McArthur River Operation

Northern Saskatchewan, Canada

Corrected Economic Analysis to the National Instrument 43-101 Technical Report having an Effective Date of December 31, 2008 and filed on February 16, 2009

May 1, 2009
Economic Analysis

A technical report (the Technical Report”) for the McArthur River Operation having an effective
date of December 31, 2008 was filed on February 16, 2009 and is available on Cameco
Corporation (“Cameco”)’s website at cameco.com, on SEDAR at sedar.com, and on EDGAR at
sec.gov/edgar.shtml.

This document corrects the economic analysis for the McArthur River Operation contained in the
Technical Report, which underestimated the net present value (“NPV”) and internal rate of return
(“IRR”) and calculated tiered royalties on the basis of 100% of production versus Cameco’s
69.805% share. Cameco does not consider this underestimation to have been material.

The corrected estimated pre-tax NPV (10%), as at January 1, 2009, for Cameco’s share of the
McArthur River Operation’s estimated Mineral Reserves is Cdn$2.95 billion. The corrected pre-
tax IRR is estimated to be 13.6%.

The economic analysis for the McArthur River Operation is set out in Table 18-10 attached
hereto and is based on the current mine plan and the estimated Mineral Reserves only. The
analysis does not contain any estimate involving the potential mining or milling of the Mineral
Resources from any mineralized zone. Mineral Resources require further drilling and mining
studies before they can be fully evaluated. It cannot be assumed that all or any part of the
Inferred Mineral Resources will ever be upgraded to a higher category. Accordingly,
expenditures required to bring any of these Mineral Resources into production or to identify
additional resources have not been included in the economic analysis.

The analysis is from the point of view of Cameco, which owns 69.805% of the McArthur River
joint venture (“MRJV”), and incorporates Cameco’s projected sale revenue from its
proportionate share of the related production, less its share of the related operating and capital
costs of the MRJV, as well as all royalties that will be payable on the sale of concentrates.

Operating costs for the MRJV were estimated to average Cdn$19.69/lb U₃O₈ over the life of the
estimated Mineral Reserves only. For the period from 2009 to 2013, operating costs were
estimated to average Cdn$15/lb U₃O₈. The operating projections are stated in constant 2009
dollars and assume an annual production rate of 18.7 million pounds until 2016, and gradually
declining annual production until 2033.

Operating costs include estimated underground mining operations and milling costs. Mining of
the McArthur deposit is capital intensive in comparison to other underground types of mining.
The extraction method utilizing raisebore allows the operation to minimize the size of
evacuations in ore and therefore reduce the risk of ground movement that could potentially
impact the freeze wall integrity.
Sensitivities

The graph set out in Figure 31 attached hereto illustrates the McArthur River Operation’s sensitivity to changes in uranium grade, capital cost, operating cost, and uranium prices (including the mitigating effects of Cameco’s level of committed sales through its sales contract portfolio). The graph illustrates the variability around the base case pre-tax net present value of Cdn$2.95 billion, using sensitivities of plus and minus 10% on all variables, except uranium price. For uranium price, the high and low cases represent a US$10/lb U$_3$O$_8$ deviation from the average spot price projections incorporated in the base case realized prices, as shown in Table 18-5 of the Technical Report.

The McArthur River Operation shows relatively low sensitivity to changes in operating or capital costs projections. The relative sensitivity to changes in price and ore grade realized is significantly higher due in part to the relatively high-grade nature of the deposit, and the price estimates being used, which are a reflection of the current U$_3$O$_8$ market. The difference in the sensitivity between price and operating cost is made clear by the fact that the economic analysis assumes an average realized price of Cdn$70/lb U$_3$O$_8$, while the average operating cost is nearly Cdn$20/lb U$_3$O$_8$.

Royalties

Cameco pays royalties to the province of Saskatchewan on the sale of uranium extracted from ore bodies within the province under the terms of Part III of the Crown Mineral Royalty Schedule, 1986 (Saskatchewan) (the “Schedule”), as amended. The Schedule provides for the calculation and payment of both a basic royalty and a tiered royalty. The following disclosure relates to the Schedule and royalties payable as at the date of the Technical Report, and does not reflect subsequent adjustments. The basic royalty is equal to 5% of gross sales of uranium and is reduced by the Saskatchewan resource credit, which is equal to 1% of the gross sales of uranium.

The tiered royalty is a levy on the gross sales of uranium, which applies only when the sales price of uranium exceeds levels prescribed by the Schedule. Uranium sales subject to the tiered royalty are first reduced by capital allowances, as permitted by the Schedule, for new mine or mill construction and certain mill expansion. Capital allowances additions for new mines and mills are determined using amounts prescribed by the Schedule based on the design capacity of the new facility, and not on the actual construction costs. Tiered royalties become payable when these capital allowances are reduced to zero.

Both the prices and the capital allowances, as defined in the Schedule, are adjusted annually to reflect changes in the Canadian gross domestic product.
The tiered royalty is calculated on the positive difference between the sales price per pound of U₃O₈ and the prescribed prices according to the following:

<table>
<thead>
<tr>
<th>Royalty rate</th>
<th>Canadian dollar ($/lb U₃O₈)</th>
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<tbody>
<tr>
<td>6%</td>
<td>$17.16</td>
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<tr>
<td>Plus</td>
<td>$25.74</td>
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<tr>
<td>Plus 5%</td>
<td>$34.33</td>
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</tbody>
</table>

For example, if the sales price realized by Cameco was $35 per pound in Canadian dollars, the tiered royalty payable (Cdn dollars) would be calculated as follows (assuming all capital allowances have been reduced to zero):

\[ 6\% \times (\$35.00 - \$17.16) \times \text{pounds sold} + 4\% \times (\$35.00 - \$25.74) \times \text{pounds sold} + 5\% \times (\$35.00 - \$34.33) \times \text{pounds sold} \]

The Table set out in Table 18-6 attached hereto sets out the expected royalties, as at the date of the Technical Report, that will be incurred by Cameco on its 69.805% share of production from McArthur River. The projected royalties are based on the realized prices set out in Table 18-5 of the Technical Report and are quoted in constant 2009 dollars. The projected royalties set out in Table 18-6 do not reflect adjustments subsequent to the date of the Technical Report.

**Qualified Person**

David Bronkhorst, P. Eng., General Manager of McArthur River, is the qualified person within the meaning of *National Instrument 43-101—Standards of Disclosure for Mineral Projects* who supervised the preparation of the scientific and technical information contained herein.
Table 18-10: McArthur River Mine Economic Analysis - Cameco’s Share - based on estimated mineral reserves only

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<td>13,054</td>
<td>13,054</td>
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<td>Sales revenue</td>
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<td>$ 900.3</td>
<td>$ 885.2</td>
<td>$ 845.9</td>
<td>$ 868.2</td>
<td>$ 872.0</td>
<td>$ 622.5</td>
<td>$ 560.4</td>
<td>$ 539.6</td>
<td>$ 554.7</td>
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<td>7,679</td>
<td>7,679</td>
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<tr>
<td>Operating costs</td>
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<td>198.2</td>
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<td>Capital costs</td>
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<td>89.7</td>
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<tr>
<td>Basic royalty</td>
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<td>31.2</td>
<td>32.4</td>
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<td>35.4</td>
<td>33.8</td>
<td>34.7</td>
<td>34.9</td>
<td>24.9</td>
<td>22.4</td>
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<td>Resource Capital tax</td>
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<td>27.0</td>
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<td>26.0</td>
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<tr>
<td>Tiered royalties</td>
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<td>67.7</td>
<td>72.3</td>
<td>85.8</td>
<td>83.5</td>
<td>78.1</td>
<td>81.5</td>
<td>82.0</td>
<td>59.1</td>
<td>53.8</td>
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<td>Net pre-tax cash flow</td>
<td>$ 238.3</td>
<td>$ 284.5</td>
<td>$ 301.4</td>
<td>$ 394.0</td>
<td>$ 497.4</td>
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<td>$ 428.4</td>
<td>$ 466.3</td>
<td>$ 486.3</td>
<td>$ 285.2</td>
<td>$ 240.2</td>
<td>$ 230.5</td>
<td>$ 240.0</td>
<td>2022</td>
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</table>

Pre-tax NPV (10%) $ 2,952.38
Pre-tax IRR (%) 13.6%
Figure 31 - McArthur River Mine Sensitivity Analysis

NPV Sensitivity 10%

$Cdn M

0 500 1000 1500 2000 2500 3000 3500 4000

Low Base Case High

Prices  
Capital Costs  
Operating Costs  
Grade
Table 18-6: Expected Royalties to be Incurred by Cameco for McArthur River

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<tbody>
<tr>
<td>Basic Royalty</td>
<td>24.7</td>
<td>29.9</td>
<td>31.2</td>
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<td>36.0</td>
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<td>24.9</td>
<td>22.4</td>
<td>21.6</td>
<td>22.2</td>
<td>633.1</td>
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<td>Tiered Royalty</td>
<td>43.4</td>
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<td>67.7</td>
<td>72.3</td>
<td>85.8</td>
<td>83.5</td>
<td>78.1</td>
<td>81.5</td>
<td>82.0</td>
<td>59.1</td>
<td>53.8</td>
<td>52.0</td>
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<td>Resource Surcharge</td>
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<td>24.3</td>
<td>27.0</td>
<td>26.6</td>
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<td>26.0</td>
<td>26.2</td>
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<td>16.8</td>
<td>16.2</td>
<td>16.6</td>
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<td>Total Royalties</td>
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<th>Royalties ($Cdn M)</th>
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<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
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<th>2031</th>
<th>2032</th>
<th>2033</th>
<th>Total</th>
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<tr>
<td>Basic Royalty</td>
<td>22.5</td>
<td>22.5</td>
<td>22.7</td>
<td>22.8</td>
<td>23.0</td>
<td>23.3</td>
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<td>17.8</td>
<td>15.7</td>
<td>13.2</td>
<td>633.1</td>
</tr>
<tr>
<td>Tiered Royalty</td>
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<td>17.3</td>
<td>17.5</td>
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