



Management's discussion and analysis

for the quarter ended September 30, 2021

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This management's discussion and analysis (MD&A) includes information that will help you understand management's perspective of our unaudited condensed consolidated interim financial statements and notes for the quarter ended September 30, 2021 (interim financial statements). The information is based on what we knew as of October 28, 2021 and updates our first quarter, second quarter and annual MD&A included in our 2020 annual report.

As you review this MD&A, we encourage you to read our interim financial statements as well as our audited consolidated financial statements and notes for the year ended December 31, 2020 and annual MD&A. You can find more information about Cameco, including our audited consolidated financial statements and our most recent annual information form, on our website at cameco.com, on SEDAR at sedar.com or on EDGAR at sec.gov. You should also read our annual information form before making an investment decision about our securities.

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

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

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

Caution about forward-looking information

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

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

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

Examples of forward-looking information in this MD&A

- the discussion under the heading *Our strategy*, including for uranium production, purchases and contracting, expected benefits to us associated with a restart of our tier-one assets, about our vision and involvement in the nuclear fuel cycle, our ability to self-manage risk and to address environmental, social and governance risks and opportunities, and our ambition to reach net-zero greenhouse gas emissions
- the discussion under the heading *Strategy in action*, including our ability to self-manage risk, expected financial capacity to execute our strategy, views on uranium supply, demand, contracting, deliveries, and creating long-term value, and meeting customers' delivery needs
- the discussion under the heading *Our response to Coronavirus (COVID-19)*, including priority on employee health and safety in our plans, and our intention to continue to monitor developments related to the COVID-19 pandemic and to take a measured approach
- our expectations about 2021 and future global uranium supply, demand, consumption and the role of nuclear power and its growth profile, including the discussion under the heading *Third quarter market update*
- the discussion of our expectations relating to our Canada Revenue Agency (CRA) transfer pricing dispute, including our expectations regarding receiving refunds and payment of disbursements from CRA, our confidence that the courts would reject any attempt by CRA to utilize the same or similar positions for other tax years currently in dispute, and our belief that CRA should return the full amount of cash and security that has been paid or otherwise secured by us
- the discussion under the heading *Outlook for 2021*, including expected business resiliency, expectations for 2021 average unit cost of sales, average realized price per pound, average purchase price per pound, deliveries and production, 2021 financial outlook, our revenue, 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 2021 obligations and our expectations for our uranium contract portfolio to provide a solid revenue stream
- our expectation that our operating and investment activities for the remainder of 2021 will not be constrained by the financial-related covenants in our unsecured revolving credit facility
- life of mine operating cost estimates for the Cigar Lake and Inkai operations
- our future plans and expectations for each of our uranium operating properties and fuel services operating sites
- our expectations related to care and maintenance costs

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 and companies, including Cameco, regarding the pursuit of strategies to reduce greenhouse gas emissions
- risks relating to the development and use of new technology or lack of appropriate technology needed to advance our ambition to reach net-zero greenhouse gas emissions
- our estimates and forecasts prove to be inaccurate, including production, purchases, deliveries, cash flow, revenue, costs, decommissioning, reclamation expenses, or receipt of future dividends from JV Inkai
- we are unable to enforce our legal rights under our agreements, permits or licences
- 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 rulings 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
- 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 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
- the restriction in supply of hydrogen to our Port Hope conversion facility is not resolved in the fourth quarter of 2021
- 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
- our expectations relating to care and maintenance costs prove to be inaccurate
- we are affected by natural phenomena, including inclement weather, forest fires, floods and earthquakes
- operations are disrupted due to problems with our own or our suppliers' or customers' facilities, the unavailability of reagents, equipment, operating parts and supplies critical to production, equipment failure, lack of tailings capacity, labour shortages, labour relations issues, strikes or lockouts, fires, underground floods, cave-ins, ground movements, tailings dam failures, transportation disruptions or accidents, unanticipated consequences of our cost reduction strategies, or other development and operating risks

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 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 are not 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, JV Inkai and our fuel services operating sites
- our cost expectations, including production costs, operating costs, capital costs and the success of our cost reduction strategies
- our expectations regarding tax payments, royalty rates, currency exchange rates 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 understanding of the geological, hydrological and other conditions at our uranium properties
- 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 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
- the restriction in supply of hydrogen to our Port Hope conversion facility ceases in the fourth quarter of 2021
- that care and maintenance 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 expectations for the nuclear industry, including its growth profile, market conditions and the demand for and supply of uranium
- the continuing pursuit of greenhouse gas emission reduction strategies by governments and companies, including Cameco, and the role of nuclear in the pursuit of those strategies
- the availability or development of technologies needed to achieve our ambition to reach net-zero greenhouse gas emissions
- our operations are not significantly disrupted as a result of political instability, nationalization, terrorism, sabotage, blockades, civil unrest, breakdown, natural disasters, forest or other fires, 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

Our strategy

We are a pure-play nuclear fuel supplier, focused on providing a clean source of energy and taking advantage of the long-term growth we see coming in our industry. Our strategy is to focus on our tier-one assets and profitably produce at a pace aligned with market signals in order to preserve the value of those assets and increase long-term value, and to do that with an emphasis on safety, people and the environment.

We have been executing our strategy on three fronts – operational, marketing and financial. Currently, our financial results reflect the strategic decisions we have made and the costs associated with those decisions, not our tier-one cost structure. However, we believe the steps we are taking, including the investment in digital and automation technologies will assist us in creating a more flexible asset base. This flexibility would allow us to align our overall production decisions with our contract portfolio commitments and opportunities once the conditions for the restart of our tier-one assets are met. Upon the restart of production, the care and maintenance costs we incur while our tier-one assets are suspended would be eliminated, enabling us to benefit from the favourable life-of-mine economics these assets provide. We have been patient undertaking a number of deliberate and disciplined actions: we have cut production below our committed sales level, we have been purchasing material on the spot market to meet our sales commitments, we have been protecting and extending the value of our contract portfolio securing a home for our future tier-one production, and we are prudently managing the company. As a result, our balance sheet is strong, and we are well-positioned to create long-term value while self-managing risk.

Our vision – “Energizing a clean-air world” – recognizes that we have an important role to play in enabling the vast reductions in global greenhouse gas emissions required to achieve a resilient net-zero carbon economy. We are vertically integrated across the nuclear fuel cycle. Our uranium and fuel services products are used around the world in the generation of safe, carbon-free, affordable, base-load nuclear energy. In addition, we are exploring other 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 memorandums of understanding we have signed to explore several areas of cooperation to advance the commercialization and deployment of small modular reactors in Canada and around the world.

We believe we have the right strategy to achieve our vision and we will do so in a manner that reflects our values. For over 30 years, we have been delivering our products responsibly. Building on that strong foundation, we remain committed to our efforts to transform our own, already low, greenhouse gas footprint in our ambition to reach net-zero emissions, and identifying and addressing the environmental, social and governance (ESG) risks and opportunities that we believe may have a significant impact on our ability to add long-term value for our stakeholders.

You can read more about our strategy in our 2020 annual MD&A and our approach to ESG in our 2020 ESG report.

Strategy in action

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. Over time, we expect this renewed focus on security of supply will provide the market signals producers need and will help offset any near-term costs we may incur as a result of the recent disruptions to our business.

Our utility customers’ nuclear power plants continue to be part of the critical infrastructure needed to guarantee the availability of 24-hour electricity to run hospitals, care facilities and other essential services. Our customers are going to need uranium. As a reliable, independent, commercial supplier, we will continue to work with our customers to help meet their delivery needs. And, year-to-date we have finalized and executed over 20 million pounds U_3O_8 in long-term sales contracts which had been under negotiation.

As we continue to build our contract portfolio, the primary driver for our contracting activity is value. In the uranium market, the spot market is not the fundamental market. Historically, most uranium has been bought under long-term contracts. We recognize that in our business real value is created by building a long-term contract portfolio that supports the operation of our productive assets, is leveraged to greater returns as prices increase, and provides downside protection. Therefore, to create long-term value, we manage our contract portfolio with a long-term view, layering in volumes over time and in accordance with market conditions. Currently, our preference is for market-related pricing mechanisms however there are other factors we consider including, the duration of the contract, volumes, product form, region and customer to ensure we have a diversified portfolio. In this environment, contracts may contain hybrid pricing mechanisms, a mix of fixed-price (escalated to the time of delivery) and market-related, that reflect current market conditions. As the market improves, we expect to continue to layer in volumes capturing greater upside using market-related pricing mechanisms. We also expect to lock in value at higher prices to carry that value through the next price cycle, always with a view to our preference for a contract portfolio with a 60/40 split of market-related and fixed priced contracts.

Thanks to the disciplined execution of our strategy on all three fronts – operational, marketing and financial – we expect to have the financial capacity to execute our strategy. As of September 30, 2021, we had \$1.4 billion in cash and short-term investments and \$1.0 billion in long-term debt. In addition, we have a \$1.0 billion undrawn credit facility.

We expect our cash balances and operating cash flows to meet our capital requirements during 2021. Our balance sheet remains strong, and we believe we are well positioned to self-manage risk. With the Supreme Court of Canada's dismissal of Canada Revenue Agency's (CRA) application for leave, the dispute for the 2003 through 2006 tax years is fully and finally resolved in our favour. Furthermore, we are confident the courts would reject any attempt by CRA to utilize the same or similar positions and arguments for the other tax years currently in dispute (2007 through 2014) and believe CRA should return the \$777 million in cash and letters of credit we have been required to pay or otherwise secure for those years. However, timing of any further payments is uncertain.

Our response to Coronavirus (COVID-19)

We continue to closely monitor the developments related to the COVID-19 pandemic. The situation continues to evolve, and our priority is to protect the health and well-being of our workers, their families and their communities. We activated our Corporate Crisis Management Plan, which includes our Pandemic Plan, and our various Local and Corporate Business Continuity Plans. Our Pandemic Plan and Local and Corporate Business Continuity Plans continue to be in effect across our global operations.

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 and help slow down the spread of the virus. In addition to the safety protocols we put in place, we:

- asked employees at corporate office to work remotely from home
- asked that all meetings be conducted by phone or videoconference where possible
- suspended all business travel
- restricted non-essential contractors, visitors and deliveries at all locations
- suspended work on the Vision in Motion (VIM) project in Port Hope
- suspended production at Cigar Lake in March 2020, in conjunction with Orano for about five months and for a second time in December 2020 for about four months
- suspended production, in April 2020, at the Port Hope UF₆ conversion facility and at the Blind River refinery for about four weeks
- did not implement any temporary layoffs as a result of disruptions to our business – employees were provided with paid leaves of absence and vacation time was utilized to deal with the various pandemic impacts
- set up and awarded COVID-19 Relief Funds totaling \$1.25 million to support our northern Saskatchewan and Ontario communities impacted by the virus
- introduced a mandatory vaccine requirement across our operations and offices

The proactive decisions we have made 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. The health and safety of our workers, their families and their communities continue to be the priority in all our plans, which will align with the guidance of the relevant health authorities where we operate.

In April 2021, production at the Cigar Lake mine resumed. As a result of the temporary production suspension at Cigar Lake, until its restart in mid-April, we incurred \$40 million in care and maintenance costs. Even while production was suspended, we kept and continued to pay all our employees. Partially offsetting these additional costs was the receipt of \$21 million year-to-date under the Canada Emergency Wage Subsidy program.

We continue to take a measured approach. Planning is underway for a hybrid working model for those employees at our corporate and division head offices who are currently working from home.

The COVID-19 pandemic has disrupted global uranium production adding to the supply curtailments that have occurred in the industry for many years. The duration and extent of these disruptions and risk of additional disruptions are still not fully known.

Third quarter market update

During the third quarter, the uranium spot price appreciated quickly, briefly exceeding \$50 (US) per pound U_3O_8 for the first time since 2012, before closing out the quarter at about \$43 (US) per pound U_3O_8 but still up over 30% from the end of June. This movement was largely attributed to the spot purchases made by Sprott Asset Management LP (Sprott). The recent activity from financial funds and other junior uranium companies has helped to improve the near-term uranium fundamentals. This has occurred while government-driven trade policies and the COVID-19 pandemic continue to negatively impact security of supply in our industry. 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 unplanned supply disruptions related to the impact of the COVID-19 pandemic on uranium mining and processing activities. Adding to security of supply concerns is the role of commercial and state-owned entities in the uranium market, and trade policies that highlight the disconnect between where uranium is produced and where it is consumed. Nearly 80% of primary production is in the hands of state-owned enterprises, after taking into account the cuts to primary production that have occurred over the last several years. Furthermore, about 80% of primary production comes from countries that consume little-to-no uranium, and 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.

The demand gap left by forced and premature nuclear reactor shutdowns since March of 2011 was filled in 2018. According to the International Atomic Energy Agency (IAEA), there are currently 442 reactors operating globally and 51 reactors under construction. With a number of reactor construction projects recently approved, and many more planned, the demand for uranium is growing. This growth is largely occurring in Asia and the Middle East. Some of this growth is tempered by early reactor retirements, plans for reduced reliance on nuclear or phase-out policies in other regions. However, there is growing recognition of the role nuclear power must play in providing safe, reliable, affordable carbon-free baseload electricity and achieving a low-carbon economy. Further evidence of the important role for nuclear in the clean energy transition is the ongoing energy crisis due to natural gas shortages and soaring prices. Momentum is also building for non-traditional commercial uses of nuclear power such as the development of small modular reactors (SMRs) and advanced reactors, with numerous companies and countries pursuing projects. Longer term, these projects have the potential to open up new fuel cycle opportunities and demand for uranium. In the medium-term, reactor life extensions are adding demand and in the near-term unplanned demand has come from junior uranium companies and financial funds purchasing in the spot market. Policy decisions to support the continued operation of existing reactors also have the potential to increase near-term demand. Some of the more significant developments affecting demand in the quarter and to date are:

- On August 5th, on behalf of the Sprott Physical Uranium Trust (SPUT), 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). As of October 26th, the fund had raised approximately \$730 million (US) and purchased over 16 million pounds U_3O_8 .
- On October 18th, Kazatomprom (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.

- On August 20th, Denison filed a prospectus to raise \$250 million (US), stating that some of the funds could be used for the purchase of U₃O₈. On September 28th, the company then announced an ATM program along with Cantor Fitzgerald Canada Corporation for up to \$50 million (US).
- On October 26th, Yellow Cake plc announced its intention to raise approximately \$150 million (US) and use the proceeds to fund the purchase of approximately 3 million pounds U₃O₈. Approximately 2 million pounds U₃O₈ are to be purchased from Curzon Uranium Limited and 1 million pounds U₃O₈ from KAP.
- Through late-October this year, more than an estimated \$2 billion (US) has been announced for uranium purchases via junior uranium companies and financial funds including Sprott, though a portion of this total has not yet been raised and a portion has not yet been spent. To date, over 34 million pounds U₃O₈ have been purchased with the proceeds.
- The IAEA increased its projections for nuclear out to 2050 for the first time since 2011. This includes nuclear generating capacity doubling to 792 GWe, from 393 GWe in 2020, which represents a 10% increase over the prior forecast.
- The 2021 World Nuclear Association (WNA) Nuclear Fuel Report was released in September and includes numerous positive developments for the industry. The prospects for nuclear continue to grow with many countries now targeting net-zero carbon emission. Growth is projected at around 2.6% annually through 2040, with China making the most notable impact to higher demand projections post 2030. On the supply side, production through 2025 declined significantly relative to the previous report from 2019.
- In the United Arab Emirates, Barakah 2, an AP1000 built by Korea Electric Power Corporation (KEPCO), reached a milestone in connecting to the grid in late August. Barakah 3 and 4 continue to progress through construction and are expected to come online in 2022 and 2023.
- On October 4th, Fumio Kishida, of the Liberal Democratic Party, took office as Japan's 100th Prime Minister. He has stated support for nuclear as part of Japan's energy policy and 2050 carbon neutral goal, including the restart of existing reactors as well as replacement capacity, including SMRs.
- In China, two ACPR-1000s recently began commercial operation including China General Nuclear Power Corporation's Hongyanhe 5 and China National Nuclear Corporation's Tianwan 6.
- In the United Kingdom (UK), Prime Minister Boris Johnson confirmed plans for all of the UK's electricity to come from low-carbon sources including nuclear and renewables by 2035. His government is in talks with Westinghouse to construct a new AP1000 at the Wylfa Newydd site in Wales. In addition, the country is working with Rolls-Royce Nuclear to construct up to 16 470 MWe UK SMRs at sites across the UK.
- EDF Energy reported in late September that construction progress of the two EPRs at Hinkley Point C is nearing 50% complete with operations expected in 2026 and 2027.
- On October 11th, French President Emmanuel Macron unveiled a five-year \$35 billion (US) technology investment plan which includes funds for green hydrogen production by 2030 and building new small modular reactors.
- 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 older units are to be decommissioned.
- In the European Union (EU), progress continues towards the potential inclusion of nuclear in the region's sustainable financing taxonomy. On October 10th, ten EU member states published a joint article for the inclusion of nuclear in the taxonomy framework. A final decision is expected before the end of 2021.
- In the US, Exelon's Byron, Dresden and Braidwood 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. Shortly after, the company announced plans to invest over \$300 million (US) in capital projects and fill hundreds of vacant positions at the sites.
- In August, the Department of Energy (DOE) published a Request for Information (RFI) to inform the establishment and procurement strategy of a Strategic Uranium Reserve program. The initial deadline for comments under the RFI was extended until October 13th. The \$75 million (US) appropriated for the program in 2021 will be rolled into 2022.
- During September and October Cameco announced signing several Memorandums of Understanding (MOU)s. The MOUs are 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.

Caution about forward-looking information relating to the nuclear industry

This discussion of our expectations for the nuclear industry, including its growth profile, uranium supply and demand, and reactor growth is forward-looking information that is based upon the assumptions and subject to the material risks discussed under the heading *Caution about forward-looking information* beginning on page 2.

Industry prices at quarter end

	SEP 30 2021	JUN 30 2021	MAR 31 2021	DEC 31 2020	SEP 30 2020	JUN 30 2020
Uranium (\$US/lb U₃O₈)¹						
Average spot market price	42.60	32.25	30.95	30.20	29.93	32.80
Average long-term price	42.50	33.50	33.75	35.00	35.00	35.50
Fuel services (\$US/kgU as UF₆)¹						
<i>Average spot market price</i>						
North America	17.50	20.25	21.50	21.75	21.63	22.13
Europe	17.50	19.75	20.50	20.50	20.13	22.00
<i>Average long-term price</i>						
North America	18.50	18.00	18.50	19.00	18.00	18.13
Europe	18.50	18.00	18.50	19.00	18.00	18.00

Note: the industry does not publish UO₂ prices.

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

On the spot market, where purchases call for delivery within one year, the volume reported by UxC for the third quarter of 2021 was 37 million pounds U₃O₈ equivalent, compared to 20 million pounds U₃O₈ equivalent contracted in the third quarter of 2020. Volume through the first nine months of 2021 was 75 million pounds U₃O₈ equivalent, compared to 79 million pounds U₃O₈ equivalent over the same period in 2020. As of September 30, 2021, the average reported spot price was \$42.60 (US) per pound, an increase of \$10.35 (US) per pound from the previous quarter, due in large part to purchases by financial funds and junior uranium companies.

Long-term contracts usually call for deliveries to begin more than two years after the contract is finalized, and use a number of pricing formulas, including fixed prices escalated over the term of the contract, and market referenced prices quoted near the time of delivery. Long-term contracting reported by UxC for the first nine months of 2021 was about 53 million pounds U₃O₈ equivalent transacted, up from about 39 million pounds U₃O₈ equivalent reported over the same period in 2020. The average reported long-term price at the end of the quarter was \$42.50 (US) per pound U₃O₈ equivalent, an increase of \$9.00 (US) per pound from the previous quarter.

Spot UF₆ conversion prices decreased in the North American and European markets while long-term prices in both markets increased. For North American delivery, the average reported spot price at the end of the quarter was \$17.50 (US) per kilogram uranium as UF₆ (US/kgU as UF₆), down \$2.75 (US) from the previous quarter. Long-term UF₆ conversion prices finished the quarter at \$18.50 (US/kgU as UF₆), up \$0.50 (US) from the previous quarter.

Shares and stock options outstanding

At October 27, 2021, we had:

- 397,962,428 common shares and one Class B share outstanding
- 3,554,838 stock options outstanding, with exercise prices ranging from \$11.32 to \$26.81

Dividend

An annual dividend of \$0.08 per common share has been declared, payable on December 15, 2021, to shareholders of record on November 30, 2021. The decision to declare an annual dividend by our board is based on our cash flow, financial position, strategy and other relevant factors including appropriate alignment with the cyclical nature of our earnings.

Financial results

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

During the quarter, we determined that it is appropriate to report NUKEM's results with our uranium and fuel services segments. The purchase and sale of enriched uranium product and separative work units will continue to be reported in "other". Comparative information has been adjusted. See note 18 for more information.

Consolidated financial results

CONSOLIDATED HIGHLIGHTS (\$ MILLIONS EXCEPT WHERE INDICATED)	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
	2021	2020	CHANGE	2021	2020	CHANGE
Revenue	361	379	(5)%	1,010	1,250	(19)%
Gross loss	(26)	(24)	(8)%	(54)	(2)	>(100)%
Net losses attributable to equity holders	(72)	(61)	(18)%	(114)	(133)	14%
\$ per common share (basic)	(0.18)	(0.15)	(21)%	(0.29)	(0.34)	15%
\$ per common share (diluted)	(0.18)	(0.15)	(21)%	(0.29)	(0.34)	15%
Adjusted net losses (non-IFRS, see page 11)	(54)	(78)	31%	(121)	(114)	(6)%
\$ per common share (adjusted and diluted)	(0.14)	(0.20)	30%	(0.30)	(0.29)	(3)%
Cash provided by (used in) operations (after working capital changes)	203	(66)	>100%	399	(200)	>100%

NET EARNINGS

The following table shows what contributed to the change in net earnings and adjusted net earnings (non-IFRS measure, see page 11) in the third quarter and the first nine months of 2021, compared to the same periods in 2020.

(\$ MILLIONS)	THREE MONTHS ENDED SEPTEMBER		NINE MONTHS ENDED SEPTEMBER	
	IFRS	ADJUSTED	IFRS	ADJUSTED
Net losses – 2020	(61)	(78)	(133)	(114)
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))				
Uranium				
Higher sales volume	-	-	12	12
Lower realized prices (\$US)	(14)	(14)	(3)	(3)
Foreign exchange impact on realized prices	(17)	(17)	(60)	(60)
Lower (higher) costs	35	35	(5)	(5)
Change – uranium	4	4	(56)	(56)
Fuel services				
Higher (lower) sales volume	1	1	(2)	(2)
Higher (lower) realized prices (\$Cdn)	(2)	(2)	12	12
Higher costs	(1)	(1)	(2)	(2)
Change – fuel services	(2)	(2)	8	8
Other changes				
Lower (higher) administration expenditures	(10)	(10)	10	10
Lower (higher) exploration expenditures	(1)	(1)	2	2
Change in reclamation provisions	9	-	42	-
Higher earnings from equity-accounted investee	8	8	15	15
Change in gains or losses on derivatives	(37)	20	12	22
Change in foreign exchange gains or losses	23	23	(20)	(20)
Canadian Emergency Wage Subsidy in 2021	-	-	21	21
Change in income tax recovery or expense	(3)	(16)	(4)	2
Other	(2)	(2)	(11)	(11)
Net losses – 2021	(72)	(54)	(114)	(121)

See *Financial results by segment* beginning on page 20 for more detailed discussion.

ADJUSTED NET EARNINGS (NON-IFRS MEASURE)

Adjusted net earnings (ANE) is a measure that does not have a standardized meaning or a consistent basis of calculation under IFRS (non-IFRS measure). We use this measure as a meaningful way to compare our financial performance from period to period. 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 our net earnings attributable to equity holders, adjusted to reflect the underlying financial performance for the reporting period. The adjusted earnings measure reflects the matching of the net benefits of our hedging program with the inflows of foreign currencies in the applicable reporting period and has also been adjusted for reclamation provisions for our Rabbit Lake and US operations, which had been impaired, and income taxes on adjustments.

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

The following table reconciles adjusted net earnings with net earnings for the third quarter and first nine months of 2021 and compares it to the same periods in 2020.

(\$ MILLIONS)	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2021	2020	2021	2020
Net losses attributable to equity holders	(72)	(61)	(114)	(133)
Adjustments				
Adjustments on derivatives	26	(31)	8	(2)
Reclamation provision adjustments	(2)	7	(18)	24
Income taxes on adjustments	(6)	7	3	(3)
Adjusted net losses	(54)	(78)	(121)	(114)

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 8 of our interim financial statements for more information. This amount has been excluded from our adjusted net earnings measure.

Quarterly trends

HIGHLIGHTS (\$ MILLIONS EXCEPT PER SHARE AMOUNTS)	2021			2020			2019	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	361	359	290	550	379	525	346	874
Net earnings (losses) attributable to equity holders	(72)	(37)	(5)	80	(61)	(53)	(19)	128
\$ per common share (basic)	(0.18)	(0.09)	(0.01)	0.20	(0.15)	(0.13)	(0.05)	0.32
\$ per common share (diluted)	(0.18)	(0.09)	(0.01)	0.20	(0.15)	(0.13)	(0.05)	0.32
Adjusted net earnings (losses) (non-IFRS, see page 11)	(54)	(38)	(29)	48	(78)	(65)	29	94
\$ per common share (adjusted and diluted)	(0.14)	(0.10)	(0.07)	0.12	(0.20)	(0.16)	0.07	0.24
Cash provided by (used in) operations (after working capital changes)	203	152	45	257	(66)	(316)	182	274

Key things to note:

- the timing of customer requirements, which tend to vary from quarter to quarter, drives revenue in the uranium and fuel services segments, meaning quarterly results are not necessarily a good indication of annual results due to seasonal variability

- net earnings do not trend directly with revenue due to unusual items and transactions that occur from time to time. We use adjusted net earnings, a non-IFRS measure, as a more meaningful way to compare our results from period to period (see page 11 for more information).
- cash from operations tends to fluctuate as a result of the timing of deliveries and product purchases in our uranium and fuel services segments

The following table compares the net earnings and adjusted net earnings for the third quarter to the previous seven quarters.

HIGHLIGHTS (\$ MILLIONS EXCEPT PER SHARE AMOUNTS)	2021				2020			2019
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net earnings (losses) attributable to equity holders	(72)	(37)	(5)	80	(61)	(53)	(19)	128
Adjustments								
Adjustments on derivatives	26	(9)	(9)	(43)	(31)	(41)	70	(18)
Reclamation provision adjustments	(2)	6	(22)	-	7	23	(6)	(26)
Income taxes on adjustments	(6)	2	7	11	7	6	(16)	10
Adjusted net earnings (losses) (non-IFRS, see page 11)	(54)	(38)	(29)	48	(78)	(65)	29	94

Corporate expenses

ADMINISTRATION

(\$ MILLIONS)	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
	2021	2020	CHANGE	2021	2020	CHANGE
Direct administration	27	26	4%	82	82	-
Stock-based compensation	13	4	225%	35	18	94%
Recovery of fees related to CRA dispute	-	-	-	(27)	-	n/a
Total administration	40	30	33%	90	100	(10)%

Direct administration costs were \$1 million higher for the third quarter of 2021 compared to the same period last year, and unchanged for the first nine months. Stock-based compensation in the first nine months was higher due primarily to the increase in our share price during the period compared to 2020. See note 16 to the financial statements. As a result of the Supreme Court of Canada's (Supreme Court) dismissal of CRA's application for leave to appeal the June 26, 2020 decision of the Federal Court of Appeal (Court of Appeal), we 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 was awarded to us by the Tax Court of Canada (Tax Court) and nominal cost awards related to the Court of Appeal hearing and Supreme Court application.

Exploration

In the third quarter, uranium exploration expenses were \$3 million, an increase of \$1 million compared to the third quarter of 2020. Exploration expenses for the first nine months of the year decreased by \$2 million compared to 2020, to \$6 million.

INCOME TAXES

We recorded an income tax recovery of \$2 million in the third quarter of 2021, compared to a recovery of \$5 million in the third quarter of 2020.

On an adjusted basis, we recorded an income tax expense of \$4 million this quarter compared to a recovery of \$12 million in the third quarter of 2020. In 2021, we recorded earnings of \$22 million in Canada compared to losses of \$46 million in 2020, while we recorded losses of \$72 million in foreign jurisdictions compared to losses of \$44 million last year.

In the first nine months of 2021, we recorded an income tax recovery of \$9 million compared to a recovery of \$13 million in 2020.

On an adjusted basis, we recorded an income tax recovery of \$12 million for the first nine months compared to a recovery of \$10 million in 2020. In 2021, we recorded losses of \$7 million in Canada compared to losses of \$38 million in 2020, while we recorded losses of \$126 million in foreign jurisdictions compared to losses of \$86 million last year.

(\$ MILLIONS)	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2021	2020	2021	2020
Pre-tax adjusted earnings¹				
Canada	22	(46)	(7)	(38)
Foreign	(72)	(44)	(126)	(86)
Total pre-tax adjusted earnings	(50)	(90)	(133)	(124)
Adjusted income taxes ¹				
Canada	5	(12)	(12)	(14)
Foreign	(1)	-	-	4
Adjusted income tax expense (recovery)	4	(12)	(12)	(10)

¹ Pre-tax adjusted earnings and adjusted income taxes are non-IFRS measures. Our IFRS-based measures have been adjusted by the amounts reflected in the table in adjusted net earnings (*non-IFRS measure* on page 11).

TRANSFER PRICING DISPUTE

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 Cameco's favour.

Background

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. The Court of Appeal upheld the Tax Court's decision and the Supreme Court dismissed CRA's application for leave to appeal.

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.

Cost award

On April 30, 2019, the Tax Court awarded us \$10 million for legal fees incurred, plus an amount for disbursements of up to \$17 million. The amount of the award for disbursements will be determined by an officer of the Tax Court. We are optimistic we will recover all, or substantially all, of the \$17 million in disbursements.

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.

Timing of payment for disbursements remains uncertain.

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. Based on reassessments received to date for the years remaining under dispute (2007 through 2014), under these provisions, after applying elective deductions, we have paid or secured \$777 million (\$295 million in cash and \$482 million in letters of credit). For the 2014 reassessment, CRA advised us that the security already remitted was sufficient to secure the tax debts they considered owing for that tax year.

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 held by CRA. The basis for our request being, given the strength of the decisions received, the Tax Court would reject any attempt by CRA to use the same or similar positions and arguments for other tax years currently in dispute (2007 through 2014). To date, there has been no significant progress in response to this request. Therefore, we are taking further action by filing 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. For 2014, CRA proposed an alternate reassessing position that, if applied, would result in a less adverse, albeit still material, adjustment to our income taxable in Canada. This proposed 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 filing position.

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. See our 2020 annual MD&A for additional background about the payments we have made.

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 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

FOREIGN EXCHANGE

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

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

Impact of hedging on IFRS earnings

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

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

Impact of hedging on ANE

We designate contracts for use in particular periods, based on our expected net exposure in that period. Hedge contracts are layered in over time based on this expected net exposure. The result is that our current hedge portfolio is made up of a number of contracts which are currently designated to net exposures we expect in 2021 and future years, and we will recognize the gains and losses in ANE in those periods.

For the purposes of ANE, gains and losses on derivatives are reported based on the difference between the effective hedge rate of the contracts designated for use in the particular period and the exchange rate at the time of settlement. This results in an adjustment to current period IFRS earnings to effectively remove reported gains and losses on derivatives that arise from contracts put in place for use in future periods. The effective hedge rate will lag the market in periods of rapid currency movement. See *Non-IFRS measures* on page 11.

For more information, see our 2020 annual MD&A.

At September 30, 2021:

- The value of the US dollar relative to the Canadian dollar was \$1.00 (US) for \$1.27 (Cdn), up from \$1.00 (US) for \$1.24 (Cdn) at June 30, 2021. The exchange rate averaged \$1.00 (US) for \$1.26 (Cdn) over the quarter.
- The mark-to-market position on all foreign exchange contracts was a \$33 million gain compared to a \$59 million gain at June 30, 2021.

For information on the impact of foreign exchange on our intercompany balances, see note 17 to the financial statements.

Outlook for 2021

Production at Cigar Lake has resumed, and we expect up to 12 million pounds on a 100% basis in 2021, provided there are no further disruptions due to COVID-19, forest fires or any other cause. We have updated our 2021 consolidated outlook.

Despite the disruptions to our business in 2021 and the costs we are incurring, we expect our business to be resilient. Our deliveries to-date have not been materially impacted by the disruptions to our business as a result of the COVID-19 pandemic or forest fires, and we do not currently expect there will be a material impact on our remaining 2021 deliveries.

As a result of the movement in the uranium spot price in recent months, we have updated our outlook for the anticipated uranium average realized price to \$43.10 per pound (previously \$42.40 per pound). The average unit cost of sales is now expected to be between \$48.50 and \$49.50 per pound (previously \$47.00 to \$48.00 per pound) due to the higher spot price and the impact on our purchasing activity.

Our outlook has changed for fuel services production due to a temporary restriction in the supply of hydrogen to our conversion facility. The supply constraint is expected to be resolved in the fourth quarter and we expect no impact on customer deliveries this year. Fuel services production is now expected to be between 11.5 million and 12.5 million kgU (previously 12.5 million to 13.5 million kgU).

Our revised outlook for 2021 reflects the expenditures necessary to help us achieve our strategy. We have made significant progress in reducing our administration, exploration and operating costs, as well as capital expenditures. We have also made a number of strategic and prudent decisions to curtail production that come with significant costs in the near term, costs we factored into our decisions, and that we continue to believe are the right decisions for our company over the long-term.

The largest of these costs are care and maintenance related to the production suspensions at the McArthur River and Key Lake operations and at our tier-two operations, and the proactive health and safety-related decision to suspend production at Cigar Lake earlier this year due to the COVID-19 pandemic. These costs are expensed directly to cost of sales and are expected to represent between \$7.40 per pound and \$9.35 per pound of our average unit cost of sales (including D&A) this year.

In addition, with our production well below our sales commitments, we have been purchasing uranium to meet our committed sales and to maintain a working inventory. For 2021, we expect the average purchase price for these pounds to be about \$42.50 per pound, approximately \$11.50 per pound higher than the production costs at Cigar Lake for the past two years.

2021 FINANCIAL OUTLOOK

	CONSOLIDATED	URANIUM	FUEL SERVICES
Production (owned and operated properties)	-	up to 6.0 million lbs	11.5 to 12.5 million kgU
Purchases	-	11 to 13 million lbs	-
Sales/delivery volume	-	23 to 25 million lbs	13 to 14 million kgU
Revenue	\$1,350-1,500 million	\$950-1,040 million	\$380-410 million
Average realized price	-	\$43.10/lb	-
Average unit cost of sales (including D&A)	-	\$48.50-49.50/lb	\$20.50-21.50/kgU
Direct administration costs	\$85-95 million	-	-
Exploration costs	-	\$9 million	-
Capital expenditures	\$130-155 million	-	-

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:

- Purchases – are based on the volumes we have already taken delivery of this year and those we currently have commitments to acquire under contract in 2021 in order to meet the sales/delivery commitments we have under contract in 2021 and to maintain a working inventory, including our JV Inkai purchases. It does not include any purchases that we may make as a result of any impact on our production rate for the remainder of the year for any reason, including disruptions caused by the COVID-19 pandemic or forest fires.
- Our 2021 outlook for sales/delivery volume and revenue does not include sales between our uranium and fuel services segments.
- Sales/delivery volume is based on the volumes already delivered this year and the remaining commitments we have to deliver under contract in 2021.
- Uranium revenue and average realized price are based on a uranium spot price of \$43.00 (US) per pound (the UxC spot price as of September 27, 2021), a long-term price indicator of \$40.00 (US) per pound (the UxC long-term indicator on September 27, 2021) and an exchange rate of \$1.00 (US) for \$1.25 (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 \$42.50 per pound and includes care and maintenance costs of between \$185 million and \$215 million. We expect the overall unit cost of sales could vary if there are changes in purchase volumes, uranium spot prices and/or care and maintenance costs in 2021.
- Direct administration costs do not include stock-based compensation expenses. See page 12 for more information.

Our 2021 financial outlook is presented on the basis of equity accounting for our minority ownership interest in JV Inkai. Under equity accounting, our share of the profits earned by JV Inkai on the sale of its production will be included in “income from equity-accounted investees” on our consolidated statement of earnings. Our share of production will be purchased at a discount to the spot price and included at this value in inventory. In addition, JV Inkai capital is not included in our outlook for capital expenditures.

For more information on how changes in the exchange rate or uranium prices can impact our outlook see *Revenue, adjusted net earnings, and cash flow sensitivity analysis* below, and *Foreign exchange* on page 14.

REVENUE, ADJUSTED NET EARNINGS, AND CASH FLOW SENSITIVITY ANALYSIS

FOR 2021 (\$ MILLIONS)	CHANGE	IMPACT ON:		
		REVENUE	ANE	CASH FLOW
Uranium spot and term price ¹	\$5(US)/lb increase	4	(3)	(7)
	\$5(US)/lb decrease	(4)	3	7
Value of Canadian dollar vs US dollar	One cent decrease in CAD	3	3	1
	One cent increase in CAD	(3)	(3)	(1)

¹ Assuming change in both UxC spot price (\$43.00 (US) per pound on September 27, 2021) and the UxC long-term price indicator (\$40.00 (US) per pound on September 27, 2021)

For the remainder of 2021, the volume of purchase commitments sensitive to the spot price is higher than the volume of committed deliveries that are sensitive to the spot price. As a result, our adjusted net earnings and cash flow are expected to move in the opposite direction from the uranium spot price. However, the impact on adjusted net earnings is expected to be very small with cash flow expected to be more sensitive to price changes.

PRICE SENSITIVITY ANALYSIS: URANIUM SEGMENT

The following 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. It is designed to indicate how the portfolio of long-term contracts we had in place on September 30, 2021 would respond to different spot prices. In other words, we would realize these prices only if the contract portfolio remained the same as it was on September 30, 2021 and none of the assumptions we list below change.

We intend to update this table each quarter in our MD&A to reflect 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

(rounded to the nearest \$1.00)

SPOT PRICES (\$US/lb U ₃ O ₈)	\$20	\$40	\$60	\$80	\$100	\$120	\$140
2021	Provided in financial outlook table and in revenue, adjusted net earnings, and cash flow sensitivity analysis						
2022	27	39	50	58	61	64	67
2023	28	39	50	57	61	63	66
2024	29	39	50	56	58	59	60
2025	30	41	53	61	65	67	69

The table illustrates the mix of long-term contracts in our September 30, 2021 portfolio and is consistent with our marketing strategy. The table shows contracts entered into up to September 30, 2021.

Our portfolio includes a mix of fixed-price and market-related contracts, which we target at a 40:60 ratio. Those that are fixed at higher prices or have high floor prices will yield prices that are higher than current market prices.

Our portfolio is affected by more than just the spot price. We made the following assumptions (which are not forecasts) to create the table:

Sales

- sales volumes on average of 20 million pounds per year, with commitment levels in 2021 and 2022 higher than in 2023 through 2025.
- excludes sales between our segments

Deliveries

- deliveries include best estimates of requirements contracts and contracts with volume flex provisions

Annual inflation

- is 2% in the US

Prices

- the average long-term price indicator is the same as the average spot price for the entire year (a simplified approach for this purpose only). Since 1996, the long-term price indicator has averaged 21% higher than the spot price. This differential has varied significantly. Assuming the long-term price is at a premium to spot, the prices in the table may be higher.

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. As part of our strategy, our financial focus has been on strengthening our balance sheet and we do not expect that we will need to draw on our revolving credit facility in 2021. Due to the deliberate cost reduction measures implemented, the reduction in our dividend and the drawdown of inventory in 2018 as a result of the suspension of production at our McArthur River/Key Lake operation, we have significant cash balances and as such we expect that we have more than sufficient liquidity to meet our 2021 obligations.

As of September 30, 2021, we had cash and short-term investments of \$1.4 billion, while our total debt amounted to \$1.0 billion.

In addition, we have large, creditworthy customers that continue to need uranium and we expect the uranium contract portfolio we have built to continue to provide a solid revenue stream. As of September 30, 2021, we had commitments to deliver an average of 20 million pounds per year from 2021 through 2025, with commitment levels in 2021 and 2022 higher than in 2023 through 2025.

Strategically our focus is on preserving the value of our tier-one assets and reducing our operating, capital and general and administrative spending. In the current environment, the health and safety of our workers, their families and their communities is our priority as the COVID-19 pandemic continues to bring uncertainty. Since the start of the COVID-19 pandemic, we have taken measures to enhance our health and safety protocols as well we proactively suspended production at some of our operations. Cash flow from operations will be dependent on our ability to maintain production at our operations, the production rate achieved and the timing and magnitude of our purchasing activity, therefore cash balances may fluctuate throughout the year. However, we expect our cash balances and operating cash flows to meet our capital requirements during 2021.

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. However, timing of any further payments is uncertain.

CASH FROM/USED IN OPERATIONS

Cash provided by operations was \$269 million higher this quarter than in the third quarter of 2020 mainly due to reduced purchasing activity. We purchased 2.8 million pounds in the third quarter of 2021 compared to 7.0 million pounds during the same period last year.

Cash provided by operations was \$599 million higher in the first nine months of 2021 than for the same period in 2020 due largely to the purchasing activity in 2020 that was a result of the Cigar Lake production suspension. Purchases for the first nine months of 2021 were 7.8 million pounds compared to 30.2 million pounds during the same period of 2020. See note 15 of our interim financial statements for more information.

FINANCING ACTIVITIES

We use debt to provide additional liquidity. We have sufficient borrowing capacity with unsecured lines of credit totalling about \$2.7 billion at September 30, 2021, unchanged from June 30, 2021. At September 30, 2021, we had approximately \$1.6 billion outstanding in financial assurances, up from \$1.5 billion at June 30, 2021.

We have extended the maturity date of our \$1.0 billion unsecured revolving credit facility from November 1, 2023 to October 1, 2025. The credit facility allows us to request increases above \$1.0 billion, in increments of no less than \$50 million, up to a total of \$1.25 billion. At September 30, 2021, we had no short-term debt outstanding on our \$1.0 billion unsecured revolving credit facility, unchanged from December 31, 2020.

Long-term contractual obligations

Since December 31, 2020, there have been no material changes to our long-term contractual obligations. Please see our 2020 annual MD&A for more information.

Debt covenants

We are bound by certain covenants in our unsecured revolving credit facility. The financially related covenants place restrictions on total debt, including guarantees. As at September 30, 2021, we met these financial covenants and do not expect our operating and investment activities for the remainder of 2021 to be constrained by them.

OFF-BALANCE SHEET ARRANGEMENTS

We had three kinds of off-balance sheet arrangements at September 30, 2021:

- purchase commitments
- financial assurances
- other arrangements

There have been no material changes to our purchase commitments since December 31, 2020. Please see our annual MD&A for more information.

Financial assurances

At September 30, 2021, our financial assurances totaled \$1.6 billion, up from \$1.5 billion at June 30, 2021.

Other arrangement

We have arranged for standby product loan facilities with various counterparties. The arrangements allow us to borrow up to 2.0 million kgU of UF₆ conversion services and 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 September 30, 2021, we have 1.1 million kgU of UF₆ conversion services drawn on the loans.

BALANCE SHEET

(\$ MILLIONS)	SEP 30, 2021	DEC 31, 2020	CHANGE
Cash, cash equivalents and short-term investments	1,360	943	44%
Total debt	996	996	-
Inventory	437	680	(36)%

Total cash, cash equivalents and short-term investments at September 30, 2021 were \$1.4 billion, or 44% higher than at December 31, 2020 primarily due to the draw-down of inventory during the period. Net debt at September 30, 2021 was negative \$364 million.

Total product inventories are \$437 million compared to \$680 million at the end of 2020. Inventories decreased as sales were higher than production and purchases in the first nine months of the year. The average cost for uranium has decreased to \$37.70 per pound compared to \$37.95 per pound at December 31, 2020. As of September 30, 2021, we held an inventory of 8.5 million pounds of U₃O₈ equivalent (excluding broken ore). Inventory varies from quarter to quarter depending on the timing of production, purchases and sales deliveries in the year.

Financial results by segment

Uranium

HIGHLIGHTS	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30			
	2021	2020	CHANGE	2021	2020	CHANGE	
Production volume (million lbs)	2.0	0.2	900%	3.3	2.3	43%	
Sales volume (million lbs)	6.7	6.7	-	17.9	22.1	(19)%	
Average spot price (\$US/lb)	36.42	31.08	17%	32.26	30.00	8%	
Average long-term price (\$US/lb)	36.75	35.33	4%	34.78	34.50	1%	
Average realized price (\$US/lb)	32.20	33.77	(5)%	32.68	32.79	-	
	(\$Cdn/lb)	40.20	44.85	(10)%	40.95	44.45	(8)%
Average unit cost of sales (including D&A) (\$Cdn/lb)	44.69	49.90	(10)%	47.59	47.28	1%	
Revenue (\$ millions)	270	302	(11)%	732	980	(25)%	
Gross loss (\$ millions)	(30)	(34)	12%	(119)	(62)	(92)%	
Gross loss (%)	(11)	(11)	-	(16)	(6)	>(100)%	

THIRD QUARTER

Production during the quarter was 2.0 million pounds. In the third quarter of 2020 there was limited production as Cigar Lake resumed production following the precautionary suspension due to the COVID-19 pandemic. See *Uranium 2021 Q3 updates* starting on page 23 for more information.

Uranium revenues this quarter were down 11% compared to 2020 due to a decrease of 10% in the Canadian dollar average realized price. While the US dollar average realized price decreased by 5%, the Canadian dollar average realized price decreased by 10% as a result of a strengthening of the Canadian dollar. While the average US dollar spot price for uranium increased by 17% compared to the same period in 2020, the US dollar average realized price did not increase due to the lagging effect of changes in spot price on market-related contracts.

Total cost of sales (including D&A) decreased by 11% (\$300 million compared to \$336 million in 2020) due to a unit cost of sales that was 10% lower than the same period last year. Unit cost of sales was lower in 2021 as \$18 million in care and maintenance costs for Cigar Lake were incurred during the third quarter of 2020. Cigar Lake was in care and maintenance for most of the period in 2020 as a result of our proactive decision to suspend production at the Cigar Lake mine in response to the threat posed by the COVID-19 pandemic.

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

Equity earnings from investee, JV Inkai, were \$11 million in the third quarter compared to \$3 million in same period last year.

FIRST NINE MONTHS

Production volumes for the first nine months of the year were 43% higher than in the previous year. See *Uranium 2021 Q3 updates* starting on page 23 for more information.

Uranium revenues decreased 25% compared to the first nine months of 2020 due to a 19% decrease in sales volumes and a decrease of 8% in the Canadian dollar average realized price. While the US dollar average realized price was largely unchanged, the Canadian dollar average realized price for the first nine months was 8% lower compared to the same period in 2020 primarily due to a stronger Canadian dollar.

Total cost of sales (including D&A) decreased by 19% (\$850 million compared to \$1,043 million in 2020) primarily as a result of a 19% decrease in sales volume. Care and maintenance costs, resulting from our proactive decision to suspend Cigar Lake production in response to the threat posed by the COVID-19 pandemic, were \$40 million for the first nine months of 2021 compared to \$46 million for the same period last year.

The net effect was a \$57 million decrease in gross profit for the first nine months.

Equity earnings from investee, JV Inkai, were \$33 million for the first nine months compared to \$18 million for the same period last year.

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

(\$CDN/LB)	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
	2021	2020	CHANGE	2021	2020	CHANGE
Produced						
Cash cost	16.50	49.89	(67)%	18.05	19.57	(8)%
Non-cash cost	15.15	23.77	(36)%	17.25	15.67	10%
Total production cost ¹	31.65	73.66	(57)%	35.30	35.24	0%
Quantity produced (million lbs) ¹	2.0	0.2	900%	3.3	2.3	43%
Purchased						
Cash cost ¹	39.27	40.65	(3)%	37.87	39.93	(5)%
Quantity purchased (million lbs) ¹	3.8	7.4	(49)%	7.8	30.6	(75)%
Totals						
Produced and purchased costs	36.64	41.52	(12)%	37.11	39.60	(6)%
Quantities produced and purchased (million lbs)	5.8	7.6	(24)%	11.1	32.9	(66)%

¹ Due to equity accounting, our share of production will be shown as a purchase at the time of delivery. JV Inkai purchases will fluctuate during the quarters and timing of purchases will not match production. In the third quarter we purchased 1.6 million pounds at a purchase price per pound of \$43.37 (\$34.53 (US)) (3.0 million pounds in the first nine months of 2021 at \$39.84 (\$31.76 (US))).

While McArthur River and Key Lake are shut down, our annual cost of production is expected to reflect the estimated life-of-mine operating cost, between \$15 and \$16 per pound, of mining and milling our share of Cigar Lake mineral reserves. However, our production costs in 2021 will be impacted by the suspension of operations until mid-April and the production rate for the remainder of the year at Cigar Lake and may fluctuate from quarter to quarter.

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".

Although purchased pounds are transacted in US dollars, we account for the purchases in Canadian dollars. In the third quarter, the average cash cost of purchased material was \$39.27 (Cdn) per pound, or \$31.52 (US) per pound in US dollar terms, compared to \$30.27 (US) per pound in the third quarter of 2020. For the first nine months, the average cash cost of purchased material was \$37.87 (Cdn), or \$30.27 (US) per pound, compared to \$29.17 (US) per pound in the same period in 2020. As a result, the average cash cost of purchased material in Canadian dollar terms decreased by 3% this quarter and decreased by 5% for the nine months compared to the same periods last year.

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

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

To facilitate a better understanding of these measures, the following table presents a reconciliation of these measures to our unit cost of sales for the third quarter and the first nine months of 2021 and 2020.

Cash and total cost per pound reconciliation

(\$ MILLIONS)	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2021	2020	2021	2020
Cost of product sold	265.0	318.2	749.9	946.7
Add / (subtract)				
Royalties	(4.1)	-	(10.1)	(7.7)
Care and maintenance costs	(30.5)	(38.1)	(119.9)	(109.0)
Other selling costs	(0.8)	(4.4)	(3.0)	(10.8)
Change in inventories	(47.4)	35.1	(261.9)	447.7
Cash operating costs (a)	182.2	310.8	355.0	1,266.9
Add / (subtract)				
Depreciation and amortization	35.4	18.0	100.4	95.9
Care and maintenance costs	(11.0)	(16.9)	(42.8)	(46.1)
Change in inventories	5.9	3.6	(0.7)	(13.8)
Total operating costs (b)	212.5	315.5	411.9	1,302.9
Uranium produced & purchased (million lbs) (c)	5.8	7.6	11.1	32.9
Cash costs per pound (a ÷ c)	31.41	40.89	31.98	38.51
Total costs per pound (b ÷ c)	36.64	41.52	37.11	39.60

Fuel services

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

HIGHLIGHTS	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
	2021	2020	CHANGE	2021	2020	CHANGE
Production volume (million kgU)	1.4	2.0	(30)%	9.0	8.4	7%
Sales volume (million kgU)	3.0	2.8	7%	8.7	9.2	(5)%
Average realized price (\$Cdn/kgU)	26.42	26.95	(2)%	30.24	28.66	6%
Average unit cost of sales (including D&A) (\$Cdn/kgU)	23.26	22.81	2%	21.90	21.55	2%
Revenue (\$ millions)	80	77	4%	264	263	-
Gross profit (\$ millions)	10	12	(17)%	73	65	12%
Gross profit (%)	13	16	(19)%	28	25	12%

THIRD QUARTER

Total revenue for the third quarter of 2021 increased to \$80 million from \$77 million for the same period last year. This was primarily due to a 7% increase in sales volumes partially offset by a 2% decrease in average realized price compared to 2020. Average realized price decreased mainly due to the mix of product sold.

The total cost of products and services sold (including D&A) increased 8% (\$70 million compared to \$65 million in 2020) due to the 7% increase in sales volume and a 2% increase in the average unit cost of sales. Average unit cost of sales increased due to higher input costs as well as the impact of lower production.

The net effect was a \$2 million decrease in gross profit.

FIRST NINE MONTHS

In the first nine months of the year, total revenue remained the same due to a 5% decrease in sales volumes that was largely offset by a 6% increase in realized price. The increase in realized price was mainly the result of increased prices due to market conditions.

The total cost of products and services sold (including D&A) decreased 3% (\$191 million compared to \$197 million in 2020) due to the 5% decrease in sales volume, slightly offset by a 2% increase in the average unit cost of sales due to the higher input costs.

The net effect was an \$8 million increase in gross profit.

Our operations

Uranium – production overview

Due to our decision to proactively suspend production at Cigar Lake for different periods of time in 2020 and 2021, to manage the threat posed by the COVID-19 pandemic to our workforce, we had 3.3 million pounds production in the first nine months of 2021 compared to 2.3 million pounds in the same period of 2020. See page 23.

We continue to evaluate the optimal mix of production, inventory and purchases in order to retain the flexibility to deliver long-term value.

URANIUM PRODUCTION

OUR SHARE (MILLION LBS)	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30			2021
	2021	2020	CHANGE	2021	2020	CHANGE	TARGET
Cigar Lake	2.0	0.2	900%	3.3	2.3	43%	up to 6
Total	2.0	0.2	900%	3.3	2.3	43%	0.0

Uranium 2021 Q3 updates

PRODUCTION UPDATE

McArthur River/Key Lake

There was no production in the third quarter as a result of the planned production suspension that began in February 2018 and continues for an indeterminate duration due to the strategic decisions we have taken. The operation remains in a safe state of care and maintenance. A restart of the mine and mill is a commercial decision that will be based upon our success in signing acceptable new long-term contracts that will baseload our share of production from this operation and our confidence that market conditions will allow us to benefit from the favourable life-of-mine economics it provides.

Our share of the cash and non-cash costs to maintain both operations during the suspension is expected to range between \$8 million and \$10 million per month.

We continue to advance innovation opportunities/projects at the McArthur River mine and Key Lake mill to focus on improvement of the mine and mill through application of automation, digitization and optimization.

Cigar Lake

Production for the third quarter was 2.0 million pounds compared to 0.2 million pounds (our share) in the third quarter of 2020. Our share of production in the first nine months of 2021 was 3.3 million pounds compared to 2.3 million pounds in the first nine months of 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 this year 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.

In 2021, we expect to produce up to 12.0 million packaged pounds at Cigar Lake; our share is up to 6.0 million pounds.

As a result of the suspension in production, including the suspension in July due to the forest fire risk, we have experienced delays and deferrals in project work, including lower capital expenditures, which introduces potential risk to the production rate in 2022. Furthermore, the potential for post pandemic impacts on construction materials, equipment and labour remains uncertain and could further exacerbate production risk in future years.

Inkai

Production on a 100% basis was 2.5 million pounds for the quarter and 6.7 million pounds for the first nine months of the year, compared to 1.6 million pounds and 5.1 million pounds in the same periods last year.

Based on an adjustment to the production purchase entitlement under the 2016 JV Inkai restructuring agreement, we are entitled to purchase 5.3 million pounds, or 59.4% of JV Inkai's updated planned 2021 production of 9.0 million pounds, assuming no production disruptions due to the COVID-19 pandemic or other causes.

Due to equity accounting, our share of production is shown as a purchase at a discount to the spot price and included in inventory at this value at the time of delivery. Our share of the profits earned by JV Inkai on the sale of its production is included in "share of earnings from equity-accounted investee" on our consolidated statement of earnings.

Presently, JV Inkai is experiencing some supply chain issues that are impacting wellfield drilling as well as acid supply. While we believe Inkai's 2021 production is not at risk, these issues could pose a risk to its 2022 production volume.

TIER-TWO CURTAILED OPERATIONS

US ISR Operations

As a result of our 2016 curtailment decision, commercial production has ceased. As production is suspended, we expect ongoing cash and non-cash care and maintenance costs to range between \$17 million (US) and \$19 million (US) for 2021.

Rabbit Lake

Rabbit Lake continues in a safe state of care and maintenance and there was no production in the third quarter of 2021. While in standby, we continue to consider opportunities to minimize care and maintenance costs. We expect care and maintenance costs to range between \$27 million and \$32 million for 2021.

Fuel services 2021 Q3 updates

PORT HOPE CONVERSION SERVICES

CAMECO FUEL MANUFACTURING INC. (CFM)

Production update

Fuel services produced 1.4 million kgU in the third quarter, 30% lower than the same period last year. For the first nine months, production was 7% higher than the same period last year due to the impact of the temporary suspension of production in 2020 resulting from the precautionary measures taken for the COVID-19 pandemic.

We expect to produce between 11.5 million and 12.5 million kgU in 2021. This is reduced from the previous forecast due to a temporary restriction in the supply of hydrogen to our conversion facility. The supply constraint is expected to be resolved in the fourth quarter and we expect no impact on customer deliveries this year.

We have submitted our applications and required documentation to the Canadian Nuclear Safety Commission for a licence renewal for the Blind River refinery and CFM. The current licences expire on February 28, 2022.

The potential for post pandemic impacts on materials, reagents and labour remains uncertain and could introduce potential risk to the production rate in 2022.

Qualified persons

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

MCARTHUR RIVER/KEY LAKE

- Greg Murdock, general manager, McArthur River/Key Lake, Cameco

INKAI

- Scott Bishop, director, technical services, Cameco

CIGAR LAKE

- Lloyd Rowson, general manager, Cigar Lake, Cameco

Additional information

Critical accounting estimates

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

Controls and procedures

As of September 30, 2021, we carried out an evaluation under the supervision and with the participation of our management, including our chief executive officer (CEO) and chief financial officer (CFO), of the effectiveness of our disclosure controls and procedures. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Based upon that evaluation and as of September 30, 2021, the CEO and CFO concluded that:

- the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports we file and submit under applicable securities laws is recorded, processed, summarized and reported as and when required
- such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure

There have been no changes in our internal control over financial reporting during the quarter ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.



Cameco Corporation
2021 condensed consolidated interim financial statements
(unaudited)

October 28, 2021

Cameco Corporation
Consolidated statements of earnings

(Unaudited) (\$Cdn thousands, except per share amounts)	Note	Three months ended		Nine months ended	
		Sep 30/21	Sep 30/20	Sep 30/21	Sep 30/20
Revenue from products and services	10	\$ 361,216	\$ 378,870	\$ 1,010,437	\$ 1,249,717
Cost of products and services sold		336,557	372,862	924,437	1,118,724
Depreciation and amortization		50,774	29,654	139,910	133,276
Cost of sales	18	387,331	402,516	1,064,347	1,252,000
Gross loss		(26,115)	(23,646)	(53,910)	(2,283)
Administration		39,522	30,414	90,484	100,073
Exploration		2,799	1,914	5,853	8,312
Research and development		1,794	493	5,385	1,668
Other operating expense (income)	8	(2,163)	6,861	(18,370)	23,762
Loss (gain) on disposal of assets		(3,214)	558	(3,217)	509
Loss from operations		(64,853)	(63,886)	(134,045)	(136,607)
Finance costs	11	(18,933)	(16,866)	(56,581)	(52,778)
Gain (loss) on derivatives	17	(16,344)	20,730	6,917	(4,880)
Finance income		1,635	1,327	5,410	9,479
Share of earnings from equity-accounted investee	6	11,130	3,196	33,332	17,815
Other income (expense)	12	12,765	(10,750)	21,640	20,878
Loss before income taxes		(74,600)	(66,249)	(123,327)	(146,093)
Income tax recovery	13	(2,477)	(5,477)	(9,478)	(13,077)
Net loss		(72,123)	(60,772)	(113,849)	(133,016)
Net loss attributable to:					
Equity holders		\$ (72,116)	\$ (60,770)	\$ (113,804)	\$ (132,996)
Non-controlling interest		(7)	(2)	(45)	(20)
Net loss		\$ (72,123)	\$ (60,772)	\$ (113,849)	\$ (133,016)
Loss per common share attributable to equity holders:					
Basic	14	\$ (0.18)	\$ (0.15)	\$ (0.29)	\$ (0.34)
Diluted	14	\$ (0.18)	\$ (0.15)	\$ (0.29)	\$ (0.34)

See accompanying notes to condensed consolidated interim financial statements.

Cameco Corporation

Consolidated statements of comprehensive earnings

(Unaudited) (\$Cdn thousands)	Three months ended		Nine months ended	
	Sep 30/21	Sep 30/20	Sep 30/21	Sep 30/20
Net loss	\$ (72,123)	\$ (60,772)	\$ (113,849)	\$ (133,016)
Other comprehensive income (loss), net of taxes				
Items that will not be reclassified to net earnings:				
Equity investments at FVOCI - net change in fair value ¹	(150)	3,952	22,059	2,537
Items that are or may be reclassified to net earnings:				
Exchange differences on translation of foreign operations	(11,769)	11,803	(29,681)	6,734
Other comprehensive income (loss), net of taxes	(11,919)	15,755	(7,622)	9,271
Total comprehensive loss	\$ (84,042)	\$ (45,017)	\$ (121,471)	\$ (123,745)
Other comprehensive income (loss) attributable to:				
Equity holders	\$ (11,923)	\$ 15,750	\$ (7,621)	\$ 9,266
Non-controlling interest	4	5	(1)	5
Other comprehensive income (loss)	\$ (11,919)	\$ 15,755	\$ (7,622)	\$ 9,271
Total comprehensive income (loss) attributable to:				
Equity holders	\$ (84,039)	\$ (45,020)	\$ (121,425)	\$ (123,730)
Non-controlling interest	(3)	3	(46)	(15)
Total comprehensive loss	\$ (84,042)	\$ (45,017)	\$ (121,471)	\$ (123,745)

¹ Net of tax (Q3 2021 - \$0; Q3 2020 - \$(638); 2021 - \$(3,267); 2020 - \$(441))

See accompanying notes to condensed consolidated interim financial statements.

Cameco Corporation

Consolidated statements of financial position

(Unaudited) (\$Cdn thousands)	Note	As at	
		Sep 30/21	Dec 31/20
Assets			
Current assets			
Cash and cash equivalents		\$ 1,214,768	\$ 918,382
Short-term investments		144,904	24,985
Accounts receivable		143,991	204,980
Current tax assets		7,727	8,184
Inventories	4	437,468	680,369
Supplies and prepaid expenses		92,596	89,428
Current portion of long-term receivables, investments and other	5	21,217	18,716
Total current assets		2,062,671	1,945,044
Property, plant and equipment		3,564,583	3,771,557
Intangible assets		52,142	55,822
Long-term receivables, investments and other	5	584,484	652,042
Investment in equity-accounted investee	6	200,466	219,688
Deferred tax assets		945,351	936,678
Total non-current assets		5,347,026	5,635,787
Total assets		\$ 7,409,697	\$ 7,580,831
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		270,652	233,649
Current tax liabilities		3,646	1,480
Current portion of other liabilities	7	11,856	26,119
Current portion of provisions	8	39,009	42,535
Total current liabilities		325,163	303,783
Long-term debt		996,070	995,541
Other liabilities	7	190,761	166,559
Provisions	8	1,038,000	1,156,387
Total non-current liabilities		2,224,831	2,318,487
Shareholders' equity			
Share capital	9	1,900,189	1,869,710
Contributed surplus		229,488	237,358
Retained earnings		2,656,369	2,735,830
Other components of equity		73,497	115,457
Total shareholders' equity attributable to equity holders		4,859,543	4,958,355
Non-controlling interest		160	206
Total shareholders' equity		4,859,703	4,958,561
Total liabilities and shareholders' equity		\$ 7,409,697	\$ 7,580,831

Commitments and contingencies [notes 8, 13]

See accompanying notes to condensed consolidated interim financial statements.

Cameco Corporation

Consolidated statements of changes in equity

(Unaudited) (\$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	-	-	(113,804)	-	-	(113,804)	(45)	(113,849)
Other comprehensive income (loss)	-	-	-	(29,680)	22,059	(7,621)	(1)	(7,622)
Total comprehensive income (loss) for the period	-	-	(113,804)	(29,680)	22,059	(121,425)	(46)	(121,471)
Share-based compensation	-	3,366	-	-	-	3,366	-	3,366
Stock options exercised	30,479	(6,257)	-	-	-	24,222	-	24,222
Restricted share units released	-	(4,979)	-	-	-	(4,979)	-	(4,979)
Dividends	-	-	4	-	-	4	-	4
Transfer to retained earnings [note 17]	-	-	34,339	-	(34,339)	-	-	-
Balance at September 30, 2021	\$ 1,900,189	\$ 229,488	\$ 2,656,369	\$ 74,245	\$ (748)	\$ 4,859,543	\$ 160	\$ 4,859,703
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	-	-	(132,996)	-	-	(132,996)	(20)	(133,016)
Other comprehensive income	-	-	-	6,729	2,537	9,266	5	9,271
Total comprehensive income (loss) for the period	-	-	(132,996)	6,729	2,537	(123,730)	(15)	(123,745)
Share-based compensation	-	5,037	-	-	-	5,037	-	5,037
Stock options exercised	714	(165)	-	-	-	549	-	549
Restricted share units released	-	(2,301)	-	-	-	(2,301)	-	(2,301)
Dividends	-	-	30	-	-	30	-	30
Balance at September 30, 2020	\$ 1,863,463	\$ 237,252	\$ 2,692,630	\$ 83,843	\$ (2,878)	\$ 4,874,310	\$ 223	\$ 4,874,533

See accompanying notes to condensed consolidated interim financial statements.

Cameco Corporation

Consolidated statements of cash flows

(Unaudited) (\$Cdn thousands)	Note	Three months ended		Nine months ended	
		Sep 30/21	Sep 30/20	Sep 30/21	Sep 30/20
Operating activities					
Net loss		\$ (72,123)	\$ (60,772)	\$ (113,849)	\$ (133,016)
Adjustments for:					
Depreciation and amortization		50,774	29,654	139,910	133,276
Deferred charges		3,871	(1,155)	4,838	(2,112)
Unrealized loss (gain) on derivatives		26,440	(30,642)	8,172	(7,372)
Share-based compensation	16	1,137	1,441	3,366	5,037
Loss (gain) on disposal of assets		(3,214)	558	(3,217)	509
Finance costs	11	18,933	16,866	56,581	52,778
Finance income		(1,635)	(1,327)	(5,410)	(9,479)
Share of earnings in equity-accounted investee		(11,130)	(3,196)	(33,332)	(17,815)
Other operating expense (income)	8	(2,163)	6,861	(18,370)	23,762
Other expense (income)	12	(12,725)	10,749	(431)	(20,675)
Income tax recovery	13	(2,477)	(5,477)	(9,478)	(13,077)
Interest received		2,524	1,128	7,987	8,858
Income taxes received (paid)		7,532	1,966	8,151	(3,699)
Dividends from equity-accounted investee		-	14,124	50,128	43,961
Other operating items	15	196,937	(46,907)	304,314	(261,306)
Net cash provided by (used in) operations		202,681	(66,129)	399,360	(200,370)
Investing activities					
Additions to property, plant and equipment		(30,910)	(16,384)	(61,323)	(49,461)
Increase in short-term investments		(26,985)	(5,002)	(119,919)	(19,988)
Decrease in long-term receivables, investments and other		645	157	72,865	907
Proceeds from sale of property, plant and equipment		5,315	19	5,317	94
Net cash used in investing		(51,935)	(21,210)	(103,060)	(68,448)
Financing activities					
Interest paid		(807)	(199)	(21,358)	(20,861)
Lease principal payments		(569)	(731)	(1,798)	(2,026)
Proceeds from issuance of shares, stock option plan		3,991	254	24,222	549
Dividends returned		-	-	5	30
Net cash provided by (used in) financing		2,615	(676)	1,071	(22,308)
Increase (decrease) in cash and cash equivalents, during the period		153,361	(88,015)	297,371	(291,126)
Exchange rate changes on foreign currency cash balances		3,725	(1,827)	(985)	1,451
Cash and cash equivalents, beginning of period		1,057,682	862,598	918,382	1,062,431
Cash and cash equivalents, end of period		\$ 1,214,768	\$ 772,756	\$ 1,214,768	\$ 772,756
Cash and cash equivalents is comprised of:					
Cash				643,822	457,772
Cash equivalents				570,946	314,984
Cash and cash equivalents				\$ 1,214,768	\$ 772,756

See accompanying notes to condensed consolidated interim financial statements.

Cameco Corporation

Notes to condensed consolidated interim financial statements

(Unaudited)

(Cdn\$ thousands, except per share amounts and as noted)

1. Cameco Corporation

Cameco Corporation is incorporated under the Canada Business Corporations Act. The address of its registered office is 2121 11th Street West, Saskatoon, Saskatchewan, S7M 1J3. The condensed consolidated interim financial statements as at and for the period ended September 30, 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 6).

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 18 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.

2. Significant accounting policies

A. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with Cameco's annual consolidated financial statements as at and for the year ended December 31, 2020.

These condensed consolidated interim financial statements were authorized for issuance by the Company's board of directors on October 28, 2021.

B. Basis of presentation

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

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

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

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5 of the December 31, 2020 consolidated financial statements.

3. Accounting standards

A. New standards and interpretations not yet adopted

A new amendment to an existing standard is not yet effective for the period ended September 30, 2021 and has not been applied in preparing these condensed consolidated interim financial statements. Cameco does not intend to early adopt the following amendment.

i. Income tax

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

4. Inventories

	Sep 30/21	Dec 31/20
Uranium		
Concentrate	\$ 320,077	\$ 579,653
Broken ore	41,629	45,387
	361,706	625,040
Fuel services	74,352	52,273
Other	1,410	3,056
Total	\$ 437,468	\$ 680,369

Cameco expensed \$333,182,000 of inventory as cost of sales during the third quarter of 2021 (2020 - \$334,361,000). For the nine months ended September 30, 2021, Cameco expensed \$866,811,000 of inventory as cost of sales (2020 - \$1,048,730,000).

5. Long-term receivables, investments and other

	Sep 30/21	Dec 31/20
Investments in equity securities [note 17] ^(a)	\$ -	\$ 43,873
Derivatives [note 17]	36,661	45,605
Investment tax credits	95,722	95,642
Amounts receivable related to tax dispute ^(b)	295,221	303,222
Product loan ^(c)	176,904	176,904
Other	1,193	5,512
	605,701	670,758
Less current portion	(21,217)	(18,716)
Net	\$ 584,484	\$ 652,042

(a) Cameco had designated the investments shown below as equity securities at FVOCI because these equity securities represented investments that the Company had intended to hold for the long term for strategic purposes. During the first quarter, Cameco started to divest 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.

	Sep 30/21	Dec 31/20
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 13). 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 September 30, 2021 (December 31, 2020 - \$303,222,000) (note 13).

(c) 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 is recorded at Cameco's weighted average cost of inventory.

6. Equity-accounted investee

JV Inkai is the operator of the Inkai uranium deposit located in Kazakhstan. JV Inkai is a uranium mining and milling operation that utilizes in-situ recovery (ISR) technology to extract uranium. The participants in JV Inkai purchase uranium from Inkai and, in turn, derive revenue directly from the sale of such product to third-party customers (see note 19). Cameco holds a 40% interest in JV Inkai and Kazatomprom holds a 60% interest. Cameco does not have control over the joint venture so it accounts for the investment on an equity basis.

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

	Sep 30/21	Dec 31/20
Cash and cash equivalents	\$ 16,498	\$ 47,539
Other current assets	150,827	115,647
Non-current assets	338,131	343,767
Current liabilities	(21,197)	(26,397)
Non-current liabilities	(39,365)	(39,991)
Net assets	\$ 444,894	\$ 440,565

	Three months ended		Nine months ended	
	Sep 30/21	Sep 30/20	Sep 30/21	Sep 30/20
Revenue from products and services	\$ 97,194	\$ 30,979	\$ 170,022	\$ 98,461
Cost of products and services sold	(13,430)	(6,729)	(27,085)	(28,031)
Depreciation and amortization	(5,902)	(2,673)	(11,568)	(10,248)
Finance income	64	136	208	324
Finance costs	(192)	(273)	(604)	(849)
Other expense	(4,628)	(2,374)	(11,390)	(4,910)
Income tax expense	(14,747)	(3,375)	(24,325)	(23,785)
Net earnings from continuing operations	\$ 58,359	\$ 15,691	\$ 95,258	\$ 30,962
Other comprehensive income	-	-	-	-
Total comprehensive income	\$ 58,359	\$ 15,691	\$ 95,258	\$ 30,962

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

	Sep 30/21	Dec 31/20
Opening net assets	\$ 440,565	\$ 442,074
Total comprehensive income	95,258	113,661
Dividends declared	(85,198)	(64,456)
Impact of foreign exchange	(5,731)	(50,714)
Closing net assets	444,894	440,565
Cameco's share of net assets	177,958	176,226
Consolidating adjustments ^(a)	(43,312)	(38,975)
Fair value increment ^(b)	87,559	89,184
Dividends in excess of ownership percentage ^(c)	(22,085)	(9,669)
Impact of foreign exchange	346	2,922
Carrying amount in the statement of financial position at September 30, 2021	\$ 200,466	\$ 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.

7. Other liabilities

	Sep 30/21	Dec 31/20
Deferred sales	\$ 27,547	\$ 14,382
Derivatives [note 17]	3,960	4,733
Accrued pension and post-retirement benefit liability	93,999	91,729
Lease obligation [note 17]	5,604	7,951
Product loans ^(a)	15,912	6,045
Other	55,595	67,838
	202,617	192,678
Less current portion	(11,856)	(26,119)
Net	\$ 190,761	\$ 166,559

(a) Cameco has standby product loan facilities with various counterparties. The arrangements allow us to borrow up to 1,977,000 kgU of UF₆ conversion services and 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 September 30, 2021, we have 1,103,000 kgU of UF₆ conversion services drawn on the loans with repayment due no later than December 31, 2022. The loans are recorded at Cameco's weighted average cost of inventory.

8. Provisions

	Reclamation	Waste disposal	Total
Beginning of year	\$ 1,189,600	\$ 9,322	\$ 1,198,922
Changes in estimates and discount rates			
Capitalized in property, plant, and equipment	(103,798)	-	(103,798)
Recognized in earnings	(18,370)	(133)	(18,503)
Provisions used during the period	(13,538)	(331)	(13,869)
Unwinding of discount	15,554	54	15,608
Impact of foreign exchange	(1,351)	-	(1,351)
End of period	\$ 1,068,097	\$ 8,912	\$ 1,077,009
Current	36,407	2,602	39,009
Non-current	1,031,690	6,310	1,038,000
	\$ 1,068,097	\$ 8,912	\$ 1,077,009

9. Share capital

At September 30, 2021, there were 397,947,928 common shares outstanding. Options in respect of 3,571,438 shares are outstanding under the stock option plan and are exercisable up to 2027. For the quarter ended September 30, 2021, there were 195,158 options that were exercised resulting in the issuance of shares (2020 - 22,440). For the nine months ended September 30, 2021, there were 1,685,187 options exercised that resulted in the issuance of shares (2020 - 48,473).

10. Revenue

Cameco's uranium and fuel services sales contracts with customers contain both fixed and market-related pricing. Fixed-price contracts are typically based on a term-price indicator at the time the contract is accepted and escalated over the term of the contract. Market-related contracts are based on either the spot price or long-term price, and the price is quoted at the time of delivery rather than at the time the contract is accepted. These contracts often include a floor and/or ceiling prices, which are usually escalated over the term of the contract. Escalation is generally based on a consumer price index. The Company's contracts contain either one of these pricing mechanisms or a combination of the two. There is no variable consideration in the contracts and therefore no revenue is considered constrained at the time of delivery. Cameco expenses the incremental costs of obtaining a contract as incurred as the amortization period is less than a year.

The following tables summarize Cameco's sales disaggregated by geographical region and contract type and includes a reconciliation to Cameco's reportable segments (note 18):

For the three months ended September 30, 2021

	Uranium	Fuel services	Other	Total
Customer geographical region				
Americas	\$ 155,581	\$ 59,332	\$ 10,951	\$ 225,864
Europe	44,655	18,043	-	62,698
Asia	70,064	2,590	-	72,654
	\$ 270,300	\$ 79,965	\$ 10,951	\$ 361,216
Contract type				
Fixed-price	\$ 92,432	\$ 77,985	\$ 7,585	\$ 178,002
Market-related	177,868	1,980	3,366	183,214
	\$ 270,300	\$ 79,965	\$ 10,951	\$ 361,216

For the three months ended September 30, 2020

	Uranium	Fuel services	Other	Total
Customer geographical region				
Americas	\$ 105,006	\$ 47,078	\$ -	\$ 152,084
Europe	49,751	21,137	-	70,888
Asia	147,425	8,473	-	155,898
	\$ 302,182	\$ 76,688	\$ -	\$ 378,870
Contract type				
Fixed-price	\$ 35,726	\$ 68,598	\$ -	\$ 104,324
Market-related	266,456	8,090	-	274,546
	\$ 302,182	\$ 76,688	\$ -	\$ 378,870

For the nine months ended September 30, 2021

	Uranium	Fuel services	Other	Total
Customer geographical region				
Americas	\$ 444,772	\$ 201,697	\$ 11,841	\$ 658,310
Europe	116,496	56,252	2,945	175,693
Asia	170,316	6,118	-	176,434
	\$ 731,584	\$ 264,067	\$ 14,786	\$ 1,010,437
Contract type				
Fixed-price	\$ 226,576	\$ 257,182	\$ 11,421	\$ 495,179
Market-related	505,008	6,885	3,365	515,258
	\$ 731,584	\$ 264,067	\$ 14,786	\$ 1,010,437

For the nine months ended September 30, 2020

	Uranium	Fuel services	Other	Total
Customer geographical region				
Americas	\$ 413,276	\$ 150,918	\$ 3,321	\$ 567,515
Europe	230,534	97,229	3,331	331,094
Asia	336,616	14,492	-	351,108
	\$ 980,426	\$ 262,639	\$ 6,652	\$ 1,249,717
Contract type				
Fixed-price	\$ 201,333	\$ 252,843	\$ 3,331	\$ 457,507
Market-related	779,093	9,796	3,321	792,210
	\$ 980,426	\$ 262,639	\$ 6,652	\$ 1,249,717

11. Finance costs

	Three months ended		Nine months ended	
	Sep 30/21	Sep 30/20	Sep 30/21	Sep 30/20
Interest on long-term debt	\$ 9,792	\$ 10,799	\$ 29,459	\$ 31,950
Unwinding of discount on provisions	5,392	2,500	15,608	10,522
Other charges	3,749	3,567	11,514	10,306
Total	\$ 18,933	\$ 16,866	\$ 56,581	\$ 52,778

12. Other income (expense)

	Three months ended		Nine months ended	
	Sep 30/21	Sep 30/20	Sep 30/21	Sep 30/20
Foreign exchange gains (losses)	12,725	(10,750)	431	20,676
Government assistance ^(a)	40	-	21,209	-
Other	-	-	-	202
Total	\$ 12,765	\$ (10,750)	\$ 21,640	\$ 20,878

(a) In response to the negative economic impact of COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy program (CEWS). CEWS provides a subsidy on eligible remuneration based on certain criteria. In 2021, the Company qualified for the subsidy for the periods January through June. There are no unfulfilled conditions and other contingencies attached to this government assistance. Given new eligibility criteria that was recently introduced, Cameco has not yet determined whether it will apply for the CEWS in subsequent application periods.

13. Income taxes

	Three months ended		Nine months ended	
	Sep 30/21	Sep 30/20	Sep 30/21	Sep 30/20
Earnings (loss) before income taxes				
Canada	\$ 2,048	\$ (21,172)	\$ 4,980	\$ (51,116)
Foreign	(76,648)	(45,077)	(128,307)	(94,977)
	\$ (74,600)	\$ (66,249)	\$ (123,327)	\$ (146,093)
Current income taxes (recovery)				
Canada	\$ 3,489	\$ (73)	\$ 2,767	\$ (1,292)
Foreign	(696)	136	(306)	659
	\$ 2,793	\$ 63	\$ 2,461	\$ (633)
Deferred income taxes (recovery)				
Canada	\$ (5,442)	\$ (5,645)	\$ (11,814)	\$ (15,934)
Foreign	172	105	(125)	3,490
	\$ (5,270)	\$ (5,540)	\$ (11,939)	\$ (12,444)
Income tax recovery	\$ (2,477)	\$ (5,477)	\$ (9,478)	\$ (13,077)

Cameco has recorded \$945,351,000 of deferred tax assets (December 31, 2020 - \$936,678,000). The realization of these deferred tax assets is dependent upon the generation of future taxable income in certain jurisdictions during the periods in which the Company's temporary tax differences are available. The Company considers whether it is probable that all or a portion of the deferred tax assets will not be realized. In making this assessment, management considers all available evidence, including recent financial operations, projected future taxable income and tax planning strategies. Based on projections of future taxable income over the periods in which the deferred tax assets are available, realization of these deferred tax assets is probable and consequently the deferred tax assets have been recorded.

Canada

On February 18, 2021, the Supreme Court of Canada (Supreme Court) dismissed Canada Revenue Agency's (CRA) application for leave to appeal the June 26, 2020 decision of the Federal Court of Appeal (Court of Appeal). The dismissal means that the dispute for the 2003, 2005 and 2006 tax years is fully and finally resolved in the Company's favour.

In September 2018, the Tax Court of Canada (Tax Court) ruled that the marketing and trading structure involving foreign subsidiaries, as well as the related transfer pricing methodology used for certain intercompany uranium sales and purchasing agreements, were in full compliance with Canadian law for the tax years in question. Management believes the principles in the decision apply to all subsequent tax years, and that the ultimate resolution of those years will not be material to Cameco's financial position, results of operations or liquidity in the year(s) of resolution.

The total tax reassessed for the three tax years was \$11,000,000, and Cameco remitted 50%. Cameco has received refunds totaling about \$5,500,000 plus interest.

In addition, on April 30, 2019, the Tax Court awarded Cameco \$10,300,000 for legal fees incurred, plus an amount for disbursements of up to \$16,700,000. The amount of the award was recognized as a reduction of administration expense in the first quarter of 2021.

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.

14. 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 397,502,462 (2020 - 395,817,431).

	Three months ended		Nine months ended	
	Sep 30/21	Sep 30/20	Sep 30/21	Sep 30/20
Basic loss per share computation				
Net loss attributable to equity holders	\$ (72,116)	\$ (60,770)	\$ (113,804)	\$ (132,996)
Weighted average common shares outstanding	397,792	395,841	397,502	395,817
Basic loss per common share	\$ (0.18)	\$ (0.15)	\$ (0.29)	\$ (0.34)
Diluted loss per share computation				
Net loss attributable to equity holders	\$ (72,116)	\$ (60,770)	\$ (113,804)	\$ (132,996)
Weighted average common shares outstanding	397,792	395,841	397,502	395,817
Dilutive effect of stock options	-	-	-	-
Weighted average common shares outstanding, assuming dilution	397,792	395,841	397,502	395,817
Diluted loss per common share	\$ (0.18)	\$ (0.15)	\$ (0.29)	\$ (0.34)

15. Statements of cash flows

	Three months ended		Nine months ended	
	Sep 30/21	Sep 30/20	Sep 30/21	Sep 30/20
Changes in non-cash working capital:				
Accounts receivable	\$ 72,402	\$ (53,156)	\$ 56,268	\$ 54,165
Inventories	70,033	17,098	253,071	(347,022)
Supplies and prepaid expenses	8,053	(927)	(3,153)	(11,654)
Accounts payable and accrued liabilities	47,097	(7,410)	17,818	34,701
Reclamation payments	(6,336)	(3,093)	(13,869)	(14,558)
Other	5,688	581	(5,821)	23,062
Other operating items	\$ 196,937	\$ (46,907)	\$ 304,314	\$ (261,306)

16. Share-based compensation 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 30,025,485 shares have been issued.

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 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 September 30, 2021, the total number of PSUs held by the participants was 1,491,331 (December 31, 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 September 30, 2021, the total number of RSUs held by the participants was 1,086,296 (December 31, 2020 - 927,462).

Equity-settled plans

Cameco records compensation expense under its equity-settled plans with an offsetting credit to contributed surplus, to reflect the estimated fair value of units granted to employees. During the period, the Company recognized the following expenses under these plans:

	Three months ended		Nine months ended	
	Sep 30/21	Sep 30/20	Sep 30/21	Sep 30/20
Stock option plan	\$ 67	\$ 209	\$ 295	\$ 792
Performance share unit plan	314	504	913	2,124
Restricted share unit plan	756	728	2,158	2,121
	\$ 1,137	\$ 1,441	\$ 3,366	\$ 5,037

The fair value of RSUs granted was determined based on their intrinsic value on the date of grant.

The inputs used in the measurement of the fair value at grant date of the equity-settled share-based payment plan were as follows:

	RSU
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

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

	Three months ended		Nine months ended	
	Sep 30/21	Sep 30/20	Sep 30/21	Sep 30/20
Performance share unit plan	\$ 7,740	\$ 2,836	\$ 20,304	\$ 11,389
Restricted share unit plan	2,272	419	5,253	1,003
	\$ 10,012	\$ 3,255	\$ 25,557	\$ 12,392

The fair value of the units granted through the PSU plan was determined based on Monte Carlo simulation and 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 of the cash-settled share-based payment plans at the grant and reporting dates were as follows:

	PSU		RSU	
	Grant date	Reporting date	Grant date	Reporting date
	Mar 1/21	Sep 30/21	Mar 1/21	Sep 30/21
Number of units	369,110	1,491,331	245,530	670,706
Expected vesting	92%	110%	-	-
Expected volatility ^(a)	-	44%	-	-
Risk-free interest rate ^(a)	-	0.1%	-	-
Expected life of option	3.0 years	1.2 years	3.0 years	1.8 years
Expected forfeitures	10%	4%	10%	10%
Weighted average measurement date fair values	\$18.61	\$30.40	\$20.25	\$27.52

(a) During the first quarter of 2020, the vesting conditions of the PSU plan were amended such that total shareholder return is no longer included for new grants. Due to this change, expected volatility and the risk-free interest rate will no longer be considered in calculating the fair value of new grants.

17. Financial instruments and related risk management

A. Accounting classifications

The following tables summarize the carrying amounts and accounting classifications of Cameco's financial instruments at the reporting date:

At September 30, 2021

	FVTPL	Amortized cost	FVOCI - designated	Total
Financial assets				
Cash and cash equivalents ^(a)	\$ -	\$ 1,214,768	\$ -	\$ 1,214,768
Short-term investments	-	144,904	-	144,904
Accounts receivable	-	143,991	-	143,991
Derivative assets [note 5]				
Foreign currency contracts	36,461	-	-	36,461
Interest rate contracts	200	-	-	200
	36,661	1,503,663	-	1,540,324
Financial liabilities				
Accounts payable and accrued liabilities	-	270,652	-	270,652
Lease obligation [note 7]	-	5,604	-	5,604
Derivative liabilities [note 7]				
Foreign currency contracts	3,321	-	-	3,321
Interest rate contracts ^(c)	639	-	-	639
Long-term debt	-	996,070	-	996,070
	3,960	1,272,326	-	1,276,286
Net	32,701	231,337	-	264,038

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	-	204,980	-	204,980
Derivative assets [note 5]				
Foreign currency contracts	45,605	-	-	45,605
Investments in equity securities [note 5]	-	-	43,873	43,873
	\$ 45,605	\$ 1,148,347	\$ 43,873	\$ 1,237,825
Financial liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 233,649	\$ -	\$ 233,649
Lease obligation [note 7]	-	7,951	-	7,951
Derivative liabilities [note 7]				
Foreign currency contracts	4,733	-	-	4,733
Long-term debt	-	995,541	-	995,541
	4,733	1,237,141	-	1,241,874
Net	\$ 40,872	\$ (88,794)	\$ 43,873	\$ (4,049)

(a) Cameco has pledged \$192,828,000 of cash as security against certain of its letter of credit facilities. This cash is being used as collateral for an interest rate reduction on the letter of credit facilities. The collateral account has a term of five years effective July 1, 2018. Cameco retains full access to this cash.

(b) During the year, Cameco divested of certain of its investments in equity securities. The fair value at the date of derecognition and the cumulative gain or loss on disposal for the nine months ended September 30, 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.

(c) During the quarter Cameco entered into interest rate swap contracts whereby fixed rate payments on a notional amount of \$25,000,000 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 1.6% and receives fixed interest payments of 2.95%.

B. Fair value hierarchy

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

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

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

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

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

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

The following tables summarize the carrying amounts and fair values of Cameco's financial instruments that are measured at fair value, including their levels in the fair value hierarchy:

As at September 30, 2021

	Carrying value	Fair value		
		Level 1	Level 2	Total
Derivative assets [note 5]				
Foreign currency contracts	\$ 36,461	\$ -	\$ 36,461	\$ 36,461
Interest rate contracts	200	-	200	200
Derivative liabilities [note 7]				
Foreign currency contracts	(3,321)	-	(3,321)	(3,321)
Interest rate contracts	(639)	-	(639)	(639)
Long-term debt	(996,070)	-	(1,112,456)	(1,112,456)
Net	\$ (963,369)	\$ -	\$ (1,079,755)	\$ (1,079,755)

As at December 31, 2020

	Carrying value	Fair value		
		Level 1	Level 2	Total
Derivative assets [note 5]				
Foreign currency contracts	\$ 45,605	\$ -	\$ 45,605	\$ 45,605
Investments in equity securities [note 5]	43,873	43,873	-	43,873
Derivative liabilities [note 7]				
Foreign currency contracts	(4,733)	-	(4,733)	(4,733)
Long-term debt	(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 value of Cameco's cash and cash equivalents, short-term investments, accounts receivable, and accounts payable and accrued liabilities approximates its fair value as a result of the short-term nature of the instruments.

There were no transfers between level 1 and level 2 during the period. Cameco does not have any financial instruments that are classified as level 3 as of the reporting date.

C. Financial instruments measured at fair value

Cameco measures its derivative financial instruments, 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 current and long-term debt are classified as recurring level 2 fair value measurements.

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 0.7% to 1.9% (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.

D. Derivatives

The following table summarizes the fair value of derivatives and classification on the consolidated statements of financial position:

	Sep 30/21	Dec 31/20
Non-hedge derivatives:		
Foreign currency contracts	\$ 33,140	\$ 40,872
Interest rate contracts	(439)	-
Net	\$ 32,701	\$ 40,872
Classification:		
Current portion of long-term receivables, investments and other [note 5]	\$ 20,467	\$ 16,466
Long-term receivables, investments and other [note 5]	16,194	29,139
Current portion of other liabilities [note 7]	(585)	(1,658)
Other liabilities [note 7]	(3,375)	(3,075)
Net	\$ 32,701	\$ 40,872

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

	Three months ended		Nine months ended	
	Sep 30/21	Sep 30/20	Sep 30/21	Sep 30/20
Non-hedge derivatives:				
Foreign currency contracts	\$ (15,905)	\$ 20,506	\$ 7,356	\$ (10,940)
Interest rate contracts	(439)	224	(439)	6,060
Net	\$ (16,344)	\$ 20,730	\$ 6,917	\$ (4,880)

18. 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 quarter, Cameco determined that NUKEM no longer meets the criteria for being considered a segment and concluded that it is 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 \$41,491,000 of care and maintenance costs during the third quarter of 2021 (2020 - \$55,024,000). For the nine months ended September 30, 2021, Cameco expensed \$162,669,000 (2020 - \$155,073,000). Included in these amounts are \$17,726,000 for the third quarter of 2020 and \$40,359,000 for the nine months ended September 30, 2021 (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 as a result 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 the second quarter of 2020.

Accounting policies used in each segment are consistent with the policies outlined in the summary of significant accounting policies. Segment revenues, expenses and results include transactions between segments incurred in the ordinary course of business. These transactions are priced on an arm's length basis, are eliminated on consolidation and are reflected in the "other" column.

Business segments

For the three months ended September 30, 2021

	Uranium	Fuel services	Other	Total
Revenue	\$ 270,300	\$ 79,965	\$ 10,951	\$ 361,216
Expenses				
Cost of products and services sold	265,016	60,204	11,337	336,557
Depreciation and amortization	35,446	10,207	5,121	50,774
Cost of sales	300,462	70,411	16,458	387,331
Gross profit (loss)	(30,162)	9,554	(5,507)	(26,115)
Administration	-	-	39,522	39,522
Exploration	2,799	-	-	2,799
Research and development	-	-	1,794	1,794
Other operating income	(1,806)	(357)	-	(2,163)
Gain on disposal of assets	(3,214)	-	-	(3,214)
Finance costs	-	-	18,933	18,933
Loss on derivatives	-	-	16,344	16,344
Finance income	-	-	(1,635)	(1,635)
Share of earnings from equity-accounted investee	(11,130)	-	-	(11,130)
Other income	-	-	(12,765)	(12,765)
Earnings (loss) before income taxes	(16,811)	9,911	(67,700)	(74,600)
Income tax recovery				(2,477)
Net loss				\$ (72,123)

For the three months ended September 30, 2020

	Uranium	Fuel services	Other	Total
Revenue	\$ 302,182	\$ 76,688	\$ -	\$ 378,870
Expenses				
Cost of products and services sold	318,172	54,690	-	372,862
Depreciation and amortization	18,010	10,235	1,409	29,654
Cost of sales	336,182	64,925	1,409	402,516
Gross profit (loss)	(34,000)	11,763	(1,409)	(23,646)
Administration	-	-	30,414	30,414
Exploration	1,914	-	-	1,914
Research and development	-	-	493	493
Other operating expense	6,861	-	-	6,861
Loss on disposal of assets	169	389	-	558
Finance costs	-	-	16,866	16,866
Gain on derivatives	-	-	(20,730)	(20,730)
Finance income	-	-	(1,327)	(1,327)
Share of earnings from equity-accounted investee	(3,196)	-	-	(3,196)
Other expense	-	-	10,750	10,750
Earnings (loss) before income taxes	(39,748)	11,374	(37,875)	(66,249)
Income tax recovery				(5,477)
Net loss				\$ (60,722)

For the nine months ended September 30, 2021

	Uranium	Fuel services	Other	Total
Revenue	\$ 731,584	\$ 264,067	\$ 14,786	\$ 1,010,437
Expenses				
Cost of products and services sold	749,899	162,943	11,595	924,437
Depreciation and amortization	100,420	28,306	11,184	139,910
Cost of sales	850,319	191,249	22,779	1,064,347
Gross profit (loss)	(118,735)	72,818	(7,993)	(53,910)
Administration	-	-	90,484	90,484
Exploration	5,853	-	-	5,853
Research and development	-	-	5,385	5,385
Other operating income	(17,700)	(670)	-	(18,370)
Gain on disposal of assets	(3,216)	(1)	-	(3,217)
Finance costs	-	-	56,581	56,581
Gain on derivatives	-	-	(6,917)	(6,917)
Finance income	-	-	(5,410)	(5,410)
Share of earnings from equity-accounted investee	(33,332)	-	-	(33,332)
Other income	-	-	(21,640)	(21,640)
Earnings (loss) before income taxes	(70,340)	73,489	(126,476)	(123,327)
Income tax recovery				(9,478)
Net loss				\$ (113,849)

For the nine months ended September 30, 2020

	Uranium	Fuel services	Other	Total
Revenue	\$ 980,427	\$ 262,639	\$ 6,651	\$ 1,249,717
Expenses				
Cost of products and services sold	946,722	168,012	3,990	1,118,724
Depreciation and amortization	95,942	29,446	7,888	133,276
Cost of sales	1,042,664	197,458	11,878	1,252,000
Gross profit (loss)	(62,237)	65,181	(5,227)	(2,283)
Administration	-	-	100,073	100,073
Exploration	8,312	-	-	8,312
Research and development	-	-	1,668	1,668
Other operating expense	23,762	-	-	23,762
Loss on disposal of assets	126	383	-	509
Finance costs	-	-	52,778	52,778
Loss on derivatives	-	-	4,880	4,880
Finance income	-	-	(9,479)	(9,479)
Share of earnings from equity-accounted investee	(17,815)	-	-	(17,815)
Other income	(201)	-	(20,677)	(20,878)
Earnings (loss) before income taxes	(76,421)	64,798	(134,470)	(146,093)
Income tax recovery				(13,077)
Net loss				\$ (133,016)

19. Related parties

Cameco purchases uranium concentrate from JV Inkai. For the quarter ended September 30, 2021, Cameco had purchases from JV Inkai of \$67,320,000 (\$53,596,000 (US)) (2020 - \$28,826,000 (\$21,348,000 (US))). For the nine month period ended September 30, 2021, purchases were \$117,941,000 (\$94,000,000 (US)) (2020 - \$48,025,000 (\$35,914,000 (US))).

20. Comparative figures

Certain prior year balances have been reclassified to conform to the current financial statement presentation.