



Management's discussion and analysis

for the quarter ended June 30, 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 June 30, 2022 (interim financial statements). The information is based on what we knew as of July 26, 2022 and updates our first quarter and 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, on our website at cameco.com, on SEDAR at sedar.com or on EDGAR at 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-term 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 the role of nuclear energy in the world's shift to a low-carbon, climate-resilient economy; our expectation that our strategy will allow us to increase long-term value for our stakeholders; our intention to execute our strategy with an emphasis on safety, people and the environment; our belief that we have the right strategy to achieve our vision and will do so in a manner that reflects our values; our ability 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 take appropriate measures to manage risk; the demand for nuclear fuel supplies; our goal of capturing improved pricing for our UF₆ conversion services and our expectations regarding our contracting strategy; our ability to adjust our actions based on market conditions and our contract portfolio to self-manage risk and capture long-term value; our future plans for both McArthur River/Key Lake and Cigar Lake operating capacity and production, and the expected number of employees and long-term contractors; our plan to keep our tier-two assets on care and maintenance; our expectations regarding production levels at JV Inkai and its ability to ship our share of production; our expected share of production from our tier-one assets for 2022; and our expected financial capacity to execute our strategy and meet our capital requirements
- our expectations regarding the demand for uranium, the role of nuclear power, the development of non-traditional commercial uses of nuclear power and new fuel cycle opportunities, including the discussion under the heading *Second 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 care and maintenance costs for our tier-two assets, and expected monthly operational readiness costs at McArthur River/Key Lake, business resiliency, our cash balances and the generation of cash from operations, our efforts to mitigate and minimize any disruptions to our operations; our expected uranium delivery volume for 2022; the amount of uranium we expect to purchase in 2022 in order to maintain a working inventory, our outlook for our uranium average realized price, direct administration costs and other information in the table under the heading *2022 Financial Outlook*
- the discussion under the heading *Liquidity and capital resources*, including the impact of return to production at McArthur River/Key Lake on our cash flow, and our expectation that our cash balances and operating cash flows will meet our capital requirements during 2022
- 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
- the payment of our 2022 annual dividend on December 15, 2022 to shareholders of record on November 30, 2022
- our intention to update the table under the heading *Purchase commitments* to reflect material changes to purchase commitments and prices
- our future plans and expectations for each of our uranium operating properties and fuel services operating sites, including our expected cash cost of production at McArthur River/Key Lake and Cigar Lake, the life-of-mine operating cost for production at JV Inkai and our intention to undertake all the activities necessary to ramp up planned annual production at McArthur River/Key Lake over the course of 2022 and 2023
- we have inventory, long-term purchase agreements and loan arrangements in place that mitigate the risk of delay of JV Inkai deliveries in 2022
- the distribution by JV Inkai of excess cash, net of working capital requirements, to the joint venture partners as dividends
- the expected care and maintenance costs for our US ISR Operations and Rabbit Lake for 2022
- our expected fuel services production level for 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, tax rates or inflation
- our production costs are higher than planned, 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
- we continue to experience delays in shipment of our share of JV Inkai production to our Blind River refinery and we are unable to mitigate the consequences
- we are subject to litigation or arbitration that has an adverse outcome
- 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 any 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 continue to be adversely affected by the COVID-19 pandemic and its related operational, safety, marketing or financial risks, 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 the shipment of our share of JV Inkai production to our Blind River refinery
- our ability to mitigate adverse consequences of delays in the shipment of our share of JV Inkai production to our Blind River refinery
- 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, interest rates and inflation
- our entitlement to and ability to receive expected refunds and payments from CRA
- in our dispute with CRA, the assumption 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 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 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, including emerging and non-traditional opportunities such as our investment in Global Laser Enrichment LLC (GLE) 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 2021 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.

We have added over 45 million pounds in long-term uranium sales contracts to our portfolio since the beginning of the year and have a significant and growing pipeline of contract discussions underway. And contracting interest continues, although since the Russian invasion of Ukraine, and the growing sanctions risk, we have seen the procurement focus of utilities shift from uranium to their more immediate need for enrichment and conversion services, where Russian capacity plays a much bigger role. Therefore, we too are focusing our efforts on capturing the improved pricing for our UF₆ conversion services under long-term contracts. 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. The spot market for uranium fuel is not the fundamental market. Historically, most uranium fuel 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, in our uranium segment 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 UF₆ 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.

We continue to make progress on 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.

As announced in May, we along with Orano acquired Idemitsu Canada Resources Ltd.'s 7.875% participating interest in the Cigar Lake Joint Venture. Our ownership stake in Cigar Lake now stands at 54.547%, 4.522 percentage points higher than it was prior to the transaction.

During the quarter we continued to advance the recruitment, training and operational readiness activities at the McArthur River mine and Key Lake mill. We expensed the operational readiness costs directly to cost of sales, which totaled approximately \$45 million during the quarter. There are now approximately 670 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 operational readiness activities are transitioning from construction to early-stage commissioning of our mining and milling circuits at McArthur River and Key Lake. Critical automation and digitization projects are being tied into existing infrastructure. In addition, asset condition assessments and subsequent repair and reassembly of all equipment is winding down. However, we have seen some delays to our work schedule at the Key Lake mill. We have encountered some challenges with respect to the availability of critical materials, equipment and skills. In addition, after four years on care and maintenance, we have experienced some normal commissioning issues as we work to safely and systematically integrate the existing and new assets with updated operating systems. We have adjusted our schedule to accommodate these delays and anticipate first production will be deferred to later in the fourth quarter. As a result, we are expecting up to 2 million pounds production (100% basis) this year.

In addition to the updated forecast for production at McArthur River/Key Lake, we have updated our forecast for Cigar Lake to 18 million pounds (100% basis). Overall, our share of production from our tier-one assets remains unchanged at up to 11 million pounds for 2022.

We continue to meet our sales commitments from a combination of production, inventory and purchases. In the second quarter, we produced 2.8 million pounds of uranium at Cigar Lake and purchased 5.5 million pounds. The average unit cost of our purchases was \$48.76 per pound (\$38.38 per pound (US)). We have continued to utilize 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 22 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 June 30, 2022, we had \$1.4 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.

Second quarter market update

The uranium spot price closed the second quarter at about \$50 (US) per pound U_3O_8 following significant appreciation in the first quarter of 2022. 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 has created transportation risk in the region. Sanctions on Russia, government restrictions, 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 geopolitical uncertainty, we have seen pressure on prices in all segments of the nuclear fuel cycle. The uranium spot price is up over 18% and the long-term price is up 20% since the beginning of the year. The conversion spot price is up 103% and the long-term price is up 46%, while enrichment spot prices are up 55% 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:

- In April, the US Department of Energy (DOE) announced the Civil Nuclear Credit Program, including \$6 billion (US) in funding to rescue nuclear power plants at risk of closing before 2026. Diablo Canyon, the last nuclear plant in California, is planned for closure in 2025 and is the only plant that qualifies for the current funding. The US DOE is expected to launch another round of funding under the Civil Nuclear Credit Program with fewer qualifications in 2023.
- In June, the Biden Administration in the US proposed a plan to transition away from Russian fuel supply by supporting an increase in the domestic supply of low enriched uranium (LEU) covering the entire front end of the fuel cycle and establishing a domestic source of high-assay low enriched uranium (HALEU) production and ultimately advanced reactor development through a DOE purchase program. The LEU procurement would begin deliveries in 2026 and would amount to about 5% of total domestic demand while HALEU would begin deliveries in 2027. The \$4.3 billion (US) initiative remains dependent upon the Congressional appropriations.
- On June 30, the US DOE released a request for quotations by August 1, seeking up to 1 million pounds of US-origin U_3O_8 for a fixed price. It is willing to award up to four individual contracts and rather than new production, it requested supply come from existing inventory already in storage at the Honeywell Metropolis Works uranium conversion facility located in Metropolis, Illinois.
- In June, GLE signed two non-binding Letters of Intent (LOI) with US utilities to collaborate on areas of cooperation in the US nuclear fuel supply chain. One LOI was with Constellation Energy Generation, LLC, and the other LOI was with Duke Energy Carolinas, LLC and Duke Energy Progress, LLC. The LOIs include measures to support GLE's deployment of SILEX laser enrichment technology in the US and help address multiple emerging demands across the nuclear fuel supply chain including, processing depleted UF_6 tails to help alleviate UF_6 conversion supply pressure, building capacity to supply enrichment to the market in the form of LEU, and building capacity to produce HALEU for next-generation advanced small modular reactors.
- Following the Russian invasion of Ukraine, numerous European countries announced their intention to move away from Russian-supplied nuclear fuel. For example, on June 2, Ukraine's state-owned utility, Energoatom signed an agreement with Westinghouse to supply all its nuclear fuel and increase the number of planned AP1000 reactors from five to nine.
- On June 7, the Canadian government amended regulations pertaining to Russia in response to the country's attack on Ukraine. It prohibits any Canadian person or entity from providing any specified service related to certain industries to Russia or any person in Russia. At the end of June, a Class 7 Canadian vessel operated by CIS Navigation (CISN)/Atlantic Roro Carriers initially had to delay a planned shipment of enriched uranium product (EUP) from St. Petersburg to Philadelphia. On July 8, the Canadian government granted clearance for the vessel and a one-year exemption for CISN to make shipments that involve Russian EUP.
- In June, Boss Energy Limited (Boss) finalized their decision to develop the Honeymoon Uranium Project in South Australia. Boss intends to accelerate construction and is projecting Honeymoon will have first production in the fourth quarter of 2023 and to ramp up to 2.45 million pounds U_3O_8 production per year within three years.
- In June, Global Atomic Corporation received a LOI from a North American utility for delivery of 2.1 million pounds U_3O_8 over a six-year period commencing in 2025. A Phase 1 Feasibility Study for the Dasa Project, located in Niger, had been filed in December 2021 with estimated production to commence by the end of 2024.

According to the International Atomic Energy Agency (IAEA), there are currently 439 reactors operating globally and 54 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, soaring prices and a lack of diversified supply or reliance on state-owned supply. These factors are 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 increasing near-term demand. Some of the more significant developments affecting demand in the quarter and to date are:

- Sprott Physical Uranium Trust (SPUT) purchased about 3.5 million pounds U_3O_8 from April to June compared to over 12 million pounds U_3O_8 from January to March 2022. The challenging equity markets in recent months has contributed to SPUT shares trading at a discount to net asset value, impacting its ability to purchase uranium. Since inception SPUT has purchased nearly 39 million pounds U_3O_8 .
- On May 20, Yellow Cake plc (YCA) announced it exercised its option and took delivery of approximately 2 million pounds U_3O_8 from Kazatomprom (KAP). In addition, on July 1, YCA took delivery of an additional 950,000 pounds U_3O_8 from KAP based on a previously announced agreement.
- On July 6, the European Parliament voted to keep nuclear power in the European Union's sustainable finance taxonomy as a transitional "green" investment. The Complimentary Delegated Act from this vote will take effect on January 1, 2023. Including nuclear in the "transitional" category indicates that it will help mitigate climate change but cannot yet be replaced by economically and technologically feasible low-carbon alternatives. In response, Electricité de France (EDF) announced it will be issuing a new green financing framework to support approximately \$8 billion (US) in annual nuclear spending.
- In the Czech Republic, the nuclear operator Ceske Energeticke Zavody has expedited actions to ensure an expanded role for nuclear in the country, including launching a tender for a new reactor at Dukovany.
- In the United Kingdom, Prime Minister Boris Johnson resigned. Johnson pledged in April to support construction of up to eight new nuclear reactors. In July, the government granted development consent for the new Sizewell C nuclear plant. The two-unit, 3.2 GWe project, largely funded by EDF, would generate about 7% of the UK's electricity needs and operate for 60 years.
- In France, more than half of the country's nuclear reactors are offline for various reasons including postponed maintenance, extended outages, and unexpected corrosion, while a heatwave has reduced output from several plants. In addition, the French state plans to increase ownership in EDF from 84% to 100% to provide a smooth energy transition, ensure sovereignty in the face of war and firm up the company's diminished financial situation. The government reaffirmed plans to continue to invest in nuclear power with the construction of new reactors and innovations.
- The Swiss Federal Nuclear Safety Inspectorate has allowed for the restart of Beznau 1, the oldest Swiss reactor, which had undergone maintenance in April. With the planned restart, Switzerland will add back 3 billion KWh of electricity per year to mitigate against potential electricity shortages due to fossil fuel constraints.
- In China, China National Nuclear Corporation has begun construction of the CAP-1000 at Sanmen 3, this new reactor design is the Chinese version of the AP-1000. The site currently hosts two operating Westinghouse AP-1000's at Sanmen 1 & 2. In addition, China General Nuclear's Hongyanhe 6 recently began commercial operation, which is slated to be the last ACPR-1000 design, before shifting to more advanced HPR-1000 (Hualong One) reactor designs.
- On July 10, Japan Prime Minister Fumio Kishida and the Liberal Democratic Party won in the House of Councilors' election, retaining the majority needed to push for revising the supreme law. The Prime Minister supports the restart of existing reactors closed for upgrades since 2011 and aims to maintain a 20-22% share of nuclear energy for the country. Further, due to Japan's heat wave in June, he stated they will work to speed up the process of restarting reactors to supply more electricity.

- On June 22, South Korea's president Yoon Seok-youl of the Peoples Power Party announced plans to resume development of APR 1400s at Shin Hanul, which was shut down by the previous government. The President allocated \$71 million (US) to immediately restart work along with another \$2.3 billion (US) for nuclear research and development from 2023-2025. His plan calls for nuclear energy to account for a minimum of 30% of South Korea's total energy mix in 2030. Furthermore, the country aims to export ten nuclear reactors by 2030 and accelerate the development of an SMR.
- In Canada, the 2022 federal budget increased funding to support SMR and advanced reactor development. In addition, Ontario Power Generation Inc. has selected the GE Hitachi BWRX-300 SMR for their Darlington New Nuclear Project in Ontario. It will be Canada's first commercial SMR and is expected to be completed as early as 2028. Similarly, in Saskatchewan, the provincial utility SaskPower, has selected the same SMR model for potential development in the mid-2030s.

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

	JUN 30 2022	MAR 31 2022	DEC 31 2021	SEP 30 2021	JUN 30 2021	MAR 31 2021
Uranium (\$US/lb U ₃ O ₈) ¹						
Average spot market price	49.75	58.20	42.05	42.60	32.25	30.95
Average long-term price	51.50	49.00	42.75	42.50	33.50	33.75
Fuel services (\$US/kgU as UF ₆) ¹						
Average spot market price						
North America	32.75	26.63	16.10	17.50	20.25	21.50
Europe	32.75	26.63	16.10	17.50	19.75	20.50
Average long-term price						
North America	26.25	22.50	18.00	18.50	18.00	18.50
Europe	26.50	22.50	18.00	18.50	18.00	18.50

Note: the industry does not publish UO₂ prices.

¹ 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 second quarter of 2022 was 12 million pounds U₃O₈ equivalent, compared to 16 million pounds U₃O₈ equivalent contracted in the second quarter of 2021. Volume through the first six months of 2022 was 37 million pounds U₃O₈ equivalent, compared to about 39 million pounds U₃O₈ equivalent over the same period in 2021. As of June 30, 2022, the average reported spot price was \$49.75 (US) per pound, a decrease of \$8.45 (US) per pound from the previous quarter. In the first quarter, spot prices had reached a 10-year high due 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 six months of 2022 was about 72 million pounds U₃O₈ equivalent, up from about 38 million pounds U₃O₈ equivalent reported over the same period in 2021. The average reported long-term price at the end of the quarter was \$51.50 (US) per pound U₃O₈ equivalent, an increase of \$2.50 (US) per pound from the previous quarter.

The Russian invasion of Ukraine and resulting trade restrictions had a significant impact on UF₆ conversion prices. In 2022, spot UF₆ conversion prices for North American delivery have increased by over \$16.65 (US) per kilogram uranium as UF₆ due to limited capacity, further tightened by the threat of Russian restrictions. Long-term prices have increased by \$8.25 (US) per kilogram uranium as UF₆ in 2022. The average reported spot price at the end of the quarter was \$32.75 (US) per kilogram uranium as UF₆, up \$6.12 (US) from the previous quarter. Long-term UF₆ conversion prices finished the quarter at \$26.25, up \$3.75 (US) from the previous quarter.

Financial results

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

During the quarter, Cameco and Orano acquired Idemitsu Canada Resources Ltd.'s 7.875% participating interest in the Cigar Lake Joint Venture. Cameco's ownership stake in Cigar Lake now stands at 54.547%, 4.522 percentage points higher than it was prior to the transaction. Effective May 19, we have reflected our share of production and financial results at this new ownership stake.

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 19 for more information.

Consolidated financial results

HIGHLIGHTS (\$ MILLIONS EXCEPT WHERE INDICATED)	THREE MONTHS ENDED JUNE 30			SIX MONTHS ENDED JUNE 30		
	2022	2021	CHANGE	2022	2021	CHANGE
Revenue	558	359	55%	956	649	47%
Gross profit (loss)	93	12	>100%	143	(28)	>100%
Net earnings (losses) attributable to equity holders	84	(37)	>100%	124	(42)	>100%
\$ per common share (basic)	0.21	(0.09)	>100%	0.31	(0.10)	>100%
\$ per common share (diluted)	0.21	(0.09)	>100%	0.31	(0.10)	>100%
Adjusted net earnings (losses) (non-IFRS, see page 12)	72	(38)	>100%	89	(67)	>100%
\$ per common share (adjusted and diluted)	0.18	(0.10)	>100%	0.22	(0.17)	>100%
Cash provided by operations (after working capital changes)	102	152	(33)%	274	197	39%

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 second quarter and the first six months of 2022, compared to the same periods in 2021.

(\$ MILLIONS)	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	IFRS	ADJUSTED	IFRS	ADJUSTED
Net losses - 2021	(37)	(38)	(42)	(67)
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), net of hedging benefits)				
Uranium				
Higher sales volume	(6)	(6)	(18)	(18)
Higher realized prices (\$US)	121	121	203	203
Foreign exchange impact on realized prices	9	9	9	9
Higher costs	(45)	(45)	(27)	(27)
Change – uranium	79	79	167	167
Fuel services				
Lower sales volume	(3)	(3)	(8)	(8)
Higher realized prices (\$Cdn)	7	7	12	12
Lower (higher) costs	1	1	(1)	(1)
Change – fuel services	5	5	3	3
Other changes				
Lower (higher) administration expenditures	16	16	(31)	(31)
Higher exploration expenditures	-	-	(2)	(2)
Change in reclamation provisions	27	2	25	3
Higher earnings from equity-accounted investee	25	25	48	48
Change in gains or losses on derivatives	(43)	(3)	(41)	(3)
Change in foreign exchange gains or losses	33	33	29	29
Canadian Emergency Wage Subsidy in 2021	(9)	(9)	(21)	(21)
Bargain purchase gain on CLJV ownership interest increase	23	-	23	-
Change in income tax recovery or expense	(32)	(35)	(32)	(35)
Other	(3)	(3)	(2)	(2)
Net earnings - 2022	84	72	124	89

See *Financial results by segment* on page 22 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 9 of our interim financial statements for more information. This amount has been excluded from our ANE measure.

The bargain purchase gain that was recognized when we acquired our pro-rata share of Idemitsu Canada Resources Ltd.’s 7.875% participating interest in the Cigar Lake Joint Venture has also been removed in calculating ANE since it is non-cash, non-operating and outside of the normal course of our business. The gain was recorded in the statement of earnings as part of “other income (expense)”.

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 second quarter and first six months of 2022 and compares it to the same periods in 2021.

(\$ MILLIONS)	THREE MONTHS ENDED MARCH 31		SIX MONTHS ENDED JUNE 30	
	2022	2021	2022	2021
Net earnings (losses) attributable to equity holders	84	(37)	124	(42)
Adjustments				
Adjustments on derivatives	31	(9)	20	(18)
Adjustments to other operating expense (income)	(19)	6	(38)	(16)
Adjustment to other income	(23)	-	(23)	-
Income taxes on adjustments	(1)	2	6	9
Adjusted net earnings (losses)	72	(38)	89	(67)

Quarterly trends

HIGHLIGHTS (\$ MILLIONS EXCEPT PER SHARE AMOUNTS)	2022				2021		2020	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	558	398	465	361	359	290	550	379
Net earnings (losses) attributable to equity holders	84	40	11	(72)	(37)	(5)	80	(61)
\$ per common share (basic)	0.21	0.10	0.03	(0.18)	(0.09)	(0.01)	0.20	(0.15)
\$ per common share (diluted)	0.21	0.10	0.03	(0.18)	(0.09)	(0.01)	0.20	(0.15)
Adjusted net earnings (losses) (non-IFRS, see page 12)	72	17	23	(54)	(38)	(29)	48	(78)
\$ per common share (adjusted and diluted)	0.18	0.04	0.06	(0.14)	(0.10)	(0.07)	0.12	(0.20)
Cash provided by (used in) operations (after working capital changes)	102	172	59	203	152	45	257	(66)

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 second quarter to the previous seven quarters.

HIGHLIGHTS (\$ MILLIONS EXCEPT PER SHARE AMOUNTS)	2022				2021		2020	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net earnings (losses) attributable to equity holders	84	40	11	(72)	(37)	(5)	80	(61)
Adjustments								
Adjustments on derivatives	31	(11)	5	26	(9)	(9)	(43)	(31)
Adjustments to other operating expense (income)	(19)	(19)	10	(2)	6	(22)	-	7
Adjustment to other income	(23)	-	-	-	-	-	-	-
Income taxes on adjustments	(1)	7	(3)	(6)	2	7	11	7
Adjusted net earnings (losses) (non-IFRS, see page 12)	72	17	23	(54)	(38)	(29)	48	(78)

Corporate expenses

ADMINISTRATION

(\$ MILLIONS)	THREE MONTHS ENDED JUNE 30			SIX MONTHS ENDED JUNE 30		
	2022	2021	CHANGE	2022	2021	CHANGE
Direct administration	34	29	17%	67	56	20%
Stock-based compensation	(10)	11	(191)%	11	22	(50)%
Reversal (recovery) of fees related to CRA dispute	-	-	-	4	(27)	(115)%
Total administration	24	40	(40)%	82	51	61%

Direct administration costs were \$5 million higher for the second quarter of 2022 compared to the same period last year, and \$11 million higher for the first six months due to higher costs as a result of digital initiatives and work on various business opportunities. Stock-based compensation in the first six months of 2022 was \$11 million lower from 2021 due to the decrease in our share price compared to last year. See note 17 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. In the first quarter we adjusted this amount by \$4 million to reflect the actual disbursements for costs awarded by the Tax Court.

EXPLORATION AND RESEARCH & DEVELOPMENT

In the second quarter, uranium exploration expenses were \$2 million, unchanged from the second quarter of 2021. Exploration expenses for the first six months of the year increased by \$2 million compared to 2021, to \$5 million.

We also had research and development expenditures in the second quarter of \$3 million, unchanged from the second quarter of 2021. Research and development expenses for the first six months of the year increased by \$2 million compared to 2021, to \$6 million. The expenses were mainly related to our investment in GLE.

INCOME TAXES

We recorded an income tax expense of \$27 million in the second quarter of 2022, compared to a recovery of \$5 million in the second quarter of 2021.

In the first six months of 2022, we recorded an income tax expense of \$25 million compared to a recovery of \$7 million in 2021.

(\$ MILLIONS)	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2022	2021	2022	2021
Net earnings (loss) before income taxes				
Canada	134	(18)	165	3
Foreign	(23)	(24)	(16)	(52)
Total net earnings before income taxes	111	(42)	149	(49)
Income tax expense (recovery)				
Canada	25	(6)	22	(7)
Foreign	2	1	3	-
Total income tax expense	27	(5)	25	(7)

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, remittances 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 2021 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, we are expecting a payment of approximately \$13 million for disbursements 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.

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 .

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 June 30, 2022 :

- The value of the US dollar relative to the Canadian dollar was \$1.00 (US) for \$1.29 (Cdn), up from \$1.00 (US) for \$1.25 (Cdn) at March 31, 2022. The exchange rate averaged \$1.00 (US) for \$1.28 (Cdn) over the quarter.
- The mark-to-market position on all foreign exchange contracts was a \$8 million gain compared to a \$38 million gain at March 31, 2022.

For information on the impact of foreign exchange on our intercompany balances, see note 18 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.

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. Ongoing supply chain challenges, which we are experiencing at all our operations, could impact production for the remainder of the year. We will work to mitigate and minimize any disruptions to our operations. Therefore, our cash balance may fluctuate throughout the year.

We now expect to deliver between 24 million and 26 million pounds of uranium this year (previously between 23 million and 25 million) as a result of some additional in-year deliveries. With the additional deliveries in 2022 and increased sales/delivery commitments in 2023, we expect to purchase between 14 million and 16 million pounds in the uranium segment this year (previously between 12 million and 14 million pounds) in order to maintain a working inventory.

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 \$56.60 per pound (previously \$58.60 per pound).

Our outlook for direct administration costs is now between \$140 million and \$150 million (previously between \$125 million and \$135 million) due to additional costs associated with the restart of McArthur River and Key Lake operations, as well as work on various business opportunities.

2022 FINANCIAL OUTLOOK

	CONSOLIDATED	URANIUM	FUEL SERVICES
Production (owned and operated properties)	-	up to 11 million lbs	12.5 to 13.5 million kgU
Purchases	-	14 to 16 million lbs	-
Sales/delivery volume	-	24 to 26 million lbs	10.5 to 11.5 million kgU
Revenue	\$1,730-1,880 million	\$1,380-1,470 million	\$340-370 million
Average realized price	-	\$56.60/lb	-
Average unit cost of sales (including D&A)	-	\$53.50-54.50/lb ¹	\$21.50-22.50/kgU ²
Direct administration costs	\$140-150 million	-	-
Exploration costs	-	\$11 million	-
Capital expenditures	\$150-175 million	-	-

¹Uranium 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.

²Fuel 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 \$49.00 (US) per pound (the UxC spot price as of June 27, 2022), a long-term price indicator of \$50.00 (US) per pound (the UxC long-term indicator on June 27, 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 14 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 ¹	\$5(US)/lb increase	19	5	(13)
	\$5(US)/lb decrease	(19)	(6)	12
Value of Canadian dollar vs US dollar	One cent decrease in CAD	6	3	-
	One cent increase in CAD	(6)	(3)	-

¹ Assuming change in both UxC spot price (\$49.00 (US) per pound on June 27, 2022) and the UxC long-term price indicator (\$50.00 (US) per pound on June 27, 2022)

For the remainder of 2022, the volume of purchase commitments sensitive to the spot price is higher than the volume of committed deliveries that are sensitive to the spot price. As a result, our cash flow is expected to move in the opposite direction from the uranium spot price as cash flow is expected to be more sensitive to price changes than adjusted net earnings.

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 June 30, 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 June 30, 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 June 30, 2022 are 22 million pounds per year, with commitment levels in 2022 through 2025 higher than the average and in 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 June 30, 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 ₃ O ₈)	\$20	\$40	\$60	\$80	\$100	\$120	\$140
2022	40	43	46	48	49	51	52
2023	30	39	50	56	59	62	64
2024	32	40	49	53	56	57	58
2025	34	42	51	57	61	62	64
2026	36	42	54	60	64	68	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 June 30, 2022, we had cash and cash equivalents and short-term investments of \$1.4 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 June 30, 2022, we had commitments to deliver an average of 22 million pounds per year from 2022 through 2026, with commitment levels in 2022 through 2025 higher than the average and in 2026 lower than the average.

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 \$50 million lower this quarter than in the second quarter of 2021 due to an increase in working capital requirements, which required \$230 million more in 2022 than in 2021. Partially offsetting the working capital requirement was higher gross profits in both the uranium and fuel services segments and a higher dividend payment from JV Inkai.

Cash provided by operations was \$77 million higher in the first six months of 2022 than for the same period in 2021 due to higher gross profits in both the uranium and fuel services segments and a higher dividend payment from JV Inkai. An increase in working capital requirements, which required \$124 million more in 2022 than in 2021, partially offset the increase. See note 16 of our interim financial statements for more information.

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 June 30, 2022, unchanged from March 31, 2022. At June 30, 2022, we had approximately \$1.6 billion outstanding in financial assurances, unchanged from March 31, 2022.

At June 30, 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 June 30, 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 July 25, 2022, we had:

- 398,436,837 common shares and one Class B share outstanding
- 3,077,954 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 June 30, 2022:

- purchase commitments
- financial assurances
- other arrangements

Purchase commitments

We make purchases under long-term contracts where it is beneficial for us to do so and in order to support our long-term contract portfolio. The following table is based on our purchase commitments in our uranium and fuel services segments at June 30, 2022² but does not include purchases of our share of Inkai production. These commitments include a mix of fixed-price and market-related contracts. Actual payments will be different as a result of changes to our purchase commitments and, in the case of contracts with market-related pricing, the market prices in effect at the time of delivery. We will update this table as required in our MD&A to reflect material changes to our purchase commitments and changes in the prices used to estimate our commitments under market-related contracts.

JUNE 30 (\$ MILLIONS)	2022	2023 AND 2024	2025 AND 2026	2027 AND BEYOND	TOTAL
Purchase commitments ^{1,2}	225	160	205	117	707

¹Denominated in US dollars and Japanese yen, converted from US dollars to Canadian dollars at the rate of 1.27 and from Japanese yen to Canadian dollars at the rate of \$0.01.

²These amounts have been adjusted for any additional purchase commitments that we have entered into since June 30, 2022 but does not include deliveries taken under contract since June 30, 2022.

We have commitments of \$707 million (Cdn) for the following:

- approximately 14.3 million pounds of U₃O₈ equivalent from 2022 to 2028
- approximately 0.8 million kgU as UF₆ in conversion services from 2022 to 2024
- about 0.9 million Separative Work Units (SWU) of enrichment services to meet existing forward sales commitments under agreements with a non-Western supplier

The suppliers do not have the right to terminate agreements other than pursuant to customary events of default provisions.

Financial assurances

At June 30, 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 UF₆ conversion services and 1.4 million pounds of U₃O₈ 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 June 30, 2022, we have 1.3 million kgU of UF₆ conversion services and 630,000 pounds of U₃O₈ drawn on the loans.

BALANCE SHEET

(\$ MILLIONS)	JUN 30, 2022	DEC 31, 2021	CHANGE
Cash, cash equivalents and short-term investments	1,426	1,332	7%
Total debt	997	996	-
Inventory	431	410	5%

Total cash, cash equivalents and short-term investments at June 30, 2022 were \$1.4 billion, or 7% higher than at December 31, 2021 due to strong earnings and the receipt of \$83 million (US) of dividend payments from JV Inkai partially offset by the \$102 million acquisition of the additional ownership stake in the Cigar Lake Joint Venture. Net debt at June 30, 2022 was negative \$429 million.

Total product inventories are \$431 million compared to \$410 million at the end of 2021. Although sales were higher than production and purchases in the first six months of the year, inventories increased due to the higher cost of purchased material. The average cost for uranium has increased to \$41.60 per pound compared to \$38.30 per pound at December 31, 2021. As of June 30, 2022, we held an inventory of 7.3 million pounds of U₃O₈ equivalent (excluding broken ore) (December 31, 2021 - 8.3 million pounds). 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 JUNE 30			SIX MONTHS ENDED JUNE 30		
	2022	2021	CHANGE	2022	2021	CHANGE
Production volume (million lbs)	2.8	1.3	>100%	4.7	1.3	>100%
Sales volume (million lbs)	7.6	6.1	25%	13.5	11.1	22%
Average spot price (\$US/lb)	50.17	30.85	63%	50.09	30.18	66%
Average long-term price (\$US/lb)	50.75	33.58	51%	48.00	33.79	42%
Average realized price (\$US/lb)	46.30	33.54	38%	44.97	32.96	36%
	(\$Cdn/lb)	58.74	41%	57.14	41.40	38%
Average unit cost of sales (including D&A) (\$Cdn/lb)	51.68	45.70	13%	51.34	49.35	4%
Revenue (\$ millions)	447	256	75%	770	461	67%
Gross profit (loss) (\$ millions)	54	(25)	>100%	78	(89)	>100%
Gross profit (loss) (%)	12	(10)	>100%	10	(19)	>100%

SECOND QUARTER

Production during the quarter was 2.8 million pounds. In the second quarter of 2021 there was limited production as Cigar Lake resumed operations following the precautionary suspension due to the COVID-19 pandemic. See *Uranium 2022 Q2 updates* starting on page 25 for more information.

Uranium revenues this quarter were up 75% compared to 2021 due to an increase of 41% in the Canadian dollar average realized price and a 25% increase in sales volume due to the timing of sales. While the average US dollar spot price for uranium increased by 63% compared to the same period in 2021, the US dollar average realized price only increased by 38% due to the impact of fixed price contracts.

Total cost of sales (including D&A) increased by 40% (\$393 million compared to \$281 million in 2021) due to a 25% increase in sales volume and a unit cost of sales that was 13% higher than the same period last year. Unit cost of sales was higher in 2022 due primarily to the higher cost of purchased material compared to 2021.

The net effect was a \$79 million increase in gross profit for the quarter.

Equity earnings from investee, JV Inkai, were \$27 million in the second quarter compared to \$2 million in same period last year.

FIRST SIX MONTHS

Production volumes for the first six months of the year were 262% higher than in the previous year. In the first six months of 2021 production was impacted as Cigar Lake resumed operations following the precautionary suspension due to the COVID-19 pandemic. See *Uranium 2022 Q2 updates* starting on page 25 for more information.

Uranium revenues increased 67% compared to the first six months of 2021 due to a 22% increase in sales volumes and an increase of 38% in the Canadian dollar average realized price. While the average US dollar spot price for uranium increased by 66% compared to the same period in 2021, the US dollar average realized price only increased by 36% due to the lagging effect of changes in spot price on market-related contracts and the impact of fixed price contracts on the portfolio.

Total cost of sales (including D&A) increased by 26% (\$692 million compared to \$550 million in 2021) primarily as a result of a 22% increase in sales volume. Unit cost of sales was higher in 2022 due to the higher cost of purchased material compared to the same period in 2021.

The net effect was a \$167 million increase in gross profit for the first six months.

Equity earnings from investee, JV Inkai, were \$70 million for the first six months compared to \$22 million for the 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 JUNE 30			SIX MONTHS ENDED JUNE 30		
	2022	2021	CHANGE	2022	2021	CHANGE
Produced						
Cash cost	15.58	20.45	(24)%	17.85	20.45	(13)%
Non-cash cost	14.57	20.52	(29)%	16.46	20.52	(20)%
Total production cost ¹	30.15	40.97	(26)%	34.31	40.97	(16)%
Quantity produced (million lbs) ¹	2.8	1.3	115%	4.7	1.3	262%
Purchased						
Cash cost	48.76	36.20	35%	50.17	36.57	37%
Quantity purchased (million lbs) ¹	5.5	3.0	83%	7.8	4.1	90%
Totals						
Produced and purchased costs	42.48	37.64	13%	44.21	37.63	17%
Quantities produced and purchased (million lbs)	8.3	4.3	93%	12.5	5.4	131%

¹ Due to equity accounting, our share of production will be shown as a purchase at the time of delivery. JV Inkai purchases will fluctuate during the quarters and timing of purchases will not match production. There were no deliveries in the second quarter. We purchased 641,000 pounds at a purchase price per pound of \$69.35 (\$54.54 (US)) in the first six months of 2022.

In 2022, with McArthur River/Key Lake transitioning to operational readiness, and the current supply chain challenges and inflationary pressures at all our operations, 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. In the second quarter, the average cash cost of purchased material was \$48.76 (Cdn) per pound, or \$38.38 (US) per pound in US dollar terms, compared to \$29.00 (US) per pound in the second quarter of 2021. For the first six months, the average cash cost of purchased material was \$50.17 (Cdn), or \$39.47 (US) per pound, compared to \$29.12 (US) per pound in the same period in 2021. As a result, the average cash cost of purchased material in Canadian dollar terms increased by 35% this quarter and increased by 37% for the six months compared to the same periods 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 second quarter and the first six months of 2022 and 2021.

Cash and total cost per pound reconciliation

(\$ MILLIONS)	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2022	2021	2022	2021
Cost of product sold	343.9	253.0	610.8	484.9
Add / (subtract)				
Royalties	(9.7)	(1.4)	(14.9)	(6.0)
Care and maintenance and operational readiness costs	(47.0)	(35.5)	(89.3)	(89.3)
Other selling costs	(1.1)	(0.9)	(3.4)	(2.2)
Change in inventories	25.7	(80.0)	(28.0)	(210.9)
Cash operating costs (a)	311.8	135.2	475.2	176.5
Add / (subtract)				
Depreciation and amortization	49.6	27.9	80.8	65.0
Care and maintenance and operational readiness costs	(10.6)	(13.2)	(22.5)	(31.8)
Change in inventories	1.8	12.0	19.1	(6.5)
Total operating costs (b)	352.6	161.9	552.6	203.2
Uranium produced & purchased (million lbs) (c)	8.3	4.3	12.5	5.4
Cash costs per pound (a ÷ c)	37.57	31.44	38.02	32.69
Total costs per pound (b ÷ c)	42.48	37.64	44.21	37.63

Fuel services

(includes results for UF₆, UO₂, UO₃ and fuel fabrication)

HIGHLIGHTS	THREE MONTHS ENDED JUNE 30			SIX MONTHS ENDED JUNE 30		
	2022	2021	CHANGE	2022	2021	CHANGE
Production volume (million kgU)	3.7	3.6	3%	7.8	7.6	3%
Sales volume (million kgU)	2.8	3.1	(10)%	5.0	5.7	(12)%
Average realized price (\$Cdn/kgU)	35.09	32.57	8%	34.83	32.26	8%
Average unit cost of sales (including D&A) (\$Cdn/kgU)	20.75	20.88	(1)%	21.55	21.19	2%
Revenue (\$ millions)	99	100	(1)%	175	184	(5)%
Gross profit (\$ millions)	40	36	11%	67	63	6%
Gross profit (%)	40	36	11%	38	34	12%

SECOND QUARTER

Total revenue for the second quarter of 2022 decreased to \$99 million from \$100 million for the same period last year. This was primarily due to a 10% decrease in sales volumes partially offset by an 8% increase in average realized price compared to 2021. Average realized price increased mainly due to contracts that were entered into in an improved price environment.

The total cost of products and services sold (including D&A) decreased 8% (\$59 million compared to \$64 million in 2021) due mainly to the 10% decrease in sales volume.

The net effect was a \$4 million increase in gross profit.

FIRST SIX MONTHS

In the first six months of the year, total revenue decreased 5% to \$175 million from \$184 million for the same period last year due to a 12% decrease in sales volumes that was partially offset by an 8% increase in realized price. The increase in average realized price was mainly the result of increased prices due to market conditions.

The total cost of products and services sold (including D&A) decreased 11% (\$108 million compared to \$121 million in 2021) due to the 12% decrease in sales volume, slightly offset by a 2% increase in the average unit cost of sales due to higher input costs.

The net effect was a \$4 million increase in gross profit.

Our operations

Uranium – production overview

We had 2.8 million pounds of production in the second quarter and 4.7 million pounds production in the first six months of 2022, compared to 1.3 million pounds in the same period of 2021. Production in 2021 was impacted by our decision to proactively suspend production at Cigar Lake until April, to manage the threat posed by the COVID-19 pandemic.

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 JUNE 30			SIX MONTHS ENDED JUNE 30			2022 PLAN
	2022	2021	CHANGE	2022	2021	CHANGE	
Cigar Lake	2.8	1.3	115%	4.7	1.3	262%	9.5 ¹
McArthur River/Key Lake	-	-	-	-	-	-	up to 1.4 ²
Total	2.8	1.3	115%	4.7	1.3	262%	up to 10.9

¹At Cigar Lake, we now expect production of 18 million pounds (100% basis) in 2022 (previously 15 million pounds) as we have been successful in catching up on development work that had been deferred from 2021. However, the potential for supply chain challenges impacting the availability of construction materials, equipment and labour remains uncertain and could reintroduce production risk.

²Over 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. We are moving into early-stage commissioning of our critical automation, digitization and other projects. However, we have seen some delays to our work schedule at the Key Lake mill and anticipate first production will be deferred to later in the fourth quarter. As a result, we are expecting up to 2 million pounds of production (100% basis) this year (previously up to 5 million pounds).

Uranium 2022 Q2 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 second quarter of 2022, there was no production as we continue to advance recruitment, training, infrastructure upgrades and operational readiness activities in preparation for commissioning and restart. There are now approximately 670 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 operational readiness activities are transitioning from construction to early-stage commissioning of our mining and milling circuits at McArthur River and Key Lake. Critical automation and digitization projects are being tied into existing infrastructure. In addition, asset condition assessments and subsequent repair and reassembly of all equipment is winding down. However, we have seen some delays to our work schedule at the Key Lake mill. We have encountered some challenges with respect to the availability of critical materials, equipment and skills. In addition, after four years on care and maintenance, we have experienced some normal commissioning issues as we work to safely and systematically integrate the existing and new assets with updated operating systems. We have adjusted our schedule to accommodate these delays and anticipate first production will be deferred to later in the fourth quarter. As a result, we are expecting up to 2 million pounds production (100% basis) this year.

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. 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.

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

As announced in May, we along with Orano acquired Idemitsu Canada Resources Ltd.'s 7.875% participating interest in the Cigar Lake Joint Venture. Our ownership stake in Cigar Lake now stands at 54.547%, 4.522 percentage points higher than it was prior to the transaction.

Production for the second quarter in 2022 was 2.8 million pounds (our share) compared to 1.3 million pounds in the second quarter of 2021. Our share of production in the first six months of 2022 was 4.7 million pounds compared to 1.3 million pounds in the first six months of 2021. Production was impacted by suspensions until mid-April in 2021 as a precautionary measure due to COVID-19. Our share of production has been updated to reflect the ownership increase effective May 19.

In 2022, we now expect to produce 18.0 million packaged pounds at Cigar Lake; our share is approximately 9.5 million pounds. We have been successful in catching up on development work that had been deferred from 2021. However, the potential for supply chain impacts on construction materials, equipment and labour remains uncertain and could reintroduce 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.

The collective agreement between Orano and unionized employees at the McClean Lake mill expired on May 31, 2022. Work continues under the terms of the expired collective agreement while negotiations to reach a new agreement proceed. 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 1.8 million pounds for the quarter and 3.6 million pounds for the first six months of the year, compared to 2.3 million pounds and 4.2 million pounds in the same periods 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 continues to experience a number of operational issues as well as inflationary pressure on production materials and reagents, which could pose a risk to JV Inkai's 2022 production volume, impacting its costs.

The geopolitical situation continues to cause transportation risks in the region. We continue to work with Inkai and our joint venture partner, KAP, to secure an alternate shipping route that doesn't rely on Russian rail lines or ports. In the meantime, we continue to delay deliveries of our share of Inkai production destined for our Blind River refinery. Year-to-date we have taken no deliveries from our share of Inkai's 2022 production. While the work on enabling shipping via the Trans-Caspian route continues, we have no confirmed date for when the first shipment with our share of Inkai's production will proceed via that route. Should JV Inkai be unable to execute its sales transactions due to its inability to ship our share of its 2022 production, our 2022 equity earnings and our dividend may be impacted, depending on how and when the issue is resolved.

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.

Excess cash, net of working capital requirements, will be distributed to the partners as dividends. In April, we received a dividend payment from JV Inkai totaling \$83 million (US). Our share of dividends follows our production purchase entitlements as described above.

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 Q2 updates

PORT HOPE CONVERSION SERVICES

CAMECO FUEL MANUFACTURING INC. (CFM)

Production update

Fuel services produced 3.7 million kgU in the second quarter, 3% higher than the same period last year. For the first six months, production was 3% 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.

A new collective agreement with unionized employees at our Port Hope conversion facility has been reached. The new agreement expires on June 30, 2025.

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.

Purchase prices related to business combinations and asset acquisitions are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value requires us to make assumptions, estimates and judgments regarding future events. The allocation process is inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts our reported assets and liabilities, future net earnings due to the impact on future depreciation and amortization expense and impairment tests.

Controls and procedures

As of June 30, 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 June 30, 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 June 30, 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)

July 26, 2022

Cameco Corporation

Consolidated statements of earnings

(Unaudited) (\$Cdn thousands, except per share amounts)	Note	Three months ended		Six months ended	
		Jun 30/22	Jun 30/21	Jun 30/22	Jun 30/21
Revenue from products and services	11	\$ 557,577	\$ 359,205	\$ 955,615	\$ 649,221
Cost of products and services sold		403,449	307,419	711,060	587,881
Depreciation and amortization		61,197	39,778	101,798	89,136
Cost of sales	19	464,646	347,197	812,858	677,017
Gross profit (loss)		92,931	12,008	142,757	(27,796)
Administration		23,847	39,762	81,627	50,961
Exploration		2,304	1,739	4,922	3,053
Research and development		3,365	3,112	6,166	3,591
Other operating expense (income)	9	(20,668)	5,578	(40,641)	(16,207)
Loss (gain) on disposal of assets		132	(2)	(212)	(3)
Earnings (loss) from operations		83,951	(38,181)	90,895	(69,191)
Finance costs	12	(20,368)	(19,966)	(39,099)	(37,647)
Gain (loss) on derivatives	18	(28,223)	14,554	(18,288)	23,260
Finance income		4,478	2,497	6,429	3,775
Share of earnings from equity-accounted investee	7	26,505	1,586	69,528	22,203
Other income (expense)	13	44,172	(2,233)	39,915	8,873
Earnings (loss) before income taxes		110,515	(41,743)	149,380	(48,727)
Income tax expense (recovery)	14	26,578	(4,970)	25,159	(7,001)
Net earnings (loss)		83,937	(36,773)	124,221	(41,726)
Net earnings (loss) attributable to:					
Equity holders		\$ 83,979	\$ (36,759)	\$ 124,329	\$ (41,688)
Non-controlling interest		(42)	(14)	(108)	(38)
Net earnings (loss)		\$ 83,937	\$ (36,773)	\$ 124,221	\$ (41,726)
Earnings (loss) per common share attributable to equity holders:					
Basic	15	\$ 0.21	\$ (0.09)	\$ 0.31	\$ (0.10)
Diluted	15	\$ 0.21	\$ (0.09)	\$ 0.31	\$ (0.10)

See accompanying notes to condensed consolidated interim financial statements.

Cameco Corporation

Consolidated statements of comprehensive earnings

(Unaudited) (\$Cdn thousands)	Three months ended		Six months ended	
	Jun 30/22	Jun 30/21	Jun 30/22	Jun 30/21
Net earnings (loss)	\$ 83,937	\$ (36,773)	\$ 124,221	\$ (41,726)
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 ¹	-	6,120	-	22,209
Items that are or may be reclassified to net earnings:				
Exchange differences on translation of foreign operations	(31,556)	(8,802)	(34,223)	(17,912)
Other comprehensive income (loss), net of taxes	(31,556)	(2,682)	(34,223)	4,297
Total comprehensive income (loss)	\$ 52,381	\$ (39,455)	89,998	(37,429)
Other comprehensive income (loss) attributable to:				
Equity holders	\$ (31,558)	\$ (2,679)	\$ (34,225)	\$ 4,302
Non-controlling interest	2	(3)	2	(5)
Other comprehensive income (loss)	\$ (31,556)	\$ (2,682)	\$ (34,223)	\$ 4,297
Total comprehensive income (loss) attributable to:				
Equity holders	\$ 52,421	\$ (39,438)	\$ 90,104	\$ (37,386)
Non-controlling interest	(40)	(17)	(106)	(43)
Total comprehensive income (loss)	\$ 52,381	\$ (39,455)	\$ 89,998	\$ (37,429)

¹ Net of tax (Q2 2022 - \$0; Q2 2021 - \$(816); 2022 - \$0; 2021 - \$(3,267))

See accompanying notes to condensed consolidated interim financial statements.

Cameco Corporation

Consolidated statements of financial position

(Unaudited) (\$Cdn thousands)	Note	As at	
		Jun 30/22	Dec 31/21
Assets			
Current assets			
Cash and cash equivalents		\$ 1,064,408	\$ 1,247,447
Short-term investments		361,905	84,906
Accounts receivable		179,755	276,139
Current tax assets		1,640	4,966
Inventories	5	431,222	409,521
Supplies and prepaid expenses		108,388	95,341
Current portion of long-term receivables, investments and other	6	55,176	23,232
Total current assets		2,202,494	2,141,552
Property, plant and equipment		3,413,106	3,576,599
Intangible assets		49,532	51,247
Long-term receivables, investments and other	6	584,625	577,527
Investment in equity-accounted investee	7	189,086	233,240
Deferred tax assets		948,886	937,579
Total non-current assets		5,185,235	5,376,192
Total assets		\$ 7,387,729	\$ 7,517,744
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		251,150	340,458
Current tax liabilities		8,625	4,129
Current portion of other liabilities	8	68,569	22,791
Current portion of provisions	9	37,712	46,365
Total current liabilities		366,056	413,743
Long-term debt		996,625	996,250
Other liabilities	8	219,673	171,774
Provisions	9	864,832	1,090,009
Total non-current liabilities		2,081,130	2,258,033
Shareholders' equity			
Share capital	10	1,914,919	1,903,357
Contributed surplus		223,051	230,039
Retained earnings		2,763,982	2,639,650
Other components of equity		38,570	72,795
Total shareholders' equity attributable to equity holders		4,940,522	4,845,841
Non-controlling interest		21	127
Total shareholders' equity		4,940,543	4,845,968
Total liabilities and shareholders' equity		\$ 7,387,729	\$ 7,517,744

Commitments and contingencies [notes 9, 14]

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)	-	-	124,329	-	-	124,329	(108)	124,221
Other comprehensive income (loss)	-	-	-	(34,225)	-	(34,225)	2	(34,223)
Total comprehensive income (loss) for the period	-	-	124,329	(34,225)	-	90,104	(106)	89,998
Share-based compensation	-	1,579	-	-	-	1,579	-	1,579
Stock options exercised	11,562	(2,366)	-	-	-	9,196	-	9,196
Restricted share units released	-	(6,201)	-	-	-	(6,201)	-	(6,201)
Dividends	-	-	3	-	-	3	-	3
Balance at June 30, 2022	\$ 1,914,919	\$ 223,051	\$ 2,763,982	\$ 39,318	\$ (748)	\$ 4,940,522	\$ 21	\$ 4,940,543
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	-	-	(41,688)	-	-	(41,688)	(38)	(41,726)
Other comprehensive income (loss)	-	-	-	(17,907)	22,209	4,302	(5)	4,297
Total comprehensive income (loss) for the period	-	-	(41,688)	(17,907)	22,209	(37,386)	(43)	(37,429)
Share-based compensation	-	2,229	-	-	-	2,229	-	2,229
Stock options exercised	25,527	(5,296)	-	-	-	20,231	-	20,231
Restricted share units released	-	(4,979)	-	-	-	(4,979)	-	(4,979)
Dividends	-	-	5	-	-	5	-	5
Transfer to retained earnings ¹	-	-	33,811	-	(33,811)	-	-	-
Balance at June 30, 2021	\$ 1,895,237	\$ 229,312	\$ 2,727,958	\$ 86,018	\$ (70)	\$ 4,938,455	\$ 163	\$ 4,938,618

¹ 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		Six months ended	
		Jun 30/22	Jun 30/21	Jun 30/22	Jun 30/21
Operating activities					
Net earnings (loss)	\$	83,937	\$ (36,773)	\$ 124,221	\$ (41,726)
Adjustments for:					
Depreciation and amortization		61,197	39,778	101,798	89,136
Deferred charges		20,184	(1,656)	19,223	967
Unrealized loss (gain) on derivatives		32,527	(9,468)	25,422	(18,268)
Share-based compensation	17	769	1,086	1,579	2,229
Loss (gain) on disposal of assets		132	(2)	(212)	(3)
Finance costs	12	20,368	19,966	39,099	37,647
Finance income		(4,478)	(2,497)	(6,429)	(3,775)
Share of earnings in equity-accounted investee		(26,505)	(1,586)	(69,528)	(22,203)
Other operating expense (income)	9	(20,668)	5,578	(40,641)	(16,207)
Other expense (income)	13	(44,173)	11,541	(39,915)	12,294
Income tax expense (recovery)	14	26,578	(4,970)	25,159	(7,001)
Interest received		4,125	4,388	6,020	5,463
Income taxes received (paid)		(987)	1,732	(358)	619
Dividends from equity-accounted investee		104,943	50,128	104,943	50,128
Other operating items	16	(156,391)	74,331	(16,637)	107,379
Net cash provided by operations		101,558	151,576	273,744	196,679
Investing activities					
Additions to property, plant and equipment		(36,022)	(21,993)	(66,071)	(30,413)
Acquisitions [note 4]		(101,669)	-	(101,669)	-
Increase in short-term investments		(172,154)	(97,944)	(276,999)	(92,934)
Decrease (increase) in long-term receivables, investments and other		(2,000)	23,489	(2,000)	72,220
Proceeds from sale of property, plant and equipment		(76)	2	278	2
Net cash used in investing		(311,921)	(96,446)	(446,461)	(51,125)
Financing activities					
Interest paid		(19,130)	(19,896)	(19,372)	(20,551)
Lease principal payments		(543)	(564)	(1,165)	(1,229)
Proceeds from issuance of shares, stock option plan		477	2,181	9,196	20,231
Dividends returned		-	-	5	5
Net cash used in financing		(19,196)	(18,279)	(11,336)	(1,544)
Increase (decrease) in cash and cash equivalents, during the period		(229,559)	36,851	(184,053)	144,010
Exchange rate changes on foreign currency cash balances		4,663	(2,767)	1,014	(4,710)
Cash and cash equivalents, beginning of period		1,289,304	1,023,598	1,247,447	918,382
Cash and cash equivalents, end of period	\$	1,064,408	\$ 1,057,682	\$ 1,064,408	\$ 1,057,682
Cash and cash equivalents is comprised of:					
Cash				679,945	626,441
Cash equivalents				384,463	431,241
Cash and cash equivalents				\$ 1,064,408	\$ 1,057,682

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 June 30, 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 7).

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 19 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 UF₆ 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 July 26, 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 June 30, 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. Acquisition of additional interest in Cigar Lake Joint Venture (CLJV)

On May 19, 2022, Cameco and Orano Canada Inc. (Orano) completed the acquisition of Idemitsu Canada Resources Ltd.'s (Idemitsu) 7.875% participating interest in the CLJV by acquiring their pro rata shares through an asset purchase. Cameco's ownership stake in the Cigar Lake uranium mine in northern Saskatchewan is now 54.547% (previously 50.025%). The primary reason for the business combination was to increase our ownership interest.

Cash consideration of \$101,669,000 was paid for the additional 4.522% interest. At the time of closing, \$98,375,000 was released from escrow, with the remaining to be paid upon finalization of closing adjustments. While Cameco received the economic benefit of owning the additional interest as of January 1, 2022, the additional interest has been proportionately consolidated with the results of Cameco commencing on May 19, 2022.

CLJV allocates uranium production to each joint operation participant and the joint operation participant derives revenue directly from the sale of such product. Mining and milling expenses incurred by joint operations are included in the cost of inventory. As such, there is no revenue or profit or loss of the acquiree included in the consolidated statements of earnings. If the acquisition had occurred at the beginning of the year, Cameco's share of production would have included an additional 296,000 pounds. The impact to the financial statements would not have been material.

Acquisition costs of \$1,508,000 have been included in administration expense in the consolidated statements of earnings for the six-month period ended June 30, 2022.

Included in the identifiable assets and liabilities acquired at the date of acquisition are inputs, production processes and outputs. Therefore, Cameco has determined that together the acquired set is a business. In accordance with the acquisition method of accounting, the purchase price was allocated to the underlying assets and liabilities assumed based on their fair values at the date of acquisition. Fair values were determined based on discounted cash flows and quoted market prices. The values assigned to the net assets acquired were as follows:

Property, plant and equipment	\$	97,894
Deferred tax asset ^(b)		28,196
Inventory [note 6]		9,933
Working capital		(24)
Reclamation provision		(2,528)
Sales contracts		(9,000)
Net assets acquired	\$	124,471
Cash paid		101,669
Bargain purchase gain^(a)	\$	22,802

(a) The preliminary bargain purchase gain resulted from applying the measurement requirements under IFRS 3, *Business Combinations*. This standard requires the measurement of tax attributes that were acquired as part of the transaction be in accordance with IAS 12, *Income Taxes*, rather than at fair value. The measured amount of these attributes exceeded the amount paid for them and the resulting gain is included in other income (expense) in the consolidated statement of earnings.

(b) The deferred tax asset has been measured provisionally, pending further review of the income tax attributes of the acquisition.

The accounting for the acquisition will be revised if, within one year of the acquisition date, new information is obtained about facts and circumstances that existed at the date of acquisition. Revision will occur if this new information identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition.

5. Inventories

	Jun 30/22	Dec 31/21
Uranium		
Concentrate	\$ 302,253	\$ 319,257
Broken ore	44,612	46,324
	346,865	365,581
Fuel services	83,470	43,549
Other	887	391
Total	\$ 431,222	\$ 409,521

Cameco expensed \$388,165,000 of inventory as cost of sales during the second quarter of 2022 (2021 - \$289,359,000). For the six months ended June 30, 2022, Cameco expensed \$670,771,000 of inventory as cost of sales (2021 - \$533,629,000).

6. Long-term receivables, investments and other

	Jun 30/22	Dec 31/21
Acquisition-related receivables [note 4] ^(a)	\$ 9,933	\$ -
Derivatives [note 18]	17,561	32,098
Deferred charges	30,445	-
Investment tax credits	95,722	95,722
Amounts receivable related to tax dispute ^(b)	295,221	295,221
Product loan ^(c)	187,548	176,904
Other	3,371	814
	639,801	600,759
Less current portion	(55,176)	(23,232)
Net	\$ 584,625	\$ 577,527

(a) As part of its acquisition of the additional interest in the Cigar Lake Joint Venture, Cameco acquired 175,000 pounds of uranium concentrate inventory. Since delivery and title transfer of the inventory had not yet occurred at June 30, 2022 it has been recorded in the current portion of long-term receivables.

(b) 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 14). 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 June 30, 2022 (December 31, 2021 - \$295,221,000) (note 14).

(c) 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 U₃O₈ quantities drawn being repaid by December 31, 2027 and quantities of UF₆ drawn by December 31, 2035.

As at June 30, 2022, 4,616,100 pounds of U₃O₈ and 300,000 kgU of UF₆ conversion supply were drawn on the loans and are recorded at Cameco's weighted average cost of inventory.

7. 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 20). 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%):

	Jun 30/22	Dec 31/21
Cash and cash equivalents	\$ 24,918	\$ 12,893
Other current assets	169,681	301,589
Non-current assets	313,629	328,469
Current liabilities	(19,859)	(32,774)
Non-current liabilities	(36,481)	(38,635)
Net assets	\$ 451,888	\$ 571,542

	Three months ended		Six months ended	
	Jun 30/22	Jun 30/21	Jun 30/22	Jun 30/21
Revenue from products and services	\$ 55,128	\$ 51,122	\$ 149,162	\$ 72,828
Cost of products and services sold	(9,066)	(8,961)	(23,024)	(13,655)
Depreciation and amortization	(2,597)	(3,738)	(6,354)	(5,666)
Finance income	443	105	590	144
Finance costs	(1,605)	(191)	(2,144)	(412)
Other expense	(6,919)	(4,898)	(4,956)	(6,762)
Income tax expense	(7,998)	(6,680)	(25,046)	(9,578)
Net earnings from continuing operations	\$ 27,386	\$ 26,759	\$ 88,228	\$ 36,899
Other comprehensive income	-	-	-	-
Total comprehensive income	\$ 27,386	\$ 26,759	\$ 88,228	\$ 36,899

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

	Jun 30/22	Dec 31/21
Opening net assets	\$ 571,542	\$ 440,565
Total comprehensive income	88,228	229,182
Dividends declared	(168,316)	(85,198)
Impact of foreign exchange	(39,566)	(13,007)
Closing net assets	451,888	571,542
Cameco's share of net assets	180,755	228,617
Consolidating adjustments ^(a)	(32,200)	(60,348)
Fair value increment ^(b)	85,313	85,976
Dividends in excess of ownership percentage ^(c)	(46,906)	(22,085)
Impact of foreign exchange	2,124	1,080
Carrying amount in the statement of financial position at June 30, 2022	\$ 189,086	\$ 233,240

(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.

8. Other liabilities

	Jun 30/22	Dec 31/21
Deferred sales	\$ 65,482	\$ 23,316
Derivatives [note 18]	15,882	4,997
Accrued pension and post-retirement benefit liability	90,082	89,002
Lease obligation [note 18]	9,486	4,872
Product loans ^(a)	43,235	15,763
Other	64,075	56,615
	288,242	194,565
Less current portion	(68,569)	(22,791)
Net	\$ 219,673	\$ 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 UF₆ conversion services and 1,392,000 pounds of U₃O₈ 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 June 30, 2022, we have 1,344,000 kgU of UF₆ 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 U₃O₈ drawn with repayment due no later than December 31, 2023. The loans are recorded at Cameco's weighted average cost of inventory.

9. 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	(197,127)	-	(197,127)
Recognized in earnings	(40,641)	(270)	(40,911)
Provisions used during the period	(12,817)	(622)	(13,439)
Unwinding of discount	11,611	61	11,672
Impact of foreign exchange	5,975	-	5,975
End of period	\$ 893,970	\$ 8,574	\$ 902,544
Current	35,944	1,768	37,712
Non-current	858,026	6,806	864,832
	\$ 893,970	\$ 8,574	\$ 902,544

The decrease of \$237,768,000 in the reclamation provision was due largely to an increase in risk-free nominal and real rates of return during the year.

10. Share capital

At June 30, 2022, there were 398,436,837 common shares outstanding. Options in respect of 3,077,954 shares are outstanding under the stock option plan and are exercisable up to 2027. For the quarter ended June 30, 2022, there were 33,787 options that were exercised resulting in the issuance of shares (2021 - 119,765). For the six months ended June 30, 2022, there were 377,572 options exercised that resulted in the issuance of shares (2021 - 1,490,029).

11. 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 19):

For the three months ended June 30, 2022

	Uranium	Fuel services	Other	Total
Customer geographical region				
Americas	\$ 257,898	\$ 84,504	\$ 8,654	\$ 351,056
Europe	53,476	9,955	2,769	66,200
Asia	135,852	4,469	-	140,321
	\$ 447,226	\$ 98,928	\$ 11,423	\$ 557,577
Contract type				
Fixed-price	\$ 158,377	\$ 97,206	\$ 11,423	\$ 267,006
Market-related	288,849	1,722	-	290,571
	\$ 447,226	\$ 98,928	\$ 11,423	\$ 557,577

For the three months ended June 30, 2021

	Uranium	Fuel services	Other	Total
Customer geographical region				
Americas	\$ 151,826	\$ 73,260	\$ -	\$ 225,086
Europe	23,843	24,287	2,945	51,075
Asia	80,549	2,495	-	83,044
	\$ 256,218	\$ 100,042	\$ 2,945	\$ 359,205
Contract type				
Fixed-price	\$ 57,567	\$ 95,138	\$ 2,945	\$ 155,650
Market-related	198,651	4,904	-	203,555
	\$ 256,218	\$ 100,042	\$ 2,945	\$ 359,205

For the six months ended June 30, 2022

	Uranium	Fuel services	Other	Total
Customer geographical region				
Americas	\$ 415,436	\$ 138,775	\$ 8,654	\$ 562,865
Europe	134,358	23,069	2,769	160,196
Asia	219,804	12,750	-	232,554
	\$ 769,598	\$ 174,594	\$ 11,423	\$ 955,615
Contract type				
Fixed-price	\$ 288,058	\$ 172,872	\$ 11,423	\$ 472,353
Market-related	481,540	1,722	-	483,262
	\$ 769,598	\$ 174,594	\$ 11,423	\$ 955,615

For the six months ended June 30, 2021

	Uranium	Fuel services	Other	Total
Customer geographical region				
Americas	\$ 289,190	\$ 142,364	\$ 891	\$ 432,445
Europe	71,841	38,209	2,945	112,995
Asia	100,252	3,529	-	103,781
	\$ 461,283	\$ 184,102	\$ 3,836	\$ 649,221
Contract type				
Fixed-price	\$ 134,143	\$ 179,198	\$ 3,836	\$ 317,177
Market-related	327,140	4,904	-	332,044
	\$ 461,283	\$ 184,102	\$ 3,836	\$ 649,221

12. Finance costs

	Three months ended		Six months ended	
	Jun 30/22	Jun 30/21	Jun 30/22	Jun 30/21
Interest on long-term debt	\$ 9,870	\$ 9,832	\$ 19,638	\$ 19,591
Unwinding of discount on provisions	6,539	6,159	11,672	10,216
Other charges	3,889	3,939	7,685	7,764
Interest on lease liabilities	70	36	104	76
Total	\$ 20,368	\$ 19,966	\$ 39,099	\$ 37,647

13. Other income (expense)

	Three months ended		Six months ended	
	Jun 30/22	Jun 30/21	Jun 30/22	Jun 30/21
Bargain purchase gain [note 4]	22,802	-	22,802	-
Foreign exchange gains (losses)	21,372	(11,541)	17,113	(12,294)
Government assistance ^(a)	-	9,308	-	21,167
Other	(2)	-	-	-
Total	\$ 44,172	\$ (2,233)	\$ 39,915	\$ 8,873

(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.

14. Income taxes

	Three months ended		Six months ended	
	Jun 30/22	Jun 30/21	Jun 30/22	Jun 30/21
Earnings (loss) before income taxes				
Canada	\$ 134,002	\$ (18,284)	\$ 165,739	\$ 2,932
Foreign	(23,487)	(23,459)	(16,359)	(51,659)
	\$ 110,515	\$ (41,743)	\$ 149,380	\$ (48,727)
Current income taxes (recovery)				
Canada	\$ 3,495	\$ (501)	\$ 3,324	\$ (722)
Foreign	3,887	444	4,945	389
	\$ 7,382	\$ (57)	\$ 8,269	\$ (333)
Deferred income taxes (recovery)				
Canada	\$ 21,204	\$ (5,096)	\$ 18,321	\$ (6,371)
Foreign	(2,008)	183	(1,431)	(297)
	\$ 19,196	\$ (4,913)	\$ 16,890	\$ (6,668)
Income tax expense (recovery)	\$ 26,578	\$ (4,970)	\$ 25,159	\$ (7,001)

Cameco has recorded \$948,886,000 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.

15. 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 398,363,983 (2021 - 397,355,123).

	Three months ended		Six months ended	
	Jun 30/22	Jun 30/21	Jun 30/22	Jun 30/21
Basic earnings (loss) per share computation				
Net earnings (loss) attributable to equity holders	\$ 83,979	\$ (36,759)	\$ 124,329	\$ (41,688)
Weighted average common shares outstanding	398,418	397,671	398,364	397,355
Basic earnings (loss) per common share	\$ 0.21	\$ (0.09)	\$ 0.31	\$ (0.10)
Diluted earnings (loss) per share computation				
Net earnings (loss) attributable to equity holders	\$ 83,979	\$ (36,759)	\$ 124,329	\$ (41,688)
Weighted average common shares outstanding	398,418	397,671	398,364	397,355
Dilutive effect of stock options	1,587	-	1,588	-
Weighted average common shares outstanding, assuming dilution	400,005	397,671	399,952	397,355
Diluted earnings (loss) per common share	\$ 0.21	\$ (0.09)	\$ 0.31	\$ (0.10)

(a) For the quarter ended June 30, 2021, 1,082 options were excluded from the diluted weighted average number of common shares because their inclusion would have been anti-dilutive. For the six-month period ended June 30, 2021, 1,397 options were excluded from the diluted weighted average number of common shares because their inclusion would have been anti-dilutive.

16. Statements of cash flows

	Three months ended		Six months ended	
	Jun 30/22	Jun 30/21	Jun 30/22	Jun 30/21
Changes in non-cash working capital:				
Accounts receivable	\$ (4,234)	\$ (7,250)	\$ 122,940	\$ (16,134)
Inventories	(39,245)	62,575	(8,876)	183,038
Supplies and prepaid expenses	(17,073)	(9,622)	(12,956)	(11,206)
Accounts payable and accrued liabilities	(89,251)	38,827	(99,204)	(29,279)
Reclamation payments	(6,976)	(4,196)	(13,439)	(7,533)
Other	388	(6,003)	(5,102)	(11,507)
Other operating items	\$ (156,391)	\$ 74,331	\$ (16,637)	\$ 107,379

17. 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 30,514,394 shares have been issued. As of June 30, 2022, the total number of stock options held by the participants was 3,077,954 (December 31, 2021 - 3,458,001).

B. Executive performance share unit (PSU)

During the year, the Company granted 238,610 PSUs. The weighted average fair value per unit at the date of issue was \$28.75. As of June 30, 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 year, the Company granted 289,050 RSUs. The weighted average fair value per unit at the date of issue was \$31.17. As of June 30, 2022, the total number of RSUs held by the participants was 1,151,752 (December 31, 2021 - 1,081,783).

D. Deferred share unit (DSU)

As of June 30, 2022, the total number of DSUs held by participating directors was 533,854 (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		Six months ended	
	Jun 30/22	Jun 30/21	Jun 30/22	Jun 30/21
Restricted share unit plan	\$ 769	\$ 721	\$ 1,534	\$ 1,402
Performance share unit plan	-	304	-	599
Stock option plan	-	61	45	228
	769	1,086	1,579	2,229
Employee share ownership plan ^(a)	939	892	1,711	1,764
Total	\$ 1,708	\$ 1,978	\$ 3,290	\$ 3,993

(a) The total number of shares purchased in 2022 with Company contributions was 56,196 (2021 - 84,661).

Cash-settled plans

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

	Three months ended		Six months ended	
	Jun 30/22	Jun 30/21	Jun 30/22	Jun 30/21
Performance share unit plan	\$ (2,898)	\$ 6,345	\$ 5,840	\$ 12,564
Deferred share unit plan	(5,076)	1,604	75	3,655
Restricted share unit plan	(1,648)	1,682	3,321	2,981
Phantom stock option plan	(772)	143	338	893
Phantom restricted share unit plan	(30)	43	93	55
	(10,424)	9,817	9,667	20,148

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

18. 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 June 30, 2022

	FVTPL	Amortized cost	FVOCI - designated	Total
Financial assets				
Cash and cash equivalents ^(a)	\$ -	\$ 1,064,408	\$ -	\$ 1,064,408
Short-term investments	-	361,905	-	361,905
Accounts receivable	-	179,755	-	179,755
Derivative assets [note 6]				
Foreign currency contracts	17,561	-	-	17,561
	17,561	1,606,068	-	1,623,629
Financial liabilities				
Accounts payable and accrued liabilities	-	251,150	-	251,150
Lease obligation [note 8]	-	9,486	-	9,486
Derivative liabilities [note 8]				
Foreign currency contracts	9,400	-	-	9,400
Interest rate contracts	6,482	-	-	6,482
Long-term debt	-	996,625	-	996,625
	15,882	1,257,261	-	1,273,143
Net	1,679	348,807	-	350,486

At December 31, 2021

	FVTPL	Amortized cost	FVOCI - designated	Total
Financial assets				
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 6]				
Foreign currency contracts	31,534	-	-	31,534
Interest rate contracts	564	-	-	564
	\$ 32,098	\$ 1,608,492	\$ -	\$ 1,640,590
Financial liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 340,458	\$ -	\$ 340,458
Lease obligation [note 8]	-	4,872	-	4,872
Derivative liabilities [note 8]				
Foreign currency contracts	3,760	-	-	3,760
Interest rate contracts	1,237	-	-	1,237
Long-term debt	-	996,250	-	996,250
	4,997	1,341,580	-	1,346,577
Net	\$ 27,101	\$ 266,912	\$ -	\$ 294,013

(a) Cameco has pledged \$234,659,000 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 June 30, 2022

	Carrying value	Fair value		
		Level 1	Level 2	Total
Derivative assets [note 6]				
Foreign currency contracts	\$ 17,561	\$ -	\$ 17,561	\$ 17,561
Derivative liabilities [note 8]				
Foreign currency contracts	(9,400)	-	(9,400)	(9,400)
Interest rate contracts	(6,482)	-	(6,482)	(6,482)
Long-term debt	(996,625)	-	(1,022,680)	(1,022,680)
Net	\$ (994,946)	\$ -	\$ (1,021,001)	\$ (1,021,001)

As at December 31, 2021

	Carrying value	Fair value		
		Level 1	Level 2	Total
Derivative assets [note 6]				
Foreign currency contracts	\$ 31,534	\$ -	\$ 31,534	\$ 31,534
Interest rate contracts	564	-	564	564
Derivative liabilities [note 8]				
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)
Net	\$ (969,149)	\$ -	\$ (1,076,877)	\$ (1,076,877)

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 3.1% to 3.2% (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:

	Jun 30/22	Dec 31/21
Non-hedge derivatives:		
Foreign currency contracts	\$ 8,161	\$ 27,774
Interest rate contracts	(6,482)	(673)
Net	\$ 1,679	\$ 27,101
Classification:		
Current portion of long-term receivables, investments and other [note 6]	\$ 13,587	\$ 22,652
Long-term receivables, investments and other [note 6]	3,974	9,446
Current portion of other liabilities [note 8]	(2,871)	(378)
Other liabilities [note 8]	(13,011)	(4,619)
Net	\$ 1,679	\$ 27,101

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

	Three months ended		Six months ended	
	Jun 30/22	Jun 30/21	Jun 30/22	Jun 30/21
Non-hedge derivatives:				
Foreign currency contracts	\$ (26,219)	\$ 14,554	\$ (12,855)	\$ 23,260
Interest rate contracts	(2,004)	-	(5,433)	-
Net	\$ (28,223)	\$ 14,554	\$ (18,288)	\$ 23,260

19. 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 \$57,605,000 of care and maintenance and operational readiness costs during the second quarter of 2022 (2021 - \$48,668,000 of care and maintenance costs). For the six months ended June 30, 2022, Cameco expensed \$111,732,000 (2021 - \$121,178,000 of care and maintenance costs). Included in these amounts in 2021 are \$7,789,000 for the quarter and \$40,359,000 for the six months ended June 30, 2021 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 June 30, 2022

	Uranium	Fuel services	Other	Total
Revenue	\$ 447,226	\$ 98,928	\$ 11,423	\$ 557,577
Expenses				
Cost of products and services sold	343,861	50,741	8,847	403,449
Depreciation and amortization	49,576	7,762	3,859	61,197
Cost of sales	393,437	58,503	12,706	464,646
Gross profit (loss)	53,789	40,425	(1,283)	92,931
Administration	-	-	23,847	23,847
Exploration	2,304	-	-	2,304
Research and development	-	-	3,365	3,365
Other operating income	(18,891)	(1,777)	-	(20,668)
Loss on disposal of assets	19	113	-	132
Finance costs	-	-	20,368	20,368
Loss on derivatives	-	-	28,223	28,223
Finance income	-	-	(4,478)	(4,478)
Share of earnings from equity-accounted investee	(26,505)	-	-	(26,505)
Other income	(22,802)	-	(21,370)	(44,172)
Earnings (loss) before income taxes	119,664	42,089	(51,238)	110,515
Income tax expense				26,578
Net earnings			\$	83,937

For the three months ended June 30, 2021

	Uranium	Fuel services	Other	Total
Revenue	\$ 256,218	\$ 100,042	\$ 2,945	\$ 359,205
Expenses				
Cost of products and services sold	252,983	54,380	56	307,419
Depreciation and amortization	27,947	9,773	2,058	39,778
Cost of sales	280,930	64,153	2,114	347,197
Gross profit (loss)	(24,712)	35,889	831	12,008
Administration	-	-	39,762	39,762
Exploration	1,739	-	-	1,739
Research and development	-	-	3,112	3,112
Other operating expense (income)	5,891	(313)	-	5,578
Gain on disposal of assets	(2)	-	-	(2)
Finance costs	-	-	19,966	19,966
Gain on derivatives	-	-	(14,554)	(14,554)
Finance income	-	-	(2,497)	(2,497)
Share of earnings from equity-accounted investee	(1,586)	-	-	(1,586)
Other expense	-	-	2,233	2,233
Earnings (loss) before income taxes	(30,754)	36,202	(47,191)	(41,743)
Income tax recovery				(4,970)
Net loss				\$ (36,773)

For the six months ended June 30, 2022

	Uranium	Fuel services	Other	Total
Revenue	\$ 769,598	\$ 174,594	\$ 11,423	\$ 955,615
Expenses				
Cost of products and services sold	610,794	92,089	8,177	711,060
Depreciation and amortization	80,781	15,940	5,077	101,798
Cost of sales	691,575	108,029	13,254	812,858
Gross profit (loss)	78,023	66,565	(1,831)	142,757
Administration	-	-	81,627	81,627
Exploration	4,922	-	-	4,922
Research and development	-	-	6,166	6,166
Other operating income	(37,415)	(3,226)	-	(40,641)
Gain on disposal of assets	(5)	(207)	-	(212)
Finance costs	-	-	39,099	39,099
Loss on derivatives	-	-	18,288	18,288
Finance income	-	-	(6,429)	(6,429)
Share of earnings from equity-accounted investee	(69,528)	-	-	(69,528)
Other income	(22,802)	-	(17,113)	(39,915)
Earnings (loss) before income taxes	202,851	69,998	(123,469)	149,380
Income tax expense				25,159
Net earnings				\$ 124,221

For the six months ended June 30, 2021

	Uranium	Fuel services	Other	Total
Revenue	\$ 461,283	\$ 184,102	\$ 3,836	\$ 649,221
Expenses				
Cost of products and services sold	484,883	102,740	258	587,881
Depreciation and amortization	64,974	18,100	6,062	89,136
Cost of sales	549,857	120,840	6,320	677,017
Gross profit (loss)	(88,574)	63,262	(2,484)	(27,796)
Administration	-	-	50,961	50,961
Exploration	3,053	-	-	3,053
Research and development	-	-	3,591	3,591
Other operating income	(15,894)	(313)	-	(16,207)
Gain on disposal of assets	(2)	(1)	-	(3)
Finance costs	-	-	37,647	37,647
Gain on derivatives	-	-	(23,260)	(23,260)
Finance income	-	-	(3,775)	(3,775)
Share of earnings from equity-accounted investee	(22,203)	-	-	(22,203)
Other income	-	-	(8,873)	(8,873)
Earnings (loss) before income taxes	(53,528)	63,576	(58,775)	(48,727)
Income tax recovery				(7,001)
Net loss				\$ (41,726)

20. Related parties

Cameco purchases uranium concentrate from JV Inkai. For the quarter ended June 30, 2022, Cameco had purchases from JV Inkai of \$948,000 (\$749,000 (US)) (2021 - \$50,621,000 (\$40,404,000 (US))). For the six month period ended June 30, 2022, purchases were \$44,460,000 (\$34,965,000 (US)) (2021 - \$50,621,000 (\$40,404,000 (US))).