



Management's discussion and analysis

February 9, 2022

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This management's discussion and analysis (MD&A) includes information that will help you understand management's perspective of our audited consolidated financial statements (financial statements) and notes for the year ended December 31, 2021. The information is based on what we knew as of February 8, 2022.

We encourage you to read our audited consolidated financial statements and notes as you review this MD&A. You can find more information about Cameco, including our financial statements and our most recent annual information form, on our website at cameco.com, on SEDAR at sedar.com or on EDGAR at sec.gov. You should also read our annual information form before making an investment decision about our securities.

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

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

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

Caution about forward-looking information

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

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

- It typically includes words and phrases about the future, such as: anticipate, believe, estimate, expect, plan, will, intend, goal, target, forecast, project, strategy and outlook (see examples below).
- It represents our current views and can change significantly.
- It is based on a number of material assumptions, including those we have listed on page 4, which may prove to be incorrect.
- Actual results and events may be significantly different from what we currently expect, due to the risks associated with our business. We list a number of these *material risks* on page 3. We recommend you also review our most recent annual information form, which includes a discussion of other *material risks* that could cause actual results to differ significantly from our current expectations.
- Forward-looking information is designed to help you understand management's current views of our near- and longer-term prospects, and it may not be appropriate for other purposes. We will not necessarily update this information unless we are required to by securities laws.

Examples of forward-looking information in this MD&A

- our view that we have the strengths to take advantage of the world's rising demand for safe, reliable, affordable and carbon-free energy
- we will continue to focus on delivering our products responsibly and addressing the environmental, social and governance (ESG) risks and opportunities that we believe will make our business sustainable and will build long-term value
- our expectations about 2022 and future global uranium supply, consumption, contracting, demand and the market including the discussion under the heading *Market overview and developments*
- our expectations for the future of the nuclear industry, including that nuclear power must be a central part of the solution to the world's shift to a low-carbon climate-resilient economy
- our efforts to participate in the commercialization and deployment of small modular reactors (SMRs) and increase our contributions to global climate change solutions by exploring SMRs and other emerging opportunities within the fuel cycle
- our views on our ability to self-manage risk
- the discussion under the heading *Our strategy*
- the discussion under the heading *Our response to the COVID-19 pandemic*, including the priority of employee health and safety in our plans
- our expectations regarding the operation of, and production levels for, the Cigar Lake mine and McArthur River/Key Lake operation
- the discussion under the heading *Our ESG principles and practices: A key part of our strategy, reflecting our values*, including our belief there is a significant opportunity for us to be part of the solution to combat climate change and that we are well positioned to deliver significant long-term business value
- our expectations for uranium purchases, sales and deliveries
- our intentions regarding our 2022 annual dividend payment
- the discussion of our expectations relating to our Canada Revenue Agency (CRA) transfer pricing dispute, including our expectations regarding receiving refunds and payment of disbursements from CRA, our confidence that the courts would reject any attempt by CRA to utilize the same or similar positions for other tax years currently in dispute, and our belief that CRA should return the full amount of cash and security that has been paid or otherwise secured by us
- the discussion under the heading *Outlook for 2022*, including expected business resiliency, expectations for 2022 average unit cost of sales, average purchase price per pound, deliveries and production, 2022 financial outlook, our revenue, expectations for 2022 cash balances, adjusted net earnings and cash flow sensitivity, and our price sensitivity analysis for our uranium segment
- the discussion under the heading *Liquidity and capital resources*, including expected liquidity to meet our 2022 obligations and our expectations for our uranium contract portfolio to provide a solid revenue stream
- the outlook for our uranium and fuel services segments for 2022
- our expectation that the uranium contract portfolio we have built will continue to provide a solid revenue stream
- our expectation that our cash balances and operating cash flows will meet our anticipated 2022 capital requirements
- our expectations for future capital expenditures
- our expectation that in 2022 we will be able to comply with all the covenants in our unsecured revolving credit facility
- life of mine operating cost estimates for the Cigar Lake and Inkai operations
- future plans and expectations for uranium properties, advanced uranium projects, and fuel services operating sites, including production levels and suspension of production at certain properties
- our expectations related to care and maintenance costs and operational readiness costs
- our mineral reserve and resource estimates
- our decommissioning estimates

Material risks

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

- the regulatory, environmental and operational risks that generally apply to all our operations and advanced uranium projects that are discussed under the heading *Managing the risks* beginning on page 58
- the risks relating to our tier-one uranium operations discussed under the heading *McArthur River mine/Key Lake mill – Managing Our Risks* beginning on page 63, under the heading *Cigar Lake – Managing Our Risks* beginning on page 67, and under the heading *Inkai – Managing Our Risks* beginning on page 70

Material assumptions

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

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Our business

Our vision is to energize a clean-air world. We are a pure-play nuclear fuel investment with a proven track record and the strengths to take advantage of the world's rising demand for safe, reliable, affordable and carbon-free energy. Nuclear energy plants around the world use our uranium products to generate one of the cleanest sources of electricity available today.

Our operations and investments span the nuclear fuel cycle, from exploration to enrichment and fuel manufacturing. Our head office is in Saskatoon, Saskatchewan.

URANIUM

Operations

Our uranium production capacity is among the world's largest. However, in 2021, with many of our operations in care and maintenance, we accounted for 9% of world production. We have controlling ownership of the world's largest high-grade reserves. Our operating and idle tier-one assets are licensed, permitted, long-lived, and are proven reliable and have expansion capacity. These tier-one assets are backed up by idle tier-two assets and what we think is the best exploration portfolio that leverages existing infrastructure.

Advanced Uranium Projects

We use a stage gate process to evaluate our uranium projects and will advance them at a pace aligned with market opportunities, in order to respond when the market signals a need for more uranium.

Uranium Exploration (grey shaded)

Our exploration program is directed at replacing mineral reserves as they are depleted by our production. Our land holdings total about 0.85 million hectares (2.1 million acres). In northern Saskatchewan alone, we have direct interests in about 0.75 million hectares (1.9 million acres) of land covering many of the most prospective exploration areas of the Athabasca Basin. Our active exploration programs are focused on Canada.

FUEL SERVICES

We are an integrated uranium fuel supplier, offering refining, conversion and fuel manufacturing services. We have about 21% of world primary conversion capacity.

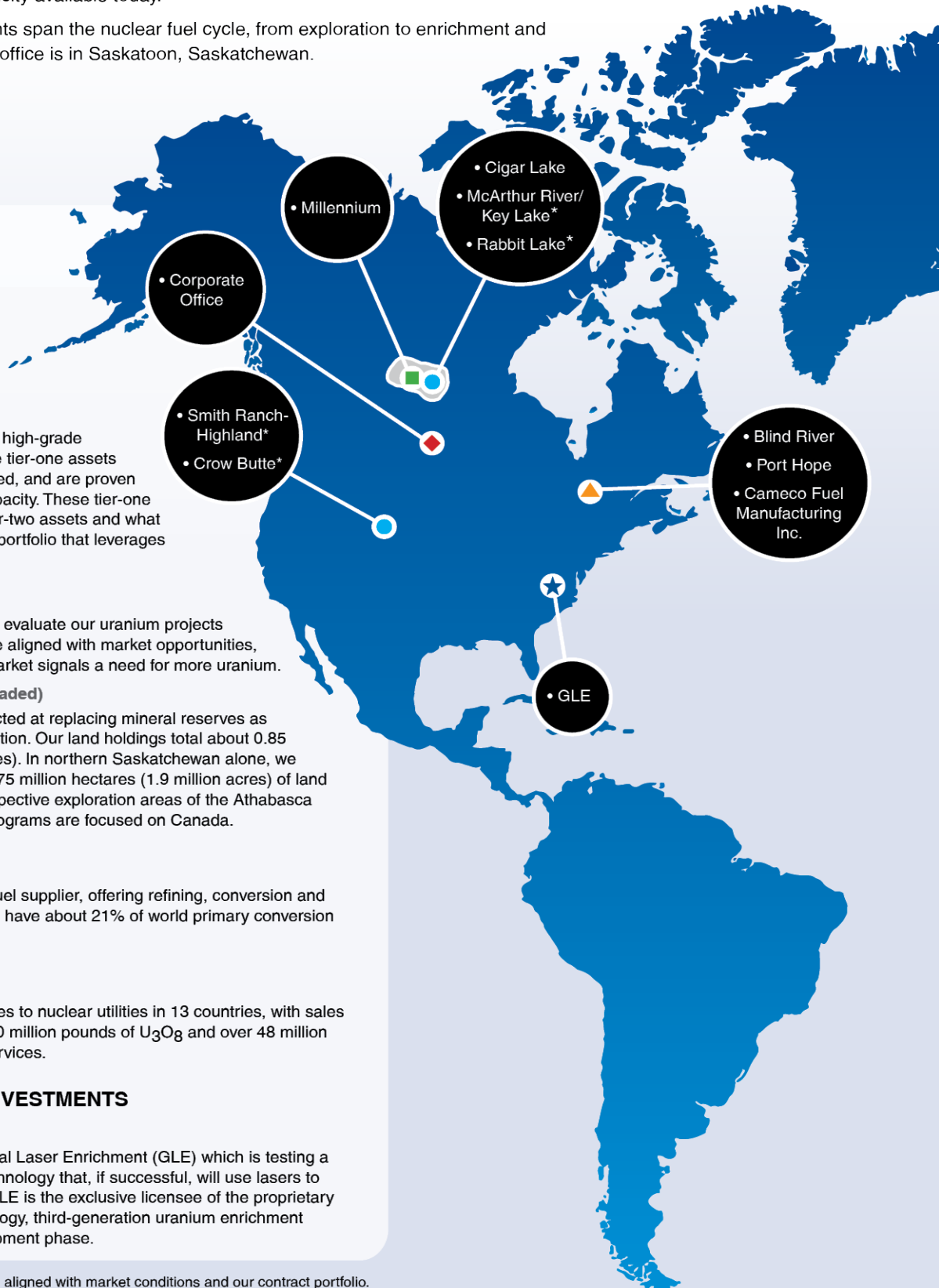
MARKETING

We sell uranium and fuel services to nuclear utilities in 13 countries, with sales commitments to supply over 160 million pounds of U₃O₈ and over 48 million kilograms of UF₆ conversion services.

OTHER FUEL CYCLE INVESTMENTS

ENRICHMENT

We have a 49% interest in Global Laser Enrichment (GLE) which is testing a third-generation enrichment technology that, if successful, will use lasers to commercially enrich uranium. GLE is the exclusive licensee of the proprietary SILEX laser enrichment technology, third-generation uranium enrichment technology that is in the development phase.



* Operations subject to supply decisions aligned with market conditions and our contract portfolio.

Advantages

With our extraordinary assets, long-term contract portfolio, strong ESG commitment, employee expertise, comprehensive industry knowledge and strong balance sheet, we are confident in our ability to increase long-term value.



2021 performance highlights

Despite additional disruptions to our business in 2021, we continued to do what we said we would do, protecting the health and safety of our employees and executing on all strategic fronts; operational, marketing and financial. In our uranium segment, since the beginning of 2021, and including the volumes reported in our third quarter MD&A, we have been successful in adding 70 million pounds to our portfolio of long-term uranium contracts, bringing the total volumes added since 2016 to about 185 million pounds. Nevertheless, we maintain leverage to higher prices with significant unencumbered future productive capacity and a large and growing pipeline of uranium business under discussion. We are being strategically patient in our discussions to capture as much value as possible in our contract portfolio. In addition to the off-market contracting interest, there has been a re-emergence of on-market requests for proposals from utilities looking to secure their future requirements.

In 2021, we were operating at about 75% below the productive capacity (100% basis) due to our planned supply discipline in our uranium segment and the unplanned production suspension at Cigar Lake. Productive capacity includes licensed capacity at Cigar Lake and McArthur River/Key Lake, and it includes planned production volumes at Rabbit Lake and our US operations prior to curtailment in 2016. We proactively suspended production at Cigar Lake for a second time for about four months starting in December 2020 due to the increased risks posed by the Coronavirus (COVID-19) pandemic at the time. As well, through our investment in Inkai, we were impacted by the 20% supply reduction enacted by Kazatomprom (KAP) across all uranium mines in Kazakhstan.

In addition to the proactive suspension of production at Cigar Lake, the COVID-19 safety protocols and measures we put in place in 2020, and following the precautions and restrictions enacted by all levels of government where we operate we proactively implemented additional measures and made a number of decisions to ensure a continued safe working environment for all our workers, in 2021, we:

- introduced a requirement that all employees, contractors and visitors be vaccinated across all our operations and offices
- developed a hybrid work model for employees working from home that balances time in the office and remote working in accordance with business needs

The proactive decisions we have made, and continue to make, to protect our workers and to help slow down the spread of the COVID-19 virus are consistent with our values. Even while production was suspended, we kept and continued to pay all our employees. The health and safety of our workers, their families and their communities continues to be the priority in all our plans, which will align with the guidance of the relevant health authorities where we operate.

We delivered over 24 million pounds of uranium to our customers in alignment with our contract portfolio and profitable opportunities in the market. We generated \$458 million in cash from operations, with higher average realized prices in our fuel services segment than in 2020. However, as a result of the unplanned precautionary production suspension at Cigar Lake due to the COVID-19 pandemic, we incurred \$40 million in care and maintenance costs for the operation and produced only 6.1 million pounds in our uranium segment, well below our committed sales. To manage risk we purchased 11.1 million pounds at a unit cost significantly higher than the average production costs at Cigar Lake for 2021 and 2020. See *2021 financial results by segment – Uranium* starting on page 49 for more information. Partially offsetting these additional costs was the receipt of about \$21 million under the Canada Emergency Wage Subsidy program and volatility in foreign exchange rates that resulted in foreign exchange gains.

Thanks to the disciplined execution of our strategy, our balance sheet is strong, and we expect it will enable us to see out our strategy as well as self-manage risk, including from global macro-economic uncertainty and volatility. As of December 31, 2021, we had \$1.3 billion in cash and cash equivalents and short-term investments with only \$996 million in long-term debt. In addition, we have a \$1.0 billion undrawn credit facility.

In our transfer pricing dispute with Canada Revenue Agency (CRA), the Supreme Court of Canada (Supreme Court) dismissed CRA's application for leave to appeal the decision of the Federal Court of Appeal (Court of Appeal). As a result, the dispute for the 2003 through 2006 tax years is fully and finally resolved in our favour. Furthermore, we are confident the courts would reject any attempt by CRA to utilize the same or similar positions and arguments for the other tax years currently in dispute (2007 through 2014) and believe CRA should return the \$777 million in cash and letters of credit we have been required to pay or otherwise secure for those years. As such, we have filed a notice of appeal with the Tax Court of Canada (Tax Court), however timing of any further payments is uncertain. See *Transfer pricing dispute* on page 37 for more information.

In 2021, the benefits of nuclear energy came clearly into focus with a durability that we believe has not previously been seen. This durability is being driven by the accountability for achieving the net-zero carbon targets being set by countries and companies around the world. There is increasing recognition that nuclear power, with its clean emissions profile, reliable and secure baseload characteristics and low, levelized cost has a key role to play in achieving decarbonization goals. This is leading to both traditional and non-traditional demand growth for nuclear power and resulting in increased demand for uranium.

This increase in demand is occurring at a time when there is increasing uncertainty about uranium supply. The COVID-19 pandemic continued to disrupt global uranium production and introduced new risks including disruptions to global supply chains and rising costs for some products and services, adding to the supply curtailments that have occurred in the uranium industry for many years. The duration and extent of these disruptions are still not fully known. And, with the entrance of the Sprott Asset Management LP (Sprott) Physical Uranium Trust additional significant demand for spot material has impacted uranium prices. The uranium spot price increased significantly following the initial purchase activity in August, reaching a nine-year high of about \$50 (US) per pound. The average uranium spot price ended the year at \$42.05 per pound (US) nearly 40% higher than the average uranium spot price at the end of 2020. The thinning of material available in the spot market and the resulting higher spot prices have also pressured long-term prices with an increase in on-market requests for proposals (RFPs) and off-market negotiations. The long-term price was up 22% this year, ending the year at \$42.75 per pound (US).

In the current environment, we believe the risk to uranium supply is greater than the risk to uranium demand and expect it will create a renewed focus on ensuring availability of long-term supply to fuel nuclear reactors. With the improvements in the market and the new long-term contracts we have put in place, it is time for us to proceed with the next phase of our supply discipline strategy, which also includes a planned supply reduction at Cigar Lake. Starting in 2024, we plan for our share of production to be about 45% below our productive capacity. In addition, at Inkai we will continue to follow the 20% reduction until the end of 2023 as announced by KAP. This will remain our production plan until we see further improvements in the uranium market and have made further progress in securing the appropriate homes for our unencumbered, in-ground inventory under long-term contracts, once again demonstrating that we are a responsible supplier of uranium fuel. See *Our strategy* starting on page 19 for more information.

We expect the investments we are making in digital and automation technologies will allow us to operate our assets with more flexibility. This is key to our ability to continue to align our production decisions with our contract portfolio commitments and opportunities. With a solid base of contracts to underpin our productive capacity, we will begin the process of preparing the McArthur River mine and Key Lake mill for production to allow us to achieve our 2024 production plan. This plan will significantly improve our financial performance by allowing us to source more of our committed sales from lower-cost produced pounds and we will no longer be required to expense care and maintenance costs directly to cost of sales. However, until we achieve a reasonable production rate, we expect to incur between \$15 million to \$17 million per month in operational readiness costs, which will be expensed directly to cost of sales. Operational readiness costs include all of the costs associated with care and maintenance in addition to the costs to complete critical projects, perform maintenance readiness checks, and recruit and train sufficient mine and mill personnel before beginning operations. Throughout, we will continue to focus on delivering our products safely and responsibly and addressing the environmental, social and governance (ESG) risks and opportunities that we believe will make our business sustainable and will build long-term value.

Financial performance

HIGHLIGHTS			
DECEMBER 31 (\$ MILLIONS EXCEPT WHERE INDICATED)			
	2021	2020	CHANGE
Revenue	1,475	1,800	(18)%
Gross profit	2	106	(98)%
Net loss attributable to equity holders	(103)	(53)	(94)%
\$ per common share (diluted)	(0.26)	(0.13)	(92)%
Adjusted net loss (non-IFRS, see page 33)	(98)	(66)	(48)%
\$ per common share (adjusted and diluted)	(0.25)	(0.17)	(47)%
Cash provided by operations	458	57	>100%

Net loss attributable to equity holders (net loss) and adjusted net loss were greater in 2021 compared to 2020. See *2021 consolidated financial results* beginning on page 32 for more information. Of note:

- generated \$458 million in cash from operations
- incurred \$210 million in care and maintenance costs as a result of our strategic decisions, including \$40 million due to the precautionary suspension at Cigar Lake in 2021 to deal with the risks posed by the COVID-19 pandemic
- received \$21 million under the Canada Emergency Wage Subsidy program
- recorded \$27 million in the first quarter as a reduction to administration costs to reflect the amounts owing to us for legal fees and disbursements for costs as awarded in our dispute with CRA. See *Transfer pricing dispute* on page 37 for more information
- filed notice of appeal to the Tax Court in our dispute with CRA to have \$777 million in cash and letters of credit returned. See *Transfer pricing dispute* on page 37 for more information.

Our segment updates

In our uranium segment, we continued to execute our strategy to preserve our tier-one assets and to ensure a safe working environment for all our workers, which impacted our operations. Of note in 2021:

- continued the production suspensions at McArthur River/Key Lake, Rabbit Lake and US ISR operations, keeping about 23 million pounds (100% basis) out of the market
- resumed production at the Cigar Lake mine at the end of April following the second suspension that commenced in December 2020 as a precaution due to the COVID-19 pandemic
- annual production at Cigar Lake of 6.1 million pounds (our share) was 33% below licensed capacity due to the impacts of the precautionary four-month suspension
- purchased 11.1 million pounds of uranium, including our spot purchases, committed purchase volumes and JV Inkai purchases
- delivered on our sales commitments of over 24 million pounds in alignment with our contract portfolio and profitable market opportunities and added 30 million pounds in long-term contracts to our portfolio. Since the beginning of 2022, we have added another 40 million pounds, bringing the total added since the beginning of 2021 to 70 million pounds.

Production in 2021 from our fuel services segment was 3% higher than in 2020, as a result of production suspensions in 2020 due to the COVID-19 pandemic. Planned production was impacted by hydrogen supply issues in 2021. The hydrogen supply constraint was resolved in the fourth quarter, however supply chain disruption remains a risk generally.

Additionally, we increased our interest in Global Laser Enrichment LLC (GLE) from 24% to 49% and signed a number of non-binding arrangements to explore several areas of cooperation to advance the commercialization and deployment of small modular reactors (SMRs) in Canada and around the world. This furthers our commitment to responsibly and sustainably manage our business and increase our contributions to global climate change solutions by exploring other emerging and non-traditional opportunities within the fuel cycle.

See *Operations and projects* beginning on page 57 for more information.

HIGHLIGHTS		2021	2020	CHANGE	
Uranium	Production volume (million lbs)	6.1	5.0	22%	
	Sales volume (million lbs)	24.3	30.7	(21)%	
	Average realized price ¹	(\$US/lb)	34.53	34.39	-
		(\$Cdn/lb)	43.34	46.13	(6)%
	Revenue (\$ millions)	1,055	1,416	(25)%	
Gross profit (loss) (\$ millions)	(108)	18	(700)%		
Fuel services	Production volume (million kgU)	12.1	11.7	3%	
	Sales volume (million kgU)	13.6	13.5	1%	
	Average realized price ²	(\$Cdn/kgU)	29.72	27.89	7%
			404	377	7%
	Gross profit (\$ millions)	118	96	23%	

¹ Uranium average realized price is calculated as the revenue from sales of uranium concentrate, transportation and storage fees divided by the volume of uranium concentrates sold.

² Fuel services average realized price is calculated as revenue from the sale of conversion and fabrication services, including fuel bundles and reactor components, transportation and storage fees divided by the volumes sold.

Industry prices

	2021	2020	CHANGE
Uranium (\$US/lb U₃O₈)¹			
Average annual spot market price	35.28	29.96	18%
Average annual long-term price	36.81	34.63	6%
Fuel services (\$US/kgU as UF₆)¹			
<i>Average annual spot market price</i>			
North America	19.41	21.94	(12)%
Europe	18.99	21.09	(10)%
<i>Average annual long-term price</i>			
North America	18.42	18.27	1%
Europe	18.42	18.18	1%

Note: the industry does not publish UO₂ prices.

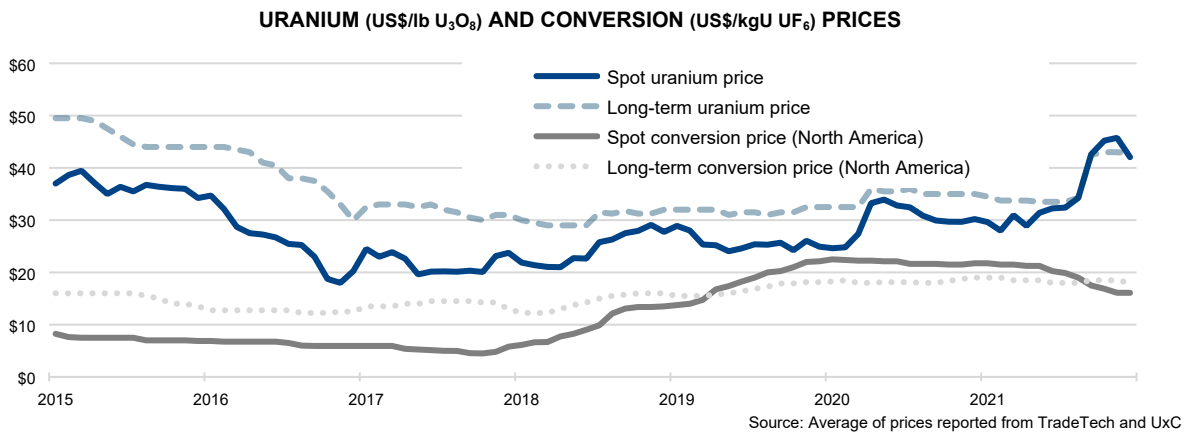
¹ Average of prices reported by TradeTech and UxC, LLC (UxC)

On the spot market, where purchases call for delivery within one year, the volume reported by UxC for 2021 was the highest annual total ever of approximately 102 million pounds U₃O₈ equivalent, compared to 95 million pounds U₃O₈ equivalent in 2020. Spot market volumes were significant in the second half of the year due to unplanned uranium demand from Sprott, which contributed to the thinning of spot uranium supply. Total spot purchases by producers, junior uranium companies and financial funds was approximately 50 million pounds U₃O₈ equivalent. At the end of 2021, the average reported spot price was \$42.05 (US) per pound, up \$11.85 (US) per pound from the end of 2020. During the year, the uranium spot price ranged from a month-end high of \$45.75 (US) per pound to a low of \$27.98 (US) per pound, averaging \$35.28 (US) for the year.

Long-term contracts usually call for deliveries to begin more than two years after the contract is finalized, and use a number of pricing formulas, including base-escalated (fixed prices escalated over the term of the contract), and market referenced prices (spot and long-term indicators) quoted near the time of delivery. The volume of long-term contracting reported by UxC for 2021 was about 70 million pounds U₃O₈ equivalent, up from about 57 million pounds U₃O₈ equivalent in 2020. Higher volumes can be attributed in part to utilities turning their attention to securing their long-term needs as demand from financial funds further thinned the spot market and eliminated the ability for utilities to rely on carry trade activity. The average reported long-term price at the end of the year was \$42.75 (US) per pound, up \$7.75 (US) from 2020. During the year, the uranium long-term price ranged from a month-end high of \$43.00 (US) per pound to a low of \$33.50 (US) per pound, averaging \$36.81 (US) for the year.

Following the record highs for conversion prices in both the North American and European markets in 2020, the average reported spot price for North American delivery at the end of 2021 was \$16.10 (US) per kilogram uranium as UF₆ (US/kgU as

UF₆), down \$5.65 (US) from the end of 2020. Long-term UF₆ conversion prices finished 2021 at \$18.00 (US/kgU as UF₆), down \$1.00 (US) from the end of 2020.



Market overview and developments

A market in transition

In 2021, there was a significant improvement in uranium prices and market sentiment. Spot uranium prices for the year were up nearly 40%, reaching their highest level in nine years. The uranium available in the spot market thinned driven by record spot market purchases primarily by the Sprott Physical Uranium Trust, which has purchased approximately 26 million pounds since its inception in 2021, but also including other financial funds, producers and junior uranium companies who have indicated that the long-term fundamentals point to growing demand and supply uncertainty. The thinning of material available in the spot market and rising spot uranium prices motivated some utilities to return to the term market both with on-market RFPs as well as continued off-market contracting. As a result, the long-term price increased by 22%, ending the year at \$42.75 (US) per pound. Despite an increase in contracting in the long-term market, the volume of uranium executed under long-term contracts remained well below annual consumption levels, continuing the inventory destocking that was already underway in the industry and adding to the growing wedge of uncovered requirements that we believe will need to be filled at a time when the availability of sufficient supply is not guaranteed. With a renewed focus on security of supply we believe we are in the early stages of a market transition, with utilities turning to proven producers and assets to meet their uncovered requirements.

Durable demand growth

The benefits of nuclear energy came clearly into focus with a durability we believe has not been previously seen, driven by the accountability created by the net-zero carbon targets being set by countries and companies around the world. These targets are turning attention to a triple challenge. First, is to lift one-third of the global population out of energy poverty by growing clean and reliable baseload electricity. Second, is to replace 85% of the current global electricity grids that run on carbon-emitting sources of thermal power with a clean, reliable alternative. And finally, is to grow global power grids by electrifying industries, such as private and commercial transportation, home, and industrial heating, largely powered with carbon-emitting sources of thermal energy today. Additionally, the energy crisis experienced in some parts of the world has amplified concerns about energy security and highlighted the role of energy policy in balancing three main objectives: providing a clean emissions profile; providing a reliable and secure baseload profile; and providing an affordable levelized cost profile. Too much focus on one objective, has left some jurisdictions struggling with power shortages and spiking energy prices. There is increasing recognition that nuclear power, with its clean emissions profile, reliable and secure baseload characteristics and low, levelized cost has a key role to play in achieving decarbonization goals.

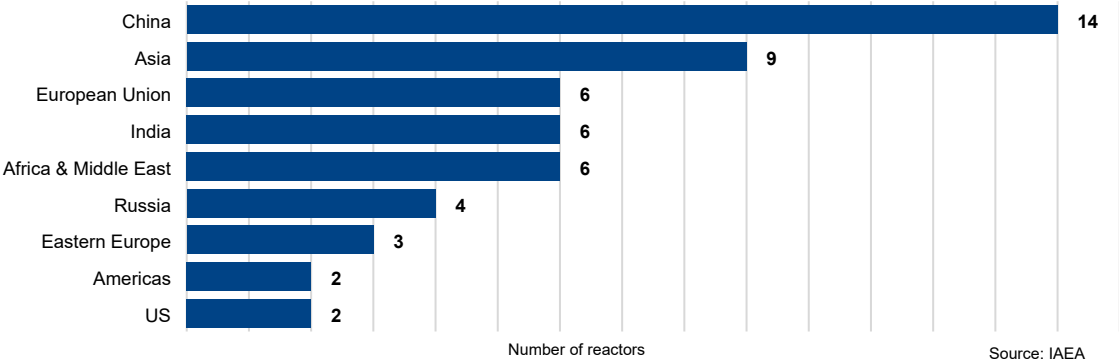
Demand and energy policy highlights

- On behalf of the Sprott Physical Uranium Trust, Sprott issued an At-The-Market (ATM) program allowing it to sell discretionary shares and use the proceeds to purchase U_3O_8 . The initial limit was for up to \$300 million (US), and on September 9th, Sprott increased the ATM program limit to \$1.3 billion (US) followed by another increase to \$3.5 billion (US) on November 23. As of February 7th, the fund had raised over \$1.1 billion (US) and purchased approximately 26 million pounds U_3O_8 . In addition to its listing on the Toronto Stock Exchange, Sprott is obligated to seek a US listing for the trust.
- In March, Yellow Cake PLC (YCA) raised \$100 million (US) to exercise their option with KAP to purchase approximately 3.5 million pounds of U_3O_8 as well as an additional purchase of 440,000 pounds U_3O_8 . Subsequently, YCA agreed to purchase an additional 2 million pounds U_3O_8 from KAP. In October, YCA then raised approximately \$150 million (US) and used the proceeds to fund the purchase of 2 million pounds U_3O_8 from Curzon Uranium Limited and purchased an additional 1 million pounds U_3O_8 from KAP. The net impact of other transactions in 2021 resulted in YCA acquiring an additional 0.6 million pounds U_3O_8 .
- On October 18th, KAP announced their 48.5% initial investment into a privately-held physical uranium fund for \$50 million (US). The fund has a projected second stage of development to raise up to an additional \$500 million (US), through either a public or private offering.
- Many countries, states, and utilities announced net-zero carbon targets in 2020 and 2021. Notable countries include China, Japan, South Korea, United States (US), Canada, and France. While most of these targets are further out in the future, many of the plans include an important role for nuclear.

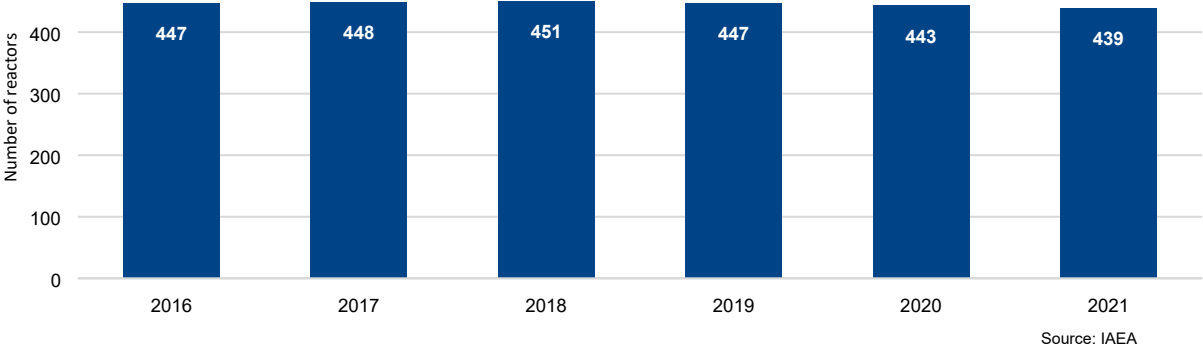
- The International Atomic Energy Agency (IAEA) increased its projections for nuclear out to 2050 for the first time since the Fukushima events in 2011. This includes nuclear generating capacity doubling to 792 GWe, from 393 GWe in 2020, which represents a 10% rise over the prior forecast.
- The 2021 World Nuclear Association Nuclear Fuel Report was released in September and includes numerous positive developments for the industry. It highlights the prospects for nuclear growth and linkages to countries now targeting net-zero carbon emissions. Improved growth in China makes the most notable impact to higher demand projections post 2030. On the supply side, uranium production through 2025 declined significantly relative to the previous report in 2019, demonstrating the growing need for more production out in time.
- China's 14th five-year plan and related policy documents covering the 2021 to 2025 period were published in March as part of their plan to be carbon neutral by 2060. Nuclear received increased attention in the plan relative to the prior version. The key objective stated was China targeting 70 GWe operating and 50 GWe under construction through 2025. Additionally, China's Nuclear Energy Association (CNEA) stated that by 2030, China could reach up to 120 GWe in operation.
- In Japan, Kansai's Mihama 3 restarted after over ten years and represents the first Japanese reactor in service over forty years to be restarted. In October, Fumio Kishida of the Liberal Democratic Party, was confirmed as Japan's 100th Prime Minister. He has stated support for Japan's energy policy which is targeting 20% to 22% nuclear by 2030 as part of its plan for carbon neutrality by 2050.
- Russia's nuclear generation reached historic records in 2021 as Leningrad II-2 became the latest operating reactor. In addition, Rosatom announced plans to build about 15 new 1,200 MWe Gen 3+ reactors by 2035, with most units being built at existing sites where units that were built in the 1970s are to be decommissioned.
- In the European Union (EU), on February 2nd, the European Commission approved in principle a Complementary Climate Delegated Act (CDA), which includes specific nuclear and gas energy activities in the list of economic activities covered by the EU Taxonomy. This defines certain nuclear energy projects as green and sustainable for access to low-cost financing. The nuclear-related activities included are all advanced Generation IV nuclear technology with no expiry date, new Generation III+ nuclear reactors until 2045, and lifetime extension to existing nuclear reactors until 2040, while comprehensive nuclear safety and waste management requirements apply to all. The CDA now goes to the European Parliament and Council for debate.
- The Netherlands has recently elected a new government which has promised to build two new nuclear power reactors and become climate neutral by 2050.
- In France, President Emmanuel Macron announced planned new reactors, for the first time in decades, to meet its 2050 carbon neutral goal. Additionally, Électricité de France submitted a final plan to construct six EPR-2 reactors, with the vendor yet to be finalized and also announced that 32 900 MWe reactors were approved for expanded life spans from 40 years to 50 years.
- In the United Kingdom (UK), Prime Minister Boris Johnson confirmed plans for all UK electricity to come from low-carbon sources including nuclear and renewables by 2035.
- Germany closed three reactors at the end of 2021 and remains scheduled to close the last three operating reactors at the end of 2022.
- In the US, Exelon's Byron and Dresden plants in Illinois were saved from early closure with the signing of the Climate and Equitable Jobs Act. This comprehensive energy bill included nearly \$700 million (US) in new state subsidies over the next five years.
- US President Biden signed the \$1.2 trillion bipartisan infrastructure bill that includes \$6 billion to support at-risk nuclear plants and support for the US Department of Energy (DOE) with advanced reactors by 2030.
- India's first domestically designed 700 MWe pressurized heavy water reactor at Kakrapar is nearing commercial operation, an important milestone for the country. Three more units of this design are expected to come online in the next few years. The country is targeting an expansion to 22.5 GWe operating by 2031.
- In South Korea, there will be federal elections in March of 2022. The leading presidential candidate, Yoon Seok-youl of the Peoples Power Party is pro nuclear and wants to end the nuclear phase-out. In addition, in January 2022, the current government announced plans to revise its green taxonomy and consider SMRs as eligible for state funding, reversing its stance to drop nuclear projects.
- During September and October Cameco announced signing several non-binding arrangements to evaluate and explore possible opportunities to partner on the development and deployment of SMR and advanced reactor technologies and evaluate opportunities to supply uranium, fuel services and other services.

According to the International Atomic Energy Agency there are currently 439 reactors operating globally and 52 reactors under construction. Several nations are appreciating the clean energy benefits of nuclear power. They have reaffirmed their commitment to it and are developing plans to support existing reactor units and are reviewing their policies to encourage more nuclear capacity. Several other non-nuclear countries have emerged as candidates for new nuclear capacity. In the EU, specific nuclear energy projects have been identified for inclusion under its sustainable financing taxonomy and therefore eligible for access to low-cost financing. Even in countries with phase-out policies, there is growing debate about the role of nuclear power, with public opinion polls showing growing support for it. The growth in demand is not just in the form of new builds, it is medium-term demand in the form of reactor life extensions, and it is near-term growth as early reactor retirements are prevented. And we are seeing momentum building for non-traditional commercial uses of nuclear power around the world such as development of small modular reactors and advanced reactors, with numerous companies and countries pursuing projects.

CURRENTLY UNDER CONSTRUCTION



WORLD OPERABLE REACTOR COUNT



Supply uncertainty

Low uranium prices, government-driven trade policies, and the COVID-19 pandemic have had an impact on the security of supply in our industry. Despite the recent increase in uranium prices, years of underinvestment in new capacity has shifted risk from producers to utilities. In addition to the decisions many producers, including the lowest-cost producers, have made to preserve long-term value by leaving uranium in the ground, there have been a number of unplanned supply disruptions related to the impact of the COVID-19 pandemic and associated supply chain challenges on uranium mining and processing activities. In addition, according to industry transport experts, there is a risk of transport disruptions for Class 7 nuclear material. Uranium is a highly trade-dependent commodity. Adding to security of supply concerns is the role of commercial and state-owned entities in the uranium market, and trade policies that highlight the disconnect between where uranium is produced and where it is consumed. Over 80% of primary production is in the hands of state-owned enterprises, after taking into account the cuts to primary production that have occurred over the last several years. Furthermore, nearly 90% of primary production comes from countries that consume little-to-no uranium, and nearly 90% of uranium consumption occurs in countries that have little-to-no primary production. As a result, government-driven trade policies can be particularly disruptive for the uranium market.

Supply and trade policy highlights

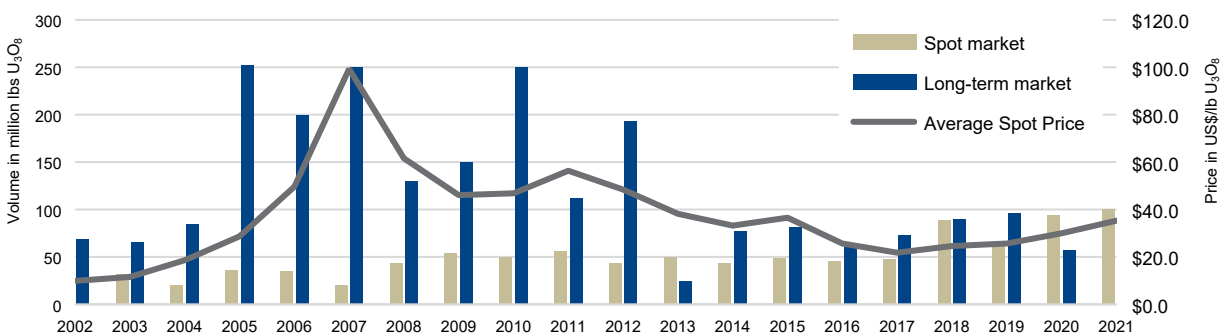
- In early January 2022, Kazakhstan saw the most significant political instability since it became independent in 1991. The events resulted in a state of emergency being declared across the country. With the assistance of the Collective Security Treaty Organization (CSTO), the government restored the order and in the second half of January, the state of emergency was gradually lifted and withdrawal of CSTO forces from Kazakhstan was completed. KAP reported that its operations have been unaffected by these events.
- In its 2021 fourth quarter operations and trading update, KAP confirmed its intent to maintain production levels at 20% below those stipulated in its Sub Soil Use Agreements through 2023. For 2022, production is expected to be between 54.6 million pounds and 57.2 million pounds U_3O_8 (100% basis). It also noted that wellfield development, procurement and supply chain challenges, including inflationary pressure on production materials and reagents, are expected to continue throughout 2022. In addition, it indicated its costs could be impacted by potential changes to the tax code in Kazakhstan and by possible local social funding requests.
- On November 19th, KAP announced the approval of a plan to develop JV Budenovskoye LLP. The plan is for production at Budenovskoye Blocks 6 and 7 of up to 6.5 million pounds U_3O_8 (100% basis) no earlier than 2024, ramping up to 15.6 million pounds U_3O_8 (100% basis) no earlier than 2026. It is owned 51% by KAP and 49% by Stepnogorsk Mining and Chemical Plant LLP. KAP confirmed that the anticipated ramp up production from 2024-2026 is fully committed for supplying Russia under an offtake contract.
- China General Nuclear Power Group acquired a 49% stake in Ortalyk LLP. This KAP subsidiary holds the Central Mynkuduk in situ recovery (ISR) mine with a capacity of about 5.2 million pounds U_3O_8 (100% basis) and the planned Zhalpak ISR mine with capacity of about 2 million pounds U_3O_8 (100% basis).
- Unplanned production disruptions at the Cigar Lake mine and the McClean Lake mill as a precaution due to the COVID-19 pandemic resulted in production for the year being about 6 million pounds (100% basis) below annual licensed capacity. The Cigar Lake mine restarted in mid-April. On July 1 production at the mine was again temporarily suspended as a precaution due to the proximity of a forest fire, but with the risk subsided and all infrastructure intact, operations resumed a short time after.
- ConverDyn's parent, Honeywell, announced a 2023 restart of its UF_6 conversion facility.
- Supply from the Ranger mine ceased in January, as planned, after 40 years in operation. Ranger had been milling about 4 million pounds U_3O_8 per year in recent years.
- Orano's Cominak mine shut in March 2021, as expected, due to depletion of reserves. The mine had been producing about 3 million pounds U_3O_8 per year in recent years.
- In August, the US DOE published a Request for Information to inform the establishment and procurement strategy of a Strategic Uranium Reserve program. The \$75 Million (US) appropriated for the program for 2021 was rolled into 2022.

LONG-TERM CONTRACTING CREATES FULL-CYCLE VALUE FOR PROVEN PRODUCTIVE ASSETS

Global population is on the rise, and there is a growing focus on electrification and decarbonization. With the world’s need for safe, clean, reliable baseload energy, it is becoming increasingly clear that nuclear power will be an essential part of the clean-energy transition. We remain confident in the future of the nuclear industry. Demand is increasing in the near, medium, and long term with reactor restarts, cancellation of early reactor retirement decisions, life extensions, construction of new reactors, and a growing focus on non-traditional uses of nuclear power.

Like other commodities, the demand for uranium is cyclical. However, unlike other commodities, uranium is not traded in meaningful quantities on a commodity exchange. The uranium market is principally based on bilaterally negotiated long-term contracts covering the annual run-rate requirements of nuclear power plants, with a small spot market to serve discretionary demand. History demonstrates that in general, when prices are rising and high, uranium is perceived as scarce, and a lot of contracting activity takes place with proven and reliable suppliers. The higher prices discovered during this contracting cycle drive investment in higher-cost sources of production, which due to lengthy development timelines, tend to miss the contracting cycle and ramp up after demand has already been captured by proven producers. The new uncommitted supply exposed to the small, discretionary spot market becomes value destructive. The downward pressure on price creates the perception that uranium is abundant, potentially resulting in a failure of long-term price signals. When prices are declining and low, like we have seen over the past number of years, there is no perceived urgency to contract, and contracting activity and investment in new supply drops off. After years of low prices, and a lack of investment in supply, and as the uncommitted material available in the spot market begins to thin, as we are seeing currently, security-of-supply tends to overtake price concerns. Utilities re-enter the long-term contracting market to ensure they have a reliable future supply of uranium to run their reactors.

URANIUM CONTRACTING VOLUMES AND PRICE HISTORY

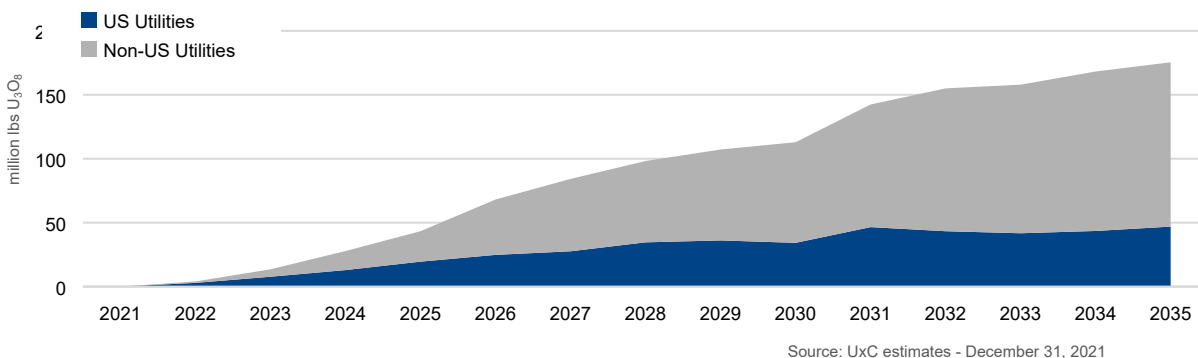


Source: UxC estimates

UxC reports that over the last five years approximately 400 million pounds U₃O₈ equivalent have been locked-up in the long-term market, while approximately 810 million pounds U₃O₈ equivalent have been consumed in reactors. We remain confident that utilities have a growing gap to fill.

We believe the current backlog of long-term contracting presents a substantial opportunity for commercially motivated suppliers like us who are proven reliable suppliers with tier-one productive capacity and a record of honouring our supply commitments. As a low-cost producer, we manage our operations to capture value throughout these price cycles.

UTILITY UNCOVERED REQUIREMENTS (2021 - 2035)



In our industry, customers do not come to the market right before they need to load nuclear fuel into their reactors. To operate a reactor that could run for more than 60 years, natural uranium and the downstream services have to be purchased years in advance, allowing time for a number of processing steps before a finished fuel bundle arrives at the power plant. At present, we believe there is a significant amount of uranium that needs to be contracted to keep reactors running into the next decade.

UxC estimates that cumulative uncovered requirements are about 1.4 billion pounds to the end of 2035. With the lack of investment over the past decade due to low uranium prices, there is growing uncertainty about where uranium will come from to satisfy growing demand. In fact, utilities have started to secure supply under long-term contracts, which has resulted in a 22% increase in the long-term price of uranium over the past year.

As utilities' uncovered requirements continue to grow, primary and secondary supplies decline, and as continued demand for uranium from producers and other intermediaries leads to a thinning of the material available in the spot market, we expect there will be increased competition to secure uranium under long-term contracts on terms that will ensure the availability of reliable primary supply to meet growing demand.

Supply has become less certain as a result of low prices, production curtailments, lack of investment, end of reserve life, unplanned production disruptions, supply chain challenges, shrinking secondary supplies and trade policy issues. As a result, we believe we are starting to see a market transition that is shifting risk from the suppliers to the users of uranium fuel. We will continue to take the actions we believe are necessary to position the company for long-term success. Therefore, we will continue to align our production decisions with market signals and our contract portfolio. We will undertake contracting activity which is intended to ensure we have adequate protection under our contract portfolio, while maintaining exposure to the rewards that come from having uncommitted, low-cost supply to place into a strengthening market.

Our strategy

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

Our strategy is to capture full-cycle value by:

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

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

URANIUM

Uranium production is central to our strategy, as it is the biggest value driver of the nuclear fuel cycle and our business. We have operating and idle tier-one assets that are licensed, permitted, long-lived, and are proven reliable and have expansion capacity. These tier-one assets are backed up by idle tier-two assets and what we think is the best exploration portfolio that leverages existing infrastructure.

We are focused on protecting and extending the value of our contract portfolio, on aligning our production decisions with our contract portfolio and market opportunities thereby preserving the value of our lowest cost assets, on maintaining a strong balance sheet, and on efficiently managing the company. We have undertaken a number of deliberate and disciplined actions, including a focus on digitization and automation to allow us to operate our assets with more flexibility. In 2021, these actions resulted in:

- generation of \$458 million in cash from operations
- a year-end balance of \$1.3 billion in cash and cash equivalents and short-term investments on our balance sheet
- 70 million pounds of uranium added to our long-term contract portfolio since the beginning of 2021
- a more flexible asset base that allows us to continue to align our production with market conditions and our contract portfolio

FUEL SERVICES

Our fuel services division is a source of profit and supports our uranium segment while allowing us to vertically integrate across the fuel cycle.

We are focused on securing new long-term contracts that will allow us to continue to profitably produce and consistently support the long-term needs of our customers.

In addition, we are pursuing non-traditional markets for our UO₂ and fuel fabrication business and have been actively securing new contracts for reactor components to support refurbishment of Canadian reactors.

Our focus will continue to be on maintaining and optimizing the profitability of this segment of our business.

OTHER FUEL CYCLE INVESTMENTS

We continue to explore other opportunities within the nuclear fuel cycle. In particular, we are interested in the second largest value driver of the fuel cycle, enrichment. Having operational control of uranium production, conversion, and enrichment facilities would offer operational synergies that could enhance profit margins.

In January 2021, we increased our interest in Global Laser Enrichment LLC (GLE) from 24% to 49%. We are the commercial lead for the project and have an option to attain a majority interest of up to 75% ownership. GLE is testing a third-generation enrichment technology that, if successful, will use lasers to:

- re-enrich depleted uranium tails left over as a by-product, aiding in the responsible clean-up of enrichment facilities no longer in operation
- produce high-assay low-enriched uranium (HALEU), the primary fuel stock for the majority of small modular reactors and advanced reactor designs proceeding through development
- produce low-enriched uranium for the world's existing and future fleet of large-scale light-water reactors

Additionally, we signed a number of non-binding arrangements to explore several areas of cooperation to advance the commercialization and deployment of small modular reactors in Canada and around the world.

Building a balanced portfolio

The purpose of our contracting framework is to deliver value. Our approach is to secure a solid base of earnings and cash flow by maintaining a balanced contract portfolio that optimizes our realized price.

Contracting decisions need to consider the uranium market structure, the nature of our competitors, and the current market environment. The vast majority of run-rate fuel requirements are procured under long-term contracts. The spot market is thinly-traded where utilities pick-up small, discretionary volumes. This market structure is reflective of the baseload nature of nuclear power and the relatively small proportion of the overall operating costs the fuel represents compared to other sources of baseload electricity. Additionally, about half of the fuel supply is not sensitive to market prices and is typically supplied by diversified mining companies that produce uranium as a by-product or state-owned entities with production volume strategies or ambitions to serve state nuclear power ambitions with low-cost fuel supplies. We evaluate our strategy in the context of our market environment and continue to adjust our actions in accordance with our contracting framework:

- First, we will not produce from our tier-one assets to sell into an oversupplied spot market. We will not produce from these assets unless we can deliver our tier-one pounds under long-term contracts that provide an acceptable rate of return.
- Second, we do not intend to build an inventory of excess uranium. Excess inventory serves to contribute to the sense that uranium is abundant and creates an overhang on the market, and it ties up working capital on our balance sheet.
- Third, in addition to our committed sales, we will capture end-user demand in the market where we think we can obtain value. We will take advantage of opportunities the market provides, where it makes sense from an economic, logistical and strategic point of view. Those opportunities may come in the form of spot, mid-term or long-term demand, and will be additive to our current committed sales.
- Fourth, once we capture demand, we will decide how to best source material to satisfy that demand. Depending on the timing and volume of our production, purchase commitments, and our inventory volumes, this means we may be active buyers in the market in order to meet our demand obligations.
- And finally, in general, if we choose to source material to meet demand by purchasing it, we expect the price of that material will be more than offset by the leverage to market prices in our sales portfolio over the long-term.

In addition to this framework, our contracting decisions always factor in who the customer is, our desire for regional diversification, the product form, and logistical factors.

Ultimately, our goal is to protect and extend the value of our contract portfolio on terms that recognize the value of our assets and pricing mechanisms that provide adequate protection when prices go down and allow us to benefit when prices rise. We believe using this framework will allow us to create long-term value. Our focus will continue to be on ensuring we have the financial capacity to execute on our strategy and self-manage risk.

LONG-TERM CONTRACTING

Uranium is not traded in meaningful quantities on a commodity exchange. Utilities have historically bought the majority of their uranium and fuel services products under long-term contracts that are bilaterally negotiated with suppliers, and they have met the rest of their needs on the spot market. We sell uranium and fuel services directly to nuclear utilities around the world as uranium concentrates, UO₂ and UF₆, conversion services, or fuel fabrication. We have a solid portfolio of long-term sales contracts that reflect the long-term, trusting relationships we have with our customers.

In general, we are always active in the market, buying and selling uranium when it is beneficial for us and in support of our long-term contract portfolio. We undertake activity in the spot and term markets prudently, looking at the prices and other business factors to decide whether it is appropriate to purchase or sell into the spot or term market. Not only is this activity a source of profit, it gives us insight into underlying market fundamentals.

We deliver large volumes of uranium every year, therefore our net earnings and operating cash flows are affected by changes in the uranium price. Market prices are influenced by the fundamentals of supply and demand, market access and trade policy issues, geopolitical events, disruptions in planned supply and demand, and other market factors.

The objectives of our contracting strategy are to:

- maximize realized price while providing some certainty for our future earnings and cash flow
- focus on meeting the nuclear industry's growing annual uncovered requirements with our tier-one production
- establish and grow market share with strategic customers

We have a portfolio of long-term contracts that have a mix of base-escalated pricing and market-related pricing mechanisms, including provisions to protect us when the market price is declining and allow us to benefit when market prices go up. This is a balanced and flexible approach that allows us to adapt to market conditions, put a floor on our average realized price and deliver the best value over the long term.

This approach has allowed us to realize prices higher than the market prices during periods of weak uranium demand, and we expect it will enable us to realize increases linked to higher market prices in the future.

Base-escalated (fixed prices escalated over the term of the contract) contracts for uranium: typically use a pricing mechanism based on a term-price indicator at the time the contract is accepted and escalated over the term of the contract.

Market-related contracts for uranium: are different from base-escalated contracts in that the pricing mechanism may be based on either the spot price or the long-term price, and that price is as quoted at the time of delivery rather than at the time the contract is accepted. These contracts sometimes provide for discounts, and often include floor prices and/or ceiling prices, which are usually escalated over the term of the contract.

Fuel services contracts: the majority of our fuel services contracts use a base-escalated mechanism per kgU and reflect the market at the time the contract is accepted.

OPTIMIZING OUR CONTRACT PORTFOLIO

We work with our customers to optimize the value of our contract portfolio. With respect to new contracting activity, there is often a lag from when contracting discussions begin and when contracts are executed. With our large pipeline of business under negotiation in our uranium segment, and a value driven strategy, we continue to be strategically patient in considering the commercial terms we are willing to accept. Much of our pending business is off-market but we are starting to see more on-market activity emerge. We remain confident that we can add acceptable new sales commitments to our portfolio of long-term contracts to underpin the long-term operation of our productive capacity and capture long-term value.

Given our view that uranium prices need to rise to ensure the availability of long-term supply to fuel growing demand for safe, clean, reliable, carbon-free nuclear energy, our preference today is to sign long-term contracts with market-related pricing mechanisms. Unsurprisingly, we believe our customers too expect prices to rise and prefer to lock-in today's prices, with a fixed-price mechanism. Our goal is to balance all these factors, along with our desire for customer and regional diversification, with product form, and logistical factors to ensure we have adequate protection and will benefit from higher prices under our contract portfolio, while maintaining exposure to the rewards that come from having low-cost supply to deliver into a strengthening market.

With respect to our existing contracts, at times we may also look for opportunities to optimize the value of our portfolio. In cases where a customer is seeking relief under an existing contract due to a challenging policy, operating, or economic environment, or we deem the customer's long-term demand to be at risk, we may consider options that are beneficial to us and allow us to maintain our customer relationships.

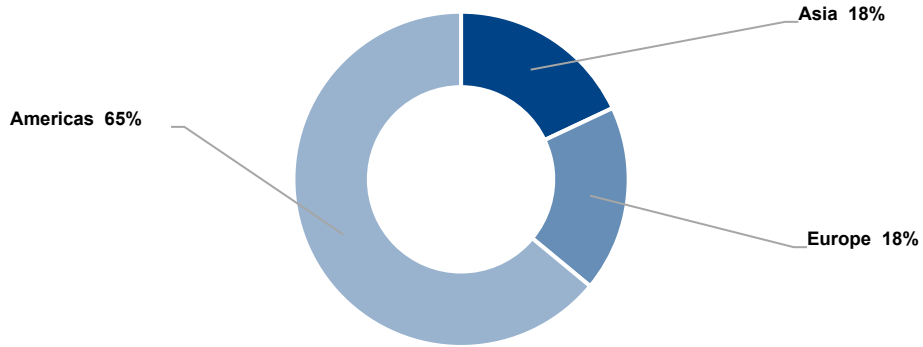
CONTRACT PORTFOLIO STATUS

We have commitments to sell over 160 million pounds of U₃O₈ with 34 customers worldwide in our uranium segment, and over 48 million kilograms as UF₆ conversion with 30 customers worldwide in our fuel services segment.

Customers – U₃O₈:

Five largest customers account for 59% of commitments

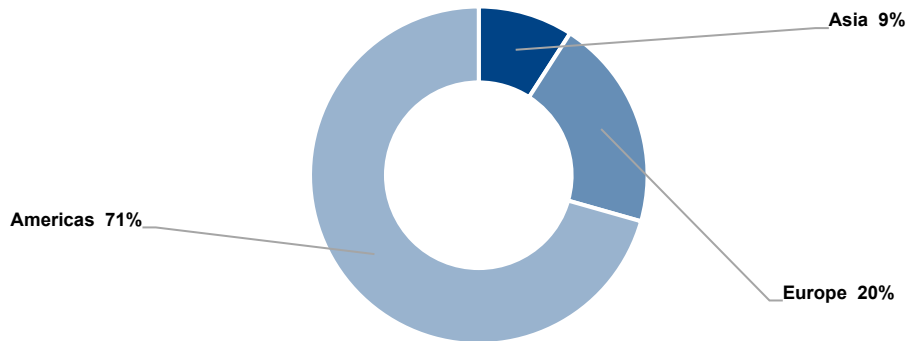
COMMITTED U₃O₈ SALES BY REGION



Customers – UF₆ conversion:

Five largest customers account for 52% of commitments

COMMITTED UF₆ SALES BY REGION



MANAGING OUR CONTRACT COMMITMENTS

To meet our delivery commitments and to mitigate risk, we have access to a number of sources of supply, which includes uranium obtained from:

- our existing production
- purchases under our JV Inkai agreement, under long-term agreements and in the spot market
- our inventory in excess of our working requirements
- product loans

We allow sales volumes to vary year-to-year depending on:

- the level of sales commitments in our long-term contract portfolio
- our production volumes
- purchases under existing and/or new arrangements
- discretionary use of inventories
- market opportunities

Our supply discipline

As spot is not the fundamental market, true value is captured under a long-term contract portfolio and is measured over the full commodity cycle. Therefore, we align our uranium production decisions with our contract commitments and market opportunities to avoid creating an oversupply in a thinly-traded spot market or building an excess inventory. In accordance with market conditions, and to mitigate risk, we evaluate the optimal mix of our production, inventory and purchases in order to satisfy our contractual commitments and in order to return the best value possible over the entire commodity cycle. During a prolonged period of uncertainty, this could mean leaving our uranium in the ground. As a result, since 2016, we have left almost 115 million pounds of uranium in the ground (100% basis) through our supply curtailment activities. We have purchased more than 55 million pounds in the spot market and in 2018 we drew down our inventory by almost 20 million pounds. That totals about 190 million pounds (100% basis) of uranium that we have pulled out of the market.

Today we believe we are in the early stages of a uranium market transition, driven by the growing demand for nuclear energy and the increasingly undeniable conclusion that it must be an essential part of the clean-energy transition. As the market continues to transition, we expect to continue to place our uranium under long-term contracts and to meet rising demand with production from our best margin operations. We will continue to adjust our actions based on market signals and our contract portfolio with the intent of being able to self-manage risk, and to capture long-term value.

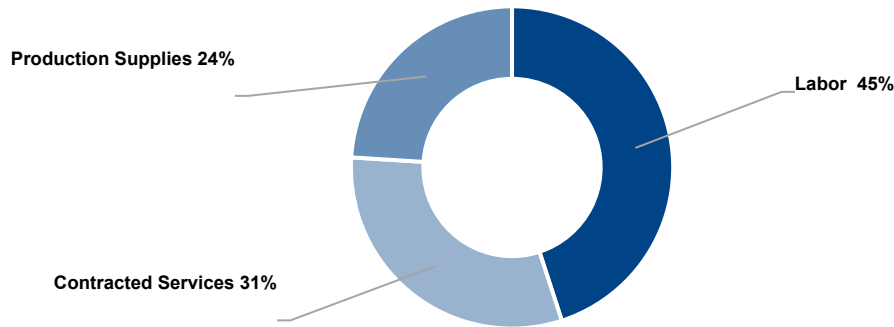
With the improvements in the market and the new long-term contracts we have put in place, it is time for us to proceed with the next phase of our supply discipline strategy. Continuing with our indefinite supply discipline, starting in 2024, we plan to be operating at about 40% below productive capacity (100% basis) compared to 75% below productive capacity (100% basis) in 2021. To achieve this, we will begin preparing McArthur River/Key Lake to ensure it is operationally ready to reach our 2024 production plan. A return to production at McArthur River/Key Lake will significantly improve our financial performance by allowing us to source more of our committed sales from the lower-cost produced pounds and we will no longer be required to expense care and maintenance costs directly to cost of sales. However, until we achieve a reasonable production rate, we expect to incur between \$15 million to \$17 million per month in operational readiness costs, which will be expensed directly to cost of sales. This is not an end to our supply discipline. Over the course of 2022 and 2023, we will undertake all of the activities necessary to ensure we are operationally ready to achieve the 2024 production plan of 15 million pounds (100% basis) per year, 40% below the annual licensed capacity of the operation. Once we reach the planned production at McArthur River/Key Lake, starting in 2024, we plan to reduce production at Cigar Lake to 13.5 million pounds (100% basis) per year, 25% below its annual licensed capacity. Extending the mine life at Cigar Lake by aligning production with the market opportunities and our contract portfolio is consistent with our tier-one strategy and is expected to allow more time to evaluate the feasibility of extending the mine life beyond the current reserve base while continuing to supply ore to Orano's McClean Lake mill. This will remain our production plan until we see further improvements in the uranium market and contracting progress, once again demonstrating that we are a responsible supplier of uranium fuel.

Managing our costs

PRODUCTION COSTS

In order to operate efficiently and cost-effectively, we manage operating costs and improve plant reliability by prudently investing in production infrastructure, new technology, and business process improvements. Like all mining companies, our uranium segment is affected by the cost of inputs such as labour and fuel.

2021 URANIUM OPERATING COSTS BY CATEGORY



* Production supplies include reagents, fuel and other items. Contracted services include utilities and camp costs, air charters, mining and maintenance contractors and security and ground freight.

Over the last two years the annual cash cost of production at Cigar Lake has been slightly higher than the estimated life of mine cost of between \$15 and \$16 per pound, as a result of the impacts of COVID-19. See *2021 financial results by segment – Uranium* starting on page 49 for more information. In 2022 and 2023, our cash production costs may continue to be affected by the impacts of the COVID-19 pandemic, as well as timing and rate of production at the McArthur River/Key Lake operation. Once we achieve 2024 planned production, the average unit operating costs at Cigar Lake may increase as production declines.

Operating costs in our fuel services segment are mainly fixed. In 2021, labour accounted for about 51% of the total. The largest variable operating cost is for zirconium, followed by anhydrous hydrogen fluoride, and energy (natural gas and electricity).

We are currently undertaking a corporate-wide initiative to accelerate innovation and the adoption of advanced digital and automation technologies to improve efficiency and operational flexibility, and to further reduce cost.

For example, we are implementing energy management information systems to understand where we use energy so we can make changes to become more efficient. We have established a cross-functional working group to further study the transition opportunities and risks to our operations. This working group is analyzing the costs and benefits of various potential projects to achieve transformational reductions in emissions.

CARE AND MAINTENANCE COSTS AND OPERATIONAL READINESS COSTS

In 2022, we expect to incur between \$50 million and \$60 million in care and maintenance costs related to the suspension of production at our Rabbit Lake mine and mill, and our US operations. These operations are higher-cost, and with plenty of idle tier-one capacity and tier-one expansion capacity globally that can come back online relatively quickly, the restart horizon is less certain. We continue to evaluate our options in order to minimize these costs.

At the McArthur River/Key Lake operation we expect to incur between \$15 million and \$17 million per month in operational readiness costs which will be expensed directly to cost of sales until we achieve a reasonable production rate.

PURCHASES AND INVENTORY COSTS

Our costs are also affected by the purchases of uranium and conversion services we make under long-term contracts and on the spot market.

To meet our delivery commitments, we make use of our mined production, inventories, purchases under long-term contracts, purchases we make on the spot market and product loans. In 2022, the price for the majority of our purchases will be quoted at the time of delivery.

The cost of purchased material may be higher or lower than our other sources of supply, depending on market conditions. The cost of purchased material affects our cost of sales, which is determined by calculating the average of all of our sources of supply, including opening inventory, production, and purchases, and adding royalties, selling costs, and care and maintenance costs. If market prices exceed our cost of inventory, we expect the cost of sales may be impacted.

FINANCIAL IMPACT

As greater certainty returns to the uranium market, our view is that uranium prices will need to reflect the cost of bringing on new primary production to meet growing demand.

The deliberate and disciplined actions we have taken to reduce supply and streamline operations have come with near-term costs like care and maintenance costs and purchase costs higher than our production costs, but we believe the benefit over the long term will far outweigh those costs.

We believe our actions have helped position the company to self-manage risk and will reward shareholders for their continued patience and support of our strategy to build long-term value.

Capital allocation – focus on value

Delivering returns to our long-term shareholders is a top priority. While we navigate by our investment-grade rating, we continually evaluate our investment options to ensure we allocate our capital in a way that we believe will:

- sustain our assets and grow our business in a manner that we expect will create the greatest long-term value
- maintain a strong balance sheet that will allow us to execute on our strategy and mitigate risk
- allow us to sustainably execute on our dividend while considering the cyclical nature of our earnings and cash flow

To deliver value, free cash flow must be productively reinvested in the business or returned to shareholders, which requires good execution and disciplined allocation. Our decisions are based on the run rate of our business, not one-time events. Cash on our balance sheet that exceeds value-adding growth opportunities and/or is not needed to self-manage risk should be returned to shareholders.

We start by determining how much cash we have to invest (investable capital), which is based on our expected cash flow from operations minus expenses we consider to be a higher priority, such as dividends and financing costs, and could include others. This investable capital can be reinvested in the company or returned to shareholders.

REINVESTMENT

We have a multidisciplinary capital allocation team that evaluates all possible uses of investable capital.

If a decision is made to reinvest capital in sustaining, capacity replacement, or growth, all opportunities are ranked and only those that meet the required risk-adjusted return criteria are considered for investment. We also must identify, at the corporate level, the expected impact on cash flow, earnings, and the balance sheet. All project risks must be identified, including the risks of not investing. Allocation of capital only occurs once an investment has cleared these hurdles.

This may result in some opportunities being held back in favour of higher return investments and should allow us to generate the best return on investment decisions when faced with multiple prospects, while also controlling our costs. If there are not enough good investment prospects internally or externally, this may result in residual investable capital, which we would then consider returning directly to shareholders.

RETURN

We believe in returning cash to shareholders but are also focused on protecting the company and rewarding those shareholders who understand and support our strategy to build long-term value. If we have excess cash and determine the best use is to return it to shareholders, we can do that through a share repurchase or dividend—an annual dividend, one-time supplemental dividend or a progressive dividend. When deciding between these options, we consider a number of factors, including the nature of the excess cash (one time or cash generated by our business operations), growth prospects for the company, and growth prospects for the industry.

Share buyback: If we are at our tier-one run rate and are generating excess cash while there were few or no growth prospects for the company or the industry, then a share buyback might make sense. However, our current view is that the long-term fundamentals for Cameco and the industry remain strong.

Dividend: The amount and type of dividend paid, annual, progressive or one-time supplemental is evaluated by our board of directors with careful consideration of our cash flow, financial position, strategy, and other relevant factors including appropriate alignment with the cyclical nature of our earnings.

IN ACTION

Until such time as we return to our tier-one cost structure, the objective of our capital allocation will be to ensure we have the financial capacity to execute on our strategy, while navigating by our investment-grade rating through close management of our balance sheet metrics.

In today's transitioning uranium market environment, we are taking a cautious and prudent approach to capital allocation. We are not yet at our tier-one run-rate, and, despite rulings from the courts in our favour, our dispute with CRA continues. With the metrics that inform an investment-grade rating in mind, we have taken steps to allow us to deliver long-term value and self-manage risk by:

- responsibly managing our sources of supply by aligning our production decisions with market conditions and our contract portfolio, and building a more flexible tier-one asset base
- exercising strategic patience when contracting
- restructuring our activities to reduce our operating, capital, and general and administrative spending
- reducing our total debt and restructuring our debt maturity profile
- aligning our dividend with the run-rate of our business and with consideration for the cyclical nature of our earnings and cash flow
- focusing on technology and its applications to improve efficiency and reduce costs across the organization, with a particular focus on innovation and accelerating the adoption of advanced digital and automation technologies

As the market continues to transition, we will focus on improving operational effectiveness across our operations, including the use of digital and automation technologies with a particular goal of reducing operating costs and increasing operational flexibility. Any opportunities will be rigorously assessed before an investment decision is made. We will invest to ensure we are able to meet our 2024 production plan.

If we get clarity on our CRA dispute without a continued and sustained market transition, which generates a one-time cash infusion, we may focus on the debt portion of our ratings metrics. This may mean greater emphasis on reducing the debt on our balance sheet. However, if the market continues to transition and higher uranium prices are flowing through our contract portfolio, and we are able to increase our portfolio of long-term contracts with acceptable pricing mechanisms, the earnings portion of our rating metrics are expected to improve. In that scenario, reducing debt would not be the priority. Our priorities would be to invest in ramping up and expanding production at our tier-one assets, and if warranted leveraging our existing tier-two assets and brownfield infrastructure, turning to value-adding growth opportunities including further vertical integration and returning excess cash to shareholders.

SHARES AND STOCK OPTIONS OUTSTANDING

At February 7, 2022, we had:

- 398,289,260 common shares and one Class B share outstanding
- 3,228,006 stock options outstanding, with exercise prices ranging from \$11.32 to \$26.81

DIVIDEND

In 2021, our board of directors declared a dividend of \$0.08 per common share, which was paid December 15, 2021.

As a result of our deliberate actions and conservative financial management we have been and continue to be resilient. With a strong balance sheet, improving fundamentals for our business, a growing contract portfolio, and our decision to prepare McArthur River/Key Lake to be operationally ready, we have line of sight to a significant improvement in our future earnings and cash flow. Therefore, we are increasing our 2022 annual dividend by 50%.

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

Our ESG principles and practices: A key part of our strategy, reflecting our values

We are committed to delivering our products responsibly. We integrate environmental, social and governance (ESG) principles and practices into every aspect of our business, from our objectives and approach to compensation, to our overall corporate strategy and day-to-day operations. We seek to be transparent with our stakeholders, keeping them updated on the risks and opportunities that we believe may have a significant impact on our ability to add long-term value. We recognize the importance of integrating certain ESG factors, such as safety performance, a clean environment and supportive communities, into our executive compensation strategy as we see success in these areas as critical to the long-term success of the company.

Our 2020 ESG report, published in October of 2021, marked an evolution in our sustainability reporting. We adopted the relevant ESG performance indicators issued by the Sustainability Accounting Standards Board (SASB) and have taken the first steps towards addressing the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), which we expect to continue to progress. The report sets out our strategy and the policies and programs we use to govern and manage ESG issues that are important to our stakeholders. In addition to SASB and TCFD, the report provides key ESG performance indicator data based on the Global Reporting Initiative's Sustainability Framework as well as some unique corporate indicators, to measure and report our performance on environmental, social and economic impacts in the areas we believe have a significant impact on our sustainability in the long-term. This is our ESG report card to our stakeholders. You can find our report at cameco.com/about/sustainability.

Environment

We recognize and embrace our responsibility to manage our activities with care for the protection of environmental resources. Protection of the environment is one of our highest corporate priorities during all stages of our activities from exploration through development, operations, and decommissioning. Environmental stewardship is embedded in how we operate.

We are guided by our safety, health, environment and quality policy and associated programs that are designed to minimize our impact on air, land, and water and to conserve the biodiversity of surrounding ecosystems. Across our operations, we comply with strict regulations and have systems in place to monitor and mitigate our impacts. In addition to our own environmental monitoring, we collaborate with local communities around our operations to give confidence to them that traditionally harvested foods remain safe to eat, and water remains safe to drink.

Climate change: Nuclear power is part of the solution

We believe the reduction of carbon and greenhouse gas (GHG) emissions is important and necessary in Canada and around the world, and that nuclear power must be a central part of the solution to the world's shift to a low-carbon, climate-resilient economy. As one of the world's largest producers of the uranium needed to fuel nuclear reactors, we believe there is a significant opportunity for us to be part of the solution to combat climate change. We are a constructive partner in the battle against climate change. We enable vast emissions reductions that can be achieved through nuclear power and are committed to transforming our own low GHG emissions footprint in our ambition to reach net-zero emissions while delivering significant long-term business value.

We recognize that climate change, including shifts in temperature, precipitation and more frequent severe weather events could affect our operations in a range of possible ways. We have established a working group composed of representatives from across the organization to further study the climate-related opportunities and risks for our business. For example, this working group has conducted a preliminary analysis of the increase in operating costs that could occur at our Canadian facilities (in the short-, medium-, and long-term) as a result of increased GHG pricing and regulation. In addition, in 2022, we are undertaking a physical climate risk assessment with a third-party expert.

Social

Our relationships with our workforce, Indigenous Peoples, and local communities are fundamental to our success. The safety and protection of our workforce and the public is our top priority in our assessment of risk and planning for safe operations and product transport. To deliver on our vision, we invest in programs to attract and retain a diverse and skilled workforce that better reflects the communities in which we operate and to increase the participation of underrepresented groups in trades and technical positions. We want to build a workforce that is dedicated to continuous improvement and shares our values.

The importance of our workers and Indigenous Peoples working and living near our operations is exemplified by our ongoing commitment to help manage the impacts of the COVID-19 pandemic on our workforce, their families and their communities.

Our response to the COVID-19 pandemic

We continue to closely monitor and adapt to the developments related to the outbreak of COVID-19. Throughout the pandemic, our priority has been to protect the health and well-being of our workers, including employees and contractors, their families, and their communities. Early in 2020, we activated our Corporate Crisis Management Plan, which includes our Pandemic Plan, and our various Local and Corporate Business Continuity Plans.

Following the precautions and restrictions enacted by all levels of government where we operate, and, considering the unique circumstances at each of our operating sites, we proactively implemented a number of measures and made a number of decisions to ensure a safe working environment for all our workers. In addition to all the safety protocols and measures put in place in 2020, in 2021 we:

- suspended production at Cigar Lake for a second time for about four months starting in December 2020
- introduced a requirement that all employees, contractors and visitors be vaccinated across all our operations and offices
- developed a hybrid work model for employees working from home that balances time in the office and remote working in accordance with business needs

The proactive decisions we have made, and continue to make, to protect our workers and to help slow down the spread of the COVID-19 virus are necessary decisions that are consistent with our values. Even while production was suspended, we kept and continued to pay all our employees. The health and safety of our workers, their families and their communities continues to be the priority in all our plans, which will align with the guidance of the relevant health authorities where we operate.

Governance: Sound governance is the foundation for strong performance

We believe that sound governance is the foundation for strong corporate performance. Our diverse and independent board of directors plays an important role in providing oversight of the management team and providing direction for our strategy and business affairs, including the integration of ESG principles throughout the company. The board guides the company to operate as a sustainable business, to optimize financial returns while effectively managing risk, and to conduct business in a way that is transparent, independent, and ethical.

The board has formal governance guidelines that set out our approach to governance and the board's governance role and practices. The guidelines ensure we comply with all of the applicable governance rules and legislation in Canada and the United States, conduct ourselves in the best interests of our stakeholders, and meet industry best practices. The guidelines are reviewed and updated regularly.

Our corporate governance framework includes an established and recognized management system that describes the policies, processes and procedures we use to help us fulfill all the tasks required to achieve our objectives and strategy. It sets out our vision, values, and measures of success. It speaks to our strategic planning process, leadership alignment and accountability, compliance and assessment, people and culture, process identification and work management, risk management, communications and stakeholder support, knowledge and information management, change management, problem identification and resolution, and continual improvement.

OUR VISION

Our vision – “Energizing a clean-air world” – recognizes that we have an important role to play in enabling the vast reductions in global greenhouse gas emissions required to achieve a resilient net-zero carbon economy. We support climate action that is consistent with the ambition of the Paris Agreement and the Canadian government's commitment to the agreement to limit global temperature rise to less than 2°C and we know that this means the world needs to reach net-zero emissions by 2050 or sooner. The uranium we produce is used around the world in the generation of safe, carbon-free, affordable, base-load nuclear power. As we seek to achieve our vision, we will do so in a manner that reflects our values. We believe we have the right strategy to achieve our vision and are committed to our efforts to transform our own, already low, greenhouse gas footprint in our ambition to reach net-zero emissions, while identifying and addressing the ESG risks and opportunities that we believe may have a significant impact on our ability to add long-term value for our stakeholders.

COMMITTED TO OUR VALUES

Our values are discussed below and are at the core of everything we do and define who we are as a company. They are:

- safety and environment
- people

- integrity
- excellence

Safety and Environment

The safety of people and protection of the environment are the foundations of our work. All of us share in the responsibility of continually improving the safety of our workplace and the quality of our environment.

We are committed to keeping people safe and conducting our business with respect and care for both the local and global environment.

People

We value the contribution of every employee and we treat people fairly by demonstrating our respect for individual dignity, creativity and cultural diversity. By being open and honest, we achieve the strong relationships we seek.

We are committed to developing and supporting a flexible, skilled, stable and diverse workforce, in an environment that:

- attracts and retains talented people and inspires them to be fully productive and engaged
- encourages relationships that build the trust, credibility and support we need to grow our business

Integrity

Through personal and professional integrity, we lead by example, earn trust, honour our commitments and conduct our business ethically.

We are committed to acting with integrity in every area of our business, wherever we operate.

Excellence

We pursue excellence in all that we do. Through leadership, collaboration and innovation, we strive to achieve our full potential and inspire others to reach theirs.

Risk and Risk Management

Our board of directors oversee management's implementation of appropriate risk management processes and controls. We have a Risk Policy that is supported by our formal Risk Management Program.

Our Risk Management Program involves a broad, systematic approach to identifying, assessing, monitoring, reporting and managing the significant risks we face in our business and operations, including consideration of ESG and climate-related risks that could impact our four measures of success. The program establishes clear accountabilities for employees throughout the company to take ownership of risks specific to their area and to effectively manage those risks. The program is reviewed annually to ensure that it continues to meet our needs.

We use a common risk matrix throughout the company. Any risk that has the potential to significantly affect our ability to achieve our corporate objectives or strategic plan is considered an enterprise risk and is brought to the attention of senior management and the board.

See *Managing the risks*, starting on page 58, for a discussion of the risks, that generally apply to all of our operations and advanced uranium projects, and that could have a material impact on business in the near term. We also recommend you review our most recent annual information form, which includes a discussion of other material risks that could have an impact on our business.

Measuring our results

TARGETS AND METRICS: THE LINK BETWEEN ESG FACTORS AND EXECUTIVE PAY

Each year, we set corporate objectives that are aligned with our strategic plan. These objectives fall under our four measures of success: outstanding financial performance, safe, healthy and rewarding workplace, clean environment and supportive communities. Performance against specific targets under these objectives forms the foundation for a portion of annual employee and executive compensation. See our most recent management proxy circular for more information on how executive compensation is determined.

Our targets for 2021 continue to reflect the operational strategic actions that we are taking. As such, we do not believe our financial performance (earnings and cash flow) reflects our long-term run rate performance. Despite the impact on financial results, we believe that the strategic actions we are taking will help to pave the way to stronger financial performance over time, and we will not compromise our commitment to safety, people and our environment.

2021 OBJECTIVES ¹	TARGET	RESULTS
OUTSTANDING FINANCIAL PERFORMANCE		
Earnings measure	Achieve targeted adjusted net earnings.	<ul style="list-style-type: none"> adjusted net earnings was below target
Cash flow measure	Achieve targeted cash flow from operations (before working capital changes).	<ul style="list-style-type: none"> cash flow from operations was slightly below target
SAFE, HEALTHY AND REWARDING WORKPLACE		
Workplace safety measure	Strive for no injuries at all Cameco-operated sites. Maintain a long-term downward trend in combined employee and contractor total recordable injury rate while achieving targets on specified leading indicators.	<ul style="list-style-type: none"> a new performance record was set for the fourth year in a row. TRIR improved significantly by about 25% relative to 2020, exceeding the 2021 improvement target performance of the leading indicators exceeded the targets
CLEAN ENVIRONMENT		
Environmental performance measures	Achieve divisional environmental aspect improvement targets.	<ul style="list-style-type: none"> performance was within the targeted range there were no significant environmental incidents in 2021
SUPPORTIVE COMMUNITIES		
Stakeholder support measure	Enhance the skill set of Residents of Saskatchewan's North for changing industrial environments	<ul style="list-style-type: none"> performance exceeded the target

¹ Detailed results for our 2021 corporate objectives and the related targets will be provided in our 2022 management proxy circular prior to our Annual Meeting of Shareholders on May 10, 2022.

2022 objectives

OUTSTANDING FINANCIAL PERFORMANCE		
<ul style="list-style-type: none"> Achieve targeted financial measures focused on controlling costs and generating cash. 		
SAFE, HEALTHY AND REWARDING WORKPLACE		
<ul style="list-style-type: none"> Improve workplace safety performance at all sites. 		
CLEAN ENVIRONMENT		
<ul style="list-style-type: none"> Improve environmental performance at all sites. 		
SUPPORTIVE COMMUNITIES		
<ul style="list-style-type: none"> Build and sustain strong stakeholder support for our activities. 		

Financial results

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

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2021 consolidated financial results

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

In the third quarter, we determined that NUKEM no longer meets the criteria for being considered a segment and concluded that it was appropriate to include NUKEM's results with our uranium and fuel services segments. The purchase and sale of enriched uranium product and separative work units will continue to be reported in "other". Comparative information has been adjusted. See note 28 for more information.

HIGHLIGHTS	CHANGE FROM			
DECEMBER 31 (\$ MILLIONS EXCEPT WHERE INDICATED)	2021	2020	2019	2020 TO 2021
Revenue	1,475	1,800	1,863	(18)%
Gross profit	2	106	242	(98)%
Net earnings (loss) attributable to equity holders	(103)	(53)	74	(94)%
\$ per common share (basic)	(0.26)	(0.13)	0.19	(92)%
\$ per common share (diluted)	(0.26)	(0.13)	0.19	(92)%
Adjusted net earnings (loss) (non-IFRS, see page 33)	(98)	(66)	41	(48)%
\$ per common share (adjusted and diluted)	(0.25)	(0.17)	0.10	(47)%
Cash provided by operations	458	57	527	>100%

Net earnings

The following table shows what contributed to the change in net earnings in 2021 compared to 2020 and 2019.

(\$ MILLIONS)		2021	2020	2019
Net earnings (losses) - previous year		(53)	74	166
Change in gross profit by segment				
(we calculate gross profit by deducting from revenue the cost of products and services sold, and depreciation and amortization (D&A), net of hedging benefits)				
Uranium	Lower sales volume	(4)	(4)	(27)
	Higher (lower) realized prices (\$US)	5	25	(133)
	Foreign exchange impact on realized prices	(72)	14	35
	Lower (higher) costs	(55)	(169)	9
	change – uranium	(126)	(134)	(116)
Fuel services	Higher (lower) sales volume	1	(4)	13
	Higher (lower) realized prices (\$Cdn)	23	21	(11)
	Lower (higher) costs	(2)	(10)	28
	change – fuel services	22	7	30
Other changes				
	Lower (higher) administration expenditures	17	(20)	17
	Lower exploration expenditures	3	3	6
	Change in reclamation provisions	32	(21)	57
	Change in gains or losses on derivatives	(24)	5	113
	Change in foreign exchange gains or losses	(14)	33	(45)
	Change in earnings from equity-accounted investments	32	(9)	13
	Redemption of Series E debentures in 2020	24	(24)	-
	Canadian Emergency Wage Subsidy	(16)	37	-
	Arbitration award in 2019 related to TEPCO contract	-	(52)	52
	Gain on sale of interest in Wheeler River Joint Venture in 2018	-	-	(17)
	Gain on restructuring of JV Inkai in 2018	-	-	(49)
	Gain on customer contract restructuring in 2018	-	-	(6)
	Sale of exploration properties in 2018	-	-	(7)
	Reversal of tax provision in 2018 related to CRA dispute	-	-	(61)
	Change in income tax recovery or expense	15	47	(126)
	Other	(15)	1	47
Net earnings (losses) - current year		(103)	(53)	74

Non-IFRS measures

ADJUSTED NET EARNINGS

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

In calculating ANE we adjust for derivatives. We do not use hedge accounting under IFRS and, therefore, we are required to report gains and losses on all hedging activity, both for contracts that close in the period and those that remain outstanding at the end of the period. For the contracts that remain outstanding, we must treat them as though they were settled at the end of the reporting period (mark-to-market). However, we do not believe the gains and losses that we are required to report under IFRS appropriately reflect the intent of our hedging activities, so we make adjustments in calculating our ANE to better reflect the impact of our hedging program in the applicable reporting period. See *Foreign exchange* starting on page 39 for more information.

We also adjust for changes to our reclamation provisions that flow directly through earnings. Every quarter we are required to update the reclamation provisions for all operations based on new cash flow estimates, discount and inflation rates. This normally results in an adjustment to an asset retirement obligation asset in addition to the provision balance. When the assets of an operation have been written off due to an impairment, as is the case with our Rabbit Lake and US ISR operations, the adjustment is recorded directly to the statement of earnings as "other operating expense (income)". See note 15 of our annual financial statements for more information. This amount has been excluded from our ANE measure.

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

To facilitate a better understanding of these measures, the table below reconciles adjusted net earnings with our net earnings for the years ended 2021, 2020 and 2019.

(\$ MILLIONS)	2021	2020	2019
Net earnings (loss) attributable to equity holders	(103)	(53)	74
Adjustments			
Adjustments on derivatives	13	(45)	(49)
Adjustments on other operating expense (income)	(8)	24	3
Income taxes on adjustments	-	8	13
Adjusted net earnings (loss)	(98)	(66)	41

The following table shows what contributed to the change in adjusted net earnings (non-IFRS measure, see above) in 2021 compared to the same period in 2020 and 2019.

(\$ MILLIONS)	2021	2020	2019
Adjusted net earnings (losses) - previous year	(66)	41	211
Change in gross profit by segment			
(we calculate gross profit by deducting from revenue the cost of products and services sold, and depreciation and amortization (D&A), net of hedging benefits)			
Uranium			
Lower sales volume	(4)	(4)	(27)
Higher (lower) realized prices (\$US)	5	25	(133)
Foreign exchange impact on realized prices	(72)	14	35
Lower (higher) costs	(55)	(169)	9
change – uranium	(126)	(134)	(116)
Fuel services			
Higher (lower) sales volume	1	(4)	13
Higher (lower) realized prices (\$Cdn)	23	21	(11)
Lower (higher) costs	(2)	(10)	28
change – fuel services	22	7	30
Other changes			
Lower (higher) administration expenditures	17	(20)	17
Lower (higher) exploration expenditures	3	3	6
Change in gains or losses on derivatives	34	9	(1)
Change in foreign exchange gains or losses	(14)	33	(45)
Change in earnings from equity-accounted investments	32	(9)	13
Redemption of Series E debentures in 2020	24	(24)	-
Canadian Emergency Wage Subsidy	(16)	37	-
Arbitration award in 2019 related to TEPCO contract	-	(52)	52
Gain on sale of interest in Wheeler River Joint Venture in 2018	-	-	(17)
Gain on customer contract restructuring in 2018	-	-	(6)
Sale of exploration properties in 2018	-	-	(7)
Reversal of tax provision in 2018 related to CRA dispute	-	-	(61)
Change in income tax recovery or expense	7	42	(82)
Other	(15)	1	47
Adjusted net earnings (losses) - current year	(98)	(66)	41

Average realized prices

		2021	2020	2019	CHANGE FROM 2020 TO 2021
Uranium ¹	\$US/lb	34.53	34.39	33.77	-
	\$Cdn/lb	43.34	46.13	44.85	(6)%
Fuel services	\$Cdn/kgU	29.72	27.89	26.21	7%

¹ Average realized foreign exchange rate (\$US/\$Cdn): 2021 – 1.26, 2020 – 1.34 and 2019 – 1.33.

Revenue

The following table shows what contributed to the change in revenue for 2021.

(\$ MILLIONS)	
Revenue – 2020	1,800
Uranium	
Lower sales volume	(293)
Lower realized prices (\$Cdn)	(68)
Fuel services	
Higher sales volume	2
Higher realized prices (\$Cdn)	25
Other	9
Revenue – 2021	1,475

See 2021 *Financial results by segment* on page 49 for more detailed discussion.

THREE-YEAR TREND

In 2020, revenue decreased by 3% compared to 2019 due to a decrease in sales volume in the uranium segment that was partially offset by an increase in the Canadian dollar average realized price. In our fuel services segment, revenue increased by 2% as a result of the increase in average realized price partially offset by a decrease in sales volume.

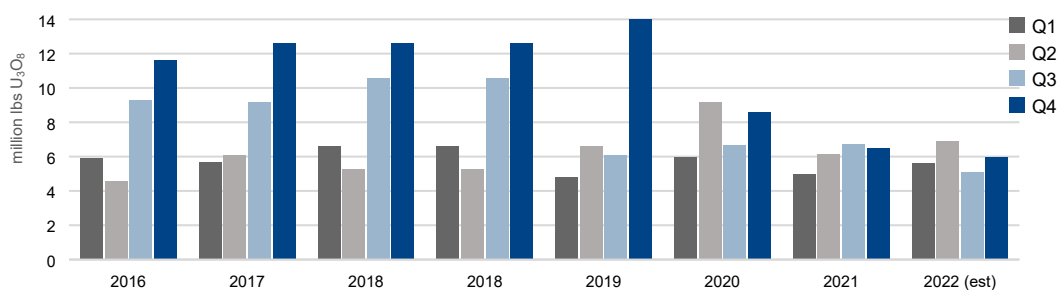
In 2021, revenue decreased by 18% compared to 2020 due to a decrease in sales volume in the uranium segment and a decrease in the Canadian dollar average realized price. In our fuel services segment, revenue increased by 10% as a result of the increase in average realized price and sales volume. See notes 17 and 28 in our annual financial statements for more information.

SALES DELIVERY OUTLOOK FOR 2022

For 2022 we have committed sales volumes in our uranium segment of between 23 to 25 million pounds. We will continue to be active buying and selling uranium in the spot market if it makes sense for us.

In our uranium and fuel services segments, our customers choose when in the year to receive deliveries. As a result, our quarterly delivery patterns and, therefore, our sales volumes and revenue can vary significantly. We expect the quarterly distribution of uranium deliveries in 2022 to be fairly evenly distributed as shown below. However, not all delivery notices have been received to date and the expected delivery pattern could change. Typically, we receive notices six months in advance of the requested delivery date.

ANNUAL DELIVERY VOLUME DISTRIBUTION BY QUARTER



Source: Cameco reports and estimates

Corporate expenses

ADMINISTRATION

(\$ MILLIONS)	2021	2020	CHANGE
Direct administration ¹	111	113	(2)%
Stock-based compensation ¹	44	32	38%
Recovery of fees related to CRA dispute	(27)	-	n/a
Total administration	128	145	(12)%

¹ Direct administration and stock-based compensation are supplementary financial measures. They are components of administration expense as shown on the statement of earnings and calculated according to IFRS.

Direct administration costs in 2021 decreased by \$2 million from 2020. As a result of the Supreme Court's dismissal of CRA's application for leave to appeal the June 26, 2020 decision of the Court of Appeal, we recorded \$27 million as a reduction to administration costs to reflect the amounts owing to us for legal fees and disbursements for costs as was awarded to us by the Tax Court and nominal cost awards related to the Court of Appeal hearing and Supreme Court application.

We recorded \$44 million in stock-based compensation expenses in 2021, \$12 million higher compared to 2020 due to the increase in our share price. See note 24 to the financial statements.

Administration outlook for 2022

We expect direct administration costs to be between \$125 million to \$135 million.

EXPLORATION

Our 2021 exploration activities were focused primarily on Canada. Our spending decreased from \$11 million in 2020 to \$8 million in 2021 due to lower planned expenditures.

Exploration outlook for 2022

We expect exploration expenses to be about \$11 million in 2022. The focus for 2022 will be on our core projects in Saskatchewan.

FINANCE COSTS

Finance costs were \$77 million, a decrease from \$96 million in 2020 due to the cost associated with the early redemption of our Series E debentures in 2020. See note 19 to the financial statements.

FINANCE INCOME

Finance income was \$7 million compared to \$11 million in 2020 mainly due to lower interest rates.

GAINS AND LOSSES ON DERIVATIVES

In 2021, we recorded \$13 million in gains on our derivatives compared to \$37 million in gains in 2020. The decrease reflects the strength in the Canadian dollar compared to the US dollar at the end of 2021 compared to 2020. See *Foreign exchange* on page 39 and note 26 to the financial statements.

INCOME TAXES

We recorded an income tax recovery of \$1 million in 2021 compared to an expense of \$14 million in 2020. The increase in recovery was primarily due to a change in the distribution of earnings among jurisdictions compared to 2020.

In 2021, we recorded earnings of \$59 million in Canada compared to earnings of \$73 million in 2020, while in foreign jurisdictions, we recorded a loss of \$162 million compared to a loss of \$112 million in 2020. Differences between accounting income and income for tax purposes resulted in lower taxes recorded in Canada.

(\$ MILLIONS)	2021	2020
Net earnings (loss) before income taxes		
Canada	59	73
Foreign	(162)	(112)
Total net loss before income taxes	(103)	(39)
Income tax expense (recovery)		
Canada	(2)	9
Foreign	1	5
Total income tax expense (recovery)	(1)	14
Effective tax rate	1%	(36)%

TRANSFER PRICING DISPUTE

Background

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

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

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

Supreme Court of Canada decision

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

Refund and cost award

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

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

In addition to the cost award for legal fees, in 2019, the Tax Court awarded us an amount for disbursements of up to \$17 million. The actual amount of the award for disbursements will be determined by an officer of the Tax Court. We expect to recover all, or substantially all, of the \$17 million in disbursements.

We anticipate further direction on our award for disbursements from the Tax Court in the first quarter of this year.

Reassessments, remittances and next steps

The Canadian income tax rules include provisions that generally require larger companies like us to remit or otherwise secure 50% of the cash tax plus related interest and penalties at the time of reassessment. While we have received a refund for the amounts remitted for the 2003 through 2006 reassessments as noted above, CRA continues to hold \$777 million (\$295 million in cash and \$482 million in letters of credit) we paid or secured for the years 2007 through 2013. For the 2014 and 2015 reassessments, CRA did not require additional security to secure the tax debts they considered owing.

Following the Supreme Court's dismissal of CRA's application for leave to appeal, we wrote to CRA requesting reversal of CRA's transfer pricing adjustments for 2007 through 2013 and the return of our \$777 million in cash and letters of credit. Given the strength of the court decisions received, our request was made on the basis that the Tax Court would reject any attempt by CRA to defend its reassessments for the 2007 through 2013 tax years applying the same or similar positions already denied for previous years. Due to a lack of significant progress in response to our request, in October 2021, we filed a notice of appeal with the Tax Court for the years 2007 through 2013. We are asking the Tax Court to order the reversal of the CRA's transfer pricing adjustment for those years and the return of our cash and letters of credit, with costs.

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

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

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

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

Assumptions

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

Material risks that could cause actual results to differ materially

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

Tax outlook for 2022

Our consolidated tax rate is a blend of the statutory rates applicable to taxable income earned or tax losses incurred in Canada and in our foreign subsidiaries. We have a global customer base and we have established a marketing and trading structure involving foreign subsidiaries, which entered into various intercompany purchase and sale arrangements, as well as uranium purchase and sale agreements with third parties. Cameco and its subsidiaries made reasonable efforts to put arm's-length transfer pricing arrangements in place, and these arrangements expose the parties to the risks and rewards accruing to them under these contracts. The intercompany contract prices are generally comparable to those established in comparable contracts between arm's-length parties entered into at that time. In 2017, we changed our global marketing organization to consolidate our international activities in Canada in order to achieve efficiencies. The existing purchase and sale arrangements will continue to be in place until they expire. As the existing contracts expire, we anticipate that more income will be earned in Canada.

We continue to expect our consolidated tax rate will trend toward the Canadian statutory rate in the longer term. The actual effective tax rate will vary from year-to-year, primarily due to the actual distribution of earnings among jurisdictions and the market conditions at the time transactions occur under both our intercompany and third-party purchase and sale arrangements.

FOREIGN EXCHANGE

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

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

Our risk management policy is based on a 60-month period and permits us to hedge 35% to 100% of our expected net exposure in the first 12-month period. Our normal practice is to layer in hedge contracts over a three- to four-year period with the hedge percentage being highest in the first 12 months and decreasing hedge percentages in subsequent years. The portion of our net exposure that remains unhedged is subject to prevailing market exchange rates for the period. Therefore, our results are affected by the movements in the exchange rate on our hedge portfolio (explained below), and on the unhedged portion of our net exposure. A weakening Canadian dollar would have a positive effect on the unhedged exposure, and a strengthening Canadian dollar would have a negative effect

Impact of hedging on IFRS earnings

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

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

Impact of hedging on ANE

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

For the purposes of ANE, gains and losses on derivatives are reported based on the difference between the effective hedge rate of the contracts designated for use in the particular period and the exchange rate at the time of settlement. This results in an adjustment to current period IFRS earnings to effectively remove reported gains or losses on derivatives that arise from contracts put in place for use in future periods. The effective hedge rate will lag the market in periods of rapid currency movement. See *Non-IFRS measures* on page 33.

The table below provides a summary of our hedge portfolio at December 31, 2021. You can use this information to estimate the expected gains or losses on derivatives for 2022 on an ANE basis. However, if we add contracts to the portfolio that are designated for use in 2022 or if there are changes in the US/Cdn exchange rates in the year, those expected gains or losses could change.

HEDGE PORTFOLIO SUMMARY

DECEMBER 31, 2021 (\$ MILLIONS)		2022	AFTER 2022	TOTAL
US dollar forward contracts	(\$ millions)	210	330	540
Average contract rate ¹	(US/Cdn dollar)	1.34	1.28	1.30
US dollar option contracts	(\$ millions)	120	70	190
Average contract rate range ¹	(US/Cdn dollar)	1.32 to 1.36	1.30 to 1.34	1.31 to 1.36
Total US dollar hedge contracts	(\$ millions)	330	400	730
Average hedge rate range	(US/Cdn dollar)	1.33 to 1.35	1.28 to 1.30	1.31 to 1.33
Hedge ratio²		51%	9%	14%

¹ The average contract rate is the weighted average of the rates stipulated in the outstanding contracts.

² Hedge ratio is calculated by dividing the amount (in foreign currency) of outstanding derivative contracts by estimated future net exposures.

At December 31, 2021:

- The value of the US dollar relative to the Canadian dollar was \$1.00 (US) for \$1.26 (Cdn), down from \$1.00 (US) for \$1.27 (Cdn) at December 31, 2020. The exchange rate averaged \$1.00 (US) for \$1.25 (Cdn) over the year.
- The mark-to-market position on all foreign exchange contracts was a \$28 million gain compared to a \$41 million gain at December 31, 2020. The mark-to-market position is a component of gain on derivatives as shown on the statement of earnings and calculated in accordance with IFRS.

We manage counterparty risk associated with hedging by dealing with highly rated counterparties and limiting our exposure. At December 31, 2021, all of our hedging counterparties had a Standard & Poor's (S&P) credit rating of A or better.

For information on the impact of foreign exchange on our intercompany balances, see note 26 to the financial statements.

Outlook for 2022

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

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

We expect our business to remain resilient. From a cash perspective, we expect to continue to maintain a significant cash balance. We expect to continue to generate cash from operations. The amount of cash generated will be dependent on the timing and volume of production at McArthur River, and the extent to which COVID-related disruptions including supply chain challenges impact our operations and the resulting magnitude of our purchasing activity. Therefore, our cash balances may fluctuate throughout the year.

See *2021 Financial results by segment* on page 49 for details.

2021 outlook compared to actual

Our actual results were largely in-line with the outlook provided in our third quarter MD&A. In 2021 we started the year with Cigar Lake suspended due to the uncertainty created by the COVID-19 pandemic. Based on the restart of the Cigar Lake mine in April, we set a production target for Cigar Lake of up to 6 million pounds (our share). We achieved 6.1 million pounds production at Cigar Lake in 2021.

Capital expenditures for 2021 were \$99 million, lower than our outlook of \$130 to \$155 million, as a result of the deferral of project work to 2022.

2022 FINANCIAL OUTLOOK

	CONSOLIDATED	URANIUM	FUEL SERVICES
Production (owned and operated properties)	-	up to 11 million lbs	12.5 to 13.5 million kgU
Purchases	-	11 to 13 million lbs	-
Sales/delivery volume	-	23 to 25 million lbs	10.5 to 11.5 million kgU
Revenue	\$1,500 to 1,650 million	\$1,150 to 1,240 million	\$340-370 million
Average realized price	-	\$50.90/lb	-
Average unit cost of sales (including D&A)	-	\$50.00-51.00/lb ¹	\$21.50-22.50/kgU ²
Direct administration costs	\$125-135 million	-	-
Exploration costs	-	\$11 million	-
Capital expenditures	\$150-175 million	-	-

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

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

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

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

- Production – we achieve 11 million pounds of production (our share) in our uranium segment. If we do not achieve 11 million pounds, the outlook for the uranium segment could vary.

- Purchases – are based on the volumes we currently have commitments to acquire under contract in 2022, including our JV Inkai purchases, and it includes additional volumes we are required to purchase in order to meet the sales/delivery commitments we have under contract in 2022 and maintain a working inventory. It does not include any purchases that we may make as a result of the impact of any delays or disruptions to production for any reason, including disruptions caused by the COVID-19 pandemic and related supply chain challenges.
- Our 2022 outlook for sales/delivery volume does not include sales between our uranium and fuel services segments.
- Sales/delivery volume is based on the volumes we currently have commitments to deliver under contract in 2022.
- Uranium revenue and average realized price are based on a uranium spot price of \$42.10 (US) per pound (the UxC spot price as of December 31, 2021), a long-term price indicator of \$40.50 (US) per pound (the UxC long-term indicator on December 31, 2021) and an exchange rate of \$1.00 (US) for \$1.27 (Cdn)
- Uranium average unit cost of sales (including D&A) is based on the expected unit cost of sales for produced material, the planned purchases noted in the outlook at an anticipated average purchase price of about \$48.80 (Cdn) per pound and includes care and maintenance costs of between \$50 million and \$60 million, and operational readiness costs at McArthur River and Key Lake operations of between \$15 million and \$17 million per month until a reasonable level of production is achieved. We expect overall unit cost of sales could vary if there are changes in production and purchase volumes, uranium spot prices, care and maintenance costs and/or operational readiness costs in 2022.

Our 2022 financial outlook is presented on the basis of equity accounting for our minority ownership interest in JV Inkai. Under equity accounting, our share of the profits earned by JV Inkai on the sale of its production will be included in “income from equity-accounted investees” on our consolidated statement of earnings. Our share of production will be purchased at a discount to the spot price and included at this value in inventory. In addition, JV Inkai capital is not included in our outlook for capital expenditures. Please see *Inkai Planning for the future* on pages 71 and 72 for more details.

The following table shows how changes in the exchange rate or uranium prices can impact our outlook. For more details on the impact of exchange rates, also see *Foreign exchange* on page 39.

FOR 2022 (\$ MILLIONS)	CHANGE	IMPACT ON:		
		REVENUE	ANE	CASH FLOW
Uranium spot and long-term price ¹	\$5(US)/lb increase	68	29	16
	\$5(US)/lb decrease	(76)	(35)	(24)
Value of Canadian dollar vs US dollar	One cent decrease in CAD	11	4	3
	One cent increase in CAD	(11)	(4)	(3)

¹ Assuming change both UxC spot price (\$42.10 (US) per pound on December 27, 2021) and the UxC long-term price indicator (\$40.50 (US) per pound on December 27, 2021).

PRICE SENSITIVITY ANALYSIS: URANIUM SEGMENT

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

The table is based on the pricing terms under the long-term commitments in our contract portfolio that have been fully executed as at December 31, 2021. Based on the terms and volumes under those commitments, the table is designed to indicate how our average realized price will react under various spot price assumptions at a point in time. At year-end, the annual average sales commitments under our contract portfolio at December 31, 2021 are 18 million pounds per year, with commitment levels in 2022, 2023 and 2024 higher than the average and in 2025 and 2026 lower than the average. As the market improves, we expect to continue to layer in volumes capturing greater upside using market-related pricing mechanisms. In this table, we do not consider the impact on our average realized price of volumes under negotiation and those not yet committed under contract. In other words, the prices shown in the table would only be realized if the contract portfolio remained exactly as it was on December 31, 2021, using the following assumptions:

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

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

Expected realized uranium price sensitivity under various spot price assumptions at December 31, 2021

(rounded to the nearest \$1.00)

SPOT PRICES (\$US/lb U ₃ O ₈)	\$20	\$40	\$60	\$80	\$100	\$120	\$140
2022	29	39	48	55	59	62	65
2023	28	39	50	57	61	63	66
2024	30	39	49	54	57	58	58
2025	31	40	52	60	64	66	68
2026	33	40	53	61	66	71	74

Liquidity and capital resources

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

At the end of 2021, we had cash and cash equivalents and short-term investments of \$1.3 billion, while our total debt amounted to \$996 million.

We have large, creditworthy customers that continue to need uranium even during weak economic conditions, and we expect the uranium contract portfolio we have built to continue to provide a solid revenue stream. From 2022 through 2026, we have commitments to deliver an average of 18 million pounds per year, with commitment levels in 2022, 2023 and 2024 higher than in 2025 and 2026.

The health and safety of our employees, their families and their communities is our priority as the COVID-19 pandemic continues to bring uncertainty and could have an impact on both the sources and uses of liquidity.

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

With the Supreme Court's dismissal of CRA's application for leave, the dispute of the 2003 through 2006 tax years are fully and finally resolved in our favour. Furthermore, we are confident the courts would reject any attempt by CRA to utilize the same or similar positions and arguments for the other tax years currently in dispute (2007 through 2014) and believe CRA should return the \$777 million in cash and letters of credit we have been required to pay or otherwise secure. As such, we have filed notice of appeal to the Tax Court however, timing of any further payments is uncertain. See page 37 for more information.

FINANCIAL CONDITION

	2021	2020
Cash position (\$ millions) (cash and cash equivalents and short-term investments)	1,332	943
Cash provided by operations (\$ millions) (net cash flow generated by our operating activities after changes in working capital)	458	57
Cash provided by operations/net debt¹ (net debt is total consolidated debt, less cash position)	-136%	109%
Net debt/total capitalization¹ (total capitalization is net debt and equity)	-7%	1%

¹ As at December 31, 2021, Cameco was negative net debt due to our strong cash position.

CREDIT RATINGS

The credit ratings assigned by external ratings agencies are important as they impact our ability to raise capital at competitive pricing to support our business operations and execute our strategy.

Third-party ratings for our commercial paper and senior debt as of February 8, 2022:

SECURITY	DBRS	S&P
Commercial paper	R-2 (middle)	A-3
Senior unsecured debentures	BBB	BBB-
Rating trend / rating outlook	Stable ¹	Negative ²

¹ On May 28, 2020, DBRS changed Cameco's rating trend to stable. On June 3, 2021, DBRS confirmed the rating and outlook.

² On March 11, 2020, S&P changed Cameco's rating outlook to negative. On March 12, 2021, S&P affirmed the rating and outlook.

The rating agencies may revise or withdraw these ratings if they believe circumstances warrant. The rating trend/outlook represents the rating agency's assessment of the likelihood and direction that the rating could change in the future.

A change in our credit ratings could affect our cost of funding and our access to capital through the capital markets.

Liquidity

(\$ MILLIONS)	2021	2020
Cash and cash equivalents at beginning of year	943	1,062
Cash from operations	458	57
Investment activities		
Additions to property, plant and equipment and acquisitions	(99)	(77)
Other investing activities	79	1
Financing activities		
Change in debt	-	(2)
Interest paid	(39)	(66)
Other financing activities	(3)	(3)
Issue of shares	27	5
Dividends	(32)	(32)
Exchange rate on changes on foreign currency cash balances	(2)	(2)
Cash and cash equivalents and short-term investments at end of year	1,332	943

CASH FROM OPERATIONS

Cash from operations was higher than in 2020 due largely to the purchasing activity that was a result of the Cigar Lake production suspension and higher sales commitments in 2020. Purchases in 2021 were 11.1 million pounds compared to 36.2 million pounds in 2020. Not including working capital requirements, our operating cash flows in the year were down \$79 million. See note 23 to the financial statements.

INVESTING ACTIVITIES

Cash used in investing includes acquisitions and capital spending.

Capital spending

We classify capital spending as sustaining, capacity replacement or growth. As a mining company, sustaining capital is the money we spend to keep our facilities running in their present state, which would follow a gradually decreasing production curve, while capacity replacement capital is spent to maintain current production levels at those operations. Growth capital is money we invest to generate incremental production, and for business development.

Capital expenditures for 2021 were \$99 million, lower than our outlook of \$130 million to \$155 million, as a result of the deferral of project work to 2022.

Outlook for investing activities

CAMECO'S SHARE (\$ MILLIONS)	2022 PLAN	2023 PLAN	2024 PLAN
Total uranium & fuel services	150-175	100-150	100-150
Sustaining capital	110-125	75-105	75-105
Capacity replacement capital	40-50	25-45	25-45
Growth capital	-	-	-

Our 2022, 2023 and 2024 capital spending estimates assume that we engage in operational readiness activities at McArthur River/Key Lake to reach our 2024 production plan and are able to mitigate the risks posed by the COVID-19 pandemic and supply chain disruptions at all our operations.

Our estimate for capital spending in 2022 has been increased to between \$150 million and \$175 million (previously between \$50 million and \$100 million) due to the capital required for operational readiness activities and the rescheduling of some expenditures planned in 2021 to 2022.

Capital expenditures for JV Inkai are expected to be covered by JV Inkai cash flows in 2022 and are included in our overall equity investment.

Major sustaining and capacity replacement expenditures in 2022 include:

- Fuel services – continued work on our Vision in Motion project
- Cigar Lake – underground development and necessary ground freezing infrastructure to meet production targets
- McArthur River/Key Lake – capital required for operational readiness to reach the 2024 planned production of 15 million pounds per year (100% basis)
- Our investment in digital and automation technologies

This information regarding currently expected capital expenditures for future periods is forward-looking information and is based upon the assumptions and subject to the material risks discussed on pages 3 and 4. Our actual capital expenditures for future periods may be significantly different.

FINANCING ACTIVITIES

Cash from financing includes borrowing and repaying debt, and other financial transactions including paying dividends and providing financial assurance.

Long-term contractual obligations

DECEMBER 31 (\$ MILLIONS)	2022	2023 AND 2024	2025 AND 2026	2027 AND BEYOND	TOTAL
Long-term debt	-	500	-	500	1,000
Interest on long-term debt	38	65	34	93	230
Provision for reclamation	45	66	71	918	1,100
Provision for waste disposal	1	4	3	-	8
Other liabilities	4	8	2	85	99
Capital commitments	53	-	-	-	53
Total	141	643	110	1,596	2,490

We have contractual capital commitments of approximately \$53 million at December 31, 2021. Certain of the contractual commitments may contain cancellation clauses; however, we disclose the commitments based on management's intent to fulfil the contracts.

We have sufficient borrowing capacity with available unsecured lines of credit totalling about \$2.7 billion, which include the following:

- A \$1.0 billion unsecured revolving credit facility that matures October 1, 2025. Each calendar year, upon mutual agreement, the facility can be extended for an additional year. We may increase the revolving credit facility above \$1.0 billion, by increments of no less than \$50 million, up to a total of \$1.25 billion. The facility ranks equally with all of our other senior debt. At December 31, 2021, there were no amounts outstanding under this facility and we do not expect to need to draw on this facility in 2022.
- At December 31, 2021, we had approximately \$1.6 billion outstanding in financial assurances provided by various financial institutions. We use these facilities mainly to provide financial assurance for future decommissioning and reclamation of our operating sites, for our obligations relating to the CRA dispute, and as overdraft protection.

In total we have \$1.0 billion in senior unsecured debentures outstanding:

- \$500 million bearing interest at 4.19% per year, maturing on June 24, 2024
- \$400 million bearing interest at 2.95% per year, maturing on October 21, 2027
- \$100 million bearing interest at 5.09% per year, maturing on November 14, 2042

Debt covenants

Our revolving credit facility includes the following financial covenants:

- our funded debt to tangible net worth ratio must be 1:1 or less
- other customary covenants and events of default

Funded debt is total consolidated debt less non-recourse debt, \$100 million in letters of credit, cash and cash equivalents and short-term investments.

Not complying with any of these covenants could result in accelerated payment and termination of our revolving credit facility. At December 31, 2021, we complied with all covenants, and we expect to continue to comply in 2022.

OFF-BALANCE SHEET ARRANGEMENTS

We had three kinds of off-balance sheet arrangements at the end of 2021:

- purchase commitments
- financial assurances
- other arrangements

Purchase commitments

We make purchases under long-term contracts where it is beneficial for us to do so and in order to support our long-term contract portfolio. The following table is based on our purchase commitments in our uranium and fuel services segments at December 31, 2021² but does not include purchases of our share of Inkai production. These commitments include a mix of fixed-price and market-related contracts. Actual payments will be different as a result of changes to our purchase commitments and, in the case of contracts with market-related pricing, the market prices in effect at the time of delivery. We will update this table as required in our MD&A to reflect material changes to our purchase commitments and changes in the prices used to estimate our commitments under market-related contracts.

DECEMBER 31, 2021 (\$ MILLIONS)	2022	2023 AND 2024	2025 AND 2026	2027 AND BEYOND	TOTAL
Purchase commitments ^{1,2}	224	207	258	175	864

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

² These amounts have been adjusted for any additional purchase commitments that we have entered into since December 31, 2021 but does not include deliveries taken under contract since December 31, 2021.

We have commitments of \$864 million (Cdn) for the following:

- approximately 19 million pounds of U₃O₈ equivalent from 2022 to 2028
- approximately 0.8 million kgU as UF₆ in conversion services from 2022 to 2024
- about 0.9 million Separative Work Units (SWU) of enrichment services to meet existing forward sales commitments under agreements with a non-Western supplier

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

Financial assurances

We use standby letters of credit and surety bonds mainly to provide financial assurance for the decommissioning and reclamation of our mining and conversion facilities as well as for our obligations relating to the CRA dispute. We are required to provide financial assurances to various regulatory agencies until decommissioning and reclamation activities are complete. We are also providing letters of credit until the CRA dispute is resolved. Our financial assurances renew automatically on an annual basis, unless otherwise advised by the issuing institution. At December 31, 2021 our financial assurances totaled \$1.6 billion, the same as at December 31, 2020.

Other arrangements

We have arranged for standby product loan facilities with various counterparties. The arrangements allow us to borrow up to 2.0 million kgU of UF₆ conversion services and 2.6 million pounds of U₃O₈ over the period 2020 to 2023 with repayment in kind up to December 31, 2023. Under the loan facilities, standby fees of up to 1% are payable based on the market value of the facilities and interest is payable on the market value of any amounts drawn at rates ranging from 0.5% to 1.6%. At December 31, 2021, we have 1.1 million kgU of UF₆ conversion services drawn on the loans.

BALANCE SHEET

DECEMBER 31, (\$ MILLIONS EXCEPT PER SHARE AMOUNTS)	2021	2020	2019	CHANGE 2020 TO 2021
Inventory	410	680	321	(40)%
Total assets	7,518	7,581	7,427	(1)%
Total non-current liabilities	2,258	2,318	2,155	(3)%
Dividends per common share	0.08	0.08	0.08	-

Total product inventories decreased by 40% to \$410 million this year as sales were higher than production and purchases during the year. At December 31, 2021, our average cost for uranium was \$38.30 per pound, up from \$38.01 per pound at December 31, 2020. As of December 31, 2021, we held an inventory of 8 million pounds of U₃O₈ equivalent (excluding broken ore).

At the end of 2021, our total assets amounted to \$7.5 billion, a decrease of 1% compared to 2020, due mainly to lower inventories which were largely offset by an increase in cash and investment balances. In 2020, the total asset balance increased by \$0.2 billion compared to 2019, due mainly to higher inventories.

The major components of long-term financial liabilities are long-term debt, the provision for reclamation, accrued pension and post-retirement benefit liability, deferred sales and financial derivatives.

2021 financial results by segment

Uranium

HIGHLIGHTS	2021	2020	CHANGE
Production volume (million lbs)	6.1	5.0	22%
Sales volume (million lbs)	24.3	30.7	(21)%
Average spot price (\$US/lb)	35.28	29.96	18%
Average long-term price (\$US/lb)	36.81	34.63	6%
Average realized price (\$US/lb)	34.53	34.39	-
	(\$Cdn/lb)	46.13	(6)%
Average unit cost of sales (including D&A) (\$Cdn/lb)	47.80	45.53	5%
Revenue (\$ millions)	1,055	1,416	(25)%
Gross profit (loss) (\$ millions)	(108)	18	(700)%
Gross profit (loss) (%)	(10)	1	(1100)%

Production volumes in 2021 increased by 22% compared to 2020. See *Uranium – production overview* on page 61 for more information.

Uranium revenues this year were down 25% compared to 2020 due to a decrease in sales volumes of 21% and a decrease of 6% in the Canadian dollar average realized price. Although the spot price for uranium averaged \$35.28 (US) per pound in 2021, an increase of 18% compared to the 2020 average price of \$29.96 (US) per pound, the average realized price was 6% lower compared to the same period in 2020 primarily due to the strengthening of the Canadian dollar compared to 2020.

Total cost of sales (including D&A) decreased by 17% (\$1.16 billion compared to \$1.40 billion in 2020) due to a decrease in sales volume of 21% partially offset by a 5% increase in unit cost of sales. Unit cost of sales is higher than in the same period in 2020 due to the higher cost of purchased material and the higher unit cost impact of fixed care and maintenance costs resulting from lower sales volumes.

The net effect was a \$126 million decrease in gross profit for the year.

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

(\$CDN/LB)	2021	2020	CHANGE
Produced			
Cash cost	16.17	16.24	-
Non-cash cost	17.18	15.10	14%
Total production cost ¹	33.35	31.34	6%
Quantity produced (million lbs) ¹	6.1	5.0	22%
Purchased			
Cash cost ¹	42.30	39.66	7%
Quantity purchased (million lbs) ¹	11.1	36.2	(69)%
Totals			
Produced and purchased costs	39.13	38.65	1%
Quantities produced and purchased (million lbs)	17.2	41.2	(58)%

¹ Due to equity accounting for JV Inkai, our share of production is shown as a purchase at the time of delivery. JV Inkai purchases will fluctuate during the quarters and timing of purchases will not match production. In 2021 we purchased 5.2 million pounds at a purchase price per pound of \$45.31 (\$36.03 (US)) (2020 – 4.0 million pounds at a purchase price per pound of \$36.63 (\$27.66 (US))).

Over the last two years the annual cash cost of production has averaged \$16.21 per pound at Cigar Lake, slightly higher than the estimated life of mine cost of between \$15 and \$16 per pound, as a result of the impacts of COVID-19. In 2022 and 2023, our cash production costs may continue to be affected by the impacts of the COVID-19 pandemic, as well as timing and rate of production at the McArthur River/Key Lake operation. Once we achieve the 2024 planned production, the average unit operating costs at Cigar Lake may increase as production declines.

The benefit of the estimated life-of-mine operating cost for Inkai's production of between \$6 and \$7 per pound, is expected to be reflected in the line item on our statement of earnings called "share of earnings from equity-accounted investee".

Our purchases in 2021, totaled about \$470 million, representing an average annual cost of \$42.30 per pound, about \$9.90 per pound higher than the average production cost at Cigar Lake for 2021 and 2020. Although purchased pounds are transacted in US dollars, we account for the purchases in Canadian dollars. In the year, the average cash cost of purchased material was \$42.30 (Cdn), or \$33.73 (US) per pound, compared to \$39.66 (Cdn), or \$29.17 (US) per pound in the same period in 2020.

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

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

To facilitate a better understanding of these measures, the following table presents a reconciliation of these measures to our unit cost of sales for the years ended 2021 and 2020 as reported in our financial statements.

CASH AND TOTAL COST PER POUND RECONCILIATION

(\$ MILLIONS)	2021	2020
Cost of product sold	1,028.8	1,243.3
Add / (subtract)		
Royalties	(15.2)	(15.5)
Other selling costs	(4.6)	(12.1)
Care and maintenance and severance costs	(156.7)	(138.5)
Change in inventories	(284.1)	439.7
Cash operating costs (a)	568.2	1,516.9
Add / (subtract)		
Depreciation and amortization	134.6	154.6
Care and maintenance costs	(52.9)	(57.5)
Change in inventories	23.1	(21.6)
Total operating costs (b)	673.0	1,592.4
Uranium produced & purchased (million lbs) (c)	17.2	41.2
Cash costs per pound (a ÷ c)	33.03	36.82
Total costs per pound (b ÷ c)	39.13	38.65

ROYALTIES

We pay royalties on the sale of all uranium extracted at our mines in the province of Saskatchewan. Two types of royalties are paid:

- **Basic royalty:** calculated as 5% of gross sales of uranium, less the Saskatchewan resource credit of 0.75%.
- **Profit royalty:** a 10% royalty is charged on profit up to and including \$24.38/kg U₃O₈ (\$11.06/lb) and a 15% royalty is charged on profit in excess of \$24.38/kg U₃O₈. Profit is determined as revenue less certain operating, exploration, reclamation and capital costs. Both exploration and capital costs are deductible at the discretion of the producer.

As a resource corporation in Saskatchewan, we also pay a corporate resource surcharge of 3% of the value of resource sales.

URANIUM SEGMENT OUTLOOK

Based on the contracts we have in place, and not including sales between our segments, we expect to deliver between 23 million and 25 million pounds of U₃O₈ in 2022.

In addition, we expect to purchase between 11 million and 13 million pounds in 2022 to meet our sales commitments and maintain a working inventory. This includes our spot market purchases and other purchase commitments, including from JV Inkai.

Fuel services

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

HIGHLIGHTS	2021	2020	CHANGE
Production volume (million kgU)	12.1	11.7	3%
Sales volume (million kgU)	13.6	13.5	1%
Average realized price (\$Cdn/kgU)	29.72	27.89	7%
Average unit cost of sales (including D&A) (\$Cdn/kgU)	21.02	20.76	1%
Revenue (\$ millions)	404	377	7%
Gross profit (\$ millions)	118	96	23%
Gross profit (%)	29	25	16%

Total revenue increased by 7% from 2020 due to a 7% increase in the realized price and a 1% increase in sales volume. The increase in realized price was mainly the result of contracts that were entered into in an improved price environment.

Total cost of products and services sold (including D&A) increased 2% (\$286 million compared to \$281 million in 2020), due to the 1% increase in sales volume and a 1% increase in average unit cost of sales compared to 2020 due to higher input costs.

The net effect was a \$22 million increase in gross profit.

FUEL SERVICES SEGMENT OUTLOOK

In 2022, we plan to produce 12.5 million to 13.5 million kgU, and we expect sales volumes, not including intersegment sales, to be 10.5 million to 11.5 million kgU. Overall revenue is expected to be between \$340 million and \$370 million, slightly lower than 2021 due to lower committed sales volumes. We expect the average unit cost of sales (including D&A) to be between \$21.50/kgU and \$22.50/kgU.

Fourth quarter financial results

Consolidated results

HIGHLIGHTS (\$ MILLIONS EXCEPT WHERE INDICATED)	THREE MONTHS ENDED DECEMBER 31		CHANGE
	2021	2020	
Revenue	465	550	(15)%
Gross profit	56	109	(49)%
Net earnings attributable to equity holders	11	80	(86)%
\$ per common share (basic)	0.03	0.20	(85)%
\$ per common share (diluted)	0.03	0.20	(85)%
Adjusted net earnings (non-IFRS, see page 33)	23	48	(52)%
\$ per common share (adjusted and diluted)	0.06	0.12	(50)%
Cash provided by operations	59	257	(77)%

NET EARNINGS

The following table shows what contributed to the change in net earnings and adjusted net earnings (non-IFRS measure, see page 33) in the fourth quarter of 2021 compared to the same period in 2020.

(\$ MILLIONS)		IFRS	Adjusted
Net earnings (losses) - 2020			80
Change in gross profit by segment			48
(we calculate gross profit by deducting from revenue the cost of products and services sold, and depreciation and amortization (D&A), net of hedging benefits)			
Uranium	Lower sales volume		(20)
	Higher realized prices (\$US)		10
	Foreign exchange impact on realized prices		(13)
	Higher costs		(47)
	change – uranium		(70)
Fuel services	Higher sales volume		4
	Higher realized prices (\$Cdn)		11
	change – fuel services		15
Other changes			
	Lower administration expenditures		8
	Lower exploration expenditures		1
	Change in reclamation provisions		(10)
	Change in gains or losses on derivatives		(35)
	Change in foreign exchange gains or losses		7
	Change in earnings from equity-accounted investments		16
	Redemption of Series E debentures in 2020		24
	Canadian Emergency Wage Subsidy		(37)
	Change in income tax recovery or expense		19
	Other		(7)
Net earnings - 2021			11

ADJUSTED NET EARNINGS

We use adjusted net earnings, a non-IFRS measure, as a more meaningful way to compare our financial performance from period to period. See page 33 for more information. The following table reconciles adjusted net earnings with our net earnings.

(\$ MILLIONS)	THREE MONTHS ENDED DECEMBER 31	
	2021	2020
Net earnings attributable to equity holders	11	80
Adjustments		
Adjustments on derivatives	5	(43)
Adjustments on other operating expense (income)	10	-
Income taxes on adjustments	(3)	11
Adjusted net earnings	23	48

ADMINISTRATION

(\$ MILLIONS)	THREE MONTHS ENDED DECEMBER 31		CHANGE
	2021	2020	
Direct administration	28	31	(10)%
Stock-based compensation	9	14	(36)%
Total administration	37	45	(18)%

Direct administration costs were \$28 million in the quarter, \$3 million lower than the same period last year. Stock-based compensation expenses were \$5 million lower from the fourth quarter of 2020. See note 24 to the financial statements.

Quarterly trends

HIGHLIGHTS (\$ MILLIONS EXCEPT PER SHARE AMOUNTS)	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	465	361	359	290	550	379	525	346
Net earnings (loss) attributable to equity holders	11	(72)	(37)	(5)	80	(61)	(53)	(19)
\$ per common share (basic)	0.03	(0.18)	(0.09)	(0.01)	0.20	(0.15)	(0.13)	(0.05)
\$ per common share (diluted)	0.03	(0.18)	(0.09)	(0.01)	0.20	(0.15)	(0.13)	(0.05)
Adjusted net earnings (loss) (non-IFRS, see page 33)	23	(54)	(38)	(29)	48	(78)	(65)	29
\$ per common share (adjusted and diluted)	0.06	(0.14)	(0.10)	(0.07)	0.12	(0.20)	(0.16)	0.07
Cash provided by (used in) operations (after working capital changes)	59	203	152	45	257	(66)	(316)	182

Key things to note:

- The timing of customer requirements, which tends to vary from quarter to quarter, drives revenue in the uranium and fuel services segments.
- Net earnings do not trend directly with revenue due to unusual items and transactions that occur from time to time. We use adjusted net earnings, a non-IFRS measure, as a more meaningful way to compare our results from period to period (see page 33 for more information).
- Cash from operations tends to fluctuate as a result of the timing of deliveries and product purchases in our uranium and fuel services segments.
- Quarterly results are not necessarily a good indication of annual results due to the variability in customer requirements noted above.

The table that follows presents the differences between net earnings and adjusted net earnings for the previous seven quarters.

HIGHLIGHTS (\$ MILLIONS EXCEPT PER SHARE AMOUNTS)	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net earnings (loss) attributable to equity holders	11	(72)	(37)	(5)	80	(61)	(53)	(19)
Adjustments								
Adjustments on derivatives	5	26	(9)	(9)	(43)	(31)	(41)	70
Adjustments on other operating expense (income)	10	(2)	6	(22)	-	7	23	(6)
Income taxes on adjustments	(3)	(6)	2	7	11	7	6	(16)
Adjusted net earnings (losses) (non-IFRS, see page 33)	23	(54)	(38)	(29)	48	(78)	(65)	29

Fourth quarter financial results by segment

Uranium

HIGHLIGHTS	THREE MONTHS ENDED DECEMBER 31		CHANGE
	2021	2020	
Production volume (million lbs)	2.8	2.8	-
Sales volume (million lbs)	6.5	8.6	(24)%
Average spot price (\$US/lb)	44.33	29.86	48%
Average long-term price (\$US/lb)	42.92	35.00	23%
Average realized price (\$US/lb)	39.65	38.43	3%
	(\$Cdn/lb)	50.40	(1)%
Average unit cost of sales (including D&A) (\$Cdn/lb)	48.35	41.09	18%
Revenue (\$ millions)	323	436	(26)%
Gross profit (\$ millions)	10	80	(88)%
Gross profit (%)	3	18	(83)%

Production volumes this quarter were unchanged from the fourth quarter of 2020. See *Uranium – production overview* on page 61 for more information.

Uranium revenues were down 26% due to a 24% decrease in sales volume and a 1% decrease in the Canadian dollar average realized price. While the average spot price for uranium increased by 48% compared to the same period in 2020, our average realized price decreased by 1% as a result of lower prices on fixed-price contracts and the lagging effect of changes in spot price on market related prices. In addition, the Canadian dollar was stronger compared to the same period last year, \$1.00 (US) for \$1.26 (Cdn) compared to \$1.00 (US) for \$1.31 (Cdn) in the fourth quarter of 2020.

Total cost of sales (including D&A) decreased by 12% (\$313 million compared to \$355 million in 2020). This was primarily the result of the 24% decrease in sales volume as the average unit cost of sales increased by 18% due to the higher cost of purchased material and higher care and maintenance costs.

The net effect was a \$70 million decrease in gross profit for the quarter.

The following table shows the costs of produced and purchased uranium incurred in the reporting periods. These costs do not include care and maintenance costs, selling costs such as royalties, transportation and commissions, nor do they reflect the impact of opening inventories on our reported cost of sales.

(\$/LB)	THREE MONTHS ENDED DECEMBER 31		CHANGE
	2021	2020	
Produced			
Cash cost	14.01	13.48	4%
Non-cash cost	17.10	14.62	17%
Total production cost ¹	31.11	28.10	11%
Quantity produced (million lbs) ¹	2.8	2.8	-
Purchased			
Cash cost ¹	52.73	38.24	38%
Quantity purchased (million lbs) ¹	3.3	5.7	(42)%
Totals			
Produced and purchased costs	42.81	34.90	23%
Quantities produced and purchased (million lbs)	6.1	8.5	(28)%

¹ Due to equity accounting for JV Inkai, our share of production will be shown as a purchase at the time of delivery. JV Inkai purchases will fluctuate during the quarters and timing of purchases will not match production. During the quarter, we purchased 2.2 million pounds at a purchase price per pound of \$52.69 (\$41.79 (US)) (Q4 2020 – 2.7 million pounds at a purchase price per pound of \$37.14 (\$28.17 (US))).

Although purchased pounds are transacted in US dollars, we account for the purchases in Canadian dollars. In the fourth quarter, the average cash cost of purchased material was \$52.73 (Cdn) per pound, or \$41.87 (US) per pound in US dollar terms, compared to \$38.24 (Cdn) per pound, or \$29.21 (US) per pound in the fourth quarter of 2020.

Cash cost per pound, non-cash cost per pound and total cost per pound for produced and purchased uranium presented in the above table are non-IFRS measures. See page 49 for more information.

To facilitate a better understanding of these measures, the following table presents a reconciliation of these measures to our unit cost of sales for the fourth quarters of 2021 and 2020.

CASH AND TOTAL COST PER POUND RECONCILIATION

(\$ MILLIONS)	THREE MONTHS ENDED DECEMBER 31	
	2021	2020
Cost of product sold	278.9	296.6
Add / (subtract)		
Royalties	(5.0)	(7.8)
Other selling costs	(1.6)	(1.3)
Care and maintenance and severance costs	(36.8)	(29.5)
Change in inventories	(22.3)	(2.5)
Cash operating costs (a)	213.2	255.5
Add / (subtract)		
Depreciation and amortization	34.2	58.6
Care and maintenance costs	(10.1)	(11.4)
Change in inventories	23.8	(6.1)
Total operating costs (b)	261.1	296.6
Uranium produced & purchased (million lbs) (c)	6.1	8.5
Cash costs per pound (a ÷ c)	34.95	30.06
Total costs per pound (b ÷ c)	42.81	34.90

Fuel services

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

HIGHLIGHTS	THREE MONTHS ENDED DECEMBER 31		
	2021	2020	CHANGE
Production volume (million kgU)	3.1	3.3	(6)%
Sales volume (million kgU)	4.9	4.4	11%
Average realized price (\$Cdn/kgU)	28.80	26.29	10%
Average unit cost of sales (including D&A) (\$Cdn/kgU)	19.45	19.12	2%
Revenue (\$ millions)	140	115	22%
Gross profit (\$ millions)	46	32	44%
Gross profit (%)	33	28	18%

Total revenue increased by 22% due to an 11% increase in sales volumes and a 10% increase in average realized price. The increase in average realized price was mainly the result of contracts that were entered into in an improved price environment.

Total cost of sales (including D&A) increased by 14% to \$95 million compared to the fourth quarter of 2020 due to the 11% increase in sales volumes and an increase of 2% in the average unit cost of sales, due to higher input costs.

The net effect was a \$14 million increase in gross profit.

Operations and projects

This section of our MD&A is an overview of the mining properties we operate or have an interest in, our curtailed operations and our projects, what we accomplished this year, our plans for the future and how we manage risk.

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Managing the risks

The nature of our operations means we face many potential risks and hazards that could have a significant impact on our business.

Below we list the risks that generally apply to all of our operations and advanced projects. We also talk about how we manage specific risks in each operation or project update. These risks could have a material impact on our business in the near term. These risks, however, are not a complete list of the potential risks our operations and advanced projects face. There may be others we are not aware of or risks we feel are not material today that could become material in the future.

We recommend you also review our annual information form, which includes a discussion of other material risks that could have an impact on our business.

Regulatory risks

A significant part of our economic value depends on our ability to:

- obtain and renew the licences and other approvals we need to restart, operate, to increase production at our mines and to develop new mines. If we do not receive the regulatory approvals we need, or do not receive them at the right time, then we may have to delay, modify or cancel a project, which could increase our costs and delay or prevent us from generating revenue from the project. Regulatory review, including the review of environmental matters, is a long and complex process.
- comply with the conditions in these licences and approvals. Our right to continue operating facilities, restart operations, increase production at our mines and develop new mines depends on our compliance with these conditions.
- comply with the extensive and complex laws and regulations that govern our activities. Environmental legislation imposes strict standards and controls on almost every aspect of our operations and projects, and is not only introducing new requirements, but also becoming more stringent. For example:
 - we must complete the environmental assessment process before we can begin developing a new mine or, in some cases, make significant changes to our operations
 - we may need regulatory approval to make changes to our operational processes, which can take a significant amount of time because it may require an extensive review of supporting technical information. The complexity of this process can be further compounded when regulatory approvals are required from multiple agencies.
 - the federal government has introduced an Impact Assessment Act as well as a Canadian Navigable Waters Act along with significant revisions to the federal Fisheries Act. This legislation could impact the scope, timeliness and cost of approvals for projects and the revisions could impact existing operations.
 - Federal requirements stemming from the Species at Risk Act are introducing significant uncertainty into the management of activities in northern Saskatchewan. One specific example includes the amended national recovery strategy for woodland caribou, which contains strategic directions that have the potential to impact economic and social development in northern Saskatchewan. As a requirement of this document, the province of Saskatchewan is responsible for developing range plans that outline population and habitat protection measures for activities conducted in northern Saskatchewan. Mitigation requirements, and other measures, could have an impact on Saskatchewan operations and advanced projects in northern Saskatchewan.
 - A number of government or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impacts of climate change. While we have a relatively small carbon footprint, our Canadian facilities could experience higher annual operating costs due to changes in GHG pricing and regulations, such as carbon pricing, the Canadian Clean Fuel Standard, and/or other policy changes.

We use significant management and financial resources to manage our regulatory risks.

Environmental risks

We have the safety, health and environmental risks associated with any mining and chemical processing company. Our uranium and fuel services segments also face unique risks associated with radiation.

Laws to protect the environment are becoming more stringent for members of the nuclear energy industry, including mining, milling and processing facilities, and have inter-jurisdictional aspects (both federal and provincial/state regimes are applicable). Once we have permanently stopped mining and processing activities at an operating site, we are required to decommission the site to the satisfaction of the regulators. We have developed preliminary decommissioning plans for our operating sites and use them to estimate our decommissioning costs. Regulators review and accept our preliminary decommissioning plans on a regular basis. As the site approaches or goes into decommissioning, regulators review the detailed decommissioning plans. This can result in further regulatory process, as well as additional requirements, costs and financial assurances.

We have submitted updates to all Saskatchewan operations' Preliminary Decommissioning Plan (PDP) and Preliminary Decommissioning Cost Estimate (PDCE) documents in accordance with the five-year timeline specified in the regulations. Upon acceptance of the PDP and PDCE documents by the Saskatchewan Ministry of Environment and Canadian Nuclear Safety Commission (CNSC) staff, a formal Commission proceeding will be required for final approval of the PDP and PDCE by the Commission. All Saskatchewan mining operations have received the necessary approvals for the current PDP and PDCE and all required financial assurances are in place.

At the end of 2021, our estimate of total decommissioning and reclamation costs was \$1.11 billion. This is the undiscounted value of the obligation and is based on our current operations. We had accounting provisions of \$1.14 billion at the end of 2021 (the present value of the \$1.11 billion). Regulatory approval is required prior to beginning decommissioning. Since we expect to incur most of these expenditures at the end of the useful lives of the operations they relate to, and none of our assets have approval for decommissioning, our expected costs for decommissioning and reclamation for the next five years are not material.

We provide financial assurances for decommissioning and reclamation such as letters of credit or surety bonds to regulatory authorities, as required. We had a total of about \$1.01 billion in financial assurances supporting our reclamation liabilities at the end of 2021. All of our North American operations have financial assurances in place in connection with our preliminary plans for decommissioning of the sites.

Some of the sites we own or operate have been under ongoing investigation and/or remediation and planning as a result of historic soil and groundwater conditions.

We use significant management and financial resources to manage our environmental risks.

We manage environmental risks through our safety, health, environment and quality (SHEQ) management system. Our chief executive officer is responsible for ensuring that our SHEQ management system is implemented. Our board's safety, health and environment committee also oversees how we manage our SHEQ risks, including the use of our enterprise risk management program.

A key cornerstone of our SHEQ management system is the continual improvement of process and physical infrastructure supporting the management system. Proposed projects are evaluated and, if beneficial, included in our site's life of asset plan. Noteworthy projects expected to reduce SHEQ risks that were advanced in 2021 included:

- The Vision in Motion project at the Port Hope conversion facility
- the program to advance the assessment of innovation opportunities at the McArthur River mine and Key Lake mill
- energy management improvements at our Saskatchewan operations
- progressive decommissioning activities at our in-situ recovery operations in the United States
- containment system upgrades at our operations.

Most of these projects are multi-year projects that are expected to continue into 2022 and beyond.

Operational risks

Other risks and hazards generally applicable to our operations and advanced projects include:

- environmental damage
- industrial and transportation accidents
- labour shortages, disputes or strikes
- cost increases for labour, contracted or purchased materials, supplies and services
- shortages of, or interruptions in the supply of, required materials, supplies and equipment
- transportation and delivery disruptions
- interruptions in the supply of electricity, water, and other utilities
- equipment failures
- cyberattacks
- joint venture disputes or litigation
- non-compliance with laws and licences
- increased workforce health and safety or increased regulatory burdens resulting from the COVID-19 pandemic or other causes
- uncertain environment resulting from the COVID-19 pandemic and its related operational and safety risks
- catastrophic accidents
- fires
- blockades or other acts of social or political activism
- climate change or natural phenomena, such as inclement weather conditions, forest fires, floods and earthquakes
- outbreak of illness (such as a pandemic like COVID-19)
- unusual, unexpected or adverse mining or geological conditions
- underground floods
- ground movement or cave-ins
- tailings pipeline or dam failures
- technological failure of mining methods
- unanticipated consequences of our cost reduction strategies

We have insurance to cover some of these risks and hazards, but not all of them, and not to the full amount of losses or liabilities that could potentially arise.

Uranium – production overview

Production in our uranium segment in the fourth quarter was 2.8 million pounds, no change compared to the same period in 2020, while production for the year was 6.1 million pounds, 22% higher than in 2020. The McArthur River/Key Lake and Rabbit Lake operations remained in a safe and sustainable state of care and maintenance, and we are no longer developing new wellfields at Crow Butte and Smith Ranch-Highland. See *Uranium – Tier-one operations* starting on page 62 and *Uranium – Tier-two operations* beginning on page 73 for more information.

Uranium production

CAMECO SHARE (MILLION LBS)	THREE MONTHS ENDED DECEMBER 31		YEAR ENDED DECEMBER 31		2021 PLAN ¹	2022 PLAN
	2021	2020	2021	2020		
Cigar Lake	2.8	2.8	6.1	5.0	up to 6.0	7.5 ²
McArthur River/Key Lake	-	-	-	-	-	up to 3.5 ³
Total	2.8	2.8	6.1	5.0	up to 6.0	up to 11.0

¹ A production target was not set in 2021 until after production at Cigar Lake resumed following the proactive four-month COVID-19-related suspension that started in December of 2020. A production target of up to 6.0 million pounds (our share) was provided in our 2021 second quarter MD&A.

² At Cigar Lake, we expect production of 15 million pounds (100% basis) in 2022 due to the delays and deferrals to development work experienced in 2021 related to the suspension of production noted above and the ongoing pandemic and supply chain challenges impacting the availability of construction materials, equipment and labour.

³ Over the course of 2022 and 2023, we will undertake all the activities necessary to ramp up to the 2024 planned production of 15 million pounds per year (100% basis) at McArthur River/Key Lake. As a result, in 2022, we could produce up to 5 million pounds (100% basis).

Production outlook

We remain focused on taking advantage of the long-term growth we see coming in our industry, while maintaining the ability to respond to market conditions as they evolve. Our strategy includes a focus, in our uranium segment, on protecting and extending the value of our contract portfolio, on aligning our production decisions with our contract portfolio and market opportunities thereby preserving the value of our lowest cost assets in order to increase long-term value, and to do that with an emphasis on safety, people and the environment.

Given the transition we are seeing in the uranium market, we plan to:

- begin the work necessary at McArthur River/Key Lake to achieve our 2024 production plan, matching our production level to our sales commitments and market opportunities
- focus on technology and its applications to improve efficiency, reduce costs and improve operational effectiveness across our operations, including the use of digital and automation technologies

We expect our share of production to be up to 11 million pounds in 2022 and we will work to minimize the impact of any COVID-19 pandemic disruptions and supply chain challenges on the availability of materials, reagents and labour.

We expect total production from Inkai to be 8.3 million pounds in 2022 on a 100% basis, assuming no production disruptions due to the COVID-19 pandemic, civil unrest, supply chain issues or other causes. Due to equity accounting, our share of production is shown as a purchase. An adjustment to the production purchase entitlement allows us to purchase 4.2 million pounds in 2022.

Uranium – Tier-one operations

McArthur River mine / Key Lake mill



2021 Production (our share)

0.0M lbs

2022 Production Outlook (our share)

up to 3.5M lbs

Estimated Reserves (our share)

275.0M lbs

Estimated Mine Life

2048

McArthur River is the world's largest, high-grade uranium mine, and Key Lake is the world's largest uranium mill. Ore grades at the McArthur River mine are 100 times the world average. We are the operator of both the mine and mill.

In 2018, a decision was made to suspend production and place the mine and mill in care and maintenance. With the improvement in the uranium market and the success we have had in securing new long-term contracts, it is time to proceed with the next phase of our supply discipline decisions. Therefore, continuing to align our production with market conditions and our contract portfolio, our plan is to produce 15 million pounds (100% basis) per year by 2024 at McArthur River/Key Lake, 40% below its licensed capacity. This will remain our production plan until we see further improvements in the uranium market and contracting progress, demonstrating that we continue to be a responsible supplier of uranium fuel.

McArthur River is considered a material uranium property for us. There is a technical report dated March 29, 2019 (effective December 31, 2018) that can be downloaded from SEDAR (sedar.com) or from EDGAR (sec.gov).

Location	Saskatchewan, Canada
Ownership	McArthur River – 69.805% Key Lake – 83.33%
Mine type	Underground
Mining methods	Primary: blasthole stoping Secondary: raiseboring
End product	Uranium concentrate
Certification	ISO 14001 certified
Estimated reserves	275.0 million pounds (proven and probable), average grade U ₃ O ₈ : 6.58%
Estimated resources	6.3 million pounds (measured and indicated), average grade U ₃ O ₈ : 2.46% 1.8 million pounds (inferred), average grade U ₃ O ₈ : 2.85%
Licensed capacity	Mine and mill: 25.0 million pounds per year
Licence term	Through October, 2023
Total packaged production:	
2000 to 2021	325.4 million pounds (McArthur River/Key Lake) (100% basis)
1983 to 2002	209.8 million pounds (Key Lake) (100% basis)
2021 production	0.0 million pounds (0.0 million pounds on 100% basis)
2022 production outlook	up to 3.5 million pounds (5.0 million pounds on 100% basis)
Estimated decommissioning cost	\$42 million – McArthur River (100% basis) \$223 million – Key Lake (100% basis)

All values shown, including reserves and resources, represent our share only, unless indicated.

BACKGROUND

Mine description

The mineral reserves at McArthur River are contained within seven zones: Zones 1, 2, 3, 4, 4 South, A and B. Prior to care and maintenance, there were two active mining zones and one where development was significantly advanced.

Zone 2 has been actively mined since production began in 1999. The ore zone was initially divided into three freeze panels. As the freeze wall was expanded, the inner connecting freeze walls were decommissioned in order to recover the inaccessible uranium around the active freeze pipes. Mining of zone 2 is almost complete. About 4.8 million pounds of mineral reserves remain and we expect to recover them using a combination of raisebore and blasthole stope mining.

Zone 4 has been actively mined since 2010. The zone was divided into four freeze panels, and like in zone 2, as the freeze wall was expanded, the inner connecting freeze walls were decommissioned. Zone 4 has 117.5 million pounds of mineral reserves secured behind freeze walls and it will be the main source of production when mine production restarts. Raisebore mining and blasthole stoping will be used to recover the mineral reserves.

Zone 1 is the next planned mine area to be brought into production. Freezehole drilling was 90% complete and brine distribution construction was approximately 10% complete when work was suspended in 2018 as part of the production suspension. Work remaining before production can begin includes completion of the freezehole drilling, brine distribution construction, ground freezing and drill and extraction chamber development. Once complete, an additional 47.5 million pounds of mineral reserves will be secured behind freeze walls. Blasthole stope mining is currently planned as the main extraction method.

We have successfully extracted over 325 million pounds (100% basis) since we began mining in 1999.

Mining methods and techniques

The McArthur River deposit presents unique challenges that are not typical of traditional hard or soft rock mines. These challenges are the result of mining in or near high pressure ground water in challenging ground conditions with significant radiation concerns due to the high-grade uranium ore. Therefore, mine designs and mining methods are selected based on their ability to mitigate hydrological, radiological and geotechnical risks.

There are three approved mining methods at McArthur River: raisebore mining, blasthole stope mining and boxhole mining. However, only raisebore and blasthole stope mining remain in use. In addition, we use ground freezing to mine the McArthur River deposit.

Ground freezing

All the mineralized areas discovered to date at McArthur River are in, or partially in, water-bearing ground with significant pressure at mining depths. This high pressure water source is isolated from active development and production areas in order to reduce the inherent risk of an inflow. To date, McArthur River has relied on pressure grouting and ground freezing to successfully mitigate the risks of the high pressure ground water.

Chilled brine is circulated through freeze holes to form an impermeable freeze barrier around the area being mined. This prevents water from entering the mine, and helps stabilize weak rock formations.

Blasthole stoping

Blasthole stoping began in 2011 and was the main extraction method prior to our production suspension. It is planned in areas where blastholes can be accurately drilled and small stable stopes excavated without jeopardizing the freeze wall integrity. The use of this method has allowed the site to improve operating costs by increasing overall extraction efficiency by reducing underground development, concrete consumption, mineralized waste generation and improving extraction cycle time.

Raisebore mining

Raisebore mining is an innovative non-entry approach that we adapted to meet the unique challenges at McArthur River, and it has been used since mining began in 1999. This method is favourable for mining the weaker rock mass areas of the deposit, and is suitable for massive high-grade zones where there is access both above and below the ore zone.

Initial processing

McArthur River produces two product streams, high grade slurry and low-grade mineralized rock. Both product streams are shipped to Key Lake mill to produce uranium ore concentrate.

The high-grade material is ground and thickened into a slurry paste underground and then pumped to surface. The material is then thickened and blended for grade control and shipped to Key Lake in slurry totes using haul trucks.

The low-grade mineralized material is hoisted to surface and shipped as a dry product to Key Lake using covered haul trucks. Once at Key Lake, the material is ground, thickened and blended with the high-grade slurry to a nominal 5% U₃O₈ mill feed grade. It is then processed into uranium ore concentrate and packaged in drums for further processing offsite.

Tailings capacity

Based on the current licence conditions, tailings capacity at Key Lake is sufficient to mill all the known McArthur River mineral reserves and resources, should they be converted to reserves, with additional capacity to toll mill ore from other regional deposits.

Licensed annual production capacity

The McArthur River mine and Key Lake mill are both licensed to produce up to 25 million pounds (100% basis) per year. To achieve annual production at the licensed capacity, additional investment will be required.

2021 UPDATE

Production suspension

The facilities remained in a state of safe and sustainable care and maintenance throughout 2021.

Care and maintenance activities included mine dewatering, water treatment, freeze wall maintenance, and environmental monitoring. In addition, preservation maintenance and monitoring of the critical facilities continued. These activities were performed to ensure that the McArthur River and Key Lake operations are available to return to production in a timely manner.

Exploration

As a result of the production suspension, there was no exploration activity in 2021.

PLANNING FOR THE FUTURE

Production

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

Innovation

In 2020, we began a program to advance the assessment of innovation opportunities at the McArthur River mine and Key Lake mill. We established a team of internal experts who have been tasked with assessing, designing and implementing opportunities to improve operating efficiency. During the year, the team advanced a portfolio of projects focused on improvement of the mine and mill through application of automation, digitization and optimization. In 2021, the projects that met our investment criteria were advanced to implementation.

Optimizing production

The technical report dated March of 2019 is based on production of 18 million pounds (100% basis) per year, however, we plan to align production with our contract portfolio and market signals once operations resume. Our current plan is to achieve production of 15 million pounds (100% basis) per year by 2024. We expect that this paced approach will allow us to extract maximum value from the operation.

MANAGING OUR RISKS

Production at McArthur River/Key Lake poses many challenges. These challenges include control of groundwater, weak rock formations, radiation protection, water inflow, mine area transitioning, regulatory approvals, surface and underground fires and other mining related challenges. Operational experience gained since the start of production has resulted in a significant reduction in risk.

Mine and mill operational readiness

The operational changes we have made, including the suspension of production in 2018 and the accompanying workforce reduction, carry with them the risks of a delay in achieving operational readiness and resuming production.

With the extended period of time the assets were on care and maintenance, there is increased uncertainty regarding the timing of a successful rampup to planned production and the associated costs.

Labour relations

The collective agreement with the United Steelworkers local 8914 expires in December 2022. We plan to begin contract negotiations prior to the expiration of the current agreement. There is a risk to the ramp up to planned production if we are unable to reach agreement and there is a labour dispute.

Water inflow risk

Water inflows pose a significant risk to mine production. In 2003, a water inflow resulted in a three-month suspension of production. We also had a small water inflow in 2008 that did not impact production but did cause significant development delays.

The consequences of another water inflow at McArthur River would depend on its magnitude, location and timing, but could include a significant interruption or reduction in production, a material increase in costs or a loss of mineral reserves.

We take significant steps and precautions to reduce the risk of inflows, but there is no guarantee that these will be successful. In the event that an inflow does occur, we believe we have sufficient pumping, water treatment and surface storage capacity to handle the estimated maximum sustained inflow.

We also manage the risks listed on pages 58 to 60.

Uranium – Tier-one operations

Cigar Lake



2021 Production (our share)

6.1M lbs

2022 Production Outlook (our share)

7.5M lbs

Estimated Reserves (our share)

76.2M lbs

Estimated Mine Life

2032

Cigar Lake is the world's highest grade uranium mine, with grades that are 100 times the world average. We are a 50% owner and the mine operator. Cigar Lake uranium is milled at Orano's (previously AREVA) McClean Lake mill.

Cigar Lake is considered a material uranium property for us. There is a technical report dated March 29, 2016 (effective December 31, 2015) that can be downloaded from SEDAR (sedar.com) or from EDGAR (sec.gov).

Location	Saskatchewan, Canada
Ownership	50.025%
Mine type	Underground
Mining method	Jet boring system
End product	Uranium concentrate
Certification	ISO 14001 certified
Estimated reserves	76.2 million pounds (proven and probable), average grade U ₃ O ₈ : 15.41%
Estimated resources	51.9 million pounds (measured and indicated), average grade U ₃ O ₈ : 13.83% 11.5 million pounds (inferred), average grade U ₃ O ₈ : 5.58%
Licensed capacity	18.0 million pounds per year (our share 9.0 million pounds per year)
Licence term	Through June, 2031
Total packaged production: 2014 to 2021	105 million pounds (100% basis)
2021 production	6.1 million pounds (12.2 million pounds on 100% basis)
2022 production outlook	7.5 million pounds (15.0 million pounds on 100% basis)
Estimated decommissioning cost	\$62 million (100% basis)

All values shown, including reserves and resources, represent our share only, unless otherwise indicated.

BACKGROUND

Development

We began developing the Cigar Lake underground mine in 2005, but development was delayed due to water inflows in 2006 and 2008. The underground workings were successfully remediated and secured in 2011 and, in October 2014 the McClean Lake mill produced the first uranium concentrate from ore mined at the Cigar Lake operation. Commercial production was declared in May 2015.

Mine description

Cigar Lake's geological setting is similar to McArthur River's: the permeable sandstone, which overlays the deposit and basement rocks, contains large volumes of water at significant pressure. However, unlike McArthur River, the Cigar Lake deposit has the shape of a flat- to cigar-shaped lens. As a result of these challenging geological conditions, we are unable to utilize traditional mining methods that require access above the ore, necessitating the development of a non-entry mining method specifically adapted for this deposit: the Jet Boring System (JBS).

Mine development is carried out uniquely in the basement rocks below the ore horizon. New mine development is required throughout the mine life to gain access to the ore above.

Mining method

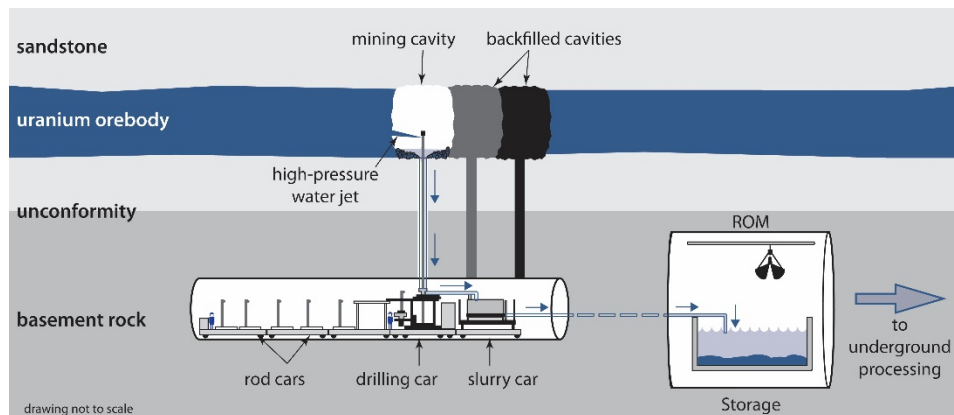
Bulk ground freezing

The sandstone that overlays the deposit and basement rocks is water-bearing, and to prevent water from entering the mine, help stabilize weak rock formations, and meet our production schedule, we freeze the ground from surface. The ore zone and surrounding ground in the area to be mined must meet specific ground freezing requirements before we begin jet boring.

Jet boring system (JBS) mining

After many years of test mining, we selected jet boring, a non-entry mining method, which we have developed and adapted specifically for this deposit. This method involves:

- drilling a pilot hole into the frozen orebody, inserting a high pressure water jet and cutting a cavity out of the frozen ore
- collecting the ore and water mixture (slurry) from the cavity and pumping it to storage (sump storage), allowing it to settle
- using a clamshell, transporting the ore from sump storage to an underground grinding and processing circuit
- once mining is complete, filling each cavity in the orebody with concrete
- starting the process again with the next cavity



We have divided the orebody into production panels and at least three production panels need to be frozen at one time to achieve the annual production rate. One JBS machine is located below each frozen panel. Three JBS machines are currently in operation. Two machines actively mine at any given time while the third is moving, setting up, or undergoing maintenance.

Initial processing

We carry out initial processing of the extracted ore at Cigar Lake:

- the underground circuit grinds the ore and mixes it with water to form a slurry
- the slurry is pumped 500 metres to the surface and stored in one of two ore slurry holding tanks
- it is blended and thickened, removing excess water
- the final slurry, at an average grade of approximately 15% U_3O_8 , is pumped into transport truck containers and shipped to McClean Lake mill on a 69 kilometre all-weather road

Water from this process, including water from underground operations, is treated on the surface. Any excess treated water is released into the environment.

Milling

All of Cigar Lake's ore slurry is being processed at the McClean Lake mill, operated by Orano. Given the McClean Lake mill's capacity, it is able to:

- process up to 18 million pounds U_3O_8 per year
- process and package all of Cigar Lake's current mineral reserves

Licensing annual production capacity

The Cigar Lake mine is licensed to produce up to 18 million pounds (100% basis) per year. Orano's McClean Lake mill is licensed to produce 24 million pounds annually.

2021 UPDATE

Production

Total packaged production from Cigar Lake in 2021 was 12.2 million pounds U_3O_8 (6.1 million pounds our share) compared to 10 million pounds U_3O_8 (5.0 million pounds our share) in 2020. Production was impacted by suspensions in the second and third quarters of 2020 as a precautionary measure due to COVID-19. In December 2020, we safely suspended production at the Cigar Lake mine a second time as a precaution. The mine remained suspended through the first quarter of 2021 until its restart in mid-April. On July 1, all non-essential personnel from the Cigar Lake mine were evacuated and production was temporarily suspended as a precaution due to the proximity of a forest fire. With the risk subsided and all infrastructure intact, the workforce returned on July 4 and production resumed in the first week of July.

During the year, we:

- executed planned ten-day annual maintenance activities in September
- executed production activities from three production tunnels in the eastern part of the orebody
- in alignment with our long-term production plans, we substantially completed optimizations of the underground water handling system and header expansions, and expanded our ground freezing program to ensure continued frozen ore inventory

Underground development

Underground mine development continued in 2021. A new production cross cut was completed in 2021 as well as development work in the western portion of the orebody. However, as a result of the suspension in production, we have also experienced delays and deferrals in project work, including lower capital expenditures, which have introduced risk to production in 2022. Furthermore, the potential for supply chain impacts on construction materials, equipment and labour remains uncertain and could further exacerbate production risk in 2022 and future years.

PLANNING FOR THE FUTURE

Production

At Cigar Lake, due to delays and deferrals to development work caused by the proactive COVID-19-related four-month suspension of production in 2021 and the ongoing pandemic and supply chain challenges impacting the availability of construction materials, equipment and labour, we expect production of 15 million pounds (100% basis) in 2022. We will work to minimize the impacts of these disruptions.

In 2022, we plan to:

- continue production activities focused on bringing one new production panel online and closing out a completed one
- continue surface freeze drilling and complete construction and commissioning of freeze distribution infrastructure expansion in support of future production
- continue underground mine development on two new production tunnels as well as expand ventilation and access drifts in alignment with the long-term mine plan
- continue upgrades to process water handling circuits and the surface backfill batch plant to support ongoing operations

Optimizing production

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

MANAGING OUR RISKS

Cigar Lake is a challenging deposit to develop and mine. These challenges include control of groundwater, weak rock formations, radiation protection, chemical ore characteristics, performance of the water treatment system, water inflow, regulatory approvals, surface and underground fires and other mining-related challenges. To reduce this risk, we are applying our operational experience and the lessons we have learned about water inflows at McArthur River and Cigar Lake.

Transition to new mining areas

In order to successfully achieve the planned production schedule, we must continue to successfully transition into new mining areas, which includes mine development and investment in critical support infrastructure.

Ground freezing

To manage our risks and meet our production schedule, the areas being mined must meet specific ground freezing requirements before we begin jet boring. We have identified greater variation of the freeze rates of different geological formations encountered in the mine, based on information obtained through surface freeze drilling. As a mitigation measure, we have increased the site freeze capacity to facilitate the mining of ore cavities as planned.

Environmental performance

The Cigar Lake orebody contains elements of concern with respect to the water quality and the receiving environment. The distribution of elements such as arsenic, molybdenum, selenium and others is non-uniform throughout the orebody, and this can present challenges in attaining and maintaining the required effluent concentrations.

There have been ongoing efforts to optimize the current water treatment process and water handling systems to ensure acceptable environmental performance, which is expected to avoid the need for additional capital upgrades and potential deferral of production.

Water inflow risk

A significant risk to development and production is from water inflows. The 2006 and 2008 water inflows were significant setbacks.

The consequences of another water inflow at Cigar Lake would depend on its magnitude, location and timing, but could include a significant delay or disruption in Cigar Lake production, a material increase in costs or a loss of mineral reserves.

We take the following steps to reduce the risk of inflows, but there is no guarantee that these will be successful:

- Bulk freezing: Two of the primary challenges in mining the deposit are control of groundwater and ground support. Bulk freezing reduces but does not completely eliminate the risk of water inflows.
- Mine development: We plan for our mine development to take place away from known groundwater sources whenever possible. In addition, we assess all planned mine development for relative risk and apply extensive additional technical and operating controls for all higher risk development.
- Pumping capacity and treatment limits: We have pumping capacity to meet our standard for this operation of at least one and a half times the estimated maximum inflow.

We believe we have sufficient pumping, water treatment and surface storage capacity to handle the estimated maximum inflow.

We also manage the risks listed on pages 58 to 60.

Uranium – Tier-one operations

Inkai



2021 Production (100% basis)

9.0M lbs

2022 Production Outlook (100% basis)

8.3M lbs

Estimated Reserves (our share)

112.5M lbs

Estimated Mine Life

2045
(based on licence term)

Inkai is a very significant uranium deposit, located in Kazakhstan. The operator is JV Inkai limited liability partnership, which we jointly own (40%) with Kazatomprom (60%)¹.

Inkai is considered a material uranium property for us. There is a technical report dated January 25, 2018 (effective January 1, 2018) that can be downloaded from SEDAR (sedar.com) or from EDGAR (sec.gov).

Location	South Kazakhstan
Ownership	40% ¹
Mine type	In situ recovery (ISR)
End product	Uranium concentrate
Certifications	BSI OHSAS 18001 ISO 14001 certified
Estimated reserves	112.5 million pounds (proven and probable), average grade U ₃ O ₈ : 0.04%
Estimated resources	35.6 million pounds (measured and indicated), average grade U ₃ O ₈ : 0.03% 9.6 million pounds (inferred), average grade U ₃ O ₈ : 0.03%
Licensed capacity (wellfields)	10.4 million pounds per year (our share 4.2 million pounds per year) ¹
Licence term	Through July 2045
Total packaged production: 2009 to 2021	73 million pounds (100% basis)
2021 production	9.0 million pounds (100% basis) ¹
2022 production outlook	8.3 million pounds (100% basis) ¹
Estimated decommissioning cost (100% basis)	\$20 million (US) (100% basis) (this estimate is currently under review)

All values shown, including reserves and resources, represent our share only, unless indicated.

¹ Our ownership interest in the joint venture is 40% and we equity account for our investment. As such, our share of production is shown as a purchase.

BACKGROUND

Mine description

The Inkai uranium deposit is a roll-front type orebody within permeable sandstones. The more porous and permeable units host several stacked and relatively continuous, sinuous “roll-fronts” of low-grade uranium forming a regional system. Superimposed over this regional system are several uranium projects and active mines.

Inkai’s mineralization ranges in depths from about 260 metres to 530 metres. The deposit has a surface projection of about 40 kilometres in length, and the width ranges from 40 to 1600 metres. The deposit has hydrogeological and mineralization conditions favourable for use of in-situ recovery (ISR) technology.

Mining and milling method

JV Inkai uses conventional, well-established, and very efficient ISR technology, developed after extensive test work and operational experience. The process involves five major steps:

- leach the uranium in-situ by circulating an acid-based solution through the host formation
- recover it from solution with ion exchange resin (takes place at both main and satellite processing plants)
- precipitate the uranium with hydrogen peroxide
- thicken, dewater, and dry it
- package the uranium peroxide product in drums

Production

Total 2021 production from Inkai was 9.0 million pounds (100% basis), an increase of 28% from 2020. The increase in production is due to the impact of the reduction in operational activities introduced to manage the risks posed by the COVID-19 pandemic in 2020.

Production purchase entitlements

Under the terms of a restructuring agreement signed with our partner Kazatomprom in 2016, our ownership interest in JV Inkai is 40% and Kazatomprom’s share is 60%. However, during production rampup to the licensed limit of 10.4 million pounds, we are entitled to purchase 57.5% of the first 5.2 million pounds of annual production, and as annual production increases over 5.2 million pounds, we are entitled to purchase 22.5% of such incremental production, to the maximum annual share of 4.2 million pounds. Once the rampup to 10.4 million pounds annually is complete, we will be entitled to purchase 40% of such annual production, matching our ownership interest.

Based on an adjustment to the production purchase entitlement under the 2016 JV Inkai restructuring agreement, in 2021 we were entitled to purchase 5.3 million pounds, or 59.4% of JV Inkai’s 2021 production of 9.0 million pounds.

Cash distribution

Excess cash, net of working capital requirements, will be distributed to the partners as dividends. In 2021, we received dividend payments from JV Inkai totaling \$40 million (US). Our share of dividends follows our production purchase entitlements as described above.

PLANNING FOR THE FUTURE

Production

On July 2, 2021, Kazatomprom announced that it plans to maintain 2023 production at a similar level to 2022, which is expected to be 20% lower than the planned volumes under its Subsoil Use Contracts.

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

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

Our share of production is purchased at a discount to the spot price and included at this value in inventory. In addition, JV Inkai capital is not included in our outlook for capital expenditures.

MANAGING OUR RISKS

2022 production forecast risk

Achievement of JV Inkai's 2022 production forecast requires it to successfully manage its operating and other risks including the current uncertain environment resulting from civil unrest and from the COVID-19 pandemic, including the risk of significant disruption to JV Inkai's operations, workforce, required supplies or services, and its ability to produce uranium.

Political risk

Kazakhstan declared itself independent in 1991 after the dissolution of the Soviet Union. Our investment in JV Inkai is subject to the greater risks associated with doing business in developing countries, which have significant potential for social, economic, political, legal and fiscal instability. Kazakh laws and regulations are complex and still developing and their application can be difficult to predict. The other owner of JV Inkai is Kazatomprom, an entity majority owned by the government of Kazakhstan. We have entered into agreements with JV Inkai and Kazatomprom intended to mitigate political risk. This risk includes the imposition of governmental laws or policies that could restrict or hinder JV Inkai paying us dividends, or selling us our share of JV Inkai production, or that impose discriminatory taxes or currency controls on these transactions. The restructuring of JV Inkai, which took effect January 1, 2018, was undertaken with the objective to better align the interests of Cameco and Kazatomprom and includes a governance framework that provides for protection for us as a minority owner of JV Inkai.

In early January 2022, Kazakhstan saw the most significant political instability since it became independent in 1991. The events resulted in a state of emergency being declared across the country. With the assistance of the Collective Security Treaty Organization (CSTO), the government restored the order and in the second half of January, the state of emergency was gradually lifted and withdrawal of CSTO forces from Kazakhstan was completed. The early outcome of those events was a number of political and economic reforms declared by the government. While the exact impact of those reforms is unclear at this time, they could potentially impact JV Inkai's operations and costs.

For more details on this risk, please see our most recent annual information form under the heading political risks.

JV Inkai manages risks listed on pages 58 to 60.

Uranium – Tier-two operations

Rabbit Lake

Located in Saskatchewan, Canada, our 100% owned Rabbit Lake operation opened in 1975, and has the second largest uranium mill in the world. Due to market conditions, we suspended production at Rabbit Lake during the second quarter of 2016.

Location	Saskatchewan, Canada
Ownership	100%
End product	Uranium concentrates
ISO certification	ISO 14001 certified
Mine type	Underground
Estimated reserves	-
Estimated resources	38.6 million pounds (indicated), average grade U ₃ O ₈ : 0.95% 33.7 million pounds (inferred), average grade U ₃ O ₈ : 0.62%
Mining methods	Vertical blasthole stoping
Licensed capacity	Mill: maximum 16.9 million pounds per year; currently 11 million
Licence term	Through October, 2023
Total production: 1975 to 2021	202.2 million pounds
2021 production	0 million pounds
2022 production outlook	0 million pounds
Estimated decommissioning cost	\$213 million

PRODUCTION SUSPENSION

The facilities remained in a state of safe and sustainable care and maintenance throughout 2021.

While in standby, we continue to evaluate our options in order to minimize care and maintenance costs. We expect care and maintenance costs to range between \$27 million and \$32 million annually.

MANAGING OUR RISKS

We also manage the risks listed on pages 58 to 60.

US ISR Operations

Located in Nebraska and Wyoming in the US, the Crow Butte and Smith Ranch-Highland (including the North Butte satellite) operations began production in 1991 and 1975. Each operation has its own processing facility. Due to market conditions, we curtailed production and deferred all wellfield development at these operations during the second quarter of 2016.

Ownership		100%
End product		Uranium concentrates
ISO certification		ISO 14001 certified
Estimated reserves	<i>Smith Ranch-Highland:</i>	-
	<i>North Butte-Brown Ranch:</i>	-
	<i>Crow Butte:</i>	-
Estimated resources	<i>Smith Ranch-Highland:</i>	24.9 million pounds (measured and indicated), average grade U ₃ O ₈ : 0.06% 7.7 million pounds (inferred), average grade U ₃ O ₈ : 0.05%
	<i>North Butte-Brown Ranch:</i>	9.5 million pounds (measured and indicated), average grade U ₃ O ₈ : 0.07% 0.4 million pounds (inferred), average grade U ₃ O ₈ : 0.07%
	<i>Crow Butte:</i>	13.9 million pounds (measured and indicated), average grade U ₃ O ₈ : 0.25% 1.8 million pounds (inferred), average grade U ₃ O ₈ : 0.16%
Mining methods		In situ recovery (ISR)
Licensed capacity	<i>Smith Ranch-Highland:</i> ¹	Wellfields: 3 million pounds per year; processing plants: 5.5 million pounds per year
	<i>Crow Butte:</i>	Processing plants and wellfields: 2 million pounds per year
Licence term	<i>Smith Ranch-Highland:</i>	Through September, 2028
	<i>Crow Butte:</i>	Through October, 2024
Total production: 2002 to 2021		33.0 million pounds
2021 production		0 million pounds
2022 production outlook		0 million pounds
Estimated decommissioning cost		Smith Ranch-Highland: \$219 million (US), including North Butte Crow Butte: \$56 million (US)

¹ Including Highland mill

PRODUCTION CURTAILMENT

As a result of our 2016 decision, production at the US operations ceased in 2018. We expect ongoing cash and non-cash care and maintenance costs to range between \$17 million (US) and \$19 million (US) for 2022.

FUTURE PRODUCTION

We do not expect any production in 2022.

MANAGING OUR RISKS

We manage the risks listed on pages 58 to 60.

Uranium – advanced projects

Work on our advanced projects has been scaled back and will continue at a pace aligned with market signals.

Millennium

Location	Saskatchewan, Canada
Ownership	69.9%
End product	Uranium concentrates
Potential mine type	Underground
Estimated resources (our share)	53.0 million pounds (indicated), average grade U ₃ O ₈ : 2.39% 20.2 million pounds (inferred), average grade U ₃ O ₈ : 3.19%

BACKGROUND

The Millennium deposit was discovered in 2000, and was delineated through geophysical survey and surface drilling work between 2000 and 2013.

Yeelirrie

Location	Western Australia
Ownership	100%
End product	Uranium concentrates
Potential mine type	Open pit
Estimated resources	128.1 million pounds (measured and indicated), average grade U ₃ O ₈ : 0.15%

BACKGROUND

The deposit was discovered in 1972 and is a near-surface calcrete-style deposit that is amenable to open pit mining techniques. It is one of Australia's largest undeveloped uranium deposits.

Kintyre

Location	Western Australia
Ownership	100%
End product	Uranium concentrates
Potential mine type	Open pit
Estimated resources	53.5 million pounds (indicated), average grade U ₃ O ₈ : 0.62% 6.0 million pounds (inferred), average grade U ₃ O ₈ : 0.53%

BACKGROUND

The Kintyre deposit was discovered in 1985 and is amenable to open pit mining techniques.

2021 PROJECT UPDATES

We believe that we have some of the best undeveloped uranium projects in the world. However, in the current market environment these assets are not required to meet near-term demand. We continue to await a signal from the market that additional production is needed prior to making any new development decisions.

PLANNING FOR THE FUTURE

2022 Planned activity

No work is planned at Millennium, Yeelirrie or Kintyre.

Further progress towards a development decision on any of these projects is not expected until the market fully transitions and supply is incented by prices that reflect production economics.

MANAGING THE RISKS

Project approval

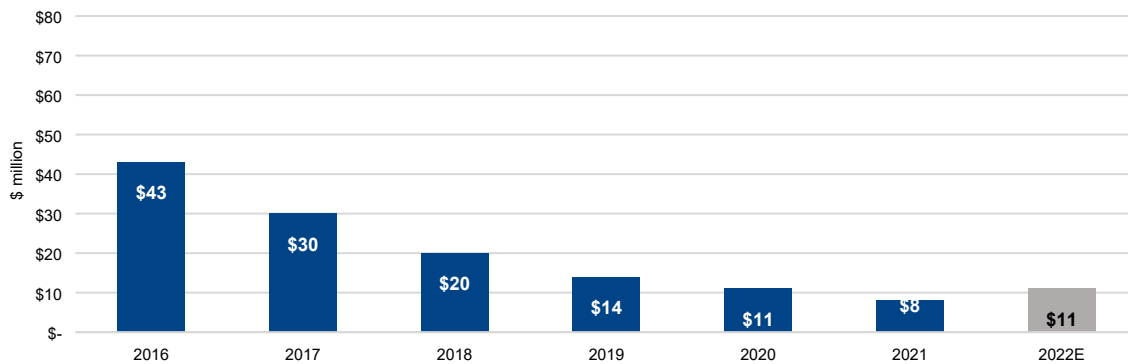
The approval for the Yeelirrie project, received from the prior state government, required substantial commencement of the project by January 2022 unless an extension is granted by the state government. The Minister for Environment; Climate Action for the state government has indicated that it will not consider our request for an extension at this time. In the future we can again apply for an extension of time to achieve substantial commencement of the project. If granted by a future government we could commence the Yeelirrie project, provided we have all other required regulatory approvals. Approval for the Yeelirrie project at the federal level was granted in 2019 and extends until 2043.

For all of our advanced projects, we manage the risks listed on pages 58 to 60.

Uranium – exploration

Our exploration program is directed at replacing mineral reserves as they are depleted by our production and is key to sustaining our business. However, as we are preserving our tier-one assets and have ample idled production capacity, we have reduced our spending to focus only on exploration near our existing operations where we have established infrastructure and capacity to expand. Globally, we have land with exploration and development prospects that are among the best in the world, mainly in Canada, Australia and the US. Our land holdings total about 0.85 million hectares (2.1 million acres). In northern Saskatchewan alone, we have direct interests in about 0.75 million hectares (1.9 million acres) of land covering many of the most prospective exploration areas of the Athabasca Basin.

EXPLORATION AND EVALUATION SPENDING



2021 UPDATE

Brownfield exploration

Brownfield exploration is uranium exploration near our existing operations and includes expenses for advanced exploration on the evaluation of projects where uranium mineralization is being defined.

In 2021, we spent about \$3 million on brownfields and advanced uranium projects in Saskatchewan and Australia. At the US operations we spent \$1 million.

Regional exploration

We spent about \$4 million on regional exploration programs (including support costs), primarily in Saskatchewan's Athabasca Basin.

PLANNING FOR THE FUTURE

We will continue to focus on our core projects in Saskatchewan under our long-term exploration strategy. Long-term, we look for properties that meet our investment criteria. We may partner with other companies through strategic alliances, equity holdings and traditional joint venture arrangements. Our leadership position and industry expertise in both exploration and corporate social responsibility make us a partner of choice.

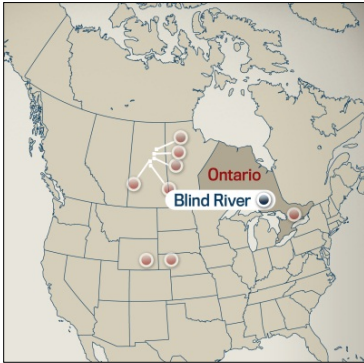
Fuel services

Refining, conversion and fuel manufacturing

We have about 21% of world UF_6 primary conversion capacity and are a supplier of natural UO_2 . Our focus is on cost-competitiveness and operational efficiency.

Our fuel services segment is strategically important because it helps support the growth of the uranium segment. Offering a range of products and services to customers helps us broaden our business relationships and expand our uranium market share.

Blind River Refinery



Licensed Capacity

24.0M kgU as UO_3

Licence renewal in

February, 2022

Blind River is the world's largest commercial uranium refinery, refining uranium concentrates from mines around the world into UO_3 .

Location	Ontario, Canada
Ownership	100%
End product	UO_3
ISO certification	ISO 14001 certified
Licensed capacity	18.0 million kgU as UO_3 per year, approved to 24.0 million subject to the completion of certain equipment upgrades (advancement depends on market conditions)
Licence term	Through February, 2022
Estimated decommissioning cost	\$48 million

Port Hope Conversion Services



Licensed Capacity

12.5M kgU as UF₆

2.8M kgU as UO₂

Licence renewal in

February, 2027

Port Hope is the only uranium conversion facility in Canada and a supplier of UO₂ for Canadian-made CANDU reactors.

Location	Ontario, Canada
Ownership	100%
End product	UF ₆ , UO ₂
ISO certification	ISO 14001 certified
Licensed capacity	12.5 million kgU as UF ₆ per year 2.8 million kgU as UO ₂ per year
Licence term	Through February, 2027
Estimated decommissioning cost	\$129 million

Cameco Fuel Manufacturing Inc. (CFM)



Licensed Capacity

1.2M kgU as UO₂ fuel pellets

Licence renewal in

February, 2022

CFM produces fuel bundles and reactor components for CANDU reactors.

Location	Ontario, Canada
Ownership	100%
End product	CANDU fuel bundles and components
ISO certification	ISO 9001 certified, ISO 14001 certified
Licensed capacity	1.2 million kgU as UO ₂ fuel pellets
Licence term	Through February, 2022
Estimated decommissioning cost	\$21 million

2021 UPDATE

Production

Fuel services produced 12.1 million kgU, 3% higher than 2020 due to production suspensions in 2020 as a precaution due to the COVID-19 pandemic. Planned production was impacted by hydrogen supply issues in 2021. The hydrogen supply constraint was resolved in the fourth quarter, however supply chain disruption remains a risk generally.

Port Hope conversion facility cleanup and modernization (Vision in Motion)

Vision in Motion is a unique opportunity that demonstrates our continued commitment to a clean environment. It has been made possible by the opening of a long-term waste management facility by the government of Canada's Port Hope Area Initiative project. There is a limited opportunity during the life of this project to engage in clean-up and renewal activities that address legacy waste at the Port Hope Conversion facility inherited from historic operations. While there were some targeted activities throughout the year, significant progress on the Vision in Motion project was limited due to the COVID-19 pandemic and actions taken by the Ontario government to limit all non-essential construction activity.

PLANNING FOR THE FUTURE

Production

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

In addition, in conjunction with our initiative intended to provide a greater focus on technology and its applications to improve efficiency and reduce costs across the organization, we will continue to look for opportunities to improve operational effectiveness, including the use of digital and automation technologies.

MANAGING OUR RISKS

2022 production forecast risk

Achievement of our 2022 forecast for fuel services production requires us to successfully manage our operating and other risks, including the current uncertain environment resulting from the COVID-19 pandemic and its related operational risks, such as the risk of significant disruption to our workforce, required supplies or services, and our ability to produce product.

Labour relations

The current collective bargaining agreement with the unionized employees at Port Hope Conversion Facility expires on July 1, 2022. There is a risk to our production if we are unable to reach an agreement and there is a labour disruption.

Licensing

The current operating licence from the CNSC for both the Blind River refinery and CFM expire in February 2022. The relicensing process for both sites took place in the fourth quarter of 2021 and a decision from the CNSC is expected in early 2022. We do not expect any interruption or significant risks from this process.

We also manage the risks listed on pages 58 to 60.

Corporate development

INVESTMENT PROGRAM

Currently, with our extensive portfolio of reserves and resources and our belief that we have ample idle production capacity for a market that is transitioning, our focus is on navigating by our investment-grade rating and continuing to preserve the value of our tier-one assets by aligning our tier-one production with our delivery commitments and market opportunities. We expect that these assets will allow us to meet rising uranium demand with increased production from our best margin operations and will help to mitigate risk in the event of prolonged uncertainty.

Additionally, we are exploring other emerging and non-traditional opportunities within the fuel cycle, which align well with our commitment to responsibly and sustainably manage our business and increase our contributions to global climate change solutions, such as our investment in Global Laser Enrichment LLC and the non-binding arrangements we signed to explore several areas of cooperation to advance the commercialization and deployment of small modular reactors in Canada and around the world.

We continually evaluate investment opportunities within the nuclear fuel cycle that could add to our future supply options, support our sales activities, and complement and enhance our business in the nuclear industry. We will make an investment decision when an opportunity is available at the right time and the right price. We strive to pursue corporate development initiatives that will leave us and our shareholders in a fundamentally stronger position. As such, an investment opportunity is never assessed in isolation. Investments must compete for investment capital with our own internal growth opportunities. They are subject to our capital allocation process described under *Our strategy*, starting on page 19.

Mineral reserves and resources

Our mineral reserves and resources are the foundation of our company and fundamental to our success.

We have interests in a number of uranium properties. The tables in this section show the estimates of the proven and probable mineral reserves, and measured, indicated, and inferred mineral resources at those properties. However, only three of the properties listed in those tables are material uranium properties for us: McArthur River/Key Lake, Cigar Lake and Inkai. Mineral reserves and resources are all reported as of December 31, 2021.

We estimate and disclose mineral reserves and resources in five categories, using the definition standards adopted by the Canadian Institute of Mining, Metallurgy and Petroleum Council, and in accordance with *National Instrument 43-101 – Standards of Disclosure for Mineral Projects (NI 43-101)*, developed by the Canadian Securities Administrators. You can find out more about these categories at www.cim.org.

About mineral resources

Mineral resources do not have to demonstrate economic viability but have reasonable prospects for eventual economic extraction. They fall into three categories: measured, indicated and inferred. Our reported mineral resources are exclusive of mineral reserves.

- *Measured and indicated mineral resources* can be estimated with sufficient confidence to allow the appropriate application of technical, economic, marketing, legal, environmental, social and governmental factors to support evaluation of the economic viability of the deposit.
- *measured resources*: we can confirm both geological and grade continuity to support detailed mine planning
- *indicated resources*: we can reasonably assume geological and grade continuity to support mine planning
- *Inferred mineral resources* are estimated using limited geological evidence and sampling information. We do not have enough confidence to evaluate their economic viability in a meaningful way. You should not assume that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource, but it is reasonably expected that the majority of inferred mineral resources could be upgraded to indicated mineral resources with continued exploration.

Our share of uranium in the following mineral resource tables is based on our respective ownership interests. Reported mineral resources have not demonstrated economic viability.

About mineral reserves

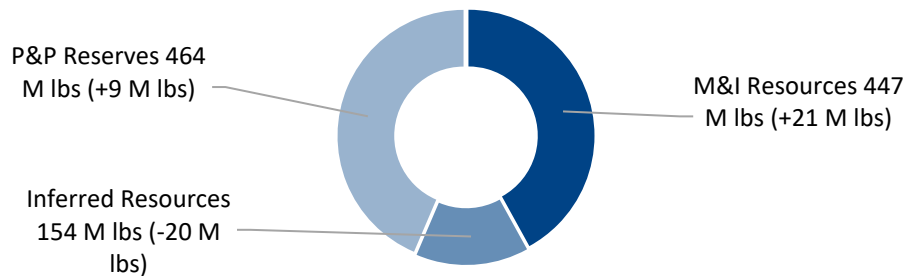
Mineral reserves are the economically mineable part of measured and/or indicated mineral resources demonstrated by at least a preliminary feasibility study. The reference point at which mineral reserves are defined is the point where the ore is delivered to the processing plant, except for ISR operations where the reference point is where the mineralization occurs under the existing or planned wellfield patterns. Mineral reserves fall into two categories:

- *proven reserves*: the economically mineable part of a measured resource for which at least a preliminary feasibility study demonstrates that, at the time of reporting, economic extraction could be reasonably justified with a high degree of confidence
- *probable reserves*: the economically mineable part of a measured and/or indicated resource for which at least a preliminary feasibility study demonstrates that, at the time of reporting, economic extraction could be reasonably justified with a degree of confidence lower than that applying to proven reserves

For properties where we are the operator, we use current geological models, an average uranium price of \$50 (US) per pound U₃O₈, and current or projected operating costs and mine plans to report our mineral reserves, allowing for dilution and mining losses. We apply our standard data verification process for every estimate. For properties in which Cameco has an interest but is not the operator, we will take reasonable steps to ensure that the reserve and resource estimates that we report are reliable.

Our share of uranium in the mineral reserves table below is based on our respective ownership interests.

PROVEN AND PROBABLE (P&P) RESERVES, MEASURED AND INDICATED (M&I) RESOURCES, INFERRED RESOURCES (SHOWING CHANGE FROM 2020) at December 31, 2021



Changes this year

Our share of proven and probable mineral reserves increased from 455 million pounds U_3O_8 at the end of 2020, to 464 million pounds at the end of 2021. The change was primarily the result of:

- a mineral resource and reserve estimate update at Inkai which added 19.0 million pounds to proven and probable reserves based on the infill drilling program completed in the Sat-1 area in 2018-2019. This update also resulted in increased confidence and consequent upgrading to the underlying mineral resource categories.

partially offset by:

- production at Cigar Lake and Inkai, which removed 10.5 million pounds from our mineral inventory

The remaining changes are attributable to mineral resource and reserve estimate updates at Cigar Lake and McArthur River.

Our share of measured and indicated mineral resources increased from 426 million pounds U_3O_8 at the end of 2020, to 447 million pounds at the end of 2021. Our share of inferred mineral resources is 154 million pounds U_3O_8 , a decrease of 20 million pounds from the end of 2020. The variance in mineral resources was primarily the result of the Inkai mineral resource estimate update.

Qualified persons

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

MCARTHUR RIVER/KEY LAKE

- Greg Murdock, general manager, McArthur River/Key Lake, Cameco
- Alain D. Renaud, chief geologist, technical services, Cameco
- Biman Bharadwaj, principal metallurgist, technical services, Cameco

CIGAR LAKE

- Lloyd Rowson, general manager, Cigar Lake, Cameco
- Scott Bishop, director, technical services, Cameco
- Alain D. Renaud, chief geologist, technical services, Cameco

- Biman Bharadwaj, principal metallurgist, technical services, Cameco

INKAI

- Alain D. Renaud, chief geologist, technical services, Cameco
- Scott Bishop, director, technical services, Cameco
- Biman Bharadwaj, principal metallurgist, technical services, Cameco
- Sergey Ivanov, deputy director general, technical services, Cameco Kazakhstan LLP

Important information about mineral reserve and resource estimates

Although we have carefully prepared and verified the mineral reserve and resource figures in this document, the figures are estimates, based in part on forward-looking information.

Estimates are based on knowledge, mining experience, analysis of drilling results, the quality of available data and management's best judgment. They are, however, imprecise by nature, may change over time, and include many variables and assumptions, including:

- geological interpretation
- extraction plans
- commodity prices and currency exchange rates
- recovery rates
- operating and capital costs

There is no assurance that the indicated levels of uranium will be produced, and we may have to re-estimate our mineral reserves based on actual production experience. Changes in the price of uranium, production costs or recovery rates could make it unprofitable for us to operate or develop a particular site or sites for a period of time. See page 2 for information about forward-looking information.

Please see our mineral reserves and resources section of our most recent annual information form for the specific assumptions, parameters and methods used for McArthur River, Inkai and Cigar Lake mineral reserve and resource estimates.

Important information for US investors

We present information about mineralization, mineral reserves and resources as required by National Instrument 43-101 – Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators (NI 43-101), in accordance with applicable Canadian securities laws. As a foreign private issuer filing reports with the US Securities and Exchange Commission (SEC) under the Multijurisdictional Disclosure System, we are not required to comply with the SEC's disclosure requirements relating to mining properties. Investors in the United States should be aware that the disclosure requirements of NI 43-101 are different from those under applicable SEC rules, and the information that we present concerning mineralization, mineral reserves and resources may not be comparable to information made public by companies that comply with the SEC's reporting and disclosure requirements for mining companies.

Mineral reserves

As of December 31, 2021 (100% – only the shaded column shows our share)

PROVEN AND PROBABLE

(tonnes in thousands; pounds in millions)

PROPERTY	MINING METHOD	PROVEN			PROBABLE			TOTAL MINERAL RESERVES			OUR SHARE RESERVES	METALLURGICAL RECOVERY (%)
		TONNES	GRADE % U ₃ O ₈	CONTENT (LBS U ₃ O ₈)	TONNES	GRADE % U ₃ O ₈	CONTENT (LBS U ₃ O ₈)	TONNES	GRADE % U ₃ O ₈	CONTENT (LBS U ₃ O ₈)	CONTENT (LBS U ₃ O ₈)	
Cigar Lake	UG	271.0	15.90	95.0	177.5	14.67	57.4	448.5	15.41	152.4	76.2	98.5
Key Lake	OP	61.1	0.52	0.7	-	-	-	61.1	0.52	0.7	0.6	95
McArthur River	UG	2,139.6	6.97	328.9	575.1	5.13	65.1	2,714.7	6.58	393.9	275.0	99
Inkai	ISR	264,001.7	0.04	226.9	80,459.5	0.03	54.3	344,461.2	0.04	281.2	112.5	85
Total		266,473.4	-	651.5	81,212.1	-	176.8	347,685.5	-	828.2	464.3	-

(UG – underground, OP – open pit, ISR – in situ recovery)

Note that the estimates in the above table:

- use a constant dollar average uranium price of approximately \$50 (US) per pound U₃O₈ except Inkai, where an average uranium price of approximately \$35 (US) per pound U₃O₈ was used by JV Inkai
- are based on exchange rates of \$1.00 US=\$1.25 Cdn and \$1.00 US=425 Kazakhstan Tenge

Our estimate of mineral reserves and mineral resources may be positively or negatively affected by the occurrence of one or more of the material risks discussed under the heading *Caution about forward-looking information* beginning on page 2, as well as certain property-specific risks. See *Uranium – Tier-one operations* starting on page 62.

Metallurgical recovery

We report mineral reserves as the quantity of contained ore supporting our mining plans and provide an estimate of the metallurgical recovery for each uranium property. The estimate of the amount of valuable product that can be physically recovered by the metallurgical extraction process is obtained by multiplying the quantity of contained metal (content) by the planned metallurgical recovery percentage. The content and our share of uranium in the table above are before accounting for estimated metallurgical recovery.

Mineral resources

As of December 31, 2021 (100% – only the shaded columns show our share)

MEASURED, INDICATED AND INFERRED

(tonnes in thousands; pounds in millions)

PROPERTY	MEASURED RESOURCES (M)			INDICATED RESOURCES (I)			TOTAL M+I CONTENT (LBS U ₃ O ₈)	OUR SHARE	INFERRED RESOURCES			OUR SHARE
	TONNES	GRADE % U ₃ O ₈	CONTENT (LBS U ₃ O ₈)	TONNES	GRADE % U ₃ O ₈	CONTENT (LBS U ₃ O ₈)		TOTAL M+I CONTENT (LBS U ₃ O ₈)	TONNES	GRADE % U ₃ O ₈	CONTENT (LBS U ₃ O ₈)	INFERRED CONTENT (LBS U ₃ O ₈)
Cigar Lake	26.8	7.55	4.5	313.3	14.37	99.3	103.7	51.9	186.4	5.58	22.9	11.5
Fox Lake	-	-	-	-	-	-	-	-	386.7	7.99	68.1	53.3
Kintyre	-	-	-	3,897.7	0.62	53.5	53.5	53.5	517.1	0.53	6.0	6.0
McArthur River	91.7	2.63	5.3	74.5	2.26	3.7	9.0	6.3	41.0	2.85	2.6	1.8
Millennium	-	-	-	1,442.6	2.39	75.9	75.9	53.0	412.4	3.19	29.0	20.2
Rabbit Lake	-	-	-	1,836.5	0.95	38.6	38.6	38.6	2,460.9	0.62	33.7	33.7
Tamarack	-	-	-	183.8	4.42	17.9	17.9	10.3	45.6	1.02	1.0	0.6
Yeelirrie	27,172.9	0.16	95.9	12,178.3	0.12	32.2	128.1	128.1	-	-	-	-
Crow Butte	1,558.1	0.19	6.6	939.3	0.35	7.3	13.9	13.9	531.4	0.16	1.8	1.8
Gas Hills - Peach	687.2	0.11	1.7	3,626.1	0.15	11.6	13.3	13.3	3,307.5	0.08	6.0	6.0
Inkai	87,192.7	0.03	56.1	65,236.0	0.02	32.9	89.1	35.6	36,165.2	0.03	23.9	9.6
North Butte - Brown Ranch	621.3	0.08	1.1	5,530.3	0.07	8.4	9.5	9.5	294.5	0.07	0.4	0.4
Ruby Ranch	-	-	-	2,215.3	0.08	4.1	4.1	4.1	56.2	0.14	0.2	0.2
Shirley Basin	89.2	0.16	0.3	1,638.2	0.11	4.1	4.4	4.4	508.0	0.10	1.1	1.1
Smith Ranch - Highland	3,703.5	0.10	7.9	14,372.3	0.05	17.0	24.9	24.9	6,861.0	0.05	7.7	7.7
Total	121,143.4	-	179.4	113,484.3	-	406.4	585.9	447.4	51,774.0	-	204.5	153.9

Note that mineral resources:

- do not include amounts that have been identified as mineral reserves
- do not have demonstrated economic viability
- totals may not add due to rounding

Additional information

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

We believe the following critical accounting estimates reflect the more significant judgments used in the preparation of our financial statements. These estimates affect all of our segments, unless otherwise noted.

Decommissioning and reclamation

In our uranium and fuel services segments, we are required to estimate the cost of decommissioning and reclamation for each operation, but we normally do not incur these costs until an asset is nearing the end of its useful life. Regulatory requirements and decommissioning methods could change during that time, making our actual costs different from our estimates. A significant change in these costs or in our mineral reserves could have a material impact on our net earnings and financial position. See note 15 to the financial statements.

Property, plant and equipment

We depreciate property, plant and equipment primarily using the unit-of-production method, where the carrying value is reduced as resources are depleted. A change in our mineral reserves would change our depreciation expenses, and such a change could have a material impact on amounts charged to earnings.

We assess the carrying values of property, plant and equipment and goodwill every year, or more often if necessary. If we determine that we cannot recover the carrying value of an asset or goodwill, we write off the unrecoverable amount against current earnings. We base our assessment of recoverability on assumptions and judgments we make about future prices, production costs, our requirements for sustaining capital and our ability to economically recover mineral reserves. A material change in any of these assumptions could have a significant impact on the potential impairment of these assets.

In performing impairment assessments of long-lived assets, assets that cannot be assessed individually are grouped together into the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Management is required to exercise judgment in identifying these cash generating units.

Taxes

When we are preparing our financial statements, we estimate taxes in each jurisdiction we operate in, taking into consideration different tax rates, non-deductible expenses, valuation of deferred tax assets, changes in tax laws and our expectations for future results.

We base our estimates of deferred income taxes on temporary differences between the assets and liabilities we report in our financial statements, and the assets and liabilities determined by the tax laws in the various countries we operate in. We record deferred income taxes in our financial statements based on our estimated future cash flows, which includes estimates of non-deductible expenses, future market conditions, production levels and intercompany sales. If these estimates are not accurate, there could be a material impact on our net earnings and financial position.

Controls and procedures

We have evaluated the effectiveness of our disclosure controls and procedures and internal control over financial reporting as of December 31, 2021, as required by the rules of the US Securities and Exchange Commission and the Canadian Securities Administrators.

Management, including our Chief Executive Officer (CEO) and our Chief Financial Officer (CFO), supervised and participated in the evaluation, and concluded that our disclosure controls and procedures are effective to provide a reasonable level of assurance that the information we are required to disclose in reports we file or submit under securities laws is recorded, processed, summarized and reported accurately, and within the time periods specified. It should be noted that, while the CEO and CFO believe that our disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect the disclosure controls and procedures or internal control over financial reporting to be capable of preventing all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Management, including our CEO and our CFO, is responsible for establishing and maintaining internal control over financial reporting and conducted an evaluation of the effectiveness of our internal control over financial reporting based on the Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2021.

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

New standards adopted

A number of amendments to existing standards became effective January 1, 2021 but they did not have an effect on the Company's financial statements.

The following amendment to an existing standard is not yet effective for the year ended December 31, 2021 and has not been applied in preparing these consolidated financial statements. Cameco does not intend to early adopt the amendment.

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



Cameco Corporation

2021 consolidated financial statements

February 8, 2022

Report of management's accountability

The accompanying consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Management is responsible for ensuring that these statements, which include amounts based upon estimates and judgments, are consistent with other information and operating data contained in the annual financial review and reflect the corporation's business transactions and financial position.

Management is also responsible for the information disclosed in the management's discussion and analysis including responsibility for the existence of appropriate information systems, procedures and controls to ensure that the information used internally by management and disclosed externally is complete and reliable in all material respects.

In addition, management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. The internal control system includes an internal audit function and a code of conduct and ethics, which is communicated to all levels in the organization and requires all employees to maintain high standards in their conduct of the Company's affairs. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded. Management conducted an evaluation of the effectiveness of the system of internal control over financial reporting based on the criteria established in "Internal Control – Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's system of internal control over financial reporting was effective as at December 31, 2021.

KPMG LLP has audited the consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States).

The board of directors annually appoints an audit and finance committee comprised of directors who are not employees of the corporation. This committee meets regularly with management, the internal auditor and the shareholders' auditors to review significant accounting, reporting and internal control matters. Both the internal and shareholders' auditors have unrestricted access to the audit and finance committee. The audit and finance committee reviews the consolidated financial statements, the report of the shareholders' auditors, and management's discussion and analysis and submits its report to the board of directors for formal approval.

Original signed by Tim S. Gitzel
President and Chief Executive Officer
February 8, 2022

Original signed by Grant E. Isaac
Senior Vice-President and Chief Financial Officer
February 8, 2022

Report of independent registered public accounting firm

To the Shareholders and Board of Directors of Cameco Corporation

Opinion on the consolidated financial statements

We have audited the accompanying consolidated statements of financial position of Cameco Corporation (the “Company”) as of December 31, 2021 and 2020, the related consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years then ended, and the related notes (collectively, the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 8, 2022 expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

Basis for opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit and finance committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of recoverability of deferred tax assets

As discussed in note 21 to the consolidated financial statements, as of December 31, 2021 the Company has recorded a deferred tax asset of \$937,579,000. The realization of this deferred tax asset is dependent on the generation of future taxable income in certain jurisdictions during the periods in which the Company’s deferred tax assets are available. Based on projections of future taxable income over the periods in which the deferred tax assets are available, realization of these deferred tax assets is probable. As discussed in note 5D, the calculation of income taxes requires the use of judgment and estimates. The determination of the recoverability of deferred tax assets is dependent on assumptions and judgments regarding future market conditions, production rates and intercompany sales, which can materially impact estimated future taxable income.

We identified the assessment of the recoverability of the deferred tax asset as a critical audit matter due to the high degree of judgment required in assessing the significant assumptions and judgments that are reflected in the projections of future taxable income.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's assessment of the recoverability of the deferred tax asset, including controls related to the assumptions and judgments used in the projections of future taxable income. To assess the Company's ability to estimate future taxable income, we compared the Company's previous forecasts to actual results. To assess the Company's estimate of future taxable income, we evaluated certain significant assumptions in the model. We compared future market conditions of forecast uranium sales prices to published views of independent market participants. We compared forecast sales, including intercompany sales, to historical trends, board approved budgets and committed sales volumes, including to a selection of committed sales contracts. We compared forecast production rates to historical data, board approved budgets and life of mine plans. We involved income tax professionals with specialized skills and knowledge to assist in assessing the Company's application of the tax regulations in relevant jurisdictions.

Original signed by KPMG LLP

Chartered Professional Accountants

We have served as the Company's auditor since 1988.

Saskatoon, Canada

February 8, 2022

Report of independent registered public accounting firm

To the Shareholders and Board of Directors of Cameco Corporation

Opinion on internal control over financial reporting

We have audited Cameco Corporation's (the "Company") internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated statements of financial position of the Company as of December 31, 2021 and 2020, the related consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years then ended, and the related notes (collectively, the "consolidated financial statements") and our report dated February 8, 2022 expressed an unqualified opinion on those consolidated financial statements.

Basis for opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of management's accountability. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Original signed by KPMG LLP

Chartered Professional Accountants

Saskatoon, Canada

February 8, 2022

Consolidated statements of earnings

For the years ended December 31 (\$Cdn thousands, except per share amounts)	Note	2021	2020
Revenue from products and services	17	\$ 1,474,984	\$ 1,800,073
Cost of products and services sold		1,282,635	1,484,962
Depreciation and amortization		190,415	208,662
Cost of sales	28	1,473,050	1,693,624
Gross profit		1,934	106,449
Administration		127,566	145,344
Exploration		8,016	10,873
Research and development		7,168	3,965
Other operating expense (income)	15	(8,407)	23,921
Loss on disposal of assets		3,803	1,072
Loss from operations		(136,212)	(78,726)
Finance costs	19	(76,612)	(96,133)
Gain on derivatives	26	12,529	36,577
Finance income		6,804	10,835
Share of earnings from equity-accounted investee	11	68,283	36,476
Other income	20	21,353	51,440
Loss before income taxes		(103,855)	(39,531)
Income tax expense (recovery)	21	(1,201)	13,666
Net loss		\$ (102,654)	\$ (53,197)
Net loss attributable to:			
Equity holders		(102,577)	(53,169)
Non-controlling interest		(77)	(28)
Net loss		\$ (102,654)	\$ (53,197)
Loss per common share attributable to equity holders:			
Basic	22	\$ (0.26)	\$ (0.13)
Diluted	22	\$ (0.26)	\$ (0.13)

See accompanying notes to consolidated financial statements.

Consolidated statements of comprehensive income

For the years ended December 31 (\$Cdn thousands)	Note	2021	2020
Net loss		\$ (102,654)	\$ (53,197)
Other comprehensive income (loss), net of taxes:			
Items that will not be reclassified to net earnings:			
Remeasurements of defined benefit liability ¹	25	3,897	(4,959)
Equity investments at FVOCI - net change in fair value ²		22,059	16,986
Equity investments at FVOCI - net change in fair value - equity-accounted investee		-	(39)
Items that are or may be reclassified to net earnings:			
Exchange differences on translation of foreign operations		(30,384)	26,807
Other comprehensive income (loss), net of taxes		(4,428)	38,795
Total comprehensive loss		\$ (107,082)	\$ (14,402)
Other comprehensive income (loss) attributable to:			
Equity holders		\$ (4,426)	\$ 38,799
Non-controlling interest		(2)	(4)
Other comprehensive income (loss) for the year		\$ (4,428)	\$ 38,795
Total comprehensive loss attributable to:			
Equity holders		\$ (107,003)	\$ (14,370)
Non-controlling interest		(79)	(32)
Total comprehensive loss for the year		\$ (107,082)	\$ (14,402)

¹ Net of tax (2021 - \$(1,274); 2020 - \$1,463)

² Net of tax (2021 - \$(3,267); 2020 - \$(2,469))

See accompanying notes to consolidated financial statements.

Consolidated statements of financial position

As at December 31 (\$Cdn thousands)	Note	2021	2020
Assets			
Current assets			
Cash and cash equivalents		\$ 1,247,447	\$ 918,382
Short-term investments		84,906	24,985
Accounts receivable	6	276,139	204,980
Current tax assets		4,966	8,184
Inventories	7	409,521	680,369
Supplies and prepaid expenses		95,341	89,428
Current portion of long-term receivables, investments and other	10	23,232	18,716
Total current assets		2,141,552	1,945,044
Property, plant and equipment	8	3,576,599	3,771,557
Intangible assets	9	51,247	55,822
Long-term receivables, investments and other	10	577,527	652,042
Investment in equity-accounted investee	11	233,240	219,688
Deferred tax assets	21	937,579	936,678
Total non-current assets		5,376,192	5,635,787
Total assets		\$ 7,517,744	\$ 7,580,831
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	12	\$ 340,458	\$ 233,649
Current tax liabilities		4,129	1,480
Current portion of other liabilities	14	22,791	26,119
Current portion of provisions	15	46,365	42,535
Total current liabilities		413,743	303,783
Long-term debt	13	996,250	995,541
Other liabilities	14	171,774	166,559
Provisions	15	1,090,009	1,156,387
Total non-current liabilities		2,258,033	2,318,487
Shareholders' equity			
Share capital		1,903,357	1,869,710
Contributed surplus		230,039	237,358
Retained earnings		2,639,650	2,735,830
Other components of equity		72,795	115,457
Total shareholders' equity attributable to equity holders		4,845,841	4,958,355
Non-controlling interest		127	206
Total shareholders' equity		4,845,968	4,958,561
Total liabilities and shareholders' equity		\$ 7,517,744	\$ 7,580,831

Commitments and contingencies [notes 8, 15, 21]

See accompanying notes to consolidated financial statements.

Consolidated statements of changes in equity

(\$Cdn thousands)	Attributable to equity holders						Non-controlling interest	Total equity
	Share capital	Contributed surplus	Retained earnings	Foreign currency translation	Equity investments at FVOCI	Total		
Balance at January 1, 2021	\$ 1,869,710	\$ 237,358	\$ 2,735,830	\$ 103,925	\$ 11,532	\$ 4,958,355	\$ 206	\$ 4,958,561
Net loss	-	-	(102,577)	-	-	(102,577)	(77)	(102,654)
Other comprehensive income (loss)	-	-	3,897	(30,382)	22,059	(4,426)	(2)	(4,428)
Total comprehensive income (loss)	-	-	(98,680)	(30,382)	22,059	(107,003)	(79)	(107,082)
Share-based compensation	-	4,536	-	-	-	4,536	-	4,536
Stock options exercised	33,647	(6,876)	-	-	-	26,771	-	26,771
Restricted share units released	-	(4,979)	-	-	-	(4,979)	-	(4,979)
Dividends	-	-	(31,839)	-	-	(31,839)	-	(31,839)
Transfer to retained earnings [note 26]	-	-	34,339	-	(34,339)	-	-	-
Balance at December 31, 2021	\$ 1,903,357	\$ 230,039	\$ 2,639,650	\$ 73,543	\$ (748)	\$ 4,845,841	\$ 127	\$ 4,845,968
Balance at January 1, 2020	\$ 1,862,749	\$ 234,681	\$ 2,825,596	\$ 77,114	\$ (5,415)	\$ 4,994,725	\$ 238	\$ 4,994,963
Net loss	-	-	(53,169)	-	-	(53,169)	(28)	(53,197)
Other comprehensive income (loss)	-	-	(4,959)	26,811	16,947	38,799	(4)	38,795
Total comprehensive income (loss)	-	-	(58,128)	26,811	16,947	(14,370)	(32)	(14,402)
Share-based compensation	-	6,564	-	-	-	6,564	-	6,564
Stock options exercised	6,961	(1,586)	-	-	-	5,375	-	5,375
Restricted share units released	-	(2,301)	-	-	-	(2,301)	-	(2,301)
Dividends	-	-	(31,638)	-	-	(31,638)	-	(31,638)
Balance at December 31, 2020	\$ 1,869,710	\$ 237,358	\$ 2,735,830	\$ 103,925	\$ 11,532	\$ 4,958,355	\$ 206	\$ 4,958,561

See accompanying notes to consolidated financial statements.

Consolidated statements of cash flows

For the years ended December 31 (\$Cdn thousands)	Note	2021	2020
Operating activities			
Net loss		\$ (102,654)	\$ (53,197)
Adjustments for:			
Depreciation and amortization		190,415	208,662
Deferred charges		608	(2,945)
Unrealized loss (gain) on derivatives		13,771	(42,892)
Share-based compensation	24	4,536	6,564
Loss on disposal of assets		3,803	1,072
Finance costs	19	76,612	96,133
Finance income		(6,804)	(10,835)
Share of earnings from equity-accounted investee	11	(68,283)	(36,476)
Other income	20	(446)	(13,891)
Other operating expense (income)	15	(8,407)	23,921
Income tax expense (recovery)	21	(1,201)	13,666
Interest received		9,374	9,994
Income taxes received (paid)		9,583	(4,374)
Dividends from equity-accounted investee	31	50,128	54,404
Other operating items	23	287,253	(192,917)
Net cash provided by operations		458,288	56,889
Investing activities			
Additions to property, plant and equipment		(98,784)	(77,462)
Increase in short-term investments		(59,921)	(24,985)
Decrease in long-term receivables, investments and other		73,050	907
Proceeds from sale of property, plant and equipment		5,357	511
Net cash used in investing		(80,298)	(101,029)
Financing activities			
Increase in long-term debt		-	397,539
Decrease in long-term debt		-	(400,000)
Interest paid		(38,977)	(65,547)
Proceeds from issuance of shares, stock option plan		26,771	5,375
Lease principal payments		(2,727)	(3,716)
Dividends paid		(31,839)	(31,638)
Net cash used in financing		(46,772)	(97,987)
Increase (decrease) in cash and cash equivalents, during the year		331,218	(142,127)
Exchange rate changes on foreign currency cash balances		(2,153)	(1,922)
Cash and cash equivalents, beginning of year		918,382	1,062,431
Cash and cash equivalents, end of year		\$ 1,247,447	\$ 918,382
Cash and cash equivalents is comprised of:			
Cash		\$ 604,557	\$ 503,496
Cash equivalents		642,890	414,886
Cash and cash equivalents		\$ 1,247,447	\$ 918,382

See accompanying notes to consolidated financial statements.

Notes to consolidated financial statements

For the years ended December 31, 2021 and 2020

1. Cameco Corporation

Cameco Corporation is incorporated under the Canada Business Corporations Act. The address of its registered office is 2121 11th Street West, Saskatoon, Saskatchewan, S7M 1J3. The consolidated financial statements as at and for the year ended December 31, 2021 comprise Cameco Corporation and its subsidiaries (collectively, the Company or Cameco) and the Company's interests in associates and joint arrangements.

Cameco is one of the world's largest providers of the uranium needed to generate clean, reliable baseload electricity around the globe. The Company has mines in northern Saskatchewan and the United States, as well as a 40% interest in Joint Venture Inkai LLP (JV Inkai), a joint arrangement with Joint Stock Company National Atomic Company Kazatomprom (Kazatomprom), located in Kazakhstan. JV Inkai is accounted for on an equity basis (see note 11).

Cameco's Cigar Lake mine was placed in a temporary state of care and maintenance in March of 2020 due to the global COVID-19 pandemic. While production resumed in September, the mine returned to a temporary state of care and maintenance in January 2021 as a result of the pandemic. Production once again resumed in April 2021. Cameco also has two other operations in northern Saskatchewan which are in care and maintenance. Rabbit Lake was placed in care and maintenance in the second quarter of 2016 while operations at McArthur River/Key Lake were suspended indefinitely in the third quarter of 2018. Cameco's operations in the United States, Crow Butte and Smith Ranch-Highland, are also not currently producing as the decision was made in 2016 to curtail production and defer all wellfield development. See note 28 for the financial statement impact.

The Company is also a leading provider of nuclear fuel processing services, supplying much of the world's reactor fleet with the fuel to generate one of the cleanest sources of electricity available today. It operates the world's largest commercial refinery in Blind River, Ontario, controls a significant portion of the world UF₆ primary conversion capacity in Port Hope, Ontario and is a leading manufacturer of fuel assemblies and reactor components for CANDU reactors at facilities in Port Hope and Cobourg, Ontario. Also a result of the COVID-19 pandemic, production was temporarily suspended at the Port Hope UF₆ conversion plant and at the Blind River refinery for approximately four weeks in the second quarter of 2020. See note 28 for the financial statement impact.

2. Significant accounting policies

A. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements were authorized for issuance by the Company's board of directors on February 8, 2022.

B. Basis of presentation

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

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

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

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

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

This summary of significant accounting policies is a description of the accounting methods and practices that have been used in the preparation of these consolidated financial statements and is presented to assist the reader in interpreting the statements contained herein. These accounting policies have been applied consistently to all entities within the consolidated group.

C. Consolidation principles

i. Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Company. The Company measures goodwill at the acquisition date as the fair value of the consideration transferred, including the recognized amount of any non-controlling interests in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in earnings. In a business combination achieved in stages, the acquisition date fair value of the Company's previously held equity interest in the acquiree is also considered in computing goodwill.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred and equity interests issued by the Company. Consideration also includes the fair value of any contingent consideration and share-based compensation awards that are replaced mandatorily in a business combination.

The Company elects on a transaction-by-transaction basis whether to measure any non-controlling interest at fair value, or at their proportionate share of the recognized amount of the identifiable net assets of the acquiree, at the acquisition date.

Acquisition-related costs are expensed as incurred, except for those costs related to the issue of debt or equity instruments.

ii. Subsidiaries

The consolidated financial statements include the accounts of Cameco and its subsidiaries. Subsidiaries are entities over which the Company has control. Subsidiaries are fully consolidated from the date on which control is acquired by the Company and are deconsolidated from the date that control ceases.

iii. Investments in equity-accounted investees

Cameco's investments in equity-accounted investees include investments in associates.

Associates are those entities over which the Company has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity, but can also arise where the Company holds less than 20% if it has the power to be actively involved and influential in policy decisions affecting the entity.

Investments in associates are accounted for using the equity method. The equity method involves the recording of the initial investment at cost and the subsequent adjusting of the carrying value of the investment for Cameco's proportionate share of the earnings or loss and any other changes in the associates' net assets, such as dividends. The cost of the investment includes transaction costs.

Adjustments are made to align the accounting policies of the associate with those of the Company before applying the equity method. When the Company's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, Cameco resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

iv. Joint arrangements

A joint arrangement can take the form of a joint operation or joint venture. All joint arrangements involve a contractual arrangement that establishes joint control.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint operation may or may not be structured through a separate vehicle. These arrangements involve joint control of one or more of the assets acquired or contributed for the purpose of the joint operation. The consolidated financial statements of the Company include its share of the assets in such joint operations, together with its share of the liabilities, revenues and expenses arising jointly or otherwise from those operations. All such amounts are measured in accordance with the terms of each arrangement.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint venture is always structured through a separate vehicle. It operates in the same way as other entities, controlling the assets of the joint venture, earning its own revenue and incurring its own liabilities and expenses. Interests in joint ventures are accounted for using the equity method of accounting, whereby the Company's proportionate interest in the assets, liabilities, revenues and expenses of jointly controlled entities are recognized on a single line in the consolidated statements of financial position and consolidated statements of earnings. The share of joint ventures results is recognized in the Company's consolidated financial statements from the date that joint control commences until the date at which it ceases.

v. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that there is no evidence of impairment.

D. Foreign currency translation

Items included in the financial statements of each of Cameco's subsidiaries, associates and joint arrangements are measured using their functional currency, which is the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Canadian dollars, which is Cameco's functional and presentation currency.

i. Foreign currency transactions

Foreign currency transactions are translated into the respective functional currency of the Company and its entities using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. The applicable exchange gains and losses arising on these transactions are reflected in earnings with the exception of foreign exchange gains or losses on provisions for decommissioning and reclamation activities that are in a foreign currency, which are capitalized in property, plant and equipment.

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates at the reporting dates. The revenues and expenses of foreign operations are translated to Canadian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income. When a foreign operation is disposed of, in whole, the relevant amount in the foreign currency translation account is transferred to earnings as part of the gain or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of the net investment in a foreign operation, and are recognized in other comprehensive income and presented within equity in the foreign currency translation account.

E. Cash and cash equivalents

Cash and cash equivalents consists of balances with financial institutions and investments in money market instruments, which have a term to maturity of three months or less at the time of purchase and are measured at amortized cost.

F. Short-term investments

Short-term investments are comprised of money market instruments with terms to maturity between three and 12 months and are measured at amortized cost.

G. Inventories

Inventories of broken ore, uranium concentrates, and refined and converted products are measured at the lower of cost and net realizable value.

Cost includes direct materials, direct labour, operational overhead expenses and depreciation. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Consumable supplies and spares are valued at the lower of cost or replacement value.

H. Property, plant and equipment

i. Buildings, plant and equipment and other

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment charges. The cost of self-constructed assets includes the cost of materials and direct labour, borrowing costs and any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management, including the initial estimate of the cost of dismantling and removing the items and restoring the site on which they are located.

When components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment and depreciated separately.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in earnings.

ii. Mineral properties and mine development costs

The decision to develop a mine property within a project area is based on an assessment of the commercial viability of the property, the availability of financing and the existence of markets for the product. Once the decision to proceed to development is made, development and other expenditures relating to the project area are deferred as part of assets under construction and disclosed as a component of property, plant and equipment with the intention that these will be depreciated by charges against earnings from future mining operations. No depreciation is charged against the property until the production stage commences. After a mine property has been brought into the production stage, costs of any additional work on that property are expensed as incurred, except for large development programs, which will be deferred and depreciated over the remaining life of the related assets.

The production stage is reached when a mine property is in the condition necessary for it to be capable of operating in the manner intended by management. The criteria used to assess the start date of the production stage are determined based on the nature of each mine construction project, including the complexity of a mine site. A range of factors is considered when determining whether the production stage has been reached, which includes, but is not limited to, the demonstration of sustainable production at or near the level intended (such as the demonstration of continuous throughput levels at or above a target percentage of the design capacity).

iii. Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of the asset less its residual value. Assets which are unrelated to production are depreciated according to the straight-line method based on estimated useful lives as follows:

Land	Not depreciated
Buildings	15 - 25 years
Plant and equipment	3 - 15 years
Furniture and fixtures	3 - 10 years
Other	3 - 5 years

Mining properties and certain mining and conversion assets for which the economic benefits from the asset are consumed in a pattern which is linked to the production level are depreciated according to the unit-of-production method. For conversion assets, the amount of depreciation is measured by the portion of the facilities' total estimated lifetime production that is produced in that period. For mining assets and properties, the amount of depreciation or depletion is measured by the portion of the mines' proven and probable mineral reserves recovered during the period.

Depreciation methods, useful lives and residual values are reviewed at each reporting period and are adjusted if appropriate.

iv. Borrowing costs

Borrowing costs on funds directly attributable to finance the acquisition, production or construction of a qualifying asset are capitalized until such time as substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. A qualifying asset is one that takes a substantial period of time to prepare for its intended use. Capitalization is discontinued when the asset enters the production stage or development ceases. Where the funds used to finance a project form part of general borrowings, interest is capitalized based on the weighted average interest rate applicable to the general borrowings outstanding during the period of construction.

v. Repairs and maintenance

The cost of replacing a component of property, plant and equipment is capitalized if it is probable that future economic benefits embodied within the component will flow to the Company. The carrying amount of the replaced component is derecognized. Costs of routine maintenance and repair are charged to products and services sold.

I. Goodwill and intangible assets

Goodwill arising from the acquisition of subsidiaries is initially recognized at cost, measured as the excess of the fair value of the consideration paid over the fair value of the identifiable net assets acquired. At the date of acquisition, goodwill is allocated to the cash generating unit (CGU), or group of CGUs that is expected to receive the economic benefits of the business combination. Goodwill is subsequently measured at cost, less accumulated impairment losses.

Intangible assets acquired individually or as part of a group of assets are initially recognized at cost and measured subsequently at cost less accumulated amortization and impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. The cost of a group of intangible assets acquired in a transaction, including those acquired in a business combination that meet the specified criteria for recognition apart from goodwill, is allocated to the individual assets acquired based on their relative fair values.

Intangible assets that have finite useful lives are amortized over their estimated remaining useful lives. Amortization methods and useful lives are reviewed at each reporting period and are adjusted if appropriate.

J. Leases

Cameco recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which is the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received, and subsequently at cost less any accumulated depreciation and impairment losses. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the cost of the right-of-use asset reflects that the Company will exercise a purchase option, in which case the right-of-use asset will be depreciated on the same basis as that of property, plant and equipment.

The lease liability is measured at amortized cost using the effective interest method. It is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, Cameco uses its incremental borrowing rate as the discount rate. Current borrowing rates available for classes of leased assets are compared with the rates of Cameco's existing debt facilities to ensure that use of the Company's incremental borrowing rate is reasonable.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Cameco uses judgement in determining the lease term for some lease contracts that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognized.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases that have a lease term of 12 months or less. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

K. Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income and interest expense are recognized in earnings as they accrue, using the effective interest method. Finance costs comprise interest and fees on borrowings, unwinding of the discount on provisions and costs incurred on redemption of debentures.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are expensed in the period incurred.

L. Research and development costs

Expenditures on research are charged against earnings when incurred. Development costs are recognized as assets when the Company can demonstrate technical feasibility and that the asset will generate probable future economic benefits.

M. Impairment

i. Non-derivative financial assets

Cameco recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost, debt investments measured at FVOCI, and contract assets. It measures loss allowances at an amount equal to lifetime ECLs, except for debt securities that are determined to have low credit risk at the reporting date and other debt securities, loans advanced and bank balances for which credit risk has not increased significantly since initial recognition. For these, loss allowances are measured equal to 12-month ECLs.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument while 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations in full, without recourse by Cameco to actions such as realizing security (if any is held).

The Company considers a debt security to have low credit risk when it is at least an A (low) DBRS or A- S&P rating.

Financial assets carried at amortized cost and debt securities at FVOCI are assessed at each reporting date to determine whether they are 'credit-impaired'. A financial asset is 'credit-impaired' when one or more events that have a detrimental effect on the estimated future cash flows of the financial asset have occurred. Evidence can include significant financial difficulty of the borrower or issuer, a breach of contract, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or other financial reorganization, or the disappearance of an active market for a security.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to earnings and is recognized in OCI. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

ii. Non-financial assets

The carrying amounts of Cameco's non-financial assets are reviewed throughout the year to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into CGUs which are the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Fair value is determined as the amount that would be obtained from the sale of the asset or CGU in an arm's-length transaction between knowledgeable and willing parties. For exploration properties, fair value is based on the implied fair value of the resources in place using comparable market transaction metrics.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognized in earnings. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Impairment losses recognized in prior periods are assessed throughout the year, whenever events or changes in circumstances indicate that the impairment may have reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in earnings. An impairment loss in respect of goodwill is not reversed.

N. Exploration and evaluation expenditures

Exploration and evaluation expenditures are those expenditures incurred by the Company in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. These expenditures include researching and analyzing existing exploration data, conducting geological studies, exploratory drilling and sampling, and compiling prefeasibility and feasibility studies. Exploration and evaluation expenditures are charged against earnings as incurred, except when there is a high degree of confidence in the viability of the project and it is probable that these costs will be recovered through future development and exploitation.

The technical feasibility and commercial viability of extracting a resource is considered to be determinable based on several factors, including the existence of proven and probable reserves and the demonstration that future economic benefits are probable. When an area is determined to be technically feasible and commercially viable, the exploration and evaluation assets attributable to that area are first tested for impairment and then transferred to property, plant and equipment.

Exploration and evaluation costs that have been acquired in a business combination or asset acquisition are capitalized under the scope of IFRS 6, *Exploration for and Evaluation of Mineral Resources*, and are reported as part of property, plant and equipment.

O. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the risk-adjusted expected future cash flows at a pre-tax risk-free rate that reflects current market assessments of the time value of money. The unwinding of the discount is recognized as a finance cost.

i. Environmental restoration

The mining, extraction and processing activities of the Company normally give rise to obligations for site closure and environmental restoration. Closure and restoration can include facility decommissioning and dismantling, removal or treatment of waste materials, as well as site and land restoration. The Company provides for the closure, reclamation and decommissioning of its operating sites in the financial period when the related environmental disturbance occurs, based on the estimated future costs using information available at the reporting date. Costs included in the provision comprise all closure and restoration activity expected to occur gradually over the life of the operation and at the time of closure. Routine operating costs that may impact the ultimate closure and restoration activities, such as waste material handling conducted as a normal part of a mining or production process, are not included in the provision.

The timing of the actual closure and restoration expenditure is dependent upon a number of factors such as the life and nature of the asset, the operating licence conditions and the environment in which the mine operates. Closure and restoration provisions are measured at the expected value of future cash flows, discounted to their present value using a current pre-tax risk-free rate. Significant judgments and estimates are involved in deriving the expectations of future activities and the amount and timing of the associated cash flows.

At the time a provision is initially recognized, to the extent that it is probable that future economic benefits associated with the reclamation, decommissioning and restoration expenditure will flow to the Company, the corresponding cost is capitalized as an asset. The capitalized cost of closure and restoration activities is recognized in property, plant and equipment and depreciated on a unit-of-production basis. The value of the provision is gradually increased over time as the effect of discounting unwinds. The unwinding of the discount is an expense recognized in finance costs.

Closure and rehabilitation provisions are also adjusted for changes in estimates. The provision is reviewed at each reporting date for changes to obligations, legislation or discount rates that effect change in cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision resulting from changes in estimated cash flows or discount rates, and the adjusted cost of the asset is depreciated prospectively.

ii. Waste disposal

The refining, conversion and manufacturing processes generate certain uranium-contaminated waste. The Company has established strict procedures to ensure this waste is disposed of safely. A provision for waste disposal costs in respect of these materials is recognized when they are generated. Costs associated with the disposal, the timing of cash flows and discount rates are estimated both at initial recognition and subsequent measurement.

P. Employee future benefits

i. Pension obligations

The Company accrues its obligations under employee benefit plans. The Company has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan other than a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the consolidated statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually, by qualified independent actuaries using the projected unit credit method prorated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

The Company recognizes all actuarial gains and losses arising from defined benefit plans in other comprehensive income, and reports them in retained earnings. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in earnings.

For defined contribution plans, the contributions are recognized as employee benefit expense in earnings in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

ii. Other post-retirement benefit plans

The Company provides certain post-retirement health care benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses are recognized in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

iii. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be measured reliably.

iv. Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts an entity's offer of benefits in exchange for termination of employment. Cameco recognizes termination benefits as an expense at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are payable more than 12 months after the reporting period, they are discounted to their present value.

v. Share-based compensation

For equity-settled plans, the grant date fair value of share-based compensation awards granted to employees is recognized as an employee benefit expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For cash-settled plans, the fair value of the amount payable to employees is recognized as an expense, with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as employee benefit expense in earnings.

When the terms and conditions of equity-settled plans at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cameco's contributions under the employee share ownership plan are expensed during the year of contribution. Shares purchased with Company contributions and with dividends paid on such shares become unrestricted on January 1 of the second plan year following the date on which such shares were purchased.

Q. Revenue recognition

Cameco supplies uranium concentrates, uranium conversion services, fabrication services and other services. Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control, as described below, over a good or service to a customer. Customers do not have the right to return products.

Cameco's sales arrangements with its customers are pursuant to enforceable contracts that indicate the nature and timing of satisfaction of performance obligations, including significant payment terms, where payment is usually due in 30 days. Each delivery is considered a separate performance obligation under the contract.

Uranium supply

In a uranium supply arrangement, Cameco is contractually obligated to provide uranium concentrates to its customers. Cameco-owned uranium may be physically delivered to either the customer or to conversion facilities (Converters).

For deliveries to customers, terms in the sales contract specify the location of delivery. Revenue is recognized when the uranium has been delivered and accepted by the customer at that location.

When uranium is delivered to Converters, the Converter will credit Cameco's account for the volume of accepted uranium. Based on delivery terms in the sales contract with its customer, Cameco instructs the Converter to transfer title of a contractually specified quantity of uranium to the customer's account at the Converter's facility. At this point, control has been transferred and Cameco recognizes revenue for the uranium supply.

Toll conversion services

In a toll conversion arrangement, Cameco is contractually obligated to convert customer-owned uranium to a chemical state suitable for enrichment. Based on delivery terms in a sales contract with its customer, Cameco either (i) physically delivers converted uranium to enrichment facilities (Enrichers) where it instructs the Enricher to transfer title of a contractually specified quantity of converted uranium to the customer's account at the Enricher's facility, or (ii) transfers title of a contractually specified quantity of converted uranium to either an Enricher's account or the customer's account at Cameco's Port Hope conversion facility. At this point, the customer obtains control and Cameco recognizes revenue for the toll conversion services.

Conversion supply

A conversion supply arrangement is a combination of uranium supply and toll conversion services. Cameco is contractually obligated to provide converted uranium to its customers. Based on delivery terms in the sales contract, Cameco either (i) physically delivers converted uranium to the Enricher where it instructs the Enricher to transfer title of a contractually specified quantity of converted uranium to the customer's account at the Enricher's facility, or (ii) transfers title of a contractually specified quantity of converted uranium to either an Enricher's account or a customer's account at Cameco's Port Hope conversion facility. At this point, the customer obtains control and Cameco recognizes revenue for both the uranium supplied and the conversion service provided.

Fabrication services

In a fabrication services arrangement, Cameco is contractually obligated to provide fuel bundles or reactor components to its customers. In a contract for fuel bundles, the bundles are inspected and accepted by the customer at Cameco's Port Hope fabrication facility or another location based on delivery terms in the sales contract. At this point, the customer obtains control and Cameco recognizes revenue for the fabrication services.

In some contracts for reactor components, the components are made to a customer's specification and if a contract is terminated by the customer, Cameco is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Since the customer controls all of the work in progress as the products are being manufactured, revenue and associated costs are recognized over time, before the goods are delivered to the customer's premises. Revenue is recognized on the basis of units produced as the contracts reflect a per unit basis. Revenue from these contracts represents an insignificant portion of Cameco's total revenue. In other contracts where the reactor components are not made to a specific customer's specification, when the components are delivered to the location specified in the contract, the customer obtains control and Cameco recognizes revenue for the services.

Other services

Uranium concentrates and converted uranium are regulated products and can only be stored at regulated facilities. In a storage arrangement, Cameco is contractually obligated to store uranium products at its facilities on behalf of the customer. Cameco invoices the customer in accordance with the contract terms and recognizes revenue on a monthly basis.

Cameco also provides customers with transportation of its uranium products. In the contractual arrangements where Cameco is acting as the principal, revenue is recognized as the product is delivered.

R. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets and liabilities are initially recognized when the company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

i. Financial assets

On initial recognition, financial assets are classified as measured at: amortized cost, fair value through other comprehensive income, or fair value through profit or loss based on the Company's business model for managing its financial assets and their cash flow characteristics. Classifications are not changed subsequent to initial recognition unless the Company changes its business model for managing its financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

Amortized cost

A financial asset is measured at amortized cost if it is not designated as at fair value through profit or loss, is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. Assets in this category are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss, as is any gain or loss on derecognition.

Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it is not designated as at fair value through profit or loss, is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

On initial recognition of an equity investment that is not held for trading, Cameco may irrevocably elect to present subsequent changes in the investments fair value in OCI. This election is made on an investment by investment basis. These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Derecognition of financial assets

Cameco derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which it neither transfers or retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

If the Company enters into a transaction whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets would not be derecognized.

ii. Financial liabilities

On initial recognition, financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, is a derivative or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss as is any gain or loss on derecognition.

A financial liability is derecognized when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

iii. Derivative financial instruments

The Company holds derivative financial instruments to reduce exposure to fluctuations in foreign currency exchange rates and interest rates. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivative financial instruments are initially measured at fair value in the consolidated statements of financial position, with any directly attributable transaction costs recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in fair value are recognized in profit or loss.

The purpose of hedging transactions is to modify the Company's exposure to one or more risks by creating an offset between changes in the fair value of, or the cash flows attributable to, the hedged item and the hedging item. When hedge accounting is appropriate, the hedging relationship is designated as a fair value hedge, a cash flow hedge, or a foreign currency risk hedge related to a net investment in a foreign operation. The Company does not have any instruments that have been designated as hedge transactions at December 31, 2021 and 2020.

S. Income tax

Income tax expense is comprised of current and deferred taxes. Current tax and deferred tax are recognized in earnings except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustments to tax payable in respect of previous years. Current tax assets and liabilities are measured at the amount expected to be paid or recovered from the taxation authorities.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company's exposure to uncertain tax positions is evaluated and a provision is made where it is probable that this exposure will materialize.

T. Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a reduction of equity, net of any tax effects.

U. Earnings per share

The Company presents basic and diluted earnings per share data for its common shares. Earnings per share is calculated by dividing the net earnings attributable to equity holders of the Company by the weighted average number of common shares outstanding.

Diluted earnings per share is determined by adjusting the net earnings attributable to equity holders of the Company and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares. The calculation of diluted earnings per share assumes that outstanding options which are dilutive to earnings per share are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share.

V. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other segments. To be classified as a segment, discrete financial information must be available and operating results must be regularly reviewed by the Company's executive team.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

W. Government assistance

Government grants are recognized when there is reasonable assurance that the Company has complied with the relevant conditions of the grant and that the grant will be received. Grants that compensate the Company for expenses incurred are recognized in profit or loss as other income on a systematic basis in the periods in which the expenses have been recognized.

3. Accounting standards

A. Changes in accounting policy

A number of amendments to existing standards became effective January 1, 2021 but they did not have an effect on the Company's financial statements.

B. New standards and interpretations not yet adopted

A new amendment to an existing standard is not yet effective for the year ended December 31, 2021 and has not been applied in preparing these consolidated financial statements. Cameco does not intend to early adopt the following amendment.

i. Income tax

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

4. Determination of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities.

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

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

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

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

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

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

Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the transfer occurred. There were no transfers between level 1, level 2, or level 3 during the period. Cameco does not have any recurring fair value measurements that are categorized as level 3 as of the reporting date.

Further information about the techniques and assumptions used to measure fair values is included in the following notes:

Note 24 - Share-based compensation plans

Note 26 - Financial instruments and risk management

5. Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Information about critical judgments in applying the accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is discussed below. Further details of the nature of these judgments, estimates and assumptions may be found in the relevant notes to the consolidated financial statements.

A. Recoverability of long-lived and intangible assets

Cameco assesses the carrying values of property, plant and equipment, and intangible assets when there is an indication of possible impairment. If it is determined that carrying values of assets or goodwill cannot be recovered, the unrecoverable amounts are charged against current earnings. Recoverability is dependent upon assumptions and judgments regarding market conditions, costs of production, sustaining capital requirements and mineral reserves. Other assumptions used in the calculation of recoverable amounts are discount rates, future cash flows and profit margins. A material change in assumptions may significantly impact the potential impairment of these assets.

B. Cash generating units

In performing impairment assessments of long-lived assets, assets that cannot be assessed individually are grouped together into the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Management is required to exercise judgment in identifying these CGUs.

C. Provisions for decommissioning and reclamation of assets

Significant decommissioning and reclamation activities are often not undertaken until near the end of the useful lives of the productive assets. Regulatory requirements and alternatives with respect to these activities are subject to change over time. A significant change to either the estimated costs, timing of the cash flows or mineral reserves may result in a material change in the amount charged to earnings.

D. Income taxes

Cameco operates in a number of tax jurisdictions and is, therefore, required to estimate its income taxes in each of these tax jurisdictions in preparing its consolidated financial statements. In calculating income taxes, consideration is given to factors such as tax rates in the different jurisdictions, non-deductible expenses, changes in tax law and management's expectations of future operating results. Cameco estimates deferred income taxes based on temporary differences between the income and losses reported in its consolidated financial statements and its taxable income and losses as determined under the applicable tax laws. The tax effect of these temporary differences is recorded as deferred tax assets or liabilities in the consolidated financial statements. The calculation of income taxes requires the use of judgment and estimates. The determination of the recoverability of deferred tax assets is dependent on assumptions and judgments regarding future market conditions, production rates and intercompany sales, which can materially impact estimated future taxable income. If these judgments and estimates prove to be inaccurate, future earnings may be materially impacted.

E. Mineral reserves

Depreciation on property, plant and equipment is primarily calculated using the unit-of-production method. This method allocates the cost of an asset to each period based on current period production as a portion of total lifetime production or a portion of estimated mineral reserves. Estimates of life-of-mine and amounts of mineral reserves are updated annually and are subject to judgment and significant change over time. If actual mineral reserves prove to be significantly different than the estimates, there could be a material impact on the amounts of depreciation charged to earnings.

6. Accounts receivable

	2021	2020
Trade receivables	\$ 271,015	\$ 166,054
GST/VAT receivables	3,919	38,192
Other receivables	1,205	734
Total	\$ 276,139	\$ 204,980

The Company's exposure to credit and currency risks as well as credit losses related to trade and other receivables, excluding goods and services tax (GST)/value added tax (VAT) receivables, is disclosed in note 26.

7. Inventories

	2021	2020
Uranium		
Concentrate	\$ 319,257	\$ 579,653
Broken ore	46,324	45,387
	365,581	625,040
Fuel services	43,549	52,273
Other	391	3,056
Total	\$ 409,521	\$ 680,369

Cameco expensed \$1,218,000,000 of inventory as cost of sales during 2021 (2020 - \$1,435,000,000).

8. Property, plant and equipment

At December 31, 2021

	Land and buildings	Plant and equipment	Furniture and fixtures	Under construction	Exploration and evaluation	Total
Cost						
Beginning of year	\$ 5,224,333	\$ 2,699,844	\$ 78,911	\$ 139,051	\$ 1,125,483	\$ 9,267,622
Additions	1,520	8,807	700	87,637	120	98,784
Transfers	17,145	31,243	5,130	(52,797)	-	721
Change in reclamation provision [note 15]	(62,427)	-	-	-	-	(62,427)
Disposals	(23,075)	(6,019)	(345)	(6,691)	-	(36,130)
Effect of movements in exchange rates	(5,287)	(1,314)	(30)	-	(52,364)	(58,995)
End of year	5,152,209	2,732,561	84,366	167,200	1,073,239	9,209,575
Accumulated depreciation and impairment						
Beginning of year	3,031,292	1,876,336	74,246	36,798	483,663	5,502,335
Depreciation charge	104,641	92,670	4,246	-	-	201,557
Change in reclamation provision [note 15] ^(a)	(8,407)	-	-	-	-	(8,407)
Disposals	(20,999)	(5,623)	(345)	-	-	(26,967)
Effect of movements in exchange rates	(4,787)	(1,155)	(28)	-	(25,416)	(31,386)
End of year	3,101,740	1,962,228	78,119	36,798	458,247	5,637,132
Right-of-use assets						
Beginning of year	1,806	2,322	2,142	-	-	6,270
Additions	-	477	-	-	-	477
Depreciation charge	(875)	(494)	(501)	-	-	(1,870)
Transfers	-	(721)	-	-	-	(721)
End of year	931	1,584	1,641	-	-	4,156
Net book value at December 31, 2021	\$ 2,051,400	\$ 771,917	\$ 7,888	\$ 130,402	\$ 614,992	\$ 3,576,599

At December 31, 2020

	Land and buildings	Plant and equipment	Furniture and fixtures	Under construction	Exploration and evaluation	Total
Cost						
Beginning of year	\$ 5,050,115	\$ 2,678,165	\$ 80,869	\$ 132,457	\$ 1,071,840	\$ 9,013,446
Additions	2,030	7,097	855	67,477	3	77,462
Transfers	37,971	21,405	2,554	(60,391)	-	1,539
Change in reclamation provision	151,558	-	-	-	-	151,558
Disposals	(1,678)	(3,385)	(5,299)	(492)	(99)	(10,953)
Effect of movements in exchange rates	(15,663)	(3,438)	(68)	-	53,739	34,570
End of year	5,224,333	2,699,844	78,911	139,051	1,125,483	9,267,622
Accumulated depreciation and impairment						
Beginning of year	2,936,088	1,793,049	76,601	36,799	458,386	5,300,923
Depreciation charge	84,261	89,550	3,010	-	-	176,821
Change in reclamation provision ^(a)	23,921	-	-	-	-	23,921
Disposals	(903)	(2,997)	(5,299)	(1)	(150)	(9,350)
Effect of movements in exchange rates	(12,075)	(3,266)	(66)	-	25,427	10,020
End of year	3,031,292	1,876,336	74,246	36,798	483,663	5,502,335
Right-of-use assets						
Beginning of year	2,646	5,084	419	-	-	8,149
Additions	75	22	2,124	-	-	2,221
Disposals	(40)	(747)	-	-	-	(787)
Depreciation charge	(875)	(498)	(401)	-	-	(1,774)
Transfers	-	(1,539)	-	-	-	(1,539)
End of year	1,806	2,322	2,142	-	-	6,270
Net book value at December 31, 2020	\$ 2,194,847	\$ 825,830	\$ 6,807	\$ 102,253	\$ 641,820	\$ 3,771,557

Cameco has contractual capital commitments of approximately \$53,000,000 at December 31, 2021. Certain of the contractual commitments may contain cancellation clauses, however the Company discloses the commitments based on management's intent to fulfill the contract. The majority of this amount is expected to be incurred in 2022.

(a) Asset retirement obligation assets are adjusted when the Company updates its reclamation provisions due to new cash flow estimates or changes in discount and inflation rates. When the assets of an operation have been written off due to an impairment, as is the case with our Rabbit Lake operation and some of our operations in the United States, the adjustment is recorded directly to the statement of earnings as other operating expense or income.

9. Intangible assets

A. Reconciliation of carrying amount

At December 31, 2021

	Contracts	Intellectual property	Total
Cost			
Beginning of year	\$ 111,388	\$ 118,819	\$ 230,207
Effect of movements in exchange rates	(770)	-	(770)
End of year	110,618	118,819	229,437
Accumulated amortization and impairment			
Beginning of year	109,663	64,722	174,385
Amortization charge	975	3,582	4,557
Effect of movements in exchange rates	(752)	-	(752)
End of year	109,886	68,304	178,190
Net book value at December 31, 2021	\$ 732	\$ 50,515	\$ 51,247

At December 31, 2020

	Contracts	Intellectual property	Total
Cost			
Beginning of year	\$ 113,707	\$ 118,819	\$ 232,526
Effect of movements in exchange rates	(2,319)	-	(2,319)
End of year	111,388	118,819	230,207
Accumulated amortization and impairment			
Beginning of year	111,094	61,022	172,116
Amortization charge	1,008	3,700	4,708
Effect of movements in exchange rates	(2,439)	-	(2,439)
End of year	109,663	64,722	174,385
Net book value at December 31, 2020	\$ 1,725	\$ 54,097	\$ 55,822

B. Amortization

The intangible asset values relate to intellectual property acquired with Cameco Fuel Manufacturing Inc. (CFM) and purchase and sales contracts acquired with NUKEM. The CFM intellectual property is being amortized on a unit-of-production basis over its remaining life. Amortization is allocated to the cost of inventory and is recognized in cost of products and services sold as inventory is sold. The purchase and sales contracts will be amortized to earnings over the remaining terms of the underlying contracts, which extend to 2022. Amortization of the purchase contracts is allocated to the cost of inventory and is included in cost of products and services sold as inventory is sold. Sales contracts are amortized to revenue.

10. Long-term receivables, investments and other

	2021	2020
Investments in equity securities [note 26] ^(a)	\$ -	\$ 43,873
Derivatives [note 26]	32,098	45,605
Investment tax credits	95,722	95,642
Amounts receivable related to tax dispute [note 21] ^(b)	295,221	303,222
Product loan ^(c)	176,904	176,904
Other	814	5,512
	600,759	670,758
Less current portion	(23,232)	(18,716)
Net	\$ 577,527	\$ 652,042

(a) Cameco designated the investments shown below as equity securities at FVOCI because these equity securities represented investments that the Company intended to hold for the long term for strategic purposes. During the year, Cameco divested of these securities since holding them no longer added value in terms of its strategic plan. There were no dividends recognized on any of these investments during the year.

	2021	2020
Investment in Denison Mines Corp.	\$ -	\$ 20,677
Investment in UEX Corporation	-	13,005
Investment in ISO Energy Ltd.	-	6,923
Investment in GoviEx	-	2,875
Other	-	393
	\$ -	\$ 43,873

(b) Cameco was required to remit or otherwise secure 50% of the cash taxes and transfer pricing penalties, plus related interest and instalment penalties assessed, in relation to its dispute with Canada Revenue Agency (CRA) (see note 21). In light of our view of the likely outcome of the case, Cameco expects to recover the amounts remitted to CRA, including cash taxes, interest and penalties totalling \$295,221,000 already paid as at December 31, 2021 (December 31, 2020 - \$303,222,000) (note 21).

(c) During 2018, as a result of the decision to temporarily suspend production at the McArthur River mine, Cameco loaned 5,400,000 pounds of uranium concentrate to its joint venture partner, Orano Canada Inc., (Orano). Orano is obligated to repay us in kind with uranium concentrate no later than December 31, 2023. The loan was recorded at Cameco's weighted average cost of inventory.

11. Equity-accounted investee

JV Inkai is the operator of the Inkai uranium deposit located in Kazakhstan. Cameco holds a 40% interest and Kazatomprom holds a 60% interest in JV Inkai. Cameco does not have joint control over the joint venture and as a result, Cameco accounts for JV Inkai on an equity basis.

JV Inkai is a uranium mining and milling operation that utilizes in-situ recovery (ISR) technology to extract uranium. The participants in JV Inkai purchase uranium from Inkai and, in turn, derive revenue directly from the sale of such product to third-party customers.

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

	2021	2020
Cash and cash equivalents	\$ 12,893	\$ 47,539
Other current assets	301,589	115,647
Non-current assets	328,469	343,767
Current liabilities	(32,774)	(26,397)
Non-current liabilities	(38,635)	(39,991)
Net assets	\$ 571,542	\$ 440,565

	2021	2020
Revenue from products and services	\$ 387,319	\$ 252,764
Cost of products and services sold	(55,397)	(57,358)
Depreciation and amortization	(25,300)	(24,081)
Finance income	349	367
Finance costs	(796)	(825)
Other expense	(16,636)	(12,305)
Income tax expense	(60,357)	(44,804)
Net earnings	229,182	113,758
Other comprehensive loss	-	(97)
Total comprehensive income	\$ 229,182	\$ 113,661

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

	2021	2020
Opening net assets	\$ 440,565	\$ 442,074
Total comprehensive income	229,182	113,661
Dividends declared	(85,198)	(64,456)
Impact of foreign exchange	(13,007)	(50,714)
Closing net assets	571,542	440,565
Cameco's share of net assets	228,617	176,226
Consolidating adjustments ^(a)	(60,348)	(38,975)
Fair value increment ^(b)	85,976	89,184
Dividends in excess of ownership percentage ^(c)	(22,085)	(9,669)
Impact of foreign exchange	1,080	2,922
Carrying amount in the statement of financial position	\$ 233,240	\$ 219,688

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

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

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

12. Accounts payable and accrued liabilities

	2021	2020
Trade payables	\$ 213,377	\$ 137,190
Non-trade payables	66,048	58,105
Payables due to related parties [note 24]	61,033	38,354
Total	\$ 340,458	\$ 233,649

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 26.

13. Long-term debt

	2021	2020
Unsecured debentures		
Series F - 5.09% debentures due November 14, 2042	99,336	99,319
Series G - 4.19% debentures due June 24, 2024	499,010	498,630
Series H - 2.95% debentures due October 21, 2027	397,904	397,592
Total	\$ 996,250	\$ 995,541

On October 21, 2020, Cameco issued \$400,000,000 of Series H debentures which bear interest at a rate of 2.95% per annum. The net proceeds of the issue after deducting expenses were approximately \$397,500,000. The debentures mature on October 21, 2027 and are being amortized at an effective interest rate of 3.05%. In conjunction with the issuance of the Series H debentures, on November 20, 2020, the \$400,000,000 principal amount of the Series E debentures was redeemed. Cameco recognized \$24,439,000 of finance costs in relation to the early redemption of these debentures (note 19).

Cameco has a \$1,000,000,000 unsecured revolving credit facility that is available until October 1, 2025. Upon mutual agreement, the facility can be extended for an additional year on the anniversary date. In addition to direct borrowings under the facility, up to \$100,000,000 can be used for the issuance of letters of credit and, to the extent necessary, it may be used to provide liquidity support for the Company's commercial paper program. The agreement also provides the ability to increase the revolving credit facility above \$1,000,000,000 by increments no less than \$50,000,000, to a total of \$1,250,000,000. The facility ranks equally with all of Cameco's other senior debt. As of December 31, 2021 and 2020, there were no amounts outstanding under this facility.

Cameco has \$1,696,041,000 (2020 - \$1,698,340,000) in letter of credit facilities. Outstanding and committed letters of credit at December 31, 2021 amounted to \$1,573,873,000 (2020 - \$1,596,488,000), the majority of which relate to future decommissioning and reclamation liabilities (note 15).

Cameco is bound by a covenant in its revolving credit facility. The covenant requires a funded debt to tangible net worth ratio equal to or less than 1:1. Non-compliance with this covenant could result in accelerated payment and termination of the revolving credit facility. At December 31, 2021, Cameco was in compliance with the covenant and does not expect its operating and investing activities in 2022 to be constrained by it.

The table below represents currently scheduled maturities of long-term debt:

2022	2023	2024	2025	2026	Thereafter	Total
\$ -	-	499,010	-	-	497,240	\$ 996,250

14. Other liabilities

	2021	2020
Deferred sales [note 17]	\$ 23,316	\$ 14,382
Derivatives [note 26]	4,997	4,733
Accrued pension and post-retirement benefit liability [note 25]	89,002	91,729
Lease obligation	4,872	7,951
Product loan ^(a)	15,763	6,045
Other	56,615	67,838
	194,565	192,678
Less: current portion	(22,791)	(26,119)
Net	\$ 171,774	\$ 166,559

Expenses related to short-term leases and leases of low-value assets were insignificant during 2021.

(a) The Company has standby product loan facilities with various counterparties. The arrangements allow it to borrow up to 1,977,000 kgU of UF₆ conversion services and 2,606,000 pounds of U₃O₈ over the period 2020 to 2023 with repayment in kind up to December 31, 2023. Under the facilities, standby fees of up to 1% are payable based on the market value of the facilities and interest is payable on the market value of any amounts drawn at rates ranging from 0.5% to 1.6%. At December 31, 2021, we have 1,103,000 kgU of UF₆ conversion services drawn on the loans with repayment no later than December 31, 2022. The loan is recorded at Cameco's weighted average cost of inventory.

15. Provisions

	Reclamation	Waste disposal	Total
Beginning of year	\$ 1,189,600	\$ 9,322	\$ 1,198,922
Changes in estimates and discount rates [note 8]			
Capitalized in property, plant and equipment	(54,020)	-	(54,020)
Recognized in earnings [note 8]	(8,407)	503	(7,904)
Provisions used during the period	(19,024)	(518)	(19,542)
Unwinding of discount [note 19]	21,347	98	21,445
Effect of movements in exchange rates	(2,527)	-	(2,527)
End of period	\$ 1,126,969	\$ 9,405	\$ 1,136,374
Current	\$ 45,013	\$ 1,352	\$ 46,365
Non-current	1,081,956	8,053	1,090,009
	\$ 1,126,969	\$ 9,405	\$ 1,136,374

A. Reclamation provision

Cameco's estimates of future decommissioning obligations are based on reclamation standards that satisfy regulatory requirements. Elements of uncertainty in estimating these amounts include potential changes in regulatory requirements, decommissioning and reclamation alternatives and amounts to be recovered from other parties.

Cameco estimates total undiscounted future decommissioning and reclamation costs for its existing operating assets to be \$1,100,378,000 (2020 - \$1,130,495,000). The expected timing of these outflows is based on life-of-mine plans with the majority of expenditures expected to occur after 2027. These estimates are reviewed by Cameco technical personnel as required by regulatory agencies or more frequently as circumstances warrant. In connection with future decommissioning and reclamation costs, Cameco has provided financial assurances of \$1,007,009,000 (2020 - \$1,021,142,000) in the form of letters of credit to satisfy current regulatory requirements.

The reclamation provision relates to the following segments:

	2021	2020
Uranium	\$ 900,482	\$ 937,992
Fuel services	226,487	251,608
Total	\$ 1,126,969	\$ 1,189,600

B. Waste disposal

The fuel services segment consists of the Blind River refinery, Port Hope conversion facility and Cameco Fuel Manufacturing Inc.. The refining, conversion and manufacturing processes generate certain uranium contaminated waste. These include contaminated combustible material (paper, rags, gloves, etc.) and contaminated non-combustible material (metal parts, soil from excavations, building and roofing materials, spent uranium concentrate drums, etc.). These materials can in some instances be recycled or reprocessed. A provision for waste disposal costs in respect of these materials is recognized when they are generated.

Cameco estimates total undiscounted future costs related to existing waste disposal to be \$8,169,000 (2020 - \$8,044,000). The majority of these expenditures are expected to occur within the next four years.

16. Share capital

Authorized share capital:

- Unlimited number of first preferred shares
- Unlimited number of second preferred shares
- Unlimited number of voting common shares, no stated par value, not convertible or redeemable, and
- One Class B share

A. Common Shares

Number issued (number of shares)	2021	2020
Beginning of year	396,262,741	395,797,732
Issued:		
Stock option plan [note 24]	1,796,524	465,009
End of year	398,059,265	396,262,741

All issued shares are fully paid. Holders of the common shares are entitled to exercise one vote per share at meetings of shareholders, are entitled to receive dividends if, as and when declared by our Board of Directors and are entitled to participate in any distribution of remaining assets following a liquidation.

The shares of Cameco are widely held and no shareholder, resident in Canada, is allowed to own more than 25% of the Company's outstanding common shares, either individually or together with associates. A non-resident of Canada is not allowed to own more than 15%. In addition, no more than 25% of total shareholder votes cast may be cast by non-resident shareholders.

B. Class B share

One Class B share issued during 1988 and assigned \$1 of share capital entitles the shareholder to vote separately as a class in respect of any proposal to locate the head office of Cameco to a place not in the province of Saskatchewan.

C. Dividends

Dividends on Cameco Corporation common shares are declared in Canadian dollars. For the year ended December 31, 2021, the dividend declared per share was \$0.08 (December 31, 2020 - \$0.08).

17. Revenue

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

The following table summarizes Cameco's sales disaggregated by geographical region and contract type and includes a reconciliation to the Company's reportable segments (note 28):

For the year ended December 31, 2021

	Uranium	Fuel services	Other	Total
Customer geographical region				
Americas	\$ 547,257	\$ 287,802	\$ 12,769	\$ 847,828
Europe	218,879	77,110	2,945	298,934
Asia	288,857	39,365	-	328,222
	\$ 1,054,993	\$ 404,277	\$ 15,714	\$ 1,474,984
Contract type				
Fixed-price	\$ 307,858	\$ 384,065	\$ 11,421	\$ 703,344
Market-related	747,135	20,212	4,293	771,640
	\$ 1,054,993	\$ 404,277	\$ 15,714	\$ 1,474,984

For the year ended December 31, 2020

	Uranium	Fuel services	Other	Total
Customer geographical region				
Americas	\$ 593,182	\$ 206,011	\$ 3,321	\$ 802,514
Europe	323,565	123,864	3,331	450,760
Asia	499,378	47,421	-	546,799
	\$ 1,416,125	\$ 377,296	\$ 6,652	\$ 1,800,073
Contract type				
Fixed-price	\$ 410,376	\$ 355,552	\$ 3,331	\$ 769,259
Market-related	1,005,749	21,744	3,321	1,030,814
	\$ 1,416,125	\$ 377,296	\$ 6,652	\$ 1,800,073

Deferred sales

The following table provides information about contract liabilities (note 14) from contracts with customers:

	2021		2020	
Beginning of year	\$	14,382	\$	17,418
Additions		16,531		6,994
Recognized in revenue		(7,596)		(10,026)
Effect of movements in exchange rates		(1)		(4)
End of year	\$	23,316	\$	14,382

Deferred sales primarily relates to advance consideration received from customers for future conversion deliveries and fuel fabrication services as well as revenue related to the storage of uranium and converted uranium held at Cameco facilities. The revenue related to the fuel fabrication services and storage is recognized over time while the revenue related to future conversion deliveries is expected to be recognized between 2024 and 2030.

Cameco recognized an increase of revenue of \$383,000 (2020 - reduction of revenue of \$268,000) during 2021 from performance obligations satisfied (or partially satisfied) in previous periods. This is due to the difference between actual pricing indices and the estimates at the time of invoicing.

Future sales commitments

Cameco's sales portfolio consists of short and long-term sales commitments. The contracts can be executed well in advance of a delivery and include both fixed and market-related pricing. The following table summarizes the expected future revenue, by segment, related to only fixed-price contracts with remaining future deliveries as follows:

	2022	2023	2024	2025	2026	Thereafter	Total
Uranium	\$ 298,355	\$ 273,739	\$ 332,247	\$ 219,546	\$ 108,004	\$ 527,366	\$ 1,759,257
Fuel services	298,232	248,395	269,227	241,940	181,707	560,458	1,799,959
Total	\$ 596,587	\$ 522,134	\$ 601,474	\$ 461,486	\$ 289,711	\$ 1,087,824	\$ 3,559,216

The sales contracts are denominated largely in US dollars and converted from US to Canadian dollars at a rate of \$1.27.

The amounts in the table represent the consideration the Company will be entitled to receive when it satisfies the remaining performance obligations in the contracts. The amounts include assumptions about volumes for contracts that have volume flexibility. Cameco's total revenue that will be earned will also include revenue from contracts with market-related pricing. The Company has elected to exclude these amounts from the table as the transaction price will not be known until the time of delivery. Contracts with an original duration of one year or less have been included in the table.

18. Employee benefit expense

The following employee benefit expenses are included in cost of products and services sold, administration, exploration, research and development and property, plant and equipment:

	2021	2020
Wages and salaries	\$ 236,181	\$ 226,725
Statutory and company benefits	43,870	41,299
Expenses related to defined benefit plans [note 25]	5,350	5,256
Expenses related to defined contribution plans [note 25]	12,939	12,410
Equity-settled share-based compensation [note 24]	7,837	9,738
Cash-settled share-based compensation [note 24]	41,839	27,241
Total	\$ 348,016	\$ 322,669

19. Finance costs

	2021	2020
Interest on long-term debt	\$ 39,266	\$ 43,340
Unwinding of discount on provisions [note 15]	21,445	14,403
Redemption of Series E debentures [note 13]	-	24,439
Other charges	15,901	13,951
Total	\$ 76,612	\$ 96,133

No borrowing costs were determined to be eligible for capitalization during the year.

20. Other income (expense)

	2021	2020
Foreign exchange gains	446	13,891
Government assistance ^(a)	21,209	37,347
Other	(302)	202
Total	\$ 21,353	\$ 51,440

(a) In response to the negative economic impact of COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy program (CEWS). CEWS provides a subsidy on eligible remuneration based on certain criteria. In 2020, the Company qualified for the subsidy for the periods April through December and in 2021, for the periods January through June. There are no unfulfilled conditions and other contingencies attached to this government assistance. Given the current eligibility criteria, Cameco has determined that it will not apply for the CEWS in subsequent application periods.

21. Income taxes

A. Significant components of deferred tax assets and liabilities

	Recognized in earnings		As at December 31	
	2021	2020	2021	2020
Assets				
Property, plant and equipment	\$ 82,677	\$ (38,389)	\$ 363,468	\$ 280,798
Provision for reclamation	(14,509)	28,628	207,633	222,142
Inventories	2,489	4,071	6,559	4,071
Foreign exploration and development	(812)	2	4,457	5,269
Income tax losses (gains)	(80,802)	(7,629)	301,910	382,712
Defined benefit plan actuarial losses	-	-	8,126	9,410
Long-term investments and other	16,405	(5,678)	45,426	32,276
Deferred tax assets	5,448	(18,995)	937,579	936,678
Liabilities				
Inventories	-	(301)	-	-
Deferred tax liabilities	-	(301)	-	-
Net deferred tax asset (liability)	\$ 5,448	\$ (18,694)	\$ 937,579	\$ 936,678

Deferred tax allocated as	2021	2020
Deferred tax assets	\$ 937,579	\$ 936,678
Deferred tax liabilities	-	-
Net deferred tax asset	\$ 937,579	\$ 936,678

Cameco has recorded a deferred tax asset of \$937,579,000 (2020 - \$936,678,000). The realization of this deferred tax asset is dependent upon the generation of future taxable income in certain jurisdictions during the periods in which the Company's deferred tax assets are available. The Company considers whether it is probable that all or a portion of the deferred tax assets will not be realized. In making this assessment, management considers all available evidence, including recent financial operations, projected future taxable income and tax planning strategies. Based on projections of future taxable income over the periods in which the deferred tax assets are available, realization of these deferred tax assets is probable and consequently the deferred tax assets have been recorded.

B. Movement in net deferred tax assets and liabilities

	2021	2020
Deferred tax asset at beginning of year	\$ 936,678	\$ 956,376
Recovery (expense) for the year in net earnings	5,448	(18,694)
Expense for the year in other comprehensive income	(4,541)	(1,006)
Effect of movements in exchange rates	(6)	2
End of year	\$ 937,579	\$ 936,678

C. Significant components of unrecognized deferred tax assets

	2021	2020
Income tax losses	\$ 288,637	\$ 271,163
Property, plant and equipment	2,209	2,204
Provision for reclamation	66,573	75,219
Long-term investments and other	58,330	60,223
Total	\$ 415,749	\$ 408,809

D. Tax rate reconciliation

The provision for income taxes differs from the amount computed by applying the combined expected federal and provincial income tax rate to earnings before income taxes. The reasons for these differences are as follows:

	2021	2020
Loss before income taxes and non-controlling interest	\$ (103,855)	\$ (39,531)
Combined federal and provincial tax rate	26.9%	26.9%
Computed income tax recovery	(27,937)	(10,634)
Increase (decrease) in taxes resulting from:		
Difference between Canadian rates and rates applicable to subsidiaries in other countries	28,690	42,028
Change in unrecognized deferred tax assets	22,068	(7,766)
Share-based compensation plans	-	398
Change in legislation	-	(1,978)
Income in equity-accounted investee	(24,481)	(12,155)
Change in uncertain tax positions	1,099	2,455
Other permanent differences	(640)	1,318
Income tax expense (recovery)	\$ (1,201)	\$ 13,666

E. Earnings and income taxes by jurisdiction

	2021	2020
Earnings (loss) before income taxes		
Canada	\$ 58,624	\$ 72,809
Foreign	(162,479)	(112,340)
	\$ (103,855)	\$ (39,531)
Current income taxes (recovery)		
Canada	\$ 2,257	\$ (394)
Foreign	1,990	(4,634)
	\$ 4,247	\$ (5,028)
Deferred income taxes (recovery)		
Canada	\$ (3,937)	\$ 9,122
Foreign	(1,511)	9,572
	\$ (5,448)	\$ 18,694
Income tax expense (recovery)	\$ (1,201)	\$ 13,666

F. Reassessments

Canada

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

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

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

In addition, on April 30, 2019, the Tax Court awarded Cameco \$10,300,000 for legal fees incurred, plus an amount for disbursements of up to \$16,700,000. The amount of the award was recognized as a reduction of administration expense in the first quarter of 2021.

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

G. Income tax losses

At December 31, 2021, income tax losses carried forward of \$2,177,025,000 (2020 - \$2,399,647,000) are available to reduce taxable income. These losses expire as follows:

Date of expiry	Canada	US	Other	Total
2026	\$ -	\$ -	\$ 13,724	\$ 13,724
2027	-	-	228	228
2028	-	-	59	59
2030	47	-	-	47
2031	-	20,295	-	20,295
2032	272	21,858	-	22,130
2033	-	33,595	-	33,595
2034	169,934	15,593	4,484	190,011
2035	372,376	7,106	7,167	386,649
2036	210,591	43,466	5,646	259,703
2037	27	32,558	2,958	35,543
2038	2,813	35,112	320	38,245
2039	6,424	27,159	-	33,583
2040	3,110	52,001	-	55,111
2041	31	38,666	-	38,697
No expiry	-	-	1,049,405	1,049,405
	\$ 765,625	\$ 327,409	\$ 1,083,991	\$ 2,177,025

Included in the table above is \$1,083,848,000 (2020 - \$1,013,730,000) of temporary differences related to loss carry forwards where no future benefit has been recognized.

22. Per share amounts

Per share amounts have been calculated based on the weighted average number of common shares outstanding during the period. The weighted average number of paid shares outstanding in 2021 was 397,630,947 (2020 - 395,829,380,).

	2021	2020
Basic loss per share computation		
Net loss attributable to equity holders	\$ (102,577)	\$ (53,169)
Weighted average common shares outstanding	397,631	395,829
Basic loss per common share	\$ (0.26)	\$ (0.13)
Diluted loss per share computation		
Net loss attributable to equity holders	\$ (102,577)	\$ (53,169)
Weighted average common shares outstanding	397,631	395,829
Dilutive effect of stock options	-	-
Weighted average common shares outstanding, assuming dilution	397,631	395,829
Diluted loss per common share	\$ (0.26)	\$ (0.13)

23. Supplemental cash flow information

Other operating items included in the statements of cash flows are as follows:

	2021	2020
Changes in non-cash working capital:		
Accounts receivable	\$ (75,678)	\$ 143,717
Inventories	300,307	(376,908)
Supplies and prepaid expenses	(5,908)	(3,999)
Accounts payable and accrued liabilities	91,757	36,514
Reclamation payments	(19,542)	(17,640)
Other	(3,683)	25,399
Total	\$ 287,253	\$ (192,917)

The changes arising from financing activities were as follows:

	Long-term debt	Interest payable	Lease obligation	Dividends payable	Share capital	Total
Balance at January 1, 2021	\$ 995,541	\$ 3,978	\$ 7,951	\$ -	\$ 1,869,710	\$ 2,877,180
Changes from financing cash flows:						
Dividends paid	-	-	-	(31,839)	-	(31,839)
Interest paid	-	(38,789)	(188)	-	-	(38,977)
Lease principal payments	-	-	(2,727)	-	-	(2,727)
Shares issued, stock option plan	-	-	-	-	26,771	26,771
Total cash changes	-	(38,789)	(2,915)	(31,839)	26,771	(46,772)
Non-cash changes:						
Amortization of issue costs	709	-	-	-	-	709
Dividends declared	-	-	-	31,839	-	31,839
Interest expense	-	38,369	188	-	-	38,557
Right-of-use asset additions	-	-	477	-	-	477
Other	-	-	(783)	-	-	(783)
Shares issued, stock option plan	-	-	-	-	6,876	6,876
Foreign exchange	-	-	(46)	-	-	(46)
Total non-cash changes	709	38,369	(164)	31,839	6,876	77,629
Balance at December 31, 2021	\$ 996,250	\$ 3,558	\$ 4,872	\$ -	\$ 1,903,357	\$ 2,908,037

24. Share-based compensation plans

The Company has the following plans:

A. Stock option plan

The Company has established a stock option plan under which options to purchase common shares may be granted to employees of Cameco. Options granted under the stock option plan have an exercise price of not less than the closing price quoted on the Toronto Stock Exchange (TSX) for the common shares of Cameco on the trading day prior to the date on which the option is granted. The options carry vesting periods of one to three years, and expire eight years from the date granted.

The aggregate number of common shares that may be issued pursuant to the Cameco stock option plan shall not exceed 43,017,198 of which 30,136,822 shares have been issued.

Stock option transactions for the respective years were as follows:

(Number of options)	2021	2020
Beginning of year	6,158,539	8,617,097
Options granted	-	-
Options forfeited	(18,005)	(81,991)
Options expired	(886,009)	(1,911,558)
Options exercised [note 16]	(1,796,524)	(465,009)
End of year	3,458,001	6,158,539
Exercisable	3,162,415	5,076,226

Weighted average share prices were as follows:

	2021	2020
Beginning of year	\$16.98	\$17.44
Options granted	-	-
Options forfeited	26.08	22.22
Options expired	22.05	20.14
Options exercised	14.90	11.56
End of year	\$16.72	\$16.98
Exercisable	\$16.85	\$17.73

The weighted average share price at the dates of exercise during 2021 was \$22.09 per share (2020 - \$14.58).

Total options outstanding and exercisable at December 31, 2021 were as follows:

Option price per share	Number	Options outstanding		Options exercisable	
		Weighted average remaining life	Weighted average exercisable price	Number	Weighted average exercisable price
\$11.32 - 15.83	1,833,572	4.2	\$14.56	1,537,986	\$14.43
\$15.84 - 26.81	1,624,429	1.5	\$19.15	1,624,429	\$19.15
	3,458,001			3,162,415	

The foregoing options have expiry dates ranging from March 2, 2022 to February 28, 2027.

B. Executive performance share unit (PSU)

The Company has established a PSU plan whereby it provides each plan participant an annual grant of PSUs in an amount determined by the board. Each PSU represents one phantom common share that entitles the participant to a payment of one Cameco common share purchased on the open market, or cash with an equivalent market value, at the participant's discretion (prior to the fourth quarter of 2019 it was at the board's discretion) provided they have met their ownership requirements, at the end of each three-year period if certain performance and vesting criteria have been met. The final value of the PSUs will be based on the value of Cameco common shares at the end of the three-year period and the number of PSUs that ultimately vest. During the vesting period, dividend equivalents accrue to the participants in the form of additional share units as of each normal cash dividend payment date of Cameco's common shares. Vesting of PSUs at the end of the three-year period is based on Cameco's ability to meet its annual operating targets and whether the participating executive remains employed by Cameco at the end of the three-year vesting period. Prior to 2020, total shareholder return over three years was also a vesting condition. If the participant elects a cash payout, the redemption amount will be based on the volume-weighted average trading price of Cameco's common shares on March 1 or, if March 1 is not a trading day, on the first trading day following March 1. As of December 31, 2021, the total number of PSUs held by the participants, after adjusting for forfeitures on retirement, was 1,495,709 (2020 - 1,720,636).

C. Restricted share unit (RSU)

The Company has established an RSU plan whereby it provides each plan participant an annual grant of RSUs in an amount determined by the board. Each RSU represents one phantom common share that entitles the participant to a payment of one Cameco common share purchased on the open market, or cash with an equivalent market value, at the board's discretion. The RSUs carry vesting periods of one to three years, and the final value of the units will be based on the value of Cameco common shares at the end of the vesting periods. In addition, certain eligible participants have a single vesting date on the third anniversary of the date of the grant. These same participants, if they have met or are not subject to share ownership requirements, may elect to have their award paid as a lump sum cash amount. During the vesting period, dividend equivalents accrue to the participants in the form of additional share units as of each normal cash dividend payment date of Cameco's common shares. As of December 31, 2021, the total number of RSUs held by the participants was 1,081,783, (2020 - 927,462).

D. Phantom stock option

The Company has established a phantom stock option plan for eligible non-North American employees. Employees receive the equivalent value of shares in cash when exercised. Options granted under the phantom stock option plan have an award value equal to the closing price quoted on the TSX for the common shares of Cameco on the trading day prior to the date on which the option is granted. The options vest over three years and expire eight years from the date granted. As of December 31, 2021, the number of options held by participating employees was 173,835 (2020 - 422,291) with exercise prices ranging from \$11.32 to \$26.81 per share (2020 - \$11.32 to \$26.81) and a weighted average exercise price of \$13.88 (2020 - \$15.66).

E. Phantom restricted share unit (PRSU)

During the year, the Company established a PRSU plan whereby it provides non-North American employees an annual grant of PRSUs in an amount determined by the board. Each PRSU represents one phantom common share that entitles the participant to a payment of cash with an equivalent market value. The PRSUs carry vesting periods of one to three years, and the final value of the units will be based on the value of Cameco common shares at the end of the vesting periods. In addition, certain eligible participants have a single vesting date on the third anniversary of the date of the grant. During the vesting period, dividend equivalents accrue to the participants in the form of additional share units as of each normal cash dividend payment date of Cameco's common shares. As of December 31, 2021, the total number of PRSUs held by the participants was 16,027.

F. Employee share ownership plan

Cameco also has an employee share ownership plan, whereby both employee and Company contributions are used to purchase shares on the open market for employees. The Company's contributions are expensed during the year of contribution. Under the plan, employees have the opportunity to participate in the program to a maximum of 6% of eligible earnings each year with Cameco matching the first 3% of employee-paid shares by 50%. Cameco contributes \$1,000 of shares annually to each employee that is enrolled in the plan. Shares purchased with Company contributions and with dividends paid on such shares become unrestricted 12 months from the date on which such shares were purchased. At December 31, 2021, there were 2,301 participants in the plan (2020 - 2,257). The total number of shares purchased in 2021 with Company contributions was 149,822 (2020 - 248,837). In 2021, the Company's contributions totaled \$3,301,000 (2020 - \$3,174,000).

G. Deferred share unit (DSU)

Cameco offers a DSU plan to non-employee directors. A DSU is a notional unit that reflects the market value of a single common share of Cameco. 60% of each director's annual retainer is paid in DSUs. In addition, on an annual basis, directors can elect to receive 25%, 50%, 75% or 100% of the remaining 40% of their annual retainer and any additional fees in the form of DSUs. If a director meets their ownership requirements, the director may elect to take 25%, 50%, 75% or 100% of their annual retainer and any fees in cash, with the balance, if any, to be paid in DSUs. Each DSU fully vests upon award. Dividend equivalents accrue to the participants in the form of additional share units as of each normal cash dividend payment date of Cameco's common shares. The DSUs will be redeemed for cash upon a director leaving the board. The redemption amount will be based upon the weighted average of the closing prices of the common shares of Cameco on the TSX for the last 20 trading days prior to the redemption date multiplied by the number of DSUs held by the director. As of December 31, 2021, the total number of DSUs held by participating directors was 579,362 (2020 - 541,827).

Equity-settled plans

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

	2021	2020
Employee share ownership plan	\$ 3,301	\$ 3,174
Restricted share unit plan	2,933	2,903
Performance share unit plan	1,237	2,650
Stock option plan	366	1,011
Total	\$ 7,837	\$ 9,738

Fair value measurement of equity-settled plans

The fair value of RSUs granted was determined based on their intrinsic value on the date of grant. Expected volatility was estimated by considering historic average share price volatility.

The inputs used in the measurement of the fair values at grant date of the equity-settled RSU plan were as follows:

	Grant date Mar 1/21
Number of options granted	168,496
Average strike price	\$20.25
Expected forfeitures	11%
Weighted average grant date fair values	\$20.25

Cash-settled plans

Cameco has recognized the following expenses under its cash-settled plans:

	2021	2020
Performance share unit plan	\$ 25,784	\$ 20,287
Restricted share unit plan	6,890	1,849
Deferred share unit plan	6,741	3,765
Phantom stock option plan	2,261	1,340
Phantom restricted share unit plan	163	-
Total	\$ 41,839	\$ 27,241

At December 31, 2021, a liability of \$61,030,000 (2020 - \$38,354,000) was included in the consolidated statement of financial position to recognize accrued but unpaid expenses for cash-settled plans.

Fair value measurement of cash-settled plans

The fair value of the units granted through the PSU plan was determined based on Monte Carlo simulation and projections of the non-market criteria. The fair value of RSUs and PRSUs granted was determined based on their intrinsic value on the date of grant. The phantom stock option plan was measured based on the Black-Scholes option-pricing model. Expected volatility is estimated by considering historic average share price volatility.

The inputs used in the measurement of the fair values of the cash-settled share-based payment plans at the March 1, 2021 grant date were as follows:

	PSU	RSU	Phantom RSU
Number of units	369,110	245,530	15,980
Expected vesting	72%	-	-
Expected dividend	-	-	\$0.08
Expected life of option	3.0 years	3.0 years	3.0 years
Expected forfeitures	10%	10%	7%
Weighted average measurement date fair values	\$14.56	\$20.25	\$20.25

The inputs used in the measurement of the fair values of the cash-settled share-based payment plans at the reporting date were as follows:

	Phantom stock options	PSU	RSU	Phantom RSU
Number of units	173,835	1,495,709	672,675	16,027
Expected vesting	-	114%	-	-
Average strike price	\$13.88	-	-	-
Expected dividend	\$0.08	-	-	\$0.08
Expected volatility	50%	-	-	-
Risk-free interest rate	1.0%	-	-	-
Expected life of option	2.0 years	0.9 years	1.5 years	2.2 years
Expected forfeitures	7%	3%	10%	7%
Weighted average measurement date fair values	\$15.14	\$31.44	\$27.58	\$27.58

In addition to these inputs, other features of the PSU grant were incorporated into the measurement of fair value. The non-market criteria relating to realized selling prices and operating targets have been incorporated into the valuation at both grant and reporting date by reviewing prior history and corporate budgets.

25. Pension and other post-retirement benefits

Cameco maintains both defined benefit and defined contribution plans providing pension benefits to substantially all of its employees. All regular and temporary employees participate in a registered defined contribution plan. This plan is registered under the Pension Benefits Standard Act, 1985. In addition, all Canadian-based executives participate in a non-registered supplemental executive pension plan which is a defined benefit plan.

Under the supplemental executive pension plan (SEPP), Cameco provides a lump sum benefit equal to the present value of a lifetime pension benefit based on the executive's length of service and final average earnings. The plan provides for unreduced benefits to be paid at the normal retirement age of 65, however unreduced benefits could be paid if the executive was at least 60 years of age and had 20 years of service at retirement. This program provides for a benefit determined by a formula based on earnings and service, reduced by the benefits payable under the registered base plan. Security is provided for the SEPP benefits through a letter of credit held by the plan's trustee. The face amount of the letter of credit is determined each year based on the wind-up liabilities of the supplemental plan, less any plan assets currently held with the trustee. A valuation is required annually to determine the letter of credit amount. Benefits will continue to be paid from plan assets until the fund is exhausted, at which time Cameco will begin paying benefits from corporate assets.

Cameco also maintains non-pension post-retirement plans ("other benefit plans") which are defined benefit plans that cover such benefits as group life insurance and supplemental health and dental coverage to eligible employees and their dependents. The costs related to these plans are charged to earnings in the period during which the employment services are rendered. These plans are funded by Cameco as benefit claims are made.

The board of directors of Cameco has final responsibility and accountability for the Cameco retirement programs. The board is ultimately responsible for managing the programs to comply with applicable legislation, providing oversight over the general functions and setting certain policies.

Cameco expects to pay \$1,505,000 in contributions and letter of credit fees to its defined benefit plans in 2022.

The post-retirement plans expose Cameco to actuarial risks, such as longevity risk, market risk, interest rate risk, liquidity risk and foreign currency risk. The other benefit plans expose Cameco to risks of higher supplemental health and dental utilization than expected. However, the other benefit plans have limits on Cameco's annual benefits payable.

The effective date of the most recent valuation for funding purposes on the registered defined benefit pension plans is January 1, 2021. The next planned effective date for valuations is January 1, 2024.

Cameco has more than one defined benefit plan and has generally provided aggregated disclosures in respect of these plans, on the basis that these plans are not exposed to materially different risks. Information relating to Cameco's defined benefit plans is shown in the following table:

	Pension benefit plans		Other benefit plans	
	2021	2020	2021	2020
Fair value of plan assets, beginning of year	\$ 6,217	\$ 6,806	\$ -	\$ -
Interest income on plan assets	144	197	-	-
Return on assets excluding interest income	172	130	-	-
Employer contributions	67	-	-	-
Benefits paid	(903)	(915)	-	-
Administrative costs paid	(4)	(1)	-	-
Fair value of plan assets, end of year	\$ 5,693	\$ 6,217	\$ -	\$ -
Defined benefit obligation, beginning of year	\$ 72,119	\$ 62,588	\$ 25,827	\$ 24,955
Current service cost	2,332	1,977	956	1,010
Interest cost	1,550	1,673	652	792
Actuarial loss (gain) arising from:				
- demographic assumptions	-	-	-	102
- financial assumptions	(1,996)	6,323	(1,403)	2,013
- experience adjustment	(903)	350	(697)	(2,236)
Benefits paid	(1,741)	(1,765)	(638)	(809)
Foreign exchange	(1,363)	973	-	-
Defined benefit obligation, end of year	\$ 69,998	\$ 72,119	\$ 24,697	\$ 25,827
Defined benefit liability [note 14]	\$ (64,305)	\$ (65,902)	\$ (24,697)	\$ (25,827)

The percentages of the total fair value of assets in the pension plans for each asset category at December 31 were as follows:

Asset category ^(a)	Pension benefit plans	
	2021	2020
Canadian equity securities	13%	8%
U.S. equity securities	21%	12%
Global equity securities	12%	8%
Canadian fixed income	50%	31%
Other ^(b)	4%	41%
Total	100%	100%

(a) The defined benefit plan assets contain no material amounts of related party assets at December 31, 2021 and 2020 respectively.

(b) Relates mainly to the value of the refundable tax account held by the Canada Revenue Agency. The refundable total is approximately equal to half of the sum of the realized investment income plus employer contributions less half of the benefits paid by the plan.

The following represents the components of net pension and other benefit expense included primarily as part of administration.

	Pension benefit plans		Other benefit plans	
	2021	2020	2021	2020
Current service cost	\$ 2,332	\$ 1,977	\$ 956	\$ 1,010
Net interest cost	1,406	1,476	652	792
Administration cost	4	1	-	-
Defined benefit expense [note 18]	3,742	3,454	1,608	1,802
Defined contribution pension expense [note 18]	12,939	12,410	-	-
Net pension and other benefit expense	\$ 16,681	\$ 15,864	\$ 1,608	\$ 1,802

The total amount of actuarial losses (gains) recognized in other comprehensive income is:

	Pension benefit plans		Other benefit plans	
	2021	2020	2021	2020
Actuarial loss (gain)	\$ (2,899)	\$ 6,673	\$ (2,100)	\$ (121)
Return on plan assets excluding interest income	(172)	(130)	-	-
	\$ (3,071)	\$ 6,543	\$ (2,100)	\$ (121)

The assumptions used to determine the Company's defined benefit obligation and net pension and other benefit expense were as follows at December 31 (expressed as weighted averages):

	Pension benefit plans		Other benefit plans	
	2021	2020	2021	2020
Discount rate - obligation	2.3%	2.4%	2.9%	2.5%
Discount rate - expense	2.4%	3.0%	2.5%	3.1%
Rate of compensation increase	3.0%	2.9%	-	-
Health care cost trend rate	-	-	5.0%	5.0%
Dental care cost trend rate	-	-	4.5%	4.5%

At December 31, 2021, the weighted average duration of the defined benefit obligation for the pension plans was 20.0 years (2020 - 20.5 years) and for the other benefit plans was 13.6 years (2020 - 14.2 years).

A 1% change at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the following:

	Pension benefit plans		Other benefit plans	
	Increase	Decrease	Increase	Decrease
Discount rate	\$ (9,593)	\$ 12,380	\$ (3,003)	\$ 3,769
Rate of compensation increase	1,024	(984)	n/a	n/a

A 1% change in any of the other assumptions would not have a significant impact on the defined benefit obligation.

The methods and assumptions used in preparing the sensitivity analyses are the same as the methods and assumptions used in determining the financial position of Cameco's plans as at December 31, 2021. The sensitivity analyses are determined by varying the sensitivity assumption and leaving all other assumptions unchanged. Therefore, the sensitivity analyses do not recognize any interdependence in the assumptions. The methods and assumptions used in determining the above sensitivity are consistent with the methods and assumptions used in the previous year.

In addition, an increase of one year in the expected lifetime of plan participants in the pension benefit plans would increase the defined benefit obligation by \$2,032,000.

To measure the longevity risk for these plans, the mortality rates were reduced such that the average life expectancy for all members increased by one year. The reduced mortality rates were subsequently used to re-measure the defined benefit obligation of the entire plan.

26. Financial instruments and related risk management

Cameco is exposed in varying degrees to a variety of risks from its use of financial instruments. Management and the board of directors, both separately and together, discuss the principal risks of our businesses. The board sets policies for the implementation of systems to manage, monitor and mitigate identifiable risks. Cameco's risk management objective in relation to these instruments is to protect and minimize volatility in cash flow. The types of risks Cameco is exposed to, the source of risk exposure and how each is managed is outlined below.

Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign currency exchange rates and interest rates, will affect the Company's earnings or the fair value of its financial instruments. Cameco engages in various business activities which expose the Company to market risk. As part of its overall risk management strategy, Cameco uses derivatives to manage some of its exposures to market risk that result from these activities.

Derivative instruments may include financial and physical forward contracts. Such contracts may be used to establish a fixed price for a commodity, an interest-bearing obligation or a cash flow denominated in a foreign currency. Market risks are monitored regularly against defined risk limits and tolerances.

Cameco's actual exposure to these market risks is constantly changing as the Company's portfolios of foreign currency, interest rate and commodity contracts change.

The types of market risk exposure and the way in which such exposure is managed are as follows:

A. Commodity price risk

As a significant producer and supplier of uranium and nuclear fuel processing services, Cameco bears significant exposure to changes in prices for these products. A substantial change in prices will affect the Company's net earnings and operating cash flows. Prices for Cameco's products are volatile and are influenced by numerous factors beyond the Company's control, such as supply and demand fundamentals and geopolitical events.

Cameco's sales contracting strategy focuses on reducing the volatility in future earnings and cash flow, while providing both protection against decreases in market price and retention of exposure to future market price increases. To mitigate the risks associated with the fluctuations in the market price for uranium products, Cameco seeks to maintain a portfolio of uranium product sales contracts with a variety of delivery dates and pricing mechanisms that provide a degree of protection from pricing volatility.

B. Foreign exchange risk

The relationship between the Canadian and US dollar affects financial results of the uranium business as well as the fuel services business. Sales of uranium product, conversion and fuel manufacturing services are routinely denominated in US dollars while production costs are largely denominated in Canadian dollars.

Cameco attempts to provide some protection against exchange rate fluctuations by planned hedging activity designed to smooth volatility. To mitigate risks associated with foreign currency, Cameco enters into forward sales and option contracts to establish a price for future delivery of the foreign currency. These foreign currency contracts are not designated as hedges and are recorded at fair value with changes in fair value recognized in earnings. Cameco also has a natural hedge against US currency fluctuations because a portion of its annual cash outlays, including purchases of uranium and conversion services, is denominated in US dollars.

Cameco holds a number of financial instruments denominated in foreign currencies that expose the Company to foreign exchange risk. Cameco measures its exposure to foreign exchange risk on financial instruments as the change in carrying values that would occur as a result of reasonably possible changes in foreign exchange rates, holding all other variables constant. As of the reporting date, the Company has determined its pre-tax exposure to foreign currency exchange risk on financial instruments to be as follows based on a 5% weakening of the Canadian dollar:

	Currency	Carrying value (Cdn)	Gain (loss)
Cash and cash equivalents	USD	\$ 28,006	\$ 1,400
Accounts receivable	USD	226,153	11,308
Accounts payable and accrued liabilities	USD	(152,412)	(7,620)
Net foreign currency derivatives	USD	27,774	(45,177)

A 5% strengthening of the Canadian dollar against the currencies above at December 31, 2021 would have had an equal but opposite effect on the amounts shown above, assuming all other variables remained constant.

C. Interest rate risk

The Company has a strategy of minimizing its exposure to interest rate risk by maintaining target levels of fixed and variable rate borrowings. The proportions of outstanding debt carrying fixed and variable interest rates are reviewed by senior management to ensure that these levels are within approved policy limits. At December 31, 2021, the proportion of Cameco's outstanding debt that carries fixed interest rates is 92% (2020 - 100%).

Cameco was exposed to interest rate risk during the year through its interest rate swap contracts whereby fixed rate payments on a notional amount of \$75,000,000 of the Series H senior unsecured debentures were swapped for variable rate payments. Under the terms of the swap, Cameco makes interest payments based on the three-month Canada Dealer Offered Rate plus an average margin of 1.3% and receives fixed interest payments of 2.95%.

In addition, the Series E senior unsecured debentures that were retired on November 16, 2020 were also subject to interest rate swap contracts. A notional amount of \$150,000,000 of the Series E senior unsecured debentures had been swapped for variable rate payments. Under the terms of these swaps, Cameco made interest payments based on the three-month Canada Dealer Offered Rate plus an average margin of 1.2% and received fixed interest payments of 3.75%. At the time of the termination of the Series E swaps, the fair value of the interest rate swap net asset was \$7,330,000. At December 31, 2021, the fair value of Cameco's interest rate swap net asset was \$673,000 (2020 - \$nil).

Counterparty credit risk

Counterparty credit risk is associated with the ability of counterparties to satisfy their contractual obligations to Cameco, including both payment and performance. The maximum exposure to credit risk, as represented by the carrying amount of the financial assets, at December 31 was:

	2021	2020
Cash and cash equivalents	\$ 1,247,447	\$ 918,382
Short-term investments	84,906	24,985
Accounts receivable [note 6]	272,220	166,788
Derivative assets [note 10]	32,098	45,605

Cash and cash equivalents

Cameco held cash and cash equivalents of \$1,247,000,000 at December 31, 2021 (2020 - \$918,000,000). Cameco mitigates its credit risk by ensuring that balances are held with counterparties with high credit ratings. The Company monitors the credit rating of its counterparties on a monthly basis and has controls in place to ensure prescribed exposure limits with each counterparty are adhered to.

Impairment on cash and cash equivalents has been measured on a 12-month ECL basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. Cameco has assessed its counterparty credit risk on cash and cash equivalents by applying historic global default rates to outstanding cash balances based on S&P rating. The conclusion of this assessment is that the loss allowance is insignificant.

Accounts receivable

Cameco's sales of uranium product, conversion and fuel manufacturing services expose the Company to the risk of non-payment. Cameco manages the risk of non-payment by monitoring the credit-worthiness of its customers and seeking pre-payment or other forms of payment security from customers with an unacceptable level of credit risk.

A summary of the Company's exposure to credit risk for trade receivables is as follows:

	Carrying value
Investment grade credit rating	\$ 259,683
Non-investment grade credit rating	11,332
Total gross carrying amount	\$ 271,015
Loss allowance	-
Net	\$ 271,015

At December 31, 2021, there were no significant concentrations of credit risk and no amounts were held as collateral. Historically, Cameco has experienced minimal customer defaults and, as a result, considers the credit quality of its accounts receivable to be high.

Cameco uses customer credit rating data, historic default rates and aged receivable analysis to measure the ECLs of trade receivables from corporate customers, which comprise a small number of large balances. Since the Company has not experienced customer defaults in the past, applying historic default rates in calculating ECLs, as well as considering forward-looking information, resulted in an insignificant allowance for losses.

The following table provides information about Cameco's aged trade receivables as at December 31, 2021:

	Corporate customers	Other customers	Total
Current (not past due)	\$ 269,474	\$ 423	269,897
1-30 days past due	334	62	396
More than 30 days past due	58	664	722
Total	\$ 269,866	\$ 1,149	271,015

Liquidity risk

Financial liquidity represents Cameco's ability to fund future operating activities and investments. Cameco ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company believes that these sources will be sufficient to cover the likely short-term and long-term cash requirements.

The table below outlines the Company's available debt facilities at December 31, 2021:

	Total amount	Outstanding and committed	Amount available
Unsecured revolving credit facility [note 13]	\$ 1,000,000	\$ -	\$ 1,000,000
Letter of credit facilities [note 13]	1,696,041	1,573,873	122,168

The tables below present a maturity analysis of Cameco's financial liabilities, including principal and interest, based on the expected cash flows from the reporting date to the contractual maturity date:

	Carrying amount	Contractual cash flows	Due in less than 1 year	Due in 1-3 years	Due in 3-5 years	Due after 5 years
Accounts payable and accrued liabilities	\$ 340,458	\$ 340,458	\$ 340,458	\$ -	\$ -	\$ -
Long-term debt	996,250	1,000,000	-	500,000	-	500,000
Foreign currency contracts	3,760	3,760	378	3,382	-	-
Interest rate contracts	1,237	1,237	-	585	490	162
Lease obligation [note 14]	4,872	5,174	2,736	2,381	57	-
Total contractual repayments	\$ 1,346,577	\$ 1,350,629	\$ 343,572	\$ 506,348	\$ 547	\$ 500,162

	Total	Due in less than 1 year	Due in 1-3 years	Due in 3-5 years	Due after 5 years
Total interest payments on long-term debt	\$ 230,065	\$ 37,840	\$ 65,205	\$ 33,780	\$ 93,240

Measurement of fair values

A. Accounting classifications and fair values

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

At December 31, 2021

	FVTPL	Amortized cost	FVOCI - designated	Total
Financial assets				
Cash and cash equivalents	\$ -	\$ 1,247,447	\$ -	\$ 1,247,447
Short-term investments	-	84,906	-	84,906
Accounts receivable [note 6]	-	276,139	-	276,139
Derivative assets [note 10]				
Foreign currency contracts	31,534	-	-	31,534
Interest rate contracts	564	-	-	564
	\$ 32,098	\$ 1,608,492	\$ -	\$ 1,640,590
Financial liabilities				
Accounts payable and accrued liabilities [note 12]	\$ -	\$ 340,458	\$ -	\$ 340,458
Lease obligation [note 14]	-	4,872	-	4,872
Derivative liabilities [note 14]				
Foreign currency contracts	3,760	-	-	3,760
Interest rate contracts	1,237	-	-	1,237
Long-term debt [note 13]	-	996,250	-	996,250
	4,997	1,341,580	-	1,346,577
Net	\$ 27,101	\$ 266,912	\$ -	\$ 294,013

At December 31, 2020

	FVTPL	Amortized cost	FVOCI - designated	Total
Financial assets				
Cash and cash equivalents	\$ -	\$ 918,382	\$ -	\$ 918,382
Short-term investments	-	24,985	-	24,985
Accounts receivable [note 6]	-	204,980	-	204,980
Derivative assets [note 10]				
Foreign currency contracts	45,605	-	-	45,605
Investments in equity securities [note 10]	-	-	43,873	43,873
	\$ 45,605	\$ 1,148,347	\$ 43,873	\$ 1,237,825
Financial liabilities				
Accounts payable and accrued liabilities [note 12]	\$ -	\$ 233,649	\$ -	\$ 233,649
Lease obligation [note 14]	-	7,951	-	7,951
Derivative liabilities [note 14]				
Foreign currency contracts	4,733	-	-	4,733
Long-term debt [note 13]	-	995,541	-	995,541
	4,733	1,237,141	-	1,241,874
Net	\$ 40,872	\$ (88,794)	\$ 43,873	\$ (4,049)

Cameco has pledged \$233,257,000 of cash as security against certain of its letter of credit facilities. This cash is being used as collateral for an interest rate reduction on the letter of credit facilities. The collateral account has a term of five years effective July 1, 2018. Cameco retains full access to this cash.

During the year, Cameco divested of its investments in equity securities. The fair value at the date of derecognition and the cumulative gain or loss on disposal for the year ended December 31, 2021 were as follows:

	Fair Value	Gain (loss)
Investment in Denison Mines Corp.	\$ 34,827	\$ 15,257
Investment in UEX Corporation	19,605	8,758
Investment in ISO Energy Ltd.	10,756	8,078
Investment in GoviEx	3,558	2,996
Other	265	(750)
	\$ 69,011	\$ 34,339

The gains are presented net of tax. Cameco has elected to transfer these cumulative net gains from equity investments at FVOCI to retained earnings in the statement of changes in equity.

Cameco has not irrevocably designated a financial asset that would otherwise meet the requirements to be measured at amortized cost at FVOCI or FVTPL to eliminate or significantly reduce an accounting mismatch that would otherwise arise.

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

As at December 31, 2021

	Carrying value	Fair value		
		Level 1	Level 2	Total
Derivative assets [note 10]				
Foreign currency contracts	\$ 31,534	\$ -	\$ 31,534	\$ 31,534
Interest rate contracts	564	-	564	564
Derivative liabilities [note 14]				
Foreign currency contracts	(3,760)	-	(3,760)	(3,760)
Interest rate contracts	(1,237)	-	(1,237)	(1,237)
Long-term debt [note 13]	(996,250)	-	(1,103,978)	(1,103,978)
Net	\$ (969,149)	\$ -	\$ (1,076,877)	\$ (1,076,877)

As at December 31, 2020

	Carrying value	Fair value		
		Level 1	Level 2	Total
Derivative assets [note 10]				
Foreign currency contracts	\$ 45,605	\$ -	\$ 45,605	\$ 45,605
Investments in equity securities [note 10]	43,873	43,873	-	43,873
Derivative liabilities [note 14]				
Foreign currency contracts	(4,733)	-	(4,733)	(4,733)
Long-term debt [note 13]	(995,541)	-	(1,173,280)	(1,173,280)
Net	\$ (910,796)	\$ 43,873	\$ (1,132,408)	\$ (1,088,535)

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

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

B. Financial instruments measured at fair value

Cameco measures its derivative financial instruments, material investments in equity securities and long-term debt at fair value. Investments in publicly held equity securities are classified as a recurring level 1 fair value measurement while derivative financial instruments and long-term debt are classified as a recurring level 2 fair value measurement.

The fair value of investments in equity securities is determined using quoted share prices observed in the principal market for the securities as of the reporting date. The fair value of Cameco's long-term debt is determined using quoted market yields as of the reporting date, which ranged from 1.1% to 1.7% (2020 - 0.3% to 1.1%).

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

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

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

Derivatives

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

	2021	2020
Non-hedge derivatives:		
Foreign currency contracts	\$ 27,774	\$ 40,872
Interest rate contracts	(673)	-
Net	\$ 27,101	\$ 40,872
Classification:		
Current portion of long-term receivables, investments and other [note 10]	\$ 22,652	\$ 16,466
Long-term receivables, investments and other [note 10]	9,446	29,139
Current portion of other liabilities [note 14]	(378)	(1,658)
Other liabilities [note 14]	(4,619)	(3,075)
Net	\$ 27,101	\$ 40,872

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

	2021	2020
Non-hedge derivatives:		
Foreign currency contracts	\$ 13,202	\$ 30,600
Interest rate contracts	(673)	5,977
Net	\$ 12,529	\$ 36,577

27. Capital management

Cameco's management considers its capital structure to consist of bank overdrafts, long-term debt, short-term debt (net of cash and cash equivalents and short-term investments), non-controlling interest and shareholders' equity.

Despite the impacts of COVID-19 on the global economy, Cameco's approach to capital management has remained consistent. Cameco's capital structure reflects its strategy and the environment in which it operates. Delivering returns to long-term shareholders is a top priority. The Company's objective is to maximize cash flow while maintaining its investment grade rating through close capital management of our balance sheet metrics. Capital resources are managed to allow it to support achievement of its goals while managing financial risks such as the continued weakness in the market, litigation risk and refinancing risk. The overall objectives for managing capital in 2021 reflect the environment that the Company is operating in, similar to the prior comparative period.

The capital structure at December 31 was as follows:

	2021	2020
Long-term debt [note 13]	996,250	995,541
Cash and cash equivalents	(1,247,447)	(918,382)
Short-term investments	(84,906)	(24,985)
Net debt	(336,103)	52,174
Non-controlling interest	127	206
Shareholders' equity	4,845,841	4,958,355
Total equity	4,845,968	4,958,561
Total capital	\$ 4,509,865	\$ 5,010,735

Cameco is bound by certain covenants in its general credit facilities. These covenants place restrictions on total debt, including guarantees and set minimum levels for net worth. As of December 31, 2021, Cameco met these requirements.

28. Segmented information

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

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

Cost of sales in the uranium segment includes care and maintenance costs for our operations that have had production suspensions. Cameco expensed \$209,556,000 (2020 - \$195,972,000) of care and maintenance costs during the year. Included in this amount in 2021 is \$40,359,000 (2020 - \$45,988,000) relating to care and maintenance costs for operations suspended as a result of COVID-19. Also included in cost of sales, because of the Cigar Lake production suspension, is the impact of increased purchasing activity at a higher cost than produced pounds.

Cost of sales in the fuel services segment also includes care and maintenance costs for our operations that have had production suspensions as a result of COVID-19. Cameco expensed \$8,992,000 in 2020 due to the suspension.

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

A. Business segments - 2021

For the year ended December 31, 2021

	Uranium	Fuel services	Other	Total
Revenue	\$ 1,054,993	\$ 404,277	\$ 15,714	\$ 1,474,984
Expenses				
Cost of products and services sold	1,028,816	242,574	11,245	1,282,635
Depreciation and amortization	134,629	43,344	12,442	190,415
Cost of sales	1,163,445	285,918	23,687	1,473,050
Gross profit (loss)	(108,452)	118,359	(7,973)	1,934
Administration	-	-	127,566	127,566
Exploration	8,016	-	-	8,016
Research and development	-	-	7,168	7,168
Other operating income	(8,407)	-	-	(8,407)
(Gain) loss on disposal of assets	(2,886)	6,689	-	3,803
Finance costs	-	-	76,612	76,612
Gain on derivatives	-	-	(12,529)	(12,529)
Finance income	-	-	(6,804)	(6,804)
Share of earnings from equity-accounted investee	(68,283)	-	-	(68,283)
Other expense (income)	-	301	(21,654)	(21,353)
Earnings (loss) before income taxes	(36,892)	111,369	(178,332)	(103,855)
Income tax recovery				(1,201)
Net loss				(102,654)
Capital expenditures for the year	\$ 72,786	\$ 22,792	\$ 3,206	\$ 98,784

For the year ended December 31, 2020

	Uranium	Fuel services	Other	Total
Revenue	\$ 1,416,125	\$ 377,296	\$ 6,652	\$ 1,800,073
Expenses				
Cost of products and services sold	1,243,311	237,656	3,995	1,484,962
Depreciation and amortization	154,560	43,190	10,912	208,662
Cost of sales	1,397,871	280,846	14,907	1,693,624
Gross profit (loss)	18,254	96,450	(8,255)	106,449
Administration	-	-	145,344	145,344
Exploration	10,873	-	-	10,873
Research and development	-	-	3,965	3,965
Other operating expense	23,921	-	-	23,921
Loss on disposal of assets	667	405	-	1,072
Finance costs	-	-	96,133	96,133
Gain on derivatives	-	-	(36,577)	(36,577)
Finance income	-	-	(10,835)	(10,835)
Share of earnings from equity-accounted investee	(36,476)	-	-	(36,476)
Other income	(202)	-	(51,238)	(51,440)
Earnings (loss) before income taxes	19,471	96,045	(155,047)	(39,531)
Income tax expense				13,666
Net loss				(53,197)
Capital expenditures for the year	\$ 46,697	\$ 30,760	\$ 5	\$ 77,462

B. Geographic segments

Revenue is attributed to the geographic location based on the location of the entity providing the services. The Company's revenue from external customers is as follows:

	2021	2020
United States	\$ 770,265	\$ 1,177,756
Canada	704,719	622,317
	\$ 1,474,984	\$ 1,800,073

The Company's non-current assets, excluding deferred tax assets and financial instruments, by geographic location are as follows:

	2021	2020
Canada	\$ 3,100,285	\$ 3,260,144
Australia	395,223	421,836
United States	131,683	145,328
Kazakhstan	46	55
Germany	11	16
	\$ 3,627,248	\$ 3,827,379

C. Major customers

Cameco relies on a small number of customers to purchase a significant portion of its uranium concentrates and uranium conversion services. During 2021, revenues from two customers of Cameco's uranium and fuel services segments represented approximately \$166,068,000 (2020 - \$457,560,000), approximately 11% (2020 - 25%) of Cameco's total revenues from these segments. As customers are relatively few in number, accounts receivable from any individual customer may periodically exceed 10% of accounts receivable depending on delivery schedule.

29. Group entities

The following are the principal subsidiaries and associates of the Company:

	Principal place of business	Ownership interest 2021	2020
Subsidiaries:			
Cameco Fuel Manufacturing Inc.	Canada	100%	100%
Cameco Marketing Inc.	Canada	100%	100%
Cameco Inc.	US	100%	100%
Power Resources, Inc.	US	100%	100%
Crow Butte Resources, Inc.	US	100%	100%
Cameco Australia Pty. Ltd.	Australia	100%	100%
Cameco Europe Ltd.	Switzerland	100%	100%
Associates:			
JV Inkai	Kazakhstan	40%	40%

30. Joint operations

Cameco conducts a portion of its exploration, development, mining and milling activities through joint operations located around the world. Operations are governed by agreements that provide for joint control of the strategic operating, investing and financing activities among the partners. These agreements were considered in the determination of joint control.

Cameco's significant Canadian uranium joint operation interests are McArthur River, Key Lake and Cigar Lake. The Canadian uranium joint operations allocate uranium production to each joint operation participant and the joint operation participant derives revenue directly from the sale of such product. Mining and milling expenses incurred by joint operations are included in the cost of inventory.

Cameco reflects its proportionate interest in these assets and liabilities as follows:

	Principal place of business	Ownership	2021	2020
Total assets				
McArthur River	Canada	69.81%	\$ 1,010,956	\$ 1,027,617
Key Lake	Canada	83.33%	549,051	560,845
Cigar Lake	Canada	50.03%	1,294,333	1,327,956
			\$ 2,854,340	\$ 2,916,418
Total liabilities				
McArthur River		69.81%	\$ 36,697	\$ 34,597
Key Lake		83.33%	267,579	278,331
Cigar Lake		50.03%	45,503	46,604
			\$ 349,779	\$ 359,532

31. Related parties

A. Transactions with key management personnel

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel of the Company include executive officers, vice-presidents, other senior managers and members of the board of directors.

In addition to their salaries, Cameco also provides non-cash benefits to executive officers and vice-presidents and contributes to pension plans on their behalf (note 25). Senior management and directors also participate in the Company's share-based compensation plans (note 24).

Executive officers are subject to terms of notice ranging from three to six months. Upon resignation at the Company's request, they are entitled to termination benefits of up to the lesser of 18 to 24 months or the period remaining until age 65. The termination benefits include gross salary plus the target short-term incentive bonus for the year in which termination occurs.

Compensation for key management personnel was comprised of:

	2021	2020
Short-term employee benefits	\$ 20,663	\$ 21,676
Share-based compensation ^(a)	34,639	26,230
Post-employment benefits	6,188	6,041
Termination benefits	161	430
Total	\$ 61,651	\$ 54,377

(a) Excludes deferred share units held by directors (see note 24).

B. Other related party transactions

Cameco purchases uranium concentrates from JV Inkai. For the year ended December 31, 2021, Cameco had purchases of \$233,621,000 (\$185,763,000 (US)) (2020 - \$148,169,000 (\$111,886,000 (US))). Cameco received a cash dividend from JV Inkai of \$50,128,000 (\$40,286,000 (US)) (2020 - \$54,404,000 (\$40,621,000 (US))).

32. Comparative Figures

Certain prior year balances have been reclassified to conform to the current financial statement presentation.