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Terence Ortslan

TSO & Associates

Ralph Profiti

Credit Suisse

Oscar Cabrera

Bank of America Merrill Lynch

Anthony Young

Dahlman Rose & Co.

Greg Barnes

TD Securities

PRESENTATION

Operator

Good day ladies and gentlemen and welcome to the Cameco Corporation First Quarter 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 afternoon everyone. Welcome to Cameco's first quarter conference call to

discuss the financial results and our latest assessments following the Fukushima accident. Thanks for joining us.

With us today are six of Cameco's Senior Executives. They are Jerry Grandey, Chief Executive Officer; Tim Gitzel, President; Kim Goheen, Senior Vice-President and CFO; Ken Seitz, Senior Vice-President, Marketing and Business Development; Bob Steane, Senior Vice-President and Chief Operating Officer; and Grant Isaac, Senior Vice-President, Corporate Services. We're also joined by our colleague Rachelle Girard, Manager, Investor Relations.

Jerry will begin with brief comments on the quarter followed by his latest perspective on the industry in the aftermath of Fukushima. Then Kim will comment on our transition to IFRS, after which 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 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.

With that I'll turn it over to Jerry.

Jerry Grandey, Chief Executive Officer

Thank you, Bob, and welcome to all who have joined us on our first quarter call.

The financial results we reported earlier today are consistent with the guidance we provided in our annual MD&A.

This year's deliveries of uranium are heavily weighted to the second half. As you will note in today's reporting, our expectation is that consolidated revenue will be 5 to 10 percent higher this year and our revenue from uranium sales will be up 10 to 15 percent compared to 2010. The slight reduction from earlier guidance on revenue from the uranium segment is almost entirely a foreign exchange issue.

On the operational side, the major difference compared to a year ago was that we moved the annual

maintenance in our Key Lake mill to late in the first quarter. In the previous two years the maintenance shutdown has been taken in the second quarter.

Reordering Key Lake's maintenance cycle meant the mill was down at the same time the McArthur River mine was taking a short production pause to remove a number of abandoned freeze pipes. With the pipes gone, mining can now be done more efficiently without multiple interruptions to remove them.

We expect production at McArthur River/Key Lake to be on target to meet guidance for the year. The same is true for production from our other facilities. At Cigar Lake we continue to target initial production by mid-2013. We plan to issue an updated technical report on Cigar Lake in the third quarter. The report will include revised estimates for capital costs, a production ramp-up schedule, operating costs, plus mineral resource estimates.

As you will note, our uranium sales guidance for 2011 is unchanged with our expectation that we will deliver between 31 and 33 million pounds into the market. This sales outlook for the year confirms what we said in a special conference call three days after the tragic earthquake and tsunami hit Japan, setting in motion events at the Fukushima Daiichi nuclear power complex.

We have now had more than eight weeks to assess and digest the effects of Fukushima on the nuclear industry and on Cameco. As we stated March 14th and we restate now, our initial response was to do all we could to help Tokyo Electric Power and our other Japanese utility customers. Accommodations we will make this year to defer product deliveries to these customers are not material to Cameco, nor do the events at Fukushima represent any material change for Cameco's business in the longer term.

For the industry as a whole, our view of a long-term positive future for nuclear power and increasing demand for uranium fuel remains unshaken. Of course, a few disagree. The same strident voices that have always opposed nuclear power have become energized anew and are agitating for an end to our industry; however, from the vantage point of thirty years in the business I find some remarkable differences in the tone of the current public debate compared to what was being said after Three Mile Island and later Chernobyl.

Three Mile Island and Chernobyl had a long lasting effect on nuclear power's growth and the public acceptance of the technology. Following these events there were few leaders in science, academia, or government who spoke in favour of nuclear power or even dared to suggest it

had a future in the global energy mix. After all, coal, gas and oil were abundant and could easily supply our energy requirements. There was little public concern over carbon emissions at that time. Now, in the wake of Fukushima, we find the world is a much different place. Energy requirements are growing dramatically and governments, which are building and planning new nuclear power installations, have, for the most part, refrained from engaging in kneejerk reactions.

Yes, they are calmly talking about a pause to assess both existing and planned nuclear generation facilities so lessons learned from Fukushima can be understood and applied, but, for the most part, they are talking of this period merely being a pause. Academics and opinion leaders on climate change and energy security continue to speak out in favour of nuclear's advantages. So far the strident voices that oppose nuclear power have had limited effect on shaping public opinion and government policy. A notable exception of course is Germany, where weak political leadership has made an illogical and emotional decision to close a number of older nuclear facilities. The contrast between those actions and what Germany's neighbours have decided could not be more pronounced. The leaders of both France and the Czech Republic have taken a calm look at their options and recommitted to their existing plans to expand the role of nuclear. Another neighbour, Poland, is continuing with its plans to join the world of clean nuclear energy. For the most part, the story elsewhere in the world mirrors this calmer, rational reaction.

So why are countries determined to push ahead? The reason is that the world of energy supply is not such a simple place. Part of the story is economic growth, most of it happening in countries that are also experiencing a rapid rate of urbanization. Look at China, where demographers project that more than 70 percent of the projected 1.6 billion people living there at the time will be living in cities by 2030. One estimate is that there will be more than 220 cities of at least one million people in China by that time. China's nuclear construction program is still expected post Fukushima to increase the country's total nuclear generation by at least six fold by 2020. This unprecedented urbanization and demand for power is not just happening in China.

The same holds true for other rapidly developing countries such as India, Vietnam, Brazil, and Turkey, whose leaders have reiterated their desire to pursue nuclear development to accommodate sustained and rapid economic growth and to diversify energy supply. But, unlike the situation that existed 25 years ago, choices about which energy sources to use are no longer cut and dry. If the choice were merely to pick an energy

source that can provide large-scale base load electrical power, then coal would carry the day, as it did previously. But factor in the imperative to have clean air sources of generation and the policy equation changes in a hurry. What is clear to energy planners and governments is that today's third generation nuclear designs provide the safe technology for clean, large-scale power from politically secure sources of fuel.

The expectation is that most new nuclear plants already in the planning process will proceed, even if the current pause pushes some decisions farther into the future. Prior to Fukushima we expected there would be 131 new reactors operating globally by 2020. Today we expect there will be at least 121 new reactors constructed and operational. Taking into account the reactors that will have reached the end of their life, we see the net gain for the world reactor fleet in 2020 being 91. Prior to Fukushima we saw the net gain to be just above 100. Either way you express it, our projection of global reactor numbers has been reduced by just 10 in our outlook for 2020.

From a fuel supplier's perspective, we expect this change in outlook will reduce the cumulative demand for uranium over the next 10 years by just 4 percent. It remains true then that new uranium supply will have to be brought into production to meet this demand. Thus, our reading of the Fukushima adjusted fundamentals of the uranium business leads to one conclusion for Cameco: very little has changed in the way we see the world. Our strategy of doubling uranium production by 2018 continues to make sense. Our assets at our existing operations and within our development pipeline are among the best in the world. Cameco is extremely well positioned to continue being a world-leading supplier to a growing global nuclear industry.

Now before I ask the operator to open up the lines for questions our Chief Financial Officer, Kim Goheen, has an update as we report our financials this quarter for the first time presented under the International Financial Reporting Standards. Kim?

Kim Goheen, Senior Vice-President & Chief Financial Officer

Thank you, Jerry.

First quarter of 2011 marks our first reporting period under International Financial Reporting Standards, or IFRS. We have recast our financial results for 2010 in accordance with IFRS for comparative purposes.

As you may remember from our workshop last December, the transition to IFRS has resulted in several changes that impact our financial reporting; however, you will notice that the transition has had relatively little impact on net earnings compared to what we previously reported under Canadian GAAP.

The presentation and terminology used in our interim financial statements and first quarter MD&A differ somewhat from that used in previous years. I recommend that you review the information presented in our current MD&A starting on page 27 and our financial statements. Note three to the statements provides background and numbers on the differences relative to amounts reported under Canadian GAAP last year. Information is also provided on the Investor Relations section of our website under the heading IFRS Transition. Please contact us with any questions or requests that you may have.

Going forward, our results will be reported under IFRS, including comparisons to 2010. We will no longer comment on Canadian GAAP net earnings for last year, although that information is available in our 2010 annual MD&A.

Jerry Grandey, Chief Executive Officer

Thank you, Kim. Operator, it's now time to open up the phone lines 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 further questions, please return into 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 you're 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 for their questions. Thank you for your patience.

The first question is from Orest Wowkodaw from Canaccord Genuity. Please go ahead.

Orest Wowkodaw, Canaccord Genuity

Hi. Good afternoon. My question revolves around the spot market. Wondering if you could disclose to us how active Cameco has been purchasing material in the spot market post the Japan incident, if you could give us some volume indications that would be very helpful.

Jerry Grandey, Chief Executive Officer

Orest, probably not volume indications. We try to keep that a little bit close. But shortly after the incident we did engage in a little bit of buying just to really judge the depth of selling, the depth of the panic, those types of things. And it's something we continue to watch and, like we do every year, we've got the ability to intervene when we think it provides more information or might make a difference.

Orest Wowkodaw, Canaccord Genuity

So would it be more than usual type of purchasing or kind of your regular plan?

Jerry Grandey, Chief Executive Officer

I'd describe it as more regular.

Orest Wowkodaw, Canaccord Genuity

Okay. And that, per year I think your regular buying is around sort of three, four million pounds.

Jerry Grandey, Chief Executive Officer

Anywhere between one and three.

Orest Wowkodaw, Canaccord Genuity

Yeah, okay. Thanks a lot.

Operator

Thank you. The next question is from Terence Ortslan from TSO & Associates. Please go ahead.

Terence Ortslan, TSO & Associates

Good afternoon, it's Terry Ortslan. Actually, again, a broad question with respect to in the aftermath and people actually assessing the situation. Coming back to China and India, any—I mean you're obviously more in contact directly with them than any one of us in terms of understanding the psychology and their concern and the level of the change possibility. China and India, what would you be able to be transparent for us in the interim, number one. And, number two, have you changed any numbers of expectation on China and what are the numbers for China to be able to absorb from the market this year?

Jerry Grandey, Chief Executive Officer

Terry, if I got it all, we haven't really changed numbers for either one. As we've indicated, there may be, as both countries have indicated, a slight pause in approving new reactors. We were in India indeed when the Fukushima event happened and we've had some communication with them; they seem to be moving forward, again, deliberately. Tim actually was in China about one or two weeks later after Fukushima—

Tim Gitzel, President

One week.

Jerry Grandey, Chief Executive Officer

Would you like to comment on that, Tim, just the receptivity you had and their plans?

Tim Gitzel, President

Indeed, we were over, and Ken Seitz was with me as well, we took a trip over to China to meet with them to discuss business, but to also judge the reaction of the Fukushima events. Obviously they had the same reaction of regret for the Japanese people, but after that we talked about their program going forward and clearly they're still committed to nuclear. The units that they have under construction, some 26 or 27, will continue. And they plan to continue as will with the planned units, after a pause for review of those units as well. So we were very comfortable with their response and I can say that they are staying the course.

Jerry Grandey, Chief Executive Officer

Did we get it all, Terry, or was there some other...?

Terence Ortslan, TSO & Associates

Actually, there was some, maybe it was a kneejerk reaction immediately afterwards, but the Chinese saying that they would be looking into the design or redesign process given the circumstances in Japan. What does that mean, number one. Number two, I didn't see much from the Indian side with their (aspirations) and also the reassessment of their profile.

Jerry Grandey, Chief Executive Officer

I think every country, India/China no exception, that they will look at the lessons coming out of Fukushima, both with respect to plants that are operating and with respect to plants that they intend to build. From what we can tell thus far, particularly for the newer design plants, which of course most of them in China and most of the ones in India, there's not going to be any dramatic effect. But they're prudently saying they're going to understand the lessons before the move forward.

Terence Ortslan, TSO & Associates

Okay. Jerry, is this your last conference call?

Jerry Grandey, Chief Executive Officer

Yes, Terry, it is.

Terence Ortslan, TSO & Associates

Well then personally and on behalf of all the mining analysts I would say as well that it's been wonderful dealing with you guys over the years and, Jerry, hope we're going to see you more often now that you've got more time.

Jerry Grandey, Chief Executive Officer

Much appreciated, Terry. Thank you very much. I'll have a few words to say toward the end.

Terence Ortslan, TSO & Associates

Okay, fine.

Operator

Thank you. The next question is from Ralph Profiti from Credit Suisse. Please go ahead.

Ralph Profiti, Credit Suisse

Good afternoon. Thanks for taking my call. Another one with respect to the market, Jerry, or Ken, if he wants to chime in. Just trying to assess the impact of hedge funds. What's your assessment of their sort of responsibility for some of the inventory liquidation and their impact on the prices and what's your current assessment of their current holdings and do you expect them to, say in the short or medium term, provide any type of overhang or suppression in the price activity that we're seeing? Thank you.

Jerry Grandey, Chief Executive Officer

Good Ralph. I'll have Ken handle that one.

Ken Seitz, Senior Vice-President, Marketing & Business Development

Sure. With respect to material that's been flowing in and out of the market, it's actually been relatively quiet post Fukushima. Of course we saw the price drop in the stock market, but not nearly to the levels that some had expected and then, you know, it's flattened out at around that (\$50 to \$5) market and we haven't seen a lot of volume trading in the past month. And so are hedge funds putting material into the market? Not today.

With respect to the overhang, it's the similar overhang that has been pre-Fukushima, without a question. Hedge funds continue to hold in excess of 20 million pounds of uranium. But given where prices are at today we don't expect that there's going to be irrational dumping of uranium into the spot market by the hedge funds. So today it's small volumes changing hands as people wait and see what price is going to do here, but we don't expect a lot of material coming into the market from the hedge funds.

Ralph Profiti, Credit Suisse

Great, thank you. And thank you, Jerry, and best wishes to you.

Jerry Grandey, Chief Executive Officer

Thank you, Ralph.

Operator

Thank you. The next question is from Aleen Alda from Desjardins Securities. Please go ahead.

Aleen Alda, Desjardins Securities

Good afternoon. My questions have already been discussed earlier in earlier questions. Thanks very much.

Jerry Grandey, Chief Executive Officer

You bet.

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 afternoon everyone. Jerry, just want to add my congratulations and thank you for everything you've done for us so far. I expect to keep seeing you in future events.

Now with respect to your comments in terms of sales for the year, you said that—could you put a little bit more context in terms of why is it that you expect weaker sales in the second quarter and, you know, for like a third of the 32, I think is the midpoint, million pounds on the fourth quarter, can you put a little bit more context or colour around that please?

Jerry Grandey, Chief Executive Officer

As we've tried to communicate I think year after year, Oscar, the delivery pattern is really established by our

utility customers. So going into a year and then through the year we'll get notices from utilities as to when they want to take their product. And utilities have typically, over the long term I've been in the industry, try to push it all off until the end of the year so that they're not holding inventory for longer than they'd like to. This particular year the notices line up in a way that the second quarter is going to be weak and that most of, well a good majority of the deliveries are going to be in the second half, and that'll be tilted as well toward the fourth quarter.

Oscar Cabrera, Bank of America Merrill Lynch

That helps a lot, thank you. And the other one, just on your comments in as far as nuclear reactors, could you please repeat that number for China for the decade? You said you expected over 100, now 90; how many of those are China?

Jerry Grandey, Chief Executive Officer

Oh, how many of those are in China? I think we're still looking at, in total, about 60 to 70 gigawatts in China, so probably a total of the new of around 40 I suppose. 40 to 50. Depending on the size of the units, 50. Ken's flashing at me a 5, so I'm guessing 50. Thank you, Oscar.

Operator

Thank you. The next question is from Anthony Young from Dahlman Rose. Please go ahead.

Anthony Young, Dahlman Rose & Co.

Hi guys. Thanks for taking my question. Just an industry question on the marginal cost of production. I mean I know you guys are well below those levels, but when we think about the top 10 to 15 percent of the cost curve where do you think that cost is for those guys?

Jerry Grandey, Chief Executive Officer

It's such—you know, every time we answer that question it's such a function of where the US dollar ends up, because this is a commodity that is priced in US dollars, but very little of it is produced in the US, as we know. But long-term prices we still see in the \$60 to \$80 per pound range, as required to encourage the investment to bring on the pounds needed to satisfy demand.

Anthony Young, Dahlman Rose & Co.

Okay. And then just on the permitting side of things, I mean since the incident in Japan have you seen regulators become more difficult or hawkish, if you will, with regard to looking at permits for new mines and so forth?

Jerry Grandey, Chief Executive Officer

I would say generally not. The regulator in Canada asked all operators of mines and power plants to go back and look at the lessons coming out of Fukushima and, you know, ask ourselves the questions, the more fundamental questions about the loss of offsite/onsite power for an extended period of time. We're going to do that at all of our operations. And we haven't seen similar questions in other jurisdictions yet, but prudence would say that every one of us should take a look at lessons coming out of Fukushima.

Anthony Young, Dahlman Rose & Co.

Okay. Thanks for answering the questions, guys.

Operator

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

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

Greg Barnes, TD Securities

Thank you operator. I guess this is a question for Jerry or Ken, but the previous question about the marginal cost of production, \$60 to \$80 a pound I think was your answer, Jerry, but what about nearer term? And the term price quoted by Ux or TradeTech is around \$70. Where do you see or how do you see that developing over the next little while with this pause going on in the nuclear market?

Jerry Grandey, Chief Executive Officer

Ken, you want to give that a try?

Ken Seitz, Senior Vice-President, Marketing & Business Development

Absolutely. So I couple things I would say, Greg. One is, you know, we've said we have a spread between the spot and the term price at the moment and so we expect that spread will narrow as some seek to exploit that difference. So a spot price move, term price move, one is going to move.

But today we see that over the next (six) months we will have some traditional RFQs coming from customers as requirements open up certainly 2012, 2013 and beyond, and so with respect to the term price we're looking at it as holding around these levels as the recognition that, as Jerry said at the outset, more uranium is required, and so some term prices along the lines of what we're seeing are going to be required here. So spot price volatility, absolutely, but we expect that the term price will continue to hold.

Greg Barnes, TD Securities

Good. Thank you. Just my second question on Inkai. You've got the permit to go to 3.9 million pounds. I think that's on a 100 percent basis. When do you anticipate getting the permit to go to 5.2 million pounds? I think it was this year, but I'm just wondering when.

Jerry Grandey, Chief Executive Officer

Greg, you're right, it's 100 percent basis, and I think we're making good progress and we'd expect it within the year.

Greg Barnes, TD Securities

Within this calendar year?

Jerry Grandey, Chief Executive Officer

Within this calendar year.

Greg Barnes, TD Securities

Right. And I add my congratulations to you, Jerry. Thanks for all the help you've given over the last several years.

Jerry Grandey, Chief Executive Officer

Greg, I appreciate it. Thank you.

Thank you. The Cameco Corporation first quarter results conference call has now ended. Please disconnect your lines at this time. We thank you for your participation

Operator

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

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

Oh, I think you guys are letting us off way too easy today, but thank you very much operator.

So I indicated I would have a few concluding remarks and I just take a moment to again thank everybody for joining us and just say one thing about Cameco's position within the industry, particularly from the perspective of one who has been privileged to lead this Company for now eight and a half years, winding down a career of over thirty years that's been in the nuclear industry. I've seen and I continue to see Cameco's ability to weather with really great resiliency the challenges that come our way.

Earlier I mentioned our world-leading production facilities, the quality of the projects we have in development, all of them underpinned by our low-cost base of reserves and resources. And what is not mentioned nearly enough is the quality of our people and their drive to succeed no matter what the challenges. So in the months and years ahead under the able leadership of my successor, Tim Gitzel, together with the rest of the executive team, the ability of Cameco to stick to our strategy and prevail will remain. Certainly these are interesting times for our industry but such circumstances present great opportunity.

Many of you who have joined us on the call today have become friends or at least very familiar voices to me. I've looked forward to these calls, your questions, and have certainly appreciated your ongoing interest in Cameco. For that, and for your support, I thank you, wish you all very well, a good day and a great weekend. Thank you again very much.

Operator