



Cameco Corporation

Second Quarter 2024 Results Conference Call

Transcript

Date: July 31st, 2024

Time: 8:00AM ET

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

Grant Isaac
Executive Vice-President and Chief Financial Officer

Brian Reilly
Senior Vice-President and Chief Operating Officer

Cory Kos
Vice-President, Investor Relations



Operator:

Welcome to the Cameco Corporation Second Quarter 2024 Results Conference Call.

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

Following the introductory remarks, there will be an opportunity to ask questions. To join the question queue, you may press star, then one on your telephone keypad. Should you need assistance during the conference call, you may signal an Operator by pressing star, then zero. Webcast participants are asked to wait until the Q&A session before submitting their questions as the information they are looking for may be provided during the presentation. The Q&A session will conclude at 9:00 AM Eastern time.

I would now like to turn the conference over to Cory Kos, Vice-President, Investor Relations. Please go ahead.



Cory Kos:

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

I would like to acknowledge that we are speaking from our corporate office, which is on Treaty 6 territory, the traditional territory of the Cree peoples and the homeland of the Métis.

With us today are Tim Gitzel, President and CEO; Grant Isaac, Executive VP and CFO; Heidi Shockey, Senior VP and Deputy CFO; Rachele Girard, Senior VP and Chief Corporate Officer; Brian Reilly, Senior VP and Chief Operating Officer; and Sean Quinn, Senior VP, Chief Legal Officer, and Corporate Secretary.

I'm going to hand it over to Tim in a moment to briefly reinforce the durable demand story for nuclear energy and discuss the execution of our strategy in the current market, which is positioning us to benefit from the tailwinds. After, we will open it up to your questions.

Today's call will be approximately one hour, concluding at 9:00 AM Eastern time. As always, our goal is to be open and transparent with our communications. However, we do want to respect everyone's time and conclude the call on-time. Therefore, should we not have time to get to your questions during this call, or if you have detailed questions about our quarterly financial results, we will be happy to follow up with you after the call.

There are a few ways to contact us with additional questions: you can reach out to the contacts provided in our news release; you can submit a question through the Contact tab on our website; or you can use the Ask a Question form at the bottom of the webcast screen and we will be happy to follow up after this call.

If you joined the conference call through our website Event page, there are slides available which will be displayed during the call. In addition, for your reference, our quarterly investor handout is available for download in a PDF file on our website at cameco.com.



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

Forward-Looking Information Caution

This presentation includes forward-looking information or forward-looking statements under Canadian and U.S. securities laws, which we refer to as "forward-looking information". Forward-looking information can generally be identified by the use of words such as "approximately", "may", "will", "could", "believes", "expects", "intends", "should", "would", "plans", "potential", "project", "anticipates", "estimates", "scheduled" or "forecasts", or other comparable terms that state that certain events will or will not occur. It represents the projections and expectations of the Company relating to future events or results as of the date of this presentation. This information about our expectations for the future is based upon our current views, which can change significantly, and actual results and events may be significantly different from what we currently expect. Examples of forward-looking information that may appear in this presentation include but are not limited to: uranium demand, supply, consumption, prices, long-term contracting, production, and our ability to meet delivery commitments; our expectations for our nuclear technology and services investments; outcome of litigation or other disputes; our future plans, strategies and outlook; and our objectives regarding contributing to a net zero emissions target and other environmental, social and governance goals. Material risk factors that could cause actual results or events to differ materially from those expressed in, or implied by, the forward-looking statements contained in this presentation, are disclosed in the sections entitled "Material risks", and "Material risks that could cause actual results to differ materially" and "Risks that can affect our business" in our most recent Annual Information Form (the "AIF"), and "Material risks" and "Material risks that could cause actual results to differ materially" of our most recent annual management discussion and analysis (the "Annual MD&A"), as such disclosure shall be updated from time to time in Cameco's continuous disclosure documents. Readers are cautioned that the risks referred to above are not the only ones that could affect Cameco. Additional risks and uncertainties not currently known to Cameco or that Cameco currently deems to be immaterial may also have a material adverse effect on Cameco's financial position, financial performance, cash flows, business or reputation. Forward-looking statements made in this presentation are based on a number of assumptions that Cameco believed were reasonable at the time it made each forward-looking statement. Refer in particular, but without limitation, to the sections entitled "Material assumptions" and "Assumptions" of the AIF, and "Material assumptions" and "Assumptions" of the Annual MD&A for a discussion of certain assumptions that Cameco has made in preparing forward-looking statements included or incorporated by reference in the presentation. The foregoing assumptions, although considered reasonable by Cameco on the day it made the forward-looking statements, may prove to be inaccurate. Accordingly, our actual results could differ materially from our expectations. There can be no assurance that forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Investors are cautioned that forward-looking information and statements are not guarantees of future performance. Cameco cannot assure investors that actual results will be consistent with the forward-looking information and statements. Accordingly, investors should not place undue reliance on forward-looking information and statements due to the inherent uncertainty therein.

The forward-looking information and statements included in this presentation represent our views as of the date of this presentation and should not be relied upon as representing our views as of any subsequent date. While we anticipate that subsequent events and developments may cause our views to change, we specifically disclaim any intention or obligation to update forward-looking information, whether as a result of new information, future events or otherwise, except to the extent required by applicable securities laws.

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

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Please note that this conference call will include forward-looking information, which is based on a number of assumptions, and actual results could differ materially. You should not place undue reliance on forward-looking statements. Actual results may differ materially from these forward-looking statements, and we do not undertake any obligation to update any forward-looking statements we make today, except as required by law. Please refer to our most recent Annual Information Form and MD&A for more information about the factors that could cause these different results and the assumptions we have made.

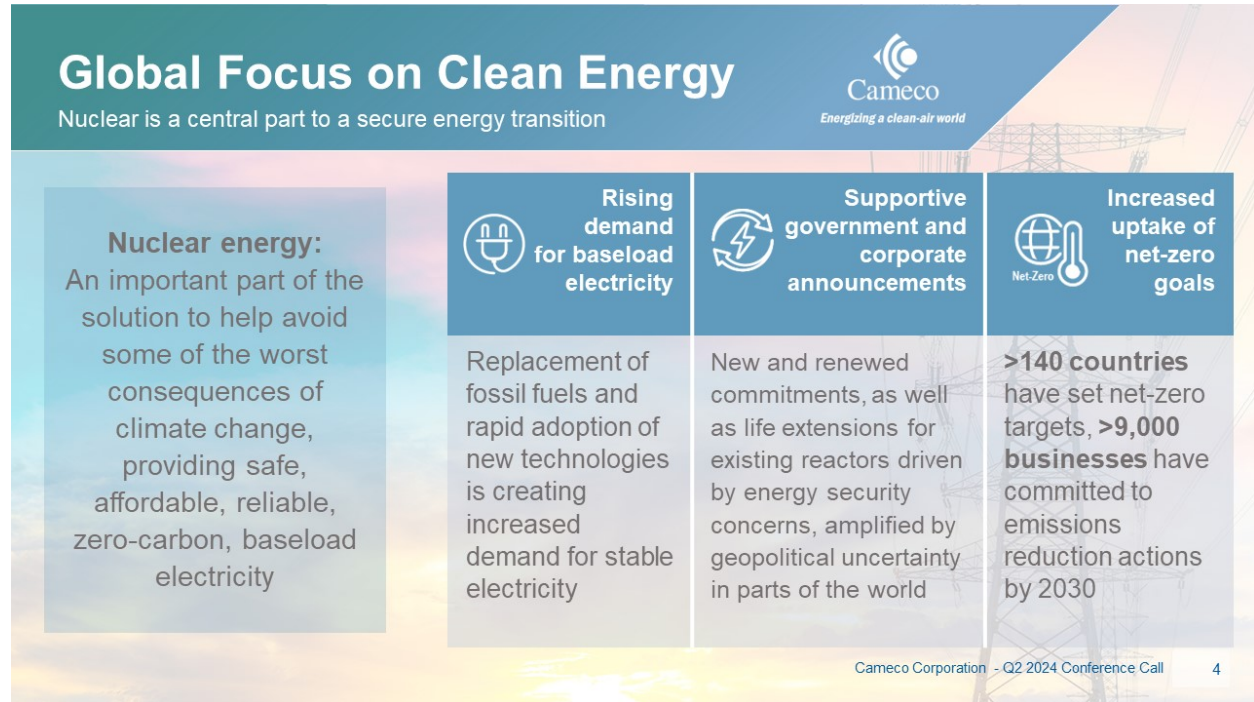
With that, I will turn it over to Tim.



Tim Gitzel:




Well, thank you, Cory, and good morning, everyone. We appreciate you joining us on our call today. I hope everyone's doing well and that you are able to enjoy some time this summer with friends and family.

Here in Saskatchewan, we're in a bit of a heat wave, something that has become more and more common in many parts of Canada and around the world.



Global Focus on Clean Energy
Nuclear is a central part to a secure energy transition

Nuclear energy:
An important part of the solution to help avoid some of the worst consequences of climate change, providing safe, affordable, reliable, zero-carbon, baseload electricity

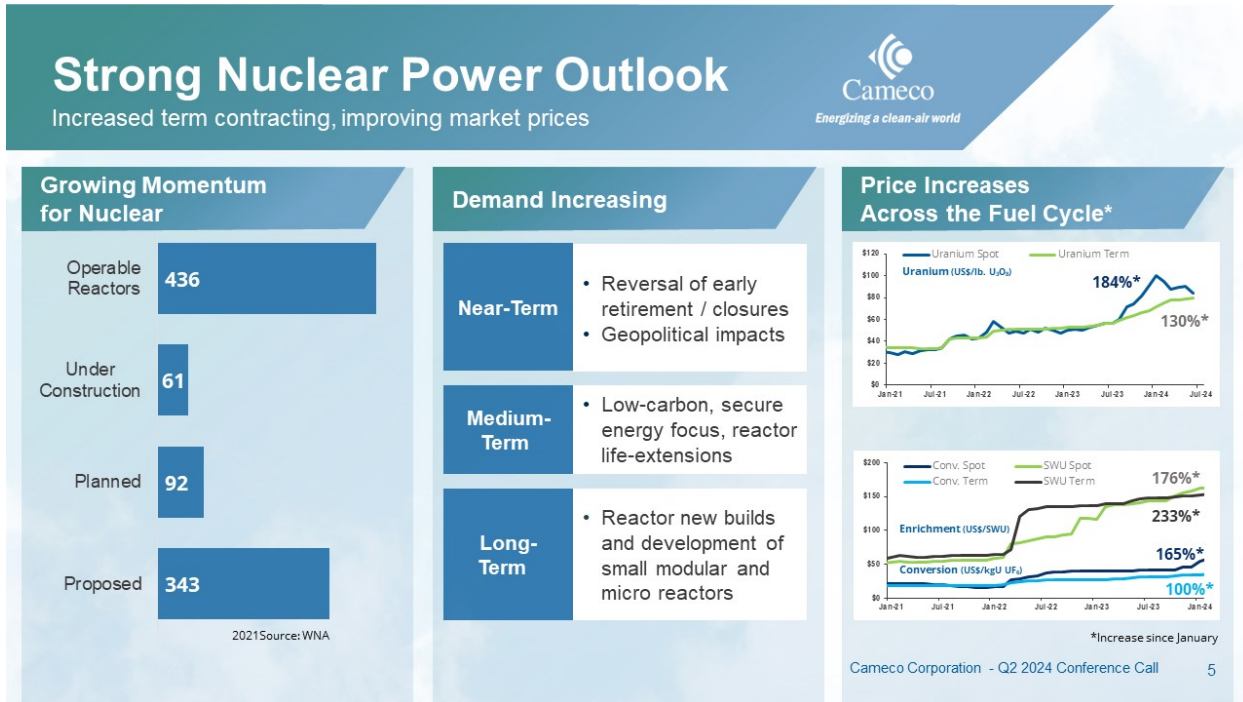
 Rising demand for baseload electricity	 Supportive government and corporate announcements	 Increased uptake of net-zero goals
Replacement of fossil fuels and rapid adoption of new technologies is creating increased demand for stable electricity	New and renewed commitments, as well as life extensions for existing reactors driven by energy security concerns, amplified by geopolitical uncertainty in parts of the world	>140 countries have set net-zero targets, >9,000 businesses have committed to emissions reduction actions by 2030

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Last year in July, for instance, the planet recorded its hottest day on record, and last week we saw a global average temperature that beat that record. Then again last week, the very next day, we saw it again: a record high global temperature two days in a row.

As you can imagine, if you're fortunate enough to have it, demand for air conditioning increases during these times significantly, and countries need safe, reliable, affordable, and secure energy sources to support that demand, sources that provide baseload power that won't make the problem of rising temperatures worse by releasing carbon into the atmosphere; sources like nuclear.

To help avoid some of the worst consequences of climate change, carbon-free nuclear power continues to be highlighted as a central part of the solution, driving durable demand which we believe is unlike anything we've seen before in this industry.



That's a key theme of today's call: continued demand durability. The support for nuclear energy continues to emerge across governments of all stripes, energy-intensive industries and within the general public, and that strong support for nuclear energy is generating durable, full-cycle demand throughout the fuel cycle. By that I mean opportunities in the near, mid, and long-term. However, as we have seen over the past few weeks, capital markets tend to be much more short-sighted.

We've seen equities in the uranium and nuclear sector being negatively impacted by risk-off factors affecting adjacent sectors; political developments driving questions about ongoing support for sanctions and green initiatives; and uncertain economic indicators.

But despite the new cycle and the downward pressure affecting sectors that nuclear has become somewhat associated with, the industry fundamentals remain robust, firmly positioned in the centre, enjoying strong bipartisan political support in the U.S. and in many countries around the world.

Market Fundamentals

Risk shifting to customers





Producers

Risk is shifting to



Uranium Customers

Durable demand:

- Decarbonization & electrification
- ESG focus creating electron accountability
- Traditional demand improving (near, mid, long-term)
- Energy security focus
- Non-traditional demand (SMRs and advanced nuclear reactors)

Demand from financial investors driven by intrinsic value of low-carbon energy uranium

Uncertain supply:

- Low prices resulted in:
 - Supply curtailments
 - End of reserve life
 - Lack of investment in supply development, exploration
- Global supply chain challenges

Origin risks: geopolitical & trade policy issues

Supply risks: unproven assets, cost inflation, schedule delays, increasing regulatory scrutiny, finite secondary supply

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That support and interest is defining long-term demand growth. In the context of the risk-off uncertainty as of late, it's important to remember that governments thinking about long-term energy policy, and certain sectors considering carbon-free nuclear for their future energy needs, are only a couple of the factors driving that full-cycle demand.

The need to replace retiring fossil fuel generation is right in front of us. We have existing energy-intensive industries that need to integrate reliable, carbon-free baseload power to reduce emissions today. Amid global geopolitical tensions, countries need to secure reliable energy sources right now. Nuclear energy provides that solution.

In a world where the social license to operate has never been more important, self-sanctioning by many countries and companies is already underway to procure nuclear fuel from responsible, reliable, and sustainable suppliers like Cameco. The demand is clearly full-cycle.

But as we continue to see durable demand for nuclear energy, fuel supply and the long-term cost of that supply continues to be uncertain.

Today, we're not seeing investments in significant greenfield projects that will be needed to satisfy growing demand from reactors being safely restarted, reactor life extensions, and new reactor builds.

There are a few idle production centres restarting, but new supply sources take time. The recent cancellation of permits and the negative developments in Niger, the refusal to renew the lease at Jabiluka in Australia, and the unexpected significant tax increase in Kazakhstan contribute even more to the uncertainty. At the same time, finite secondary supplies from sources like enrichment underfeeding, government inventory, and excess commercial inventory are rapidly diminishing.

In a tightening market, we're also finding ourselves without the same shock absorbers that we relied on in the past, which leaves the industry very susceptible to any significant interruptions in primary supply.

Balanced and Disciplined Strategy

Contract portfolio informs supply decisions



Energizing a clean-air world

Strategically-aligned contracting discipline

- Strategically patient long-term contracting
- Balanced portfolio
- Optimize market-related portion of portfolio, focus on protection from commodity volatility
- Exposure to improving prices



Operationaly-flexible supply discipline

- Align production with contract portfolio and customer signals
- Brownfield growth opportunities

Risk-managed financial discipline

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

Leading Sustainability Performance



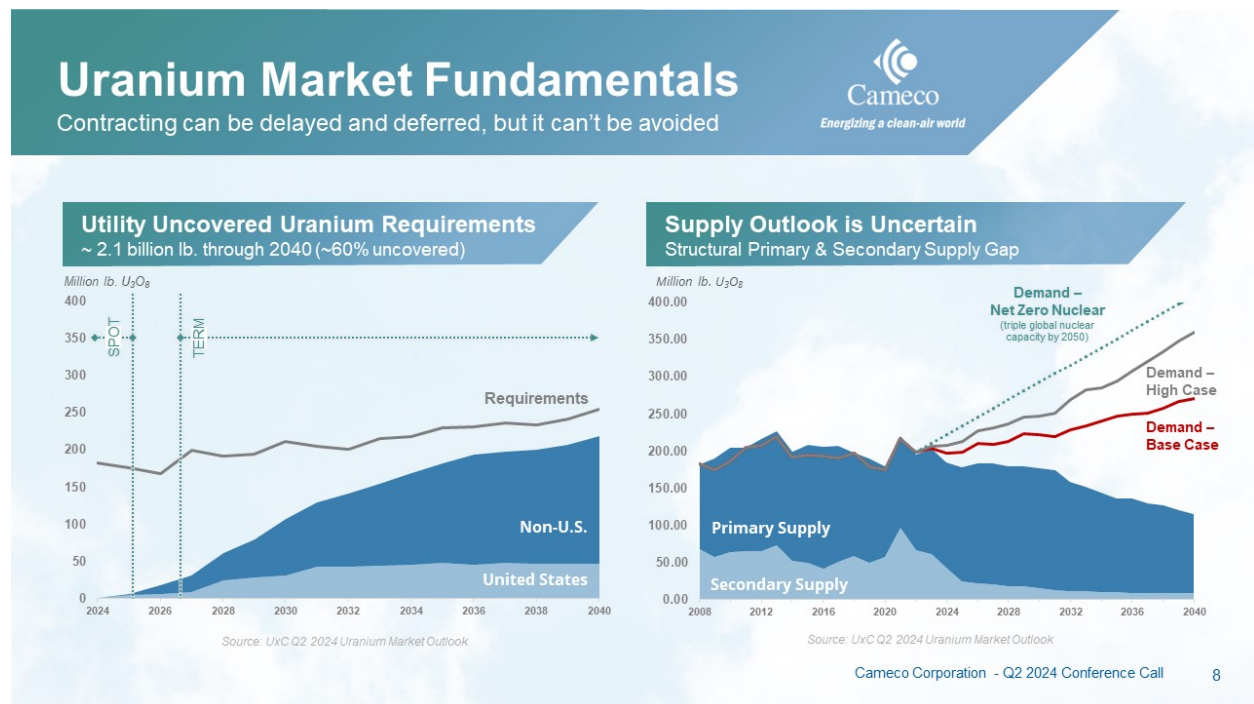
100% of our product is used to produce reliable, carbon-free, base-load electricity

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That tightness of supply puts Cameco in an enviable position of having what we believe are the world's premier tier-one fuel cycle assets alongside our investments across the reactor lifecycle.

As the market transition continues, we are doing exactly what we said we would do with those assets and investments, with every decision we make being guided by our marketing, operational and financially-focused strategy. We continue to capture fundamental demand across the fuel cycle, and we continue to be selective in committing our uranium inventory and UF6 conversion capacity in order to maintain a contract book that preserves exposure to rising prices while maintaining downside protection.

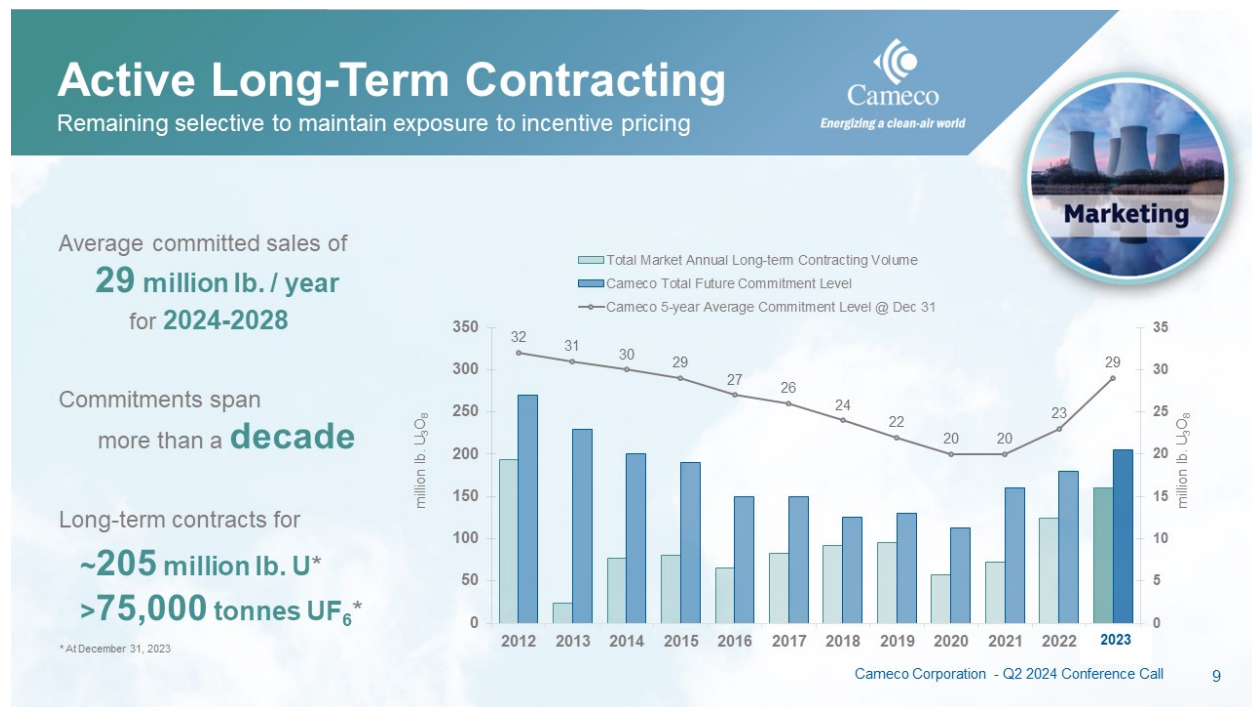


In the second quarter, the spot market was relatively quiet, and long-term contracting volume was much lower than last year. The Russian uranium import ban imposed by the U.S. government, which takes effect in early August, and the uncertainty with respect to the waiver process, caused many U.S. utilities to step back and reconsider their procurement strategies.



Because the nuclear industry is global, certain U.S.-based fuel cycle services use uranium that may be imported from Russia, and subsequently re-exported for international customers. The contracting activity of those international utilities is also impacted by the waivers process, so the long-term fuel procurement uncertainty related to the ban goes beyond U.S. utilities.

Although utilities are being cautious as they adjust and contracting was slower in the first half, we still expect to see increasing requests in the market with a continued uptick in off-market activity. When comparing the industry's fuel requirements to the level of contract coverage, it's important to remember that contracting can be delayed and deferred, but it cannot be avoided. There's no substitute for the uranium required to run a reactor.







While the industry-wide contracted volumes suggest a quieter second quarter, our long-term book of business continued to grow. Our average level of commitments over the next five years increased from 28 million to 29 million pounds per year, and with a pipeline of potential new business under negotiation, that is keeping the marketing team very busy. We carefully manage our supply sources to meet those commitments and retain access to multiple levers to manage risks.

Operations On-Track

Tier-one supply to match commitments, new phase of supply discipline



M lbs (our share)	2024	Licensed capacity	
 <p>McArthur River/Key Lake</p>	<p>12.6 18 @ 100%</p>	<p>17.5 25 @ 100%</p>	<p>32 M lbs (our share of tier-one licensed capacity)</p>
 <p>Cigar Lake</p>	<p>9.8 18 @ 100%</p>	<p>9.8 18 @ 100%</p>	
 <p>Inkai (JV Inkai purchase)</p>	<p>(In discussion with JV partner)</p>	<p>5.0 12.6 @ 100% (+20% subsoil)</p>	
 <p>Fuel Services - conversion</p>	<p>11,000 - 11,500 tU</p>	<p>12,500 tU</p>	<p>~56 M lbs @ 100%</p>

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Production at our McArthur River, Key Lake, and Cigar Lake operations is on track, with every pound from these operations already sold, in fact, sold several years ago. As we build our contract book, we continue to evaluate the work and capital requirements to expand our McArthur River and Key Lake operations from 18 million pounds of annual production to the licensed capacity of 25 million pounds per year. If additional supply is required to meet our commitments, we want to be ready to make a decision on expansion.

On the Fuel Services front, we experienced temporary operational issues that impacted the first half of 2024. As a result, our previous UF6 production target of 12,000 tonnes from Port Hope was reduced. We now expect 11,000 to 11,500 tonnes of UF6 this year. The adjustment to our UF6 target does not affect our combined Fuel Services' guidance range of 13,500 tonnes to 14,500 tonnes, which includes UF6, UO2, and fuel bundles. The decrease in expected UF6 production will be managed using our inventory.



In both our Uranium and Fuel Services segments, we are pleased to have signed new three-year collective agreements with unionized employees. At McArthur River and Key Lake, the agreement is in place until December 2025, while at Cameco Fuel Manufacturing, the agreement expires in June of 2027.

JV Inkai
A significant source of low-cost uranium production

Proven and Probable Reserves¹
104.7 M lbs

Average grade U₃O₈
0.04%

Cameco's Share
40%

Production

2023 production:
8.3 M lbs (100% basis)

2024 forecast:
(In Discussion with JV partner)²

¹ At December 31, 2023, our share only. See Cameco's 2023 annual management's discussion and analysis (MD&A) for more information about reserves and resources.
² On February 1, 2024, KAP announced that production in Kazakhstan is expected to remain 20% below subsoil use agreements levels, primarily due to a sulfuric acid shortage in the country. We remain in discussions with JV Inkai and KAP to determine how this may impact production in 2024.

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In Kazakhstan, production was down at the Inkai operation for the quarter and for the first half of 2024 compared to last year, due primarily to continued challenges with sulphuric acid availability. The current production target at Inkai is 8.3 million pounds for 2024, but that target is tentative and contingent upon receipt of sufficient volumes of sulphuric acid. We are continuing to work with Kazatomprom to determine the exact portion of that production we will purchase this year, as well as the timing of deliveries on the Trans-Caspian transportation route, and our planned production for the coming year.

However, all of that has become more complicated due to the sudden taxation changes that will take effect beginning in 2025. To be blunt, we're becoming increasingly concerned with what we're seeing in Kazakhstan. The government there has introduced amendments to the country's Tax Code, which includes significant increases to the MET, the Mineral Extraction Tax,




beginning in 2025. The surprising and disappointing change appears to have the greatest impact on foreign assets investors as well as foreign equity investors in Kazakhstan, transferring expected value and profits away from investors and to the government. We're evaluating the changes to the MET, but if it remains as currently formulated, depending on the assumptions used for uranium price, future production profile and exchange rate, preliminary conclusions indicate that production costs in Kazakhstan would be similar to our Northern Saskatchewan operations.

The increase in cost is happening at a time when the industry is still in the early stages of recovery, and it impacts about 40% of global primary production, so the global supply cost curve is expected to move up significantly. That would mean higher long-term prices are required for future investment decisions, so more to come as we continue with that analysis and with the discussions with our partner.

Those are the key developments so far in 2024 affecting our decisions under the marketing and operational areas of our strategy.

Financial Strength

Risk managed financial discipline



Liquidity*	\$362 Million Cash
	\$1 Billion Undrawn credit facility
Total debt*	~\$1.4 Billion
Credit ratings	S&P: BBB- DBRS: BBB

* As at June 30, 2024

Maintain strong balance sheet

- With improving prices, transition to tier-one costs, and increasing production, expecting strong cash flow generation in 2024
- Navigate by investment grade rating
- Take advantage of value-adding opportunities as they arise

2024 Capital allocation priorities

- Execute production plan and return to tier-one cost structure
- Begin work on Cigar Lake extension, evaluate expansion at McArthur River/Key Lake
- Refinanced \$500 million debentures due in June, repaid \$300 million (US) YTD on \$600 million (US) floating-rate term loan
- Plan to file a new base shelf prospectus when the current one expires in October 2024.

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Looking at the financial aspects, we are in great shape, remaining on track for our 2024 outlook. We've been diligent in maintaining liquidity and the capital resources to carry our strategic plans, with a strong balance sheet guided by our investment-grade rating. With the improving prices under our long-term contract portfolio, progress toward our tier-one cost structure, and higher UF6 conversion production, we expect to see strong cash flow generation.

During the quarter, we remained focused on debt reduction and prudently executing our refinancing plans. That included repaying another US\$100 million of the remaining principal outstanding on the term loan we took on for the financing of Westinghouse and maintaining our prioritization of repayments of the remaining \$300 million, while managing our liquidity and cash reserves. It also meant that we refinanced the \$500 million of senior unsecured debentures that matured in June. To ensure we have the financial tools in place to provide continued flexibility, as we move through the year, we plan to file a new Base Shelf Prospectus when our current one expires in October.

Cameco Corporation

Operating and invested across the nuclear fuel cycle

Energizing a clean-air world

Tier One Uranium Operations			Fuel Services		
<p>Cigar Lake (54.5%) Saskatchewan, Canada</p> <p>World's Highest-Grade Uranium Mine Licensed Capacity (100%): 18 M lbs/yr</p>	<p>McArthur River (69.8%) Key Lake (83.3%) Saskatchewan, Canada</p> <p>The World's Largest, High-Grade Uranium Mine/Mill Licensed Capacity (100%): 25 M lbs/yr</p>	<p>Inkai (40%) Kazakhstan</p> <p>A Significant Low-Cost Source of Uranium Licensed Capacity (100%): 10.4 M lbs/yr</p>	<p>Blind River Refinery (100%) Ontario</p> <p>World's Largest Commercial Uranium Refinery</p>	<p>Port Hope Conversion Facility (100%) Ontario</p> <p>Canada's Only Uranium Conversion Facility</p>	<p>Cameco Fuel Manufacturing (100%) Ontario</p> <p>Manufactures Fuel Bundles and Reactor Components for CANDU Heavy Water Reactors</p>
Tier Two Uranium Assets, Advanced Projects and Exploration					
<p>Rabbit Lake (100%) Saskatchewan</p>	<p>US ISR Operations (100%) Nebraska, Wyoming</p>	<p>Millennium (69.3%) Saskatchewan</p>	<p>Yeelirrie (100%) Western Australia</p>	<p>Kintyre (100%) Western Australia</p>	<p>Athabasca Basin Exploration (100% & JVs) 650,000 Hectares</p>
Westinghouse Electric Company			Other Nuclear Fuel Cycle Investments		
<p>Westinghouse (49%)</p> <p>Provider of mission-critical and specialized technologies, products and services across the nuclear power sector</p>			<p>Global Laser Enrichment (GLE) (49%)</p> <p>Developing and Testing Third-Generation Laser Enrichment Technology</p>		



Looking at our Westinghouse investment, performance to-date this year is as expected and aligned with our outlook, including our expectation for Adjusted EBITDA from Westinghouse to be between \$445 million and \$510 million this year. We're continuing to see more opportunities emerging than we valued at the time of acquisition, and we still anticipate Adjusted EBITDA growth at a compound annual growth rate of 6% to 10% over the next five years.

Before we conclude, I would like to highlight a few changes to our Executive team. At the end of June, Alice Wong announced her retirement as Senior Vice-President and Chief Corporate Officer. It has been a pleasure to work with Alice during her 37-year career with Cameco, and in her current role for the past 11 years. I'd like to thank Alice for her expertise, wisdom, leadership, and outstanding contributions. I wish her the very, very best in retirement.

Rachelle Girard has been appointed Senior Vice-President and Chief Corporate Officer. Rachelle has been with Cameco for 18 years, and the investment community knows her very well as the now-former Vice-President of Investor Relations.

Cory Kos has moved into her previous role, and Rachelle will maintain executive oversight of Investor Relations, and adding our human resources, supply chain management, internal audit, and corporate ethics functions to her list of responsibilities.

I'm pleased to welcome Rachelle to the Senior Executive team. With her knowledge, sound judgment, and leadership qualities, I look forward to Rachelle making a strong contribution as we position the Company to leverage opportunities in these very exciting times for the nuclear industry.

With that, I thank all of you for your interest today, and we would be happy to take your questions.

A presentation slide for a Q&A session. The background is a photograph of a modern brick and glass building under a blue sky with light clouds. The slide contains the following elements:

- Cameco logo** and tagline *Energizing a clean-air world* in the top left.
- Q&A** in large blue font in the top right.
- Investor Relations** in blue font below the tagline.
- Contact information: an email icon followed by investor_requests@cameco.com, a location pin icon followed by "2121 11th Street West, Saskatoon, Saskatchewan", and a globe icon followed by cameco.com.
- Market listings: "CCO LISTED TSX", "25 YEARS" in a circular seal, and "CCJ LISTED NYSE".
- Page number "14" in the bottom right corner.
- Page title "Cameco Corporation - Q2 2024 Conference Call" in small text at the bottom right.

Operator:

Thank you. We will now begin the question-and-answer session.

In the interest of time, we ask that you limit your questions to one, with one supplemental. If you have additional questions, you are welcomed to rejoin the queue.

To join the question queue, you may press star, then one on your telephone keypad. You will hear a tone acknowledging your request. If you're using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, please press star, then two. Webcast participants are welcomed to submit questions through the box at the bottom of the webcast frame. The Cameco Investor Relations team will follow up with you by email after the call. Once again, anyone on the conference call who wishes to ask a question may press star, then one at this time.



Our first question is from Alexander Pearce with BMO Capital Markets. Please go ahead.

Alexander Pearce:

Good morning, Tim and Grant, and everyone on the line. It was a very strong performance from McArthur River this quarter. It looks like you produced more than 60% of your annual guidance, but you've kept guidance essentially unchanged, overall. We know that the McArthur River has done more than 18 million pounds for the whole year in the past. Is there a chance that you can beat this guidance; do you think that this better quarter, through Q2, could mean a new higher level going forward, even without having to spend on the expansion as you move towards the 25 million pound per annum level? Thank you.

Tim Gitzel:

Well, hi Alex. Thanks for the question, nice to hear your voice.

Well, obviously, we're delighted with the performance of both McArthur, and of course the Key Lake mill. Last year, we were still in a ramp-up phase and didn't quite get to where we wanted to. This year, we're really, really seeing the benefits now of some of the changes we made over the last couple of years: the robotics digitization, things like that really paying dividends now. Yes, we're on track, in fact, even ahead at midyear on our production targets.

We'll see. We don't like to get too far out in front of the game; we know how things can go. But I would just say right now, both of those facilities are performing exceptionally well. We'll see what our numbers look like. We'll continue to update you and the market going forward, but right now, we're well on track.

Alexander Pearce:

Can I just follow-up on the same question, essentially, just ask? What part of the asset is currently the bottleneck that probably needs a little bit more work for you to be more confident of consistency through the year?

Tim Gitzel:

Do you mean to increase production higher than the 18, Alex?



Alexander Pearce:

Yes, yes, exactly, to keep the run rate that you've achieved through this quarter.

Tim Gitzel:

I think we have cleared more. I don't think there are any real bottlenecks at the moment. I think we're pushing the facilities to see what we can do, and right now, as I say, we're ahead of schedule. But we've seen in past years where something can happen and we can go down for a period of time; so far that's not been the case. It's been very good.

We are looking in the longer-term to see whether we can, on a sustainable basis, increase our production at McArthur and Key Lake. We have licensing approvals to go to 25 million pounds at both of those facilities, and should the market call for those pounds, those are the best pounds on the planet. Let's be clear about that. Right now, we're just evaluating the mill and the mine, what it would take to de-risk and de-bottleneck so that we are ready when the market calls for it. We will have notice, of course, for any new contracts that Grant's team, our Marketing team signs, always give us several years' notice. That would give us the time, then, if we did need to do some de-bottlenecking, de-risking, it'd give us the time to do it.

Clearly, we're looking at it right now, Alex. It's in our pocket. As far as Cameco is concerned, it's—like I say, those are the best pounds to bring on. You want to talk to tier-one pounds from an established facility with an established workforce and government support, public support? We've got it all. Their stable tax regime, it's all here in Saskatchewan. We're really proud to have those facilities.

Alexander Pearce:

Right. Thanks, Tim.

Tim Gitzel:

Yes.



Operator:

The next question is from Neil Mehta with Goldman Sachs. Please go ahead.

Neil Mehta:

Good morning Tim, Grant, and team. Wanted to build on your comments on Kazakhstan; it's been in focus for investors, given the ongoing sulphuric acid shortage, along with the MET commentary that you referenced. How should we be thinking about that Inkai business in the near-term, in terms of both volumes and margins, and can you just expand on your latest thoughts about operating in that region?

Tim Gitzel:

Yes, thanks, Neil.

Well, let me be clear from the outset that we've had a longstanding and positive relationship with Kazakhstan and Kazatomprom, over many, many years, decades, in fact. That's the foundation. I'd say, as I said on the call, we're increasingly concerned about what we're seeing now. That MET, or that Mineral Extraction Tax change that got sprung on us, for sure, and everybody else, no notice, no consultation, and it's significant. It really makes us sick. It gives us great concern, I would say, and where that's going to go.

We haven't had a chance to talk to our partners about it yet to see what their views are. That just adds to some other things we've been seeing over the last while. Kazakhstan's in a bit of a tough neighbourhood there, as we know; there's been the sulphuric acid issues that we've been dealing with and trying to get a grip on. You'll probably hear more from Kazatomprom in a couple weeks on where that's going, the transportation, the Trans-Caspian route that we've had to move to, that's new from when we started.

We're still discussing production levels, allocations, Sean Quinn and his team, with the Kazaks. It's just becoming a bit more complicated than we like. That's causing us some concern.

Neil Mehta:

Thank you for that.



Then the follow-up is just around Westinghouse; a very solid quarter, after a little bit of a softer Q1. Can you just talk about how the business is being folded in? You referenced seeing additional opportunities relative to which base case when you announced the deal. How do you think about the 2H in 2025 setup for Westinghouse?

Tim Gitzel:

I would just open, and I'll turn over to Grant, who's our rep on the Board there. But saying that we're even happier with the Westinghouse deal, it's looking even better than the day we made the deal or closed the deal. It's really looking positive. There's so many opportunities going forward.

But Grant, do you want to talk to that?

Grant Isaac:

Yes, happy to. Thanks, Neil, for your question.

Obviously, no change to our outlook for Westinghouse for 2024. You also referenced, going forward, where are the positives and what we should be looking for.

Just a reminder that we like to characterize Westinghouse as having two main components, one you might want to call the core. We think of that as the nuclear fuel and the operating plant systems business, very stable, highly recurring, and enjoying the tailwinds that we're seeing across the Western nuclear fuel cycle, for sure. That's the expansion of new markets, Central and Eastern Europe, with their VVER fuel manufacturing capability; it's the reactors being saved, reactors going through life extensions; as well as newbuilds that create additional opportunities for Westinghouse among their traditional customer base. It's new product offerings; the expansion more into the BWR market, away from just the PWR market for Westinghouse is an exciting opportunity.

Of course, fuels like LEU+, accident-tolerant, higher burnup fuels, all creating additional opportunity. Don't forget, the core of the business would also include the Springfields plant in



the U.K. which is a very important industrial complex to achieve not just the U.K.'s nuclear ambition, but also its participation in the Sapporo 5 Western group of companies looking to secure the fuel cycle. Lots going on in the core to watch for we're very excited about, and of course, energy systems. Energy systems is enjoying the tailwinds of a world that realizes it needs new power, it needs power that's reliable, power that's clean, power that is dispatchable. Increasingly, the demand is so significant that conversations have restarted in earnest in most jurisdictions about gigawatt-scale newbuild, and of course that AP1000 offering is the best-performing, gigawatt-scale reactor on the planet.

It's a very exciting outlook for Westinghouse, one we continue to be watching very closely, and their participation in both the fuel and reactor cycle is very, very strong.

Neil Mehta:

Thanks, Grant.

Operator:

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

Ralph Profiti:

Thanks, Operator. Good morning to Cameco and the team.

Tim, when it comes time to open a dialogue with the Kazakhstan government, just wondering if that's going to take the form of Cameco acting alone with its joint venture partners, or will there be more sort of an industry lobby at sort of dictating, or at least addressing the concerns, and how it may impact future capital allocations decisions?

Tim Gitzel:

Yes, Ralph, I don't know the answer to that. Obviously, we know our Orano friends have a big joint venture over there with the Kazakhs, and there's some Japanese players as well. Our interest, we know the Kazakhs well enough, both at the government level and at the Kazatomprom level. We'll be meeting with them to talk about what's going on, and especially this Mineral Extraction Tax piece, and put our positions forward. I'm certain that the other



companies will be doing the same, and no doubt we'll run into them first week of September in London at the big World Nuclear Association Meeting that everybody shows up to, so there'll be lots of discussion about it there.

Ralph Profiti:

Okay, thank you.

Tim Gitzel:

Grant, do you want to add to that? Hang on, I think Grant wanted to add to that.

Grant Isaac:

Yes, Ralph, I just want to jump in here and just remind everybody that there are broader industry implications by the events that we're seeing in Kazakhstan that we shouldn't lose sight on. Of course, as Tim referenced in the outset, when you see the kind of moves like we've seen with the Mineral Extraction Tax and the complications around some of the supply chain challenges, this just all suggests that the global cost curve for uranium has gone up, which then means that we need to see more sustainable, higher pricing to incent new supply, in particular new supply from elsewhere. There is a broader industry implication that's actually very constructive. The days of easy, cheap pounds coming out of Central Asia are effectively over.

Then, I do want to tie it to the Cameco context. Strategically, we have always had a diversified portfolio of production. That has been our strategy; that's not an accident. That is a deliberate portfolio approach we've always had. Yes, costs going up in Kazakhstan, and uncertainty going up in Kazakhstan impacts Cameco, roughly to about 10% of what we would expect to meet our committed sales, but it's 40% or a little bit more of the global supply of uranium. The impact on the market is actually more significant than it is for Cameco, and effectively, the value transfer back to our sovereign, safe, tier-one assets, and quite frankly our tier-two assets that remain in care and maintenance, is always to the benefit of our investors.

We may spend a bit of time talking about Kazakhstan, but I don't want to lose sight that it actually reinforces this strategic, fundamental view that we think is very constructive. It's yet



more uncertain supply in the face of durable demand, and Cameco's strategy is deliberately resilient to these kind of events.

Ralph Profiti:

Great. Thank you. I appreciate that.

If I can ask a follow-up question on replacement rate contracting and whether or not it's come sort of a surprise to you, Grant, on the trajectory of 2024, and how much of that is a pause due to, say, something like H.R. 1042, or perhaps the Kazakhstan 2025 guidance perhaps causing a pause?

Grant Isaac:

I would remind that we've been working towards replacement rate contracting for some time. If you look past the volatility in the spot market, you see a very strongly performing long-term price of uranium; it's up significantly year-to-date. There is very strong momentum for continued price discovery in term contracts on very small volumes. That's a very interesting fact, that very little volume has gone through the market and yet we're still seeing constructive pricing in that term market. Do not lose sight of that. That indicates just how tight and just how thin the market is, and it really shines a light on why we're very constructive about the price. Add in my earlier comments about that global cost curve is just going to cost more, the supplies that we always used to count on.

When you think about the factors that are causing maybe some delay in returning to replacement rate, there is some uncertainty in the market, and I think it is giving pause. If you look at the U.S. situation with respect to the Russian ban, of course we now see legislation. That legislation says Russian material is out, except for a waiver period between now and 2028. That waiver period allows for utilities who entered into contracts with the Russians under good faith, at a time when they were considered reliable suppliers, to appeal to the Department of Energy and say that they should be able to continue to take delivery of material. We've seen a few waivers granted already. There's a bit of a pause, if you will, to try to understand, are these waivers going to have teeth, or are these waivers going to be very easy? If the waivers are very easy, then that will take a little bit of pressure out of the near-term of the market. That doesn't



mean it's going to diminish the future demand, be it 2028 and beyond. We still see a lot of off-market activity there, but it just takes a bit of near-term pressure out of the market.

But always important to remember that the longer that Russian material flows into the U.S., then the bigger the gap is going to become when the day arrives that no more Russian material is allowed in the market. If you think about it, it may delay, but it won't prevent a shift to the higher prices that are required in order to incent production. This is why we remain disciplined; this is why we remain forward-focused with our contracting, because we see a very constructive setup occurring. Once these factors have cleared and there's a bit more certainty, we do expect the type of demand approach replacement rate, and of course, if it goes beyond, that will be a very, very constructive time in the market because we've never been at these prices, at a below replacement rate scenario before. I would say the opportunity for upside appears to be much, much greater than the opportunity for downside.

Ralph Profiti:

Got you. Yes. That was very helpful answers, thank you, and congratulations to Alice on her retirement and Rachelle and Cory on their new appointments.

Tim Gitzel:

Very kind of you. Thanks, Ralph.

Operator:

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

Andrew Wong:

Hey, good morning. With respect to contracting, it's great to see some volumes being added for the next five years, but I imagine a lot of the activity taking place happens beyond 2028. Can you just talk about some of the contracted volumes into the late 2020s and into the 2030s?

Tim Gitzel:

Grant?



Grant Isaac:

Yes. I just mentioned on my previous answer that we still see a very constructive market. Remember, in the term space, it's quite common for a lot of the demand to come off-market, meaning not through RFPs that are easy to track, but bilaterally, where utilities come directly to suppliers. In this type of market, where the underlying trend is strong, that the term price continues to go up on low volumes and we haven't seen that big rush of demand, these are exactly the conditions that we've talked about before, Andrew, that lead themselves to an incumbent's recovery. That off-market demand comes to those who have licensed, permitted, existing production with brownfield leverage opportunities, and now with that sovereign, safe Western platform of production, Cameco is the primary beneficiary of that kind of demand that comes to the market.

It continues to build. Term price continues to go up. We're seeing, if you look at the reporting from TradeTech, for example, \$70+ escalated floors, \$135 escalated ceilings. Of course, Cameco, with our position, tends to be able to even outperform those markers as we move forward. We are really happy with our position in the market, and we are being somewhat fussy about the terms and conditions that we would settle for as this market evolves, for the reasons I spoke about. Demand is durable, supply is increasingly uncertain. Not just Kazakhstan, but look at what's going on in Niger and elsewhere. That supply cost curve, that supply risk, has gone up in just the past few months. That puts us in an extremely strong position.

Andrew Wong:

Okay, great. Maybe just switching to Westinghouse a bit here; is there anything you can talk about with regard to the IP dispute between Westinghouse and KHNP, and is there a path for Westinghouse to participate in KHNP builds like the one in the Czech Republic?

Grant Isaac:

Yes, we're certainly happy to make a few comments on it, recognizing of course that it is a legal dispute between KHNP and Westinghouse. But that Westinghouse technology, the instrumentation and control, and the fundamental reactor technology, is pretty strong. It's the best-performing reactor on the planet, so no surprise. It's the baseline for best-in-class pressurized water reactors. Over the years, as partnerships developed between Westinghouse



and others, the sharing of technology was common. Now, what we see is a dispute based upon a belief at Westinghouse, and shared, certainly, by Cameco and Brookfield, that there are really critical elements of the Korean technology that are effectively Westinghouse's.

The dispute is really the ability of Korea to use that technology in foreign jurisdictions. That dispute is going through a relatively normal dispute resolution, with, of course, the opportunity that maybe at some point Westinghouse and Korea can come together and recognize that there might be an industrial partnership that makes sense to deliver gigawatt-scale reactors globally. We'll see how that works out, but we believe in Westinghouse's position on this dispute, we stand behind it. We think that they're taking the right approach, and that countries that are choosing the Korean technology without adequately engaging Westinghouse may find themselves on the wrong side of a technology transfer law in the U.S. It's got a ways to go, but I wouldn't rule out Westinghouse in markets like Czechia at this point.

Andrew Wong:

Okay. Just on that, I'm assuming that means none of that business is included in your guidance for Westinghouse?

Grant Isaac:

Oh, yes, sorry, Andrew. Remember, we have a 6% to 10% CAGR growth rate on Westinghouse's EBITDA over the next five years. That 10%, that upside, was really only reflecting the very beginning of some of the energy system newbuilds. In Poland, where six AP1000s have been awarded, there's an assumption made that the first three of those six are in the very early stages of the frontend engineering and design contracts.

In Bulgaria, where two AP1000s are awarded, there's only an assumption about the first of the two in the frontend engineering and design, so additional announcements are only going to add upside to that energy systems profile. Obviously, a very exciting opportunity, but these are big binary decisions, and right now it's a very conservative view on energy systems in that Westinghouse outlook.



Andrew Wong:

Okay. Thank you very much.

Tim Gitzel:

Thanks, Andrew.

Operator:

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

Orest Wowkodaw:

Hi, good morning. Grant, another question about just contracting philosophy here. I'm actually a bit surprised to see that the average of the five-year contract books crept up. Is the implication of that, is that you're receiving very favourable terms from utilities, because it certainly seemed like you guys were stepping back to be more discerning with what customers, and what terms are embedded in those contracts. Is that the right way to think about that increase?

Grant Isaac:

Yes, that's the right way to think about it. With each year that rolls off, we are able to move away from contracts that are older to contracts that are newer. The magic of the nuclear fuel cycle is that you contract on a long-term, forward basis.

Now, that also creates a situation where the contracts that you're negotiating in the market today may or may not be reflective of the market at time of delivery. If you take a slice through our 2024 deliveries, you'll see contracts that were entered into many years ago, and this might be the last year or two of delivery. Then, you just roll back and say, "What were terms and conditions like back then?" Part of those contracts might be in the middle of a contract signed a few years ago. Then, now we're starting to see the early stages of those first contracts signed as the market has really gone through a transition.

As we roll forward, we just continue to capture that value. We like to say, while we don't get spikes the day they arrive in the spot market, our contracting strategy takes those spikes and knocks them sideways and buries them into long-term cash flow and earnings, so now we're



seeing those improving terms and conditions in those outer years of the table. But remember, that table only reflects what we're committed to sell. What's missing from that analysis is all the pounds we haven't yet contracted in that window, which of course is, by definition, market-levered to a market that we're finding very constructive. This is how it works in a long-term contracting business. You capture the demand that's before you, you're very disciplined and selective in the terms and conditions that work, and you like to be in a position with a contract orientation in an up market, not a down market. That's where we find ourselves right now.

Orest Wowkodaw:

Okay. Just as a quick follow-up, you're up to 29 million pounds, average, committed for the next five years. Should we anticipate that potentially continuing to creep up towards your sales volume target of 32 to 34? Is that the endgame here?

Grant Isaac:

Well, I would say we respond to the quality of the demand that's come to the market. Instead of saying, "We have an absolute hard sales target that we're pursuing on a volume basis," think of it as, we are capturing the demand that's coming. We'd already talked about earlier in the call, we're not even at replacement rate yet. We're in a market that has not yet found enough demand to even replace what's consumed on an annual basis, let alone beyond. Think about it as, we would prefer to be a bit more disciplined right now, which we are; we could probably place more volumes if we wanted to, but the issue is making sure they're at acceptable terms and conditions, meaning giving us acceptable upward leverage in the market.

When you think about that five-year portfolio, we always like to be covered in-year, because there's no in-year demand. We've talked about that before. It's why we're not a spot-exposed producer. We like to be covered next year, because there's not a lot of next year sales that are fundamental and high quality. But then, as we roll out into years three, four, and five, we like those commitments to come off, because we want to be positioning new supply into a market that we think is constructive. That's always been our strategy, continues to be our strategy. I would say, watch more for the demand numbers that are coming, in order to think about how



we're responding. But don't think of us as having a hard volume sales target, because then we would just be chasing the market and probably not discovering the terms and conditions that we would want.

Orest Wowkodaw:

Thanks, Grant.

Grant Isaac:

Thank you, Orest.

Operator:

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

Lawson Winder:

Thanks very much, Operator. Good morning, everyone, and I extend a congratulations as well to Rachelle, Cory, and Alice.

I wanted to ask about the conversion market and just get your views on conversion spot pricing versus long-term pricing. We haven't seen the long-term conversion price move to the spot price the way that we've seen in the spot U308 market. Do you have a view on why that might be and what might cause that gap to close?

Grant Isaac:

The conversion market is very, very tight, for the simple reason that existing facilities are in care and maintenance. We have four Western facilities. Obviously, Cameco's Port Hope conversion facility, you've seen our guidance on that, we've pulled it back a little bit relative to what our 2024 initial target was; got a facility in the U.S., looks to be holding at 7,000 tonnes of conversion, but it's run at more in the past; you've got a French plant not running at its original design capacity, and an idle plant at Springfields. That's what's keeping real tightness in the conversion market. The conversion market is also one where, if you need a conversion today, there just isn't any kicking around. Uranium has a bit more option. There's producers in the uranium space that tend to be less disciplined, less focused on the long-term market.



Conversion doesn't really suffer from that. It really only has actors in it who sell on a term basis, so the conversion that you might say would be spot is just incredibly hard to come by. But it's not where the vast majority of the work is being done.

But let's not forget that the term price in conversion is at historic levels, and we expect that tail to continue because of the delays in getting all of the conversion producing centres up to full production in the Western world. Conversion has a very good tail of strength for the next little while, for sure, until more capacity comes on. But it's not really a spot market, so I wouldn't get too focused on thinking conversion's going to close with spots, but where conversion is sitting at right now, on a term basis, is historic and expected to continue.

Lawson Winder:

Okay, great. Thanks for the comments, Grant.

Also, wanted to get a sense of your views on M&A. In light of recent activity in the Athabasca Basin, as well as a view from Investment Canada that they will be approaching foreign acquirers with increased rigour, does this maybe open up a window for Cameco to look at potentially consolidating in the Athabasca Basin? I might front-run your answer and acknowledge that, obviously, Cameco doesn't need to do that, but there's always opportunities and chances to be opportunistic, and I would just like to get your views on that in particular.

Tim Gitzel:

Well, we always appreciate when analysts answer their own questions, so appreciate that, Lawson. You're right; you know what I'm going to say. You heard me earlier say that the best pounds on the planet are already in our portfolio, the McArthur River. If we took it up to full speed, it would be a 7 million pound increase. There's not another 7 million pound producing facility sitting out there waiting to go anywhere. That would be our first run. Then, we'd look at our tier-two assets that we have. Rabbit Lake is sitting there. We've got Wyoming, we've got Nebraska, that are on care and maintenance that we could bring on if the market calls for those pounds, and then we have our own greenfield projects as well.



I don't want to miss out GLE that we're working very hard on as well; that project down in the United States is very attractive to the U.S. utilities and U.S. government, and that goes back to Grant's last answer on conversion. If we get that going and start re-enriching those depleted tails, I mean, that brings uranium and conversion back to the market, so that's another option for us. I won't say we've made any decisions on that, but we're working on that project as well. So, we've got a stable, or a suite of projects that we'd love to get after our own. We're not looking for anybody else's. We're focused on our own assets.

Lawson Winder:

Thanks very much.

Tim Gitzel:

Yes, thanks, Lawson.

Operator:

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

Gordon Johnson:

Hey guys, thanks for taking the question.

Just taking a step back, a lot of the questions I had have been asked, but just looking at some of the positive news that's come out. You've had the—China lost the construction of a new, 1,250-megawatt reactor. You had Biden sign the ADVANCE Act. You had an SMR announced in Canada, in Saskatchewan, a number of positive news stories out of Europe with respect to advancing nuclear. Yet, prices seem to be stuck. I just wanted to get your thoughts on why that may be and what your outlook is near-term? Thank you.

Tim Gitzel:

Yes, I think we touched on it a bit already, Gordon, on the price situation, with the Russian Act in the U.S. and looking at waivers, and it's the doldrums of summer, a few things like that. Let me go back to the exciting part. We've never seen so much interest from utilities and



governments and policymakers, and the general public, for nuclear that we're seeing today. We were just listing before the call, the different countries that have committed to building new nuclear.

Grant and I were at COP28 in December of last year when, I think it was 30 countries came together that said they're going to triple, triple nuclear power. That theme has continued through about four other conferences we've been to since then. You're just seeing countries, whether it's Canada, Ontario, 18 new gigawatts of nuclear. We were down at the Vogtle opening a couple months ago, Secretary Granholm said, "Okay, nice, we're opening two new reactors. We need a 198 more in the U.S." That's the themes of what we're seeing around the world, so clearly, a lot of good news on the demand side. The old reactors coming back on; Duane Arnold in Iowa, I think, Palisades, TMI, Diablo Canyon, those ones are ready to go. They take a few years to bring them back, but they're not newbuild, new starts. Lots on that front.

On the uranium and the fuel supply side, as Grant mentioned, boy, lots of instability. We mentioned a few of the players. Niger, a place that I spent a lot of time at, a bit chaotic, I would say, for Orano and Global and GoviEx, and some of the companies that are in there are really having a tough time in there. Yes, I don't think it's anything that's long-lasting. I think the supply demand fundamentals are outstanding. I think there's something like 2 billion, or 2.2 billion pounds to be contracted between now and 2040, I think it is. That's a lot. That's an average of a 150 million, 160 million pounds every year and growing. No, we're not concerned at all about the fundamentals, or about a short-term depression in the price. We're still at historic prices. The term price, which is the price we watch, is very strong, so we're excited about the future.

Gordon Johnson:

Then, one last one if I could. Some of the naysayers out there, and bears, have argued that if/when prices fall, we could see some of the financial buyers step in and begin to sell product. Can you guys address that and give us your thoughts, and what that means?



Grant Isaac:

Yes. It's a phenomenon that we've seen before in the market. If you think about that '06, '07 price run-up, I would say the last marginal buyers were financial interests, and the first marginal sellers were financial interests. It's why we never go out of our way to support that.

What is different this time, though, is I think the orientation or commercial strategy of some of the big financial buyers. That is, to really look at uranium almost like a precious metal, and saying there's an intrinsic quality to an energy supply that will hold value. We haven't actually seen any evidence that some of the big holds or the big funds have any interest in selling, and we haven't seen any leakage out of those funds.

Now, there are some private holds, and that material does make it back into the market. I think maybe you could see a bit of material coming into the spot market as a result of that, but that doesn't change the fundamentals in any way. The fundamentals are still that the term demand is growing, as evidenced by the uncovered requirements. I would add to that, that uncovered requirements don't capture inventory building. We're starting to see very strong evidence of utilities beginning to build new inventory policies, both independent utilities, as well as sovereign buyers looking to acquire very significant volumes. Now, these are one-time, but they're going to hit at a very tight market as well.

If you look at the gap between supply and demand, there really isn't a pocket of uranium that is big enough to affect the fundamentals in any substantial way. It might create a bit of softness if it's all dumped into the spot market, then we'll quickly move through it and we're back on the fundamentals, because remember, as primary production is underperforming demand, we no longer have the shock absorbers of secondary supply that we used to have. This is a very constructive market, and I wouldn't be taking the bet. I wouldn't be taking the bear bet.

Gordon Johnson:

Thanks for the questions, guys.

Tim Gitzel:

Thank you.



Operator:

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

Brian MacArthur:

Good morning and let me start again by congratulating Alice on her retirement after all those years, and also Rachelle and Cory on their new positions. I'll have two quick questions in the interest of time; just on McArthur River. It obviously had a very good production quarter. Can I read into that, was that grade-related or something unique to the orebody, or is that actually starting to demonstrate—and there's always been flexibility—the potential of the mine? You talked about being licensed for '25. Is then the bottleneck to get up there the mill versus the mine?

My second question goes back to the statement saying costs are similar, potentially, based on a whole bunch of assumptions, I get it, between Kazakhstan and Northern Saskatchewan right now. Are we talking, when you do that, just out of curiosity, what sort of price are you basing that at? Because I assume it compares costs in the Northern mines, including graduated royalties versus royalties in Kazakhstan. Thanks.

Tim Gitzel:

Thank you, Brian.

On the operational front, let me turn it over to Brian Reilly, our Chief Operating Officer. Then Grant, maybe you can chip in on the cost comparison.

Brian, just on the operations at McArthur Key.

Brian Reilly:

Sure. Thanks, Tim.

Brian, great question. Let me just say it's all about the mill, Brian. This is not a great issue in terms of mine production, and Tim alluded to this. For the past, I would say, the past two



quarters, we have this mill running at steady-state, Brian. Those investments we made in digitization, automation, robotics, they're starting to pay dividends now, so we're seeing the results of those investments, Brian. This is all about the mill operating at a very high level at the moment.

Tim Gitzel:

Grant?

Grant Isaac:

Yes, and Brian, more to come. As Tim mentioned, we're evaluating the proposed tax increase and its implementation, and there are a number of assumptions that need to go into it. But the comment was more of a general comment that, if you look on sort of an average unit cost of sales basis that rolls in things like taxes and royalties, that cost advantage in Kazakhstan seems to be gone. Yet, it's a higher-risk jurisdiction. The benefit to a McArthur and a Cigar and a Rabbit, and our U.S. assets, is clearly in Cameco's favour.

Brian MacArthur:

Great. Thanks very much.

Tim Gitzel:

Thank you, Brian.

Operator:

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

Tim Gitzel:

Thank you very much, Gaylene, and thanks to everyone who joined us today.

As Cory noted in the intro, if you have any detailed questions or follow-up you want on the second quarter results, or any questions that we didn't get a chance to answer today, please send those in and we will be absolutely happy to address them directly.



We're a responsible commercial supplier with a strong balance sheet, long-lived tier-one assets and a proven operating track record. We're invested across the nuclear fuel and reactor lifecycles, and believe we have the right strategy to achieve our vision of energizing a clean-air world, and we'll do so in a manner that reflects our values. Embedded in all our decisions is a commitment to address the risks and opportunities that we believe will make our business sustainable over the long-term.

Thank you all again for joining us today. Stay safe and healthy and have a great day. Thank you.

Operator:

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