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**Aleem Ladak**

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**Greg Barnes**

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**Daniel Rohr**

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**Borden Putnam**

*Mione Capital*

**Lisa Mrazek**

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**Todd Kapala**

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## **PRESENTATION**

**Operator**

Good morning ladies and gentlemen and welcome to the Cameco Corporation Fourth Quarter and Year End Results Conference Call. I would now like to turn the meeting over to Ms. Rachelle Girard, Director, Investor Relations. Please go ahead, Ms. Girard.

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**Rachelle Girard, Manager, Investor Relations**

Welcome to Cameco's fourth quarter conference call to discuss our financial results. Thank you for joining us.

With us today are four of Cameco's senior management team. They are Tim Gitzel, President and CEO; Bob Steane, Senior Vice-President and Chief Operating Officer; Grant Isaac, Senior Vice-President and Chief Financial Officer; and Ken Seitz, Senior Vice-President, Marketing and Business Development. We are also joined by our colleague, Bob Lillie.

Tim will begin with comments on Cameco's results for the fourth quarter and for 2011 and on how he sees the future for Cameco and the nuclear industry. Then we will 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 will turn it over to Tim.

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**Tim Gitzel, President & Chief Executive Officer**

Thank you, Rachelle, and welcome to everyone who has joined us on the call today as we discuss Cameco's fourth quarter results, our progress through 2011 and our view of the future.

We have several pieces of good news to report. Just yesterday it was announced that Canada and China have agreed on a protocol to allow deliveries of Canadian uranium concentrate to the world's fastest growing nuclear market. Once ratified this will help us build our

position as a key uranium supplier to China and grow employment and investment in Canada's uranium mining industry. We commend the governments of both countries for getting this done.

Also announced yesterday was the news that the U.S. Nuclear Regulatory Commission granted Southern Company a combined construction and operating license for two new units at the Vogtle plant in Georgia. These are the first new reactors to be approved in the United States for more than 30 years.

Turning now to Cameco's fourth quarter and annual results, well, 2011 was a year of global economic, political and environmental challenges. In addition, the nuclear industry has felt the effects of the events in Japan in the way of new build slowdowns and lower uranium prices. But it was also a year of record performance for Cameco. For us it has been business as usual and in some ways even a little better than usual. Our safety record was once again very strong. A number of our operations achieved important safety milestones. Cigar Lake reached two years without a loss-time injury, Crow Butte reached four years, and Blind River reached an impressive five years without a loss-time injury. Safety is an important part of our commitment to operational excellence and we have worked hard to ensure a strong safety culture permeates the entire organization.

2011 was also strong from a financial and operational perspective. We saw high uranium sales volumes and record realized prices, which combined to generate almost \$2.4 billion in revenue for our nuclear business, 12 percent higher than in 2010 and a record for the company. \$1.6 billion of that was from our uranium segment. As we said throughout the year, our uranium sales were heavily weighted to the fourth quarter this year and so we achieved record results for the quarter as well. Quarterly revenue from our uranium segment reached a record \$731 million from 13.8 million pounds of sales volume. Overall, consolidated revenue for the quarter was another record at \$977 million.

Production was just as strong, coming in 3 percent higher than we had planned for 2011. McArthur River and Rabbit Lake performed particularly well. Our share of production from McArthur River was 5 percent higher than planned and matched the record production achieved in 2010. At Rabbit Lake, production was 6 percent higher than our plan at 3.8 million pounds. Production at Inkai, however, was down from 2010 levels. We had previously benefited from some built-up inventory that has now been drawn down as well as the higher uranium grades that are associated with new wells which are now beginning to mature. A key highlight for Inkai this

year was the signing of a Memorandum of Agreement to increase total annual production from 3.9 million pounds to 5.2 million pounds.

At Cigar Lake, we made significant advances in moving the project toward production, including completing remediation of the underground, resuming construction, and breaking through with the second shaft on the 480 level. In the MD&A, we announced some changes to the Cigar Lake project that will be detailed in the updated technical report to be released later this month. The report incorporates more comprehensive knowledge of the geology of the ore body and changes we have made over the year to improve the project such as surface freeze and the milling agreement we signed to have the ore processed at the McClean Lake mill. The most significant result of these developments is an improvement in the economics of the project. The estimated average cash operating cost is expected to decrease from about \$23 per pound to \$18.60 per pound, which we're very pleased with.

There have also been changes to the production schedule. While we still expect to ramp up to the full production rate by the end of 2017, the initial production period will be slightly slower than had been planned. This is a result of having lower ore grades in the initial mining panels as well as our cautious approach to the project. Because of the challenges we've had in the past with the complex geology of this ore body we believe it's important to take the time to ensure that the job gets done right and gets done safely. We have made excellent progress at Cigar in 2011 and look forward to producing our first pounds in 2013.

While our Uranium segment performed very well in 2011 where we did see some negative impact to our business as a result of market conditions was in our fuel services and electricity segments. In the third and fourth quarters we decreased fuel services production due to an unfavourable market and unfavourable market conditions for UF6 and our earnings from Bruce Power decreased primarily as a result of lower output and lower realized electricity prices, although it remains a good source of cash flow.

As we start 2012, our sales, revenue and production targets for the year are similar to 2011 and, as noted in the outlook table, we do expect exploration and administration costs to increase. For our uranium segment, we expect to produce 21.7 million pounds this year and will continue on the path of increasing annual uranium production to 40 million pounds. It's important to pursue his goal now so that we're ready when the market

begins to demand further supply, and the market fundamentals indicate that it will.

Energy demand continues to grow around the world and countries are taking a diversified approach to energy growth with an emphasis on energy security and clean energy, which means that nuclear continues to be a key component of the energy mix. Most of the 30 countries with nuclear programs have recommitted to nuclear and some are growing their programs. As a result, 96 net new reactors are expected by 2021, 63 of which are under construction right now. This is level of growth we haven't seen since the 1970s. And even more are planned.

That's not to say that the industry has not been impacted by the March events in Japan. Most notably, Germany has decided to move away from nuclear and focus on other ways to generate electricity, though we did hear this week that Germany has had to restart several of its shuttered reactors to deal with the cold snap hitting Europe. Japan itself has only three of its reactors currently operating and their plans for the future are unclear. As a result, there has been some concern that excess Japanese and German inventories could come to market in an irresponsible way; however, in the now 11 months since the event we have not seen any such treatment of inventories. We have had had a few request for deferrals and have agreed to some of these and we would not be alone in this regard. As a result, we believe that utilities will continue to work with producers and that any materials will be managed in a coordinated fashion that would minimize impact to the market.

Even with these developments, the fact remains that uranium demand has long outpaced supply and in addition we expect to see annual growth in global uranium demand of 3 percent over the next ten years. This widening gap has been filled thus far with secondary sources like the supply flowing from the HEU agreement, but these sources are finite and supply from the HEU agreement in particular is coming to an end in 2013, which will remove 24 million pounds annually from the market. It is clear that more uranium supply will be needed and this at a time when new projects are not easy to bring on line. We have also seen several projects been delayed or cancelled and in an industry with long lead times. As a result, we see Double U is essential to helping fill that supply gap and delivering value to shareholders. So we remain confident in the outlook for the industry and in our own ability to take advantage of the strong fundamentals to successfully grow the Company and build value for our shareholders.

So, with that, we'd be pleased to answer any questions and I'll turn it back now to the operator.

## **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 questions and allow one follow-up question. Then, if you have further questions, please return to the queue and we will get 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 key. Please press star one at this time if you have a question. There will be a brief pause while participants register for questions. Thank you for your patience.

The first question is from Terence Ortslan from TSO & Associates. Please go ahead.

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### **Terence Ortslan, TSO & Associates**

Thanks. Good morning. Geopolitics. Kazakh elections in January and Harper's visit to China. Was there any issues with respect to the uranium business in Kazakhstan? Not that it really matters I guess given the political situation but there was an election (inaudible). Will there be any changes with respect to that? And, two, with the Harper trip, was there any issue with respect to buying or selling reactors or uranium or inviting them to look for more exploration, acquisition, anything like that kind of transpired? Thanks.

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### **Tim Gitzel, President & Chief Executive Officer**

Thanks, Terry. Well I can tell you that there has been some good progress on the Canada/Chinese Nuclear Cooperation Agreement. As you may have heard, a protocol was signed between the two governments that's an agreement supplementary to the Nuclear Cooperation Agreement that will allow Canadian uranium to be shipped into China, and so that for us is very important. As you'll probably remember, in 2010, in June in Ottawa on a visit of President Hu (Jintao) to Canada, we signed two large agreements with the Chinese, over 50 million pounds, and so this agreement now will allow us to ship our Canadian uranium to China. So that was the positive piece.

I think you mentioned Kazakhstan; post-election there we see it is business as usual. We've had some of our

people over there recently, Bob was over there, and we continue to work on our projects and produce uranium. So no real changes over there.

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**Terence Ortslan, TSO & Associates**

Okay. And that agreement of June last year, what was a follow up on that with respect to what form of uranium it is and how does it fit into your big pie chart of the picture of the Chinese going to have? Any insights on that?

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**Tim Gitzel, President & Chief Executive Officer**

Maybe I'll ask Ken Seitz to answer that. Ken, do you want to put some colour around that?

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

Sure. Tim. Today, Cameco has under contract about, I guess, a little less than 52 million, because we are making deliveries today. So about 50 million pounds under contract. And they would comprise about 17 percent of our overall sales portfolio. So, you know, we're making deliveries into China. Certainly we'll look to do more as they grow their fleet to, we're saying, 60 to 70 gigawatts by 2021. So at those type of numbers you can imagine that China will be consuming in the neighbourhood of 30 million to 35 million pounds a year. So certainly more contracting to be done in that part of the world.

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**Terence Ortslan, TSO & Associates**

Great. Thank you, guys.

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**Operator**

Thank you. Our next question is from John Hughes of Desjardins Securities. Please go ahead.

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**John Hughes, Desjardins Securities**

Thanks, operator. Just sort of a follow-up on the China theme. With the announcement I guess of today, and you do note you have that 50 million pounds over 15 years that you secured two years ago, does this open up, the decision today, open up for additional contracts above

that? Or does this just provide you with the opportunity to meet the contracts that are already in place?

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**Tim Gitzel, President & Chief Executive Officer**

Yeah, John, I think the opportunity to do further contracting was open with the Chinese and we talk to them on a, I can say on a very regular basis. What this agreement, this protocol, does today is allow us to ship our Canadian-produced uranium directly into China. So that was the big piece for us today.

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**John Hughes, Desjardins Securities**

Okay. So it opens up both I guess in terms of physically moving as well as potential additional contract. Last question. Just on the fourth quarter sale volume of 13.8 million pounds versus production of 6.6 million pounds, so that differential is 7.2 million pounds that's in sales. How much was produced versus purchased material?

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**Tim Gitzel, President & Chief Executive Officer**

Ken, do you want to answer that question?

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

Sure. We didn't do any purchasing in the spot market in the last quarter of the year, so of the 14 million pounds you can just really look at our quarterly production number and the balance would be purchases under normal course, the biggest one being the HEU agreement. But no purchases in the spot market in that quarter.

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**John Hughes, Desjardins Securities**

Okay. So does that mean sales volume was principally produced material?

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

That's right. It would be principally produced material.

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**John Hughes, Desjardins Securities**

Good Stuff. Thank you. That helps a lot.

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**Operator**

Thank you. Our next question is from Aleem Ladak of Desjardins Securities. Please go ahead.

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**Aleem Ladak, Desjardins Securities**

Good morning everybody. In the MD&A there is some good information on the Kintyre project and I just wanted to ask when exactly in 2012 do you expect to release the prefeasibility study.

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**Tim Gitzel, President & Chief Executive Officer**

I believe we've noted Q2 for release or lease finalization of the pre-feas study. We are waiting for it. We'll take a good hard look at it internally. That, ah, finalization of the pre-feasibility is a stage gate event in our portfolio management or project management process, so we will take a good hard look at that when it comes. So I believe toward the end of Q2 is when we are preparing for that.

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**Aleem Ladak, Desjardins Securities**

Okay. And we can also expect the updated Cigar Lake technical report to come out at the end of this month as well, right?

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**Tim Gitzel, President & Chief Executive Officer**

That's correct.

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**Aleem Ladak, Desjardins Securities**

All right. And, finally, more of the macro question: With the HEU agreement expiring next year, come 2014 would it be safe to assume that all this material will be removed from the market? Or what exactly—could you provide were colour than what you've already given in the MD&A on what you expect to happen post 2013?

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**Tim Gitzel, President & Chief Executive Officer**

Sure. So today there is about 24 million pounds that's put on the market thanks to the HEU agreement and we've heard directly from the Russians, and we see no evidence otherwise, that the material will be available. It just won't be there any longer. So that's 24 million pounds that's going to be removed from the supply side of the uranium market starting in 2014.

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**Aleem Ladak, Desjardins Securities**

Okay. That answers a lot of my questions. Thanks very much.

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**Operator**

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

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**Greg Barnes, TD Securities**

Thank you. Tim, you provided some disclosure around growth capital in 2014 of \$250 million to \$275 million and you talk about early-stage projects coming in to the mix for the Double U; which projects specifically are you beginning to slot into that timeframe in terms of CapEx spend?

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**Tim Gitzel, President & Chief Executive Officer**

Yeah, it's a number of projects that we're starting to spend on. I think I'm going to ask Grant. Grant's got the details on that growth capital spend and he can detail some of the projects for you, Greg.

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**Grant Isaac, Senior Vice-President & Chief Financial Officer**

Yeah, hi, Greg. As you go through the list the growth capital starts to ramp up, for example, with Millennium, the Millennium Project, as we advance that a bit. US ISR, you see a contribution there in the growth capital, and the plan there is for more well field development and plus some revitalization of the Highland mill there. And you also see continued development at Inkai to prepare for our future production plans. So those kind of capture the big pieces that are in the Double U plan from a capital point of view.

**Greg Barnes, TD Securities**

So Kintyre isn't coming in?

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**Grant Isaac, Senior Vice-President & Chief Financial Officer**

Kintyre is not on that capital spending chart, no.

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**Greg Barnes, TD Securities**

Okay. And Millennium, is that more feasibility study spending?

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**Grant Isaac, Senior Vice-President & Chief Financial Officer**

Absolutely. Yeah, just understanding that deposit better.

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**Greg Barnes, TD Securities**

Okay. Just one other question, Tim, if you could. You said you had accepted some deferrals of, I guess, contracted deliveries from some customers. What did you do with the other ones that you didn't accept the deferrals on?

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**Tim Gitzel, President & Chief Executive Officer**

So we accepted some deferrals from our customers, certain customers in the countries I think we mentioned. We were able to place those pounds back onto the market, in fact at higher prices, so it turned out okay for us in 2011.

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**Greg Barnes, TD Securities**

But the ones you didn't defer or didn't allow deferral, what did they do?

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**Tim Gitzel, President & Chief Executive Officer**

I'm not sure we didn't allow any deferrals. There is some probably still under negotiation but, you know, in the cases of our good customers that asked us for deferrals we allowed that.

**Greg Barnes, TD Securities**

Okay. Fair enough. Thank you.

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**Operator**

Thank you. The next question is from Daniel Rohr of Morningstar. Please go ahead.

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**Daniel Rohr, Morningstar**

Hi. Thanks for taking my call. I had a question first on uranium production costs. You noted in the 2012 outlook that you expect unit costs of sales including DD&A and purchased volumes to increase anywhere from 0 to 5 percent. I'm curious as to how you see unit cash cost of production trending on the back of the 9 percent increase that we saw in 2011.

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**Tim Gitzel, President & Chief Executive Officer**

I'll ask Grant to give some detail on that.

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**Grant Isaac, Senior Vice-President & Chief Financial Officer**

Yeah, the outlook that you see is absolutely right, we're suggesting an increase of 0 to 5 percent. There is no magic in that number. I mean those are costs that are distributed across, of course labour, production supplies, contracted services. And so we just expect the cash cost to track in the same range.

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**Daniel Rohr, Morningstar**

Excellent. Excellent. And then I expect we'll see details in the new technical report but were there changes to the Cigar Lake ramp-up plan? And (noticed that) 2013 volume expectation is down from one million pounds to 300,000 pounds and then there were some minor adjustments to the 2014 and 2015 outlook as well.

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**Tim Gitzel, President & Chief Executive Officer**

Yeah, there were some slight changes to production in 2013. Let me first reiterate, I can tell you we're delighted with the way the project is going. The team is doing a good job there. But we've announced now I think 300,000

pounds produced in 2013 versus, I believe we got a million before, and that has mostly to do with our better understanding of the geology and the ore body. Some lower ore grades in the initial mining panel. So we'll clearly make that up as we go along but in that first year that's what we're looking at.

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**Daniel Rohr, Morningstar**

Excellent. Thanks a lot.

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**Operator**

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

Mr. Putnam, your line is now open. Please proceed with your question.

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**Borden Putnam, Mione Capital**

I'm sorry, I thought I was talking. Good morning, Tim. It's Borden. I was asking a question about the initial start-up at Cigar Lake. Can you give us a little more colour on what has changed there with the anticipated lower grades and the initial mining panels as you put in the press release? Thanks.

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**Tim Gitzel, President & Chief Executive Officer**

Sure. Thank you, Borden. I'll ask Bob Steane, our Chief Operating Officer, to give some detail on the technical report.

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**Robert Steane, Senior Vice-President & Chief Operating Officer**

Borden, Bob Steane here. As we've gone through and gathering more information, particularly from all the surface freeze hole drilling we've been doing and it's giving us more, much more detailed information into the ore, particularly those first panels and the first ore to be mined, we're seeing some slightly different grades than we had anticipated in the very first production. So that's in the first few years and that's impacting the production that we will get. The start-up is, you know, given what we knew before in 2010 when we were looking at it and we hadn't, we'd just entered the mine, and now the remediation is complete and we've got the shaft two

through, and that was a little more struggle than we thought, better insight into it has shifted the start-up date by a few months but, overall, pretty much confirmed really where we thought we were and it's just some small adjustments on the starting and then the initial ramp up.

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**Borden Putnam, Mione Capital**

Thanks Bob. I appreciate that and I look forward to reading the updated report when it comes out in February. One more question if I could, either to you or to Tim: Looking at the zone four upper, I know there has been some changes in the production schedule for McArthur different from when the last technical report was available for there, I believe that was published in 2009. My model had that coming in about 2013. But I know there has been some slippage since then. So is this, is this now coming in 2014, is that a little bit later than what you had recently thought or has it been on track with the revised?

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**Tim Gitzel, President & Chief Executive Officer**

Bob?

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**Robert Steane, Senior Vice-President & Chief Operating Officer**

Yeah, it's pretty much on track. We always have some adjustments, whether we've been more successful at some of the lower zones and the evolution of going to upper zone four, but overall I'd say we're very much on track with the McArthur developments.

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**Borden Putnam, Mione Capital**

All right. Thanks.

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**Operator**

Thank you. Once again, if you have a question, please press star one at this time. Our next question is from Lisa Mrazek of Sun News. Please go ahead.

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**Lisa Mrazek, Sun News**

Thank you very much. Premier Brad Wall of Saskatchewan held a scrum yesterday and basically said

that Canadian uranium is Saskatchewan uranium. So can you comment a little bit on the effect that it will on the province and I guess just across Canada as well?

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**Tim Gitzel, President & Chief Executive Officer**

I'm sorry, what was his quote did you say? Sorry.

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**Lisa Mrazek, Sun News**

Oh, he was just saying that he wanted to be clear that any uranium coming from Canada is actually coming from Saskatchewan. Like yellowcake, for example.

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**Tim Gitzel, President & Chief Executive Officer**

Yeah. Sorry. I understand absolutely. It's because the only source of production in the country right now is coming out of Northern Saskatchewan, so indeed the Canadian production that the Prime Minister has been talking about over here, over in China, is indeed the Saskatchewan production. So both the Prime Minister and Premier Wall have been very instrumental, very supportive in helping move the Nuclear Cooperation Agreement with China along and so that has led to the protocol agreement that was signed yesterday between the Chinese and Prime Minister Harper. So, yes, indeed he is right; Canadian uranium is right now Saskatchewan uranium.

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**Lisa Mrazek, Sun News**

Perfect. I think that answers it. So do you believe then that Saskatchewan will be able to keep up with the demand?

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**Tim Gitzel, President & Chief Executive Officer**

Well, you know, it remains—I'd like to say it's not a competitive market, but it's a very competitive market, and certainly there are other producers, other countries that are in competition with Canada to sell uranium, not just into China but around the world. So, yeah, it's exciting times in China. You know, we see the growth here, it's a very strong. There is, I believe, 26 nuclear reactors under construction today as we speak in China and so that gets us excited because we know that they need uranium to fuel those reactors into the future and so of course that's the fundamental base for our Double U

strategy where we're investing money in our projects to build up our production so that we can supply that uranium. So that's how the circle goes on that and that's what gives us confidence in the long-term fundamentals of the market.

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**Lisa Mrazek, Sun News**

Thank you very much.

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**Operator**

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

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**Greg Barnes, TD Securities**

Thank you. Just coming back, Ken or Tim, what do you think is going to happen in 2014 post HEU when that 24 million pounds disappears? How is the market going to adjust for about, what, 12 percent, 13 percent of supply effectively not being there anymore?

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**Tim Gitzel, President & Chief Executive Officer**

Ken and I may have different views on this, Greg, but I think that's just going to confirm some of the tightness in the market. That supply has to come from somewhere and, you know, we're trying to increase our production, we're moving ahead on Cigar Lake and we're moving ahead in the U.S. and we're moving ahead in Kazakhstan to try and increase our production to fill that gap, and I'm sure there are other producers that are trying to do the same, but that is, you know, it could be one of those catalyst that everyone talks about that will really spur things forward. So, as I say, what we're seeing is that that's going to create an opportunity for Cameco and that's why we're trying to get our production up the curve. So, Ken, I don't know if you have any other thoughts on that?

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

No, I agree fully, Tim. I think the one thing I would add is utilities are well covered today through 2016 and maybe a little bit beyond, so in terms of uncovered requirements, probably not going to see a huge impact. But, it's just as Tim said, where we will see it I think is recognition that

there is tightness in the market, recognition that even today in this price environment we see new project announcements from AREVA, and BHP on (inaudible) that they are not going to go forward in this price environment. And, as Tim said in his opening remarks, it takes time to bring these opportunities into production. And so I just think we'll see, we'll feel the effects of that tightness. Will the reactors stop running? Absolutely not. There are inventories that have been built. But it will just highlight how we need new primary production in this market.

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**Greg Barnes, TD Securities**

Okay, great. Thank you very much.

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**Operator**

Thank you. Once again, if you have a question, please press star one at this time. Our next question is from Todd Kapala of Addenda Capital. Please go ahead.

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**Todd Kapala, Addenda Capital**

Good morning everyone. I just had a quick tax question. I was wondering if you could remind us why the tax rate is so low and you're guiding for that to continue to next few years. Just curious if you could walk us through that again and at what point we should start to look for a more normalized tax rate of, say, 25 percent to 30 percent.

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**Tim Gitzel, President & Chief Executive Officer**

I'll ask our CFO, Grant Isaac, to answer that please.

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**Grant Isaac, Senior Vice-President & Chief Financial Officer**

Yeah, thank you very much. That's a common question that we get. And it just a reminder that our organizational structure is set up where our costs are predominantly incurred in Canada. We talked about the Saskatchewan production. That is Canadian production. Of course that's a higher tax jurisdiction but from a sales point of view our customers are all over the world and so we set up our sales network in order to gain as much efficiency as we can. So our revenues are incurred in lower tax jurisdictions on a consolidated basis we see a lower number there. And of course with respect to the guidance

we are guiding for a recovery again as we offset the tax pools in Canada with taxes paid where we sell the product. So looking ahead we expect the situation to continue for the next few years. The tax rate will eventually increase as we increase our production in Canada and certainly as we renew our transfer pricing agreements with our subsidiaries, but at the moment our expectations is that that guidance is good.

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**Todd Kapala, Addenda Capital**

Okay. And so if we look out four or five years would it be fair to assume that a tax rate of 25 percent to 30 percent is realistic?

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**Grant Isaac, Senior Vice-President & Chief Financial Officer**

Well, we don't go out that far. We sort of just guide over next couple of years. But at the moment our expectation is that our structure will result in that type of consolidated tax rate and of course we will give good notice to the market should our expectation change.

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**Todd Kapala, Addenda Capital**

Okay, thanks. Appreciate that.

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**Operator**

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

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**Brian MacArthur, UBS**

Good morning. I just wanted to follow-up a little bit on Greg's question. You know, obviously, HEU goes out, you know, structurally you're short 24 million pounds assuming, you know, all sorts of assays and everything else, but do you think there is any probability, the Russians always talk about no more HEU but what about LEU they may have to substitute into that equation going forward?

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**Tim Gitzel, President & Chief Executive Officer**

Brian, I'll just say that we are not aware of anything like that. We heard Kiriyenko come to Toronto some time ago

and say no more HEU. Didn't mention LEU at all. We know they are selling some SWU into the U.S. market but, as far as we know, no HEU, no LEU, and so that's what we are now taking into account in our projections. I would say even a couple of years ago we thought, well, there might be a chance that maybe they won't bring the same amount that they've been bringing, they might bring half, and we kept looking at that for some period of time, but even now we say no, as far as we can see it's finished. And as we get closer now—it's next year—that just confirms our view. So not that we're aware of, Brian.

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**Brian MacArthur, UBS**

Maybe just on different topic, at McArthur obviously you've had a second year of very good production there. Where do we stand on the catch-up, if I want to call it that, that obviously you could over produce above the 13.1 and you did 13.8 or 13.9 in the last two years, and if I remember that's 800 for two years and there was a carry forward or whatever. Where do we stand on that? Do you still have the flexibility to run it up to that level and sell it or are we getting near the end of the that catch-up? Or is anything changed?

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**Tim Gitzel, President & Chief Executive Officer**

That's a good question, Brian, and I will get Bob to confirm the exact numbers. I think we were about 5.2 million pounds when we started and we would be about halfway there. But, Bob, you probably have more specific numbers.

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**Robert Steane, Senior Vice-President & Chief Operating Officer**

Yeah. Thanks, Tim. We've got, really we've got the flexibility to continue exercising our production for the next couple of years, that will carry us through, so to the extent that we're successful with the mining and able to get that flex, we can still push to the max for the next couple of years at McArthur and Key.

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**Brian MacArthur, UBS**

Okay, great. Thanks very much.

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**Operator**

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

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**Tim Gitzel, President & Chief Executive Officer**

Thank you very much, operator, and thank you again to everyone who joined us on the call today. In closing, I'd just like to add that this has been a year of change for our industry but we certainly remain committed to our strategy and our goals based on strong long-term fundamentals that have not changed. Most importantly, our results for 2011 show that we remain able to deliver on these goals and in a safe and responsible manner. So thank you again for joining us today and let me wish you a great day. Thank you.

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**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.

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