

## CORPORATE PARTICIPANTS

**Rachelle Girard**

*Director, Investor Relations*

**Tim Gitzel**

*President & Chief Executive Officer*

**Grant Isaac**

*Senior Vice-President & Chief Financial Officer*

**Ken Seitz**

*Senior Vice-President & Chief Commercial Officer*

**Bob Steane**

*Senior Vice-President & Chief Operating Officer*

**Alice Wong**

*Senior Vice-President & Chief Corporate Officer*

## CONFERENCE CALL PARTICIPANTS

**Oscar Cabrera**

*Bank of America Merrill Lynch*

**Greg Barnes**

*TD Securities*

**Tyler Langton**

*JP Morgan*

**Edward Sterck**

*BMO Capital Markets*

**Egor Rybakov**

*Edge Asset Management*

**Borden Putnam**

*Mione Capital*

**Scott Larson**

*The Star Phoenix*

**Orest Wowkodaw**

*Canaccord Genuity*

## PRESENTATION

**Operator**

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

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**Rachelle Girard, Manager, Investor Relations**

Thank you, Dave, and good afternoon everyone. Welcome to Cameco's third quarter conference call to discuss the financial results. Thank you for joining us.

With us today are five of Cameco's senior management team. They are Tim Gitzel, President and CEO; Grant Isaac, Senior Vice-President and Chief Financial Officer; Ken Seitz, Senior VP and Chief Commercial Officer; Bob Steane, Senior VP and Chief Operating Officer; and Alice Wong, Senior Vice-President and Chief Corporate Officer. Tim will begin with comments on Cameco's results for the third quarter, our strategy, and on current industry conditions. 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 third quarter results.

I want to start today by expressing our sympathy to those affected by Hurricane Sandy. Our thoughts are with each of you who have suffered loss or damage and we hope that you're able to recover from this devastating event as soon as possible.

Let's turn now to a discussion of our results and then move on to our strategy and our view of the market.

This quarter net earnings were higher than the same quarter in 2011 but revenue, gross profit and adjusted net earnings were lower. Our uranium segment was the primary driver behind these results because of lower uranium sales volumes and realized prices. This is not a reflection of the underlying strength of our business but rather a demonstration of the variability that's common for us from quarter to quarter. The price we realize depends on the contracts we deliver into during a quarter and the volumes are dependent on when customers want their deliveries. As is often the case, most of our deliveries for the year will occur in the fourth quarter. This year, around 40 percent of our deliveries will be in the fourth quarter. Our performance in relation to annual guidance is a more accurate representation of the state of the Company and I can report that we remain on track to deliver on our sales, revenue and production guidance for the year.

Speaking of production, I am pleased to report that our operations performed safely and responsibly and that production was unchanged from the third quarter of 2011. We also announced that we are updating the McArthur River technical report. More details will be available in a few days but some key highlights include a 19 percent increase in our share of reserves and a decrease in the estimated average unit operating cost of about \$0.46 a pound, that despite the escalating costs our industry is experiencing.

So McArthur River continues to be an important driver of our uranium business, as are all of our Saskatchewan assets, which is why we were also pleased to announce support from the Saskatchewan Government for the Highway 914 connector road, which will connect McArthur River and Cigar Lake, essentially linking all of our assets in the Athabasca Basin. We've been working with the province and with several industry partners on a plan for some time and we're happy to see it coming to fruition. This connector road is critical to expanding access to infrastructure and enhancing transportation efficiency in the north.

Over in Kazakhstan, we reached an important milestone at Inkai this quarter when our Board approved a Memorandum of Agreement with our partner Kazatomprom, providing a framework to increase production there to 10.4 million pounds annually. The details are available in our MD&A but the key outcome is that the Memorandum of Agreement strengthens our partnership with another global leader in the uranium mining industry and will allow each company to realize the full potential of the Inkai asset.

The timing of our pursuit of increased production at Inkai will of course be driven by market demand, which brings me to the topic of the adjustment in our growth plans. Since 2008 we've been focusing on increasing our annual uranium production to 40 million pounds by 2018, what we call our Double U strategy. The strategy has been based on our view of the market in which we see the strong market fundamentals you hear us talk about regularly. Those fundamentals include increasing energy demand due to expanding economies, increasing uranium demand as new reactors continue to be built around the world, and decreasing secondary supply, particularly the end of the Russian highly enriched uranium agreement in 2013. As a result, we expect a gap between supply and demand that will need to be filled by new primary production and that has been the driver behind our strategy. This view has not changed but the timing of it has and as a result we're adjusting our plan to match what we're seeing in the market. We will now focus on advancing our brownfield projects, which will result in an increase in our annual supply to about 36 million pounds by 2018 rather than the 40 million previously announced.

So why are we making this adjustment now? Well, we have been using the word uncertainty a lot over the past months to describe the state of the nuclear industry and that term has proven to be very accurate. While we can still clearly see positive growth in the long term, it has been difficult to read the near term, and although this remains true today we do have some clarity on certain issues that resulted in adjusting our plans, including restarts of Japanese reactors taking longer than expected, some reactor retirements and new reactor construction being pushed further out in time, some near-term softening of the uranium price, and the overall global economy remaining depressed for longer than expected. We have always said it would not be Double U at any cost and we believe the current state of the market and the global economy justifies this adjustment at this time. We are prioritizing our capital investments with a focus on the projects we expect will add the most value for shareholders and we will continue with the remaining projects in a measured manner. This approach should preserve our ability to respond with additional new production as quickly as possible, if profitable to do so, since the timelines to bring on new production in our industry are long.

And I want to stress that although the timing has been shifted we continue to believe this new production will be needed. Though the reactor restarts in Japan have taken longer than expected, progress is still being made towards those restarts, including creating a new regulatory body and drafting new safety standards for the

reactor fleet which will ultimately facilitate restarts. Outside of Japan most countries with nuclear programs are continuing those programs or even growing them. You have heard us talk about the 64 reactors that are currently under construction, which is a big number. If we want to put a dollar amount behind that using say \$2 billion per reactor for easy math, we're looking at a \$128 billion investment in nuclear worldwide right now. And that doesn't include the many other planned reactors that are expected to come on by 2021 and still more outside of that window. And of course, as we've said often, we need to keep our eye on supply. It's not obvious where it's going to come from. We've seen a lot of supply destruction over the past year as more projects are becoming uneconomic at the current uranium price.

So what can you expect to see from Cameco now? Well, you can expect an even more intense focus on profitable growth. That means continuing to apply rigorous scrutiny to each and every project while at the same time making sure the cost side of the business is optimized and that returns are being made on investments. We will be focused on execution with particular attention directed to bringing Cigar Lake into production next year, on expansion at McArthur River, on increasing production in the United States, on refurbishing and expanding the Key Lake mill, on extending the mine life at Rabbit Lake, and on advancing the process for extracting uranium from the Talvivaara mine. So we're busy. We have challenges but we also believe that we're positioning ourselves to continue to succeed in the current market environment and take advantage of the vast potential we see for the future.

So, again, let me confirm that we remain very optimistic about the future of the nuclear industry and the future demand for uranium. That said, we can't ignore the market signals we're seeing and must adjust accordingly. We at Cameco are fortunate to have in place a strong sales portfolio, which will help carry us through the current uncertainty in the market, and with the work we're doing to optimize our operations we will be ready to move quickly and efficiently when the market calls for more uranium.

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

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## QUESTION AND ANSWER SESSION

### Operator

Thank you. We will now take questions from investors, analysts, and media. In order to respect everyone's time

on the call today we will take your question and allow one follow-up question. Then, if you have further questions, please return to the queue and we will get to them after others have had their chance.

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

The first question is from Oscar Cabrera with Bank of America Merrill Lynch. Please go ahead.

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### Oscar Cabrera, Bank of America Merrill Lynch

Hi, Tim. Good afternoon, everybody. If you could put into context, you know, understandable that you're changing the strategy to profitable growth in the current environment; where do you see the 36 million pounds coming from in 2018?

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### Tim Gitzel, President & Chief Executive Officer

Thanks, Oscar. I tried to list them out I think in our MD&A and clearly the big driver is Cigar Lake of course. Eighteen million pounds at full production. Our share would be half of that. And we're happy to say that that is, Cigar Lake is progressing well and is on track for first production next year. You'll see soon in our McArthur technical report, and I think you'll see in the information that we put in, that we look to expand McArthur product as well. Rabbit Lake, we're looking to add to that project as well. The U.S., we're well underway to increase some production there, and of course we've added our Talvivaara piece. So it's the combination of those projects that we would have ready to get us to 36 million pounds. And then again, let me just restate, we are on a growth plan here. Clearly from the 21.7 million pounds we are planning for this year to 36 remains a significant growth plan and we retain the optionality with our other projects to, we call it we have them in the bullpen ready to go, but to pull them out and move them along as the market calls for that uranium. So that's the strategy.

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### Oscar Cabrera, Bank of America Merrill Lynch

You know, as a follow-up just, you know, appreciate that there is still growth in the pipeline, but just if you could put into context for us, in that bullpen that you talk about what

sort of returns are you looking for? Because you have projects like Yeelirrie now that, I'm not sure if you still plan to go ahead with that, but just context around uranium price and/or returns to see these projects come on line. Thanks.

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

Thanks, Oscar. We don't normally put out the level of return we are looking for but what I will say is that obviously they would have to add value to our shareholders for us to bring them forward. You have seen some context on the Kintyre piece, what we thought it would take to move that one forward. Yeelirrie you asked about that hasn't closed yet, that deal. We are still waiting for firm approval on that one from the Australian government to see that close. But, again, that's a very good project for us to have in the pipeline and we will have it ready.

So I would just say that we will watch the market, the market that has been very soft. I think we saw \$41 spot price this morning but we have hopes for the future that's going to turn around. The supply/demand fundamentals demand that that has to change at some point going forward. And so as we see those price signals we'll bring our portfolio of projects that are, as I say in, the bullpen, forward.

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**Operator**

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

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**Greg Barnes, TD Securities**

Thank you. Tim, the Inkai agreement has a number of moving parts in it, including transferring proprietary technologies at Kazakhstan, I guess, for conversion. Do you think the Canadian government approval for that is likely? Have you already talked to them about it? Where does that stand?

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

Thanks, Greg. We've been working with the Canadian government for some time, I would say some years, on our nuclear cooperation agreements. Of course we've talked about China, very close we hope to being finalized now, that we'll be shipping Canadian uranium to China.

India is underway. I think the Prime Minister is heading that way and we'll continue to work on that.

And the other one is Kazakhstan, and we've been working on that one for some years now and we're on it, if not daily, weekly, and that as well has progressed well. It's very close to being finalized between the two governments. And of course that would be a condition precedent to transferring any kind of nuclear technology between countries. And so we think we have time for that but it's, I can tell you we're not starting today, Greg. It's been moving along and I would say it will be hopefully completed in the near future.

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**Greg Barnes, TD Securities**

Okay. So next question, McArthur River, this new plan or technical report that's coming out soon, in the news release you've given some of the details and it looks like you're going to spend in the order of a \$1 billion over the next four years there. Is that spending going to happen no matter what or is that contingent on you getting approval to expand output to the 22 million pounds?

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

Well that's, you know, a lot of that would be just sustaining capital I think that we would put into the mine to keep developing the drifts and moving the mine along. We don't see any hold-ups in getting regulatory or government approval to move that mine along, so that would be just existing capital. I'll ask Bob if he has—do you have more detail on that, Bob?

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

Sure. Thanks, Tim. Greg, what that speaks to over the next four years is capital we'll be spending to give us access to 104 million pounds of production that we have in reserves. And that's used in two big aspects to it. Some of it is infrastructure and some electrical, some freeze plans, some water treatment capability, and surface facilities, and the other is the development underground to access those reserves. They're not new reserves as per the technical report; they are reserves that we had in our reserve category in the last technical report and in our annual statement but we did not have the infrastructure in place to mine that. So that will go ahead and that takes us to the 104 million pounds at the 18.7 million pound production rate.

**Operator**

Thank you. Once again, please press star one if you have any questions. The next question is from Tyler Langton with JP Morgan. Please go ahead.

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**Tyler Langton, JP Morgan**

Thanks. Good afternoon. Just as a follow-up to that Capex question, I think you had previously guided to around, I think, 650 to 700 million for 2013 and like 600 to 650 for 2014. I guess now with the focus on brownfield, I mean do you think that sort of Capex number will come down? If could just give any thought on sort of Capex over the next several years.

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

Tyler, I'm going to ask Grant Isaac to answer that.

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

Yeah, happy to do that. Thanks, Tyler. The Capex guidance that we put out, remember that one of the key messages today is that we are continuing on a growth path going to 36 million pounds, and a lot of that of course is Cigar Lake and a lot of that has been the infrastructure, as Bob talked about, with McArthur River expansion. So as we've adjusted our growth plans we still have to acknowledge we're on a growth path with those projects. As we re-pace the rest of the projects that are identified in the bullpen as we identified later we of course will update our Capex plans. We do that, we tend to do that on an annual basis. We didn't have a reason to change that at the moment but of course that's all part of the investigation and analysis that we'll do in the months to come to figure out exactly what that impact is on Capex.

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**Tyler Langton, JP Morgan**

Okay. Just as a follow-up, just wondering, I mean I guess over the last month or so, I mean have you noticed any changes just in activity at your Japanese customers? Is there any of, I guess, requests for more deferrals, you know, more cautious, just any colour on that would be great.

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

Yeah, Tyler, thanks. We have been in obviously constant contact with our Japanese customers; in fact, some of them were over here last week and we met with them. I would just say on the Japanese situation, you know, that's one of the bigger drivers for us in our adjustment to our strategy. I would say in the third quarter—clearly we have been watching the market over the course of the year but really in the third quarter it was in the context of the World Nuclear Association meetings in London that we really got a sense that things were changing in Japan. I think they announced during that week that there would be a phase-out of the Japanese nuclear power by the 2030s they said, or 2040, which subsequently got overturned I think the week after. Then there was the announcement of the regulatory authority being put in place and that they would be putting standards in place against which all nuclear reactors in Japan would be compared and that those standards would be in place sometime mid-2013, I think we heard. So that clearly changed our view of Japan whereas we had said that we thought there would be perhaps six to eight Japanese units back on by the end of this year. That would be closer to our number for next year I think, 2013. We'll watch to see how that plays out but that was really the moving piece for us in this.

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**Operator**

Thank you. The next question is from Edward Sterck with BMO Capital Markets. Please go ahead.

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**Edward Sterck, BMO Capital Markets**

Good afternoon. So I've got a couple of questions. Firstly, on the Capex guidance at a group level for next couple of years. Just from your previous comments about continuing on a growth path, I guess that the implication there is that we shouldn't expect a significant reduction in Capex just because there's now a focus on brownfield growth rather than greenfield growth. Would that be fair?

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

Well, what we said, Ed, is that the Capex guidance was really dominated by the growth of the brownfield projects anyway as you looked out into the project pipeline that we had previously disclosed, or previously illustrated is probably a better way to say it. That was spending that was yet to come down the road and so as we looked at

the forecast guidance we still feel that it's in the range. But keep in mind that along the way, as you advance some of those projects, some of that would have been capitalized spending, and as we think about re-pacing the rest of our growth plan there will be, there is likely to be an impact and we'll adjust that as we have more opportunity to assess it and then put out annual guidance.

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**Edward Sterck, BMO Capital Markets**

Okay, fair enough. And then just one follow-up question on the agreements, the MOA with Kazatomprom: To play devil's advocate slightly, is it, could one level an accusation that actually Cameco is giving up quite a lot of stuff here in order to get that increased production rate at Inkai?

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

That wouldn't be our view at all. In fact, we're delighted to have this agreement. We've been working on this for probably five years to get to this point. Clearly we've been in Kazakhstan I think for 15 years or so now, we know the partners well and, you know, from their side they have to have a deal that's fair for their shareholders, which is the people of Kazakhstan, and we wanted the same thing, and we think this was a very fair deal. We're delighted to be partnering with them on the next 2,000 tonnes of production when it comes in. And, again, we're pacing that according to the market, but we think it's a good deal for both sides. And, Ken, I don't know if you have anything to add to that.

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**Ken Seitz, Senior Vice-President & Chief Commercial Officer**

No, I just would echo that, Ed, the point that there are number of moving parts there, but of course we looked at it as a package along with our joint venture partner and look at doubling uranium production. But, in addition to that, extending our leases to 2045, which is worth a lot to us. So just would echo what Tim says and what Tim has said and that is we're thrilled with it and pleased to be moving on to the next stage with our joint venture partner.

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**Operator**

Thank you. The next question is from Egor Rybakov, with Edge Asset Management. Please go ahead.

**Egor Rybakov, Edge Asset Management**

Thanks for taking my call. Good afternoon. I have a general question. If were to come back to the reduction of the long-term guidance and while we are in the camp who believe it makes sense to have a number for the very long-term production, so 40 doesn't make much difference from 36 really, but just to philosophically understand the reason for that, I mean we've seen a decrease of the commitment to the long-term projects from some of your competitors in the uranium space so theoretically even with the uncertainty there still should be, there still might be a shortage at a certain point of the uranium in the market. So I'm just trying to understand when you decided to lower your long-term growth was it guided by the potential lack of putting a certain number in your ROI calculation that would lead to the desired level of profit or was it your change of view that the shortage perhaps is not going to be as prominent as you saw it before or was it driven by something else? Maybe you can explain to us in very layman's terms, if you may.

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

We will certainly try to do that, Egor. I think we saw that the growth plans for nuclear that we had previously had in our model have changed. Have been deferred. I stated the Japanese piece. We see the return of the Japanese fleet being deferred to some extent. We also saw in India that they will not be proceeding as quickly as they had planned. Other pieces, whether you look in France with the Fessenheim units, here in Canada Gentilly, it was announced that that won't be going ahead. So we had information coming to us that said that the model we had, the 95 net new reactors that we were talking about, had changed. So we had to act on that. We had to disclose that and act on it and that's what we've done. So we are still certainly moving forward on our projects, on our growth plan, we're going to 36, and we're keeping the other projects ready to go, and as we see market signals we will bring those forward. Other companies, you're right, have probably taken the same approach and have even put out numbers, we've seen numbers, \$75, \$85, that it would take to incite or incent them to bring their projects forward. So we're not putting out a number but we say it's got to be higher. The price of uranium has to be higher than it is today.

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**Egor Rybakov, Edge Asset Management**

What I was trying to understand, Tim, is that the reductions that you saw in the future commitment, in the commitment to the near-term projects from your

competitors, it sounds like it was not enough to maintain this potential shortage of supply in the next year. Is it a fair assumption? So it needed basically more drastic, you needed to take another four million pounds from the market for the next full years to equilibrate it?

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

Yeah, Egor, I think our, you know, with that new information we had on the market I think we looked at our portfolio and said 'should we have all the levers down going forward as fast as we can, the pedal to the metal as we say, for all of the projects?' And we looked at that and we said perhaps that's not the best strategy given the information we have. So we went through our portfolio one by one and looked at all of them and we came to the conclusion that certain of our projects are moving along, have high shareholder value, and we decided to focus on those ones, while keeping the other ones ready to go. So that would be, you know, will we lose some time on those? Perhaps we will. But we're also ready to move them forward when the market calls for them. So that's what we were looking at, we were looking at some less demand in the period, in the period, and so we adjusted our portfolio accordingly and, as Grant said, we re-paced some of our projects.

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**Operator**

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

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

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**Borden Putnam, Mione Capital**

Hi, Tim. I have a question I guess maybe for Bob Steane and, Bob, I apologize, this may have been answered when you were discussing things with Greg Barnes. At McArthur, the change in reserves, an increase in the probable and a commensurate decrease in indicated, is that related to the infrastructure accessing those reserves or is there any change in your geology or possible mining methods? Thanks.

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

The big change there is the B zone in the north end and a zone in the south. That's the biggest change. The piece that I was talking with with Greg were already in the

reserve category, it was just doing, in the next few years we will be putting in the infrastructure and development and freezing to extract those reserves.

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**Borden Putnam, Mione Capital**

Got it. And then the small decrease in proven in this thing, I'm guessing that's attributable to production or depletion?

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

You're absolutely right. Overall, you look at, go back to McArthur River technical report 2009 to McArthur River technical report 2012 and you put them on the same footing, so if you count all the 2009, 2010, 2011 production and so on, there has been a net increase of Cameco share of 85 million pounds. So that's a significant difference one report to the other. So that's one the biggest differences in the two technical reports, another 85 million pounds Cameco share.

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**Operator**

Thank you. The next question is from Scott Larson with The Star Phoenix. Please go ahead.

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**Scott Larson, The Star Phoenix**

Hi. Good morning. In regards to completing Highway 914 in northern Saskatchewan, do you have a timeframe of when this will be done, at what cost, and what it will mean to your Saskatchewan operations? Thanks.

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

Well thank you, Scott, for the question. As you probably know, the Premier put out his economic plan for the future about 10 days ago here in Saskatoon and we were pleased to be there and to hear him talk about the connector road Highway 914 being a priority for government going forward. So we were delighted in that. That's one of those P3 or cost sharing type plans where we will cost share the road with the provincial government, which is a benefit I think to all of Saskatchewan. A very important piece, connects up now all of our mine sites. Once it's in place all of the mines will be connected. So that has certainly logistical benefits to us, whether it's from a milling point of view or sharing of

supplies point of view. Very important to the future growth of the uranium business in Saskatchewan. So very important. I believe it's just in some feasibility, some engineering work being done on it now, cost estimates, I don't have a cost estimate for you at this time but I can tell you we'll be proceeding with due haste on that project.

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**Scott Larson, The Star Phoenix**

Thanks.

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**Operator**

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

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**Greg Barnes, TD Securities**

Question for Ken: Ken, can you give us your sense of the uranium market as it stands right now and how you think it's going to evolve over the next six to twelve months?

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**Ken Seitz, Senior Vice-President & Chief Commercial Officer**

Yeah, Greg, you know, today I can tell you that in terms of the spot market, and of course we see it reflected in the price, we see sufficient material floating around the market and not much demand. And I think it's fair to say that in the context of discretionary demand utilities still have the ability to sit out and, in fact, of course you are being rewarded for sitting out of the market at the moment as they watch the spot price fall.

I think another thing that, and of course all of it lending to our change in our view, is what's going in Japan and whether, with those units being shut down for at least another ten months and no restarts before then whether there will be inventories or additional inventories in the market and so we're watching for that. As I said earlier, we haven't seen it splashing around the market but, nevertheless, with those units shut down that's material that's not being burned in a reactor.

So sufficient material in the market, not much demand, and probably seeing an environment like that for, as you say Greg, over the next six months, and maybe a little bit beyond. The catalysts then continuing to be long-term contracting as utilities uncovered requirements grow and, as we've said in the past, we expect that over the coming

few years to really open up. End of the HEU agreement. We can't forget that the market loses 24 million pounds at the end of next year. And continuing to monitor actions of the U.S. government and so on.

So I think to answer your question, Greg, there is still a lot of uncertainty and over the next six months, maybe a bit beyond, we don't see that necessarily we're going to see an improvement in price.

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**Greg Barnes, TD Securities**

Okay. Just a follow-up to that, the utility requirements, I think in the past, Ken, you'd said they were well pretty covered through 2015. Is that still the same or is it extending out?

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**Ken Seitz, Senior Vice-President & Chief Commercial Officer**

No, that would still be our view, Greg, and 2015 being, when you look at a graph when those requirements, uncovered requirements start to open up. Now when they come to the market to actually put that material under contract will be certainly in advance of 2015, 2016 and beyond, but that would still be our view that in that timeframe requirements start to open up in a fairly considerable way.

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**Operator**

Thank you. The next question is from Egor Rybakov with Edge Asset Management. Please go ahead.

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**Egor Rybakov, Edge Asset Management**

Hi. If I may follow up on one other issue, do you start seeing any Japanese inventory in the market and I'm especially curious did you perhaps make any efforts to approach the Japanese customers and see if they would be interested in selling some of the uranium that they have currently?

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

Thanks, Egor. I'll let Ken Seitz answer that one.

**Ken Seitz, Senior Vice-President & Chief Commercial Officer**

Egor, it's fair to say that we have not seen any Japanese utilities directly stepping into the spot market to sell inventories. We haven't seen that to date. And, you know, real question about whether we will see that. If we look at what's going on in Japan, while it's taking longer than we had hoped or anticipated, there are still very large investments going into new safety systems at all of those units. So continuing confidence, not just among us but among the Japanese utilities, that their reactors will be rejoining the grid.

I'll also say two units that were under construction prior to Fukushima have received approval to reinstate work on those reactors. So while it's going to take longer and we have a more muted view of perhaps the number of units, there are some strong indications that there is certainly no phase out in Japan. And so utilities tell us they are seeing it that way and, again, no material coming back into the market. Have we bought material from Japanese customers? I'll say that we have. But we do that when we think that there is a deal that makes sense for Cameco. And so while we do some more of that remains to be seen.

**Egor Rybakov, Edge Asset Management**

And the second, just a follow-up on the relationship between the long-term and short-term pricing: Will the short-term pricing be delayed and, at least from the statistics that we're getting, long-term contract price and being fairly stable, what's the propensity of the customers to sign the longer-term contracts as they come off the existing contracts right now and how does that impact your ability to put escalators in the long-term price scheme?

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

Well, I would say that actually today a utility, if they had uncovered requirements, wouldn't mind writing some fixed price base escalated contracts, and we are seeing a tendency towards that. But is that a surprise? No, because everyone believes that the uranium price is in some form of trough and so locking in prices today is a good move for utilities.

I would say that if we look at the long-term indicator and the spread between the spot price and the long-term indicator we do see some, a little bit of buying in the spot market exploiting that spread, but, you know, I guess to

answer your question, there is a tendency for utilities that have uncovered requirements to try and lock-in this price. And we have done a few base-escalated long-term contracts this year but our preference is to look at writing some market-related contracts at the moment.

**Operator**

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

**Orest Wowkodaw, Canaccord Genuity**

Hi. Good morning. My question again comes back to Japan. Can you give us a sense of what percent of your contracts set for delivery in 2013 are to Japanese utilities? I think in the past it's been somewhere around 12 percent to 15 percent but can you confirm that number?

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

Orest, again I'll ask Ken to answer that.

**Ken Seitz, Senior Vice-President & Chief Commercial Officer**

Sure, Orest. Yeah, it would be close to that number. This year it's going to be about 8 percent, next year is slated for about 10 percent of our sales into Japan. Our overall portfolio, if we look at our long-term commitments, still about 18 percent into Japan.

**Orest Wowkodaw, Canaccord Genuity**

So 18 percent in terms of all existing future contracts?

**Ken Seitz, Senior Vice-President & Chief Commercial Officer**

That's right. Yeah.

**Orest Wowkodaw, Canaccord Genuity**

Okay. Thank you very much.

**Operator**

Thank you. The next question is from Edward Sterck with BMO Capital Markets. Please go ahead.

**Edward Sterck, BMO Capital Markets**

Thank you very much. I may be jumping the gun a bit here on next year's guidance; is it possible to give any indication of what you expect in terms of overall corporate tax rate for next year?

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

Thanks, Ed. I'll see if Grant has any information on that. Do you have that, Grant?

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

Yeah, you're not jumping the gun. I think we've been fairly consistent to say that what we put out in our outlook table that we expect that our guidance around either a small recovery or a smaller effective consolidated tax rate will hold over the next couple of years and if we have a reason to change that we will certainly provide that to the market. But at the moment that continues to be our guidance going forward and certainly safe to say on a multi-year basis.

**Edward Sterck, BMO Capital Markets**

Thank you. And then just one question on the Capex for McArthur River, or the change in Capex over the next, um, with the revised technical report. How much of that is, broadly speaking as a percentage term, is attributable to the mine and how much to the Key Lake mill?

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

Bob, have you got that split of Capex?

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

Yes. It's roughly one-third/two-thirds. The Capex in the mill—actually, sorry, should have gone, ah, not good with doing instant math here. Probably three quarters of it is in

the mine and a quarter of it is in the mill, finishing the revitalization and getting the mill ready for the long life. But it's the mine, it's the infrastructure at the mine, including the development and the freezing.

**Operator**

Thank you. That is all the time we have for today. I would now like to turn the meeting back over to Mr. Gitzel for his closing remarks.

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

Thank you very much, operator, and thank you to everyone who has joined the call today.

In closing, I would like to reiterate that the long-term fundamentals of the industry remain very strong and while we continue to prepare for that we also recognize the importance of adapting to the current environment to remain competitive and return value to our shareholders in the near term. I believe there are few other companies that have the capacity to do this as well as Cameco does. Our plan to intensify our focus on execution and maximize efficiencies combined with our extraordinary assets, employee expertise, and comprehensive industry knowledge provide us with a distinct advantage which I believe will allow us to continue to be successful.

So, again, thank you for joining us today and have a great day.