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NYSE: CCJ



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Cameco reports first quarter financial results

- strong first quarter sales and average realized price in our uranium segment
- uranium production and sales outlook reconfirmed
- mining activities now underway at Cigar Lake
- McClean Lake mill modifications proceeding; mill will not begin processing ore in Q2
- completed the sale of our interest in Bruce Power Limited Partnership

Saskatoon, Saskatchewan, Canada, April 29, 2014

Cameco (TSX: CCO; NYSE: CCJ) today reported its consolidated financial and operating results for the first quarter ended March 31, 2014 in accordance with International Financial Reporting Standards (IFRS).

“We saw strong first quarter results compared to 2013,” said president and CEO, Tim Gitzel, “driven by higher uranium deliveries and realized prices, and the sale of our interest in Bruce Power Limited Partnership. Our operations continued to perform well, with the highlight being the startup of production at the Cigar Lake mine.

“As an industry, we saw positive signs in Japan, where a new energy policy confirmed that nuclear power will remain an important source of energy. However, that news did not change our view of the current market, where excess supply and discretionary demand for uranium products has resulted in further downward pressure on the uranium price. While we do not expect improvement in the near to medium term, the long-term outlook for the industry remains strong, and we’re making efficient use of our resources to be ready for that future growth.”

HIGHLIGHTS (\$ MILLIONS EXCEPT WHERE INDICATED)	THREE MONTHS ENDED MARCH 31		
	2014	2013	CHANGE
Revenue	419	444	(6)%
Gross profit	108	95	14%
Net earnings attributable to equity holders	131	9	1,356%
\$ per common share (diluted)	0.33	0.02	1,550%
Adjusted net earnings (non-IFRS, see page 3)	36	27	33%
\$ per common share (adjusted and diluted)	0.09	0.07	29%
Cash provided by continuing operations (after working capital changes) ¹	7	241	(97)%

¹ For comparison purposes, our results have been revised to exclude BPLP. The impact of BPLP is shown separately as a discontinued operation.

FIRST QUARTER

Net earnings attributable to equity holders (net earnings) this quarter were \$131 million (\$0.33 per share diluted) compared to \$9 million (\$0.02 per share diluted) in the first quarter of 2013. In addition to the items noted below, our net earnings were affected by a gain on the sale of our interest in BPLP of \$127 million, offset by mark-to-market losses on foreign exchange derivatives.

On an adjusted basis, our earnings this quarter were \$36 million (\$0.09 per share diluted) compared to \$27 million (\$0.07 per share diluted) (non-IFRS measure, see page 3) in the first quarter of 2013. The change was mainly due to higher earnings from our uranium segment based on higher sales volumes and higher realized

prices, partially offset by an early termination fee of \$18 million incurred as a result of the cancellation of our toll conversion agreement with Springfields Fuels Ltd. (SFL), which was to expire in 2016.

See *Financial results by segment* on page 6 for more detailed discussion.

Uranium market update

In the first quarter of 2014, market conditions continued along the same trend as in 2013. Contracted volumes remained low, putting further downward pressure on both spot and long-term uranium prices. On the supply side, production cutbacks and project deferrals have contributed positively to long-term fundamentals, but for the near term, the market continues to be adequately supplied. Utilities remain well covered and we expect little improvement over the near to medium term.

While there has been no fundamental change to market conditions, there have been developments that solidify the positive long-term outlook, including the approval of a new energy policy in Japan that confirms nuclear power will remain an important electricity source for the country. In addition, the Nuclear Regulatory Authority continued to clarify the process for utilities to begin restarting the country's idled nuclear reactors. While the initial restarts will be a positive development, we expect it will take some time for a significant number of reactors to resume operations, and for the inventory that has built up since 2011 to clear.

Long-term fundamentals remain positive as nuclear growth continues to progress around the world. Approximately 70 new reactors are under construction, and we expect a net increase of 93 reactors over the next 10 years, which is expected to drive an increase in annual uranium consumption from today's 170 million pounds to about 240 million pounds. This demand fundamental combined with the timing, development and execution of new supply projects and the continued performance of existing supply will determine the pace of market recovery.

Outlook for 2014

Our strategy is to profitably produce at a pace aligned with market signals, while maintaining the ability to respond to conditions as they evolve.

Our outlook for 2014 reflects the expenditures necessary to help us achieve our strategy. Our outlook for uranium revenue and consolidated revenue, as well as our production outlook for fuel services has changed, and is explained below. We do not provide an outlook for the items in the table that are marked with a dash.

See *2014 Financial results by segment* on page 6 for details.

2014 FINANCIAL OUTLOOK

	CONSOLIDATED	URANIUM	FUEL SERVICES	NUKEM
Production	-	23.8 to 24.3 million lbs	12 to 13 million kgU	-
Sales volume	-	31 to 33 million lbs	Decrease 5% to 10%	9 to 11 million lbs U ₃ O ₈
Revenue compared to 2013	Increase 5% to 10%	Increase 5% to 10% ¹	Decrease 5% to 10%	Increase 0% to 5%
Average unit cost of sales (including D&A)	-	Increase 0% to 5% ²	Increase 0% to 5%	Increase 0% to 5%
Direct administration costs compared to 2013 ³	Increase 0% to 5%	-	-	Increase 0% to 5%
Exploration costs compared to 2013	-	Decrease 35% to 40%	-	-
Tax rate	Recovery of 30% to 35%	-	-	Expense of 30% to 35%
Capital expenditures	\$495 million	-	-	-

¹ Based on a uranium spot price of \$30.75 (US) per pound (the Ux spot price as of April 28, 2014), a long-term price indicator of \$45.00 (US) per pound (the Ux long-term indicator on April 28, 2014) and an exchange rate of \$1.00 (US) for \$1.08 (Cdn).

² This increase is based on the unit cost of sale for produced material and committed long-term purchases. If we make discretionary purchases in 2014, then we expect the overall unit cost of sales to increase further.

³ Direct administration costs do not include stock-based compensation expenses.

We now expect an increase of 5% to 10% for sales revenue in our uranium segment (previously an increase of up to 5%) due to the impact of the strengthening US dollar. The consolidated revenue will increase by 5% to 10% as well (previously up to 5%) due to the impact of the uranium revenue increase.

We now expect production in our fuel services segment to be 12 million to 13 million kgU (down from previously reported 13 million to 14 million kgU) due to the cancellation of our toll conversion contract with SFL, which was included in the previously reported production amount.

In our uranium and fuel services segments, our customers choose when in the year to receive deliveries, so our quarterly delivery patterns, sales volumes and revenue can vary significantly. We expect our uranium deliveries for the second quarter will be greater than the first quarter. Uranium sales are relatively balanced for the remainder of 2014. However, not all delivery notices have been received to date, which could alter the delivery pattern. Typically, we receive notices six months in advance of the requested delivery date.

SENSITIVITY ANALYSIS

For the rest of 2014:

- a change of \$5 (US) per pound in both the Ux spot price (\$30.75 (US) per pound on April 28, 2014) and the Ux long-term price indicator (\$45.00 (US) per pound on April 28, 2014) would change revenue by \$58 million and net earnings by \$35 million
- a one-cent change in the value of the Canadian dollar versus the US dollar would effectively change revenue by \$7 million and adjusted net earnings by \$3 million, with a decrease in the value of the Canadian dollar versus the US dollar having a positive impact. This sensitivity is based on an exchange rate of \$1.00 (US) for \$1.00 (Cdn).

PURCHASE COMMITMENTS

During the first quarter, our purchase commitments increased due to the signing of new long-term purchase commitments, which we believe will be beneficial for us as they have been in the past. The increase was partially offset by the termination of our agreement with SFL.

As of March 31, 2014, we had commitments of about \$1.6 billion (Cdn) for the following:

- approximately 29 million pounds of U₃O₈ equivalent from 2014 to 2028
- approximately 7 million kgU as UF₆ in conversion services from 2014 to 2017, including about 4 million kgU to complete our 2014 obligations to SFL under the terminated agreement
- over 1.2 million Separative Work Units (SWU) of enrichment services to meet existing forward sales commitments under agreements with a non-Western supplier

See *Purchase commitments* in our first quarter MD&A for more information.

ADJUSTED NET EARNINGS (NON-IFRS MEASURE)

Adjusted net earnings 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 more 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 better 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 been adjusted for pre-tax adjustments on derivatives, income taxes on adjustments, and the after tax gain on the sale of our interest in BPLP.

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 table below reconciles adjusted net earnings with our net earnings.

(\$ MILLIONS)	THREE MONTHS ENDED MARCH 31	
	2014	2013
Net earnings attributable to equity holders	131	9
Adjustments		
Adjustments on derivatives ¹ (pre-tax)	44	25
Income taxes on adjustments	(12)	(7)
Gain on interest in BPLP (after tax)	(127)	-
Adjusted net earnings	36	27

¹ We do not apply hedge accounting for our portfolio of foreign currency forward sales contracts. However, we have adjusted our gains or losses on derivatives to reflect what our earnings would have been had hedge accounting been in place.

DISCONTINUED OPERATION

On March 27, 2014, we completed the sale of our 31.6% limited partnership interest in BPLP. The aggregate sale price for our interest in BPLP and certain related entities was \$450 million. The sale has been accounted for effective January 1, 2014. We realized an after tax gain of \$127 million on this divestiture. See note 4 to our first quarter interim financial statements for more information.

CRA DISCLOSURE

As previously reported, since 2008, the Canada Revenue Agency (CRA) has disputed the offshore marketing company structure and related transfer pricing methodology we used for certain intercompany uranium sale and purchase agreements, and issued notices of reassessment for our 2003 through 2008 tax returns. We continue to believe the ultimate resolution of this matter will not be material to our financial position, results of operations and cash flows in the year(s) of resolution. We are updating our disclosure on the CRA case to reflect the CRA's intention to accelerate the frequency of reassessments.

Transfer pricing is a complex area of tax law, and it is difficult to predict the outcome of a case like ours as there are only a handful of reported court decisions on transfer pricing in Canada. However, tax authorities generally test two things:

- the governance (structure)
- the price

The majority of our customers are located outside Canada and we established an offshore marketing subsidiary. This subsidiary entered into intercompany purchase and sales agreements as well as uranium supply agreements with third parties. We have arm's-length transfer price arrangements in place, which expose both parties to the risks and the rewards accruing to them under this portfolio of purchase and sales contracts.

With respect to the contract prices, they are generally comparable to those established in sales contracts between arm's-length buyers and sellers entered into at that time. We have recorded a cumulative tax provision of \$75 million, where an argument could be made that our transfer price may have fallen outside of an appropriate range of pricing in uranium contracts for the period from 2003 to March 31, 2014.

We are confident that we will be successful in our case; however, for the years 2003 through 2008, CRA issued notices of reassessment for approximately \$2.0 billion of additional income for Canadian tax purposes, which would result in a related tax expense of about \$590 million. The Canadian Income Tax Act includes provisions that require larger companies like us to pay 50% of the cash tax plus related interest and penalties at the time of reassessment. To date, under these provisions, after applying elective deductions and tax loss carryovers, we have been required to pay a net amount of \$117 million to CRA, which includes the amounts shown in the table below.

YEAR (\$ MILLIONS)	CASH TAXES	INTEREST AND INSTALMENT PENALTIES	TRANSFER PRICING PENALTIES	TOTAL
Prior to 2013	-	13	-	13
2013	1	9	36	46
2014	28	30	-	58
Total	29	52	36	117

Using the methodology we believe CRA will continue to apply, and including the \$2.0 billion already reassessed, we expect to receive notices of reassessment for a total of approximately \$5.7 billion of additional income as taxable in Canada for the years 2003 through 2013, which would result in a related tax expense of approximately \$1.6 billion. As well, CRA may continue to apply transfer pricing penalties to taxation years subsequent to 2007. As a result, we estimate that cash taxes and transfer pricing penalties would be between \$1.25 billion and \$1.3 billion. In addition, we estimate there would be interest and instalment penalties applied that would be material to us. We would be responsible for remitting 50% of the cash taxes and transfer pricing penalties (between \$625 million and \$650 million), plus related interest and instalment penalties assessed, which would be material to us.

Under the Canadian federal and provincial tax legislation, the amount required to be remitted each year will depend on the amount of income reassessed in that year and the availability of elective deductions and tax loss carryovers. CRA has indicated that they intend to accelerate the frequency of reassessments related to the transfer pricing adjustments. Their audit of 2009 has been completed and we have received proposed adjustments to 2009 taxable income which are calculated in a manner consistent with prior years. We expect the reassessment for the 2009 taxation year to be issued in the second quarter of 2014, rather than in the fourth quarter as was the case for previous years. In addition, we believe CRA may complete their audit of 2010 and issue the resulting reassessment in 2014 as well. The estimated amounts summarized in the table below reflect this expected accelerated schedule.

\$ MILLIONS	2003 - 2013	2014 ²	2015 - 2016	2017 - 2023	TOTAL
50% of cash taxes and transfer pricing penalties payable in the period ¹	37	115 - 135	450 - 475	0 - 25	625 - 650

¹ These amounts do not include interest and instalment penalties, which totaled approximately \$52 million to March 31, 2014.

² These amounts include \$28 million already paid in 2014.

In light of our view of the likely outcome of the case as described above, we expect to recover the amounts remitted to CRA, including the \$117 million already paid to date.

The case on the 2003 reassessment is expected to go to trial in 2015. If this timing is adhered to, we expect to have a Tax Court decision by 2016.

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, including the amounts of future additional taxable income, additional tax expense, cash taxes payable, transfer pricing penalties, and interest and possible instalment penalties thereon and related remittances, and timing of a Tax Court decision, 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 10 and also on the more specific assumptions and risks listed below. Actual outcomes may vary significantly.

Assumptions

- CRA will reassess us for the years 2009 through 2013 using a similar methodology as for the years 2003 through 2008, and the reassessments will be issued on an accelerated basis as described above
- we will be able to apply elective deductions and tax loss carryovers to the extent anticipated
- CRA will seek to impose transfer pricing penalties (10% of the income adjustment) in addition to interest charges and instalment penalties
- we will be substantially successful in our dispute with CRA and the cumulative tax provision of \$75 million to date will be adequate to satisfy any tax liability resulting from the outcome of the dispute to date

Material risks that could cause actual results to differ materially

- CRA reassesses us for years 2009 through 2013 using a different methodology than for years 2003 through 2008, or we are unable to utilize elective deductions and loss carryovers to the same extent as anticipated, resulting in the required cash payments to CRA pending the outcome of the dispute being higher than expected
- the time lag for the reassessments for each year is different than we currently expect
- we are unsuccessful and the outcome of our dispute with CRA results in significantly higher cash taxes, interest charges and penalties than the amount of our cumulative tax provision, which could have a material adverse effect on our liquidity, financial position, results of operations and cash flows
- cash tax payable increases due to unanticipated adjustments by CRA not related to transfer pricing

Financial results by segment

Uranium

HIGHLIGHTS	THREE MONTHS ENDED MARCH 31		CHANGE
	2014	2013	
Production volume (million lbs)	5.7	5.9	(3)%
Sales volume (million lbs)	6.9	5.1	35%
Average spot price (\$US/lb)	34.94	42.71	(18)%
Average long-term price (\$US/lb)	48.67	56.50	(14)%
Average realized price			
(\$US/lb)	46.60	48.42	(4)%
(\$Cdn/lb)	50.58	48.25	5%
Average unit cost of sales (\$Cdn/lb) (including D&A)	33.30	31.90	4%
Revenue (\$ millions)	348	247	41%
Gross profit (\$ millions)	119	84	42%
Gross profit (%)	34	34	-

FIRST QUARTER

Production volumes this quarter were 3% lower compared to the first quarter of 2013 due, mainly, to lower production at Rabbit Lake. See *Operations updates* starting on page 9 for more information.

Uranium revenues were up 41% due to a 35% increase in sales volumes and a 5% increase in the Canadian dollar average realized price. Sales in the first quarter were higher than anticipated at the end of 2013 due to a change in the timing of deliveries during the quarter, which can vary significantly and are driven by customer requests.

Our realized prices this quarter were higher than the first quarter of 2013, primarily as a result of the weakening of the Canadian dollar. In the first quarter of 2014, the exchange rate on the average realized price was \$1.00 (US) for \$1.09 (Cdn) over the quarter, compared to \$1.00 (US) for \$1.00 (Cdn) in the first quarter of 2013.

Total cost of sales (including D&A) increased by 40% (\$229 million compared to \$163 million in 2013). This was mainly the result of a 35% increase in sales volumes and an increase in non-cash costs. In the first quarter of 2014, total non-cash costs were \$48 million compared to \$20 million in the first quarter of 2013 due to the completion of a number of capital projects at our various production facilities. Upon project completion, we begin to depreciate the asset, which increases the non-cash portion of our production costs.

Additionally, in the first quarter, our cost of purchased material was higher than the average spot price for the quarter and higher than in the first quarter of 2013. We had back-to-back purchase and sale arrangements that, while profitable, required we purchase material at a price higher than the current spot price.

The net effect was a \$35 million increase in gross profit for the quarter.

The table on the following page 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 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 MARCH 31		CHANGE
	2014	2013	
Produced			
Cash cost	20.82	19.12	9%
Non-cash cost	10.55	8.44	25%
Total production cost	31.37	27.56	14%
Quantity produced (million lbs)	5.7	5.9	(3)%
Purchased			
Cash cost	42.18	33.44	26%
Quantity purchased (million lbs)	1.3	2.3	(43)%
Totals			
Produced and purchased costs	33.38	29.21	14%
Quantities produced and purchased (million lbs)	7.0	8.2	(15)%

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 first quarters of 2014 and 2013.

CASH AND TOTAL COST PER POUND RECONCILIATION

(\$ MILLIONS)	THREE MONTHS ENDED MARCH 31		CHANGE
	2014	2013	
Cost of product sold	180.9	144.0	26%
Add / (subtract)			
Royalties	(14.2)	(14.4)	(1)%
Standby charges	(9.3)	(8.1)	15%
Other selling costs	(2.4)	2.8	(186)%
Change in inventories	18.5	65.4	(72)%
Cash operating costs (a)	173.5	189.7	(9)%
Add / (subtract)			
Depreciation and amortization	48.3	19.5	148%
Change in inventories	11.9	30.3	(61)%
Total operating costs (b)	233.7	239.5	(2)%
Uranium produced & purchased (million lbs) (c)	7.0	8.2	(15)%
Cash costs per pound (a ÷ c)	24.79	23.14	7%
Total costs per pound (b ÷ c)	33.38	29.21	14%

Fuel services

(includes results for UF₆, UO₂ and fuel fabrication)

HIGHLIGHTS	THREE MONTHS ENDED MARCH 31		
	2014	2013	CHANGE
Production volume (million kgU)	4.0	4.7	(15)%
Sales volume (million kgU)	1.8	3.4	(47)%
Average realized price (\$Cdn/kgU)	22.41	19.60	14%
Average unit cost of sales (\$Cdn/kgU) (including D&A)	21.36	16.27	31%
Revenue (\$ millions)	40	66	(39)%
Gross profit (\$ millions)	2	11	(82)%
Gross profit (%)	5	17	(71)%

FIRST QUARTER

Total revenue decreased by 39% due to a 47% decrease in sales volumes, offset by a 14% increase in realized price.

The total cost of products and services sold (including D&A) decreased by 31% (\$38 million compared to \$55 million in the first quarter of 2013) due to the decrease in sales volumes, partially offset by an increase in the average unit cost of sales. When compared to 2013, the average unit cost of sales was 31% higher due to the mix of fuel services products sold and lower UF₆ production.

The net effect was a \$9 million decrease in gross profit.

NUKEM

(\$ MILLIONS EXCEPT WHERE INDICATED)	THREE MONTHS ENDED MARCH 31		
	2014	2013	CHANGE
Uranium sales (million lbs)	0.7	2.3	(70)%
Revenue	32	131	(76)%
Cost of product sold (including D&A)	35	127	(72)%
Gross profit (loss)	(3)	4	(175)%
Net loss	(7)	(3)	(133)%
Adjustments on derivatives ¹	1	2	(50)%
Adjusted net loss	(6)	(1)	(500)%

¹ Adjustments relate to unrealized gains and losses on foreign currency forward sales contracts (non-IFRS measure, see page 3).

FIRST QUARTER

During the first three months of 2014, NUKEM delivered 0.7 million pounds of uranium, a decline of 1.6 million pounds (70%) due to timing of customer requirements. NUKEM revenues amounted to \$32 million as a result of the decline in deliveries and a lower realized price.

Gross loss amounted to \$3 million, a decline of \$7 million compared to the first quarter of 2013. Included in the gross loss for the quarter is a \$6 million write-down of inventory, as a result of a further decline in the spot price that caused the carrying values of certain quantities to exceed their estimated net realizable value.

While sales were significantly lower in the current year, excluding the effects of the inventory write-down, they were at higher margins. On a percentage basis, gross profits were 9% in the first quarter of 2014 compared to 3% in same period last year.

Adjusted net loss for the first three months of 2014 was \$6 million, compared to a loss of \$1 million in 2013.

Operations updates

URANIUM PRODUCTION

CAMECO'S SHARE (MILLION LBS)	THREE MONTHS ENDED MARCH 31		CHANGE	2014 PLAN
	2014	2013		
McArthur River/Key Lake	3.8	3.5	9%	13.1
Rabbit Lake	0.5	1.1	(55)%	4.1
Smith Ranch-Highland	0.5	0.3	67%	2.0
Crow Butte	0.2	0.2	-	0.6
Inkai	0.7	0.8	(13)%	3.0
Cigar Lake	-	-	-	1.0 - 1.5
Total	5.7	5.9	(3)%	23.8 - 24.3

McArthur River/Key Lake

Production for the quarter was 9% higher compared to the same period last year due to efficiency and reliability improvements at the Key Lake mill.

We have begun developing the next freeze wall in zone 4. Freezing of zone 4 north is underway, and production from the area is expected to begin this year.

At McArthur River, the Canadian Nuclear Safety Commission has approved an increase of our licence production limit to 21 million pounds (100% basis) per year from the mine. However, the current annual mill production licence limit at Key Lake remains at 18.7 million pounds (100% basis).

As part of our Key Lake extension environmental assessment (EA), we are seeking approval to increase Key Lake's nominal annual production rate to 25 million pounds and to increase our tailings capacity. A public review and comment period for the EA concluded in February and a regulatory decision is expected this year.

The current collective agreements with unionized employees at McArthur River and Key Lake expired on December 31, 2013. Bargaining began in November, 2013 and is ongoing. There is risk to production if we are unable to reach an agreement and a work stoppage occurs.

Cigar Lake

In the first quarter, we announced the start of mine production at Cigar Lake. The jet boring system is performing as expected and six ore cavities have been mined to date. The ore is routinely transported to the McClean Lake site where it is being stored for processing.

AREVA has made good progress on modifications to the McClean Lake mill, and reports the following:

- the ore receiving systems have been commissioned and more than 350 tonnes of ground ore slurry has been shipped from the Cigar Lake mine and loaded into storage tanks at the mill
- an expanded ore slurry storage facility has been completed, including receipt of regulatory approvals
- engineering work related to the mill modifications has been completed, all materials have been ordered and key long-lead items have been received, and a detailed commissioning plan has been prepared
- contractors are on site and the construction is actively progressing

The necessary time to complete all related construction work (installing pumps, pipes, electrical and instrumentation), and commissioning of the new components and the process circuit with water to ensure the systems function as designed, has led AREVA to advise us that the mill will not begin processing ore by the end of the second quarter.

Additionally, AREVA has advised us that work is in progress at McClean Lake to double the mill's current capacity of 1 million pounds per month in order to process Cigar Lake's full production, as it is expected to ramp up to 18 million pounds per year by 2018.

We expect to produce 2 million to 3 million packaged pounds (100% basis) in 2014, depending on the mill startup and rampup, as well as the continued success of mining operations at Cigar Lake.

Inkai

Production was 13% lower compared to the first quarter of 2013. An abnormally heavy snowfall and rapid spring melt made it difficult to deliver reagents and access the operating wellfields.

Heavy spring snow melt in the Sozak region of Kazakhstan has resulted in flooding and damage to the access roads that are used to deliver reagents and supplies to several uranium mines. The impact on production at Inkai was minimal, and based on our plans to construct new wellfields, we remain on track for annual production of 3.0 million pounds U₃O₈ (our share).

FUEL SERVICES

Fuel services produced 4.0 million kgU in the first quarter, 15% lower than the same period last year. We decreased our production target in 2014 to between 12 million and 13 million kgU, so quarterly production is anticipated to be lower than comparable periods in 2013.

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

- David Bronkhorst, vice-president, mining and technology, Cameco

Inkai

- Ken Gullen, technical director, international, Cameco

Cigar Lake

- Scott Bishop, principal mine engineer, technology group, Cameco

CAUTION ABOUT FORWARD-LOOKING INFORMATION

This document 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 securities laws. We refer to them in this document as *forward-looking information*.

Key things to understand about the forward-looking information in this document:

- It typically includes words and phrases about the future, such as: anticipate, believe, estimate, expect, plan, will, intend, goal, target, forecast, project, strategy and outlook (see examples below).
- It represents our current views, and can change significantly.
- It is based on a number of material assumptions, including those we have listed on page 11, which may prove to be incorrect.
- Actual results and events may be significantly different from what we currently expect, due to the risks associated with our business. We list a number of these material risks on page 11. We recommend you also review our annual information form and annual and first quarter MD&A, which include 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 document

- our expectations about 2014 and future global uranium supply, consumption, demand and number of new reactors, including the discussion under the heading *Uranium market update*
- our consolidated outlook for the year and the outlook for our operating segments for 2014
- our expectations for uranium deliveries in the second quarter and uranium sales for the balance of 2014
- the discussion of our expectations relating to our tax dispute with Canada Revenue Agency (CRA), including our estimate of the amount and timing of expected cash taxes and transfer pricing penalties payable to CRA

- our future plans and expectations for each of our uranium operating properties and fuel services operating sites
- our plan for 2 million to 3 million packaged pounds (100% basis) in 2014 from milling Cigar Lake ore at AREVA's McClean Lake mill

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 or loss of market share to a competitor
- we are adversely affected by changes in foreign currency exchange rates, interest rates or tax rates
- our production costs are higher than planned, or necessary supplies are not available, or not available on commercially reasonable terms
- our estimates of production, purchases, costs, decommissioning or reclamation expenses, or our tax expense estimates, prove to be inaccurate
- we are unable to enforce our legal rights under our existing agreements, permits or licences
- we are subject to litigation or arbitration that has an adverse outcome, including lack of success in our dispute with CRA
- there are defects in, or challenges to, title to our properties
- our mineral reserve and resource estimates are not reliable, or we face unexpected or challenging geological, hydrological or mining conditions
- we are affected by environmental, safety and regulatory risks, including increased regulatory burdens or delays
- we cannot obtain or maintain necessary permits or approvals from government authorities
- we are affected by political risks in a developing country where we operate
- we are affected by terrorism, sabotage, blockades, civil unrest, social or political activism, accident or a deterioration in political support for, or demand for, nuclear energy
- 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
- there are changes to government regulations or policies that adversely affect us, including tax and trade laws and policies
- our uranium and conversion suppliers fail to fulfil delivery commitments
- our Cigar Lake mining or production plans are delayed or do not succeed, including as a result of any difficulties with the jet boring mining method or freezing the deposit to meet production targets, or any difficulties with the McClean Lake mill modifications or commissioning or milling of Cigar Lake ore, or our inability to acquire any of the required jet boring equipment
- our McArthur River development, mining or production plans are delayed or do not succeed for any reason
- we are affected by natural phenomena, including inclement weather, fire, flood and earthquakes
- our operations are disrupted due to problems with our own or our 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 (including an inability to renew agreements with unionized employees at McArthur River and Key Lake), strikes or lockouts, underground floods, cave-ins, ground movements, tailings dam failures, transportation disruptions or accidents, or other development and operating risks

Material assumptions

- our expectations regarding sales and purchase volumes and prices for uranium and fuel services
- our expectations regarding the demand for uranium, the construction of new nuclear power plants and the relicensing of existing nuclear power plants not being more adversely affected than expected by changes in regulation or in the public perception of the safety of nuclear power plants
- our expected production level and production costs
- the assumptions regarding market conditions upon which we have based our capital expenditures expectations
- our expectations regarding spot prices and realized prices for uranium
- our expectations regarding tax rates and payments, foreign currency exchange rates and interest rates
- our expectations about the outcome of the dispute with CRA
- our decommissioning and reclamation expenses
- our mineral reserve and resource estimates, and the assumptions upon which they are based, are reliable
- the geological, hydrological and other conditions at our mines
- our Cigar Lake mining and production plans succeed, including the additional jet boring equipment is acquired on schedule, the jet boring mining method works as anticipated and the deposit freezes as planned
- mill modifications and commissioning of the McClean Lake mill are completed as planned and the mill is able to process Cigar Lake ore as expected, including our expectation of processing 2 million to 3 million packaged pounds (100% basis) in 2014
- our McArthur River development, mining and production plans succeed
- our ability to continue to supply our products and services in the expected quantities and at the expected times

- our ability to comply with current and future environmental, safety and other regulatory requirements, and to obtain and maintain required regulatory approvals
 - our operations are not significantly disrupted as a result of political instability, nationalization, terrorism, sabotage, blockades, civil unrest, breakdown, natural disasters, 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 (including an inability to renew agreements with unionized employees at McArthur River and Key Lake), strikes or lockouts, underground floods, cave-ins, ground movements, tailings dam failure, lack of tailings capacity, transportation disruptions or accidents or other development or operating risks

Quarterly dividend notice

We announced today that our board of directors approved a quarterly dividend of \$0.10 per share on the outstanding common shares of the corporation that is payable on July 15, 2014, to shareholders of record at the close of business on June 30, 2014.

Conference call

We invite you to join our first quarter conference call on Tuesday, April 29th, 2014 at 1:00 p.m. Eastern.

The call will be open to all investors and the media. To join the call, please dial (866) 223-7781 (Canada and US) or (416) 340-2216. An operator will put your call through. A live audio feed of the conference call will be available from a link at cameco.com. See the link on our home page on the day of the call.

A recorded version of the proceedings will be available:

- on our website, cameco.com, shortly after the call
- on post view until midnight, Eastern, May 30, 2014 by calling (800) 408-3053 (Canada and US) or (905) 694-9451 (Passcode 9624310#)

Additional information

You can find a copy of our first quarter MD&A and interim financial statements on our website at cameco.com, on SEDAR at sedar.com and on EDGAR at sec.gov/edgar.shtml.

Additional information, including our 2013 annual management's discussion and analysis, annual audited financial statements and annual information form, is available on SEDAR at sedar.com, on EDGAR at sec.gov/edgar.shtml and on our website at cameco.com.

Profile

We are one of the world's largest uranium producers, a significant supplier of conversion services and one of two CANDU fuel manufacturers in Canada. Our competitive position is based on our controlling ownership of the world's largest high-grade reserves and low-cost operations. Our uranium products are used to generate clean electricity in nuclear power plants around the world. We also explore for uranium in the Americas, Australia and Asia. Our shares trade on the Toronto and New York stock exchanges. Our head office is in Saskatoon, Saskatchewan.

As used in this news release, the terms we, us, our, the Company and Cameco mean Cameco Corporation and its subsidiaries; including NUKEM GmbH, unless otherwise indicated.

- End -

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