



Cameco Corporation

2019 Third Quarter Results Conference Call

Transcript

Date: November 1, 2019

Time: 8:00 AM EST

Presenter: **Tim Gitzel**
President and Chief Executive Officer

Grant Isaac
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Brian Reilly
Senior Vice President and Chief Operating Officer

Sean Quinn
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Rachelle Girard
Vice President, Investor Relations



OPERATOR:

Welcome to the Cameco Corporation Third Quarter 2019 Conference Call. As a reminder, all participants are in listen-only mode, and the conference is being recorded. After the presentation, there'll be an opportunity to ask questions. To join the question queue, you may press star, one on your telephone keypad. Should you need assistance during the conference call, you may signal an Operator by pressing star, zero.

I would now like to turn the conference over to Rachelle Girard, Vice-President, Investor Relations. Please go ahead, Ms. Girard.

RACHELLE GIRARD:

Thank you, Operator, and good day, everyone. Thank you for joining us.




Welcome to Cameco's third quarter conference call. Today's call will focus on the trends we're seeing in the market and on our strategy, not on the details of our quarterly financial results. If you have detailed questions about our quarterly financial results, please reach out to the contacts provided in our news release, and we'll be happy to help you with those details.

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

Tim will begin with comments on our strategy and the market. After, we will open it up for your questions. If you have joined the conference call through the website event page, there are slides available, which will be displayed during the call. The slides are also available for download in the PDF file through the conference call link at cameco.com. Today's conference call is open to all members of the investment community, including the media. During the Q&A session please limit yourself 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've made.

With that, I will turn it over to Tim.



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 and our ability to meet delivery commitments; the outcome of litigation or other disputes; and our future plans and outlook. 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, currency exchange rates, or government regulations or policies; the risk of litigation or arbitration claims against us that have an adverse outcome; the risk that our contract counterparties may not satisfy their commitments; the risk that our strategies are 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; 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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TIM GITZEL:

Well, thank you, Rachele, and welcome to everyone on the call today.

We appreciate you taking the time to join us, especially for those in the West who had to get up pretty early to catch the call. Just so you know, this will not be a one-time change; we plan to schedule all of our quarterly conference calls at 8 AM Eastern from now on. The reason for the change is simple; rather than having to correct misinterpretations that sometimes get perpetuated, we want you to have the opportunity to hear directly from us first. If you're unsure how to interpret what we've said or done or why, you can ask us rather than rely on the interpretation of others. I can assure you the conviction with respect to our strategy is strong, and our actions are aligned with our strategy.

◀ Key Messages

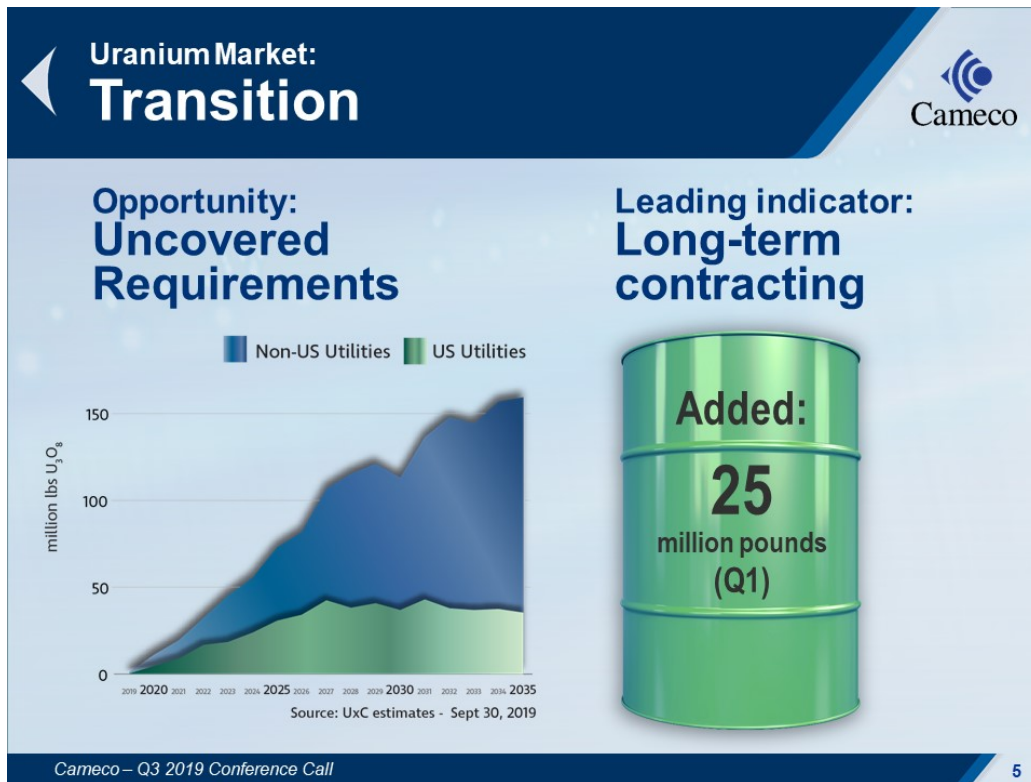
- We are doing what we said we would
- Demand is up / Supply is down
- Confident the market is heading for a transition
- Well protected under contracts
- Balance sheet strong
- Have a lot of spot purchasing ahead of us

What I want you to take away from today's call are the following messages: first, we're doing what we said we would do; second, as highlighted in the WNA's nuclear fuel report, the demand cycle is on an upswing while the production cycle has swung down; third, based on where the demand and production cycles are at, and the success we're having on all strategic fronts, we're confident that the uranium market is heading for a transition similar to what the conversion market has just gone through; and finally, we are well-protected under contracts, our balance sheet is strong, and we have a lot of spot market purchasing ahead of us.



Let's start with a reminder of Cameco's strategy. Our strategy is focused on our Tier-1 assets. It's designed to add long-term value. We've taken a three-prong approach in the execution of our strategy: operational, marketing, and financial. We've cut production far below our committed sales which requires we purchase material in order to fulfill those commitments, and we've strengthened our balance sheet to ensure we can self-manage risk.

Why is this our strategy? It's because we're optimistic about the long-term fundamentals driven by the increasing recognition of the role of nuclear and the role it must play in ensuring safe, reliable, and affordable low-carbon electricity generation. We recognize that today's low price is creating tomorrow's opportunity for us. The fact that we have Tier-1 production shut down tells us this market needs to transition to ensure those problems will be available to fuel growing demand. The price needs to transition to one where price is set by the production cost curve.



When we look at utilities uncovered requirements and the success we're having on the long-term contracting front, we know there is acceptable business to be done. In fact, this activity has been a leading indicator in past uranium cycles, which is the reason for our confidence that the uranium market will undergo the transition already seen in the conversion market.

As you know, in Q1 our off-market conversations led to the successful addition of 25 million pounds of long-term commitments to our contract portfolio on terms that will support the eventual restart of our Tier-1 production assets; in other words, contracts that provide an acceptable rate of return on our Tier-1 assets for our owners. Let me be clear, we need more of them before a restart decision is made, but with what is arguably the best commercially-operated uranium mine in the world shut down, we're confident those opportunities will come. This will be an incumbent's recovery. Let's talk more specifically about our strategic actions, including our spot market purchases.

Strategy execution:
Marketing



Cameco's market demand

- Being discretionary
- 2019 outlook – 21 to 23 million lbs to meet 2019 sales commitments & maintain working inventory
- Sourced from long-term commitments, JV Inkai and spot market
- Need material for 2020



Purchases
(2019 outlook)
21-23
million pounds

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As we've said, our supply reduction requires us to be active on the demand side as well. With uranium sales commitments this year of between 30 million to 32 million pounds, and production of only 9 million pounds, we have said we need 21 million to 23 million pounds of purchased uranium to meet our 2019 delivery commitments and maintain our normal working inventory. To the end of September, we have taken delivery of about 14.6 million pounds of purchased uranium. This material was partially drawn from our long-term purchase commitments, and our share of Inkai production, with the remainder coming from spot market purchases.

In addition, with McArthur River/Key Lake still on care and maintenance, we will need to purchase material to meet our delivery commitments in 2020. This means we expect to buy a lot of material on the spot market. However, we are being discretionary.



Strategy execution:
Marketing

Strategic Variables:

Sales Volume	Production
Purchases	Inventory

Goal:

To buy as cheaply as possible to maximize gross profit

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We will responsibly manage our supply to meet our sales commitments, which means in any given year, along with our sales volume, our production, purchases, and inventory are all variables. Our activities are not constrained by a December 31 deadline; we plan on a 12-month rolling basis.

Remember, our goal is to buy as cheaply as possible in order to maximize our gross profit. Therefore, if we think we can pick up cheaper pounds by waiting, we may choose to delay some of our purchases and temporarily draw on our working inventory should the market sentiment dictate that it is prudent to do so. But, if we think pounds will be more expensive tomorrow, we may advance our purchasing activity and actually build a bit more inventory to ensure we have the material where we need it, when we need it, and in the right form. This does not change the quantum of purchasing required, just the potential timing. I've said before we are not following a static recipe. We operate in a dynamic market, and we will adapt our activities accordingly.

Today the activity we are seeing in the spot market is largely churn, the same material changing hands many times. There's been a lack of fundamental demand. This lack of demand is really



more appropriately thought of as delayed purchasing decisions. Utilities are delaying their purchasing decisions due to the uncertainty caused by changing market dynamics, including the ongoing market access and trade policy issues, which I will come back to later.

If there are sellers with material that want to sell into a market that lacks fundamental demand, we will take the opportunity to buy material as cheaply as possible. Ultimately, whether it is in the fourth quarter or thereafter, with McArthur River/Key Lake on care and maintenance and production well below our sales commitments, we have more purchasing activity ahead of us than we have behind us.

Strategy execution:
Financial

Strong balance sheet and ability to self-manage risk:
Active in Q3

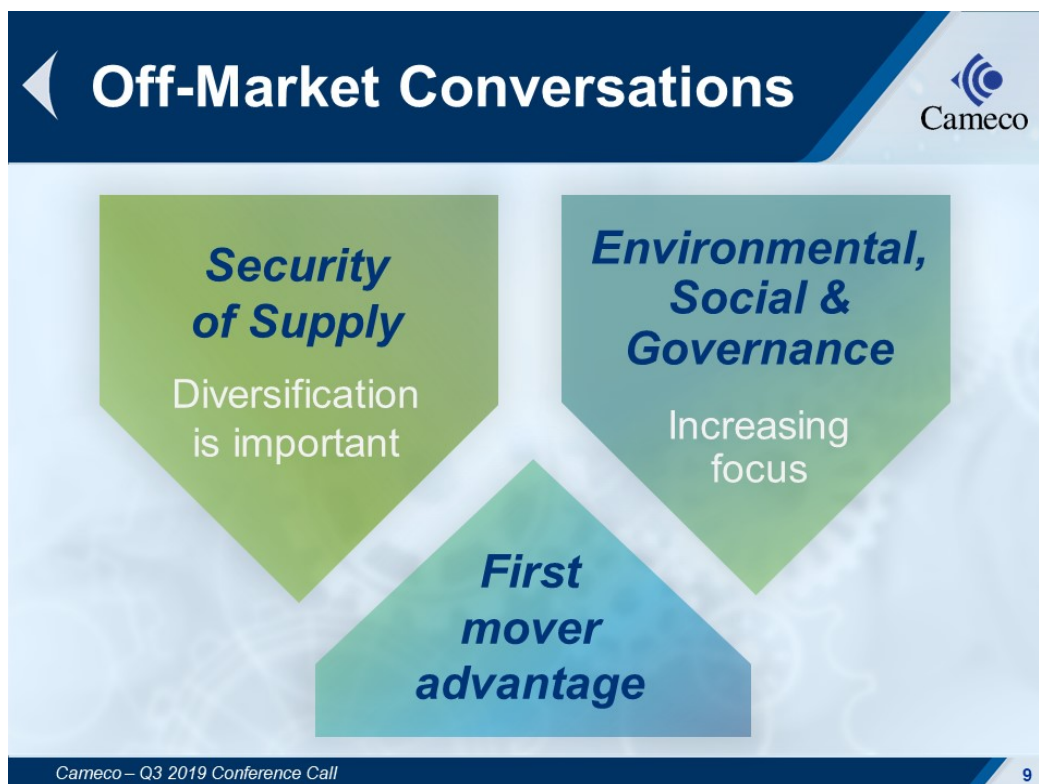
- **Debt:** Retired \$500 million
- **Revolving Credit Facility:** extended to November 2023 and reduced to \$1 billion
- **Cash position:** \$864 million

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We were also active on the financial front in the third quarter. We retired \$500 million of debt, or one-third of our debt outstanding. In addition, we extended the maturity date of our revolving credit facility to November 2023 while also reducing it by \$250 million. It now sits at \$1 billion. We don't have a history of drawing on the excess capacity, and we don't anticipate needing it. Therefore, it does not make sense to pay to maintain excess capacity on our revolver.



Our balance sheet is strong. As a result of the strategic decisions we've taken, we have more than \$860 million in cash on our balance sheet. Therefore, our ability to self-manage risk has improved substantially, and we believe the risk related to our CRA tax case has diminished based on the unequivocal ruling we received from the Tax Court in September of last year, a decision we believe will be upheld on appeal.



I also want to remind you that the decreasing sales commitments in our portfolio today are a necessary part of a deliberate value-oriented strategy. We could contract all of our pounds at today's published prices, but that would be a volume strategy, not one aimed at creating long-term value. We're confident in our ability to transition through this period and capture demand that will provide leverage to higher prices. The off-market conversations we were having with our customers bolsters that confidence. We haven't seen this level of prospective business in our pipeline since before 2011. Keep in mind the contracting process in our business is lengthy, so it may take this activity some time to show up in our committed volumes.



These customers recognize that from a security of supply perspective, diversification is important and, in some cases, their risk management departments require it. They want access to long-lived Tier-1 productive capacity from commercial suppliers who have a proven operating track record and, increasingly, they are required to ensure their suppliers adhere to more stringent environmental, social and governance performance standards. They also recognize the first-mover advantage gained from securing their future access to our Tier-1 pounds at the incentive price today as opposed to where prices might be in the future. Like in Q1, we expect our conversations will lead to more contracts on the terms we need to support a restart decision, so stay tuned on that.

We expect the volumes added to our long-term contract portfolio this year will exceed the volumes we deliver while maintaining leverage to higher prices. We've been in this business for a long time, and we understand the commitment it takes to deliver long-term value. The current market dynamics are not unfamiliar to us, and we've seen them in past cycles. Price is set by the most desperate seller, which leads to productive capacity being replaced by one-time finite supply. At this time there are some additional factors that need to be considered.

Additional Factors

Market access and trade policy

- Section 232: no trade restrictions
- United States Nuclear Fuel Working Group: extension
- Critical Minerals: Canada and US collaboration
- National Security Concerns:
 - China/US trade tensions,
 - Russian Suspension Agreement,
 - Iran sanctions

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Those factors being the roll of commercial and state-owned entities in our market, and the disconnect between where uranium is produced and where it is consumed. The investigation under Section 232 of the Trade Expansion Act is a good example of one of these factors. While the president found there was no national security threat, he established the U.S. Nuclear Fuel Working Group to further analyze the state of nuclear fuel production in the U.S. This group was expected to report its findings and recommendations to the president on October 10; however, the deadline has been extended by 30 days.

In addition, and very much aligned with the mandate of the U.S. Nuclear Fuel Working Group, Canada and the U.S. are drafting a joint action plan to ensure availability of reliable supplies of rare earths and critical minerals, including uranium. There are also the trade tensions with China, the review of the Russian suspension agreement, and the potential impact from U.S. sanctions against Iran that need to be considered. These factors raise important national security concerns, provoke potential trade policy distortions that could regionalize supply and, ultimately, along with low prices, will make the availability of future supply less certain and less predictable. If the market transition takes longer than expected, thanks to our strategy, we will be positioned to meet the delivery commitments under our contract portfolio and still generate cash flow while continuing to preserve our Tier-1 assets. However, the risk to other market participants from today's low prices is not symmetrical.





Let me use what has happened in the conversion market, which, as I said earlier, has already gone through the transition that uranium is poised to go through to demonstrate what I mean by that. The conversion price dropped so low it destroyed primary supply, and then some production challenges were encountered. As productive capacity decreased, reliance on finite secondary supplies increased. However, despite reports of large inventories, many of which are in the form of UF₆, it turns out that it's not the volume of inventory that's important, it is the mobility of that inventory. The higher the price goes, the less mobile inventories become. At the end of 2017, the spot conversion price was about USD\$6.00 per kgU. Today it's over USD\$20 kgU, an increase even the trade reporters never anticipated.

WNA Nuclear Fuel Report

Key Takeaways:

- Demand is up in all scenarios
- Economic considerations for supply
- Need to consider mobility of inventory

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The slide features a dark blue header with a white arrow pointing left and the text "WNA Nuclear Fuel Report". The Cameco logo is in the top right corner. The main content area has a light blue background with a faint image of an open book. The footer contains the text "Cameco – Q3 2019 Conference Call" and the number "12".

For us, the takeaways from the nuclear fuel report released by the WNA in September reinforced our belief that the uranium market is poised for a similar transition. The report outlines three global scenarios for uranium demand and supply for the years 2019 through 2040, all of which are materially better than the other trade reporters' forecasts.



The first takeaway was that demand is up in all scenarios considered: the low case, the base case, and the high case. Secondly, the supply analysis recognized that there are economic considerations which will impact the return of idle capacity, the pursuit of expansion projects, and the development of new projects. Under all scenarios, some, if not all, of these sources of supply will be needed to satisfy demand.

Finally, there was a recognition that even when inventories are high, mobility can be low, as we've seen in the conversion market. The longer the transition takes, the greater the likelihood that the uranium price will go well beyond what is required to incent Tier-1 production to return to the market, and inventories will become less mobile. I can tell you we will be more than happy to contract our Tier-1 pounds in that market scenario as we are now doing with conversion. The discretionary market we see today is not sustainable.

As I said at the outset, the underlying fact is that the demand cycle is on an upswing while the production cycle has swung down. And, like occurred in conversion, the market transition will likely only be recognized once it is in the rear-view mirror.

A deliberate strategy
Build long-term shareholder value

- ✓ Well positioned to respond to changing dynamics
- ✓ Diversified portfolio, including tier-one assets
- ✓ Ability to restart and expand existing tier-one assets (when market transitions)
- ✓ Commercially motivated
- ✓ Best global exploration and advanced exploration portfolio
- ✓ Proven track record: licensing, permitting, operating and community development

Cameco

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To conclude, our strategy is designed to reward those who recognize the fundamentals as we do and patiently support our strategy to build long-term value. We are a commercially motivated supplier with a diversified portfolio of assets, including a Tier-1 production portfolio that is among the best in the world. Our decisions are deliberate, driven by the goal of increasing long-term shareholder value. Ultimately, our goal is to remain competitive and position the Company to maintain exposure to the rewards that will come from having low-cost supply to deliver into a strengthening market.

With that, Operator, we would be delighted to take questions.

A presentation slide with a dark blue top-left corner and a light blue background. The text "Q&A" is in white on the dark blue background. The Cameco logo and tagline "Energizing the World" are in the top right. Below that, the "Investor Relations" section lists contact information: an email icon for "Investor_requests@cameco.com", an envelope icon for "2121 11th Street West, Saskatoon, Saskatchewan", and a globe icon for "cameco.com/invest". At the bottom left, there are logos for "CCO LISTED ON TMX" and "CCJ LISTED NYSE". The footer contains "Cameco - Q3 2019 Conference Call" and the page number "14".

OPERATOR:

Thank you, sir. We will now begin the question-and-answer session. In the interest of time, we ask you to limit your questions to one, with one supplemental. If you have additional questions, you're welcome to rejoin the queue. To join the question queue, you may press star, one on



your telephone keypad. You will hear a tone acknowledging your request. If you're using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, please press star, two.

Webcast participants are welcomed to click on the Submit Question tab near the top of the webcast frame and type their question. 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, one at this time. We'll pause for a moment as callers join the queue.

Our first question comes from Ralph Profiti with Eight Capital. Please go ahead.

RALPH PROFITI:

Hi there. Good morning. Thanks for taking my questions.

Firstly, Tim, the success that you're having in the long-term contracting front, can you help us a little bit on the terms of those contracts? Any changes to how those discussions happened in the past, say, on pricing terms, tenure, and particularly the 40 to 60 split?

TIM GITZEL:

Yes, Ralph. Good morning and thanks for your question. Just starting on the backend, the 40/60 split, we still have that in our minds as the best way to go forward on the long-term market. We've had people study it, do MBA classes and courses on it to see if they have a better system than that, and we haven't found it. I mean, overall in our portfolio, that's where we'd want to arrive at. We kind of waiver sometimes more market or more fixed, but that's where we end up.

As you heard in my comments, the term market is quite encouraging for us. We are seeing a lot of our larger long-term customers come to us to talk about fuel for the next decade and, quite frankly, there's some concern out there as to where that's going to come from. If you look at the supply we just talked about—and we were just talking about it this morning here at our office—



how much supply has come off in the last couple of years, you can start with Paladin and then Cameco; we've got five different operations off. You've got Orano now announcing Cominak 2021 is gone; you've got Ranger gone in 12 months; you've got Rossing headed to the Chinese; you've got the Kazakhs holding. That's what we were looking for on the supply side, so that's good, while demand is going up.

In reference to WNA, report now is all three lines up and to the right. We haven't seen that in seven or eight years. It's on that backdrop that we're talking to these customers about the long-term supply agreements and, again, it's going to be a combination of fixed and floating prices. We're looking for terms. We are trying to make sure our portfolio is balanced by customer, by region, by country, by geography, all of those things.

We've said in the past that we want a price for the fixed portion that probably starts with a four and heads north from there. So, no real change to what we're doing. We're just seeing a lot more interest from our customers.

RALPH PROFITI:

Yes. Okay. Yes. Thanks for that. As a follow-up, I wanted to come to the issue of the Nuclear Fuel Working Group. It's been surmised that we could see direct U.S. Government purchases of uranium. If that were to happen, would that be a surprise to you? Can the U.S. fuel supply chain be supported in any other way? Thanks.

TIM GITZEL:

Yes. Thanks, Ralph. Obviously, we were hoping to know already what was going to come out of that before our call or before the end of our quarter, so that we could update. We don't. They've got an extra 30 days; I think to early November; November 10 I think is the date. But we don't know what's going to come out of that. We think the working group was really set up to allow for a broader scope of tools to be considered to support the frontend of the nuclear market.

What we don't need is probably more pounds on the face of the earth that don't have a home. We are hoping that those pounds, if they are to be produced in the U.S., have a home to go to.



We're waiting to see on that. We don't have any, no hints or anything coming out of the White House yet, so I guess we'll just have to wait for another couple of weeks to hear on that.

RALPH PROFITI:

I understand, Tim. Thanks very much. I appreciate it.

TIM GITZEL:

Thanks, Ralph.

OPERATOR:

Our next question comes from Greg Barnes with TD Securities. Please go ahead.

GREG BARNES:

Yes. Thank you. You mentioned in the MD&A that these customers that are talking about long-term contracts are asking you what it takes to support your Tier-1 assets over the longer term. I'm just wondering what you are telling them.

TIM GITZEL:

Yes. We need what we just talked about, Greg. I think prices that are acceptable to us as a Company and our shareholders long term. We want to fill or partially fill our contract portfolio so that when we produce those pounds, that they have a home to go to. We don't want them in the spot market. We're not going to spray them around anywhere. We want a home for them.

They get that. They can see the next decade. There are some question marks where is supply coming from. Like I say, with the curve on demand going up and to the right and supply going down, there's a question there. I've said it in the past number of years now that—been doing this for a while—I'm a bit worried about the next decade and where the production is going to come from if we don't get the signals to move ahead.

There are no projects in the pipeline right now, there aren't. It's not getting easier anywhere to bring a new project on, whether it's in Canada or Australia or anywhere. So, that's a concern. That's what we're looking at, and we're having great conversations. We signed 25 million



pounds of contracts in the first quarter; don't have anything to announce at this moment, but we're working on it.

GREG BARNES:

That's evident. I think that's evident to everybody. What is preventing these utilities from signing these contracts now? What is holding them back?

TIM GITZEL:

Well, I think there's a lot of unknowns still out there. I mean, everybody's kind of frozen by the 232, the Nuclear Fuel Working Group piece; trade policy issues; Russian suspension agreements out there; the Iran Sanctions Act is hanging out there; trade with China, between U.S. and China, Canada/China, Canada/U.S. There're a lot of pieces out there. I think I saw it in some publication just recently, but the market's kind of frozen, waiting to see what the resolution of some of those pieces are.

I think that the urgency just isn't there. There're pounds on spot market that people can pick up the short term. But, like I say, we're talking to our big customers, the long-term customers who want we want to be talking to. We're interested in refilling our long-term portfolio, and we're having some success on that.

GREG BARNES:

Okay. Thank you.

TIM GITZEL:

Thanks, Greg.

OPERATOR:

Our next question is from Andrew Wong with RBC Capital Markets. Please go ahead.

ANDREW WONG:

Hi. Good morning. My first question is kind of around utilities. We've heard that they always want multiple supply sources. Can you help us understand how important that is to them and maybe help quantify it? Like, is there maybe a point where utilities have sourced or contracted



share from others, say, like, non-Cameco sources and then had to come back to Cameco? Is there a way that Cameco can ask for a premium for the material that they offer that's a little bit more stable?

TIM GITZEL:

Andrew, let me turn that around just a little bit, and I'll try and answer it the other way, we as a supplier. You can imagine if we had put all of our eggs in the Japanese basket, as we could have easily, in that 2007 to 2011 window when things were going a bit crazy. We could have because the demand was there. We as a Company—and I credit the management—said we have to diversify by customer, by region, by country. You cannot rely 100% on anybody because you just don't know. It could be an unfortunate piece like Japan saw; it could be legislation trade policy; there're all kinds of variables now.

I think most of the utilities, or the ones we deal with, want to be diversified and want to have options going forward. It's similar from the supply side and from the demand side.

ANDREW WONG:

Okay. Then my second question is around—like, the term market looks like there's a lot more interest being picked up, which is great. I'm curious what happens in the scenario where maybe that takes a little bit longer to kind of get going and the contract book that you guys have built out maybe starts falling off a bit? What's your plan in that kind of scenario, and would you even consider shutting down Cigar Lake?

TIM GITZEL:

You know what? I'm going to pass it over to Grant. Grant just came back from the NEI Fuel Market conference where he gave a paper on the market and can talk about that. Grant, why don't you take over?

GRANT ISAAC:

Yes. Andrew. Obviously, every decision we've made in the last couple of years has been anticipating a market that we believe has to transition. Tim has talked a couple of times now about some of the green shoots we're seeing—the recovery in conversion, the recovery in SWU—has to bode well for the recovery in uranium. We have been positioning for that.



We've got a contract portfolio that serves us very well in Year '19, very well. We're happy with how we're covered in 2020. We've deliberately said we'll take more market exposure in the outer years because now is not the time to go and commit a bunch of volumes because, certainly on a fixed price basis, these aren't the prices that we like.

But, obviously, there's a risk scenario that we have to look at, and that risk scenario is there could be delays to that transition. There could be things that just make a little bit more material available to the market for a little bit longer before kind of understanding of the lack of productive capacity hits, like in conversion; again, I'll use that as an example. Production started to come down in conversion, but price continued to fall for a while until the rest of the inventories were gobbled up; demand started to come to the market; and lo and behold, the material wasn't there, and up went the conversion price. So, we do have a risk scenario where we say what would it look like if we have to kind of weather the storm for a bit longer. I would just remind you that's our financial strategy. That's why we have taken the steps to de-lever by a third. We've taken down \$500 million of our long-term debt. We've mobilized our inventory from the past, turned it into cash. All of that gives us the financial capacity to see this out.

In a scenario where we see a couple of more—maybe a year or two where the prices remain difficult, we just commit to this. We commit to supply discipline; we'll still have great pounds and the full economic benefit of JV Inkai coming in. Then we will buy to meet those committed sales.

You asked the question about further production cuts. Well, I think our view is we've done enough. If the prices are not satisfactory, it's time for others to sort of recognize the value destruction that they are creating. But for us, the transition is probably sooner than later with what we're seeing. I mean, don't forget SWU and conversion are simply services. The main product is uranium, and there's no substitute for it. If you're starting to see pressure on those services, by definition you're going to see pressure on the main ingredient for those services.

We have a risk management strategy. We think it's a good one, and it serves us really well, but it's positioning for the transition that really is our priority.



ANDREW WONG:

Okay. Great. That's very helpful. Thank you.

TIM GITZEL:

Thanks, Andrew.

OPERATOR:

Our next question is from Orest Wowkodaw with Scotiabank. Please go ahead.

OREST WOWKODAW:

Hi. Good morning. Some more questions on the market from my perspective. I have a hard time really understanding what's happening in the uranium market when I look at what's happening on spot pricing. I mean, given the more bullish outlook that you have in the longer term, would it be fair to say that if the spot price moved higher, utilities probably have more incentive to lock in term contracts at higher pricing, but the issue on the term is it's hard to push up the term if the spot price is in the low 20s? Then I guess, if that's true, I'm just wondering are you not incentivized to step up your market purchases to effectively push up the spot price to make that happen? I have trouble reconciling the whole thing.

GRANT ISAAC:

Yes. Orest, those are great questions and there's a number of ways to unpack that. Let me start with the link between spot and term. I mean, what we've seen—and we saw this in other parts of our market—what we've seen is that as the spot price of uranium came down—and you've heard us say before—we had very motivated sellers coming to the market, selling into a market where there just wasn't fundamental demand. We didn't have replacement rate term contracting, we didn't have spot demand at levels that we've seen in the past. You have not so much an oversupply situation, but you have an under-demand situation.

As the spot price came down, it dragged the term price away from being linked to the production cost curve and more just being a premium on, I would say, a surplus disposal price. That obviously is a link that we have seen as it's dragged down.



Let me talk first about the term market. The term business that's out there, we've had success off-market. We've had success off-market at levels that as Tim talked about, acceptable to us, acceptable to our Tier-1 profile. But we do get the response that when we then go to the price reporters and show them those contracts and say look what we've been able to do, they can point to others in the term market who are a little more motivated to sell than we are. Maybe it's just that they have a different definition of what the term market really is than we do, but, really, what matters here at the end of the day is the definition the price reporters are using. If you have a primary producer who's selling midterm material at spot escalated, well, that's going to get reflected in the term price, not the spot price, even though the primary producer might say, well, that's not really how I think of the term market. On balance, we've just still seen some motivated sales there that I would say have negated some of the success we've had off-market.

If I then turn to the spot market, as Tim said a couple of times, it has lacked fundamental demand. In the face of fundamental demand, we've seen some people still continuing to sell. We've just watched the spot price drift down over the last couple of weeks. This isn't oversupply. These aren't big volumes. These are very small volumes, but they're hitting a market that doesn't have fundamental demand because fuel buyers are worried about should I be concerned about trade policy, should I be concerned about the origins of my supply, should I think differently about my procurement strategy, and that's effectively keeping some of that fundamental demand out of the market.

From our perspective, knowing that we have to buy a lot of material, we have more purchasing in front of us than we have behind us while MacArthur/Key is down. We've said that very publicly. Why some sellers still come to the market in front of that, we don't know. But, remember, if they're going to show up and put material into a market that lacks fundamental demand, they're going to push the price down. Then we're just going to buy it cheaper.

We're not incented in any way to start buying in front of that kind of pressure if it's there. Having said that, if we start to see fundamental demand come into the market in a couple ways—maybe we see some year-end utility buying on the spot markets, some discretionary purchases; maybe some of the midterms business that's in the market that's probably going to be won by intermediaries, maybe some of that needs to be covered in the spot market and shows up as demand; maybe we'll get some resolution to some of these trade issues, in which case we



probably will see the ability to contract. If we see that kind of pressure and it's fundamental, it's material that's coming out of the market, it's not churned, then we will no longer have the luxury of waiting to see if the price comes off a bit more. Then all the demand we have in front of use we're going to have to pull forward and put in the market very aggressively.

So, right now it's not our job to hold up the market if somebody is desperate to sell into a market that doesn't have fundamental demand. I know that might seem a bit counterintuitive, but when we look at our year-end, we're not overly exposed to where the spot price is anyway on December 31. For others, December 31 might be really important to them, but for us, the difference between December 31 and January 1 is just a day.

OREST WOWKODAW:

Okay. Just as a follow-up, are you willing to let your inventories fall to close to zero if you think it's advantageous in terms of buying more cheaper material in the first quarter versus Q4?

TIM GITZEL:

Zero would be a stretch, but certainly we're about to flex our inventory as we need to, up or down, to the market, to where it's going. We can flex down, yes, but we would not go to zero.

GRANT ISAAC:

Yes, and every pound we don't buy in 2019 is a pound we're going to have to buy in 2020, so these are delays, but this isn't demand of ours that's gone away.

OREST WOWKODAW:

Okay. Just finally really quickly from my perspective, can you give us a sense of scale of how many pounds are out there that may be required to be cleaned up with respect to excess supply that's been hitting the spot market?

GRANT ISAAC:

That's a great question. I'm just going to remind you of something we talked about in Q2. We put an RFP into the market; this was back in March. We were looking for a million pounds of uranium and it was undersubscribed. It was undersubscribed by two-thirds at the spot price of



the day. It was undersubscribed by one-third if we were prepared to go up \$1.50 on the spot price of that day, but there was still one-third of it that we just couldn't fill.

Now, to me, that says there isn't a lot of material available and, yet, to the price reporters in the business, they said, well, you just didn't give folks enough time to fill that spot demand. If you would've given them months or half a year, they could've found that material, and of course, that may be true, but that's not a spot price.

When we look at the market, we're just not sure, but when we go to buy, we just don't see a lot of material there yet. So, who knows? It appears that a lot what's going around the market is just churn; it's material that's trading hands among intermediaries who do not have productive capacity, they're not producers, nor are they consumers. They have a book. That book has got purchases and sales in it. They're just flipping material to take advantage of their book, but it's just going around and around and around again.

Like in conversion, eventually the music stops. Eventually enough people have dropped into that market and pulled out some of that churn, and then folks realize that the lack of incentive on productive capacity is now a problem, and up goes the price.

Now, it's starting to feel like the uranium market, a couple of years behind conversion but very similar features.

OREST WOWKODAW:

Okay. Appreciate the colour. Thank you.

TIM GITZEL:

Thank you.

OPERATOR:

Our next question comes from Lawson Winder with Bank of America. Please go ahead.



LAWSON WINDER:

Yes. Good morning, guys. Thanks for taking the questions. First question from me would be just going back to competitive dynamics you're seeing in the contracting market. Where I'd like to focus more, though, is on projects that haven't yet been developed but might be in the market looking to sign contracts so that they can then get financing to build their new mines. Are you seeing any of those companies out there competing for the same long-term contract that you guys are competing for, and, if so, how competitive are there and just any comments around that?

TIM GITZEL:

I haven't seen it, Lawson, and any projects that I'm aware of are years, years, years away from producing upon uranium. So, no, we're not seeing them in the market.

GRANT ISAAC:

I think part of the challenge is that if you're worried about your run rate requirements going forward, and you're looking at primary production and primary producers, it's pretty hard to say you're going to take the risk on an asset that's greenfield, that isn't licensed, isn't permitted, probably doesn't have a proven mining method yet when you have idle Tier-1 capacity that's licensed, permitted, sitting there, ready to go. It's a very interesting contracting dynamic, and I don't think we're seeing folks willing to take that risk when there is idle capacity that you can be contracting with.

LAWSON WINDER:

Okay. That's very helpful. Then just as my supplementary on the conversion market, you guys added some additional kilograms to your contracts and your delivery volumes for this year. However, just looking at revenue divided by the volume, it looked like the price came down a bit, which is a little surprising to me just given where the conversion market has gone. I mean, I think it's well known that conversion pricing has improved wildly in the last two years. I'm just curious how might Cameco capture more of that strength in the conversion market?

GRANT ISAAC:

Yes. Just a couple of things on that. First of all, remember that fuel services price and that fuel services volume is composed of a number of fuel service components, not just the conversion



service, so it tends to be buried a bit. Secondly, most of our production on conversion right now is actually going into previous contracts. Remember in the conversion space a lot of that is priced on a fixed basis, in fact, most of it is priced on a fixed basis. The capture of the much better prices in conversion is going forward. Of course, we don't have that guidance out yet for 2020 and beyond, but the demand that's coming into the market, fuel buyers looking for conversion, looking for UF6, as well as other actors in the industry looking for UF6, enrichers looking UF6, for example, is all adding pressure to that, and we're happy to be engaged in those conversations at these prices, locking in these prices going forward on a fixed basis.

Obviously not the same amount of uptick in year, but as our guidance comes out for fuel services going forward, we expect to be able to capture this recovery that's happened in the conversion space.

LAWSON WINDER:

Thank you.

TIM GITZEL:

Thanks, Lawson.

OPERATOR:

Our next question is from John Thompson, a Private Investor. Please go ahead.

JOHN THOMPSON:

Hi, guys.

TIM GITZEL:

Hi, John.

JOHN THOMPSON:

I commend you guys all on reporting on the UF6 and the conversion market and the SWU; it's something that doesn't get talked about enough as far as what's been going on in that market. What I wanted to touch on kind of relates to what some of the other callers did about spot market. What's holding you guys back from starting your purchasing plan, given the spot price is



so low? There are some pounds available. I've got some of your contracts forward-looking that are tied to spot. There might be an opportunity there for some more revenue going forward, freeze out some carry-traders (phonetic 44:32), and then maybe get into the 40s earlier than you'd assumed on the long-term. What is the hold up on spot purchasing for you guys?

GRANT ISAAC:

Yes. John, as I said earlier, when we see folks that may be a little bit more motivated to move material than we are to buy it at this moment, it serves us well to wait. As we look around, it appears that maybe in the case of some intermediaries, maybe they had an anticipation of where demand would be and now find themselves in a position where they don't want to hold the material, and so we're starting to see that material come to the market. For us, buying at \$24 instead of \$25 when our portfolio isn't overly sensitive to that, isn't a bad thing. But you're right in we look at our whole overall portfolio and its market exposure on a rolling basis, and even if we're not particularly sensitive to it at, say, December 31, there might be a time out in the future where we are more sensitive to it. So, we think about our purchases that way, I guess I'm just asking for a little bit of trust that we think about that sensitivity as we plan our purchases, and when we're not overly sensitive to the market and people want to sell material, we're better off to buy cheaply.

Now, we still need to buy lots. I mean, I guess we can't say this often enough in this market; we have more purchasing ahead of us than we have behind us, so that demand is coming. If folks can't wait for that, and they need to move material, well, we'll see them in the market, pick that material up cheaply, or if it's primary producer that needs to move material before year-end, better to wait than to try to start buying and then have that bring some material into the market.

Right now, we think we're in a good position. We have our sales commitments, we have our production, we have our inventory, our purchases. We look at the sensitivity that you just talked about, and we think we're maximizing the value by doing it.

JOHN THOMPSON:

Okay. Excellent. Just as a follow-up question, in regards to restarting McArthur River, we know that the long-term contracts going forward are probably wouldn't start (inaudible 46:50). From McArthur River there's just some chatter about the next phase of your mining there (inaudible



47:00) zone four. I've seen in, I've got some documentation this zone is going to be harder to mine (inaudible 47:08) serious expertise. Is there any chance that this is going to be challenging and maybe push the restart of McArthur River out further based on the expertise needed that you've now let go in the future?

TIM GITZEL:

That would be fake news, I think. If you just check our technical report on that, there's an absolute well-done summary of mining at MacArthur River and it's steady as she goes going forward. There're no issues there. We would fire up the bus again and continue mining just like we were when we unfortunately had to take it down in 2017.

JOHN THOMPSON:

Excellent. Thanks, Tim.

TIM GITZEL:

Thank you. Have a great day.

OPERATOR:

Our next question is from Patrick Sojecki, a Private Investor. Please go ahead.

PATRICK SOJECKI:

Hey. Good morning. I have two questions. They're sort of unrelated. The first one is in regards to the 2016 Cigar Lake technical report. It mentions in there a 65,000 metre drill campaign delineating the western portion of the deposit. I'm just wondering if that's done, and if there will be, like, a new resource estimate for that and what effect it would have on the mine life there.

Then the other question is completely unrelated, but it's just a theoretical question with yellowcake and uranium participation (phonetic 48:41) trading below NAV, would it not make sense just to buy those as a cheap source of pounds in theory? Just wondering. Thanks.



TIM GITZEL:

Thanks, Patrick. I'm going to pass you over to our Chief Operating Officer, Brian Reilly, on that first question. The second question I would just say we don't comment on issues like that. Brian, you want to talk a little bit?

BRIAN REILLY:

Yes. Sure. Patrick, in terms of Cigar Lake resource, we have on 100% basis about 180 million pounds remaining. That takes us to a life of mine out into 2029. I can share with you that we have done some additional drilling and the mineral resource estimate will be revised in 2020. If you can hang tight, that information will be published Q1 2020. But as we sit today, life of mine is scheduled to 2029, Patrick.

PATRICK SOJECKI:

Okay. Thank you.

TIM GITZEL:

Thank you.

OPERATOR:

Our next question is from Andrew Weekly with Smith Weekly. Please go ahead.

ANDREW WEEKLY:

Thank you, Operator. Gentlemen, what is your certainty during 2020 that you can purchase all of the volumes you say you will purchase on the spot market, and what is the Plan B if you can't buy material in the spot market cost-effectively?

GRANT ISAAC:

Well, it's a great question. There's a real test of the depth of the spot market of uranium coming up with all of the demand we have. Obviously, the big risk management strategy is that if we go into a market that isn't as deep as some believe it is, where sellers are retreating, inventories aren't mobile, and therefore, you see a price rising quickly, the ultimate risk mitigation strategy is McArthur River because in that environment, that'd be a wonderful price environment for us to be contracting and then getting McArthur back ready.



In the meantime, because, of course, it doesn't start producing on day one, we've taken some steps to make sure we could mitigate the risk that we can't find material, and it's a combination of our working inventory plus our ability to maybe access some material on a loaned basis that's already sitting at our licensed facilities, as an example. For us, we're quite confident that if we step into the market, and we see a market that really doesn't want to see us there and retreats from us and there's strong price pressure, that's a great environment. That's one where the contracts we want are being signed, the pathway to restarting a Tier-1 asset is there. This is kind of the problem we want to have, I guess, let me put it that way.

ANDREW WEEKLY:

Okay. If you guys can fill the gap between when you can get production back online, it'll be interesting to see how that works out.

Last question, will you be issuing new debentures in 2020?

GRANT ISAAC:

No. We have absolutely no plans to do that at all. In fact, we're quite happy with where our balance sheet is right now, just de-levered. Absolutely no plans to access the capital markets for any new leverage. No, no plans at all.

TIM GITZEL:

Nothing.

ANDREW WEEKLY:

Okay. Thanks, guys.

TIM GITZEL:

Thank you very much, Andrew.

OPERATOR:

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



GREG BARNES:

Thanks for the follow-up. Tim and Grant, if I'm a fuel buyer in the U.S. in particular, and I sit there and look at the Russian suspension agreement and that needs to be renewed, and the Iran waivers coming due every 90 days now, surely I would be thinking that I should be locking in some supply over the long-term, particularly at these prices. Again, I come back to the question why are they not acting, in particular with mitigation basis?

GRANT ISAAC:

Yes. Greg, it's Grant. Some are acting. I mean, that's what we're talking about with our off-market conversations, the stuff we've been able to book already and the more to come that Tim has talked about. Some are acting; they are concerned. I think that what you're seeing in the SWU market is part of the risk mitigation for dealing with that. I mean, the SWU prices are starting to improve. Of course, you don't have SWU unless you have the feedstock, so that's supporting the conversion price. But, ultimately, you've got to get the uranium market moving as well. So, some are moving. I would never say that some aren't concerned about the risk.

Others, I guess part of it is the reality that in our market, prices don't seem to rise on just the expectation. You have to have the proof that the service or the material isn't there. I'm just going to use conversion as an example once again. The first production curtailments in conversion happened in 2014 when we cancelled the toll converting agreement with Springfield; then we began to curtail production at Port Hope; then you saw ConverDyn come down; and now I think we're seeing some difficulties commissioning an asset in France. But you saw the conversion price still continuing to go down even though those production curtailments was happening.

It wasn't until fundamental demand showed up in conversion and said, oh my goodness, the material isn't available there, the inventories that we thought were mobile are not mobile, and just the capacity to actually take the uranium and convert it is not there. That's finally what it took. Right now in uranium we're not there yet. The fuel buyers that come out with midterm deals still find traders to bid into it with carry trades, so they've obviously got some material to fulfill it. We haven't quite hit that tipping point.

Then, ultimately, I think for some of our customers, they would just rather wait for that point because that's proof that they need to get into the game to contract. I think they're a bit reluctant



to be—some of them—to be out contracting ahead of that proof. For some I think it's difficult to go and maybe price material at a \$40 and a \$25 market. But in a market that's starting to rise, suddenly you get all those permissions from higher levels up in the company to do that contracting.

I would separate a concern from an actual willingness to contract, but some are doing it, some are already risk mitigating, and we're seeing that affect; some are concerned about it, they just can't get the approvals to move; and some are—they've been through this before, and they'll just wait, and if they have to buy it at a higher price, they'll buy it at a higher price.

GREG BARNES:

Okay. Great. Thanks, Grant.

TIM GITZEL:

Thanks, Greg.

OPERATOR:

Our next question is from Oscar Cabrera with CIBC. Please go ahead.

OSCAR CABRERA:

Thank you and good morning, everyone. Tim, I was just wondering if you can provide us with more context. I think Grant just in part answered the question on Greg's last question, but when you do a parallel with the fuel market, and inventory is not being mobile, are you suggesting that, for example, Japanese utilities will keep their inventories, and that won't come to market, or are you expecting an impact from Section 232 whereby people will be forced to come to the term market with you because they won't be able to get source from other countries?

TIM GITZEL:

Yes, Oscar, it's kind of all of those things. In the Japanese front, I think we've been saying for years that they're holding their inventory. You see nine units up and running. Grant and I were just there two weeks ago. The same thing with the utilities; it's a decent story there now. Nine units running, there's another 6 that have gone through and have been approved by the NRA, and another I think 11 or 12 in the queue that are still going through the process.



We'd love to have had all 54 come back. We knew that wasn't going to happen, but you add those numbers up, and it's kind of 27, 28 and that's starting to fit with the Government policy of 20% to 22% nuclear over time.

On the Japanese story, not bad. But as we talked about, all of these other pieces hanging out there—the trade issues, I've never seen so many trade issues around the world, quite frankly chaos, in my life. Here's the bottom line. There are, if you read UX, 771 million pounds uncovered over the next 10 years and, in our world, that's not a long time. That's the demand that has to come to the market at some point. We're seeing, as we say, some of our larger customers thinking about that now and wanting to cover right up to the end of the next decade. So, that's interesting for us.

I just think things are gummed down a little bit right now by this Nuclear Fuel Working Group. That's imminent, so that's coming. I think Greg said every 90 days we are hearing on the Iran sanctions act. That Russian suspension agreement, don't underestimate that one. That's a big ticket, and there's some exposure there for sure, depending on how that turns out.

China is a good story. I think we finally have seen and we've heard for the last few years, hey, what's going on there; no new starts, no new starts. Well, guess what, new starts. If you saw the President of CNNC, who we know came out and made some pretty positive comments about the future of nuclear, and that they can build six to eight and that's the plan per year going forward, that's all good news.

Lots of pieces out there, Oscar. As always, we're just waiting to see some of these pieces resolve, but that fundamental demand is there, 771 million pounds in the next 10 years that's got to come, and that's what we're gearing the Company for.

OSCAR CABRERA:

Thanks, Tim. Then, lastly, I don't think you have commented on the McLean Lake labour negotiation situation. Do you have any updates for us?



TIM GITZEL:

Well, I guess we're waiting to see what happens. The agreement they thought they had didn't work out, it didn't get ratified, so now they've moved to a conciliation process over there, which is going to take them some months. I guess I don't think there's a 2019 event, but early in 2020 I think we'll see the results of the conciliation. I don't know what'll happen. It's obviously of interest to us because it affects Cigar Lake completely, and so we'll see how that turns out. But Orano's running that process, and we have faith in them, and so we'll just wait to hear.

OSCAR CABRERA:

Thank you, Tim.

TIM GITZEL:

Yes. Thank you very much, Oscar.

OPERATOR:

Our next question is from Mike Alkin with Sachem Cove Partners. Please go ahead.

MICHAEL AKIN:

Hey, Tim, hey, Grant. Grant, you mentioned a few times about what we're seeing in the conversion market and you're quietly seeing the SWU pricing moving higher, and the uranium market has an quite comfortable with secondary supplies, especially in the form of underfeeding since Fukushima. But as you underfeed more, you're consuming a lot more SWU capacity, and we're not seeing the enrichers replace centrifuges, we're seeing lower spending on capital expenditures there. With this rising SWU price you would expect to see a shift to higher transactional tails in the long run. Could you talk about your guy's view on higher demand for uranium feed as we start to see SWU prices rise, and your expectations for transactional tails to move?

GRANT ISAAC:

Yes. It's a great question, Mike, and certainly appreciate it. Obviously, it gets bogged down really, really quickly, and so we don't want to do that on the call today. But when underfeeding occurs because the price of SWU is really low, it's just kind of that last negative punishing effect in the uranium market. When you have an enricher who says that my service of enriching is



worth less than the UF6 that's coming to the front door of my plant, I would rather sell it as natural uranium and run my plant hard, it's just kind of that last negative effect on the uranium market. But, interestingly, it reverses quickly because enrichers would much, much prefer to be selling SWU as opposed to be selling natural uranium. It's a bit of a switch that gets flipped, and so as soon as the SWU price starts to go up, and you start contracting forward for that SWU service, which is the preferred option, and you have the ability to move those transactional tails, as you say, you're not going to use an enrichment plant to create uranium. It means you're going to need uranium. It's coming at a time when conversion is bottlenecked, so having uranium in the oxide form isn't good enough, you need it in the gas form. So, conversion has bottlenecked.

It helpfully backs up that double lift. It's the opposite of what happens when the SWU price goes low, so it's that connection between those components. It makes us optimistic that there is certainly a transition that needs to come because, as we said before, conversion and SWU are services, but the product is uranium, and it has no substitute, and we're not investing in the productive capacity.

If you get your head around you need enriched uranium product, you've got to chase it back through the supply chain. Usually, in the past, uranium has kind of led the charge; this time it isn't, it's following, but that link is still there. I think one of the things that's interesting is U.S. Consulting gave a great paper at the NEI this week talking about the re-emergence of the SWU market, talking about exactly this link. I find it fascinating that some of the language that UX has been using lately about warning that a transition is coming to all parts of the market, not reflected in price formation, not reflected in price forecasting, but certainly they're saying very loudly that that kind of transition needs to occur. I just encourage everybody to have a look at that. They do a really good job capturing what that link is for SWU back to uranium or uranium up to SWU, but it bodes well. It absolutely bodes well.

MICHAEL AKIN:

Thanks, Grant.

TIM GITZEL:

Thanks, Mike.



OPERATOR:

Our next question is from David Lee with Fosun Asset Management. Please go ahead.

DAVID LEE:

Hi, Tim. I just have a question, you know, because we are investing (inaudible 1:04:00) from China, and we have special focus on uranium. Previously we thought the uranium price probably would recover back quickly in 2017, then we bet again in 2018. Then this year it's still around USD\$24 to USD\$25 per pound. I'm just wondering how low you think the uranium price will go to. Will uranium price go back to the low point in 2016?

TIM GITZEL:

Well, hi, David, and, yes, nice to hear from you and thanks for the question. I'm not a great predictor of uranium price. If you've followed the call here today, I think we've gone through the market and what some of the big levers are and things that we're watching. From a supply point of view, as we said before, supply is coming off, and it's been coming off for years now. There's not enough supply, fresh production at least, to fill the demand that's out there. Demand going up, good news, so we're trying to mop up some of the inventory that's been around since probably 2011.

How long that's going to take, we don't know, but for all of the reasons we put out this morning, we're optimistic about the market. How low it'll go, how high it'll go, I can't speak on that. I can tell you we're doing at Cameco everything we say we'd do and everything that's in our hands to do. We'll see what the hell the market responds.

DAVID LEE:

Thanks. I saw Kazatomprom they had third quarter trading updates, they had great production volume, but their sales volume is quite low. Given the Cameco situation and together with today's uranium price, can I assume in the market there's still plenty of inventory?

TIM GITZEL:

We don't really know that. I guess, David, we'll see going forward. As I say, we've taken a significant amount of supply. A significant amount of supply has come off, including ours, and



demand is a good story for us. So, I don't know. I think that's always been the black box; how much inventory is out there. You heard Grant talk about mobility and our testing of the market back earlier in the year when we went out for some material, and we didn't fill the order right away. So, I can't predict that, David, but, as I say, we like what we're seeing now.

DAVID LEE:

Okay. Thanks, Tim.

TIM GITZEL:

Yes. Thanks for the question, David.

OPERATOR:

Our next question is from Orest Wowkodaw with Scotiabank. Please go ahead.

OREST WOWKODAW:

Hi. Just quick follow-up; when do you anticipate getting or receiving the TEPCO cash award?

TIM GITZEL:

We have it.

OREST WOWKODAW:

You have it. So, it closed or you received it, I guess, post the Q3 results?

TIM GITZEL:

Yes. Sean, I don't know the date, but...

SEAN QUINN:

I don't remember the date right now, but we received the entire award, the damages, and a portion for the fees that we were entitled to.

TIM GITZEL:

We have it all.



OREST WOWKODAW:

Okay. But it's not reflected in what you reported, right?

GRANT ISAAC:

It is.

OREST WOWKODAW:

It is?

GRANT ISAAC:

Yes, it's in the Q3 results, yes.

OREST WOWKODAW:

Okay. So, it's in your cash. Okay. Thank you.

TIM GITZEL:

Yes. Thanks, Orest.

GRANT ISAAC:

Thanks, Orest.

OPERATOR:

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

TIM GITZEL:

Well, thank you very much, Operator. With that, I just want to say thanks to everybody who joined us today. We, as always, appreciate your interest and your support. As a commercial supplier with a strong balance sheet, long-lived Tier-1 assets, and a proven operating track record, we at Cameco think we're really well-positioned to respond to changing market dynamics and benefit from the long-term growth driven by the need for clean baseload



electricity. I can tell you we're going to continue to do what we said we'd do, executing on our strategy as we navigate through all the moving pieces in our industry.

With that, I'll say thanks, everybody, thanks to those had to get up early, and have a great day.

OPERATOR:

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