



Cameco Corporation

2022 Second Quarter Conference Call Transcript

Date: July 27, 2022

Time: 8:00 AM ET

Presenter: **Rachelle Girard**
Vice-President, Investor Relations and Treasury and Tax

Tim Gitzel
President and Chief Executive Officer

Grant Isaac
Senior Vice-President and Chief Financial Officer

Sean Quinn
Senior Vice-President, Chief Legal Officer and Corporate Secretary

Brian Reilly
Senior Vice-President and Chief Operating Officer



OPERATOR: Welcome to the Cameco Corporation Second Quarter 2022 Conference Call.

As a reminder, all participants are in listen-only mode, and the conference is being recorded. After the presentation, there will be an opportunity to ask questions. To join the question queue, you may press star then one on your telephone keypad. Should you need assistance during the conference call, you may signal an Operator by pressing star and zero.

I would now like to turn the conference over to Rachelle Girard, Vice-President, Investor Relations and Treasury and Tax.

Please go ahead.



Forward-Looking Information Caution

This presentation includes forward-looking information or forward-looking statements under Canadian and US securities laws, which we refer to as forward-looking information. This information about our expectations for the future is based upon our current views, which can change significantly, and actual results and events may be significantly different from what we currently expect. Examples of forward-looking information that may appear in this presentation include our expectations regarding uranium demand, supply, consumption, prices, long-term contracting, production and our ability to meet delivery commitments; the outcome of litigation or other disputes; our future plans, strategies and outlook; our objectives regarding contributing to a net-zero carbon emission target and other environmental, social and governance goals. Material risks that could lead to a different result include: unexpected changes in uranium supply or demand, our production, purchases, sales, costs, taxes, our mineral reserve and resource estimates, prices or availability of secondary supply, spot and long-term contract prices, currency exchange rates, or government regulations or policies; the risk of litigation or arbitration claims against us that have an adverse outcome, including tax disputes; the risk that our contract counterparties may not satisfy their commitments; we may face disruptions to our operations, workforce, required supplies or services as a result of social, economic or health developments, including the COVID-19 pandemic; we may face unexpected challenges in addressing environmental, social and governance risks and opportunities; the risk that our strategies may be unsuccessful or have unanticipated consequences; and the risk our estimates and forecasts prove to be inaccurate. In presenting this information, we have made material assumptions which may prove incorrect about: uranium demand, supply, consumption, long-term contracting and prices; our production, purchases, sales, and costs; taxes and currency exchange rates; market conditions and other factors upon which we have based our future plans and outlook; the success of our plans and strategies; the agreement of our partners with our plans and strategies; the accuracy of our estimates; the absence of new and adverse government regulations or policies; the successful outcome of any litigation or arbitration claims against us, including tax disputes; our ability to successfully manage operational and other impact of any disruption resulting from social, economic or health developments, including the COVID-19 pandemic; our ability to address ESG risks and opportunities successfully; and our ability to complete contracts on the agreed-upon terms. Please also review the discussion in our most recent annual MD&A, any subsequent quarterly MD&A and our most recent annual information form for other material risks that could cause actual results to differ significantly from our current expectations and other material assumptions we have made. Forward-looking information is designed to help you understand management's current views of our near-and longer-term prospects, and it may not be appropriate for other purposes. We will not necessarily update this information unless we are required to by securities laws.

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RACHELLE GIRARD: Thank you Operator, and good morning everyone. Welcome to Cameco's Second Quarter Conference Call.

I would like to acknowledge that we are speaking from our corporate office, which is on Treaty Six territory, the traditional territory of Cree peoples and the homeland of the Métis.

Today's call will focus on the trends we were seeing in the market and on our strategy.

As always, our goal is to be open and transparent with our communication; therefore, if you have detailed questions about our quarterly financial results, or should your questions not be addressed on this call, we will be happy to follow up with you after the call. There are a few days to contact us. You can reach out to the contacts provided in our news release; you can submit a question through the Contact tab on our website; or you can use the Ask a Question form at the bottom of the webcast screen and we will be happy to follow up after this call.

With us today on the call are Tim Gitzel, President and CEO; Grant Isaac, Senior Vice-President and CFO; Brian Reilly, Senior Vice-President and Chief Operating Officer; Alice Wong, Senior Vice-President and Chief Corporate Officer; and Sean Quinn, Senior Vice-President, Chief Legal Officer, and Corporate Secretary.



I'm going to hand it over to Tim to talk about the long-term fundamentals for our industry, the current market dynamics, and about Cameco's strategy to add long-term value. After, we will open it up for your questions.

If you've joined the conference call through our website event page, there are slides available, which will be displayed during the call.

In addition, for your reference, our quarterly investor handout is available for download in a PDF file on our website at cameco.com.

Today's conference call is open to all members of the investment community, including the media. During the QA session, please limit yourself to two questions and then return to the queue.

Please note that this conference call will include forward-looking information, which is based on a number of assumptions, and actual results could differ materially. Please refer to our annual information form and MD&A for more information about the factors that could cause these different results, and the assumptions we have made.

With that, I will turn it over to Tim.

TIM GITZEL: Well thank you Rachelle, and good morning everyone. We appreciate you joining us on our call today. I hope you're getting some time off to enjoy the summer.

Want to start today by reflecting on a recent essay from UxC.

Uranium Market Fundamentals
“Best Ever”



 <p>Producers</p>	<p>Risk is shifting to</p>  <p>Uranium Customers</p>
<p>Durable demand:</p> <ul style="list-style-type: none"> • Decarbonization & electrification • Energy security • ESG focus creating electron accountability • Traditional demand improving (near, mid, long-term) • Non-traditional demand (SMRs and advanced nuclear reactors) <p>Demand from financial investors driven by intrinsic value of clean energy uranium</p>	<p>Uncertain supply:</p> <ul style="list-style-type: none"> • Low prices caused: <ul style="list-style-type: none"> • Supply curtailment • End of reserve life • Lack of investment in supply • COVID & global supply chain challenges <p>Origin risk: geopolitical & trade policy issues</p> <p>Development risk: unproven assets, cost inflation & schedule delays from COVID & global supply chains, increasing regulatory and ESG scrutiny, inflation</p>

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There two reasons for this. First it drove home a number of the themes you’ve heard us express for some time now, about the fundamentals of the uranium market.

In a world that increasingly recognizes the important role nuclear energy will play, demand for uranium fuel is going up, inventories are going down. In a market that is bifurcating due to geopolitical concerns, Western capacity is lagging. Those themes aren’t new.

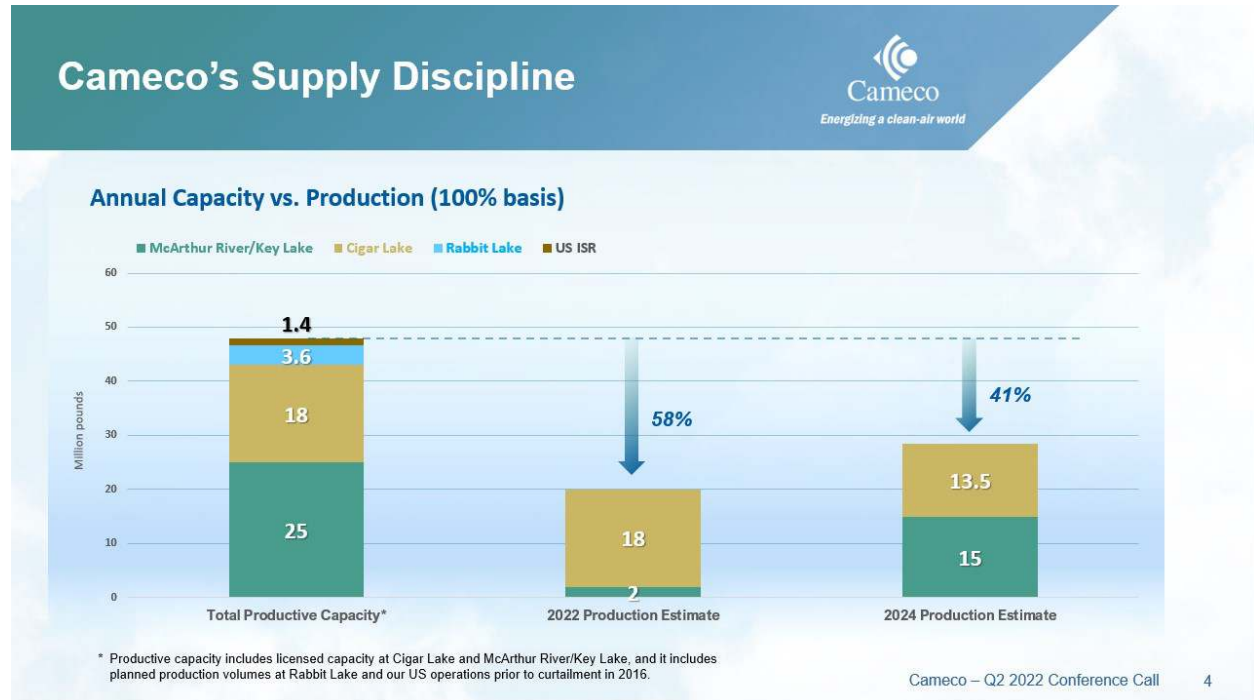
However, the second reason I raise it is that we believe the conclusion to the essay sent the wrong message. It said this: let’s just hope nuclear fuel supply availability does not derail nuclear energy’s latest promising advance. This statement implies that the responsibility for maintaining the growing momentum for nuclear power rests with the supply side of the industry. We believe that responsibility is misplaced. The reality is there’s a simple solution to the looming supply challenge.

The essay should have concluded by driving home the point that the responsibility and solution for the looming supply challenge rests with the demand side.

Utilities need to recognize it’s time to exercise the power of their procurement, to avoid a supply crisis that could, as they stated, derail nuclear energy’s latest promising advance. This is true right across the fuel cycle, from uranium production to conversion and enrichment.



Those of us who have experience operating in this industry understand that a responsible producer does not invest in new capacity without line of sight to having a long-term profitable commitment that creates a permanent home in which that fuel will be used.



Cameco's strategic and deliberate decisions over the past decade are a great example of this.

Driven by the signals our customers have given us, we've taken a balanced and disciplined approach.

Our decision to proceed with the next phase of our supply discipline, which is now well under way, is in direct response to the procurement decisions by some really forward-thinking utilities.

These utilities want a line of sight to the future supply needed to fuel their reactors and ensure the continued reliability of electricity supply from nuclear power.

Their contracting decisions provided us with the signals and certainty we needed to begin the process of increasing production, but more is needed.

Our current plans do not entail a return to our full productive capacity.



As a result, the Company remains in a supply discipline mode, which positions us extraordinarily well in this rapidly changing market.

We will continue to make responsible supply decisions in accordance with the signals our customers are sending.

Let's look at the market fundamentals in a bit more detail, starting with demand.

The slide features a blue header with the title "Net-zero Carbon Targets Triple Challenge" and the Cameco logo with the tagline "Energizing a clean-air world". Below the header is a grid of three columns, each with an image, a title, and a bullet point. The first column shows a child reading by candlelight, titled "Energy Poverty", with the goal to lift 1/3 of the global population out of energy poverty. The second column shows a city skyline with smokestacks, titled "Thermal Replacement", with the goal to replace 85% of grid running on carbon-emitting thermal power with a clean, reliable alternative. The third column shows a city skyline at night with a glowing energy symbol, titled "Electrifying Industry", with the goal to electrify industries, such as private and commercial transportation, largely powered by carbon-emitting thermal energy today. The footer of the slide reads "Cameco – Q2 2022 Conference Call 5".

Energy Poverty	Thermal Replacement	Electrifying Industry
<ul style="list-style-type: none">Lift 1/3 of the global population out of energy poverty	<ul style="list-style-type: none">Replace 85% of grid running on carbon-emitting thermal power with a clean, reliable alternative	<ul style="list-style-type: none">Electrify industries, such as private and commercial transportation, largely powered by carbon-emitting thermal energy today

We have talked before about how the benefits of nuclear energy have come clearly into focus with a durability that is being driven by the accountability for achieving the net zero carbon targets being set by governments and companies around the world.

With 90% of the world's economy now covered by net zero targets, attention is turning to the challenge of cleanly and reliably solving the problems of energy poverty, energy replacement, and energy growth.

Adding to that challenge is solving the energy crisis experienced in some parts of the world, while pivoting away from reliance on Russian energy without jeopardizing net zero commitments.

Therefore not surprising that concerns about energy security are amplified and at the top of the list for many governments, creating further pressure to re-examine their energy policy decisions.



Policy-makers and business leaders around the world are recognizing that energy policy must balance the objective to achieve a clean energy profile with the need for affordability and security.

Too much focus on intermittent weather-dependent renewable energy has left some jurisdictions struggling with power shortages and spiking energy prices, or a dependence on Russian energy supplies. The good news for us is that, in their quest to restore balance or pivot away from Russia, many are turning to nuclear.

Nuclear power fits nicely at the centre of the policy triangle, providing safe, reliable, affordable carbon-free baseload electricity, while also offering energy security and independence, which is why, in addition to all of the developments I noted last quarter, we saw a number of supportive initiatives and announcements this quarter, which we outlined in our MD&A.

Suffice it to say, we are seeing governments and companies turn to nuclear with an appetite that I'm not sure I've ever seen in my four decades in this business. Therefore, it's easy to conclude that the demand outlook is durable and very bright.

But supply is quite a different picture.

For some time now, we've said that we believed the uranium market was as vulnerable to a supply shock as it has ever been, due to persistently low prices. Low prices have led to growing supply concentration by origin, and a growing supply gap.

Unlike in the past, we don't have the same stock of secondary supplies to fill the gap. After years of drawing on these onetime sources, the secondary supply capacity is now declining significantly into the future, and productive capacity is not poised to respond.



Taking the challenge of filling that gap to a whole new level, with the continued conflict in Ukraine, there's also growing uncertainty about the ability to continue to rely on nuclear fuel supplies originating or transporting out of Russia, whether as a result of sanctions, or because of conflicts with company values.

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.

Utilities are now faced with considering and planning for a variety of potential scenarios, ranging from an abrupt end to Russian supply to a gradual phase-out.

The market was confronted with one of these scenarios in late June.

Transportation Issues

- Sanctions/government regulations affecting shipping from and through Russia
- Restrictions and cancellation of cargo insurance
- Other supply chain disruptions
- Origin risk



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Amendments to Canadian sanctions caused the owner of a Canadian shipping vessel to conclude it would be in violation of Canadian laws if it were to load and deliver enriched uranium product scheduled for pickup in Saint Petersburg. While an exemption by the Canadian Government has resolved this issue for now, it highlights the tenuous nature of reliance on Russia or Russian ports for supply.

It is one of the reasons why last quarter we decided to avoid using Russian rail lines and ports to move our share of Inkai's production to our Blind River facility. Instead, we are delaying our deliveries from Kazakhstan while we work with our partner to enable shipping via a trans-Caspian route. We do not have a confirmed date for when the first shipment could proceed; however, we have the ability to mitigate the risk with inventory, long-term purchase commitments, and product loans, if necessary.

It's still early days, but we are already seeing some utilities beginning to pivot toward procurement strategies that more carefully weigh the origin risk. They're working their way through their fuel supply chains to determine where there are vulnerabilities. As a result, we



have temporarily seen their focus shift from securing uranium to the more immediate need in their supply chain for enrichment and conversion services, where Russian capacity plays a much bigger role. But make no mistake, we expect uranium will follow. After all, it is the product to which all services are applied.

Contract Portfolio and Pipeline	Operational Readiness and Flexibility	Rewarding Investors
<ul style="list-style-type: none">• Growing contract portfolio and robust pipeline• Over 45 m lbs in long-term contracts since beginning 2022• UF₆ conversion prices at record-highs	<ul style="list-style-type: none">• Preparing assets for operational readiness and flexibility• Remain aligned with market and contract portfolio – need to see further improvement• 2024 planned production about 40% below productive capacity (100% basis)	<ul style="list-style-type: none">• Rewarding those who have supported our strategy• Announced 50% increase to 2022 dividend

Marketing, Operations, Strategy Execution, Financial

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With more than 45 million pounds in new uranium contracts added to our portfolio since the beginning of the year, 2022 has already been a contracting success, and we continue to have a significant and growing pipeline of contract discussions underway.

However, for the moment, we too are focusing our efforts on capturing the record-high conversion prices, under long-term contracts in our fuel services segment. And, with what we expect will be more uranium demand ahead of us, we will continue to exercise strategic patience.

The primary driver for our contracting activity is always value. We like the leverage our current uncommitted in-ground inventory provides us to the further market improvements we expect to see.

Let's talk more about Cameco and what we are up to.



As a commercial supplier, our decisions have uniquely positioned the Company to capitalize on the increasingly undeniable conclusion that nuclear power must be an essential part of the clean energy transition, and even more so in a world where origins matter.

With demonstrated tier-one assets, strategic tier-two assets, and a focus on vertical integration, we've taken a balanced and disciplined approach to our strategy of full cycle value capture.

As I just noted, on the contracting front, we've been balanced and disciplined in layering and volumes where it makes sense for us, and in building a diversified customer base.

We're also taking a balanced and disciplined approach to our supply decisions.

Tier-One Assets
The World's Largest, Highest-grade Uranium Mines

Cameco
Energizing a clean-air world

M lbs (our share)	McArthur River	Cigar Lake ¹
2021 production	-	6.1
2022 forecast	up to 1.4	9.5
2024 plan	10.5	7.4

¹ Reflects increased ownership stake in Cigar Lake effective May 19, 2022

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The next phase of our supply discipline, which involves not only McArthur River/Key Lake but, starting in 2024, Cigar Lake, is balanced with our contract portfolio and where we think the market transition is currently at.

Even though we've seen considerable pricing pressure resulting from the geopolitical uncertainty, we will not change our production plans. We will not front-run demand with supply. We need good long-term contract homes in our portfolio, and we need to see further



improvements in the uranium market before we make changes to our production plans. I think we've shown we can be trusted when we say we will remain disciplined.

Finally, while we're talking about balance, we've shown balanced financial discipline. We will retain our conservative financial management to support our continued balanced and disciplined contracting and supply decisions.

Having said that, we will deploy capital where it makes sense. Increasing our ownership share of Cigar Lake from 50% to just over 54% made sense, and I can tell you we will take those pounds any day. Cigar Lake is one of the world's best and most prolific tier-one production assets on the planet. It is a proven, permitted, and fully licenced mine in a stable jurisdiction that operates with the tremendous participation and support of our neighbouring Indigenous partner communities. And of course we know it very well, because we operate it.

At the McArthur River mine and Key Lake mill, we continue the process of transitioning from care and maintenance to operational readiness. The current workforce at these sites is now approximately 670, including employees and long-term contractors, with a view to achieving about 850 prior to the start of production later this year.

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 at the Key Lake mill are being tied into existing infrastructure. In addition, asset condition assessments and subsequent repair and reassembly of all equipment is now 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've experienced some normal commissioning issues as we work to safely and systematically integrate the existing and new assets with updated operating systems.

We've adjusted our schedule to accommodate the slower ramp-up at the mill, and anticipate first production will be deferred until later in the fourth quarter of this year. As a result, our revised plan is for up to two million pounds of production this year.



It's yet another good reminder for the demand side of our industry about the challenges of bringing on supply in the current environment.

However, the slower ramp-up at the Key Lake mill has been offset at Cigar Lake. We've been successful in catching up on development work and production at Cigar Lake, and we are expecting production of 18 million pounds on a 100% basis. Therefore, with the additional production at Cigar Lake and the risk mitigation measures we have in place, we expect to deliver on all of our commitments, and therefore we don't need to rush the process at McArthur River/Key Lake.

It's just one of the advantages that being a multi-asset, multi-jurisdictional producer affords us, and that makes us a stable, reliable and long-term source of supply to ensure the reliability of our customers' reactor fleets. What's the result of our disciplined actions?

Financial Performance
Transitioning to Tier-One Run-Rate

Next phase of our supply discipline

- Categorically positive for Cameco
- Expect improving margins and cash flows
 - More tier-one production
 - Fewer spot purchases, ability to pull forward long-term purchases
 - No longer expensing care and maintenance costs or operational readiness costs once a reasonable production rate is achieved
 - Market-related portion of contract portfolio leveraged to higher uranium prices
 - Uncommitted in-ground inventory leveraged to higher uranium prices
- Envious balance sheet and positioned to self-manage risk
 - Opportunistic investment in nuclear fuel value chain
 - 50% increase to 2022 dividend

Marketing, Operations, Strategy Execution, Financial

Cameco

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The solid balance sheet and the ability to self-manage risk.

At the end of the second quarter, we again were in a negative net debt position with \$1.4 billion in cash, about \$1 billion in long-term debt, and a \$1 billion undrawn credit facility, and this doesn't include the \$778 million owed to us by the CRA.

Once production at the McArthur River/Key Lake operation resumes, we expect to begin to see a significant improvement in our financial performance. As production achieves a reasonable level, we will no longer expense operational readiness costs to cost of sales, and we will be able to source more of our committed sales from lower-cost produced pounds.

As we saw again this quarter, the higher prices in the currently improving markets are beginning to flow through our existing contract portfolio. With an inventory of unencumbered pounds in the ground, rising prices will also create the opportunity to layer in new long-term commitments. Commitments with appropriate pricing mechanisms that will underpin the long-term operation of our productive capacity.

We've also continued to utilize some of our long-term purchases. We put these arrangements in place as a means of risk mitigation.



We'll balance this activity with our spot market purchases. As such, we expect to maintain the financial capacity to execute on our strategy, capturing long-term value while self-managing risk, including from the global macroeconomic and geopolitical uncertainty we're seeing today.

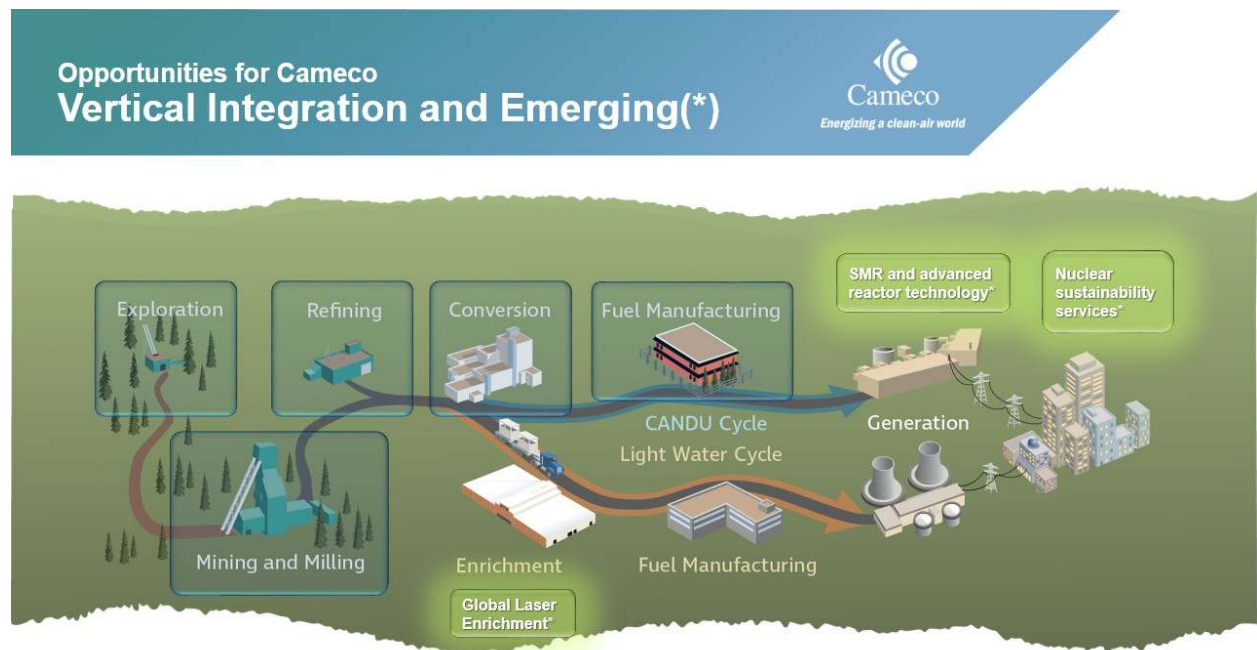
What does all this mean for Cameco? Well, it means we're optimistic. We're optimistic about the growth in demand for nuclear power, both traditional and non-traditional. We're optimistic about



the growth in demand for uranium and for downstream fuel services. And we're optimistic about the incumbency opportunity for Cameco in capturing long-term value.

Therefore, we will continue to execute on the next phase of our supply discipline strategy. More importantly, we'll continue to do what we said we would do.

We have operating and idle tier-one assets that are licenced, permitted, long-lived, and are proven operations that have expansion capacity. The fully permitted and proven tier-two assets that don't make sense at today's prices; but when you think about them in context of a looming supply and origin gap, there's a potential pathway for them to add value for us in the future. But we will continue to be very disciplined in our evaluation on that front.



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Just as a reminder, our interest extends beyond just mining. We're vertically integrated across the nuclear fuel cycle, with refining, conversion and fuel fabrication. As utilities look to secure access to nuclear fuel supplies in jurisdictions that are stable, reliable and politically dependable, we will also look to continue to build our fuel services contract book.



And we're looking to expand our reach. For example, through our fuel manufacturing capabilities and investment in global laser enrichment, we're exploring fabrication of new fuels, including high-assay low-enriched Uranium, or HALEU. You can clearly see the benefits of Cameco being involved with ventures like this.

Thanks to our reputation as a reliable fuel supplier and a long history of cooperating with the U.S. Government on various projects, the technology has the opportunity to participate in the growing commercial opportunity for enrichment capacity in the U.S. It's why GLE was able to navigate the regulatory process in the U.S. and gain access to the DOE tails material.

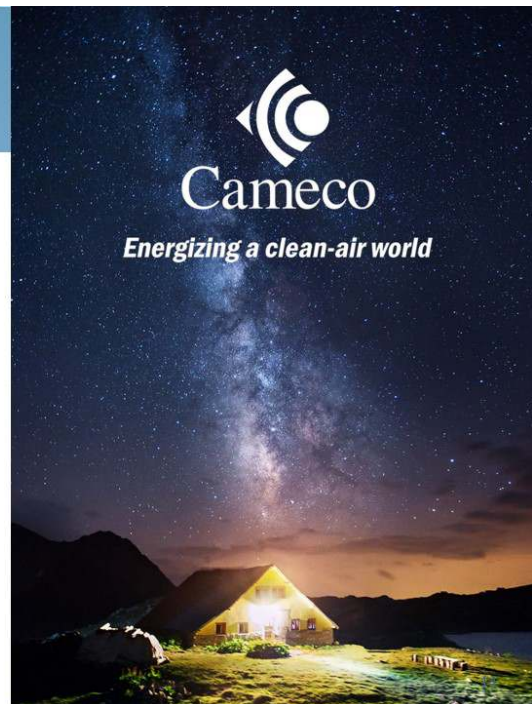
It's why utilities like Constellation Energy and Duke Energy are willing to sign letters of intent to collaborate with GLE to help diversify the U.S. nuclear fuel supply chain, including measures to support GLE's deployment of Silex laser enrichment technology in the U.S.

We're also participating in the development of small modular reactors, and have entered a number of nonbinding arrangements to advance their commercialization and deployment in Canada and around the world.

And we have an interest in the nuclear sustainability services, the back end of the fuel cycle, including aiding in the responsible cleanup of enrichment facilities no longer in operation. These opportunities align with our commitment to manage our business responsibly and sustainably, and to increase our contribution to global climate change solutions.

Right Vision and Strategy

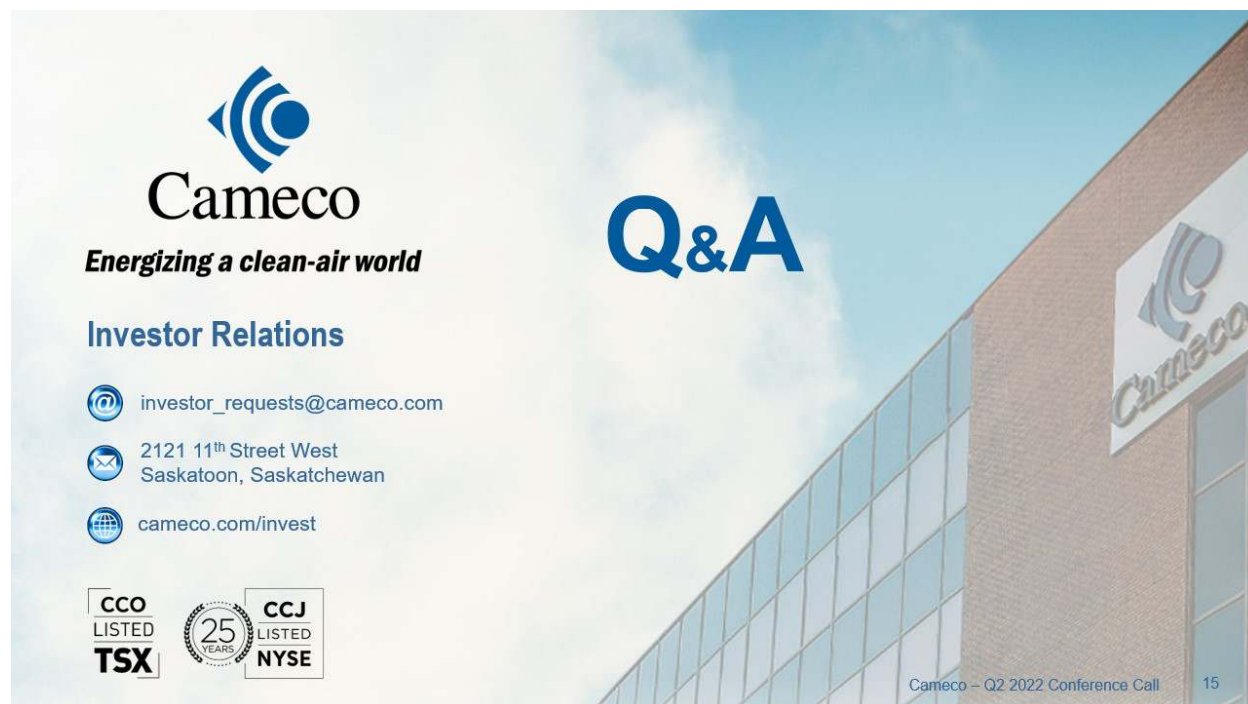
- Our vision is aligned with the world's growing need for carbon-free energy
- Nuclear power can help avoid some of the worst consequences of climate change
- Our strategy is successfully positioning Cameco to achieve our vision



Our decisions at Cameco are deliberate. We're a responsible, commercially motivated supplier with a diversified portfolio of assets, including a tier-one production portfolio that is among the best in the world. We're committed to operating sustainably by protecting, engaging and supporting the development of our people and their communities, and to protecting the environment, something we've been doing for over 30 years.

Our strategy, which includes contracting discipline, supply discipline and financial discipline, will allow us to achieve our vision: a vision of energizing a clean air world, and thereby delivering long-term value in a market where demand for safe, secure, reliable and affordable clean energy is growing.

Thanks for your interest today, and we're happy to take any questions you might have.



OPERATOR: Thank you. We'll now begin the question-and-answer session. In the interests of time, we ask that you limit your questions to one, with one supplemental. If you have additional questions, you are welcome to rejoin the queue. To join the question queue, you may press star then one on your telephone keypad. You'll hear a tone acknowledging your request. If you're using a speaker phone, please pick up the handset before pressing any keys. To withdraw your question, please press star then two. Webcast participants are welcome to submit questions through the box at the bottom of the webcast frame. The Cameco investor relations team will follow up with you by e-mail after the call. Once again, anyone on the conference call who wishes to ask a question may press star then one at this time.

Our first question comes from Andrew Wong with RBC Capital Markets. Please go ahead.

ANDREW WONG: Hi, good morning. So the uranium market looks to be improving, Tim, like you've said in your prepared marks, the duration and endurance of this improvement looks to be longer-lasting, and we have McArthur restarting, so your cash flows are set to improve pretty



significantly over the next few years. Could you maybe talk about your plans on capital allocation over the next few years? Where do you expect to kind of spend some of that cash as that comes in?

TIM GITZEL: Morning Andrew, thanks for the question. Yes, you hit it. You followed the script there. Things are looking a lot better for us, the market, clearly we think there's a durability there that's going to continue. We see lots of countries—it's amazing, if you read the press, watching the countries that are turning to nuclear, taking a look at nuclear, turning back to nuclear I think in Germany and others in Europe that were really struggling with their energy situation. So yes, we think it's there, we see 54 reactors under construction, we see lots of countries willing to build, we see lots of push on SMRs. So yes, the demand side looks really good.

Supply side looks tighter. We're certainly delighted to have some world-class tier-one assets, Cigar Lake, chunk of JV Inkai, and now McCarthy/Key that we're just bringing back on, so we think we are in pretty good shape, conversion's looking really, really good. So yes, we do think our financials will improve, over time, and you've heard us talk about capital allocation before and just how we think about that.

But Grant's sitting beside me, and Grant, why don't you walk everyone through—maybe you want to say a little bit about the market, and then about our capital allocation plans.

GRANT ISAAC: Well on the market, just to make the point that you made: we were bullish on the outlook for uranium and nuclear fuel prior to all of these incredible tailwinds that have emerged. I don't think anybody can conclude that it isn't even a stronger picture, a stronger outlook for Cameco, than it was even last quarter. I mean take slide three from our investor presentation today, or just look through Pages 7 to 9 of our MD&A, and just the list of headline news that has happened in our industry, all positive.

Andrew, couldn't agree more that the recovery of our cash flow and earnings has only just begun. We positioned for these moments in the market, to build this long tail of sticky revenues, earnings and cash flow, and that becomes the basis of our capital allocation.

For us, it is important to remember we are still in supply discipline. As good as the news is, we need to see it translate into those procurement decisions that call for the production that we



have, and we're not there yet. Our plan is still to ramp up McArthur, but not to full capacity. Our plan at the time, in 2024, is to bring Cigar back.

As Tim said at the outset, we just found that UxC essay hit all the right points and drew absolutely the wrong conclusion. The power of the procurement of the utilities is what's going to make sure that the Western capacity is there to meet the Western demand in a bifurcated market.

We need to see that continue to build. We have been building it, 45 million pounds year to date Cameco committed sales forward, that's over 60% of the reported long-term business in the market this year. It's an extraordinary performance for one company that's not, you know, that's 90 million pounds on an annualized basis.

I'm not saying that that's where we even want to be. I just want to emphasize to those who might say it's only five million pounds in quarter two, it's 45 million pounds year to date, and over 60% of the long-term market so far.

As that business builds, that will afford us the opportunity to go back and revisit our supply discipline decisions. As we revisit those, we might find ourselves making different decisions about our production plans going forward. That will then—might suggest that maybe our current conservative financial management, you know, time to give way to two things. One, are there growth opportunities required for Cameco, where we can take advantage of a bifurcated market calling for more Western capacity? We will look at that, and obviously if we can convince our owners that that makes sense, we would go forward on that. Or we may find ourselves in a position where the long-term sticky cash flows that come from building that contract book will cover any growth ambitions, in which case we would have to conclude it's probably time to return some value to our owners, because we don't need to hang on to the conservative financial position.

All of that is predicated on this continued build, which is predicated on more procurements in the market calling for pounds. So, at the moment we're still supply-disciplined, it's the right position to be in, but I would just say we're just extraordinarily well positioned for what's going on in the market.



ANDREW WONG: Okay, thanks for all that. So maybe just switching here towards Inkai. Could you just talk a little bit more about the decision to delay shipments from there? Is it mostly because you can't receive the material because of sanctions or restrictions, or is it because of risk mitigation and maybe just not wanting to ship through Russia for like ethical, moral, or other reasons? Thanks.

TIM GITZEL: Yes Andrew, it's a bit of all of that. For sure, it has to do with we do not, at this point, want to be using Russian rail lines or ports to ship our material out, it's contrary to our values as a company, and so we're looking at options, we are looking at that trans-Caspian route, you've heard Grant and others talk about it, and so we haven't got any kind of final decision on whether that's going to be available to us, or when. We know it has been used sometime in the past, but not available right now for our material. So I think they're working on it.

Sean, I don't know if Sean Quinn is here, he looks after Kazakhstan transport. Sean, do you have any comments?

SEAN QUINN: Just—I'll restate, I think, what's covered in the MD&A. We are, with our partner JV Inkai, and with the support of our partner Kazatomprom, JV Inkai is working on getting a significant shipment through the trans-Caspian route. We expect to know more about that over the next few weeks. Once the material gets here, there is no sanctions that apply to Kazakh material of any description, so there's no concerns on that side.

TIM GITZEL: Grant?

GRANT ISAAC: Yes, I might just jump in here as well, Tim. From a market perspective, I think we just need to frame this appropriately, which is this is just more supply discipline. Of course, this is forced supply discipline, but this issue should be thought of as more supply discipline in the industry, more uncertainty about the availability of primary production. If you think about it from a Cameco perspective, we have risk mitigation in place to deal with this. We have non-Kazakh production operating. It's at supply-disciplined rates, of course, plus we have idled assets, but we have other assets outside that jurisdiction. We have an inventory for a moment just like this.



That inventory is located in Western markets. We have access to long-term purchase commitments that we've entered into that we could bring forward today in order to access material. We have licenced facilities that would allow us to borrow pounds if needed.

For Cameco, it's a very easy risk for us to manage. It's not for the entire industry. The entire industry is incredibly reliant upon a lot of material coming out of Central Asia and arriving at Western facilities in 2022. So it's just yet another supply risk, and should be thought of in the frame of more supply discipline, this sort of forced by logistical transportation set of issues, but should be thought of in the same context that we all think about supply discipline.

ANDREW WONG: That's great. Thank you very much.

TIM GITZEL: Thanks Andrew.

OPERATOR: The next question is from Gordon Johnson with GLJ Research. Please go ahead.

GORDON JOHNSON: Hi guys. Thanks for taking my questions. I guess the first one I had was answered.

I guess, with respect to the contracts, the contract pricing has been rather robust. I'm just talking about UxC contract pricing has moved up from \$42.50 in February to about \$50.50 in June. On the first quarter conference call, you guys highlighted UxC said there was about 60 million worth of contracting, 40 million of which is yours, now they're saying there's roughly 72 million of contracting. First question, can you tell us how much of that contracting is yours, and if you have benefited from this rise in contracted pricing? Then I have a few follow-ups.

TIM GITZEL: Thanks Gordon. I think Grant touched on that in the first question, but go ahead.

GRANT ISAAC: When we look at the reported term activity by, say, UxC, it's 72 million pounds year to date, and we're 45 of that. So we're over 60% of the reported term business, which is, of course, a really strong performance for us.

What that's proof of is what we've been saying all along, that we enjoy some incumbent advantages here. We are a proven, reliable producer, multi-asset, integrated supplier with, by the way, a real ESG performance that we can point to that is important for procurement decisions today, and we can take advantage of a market that's increasingly bifurcating.



We also would observe that the terms and conditions that we're able to, I would say, obtain in this market are outperforming the prices that are reported, which suggests to us that, while we are enjoying incumbent advantages, maybe there are some more forced sellers in the market who are willing to discount their material in order to lock up the volumes. But that's okay. I mean that would be expected in a bifurcated market.

All I know is that our origins are pretty coveted, and we're going to be very disciplined in placing them in contracts that make sense to us. We now have about 170 million pounds under long-term contract commitments, looking ahead. Our average is about 22 million pounds per year for the next five years. This is that long tail of revenues, cash flow and earnings that we've talked about.

We create this incredible benefit for folks. They get to play the upside that only comes in the commodity and resource space, but we get to lock it in for a period of time that's more akin to kind of the infrastructure returns. So it's the best of both worlds for an investor.

GORDON JOHNSON: Okay and then just a quick follow-up, I'm looking at enrichment SWU prices and conversion prices that have kind of went significantly higher, just looking at the chart over the past year. Yet spot U308 prices haven't necessarily followed. So specifically Grant, can you tell me when you expect or if you expect spot prices to follow, and also if you guys expect to sign additional contracts as those spot prices potentially move higher? Thanks for the questions. Congrats on the results.

TIM GITZEL: Thanks Gordon.

GRANT ISAAC: Yes, thank you Gordon. Let me just back up a little bit and remind everybody on the call that, while uranium often gets treated through a commodity lens, it would be wrong to conclude that you simply back up a dump truck of uranium oxide and dump it into a reactor core. It's not the coal model. Once you have the U308, it actually begins a very long journey through a number of really important services to arrive at often a very bespoke fuel bundle to meet the particular needs and, in fact, the particular location within any one nuclear power plant.

We often have forgotten about that, because the service side of the industry, especially enrichment and conversion, had been so well supplied for many years, prices were low as a result, and I would say fuel buyers were very comfortable about the services they had procured.



That all changed on February 24, when Russia invaded Ukraine. It had thrust the spotlight back onto those services. Russia's 40% of the global supply of enrichment, and they're nearly 30% of the global supply of conversion. For utilities, that meant moving from a very comfortable view of their forward service commitments to suddenly re-evaluating where they were getting those services from.

We've seen a lot of attention pivot away from uranium, downstream to enrichment and conversion, so no surprise, we've seen effectively a doubling of the enrichment price. We've seen more than a doubling of the conversion price. In fact, conversion is sitting at historic levels, we've never seen conversion prices this high before. That's representing this focus on new areas of service that are exclusionary of Russia. That's a big challenge. But eventually you need the product. These are just services, and they need to be applied to the product, the product is uranium, and there is no substitute.

We've never seen a delinked cycle, for the reason that you eventually need the uranium. Just like in 2021 and the beginning of 2022, there was a lot of focus on uranium. It's now shifted downstream, but it has to come back, because you need the uranium to plug into those services you've procured. So we expect to see that, but, short of a shock on the uranium side, it could take a bit longer for utilities to put in place all of that replacement service business. We're seeing, obviously, the benefits on the conversion side. We can be strategically patient on the uranium side, and leverage for when that demand comes into the market.

To your final question, absolutely. We expect to be leveraged to a uranium market that starts to price in the cost required for Western capacity to meet Western demand.

OPERATOR: The next question is from Orest Wowkodaw with Scotiabank. Please go ahead.

OREST WOWKODAW: Hi. Good morning. Hope everyone's well, and by the way thank you very much for releasing your results earlier than normal. That 30 minutes or so was very welcome. Thank you.

TIM GITZEL: Thank you.

OREST WOWKODAW: My question really has to do with where things are at in the market. I mean, last quarter you talked about utilities refocusing their procurement efforts on enrichment and conversion, and then we saw no incremental pounds added to your book. So three months



have gone by and you've obviously added another five million pounds to the book. But can you give us a sense of where that process is at, in terms of utilities? Like, are you starting to see utilities coming back to procure uranium, or are we still at kind of early days of figuring out conversion and enrichment?

TIM GITZEL: Thanks for the question Orest, and the acknowledgement. Stephanie was happy to get up at 3:30 this morning, I think, to let the results go.

Grant, over to you to but stay on the market questions.

GRANT ISAAC: Orest, I would say your observation is correct in that utilities are, by and large, trying to replace a reliance upon Russian supplies of enrichment and conversion with non-Russian sources. That is a very big focus in the market right now, which is what's driven such strong price improvement in those two services. That's what's driven incredible attention to the global laser enrichment project that we're a part of, for example. So that downstream activity is quite strong.

That is, I would say, delaying some inevitable pure uranium demand. Normally utilities do this. They sort of start at the reactor level, count the fuel bundles they have, then they turn to the fabricators and assess the in-process material they have, and then they turn to the enrichers, turn to conversion, and then focus on the uranium to plug into that chain.

It is correct to say that the market has lost some of the focus on uranium that we saw through 2021 and into early 2022, spurred obviously by some of the events in Kazakhstan early in the year. But this is just delayed. The demand will come back, and it's more likely to come back in a lumpier fashion.

There's no doubt that the focus is a little more downstream at the moment, but it will come back upstream. It has to. The product needs to eventually be bought to plug into that service chain.

But I don't want to leave the impression nobody's looking for uranium. We're not at 45 million pounds year to date because there's no demand in uranium. So there is quite substantial demand in uranium, relative to the last couple of years. Relative to replacement rate, no, we're not there yet. That is why we're still in supply discipline mode. It makes sense for us to be signaling that the procurement on the uranium side is just not sufficient yet.



But let me give you another leading indicator that we've talked about. We often talk about our pipeline. To give you a bit of a sense of how much activity is in there, and it's a fact that from origination through to execution, we have more pounds under discussion than we've had since the Fukushima window. So as a bit of a leading indicator, I would say there's demand, it's not yet replacement rate, but it's there, and once we see the services replaced, and confidence of the utilities that they've got their enrichment lined up and excluding Russia, and they've got their conversion, we could actually see demand in the uranium side come in a far more concentrated fashion than would have been the case prior to February 24.

That's the way we look at it. We are leveraged to that move, and we think it's the absolute right space for us to be.

OREST WOWKODAW: Thanks Grant. Just as a separate follow-up, how are you currently thinking about Inkai from an asset perspective? I mean, we've seen obviously a number of Western companies exit Russian assets. How do you currently think about Kazakhstan, and Inkai specifically, from a risk perspective?

TIM GITZEL: Orest, obviously we watch it very close. In fact I was over there a month ago and had a visit in the country. Obviously, it's an important asset for us, Inkai, and we're watching the political situation there, but right now it remains a good jurisdiction for us to operate in, and we're happy with our partnership and our joint venture, and it's working well. We're a bit concerned with the transportation issue and getting our material out of there. So we just continue to keep a very, very close eye on that investment, and right now we're happy to be there.

OREST WOWKODAW: Okay. Thank you.

OPERATOR: The next question is from Lawson Winder with Bank of America Securities. Please go ahead.

LAWSON WINDER: Hello, good morning. Thank you for the (inaudible 45:14). Nice to hear from you all today.

I wanted to ask about the conversion business, and try to get a better idea for what the potential upside is here, even just keeping sort of volumes flat. So with your disclosures, not really evident sort of what the size of the contract book is. Also not entirely evident, just looking at



conversion, sort of what the average price is in your current contract book. Perhaps you could give us kind of those levels so we can square that with spot that's now above \$30 per kilogram, and maybe help us think about the potential to increase the EBITDA contribution from conversion. Thanks.

TIM GITZEL: Grant, do you want to talk about the conversion market now?

GRANT ISAAC: Lawson, as you know—and thanks for the question. As you know, not a segment we've been particularly drawing attention to for a long time. It was a forgotten part of the industry, and one where we were warning folks that, as inventories were drawn down, one of the realities of the inventory drawdown is that it often showed up as UF₆, so already converted material. As those inventories have been drawn down, the need to replace it requires fresh conversion. We saw the fundamentals start to improve, and then of course also exacerbated, by the Russian invasion of Ukraine.

A lot more attention on the conversion space than we're accustomed to, which is great. But our disclosures, you're right: we bundle our fuel services division into one segment, and we don't draw out specifically what's going on in conversion. But I would remind you that, on an annual basis, we tell you what our book looks like. We've got 49 million kilograms of conversion sold under long-term contract; again, like uranium, that's that long tail of revenue, cash flow and earnings that underpins the entire fuel services group.

Conversion is almost exclusively sold on fixed price basis, so in a world where conversion prices have hit historic levels, but let's remember conversion has more ability, more idle productive capacity that can come back to the market than I would say uranium or enrichment enjoy, so we need to be mindful of that. What I'm talking about there is the conversion business in the U.S. plans to restart at the ConverDyn plant. The French facility is still ramping up. There's an idle facility in the U.K.

All that suggests to us these are great prices and it's time to lock those in, so expect the performance of the fuel services division just to continue to be very robust on the back of that historic pricing as we layer in more and more conversion, but we're just always going to be challenged with the disclosure doesn't reach down to the full conversion level. But I would say the historic proportion where fuel services was between 15% and 20% of our EBITDA and uranium was the rest, that proportion's probably going to rebalance significantly with these



historic prices. So we just expect to lock in really strong performance for a multi-year basis. Take these strong spot moves and lock them in for the long term.

We have high hopes for the conversion business, and it's just absolutely critical to the nuclear fuel cycle and Western capacity meeting Western demand.

LAWSON WINDER: Maybe just a quick follow-up on that, and your comments on the nature of the contract being mostly fixed price. Do you have a desire to perhaps shift to a bit more of an index price basis for that business?

Then, the follow-up question that I really wanted to get to was just on labour at McArthur and McClean Lake, and maybe just understand if the expiring collective bargaining agreement at McArthur has anything to do with the slower than expected ramp-up. And then as you think about renegotiating that contract, which expires at year end, what would be a reasonable expectation in the current inflationary environment for sort of like pay increases, based on your knowledge of past inflationary environments? Thank you.

TIM GITZEL: Lawson, I'll just take the second part of that, and then I'll pass it to Grant on the fixed versus variable pricing.

But certainly we have an outstanding workforce at McArthur River, we're bringing them back, we were down to a minimal number for the last couple of years, they've come back, we've been blessed with a competitive advantage of having over 50% of our employees being from the north, around their mine sites, that many who have come back, many new ones, and so they're busy getting that asset ready to go, McArthur is ready to go, we're just putting some final touches on it, a bit of a delay at Key Lake. But normal bargaining process, I'm not going to preempt that or forecast what's going to happen, we'll go both sides in good faith, and we've had a great relationship with our union up there. So that expires at the end of the year, and we'll watch and see how that plays out.

Grant, do you want to talk about conversion pricing, term versus spot?

GRANT ISAAC: Similar to the way we look at uranium, and I would say the enrichers look at the enrichment space, and the way we will certainly look at the enrichment space when we're in it, it is a function of where capacity is at. Because conversion does have line of sight to additional



Western capacity to come back in the next few years, actually this is a good time to be capturing those prices on a fixed basis before that capacity comes back.

I would say, right now, this is the type of pricing environment that is very favourable for locking in that value. As ConverDyn comes back, ramps up, as the French facility is expected to ramp up, as decisions are made about the Springfields facility in the U.K., now is not the time we'd want to be indexed to that production coming back, so we're quite happy with the move in the conversion market. We're quite happy to be the only operating conversion plant in North America right now, and full cycle value capture means we're leveraged for moments just like this.

LAWSON WINDER: Okay, thanks very much. Very helpful responses.

TIM GITZEL: Thanks Lawson.

OPERATOR: The next question is from Alexander Pearce with BMO. Please go ahead.

ALEXANDER PEARCE: Thanks. I just wanted to turn back to the potential trans-Caspian route for your Inkai material. Could you be a little bit more specific on what and where the current hurdles are? Is it more of a case of getting the right agreements in place in Kazakhstan for rerouting that material, or is it more about getting those in place through the Azerbaijan, etc., into Canada? Thanks.

TIM GITZEL: Thanks Alex. I'll ask Sean Quinn to speak to that.

SEAN QUINN: Sure. JV Inkai is working on that with Kazatomprom, and there are lots of logistics issues. The actual flow would be up to the port of Aktau by rail, and then over to Baku in Azerbaijan, by rail through to the port of Poti on the Black Sea, there to be loaded on a boat, and then putting all those segments together, so there's just a lot of logistics supply work there.

Then there are also regulatory hurdles that need to be accomplished in connection with the necessary approvals from the various governments along the way, and in particular they need to get approval to transit through Azerbaijan, and they have approval for a certain quantity this year that will cover a shipment to us, and they're just putting it all together. It will take, I think, a few more weeks of work to do that, and we hope to learn more as we move into the month of August.



ALEXANDER PEARCE: Thanks. So just to kind of condense that then, it sounds like a—it's not a question of kind of if, it does sound more like a when issue.

SEAN QUINN: I think I would still say it's a bit of if and when, in my mind. We'll be happy when we actually see the shipment get loaded on a boat in the port of Poti.

ALEXANDER PEARCE: Okay. Thank you.

TIM GITZEL: Thanks Alex.

OPERATOR: The next question is from Greg Barnes with TD Securities. Please go ahead.

GREG BARNES: Thank you. Grant, is there a particular trigger that allows you to take your interest in GLE up to 75% from where you are currently?

TIM GITZEL: Well, Sean can speak to that too, because he's—thanks Greg, nice to talk to you. Sean, go ahead, you're the GLE trigger guy.

SEAN QUINN: Hi Greg, could you just—you are a bit muffled there.

TIM GITZEL: Is there a trigger to increase our percentage in GLE?

SEAN QUINN: Okay. Yes sure, there's a time trigger. We have an option that's effective after roughly the end of this year. Then it's just a question of us exercising the option.

GREG BARNES: Okay. Just going back to conversion Grant, from your discussion on the last quarterly call, it sounded like you're not going to add more capacity at Port Hope, and you're pretty heavily contracted. So, taking advantage of these higher prices is going to be more of a longer-term issue for you. When would these higher prices kick in your contract book, if you're able to nail it down?

GRANT ISAAC: Well, it's already starting to happen. The conversion move has been under way for a couple of years, as you know. Our goal is never to—like, in a more of a classic commodity sense, you see a strong spot price, you then increase production to take advantage of that strong spot price. That's not our incentive at Cameco. We see strong spot prices, and we actually move away from them. We don't aim to target the spot market. We want to see that tightness persist long enough for us to lock that in, in multiyear value, and that is what we're



doing. So we're just continually layering in, as this conversion market moves up, recognizing that these prices are going to attract idle production to come back to the market.

So rather than get carried away with our own production plans, the goal is to maximize the margin on our current productive capacity while it is really the only game in town in North America, and then lock those in on a multi-term basis. So you're already seeing that pick up, and it will just continue to build. It's that classic—following capture that we have in our contract portfolio to not just—a couple of weeks at the top of a spike, but to lock it in on a multiyear basis.

That segment is expected to perform for a long time, and then actually have a stickiness to it. Even if productive capacity does come back in other locations, we'll have locked in that value on a much longer-term basis.

GREG BARNES: Okay. Thank you.

TIM GITZEL: Thanks Greg.

OPERATOR: The next question is from Brian MacArthur with Raymond James. Please go ahead.

TIM GITZEL: Morning Brian.

OPERATOR: Mr. MacArthur, your line is open.

BRIAN MACARTHUR: Sorry.

Good morning. Just following up on conversion. At one time you did have an agreement, if I remember, with Springfield. Do you have any option to legacy thing? Like you often have backup plans for security of supply, because you only do really have one facility in conversion. Do you have anything left there that if they bring that back that you have options on alternative supply there or anything, into this whole conversion market?

TIM GITZEL: Not at this point Brian, we don't. I think we exited—Sean, what year was it?

SEAN QUINN: Twenty Fourteen.



TIM GITZEL: Twenty Fourteen, yes. We left it completely Brian. So at this time, we don't have any optionality there, and I'm not sure that plant could even go if you wanted it to. But the answer is no we don't.

BRIAN MACARTHUR: Okay. Secondly, like most of the industry at the moment, everybody's facing inflation, it is tougher to get things, restarts are tougher. Everybody talks about incentive price, and if we are going to have a bifurcated market, and it's part of your marketing strategy, and you make comments about the utilities aren't there and it's not economic right now. How much do you think that price has gone up since when you started this strategy? I mean, the old days, people talked about \$45 or \$50 was maybe where it made sense. But, it's not easy to restart things. It's not easy to put greenfield into production. In the Western world, nothing's getting cheaper. I mean, how much do you think that inflationary impact has affected the industry, and how does that sync into your strategy about actually even doing contracts right now? Because one could argue the price might have to go an awful lot higher going forward, especially as you point out it continues to get delayed as utilities focus on near-term problems in enrichment.

TIM GITZEL: Yes Brian, we're certainly seeing, from your reports and many others on other companies, the effect of inflation on CapEx. It's a bit of an epidemic, and then supply chain continues to affect everyone. Labour, as I said, we are a bit blessed here, we've got some homegrown labour that comes back to us.

But Grant, do you want to talk to the inflationary effect?

GRANT ISAAC: Yes, I do. Brian, you're raising a good point, but I want re-frame it a little bit, because I'd put it in a different context. I would just simply say that, as the world is bifurcating and origins are mattering more, when we speak about a Western cost curve and we're saying that, in order for Western capacity to meet Western demand, we're going to have to see investment, and it's a fact that the Western cost curve on the uranium side is more expensive, we're inclusive of things like inflation and regulatory hurdles and ESG requirements in the Western—so we bake all of that in when we say the incentive price on the Western cost curve, versus a global cost curve that's excluding Russia and making other origins more difficult to obtain, is already factoring that in.



We agree with you that one of the kind of exciting pieces for us is that that strike price for the last marginal pound of Western supply is probably higher. Now it's not our supply, because we don't need to invest in greenfield to get it. I mean we're still in supply discipline mode. We have got more production from our brownfield. We've got more brownfield expansion capabilities, long before we have to think about that last Western greenfield pound that needs to come to the market. Brian, we're slightly greedy enough to wait for that price as well.

We're not looking to be sold out, to your point, and we often hear this. Well, there are some that say, well why haven't you done more contracting, and there's some that say, why are you doing any? We think we are sort of right in between, right where—we're exactly where we need to be. We're not looking to be sold out right now. We're not looking to just land volumes to bring back all of our supply at name plate production, because we think prices have to adjust and reflect the need for Western supply, the need for Western supply in an inflationary market, the need for Western supply that has proven ESG performance. We're patient to wait for those prices.

We agree with you, we just bake it in to a different view of where that Western cost curve is going.

BRIAN MACARTHUR: So would it be 25% from when you started, two years, three years ago with this strategy, 50% higher, in your mind?

GRANT ISAAC: Well Brian, we wouldn't quarrel with those in the industry that say that the Western supply is probably—if the global—if the last marginal pound from a cost curve basis, prior to a bifurcated market, was somewhere in the mid-70s, we wouldn't quarrel with those who have said that the price probably needs to be \$20 a pound higher than that. We see that analysis being done by some, and we wouldn't disagree with it. It makes sense, when you factor in.

I would turn to TradeTech and the work that that those folks are doing there on the production cost indicator, mindful that they're talking about sort of the next five years, but extend that rationale and thinking out over the next ten years, which is really a more appropriate timeframe, and you can quickly find yourself in that range. We wouldn't quarrel with that analysis.

Now the good news for us is we can get there and we can grow into that with brownfield leverage. We don't have to put a capital program for greenfield to get there and be exposed to it. But we think that those are good markers to think about.



BRIAN MACARTHUR: Maybe we can slip one more in, just on GLE now. Obviously it's very strategic. But is the biggest impediment to moving—I mean you got the Constellation, everybody's interested. To move this forward faster, is it now technical, regulatory, financial? What would you say is the real bottleneck at the moment?

TIM GITZEL: The answer's probably yes to that, but Sean, go ahead.

SEAN QUINN: Sure, I think we've got a developing degree of confidence on the technical side. The big hurdles I would put in the financial camp, basically, the procurement, going back to the procurement team that Grant and Tim mentioned at the beginning. When the market is ready and there is a real call for enrichment services, we will look at—and natural uranium, which is the first output for this particular facility, we will be able to advance that project.

TIM GITZEL: That's the beauty of it Brian, you've heard us say that before, that triple threat to—that we can use it to re-enrich those DOE tails, which we have an agreement with the DOE on. We can use it just for pure enrichment, which the Western world sorely needs these days. Then of course everybody's on the HALEU scramble these days with the Russians, everyone was expecting the Russians to provide the first ten years of HALEU, and that is out the window.

There are certainly drivers now for the technology, lots of interest, government and private, and so we're pretty excited about the future for GLE.

BRIAN MACARTHUR: Great. Thanks very much for answering all my questions.

TIM GITZEL: Thanks Brian.

OPERATOR: The next question is from Paul Rubenstein, a Private Investor. Please go ahead.

PAUL RUBENSTEIN: Hi, good morning. I was actually going to ask you about GLE, so I've been kind of beat to the punch there.

But maybe if you could go into a little bit more detail about what's actually going on in Paducah and in Wilmington. Are we still waiting on the DOE? If the DOE doesn't come through, what are your plans to move forward? Is there some kind of timeline? Are we looking at a year from now, five years, ten years? Where do things look?

One last thing, is the Silex technology proven at this point, or is that still kind of experimental?



TIM GITZEL: Thanks Paul, for that question on GLE. Sean Quinn, please.

SEAN QUINN: Sure. I'll start with back end there. We're well past the experimental stage with the technology. Technology scale up and development continues, split between the Silex site in Lucas Heights, Australia, just outside Sydney, where they're continuing to refine the laser side of the technology, and the other end of the process, the separator systems, which are being further developed in Wilmington. We'll be looking at bringing all that back together over the course of the next number of months. So on the technology front, we continue to develop it.

On the commercial side, we are anxious to see what comes out of the numerous U.S. Government initiatives, to look at dealing with the bifurcation of the market and the current reliance on Russian enrichment and conversion services, and the need to develop a supply of HALEU to support the advanced SMR industry as a whole.

There are, as I mentioned, a number of legislative initiatives being considered that would provide financial support, so we're pursuing those. So it's really then back to the procurement demand that we're waiting to see develop, coupled with that U.S. Government support that will determine the pace of commercialization.

I would mention—sorry, I would add just to that, that we are on track to keep our commitments to the Department of Energy under the tails reprocessing agreement that Tim mentioned a bit earlier. I should note that too.

PAUL RUBENSTEIN: How many pounds of U308 would that be kind of equivalent to?

SEAN QUINN: Once the Paducah facility is up and running, I think the U308 equivalent production per year is around five million, if my memory is correct, and that's a 45-year life that we're looking at there. For the tails and re-enrichment, yes, just to be very clear on that.

PAUL RUBENSTEIN: As far as long-term strategy, it looks like guys are moving toward a strategy of a package deal, as far as contracting goes, where, rather than contracting just for U308, or just for conversion, or just for enrichment, that utilities would come in and just do the whole thing together.

I'm not speaking very well.



TIM GITZEL: We get it Paul. I'll get our chief salesman to respond to that, packaging up the component parts. We get the question Paul.

GRANT ISAAC: Yes Paul, good question. I wouldn't say moving toward; we've always been in that camp. So don't forget—so with Bruce Power, we provide fabricated fuel bundles to Bruce Power. So we do everything right across the chain. We've always been vertically integrated, we'll always be vertically integrated, and we have ambitions for more vertical integration, if it makes sense.

Now what we're up against is a utility desire that's long entrenched in a lot of our customers to buy on a components basis. The reason they've wanted to do that is so that they have line of sight to what is going on in each of the components versus, say, buying just a fuel bundle that you can think of as a battery to put in their kettle to boil water, turn turbines and produce carbon-free electricity.

But there are some markets where they are accustomed to buying just a fuel bundle. Think about that Eastern European crescent that has been heavily reliant upon Russia, that's looking to break away. They've got no experience with buying components. What they want is that final fuel bundle, and so right now you can expect to see greater partnering between the Camecos of the world, the Urencos of the world, the Westinghouses of the world in order to offer that Western supply directly to the utility.

For us, if it makes sense and we can drive value across those components, we would bundle and have integrated sales. If we can capture more value by selling on a component basis, because maybe one component is higher in price, conversion at historical levels, well we'll do that too. So we've always been vertically integrated, we always will be, but our focus is on value, and packaging it up or componentizing it to drive value. We'll make those decisions on a case-by-case basis.

PAUL RUBENSTEIN: Okay.

TIM GITZEL: Thanks a lot Paul.

PAUL RUBENSTEIN: Thank you.



OPERATOR: The next question is from Kip Keen with S&P Global. Please go ahead.

KIP KEEN: Hi, thanks for taking my question. I wonder if you could go back to the delay at Key Lake. I think earlier this year you were expecting five million pounds, and now up to two million now. I'm wondering what the key driver there, in terms of the delay, is. You mentioned critical materials and some other things. Can you expand on that?

TIM GITZEL: Yes Kip, thanks for the question. I'm going to ask our Chief Operating Officer, Brian Reilly, to speak to that, please.

BRIAN REILLY: Sure. Thanks Tim. Look, several key drivers. Let me just step back to the extent that our operational readiness program is in transition. So we are in transition from a construction phase to early stage commissioning, and I want to separate the mill from the mine, which is important as well.

We have completed the first circuit at Key Lake mill, in terms of early stage commissioning. We've had to make adjustments. The adjustments are really based on two drivers.

One, this is a brownfield site, it's a brownfield site that's been in care and maintenance for the past four years. So we're up against some mechanical issues, but nothing that we can't resolve. We've had to make some adjustments.

The second driver is focused around the changes we've made, and we've made significant changes. We've installed a number of automation and digitization projects that really have changed the way we operate the mill, and we've upgraded the operating system.

So those are the key drivers, and until one actually completes the commissioning phase, it's difficult to understand what those issues are. So we've had to make some adjustments at the mill, and hence we've had to re-forecast.

I also want to, while I've got access to the microphone here, speak to the mine. Because it's a different trajectory at the mine—we're in good shape, we're on track, we have two sources of ore that we will supply to the mill when required, we've got four million pounds of inventory



sitting at the base of the mine. So we're in the process of commissioning the underground processing circuits. We also have about 30 million pounds of frozen inventory, which we can access from 10 different production areas, and that will provide the ore supply for the next two years.

The mine is in good shape. The mill, we've made some adjustments, we've disclosed those adjustments. But the objective hasn't changed, all through the process. We'll commission the mine and the mill in a safe, orderly and a systematic fashion. We're preparing these assets for the next 30 years.

TIM GITZEL: Kip, I would just add to what Brian said, because I'll hear about it if I don't from our Cigar Lake team, that things are going very well there. We had forecast production of 15 million pounds, and now we've changed that to 18. They've caught up on some development. So being a multi-facility multi-mine company has benefits, and we're seeing it in this instance.

KIP KEEN: Then last question, somewhat related. Say market conditions improve and spur you to expand production next year, or the year after that, or whenever conditions may warrant. Can you remind me roughly how quickly or how difficult or what the timeline would be for expanding your production capacity, Cigar Lake or McArthur and the Key Lake mill? Just give me a sense of kind of what kind of lead time is involved there.

TIM GITZEL: Well Kip, as Grant said, we're in supply discipline at the moment. So we're actually planning to bring Cigar Lake down, in 2024, to 15 million pounds. So obviously we can vary between 15 and 18, not without much difficulty. McArthur, we have licence approval to go to 25 million pounds. Our plan in '24 is to be at 13 million pounds—sorry, 15 million, I got it backwards.

Our ability to increase production at McArthur, we'd have to do a little bit of work, I don't think there is much CapEx at all, and so we can move up.

We've got that flexibility at our two sites. As Grant said, we'll watch, we'll wait for the market. We see the signals from the market that we need to increase our production, if we have the view to sales going forward, we'll adjust our production, but for now we're in supply discipline, we're going to stay there until further notice.

KIP KEEN: Thanks.



OPERATOR: The next question is from Justin Huhn of Uranium Empire. Please go ahead.

JUSTIN HUHN: Good morning and thanks for the great colour. Thanks for taking my question. Could you speak briefly to the Port Hope facility in terms of historical total capacity production relative to nameplate capacity in terms of percentage-wise, let's say over the past three to five years? Are you currently operating at full capacity? Do you expect to be? If we expect ConverDyn back online mid-2023, French operating relatively close to full capacity, and the facility in U.K. you mentioned also idled, are you considering increasing capacity at Port Hope for conversion?

GRANT ISAAC: Hi Justin. Good to speak with you. Thanks for asking the question. Again, it's a focus on conversion that we're not accustomed to. It's great to see, by the way, so happy to talk about it.

Port Hope has actually had the opposite challenge, not operating at full capacity, but operating well below, because the conversion market was just so underpriced for so many years. It is licenced for 12,500 tons of capacity per year. We haven't run it at that rate ever. We haven't achieved that nameplate ever.

We have in the past, in the last sort of price spike, ran it at a rate for several months that would have annualized out to full nameplate production, but then the conversion market just fell away, for the reasons that I talked about. So much supply coming to the market already converted, showing up as UF₆, conversion price fell below \$5 a kgU for a period of time.

As a result, supply discipline in conversion actually began a few years before it did in uranium. It began with the SFL, the Springfield facility in the U.K. shutting down in 2014, when we cancelled our total converting deal there. Then of course we began to toggle back production at Port Hope, then the ConverDyn facility went into care and maintenance, and then of course I think there were difficulties ramping up in France. That happened while inventories were being drawn down, and conversion suddenly was required again, so conversion fundamentals were already improving. Then along comes February 24 and the need to exclude Russia from the conversion space.



But, as I said earlier, right now it's about looking at historic conversion prices, looking at maximizing margins, but being mindful that there are some facilities that are poised to come back, and not front-running demand with supply. I mean, right now, ConverDyn's planning to come back, and I think at that time to have even talked about expanding that French facility can run at 15,000 or is nameplate to 15,000 tons and has expectations to get there.

Some talk about the facility in the U.K. Springfield as a site is very important to the U.K. nuclear infrastructure. As a UF6 production site, I think there are some challenges; but when conversion hits historic prices, obviously it creates incentives to at least have a look at it. So we just have to be very disciplined there, and we like our position in Port Hope, but I would say the market is signaling that it needs conversion, but until we see actual procurement, we're just not going to respond to, oh well, people say they want it, so let's increase production. Well no, in our business the way you prove it is through the power of procurement. So we'd would need to see that pick up in a meaningful way to then even give any thought to further increases at Port Hope.

At the moment conversion is tight, and the only way to loosen it up is to begin to procure more, and that will lead to the production decisions that would increase it. So I think that is the way to think about those that part of the fuel cycle.

JUSTIN HUHN: Excellent, great answer, thank you so much. Just a quick follow-up with regard to the conversion and enrichment markets. We're already hearing that some Western enrichers have made a significant jump in their tails assays. When we consider that utilities are seeking out conversion and enrichment first, which makes a lot of sense, and over the past number of years, let's say over the past decade really, they've been able to buy UF6 hand over fist from enrichers from underfeeding from tails re-enrichment, and that is, at least in the West, looking to be declining if not disappearing in terms of availability very, very quickly.

Can you guys put a little bit finer point on expected timeframes in terms of utilities wrapping their heads around available conversion enrichment capacity, let's say out in the middle of this decade, and seeking out further U308 procurement going forward? Is this something that you're expecting to happen in a significantly higher volume, as soon as even this year?

GRANT ISAAC: Yes. But let me back it up into a couple of components. So obviously, you get the first demand uplift that just comes from the fundamentals. Right? It is the improving clean



energy focus, the energy security focus, the energy affordability focus. We're seeing that come as demand in the short term, reactor programs being saved; in the medium term, reactor programs getting life extensions; and in the long term, it's new builds, not just to big reactors, but also advanced reactors, small modular reactors.

You've got that demand uplift that's driving the need for uranium right through to fuel fabrication. Then you add to this the bifurcated market challenge, which I think is at the heart of your question. The only way for the Western market to bridge through the Russian replacement challenge in the short term, awaiting additional capacity installed at Western enrichers, is overfeeding. So the only way to get more out of an enrichment plant that's at capacity is to throw more uranium into it. So there is more uranium demand that's going to come from that overfeed.

That's kind of a shorter- to medium-term lift on uranium demand. But I don't think people are even really paying a lot of attention; we are, but I don't think enough people are paying attention to that overfeed piece.

Then don't forget there's a third uplift in demand, and that is, everybody's inventory is going to go up because of the higher commitments. So you see that our purchases are going to go up in year, because we've got more commitments. We've got more commitments, we need to carry more inventory, Cameco is going to need to buy more. But that's going to happen all along the supply chain. The converters, the enrichers, the fabricators, everybody's working capital is going to go up, and, oh by the way, utilities going through a supply crisis, inventory tends to be pro-cyclical. We'll actually see demand come into—the one-time demand for inventory at probably higher inventory targets than they were ahead of time.

I think you're absolutely right in layering in these components, to say that the only way for us effectively to do this is, demand's going up right across the fuel cycle, but actually there's going to be some shorter-term pressures that are required in order to exclude Russia on a very rapid base, until such a time as there's more enrichment capacity. We're looking out into 2028, into that window, before you've effectively expanded enrichment capacity, which says to us there's a bulge of uranium demand just related to overfeed that's going to have to come in order to bridge through that exclusionary process.



I think you're thinking about it the right way. I would just articulate it from that buildup. There's the fundamental demand, there's the exclusionary demand, and then there's the inventory demand, and you add that all up and it explains why we're bullish.

JUSTIN HUHN: Fantastic. Thank you guys so much.

TIM GITZEL: Justin, thank you.

OPERATOR: This concludes the question-and-answer session. I'd like to turn the conference back over to Tim Gitzel for any closing remarks.

TIM GITZEL: Well thanks very much Operator, and with that I just want to say thanks to everybody who joined us today.

Well-positioned Assets, Portfolio and Vertical Integration



	Tier-one Assets <ul style="list-style-type: none">• Licensed, permitted, long-lived, proven• Expansion capacity		Exploration portfolio <ul style="list-style-type: none">• Leverages brownfield
	Tier-two Assets <ul style="list-style-type: none">• Potential value in the future		Vertical integration <ul style="list-style-type: none">• Across the fuel cycle• And exploring opportunities

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We as always appreciate your interest, support, and the great questions we get.

Let me leave you just with a couple of comments today. Our world today is facing some pretty significant challenges, including, and we've talked about these, decarbonization and electrification, while ensuring energy affordability and security, without jeopardizing the ambitious net zero targets that have been set.



There's a lot of uncertainty in the world energy landscape, and a lot of countries are having to take a hard look at where they should get their fuel. More than ever, the world's looking for a stable, reliable and politically dependable fuel supply. I believe we are witnessing a fundamental change that will alter the way countries approach their energy needs going forward.

I think that anyone who looks seriously at the global issues we're facing would say there's no solution without nuclear.

We see a lot of opportunity ahead of us with demand for safe, reliable, affordable and carbon-free baseload electricity coming from across the globe.

As a responsible commercial supplier with a strong balance sheet, long-lived tier one assets and a proven operating track record, and line of sight to return to our tier one cost structure, we at Cameco believe we are extraordinarily well positioned to respond to the changing market dynamics.

We're excited about the future we're seeing for nuclear power generation. We're excited about the fundamentals for nuclear fuel supplies. We're excited about the prospects for our Company.

We will continue to do what we said we would do: executing on our strategy and consistent with our values. We'll do so in a manner we believe will make our business sustainable over the long term. We'll continue to make the health and safety of our workers, their families and their communities our priority.

Thanks everybody, stay safe and healthy, and have a have a nice summer.

OPERATOR: This concludes today's conference call. You may disconnect your lines. Thank you for participating, and have a pleasant day.