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Ben Elias
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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. Thanks for joining us.

With us today are Jerry Grandey, CEO; Tim Gitzel, President; Kim Goheen, Senior Vice-President and CFO; Bob Steane, Senior Vice-President and Chief Operating Officer; and Grant Isaac, Senior Vice-President, Corporate Services. We're also joined by our colleague Laurie Thomas from Investor Relations.

First a note simply that we have posted our complete annual MD&A on the website this morning and of course filed it on SEDAR.com and EDGAR.com.

To begin, Jerry will offer his perspective on the business results for the quarter and the year as well as updates on our operations and development projects. Next Kim will update you on our plans to transition to International Financial Reporting Standards starting in the first quarter. Then we'll open it up for questions.

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

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.

On that note, I'll turn it over to Jerry.

Jerry Grandey, Chief Executive Officer

Thank you, Bob, and again welcome to all who have joined us on this call as we discuss Cameco's fourth

quarter results, review the progress made throughout 2010, and look ahead to the bright future for Cameco within the global nuclear renaissance.

The results we report today reflect once again our success in delivering healthy cash flow and net income for our shareholders. Longer term, Cameco remains well positioned to take advantage of the strong fundamentals within the nuclear industry through our strategic goal of doubling uranium production from our existing assets by 2018. Our ambition for growth will require a substantial capital spending program in the years to come but we expect to continue funding this growth on a pay-as-you-go basis.

Our consistent financial strength has allowed us to boost our dividend 43 percent for 2011, reflecting our confidence in Cameco's future and is just one more measure of the ongoing benefit of investing in Cameco. As was the case in 2009, our strong operational performance in 2010 underpinned our financial results. We continue to build a record of robust, reliable production. The two million extra pounds produced last year, a 10 percent increase over 2009, is a testament to our ongoing pursuit of excellence in all our operations. Safe, clean, and reliable production is an imperative at every one of our operating sites.

We are proud to report that 2010 was a record year for Cameco as measured by our safety statistics. We have worked hard to ensure that a strong safety culture permeates the whole organization as part of our commitment to operational excellence. In 2010 the safety record was recognized externally when two of our operations, McArthur River and Cigar Lake, won the top awards handed out by the Canadian mining industry for safety performance.

As important as our increase in safe production was, we were able to produce pounds with lower unit costs than the previous year. At McArthur River and Key Lake we took advantage of the flex production provision in our licenses to produce an extra 600,000 pounds for Cameco's account. This was achieved amidst extensive underground development at McArthur River to ready new areas for future production.

At Key Lake, production takes place against the backdrop of ongoing mill renewal. Rabbit Lake is also undergoing mill renewal. At the same time we continue to develop the underground infrastructure at the Eagle Point mine that will allow production from deeper zones. We now project another two years of mining at the Eagle Point deposit, extending the Rabbit Lake's remarkable history as a uranium producer through at least 2017. Overseas,

production at JV Inkai was 13 percent higher than planned because of the smooth ramp up and better recoveries.

Within our asset base as a whole, Cameco's exploration efforts have consistently added to our reserve and resource base at a rate sufficient to replace what we have mined. In 2010 work continued on an exploration drift that is being constructed northward from the existing McArthur River mine infrastructure. From this development tunnel we will conduct delineation drilling of zones A and B, allowing us to better define this resource. We expect to add more years to the mine's already long life as more of this mineralization is drilled off. Indeed, McArthur River's reign as the world's largest high-grade mine should continue for decades to come.

Elsewhere in the prolific Athabasca Basin, progress is ongoing at Cigar Lake, the largest undeveloped high-grade deposit. At Cigar Lake we expect to complete the sinking of shaft two in 2011 and resume the development of critical mine workings later in the year. In the meantime, our surface freezing strategy will allow a portion of the deposit to be ready for an accelerated ramp up. We continue to project the first pounds coming out of Cigar Lake in mid-2013.

At Kintyre in Western Australia our extensive delineation drilling of the past year will allow the first 43-101 compliant resource estimate to be published later this year. Environmental assessment work at Kintyre continues while we conduct discussions to secure a mine development agreement with Martu, the traditional owners in this part of Western Australia.

Expansion of existing mines and bringing on development projects that are already in our portfolio is the key to Cameco's double U strategy. It is from this asset base that we intend to produce an additional 20 million pounds of annual production to reach our goal of 40 million pounds by 2018. In our MD&A we discuss the milestones that we need to achieve to reach this objective.

Besides our strong production portfolio Cameco has always been a leader in bringing uranium from other sources into the marketplace. We continue to pursue such opportunities. Our recently-announced agreement with Talvivaara Mining Company of Finland to extract uranium from nickel-zinc ore is an example of our ability to partner with others to access uranium and deliver it to the market.

Cameco of course continues to be more than just a supplier of uranium concentrates. Our production in

revenue from our fuel services division this past year is a reflection of again having full-year production capability at Port Hope and the benefit of an ongoing relationship with the Springfields facility in the UK. Cameco continues to work with our partner there and with Kazatomprom in exploring the best options to meet the conversion needs of the nuclear renaissance.

As time goes on it is becoming clear to outside observers that this declared nuclear renaissance is not just a fanciful notion of the industry. At the start of 2011 there were 65 reactors under construction across the globe. We expect an additional 104 to be operating in 2020 over and above the 441 reactors now in operation. At least half of these new reactors will be in China, which has more than 25 under construction today. This large number of new reactors means an ever increasing demand for uranium fuel. With secondary supplies dwindling, this new demand has to be filled by primary mine supply.

For those who follow the uranium market, there's been a slow realization that the rather static supply/demand paradigm of the past has changed. A substantial rise in the price of uranium since the middle of 2010 is remarkable. This dramatic movement reflects a wider awareness that new uranium supplies must get developed. The current price is an acknowledgement that new sources of supply will require higher prices for uranium than what the market was willing to provide in the previous three years.

So before we open the call to questions our Chief Financial Officer, Kim Goheen, has an update on the transition Cameco has made to the new accounting rules that govern our business. Kim?

Kim Goheen, Senior Vice-President & Chief Financial Officer

Thank you, Jerry. Good morning all.

As you are aware by now, the fourth quarter of 2010 marks the end of Canadian GAAP reporting. From the first quarter of 2011 onwards we will report under the International Financial Reporting Standards, which will include providing IFRS-compliant quarterly and full year financial statements for 2010. During our IFRS workshop this past December we had the opportunity to discuss the impacts adoption of these new financial standards will have on our financial statements.

Where do we stand today? First, we have completed our analysis of these accounting effects and quantified the

items under IFRS for the three-month period ended September 30, 2010. As was already the case for the quarters ended March 31 and June 30, accounting differences between Canadian GAAP and IFRS are minimal. Second, we have changed our approach to accounting for joint ventures. Previously we had planned to adopt the equity method to account for our interest in jointly-controlled enterprises, such as Bruce Power. The requirement to move away from the current method of proportionate consolidation to the equity method was expected to have come into effect in the near term; however, timing for the new standard remains uncertain. We have decided to continue with proportionate consolidation of jointly-controlled enterprises until more information becomes available. Third, in our MD&A today we have provided our IFRS transition date balance sheet together with explanations of the IFRS related differences. And finally, the outlook for 2011 provided in the MD&A has been prepared in accordance with IFRS. Generally speaking, these numbers are similar to what they would have been under Canadian GAAP. But, most important, I would like to reiterate what IFRS does not change. It does not change the way we set objectives, how we measure performance, or our strategy of being a dominant nuclear energy company producing uranium fuel and generating clean electricity.

More information on IFRS can be found in the investor section of our website under the heading "IFRS Transition".

Jerry Grandey, Chief Executive Officer

Thank you, Kim. With that, operator, we'll open the call to questions.

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 a further question 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 are using a speakerphone, please lift the handset and then press star one. To cancel your question, please press the pound sign. There will be a brief pause while participants register for questions. Thank you for your patience.

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

David Snow, Energy Equities, Inc.

Good morning. I'm wondering—I think I had in my notes from a previous conference call that advanced or accelerated production from Cigar might, I don't know if it was me or you that said put 5 million pounds into 14 and 10 million pounds into 15, and I'm wondering is that possible and will you update that later in the year with your 2011 technical reporting including the surface freezing strategy?

Jerry Grandey, Chief Executive Officer

David, I'm not sure where you got the numbers. We've said it'll advance up to 10 million pounds. And all of that will be in the technical report.

David Snow, Energy Equities, Inc.

And is 18 still the longer term?

Jerry Grandey, Chief Executive Officer

18 million pounds is the production objective in steady state, that's right.

David Snow, Energy Equities, Inc.

And then just could you review the surface freeze strategy, how that accelerates production?

Jerry Grandey, Chief Executive Officer

It really decouples underground development from the freezing in the first section of the ore body so you don't have a lot of competing demands on the underground infrastructure.

Operator

Thank you. The next question is from Alan Campbell from Xinhua News Agency. Please go ahead.

Alan Campbell, Xinhua News Agency

Good morning. I'm from Xinhua News Agency, China's national news agency. I want to ask you, ah, you signed two big deals with China last year; how important is China for the future of the company and when are you going to start making these deliveries please?

Jerry Grandey, Chief Executive Officer

I'd say with the construction going on in China on new reactors, I'd indicated more than 25 currently under construction, quite ambitious goals to 2020 and I think targets well in excess of that beyond 2020. China is going to become, and frankly already is, a very important market to not just Cameco but to all the suppliers that are out there. So we were delighted to get the first two contracts, one that we announced I think in June and the other one that followed a couple of months later, with the two bigger Chinese utilities. I think in total that was 52 million pounds and deliveries begin this year and next I think.

Alan Campbell, Xinhua News Agency

Are you expecting more China investment?

Jerry Grandey, Chief Executive Officer

Investment by China in nuclear reactors or...?

Alan Campbell, Xinhua News Agency

No, into your company for more orders.

Jerry Grandey, Chief Executive Officer

Oh, I think over time we would expect to obtain additional contracts, supply contracts with China, and, frankly, look at expanding the relationship in other areas as well.

Alan Campbell, Xinhua News Agency

Is there going to be any problem with actually getting the stuff there for transport from the various ports?

Jerry Grandey, Chief Executive Officer

No, no impediments other than heavy seas from time to time.

Alan Campbell, Xinhua News Agency

Okay, thank you.

Operator

Thank you. The next question is from Greg Barnes from TD Securities. Please go ahead.

Greg Barnes, TD Securities

Thank you. Jerry, you said you accelerated production or you flexed up production at McArthur this year because you're allowed to under the agreement you have with the CNSC, but what is full capacity at McArthur/Key Lake? What do you think you can push out?

Jerry Grandey, Chief Executive Officer

I think we really look at that as about 18.7 as not just the license but that would be kind of an expected steady state, Greg. If you're really lucky and you can mitigate or minimize the time we have shut the plant down every year for some refurbishment and repair you can do a little bit better than that. But, you know, it isn't millions of pounds greater year after year. Until we get this plant kind of refurbished and expanded, which we're working on through the licensing and then ultimately with a replacement, as we're doing now, of the oxygen plant and the acid plant.

Greg Barnes, TD Securities

Okay, thank you. Just switching topics a little bit, do you have any sense of how much Chinese demand has been satisfied by long-term contracts they've put in place with you, with AREVA, with others?

Jerry Grandey, Chief Executive Officer

No. A lot of that of course depends on the duration of the contracts and their own first core approach as well as

their stockpiling approach, all of which are unknowns in the equation.

Greg Barnes, TD Securities

Okay. Thank you.

Jerry Grandey, Chief Executive Officer

I would expect, Greg, that they will continue to be active in the long-term market still.

Greg Barnes, TD Securities

Yep. Thanks.

Operator

Thank you. The next question is from Brian MacArthur from UBS Securities. Please go ahead.

Brian MacArthur, UBS Securities

Good morning. Two questions. Just following up on Greg's, as far as the catch-up on McArthur River, where do we stand right now? Because obviously this last year you recaptured some of the lost pounds previously. How much is left there that you can still catch up on under the contract or the licensing agreement?

Jerry Grandey, Chief Executive Officer

I'm going to ask Bob Steane to respond. Bob?

Bob Steane, Senior Vice-President & Chief Operating Officer

Yeah, I think it's about 4 million pounds, plus minus a bit but in that neighbourhood that we have in our catch-up bank.

Brian MacArthur, UBS Securities

Great. Thank you. And on a totally unrelated topic that's probably I guess for Kim, but this tax recovery of 0 to 5 percent, can you just go through again exactly what's

going on? I know there's some tax pools, I realize there's different tax rates in different countries; can you just exactly breakdown exactly the pieces of how you get there and maybe give me a guidance going forward 2012, what it might look like when we get through all these pools?

Kim Goheen, Senior Vice-President & Chief Financial Officer

The pools themselves really are a cash impact, Brian. Big picture here behind it, the bulk of the expenses that you would see or you would expect at the corporate level, interest expense, admin expense, exploration, those types of them, all of those predominately reside in Cameco Corp, the parent company. So those are tax-deductible expenses that I can report in my book tax calculation here when I expect to have a reasonable chance of using them in the future, which I do. That swing, and then as you talked about other jurisdictions that are generating income at lower tax rates, is how we get to that position of such a low overall tax rate. The expenses are in the high-tax company and the income is in the lower-tax company.

Brian MacArthur, UBS Securities

Right, but how does Bruce work into that? Because obviously that's going to be a higher tax rate, isn't it?

Kim Goheen, Senior Vice-President & Chief Financial Officer

Yeah, the Bruce tax rate is in the mid-20s roughly.

Brian MacArthur, UBS Securities

Okay. So that's how you're doing it. It's just that differential between that and the other areas. Okay, thanks very much.

Operator

Thank you. Once again, please press star one on your telephone keypad if you have a question.

Our next question is from Terence Ortslan from TSO & Associates. Please go ahead.

Terence Ortslan, TSO & Associates

Good morning. Spot conversion volume in January was a record high, about three, four, five times the amount it typically is. What should we read into it? Is it a one-shot deal? Is it a trend of some sort? Is it backlog or is it catch up? Like what exactly is going on in that?

Jerry Grandey, Chief Executive Officer

Terry, I want to make sure I heard you. You said spot conversion volume?

Terence Ortslan, TSO & Associates

Yep.

Jerry Grandey, Chief Executive Officer

A little uncertain I think at this stage of the game. We've noticed that increased activity as well. And remember that a good supply of conversion is likely to disappear in the market in 2013. We've seen operating issues from time to time at conversion plants and some uncertainty, labour issues and technical issues. I think the utility world is generally becoming more concerned about conversion and conversion supplies and where a few years ago there was a lot of conversion, if you will, or de-conversion from UF₆ back to U₃O₈ putting a lot of conversion on the market, I think we're seeing less of that. So it may be in anticipation of conversion supplies tightening up in a year or two.

Terence Ortslan, TSO & Associates

Okay. Unrelated question from Kazakhstan: Do you export or have you exported anything from Kazakhstan to China or/and will you do more in the future?

Jerry Grandey, Chief Executive Officer

I'm not sure that we have yet. Bob, do you have...?

Bob Steane, Senior Vice-President & Chief Operating Officer

All of the product from our Inkai operation has gone to Blind River for processing.

Terence Ortslan, TSO & Associates

Okay. All right, thanks.

Operator

Thank you. The next question is from Oscar Cabrera from Bank of America Merrill Lynch. Please go ahead.

Oscar Cabrera, Bank of America Merrill Lynch

Good morning everyone. My question is with respect to capital spending and specific to sustaining capital.

McArthur River/Key Lake sustaining capital went down significantly from what you had planned originally in 2010 and this has been basically replaced with higher capital spend in Rabbit Lake and, from what I can see here, in fuel services. Should we be expecting this to sustain for the life of McArthur or will you be increasing that to 220 million later on?

Kim Goheen, Senior Vice-President & Chief Financial Officer

Oscar, really what we've said on there and directly to your question, some of the projects at Key Lake were related to the acid and oxygen plant, which we made very significant investments in in 2010. As those projects get completed, yes, that would reduce going forward. They will likely be replaced with other projects.

What we've really said is that the capital level is 575 for 2011 is what you should expect for the next couple years, in that range. Beyond that really I'm going to point you to our technical reports as the source. We really don't provide guidance beyond the next couple years.

Oscar Cabrera, Bank of America Merrill Lynch

Right. No, I was just trying to get, ah, if it's two years, that's fine.

My second question is with regards to your production at Inkai, the increase in 2011. Does that accrue for your 5.2 million or the total of the project of 5.2 million pounds? Do you need permits to reach these levels in 2011?

Jerry Grandey, Chief Executive Officer

Oscar, yes we do. We need permission from partner and government to go up to 2,000 tonnes or 5.2 million pounds per year. We're working on that with our partners.

Oscar Cabrera, Bank of America Merrill Lynch

Sorry, Jerry, I don't want to over-welcome my stay but when do you expect these and what was—let me rephrase that. What was the assumption for your production level?

Jerry Grandey, Chief Executive Officer

The assumptions in what?

Kim Goheen, Senior Vice-President & Chief Financial Officer

Yeah, (inaudible) timing, we expect approvals from our partner and the government later this year.

Oscar Cabrera, Bank of America Merrill Lynch

Can you give us an idea what you assume for putting the guidance that you put in Inkai this year?

Kim Goheen, Senior Vice-President & Chief Financial Officer

I don't have the specific date but it would be in the second half of the year sometime we expect approval, Oscar.

Oscar Cabrera, Bank of America Merrill Lynch

Okay, that's fair enough. Thank you very much.

Operator

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

Ben Elias, Sterne Agee

Could you elaborate on Bruce Power going forward, all the investment needed to keep that up and running, relicensing and, you know, over the next, ah, I don't know what the long-term plan is.

Jerry Grandey, Chief Executive Officer

Recall, Ben, that we're only in the Bruce B units, not in the A units. So these are the four units ultimately are likely to run through the latter part of this decade before refurbishment is required. So over the next several years Bruce, we'll be looking at that internally and working with the Ontario government on what that means and how it would be conducted, timing and financing and these kinds of things.

Ben Elias, Sterne Agee

Okay, so nothing in the next five to six years. Whatever needs to be done will have to be done towards the end of the decade?

Jerry Grandey, Chief Executive Officer

It will depend upon the sequencing, because the Ontario government isn't going to want all of their nuclear units being refurbished at the same time, whether they be OPG's or Bruce's units. And of course there's several other units at Bruce A beyond the one, two that are being refurbished currently.

So all of that is going to have to be sequenced by agreement with the province and then sorted out in terms of schedule timing and precisely the way in which the units will be brought back into the market.

Ben Elias, Sterne Agee

Okay. And I was wondering if you could—in your outlook you did mention higher realized prices in the fuel services business, and we know ConverDyn is trying to push through some price increases and include all kinds of inflation adjusters. To what extent or what is the magnitude of these price increases and when do they start impacting your business?

Jerry Grandey, Chief Executive Officer

Well it's a competitive market and I guess I just won't speculate on future prices. We do see it strengthening, which is a good sign.

Ben Elias, Sterne Agee

Okay, but is it strengthening—as you mentioned earlier, there's an impending lack of capacity. You know, you have an impending lack of capacity and you have one of the competitors finally admitting things weren't great and now raising price. That's quite clearly beneficial to you. So, you know...

Jerry Grandey, Chief Executive Officer

The reality is conversion needs higher prices for reinvestment to be made. We've been saying that for quite a number of years.

Ben Elias, Sterne Agee

Okay, but you don't need any extra capacity for the extra 20 million pounds?

Jerry Grandey, Chief Executive Officer

Well the two are somewhat independent, because we, with our customers we'll sell either uranium concentrates, U₃O₈, or if they want a packaged product we'll sell UF₆, or if they just want conversion services then we'll sell them the services. So the fact that we produce 40 million pounds a year, some of that may come as UF₆ but that depends upon how much we had to sell and the needs and desires of our customers.

Ben Elias, Sterne Agee

Okay, thanks. And, if I may, just one last question on cash used. You have about \$1.3 billion in cash and equivalents; what are your top three priorities for cash use right now?

Jerry Grandey, Chief Executive Officer

Well we're always mindful of returning cash to shareholders, and you saw what we did toward the end of

last year with the dividend increase. Kim talked about the capital requirements to achieve the strategy of double U and making sure that our assets are operating at the level of excellence that we demand. So there's plenty of requirements within the business for cash. All of this expansion, the double U, will be financed internally. And, as I say, we're always mindful of returning value and cash to shareholders.

Ben Elias, Sterne Agee

Thank you.

Operator

Thank you. The next question is from David Snow from Energy Equities, Inc. Please go ahead, sir.

David Snow, Energy Equities, Inc.

Yeah, I'm wondering the, um, you mentioned that the long-term contract normally has been over time 13 percent higher than spot. Right now it's about at spot. Would you expect the long term to resume that premium or spot to come down? Or what's the outlook in going forward?

Jerry Grandey, Chief Executive Officer

David, over the years I've always seen the long-term price at a premium. Not always 13 percent but that's pretty good as an estimate I guess. There have been, what, three or four times when they've either converged or actually been in a reversed situation that hasn't lasted very long and so my own belief here is that the predictability for both the buyer and the seller of a long-term fixed price requires a premium over spot. Whether that means the spot goes down or the long-term price goes up, I have no idea.

David Snow, Energy Equities, Inc.

Okay. And I was wondering—it seems that although you produced a couple million extra pounds in 2010 you're guiding down from 22.8 to 21.9 in 2011. What's going on there?

Jerry Grandey, Chief Executive Officer

You know, we have the licenses. We talk about the capacity of our mills at Rabbit and Key as well as what we have in the U.S. and at Inkai in Kazakhstan. As we entered 2011 that was the best guess of what we thought we would do in 2011. One always hopes you can do better, as we did in 2010, and so we, as you might expect, challenge all of our sites to do a little bit better, but always being mindful of safety and operational excellence.

David Snow, Energy Equities, Inc.

I got cut-off when I was trying to figure out exactly how the freezing at the surface with interrelate with how it would have been done or how it would compare with how you would have done it in the past. Can you just give a little more colour on that?

Jerry Grandey, Chief Executive Officer

Historically we would, as we do at McArthur, freeze from underground. The decision was made to try to see if we could decouple the freezing of the first part of the ore body with all of the other underground development that is going to go on to achieve first production. So by reducing the level of activity, putting the freezing from the surface for the first years of production should allow us to accelerate the ramp up of production a little bit.

David Snow, Energy Equities, Inc.

So it will already be frozen down there when you go to start mining it I guess.

Jerry Grandey, Chief Executive Officer

That's the hope.

David Snow, Energy Equities, Inc.

Okay. Terrific. Thank you.

Operator

Thank you. The next question is from Greg Barnes from TD Securities. Please go ahead.

Greg Barnes, TD Securities

Thank you. Kim, I want to go all the way back to Brian's question on taxes. Do you anticipate your tax rate will climb once the HEU agreement expires? I assume that's all done offshore.

Kim Goheen, Senior Vice-President & Chief Financial Officer

It is held in a foreign sub, Greg, yes. In that single item, if that were the only point going on, yes, the overall tax rate would rise.

Greg Barnes, TD Securities

And I guess it's too far out to give us some kind of view.

Kim Goheen, Senior Vice-President & Chief Financial Officer

Yes.

Greg Barnes, TD Securities

Okay, fair enough. Thank you.

Operator

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

Orest Wowkodaw, Canaccord Genuity

Good morning. I have a financial question for Kim.

Just in terms of the adjusted earnings, it looks like there was a 53 million pre-tax gain on derivatives in the income statement if I sort of back out the annual versus year to date Q3, but it looks like you're only adding back about 16 million to get your adjusted number. Just wondering if there's something else there or I'm missing something here.

Kim Goheen, Senior Vice-President & Chief Financial Officer

Orest, without grabbing the numbers, what we do for the adjusted earnings is, you know, on the foreign exchange contracts in particular we notionally allocate those between periods as if we were doing hedge accounting. We just don't go through the whole process of formally designating them as hedges. It's just not worth the process. What you will probably be seeing there is some of those contracts, ah, the gains being unrealized under that basis and will come in in future periods. I think that's what you're probably talking, what you see in there. Now I'm glad to talk to you later on the specifics of the numbers but that's my guess for right now.

Orest Wowkodaw, Canaccord Genuity

Okay. Thanks, Kim.

Operator

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

Our next question is from Brian MacArthur from UBS Securities. Please go ahead.

Brian MacArthur, UBS Securities

I was wondering if you could just clarify when you're done this capital spending for the Key Lake and McArthur revitalization over the next two years, at that point would you have the operational capability to go to the 22 million pounds all in if you could get the regulatory approval or does some other capital or something else have to be done after that?

Jerry Grandey, Chief Executive Officer

Bob?

Bob Steane, Senior Vice-President & Chief Operating Officer

The design pieces for the Key Lake when it's all done is a 25 million pound capacity.

Brian MacArthur, UBS Securities

And will that—okay. Because one time that was 22. So you're saying it's 25 now. Would that be the capability by, say, 2013 theoretically if you could get the license?

Bob Steane, Senior Vice-President & Chief Operating Officer

First we need licenses and approvals, you're right, and that won't be in place by 2013. More like 2015. And then, we would like to move forward the production. But long term effectively, we have been planning ...to increase the production to that 22 million pounds. We're looking at the plant capacity, design capacity available for future opportunities as they arise.

Brian MacArthur, UBS Securities

So if we can't get the 25 in 2013 could we get the 22? Subject to approval?

Bob Steane, Senior Vice-President & Chief Operating Officer

Not likely it would be in place by that time.

Brian MacArthur, UBS Securities

Okay, great. Thank you. And on a secondary issue, in the CapEx spending there's another category of other which is \$14 million. Is that global laser enrichment or is there any money being spent on that or where are we with that?

Kim Goheen, Senior Vice-President & Chief Financial Officer

Brian, the global laser enrichment would be separate debt. Other would be some corporate costs lumped in there. The GLE is in a separate item. You won't see the capital rolled through our statements.

Brian MacArthur, UBS Securities

At all. Okay. And how much are you spending on that this year? Is there any budget or anything?

Kim Goheen, Senior Vice-President & Chief Financial Officer

I'm sorry, Brian, I don't have that at my fingertips. They will be moving that project forward but I don't have a number for you, sorry.

Brian MacArthur, UBS Securities

Okay, great. Thanks. I'll get it off line.

Operator

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

David Snow, Energy Equities, Inc.

Just to follow that up, does it sound like they're going to move forward with that global laser project?

Jerry Grandey, Chief Executive Officer

David, absolutely. They're continuing with the work to try to design and do the engineering for a commercial operation.

David Snow, Energy Equities, Inc.

Okay. Will there be an update on that sometime this year?

Jerry Grandey, Chief Executive Officer

We'll do that in the various MD&As that we update people.

David Snow, Energy Equities, Inc.

Okay. And is the increased MacArthur River potential of 25 million pounds in 2015; is that in your ten-year plan of doubling uranium output?

Bob Steane, Senior Vice-President & Chief Operating Officer

I didn't want to imply McArthur River would be 25 million pounds. We're putting in the infrastructure at Key Lake so the Key Lake mill would have that. The McArthur River deposit, we're looking at the 22 million pound expansion subject to regulatory approval and getting everything in place. But the expansion at Key was to provide opportunity for other deposits or other opportunities should they arise.

David Snow, Energy Equities, Inc.

So you are putting 22 million for McArthur River into the ten-year plan. Or the 2000-whatever (inaudible).

Kim Goheen, Senior Vice-President & Chief Financial Officer

It will, David, on that event, yes, the higher number we will be looking at for McArthur going forward. The exact timing I'm not sure for you here but, yeah, we will be looking at a higher number eventually from McArthur.

David Snow, Energy Equities, Inc.

Thank you very much.

Bob Steane, Senior Vice-President & Chief Operating Officer

That'll be post 2018.

Kim Goheen, Senior Vice-President & Chief Financial Officer

Yeah, I think it's beyond—there is some extra there but it's not by 2015.

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, Chief Executive Officer

Okay. Thank you very much, operator, and likewise to all that took the time to be on the call today.

At Cameco we see a bright future ahead. Our determination to achieve safe, clean and reliable production in our day-to-day operations is delivering solid financial results to all of our shareholders. By planning ahead on a ten-year horizon we are confident in our ability to deliver on the double U strategy. We intend to achieve our goal while delivering continued financial success this year and the years that will follow.

With that, thanks to all of you for joining the call. Thank you for your support of Cameco and I wish you a good day.

Operator

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