



Cameco Corporation

Third Quarter 2022 Conference Call

Transcript

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

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



OPERATOR:

Welcome to the Cameco Corporation Third Quarter 2022 Conference Call.

As a reminder, all participants are in listen-only mode, and the conference is being recorded.

I would now like to turn the conference over to Rachelle Girard, VP, Investor Relations, Tax and Treasury. Please go ahead.

RACHELLE GIRARD:

Thank you, Operator, and good morning, everyone.

Welcome to Cameco's Third Quarter Conference Call. I would like to acknowledge that we're speaking from our corporate office, which is on Treaty 6 territory, the traditional territory of Cree people and the homeland of the Métis.

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 in just a moment to discuss how the improving growth outlook for nuclear power is translating into an improving growth outlook for Cameco, and then Grant will discuss our recent announcement to acquire Westinghouse. After, we will open it up for your questions.

We've allocated an hour for this call. However, 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'll be happy to follow-up with you after the call. There are a few ways 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.

If you 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.

Forward-Looking Information Caution

This presentation includes forward-looking information or forward-looking statements under Canadian and U.S. securities laws, which we refer to as "forward-looking information". Forward-looking information can generally be identified by the use of words such as "approximately", "may", "will", "could", "believes", "expects", "intends", "should", "would", "plans", "potential", "project", "anticipates", "estimates", "scheduled" or "forecasts", or other comparable terms that state that certain events will or will not occur. It represents the projections and expectations of the Company relating to future events or results as of the date of this presentation. 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 but are not limited to: strategy including investment in the nuclear fuel value chain; various growth factors and drivers for Westinghouse segments; nuclear energy becoming an increasingly critical source of carbon-free energy; and the potential joint acquisition creating a platform for growth across the nuclear value chain. Material risk factors that could cause actual results or events to differ materially from those expressed in, or implied by, the forward-looking statements contained in this presentation, are disclosed in the sections entitled "Material risks", "Material risks that could cause actual results to differ materially" and "Risks that can affect our business" in our Annual Information Form (the "AIF"), "Material risks" and "Material risks that could cause actual results to differ materially" of the annual management discussion and analysis for the year ended December 31, 2021 (the "Annual MD&A") and "Material risks" section of the quarterly management, discussion and analysis for the quarter ended September 30, 2022 ("Q3 MD&A"), as such disclosure shall be updated from time to time in Cameco's continuous disclosure documents. Readers are cautioned that the risks referred to above are not the only ones that could affect Cameco. Additional risks and uncertainties not currently known to Cameco or that Cameco currently deems to be immaterial may also have a material adverse effect on Cameco's financial position, financial performance, cash flows, business or reputation. Forward-looking statements made in this presentation are based on a number of assumptions that Cameco believed were reasonable at the time it made each forward-looking statement. Refer in particular, but without limitation, to the sections entitled "Material assumptions" and "Assumptions" of the AIF, "Material assumptions" and "Assumptions" of the Annual MD&A, and "Material assumptions" of the Q3 MD&A for a discussion of certain assumptions that Cameco has made in preparing forward-looking statements included or incorporated by reference in the presentation. The foregoing assumptions, although considered reasonable by Cameco on the day it made the forward-looking statements, may prove to be inaccurate. Accordingly, our actual results could differ materially from our expectations. There can be no assurance that forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Investors are cautioned that forward-looking information and statements are not guarantees of future performance. Cameco cannot assure investors that actual results will be consistent with the forward-looking information and statements. Accordingly, investors should not place undue reliance on forward-looking information and statements due to the inherent uncertainty therein.

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Forward-looking information contained in this presentation about prospective results of operations, financial position or cash flows that are based upon assumptions about future economic conditions and courses of action are presented for the purpose of assisting you in understanding management's current views regarding those future outcomes, and may not be appropriate for other purposes.



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Important Notes/Disclaimers



Readers should not construe the contents of this presentation as legal, tax, regulatory, financial or accounting advice and are urged to consult with their own advisers in relation to such matters. Additional information about Cameco, including audited consolidated financial statements as at and for the years ended December 31, 2021 and 2020 and related MD&A, its unaudited interim consolidated financial statements as at and for the three- and nine-month periods ended September 30, 2022 and 2021 and related MD&A and its Annual Information Form for the year ended December 31, 2021 are available on SEDAR at www.sedar.com and via EDGAR on the SEC website at www.sec.gov.

MARKET AND INDUSTRY DATA

Cameco has obtained any market and industry data and other statistical information presented in this presentation from a combination of internal company surveys and third-party information. Such third-party publications and reports generally state that the information contained therein has been obtained from sources believed to be reliable. Although Cameco believes these publications and reports to be reliable, it has not independently verified the data or other statistical information contained therein, nor has it ascertained the underlying economic or other assumptions relied upon by these sources. Cameco has no intention and undertakes no obligation to update or revise any such information or data, whether as a result of new information, future events or otherwise, except as required by law.

CURRENCY

In this presentation, unless otherwise specified or the context requires otherwise, all dollar amounts are expressed in Canadian dollars.

FINANCIAL INFORMATION

Cameco financial information is prepared using International Financial Reporting Standards ("IFRS") as prescribed by the International Accounting Standards Board. Brookfield WEC Holdings Sub-Aggregator LP ("Westinghouse" or "WEC") financial information is prepared using United States Generally Accepted Accounting Principles ("U.S. GAAP") prescribed by the Financial Accounting Standards Board.

NON-GAAP MEASURES

This presentation contains references to certain non-GAAP financial measures and industry metrics that are used by WEC, as indicators of financial performance, such as, "Adjusted EBITDA", "Adjusted EBITDA Margin", "Adjusted free cash flow" and "Adjusted free cash flow margin". Management of the Company believes that these non-GAAP measures provide useful information to investors regarding the financial condition and results of operations of WEC. These measures are not recognized measures under U.S. GAAP, and do not have a standardized meaning prescribed by U.S. GAAP, and are therefore unlikely to be comparable to similar measures presented by other companies. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of WEC's financial information reported under U.S. GAAP. The company believes that these non-GAAP measures may be useful supplemental information to assist investors, securities analysts and other interested parties in assessing the operational performance of WEC and its ability to generate cash through operations. Reconciliations of the non-GAAP measures used in this presentation can be found on page 13.

QUALIFIED PERSONS

The technical and scientific information discussed in this presentation with respect to our material properties (McArthur River/Key Lake, Cigar Lake and Inkai) was approved by Scott Bishop, P. Eng., who is an employee of the Company and is a qualified person for the purposes of National Instrument 43-101.

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Please refer to our most recent 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.



Right Vision and Strategy



TIM GITZEL:

Well, thank you, Rachelle, and good morning, everyone. We appreciate you joining us on our call today.

Two weeks ago, I started my call by saying that nuclear energy is back in durable growth mode, and that Cameco is back in durable growth mode, growth that will be sought in the same manner as we approach all aspects of our business: strategic, deliberate, disciplined, and responsible.

Cameco's Disciplined Strategy of Full-Cycle Value Capture



Strategically aligned contracting discipline

- Strategically patient long-term contracting
- Balanced portfolio
- Optimize market-related portion of contract portfolio, with focus on protection from commodity volatility



Operationally flexible supply discipline

- Align production with contract portfolio and market signals

Risk-managed financial discipline

- Self-manage risk
- Supports opportunistic investment in nuclear fuel value chain



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I'm pleased to say that we're seeing the growth in our industry translate into improving financial performance, as the exposure to increasing prices in our contracts across the fuel cycle flows through to our average realized prices. Even more important, we're seeing that industry growth translate into growth in our book of business, as we responsibly build homes for our valuable tier-one assets, business that maintains significant exposure to rising prices for us.

This is exciting because, as you know, we're still operating well below capacity, and our continued contracting success is setting us up for further growth as it lays the foundation for our transition back to a tier-one run rate. It's a good reminder of why we believe that Cameco remains the best way to invest in the recovery in the uranium market.

Thanks to our strategic and deliberate actions and our conservative financial management, we are well-positioned, well-positioned for the nuclear fuel cycle tailwinds, driven by the focus on clean energy, by an energy crisis and by the geopolitical realignment that's occurring. We're



also well-protected from the current macroeconomic headwinds. We have a growing durable contract portfolio and our customers' nuclear plants are part of the critical infrastructure needed to guarantee the availability of 24-hour electricity to run hospitals, care facilities, and other essential services.

With \$1.3 billion in cash on our balance sheet at the end of September, improving fundamentals for our industry and our business, and our decision to prepare McArthur River/Key Lake for production, our plans give us line of sight to a significant improvement in our future financial performance.

I'm going to start by talking about Cameco and the success we're having in an improving market. Then I'm going to turn it over to Grant, who's going to walk you through our strategic partnership with Brookfield Renewable to acquire Westinghouse, and why we expect it to augment the core of our business, expand our ability to compete for more business, and offer more solutions to our customers across the nuclear fuel cycle.

In July when we reported our second quarter results, we noted that we'd added a total of 45 million pounds to our uranium contract portfolio since the beginning of January. Two weeks ago, we indicated that number had grown to 50 million pounds. We also noted that, in our Fuel Services segment, where pricing is at historic highs, since the beginning of January we have secured seven million kilograms of uranium, as UF₆ under long-term contracts, contracts that will underpin the operation of our tier-one assets and that we expect to benefit from for many years to come thanks to our strategic patience.

This quarter, we have provided a further glimpse into our pipeline of contracting discussions because it has us pretty optimistic. Our discussions range from initiation to acceptant and awaiting finalization. We're pleased to report that we're having good success in our discussions.

In addition to the 50 million pounds I noted earlier, we have had another 27 million pounds of long-term uranium business accepted. While the contracts are not yet finalized, the key terms, including pricing mechanism, volume, and tenor have all been agreed to.



In addition, we have had 7.5 million KGU of additional conversion business accepted, which is also being finalized. Once all contracts are finalized, the total volume of uranium successfully contracted since the beginning of this year is expected to be about 77 million pounds, and the total volume of conversion contracted is expected to be about 14.5 million KGU. That's a lot of contracting and that's a credit to our team.

While the finalization of these contracts may or may not occur in the calendar year, it demonstrates that we are having significant success with our discussions. The success is expected to secure long-term value for Cameco and allow us to sustainably operate our assets and therefore provide our customers with access to the fuel they need to operate their reactors. We believe the key to our success is our ability to offer customers access to reliable assets across the fuel cycle, assets that are existing, proven, tier-one, licenced, permitted, and in geopolitically attractive jurisdictions.

Why are we so excited about this contracting activity? Well, it's because that's what we've been patiently waiting for. It demonstrates how well Cameco is positioned to grow. Our growth is expected to come from brownfield leverage, our existing suite of tier-one operating assets. We do not have to build new capacity to capture the value. We just need to turn up the assets we already have, a position we have not enjoyed in previous price cycles.

Of course, with the planned joint acquisition of Westinghouse, we're excited about being able to extend the base of our reach in the nuclear fuel cycle at a time when there is tremendous growth on the horizon for our industry. We are extending our reach with assets that, like ours, are strategic, that are proven, that are licenced and permitted, and that are located in geopolitically attractive jurisdictions, assets that we expect will be able to participate in the growing demand profile for nuclear energy from their existing footprint, and assets that are expected to provide new opportunities for our existing suite of Uranium and Fuel Services segments.

Finally, we are excited because, we've said all along, it is utility procurement that provides the signals we need to make the production planning decisions that will get us back to operating at our tier-one run rate. While we're getting closer to that day, we are not there yet, but every pound helps. While it has already been a successful year of contracting, our pipeline of uranium



and conversion negotiations remains large, and we expect to see more long-term demand to come to the market. It's clear that utilities are increasingly recognizing the value in securing access to Cameco's strategic, proven, licenced, permitted tier-one assets that are located in geopolitically attractive jurisdictions to meet their fuel supply needs.

Let's talk about where we're at in the next stage of our supply discipline as we progress toward the eventual return to our tier-one run rate, the restart at the McArthur River mine, and at the Key Lake mill. We believe that this is one of if not the best suite of uranium assets on the planet, assets that are proven, low-cost, and long-lived.

At the mine, all process circuits have been commissioned and the critical mining equipment and initial production areas have been prepared and are ready to go. Trucks are now hauling ore slurry to the mill. We've talked a lot about the significant upgrades we made at the mill. We've implemented and installed a number of automated systems and incorporated a number of digital technologies that we expect will make the asset more flexible, more efficient, and even safer than before. We expect the first-produced pounds to come out of the mill not too long from now, and I can tell you that is a day that we will celebrate, so stay tuned on that.

As I said earlier, our plans, which include the return to production, sets us on a path that we expect will significantly improve our financial performance. We'll be able to source more of our committed sales from lower-cost produced pounds, and we get out from under the operational readiness costs we've been expensing. Of course, all those pounds have a home in our committed contracts portfolio. With our experience operating in this industry, we understand that to create long-term value and provide reliability for our customers, we must build a permanent home for our production before we pull it out of the ground.

Without line of sight to having a long-term profitable contract to deliver into, uranium shows up in the spot market, which has neither the size nor the transaction frequency to absorb uncontracted primary production. This oversupply in the spot market puts downward pressure on price, which negatively impacts producer profitability, and therefore creates a threat to the long-term security of supply for customers.

It happened in the last price cycle, and those producers who thought they would wait and sell all their material in the spot market very quickly learned that it's a flawed strategy. They may have sold a few hundred thousand pounds at the peak, but they rode the price right down to where their operations were no longer sustainable, whereas our average realized price outperformed the market throughout the trough. We'll continue to make strategic supply decisions in all segments of our business and in accordance with the signals our customers are sending.



I also want to remind you of the why behind what we do, that being the increasingly important role for nuclear power in achieving the objectives of providing clean energy, of providing secure energy, and of providing affordable energy. The heart of nuclear power's return to the energy policy toolbox is the reminder that energy decisions must achieve all three of these objectives at the same time. When energy policy decisions are determined based on these three objectives, it quickly becomes evident that nuclear power fits nicely at the centre.

Nuclear power provides safe, reliable, affordable, carbon-free baseload electricity, while also offering energy security and independence. Suffice it to say, we're 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 a different picture. Low prices have led to growing supply concentration by origin, and a growing primary supply gap. Along the way, the secondary supplies that have played such a crucial role in our industry have been drawn out of the market. Taking the challenge of filling that gap to a whole new level is a desire to diversify away from Russian supply in nuclear fuel supply chains.

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 considering and planning for a variety of potential scenarios, ranging from an abrupt end to Russian supply, to a gradual phase-out. It's still early days but we are already seeing some utilities beginning to pivot towards procurement strategies that more carefully weigh the origin risk.

Cameco is Operating and Invested Across the Nuclear Fuel Cycle

Tier One Uranium Assets			Fuel Services	
Cigar Lake (54.5%*) <small>Saskatchewan, Canada</small>	McArthur River (69.8%) / Key Lake (83.3%) <small>Saskatchewan, Canada</small>	Inkal (40%) <small>Kazakhstan</small>		Blind River Refinery <small>World's Largest Commercial Uranium Refinery</small>
<small>Uranium Grades 100 Times the World Average</small> <small>Licensed Capacity (100%): 18 M lbs/yr</small>	<small>The World's Largest, High-Grade Uranium Mine / Mill</small> <small>Licensed Capacity (100%): 25 M lbs/yr</small>	<small>A Significant Low-Cost Source of Uranium</small> <small>Licensed Capacity (100%): 10.4 M lbs/yr</small>		Port Hope Conversion Facility <small>Canada's Only Uranium Conversion Facility</small>
				Cameco Fuel Manufacturing <small>Manufactures Fuel Bundles and Reactor Components for CANDU Heavy Water Reactors</small>
Tier Two Uranium Assets and Advanced Projects				
Rabbit Lake (100%) <small>Saskatchewan</small>	US ISR Operations (100%) <small>Nebraska & Wyoming</small>	Millennium (69.9%) <small>Saskatchewan</small>	Yeellirrie (100%) <small>Western Australia</small>	Kintyre (100%) <small>Western Australia</small>
			Other Fuel Cycle Investments	
				Global Laser Enrichment (GLE) <small>Developing and Testing Third-Generation Laser Enrichment Technology</small>

* Reflects increase in ownership to 54.5% effective May 19, 2022.

We believe we are well-positioned to help our customers de-risk their fuel supply needs, and this has us very optimistic. We're optimistic about the growth in demand for nuclear power, both

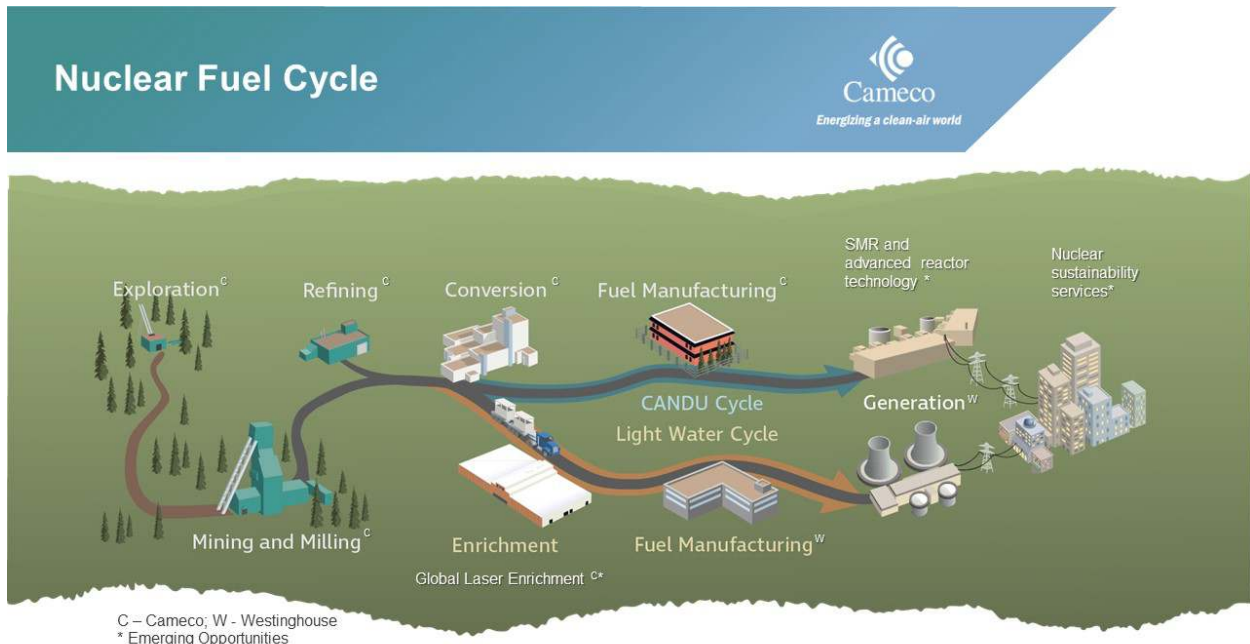


traditional and non-traditional. We're optimistic about the growth in demand for uranium and for the downstream fuel services, and we're optimistic about the opportunity for Cameco in capturing long-term value.

Our decisions at Cameco are deliberate. We're a responsible, commercially-motivated supplier with a diversified portfolio of assets across the nuclear fuel cycle, including a tier-one production portfolio that's 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 now for over 30 years.

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

With that, I'm going to turn it over to Grant.





GRANT ISAAC:

Thank you, Tim. Good morning to all who have joined us today.

I want to follow Tim's spotlight on our contracting activity, with a spotlight on our recent announcement to acquire Westinghouse. Obviously, since we don't own it yet, there really are significant limits to what we can disclose about a private company, especially one currently owned by a private equity firm. But what we can do is to outline our expectation for this acquisition after it closes. We have six key expectations.

First, we expect Westinghouse, like Cameco, to benefit as nuclear power is forecast to double over the coming decades. Growth in demand comes from several sources: existing reactors saved from early shutdown; existing reactors undergoing life extensions to operate for materially more decades; new markets for fuel products and services, like Eastern Europe, as a result of the unprecedented geopolitical realignment; and of course, newbuilds of large, of small, and of micro reactors, a durable demand outlook that we believe is the best ever.

Second, we expect this acquisition to enhance our ability to compete for this improving nuclear demand. As nuclear demand improves, proven suppliers have an enhanced ability to compete for that demand. At Cameco, we believe we are the very best way to invest in the recovery of nuclear fuel demand, because we have always been invested in the fuel cycle: it's valuable, licenced, existing capacity in geopolitically important jurisdictions, where participation in the industry is closely regulated.

The McArthur Mine and Key Lake Mill, the Cigar Lake mine, the Blind River refinery, the Port Oak conversion facility, Port Oak fuel manufacturing are all examples of such valuable assets. Assets with brownfield, organic, inside the fence line growth characteristics, meeting growing demand without the immediate need for greenfield investments, which are particularly challenged given current inflationary and supply chain pressures.

At Westinghouse, conversion, fabrication, and manufacturing assets, managed by a world-class team, have the very same characteristics of meeting growing demand from brownfield leverage. We expect an enhanced ability to compete at a time when the Western nuclear fuel cycle needs to provide reliable and secure uranium, conversion, enrichment, fabrication, parts and service



solutions to nuclear power plants that are absolutely critical in dealing with today's dual energy and climate crisis. In other words, this acquisition does not reduce our exposure to improving uranium prices; we expect it to enhance our exposure to improving uranium prices.

Third, we expect distributions from our investment in Westinghouse. Westinghouse has a stable and predictable core business, generating durable cash flows, and is well-positioned to compete for growing nuclear demand. With a long-term contract portfolio like Cameco's, we expect Westinghouse to not only be well-positioned to compete for growing nuclear demand, but also well-protected from any current macroeconomic headwinds as utility customers run their critical nuclear power plants. This durable and growing business is expected to allow Westinghouse to self-fund its approved annual operating budget, to maintain existing capacity, and to service its financial obligations. The expected result is de-risked cash flows from this investment.

Fourth, we expect this strategic and transformative acquisition to be accretive, accretive to our cash flows, given that the stable and predictable core business generates durable cash flows and is well-positioned to compete for growing nuclear demand. For the same reason, accretive to our earnings after customary purchase price allocation accounting, and adjusting for differences between U.S. GAAP and IFRS reporting standards. And accretive to our net asset value, given we have added to our existing asset base additional valuable, strategic, licenced and permitted existing capacity in geopolitically important jurisdictions.

Fifth, we expect that Westinghouse's existing long-term debt level will have no negative impact on Westinghouse's core business or growth potential. There are two critical questions to ask about Westinghouse's long-term debt. The first question is whether the debt level, or more precisely the debt service cost, is expected to negatively impact the annual business plan and objectives of Westinghouse. The answer is no. We expect that, given the stable and predictable core business of Westinghouse, it will be in a position to self-fund its approved annual operating budget, including servicing its financial obligations.

The second question is whether the debt level is expected to negatively impact market growth opportunities. The answer again is no. We expect that Westinghouse will remain a critical supplier of essential nuclear fuel and service solutions to growing nuclear power markets



around the world. Over time, as nuclear demand grows, and as Westinghouse realizes opportunities to grow, the debt metrics will improve.

Sixth, we expect that as we navigate by our investment-grade rating and equity account for this joint venture, the increase to our debt leverage metrics as part of financing this transaction will be temporary. We expect that our financial performance will improve significantly as increased prices and increased contracting translate into Uranium and Fuel Services production, shifting from extreme supply discipline plans towards more production. We expect that our tier-one cost base will be restored as we eliminate care and maintenance costs, operational readiness costs, and the higher costs of purchasing material.

At closing, we expect the accretive Westinghouse transaction to add to our financial performance. I should point out that the additional debt results in a total long-term indebtedness, similar to where we were prior to retiring our 2019 maturities, which was before the recovery in the uranium price, and while McArthur River and Key Lake were still in care and maintenance. Our outlook has improved significantly since then. The result is that we expect only a temporary impact to our debt leverage metrics as we navigate by our investment-grade rating and equity account for this joint venture investment.

Tim, I would just add two final observations, if I may. We are delighted to partner with the outstanding team at Brookfield Renewable led by Connor Teskey. Together we have structured a strategic joint venture combining their extensive experience and expertise in clean energy transition and production with our extensive expertise and experience in the nuclear fuel cycle, a partnership where Westinghouse's key decision items, such as strategic plans and operational budgets, are reserved matters requiring both Brookfield Renewable and Cameco to support the decisions, a partnership that we expect to be a platform for growth as nuclear demand grows.

Finally, I think that everyone who is invested in the nuclear fuel cycle has, at least at one point, asked themselves why other investors have not taken notice of the fact that the investment case for Western assets in the nuclear fuel cycle has never been stronger, or asked themselves why there is not more investment capacity and scale in this exciting and critical clean energy space. We, too, have asked that question.



What I would observe is that the past couple of weeks have demonstrated to me that this is precisely the type of transaction that generates the broader investor interest we have wondered about. From a broader energy perspective, Brookfield Renewable, for example, has just clearly signalled to their global base of clean energy investors that nuclear power has a central role to play in the transition to net zero, and that the nuclear fuel cycle is absolutely critical to achieving that net zero transition.

From an industry perspective, we are providing investors with upstream exposure to valuable and strategic mining and milling assets, downstream exposure to valuable and strategic Fuel Service assets, and ultimately, leverage to improving prices and the growing cash flows and earnings that come from responsible long-term contracting across the nuclear fuel cycle. Perhaps this is the moment when a broader group of investors takes notice of nuclear energy.

With that, back to you, Tim.

TIM GITZEL:

Great, thanks for that, Grant. With that, Operator, we're happy to answer any questions.

The slide features the Cameco logo and tagline 'Energizing a clean-air world' on the left. In the center, 'Q&A' is written in large blue letters. Below this, 'Investor Relations' is listed with contact information: an email icon for investor_requests@cameco.com, a location icon for 2121 11th Street West, Saskatoon, Saskatchewan, and a globe icon for cameco.com/invest. At the bottom left, there are three logos: 'CCO LISTED TSX', a '25 YEARS' anniversary seal, and 'CCJ LISTED NYSE'. On the right, a photograph of a brick building with a glass facade and a Cameco sign is visible. The bottom right corner contains the text 'Cameco - Q3 2022 Conference Call' and the number '9'.



OPERATOR:

Thank you.

The first question is from Orest Wowkodaw with Scotiabank. Please go ahead.

OREST WOWKODAW:

Hi, good morning.

I wanted to ask about Westinghouse and what your plans are with respect to managing your own debt. You mentioned, Grant, that you think Westinghouse is going to be self-sustaining and basically paying out cash distributions to the partners. Can we assume that any cash distributions you receive from Westinghouse will primarily go to reducing your own corporate debt?

I'm curious if you're putting in place any kind of targeted debt levels or debt reduction levels, post closing.

TIM GITZEL:

Grant, do you want to take that?

GRANT ISAAC:

Yes, happy to.

Orest, thank you for that question, it's a good one.

When I went through the expectations that we had, to think about this at closing, one of the things I did want to dwell on was how we're looking at financing it, and financing it includes taking on some temporary debt.

But I just want to remind folks of a couple of things. First of all, the temporary debt that we're looking at really is within the confines of navigating by our investment-grade rating. That



remains an important factor for us. You can think about, in terms of targets, maintaining those debt leverage metrics.

How do we think about that? We think about that from quite a dynamic perspective. First of all, we do expect this acquisition to be accretive, so we do expect it to pay back distributions. But remember, we're at a pretty critical turning point with respect to the Uranium and Fuel Services segment that's core to our business. We've got McArthur coming back online with production expected here in Q4, and you know better than anybody that that begins a process of shedding care and maintenance costs, and shedding operational readiness costs, and actually getting out from under purchasing material that's more expensive than producing it. All of that to say, the financial performance expected going forward is quite a significant improvement for us.

We put that against navigating by our investment-grade rating, and we're very comfortable to make the claim that we're looking at the additional leverage as being temporary. I think that's probably a fair way to say it. The other thing I just wanted to remind folks of is we're not talking about an unprecedented amount of leverage. We were sitting at \$1.5 billion in long-term indebtedness when McArthur River was shut down, before we retired our 2019 maturities. All of that factors into a much stronger outlook. I think that's the right way to think about it.

OREST WOWKODAW:

Okay. Just to follow-up on that, Grant, what about, from a net debt-to-EBITDA perspective target? Obviously it'll be elevated upon closing. Where would you like to get it to?

GRANT ISAAC:

When I say we navigate by our investment-grade rating, there is some coded language in there, I guess, so let me just kind of back that up. Obviously when you look at the rating, it's over a period of time. It's never a moment in time, and ratings agencies are pretty thorough in their assessment about where you sit today, relative to a rating horizon of 18 months to 24 months out.

When I say investment-grade rating, you think about that BBB flat as being 2.5 times net debt-to-EBITDA would be a good navigating point. Obviously, as we have the recovery in our core business, plus the distributions for Westinghouse, we feel like that EBITDA performance is



recovering really quickly and improving really quickly against what is a modest debt level relative to that level of financial performance. That would be a good way to target it.

OREST WOWKODAW:

Thanks, Grant.

OPERATOR:

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

GORDON JOHNSON:

Hello.

TIM GITZEL:

Hi, Gordon.

GORDON JOHNSON:

Hi, guys. Thanks for taking my question, I appreciate it. Sorry about that little miscommunication. Congrats on the results.

My first question is, how do you guys think the geopolitical environment, where Rosatom and PJM perception has just shifted dramatically, changed the strategic value of Westinghouse?

Then I have a follow-up. Thank you.

TIM GITZEL:

Well, I mean, we think it's very positive for Westinghouse, and we've seen it already, in fact we were seeing it months and months ago. I was over in Prague not long ago with Westinghouse, we were there as Cameco, but you could see those Eastern European countries that have relied on the Russian technology, Rosatom, the VVERs and all their technology and servicing turning away from the Russians and saying, "We don't want to operate with them anymore, we don't want to work with them" and looking for a substitute.



That substitute is Westinghouse. They're very active in the Ukraine, even today. There's Czech Republic, Slovakia, Poland, many of those Eastern European countries we think are potential business for Westinghouse, and quite frankly for Cameco, as well. We're very, very saddened by what's going on in the Ukraine with the Russians, we don't like that at all, but it is quite positive for our business.

GORDON JOHNSON:

Okay. Actually, that brings up one other quick question on that topic. When the deal was announced, the stock reacted negatively, and I think it was just because of the pricing. But some people were coming out negative on the deal. We didn't quite understand it.

I just want clarify here. Our view is that, it looks like you guys are trying to become—and forgive me if this isn't the right place, but the Western version of Russia's TENEX, or the subsidiary of Rosatom that's kind of like the one-stop shop for mined, converted, enriched, and fabricated uranium fuel assemblies. It looks like you guys are trying to grab market share there as the West pivots, potentially permanently, away from TENEX as a world supplier. Would you guys agree with that analogy or am I thinking wrongly there? I'm sorry, one more follow-up.

TIM GITZEL:

Yes, Gordon, thanks for that question.

Look, I won't quite... You can make your own judgments on that. Listen, we've been doing this for decades, four decades, and opportunities like this don't come around very often. We couldn't be more excited about this deal than we are. It's a great deal for Cameco, for our stakeholders, our shareholders, and our employees. It's very, very rare that you get the right conditions, the right partner, and the right opportunity, and we think we got them all here with this deal. We really like our partner in the clean energy trade, nuclear energy being seen as renewable now. We've got Westinghouse, a well-run company, very good results, turned them around over the last four or five years.

Their business is very complimentary to what we do at Cameco. We're in the front end. We've got world-class uranium resources conversion. We're into the CANDU fuel business fabrication, and then they take over from there on the light water side. We think it's very complimentary. As I



say, these opportunities don't come around very often. This one hit us at the right time, and we were ready for it through all the discipline we've exercised over the last decade, I would say. I'm just saying, we are very pleased with this deal, and we think it's going to make Cameco a stronger Company and set this Company up for many years to come.

GORDON JOHNSON:

Okay, that's very helpful. Then the last question is, and I always ask this question, but I just want to get the most recent update. Are you guys starting to see any flow of, I would say, traditional ESG money back into, or into, rather, the uranium sector?

Then, thanks for the questions, guys, congrats on the results.

TIM GITZEL:

Yes, thanks, Gordon.

Grant's been pretty much nonstop with Rachele on the investor line over the last week or 10 days.

Do you want to comment on that, Grant?

GRANT ISAAC:

Yes, Gordon, it's a great question.

I would say, what I would call the clean energy trade really started to pivot into an interest in Cameco, actually about 18 months ago, and maybe on an accelerated basis, about 12 months ago. Then, we think that it's just poised to take another step up. We obviously had a lot of interest in our announcement, and a lot of new interest in our announcement, as well as support from existing page one investors. I'd put it that way.

We think that that translates into a growing awareness that, as you saw Mark Carney say in the press release, there is no path to net zero that doesn't involve nuclear power. We are seeing a pretty powerful awakening there, and understanding that this is an industry that provides the E,



bonafide, in ESG, but it's an industry that also provides the S and the G bonafides in ESG metrics, as well, so we're very enthusiastic that a broader base of investors is paying attention to this critical clean energy.

TIM GITZEL:

Thanks, Gordon.

OPERATOR:

The next question is from Ralph Profiti with Eight Capital. Please go ahead.

RALPH PROFITI:

Good morning, thanks for taking my questions, Tim and Grant.

Grant, when you talked about your six-point sort of conditions for this rationale at Westinghouse, and I want to come back to sort of the first point. I'm wondering if the benefits that you're seeing from these market opportunities has actually you thinking about increase the tension on the upstream. I'm thinking about, is there an upstream link to uranium mining and increased exploration, and taking a look at some of these greenfield and brownfield opportunities post the Westinghouse coming into the portfolio.

GRANT ISAAC:

It's an interesting way to put it.

Obviously, we view this as very complementary and supportive. We view it as enhancing our position in the uranium market recovery. What we simply mean there is, look, there are a lot of markets that are growing, growing because reactors that they thought were going to be shut down are being saved, reactors that may have come to a licence limit are being extended. Of course, new markets, as Tim talked about, markets that are turning away from what have been traditional sources and looking for Western solutions, and quite frankly, the full suite of Western solutions, all of that means greater opportunities for Cameco contracting.



Of course, as we build up that book, we then turn to our production plans. We're in a very favourable position right now as Cameco, in that we can grow into this market recovery from brownfield leverage. It really is just a matter of turning on the assets that we currently have versus embarking on a greenfield.

But you're asking a longer-term question, which is a good one, and that is, as we have success building that contract book, and as we resume production, and obviously, at some point shed the last little bit of supply discipline and get to full capacity production at our tier-one assets, then it will be time to turn our attention to where that growth comes from.

We have an extraordinary portfolio. Whether it's an asset like Millennium adjacent to brownfield infrastructure on the Eastern side of the Athabasca Basin; whether it's our Tier 2 assets that are already licenced to permitted; whether it's an asset at the right time in Western Australia. We already have a great base to start from, when we look for those growth modalities.

But at the moment, we're not there. It is about taking advantage of growth and taking advantage from a brownfield perspective. That is our priority right now, and we think that drives the greatest amount of value for our owners.

RALPH PROFITI:

Great answer. Thank you, Grant.

Tim, if I have one for you, the collective bargaining agreement at McArthur River expires December of this year. Can you talk a little bit about the ability for the workforce to operate under the expired CBA? Are there incremental steps that Cameco needs to take, or in preparedness? Because it doesn't look like building up inventories is part of the narrative going forward for Cameco, and it hasn't been for the last little while. How well is that contract book going to be protected against potential strike risk?

TIM GITZEL:

Yes, thanks, Ralph.



Yes, our collective agreement is coming due at the end of the year, and we were just talking about it yesterday. Brian and Alice and others are preparing our team here to sit down with our colleagues in the Union Steelworkers at the sites, and I think we'll start those negotiations pretty soon.

You know what? We have a world-class workforce, and we've had great relations with them, I think people are delighted to be back, those that came back to McArthur River and Key Lake are happy to be back. We've got a lot of new employees, I think we've hired 500 or 600 people in the last 12 months. Yes, we'll get into those, Ralph.

We've seen, I think Orano just went through some negotiations, so we've seen them. I think there's others in the province going through negotiations. It's normal course, and we hope we'll be able to come to a satisfactory solution to both sides very quickly and get on with life. We obviously watch our inventories, and Grant will tell you, we've got all different sources. We've got long-term agreements, we've got inventory, we've got borrowing agreements, so we're well-looked after, Ralph, and we're not concerned about that.

RALPH PROFITI:

Excellent, thanks for that. Good luck.

TIM GITZEL:

Thanks, Ralph.

OPERATOR:

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

GREG BARNES:

(Inaudible) a number of questions about the business opportunities you're looking at, (inaudible).

TIM GITZEL:

Greg, it's Tim. Greg, we can't hear you, it's really muffled, Greg.



GREG BARNES:

Sorry, hang on. Can you hear me now?

TIM GITZEL:

Go ahead. We'll see what we can do.

GREG BARNES:

I've got a number of questions from investors about the business opportunity in Eastern Europe and what that means for Westinghouse and for you. Can you quantify that in any way?

TIM GITZEL:

Yes, I think it would be a little early to try to quantify the business opportunities there, other than to say they're quite extensive. We know that Westinghouse is there in spades now, there's a big meeting going on in Washington, D.C., yesterday and today. Most of those European countries are there and we know there's a bunch of meetings going on with them. I'm not sure we can quantify it to any great extent at the moment.

But maybe Grant, do you want to add something?

GRANT ISAAC:

Yes, we can provide a bit of a regional context. That is a market that has historically, as you know, been served by the Russians, 34-ish reactors of varying sizes. That market consumes close to 15 million pounds of uranium per year, about 6,000 tons of conversion; very significant opportunities for whoever...

Switching costs are really high in our industry. It's not easy to switch fuel fabricator, it's not easy to switch those suppliers, but when an event like the invasion of Ukraine prompts those switching costs, obviously there's a great opportunity. Westinghouse enjoys the pole position as having the certified and verified ability to produce the VVER fuel. Obviously, what we want to do is help them provide those Western solutions to those markets looking to turn away.

For us, it's about a greater proportion of uranium and conversion contracting than, say, rule of thumb, what would we normally get in a market on a competitive basis. We just think it



enhances our competitive position to be able to offer, on a solutions basis, for the full assemblies. It is a pretty substantial new market is kind of the way to think about it.

GREG BARNES:

Great, thanks, Grant.

Just secondarily, just on the capital structure for this transaction. You've got US\$1 billion in cash, \$600 million term loan, you've got the billion bridge, and then you've raised \$750 million in equity. Judging from all that, you will not have to really draw on that bridge to any great extent, is my understanding.

TIM GITZEL:

Grant?

GRANT ISAAC:

Yes, it would certainly be our intention to put the permanent capital structure in place at time of closing. Obviously, there's a bit of uncertainty on that closing time because of the regulatory approvals required. But ultimately, we're very comfortable with the equity that we raised, commensurate with the net asset value pickup that we just got. I talked about the debt leverage being—we're looking at is as temporary, all against the recovery of the Uranium and Fuel Services segment.

We're at a turning point, and that's well underway now as McArthur's coming back online. We just think we're in a good position at time of closing to maintain the permanent capital structure and actually close it out with cash.

GREG BARNES:

Great. Thanks, Grant.

OPERATOR:

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



LAWSON WINDER:

Hello. Good morning, gentlemen, and thank you for the update.

Just looking at the delivery schedule, and the fact that, I mean, your production is not able to directly meet that schedule—thank you for highlighting some of the options you have, so you mentioned inventory, long-term purchase agreements, loan arrangements.

I guess the question is, at some point, will there be a need for Cameco to go directly into the spot market and purchase, particularly if the Inkai deliveries are not realized on sort of a longer-term view, so maybe extending well into 2023. Then, just with any of those existing options for filling the gap between production and deliveries, is there any indirect spot market purchases?

TIM GITZEL:

Grant, why don't you talk about the market a bit and answer it?

GRANT ISAAC:

Yes. We have been the major purchaser in the market since we began our extreme supply discipline. As you know, Lawson, if I go back to McArthur coming down, Cameco bought roughly 56 million pounds of uranium, a lot of it for immediate delivery, some of it under long-term purchase arrangements that were priced in a much lower uranium environment, under fixed contracts. We're able to access some of those today.

But we do occasionally stick our nose in the spot market; part of it is just to figure out who's selling and what's available. What I'll tell you is that whenever Cameco sticks its nose in the spot market to buy, suddenly offers move up. They move away from us, which just indicates what we've been saying all along, which is, this is an incredibly thinly-traded market.

Looking ahead, we meet our committed sales through a combination of inventories, maybe accessing these long-term purchase arrangements and spot market purchases when it makes sense for us, when we have the right product form in the right location, all of that, of course, supportive of the price discovery in the market, supportive of this notion that it is a thinly-traded market.



Yes, don't expect us to leave that spot space occasionally. But look, what's never changed is our desire to manage risk. We never said we would be only a spot market buyer. We said when we went into extreme supply discipline, we would always manage our sources so that we could meet our committed sales. Don't be surprised if we buy a bit of spot material, but just remember, we've got lots of tools in the toolbox to do what the most important thing is to do, which is to meet our committed sales.

LAWSON WINDER:

Okay. Then I guess the other question I'd like to ask as my supplementary is just for the Inkai deliveries. Can you just elaborate on the latest in terms of what's happening with that? Have you managed to arrange for insurance coverage for your shipments from Inkai? Is there still reluctance to ensure those shipments on some degree? Then, with the material now sort of being stuck in transit, can you just explain sort of the details of how that situation has arisen and how it might resolve itself?

TIM GITZEL:

Yes, thanks for that question, Lawson.

We were kind of anticipating that one, and Sean Quinn is here and looks after our Kazakh operations and is on top of our transportation issues on a daily basis.

Sean, why don't you give the latest on how that's working, or not?

SEAN QUINN:

Sure, and it is working, with delays, is how I would characterize it, overall, at this time. We are obviously, as disclosed, looking at having JV Inkai, who is responsible for shipping to Cameco. We take title when the material is delivered by JV Inkai at Blind River. We've had JVI work on using what we call the Trans-Caspian route, and they are doing that in conjunction with a Kazatomprom shipment, which has already made it partway through. We are looking at that material coming through, and there are some delays in Azerbaijani permits that we are waiting for updates on. We're still optimistic that it will get through, but it has been delayed due to regulatory requirements that JV Inkai is working on in Azerbaijan.



TIM GITZEL:

More to come, Lawson.

SEAN QUINN:

Yes.

LAWSON WINDER:

If I might, so Azerbaijan is just one step along the way. Do you anticipate any further problems in Georgia? Then, what about transferring to the Black Sea?

SEAN QUINN:

There are no guarantees there. We anticipate it will go smoothly once it's through Azerbaijan, but we will see. It is a delivery route that has been used before, so we're quite optimistic that will work in due course, but we will see once it gets to Blind River.

LAWSON WINDER:

Okay, great. Thanks, and congratulations on a great result.

TIM GITZEL:

Yes, thanks, Lawson.

OPERATOR:

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

BRIAN MACARTHUR:

Good morning.

My first question has to do with Westinghouse, and I see you've kindly put some financials in your MD&A, which is helpful. It sort of shows capital expenditures are pretty flat over the last number of years, and you talked about how it's going to be self-funding going forward.

Is there any reason why I should believe that those sustaining capital expenditures should change significantly going forward, without any other acquisitions or investments to grow?



TIM GITZEL:

I don't think so, Brian, and thanks for the question.

But Grant has studied the CapEx previous and outlook in depth, so Grant, why don't you comment on that?

GRANT ISAAC:

One of the points I made earlier, Brian, was that Westinghouse enjoys some asset characteristics that Cameco enjoys, which is the ability to take advantage of growth in the nuclear industry from brownfield leverage, inside the fence line opportunities, to grow. We do have an expectation that that capital line stays pretty flat. It really is just attracting maintenance and replacement capital for the normal manufacturing and fabrication operation, so very similar to Cameco. These aren't assets that require a significant greenfield investment in order to benefit from the growth, so that's the right way to think about it, Brian.

BRIAN MACARTHUR:

Great, thanks.

Maybe switching to another topic, you do mention GLE made progress doing eight months of testing, and now it's been moved to the U.S. Can you give us any update on—well, first of all, what does that actually mean in moving the process forward? And, B, whether that has any implications on timelines for GLE?

TIM GITZEL:

Yes, we're excited about the future for GLE, and it fits nicely in the larger package that we're talking about today. But our good friend Sean Quinn, in addition to Kazakhstan, is responsible for GLE. Why don't you give an update on that, Sean?

SEAN QUINN:

Sure. I will answer it kind of in two parts.



We are, on the commercial side, very interested and watching very closely developments in the U.S. on the political front in regards to funding opportunities. There do seem to be some coming into existence, particularly under the IRA. In conjunction with that, we are looking at next year's program and budget for GLE, and the continued development of the technology. The two will be twinned to some extent.

Continued work on technology development towards TRL 6 continues, and that rate of progress will be tied to how we do on obtaining some funding support in the U.S., and discussions, of course, with our partner, SILEX.

BRIAN MACARTHUR:

You wouldn't expect major capital going out the door on this next year?

SEAN QUINN:

No major capital going out the door next year.

BRIAN MACARTHUR:

Great, thank you very much for answering my questions. I appreciate it.

TIM GITZEL:

Yes, nice to talk to you, Brian. Thanks.

Operator, can I just interrupt for a moment? I see we still have a few people in the queue, and we certainly don't want to cut anybody off. I know we said an hour, but we're prepared to stay longer to finish the lineup that's on the screen in the queue, so please let those folks ask their questions, and we're happy to stay on.

OPERATOR:

Understood. The next question is from Justin Huhn with Uranium Insider. Please go ahead.

JUSTIN HUHN:

Hi, good morning, guys. Thanks so much for taking my question.



First of all, I want to just say congratulations to you guys and the team for many years of supply discipline seemingly finally paying off. I know that's a really big deal for the company, so congrats on that.

I wanted to ask a question about some historical context, in terms of long-term contracting. There's plenty of speculation amongst the investing community, let's say, that perhaps 2023 could be the first year in a decade of replacement rate contracting on behalf of the utilities. For example, we saw the jump in 2004 to 2005 from about 80 million pounds contracted, 2004, to 250 million pounds contracted, 2005.

What are you seeing, in a historical context, in terms of utility demand going forward, and what are your expectations for this contracting cycle that appears to be just now starting to kick off for the years going forward?

TIM GITZEL:

Justin, let me open and just say thank you for your kind comments, because we don't take them lightly. We appreciate them. We didn't have a whole lot of fun here. I look around the table. This team's been shoulder to shoulder for 10 years, through some pretty tough times. We left pounds in the ground at \$17, and we're hoping to bring them out, now, in a better market, but we had to take some tough medicine along the way. We appreciate you recognizing that, and certainly pass that on to our team.

On the historical demand, and returning to run rates of purchasing, Grant, why don't you give an overview?

GRANT ISAAC:

Yes, Justin, it's a great question, and there are some lessons to be learned, obviously, from looking back. The main lesson is something you've heard me say before, which is contracting begets contracting. Utilities, I think they watch the decisions of producers very carefully, but they watch each other very carefully, as well. When big utilities aren't contracting, I think it creates maybe a complacency for others, and then when contracting starts to pick up and you're seeing us at 77 million pounds year to date between accepted and executed, that's an extraordinary amount of contracting.



If you look at it against what some of the trade reporters are saying, what Cameco is doing, 91% of the term contracting in the market, obviously it means there's more contracting going on than what's being picked up by the trade press, which is going to be, I think, quite eye-opening for those who have maybe been waiting in the contracting queue and thinking that they have a bit more time.

Historically, you look back and you see that contracting begets contracting. But looking ahead, there's actually some characteristics that are different than what we've seen in the past, and I think more supportive. Number one is, when you think about that '04, '05 window and the contracting cycle and the volumes that came, there was a heck of a lot more inventory and a heck of a lot more secondary supply available around the world than there is today. In '04, '05, there would've still been hundreds of millions of pounds yet to come to the market in the HEU Agreement alone, which was an enormous amount of secondary supply, and of course, you had much larger inventories than you have around the world.

Secondly, when you look back then, you had a lot more production being invested in. You had the Kazakh ramp-up underway in that window, which of course then went on to become an extraordinary asset base of supply. You had investments in Cigar Lake underway, obviously a really important tier-one asset being built.

Flip forward to today, secondary supplies falling dramatically, inventories drawn down to really low levels. It's not an inventory story. Where are the investments in supply? After years of really low uranium prices, there isn't that queue of production that's already being invested in and already being developed.

It takes me back to the point that I made in Q2, which is, we're in the early innings. We're not even at replacement rates, and we've never started a cycle at this high of a uranium price before. Historically, contracting begets contracting; looking ahead, there are some features that are just far more supportive of the uranium price recovery than we would've seen in that window.



JUSTIN HUHN:

Thank you, that's a great answer.

If I could follow up with, maybe you can add a little colour as far as the spot market goes. I think it's relatively understood amongst investors that the spot market is quite thin. You mentioned just sticking your nose into the market and offers start to move up. The real market is the term contracting market, and we know that. However, the spot market is what is most visible to investors.

In a private conversation we had last month, Grant, you mentioned that traders are essentially the connective tissue between the two markets. Can you add a little bit of colour to that as far as what investors can expect from spot market reporting when it comes to the expected move in long-term contracting and pricing?

GRANT ISAAC:

Yes, good question.

The spot market, I always characterize it as being just a very discretionary market. It has changed significantly in the last number of years; it is no longer an inventory market. What we're still seeing, though, is a bit of uncommitted primary production.

There remains some producers around the world. They are either primary uranium producers, or maybe they have uranium as an off-take, maybe it's a copper-gold operation that has uranium as a by-product, for example, that just haven't done the work of building homes for their production. It shows up when it's available, the traders are there to buy it, and then the traders are there to churn that material around the market for some period of time. Of course, it's not supportive of production economic price discovery in the market.

But what we've seen is a spot market that has actually started to develop a real fundamental floor. I mean, even when the financial players, for example, aren't in there buying for quite a period of time, the Sprott vehicle, the Sprott Physical Uranium Trust, was at a discount to its



NAV and it wasn't able to buy. Prices didn't fall through the \$40 and down into \$30. I mean, the floor is being set by the fundamentals and the need for production to be incented to come to the market.

The ceiling in the spot market tends to be set a little bit by equity interest. When Sprott does have opportunities to motivate, it's at the market feature, we are seeing quite a bit of price elasticity and it is pushing the price. The callers are different; the floor is really the fundamentals, which is great, sort of suggestive that the days of buying uranium that started with a three or a low four, those days are well over. The question now is, how much can you buy that starts with a five before you have to buy it that starts with a six, or a seven or higher?

Really, as you see the term contracting pick up and more of the production sources have an opportunity to layer in production committed into long-term contract, there's going to be even less available material for the traders. There will be less uncommitted primary production. Therefore, the market will quickly return to what it's supposed to be, which is a term price set by production economics, and if you want a sense of where that needs to be, turn to TradeTech and look at their pioneering work on the production cost indicator.

Right now it sort of reflects existing capacity coming back to the market; but as they do extend their great model to include greenfield that needs to come, we're going to see that production cost indicator poke higher. Then the spot market will just be a discount on available material today. Versus what we lived through, which is the term price was nothing more than the forward carry on an oversupplied spot market. We are seeing a pretty structural change underway in the way to think about spot pricing dynamic.

JUSTIN HUHN:

Thank you so much for answering both those questions, and again, congratulations again on the Westinghouse deal, very exciting times for nuclear. Take care, guys.

TIM GITZEL:

Yes, thanks a lot, Justin.



OPERATOR:

The next question is from John Tumazos with John Tumazos' Very Independent Research. Please go ahead.

JOHN TUMAZOS:

Good morning.

Should we interpret from the \$3.9 billion capital allocation to processing that, over the next five years, possibly longer, Cameco doesn't expect to have a, for example, \$4 billion greenfield new mine project, or discovery, that the processing is the better opportunity? The exploration queue maybe is a little thin, and you've got mines to restart.

TIM GITZEL:

Yes, we've got all those options, John, to be honest with you. We've got some nice projects, as you know. We're just bringing McArthur Key back on, and so that's our number one priority, but not at full speed. We are going to continue to exercise supply discipline going forward on that, so we still have some room there. We've got some other brownfield projects that are on care and maintenance, Rabbit Lake in the United States. Grant mentioned we've got the other greenfield in Australia, so we think we're looking pretty good.

I can tell you that this deal with Westinghouse doesn't tie our hands forever on other projects. As Grant explained right from the outset, we have the financial capability to do other things, and as we return to a tier-one run rate in our business, we should be very well-positioned to decide what we're going to do going forward.

GRANT ISAAC:

John, I may be reading too much into your question, but just to make sure that it's not a question saying is this uranium ore downstream in fuel? This is an and transaction. This enhances our ability to put more uranium in conversion under contract. As we put more uranium in contract and build out that business book, it enhances our ability to turn on all of our existing assets, as Tim said, and it enhances our ability to grow the uranium and the conversion platform accordingly.



I don't want you to think about it as—and maybe I'm reading too much into it, but I don't want you to think about it as we're unhappy with our exploration portfolio, or unhappy with our base of existing uranium assets, and therefore chose to invest downstream. This is an and transaction. This transaction enhances our ability to grow our Uranium and our Fuel Services segment.

JOHN TUMAZOS:

You seem to imply that \$3.25 billion net of the equity offering of debt, or indirect debt, doesn't count. You're in effect viewing Westinghouse as a riskless annuity in terms of cash flow, and that you'll never have to support that debt?

GRANT ISAAC:

The way I look at it, as an equity investee, is that that is debt that stays at the joint venture level. It really comes down to the question that I outlined earlier, which is, over the period where that debt matures, which is out to 2026, does it impair Westinghouse's ability to grow? My view is, and my expectation is, it doesn't.

Then secondly, are there markets around where Westinghouse could perhaps get more market share, where a customer might go, "Well, I'd like to go with their fuel assembly", or, "I'd like to go with their reactor newbuild, but I'm just not comfortable with their debt level." The answer is no there, too. I mean, ours is an industry where there actually aren't a lot of players in the nuclear fuel cycle who enjoy an investment-grade rating like Cameco does. If that were the barrier for utilities, they only do business with people who are investment-grade, we'd have all the business, as Cameco.

I don't see that causing a problem. Really, it's a watching file. It's not a flashing red file, for either us, or Brookfield Renewable. As Westinghouse grows with the market, its financial metrics will improve organically. As the business risk of nuclear improves from a ratings point of view, its metrics will grow organically. Then, as we look ahead to other growth opportunities for Westinghouse, that will trigger conversations about what the optimal capital structure is for Westinghouse. But at the moment, it's not going to constrain the incredible opportunities that Westinghouse has before it.



JOHN TUMAZOS:

If one of your uranium GOs was a little nervous and got a good salary offer from Rio, and Rio pitched them that if he discovers uranium at Rio, they can write the cheque for a billion dollar mine, how would you reply to the GO that might not understand this private capital, that debt doesn't count arguments? Do you just offer him better stock options or NSR on his discovery to keep him?

GRANT ISAAC:

John, the folks that work in our—are amazing folks that work in our exploration and our mining unit, understand that the model for creating full-cycle value in uranium is one where you build the homes for the production before you build the production. Actually, it's the contracting performance that we're enjoying, which is the glue that keeps those people attached to Cameco as being the absolutely best way to invest in the uranium market recovery.

JOHN TUMAZOS:

Thank you.

TIM GITZEL:

Thank you, John.

OPERATOR:

The next question is from Fai Lee with Odlum Brown. Please go ahead.

FAI LEE:

All right, great. Thank you for taking my question.

I just was wondering—regarding Westinghouse, if we do see Eastern European utilities switch and Westinghouse is able to capture some of the business from Rosatom, I'm just wondering what that means for enrichment capacity, and more specifically whether that's going to drive more overfeeding and perhaps a step-change in uranium demand from that region? Thanks.



TIM GITZEL:

Well, certainly there's a shortage of enrichment supply, I mean, it's a huge issue. You heard us talk about the Russians supplying 40% of the enrichment market, I think it was 27% of conversion, 14% of uranium. If they're pulling back, that's leaving a huge gap, and we're seeing it. I was spending a lot of time in D.C. with utilities everywhere wondering where their future supply is going to come from. It is leaving a big hole.

Grant.

GRANT ISAAC:

Yes. Fai, it's a great question.

There's no way to replace Russian enrichment today without doing two things. One is, drawing down inventory on a temporary stop-gap basis, and number two is moving to very significant overfeeding of enrichment plants. Overfeeding is just simply code for more uranium demand. To the extent that the existing Western customers look for more Western enrichment capacity, and then you add to that, Eastern European customers looking for that same Western capacity, it will require, absolutely require, more overfeeding and more overfeeding is uranium demand.

It's yet another point of demand that's not really reflected in any of the industry forecasts. You think about overfeeding: it's not there yet in the forecast. You think about the demand for SMRs and the fact that some of the advanced nuclear reactors are not just more demand for uranium, but it tends to be lumpier demand because you'll fuel some of those advanced reactors upfront to run on perhaps a 10-year basis. That demand isn't factored in yet. All of the reasons why we're pretty optimistic about these Western assets in the nuclear fuel cycle.

FAI LEE:

Great, thank you.

TIM GITZEL:

Thanks very much, Fai.



OPERATOR:

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

TIM GITZEL:

Well, thank you very much, Operator.

And with that, I just want to say thank you to everybody who has joined us on the call today. We, as always, appreciate your interest and your support.

We see a lot of opportunity ahead of us, with the demand for safe, reliable, affordable, and carbon-free baseload electricity coming from across the globe. As a strategic commercial supplier with a strong balance sheet, investments in long-lived tier-one assets across the fuel cycle, 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 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, and we're excited about the prospects for our Company. We'll 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.

Thank you, everybody. Stay safe and stay healthy.

OPERATOR:

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