



Management's discussion and analysis

for the quarter ended September 30, 2015

THIRD QUARTER UPDATE	4
CONSOLIDATED FINANCIAL RESULTS.....	8
OUTLOOK FOR 2015	15
LIQUIDITY AND CAPITAL RESOURCES.....	17
FINANCIAL RESULTS BY SEGMENT	
URANIUM	19
FUEL SERVICES.....	21
NUKEM	22
OUR OPERATIONS	
URANIUM 2015 Q3 UPDATES.....	23
FUEL SERVICES 2015 Q3 UPDATES	24
QUALIFIED PERSONS.....	24
ADDITIONAL INFORMATION.....	25

This management's discussion and analysis (MD&A) includes information that will help you understand management's perspective of our unaudited condensed consolidated interim financial statements and notes for the quarter ended September 30, 2015 (interim financial statements). The information is based on what we knew as of October 30, 2015 and updates our first quarter, second quarter and annual MD&A included in our 2014 annual report.

As you review this MD&A, we encourage you to read our interim financial statements as well as our audited consolidated financial statements and notes for the year ended December 31, 2014 and annual MD&A. You can find more information about Cameco, including our audited consolidated financial statements and our most recent annual information form, on our website at cameco.com, on SEDAR at sedar.com or on EDGAR at sec.gov. You should also read our annual information form before making an investment decision about our securities.

The financial information in this MD&A and in our financial statements and notes are prepared according to International Financial Reporting Standards (IFRS), unless otherwise indicated.

Unless we have specified otherwise, all dollar amounts are in Canadian dollars.

Throughout this document, the terms *we*, *us*, *our* and *Cameco* mean Cameco Corporation and its subsidiaries, including NUKEM Energy GmbH (NUKEM), unless otherwise indicated.

Caution about forward-looking information

Our MD&A includes statements and information about our expectations for the future. When we discuss our strategy, plans, future financial and operating performance, or other things that have not yet taken place, we are making statements considered to be *forward-looking information* or *forward-looking statements* under Canadian and United States securities laws. We refer to them in this MD&A as *forward-looking information*.

Key things to understand about the forward-looking information in this MD&A:

- It typically includes words and phrases about the future, such as: anticipate, believe, estimate, expect, plan, will, intend, goal, target, forecast, project, strategy and outlook (see examples below).
- It represents our current views, and can change significantly.
- It is based on a number of *material assumptions*, including those we have listed on page 3, which may prove to be incorrect.
- Actual results and events may be significantly different from what we currently expect, due to the risks associated with our business. We list a number of these *material risks* on pages 2 and 3. We recommend you also review our annual information form, first quarter, second quarter and annual MD&A, which includes a discussion of other *material risks* that could cause actual results to differ significantly from our current expectations.
- Forward-looking information is designed to help you understand management's current views of our near and longer term prospects, and it may not be appropriate for other purposes. We will not necessarily update this information unless we are required to by securities laws.

Examples of forward-looking information in this MD&A

- the discussion under the heading *Our strategy*
- our expectations about 2015 and future global uranium supply and demand including the discussion under the heading *Uranium market update*
- our expectations for uranium deliveries in the fourth quarter
- the discussion of our expectations relating to our transfer pricing disputes including our estimate of the amount and timing of expected cash taxes and transfer pricing penalties
- our consolidated outlook for the year and the outlook for our uranium, fuel services and NUKEM segments for 2015
- our price sensitivity analysis for our uranium segment
- our expectation that existing cash balances and operating cash flows will meet our anticipated 2015 capital requirements without the need for any significant additional funding
- our expectation that our operating and investment activities for the remainder of 2015 will not be constrained by the financial-related covenants in our unsecured revolving credit facility
- our future plans and expectations for each of our uranium operating properties and fuel services operating sites

Material risks

- actual sales volumes or market prices for any of our products or services are lower than we expect for any reason, including changes in market prices or loss of market share to a competitor
- we are adversely affected by changes in foreign currency exchange rates, interest rates or tax rates
- our production costs are higher than planned, or necessary supplies are not available, or not available on commercially reasonable terms
- our estimates of production, purchases, costs, decommissioning or reclamation expenses, or our tax expense estimates, prove to be inaccurate
- we are unable to enforce our legal rights under our existing agreements, permits or licences
- we are subject to litigation or arbitration that has an adverse outcome, including lack of success in our disputes with tax authorities
- we are unsuccessful in our dispute with CRA and this results in significantly higher cash taxes, interest charges and penalties than the amount of our cumulative tax provision
- we are unable to utilize letters of credit to the extent anticipated in our dispute with CRA
- there are defects in, or challenges to, title to our properties
- our mineral reserve and resource estimates are not reliable, or we face unexpected or challenging geological, hydrological or mining conditions
- we are affected by environmental, safety and regulatory risks, including increased regulatory burdens or delays
- we cannot obtain or maintain necessary permits or approvals from government authorities
- we are affected by political risks
- we are affected by terrorism, sabotage, blockades, civil unrest, social or political activism, accident or a deterioration in political support for, or demand for, nuclear energy
- we are impacted by changes in the regulation or public perception of the safety of nuclear power plants, which adversely affect the construction of new plants, the relicensing of existing plants and the demand for uranium
- there are changes to government regulations or policies that adversely affect us, including tax and trade laws and policies
- our uranium suppliers fail to fulfil delivery commitments
- our McArthur River development, mining or production plans are delayed or do not succeed for any reason
- our Cigar Lake development, mining or production plans are delayed or do not succeed, including as a result of any difficulties with the jet boring mining method or freezing the deposit to meet production targets, or any difficulties with the McClean Lake mill modifications or expansion or milling of Cigar Lake ore
- we are affected by natural phenomena, including inclement weather, fire, flood and earthquakes

- our operations are disrupted due to problems with our own or our suppliers' or customers' facilities, the unavailability of reagents, equipment, operating parts and supplies critical to production, equipment failure, lack of tailings capacity, labour

shortages, labour relations issues, strikes or lockouts, underground floods, cave-ins, ground movements, tailings dam failures, transportation disruptions or accidents, or other development and operating risks

Material assumptions

- our expectations regarding sales and purchase volumes and prices for uranium and fuel services
- our expectations regarding the demand for uranium, the construction of new nuclear power plants and the relicensing of existing nuclear power plants not being more adversely affected than expected by changes in regulation or in the public perception of the safety of nuclear power plants
- our expected production level and production costs
- the assumptions regarding market conditions upon which we have based our capital expenditures expectations
- our expectations regarding spot prices and realized prices for uranium, and other factors discussed under the heading *Price sensitivity analysis: uranium segment*
- our expectations regarding tax rates and payments, foreign currency exchange rates and interest rates
- our expectations about the outcome of disputes with tax authorities
- we are able to utilize letters of credit to the extent anticipated in our dispute with CRA
- our decommissioning and reclamation expenses
- our mineral reserve and resource estimates, and the assumptions upon which they are based, are reliable
- the geological, hydrological and other conditions at our mines
- our McArthur River development, mining and production plans succeed

- our Cigar Lake development, mining and production plans succeed, the jet boring mining method works as anticipated, and the deposit freezes as planned
- modification and expansion of the McClean Lake mill are completed as planned and the mill is able to process Cigar Lake ore as expected
- our ability to continue to supply our products and services in the expected quantities and at the expected times
- our ability to comply with current and future environmental, safety and other regulatory requirements, and to obtain and maintain required regulatory approvals
- our operations are not significantly disrupted as a result of political instability, nationalization, terrorism, sabotage, blockades, civil unrest, breakdown, natural disasters, governmental or political actions, litigation or arbitration proceedings, the unavailability of reagents, equipment, operating parts and supplies critical to production, labour shortages, labour relations issues, strikes or lockouts, underground floods, cave-ins, ground movements, tailings dam failure, lack of tailings capacity, transportation disruptions or accidents or other development or operating risks

Our strategy

We are a pure-play nuclear fuel supplier, focused on taking advantage of the long-term growth we see coming in our industry, while maintaining the ability to respond to market conditions as they evolve. Our strategy is to profitably produce at a pace aligned with market signals in order to increase long-term shareholder value, and to do that with a focus on safety, people and the environment.

We plan to:

- ensure continued reliable, low-cost production from our flagship operation, McArthur River/Key Lake, and seek to expand that production
- ensure continued reliable, low-cost production at Inkai
- successfully ramp up production at Cigar Lake
- manage the rest of our production facilities and other sources of supply in a manner that retains the flexibility to respond to market signals and take advantage of value adding opportunities within our own portfolio and the uranium market
- maintain our low-cost advantage by focusing on execution and operational excellence

You can read more about our strategy in our 2014 annual MD&A.

Third quarter update

On January 31, 2014, we announced the sale of our 31.6% limited partnership interest in Bruce Power Limited Partnership (BPLP) and related entities for \$450 million. The sale closed on March 27, 2014 and was accounted for as being completed effective January 1, 2014.

Under IFRS, we are required to report the results from discontinued operations separately from continuing operations. Throughout this document, for comparison purposes, all results for “earnings from continuing operations” and “cash from continuing operations” have been revised to exclude BPLP. The impact of BPLP is shown separately as a discontinued operation.

Our performance

HIGHLIGHTS (\$ MILLIONS EXCEPT WHERE INDICATED)	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
	2015	2014	CHANGE	2015	2014	CHANGE
Revenue	649	587	11%	1,779	1,508	18%
Gross profit	133	143	(7)%	415	386	8%
Net earnings (losses) attributable to equity holders	(4)	(146)	97%	75	113	(34)%
\$ per common share (diluted)	(0.01)	(0.37)	97%	0.19	0.28	(32)%
Adjusted net earnings (non-IFRS, see page 9)	78	93	(16)%	193	207	(7)%
\$ per common share (adjusted and diluted)	0.20	0.23	(13)%	0.49	0.52	(6)%
Cash provided by (used in) operations (after working capital changes)	(121)	263	(146)%	(53)	244	(122)%

THIRD QUARTER

Net losses attributable to equity holders this quarter were \$4 million (\$0.01 per share diluted) compared to net losses of \$146 million (\$0.37 per share diluted) in the third quarter of 2014. In addition to the items noted below, our net losses were affected by mark-to-market losses on foreign exchange derivatives. Net losses in the third quarter of 2014 included the impairment of our investment in GE-Hitachi Global Laser Enrichment of \$184 million and the impairment of our investment in GoviEx Uranium Inc. of \$12 million.

On an adjusted basis, our earnings this quarter were \$78 million (\$0.20 per share diluted) compared to earnings of \$93 million (\$0.23 per share diluted) (non-IFRS measure, see page 9) in the third quarter of 2014. The change was mainly due to:

- lower gross profit from our uranium segment
- lower tax recovery

partially offset by:

- higher gross profit from our fuel services and NUKEM segments

See *Financial results by segment* on page 19 for more detailed discussion.

FIRST NINE MONTHS

Net earnings in the first nine months of the year were \$75 million (\$0.19 per share diluted) compared to earnings of \$113 million (\$0.28 per share diluted) in the first nine months of 2014. In addition to the items noted below, our net earnings were affected by mark-to-market losses on foreign exchange derivatives. Our 2014 earnings also included a gain on the sale of our interest in BPLP of \$127 million, the impairment of our investment in GE-Hitachi Global Laser Enrichment of \$184 million and the impairment of our investment in GoviEx Uranium Inc. of \$12 million.

On an adjusted basis, our earnings for the first nine months of this year were \$193 million (\$0.49 per share diluted) compared to earnings of \$207 million (\$0.52 per share diluted) (non-IFRS measure, see page 9) for the first nine months of 2014. Key variances include:

- lower gross profit from our uranium segment
- higher administration costs
- a favourable settlement of \$28 million with respect to a dispute regarding a long-term supply contract with a utility customer recorded in the second quarter of 2014
- lower tax recovery

partially offset by:

- higher gross profit from our fuel services and NUKEM segments
- lower losses from equity accounted investments

Our 2014 adjusted net earnings were also impacted by:

- an early termination fee of \$18 million incurred in 2014 as a result of the cancellation of our toll conversion agreement with Springfields Fuels Ltd., which was to expire in 2016
- settlement costs of \$12 million with respect to the early redemption our Series C debentures recorded in 2014

See *Financial results by segment* on page 19 for more detailed discussion.

Operations update

HIGHLIGHTS		THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
		2015	2014	CHANGE	2015	2014	CHANGE
Uranium	Production volume (million lbs)	8.2	5.4	52%	18.7	15.1	24%
	Sales volume (million lbs) ¹	6.9	9.0	(23)%	21.2	23.3	(9)%
	Average realized price (\$US/lb)	43.61	45.87	(5)%	44.57	46.14	(3)%
	Average realized price (\$Cdn/lb)	56.07	49.83	13%	55.65	50.35	11%
	Revenue (\$ millions) ¹	388	447	(13)%	1,179	1,171	1%
	Gross profit (\$ millions)	110	132	(17)%	350	362	(3)%
Fuel services	Production volume (million kgU)	0.6	1.1	(45)%	6.3	8.9	(29)%
	Sales volume (million kgU)	3.8	3.1	23%	9.1	8.2	11%
	Average realized price (\$Cdn/kgU)	22.22	23.11	(4)%	24.11	22.21	9%
	Revenue (\$ millions)	83	71	17%	220	182	21%
	Gross profit (\$ millions)	13	5	160%	40	23	74%
NUKEM	Uranium sales (million lbs) ¹	2.9	2.5	16%	6.9	4.7	47%
	Average realized price (\$Cdn/lb)	52.70	38.52	37%	46.97	39.72	18%
	Revenue (\$ millions) ¹	183	97	89%	361	190	90%
	Gross profit (\$ millions)	14	9	56%	35	19	84%

¹ Includes sales and revenue between our uranium, fuel services and NUKEM segments. Please see *Financial results by segment* beginning on page 19.

Production in our uranium segment this quarter was 52% higher compared to the third quarter of 2014, mainly due to production from Cigar Lake and higher production from McArthur River/Key Lake, Rabbit Lake and Inkai, partially offset by lower production from our US operations. See *Uranium 2015 Q3 updates* starting on page 23 for more information.

In our uranium and fuel services segments, our customers choose when in the year to receive deliveries, so our quarterly delivery patterns, sales volumes and revenue can vary significantly. We are on track to meet our 2015 uranium sales targets, and, therefore, expect to deliver between 10 million and 12 million pounds in the fourth quarter.

Production in our fuel services segment was 45% lower this quarter than in the third quarter of 2014 due to lower planned annual production in 2015.

Key highlights:

- During the first nine months of the year, the McClean Lake mill packaged 6.7 million pounds of Cigar Lake uranium (100% basis, 3.3 million pounds our share) and as of the end of October, the mill has now packaged over 8 million pounds (100% basis) and exceeded the 2015 production target range. If production continues at current rates, the McClean Lake mill could produce more than 10 million packaged pounds of uranium (100% basis, 5 million pounds our share) from Cigar Lake in 2015.

Uranium market update

In the third quarter, there was no significant change to the market in terms of contract volumes or price. Quantities transacted in the spot market were at normal levels, and spot prices remained in the mid-\$30s (US). This is in keeping with the rest of the year so far, and is, we believe, simply a function of the currently over-supplied market.

Reactor restarts in Japan remain an important driver of market sentiment in the short term, and the first of these were finally realized: Kyushu's Sendai unit 1 restarted in August and unit 2 in mid-October. Three additional reactors have been approved by the regulator to restart, and twenty more applications await decisions. We remain confident that a significant number of units will be restarted in Japan over time, though the regulatory approval process and restart schedules are clearly hard to predict.

Longer term, strong fundamentals underpin a positive outlook for the industry. The 65 reactors under construction today and additional units planned over the next decade means increasing uranium demand as those reactors come online. As future supply continues to be negatively affected by current depressed market conditions, we expect to see a shift from the currently over-supplied market we are experiencing today to a demand-driven market that requires more primary supply. Demand growth combined with the timing, development and execution of new supply projects and the continued performance of existing supply, will determine the pace of that shift.

Caution about forward-looking information relating to our uranium market update

This discussion of our expectations for the nuclear industry, including its growth profile, future global uranium supply and demand is forward-looking information that is based upon the assumptions and subject to the material risks discussed under the heading *Caution about forward-looking information* beginning on page 2.

Industry prices at quarter end

	SEP 30 2015	JUN 30 2015	MAR 31 2015	DEC 31 2014	SEP 30 2014	JUN 30 2014
Uranium (\$US/lb U ₃ O ₈) ¹						
Average spot market price	36.38	36.38	39.45	35.50	35.40	28.23
Average long-term price	44.00	46.00	49.50	49.50	45.00	44.50
Fuel services (\$US/kgU as UF ₆) ¹						
<i>Average spot market price</i>						
North America	7.00	7.50	7.50	8.25	7.25	7.25
Europe	7.50	8.00	8.00	8.63	7.50	7.50
<i>Average long-term price</i>						
North America	15.00	16.00	16.00	16.00	16.00	16.00
Europe	16.25	17.00	17.00	17.00	17.00	17.00

Note: the industry does not publish UO₂ prices.

¹ Average of prices reported by TradeTech and Ux Consulting (Ux)

On the spot market, where purchases call for delivery within one year, the volume reported by Ux Consulting (UxC) for the third quarter of 2015 was approximately 10 million pounds. This compares to approximately 13 million pounds in the third quarter of 2014. For the first nine months of the year, UxC has reported a total of about 36 million pounds transacted, compared to a three-year average of about 35 million pounds over that period each year.

Long-term contracts usually call for deliveries to begin more than two years after the contract is finalized, and use a number of pricing formulas, including fixed prices escalated over the term of the contract, and market referenced prices (spot and long-term indicators quoted near the time of delivery). At the end of the quarter, the average reported spot price was \$36.38 (US) per pound, in line with the previous quarter. The average reported long-term price declined \$2.00 (US) to \$44.00 (US) per pound from the previous quarter.

Spot and long-term UF₆ conversion prices declined during the quarter.

Shares and stock options outstanding

At October 29, 2015, we had:

- 395,792,522 common shares and one Class B share outstanding
- 8,596,581 stock options outstanding, with exercise prices ranging from \$19.30 to \$54.38

Dividend policy

Our board of directors has established a policy of paying a quarterly dividend of \$0.10 (\$0.40 per year) per common share. This policy will be reviewed from time to time based on our cash flow, earnings, financial position, strategy and other relevant factors.

Financial results

This section of our MD&A discusses our performance, financial condition and outlook for the future.

Consolidated financial results

HIGHLIGHTS (\$ MILLIONS EXCEPT WHERE INDICATED)	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
	2015	2014	CHANGE	2015	2014	CHANGE
Revenue	649	587	11%	1,779	1,508	18%
Gross profit	133	143	(7)%	415	386	8%
Net earnings (losses) attributable to equity holders	(4)	(146)	97%	75	113	(34)%
\$ per common share (basic)	(0.01)	(0.37)	97%	0.19	0.28	(32)%
\$ per common share (diluted)	(0.01)	(0.37)	97%	0.19	0.28	(32)%
Adjusted net earnings (non-IFRS, see page 9)	78	93	(16)%	193	207	(7)%
\$ per common share (adjusted and diluted)	0.20	0.23	(13)%	0.49	0.52	(6)%
Cash provided by (used in) operations (after working capital changes)	(121)	263	(146)%	(53)	244	(122)%

NET EARNINGS

Net losses attributable to equity holders this quarter were \$4 million (\$0.01 per share diluted) compared to net losses of \$146 million (\$0.37 per share diluted) in the third quarter of 2014. In addition to the items noted below, our net losses were affected by mark-to-market losses on foreign exchange derivatives. Net losses in the third quarter of 2014 included the impairment of our investment in GE-Hitachi Global Laser Enrichment of \$184 million and the impairment of our investment in GoviEx Uranium Inc. of \$12 million.

On an adjusted basis, our earnings this quarter were \$78 million (\$0.20 per share diluted) compared to earnings of \$93 million (\$0.23 per share diluted) (non-IFRS measure, see page 9) in the third quarter of 2014. The change was mainly due to:

- lower gross profit from our uranium segment
- lower tax recovery

partially offset by:

- higher gross profit from our fuel services and NUKEM segments

Net earnings in the first nine months of the year were \$75 million (\$0.19 per share diluted) compared to earnings of \$113 million (\$0.28 per share diluted) in the first nine months of 2014. In addition to the items noted below, our net earnings were affected by mark-to-market losses on foreign exchange derivatives. Our 2014 earnings also included a gain on the sale of our interest in BPLP of \$127 million, the impairment of our investment in GE-Hitachi Global Laser Enrichment of \$184 million and the impairment of our investment in GoviEx Uranium Inc. of \$12 million.

On an adjusted basis, our earnings for the first nine months of this year were \$193 million (\$0.49 per share diluted) compared to earnings of \$207 million (\$0.52 per share diluted) (non-IFRS measure, see page 9) for the first nine months of 2014. Key variances include:

- lower gross profit from our uranium segment
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- lower tax recovery

partially offset by:

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Our 2014 adjusted net earnings were also impacted by:

- an early termination fee of \$18 million incurred in 2014 as a result of the cancellation of our toll conversion agreement with Springfields Fuels Ltd., which was to expire in 2016

- settlement costs of \$12 million with respect to the early redemption our Series C debentures recorded in 2014

See *Financial results by segment* on page 19 for more detailed discussion.

ADJUSTED NET EARNINGS (NON-IFRS MEASURE)

Adjusted net earnings is a measure that does not have a standardized meaning or a consistent basis of calculation under IFRS (non-IFRS measure). We use this measure as a more meaningful way to compare our financial performance from period to period. We believe that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate our performance. Adjusted net earnings is our net earnings attributable to equity holders, adjusted to better reflect the underlying financial performance for the reporting period. The adjusted earnings measure reflects the matching of the net benefits of our hedging program with the inflows of foreign currencies in the applicable reporting period, and has also been adjusted for NUKEM purchase price inventory write-downs and recoveries, income taxes on adjustments, impairment charges on non-producing property, and the after tax gain on the sale of our interest in BPLP.

Adjusted net earnings is non-standard supplemental information and should not be considered in isolation or as a substitute for financial information prepared according to accounting standards. Other companies may calculate this measure differently, so you may not be able to make a direct comparison to similar measures presented by other companies.

The following table reconciles adjusted net earnings with our net earnings.

(\$ MILLIONS)	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2015	2014	2015	2014
Net earnings (losses) attributable to equity holders	(4)	(146)	75	113
Adjustments				
Adjustments on derivatives (pre-tax)	112	60	157	37
NUKEM purchase price inventory recovery	-	(2)	(3)	(2)
Impairment charge	-	196	6	196
Income taxes on adjustments	(30)	(15)	(42)	(10)
Gain on interest in BPLP (after tax)	-	-	-	(127)
Adjusted net earnings	78	93	193	207

The following table shows what contributed to the change in adjusted net earnings this quarter.

(\$ MILLIONS)		THREE MONTHS ENDED SEPTEMBER 30	NINE MONTHS ENDED SEPTEMBER 30
Adjusted net earnings – 2014		93	207
Change in gross profit by segment (We calculate gross profit by deducting from revenue the cost of products and services sold, and depreciation and amortization (D&A))			
Uranium	Lower sales volume	(30)	(32)
	Lower realized prices (\$US)	(16)	(33)
	Foreign exchange impact on realized prices	59	146
	Higher costs	(35)	(92)
	change – uranium	(22)	(11)
Fuel services	Higher sales volume	1	3
	Higher (lower) realized prices (\$Cdn)	(3)	17
	Lower (higher) costs	11	(2)
	change – fuel services	9	18
NUKEM	Gross profit	6	14
	change – NUKEM	6	14
Other changes			
	Higher administration expenditures	-	(10)
	Lower exploration expenditures	1	2
	Lower income tax recovery	(27)	(45)
	Contract termination fee (SFL)	-	18
	Partial arbitration award	-	(28)
	Debenture redemption premium	-	12
	Loss on disposal of assets	2	7
	Loss on derivatives	(2)	(46)
	Loss on equity-accounted investments	3	15
	Foreign exchange gains	19	41
	Other	(4)	(1)
Adjusted net earnings – 2015		78	193

See *Financial results by segment* on page 19 for more detailed discussion.

Quarterly trends

HIGHLIGHTS (\$ MILLIONS EXCEPT PER SHARE AMOUNTS)	2015				2014		2013	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Revenue	649	565	566	889	587	502	419	977
Net earnings (losses) attributable to equity holders	(4)	88	(9)	73	(146)	127	131	64
\$ per common share (basic)	(0.01)	0.22	(0.02)	0.18	(0.37)	0.32	0.33	0.16
\$ per common share (diluted)	(0.01)	0.22	(0.02)	0.18	(0.37)	0.32	0.33	0.16
Adjusted net earnings (non-IFRS, see page 9)	78	46	69	205	93	79	36	150
\$ per common share (adjusted and diluted)	0.20	0.12	0.18	0.52	0.23	0.20	0.09	0.38
Earnings (losses) from continuing operations	(4)	88	(10)	72	(146)	127	4	28
\$ per common share (basic)	(0.01)	0.22	(0.02)	0.18	(0.37)	0.32	0.01	0.07
\$ per common share (diluted)	(0.01)	0.22	(0.02)	0.18	(0.37)	0.32	0.01	0.07
Cash provided by (used in) continuing operations (after working capital changes)	(121)	(65)	134	236	263	(25)	7	163

Key things to note:

- our financial results are strongly influenced by the performance of our uranium segment, which accounted for 60% of consolidated revenues in the third quarter of 2015
- the timing of customer requirements, which tend to vary from quarter to quarter, drives revenue in the uranium and fuel services segments, meaning quarterly results are not necessarily a good indication of annual results due to seasonal variability
- net earnings do not trend directly with revenue due to unusual items and transactions that occur from time to time. We use adjusted net earnings, a non-IFRS measure, as a more meaningful way to compare our results from period to period (see page 9 for more information).
- cash from operations tends to fluctuate as a result of the timing of deliveries and product purchases in our uranium and fuel services segments

The table that follows presents the differences between net earnings and adjusted net earnings for the previous seven quarters.

HIGHLIGHTS (\$ MILLIONS EXCEPT PER SHARE AMOUNTS)	2015				2014			2013
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net earnings (losses) attributable to equity holders	(4)	88	(9)	73	(146)	127	131	64
Adjustments								
Adjustments on derivatives (pre-tax)	112	(57)	101	10	60	(66)	44	36
NUKEM purchase price inventory recovery	-	-	(3)	(4)	(2)	-	-	(3)
Impairment charges	-	-	6	172	196	-	-	70
Income taxes on adjustments	(30)	15	(26)	(46)	(15)	18	(12)	(17)
Gain on sale of BPLP (after tax)	-	-	-	-	-	-	(127)	-
Adjusted net earnings (non-IFRS, see page 9)	78	46	69	205	93	79	36	150

Discontinued operation

On March 27, 2014, we completed the sale of our 31.6% limited partnership interest in BPLP, which was accounted for effective January 1, 2014. The aggregate sale price for our interest in BPLP and certain related entities was \$450 million. We realized an after tax gain of \$127 million on this divestiture. As a result of the transaction, we presented the results of BPLP as a discontinued operation and we revised our statement of earnings, statement of comprehensive income and statement of cash flows to reflect the change in presentation. See note 4 to the interim financial statements for more information.

Corporate expenses

ADMINISTRATION

(\$ MILLIONS)	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
	2015	2014	CHANGE	2015	2014	CHANGE
Direct administration	38	38	-	122	112	9%
Stock-based compensation	2	2	-	10	10	-
Total administration	40	40	-	132	122	8%

Direct administration costs were unchanged compared to the same period last year, and \$10 million higher for the first nine months due to slightly higher planned expenditures related to the timing of project work and other costs, as well as costs related to our collaboration agreements.

Stock based compensation in the first nine months was unchanged from 2014.

EXPLORATION

In the third quarter, uranium exploration expenses were \$10 million, a decrease of \$1 million compared to the third quarter of 2014. Exploration expenses for the first nine months of the year decreased by \$2 million compared to 2014, to \$33 million, due to a planned reduction in expenditures.

INCOME TAXES

We recorded an income tax recovery of \$35 million in the third quarter of 2015, compared to a recovery of \$48 million in the third quarter of 2014.

On an adjusted basis, we recorded an income tax recovery of \$5 million this quarter compared to recovery of \$32 million in the third quarter of 2014. In 2015, we recorded losses of \$115 million in Canada compared to \$169 million in 2014, while earnings in foreign jurisdictions decreased to \$187 million from \$229 million.

In the first nine months of 2015, we recorded an income tax recovery of \$85 million compared to a recovery of \$99 million in 2014.

On an adjusted basis, we recorded an income tax recovery of \$45 million for the first nine months compared to a recovery of \$90 million in 2014 due to higher pre-tax adjusted earnings and increased tax expense in foreign jurisdictions in 2015.

(\$ MILLIONS)	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2015	2014	2015	2014
Pre-tax adjusted earnings¹				
Canada ²	(115)	(169)	(382)	(435)
Foreign	187	229	529	552
Total pre-tax adjusted earnings	72	60	147	117
Adjusted income taxes ¹				
Canada ²	(26)	(43)	(86)	(111)
Foreign	21	11	41	21
Adjusted income tax recovery	(5)	(32)	(45)	(90)

¹ Pre-tax adjusted earnings and adjusted income taxes are non-IFRS measures.

² Our IFRS-based measures have been adjusted by the amounts reflected in the table in adjusted net earnings (*non-IFRS measure* on page 9).

TRANSFER PRICING DISPUTES

We have been reporting on our transfer pricing disputes with Canada Revenue Agency (CRA) since 2008, when it originated, and with the United States Internal Revenue Service (IRS) since the first quarter of 2015. Below, we discuss the general nature of transfer pricing disputes and, more specifically, the ongoing disputes we have.

Transfer pricing is a complex area of tax law, and it is difficult to predict the outcome of cases like ours. However, tax authorities generally test two things:

- the governance (structure) of the corporate entities involved in the transactions
- the price at which goods and services are sold by one member of a corporate group to another

We have a global customer base and we established a marketing and trading structure involving foreign subsidiaries, including Cameco Europe Limited (CEL), which entered into various intercompany arrangements, including purchase and sale agreements, as well as uranium purchase and sale agreements with third parties. Cameco and its subsidiaries made reasonable efforts to put arm's length transfer pricing arrangements in place, and these arrangements expose the parties to the risks and rewards accruing to them under these contracts. The intercompany contract prices are generally comparable to those established in comparable contracts between arm's-length parties entered into at that time.

For the years 2003 to 2009, CRA has shifted CEL's income (as re-calculated by CRA) back to Canada and applied statutory tax rates, interest and instalment penalties, and, from 2007 to 2009, transfer pricing penalties. The IRS also allocated a portion of CEL's income for 2009 to the US, resulting in such income being taxed in multiple jurisdictions. Taxes of approximately \$290 million for the 2003 – 2014 years have already been paid in a jurisdiction outside Canada and the US. Bilateral international tax treaties contain provisions that generally seek to prevent taxation of the same income in both countries. As such, in connection with these disputes, we are considering our options including remedies under international tax treaties that would limit double taxation; however, there is a risk that we will not be successful in eliminating all potential double taxation. The expected income adjustments under our tax disputes are represented by the amounts claimed by CRA and IRS and are described below.

CRA dispute

Since 2008, CRA has disputed our corporate structure and the related transfer pricing methodology we used for certain intercompany uranium sale and purchase agreements, and issued notices of reassessment for our 2003 through 2009 tax returns. We have recorded a cumulative tax provision of \$92 million, where an argument could be made that our transfer price may have fallen outside of an appropriate range of pricing in uranium contracts for the period from 2003 through September 30, 2015. We are confident that we will be successful in our case and continue to believe the ultimate resolution of this matter will not be material to our financial position, results of operations and cash flows in the year(s) of resolution.

For the years 2003 through 2009, CRA issued notices of reassessment for approximately \$2.8 billion of additional income for Canadian tax purposes, which would result in a related tax expense of about \$820 million. We expect to receive the reassessment for 2010 in the fourth quarter. CRA has also issued notices of reassessment for transfer pricing penalties for the years 2007 through 2009 in the amount of \$229 million. The Canadian income tax rules include provisions that require larger companies like us to remit 50% of the cash tax plus related interest and penalties at the time of reassessment. To date, under these provisions, after applying elective deductions and tax loss carryovers, we have paid a net amount of \$229 million cash to the Government of Canada, which includes the amounts shown in the table below.

YEAR PAID (\$ MILLIONS)	CASH TAXES	INTEREST AND INSTALMENT PENALTIES	TRANSFER PRICING PENALTIES	TOTAL
Prior to 2013	-	13	-	13
2013	1	9	36	46
2014	106	47	-	153
2015	(63)	1	79	17
Total	44	70	115	229

Using the methodology we believe CRA will continue to apply, and including the \$2.8 billion already reassessed, we expect to receive notices of reassessment for a total of approximately \$6.6 billion of additional income taxable in Canada for the years 2003 through 2014, which would result in a related tax expense of approximately \$1.9 billion. As well, CRA may continue to apply transfer pricing penalties to taxation years subsequent to 2009. As a result, we estimate that cash taxes and transfer pricing penalties for these years would be between \$1.45 billion and \$1.5 billion. In addition, we estimate there would be interest and instalment penalties applied that would be material to us. While in dispute, we would be responsible for remitting or otherwise providing security for 50% of the cash taxes and transfer pricing penalties (between \$725 million and \$750 million), plus related interest and instalment penalties assessed, which would be material to us.

Under the Canadian federal and provincial tax rules, the amount required to be paid or secured each year will depend on the amount of income reassessed in that year and the availability of elective deductions and tax loss carryovers. Recently, the CRA decided to disallow the use of any loss carry-backs for any transfer pricing adjustment, starting with the 2008 tax year. This will not change the total amount shown in the table below as paid, secured or owing, but it does change the distribution among years. As an alternative to paying cash, we expect to be able to provide security in the form of letters of credit to satisfy our requirements. We have updated the table below to reflect the potential use of letters of credit. The estimated amounts summarized in the table below reflect actual amounts paid or secured and estimated future amounts owing based on the actual and expected reassessments for the years 2003 through 2014, and include the expected adjustment for the inability to use loss carry-backs starting in 2008. We will update this table annually to include the estimated impact of reassessments expected for completed years subsequent to 2014.

\$ MILLIONS	2003 - 2014	2015	2016 - 2017	2018 - 2023	TOTAL
50% of cash taxes and transfer pricing penalties paid, secured or owing in the period ¹					
Cash payments	143	35 - 60	155 - 180	0	335 - 360
Potential letters of credit	0	255 - 280	95 - 120	15 - 40	380 - 400
Total paid	143	295 - 320	255 - 280	15 - 40	725 - 750

¹ These amounts do not include interest and instalment penalties, which totalled approximately \$70 million to September 30, 2015.

In light of our view of the likely outcome of the case as described above, we expect to recover the amounts remitted to the Government of Canada, including the \$229 million already paid to date.

We are expecting the trial for the 2003, 2005 and 2006 reassessments to commence during the week of September 26, 2016 and to conclude within four months thereafter. If this timing is adhered to, we expect to receive a Tax Court decision within six to 18 months after the trial is complete.

IRS dispute

In the first quarter, we received a Revenue Agent's Report (RAR) from the IRS challenging the transfer pricing used under certain intercompany transactions pertaining to the 2009 tax year for certain of our US subsidiaries. The RAR lists the adjustments proposed by the IRS and calculates the tax and any penalties owing based on the proposed adjustments.

The current position of the IRS is that a portion of the non-US income reported under our corporate structure and taxed in non-US jurisdictions should be recognized and taxed in the US on the basis that:

- the prices received by our US mining subsidiaries for the sale of uranium to CEL are too low
- the compensation being earned by Cameco Inc., one of our US subsidiaries, is inadequate

The proposed adjustments result in an increase in taxable income in the US of approximately \$108 million (US) and a corresponding increased income tax expense of approximately \$32 million (US) for the 2009 taxation year, with interest being charged thereon. In addition, the IRS proposed penalties of approximately \$7 million (US) in respect of the adjustment.

At present, the RAR pertains only to the 2009 tax year; however, the IRS is also auditing our tax returns for 2010 through 2012 on a similar basis and we expect adjustments in these years to be similar to those made for 2009. If the IRS audits years subsequent to 2012 on a similar basis, we expect these proposed adjustments would also be similar to those made for 2009.

We believe that the conclusions of the IRS in the RAR are incorrect and we are contesting them in an administrative appeal, during which we are not required to make any cash payments. At present, this matter is still at an early stage and, until this matter progresses further, we cannot provide an estimation of the likely timeline for a resolution of the dispute.

We believe that the ultimate resolution of this matter will not be material to our financial position, results of operations and cash flows in the year(s) of resolution.

Caution about forward-looking information relating to our CRA and IRS tax disputes

This discussion of our expectations relating to our tax disputes with CRA and IRS and future tax reassessments by CRA and IRS is forward-looking information that is based upon the assumptions and subject to the material risks discussed under the heading *Caution about forward-looking information* beginning on page 2 and also on the more specific assumptions and risks listed below. Actual outcomes may vary significantly.

Assumptions

- CRA will reassess us for the years 2010 through 2014 using a similar methodology as for the years 2003 through 2009, and the reassessments will be issued on the basis we expect
- we will be able to apply elective deductions to the extent anticipated
- we will be able to utilize letters of credit to the extent anticipated
- CRA will seek to impose transfer pricing penalties (in a manner consistent with penalties charged in the years 2007 through 2009) in addition to interest charges and instalment penalties
- we will be substantially successful in our dispute with CRA and the cumulative tax provision of \$92 million to date will be adequate to satisfy any tax liability resulting from the outcome of the dispute to date
- IRS will continue to propose adjustments for the years 2010 through 2012 and may propose adjustments for later years
- we will be substantially successful in our dispute with IRS

Material risks that could cause actual results to differ materially

- CRA reassesses us for years 2010 through 2014 using a different methodology than for years 2003 through 2009, or we are unable to apply elective deductions or utilize letters of credit to the same extent as anticipated, resulting in the required cash payments to CRA pending the outcome of the dispute being higher than expected
- the time lag for the reassessments for each year is different than we currently expect
- we are unsuccessful and the outcomes of our dispute with CRA and/or IRS result in significantly higher cash taxes, interest charges and penalties than the amount of our cumulative tax provision, which could have a material adverse effect on our liquidity, financial position, results of operations and cash flows
- cash tax payable increases due to unanticipated adjustments by CRA or IRS not related to transfer pricing
- IRS proposes adjustments for years 2010 through 2014 using a different methodology than for 2009
- we are unable to effectively eliminate all double taxation

FOREIGN EXCHANGE

At September 30, 2015:

- The value of the US dollar relative to the Canadian dollar was \$1.00 (US) for \$1.34 (Cdn), up from \$1.00 (US) for \$1.25 (Cdn) at June 30, 2015. The exchange rate averaged \$1.00 (US) for \$1.31 (Cdn) over the quarter.
- We had foreign currency forward contracts of \$1.3 billion (US), €15 million (EUR), and foreign currency options of \$230 million (US). The US currency forward contracts had an average exchange rate of \$1.00 (US) for \$1.19 (Cdn), US currency option contracts had an average exchange rate range of \$1.00 (US) for \$1.25 to \$1.32 (Cdn), and €1.00 for \$1.12 (US) for EUR currency contracts.
- The mark-to-market loss on all foreign exchange contracts was \$202 million at September 30, 2015 compared to a \$120 million loss at June 30, 2015.

Outlook for 2015

Our strategy is to profitably produce at a pace aligned with market signals, while maintaining the ability to respond to conditions as they evolve.

Our outlook for 2015 reflects the expenditures necessary to help us achieve our strategy. Our outlook for uranium production, uranium, fuel services and NUKEM revenue, NUKEM unit cost, consolidated tax rate, and capital expenditures has changed. We do not provide an outlook for the items in the table that are marked with a dash.

See *2015 Financial results by segment* on page 19 for details.

2015 FINANCIAL OUTLOOK

	CONSOLIDATED	URANIUM	FUEL SERVICES	NUKEM
Production	-	27.3 million lbs	9 to 10 million kgU	-
Sales volume ¹	-	31 to 33 million lbs	Decrease 5% to 10%	7 to 8 million lbs U ₃ O ₈
Revenue compared to 2014 ²	Increase 5% to 10%	Increase 5% to 10% ³	Increase 5% to 10%	Increase 30% to 35%
Average unit cost of sales (including D&A)	-	Increase 5% to 10% ⁴	Increase 5% to 10%	Increase 15% to 20%
Direct administration costs compared to 2014 ⁵	Increase 5% to 10%	-	-	-
Exploration costs compared to 2014	-	Decrease 5% to 10%	-	-
Tax rate ⁶	Recovery of 25% to 30%	-	-	-
Capital expenditures	\$385 million	-	-	-

¹ Our 2015 outlook for sales volume does not include sales between our uranium, fuel services and NUKEM segments.

² For comparison of our 2015 outlook and 2014 results for revenue, we do not include sales between our uranium, fuel services and NUKEM segments.

³ Based on a uranium spot price of \$36.50 (US) per pound (the Ux spot price as of October 26, 2015), a long-term price indicator of \$44.00 (US) per pound (the Ux long-term indicator on October 26, 2015) and an exchange rate of \$1.00 (US) for \$1.25 (Cdn).

⁴ This increase is based on the unit cost of sale for produced material and committed long-term purchases. If we make discretionary purchases in the remainder of 2015, then we expect the overall unit cost of sales to increase further.

⁵ Direct administration costs do not include stock-based compensation expenses. See page 11 for more information.

⁶ Our outlook for the tax rate is based on adjusted net earnings.

We have increased our uranium production outlook to 27.3 million pounds U₃O₈ (previously between 25.3 million and 26.3 million pounds) to reflect the higher expected production from Cigar Lake/McClean Lake. See *Uranium 2015 Q3 updates* starting on page 23 for more information.

Our outlook for uranium revenue and for fuel services revenue have both changed to an increase of 5% to 10% in each segment (previously an increase up to 5% in each) due to the effects of foreign exchange. We have also adjusted our outlook for NUKEM revenue to an increase of 30% to 35% (previously an increase of 20% to 25%) due to the effects of foreign exchange; however, the higher revenue expectation is largely offset by our adjusted outlook for NUKEM unit cost of sales, which is now expected to increase 15% to 20% (previously an increase of 5% to 10%), also due to the effects of foreign exchange.

We have adjusted our outlook for the consolidated tax rate to a recovery of 25% to 30% (previously 40% to 45%) due to the expected impact of the changes to our revenue outlook noted above, and a change in the distribution of earnings between jurisdictions.

We now expect capital expenditures to be \$385 million (previously \$405 million). The decrease is primarily due to the timing of expenditures on projects at Key Lake and McArthur River, as well as a reduction in planned spending at Cigar Lake due to changes in the mine plan, slightly offset by increased costs at Inkai and our US operations due to the effect of foreign exchange.

REVENUE AND EARNINGS SENSITIVITY ANALYSIS

For the rest of 2015:

- an increase of \$5 (US) per pound in both the Ux spot price (\$36.50 (US) per pound on October 26, 2015) and the Ux long-term price indicator (\$44.00 (US) per pound on October 26, 2015) would increase revenue by \$22 million and net earnings by \$12 million. Conversely, a decrease of \$5 (US) per pound would decrease revenue by \$19 million and net earnings by \$9 million.
- a one-cent change in the value of the Canadian dollar versus the US dollar would change adjusted net earnings by \$3 million, with a decrease in the value of the Canadian dollar versus the US dollar having a positive impact

PRICE SENSITIVITY ANALYSIS: URANIUM SEGMENT

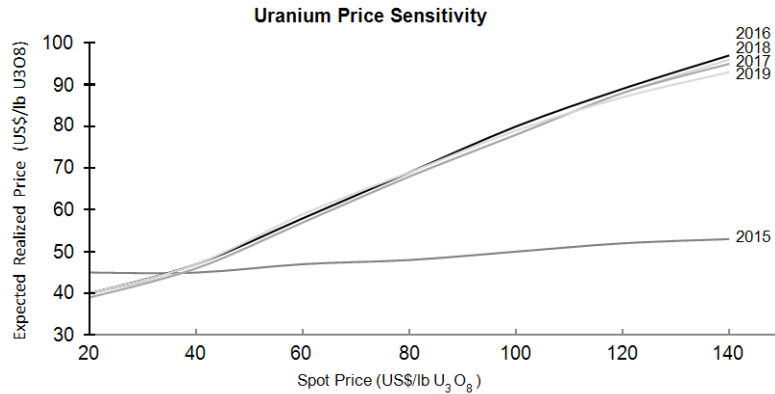
The following table and graph are not forecasts of prices we expect to receive. The prices we actually realize will be different from the prices shown in the table and graph. They are designed to indicate how the portfolio of long-term contracts we had in place on September 30, 2015 would respond to different spot prices. In other words, we would realize these prices only if the contract portfolio remained the same as it was on September 30, 2015 and none of the assumptions we list below change.

We intend to update this table and graph each quarter in our MD&A to reflect deliveries made and changes to our contract portfolio. As a result, we expect the table and graph to change from quarter to quarter.

Expected realized uranium price sensitivity under various spot price assumptions

(rounded to the nearest \$1.00)

SPOT PRICES (\$US/lb U ₃ O ₈)	\$20	\$40	\$60	\$80	\$100	\$120	\$140
2015	45	45	47	48	50	52	53
2016	40	46	57	68	78	88	96
2017	39	46	57	68	78	88	95
2018	40	47	58	69	80	89	97
2019	40	47	59	69	79	87	93



The table and graph illustrate the mix of long-term contracts in our September 30, 2015 portfolio, and are consistent with our marketing strategy. Both have been updated to reflect deliveries made and contracts entered into up to September 30, 2015.

Our portfolio includes a mix of fixed-price and market-related contracts, which we target at a 40:60 ratio. Those that are fixed at lower prices or have low ceiling prices will yield prices that are lower than current market prices.

Our portfolio is affected by more than just the spot price. We made the following assumptions (which are not forecasts) to create the table:

Sales

- sales volumes on average of 29 million pounds per year, with commitment levels in 2015 through 2018 higher than in 2019
- excludes sales between our uranium, fuel services and NUKEM segments

Deliveries

- deliveries include best estimates of requirements contracts and contracts with volume flex provisions
- we defer a portion of deliveries under existing contracts for 2015

Annual inflation

- is 2% in the US

Prices

- the average long-term price indicator is the same as the average spot price for the entire year (a simplified approach for this purpose only). Since 1996, the long-term price indicator has averaged 19% higher than the spot price. This differential has varied significantly. Assuming the long-term price is at a premium to spot, the prices in the table and graph will be higher

Liquidity and capital resources

Our financial objective is to make sure we have the cash and debt capacity to fund our operating activities, investments and growth.

We have large, creditworthy customers that continue to need uranium even during weak economic conditions, and we expect the uranium contract portfolio we have built to provide a solid revenue stream for years to come.

We expect to continue investing in maintaining and prudently expanding our production capacity over the next several years. We have a number of alternatives to fund future capital requirements, including using our current cash balances, drawing on our existing credit facilities, entering new credit facilities, using our operating cash flow, and raising additional capital through debt or equity financings. We are always considering our financing options so we can take advantage of favourable market conditions when they arise. However, we expect our cash balances and operating cash flows will meet our anticipated 2015 capital requirements without the need for significant additional funding, assuming we are able to use letters of credit to secure amounts owing to the CRA as outlined in the table on page 13. If we are unable to use letters of credit, we will be required to draw on our existing credit facility.

We have an ongoing transfer pricing dispute with CRA. See page 13 for more information. Until this dispute is resolved, we expect to remit to CRA, 50% of the cash taxes payable and the related interest and penalties. As an alternative to paying cash, we expect to be able to provide security in the form of letters of credit. In the table on page 13, we have provided an estimate of the amount, timing and anticipated form of payment or security for the expected cash taxes and transfer pricing penalties.

CASH FROM OPERATIONS

Cash from continuing operations was \$384 million lower this quarter than in the third quarter of 2014. Contributing to this change was an increase in working capital requirements, partially offset by a decrease in income taxes paid. Working capital required \$303 million more in 2015, largely as a result of increases in accounts receivable and inventory and a reduction in accounts payable during the quarter. Not including working capital requirements, our operating cash flows this quarter were lower by \$81 million.

Cash from continuing operations was \$297 million lower in the first nine months of 2015 than for the same period in 2014 due largely to an increase in inventory, partially offset by a decrease in income taxes paid. Working capital required \$310 million more in 2015. Not including working capital requirements, our operating cash flows in the first nine months were higher by \$13 million.

FINANCING ACTIVITIES

We use debt to provide additional liquidity. We have sufficient borrowing capacity with unsecured lines of credit totalling about \$2.4 billion at September 30, 2015, unchanged from June 30, 2015. At September 30, 2015, we had approximately \$1.0 billion outstanding in letters of credit. On October 5, 2015, we extended the term of our undrawn \$1.25 billion unsecured revolving credit facility that was maturing on November 1, 2018. This credit facility now matures on November 1, 2019.

Debt covenants

We are bound by certain covenants in our unsecured revolving credit facility. The financially related covenants place restrictions on total debt, including guarantees. As at September 30, 2015, we met these financial covenants and do not expect our operating and investment activities for the remainder of 2015 to be constrained by them.

Long-term contractual obligations

Since December 31, 2014, there have been no material changes to our long-term contractual obligations. Please see our annual MD&A for more information.

OFF-BALANCE SHEET ARRANGEMENTS

We had two kinds of off-balance sheet arrangements at September 30, 2015:

- purchase commitments
- financial assurances

Purchase commitments

The following table is based on our purchase commitments at September 30, 2015. These commitments include a mix of fixed price and market-related contracts. Actual payments will be different as a result of changes to our purchase commitments and, in the case of contracts with market-related pricing, the market prices in effect at the time of purchase. We will update this table as required in our MD&A to reflect changes to our purchase commitments and changes in the prices used to estimate our commitments under market-related contracts.

SEPTEMBER 30 (\$ MILLIONS)	2015	2016 AND 2017	2018 AND 2019	2020 AND BEYOND	TOTAL
Purchase commitments ¹	258	1,318	387	564	2,527

¹ Denominated in US dollars, converted to Canadian dollars as of September 30, 2015 at the rate of \$1.34.

During the third quarter, our purchase commitments increased due to the signing of new long-term purchase commitments, which we believe will be beneficial for us as they have been in the past.

As of September 30, 2015, we had commitments of about \$2.5 billion for the following:

- approximately 36 million pounds of U₃O₈ equivalent from 2015 to 2028
- approximately 4 million kgU as UF₆ in conversion services from 2015 to 2018
- about 0.6 million Separative Work Units (SWU) of enrichment services to meet existing forward sales commitments under agreements with a non-Western supplier

The suppliers do not have the right to terminate agreements other than pursuant to customary events of default provisions.

Financial assurances

At September 30, 2015 our financial assurances totaled \$1.0 billion, unchanged from June 30, 2015.

BALANCE SHEET

(\$ MILLIONS)	SEP 30, 2015	DEC 31, 2014	CHANGE
Cash, short-term investments and bank overdraft	63	567	(89)%
Total debt	1,492	1,491	-
Inventory	1,352	902	50%

Total cash and short-term investments at September 30, 2015 were \$63 million, or 89% lower than at December 31, 2014, primarily due to capital expenditures of \$292 million, dividend payments of \$119 million, interest payments of \$49 million, and cash used in operations of \$53 million. Net debt at September 30, 2015 was \$1,429 million.

Total debt remained largely unchanged from December 31, 2014. See notes 15 and 16 of our audited annual financial statements for more detail.

Total product inventories increased to \$1,352 million, including NUKEM's inventories (\$278 million). Uranium inventories increased as sales were lower than production and purchases in the first nine months of the year and the cost of material purchased during the year was higher than the average cost of inventory at the beginning of the year. In addition, the weakening of the Canadian dollar increased the Canadian carrying value of inventory in our foreign subsidiaries.

Fuel services inventories increased as the cost of material produced during the year was higher than the average cost of inventory at the beginning of the year.

Financial results by segment

Uranium

HIGHLIGHTS	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
	2015	2014	CHANGE	2015	2014	CHANGE
Production volume (million lbs)	8.2	5.4	52%	18.7	15.1	24%
Sales volume (million lbs) ¹	6.9	9.0	(23)%	21.2	23.3	(9)%
Average spot price (\$US/lb)	36.21	31.80	14%	36.91	31.90	16%
Average long-term price (\$US/lb)	44.17	44.33	-	47.06	45.94	2%
Average realized price (\$US/lb)	43.61	45.87	(5)%	44.57	46.14	(3)%
	56.07	49.83	13%	55.65	50.35	11%
Average unit cost of sales (including D&A) (\$Cdn/lb)	40.16	35.09	14%	39.13	34.81	12%
Revenue (\$ millions) ¹	388	447	(13)%	1,179	1,171	1%
Gross profit (\$ millions)	110	132	(17)%	350	362	(3)%
Gross profit (%)	28	30	(7)%	30	31	(3)%

¹ Includes sales and revenue between our uranium, fuel services and NUKEM segments (nil pounds in sales and nil revenue in Q3, 2015; 802,000 pounds and revenue of \$28.0 million in Q3, 2014; 15,000 pounds in sales and revenue of \$0.5 million in the first nine months of 2015; 967,000 pounds and revenue of \$33.0 million in the first nine months of 2014).

THIRD QUARTER

Production volumes this quarter were 52% higher compared to the third quarter of 2014, mainly due to production from Cigar Lake and higher production from McArthur River/Key Lake, Rabbit Lake and Inkai, which was partially offset by lower production at our US operations. See *Uranium 2015 Q3 updates* starting on page 23 for more information.

The 13% decrease in uranium revenues was a result of a 23% decrease in sales volume, partially offset by a 13% increase in the Canadian dollar average realized price.

The US dollar average realized price decreased by 5% compared to 2014 mainly due to lower prices on fixed price contracts, while the higher Canadian dollar realized prices this quarter were a result of the weakening of the Canadian dollar compared to 2014. This quarter the exchange rate on the average realized price was \$1.00 (US) for \$1.29 (Cdn) compared to \$1.00 (US) for \$1.09 (Cdn) in the third quarter of 2014.

Total cost of sales (including D&A) decreased by 12% (\$278 million compared to \$315 million in 2014) due to a 23% decrease in sales volume, partially offset by a 14% increase in the unit cost of sales. The increase in the unit cost of sales was mainly the result of an increase in the volume of material purchased in the quarter at prices higher than our average cost of inventory and an increase in unit production costs related to the addition of higher cost production from Cigar Lake during ramp up.

The net effect was a \$22 million decrease in gross profit for the quarter.

FIRST NINE MONTHS

Production volumes for the first nine months of the year were 24% higher than in the previous year due to the addition of production from Cigar Lake and higher production at McArthur/Key Lake, and Rabbit Lake, partially offset by lower production at our US operations. See *Uranium 2015 Q3 updates* starting on page 23 for more information.

Uranium revenues increased 1% compared to the first nine months of 2014 due to an 11% increase in the Canadian dollar average realized price, partially offset by a 9% decrease in sales volumes in the first nine months.

In our uranium and fuel services segments, our customers choose when in the year to receive deliveries, so our quarterly delivery patterns, sales volumes and revenue can vary significantly. We are on track to meet our 2015 uranium sales targets, and, therefore, expect to deliver between 10 million and 12 million pounds in the fourth quarter.

Our Canadian dollar realized prices for the first nine months of 2015 were higher than 2014, primarily as a result of the weakening of the Canadian dollar compared to 2014. For the first nine months of 2015, the exchange rate on the average realized price was \$1.00 (US) for \$1.25 (Cdn) compared to \$1.00 (US) for \$1.09 (Cdn) for the same period in 2014.

Total cost of sales (including D&A) increased by 2% (\$829 million compared to \$810 million in 2014) mainly due to a 12% increase in the unit cost of sales, partially offset by a 9% decrease in sales volume for the first nine months. The increase in the unit cost of sales was mainly the result of an increase in the volume of material purchased in the first nine months at prices higher than our average cost of inventory, and an increase in unit production costs related to the addition of higher cost production from Cigar Lake during rampup.

The net effect was a \$12 million decrease in gross profit for the first nine months.

We are active in the uranium market, buying and selling uranium on the spot market and under long-term contracts when we expect it will be beneficial for us. Purchases are impacted by foreign exchange rates, and may, in some cases, require we pay prices higher or lower than current spot prices. Depending on the volume and unit cost of purchases in a quarter, our average cost of inventory can be impacted, which flows through to our cost of sales.

The table below shows the costs of produced and purchased uranium incurred in the reporting periods (which are non-IFRS measures, see the paragraphs below the table). These costs do not include selling costs such as royalties, transportation and commissions, nor do they reflect the impact of opening inventories on our reported cost of sales.

(\$CDN/LB)	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
	2015	2014	CHANGE	2015	2014	CHANGE
Produced						
Cash cost	17.56	17.91	(2)%	22.97	21.19	8%
Non-cash cost	9.53	7.31	30%	11.79	10.47	13%
Total production cost	27.09	25.22	7%	34.76	31.66	10%
Quantity produced (million lbs)	8.2	5.4	52%	18.7	15.1	24%
Purchased						
Cash cost	47.19	30.91	53%	46.83	37.25	26%
Quantity purchased (million lbs)	2.7	1.8	50%	9.3	3.4	174%
Totals						
Produced and purchased costs ^{1,2}	32.07	26.64	20%	38.77	32.69	19%
Quantities produced and purchased (million lbs)	10.9	7.2	51%	28.0	18.5	51%

¹ This quarter, cash costs of purchased material were \$37.78 US per pound compared to \$27.98 US per pound in the same period in 2014. In the third quarter the exchange rate on purchases averaged \$1.00 (US) for \$1.25 (Cdn) compared to \$1.00 (US) for \$1.10 (Cdn) in the third quarter of 2014.

² For the first nine months, cash costs of purchased material were \$37.51 US per pound compared to \$33.89 per lb in the same period in 2014. For the first nine months of 2015, the exchange rate on purchases averaged \$1.00 (US) for \$1.25 (Cdn) compared to \$1.00 (US) for \$1.10 (Cdn) for the same period in 2014.

Cash cost per pound, non-cash cost per pound and total cost per pound for produced and purchased uranium presented in the above table are non-IFRS measures. These measures do not have a standardized meaning or a consistent basis of calculation under IFRS. We use these measures in our assessment of the performance of our uranium business. We believe that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate our performance and ability to generate cash flow.

These measures are non-standard supplemental information and should not be considered in isolation or as a substitute for measures of performance prepared according to accounting standards. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate these measures differently, so you may not be able to make a direct comparison to similar measures presented by other companies.

To facilitate a better understanding of these measures, the following table presents a reconciliation of these measures to our unit cost of sales for the third quarter and the first nine months of 2015 and 2014.

Cash and total cost per pound reconciliation

(\$ MILLIONS)	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2015	2014	2015	2014
Cost of product sold	205.5	248.2	660.9	633.8
Add / (subtract)				
Royalties	(31.3)	(21.5)	(67.0)	(56.7)
Standby charges	-	(5.8)	-	(24.8)
Other selling costs	(1.9)	(1.2)	(7.1)	(6.7)
Change in inventories	99.1	(67.3)	278.1	(99.0)
Cash operating costs (a)	271.4	152.4	864.9	446.6
Add / (subtract)				
Depreciation and amortization	72.2	66.7	168.2	175.9
Change in inventories	6.0	(27.3)	52.5	(17.7)
Total operating costs (b)	349.6	191.8	1,085.6	604.8
Uranium produced & purchased (million lbs) (c)	10.9	7.2	28.0	18.5
Cash costs per pound (a ÷ c)	24.90	21.17	30.89	24.14
Total costs per pound (b ÷ c)	32.07	26.64	38.77	32.69

Fuel services

(includes results for UF₆, UO₂ and fuel fabrication)

HIGHLIGHTS	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
	2015	2014	CHANGE	2015	2014	CHANGE
Production volume (million kgU)	0.6	1.1	(45)%	6.3	8.9	(29)%
Sales volume (million kgU)	3.8	3.1	23%	9.1	8.2	11%
Average realized price (\$Cdn/kgU)	22.22	23.11	(4)%	24.11	22.21	9%
Average unit cost of sales (including D&A) (\$Cdn/kgU)	18.75	21.55	(13)%	19.71	19.46	1%
Revenue (\$ millions)	83	71	17%	220	182	21%
Gross profit (\$ millions)	13	5	160%	40	23	74%
Gross profit (%)	16	7	129%	18	13	38%

THIRD QUARTER

Total revenue for the third quarter of 2015 increased to \$83 million from \$71 million for the same period last year. A 23% increase in sales volumes was partially offset by a 4% decrease in average realized price, primarily due to the mix of products sold, partially offset by the weakening of the Canadian dollar compared to 2014.

The total cost of products and services sold (including D&A) increased by 6% (\$70 million compared to \$66 million in the third quarter of 2014) due to the increase in sales volumes, partially offset by a decrease in the average unit cost of sales. When compared to 2014, the average unit cost of sales was 13% lower due to the mix of fuel services products sold, partially offset by higher production costs.

The net effect was an \$8 million increase in gross profit.

FIRST NINE MONTHS

In the first nine months of the year, total revenue increased by 21% due to an 11% increase in sales volumes and a 9% increase in realized price that was the result of the weakening of the Canadian dollar and the mix of products sold.

The total cost of sales (including D&A) increased 13% (\$180 million compared to \$159 million in 2014) due to an increase in sales volume and a 1% increase in the average unit cost of sales, which resulted from increased production costs, partially offset by the mix of fuel services products sold.

The net effect was a \$17 million increase in gross profit.

NUKEM

HIGHLIGHTS	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
	2015	2014	CHANGE	2015	2014	CHANGE
Uranium sales (million lbs) ¹	2.9	2.5	16%	6.9	4.7	47%
Average realized price (\$Cdn/lb)	52.70	38.52	37%	46.97	39.72	18%
Cost of product sold (including D&A)	170	88	93%	326	171	91%
Revenue (\$ millions) ¹	183	97	89%	361	190	90%
Gross profit (\$ millions)	14	9	56%	35	19	84%
Gross profit (%)	8	9	(11)%	10	10	-

¹ Includes sales and revenue between our uranium, fuel services and NUKEM segments (130,000 pounds in sales and revenue of \$6.0 million in Q3, 2015, nil in Q3, 2014; 873,000 pounds in sales and revenue of \$19.3 million in the first nine months of 2015, nil in the first nine months of 2014).

THIRD QUARTER

During the third quarter of 2015, NUKEM delivered 2.9 million pounds of uranium, an increase of 16% from the same period last year. Total revenues increased by 89% as a result of higher sales volumes and average realized prices which were 37% higher than those realized in the third quarter of 2014.

Gross profit percentage was 8% in the third quarter of 2015, a slight increase from 9% recorded in the third quarter of 2014. The allocation of the historic purchase price to the sale of inventory on hand at the time of acquisition of NUKEM, impacted margins for the quarter.

The net effect was a \$5 million increase in gross profit.

FIRST NINE MONTHS

During the nine months ended September 30, 2015, NUKEM delivered 6.9 million pounds of uranium, an increase of 47%, due to timing of customer requirements and generally lower activity in the market during 2014. Total revenues increased 90% due to a 47% increase in sales volumes and an 18% increase in average realized price.

Gross profit percentage was 10% for the first nine months of 2015, unchanged from the same period in 2014. Included in the 2014 margin was a \$6 million write-down of inventory compared to a \$3 million recovery in 2015. The write-down in 2014 was a result of a decline in the spot price during the period.

The net effect was a \$16 million increase in gross profit.

Our operations

Uranium – production overview

Production in our uranium segment this quarter was 52% higher than the third quarter of 2014 and 24% higher for the first nine months. See below for more information.

URANIUM PRODUCTION

OUR SHARE (MILLION LBS)	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30			2015 PLAN
	2015	2014	CHANGE	2015	2014	CHANGE	
McArthur River/Key Lake	3.9	3.1	26%	9.5	9.0	6%	13.7
Cigar Lake	1.8	-	-	3.3	-	-	5.0
Inkai	1.0	0.8	25%	2.2	2.2	-	3.0
Rabbit Lake	1.1	0.9	22%	2.2	2.0	10%	3.9
Smith Ranch-Highland	0.3	0.5	(40)%	1.2	1.5	(20)%	1.4
Crow Butte	0.1	0.1	-	0.3	0.4	(25)%	0.3
Total	8.2	5.4	52%	18.7	15.1	24%	27.3

Uranium 2015 Q3 updates

MCARTHUR RIVER/KEY LAKE

Production update

Production for the quarter was 26% higher compared to the same period last year and 6% higher for the first nine months due to the timing of mill maintenance.

Operations update

At Key Lake, commissioning of the new calciner is underway and expected to be complete by year end. The existing calciner circuit will remain in place until operational reliability of the new calciner is achieved. The operation remains on track to achieve our planned 2015 production; however, operational tie-ins of the new calciner will require brief production outages in the fourth quarter, and the output of the mill will be sensitive to the performance of the calciners.

CIGAR LAKE

Production update

During the third quarter, Cigar Lake packaged approximately 3.6 million pounds (100% basis, 1.8 million pounds our share) for total production of 6.7 million pounds (100% basis, 3.3 million pounds our share) to the end of September. As of the end of October, the mill has packaged over 8 million pounds (100% basis) and exceeded the 2015 production target range.

Rampup schedule

If production continues at current rates, the McClean Lake mill could produce more than 10 million packaged pounds of uranium (100% basis, 5 million pounds our share) from Cigar Lake in 2015. As we ramp up production to 18 million pounds (100% basis) by 2018, volumes may not be linear year-to-year, but will vary based on our operational experience. To ensure the most efficient operation of the mine and mill throughout the year, we expect to continually manage ore supply and, therefore, may halt and resume mining several times during a quarter without impacting planned annual production.

Caution about forward-looking information relating to Cigar Lake

This discussion of our expectations for Cigar Lake, including our plan for 10 million packaged pounds (100%) in 2015, is forward-looking information that is based upon the assumptions and subject to the material risks discussed under the heading *Caution about forward-looking information* beginning on page 2.

INKAI

Production update

Production for the quarter was 25% higher compared to the same period last year due to the timing of new wellfield development. Production remains unchanged for the first nine months of the year compared to the same periods in 2014. The operation remains on track to achieve our planned 2015 production.

RABBIT LAKE

Production update

Production for the quarter was 22% higher than the same period last year due to the timing of our planned mill maintenance outage. Production for the first nine months was 10% higher from 2014 and the operation remains on track to achieve our planned 2015 production.

Tailings capacity

Our plan for fully utilizing the available tailings capacity at Rabbit Lake requires regulatory approval in 2016 and we have now submitted the required licence application. Recent survey information on the existing level of tailings deposited has indicated there is some additional tailings capacity available. The impact of this information on the mine plan is currently under evaluation.

SMITH RANCH-HIGHLAND AND CROW BUTTE

Production update

At our US operations, as expected, total production was 33% lower for the quarter and 21% lower for the first nine months compared to the same periods in 2014, primarily due to a declining head grade at Crow Butte, and lower levels of planned development at Smith Ranch – Highland.

Fuel services 2015 Q3 updates

PORT HOPE CONVERSION SERVICES

CAMECO FUEL MANUFACTURING INC. (CFM)

Production update

Fuel services produced 0.6 million kgU in the third quarter, 45% lower than the same period last year. Production for the first nine months was 29% lower than last year. Reduced volumes for the quarter and year to date are attributable to the early termination of the SFL contract in 2014. We decreased our production target in 2015 to between 9 million and 10 million kgU, so quarterly production is expected to be lower than comparable periods in 2014.

Qualified persons

The technical and scientific information discussed in this document for our material properties (McArthur River/Key Lake, Inkai and Cigar Lake) was approved by the following individuals who are qualified persons for the purposes of NI 43-101:

MCARTHUR RIVER/KEY LAKE

- David Bronkhorst, vice-president, mining and technology, Cameco

INKAI

- Darryl Clark, general director, JV Inkai

CIGAR LAKE

- Les Yesnik, general manager, Cigar Lake, Cameco

Additional information

Critical accounting estimates

Due to the nature of our business, we are required to make estimates that affect the amount of assets and liabilities, revenues and expenses, commitments and contingencies we report. We base our estimates on our experience, our best judgment, guidelines established by the Canadian Institute of Mining, Metallurgy and Petroleum and on assumptions we believe are reasonable.

Controls and procedures

As of September 30, 2015, we carried out an evaluation under the supervision and with the participation of our management, including our chief executive officer (CEO) and chief financial officer (CFO), of the effectiveness of our disclosure controls and procedures. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Based upon that evaluation and as of September 30, 2015, the CEO and CFO concluded that:

- the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports we file and submit under applicable securities laws is recorded, processed, summarized and reported as and when required
- such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure

There has been no change in our internal control over financial reporting during the quarter ended September 30, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.



Cameco Corporation
2015 condensed consolidated interim financial statements
(unaudited)

October 30, 2015

Cameco Corporation

Consolidated statements of earnings

(Unaudited) (\$Cdn thousands, except per share amounts)	Note	Three months ended		Nine months ended	
		Sep 30/15	Sep 30/14	Sep 30/15	Sep 30/14
Revenue from products and services		\$ 649,050	\$ 587,136	\$ 1,779,338	\$ 1,508,336
Cost of products and services sold		440,822	365,704	1,163,695	906,030
Depreciation and amortization		75,137	78,550	200,415	215,995
Cost of sales		515,959	444,254	1,364,110	1,122,025
Gross profit		133,091	142,882	415,228	386,311
Administration		40,120	40,275	131,792	121,924
Impairment charges	5	-	195,995	5,688	195,995
Exploration		9,681	11,024	32,953	34,763
Research and development		1,571	1,619	4,865	3,312
Loss on sale of assets		2	1,617	446	7,173
Earnings (loss) from operations		81,717	(107,648)	239,484	23,144
Finance costs	11	(26,040)	(25,735)	(76,377)	(84,973)
Loss on derivatives	17	(127,382)	(72,752)	(237,015)	(71,273)
Finance income		868	2,039	4,638	5,278
Share of earnings (loss) from equity-accounted investees		746	(1,929)	(622)	(15,431)
Other income	12	30,617	11,848	58,703	28,419
Loss before income taxes		(39,474)	(194,177)	(11,189)	(114,836)
Income tax recovery	13	(35,116)	(47,758)	(85,027)	(98,826)
Net earnings (loss) from continuing operations		(4,358)	(146,419)	73,838	(16,010)
Net earnings from discontinued operation	4	-	-	-	127,243
Net earnings (loss)		\$ (4,358)	\$ (146,419)	\$ 73,838	\$ 111,233
Net earnings (loss) attributable to:					
Equity holders		\$ (3,911)	\$ (146,000)	\$ 75,223	\$ 112,544
Non-controlling interest		(447)	(419)	(1,385)	(1,311)
Net earnings (loss)		\$ (4,358)	\$ (146,419)	\$ 73,838	\$ 111,233
Earnings (loss) per common share attributable to equity holders					
Continuing operations		(0.01)	(0.37)	0.19	(0.04)
Discontinued operation		-	-	-	0.32
Total basic earnings (loss) per share	14	\$ (0.01)	\$ (0.37)	\$ 0.19	\$ 0.28
Continuing operations		(0.01)	(0.37)	0.19	(0.04)
Discontinued operation		-	-	-	0.32
Total diluted earnings (loss) per share	14	\$ (0.01)	\$ (0.37)	\$ 0.19	\$ 0.28

See accompanying notes to condensed consolidated interim financial statements.

Cameco Corporation

Consolidated statements of comprehensive income

(Unaudited) (\$Cdn thousands)	Note	Three months ended		Nine months ended	
		Sep 30/15	Sep 30/14	Sep 30/15	Sep 30/14
Net earnings (loss)		\$ (4,358)	\$ (146,419)	\$ 73,838	\$ 111,233
Other comprehensive income, net of taxes	13				
Items that are or may be reclassified to net earnings:					
Exchange differences on translation of foreign operations		49,271	24,086	99,809	55,790
Gains on derivatives designated as cash flow hedges transferred to net earnings - discontinued operation		-	-	-	(300)
Unrealized gains (losses) on available-for-sale assets		-	49	22	(393)
Other comprehensive income, net of taxes		49,271	24,135	99,831	55,097
Total comprehensive income (loss)		\$ 44,913	\$ (122,284)	\$ 173,669	\$ 166,330
Comprehensive income (loss) from continuing operations		\$ 44,913	\$ (122,284)	\$ 173,669	\$ 39,387
Comprehensive income from discontinued operation	4	-	-	-	126,943
Total comprehensive income (loss)		\$ 44,913	\$ (122,284)	\$ 173,669	\$ 166,330
Other comprehensive income (loss) attributable to:					
Equity holders		\$ 49,351	\$ 24,103	\$ 99,931	\$ 55,039
Non-controlling interest		(80)	32	(100)	58
Other comprehensive income for the period		\$ 49,271	\$ 24,135	\$ 99,831	\$ 55,097
Total comprehensive income (loss) attributable to:					
Equity holders		\$ 45,440	\$ (121,897)	\$ 175,154	\$ 167,583
Non-controlling interest		(527)	(387)	(1,485)	(1,253)
Total comprehensive income (loss) for the period		\$ 44,913	\$ (122,284)	\$ 173,669	\$ 166,330

See accompanying notes to condensed consolidated interim financial statements.

Cameco Corporation

Consolidated statements of financial position

(Unaudited) (\$Cdn thousands)	Note	As at	
		Sep 30/15	Dec 31/14
Assets			
Current assets			
Cash and cash equivalents		\$ 62,540	\$ 566,583
Accounts receivable		348,226	455,002
Current tax assets		2,159	3,096
Inventories	6	1,352,398	902,278
Supplies and prepaid expenses		174,032	130,406
Current portion of long-term receivables, investments and other	7	30,229	10,341
Total current assets		1,969,584	2,067,706
Property, plant and equipment		5,393,287	5,291,021
Goodwill and intangible assets		214,601	201,102
Long-term receivables, investments and other	5, 7	459,333	423,280
Investments in equity-accounted investees	5	2,608	3,230
Deferred tax assets		620,879	486,328
Total non-current assets		6,690,708	6,404,961
Total assets		\$ 8,660,292	\$ 8,472,667
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		\$ 268,558	\$ 316,258
Current tax liabilities		29,429	51,719
Dividends payable		39,579	39,579
Current portion of other liabilities	8	258,153	87,883
Current portion of provisions	9	25,939	20,375
Total current liabilities		621,658	515,814
Long-term debt		1,491,968	1,491,198
Other liabilities	8	149,704	172,034
Provisions	9	857,938	825,935
Deferred tax liabilities		31,894	23,882
Total non-current liabilities		2,531,504	2,513,049
Shareholders' equity			
Share capital		1,862,646	1,862,646
Contributed surplus		205,206	196,815
Retained earnings		3,289,588	3,333,099
Other components of equity		151,015	51,084
Total shareholders' equity attributable to equity holders		5,508,455	5,443,644
Non-controlling interest		(1,325)	160
Total shareholders' equity		5,507,130	5,443,804
Total liabilities and shareholders' equity		\$ 8,660,292	\$ 8,472,667

Commitments and contingencies [notes 9, 13]

See accompanying notes to condensed consolidated interim financial statements.

Cameco Corporation

Consolidated statements of changes in equity

(\$Cdn thousands)	Attributable to equity holders						Total	Non-controlling interest	Total equity
	Share capital	Contributed surplus	Retained earnings	Foreign currency translation	Cash flow hedges	Available-for-sale assets			
Balance at January 1, 2015	\$ 1,862,646	\$ 196,815	\$ 3,333,099	\$ 51,667	\$ -	\$ (583)	\$ 5,443,644	\$ 160	\$ 5,443,804
Net earnings (loss)	-	-	75,223	-	-	-	75,223	(1,385)	73,838
Other comprehensive income (loss) for the period	-	-	-	99,909	-	22	99,931	(100)	99,831
Total comprehensive income (loss) for the period	-	-	75,223	99,909	-	22	175,154	(1,485)	173,669
Share-based compensation	-	12,944	-	-	-	-	12,944	-	12,944
Share options exercised	-	(4,553)	-	-	-	-	(4,553)	-	(4,553)
Dividends	-	-	(118,734)	-	-	-	(118,734)	-	(118,734)
Balance at September 30, 2015	\$ 1,862,646	\$ 205,206	\$ 3,289,588	\$ 151,576	\$ -	\$ (561)	\$ 5,508,455	\$ (1,325)	\$ 5,507,130
Balance at January 1, 2014	\$ 1,854,671	\$ 186,382	\$ 3,314,049	\$ (7,165)	\$ 300	\$ 28	\$ 5,348,265	\$ 1,129	\$ 5,349,394
Net earnings (loss)	-	-	112,544	-	-	-	112,544	(1,311)	111,233
Other comprehensive income (loss) for the period	-	-	-	55,732	(300)	(393)	55,039	58	55,097
Total comprehensive income (loss) for the period	-	-	112,544	55,732	(300)	(393)	167,583	(1,253)	166,330
Share-based compensation	-	12,310	-	-	-	-	12,310	-	12,310
Share options exercised	7,952	(5,371)	-	-	-	-	2,581	-	2,581
Dividends	-	-	(118,653)	-	-	-	(118,653)	-	(118,653)
Transactions with owners - contributed equity	-	-	-	-	-	-	-	794	794
Balance at September 30, 2014	\$ 1,862,623	\$ 193,321	\$ 3,307,940	\$ 48,567	\$ -	\$ (365)	\$ 5,412,086	\$ 670	\$ 5,412,756

See accompanying notes to condensed consolidated interim financial statements.

Cameco Corporation

Consolidated statements of cash flows

(Unaudited) (\$Cdn thousands)	Note	Three months ended		Nine months ended	
		Sep 30/15	Sep 30/14	Sep 30/15	Sep 30/14
Operating activities					
Net earnings (loss)		\$ (4,358)	\$ (146,419)	\$ 73,838	\$ 111,233
Adjustments for:					
Depreciation and amortization		75,137	78,550	200,415	215,995
Deferred charges		4,541	64,173	(14,390)	53,329
Unrealized loss on derivatives		80,778	63,217	127,038	13,873
Share-based compensation	16	3,803	3,472	12,944	12,310
Loss on sale of assets		2	1,617	446	7,173
Finance costs	11	26,040	25,735	76,377	84,973
Finance income		(868)	(2,039)	(4,638)	(5,278)
Share of loss (earnings) in equity-accounted investees		(746)	1,929	622	15,431
Impairment charges	5	-	195,995	5,688	195,995
Other income	12	(30,617)	(12,013)	(58,392)	(18,137)
Discontinued operation	4	-	-	-	(127,243)
Income tax recovery	13	(35,116)	(47,758)	(85,027)	(98,826)
Interest received		483	1,957	3,686	4,154
Income taxes received (paid)		15,329	(12,173)	(80,870)	(220,034)
Other operating items	15	(255,668)	46,584	(310,568)	(605)
Net cash provided by (used in) operations		(121,260)	262,827	(52,831)	244,343
Investing activities					
Additions to property, plant and equipment		(96,978)	(127,070)	(292,072)	(350,200)
Decrease (increase) in short-term investments		-	109,417	-	(28,848)
Decrease in long-term receivables, investments and other		1,574	606	3,512	40
Proceeds from sale of property, plant and equipment		69	1	165	677
Net cash used in investing (continuing operations)		(95,335)	(17,046)	(288,395)	(378,331)
Net cash provided by investing (discontinued operation)	4	-	-	-	447,096
Net cash provided by (used in) investing		(95,335)	(17,046)	(288,395)	68,765
Financing activities					
Increase in debt		-	-	-	496,357
Decrease in debt		(5)	(309,994)	(8)	(351,043)
Interest paid		(14,173)	(26,310)	(48,870)	(57,624)
Contributions from non-controlling interest		-	794	-	794
Proceeds from issuance of shares, stock option plan		-	295	-	6,209
Dividends paid		(39,579)	(39,578)	(118,734)	(118,622)
Net cash used in financing		(53,757)	(374,793)	(167,612)	(23,929)
Increase (decrease) in cash and cash equivalents					
net of bank overdraft, during the period		(270,352)	(129,012)	(508,838)	289,179
Exchange rate changes on foreign currency cash balances		2,030	2,238	4,795	1,689
Cash and cash equivalents, net of bank overdraft, beginning of period		330,862	605,551	566,583	187,909
Cash and cash equivalents, net of bank overdraft, end of period		\$ 62,540	\$ 478,777	\$ 62,540	\$ 478,777
Cash and cash equivalents is comprised of:					
Cash				62,540	112,814
Cash equivalents				-	365,963
Cash and cash equivalents				\$ 62,540	\$ 478,777

See accompanying notes to condensed consolidated interim financial statements.

Cameco Corporation

Notes to condensed consolidated interim financial statements

(Unaudited)

(Cdn\$ thousands, except per share amounts and as noted)

1. Cameco Corporation

Cameco Corporation is incorporated under the Canada Business Corporations Act. The address of its registered office is 2121 11th Street West, Saskatoon, Saskatchewan, S7M 1J3. The condensed consolidated interim financial statements as at and for the period ended September 30, 2015 comprise Cameco Corporation and its subsidiaries (collectively, the Company or Cameco) and the Company's interests in associates and joint arrangements. The Company is primarily engaged in the exploration for and the development, mining, refining, conversion, fabrication and trading of uranium for sale as fuel for generating electricity in nuclear power reactors in Canada and other countries.

2. Significant accounting policies

A. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with Cameco's annual consolidated financial statements as at and for the year ended December 31, 2014.

These condensed consolidated interim financial statements were authorized for issuance by the Company's board of directors on October 30, 2015.

B. Basis of presentation

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is presented in Canadian dollars, unless otherwise noted. Amounts presented in tabular format have been rounded to the nearest thousand except per share amounts and where otherwise noted.

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following material items which are measured on an alternative basis at each reporting date:

Derivative financial instruments at fair value through profit and loss	Fair value
Non-derivative financial instruments at fair value through profit and loss	Fair value
Available-for-sale financial assets	Fair value
Liabilities for cash-settled share-based payment arrangements	Fair value
Net defined benefit liability	Fair value of plan assets less the present value of the defined benefit obligation

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may vary from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2014.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5 of the December 31, 2014 consolidated financial statements.

3. Accounting standards

New standards and interpretations not yet adopted

A number of new standards and amendments to existing standards are not yet effective for the period ended September 30, 2015 and have not been applied in preparing these condensed consolidated interim financial statements. The following standards and amendments to existing standards have been published and are mandatory for Cameco's accounting periods beginning on or after January 1, 2016, unless otherwise noted. Cameco does not intend to early adopt any of the following amendments to existing standards and does not expect the amendments to have a material impact on the financial statements, unless otherwise noted.

i. Property, plant and equipment and intangible assets

In May 2014, the IASB issued amendments to IAS 16, *Property, Plant and Equipment* and IAS 38, *Intangible Assets*. The amendments are to be applied prospectively. The amendments clarify the factors to be considered in assessing the technical or commercial obsolescence and the resulting depreciation period of an asset and state that a depreciation method based on revenue is not appropriate.

ii. Joint arrangements

In May 2014, the IASB issued amendments to IFRS 11, *Joint Arrangements* (IFRS 11). The amendments in IFRS 11 are to be applied prospectively. The amendments clarify the accounting for the acquisition of interests in joint operations and require the acquirer to apply the principles of business combinations accounting in IFRS 3, *Business Combinations*.

iii. Sale or contribution of assets

In September 2014, the IASB issued amendments to IFRS 10, *Consolidated Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures*. The amendments provide clarification on the recognition of gains or losses upon the sale or contribution of assets between an investor and its associate or joint venture.

iv. Noncurrent assets held for sale and discontinued operations

In September 2014, the IASB issued amendments to IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations* (IFRS 5). The amendments are to be applied prospectively, with earlier application permitted. Assets are generally disposed of either through sale or through distribution to owners. The amendments to IFRS 5 clarify the application of IFRS 5 when changing from one of these disposal methods to the other.

v. Financial instruments disclosures

In September 2014, the IASB issued amendments to IFRS 7, *Financial Instruments: Disclosures* (IFRS 7). The amendments in IFRS 7 are to be applied retrospectively, with earlier application permitted. The amendments to IFRS 7 clarify the disclosure required for any continuing involvement in a transferred asset that has been derecognized. The amendments also provide guidance on disclosures regarding the offsetting of financial assets and financial liabilities in interim financial reports.

vi. Interim financial reporting

In September 2014, the IASB issued amendments to IAS 34, *Interim Financial Reporting* (IAS 34). The amendments to IAS 34 are to be applied retrospectively, with earlier application permitted. The amendments provide additional guidance on interim disclosures and whether they are provided in the interim financial statements or incorporated by cross-reference between the interim financial statements and other financial disclosures.

vii. Revenue

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* (IFRS 15). IFRS 15 is effective for periods beginning on or after January 1, 2018 and is to be applied retrospectively. IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. The extent of the impact of adoption of IFRS 15 has not yet been determined.

viii. Financial instruments

In July 2014, the IASB issued IFRS 9, *Financial Instruments* (IFRS 9). IFRS 9 replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset or liability. It also introduces additional changes relating to financial liabilities and aligns hedge accounting more closely with risk management.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption of the new standard permitted. Cameco does not intend to early adopt IFRS 9. The extent of the impact of adoption of IFRS 9 has not yet been determined.

4. Discontinued operation

On March 27, 2014, Cameco completed the sale of its 31.6% limited partnership interest in Bruce Power L.P. (BPLP) which operates the four Bruce B nuclear reactors in Ontario. The aggregate sale price for Cameco's interest in BPLP and certain related entities was \$450,000,000. The sale was accounted for effective January 1, 2014. Cameco received net proceeds of approximately \$447,096,000 and realized an after tax gain of \$127,243,000 on this divestiture. As a result of the transaction, Cameco presented the results of BPLP as a discontinued operation and revised its statement of earnings, statement of comprehensive income and statement of cash flows to reflect this change in presentation.

5. Impairment

A. GE-Hitachi Global Laser Enrichment LLC (GLE)

During the third quarter of 2014, a decision was made by the majority partner of GLE to significantly reduce funding of the project. As a result, Cameco recognized an impairment charge of \$183,615,000, which represented the full amount of Cameco's investment. Contributions to the project are being reflected in net earnings.

B. GoviEx Uranium

In 2014, GoviEx Uranium (GoviEx) became listed on the Canadian Securities Exchange. With the availability of a quoted market price, Cameco determined that there was a significant decline in the fair value of its investment in GoviEx and as a result an impairment charge was recorded. For the quarter ended September 30, 2015, no impairment charge was recorded (2014 - \$12,380,000). For the nine months ended September 30, 2015, Cameco recorded an impairment charge of \$5,688,000 (2014 - \$12,380,000).

6. Inventories

	Sep 30/15	Dec 31/14
Uranium		
Concentrate	\$ 885,967	\$ 500,342
Broken ore	42,642	21,289
	928,609	521,631
NUKEM	277,517	251,942
Fuel services	146,272	128,705
Total	\$ 1,352,398	\$ 902,278

In the second quarter of 2015, commercial production was achieved at Cameco's Cigar Lake operation. Effective May 1, 2015, we commenced charging all production costs, including depreciation, to inventory and subsequently recognizing in cost of sales as the product is sold.

Cameco expensed \$484,700,000 of inventory as cost of sales during the third quarter of 2015 (2014 - \$409,700,000). For the nine months ended September 30, 2015, Cameco expensed \$1,298,400,000 of inventory as cost of sales (2014 - \$1,011,900,000).

NUKEM enters into financing arrangements where future receivables arising from certain sales contracts are sold to financial institutions in exchange for cash. These arrangements require NUKEM to satisfy its delivery obligations under the sales contracts, which are recognized as deferred sales (note 8). In addition, NUKEM is required to pledge the underlying inventory as security against these performance obligations. As of September 30, 2015, NUKEM had \$94,789,000 (\$70,770,000 (US)) of inventory pledged as security under financing arrangements (December 31, 2014 - \$94,378,000 (\$81,353,000 (US))).

7. Long-term receivables, investments and other

	Sep 30/15	Dec 31/14
Investments in equity securities [note 17]	\$ 938	\$ 6,601
Derivatives [note 17]	11,616	3,889
Advances receivable from JV Inkai LLP [note 19]	100,925	91,672
Investment tax credits	93,925	90,658
Amounts receivable related to tax dispute [note 13]	230,253	211,604
Other	51,905	29,197
	489,562	433,621
Less current portion	(30,229)	(10,341)
Net	\$ 459,333	\$ 423,280

8. Other liabilities

	Sep 30/15	Dec 31/14
Deferred sales	\$ 129,120	\$ 123,298
Derivatives [note 17]	203,048	67,916
Accrued pension and post-retirement benefit liability	67,850	61,670
Other	7,839	7,033
	407,857	259,917
Less current portion	(258,153)	(87,883)
Net	\$ 149,704	\$ 172,034

Deferred sales includes \$107,180,000 (\$80,021,000 (US)) of performance obligations relating to financing arrangements entered into by NUKEM (December 31, 2014 - \$107,076,000 (\$92,299,000 (US))) (note 6).

9. Provisions

	Reclamation	Waste disposal	Total
Beginning of year	\$ 828,015	\$ 18,295	\$ 846,310
Changes in estimates and discount rates	(13,657)	398	(13,259)
Provisions used during the period	(7,363)	(17)	(7,380)
Unwinding of discount	15,480	247	15,727
Impact of foreign exchange	42,479	-	42,479
End of period	\$ 864,954	\$ 18,923	\$ 883,877
Current	23,146	2,793	25,939
Non-current	841,808	16,130	857,938
	\$ 864,954	\$ 18,923	\$ 883,877

10. Share capital

At September 30, 2015, there were 395,792,522 common shares outstanding. Options in respect of 8,615,166 shares are outstanding under the stock option plan and are exercisable up to 2023. For the quarter ended September 30, 2015, there were no options that were exercised resulting in the issuance of shares (2014 - 14,700). For the nine months ended September 30, 2015, there were no options exercised that resulted in the issuance of shares (2014 - 314,292).

11. Finance costs

	Three months ended		Nine months ended	
	Sep 30/15	Sep 30/14	Sep 30/15	Sep 30/14
Interest on long-term debt	\$ 18,838	\$ 18,010	\$ 56,096	\$ 49,866
Unwinding of discount on provisions	5,628	5,176	15,727	15,240
Loss on redemption of Series C debentures	-	-	-	12,135
Other charges	1,523	1,591	4,485	4,546
Interest on short-term debt	51	958	69	3,186
Total	\$ 26,040	\$ 25,735	\$ 76,377	\$ 84,973

12. Other income

	Three months ended		Nine months ended	
	Sep 30/15	Sep 30/14	Sep 30/15	Sep 30/14
Foreign exchange gains	\$ 30,617	\$ 12,070	\$ 58,392	\$ 17,714
Contract settlement	-	-	-	28,481
Contract termination fee	-	-	-	(18,304)
Other	-	(222)	311	528
Total	\$ 30,617	\$ 11,848	\$ 58,703	\$ 28,419

In the first quarter of 2014, Cameco recorded an early termination fee of \$18,304,000, incurred as a result of the cancellation of our toll conversion agreement with Springfields Fuels Ltd., which was to expire in 2016.

During the second quarter of 2014, Cameco recorded a gain with respect to a long-term supply contract with one of its utility customers. The \$28,481,000 reflected as income from contract settlement related to deliveries that the customer refused to take in 2012 and 2013.

13. Income taxes

	Three months ended		Nine months ended	
	Sep 30/15	Sep 30/14	Sep 30/15	Sep 30/14
Earnings (loss) from continuing operations before income taxes				
Canada	\$ (226,999)	\$ (241,077)	\$ (544,264)	\$ (483,191)
Foreign	187,525	46,900	533,075	368,355
	\$ (39,474)	\$ (194,177)	\$ (11,189)	\$ (114,836)
Current income taxes (recovery)				
Canada	\$ 3,359	\$ 4,918	\$ 4,582	\$ (1,550)
Foreign	10,536	18,115	31,801	37,503
	\$ 13,895	\$ 23,033	\$ 36,383	\$ 35,953
Deferred income taxes (recovery)				
Canada	\$ (59,535)	\$ (64,528)	\$ (131,879)	\$ (118,714)
Foreign	10,524	(6,263)	10,469	(16,065)
	\$ (49,011)	\$ (70,791)	\$ (121,410)	\$ (134,779)
Income tax recovery	\$ (35,116)	\$ (47,758)	\$ (85,027)	\$ (98,826)

Cameco has recorded \$620,879,000 of deferred tax assets (December 31, 2014 - 486,328,000). Based on projections of future income, realization of these deferred tax assets is probable and consequently a deferred tax asset has been recorded.

Canada

In 2008, as part of the ongoing annual audits of Cameco's Canadian tax returns, Canada Revenue Agency (CRA) disputed the transfer pricing structure and methodology used by Cameco and its wholly owned Swiss subsidiary, Cameco Europe Ltd., in respect of sale and purchase agreements for uranium products. From December 2008 to date, CRA issued notices of reassessment for the taxation years 2003 through 2009, which in aggregate have increased Cameco's income for Canadian tax purposes by approximately \$2,795,000,000. CRA has also issued notices of reassessment for transfer pricing penalties for the years 2007 through 2009 in the amount of \$229,300,000. Cameco believes it is likely that CRA will reassess Cameco's tax returns for subsequent years on a similar basis and that these will require Cameco to make future remittances on receipt of the reassessments.

Using the methodology we believe that CRA will continue to apply and including the \$2,795,000,000 already reassessed, we expect to receive notices of reassessment for a total of approximately \$6,600,000,000 for the years 2003 through 2014, which would increase Cameco's income for Canadian tax purposes and result in a related tax expense of approximately \$1,900,000,000. In addition to penalties already imposed, CRA may continue to apply penalties to taxation years subsequent to 2009. As a result, we estimate that cash taxes and transfer pricing penalties would be between \$1,450,000,000 and \$1,500,000,000. In addition, we estimate there would be interest and instalment penalties applied that would be material to Cameco. While in dispute, we would be responsible for remitting 50% of the cash taxes and transfer pricing penalties (between \$725,000,000 and \$750,000,000), plus related interest and instalment penalties assessed, which would be material to Cameco. As an alternative to paying cash, we expect to be able to provide security in the form of letters of credit to satisfy our requirements.

Under Canadian federal and provincial tax rules, the amount required to be remitted each year will depend on the amount of income reassessed in that year and the availability of elective deductions and tax loss carryovers. Recently, the CRA proposed to disallow the use of any loss carry-backs to be applied to any transfer pricing adjustment, starting with the 2008 tax year. In light of our view of the likely outcome of the case, we expect to recover the amounts remitted to CRA, including cash taxes, interest and penalties totalling \$230,253,000 already paid as at September 30, 2015 (December 31, 2014 - \$211,604,000) (note 7).

The case on the 2003, 2005 and 2006 reassessments is expected to go to trial in the third quarter of 2016. If this timing is adhered to, we expect to receive a Tax Court decision within six to 18 months after the trial is complete.

Having regard to advice from its external advisors, Cameco's opinion is that CRA's position is incorrect and Cameco is contesting CRA's position and expects to recover any amounts remitted as a result of the reassessments. However, to reflect the uncertainties of CRA's appeals process and litigation, Cameco has recorded a cumulative tax provision related to this matter for the years 2003 through the current period in the amount of \$92,000,000. While the resolution of this matter may result in liabilities that are higher or lower than the reserve, management believes that the ultimate resolution will not be material to Cameco's financial position, results of operations or liquidity in the year(s) of resolution. Resolution of this matter as stipulated by CRA would be material to Cameco's financial position, results of operations or liquidity in the year(s) of resolution and other unfavourable outcomes for the years 2003 to date could be material to Cameco's financial position, results of operations and cash flows in the year(s) of resolution.

Further to Cameco's decision to contest CRA's reassessments, Cameco is pursuing its appeal rights under Canadian federal and provincial tax rules.

United States

In February 2015, one of Cameco's subsidiaries received a Revenue Agent's Report (RAR) from the Internal Revenue Service (IRS) pertaining to the 2009 taxation year. The RAR lists the IRS' proposed adjustments to taxable income and calculates tax and penalties owing based on the proposed adjustments.

The proposed adjustments reflected in the RAR are focused on transfer pricing in respect of certain intercompany transactions within our corporate structure. The IRS asserts that a portion of the non-US income reported under our corporate structure and taxed outside the US should be recognized and taxed in the US. Having regard to advice from its external advisors, management believes that the conclusions of the IRS in the RAR are incorrect and is contesting them in an administrative appeal of the proposed adjustments. No cash payments are required while pursuing an administrative appeal. Management believes that the ultimate resolution of this matter will not be material to our financial position, results of operations or liquidity in the year(s) of resolution.

Other comprehensive income

Other comprehensive income included on the consolidated statements of comprehensive income and the consolidated statements of changes in equity is presented net of income taxes. The following income tax amounts are included in each component of other comprehensive income:

For the three months ended September 30, 2015

	Before tax	Income tax recovery	Net of tax
Exchange differences on translation of foreign operations	\$ 49,271	\$ -	\$ 49,271
	\$ 49,271	\$ -	\$ 49,271

For the three months ended September 30, 2014

	Before tax	Income tax expense	Net of tax
Exchange differences on translation of foreign operations	\$ 24,086	\$ -	\$ 24,086
Unrealized gains on available-for-sale assets	57	(8)	49
	\$ 24,143	\$ (8)	\$ 24,135

For the nine months ended September 30, 2015

	Before tax	Income tax expense	Net of tax
Exchange differences on translation of foreign operations	\$ 99,809	\$ -	\$ 99,809
Unrealized gains on available-for-sale assets	25	(3)	22
	\$ 99,834	\$ (3)	\$ 99,831

For the nine months ended September 30, 2014

	Before tax	Income tax recovery	Net of tax
Exchange differences on translation of foreign operations	\$ 55,790	\$ -	\$ 55,790
Unrealized losses on available-for-sale assets	(454)	61	(393)
Gains on derivatives designated as cash flow hedges transferred to net earnings - discontinued operation	(400)	100	(300)
	\$ 54,936	\$ 161	\$ 55,097

14. Per share amounts

Per share amounts have been calculated based on the weighted average number of common shares outstanding during the period. The weighted average number of paid shares outstanding in 2015 was 395,792,522 (2014 - 395,722,618).

	Three months ended		Nine months ended	
	Sep 30/15	Sep 30/14	Sep 30/15	Sep 30/14
Basic earnings (loss) per share computation				
Net earnings (loss) attributable to equity holders	\$ (3,911)	\$ (146,000)	\$ 75,223	\$ 112,544
Weighted average common shares outstanding	395,793	395,787	395,793	395,723
Basic earnings (loss) per common share	\$ (0.01)	\$ (0.37)	\$ 0.19	\$ 0.28
Diluted earnings (loss) per share computation				
Net earnings (loss) attributable to equity holders	\$ (3,911)	\$ (146,000)	\$ 75,223	\$ 112,544
Weighted average common shares outstanding	395,793	395,787	395,793	395,723
Dilutive effect of stock options	-	79	-	353
Weighted average common shares outstanding, assuming dilution	395,793	395,866	395,793	396,076
Diluted earnings (loss) per common share	\$ (0.01)	\$ (0.37)	\$ 0.19	\$ 0.28

15. Statements of cash flows

	Three months ended		Nine months ended	
	Sep 30/15	Sep 30/14	Sep 30/15	Sep 30/14
Changes in non-cash working capital:				
Accounts receivable	\$ (187,702)	\$ (59,678)	\$ 110,070	\$ 99,247
Inventories	(27,521)	52,016	(312,569)	(16,120)
Supplies and prepaid expenses	(17,489)	(4,832)	(40,684)	45,344
Accounts payable and accrued liabilities	(14,202)	51,538	(64,382)	(111,759)
Reclamation payments	(3,303)	(4,986)	(7,380)	(9,184)
Other	(5,451)	12,526	4,377	(8,133)
Other operating items	\$ (255,668)	\$ 46,584	\$ (310,568)	\$ (605)

16. Share-based compensation plans

A. Stock option plan

The Company has established a stock option plan under which options to purchase common shares may be granted to employees of Cameco. Options granted under the stock option plan have an exercise price of not less than the closing price quoted on the Toronto Stock Exchange (TSX) for the common shares of Cameco on the trading day prior to the date on which the option is granted. The options carry vesting periods of one to three years, and expire eight years from the date granted.

The aggregate number of common shares that may be issued pursuant to the Cameco stock option plan shall not exceed 43,017,198 of which 27,870,079 shares have been issued.

B. Executive performance share unit (PSU)

The Company has established a PSU plan whereby it provides each plan participant an annual grant of PSUs in an amount determined by the board. Each PSU represents one phantom common share that entitles the participant to a payment of one Cameco common share purchased on the open market or cash, at the board's discretion, at the end of each three-year period if certain performance and vesting criteria have been met. The final value of the PSUs will be based on the value of Cameco common shares at the end of the three-year period and the number of PSUs that ultimately vest. Vesting of PSUs is based on Cameco's performance for total shareholder return, average realized selling price and uranium production over the three year period and whether the participating executive remains employed by Cameco. As of September 30, 2015, the total number of PSUs held by the participants, after adjusting for forfeitures on retirement, was 791,071 (December 31, 2014 - 620,654).

C. Restricted share unit (RSU)

The Company has established an RSU plan whereby it provides each plan participant an annual grant of RSUs in an amount determined by the board. Each RSU represents one phantom common share that entitles the participant to a payment of one Cameco common share purchased on the open market, or cash, at the board's discretion. The RSUs carry vesting periods of one to three years, and the final value of the units will be based on the value of Cameco common shares at the end of the vesting periods. As of September 30, 2015, the total number of RSUs held by the participants was 479,320 (December 31, 2014 - 246,394).

Cameco records compensation expense under its equity-settled plans with an offsetting credit to contributed surplus, to reflect the estimated fair value of units granted to employees. During the period, the Company recognized the following expenses under these plans:

	Three months ended		Nine months ended	
	Sep 30/15	Sep 30/14	Sep 30/15	Sep 30/14
Stock option plan	\$ 949	\$ 1,283	\$ 4,625	\$ 6,443
Performance share unit plan	1,624	1,421	4,949	3,778
Restricted share unit plan	1,230	768	3,370	2,089
	\$ 3,803	\$ 3,472	\$ 12,944	\$ 12,310

Fair value measurement of equity-settled plans

The fair value of the units granted through the PSU plan was determined based on Monte Carlo simulation and the fair value of options granted under the stock option plan was measured based on the Black-Scholes option-pricing model. The fair value of RSUs granted was determined based on their intrinsic value on the date of grant. Expected volatility was estimated by considering historic average share price volatility.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows:

	Stock option plan	PSU	RSU
Number of options granted	965,823	336,602	298,662
Average strike price	\$ 19.30	-	\$ 18.89
Expected dividend	\$ 0.40	-	-
Expected volatility	32%	29%	-
Risk-free interest rate	0.7%	0.5%	-
Expected life of option	4.5 years	3 years	-
Expected forfeitures	7%	5%	5%
Weighted average grant date fair values	\$ 4.30	\$ 18.88	\$ 18.89

In addition to these inputs, other features of the PSU grant were incorporated into the measurement of fair value. The market condition based on total shareholder return was incorporated by utilizing a Monte Carlo simulation. The non-market criteria relating to realized selling prices and production targets have been incorporated into the valuation at grant date by reviewing prior history and corporate budgets.

17. Financial instruments and related risk management

A. Fair value hierarchy

The fair value of an asset or liability is generally estimated as the amount that would be received on sale of an asset, or paid to transfer a liability in an orderly transaction between market participants at the reporting date. Fair values of assets and liabilities traded in an active market are determined by reference to last quoted prices, in the principal market for the asset or liability. In the absence of an active market for an asset or liability, fair values are determined based on market quotes for assets or liabilities with similar characteristics and risk profiles, or through other valuation techniques. Fair values determined using valuation techniques require the use of inputs, which are obtained from external, readily observable market data when available. In some circumstances, inputs that are not based on observable data must be used. In these cases, the estimated fair values may be adjusted in order to account for valuation uncertainty, or to reflect the assumptions that market participants would use in pricing the asset or liability.

All fair value measurements are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

Level 1 – Values based on unadjusted quoted prices in active markets that are accessible at the reporting date for identical assets or liabilities.

Level 2 – Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

When the inputs used to measure fair value fall within more than one level of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables summarize the carrying amounts and fair values of Cameco's financial instruments that are measured at fair value, including their levels in the fair value hierarchy:

As at September 30, 2015

	Carrying value	Fair value		Total
		Level 1	Level 2	
Derivative assets [note 7]				
Foreign currency contracts	\$ 1,110	\$ -	\$ 1,110	\$ 1,110
Interest rate contracts	10,506	-	10,506	10,506
Investments in equity securities [note 7]	938	938	-	938
Derivative liabilities [note 8]				
Foreign currency contracts	(202,984)	-	(202,984)	(202,984)
Other	(64)	-	(64)	(64)
Net	\$ (190,494)	\$ 938	\$ (191,432)	\$ (190,494)

As at December 31, 2014

	Carrying value	Fair value		Total
		Level 1	Level 2	
Derivative assets [note 7]				
Foreign currency contracts	\$ 911	\$ -	\$ 911	\$ 911
Interest rate contracts	2,978	-	2,978	2,978
Investments in equity securities [note 7]	6,601	6,601	-	6,601
Derivative liabilities [note 8]				
Foreign currency contracts	(67,916)	-	(67,916)	(67,916)
Net	\$ (57,426)	\$ 6,601	\$ (64,027)	\$ (57,426)

The preceding tables exclude fair value information for financial instruments whose carrying amounts are a reasonable approximation of fair value.

There were no transfers between level 1 and level 2 during the period. Cameco does not have any financial instruments that are classified as level 3 as of the reporting date.

B. Financial instruments measured at fair value

Cameco measures its short-term investments, derivative financial instruments and material investments in equity securities at fair value. Short-term investments and investments in publicly held equity securities are classified as a recurring level 1 fair value measurement and derivative financial instruments are classified as a recurring level 2 fair value measurement.

Short-term investments represent available-for-sale money market instruments. The fair value of these instruments is determined using quoted market yields as of the reporting date. The fair value of investments in equity securities is determined using quoted share prices observed in the principal market for the securities as of the reporting date.

Foreign currency derivatives consist of foreign currency forward contracts, options and swaps. The fair value of foreign currency options is measured based on the Black Scholes option-pricing model. The fair value of foreign currency forward contracts and swaps is measured using a market approach, based on the difference between contracted foreign exchange rates and quoted forward exchange rates as of the reporting date.

Interest rate derivatives consist of interest rate swap contracts and interest rate caps. The fair value of interest rate swaps is determined by discounting expected future cash flows from the contracts. The future cash flows are determined by measuring the difference between fixed interest payments to be received and floating interest payments to be made to the counterparty based on Canada Dealer Offer Rate forward interest rate curves. The fair value of interest rate caps is determined based on broker quotes observed in active markets at the reporting date.

Where applicable, the fair value of the derivatives reflects the credit risk of the instrument and includes adjustments to take into account the credit risk of the Company and counterparty. These adjustments are based on credit ratings and yield curves observed in active markets at the reporting date.

C. Financial instruments not measured at fair value

The carrying value of Cameco's cash and cash equivalents, receivables, payables and accrued liabilities is assumed to approximate the fair value as a result of the short-term nature of the instruments. The carrying value of Cameco's long-term debt (debentures) is assumed to approximate the fair value as a result of the variable interest rate associated with the instruments or the fixed interest rate of the instruments being similar to market rates.

D. Derivatives

The following table summarizes the fair value of derivatives and classification on the consolidated statements of financial position:

	Sep 30/15	Dec 31/14
Non-hedge derivatives:		
Foreign currency contracts	\$ (201,874)	\$ (67,005)
Interest rate contracts	10,506	2,978
Other	(64)	-
Net	\$ (191,432)	\$ (64,027)
Classification:		
Current portion of long-term receivables, investments and other [note 7]	\$ 4,523	\$ 500
Long-term receivables, investments and other [note 7]	7,093	3,389
Current portion of other liabilities [note 8]	(188,886)	(53,873)
Other liabilities [note 8]	(14,162)	(14,043)
Net	\$ (191,432)	\$ (64,027)

The following table summarizes the different components of the loss on derivatives included in net earnings (loss):

	Three months ended		Nine months ended	
	Sep 30/15	Sep 30/14	Sep 30/15	Sep 30/14
Non-hedge derivatives				
Foreign currency contracts	\$ (130,390)	\$ (72,223)	\$ (248,324)	\$ (72,209)
Interest rate contracts	2,715	(529)	10,430	920
Other	293	-	879	16
Net	\$ (127,382)	\$ (72,752)	\$ (237,015)	\$ (71,273)

18. Segmented information

Cameco has three reportable segments: uranium, fuel services and NUKEM. The uranium segment involves the exploration for, mining, milling, purchase and sale of uranium concentrate. The fuel services segment involves the refining, conversion and fabrication of uranium concentrate and the purchase and sale of conversion services. The NUKEM segment acts as a market intermediary between uranium producers and nuclear-electric utilities.

Cameco's reportable segments are strategic business units with different products, processes and marketing strategies.

Accounting policies used in each segment are consistent with the policies outlined in the summary of significant accounting policies. Segment revenues, expenses and results include transactions between segments incurred in the ordinary course of business. These transactions are priced on an arm's length basis, are eliminated on consolidation and are reflected in the "other" column.

Business segments

For the three months ended September 30, 2015

	Uranium	Fuel services	NUKEM	Other	Total
Revenue	\$ 387,661	\$ 83,479	\$ 183,381	\$ (5,471)	\$ 649,050
Expenses					
Cost of products and services sold	205,487	62,004	179,251	(5,920)	440,822
Depreciation and amortization	72,155	8,432	(9,537)	4,087	75,137
Cost of sales	277,642	70,436	169,714	(1,833)	515,959
Gross profit (loss)	110,019	13,043	13,667	(3,638)	133,091
Administration	-	-	4,294	35,826	40,120
Exploration	9,681	-	-	-	9,681
Research and development	-	-	-	1,571	1,571
Loss on sale of assets	2	-	-	-	2
Finance costs	-	-	1,128	24,912	26,040
Loss (gain) on derivatives	-	-	(461)	127,843	127,382
Finance income	-	-	-	(868)	(868)
Share of earnings from equity-accounted investees	(746)	-	-	-	(746)
Other expense (income)	-	-	77	(30,694)	(30,617)
Earnings (loss) before income taxes	101,082	13,043	8,629	(162,228)	(39,474)
Income tax recovery					(35,116)
Net loss					\$ (4,358)

For the three months ended September 30, 2014

	Uranium	Fuel services	NUKEM	Other	Total
Revenue	\$ 447,193	\$ 71,081	\$ 96,687	\$ (27,825)	\$ 587,136
Expenses					
Cost of products and services sold	248,206	59,171	86,499	(28,172)	365,704
Depreciation and amortization	66,656	7,130	846	3,918	78,550
Cost of sales	314,862	66,301	87,345	(24,254)	444,254
Gross profit (loss)	132,331	4,780	9,342	(3,571)	142,882
Administration	-	-	3,954	36,321	40,275
Impairment charges	12,380	183,615	-	-	195,995
Exploration	11,024	-	-	-	11,024
Research and development	-	-	-	1,619	1,619
Loss on sale of assets	1,617	-	-	-	1,617
Finance costs	-	-	934	24,801	25,735
Loss on derivatives	-	-	24	72,728	72,752
Finance income	-	-	(1)	(2,038)	(2,039)
Share of loss from equity-accounted investees	1,929	-	-	-	1,929
Other expense (income)	222	-	818	(12,888)	(11,848)
Earnings (loss) before income taxes	105,159	(178,835)	3,613	(124,114)	(194,177)
Income tax recovery					(47,758)
Net loss					\$ (146,419)

For the nine months ended September 30, 2015

	Uranium	Fuel services	NUKEM	Other	Total
Revenue	\$ 1,179,157	\$ 219,711	\$ 361,319	\$ 19,151	\$ 1,779,338
Expenses					
Cost of products and services sold	660,934	158,305	327,455	17,001	1,163,695
Depreciation and amortization	168,209	21,279	(1,514)	12,441	200,415
Cost of sales	829,143	179,584	325,941	29,442	1,364,110
Gross profit (loss)	350,014	40,127	35,378	(10,291)	415,228
Administration	-	-	11,379	120,413	131,792
Impairment charge	5,688	-	-	-	5,688
Exploration	32,953	-	-	-	32,953
Research and development	-	-	-	4,865	4,865
Loss on sale of assets	415	28	3	-	446
Finance costs	-	-	3,432	72,945	76,377
Loss (gain) on derivatives	-	-	(1,229)	238,244	237,015
Finance income	-	-	(2)	(4,636)	(4,638)
Share of loss from equity-accounted investees	622	-	-	-	622
Other expense (income)	(312)	-	335	(58,726)	(58,703)
Earnings (loss) before income taxes	310,648	40,099	21,460	(383,396)	(11,189)
Income tax recovery					(85,027)
Net earnings					\$ 73,838

For the nine months ended September 30, 2014

	Uranium	Fuel services	NUKEM	Other	Total
Revenue	\$ 1,171,172	\$ 181,530	\$ 190,310	\$ (34,676)	\$ 1,508,336
Expenses					
Cost of products and services sold	633,766	141,343	167,072	(36,151)	906,030
Depreciation and amortization	175,893	17,643	4,361	18,098	215,995
Cost of sales	809,659	158,986	171,433	(18,053)	1,122,025
Gross profit (loss)	361,513	22,544	18,877	(16,623)	386,311
Administration	-	-	10,368	111,556	121,924
Impairment charges	12,380	183,615	-	-	195,995
Exploration	34,763	-	-	-	34,763
Research and development	-	-	-	3,312	3,312
Loss on sale of assets	7,173	-	-	-	7,173
Finance costs	-	-	3,024	81,949	84,973
Loss on derivatives	-	-	1,719	69,554	71,273
Finance income	-	-	(3)	(5,275)	(5,278)
Share of loss from equity-accounted investees	2,164	13,267	-	-	15,431
Other expense (income)	(28,740)	18,035	(431)	(17,283)	(28,419)
Earnings (loss) before income taxes	333,773	(192,373)	4,200	(260,436)	(114,836)
Income tax recovery					(98,826)
Net loss from continuing operations					\$ (16,010)

19. Related parties

The shares of Cameco are widely held and no shareholder, resident in Canada, is allowed to own more than 25% of the Company's outstanding common shares, either individually or together with associates. A non-resident of Canada is not allowed to own more than 15%.

Related party transactions

Through unsecured shareholder loans, Cameco has agreed to fund Inkai's project development costs as well as further evaluation on block 3. The limits of the loan facilities are \$224,650,000 (US) and advances under these facilities bear interest at a rate of LIBOR plus 2%. At September 30, 2015, \$188,377,000 (US) of principal and interest was outstanding (December 31, 2014 - \$197,551,000 (US)).

Cameco's share of the outstanding principal and interest was \$100,925,000 at September 30, 2015 (December 31, 2014 - \$91,672,000) (note 7). For the quarter ended September 30, 2015, Cameco recorded interest income of \$518,000 relating to this balance (2014 - \$500,000). For the nine month period ended September 30, 2015, interest income was \$1,500,000 (2014 - \$1,549,000).