	Note	Three months ended	
		Mar 31/22	Mar 31/21
<b>Net earnings (loss)</b>		\$ 40,284	\$ (4,953)
Other comprehensive income (loss), net of taxes:			
Items that will not be reclassified to net earnings:			
Equity investments at FVOCI - net change in fair value <sup>1</sup>		-	16,089
Items that are or may be reclassified to net earnings:			
Exchange differences on translation of foreign operations		(2,667)	(9,109)
Other comprehensive income (loss), net of taxes		<b>(2,667)</b>	<b>6,980</b>
<b>Total comprehensive income</b>		<b>\$ 37,617</b>	<b>\$ 2,027</b>
<b>Other comprehensive income (loss) attributable to</b>			
Equity holders		\$ (2,667)	\$ 6,982
Non-controlling interest		-	(2)
<b>Other comprehensive income (loss)</b>		<b>\$ (2,667)</b>	<b>\$ 6,980</b>
<b>Total comprehensive income attributable to</b>			
Equity holders		\$ 37,683	\$ 2,053
Non-controlling interest		(66)	(26)
<b>Total comprehensive income</b>		<b>\$ 37,617</b>	<b>\$ 2,027</b>

<sup>1</sup> Net of tax (Q1 2022 - \$0; Q1 2021 - \$(2,451))

See accompanying notes to condensed consolidated interim financial statements.

## Cameco Corporation

### Consolidated statements of financial position

(Unaudited) (\$Cdn thousands)	Note	As at	
		Mar 31/22	Dec 31/21
<b>Assets</b>			
Current assets			
Cash and cash equivalents		\$ 1,289,304	\$ 1,247,447
Short-term investments		189,750	84,906
Accounts receivable		177,824	276,139
Current tax assets		2,781	4,966
Inventories	4	402,540	409,521
Supplies and prepaid expenses		90,874	95,341
Current portion of long-term receivables, investments and other	5	40,334	23,232
<b>Total current assets</b>		<b>2,193,407</b>	<b>2,141,552</b>
Property, plant and equipment		3,456,057	3,576,599
Intangible assets		50,275	51,247
Long-term receivables, investments and other	5	592,175	577,527
Investment in equity-accounted investee	6	253,566	233,240
Deferred tax assets		939,885	937,579
<b>Total non-current assets</b>		<b>5,291,958</b>	<b>5,376,192</b>
<b>Total assets</b>		<b>\$ 7,485,365</b>	<b>\$ 7,517,744</b>
<b>Liabilities and shareholders' equity</b>			
Current liabilities			
Accounts payable and accrued liabilities		343,713	340,458
Current tax liabilities		3,412	4,129
Current portion of other liabilities	7	40,355	22,791
Current portion of provisions	8	46,756	46,365
<b>Total current liabilities</b>		<b>434,236</b>	<b>413,743</b>
Long-term debt		996,438	996,250
Other liabilities	7	199,360	171,774
Provisions	8	968,415	1,090,009
<b>Total non-current liabilities</b>		<b>2,164,213</b>	<b>2,258,033</b>
Shareholders' equity			
Share capital	9	1,914,289	1,903,357
Contributed surplus		222,435	230,039
Retained earnings		2,680,003	2,639,650
Other components of equity		70,128	72,795
<b>Total shareholders' equity attributable to equity holders</b>		<b>4,886,855</b>	<b>4,845,841</b>
Non-controlling interest		61	127
<b>Total shareholders' equity</b>		<b>4,886,916</b>	<b>4,845,968</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 7,485,365</b>	<b>\$ 7,517,744</b>

Commitments and contingencies [notes 8, 13]

See accompanying notes to condensed consolidated interim financial statements.

## Cameco Corporation

### Consolidated statements of changes in equity

(Unaudited) (\$Cdn thousands)	Attributable to equity holders					Total	Non-controlling interest	Total equity
	Share capital	Contributed surplus	Retained earnings	Foreign currency translation	Equity investments at FVOCI			
Balance at January 1, 2022	\$ 1,903,357	\$ 230,039	\$ 2,639,650	\$ 73,543	\$ (748)	\$ 4,845,841	\$ 127	\$ 4,845,968
Net earnings (loss)	-	-	40,350	-	-	40,350	(66)	40,284
Other comprehensive loss	-	-	-	(2,667)	-	(2,667)	-	(2,667)
<b>Total comprehensive income (loss) for the period</b>	-	-	40,350	(2,667)	-	37,683	(66)	37,617
Share-based compensation	-	810	-	-	-	810	-	810
Stock options exercised	10,932	(2,213)	-	-	-	8,719	-	8,719
Restricted share units released	-	(6,201)	-	-	-	(6,201)	-	(6,201)
Dividends	-	-	3	-	-	3	-	3
<b>Balance at March 31, 2022</b>	<b>\$ 1,914,289</b>	<b>\$ 222,435</b>	<b>\$ 2,680,003</b>	<b>\$ 70,876</b>	<b>\$ (748)</b>	<b>\$ 4,886,855</b>	<b>\$ 61</b>	<b>\$ 4,886,916</b>
Balance at January 1, 2021	\$ 1,869,710	\$ 237,358	\$ 2,735,830	\$ 103,925	\$ 11,532	\$ 4,958,355	\$ 206	\$ 4,958,561
Net loss	-	-	(4,929)	-	-	(4,929)	(24)	(4,953)
Other comprehensive income (loss)	-	-	-	(9,107)	16,089	6,982	(2)	6,980
<b>Total comprehensive income (loss) for the period</b>	-	-	(4,929)	(9,107)	16,089	2,053	(26)	2,027
Share-based compensation	-	1,143	-	-	-	1,143	-	1,143
Stock options exercised	22,871	(4,821)	-	-	-	18,050	-	18,050
Restricted share units released	-	(4,979)	-	-	-	(4,979)	-	(4,979)
Dividends	-	-	5	-	-	5	-	5
Transfer to retained earnings <sup>1</sup>	-	-	23,803	-	(23,803)	-	-	-
<b>Balance at March 31, 2021</b>	<b>\$ 1,892,581</b>	<b>\$ 228,701</b>	<b>\$ 2,754,709</b>	<b>\$ 94,818</b>	<b>\$ 3,818</b>	<b>\$ 4,974,627</b>	<b>\$ 180</b>	<b>\$ 4,974,807</b>

<sup>1</sup> In 2021, Cameco divested of its investments in equity securities and elected to transfer the cumulative net gains from equity investments at FVOCI to retained earnings.

See accompanying notes to condensed consolidated interim financial statements.



## Cameco Corporation

### Consolidated statements of cash flows

(Unaudited) (\$Cdn thousands)	Note	Three months ended	
		Mar 31/22	Mar 31/21
<b>Operating activities</b>			
Net earnings (loss)		\$ 40,284	\$ (4,953)
Adjustments for:			
Depreciation and amortization		40,601	49,358
Deferred charges		(961)	2,623
Unrealized gain on derivatives		(7,105)	(8,800)
Share-based compensation	16	810	1,143
Gain on disposal of assets		(344)	(1)
Finance costs	11	18,730	17,681
Finance income		(1,951)	(1,278)
Share of earnings in equity-accounted investee	6	(43,023)	(20,617)
Other operating income	8	(19,973)	(21,785)
Other expense (income)		4,258	753
Income tax recovery	13	(1,419)	(2,031)
Interest received		1,895	1,075
Income taxes received (paid)		629	(1,113)
Other operating items	15	139,755	33,048
<b>Net cash provided by operations</b>		<b>172,186</b>	<b>45,103</b>
<b>Investing activities</b>			
Additions to property, plant and equipment		(30,049)	(8,420)
Decrease (increase) in short-term investments		(104,845)	5,010
Decrease in long-term receivables, investments and other		-	48,731
Proceeds from sale of property, plant and equipment		354	-
<b>Net cash provided by (used in) investing</b>		<b>(134,540)</b>	<b>45,321</b>
<b>Financing activities</b>			
Interest paid		(242)	(655)
Lease principal payments		(622)	(665)
Proceeds from issuance of shares, stock option plan		8,719	18,050
Dividends returned		5	5
<b>Net cash provided by financing</b>		<b>7,860</b>	<b>16,735</b>
Increase in cash and cash equivalents, during the period		45,506	107,159
Exchange rate changes on foreign currency cash balances		(3,649)	(1,943)
Cash and cash equivalents, beginning of period		1,247,447	918,382
<b>Cash and cash equivalents, end of period</b>		<b>\$ 1,289,304</b>	<b>\$ 1,023,598</b>
<b>Cash and cash equivalents is comprised of:</b>			
Cash		718,826	578,611
Cash equivalents		570,478	444,987
<b>Cash and cash equivalents</b>		<b>\$ 1,289,304</b>	<b>\$ 1,023,598</b>

See accompanying notes to condensed consolidated interim financial statements.

# Cameco Corporation

## Notes to condensed consolidated interim financial statements

(Unaudited)

(Cdn\$ thousands, except per share amounts and as noted)

### 1. Cameco Corporation

Cameco Corporation is incorporated under the Canada Business Corporations Act. The address of its registered office is 2121 11th Street West, Saskatoon, Saskatchewan, S7M 1J3. The condensed consolidated interim financial statements as at and for the period ended March 31, 2022 comprise Cameco Corporation and its subsidiaries (collectively, the Company or Cameco) and the Company's interests in associates and joint arrangements.

Cameco is one of the world's largest providers of the uranium needed to generate clean, reliable baseload electricity around the globe. The Company has mines in northern Saskatchewan and the United States, as well as a 40% interest in Joint Venture Inkai LLP (JV Inkai), a joint arrangement with Joint Stock Company National Atomic Company Kazatomprom (Kazatomprom), located in Kazakhstan. JV Inkai is accounted for on an equity basis (see note 6).

Cameco's Cigar Lake mine had been placed in a temporary state of care and maintenance periodically throughout 2020 and 2021 due to the global COVID-19 pandemic. The mine was in a temporary state of care and maintenance in January 2021 and production resumed in April 2021. Cameco also has two other operations in northern Saskatchewan. Rabbit Lake was placed in care and maintenance in 2016 while operations at McArthur River/Key Lake were suspended in 2018. In February 2022 Cameco announced the restart of the McArthur River/Key Lake operation and expect it will resume production some time in the current year. Cameco's operations in the United States, Crow Butte and Smith Ranch-Highland, are also not currently producing as the decision was made in 2016 to curtail production and defer all wellfield development. See note 18 for the financial statement impact.

The Company is also a leading provider of nuclear fuel processing services, supplying much of the world's reactor fleet with the fuel to generate one of the cleanest sources of electricity available today. It operates the world's largest commercial refinery in Blind River, Ontario, controls a significant portion of the world UF<sub>6</sub> primary conversion capacity in Port Hope, Ontario and is a leading manufacturer of fuel assemblies and reactor components for CANDU reactors at facilities in Port Hope and Cobourg, Ontario.

### 2. Significant accounting policies

#### A. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with Cameco's annual consolidated financial statements as at and for the year ended December 31, 2021.

These condensed consolidated interim financial statements were authorized for issuance by the Company's board of directors on May 4, 2022.

#### B. Basis of presentation

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is presented in Canadian dollars, unless otherwise noted. Amounts presented in tabular format have been rounded to the nearest thousand except per share amounts and where otherwise noted.

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following material items which are measured on an alternative basis at each reporting date:

Derivative financial instruments	Fair value through profit or loss (FVTPL)
Equity securities	Fair value through other comprehensive income (FVOCI)
Liabilities for cash-settled share-based payment arrangements	Fair value through profit or loss (FVTPL)
Net defined benefit liability	Fair value of plan assets less the present value of the defined benefit obligation

The preparation of the condensed consolidated interim financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may vary from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5 of the December 31, 2021 consolidated financial statements.

### 3. Accounting standards

#### A. New standards and interpretations not yet adopted

A new amendment to an existing standard is not yet effective for the period ended March 31, 2022 and has not been applied in preparing these condensed consolidated interim financial statements. Cameco does not intend to early adopt the following amendment.

##### i. Income tax

In May 2021, the International Accounting Standards Board issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, which amended IAS 12, *Income Taxes* (IAS 12). The amendments are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Cameco does not expect adoption of the standard to have a material impact on the financial statements.

#### 4. Inventories

	Mar 31/22	Dec 31/21
<b>Uranium</b>		
Concentrate	\$ 279,417	\$ 319,257
Broken ore	54,072	46,324
	<b>333,489</b>	365,581
<b>Fuel services</b>	<b>68,185</b>	43,549
<b>Other</b>	<b>866</b>	391
<b>Total</b>	<b>\$ 402,540</b>	<b>\$ 409,521</b>

Cameco expensed \$282,606,000 of inventory as cost of sales during the first quarter of 2022 (2021 - \$244,270,000).

#### 5. Long-term receivables, investments and other

	Mar 31/22	Dec 31/21
Derivatives [note 17]	40,277	32,098
Investment tax credits	95,722	95,722
Amounts receivable related to tax dispute <sup>(a)</sup>	295,221	295,221
Product loan <sup>(b)</sup>	186,215	176,904
Other	15,074	814
	<b>632,509</b>	600,759
Less current portion	<b>(40,334)</b>	<b>(23,232)</b>
<b>Net</b>	<b>\$ 592,175</b>	<b>\$ 577,527</b>

(a) Cameco was required to remit or otherwise secure 50% of the cash taxes and transfer pricing penalties, plus related interest and instalment penalties assessed, in relation to its dispute with Canada Revenue Agency (CRA) (see note 13). In light of our view of the likely outcome of the case, Cameco expects to recover the amounts remitted to CRA, including cash taxes, interest and penalties totalling \$295,221,000 already paid as at March 31, 2022 (December 31, 2021 - \$295,221,000) (note 13).

(b) Cameco loaned 5,400,000 pounds of uranium concentrate to its joint venture partner, Orano Canada Inc., (Orano). Orano was obligated to repay the Company in kind with uranium concentrate no later than December 31, 2023. During the first quarter of 2022, the repayment terms were extended to December 31, 2028 and 783,900 pounds were returned as repayment on this loan.

Cameco also agreed to lend to Orano up to 1,148,200 kgU of conversion supply and up to an additional 1,200,000 pounds of uranium concentrate over the period 2022 to 2024. Repayment to Cameco is to be made in kind with U<sub>3</sub>O<sub>8</sub> quantities drawn being repaid by December 31, 2027 and quantities of UF<sub>6</sub> drawn by December 31, 2035.

As at March 31, 2022, 4,616,100 pounds of U<sub>3</sub>O<sub>8</sub> and 300,000 kgU of UF<sub>6</sub> conversion supply were drawn on the loans and are recorded at Cameco's weighted average cost of inventory.

## 6. Equity-accounted investee

JV Inkai is the operator of the Inkai uranium deposit located in Kazakhstan. JV Inkai is a uranium mining and milling operation that utilizes in-situ recovery (ISR) technology to extract uranium. The participants in JV Inkai purchase uranium from Inkai and, in turn, derive revenue directly from the sale of such product to third-party customers (see note 19). Cameco holds a 40% interest in JV Inkai and Kazatomprom holds a 60% interest. Cameco does not have control over the joint venture so it accounts for the investment on an equity basis.

The following tables summarize the financial information of JV Inkai (100%):

	Mar 31/22	Dec 31/21
Cash and cash equivalents	\$ 57,720	\$ 12,893
Other current assets	285,911	301,589
Non-current assets	306,462	328,469
Current liabilities	(196,986)	(32,774)
Non-current liabilities	(35,804)	(38,635)
<b>Net assets</b>	<b>\$ 417,303</b>	<b>\$ 571,542</b>

	Mar 31/22	Mar 31/21
Revenue from products and services	\$ 94,034	\$ 21,706
Cost of products and services sold	(13,958)	(4,694)
Depreciation and amortization	(3,757)	(1,928)
Finance income	147	39
Finance costs	(539)	(221)
Other income (expense)	1,963	(1,864)
Income tax expense	(17,048)	(2,898)
<b>Net earnings from continuing operations</b>	<b>60,842</b>	<b>10,140</b>
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>\$ 60,842</b>	<b>\$ 10,140</b>

The following table reconciles the summarized financial information to the carrying amount of Cameco's interest in JV Inkai:

	Mar 31/22	Dec 31/21
Opening net assets	\$ 571,542	\$ 440,565
Total comprehensive income	60,842	229,182
Dividends declared	(168,316)	(85,198)
Impact of foreign exchange	(46,765)	(13,007)
<b>Closing net assets</b>	<b>417,303</b>	<b>571,542</b>
Cameco's share of net assets	166,921	228,617
Consolidating adjustments <sup>(a)</sup>	(48,027)	(60,348)
Fair value increment <sup>(b)</sup>	85,590	85,976
Dividends declared but not received	92,574	-
Dividends in excess of ownership percentage <sup>(c)</sup>	(46,906)	(22,085)
Impact of foreign exchange	3,414	1,080
<b>Carrying amount in the statement of financial position at March 31, 2022</b>	<b>\$ 253,566</b>	<b>\$ 233,240</b>

(a) Cameco records certain consolidating adjustments to eliminate unrealized profit and amortize historical differences in accounting policies. This amount is amortized to earnings over units of production.

(b) Upon restructuring, Cameco assigned fair values to the assets and liabilities of JV Inkai. This increment is amortized to earnings over units of production.

(c) Cameco's share of dividends follows its production purchase entitlements which is currently higher than its ownership interest.

## 7. Other liabilities

	Mar 31/22	Dec 31/21
Deferred sales	\$ 42,799	\$ 23,316
Derivatives [note 17]	6,071	4,997
Accrued pension and post-retirement benefit liability	89,636	89,002
Lease obligation [note 17]	4,105	4,872
Product loans <sup>(a)</sup>	41,763	15,763
Other	55,341	56,615
	<b>239,715</b>	194,565
Less current portion	<b>(40,355)</b>	(22,791)
<b>Net</b>	<b>\$ 199,360</b>	\$ 171,774

(a) Cameco has standby product loan facilities with various counterparties. The arrangements allow us to borrow up to 1,977,000 kgU of UF<sub>6</sub> conversion services and 1,392,000 pounds of U<sub>3</sub>O<sub>8</sub> over the period 2020 to 2023 with repayment in kind up to December 31, 2023. Under the facilities, standby fees of up to 1% are payable based on the market value of the facilities and interest is payable on the market value of any amounts drawn at rates ranging from 0.5% to 1.6%. At March 31, 2022, we have 1,344,000 kgU of UF<sub>6</sub> conversion services drawn on the loans with repayment on 1,103,000 kgU due no later than December 31, 2022 and the remaining 241,000 kgU no later than December 31, 2023. We also have 630,000 pounds of U<sub>3</sub>O<sub>8</sub> drawn with repayment due no later than December 31, 2023. The loans are recorded at Cameco's weighted average cost of inventory.

## 8. Provisions

	Reclamation	Waste disposal	Total
Beginning of year	\$ 1,126,969	\$ 9,405	\$ 1,136,374
Changes in estimates and discount rates			
Capitalized in property, plant, and equipment	(96,222)	-	(96,222)
Recognized in earnings	(19,973)	-	(19,973)
Provisions used during the period	(6,381)	(82)	(6,463)
Unwinding of discount	5,102	31	5,133
Impact of foreign exchange	(3,678)	-	(3,678)
<b>End of period</b>	<b>\$ 1,005,817</b>	<b>\$ 9,354</b>	<b>\$ 1,015,171</b>
Current	44,678	2,078	46,756
Non-current	961,139	7,276	968,415
	<b>\$ 1,005,817</b>	<b>\$ 9,354</b>	<b>\$ 1,015,171</b>

## 9. Share capital

At March 31, 2022, there were 398,403,050 common shares outstanding. Options in respect of 3,111,741 shares are outstanding under the stock option plan and are exercisable up to 2027. For the three months ended March 31, 2022, there were 343,785 options exercised that resulted in the issuance of shares (2021 - 1,370,264).

## 10. Revenue

Cameco's uranium and fuel services sales contracts with customers contain both fixed and market-related pricing. Fixed-price contracts are typically based on a term-price indicator at the time the contract is accepted and escalated over the term of the contract. Market-related contracts are based on either the spot price or long-term price, and the price is quoted at the time of delivery rather than at the time the contract is accepted. These contracts often include a floor and/or ceiling prices, which are usually escalated over the term of the contract. Escalation is generally based on a consumer price index. The Company's contracts contain either one of these pricing mechanisms or a combination of the two. There is no variable consideration in the contracts and therefore no revenue is considered constrained at the time of delivery. Cameco expenses the incremental costs of obtaining a contract as incurred as the amortization period is less than a year.

The following tables summarize Cameco's sales disaggregated by geographical region and contract type and includes a reconciliation to Cameco's reportable segments (note 18):

### For the three months ended March 31, 2022

	Uranium	Fuel services	Other	Total
<b>Customer geographical region</b>				
Americas	\$ 157,538	\$ 54,271	\$ -	\$ 211,809
Europe	80,882	13,114	-	93,996
Asia	83,952	8,281	-	92,233
	<b>\$ 322,372</b>	<b>\$ 75,666</b>	<b>\$ -</b>	<b>\$ 398,038</b>
<b>Contract type</b>				
Fixed-price	\$ 129,680	\$ 75,666	\$ -	\$ 205,346
Market-related	192,692	-	-	192,692
	<b>\$ 322,372</b>	<b>\$ 75,666</b>	<b>\$ -</b>	<b>\$ 398,038</b>

### For the three months ended March 31, 2021

	Uranium	Fuel services	Other	Total
<b>Customer geographical region</b>				
Americas	\$ 137,365	\$ 69,104	\$ 891	\$ 207,360
Europe	47,997	13,923	-	61,920
Asia	19,703	1,033	-	20,736
	<b>\$ 205,065</b>	<b>\$ 84,060</b>	<b>\$ 891</b>	<b>\$ 290,016</b>
<b>Contract type</b>				
Fixed-price	\$ 76,576	\$ 84,060	\$ 891	\$ 161,527
Market-related	128,489	-	-	128,489
	<b>\$ 205,065</b>	<b>\$ 84,060</b>	<b>\$ 891</b>	<b>\$ 290,016</b>

## 11. Finance costs

	Three months ended	
	Mar 31/22	Mar 31/21
Interest on long-term debt	\$ 9,767	\$ 9,759
Unwinding of discount on provisions	5,133	4,057
Other charges	3,796	3,825
Interest on lease liabilities	34	40
<b>Total</b>	<b>\$ 18,730</b>	<b>\$ 17,681</b>

## 12. Other income (expense)

	Three months ended	
	Mar 31/22	Mar 31/21
Foreign exchange losses	(4,258)	(753)
Government assistance <sup>(a)</sup>	-	11,859
<b>Total</b>	<b>\$ (4,258)</b>	<b>\$ 11,106</b>

(a) In response to the negative economic impact of COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy program (CEWS). CEWS provides a subsidy on eligible remuneration based on certain criteria. In 2021, the Company qualified for the subsidy for the periods January through June. There were no unfulfilled conditions and other contingencies attached to this government assistance.

## 13. Income taxes

	Three months ended	
	Mar 31/22	Mar 31/21
Earnings (loss) before income taxes		
Canada	\$ 31,737	\$ 21,216
Foreign	7,128	(28,200)
	<b>\$ 38,865</b>	<b>\$ (6,984)</b>
Current income taxes (recovery)		
Canada	\$ (171)	\$ (221)
Foreign	1,058	(55)
	<b>\$ 887</b>	<b>\$ (276)</b>
Deferred income taxes (recovery)		
Canada	\$ (2,883)	\$ (1,275)
Foreign	577	(480)
	<b>\$ (2,306)</b>	<b>\$ (1,755)</b>
<b>Income tax recovery</b>	<b>\$ (1,419)</b>	<b>\$ (2,031)</b>



Cameco has recorded \$939,885,000 of deferred tax assets (December 31, 2021 - \$937,579,000). The realization of these deferred tax assets is dependent upon the generation of future taxable income in certain jurisdictions during the periods in which the Company's temporary tax differences are available. The Company considers whether it is probable that all or a portion of the deferred tax assets will not be realized. In making this assessment, management considers all available evidence, including recent financial operations, projected future taxable income and tax planning strategies. Based on projections of future taxable income over the periods in which the deferred tax assets are available, realization of these deferred tax assets is probable and consequently the deferred tax assets have been recorded.

### **Canada**

On February 18, 2021, the Supreme Court of Canada (Supreme Court) dismissed Canada Revenue Agency's (CRA) application for leave to appeal the June 26, 2020 decision of the Federal Court of Appeal (Court of Appeal). The dismissal means that the dispute for the 2003, 2005 and 2006 tax years is fully and finally resolved in the Company's favour.

In September 2018, the Tax Court of Canada (Tax Court) ruled that the marketing and trading structure involving foreign subsidiaries, as well as the related transfer pricing methodology used for certain intercompany uranium sales and purchasing agreements, were in full compliance with Canadian law for the tax years in question. Management believes the principles in the decision apply to all subsequent tax years, and that the ultimate resolution of those years will not be material to Cameco's financial position, results of operations or liquidity in the year(s) of resolution.

The total tax reassessed for the three tax years was \$11,000,000, and Cameco remitted 50%. Cameco has received refunds totaling about \$5,500,000 plus interest.

In addition, on April 30, 2019, the Tax Court awarded Cameco \$10,300,000 for legal fees incurred, plus an amount for disbursements of up to \$16,700,000. The amount of the award was recognized as a reduction of administration expense in the first quarter of 2021. During the quarter, as a result of additional information provided by the Tax Court, we reduced the award for disbursements by approximately \$4,000,000. This reduction in the recovery was recognized as administration expense.

If CRA continues to pursue reassessments for tax years subsequent to 2006, Cameco will continue to utilize its appeal rights under Canadian federal and provincial tax rules.

## 14. Per share amounts

Per share amounts have been calculated based on the weighted average number of common shares outstanding during the period. The weighted average number of paid shares outstanding in 2022 was 398,308,899 (2021 - 397,036,139).

	Three months ended	
	Mar 31/22	Mar 31/21
<b>Basic earnings (loss) per share computation</b>		
Net earnings (loss) attributable to equity holders	\$ 40,350	\$ (4,929)
Weighted average common shares outstanding	398,309	397,036
<b>Basic earnings (loss) per common share</b>	<b>\$ 0.10</b>	<b>\$ (0.01)</b>
<b>Diluted earnings (loss) per share computation</b>		
Net earnings (loss) attributable to equity holders	\$ 40,350	\$ (4,929)
Weighted average common shares outstanding	398,309	397,036
Dilutive effect of stock options <sup>(a)</sup>	1,511	-
Weighted average common shares outstanding, assuming dilution	399,820	397,036
<b>Diluted earnings (loss) per common share</b>	<b>\$ 0.10</b>	<b>\$ (0.01)</b>

(a) At March 31, 2021, 1,063 options were excluded from the diluted weighted average number of common shares because their inclusion would have been anti-dilutive.

## 15. Statements of cash flows

	Three months ended	
	Mar 31/22	Mar 31/21
Changes in non-cash working capital:		
Accounts receivable	\$ 127,174	\$ (8,884)
Inventories	30,369	120,463
Supplies and prepaid expenses	4,117	(1,584)
Accounts payable and accrued liabilities	(9,953)	(68,106)
Reclamation payments	(6,463)	(3,337)
Other	(5,489)	(5,504)
<b>Other operating items</b>	<b>\$ 139,755</b>	<b>\$ 33,048</b>

## 16. Share-based compensation plans

### A. Stock option plan

The aggregate number of common shares that may be issued pursuant to the Cameco stock option plan shall not exceed 43,017,198 of which 30,480,607 shares have been issued. As of March 31, 2022, the total number of stock options held by the participants was 3,111,741 (December 31, 2021 - 3,458,001).

### B. Executive performance share unit (PSU)

During the quarter, the Company granted 238,610 PSUs. The weighted average fair value per unit at the date of issue was \$28.75. As of March 31, 2022, the total number of PSUs held by the participants was 1,250,254 (December 31, 2021 - 1,495,709).

### C. Restricted share unit (RSU)

During the quarter, the Company granted 289,050 RSUs. The weighted average fair value per unit at the date of issue was \$31.17. As of March 31, 2022, the total number of RSUs held by the participants was 1,157,810 (December 31, 2021 - 1,081,783).

### D. Deferred share unit (DSU)

As of March 31, 2022, the total number of DSUs held by participating directors was 585,572 (December 31, 2021 - 579,362).

### Equity-settled plans

Cameco records compensation expense under its equity-settled plans with an offsetting credit to contributed surplus, to reflect the estimated fair value of units granted to employees. During the period, the Company recognized the following expenses under these plans:

	Three months ended	
	Mar 31/22	Mar 31/21
Restricted share unit plan	\$ 765	\$ 681
Performance share unit plan	-	295
Stock option plan	45	167
	810	1,143
Employee share ownership plan <sup>(a)</sup>	773	872
<b>Total</b>	<b>\$ 1,583</b>	<b>\$ 2,015</b>

(a) The total number of shares purchased in 2022 with Company contributions was 27,359 (2021 - 46,183).

### Cash-settled plans

During the period, the Company recognized the following expenses under these plans:

	Three months ended	
	Mar 31/22	Mar 31/21
Performance share unit plan	\$ 8,738	\$ 6,219
Deferred share unit plan	5,151	2,051
Restricted share unit plan	4,969	1,299
Phantom stock option plan	1,110	750
Phantom restricted share unit plan	123	12
	\$ 20,091	\$ 10,331

Expenses related to share-based compensation plans are primarily included as part of administration expense in the statement of earnings.

## 17. Financial instruments and related risk management

### A. Accounting classifications

The following tables summarize the carrying amounts and accounting classifications of Cameco's financial instruments at the reporting date:

#### At March 31, 2022

	FVTPL	Amortized cost	FVOCI - designated	Total
<b>Financial assets</b>				
Cash and cash equivalents <sup>(a)</sup>	\$ -	\$ 1,289,304	\$ -	\$ 1,289,304
Short-term investments	-	189,750	-	189,750
Accounts receivable	-	177,824	-	177,824
Derivative assets [note 5]				
Foreign currency contracts	39,902	-	-	39,902
Interest rate contracts	375	-	-	375
	<b>40,277</b>	<b>1,656,878</b>	<b>-</b>	<b>1,697,155</b>
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	-	343,713	-	343,713
Lease obligation [note 7]	-	4,105	-	4,105
Derivative liabilities [note 7]				
Foreign currency contracts	1,594	-	-	1,594
Interest rate contracts	4,477	-	-	4,477
Long-term debt	-	996,438	-	996,438
	<b>6,071</b>	<b>1,344,256</b>	<b>-</b>	<b>1,350,327</b>
<b>Net</b>	<b>34,206</b>	<b>312,622</b>	<b>-</b>	<b>346,828</b>

#### At December 31, 2021

	FVTPL	Amortized cost	FVOCI - designated	Total
<b>Financial assets</b>				
Cash and cash equivalents	\$ -	\$ 1,247,447	\$ -	\$ 1,247,447
Short-term investments	-	84,906	-	84,906
Accounts receivable	-	276,139	-	276,139
Derivative assets [note 5]				
Foreign currency contracts	31,534	-	-	31,534
Interest rate contracts	564	-	-	564
	<b>\$ 32,098</b>	<b>\$ 1,608,492</b>	<b>\$ -</b>	<b>\$ 1,640,590</b>
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	\$ -	\$ 340,458	\$ -	\$ 340,458
Lease obligation [note 7]	-	4,872	-	4,872
Derivative liabilities [note 7]				
Foreign currency contracts	3,760	-	-	3,760
Interest rate contracts	1,237	-	-	1,237
Long-term debt	-	996,250	-	996,250
	<b>4,997</b>	<b>1,341,580</b>	<b>-</b>	<b>1,346,577</b>
<b>Net</b>	<b>\$ 27,101</b>	<b>\$ 266,912</b>	<b>\$ -</b>	<b>\$ 294,013</b>

(a) Cameco has pledged \$233,734,000 of cash as security against certain of its letter of credit facilities. This cash is being used as collateral for an interest rate reduction on the letter of credit facilities. The collateral account has a term of five years effective July 1, 2018. Cameco retains full access to this cash.

### **B. Fair value hierarchy**

The fair value of an asset or liability is generally estimated as the amount that would be received on sale of an asset, or paid to transfer a liability in an orderly transaction between market participants at the reporting date. Fair values of assets and liabilities traded in an active market are determined by reference to last quoted prices, in the principal market for the asset or liability. In the absence of an active market for an asset or liability, fair values are determined based on market quotes for assets or liabilities with similar characteristics and risk profiles, or through other valuation techniques. Fair values determined using valuation techniques require the use of inputs, which are obtained from external, readily observable market data when available. In some circumstances, inputs that are not based on observable data must be used. In these cases, the estimated fair values may be adjusted in order to account for valuation uncertainty, or to reflect the assumptions that market participants would use in pricing the asset or liability.

All fair value measurements are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

Level 1 – Values based on unadjusted quoted prices in active markets that are accessible at the reporting date for identical assets or liabilities.

Level 2 – Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

When the inputs used to measure fair value fall within more than one level of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables summarize the carrying amounts and fair values of Cameco's financial instruments that are measured at fair value, including their levels in the fair value hierarchy:

**As at March 31, 2022**

	Carrying value	Fair value		
		Level 1	Level 2	Total
Derivative assets [note 5]				
Foreign currency contracts	\$ 39,902	\$ -	\$ 39,902	\$ 39,902
Interest rate contracts	375	-	375	375
Derivative liabilities [note 7]				
Foreign currency contracts	(1,594)	-	(1,594)	(1,594)
Interest rate contracts	(4,477)	-	(4,477)	(4,477)
Long-term debt	(996,438)	-	(1,047,358)	(1,047,358)
<b>Net</b>	<b>\$ (962,232)</b>	<b>\$ -</b>	<b>\$ (1,013,152)</b>	<b>\$ (1,013,152)</b>

**As at December 31, 2021**

	Carrying value	Fair value		
		Level 1	Level 2	Total
Derivative assets [note 5]				
Foreign currency contracts	\$ 31,534	\$ -	\$ 31,534	\$ 31,534
Interest rate contracts	564	-	564	564
Derivative liabilities [note 7]				
Foreign currency contracts	(3,760)	-	(3,760)	(3,760)
Interest rate contracts	(1,237)	-	(1,237)	(1,237)
Long-term debt	(996,250)	-	(1,103,978)	(1,103,978)
<b>Net</b>	<b>\$ (969,149)</b>	<b>\$ -</b>	<b>\$ (1,076,877)</b>	<b>\$ (1,076,877)</b>

The preceding tables exclude fair value information for financial instruments whose carrying amounts are a reasonable approximation of fair value. The carrying value of Cameco's cash and cash equivalents, short-term investments, accounts receivable, and accounts payable and accrued liabilities approximates its fair value as a result of the short-term nature of the instruments.

There were no transfers between level 1 and level 2 during the period. Cameco does not have any financial instruments that are classified as level 3 as of the reporting date.

**C. Financial instruments measured at fair value**

Cameco measures its derivative financial instruments and long-term debt at fair value. Derivative financial instruments and current and long-term debt are classified as recurring level 2 fair value measurements.

The fair value of Cameco's long-term debt is determined using quoted market yields as of the reporting date, which ranged from 2.3% to 2.5% (2021 - 1.1% to 1.7%).

Foreign currency derivatives consist of foreign currency forward contracts, options and swaps. The fair value of foreign currency options is measured based on the Black Scholes option-pricing model. The fair value of foreign currency forward contracts and swaps is measured using a market approach, based on the difference between contracted foreign exchange rates and quoted forward exchange rates as of the reporting date.

Interest rate derivatives consist of interest rate swap contracts. The fair value of interest rate swaps is determined by discounting expected future cash flows from the contracts. The future cash flows are determined by measuring the difference between fixed interest payments to be received and floating interest payments to be made to the counterparty based on Canada Dealer Offer Rate forward interest rate curves.

Where applicable, the fair value of the derivatives reflects the credit risk of the instrument and includes adjustments to take into account the credit risk of the Company and counterparty. These adjustments are based on credit ratings and yield curves observed in active markets at the reporting date.

#### D. Derivatives

The following table summarizes the fair value of derivatives and classification on the consolidated statements of financial position:

	Mar 31/22	Dec 31/21
Non-hedge derivatives:		
Foreign currency contracts	\$ 38,308	\$ 27,774
Interest rate contracts	(4,102)	(673)
<b>Net</b>	<b>\$ 34,206</b>	<b>\$ 27,101</b>
Classification:		
Current portion of long-term receivables, investments and other [note 5]	\$ 25,463	\$ 22,652
Long-term receivables, investments and other [note 5]	14,814	9,446
Current portion of other liabilities [note 7]	(379)	(378)
Other liabilities [note 7]	(5,692)	(4,619)
<b>Net</b>	<b>\$ 34,206</b>	<b>\$ 27,101</b>

The following table summarizes the different components of the gain (loss) on derivatives included in net earnings (loss):

	Three months ended	
	Mar 31/22	Mar 31/21
Non-hedge derivatives:		
Foreign currency contracts	\$ 13,364	\$ 8,706
Interest rate contracts	(3,429)	-
<b>Net</b>	<b>\$ 9,935</b>	<b>\$ 8,706</b>

## 18. Segmented information

Cameco has two reportable segments: uranium and fuel services. Cameco's reportable segments are strategic business units with different products, processes and marketing strategies. The uranium segment involves the exploration for, mining, milling, purchase and sale of uranium concentrate. The fuel services segment involves the refining, conversion and fabrication of uranium concentrate and the purchase and sale of conversion services.

In 2021, Cameco determined that NUKEM no longer met the criteria for being considered a segment and concluded that it was appropriate to include NUKEM's results with its uranium and fuel services segments. NUKEM's purchase and sale of uranium concentrate and conversion services are reported internally as part of its uranium and fuel services businesses and should therefore be included with those businesses for segment reporting. The purchase and sale of enriched uranium product and separate work units continue to be reported in "other". Comparative information has been adjusted.

Cost of sales in the uranium segment includes care and maintenance costs for our operations that have had production suspensions as well as operational readiness costs for our operations that are resuming operations. Operational readiness costs include costs to complete critical projects, perform maintenance readiness checks, and recruit and train sufficient mine and mill personnel before beginning operations. Cameco expensed \$54,127,000 of care and maintenance and operational readiness costs during the first quarter of 2022 (2021 - \$72,510,000 of care and maintenance costs). Included in this amount in 2021 is \$32,570,000 relating to care and maintenance costs for operations suspended as a result of COVID 19. Also included in cost of sales, because of the Cigar Lake production suspension in 2021, is the impact of increased purchasing activity at a higher cost than produced pounds. This had a negative impact on gross profit in the uranium segment.

Accounting policies used in each segment are consistent with the policies outlined in the summary of significant accounting policies. Segment revenues, expenses and results include transactions between segments incurred in the ordinary course of business. These transactions are priced on an arm's length basis, are eliminated on consolidation and are reflected in the "other" column.

## Business segments

### For the three months ended March 31, 2022

	Uranium	Fuel services	Other	Total
Revenue	\$ 322,372	\$ 75,666	\$ -	\$ 398,038
Expenses				
Cost of products and services sold	266,934	41,349	(672)	307,611
Depreciation and amortization	31,206	8,178	1,217	40,601
<b>Cost of sales</b>	<b>298,140</b>	<b>49,527</b>	<b>545</b>	<b>348,212</b>
<b>Gross profit (loss)</b>	<b>24,232</b>	<b>26,139</b>	<b>(545)</b>	<b>49,826</b>
Administration	-	-	57,780	57,780
Exploration	2,618	-	-	2,618
Research and development	-	-	2,801	2,801
Other operating income	(18,524)	(1,449)	-	(19,973)
Gain on disposal of assets	(24)	(320)	-	(344)
Finance costs	-	-	18,730	18,730
Gain on derivatives	-	-	(9,935)	(9,935)
Finance income	-	-	(1,951)	(1,951)
Share of earnings from equity-accounted investee	(43,023)	-	-	(43,023)
Other expense	-	-	4,258	4,258
<b>Earnings (loss) before income taxes</b>	<b>83,185</b>	<b>27,908</b>	<b>(72,228)</b>	<b>38,865</b>
Income tax recovery				(1,419)
<b>Net earnings</b>			<b>\$</b>	<b>40,284</b>



**For the three months ended March 31, 2021**

	Uranium	Fuel services	Other	Total
Revenue	\$ 205,065	\$ 84,060	\$ 891	\$ 290,016
Expenses				
Cost of products and services sold	231,900	48,360	202	280,462
Depreciation and amortization	37,027	8,326	4,005	49,358
<b>Cost of sales</b>	<b>268,927</b>	<b>56,686</b>	<b>4,207</b>	<b>329,820</b>
<b>Gross profit (loss)</b>	<b>(63,862)</b>	<b>27,374</b>	<b>(3,316)</b>	<b>(39,804)</b>
Administration	-	-	11,199	11,199
Exploration	1,314	-	-	1,314
Research and development	-	-	479	479
Other operating income	(21,785)	-	-	(21,785)
Gain on disposal of assets	-	(1)	-	(1)
Finance costs	-	-	17,681	17,681
Gain on derivatives	-	-	(8,706)	(8,706)
Finance income	-	-	(1,278)	(1,278)
Share of earnings from equity-accounted investee	(20,617)	-	-	(20,617)
Other income	-	-	(11,106)	(11,106)
<b>Earnings (loss) before income taxes</b>	<b>(22,774)</b>	<b>27,375</b>	<b>(11,585)</b>	<b>(6,984)</b>
Income tax recovery				(2,031)
<b>Net loss</b>			<b>\$</b>	<b>(4,953)</b>

## 19. Related parties

Cameco purchases uranium concentrate from JV Inkai. For the quarter ended March 31, 2022, Cameco had purchases of \$43,512,000 (\$34,216,000 (US)) (2021 - \$0).