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*Canaccord Genuity*

**Greg Barnes**

*TD Securities*

**John Hughes**

*Desjardins Securities*

**Anthony Young**

*Dahlman Rose*

**Tyler Langton**

*JP Morgan*

**Borden Putnam**

*Mione Capital*

**Oscar Cabrera**

*Bank of America Merrill Lynch*

**Brian MacArthur**

*UBS Securities*

## PRESENTATION

**Operator**

Good day ladies and gentlemen and welcome to the Cameco Corporation First Quarter 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**

Thank you, Matt, and good morning everyone. Welcome to Cameco's first quarter conference call to discuss the 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.

Tim will begin with comments on Cameco's results for the first quarter and on current industry conditions. Then we'll open it up for your questions. Today's conference call is open to all members of the investment community, including the media. During the question and answer 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 first quarter results.

I'm pleased to say that we had a good start to the year, continuing our strong financial and operational results from the fourth quarter of 2012. Most importantly, this was achieved safely and responsibly. Safety of course is always a top focus for us and is really key to our success as a company.

Revenue, gross profit and net earnings were all up significantly in Q1 of 2012 compared to Q1 of last year, primarily as a result of higher sales volumes and a higher realized uranium price. We're seeing this increase in realized price occur even as spot and long-term prices have declined. Some of our older contracts that were signed at lower uranium prices are coming to an end and newer contracts are coming on. This has contributed to our strong financial results for the past few quarters since 70 percent of our business comes from our uranium segment. However, as we noted in the MD&A, our deliveries are not evenly distributed throughout the year and we expect deliveries to be the lowest in our second quarter.

Production was also strong this quarter, up 2 percent from this time last year. Our McArthur River operation is largely to thank for this increase as it was up 21 percent from Q1 of 2011, while production at Inkai and Smith Ranch-Highland was down. The challenges at these two operations are the same as those we outlined in our annual MD&A, but we are making progress. At Inkai our current well fields are maturing, which leads to lower grades and therefore lower production. However, this is expected with in-situ operations and we're working hard to bring on additional well fields in order to add new, higher-grade well fields to our production mix. At Smith Ranch-Highland in Wyoming our production has been affected by an increase in the timelines for regulatory approval of new well fields; however, I'm pleased to report that we recently received approval for the new K-North well field and production rates were starting to increase near the end of the first quarter.

We also saw steady progress at Cigar Lake, which is now about 75 percent complete. All of the details are in our MD&A but I'll just touch on a couple of developments. In January we broke through with shaft 2 on the 480 metre level and it's expected to reach its final depth of 500 metres by mid-2012. And there's been enough infrastructure development that we're now at the point where we can start putting the jet boring system in place to begin underground testing. The first components are now on site and as more arrive we'll be lowering them into the mine and assembling the units. So the progress at Cigar Lake has been excellent and we remain on track for first packaged pounds next year.

In addition to the strong production and the progress at Cigar Lake we're continuing to advance our projects under evaluation. The Millennium project in Northern Saskatchewan is an important part of this strategy. The biggest news on that front is the agreement we announced in March to purchase AREVA's interest in the Millennium project. Our ownership of the project is now expected to increase to between 58 and 70 percent,

depending on whether our Japanese partner, JCU Exploration, decides to exercise its right of first refusal. We expect to finalize these details and the agreement itself by early June. Cameco, as you will know, has operatorship of this important project. Our fuel services facilities continue to operate well and revenue from that segment was up \$7 million over Q1 of 2011. At Bruce Power, although our share of earnings for Q1 of 2012 was lower than Q1 of last year our realized price was up and this continues to be a good source of cash flow for Cameco.

So overall I'd say this was a good first quarter. We made a lot of progress and are in line with our outlook for the year and are on track with our goal to increase annual uranium production to 40 million pounds. We believe it's important to pursue this goal of increased production now so that we're ready when the market begins to demand further supply. Our view is that the question isn't if the market will call for more supply, the question is when, and while I don't have all the answers I can provide some sense of what we see in the market.

We know quite well what's happening with most nuclear programs around the world. The majority of countries with nuclear programs remain committed to having nuclear in their energy mix because of the safe, clean, reliable and affordable energy option, and others are joining the club. There are some exceptions, like Germany, but we know that their phase out will occur slowly over time. The big question mark is Japan. It has only one reactor running, which is expected to shut down for regular maintenance this month, and a plan for the future has not yet been announced.

We believe Japan's reactors will eventually be brought back online, not just because the country needs power and reliance on other energy sources is costly, but because we see the Japanese companies continuing to invest in uranium mining and exploration. For example, we have the Japanese as partners in our Cigar Lake and Kintyre projects and they've been very clear that they remain committed to those projects. We see our Japanese partner in the Millennium project considering an increase to its equity position and more recently we've seen some Japanese utilities out in the market looking for nuclear fuel. All of the signs seem to point to Japan eventually bringing reactors back on line, which could be a major catalyst to helping the industry move out of the near-term uncertainty that we are currently in.

But, as I've said in the past, the real story for nuclear isn't the near term, it's in the long-term fundamentals of the industry, which remain very strong. Our numbers show that 96 net new reactors are expected by 2021 and 63 of those are under construction right now. Most significant

are countries like South Korea, India, Russia, and of course China, where we are seeing the most growth. But there's even growth in the United States where the government recently granted the first licenses in 30 years for the construction and operation of new plants, two at the Vogtle site in Georgia and two at the V.C. Summer site in South Carolina. This is very good news for our industry and for Cameco. More reactors mean more demand for uranium. And with the end of the HEU agreement nearing in 2013 and some producers delaying and cancelling projects that are no longer feasible, we believe the industry could face supply challenges in the not-too-distant future. That's why we're confident that Double U remains the right strategy for Cameco. We are confident in the future of the industry and in our own ability to successfully grow the company and build value for our shareholders.

So, with that, we'd be pleased to answer any questions. Thank you.

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## QUESTION AND ANSWER SESSION

### Operator

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

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### Orest Wowkodaw, Canaccord Genuity

Hi. Good afternoon and congratulations on the results. Tim, in terms of meeting your goals of Double U I think by 2018, when do you think you need to make development decisions on Millennium and Kintyre to meet that goal?

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### Tim Gitzel, President & Chief Executive Officer

Thanks, Orest. So let me just back up just a touch and say that our Double U of course involves several different projects, including Cigar Lake, which is on track, and Cigar Lake is the foundation really, that'll provide about half of what we're looking for. You've seen the charts that we've put in our annual MD&A with the different projects that we're pushing forward at different rates to accomplish the Double U. You mentioned Inkai. Inkai, we're progressing up the chain now. We're getting to the 1,500 tonne mark this year and looking to move up to 2,000 tonne once we get approval, hopefully next year and going forward, and then we're still working with them on Double-Double, which is increasing production even further. So, you know, we're advancing that as quickly as we can but we are making progress with them.

On the Kintyre project, we're just finalizing the feasibility study right now. The pre-feasibility study, sorry, right now. Just getting the final touches put on it over the next, I would say, weeks and months. We have a process inside Cameco to take a close look at the pre-feasibility results and then decide what our next move is and so we'll have some more information on that I would say at our second quarter, but that one is moving along as well.

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### Orest Wowkodaw, Canaccord Genuity

So would you hope to make a decision on Kintyre sort of sometime next year, post-feasibility I guess?

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### Tim Gitzel, President & Chief Executive Officer

Yes, well, it's step by step. It has to go stage gate by stage gate for us. And so we'll look at the pre-feas, as I say, over the next weeks and months, and then the next step would be a feasibility study, which would take some time. I look at Bob, probably a year or so for the feasibility study, and then we'd be at another stage gate where we'd decide whether to move the project to development.

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### Orest Wowkodaw, Canaccord Genuity

Sorry, and how about Millennium? When can we anticipate that study and sort of development decision?

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### Tim Gitzel, President & Chief Executive Officer

Yeah, so Millennium we'll have the feasibility study this year sometime. We've submitted some draft environmental assessment documents in so, we're moving that along. So, again, we are partners, we're looking to close up the deal on Millennium with AREVA and the Japanese partners, we'll end up seeing what the different equity interests are, and then I would say toward the end of the year we'll be in a better position to make a decision on going forward with Millennium.

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### Orest Wowkodaw, Canaccord Genuity

Okay, thank you. And then just one further question on a different topic: Your comment suggests the Japanese are very much committed to nuclear; I'm just wondering if you could share any more color on the, I guess the cancellation of the contract that you disclosed in your MD&A today and sort of how we should reconcile that in our mind.

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

Well, you'll note that we didn't disclose where that contract was from. So you can make your own judgment on that. I would say, as we said in our MD&A, the Japanese continue to participate in the mining projects. Tepco, which is our partner in Cigar Lake, continues to pay its share of the cost of construction, JCU and others, Mitsubishi. And so, as I say, we believe that over time they're going to bring the fleet back online. We know they have two units ready to go waiting a final approval from one of the prefectures, so we're looking forward to them restarting that program.

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**Orest Wowkodaw, Canaccord Genuity**

Okay. So, just to be clear, you're saying we should not necessarily assume that's a Japanese contract.

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

I'm saying, I just—I'm sorry, I can't tell you where that contract is from.

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**Orest Wowkodaw, Canaccord Genuity**

Okay. Thank you.

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**Operator**

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

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**Greg Barnes, TD Securities**

Thank you. For Tim or Ken I guess. In the discussion around the uranium market you say you see limited long-term contracting occurring, but in the trade press, Ux and TradeTech, over the past several weeks they've been talking about increasing interest and the long-term contracting market. I'm trying to reconcile the two views.

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

Ken?

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

Yes. So, Greg, the way we would put it is, and we've been saying for time now, that if we look to the long term demand has been somewhat discretionary, and so that in the way that we're heavily committed for about the next five years, while utilities have been well covered, but we've also said that in the not-too-distant future customers are going to have to come to start putting volumes under long-term contracts for that sort of period beyond five years and that we expected that to start happening fairly soon. And so I would say that today we don't see a huge amount of contract in the long term but it is in fact just starting to happen, and I think that's what makes our view consistent with Ux's. Just over the quarter now we've had several requests for proposals come in to put volumes under long-term contracts. So we had, you know, demand had been discretionary. It's becoming less discretionary and we're seeing some customers come forward for long-term contracting.

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**Greg Barnes, TD Securities**

Regionally where are those customers coming from, Ken?

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

In fact, there are some U.S. customers in there and there are some European. We're even entertaining one request from a Japanese utility. And so fairly evenly distributed I would say.

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**Greg Barnes, TD Securities**

What about China and India?

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

We know that the Indians are in the market looking for more material. Right now, Cameco, we don't sell uranium to India. But we're working on, you know, we have an office there and we're certainly working on putting uranium under longer-term contracts there. We were just, Tim and I were just there and a goal to go from 5 gigawatts to 63 gigawatts over the next 20 years. So the

Indians will be in the market. And then the Chinese, we're seeing some activity there as well.

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**Greg Barnes, TD Securities**

In the term market though, Ken?

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

That's right.

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**Greg Barnes, TD Securities**

Okay. Thank you very much.

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**Operator**

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

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**John Hughes, Desjardins Securities**

Thank you, operator. Just two quick ones. One, the \$30 million for the charge in Q2, is that a before or after-tax number?

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

Grant? I believe that's a pre-tax number.

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

That's a pre-tax number, yes.

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**John Hughes, Desjardins Securities**

Okay. So can we just use a sort of 35 percent tax rate of that for after-tax?

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

No, this would fit into the larger conversation about our consolidated tax number. Of course, we do have a Cameco group of companies and we sell our product through Cameco companies that are outside of Canada, so that wouldn't be the right tax number. The consolidated affect really is minimal. So you saw a recovery in this period and we expect similar in quarter two.

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**John Hughes, Desjardins Securities**

That helps. Thank you. And just looking at your share production forecast through the 2014 to the 24.8 million pounds, I'm wondering how variable that number may be in that year as the HEU contract falls away. Are we looking at plus or minus 5 to 10 percent? In other words, in the absence of that contract and that 24 million pounds, could we see an additional 10 percent type of thing in terms of your production in that year?

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

You know, we don't have a whole lot of variability in production because of the, some of the caps that are put on through the regulatory system, so when we pup these numbers out they are what we believe is our very best estimate of what we can produce in any given year. You've seen us at McArthur/Key have some flexibility to catch up on some pounds that weren't produced in past years. We're running of those I would say. So I would say there's little flexibility on those numbers.

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**John Hughes, Desjardins Securities**

Okay, thank you. And last one: Have you seen any, over the quarter or so far in Q2, any sort of kickback on any inventory coming out of reactors or otherwise out of Japan?

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

I think we've been pretty clear stating that we went very quickly after March 11, 2011, to our customers and said that if we could be of assistance in managing their inventories we'd be happy to do that, and so we have, last year, this year, had some deferrals from some of our

customers, which we were happy to work with them on. So we have not seen any major unloading of inventories into the market by any of the utilities and, as I say, we stand ready to work with any of our customers in that regard.

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**Operator**

Thank you. As a reminder, in order to respect everyone's time on the call today we will take your question and allow one follow-up question. Please press star one at this time if you have any questions or comments.

The next question is from Anthony Young from Dahlman Rose.

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**Anthony Young, Dahlman Rose**

Thanks for taking the question. In the last quarter you guys indicated that there were about 19 million pounds of inventory that had been built up between Japan and Germany. Do you guys have any further color on where that inventory may stand today?

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

Not sure I know what you're referring to, Anthony, on those 19 million pounds of inventory. Ken, are you...?

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

No. We haven't put out estimates of inventory or excess inventory holdings as a result of the events in Japan. I would also say that those numbers are actually changing on a daily basis as well as the units in Japan come off and then come back on. I think we would just point back to Tim's earlier answer and that is we haven't seen any of that material splashing around in the spot market, evidenced by the stability in the spot market price. And so, again, just making prognostications about inventory levels, we haven't done that.

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**Anthony Young, Dahlman Rose**

Okay. And then with respect to the chart that you guys have on page 18, looking at it, it looks very similar to the chart that was produced in the fourth quarter. With the cancellation of that contract, has that already been

factored into this chart or will there be some revisions in subsequent quarters?

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

Yes, I believe it's been factored in. Ken, do you have any further comments?

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

No. That's right; it's been factored into the latest table.

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**Operator**

The next question is from Tyler Langton from JP Morgan. Please go ahead.

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**Tyler Langton, JP Morgan**

Thanks for taking my question. Just with McArthur, the production in the first quarter was just a little bit lower than what you would need on sort of (inaudible) basis to meet your full-year guidance. Was that just a timing issue or can you just give any more details around that?

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

You might be looking at our share of production. I think we were on track at McArthur, in fact slightly ahead of budget. So I'm not sure... Bob, any comment on that?

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

No, I'm not sure where you're interpreting lower production, but McArthur/Key had a very good, very strong first quarter.

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**Tyler Langton, JP Morgan**

(Inaudible). I could just be looking at the wrong number. And then further out, with the U.S. operations is there any way to quantify just sort of getting the permits and, you know, if delays and that, you know, next couple of years or next year or so, can you kind of quantify how much that could potentially sort of be a risk to production?

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

So we're working on that, as we said in the quarter, and I think my comments were that we see some improvements. I think the regulators there are swamped, are busy, and were seeing it take us a lot longer to get the approvals we need to bring on new well fields at our existing operations and then some of our new projects, North Butte, Gas Hills as well. So we're working very closely with the regulators, there's certainly more than one, and trying to facilitate of their work. So, you know, we were just talking this morning about our guidance on production in the U.S. Nebraska happens to be doing quite well and are indeed on production and even a little bit more. Smith Ranch a little bit behind. We think overall our guidance is strong for the U.S. and we're certainly working hard to bring those new well fields and new production centers online.

**Operator**

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

**Borden Putnam, Mione Capital**

Good morning, Tim. Most of the other questions have been answered. If I could direct you back to the reserve statement for a second, for you or Bob, at McArthur River there were some pretty material upgrades. You had about 41 million pounds that went from inferred to indicated and then also at probable you had another 40-some million pounds that moved from probable to proven. Can you tell us how that was achieved? Was it additional drilling or by infrastructure reaching those areas? And where exactly do those increases reside? And then I have a follow-up. Thanks.

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

Okay. Thanks a lot, Borden. I'll ask Bob Steane to answer that.

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

That was a combination of both. There was some additional drilling that turned some of those indicated into inferred and increased the reserves, and also some of the development and some of the success we've had in

work in different mining methods in the mine that have opened up some additional material for reserves.

**Borden Putnam, Mione Capital**

Is that in the zone four or on zone two, panel five, Bob?

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

A little bit of both but more the lower zone four.

**Borden Putnam, Mione Capital**

Okay, thanks. And a follow-up on Inkai: The past three years there has been sort of the reverse of fortune from what we just talked about at MacArthur. There seems to be material that's moving out of probable. You know, a couple of million pounds here and there and 10 million pounds in this last year and moving down to indicated. Does this relate to the well field issues you were talking about in your quarterly results or is there something else going on? Because it's not adding to—I mean I know you do produce from probable at Inkai but, anyway, maybe you could explain a little bit more about that. Thanks.

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

Yes, Borden, it's Tim. I think that has more to do with the term of the leases that we have there. Our experts here, Alan Manville(sp.) is currently or constantly looking at our reserve and resource base there and allocating them based on—we have a term there of course. One of the block's term expires I believe in 2024 and the other in 2030 and so we have significant reserves and resources and we have to continually adjust those to the length of the leases we have. So that's why you're seeing some movement in those categories.

**Operator**

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

**Greg Barnes, TD Securities**

Again, Tim and Ken, looking forward to 2014 when the HEU agreement expires, I guess the end of 2013, and you're beginning to ramp up Cigar. There's going to be a

bit of a gap between those two events happening. Do you think you'll be able to maintain the 30 to 32 million pound a year sales number and will that mean more purchases in the spot market or the term market?

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

Yeah, Greg, we do believe we will be able to maintain those numbers from several different sources, and I'll let Ken speak to those different sources.

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

Sure, Greg. So, yes, we do believe that we will continue to maintain guidance in that sort of 31 to 33 million pounds through that period. And we have a few things at our disposal. Of course Cigar Lake starting in 2013 and ramping up is part of it.

In addition to that, we have inventory at various facilities around the world that we utilize depending on where they sit and our sales targets and so on. We will continue to make purchases but I'd like to stress that we'll never put ourselves in a position where we're forced to make a purchase. We make purchases when they make sense for us. But if we look at all of that and just given our plans today know we expect to maintain sales guidance in that kind of range.

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**Greg Barnes, TD Securities**

So what do you think your purchase volumes will be over that 2014/2016 range?

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

We can't disclose that at the moment. I think there's some competitive information there so would rather not touch on exactly what our purchases would be through that period. We do plan to purchase some but, again, never forced to go into the market.

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**Operator**

Thank you. As a reminder, please press star one if you have any questions or comments. The next question is from Oscar Cabrera from Bank of America Merrill Lynch. Please go ahead.

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**Oscar Cabrera, Bank of America Merrill Lynch**

Hi. Thank you for taking my question. I'm going more or less in the same direction that Greg was going but if I may ask the following: For your Kintyre and Millennium projects, I think in the previous conference call we talked about start-ups around 2015. Do you have a scoping study or an idea of how much production can come out of those two deposits?

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

Well, it'll depend, Oscar, on the results of the pre-feasibility study in one case and the feasibility the other. And so, yeah, we have some ideas of what could come out of those projects, but I think it's a little bit early to say what the production levels would be. As I said, the Millennium feasibility study is just being finalized and we'll have that soon. We know there's about 60 million pounds there so we'll look at the optimized mining and milling rate for that in the feasibility study. And then Millennium, same thing; we're just waiting to get the pre-feasibility. Kintyre, the same thing; were waiting to get the pre-feasibility study for Kintyre. As I say, over the next weeks and months we'll look at the different mechanics of that and what would be the optimized production rate there. So it's a little bit early for us to comment on that but we'll come forward with that information in the near term.

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**Oscar Cabrera, Bank of America Merrill Lynch**

But I mean do you believe or do you think that you need these projects to come on-stream before 2015 or around 2015?

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

Well, we need them, you know, they're part of our ramp-up to 40 million pounds by 2018. So I can't tell you exactly when they come on, because we don't know, because there's a lot of work to do, environmental work, the feasibility engineering and then the construction and commissioning on all of them. So they're part of the ramp-up that's why, ah, you've seen our colored chart, we call it our heat chart here, but our colored chart that show the different projects and when approximately we see them coming on, but we haven't been specific on that for good reasons, because these projects are five, six, seven to ten years in the ramp-up and so we don't know

the specifics exactly of when they'll start up, but they're in the period to 2018.

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**Operator**

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

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**Brian MacArthur, UBS Securities**

Good morning. I just want to follow up. You made a comment about you'd never put yourself at risk of buying, ah, having to buy pounds. When you go through that period where you're short of a little more material you talked about getting inventories. When you make the statement that you'll never forced to go and buy, is that meaning you have inventory to back everything you think through that period or does it mean you have interruption insurance or whatever you phrase it so that if you had production problems you'd just be covered off at the end of the day?

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

Brian, since Ken made the comment I'll let him answer it as well.

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

It means all of the above really, Brian, and that is, as you know, we have our supply reduction language in all of our contracts that if we do have a production problem we won't necessarily be forced to go to the market and buy. And so, again, we're writing that in our contracts today.

In terms of inventories, we hold about six months of forward sales in inventory, which at any given time might be 15 million pounds of uranium. And so, again, we work very hard to not put ourselves in a position where we would be forced to go to the market. And I can say that when we say that, we mean it. We won't force ourselves into that situation.

You know, 2014, 2013, 2014 bridge, and to Greg's earlier question, again, Cigar Lake, we also have the increment from 500 tons from Inkai, Talvivaara starting production in that period to the tune of a million pounds a year, and in fact some extra HEU quantity at the end of 2013. And so you look at all that and, again, just to give you some

comfort that we expect sales to be in the range that they are today.

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**Brian MacArthur, UBS Securities**

Great. One other question. It's a little bit different. Just your wording on the uranium market, you talk about U.S. Department of Energy material being introduced to the market. I mean I know there's theoretical LEU and stuff but should I read anything in that there's anything changed from before? There's not any HEU or pounds or anything new that you're seeing coming out of DOE?

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

Brian, that's a good question. That's a matter we're following really closely, because it's an evolving topic down there with the current situation with USEC and what the DOE is going to do with that. And I know Ken's right up to date on that too so, Ken, maybe you can just give an update on that matter. It's a good question.

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

It is a good question and it's quite timely in that, in that, ah, so the DOE has excess material, and we know that, we know that they plan to put it in the market. In 2008 they worked very hard with industry to draw up a plan for that that said they wouldn't put any more than 10 percent of U.S. requirements into the market in any given year, which equates to about five million pounds a year. So that's on the books and we've anticipated that for some time.

There are discussions taking place in Washington today. We know that around USEC and the viability of USEC and their plants and certain parts of the U.S. where jobs are pretty important and so it looks as though something may be evolving between some U.S. utilities, the U.S. Department of Energy and USEC, whereby Department of Energy would provide some higher assay tails to USEC for re-enrichment and those, the natural uranium that comes out of that would go into inventories in some large U.S. utilities. So in terms of impact on the spot market or in the market, it's actually kind of a good news story and that we expect it will go into inventory, but I would say, Brian, to your question, it is material that would be over and above, we think, over and above that industry consensus, which, again, at 10 percent. This could be 15 percent to 20 percent of U.S. requirement.

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**Operator**

Thank you. We have a follow-up question from Greg Barnes from TD Securities.

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**Greg Barnes, TD Securities**

Thank you. I wouldn't usually come back three times but, Ken, you said something about extra HEU quantities at the end of 2013. What did you mean by that?

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

Yes. Under the HEU agreement in 2013, and it's just given the way it's evolved over the last ten years with respect to first and second options, we're getting a little additional HEU in 2013. This year I think we've disclosed that it's about 7 million pounds, 6.8 million pounds. Next year, it'll be closer to about 9.7 million pounds and that will be the quantity for the year and the final quantity.

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**Greg Barnes, TD Securities**

Okay. Thank you.

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**Operator**

Thank you. That will conclude the questions from the telephone lines. I would now like to turn the meeting to Tim Gitzel for closing remarks.

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

Well, thank you, operator, and thank you to everyone who joined us on the call today. In closing I would just add that even though we're in a period of uncertainty now a catalyst such as reactor restarts in Japan, China approving new builds again or utilities returning to the market could quickly change that. At Cameco we're working hard to deliver consistent, reliable results like we saw this quarter and to prepare for the growth we see on the horizon for the industry. So, again, thank you for joining us and have a great day.

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**Operator**

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

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