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PRESENTATION

Operator

Good morning, ladies and gentlemen. Welcome to the Cameco Corporation Fourth Quarter and Year End Results Conference Call. I would now like to turn the meeting over to Mr. Bob Lillie, Director, Investor Relations. Please go ahead, Mr. Lillie.

Bob Lillie, Director, Investor Relations

Thank you, operator, and good morning everyone. Welcome to Cameco's fourth quarter conference call to discuss the financial results. Thank you for joining us.

With us today are four of Cameco's senior executives. They are Jerry Grandey, President and CEO; Kim Goheen, Senior Vice-President and CFO; George Assie, Senior Vice-President, Marketing and Business Development; and Tim Gitzel, Senior Vice-President and Chief Operating Officer. Jerry will open the call with comments on Cameco's operating results and updates on our operations, development projects, and global markets. Then we'll open it up for your questions.

Today's conference call is open to all members of the investment community, including the media. During the Q&A session please ask one question plus one follow-up if needed.

Please note that this conference call will include forward-looking information which is based on a number of assumptions and actual results could differ materially. Please refer to our annual information form and MD&A for more information about the factors that could cause these different results and the assumptions we have made.

With that I'll turn it over to Jerry.

Jerry Grandey, President & Chief Executive Officer

Okay. Thank you, Bob, and welcome to all that have joined us today to discuss Cameco's fourth quarter and annual results.

With a global economic recovery that has been slow in starting not everyone has reported 2009 as positive, but for Cameco 2009 was a very good year. It was a year which saw a new record for revenue, a 30 percent increase in cash from operations, and production success from each of our operating assets.

The second to the last day of 2009 saw the successful exit from the gold business. This allowed Cameco to enter 2010 as a pure-play nuclear energy investment. This long anticipated milestone was in keeping with Cameco's vision of being a dominant nuclear energy company producing uranium fuel and generating clean electricity.

We intend to retain and strengthen our leading position as a trusted supplier to utilities around the globe and our goal is to double our annual uranium production to help fuel the nuclear renaissance. We have said doubling our production can be achieved by building upon our existing foundation, a strong and diversified mineral asset base that we have developed over the past decade at locations around the world.

In 2009 our internal program to strengthen operations at existing mines paid dividends. Output from each and every one of our five operating mines surpassed their production levels of 2008 and either met or exceeded their forecast production for 2009. A few examples tell the story:

At McArthur River new milestones were achieved in the mine's development. The extensive preparation work, including the innovative freeze wall development required for mining the next two zones, was successfully completed. We expect these two zones will now provide access for ore for the next ten years. This demonstrates our ever increasing understanding of how to operate within the challenging geology of the Athabasca basin while achieving our production forecast from existing zones.

At Key Lake a well planned and executed mill maintenance shutdown taken last spring allowed uninterrupted production for the remainder of 2009. As a result, Key Lake took advantage of the new flex production provisions within our license and this added another 200,000 pounds to Cameco's share to close out the year.

At Rabbit Lake consistent production continued as the Eagle Point mine entered new development areas with exploration continuing to identify resources that hold the promise of an extended mine life.

Production goals were exceeded at our U.S. in situ recovery operations and the ramp up of production at our Inkai joint venture occurred at a pace greater than what was anticipated. Inkai is on track to reach its initial license limit by 2011.

In fuel services we saw both increased realized prices for conversion services and higher production as our Port Hope facility returned to steady operations in the last half of the year.

And at Cigar Lake our systematic and deliberate approach to remediation was evident. The dewatering phase is over. Now that we can walk through the 480-metre level we are in a position to assess the condition of the underground workings. After that we will undertake the final stages of remediation before we resume development work. After reviewing our progress and successes thus far, the regulator, in December, approved a new four-year license for Cigar Lake. This approval coincides with our own increasing confidence as we move toward production in mid 2013. In the coming weeks we will release the detailed technical report on Cigar Lake that will provide further clarity on our plans to mine this extremely valuable deposit. Bringing Cigar Lake into production remains a cornerstone of our goal of doubling Cameco's uranium output. We intend to produce 40 million pounds before this decade is out.

World uranium supply must grow to meet the demand being created by the global nuclear renaissance. Sceptics without dismissed the idea of a nuclear renaissance ignore the accelerating momentum. They look at the entire global reactor fleet and see that in 2009 there was no net gain in reactors. However, this overlooked the more than 50 reactors in various stages of construction or final planning and many of these will be fuelled and ready to start operations by the middle of this decade. In China alone state planners want the electrical output of their nuclear power sector to increase sixfold by 2020. 11 units are now operating and construction is underway on 20 more at 10 different sites with others being planned. And that's just in China.

India is already reaping the benefits of nuclear co-operation by supplementing their own domestic uranium fuel supply. Currently some 4,500 megawatts of electricity comes from existing nuclear plants in India. By 2020 the government wants to have at least 20,000 megawatts of installed nuclear capacity. This could rise to 63,000 megawatts by 2030 through building clusters at new reactors, existing sites, plus the addition of at least five new nuclear energy parks. In South Korea, which operates 20 reactors currently, there are 6 reactors under construction and 6 more in the planning stage. And Korea we have seen recently join the world of new plant vendors with the successful sale of 4 reactors to the United Arab Emirates and aggressive plans to do more in other developing countries.

As a result of this new build activity, utility companies from South Korea and Japan are joining Chinese and Russian state companies in a competition to be an investment partner in new uranium projects around the world. These decisions to build new reactors are all being made in the emerging economic powerhouses of Asia and the Middle East. The countries in the west where nuclear energy programs were pioneered are also taking steps to renew and expand their capacity. In the U.S. it has taken a year for the new administration to realize the benefits of nuclear energy and settle on a path that will address climate change in a meaningful way. Last week President Obama declared his clear preference for nuclear power as a baseload generating source. The first loan guarantee of \$8.3 billion has been earmarked for two new units in Georgia at Southern Company's Plant Vogtle, where site preparation is already underway. As a result of the administration's commitment to an expanded loan guarantee program, the planning and regulatory process will continue and other utilities will move forward in the coming months. In the United Kingdom, construction of new nuclear plants remains the leading contender for heading off the looming power shortage in that country.

As we have said, we need to look beyond today's relatively weak spot market price for uranium. This current reality reflects the fact the world's utilities are well covered for the next few years when relatively few new reactors will start up. But with a total of 53 reactors in various stages of construction around the world suppliers must take steps now to meet this increase in demand and that is why Cameco is building upon our reserves and resources to take advantage of the opportunities that are coming. In the past three years our well-funded exploration program, working within our own extensive land base, has paid benefits to Cameco. Additions to our reserves and resources exceeded production by an average of 15 million pounds per year in each of the last three years. We intend to continue to build upon this resource endowment to achieve organic growth as we go forward; however, the acquisition option remains open, and on that point let me reiterate our strategy.

Our financial position at the end of 2009 is strong, including \$1.3 billion in available cash. But let us be clear: the money is not burning a hole in our pockets. The financial position gives us great flexibility. We intend to take our time to ensure that any new investment will bring real value to our shareholders. With both an enviable balance sheet and an extraordinary reserve and resource base to build upon, Cameco has a number of pathways to reach our goal of doubling production. You can rest assured that the pathways we pick will be the ones that will add the best long-term value to Cameco.

With that I'll turn the call over to the operator for questions. Thank you.

QUESTION AND ANSWER SESSION

Operator

Thank you. We will now take questions from investors, analysts, and media. In order to respect everyone's time on the call today we will take your question and allow one follow-up question. Then if you have further questions, please return to the queue and we'll get to them after others have had their chance.

If you have a question, please press star one on your telephone keypad. If you're using a speakerphone, please lift the handset and then press star one. To cancel your question, please press the pound sign. Please press star one at this time if you have a question. There will be a brief pause while participants register. Thank you for your patience.

The first question is from David Snow of Energy Equities. Please go ahead.

David Snow, Energy Equities Inc.

Hi, good morning. You said you were able to walk through the 480-metre level of Cigar, I'm wondering how does the water damage to the walls of the mine look? Does it seem the mine walls have retained their integrity?

Jerry Grandey, President & Chief Executive Officer

Tim, you want to go ahead and handle that one?

Tim Gitzel, Senior Vice-President & Chief Operating Officer

David, we have had people down there looking around, moving out from the cage, and it looks pretty good; in fact, it looks a little bit better than we might have expected. So we're pretty happy about that.

David Snow, Energy Equities Inc.

And is that the main level that you've got to go to? I can't remember.

Tim Gitzel, Senior Vice-President & Chief Operating Officer

Yeah, that would be the main level we'll be working on.

David Snow, Energy Equities Inc.

Great. And could you just give me a little idea as to how you expect the DOE stockpiles to interplay over the next few years with the market? You mentioned that the utilities are covered for the next few years relatively well; does the DOE become an elephant in the room as the result of that balance before they came along? Or what's your...?

Jerry Grandey, President & Chief Executive Officer

I'll toss that one to George.

George Assie, Senior Vice-President, Marketing & Business Development

Well, David, you're right; the DOE sales have been disruptive, certainly a negative impact on the market. It will continue through 2010. And it's always interesting; the manner in which DOE sells uranium always has the maximum negative impact on the market. They've come to realize that and so Secretary Chu has signalled that they do not intend to barter uranium after the 2010 fiscal year.

David Snow, Energy Equities Inc.

They're not going to sell after the fiscal 2010?

George Assie, Senior Vice-President, Marketing & Business Development

After 2010 they've said they will not barter uranium. Now, you know, how do I put this politely? They've not always lived up to statements that they've made in the past, so it remains to be seen, but that is what the Secretary has said at this time.

Operator

Thank you. Our next question is from Lawrence Smith of Scotia Capital. Please go ahead.

Lawrence Smith, Scotia Capital

Hi, good morning. Two questions, first on the fourth quarter: I was trying to understand how the fourth quarter looked and you didn't provide fourth quarter income statements; I'm wondering if you could kind of help me with like what would the effective tax rate have been in Q4? And related to that, you know, going forward you're guiding to a sub 5 percent tax rate in 2010, at what point do you expect that your tax rates would become sort of more normal, you know, fairly well into double digits? Thank you.

Jerry Grandey, President & Chief Executive Officer

Thank you. Kim?

Kim Goheen, Senior Vice-President & Chief Financial Officer

I don't have the fourth quarter tax rate right in front of me but it would not have been that different than the full years. As to how long it will stay in that range, we really don't project that kind of number out. It will be here with us for a while still.

Lawrence Smith, Scotia Capital

Thank you.

Operator

Thank you. Our next question is from Greg Barnes from TD Newcrest. Please go ahead.

Greg Barnes, TD Newcrest

Thank you. I just wanted to explore the reserves at Cigar a little bit. They seem to have come down both in terms of tonnes in proven, and actually the grade you said is down 18 percent on average. What exactly is going on there?

Jerry Grandey, President & Chief Executive Officer

Tim, you want to go ahead and handle that one?

Tim Gitzel, Senior Vice-President & Chief Operating Officer

Thank you. As we normally do, as we have to do, we update our reserve and resource estimates from time to time and we've done that now given some of the increased information we have on Cigar Lake. What I would say is that we're delighted to still have over 200 million pounds in the reserve category. Of course, half of that, our share, 105 million pounds. We have done a bit of reinterpretation of some of the envelopes and some block modelling and so that's given us more information. But, as I say, we're still very happy with where the reserves come out.

Jerry Grandey, President & Chief Executive Officer

And, Greg, I'd say, you know, the added information of slight reduction, I don't think that's, ah, you shouldn't read anything into that. And all of this was independent of the water, it's just added geotechnical information and a look at the various categories and, as Tim said, we're, after all of this, ecstatic that we still have over 200 million pounds of, I think, high-grade. Yes, the grade has come down a little bit, but I don't think that's all that material.

Greg Barnes, TD Newcrest

Okay, fair enough. Just a quick follow-up: You provided your production guidance out to 2014 and you say Cigar will be in production by mid-2013 but it's not actually included in your longer-term guidance.

Jerry Grandey, President & Chief Executive Officer

If you look in the MD&A there's a little footnote that says the technical report will cover that.

Greg Barnes, TD Newcrest

Okay. Fair enough. Thanks.

Operator

Thank you. Our next question is from Borden Putnam from Mione Capital. Please go ahead.

Jerry Grandey, President & Chief Executive Officer

Can't hear you, Borden; are you there?

Borden Putnam, Mione Capital

Sorry, I must have had the phone on mute. Can you hear me now?

Jerry Grandey, President & Chief Executive Officer

Yes.

Borden Putnam, Mione Capital

I'm sorry about that. Maybe over to Tim first. At the hearings in November Grant Goddard was speaking and he mentioned that the 265 level is going to be abandoned and completely filled with, ah, backfilled with concrete and you're going to make the 480 level your primary production level and also that will be your freeze wall drilling level. Can you explain a little bit more what work is going to be involved with that and why that decision was taken?

Tim Gitzel, Senior Vice-President & Chief Operating Officer

Borden, that's the - I think you said 265, it'd be the 465 where we had the initial inflow. We are looking at moving down to the 480 level to do both production and freezing. I think if you can be patient with us for another couple of weeks the technical report will be out on Cigar and it will explain all of that, but that is indeed the way we're moving.

Borden Putnam, Mione Capital

Okay. And a follow-up to Greg Barnes' question on the reserves, I also was a little surprised with the reclassification. And, Jerry, about three years ago you and I talked about this and I was concerned about the, you know, the risk of carrying proven reserves with a mine that was flooded and where you were re-evaluating going in and now you've downgraded 136 million pounds into probable and it looks like a total of 15 million pounds were just lost, that they've actually been written off. Can you give us, I mean you've done two years, almost three years of additional work and drilling, what have you

learned in that period about the relief on the unconformity or faulting down there that has caused you to—in other words, what led to this reclassification decision, if you can help—

Jerry Grandey, President & Chief Executive Officer

The statement about loss, Borden, I don't think is correct. It was a very minor reduction of 7 or 8 million pounds. Fundamentally I think—and all of this, I emphasize, had nothing to do with the inflow other than all of the additional information that we've gathered, geotechnical, as a result of all of the extensive drilling, has allowed us to begin to look with newer technology using the three-dimensional models and not the typical models of three, four, five years ago that were two-dimensional. I'd say that's really, given the categories that we live with, has now caused the shift from proven to probable. But I think the happy news and the thing that we're delighted with is it's remained relatively static even within those classifications.

Borden Putnam, Mione Capital

Okay, thanks. I had tallied up 14.7 million pounds difference between the two when I looked at all the—

Jerry Grandey, President & Chief Executive Officer

Yeah, I'm talking Cameco share.

Borden Putnam, Mione Capital

Yeah, sorry, I was working with gross numbers. That's all we had in the release. Thank you.

Jerry Grandey, President & Chief Executive Officer

You bet. And I'd say finally when the technical report comes out it'll go into a lot more detail on exactly, you know, where and distribution and these kinds of things.

Borden Putnam, Mione Capital

Will you have a call at that release or will it be the next quarter, Jerry?

Jerry Grandey, President & Chief Executive Officer

I think it'll be the next quarter.

Borden Putnam, Mione Capital

Okay, thanks.

Operator

Thank you. Once again, if you have a question, please press star one at this time. If you're using a speakerphone, please pick up your handset and then make your selection.

Our next question is from Duncan McKeen from Macquarie. Please go ahead.

Duncan McKeen, Macquarie Capital Markets

Thanks very much. Gentlemen, just with the new start-up date for Cigar Lake in mid-2013 I was wondering if you could give us just some guidance on what would be the key milestones between now and then in terms of what you're looking at, ah, the order of operations in terms of restoring that mine.

Jerry Grandey, President & Chief Executive Officer

Well I'll just make an early comment is we're early days yet in sort of walking through the 480 level and looking at everything. Then you've got whatever further remediation will need to be done, and that's sort of yet to be determined. We had said I think in an earlier release that hopefully October is kind of a next milestone. Maybe it'll be earlier, maybe it'll be later. It's kind of day by day, month by month as we go and figure out what's happened.

Tim indicated that so far what we've seen looks like it's in better shape than what we had anticipated. So I'd say in that timeframe. And then the technical report itself will have some milestones in it but I think we feel comfortable with the mid-2013 date in terms of commencing production and we'll try to work back from there.

Tim, do you have anything to add to that?

Tim Gitzel, Senior Vice-President & Chief Operating Officer

Other than some of the longer lead items, we want to get the freezing back on obviously and then the shaft two sinking, so those would a couple of the bigger tickets.

Duncan McKeen, Macquarie Capital Markets

Would you have the freezing back on in this calendar year? And then once it comes on, how long does it take to fully establish the freeze walls again?

Tim Gitzel, Senior Vice-President & Chief Operating Officer

I'm not sure we know that yet whether we'll be able to, you know, it'll depend on the condition of the mine, and, as Jerry said, it's really early days. They're just venturing out from the cage right now and there's mud on the floor that has to be cleaned up and then you've got to redo the infrastructure down there. So it's really a bit early for us to say.

Again, if you can bear with us, even the six weeks to do the technical report, we'll have more information there.

Duncan McKeen, Macquarie Capital Markets

Yeah, understood. Thanks very much gentlemen.

Operator

Thank you. Our next question is from Greg Barnes from TD Newcrest. Please go ahead.

Greg Barnes, TD Newcrest

I guess this is for George: Can you give us an idea of what is going on in the spot market? The price has been quite weak and volumes have been relatively low; do you see that changing for the balance of the year?

George Assie, Senior Vice-President, Marketing & Business Development

At this point, Greg, our view—I mean you're absolutely right, the utilities are well covered in the near terms, and

the demand that we see is purely discretionary. You know, the DOE is still selling, as I described earlier, through the first eight or nine months of this year. And so right now I think that is a recipe for probably some weaker prices here in the near term. We are of the view that we think demand is likely to be stronger in the second half of the year than it looked in the first half of the year. Our projections are for a spot market of somewhere between 25 and 35 million pounds in total. So, you know, bottom line I guess it all equates to near-term weakness with some harder demand by the end of the year.

Greg Barnes, TD Newcrest

I guess UX dropped their longer-term price again this week to \$60 I guess. What do you see going on in the longer-term market?

George Assie, Senior Vice-President, Marketing & Business Development

Well the longer-term market is quite interesting because really what they're reporting in the longer-term market, as you know if you read the UX definition, it's the lowest price of which they're aware for a longer-term deal. Longer-term deals now that are being reported that are reflected in those prices are deals that I would say, I would call them more like midterm deals. They start in 2013, something like that, and maybe run through 2017. If the utility were coming out looking for a 10 or 15 year deal with first deliveries in 2013 or 2014 prices would be well above that \$60. So that's what that \$60 represents. Obviously the weaker you see the spot price it does have an influence on that long-term price. I think that's what we see occurring today. But the longer-term fundamentals remain very positive and, you know, that's the way we see it playing out.

Greg Barnes, TD Newcrest

So what's well above \$60, George?

(Laughter)

George Assie, Senior Vice-President, Marketing & Business Development

\$65, \$70 at least.

Greg Barnes, TD Newcrest

\$65, \$70? Okay, great. Thanks, George.

Operator

Thank you. The next question is from Borden Putnam from Mione Capital. Please go ahead.

Borden Putnam, Mione Capital

I had a question on McArthur River if I could. You've obviously succeeded in going through the unconformity with development, which is pretty exciting, and I look back on that 43-101 report and I wonder why you didn't use box hole boring technique there, because it looks like the configuration would be about perfect for that and it might be a little safer method. Is that just not entirely ready to be used at McArthur right now?

Jerry Grandey, President & Chief Executive Officer

Yeah, I think that's the sum of it. We're still experimenting with box hole. And, frankly, the configuration in zone two there, I think, is probably, Borden, more conducive to what we've done. It gives you a lot more flexibility.

Borden Putnam, Mione Capital

Okay. I had another question on the financials, and I may be reading things wrong here, but on page 40 of the AIF you gave a little bit more—actually it's not, it's the MD&A, excuse me—you gave a little bit more detail on unit costs than you have in the past I think, and they're up 23 percent for your produced material but in that same period your volumes are, ah, you have a greater contribution from ISL production. It's gone from 11 percent to 22 percent of total production. So I was a little surprised, if I'm reading this right, that the costs have gone up. Can you talk about where those additional cost increases or where the cost increases have come from in your other operations?

Jerry Grandey, President & Chief Executive Officer

I think if you take a look at some of the words there, part of that is royalties, and I'll toss it to Kim here in a minute, but remember during the period Inkai has been ramping

up, and while it ramps up you're going to necessarily see higher unit costs that flow back in. So part of it is royalties, part of it is just Inkai ramping up, and we're still very, very positive about Inkai and its future contribution and its future cost profile, and the balance of it would be labour and reagents and some of these things. Some of which we saw come down during the year, but labour of course hasn't. Kim, do you have further comments on this?

Kim Goheen, Senior Vice-President & Chief Financial Officer

No, you've touched on—the key pieces there, Borden, was the incremental contribution or added costs associated with ramping up at Inkai and then the extra royalties, which we've described on that same page there.

Borden Putnam, Mione Capital

Okay, thanks.

Operator

Thank you. The next question is from David Snow of Energy Equities. Please go ahead.

David Snow, Energy Equities Inc.

Yeah, I was rather curious when you talked about the DOE bartering, that's their word for sales? That's basically the way they've been disposing?

George Assie, Senior Vice-President, Marketing & Business Development

That's right. What they do is they barter their uranium really in this case to USEC at this point to pay for the clean-up work that USEC is doing.

David Snow, Energy Equities Inc.

Okay. And did it appear that Chu's change in sales profile coincided with Obama's commitment after taking office to support more aggressively nuclear power? Or do you not see a connection?

George Assie, Senior Vice-President, Marketing & Business Development

I'm not so sure that I see a connection. I think it's more Chu's recognition that they are indeed having a very significant impact on the uranium market and - more recognition of that.

David Snow, Energy Equities Inc.

Thank you very much.

Operator

Thank you. The next question is from Simon Tonkin from Thomas Weisel. Please go ahead.

Simon Tonkin, Thomas Weisel Partners

Yes, good morning. I just wondered if I could have a breakdown of the CapEx in 2010. I think you've got \$552 million. What are you planning on spending that on?

Jerry Grandey, President & Chief Executive Officer

Kim, you want to go through that?

Kim Goheen, Senior Vice-President & Chief Financial Officer

Sure. Simon, in the MD&A, it's on page 36, we have a table showing by site where the expenditures are. But the bulk of that on the growth front is at Cigar and on the sustaining capital the largest component is at McArthur River/Key Lake. So the explanations are there on page 36.

Simon Tonkin, Thomas Weisel Partners

Okay, thank you.

Operator

Thank you. The next question is from Ian Howat from National Bank Financial. Please go ahead.

Ian Howat, National Bank Financial

Good morning everybody. This should be pretty simple. Just on page three of the release you talk about exploration being between 90 and 95 and then 40 at Kintyre/Inkai. What will be the amount you're actually expensing on the income statement?

Jerry Grandey, President & Chief Executive Officer

Kim?

Kim Goheen, Senior Vice-President & Chief Financial Officer

It would be that full amount.

Ian Howat, National Bank Financial

Okay. So for Inkai and that, they're not in because you don't have established reserves and operating history. That was just there to confuse me.

Kim Goheen, Senior Vice-President & Chief Financial Officer

That is the point.

Ian Howat, National Bank Financial

Yeah, okay. Thanks very much.

Operator

Thank you. The next question is from Ben Elias from Sterne Agee. Please go ahead.

Ben Elias, Sterne, Agee & Leach, Inc.

Thank you and good morning. Your target to double uranium production by 2018 is certainly very encouraging, and when we look at the reserve and resource base I think you have enough to back that up as well as, you know, low-cost operations, but when we get to 2018 and if you have doubled production and the profile of the nuclear fleet is very different, do you think there's going to be lack of capacity in enrichment? And

how does that sort of affect your thoughts of, you know, with your cash balance, your desire to make acquisitions? And I think in September at your analyst day you certainly alluded to more vertical integration; how do you think about the opportunities on the fuel side, the uranium mining side only, I guess fuel fabrication enrichment side?

Jerry Grandey, President & Chief Executive Officer

Ben, I don't think there'll be any limitation because of enrichment capacity. There's a lot of capacity being added. Obviously Cameco is part of this new laser technology and we'll be looking and focusing on that in 2013 and hopefully, if it works, that'll be there to help supply enrichment services to the world. So I don't think that's a limitation. The focus, as we tried to demonstrate or illustrate through the MD&A, is on getting the production level doubled, and you noted properly so that we've certainly got the reserve and resource base to do it from lower-cost properties that we've been putting together over the years. So I don't think there's any constraints out there. We believe very strongly that given the construction activity going on in Asia and sort of the renewed interest in Europe and the U.S. that the market will be there. And I think the supply side is responding, particularly with respect to enrichment. I think the issue is can the production of uranium side, can the suppliers catch up given the fact that there are major issues come 2013 with supply. In the middle of the decade I'd say.

Ben Elias, Sterne, Agee & Leach, Inc.

Okay. And if I could just follow-up, you know, Energy Solutions is actually having a conference call on the back end and what we're seeing there, and I think you referenced that earlier on the call, is the DOE is paying for a lot of site clean-up by bartering or selling a lot of uranium. Do you foresee that longer term as, you know, the U.S. government is sort of broke?

Jerry Grandey, President & Chief Executive Officer

George, do you want to...? Without commenting on the solvency of the U.S. government.

George Assie, Senior Vice-President, Marketing & Business Development

Okay. The answer would be yes. I mean, you know, in the near term here, and by the near term I'm meaning the

next few years, Chu's indicated they're going to barter this year but given the impact it's had on the market they won't barter next year. But certainly in future years we'd expect that material to make its way to the market.

The thing to keep in mind is it's not all natural uranium. Some of that material has to be processed and comes over a period of time. But eventually, yes, it will come to the market.

Ben Elias, Sterne, Agee & Leach, Inc.

Okay, thank you.

Operator

The next question is from David Wargo of GMP. Please go ahead.

David Wargo, GMP Securities

Hi guys. Just a quick question with regards to the global laser enrichment program: Can you maybe go into a bit more detail on where the program stands, if there's any test results that you might be able to share, and what your feeling is on probability of the technology working? I mean you did spend \$125 million on your percentage stake and I'm hoping it's more than 'we hope it works.'

Jerry Grandey, President & Chief Executive Officer

We are too. George, you want to cover that off?

George Assie, Senior Vice-President, Marketing & Business Development

Sure. The program is currently running what's called a test loop, so it's in the test phase. In fact, that should be winding up over the course of the next month or so. Of course there has to be then a lot of interpretation of the results from that test work. And we'll have, you know, an expert representing us looking at those results, etc. So we expect to have a better sense of the technical go/no-go decision, you know, certainly by mid-year, and at this point I guess all we can say is, you know, we're still very optimistic. So we'll know more probably in a few months.

David Wargo, GMP Securities

You actually have, they have enriched uranium up to a certain level then? From the test program?

George Assie, Senior Vice-President, Marketing & Business Development

We're not free to discuss any of the results of that work so I'm not able to respond to that.

David Wargo, GMP Securities

Okay. And then one last question with regards to pricing, just to confirm, you're seeing pricing past 2012 on the term market in and around \$65 to, say, \$75 a pound? Is that safe to assume?

George Assie, Senior Vice-President, Marketing & Business Development

What I'm telling you is that the prices that are being reported by those that publish price are more reflective of what I'm calling shorter-term deals. And I don't mean real short term, I mean 2013 to 2017. Five-year deals for example. Those are the most aggressive prices being put out.

If a utility needs or wants to look at supply that's going to run out, you know, 10, 15 years beyond that, yes, you're going to be looking at prices at least in that range of \$65 to \$70.

David Wargo, GMP Securities

Okay. And then just to confirm again on the spot market, you're pretty confident that the volumes are going to pick up in the second half of 2010?

George Assie, Senior Vice-President, Marketing & Business Development

Well that's the way we see it playing out. I mean, you know, a lot of this depends on what the utilities do, what happens with first core buying, what did China and India do, etcetera. Normally in our market it's never less than—I'm just throwing out averages—15, and last year was as high as 54. We're saying for this year somewhere in the range of 25 to 35. So more of an average year.

Last year was certainly a big year, in large part related to China.

Operator

Thank you. The next question is from Duncan McKeen of Macquarie. Please go ahead.

Duncan McKeen, Macquarie Capital Markets

I just wanted to follow-up. We saw some numbers come out, at least reported by Dow Jones, that China had some pretty high uranium imports for January. I guess depending, the units weren't clear but depending on the conversion it looked like it was between, say, 7.3 and 8.7 million pounds imported for that country just for that month. I was wondering if you had any colour or clarity on that and also if you had an estimate of what you think China may represent in the spot market this year compared to the over 12 million pounds that they did last year. Thanks.

Jerry Grandey, President & Chief Executive Officer

George?

George Assie, Senior Vice-President, Marketing & Business Development

I saw that number as well and found it quite interesting. You're right; it's somewhere between 7 and 10 million pounds. And my view on that, I guess I don't read too much into it. I mean it suggests that that's what came in in a single month, perhaps that's true. If it is I'd say that that's maybe somewhat of a coincidence. I wouldn't suggest they're going to import 10 million pounds a month over the course of this year. I guess I'm just saying I'm looking at that a little bit suspect. But, last year we expected or we believe they purchased in excess of 12 million pounds. This year we have them, our forecast is for 5 to 6 million pounds. We know that they will be active, and maybe we're taking a bit of a conservative view, but that's our forecast.

Duncan McKeen, Macquarie Capital Markets

If the nuclear build out in China just keeps expanding each year why would you expect them to be about half the level this year that they were last year?

George Assie, Senior Vice-President, Marketing & Business Development

Well, you know, I guess it's all related to timing and also the fact that we expect that they would not be just making spot purchases but also entering into term purchases. Right now we're talking about spot purchases. So they will enter into term purchase contracts over time.

Right now—everybody talks about all the quantities they've been buying on the spot market. To our knowledge they have not been particularly active in terms of term purchases. We know they will be. And as they are then they may have less of an influence on the spot market.

Duncan McKeen, Macquarie Capital Markets

Okay. Do we have any indication of what they've purchased in the spot market so far this year?

George Assie, Senior Vice-President, Marketing & Business Development

I don't know.

Duncan McKeen, Macquarie Capital Markets

Okay. Super. Thanks so much.

Operator

Thank you. The next question is from Borden Putnam of Mione Capital. Please go ahead.

Borden Putnam, Mione Capital

Yeah, Tim, one last question for you on the four-year license at Cigar.

There was a discussion during your hearings in November that phase five of the remediation at Cigar Lake, which is the normal mine development and construction, the CNSC was suggesting this might be held back until the new mine plan is submitted, and I take it that that's not a part of the 43-101. So when will you have a new mine plan and be able to submit it to CNSC?

Tim Gitzel, Senior Vice-President & Chief Operating Officer

Well I think you'll see part of that, you'll see that coming forward with our technical report. We have a new mine plan and it's, if not completed, close. So you'll see that within a few weeks.

Borden Putnam, Mione Capital

Okay, great. Thank you.

Operator

Thank you. The next question is from Orest Wowkodaw from Canaccord Adams. Please go ahead.

Orest Wowkodaw, Canaccord Adams

Hi, good morning. Just two questions around Cigar Lake.

Should we anticipate that the remediation expenses that we're seeing on the income statement essentially stop as of now and everything just go through the CapEx line? That's the first question.

And, secondly, can you give us—you've given us an indication of a start-up timeline and CapEx but can you give us any idea on where you expect cash costs to be at Cigar Lake on a per-pound basis?

Jerry Grandey, President & Chief Executive Officer

Kim, the first one, my recollection is a little bit yet to go through, \$25 million or something like that?

Kim Goheen, Senior Vice-President & Chief Financial Officer

That's correct. We have \$29 million in total, Orest, of which \$25 of the \$29 is in 2010 remediation costs.

Orest Wowkodaw, Canaccord Adams

And is that included in your revised CapEx number?

Kim Goheen, Senior Vice-President & Chief Financial Officer

No, it's separate. That will be expensed.

Orest Wowkodaw, Canaccord Adams

Okay.

Jerry Grandey, President & Chief Executive Officer

And the cash cost will come through the technical report.

Orest Wowkodaw, Canaccord Adams

Okay. I thought I'd try. Thanks very much.

Operator

Thank you. The next question is from Lawrence Smith of Scotia Capital. Please go ahead.

Lawrence Smith, Scotia Capital

Sorry, a follow-up question on capital and it's probably a definitional issue. You talk about sustain at McArthur/Key Lake of \$220 million, but that includes \$80 some million for a new acid plant. Longer term what would sort of a true sustaining number be taking out one-off items like that? Thank you.

Jerry Grandey, President & Chief Executive Officer

Tim, go ahead.

Tim Gitzel, Senior Vice-President & Chief Operating Officer

Sustaining capital at McArthur/Key Lake would be normally, Kim can correct me, but somewhere in the \$50 million, \$40 million a year range.

Lawrence Smith, Scotia Capital

That's great. Thank you very much.

Operator

Thank you. The next question is from Sam Trantum from Energy Intelligence. Please go ahead.

Sam Trantum, Energy Intelligence

Hi. I wanted to follow-up on the GLE project. I know GE was saying in 2008 they were expecting to make a decision on whether to go ahead with a commercial plant in early 2009 and then in July they told us they were expecting that decision in late 2009 and it still doesn't seem to be on the horizon. I'm wondering what's slowing things down.

Jerry Grandey, President & Chief Executive Officer

Sam, they didn't really begin the test until the middle of last year. Like July. So they were a little bit behind. I don't think they were as behind post our entry, as you might suggest. So we viewed it as being around six months behind. So now they're talking about the middle part of this year for this go/no-go decision.

George, do you have anything to add to that or not?

George Assie, Senior Vice-President, Marketing & Business Development

That's on the technology. I mean there's still work to be done after that before you make a commercial decision to finally go forward, but on the technology the decision is expected around mid this year.

Sam Trantum, Energy Intelligence

Okay, thank you.

Operator

Thank you. The next question is from David Snow of Energy Equities.

David Snow, Energy Equities Inc.

Yeah, I usually ask about the other low-cost supply source, and that's Kazakhstan; can you give us an update on the profile of what they did last year versus

year before at this point and what your expectations are going forward and are there any specific new hurdles—

Jerry Grandey, President & Chief Executive Officer

David, just to clarify, are you talking about Kazakhstan in its entirety?

David Snow, Energy Equities Inc.

Overall country.

Jerry Grandey, President & Chief Executive Officer

Overall Country? George, can you...?

George Assie, Senior Vice-President, Marketing & Business Development

Well last year we had them, well in 2008 they produced around 22 million pounds. In 2009 we had them up quite significantly. And right now I'm having trouble recalling the number. Was it 36?

Laurie Thomas, Investor Relations Specialist

I don't know for sure.

Jerry Grandey, President & Chief Executive Officer

In the mid-30s somewhere.

George Assie, Senior Vice-President, Marketing & Business Development

Yeah. Anyway, they were up quite significantly. And they're expected to be up again this year.

You know, the view is, you know, that rate of increase just can't keep going, you know, that they're starting to reach some practical limits there and that certainly expansions beyond that don't come inexpensively. You know, the production cost would be significantly higher. The Kazaks themselves have expressed concern about how quickly their production is expanding.

David Snow, Energy Equities Inc.

Do you have a number for this year?

George Assie, Senior Vice-President, Marketing & Business Development

Ah, don't...well you are going to quote me on this but--

David Snow, Energy Equities Inc.

No, I won't.

Jerry Grandey, President & Chief Executive Officer

Somebody will.

George Assie, Senior Vice-President, Marketing & Business Development

Yeah, somebody will. I believe the number is something close to 40 million pounds.

David Snow, Energy Equities Inc.

Okay. And do you have one out in the mid century 2015 or so?

George Assie, Senior Vice-President, Marketing & Business Development

No I don't.

David Snow, Energy Equities Inc.

Okay. Thank you very much.

Operator

Thank you. Once again, if you have a question, please press star one at this time.

Our next question is from Ralph Profiti from Credit Suisse. Please go ahead.

Ralph Profiti, Credit Suisse

Hi, everyone. Thanks for taking my questions. Just looking at the sales guidance of 31 to 33 and trying to get a better breakdown, do you still anticipate sort of 7 million pounds or so as your share of HEU sales? And that would put previous spot market purchases at around sort of 2.5 to 4.5 million pounds? Is that the right math?

Jerry Grandey, President & Chief Executive Officer

George?

George Assie, Senior Vice-President, Marketing & Business Development

Yes, generally that's the right math.

Ralph Profiti, Credit Suisse

Okay, great. And just a follow-up: with sort of the weaker prices in uranium have we seen the floor prices and the ceiling prices move around at all? You know, we've heard before that floor prices were in the mid \$40 a pound; have those held firm? And same question for the ceilings, which over the last couple of years have hovered around \$100 a pound.

George Assie, Senior Vice-President, Marketing & Business Development

Well for us it has, because, you know, we're very heavily committed through 2016, so really when we're talking about new sales commitments we're talking about commitments that go well beyond that. And given our view of the long-term fundamentals of the market we've not been willing to discount our floor prices below that, you know, mid-\$40 range, and also the ceiling prices haven't changed either.

Ralph Profiti, Credit Suisse

Great, thank you.

Operator

Thank you. The next question is from Sam Trantum of Energy Intelligence. Please go ahead.

Sam Trantum, Energy Intelligence

Hi. In the MD&A I noticed that it was talking a little bit about how you guys missed your sales volume projections by a smidgeon for this year and it talks about that being a result of the delayed delivery of about a million pounds because of a logistical issue. I was wondering if you could tell me more about that.

Jerry Grandey, President & Chief Executive Officer

Have you ever heard the story about the slow boat to China?

Sam Trantum, Energy Intelligence

I sure have.

Jerry Grandey, President & Chief Executive Officer

Okay.

Sam Trantum, Energy Intelligence

So literally the boat was just slow on the way to China?

Kim Goheen, Senior Vice-President & Chief Financial Officer

Yes.

Sam Trantum, Energy Intelligence

All right, thanks.

Operator

Thank you. This will conclude the questions from the telephone lines. I would now like to turn the meeting back over to Mr. Jerry Grandey for his closing remarks.

Jerry Grandey, President & Chief Executive Officer

Okay, operator, thank you very much.

Well a new year and a new decade I think bringing a little bit of renewed optimism that a sustained economic recovery will now be achieved. We've seen that countries that were least impacted by the global recession are the ones that are making their massive investments in infrastructure to generate electricity, obviously intended to sustain their growth. So as these countries with large populations modernize we believe that baseload nuclear is emerging as the leading reliable clean energy source. And, as we've said repeatedly, Cameco intends to remain a global leader. We work to fulfill that bright future by supplying uranium to generate the clean electricity for all of the good customers that we have out there in the various regions of the world.

So we thank you all for joining us on the call today and certainly for your support of Cameco. Thank you.

Operator

Thank you. The Cameco Corporation fourth quarter and year end results conference call has now ended. Please disconnect your lines at this time. We thank you for your participation and have a great day.
