Our operations and development projects

This section of our MD&A is an overview of each of our operations, what we accomplished this year, our plans for the future and how we manage risk.

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<th>Production overview</th>
<th>51</th>
</tr>
</thead>
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Fuel services

Refining

Blind River refinery | 73 |

Conversion and fuel manufacturing

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Electricity

Bruce Power Limited Partnership | 76 |
Managing the risks

The nature of our operations means we face many potential risks and hazards that could have a significant impact on our business.

This page lists the regulatory, environmental and operational risks that generally apply to all of our operations, development projects, and projects under evaluation. We also talk about how we manage specific risks in each operation or project update. These risks could have a material impact on our business in the near term.

We recommend you also review our annual information form, which includes a discussion of other material risks that could have an impact on our business.

Regulatory risks
A significant part of our economic value depends on our ability to obtain and renew the licences and other approvals we need to operate. If we do not receive the regulatory approvals we need, or do not receive them at the right time, we may have to delay or modify a project, which could increase our costs and delay or prevent us from generating revenue from the project.

Environmental regulations also impose very strict standards and controls on almost every aspect of our operations, and are becoming more stringent in Canada and the US. For example, making changes to our operational processes increasingly requires regulatory approval.

Some of the sites we own or operate have been under ongoing investigation and/or remediation and planning as a result of historic soil and groundwater conditions. For example, we are addressing issues related to historic soil and groundwater contamination at Port Hope and Rabbit Lake.

Environmental risks
We have the health, safety and environmental risks associated with any mining and chemical processing company. All three segments face unique risks associated with radiation.

Operational risks
Other operational risks and hazards include:
- environmental incidents and pollution
- accidents
- social or political activism, including blockades
- non-compliance with laws and licences
- fire
- natural phenomena, including underground floods, cave-ins and pitwall failures

We have insurance to cover some of these risks and hazards, but not all of them, and not to the full amount of losses or liabilities that could potentially arise.
**Uranium – production overview**

We had a number of successes at our mining operations in 2009.

At McArthur River/Key Lake:
- We accomplished a mining first by successfully developing through the unconformity into the Athabasca sandstone, and exceeded our production target by 2%.
- We successfully reduced the release of both molybdenum and selenium to the environment.

At Rabbit Lake:
- We added mineral reserves, extending the expected life of reserves by two years to 2015 and exceeded our production target by 6%.

At Inkai:
- We commissioned Inkai’s main processing plant and started commissioning the first satellite plant, and exceeded our production target by 22%.

### Uranium production

<table>
<thead>
<tr>
<th>Cameco’s share (million lbs U₃O₈)</th>
<th>Three months ended December 31</th>
<th>Year ended December 31</th>
<th>2009 plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009</td>
<td>2008</td>
<td>2009</td>
</tr>
<tr>
<td>McArthur River/Key Lake</td>
<td>4.0</td>
<td>3.1</td>
<td>13.3</td>
</tr>
<tr>
<td>Rabbit Lake</td>
<td>1.4</td>
<td>1.8</td>
<td>3.8</td>
</tr>
<tr>
<td>Smith Ranch-Highland</td>
<td>0.5</td>
<td>0.3</td>
<td>1.8</td>
</tr>
<tr>
<td>Crow Butte</td>
<td>0.2</td>
<td>0.2</td>
<td>0.8</td>
</tr>
<tr>
<td>Inkai</td>
<td>0.6</td>
<td>0.1</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6.7</strong></td>
<td><strong>5.5</strong></td>
<td><strong>20.8</strong></td>
</tr>
</tbody>
</table>

### Outlook

We have geographically diversified sources of production. Based on our mines currently in production, we expect to produce 112.9 million pounds of U₃O₈ over the next five years. Our strategy is to double our annual production to 40 million pounds by 2018, which we expect will come from our operating properties, development projects and projects under evaluation. These sources are discussed in the following section.

**Cameco’s share of production — annual forecast to 2014**

<table>
<thead>
<tr>
<th>Current forecast (million lbs U₃O₈)</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>McArthur River/Key Lake</td>
<td>13.1</td>
<td>13.1</td>
<td>13.1</td>
<td>13.1</td>
<td>13.1</td>
</tr>
<tr>
<td>Rabbit Lake</td>
<td>3.6</td>
<td>3.6</td>
<td>3.6</td>
<td>3.6</td>
<td>3.0</td>
</tr>
<tr>
<td>US ISR</td>
<td>2.5</td>
<td>2.6</td>
<td>3.0</td>
<td>3.4</td>
<td>3.8</td>
</tr>
<tr>
<td>Inkai</td>
<td>2.3</td>
<td>3.1</td>
<td>3.1</td>
<td>3.1</td>
<td>3.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>21.5</strong></td>
<td><strong>22.4</strong></td>
<td><strong>22.8</strong></td>
<td><strong>23.2</strong></td>
<td><strong>23.0</strong></td>
</tr>
</tbody>
</table>
We expect Cigar Lake to begin production in mid-2013, based on current information, and will update our production outlook for Cigar Lake in the technical report, which we plan to file at the end of the first quarter of 2010.

By 2011, Inkai is expected to reach production of 5.2 million pounds of U₃O₈ per year (our share 3.1 million pounds). Inkai has regulatory approval to produce 2.6 million pounds (100% basis) and, in 2005, applied for regulatory approval to increase production to 5.2 million pounds per year (100% basis). We need regulatory approval to increase production to the level necessary to achieve our annual production forecast, and expect to receive it in 2010.

This forecast is forward-looking information. It is based on the assumptions and subject to the material risks discussed on page 5, and specifically on the assumptions and risks listed here. Actual production may be significantly different from this forecast.

**Assumptions**

- we achieve our forecast production for each operation, which requires, among other things, that our mining plans succeed, processing plants function and our reserve estimates are accurate
- we obtain or maintain the necessary permits and approvals from government authorities
- our production is not disrupted or reduced as a result of natural phenomena, labour disputes, political risks, shortage or lack of supplies critical to production, equipment failures or other development and operation risks

**Material risks that could cause actual results to differ materially**

- we do not achieve forecast production levels for each operation because of a change in our mining plans, processing plant availability, lack of tailings capacity or for other reasons
- we cannot obtain or maintain necessary permits or government approvals
- natural phenomena, labour disputes, political risks, shortage or lack of supplies critical to production, equipment failures or other development and operation risks disrupt or reduce our production
Uranium – operating properties

**McArthur River/Key Lake**

McArthur River is the world’s largest, high-grade uranium mine, and Key Lake is the largest uranium mill in the world.

Ore grades at the McArthur River mine are 100 times the world average, which means it can produce more than 18 million pounds per year by mining only 150 to 200 tonnes of ore per day. We are the operator.

<table>
<thead>
<tr>
<th>Location</th>
<th>Saskatchewan, Canada</th>
</tr>
</thead>
</table>
| Ownership     | 69.805% - McArthur River  
                83.33% - Key Lake |
| End product   | U₃O₈ |
| ISO certification | ISO 14001 certified |
| Deposit type  | underground |
| Estimated reserves (Cameco’s share) | 234 million pounds - proven and probable |
| Average reserve grade | U₃O₈ – 19.5% |
| Estimated resources | 21.1 million pounds (measured and indicated) (Cameco’s share)  
                        111.3 million pounds (inferred) |
| Mining methods | currently: raiseboring  
                             under development: boxhole boring |
| Licensed capacity | mine and mill: 18.7 million pounds per year  
                             (can be exceeded – see Licensing below) |
| Total production | 2000 to 2009: 171.2 million pounds (McArthur River/Key Lake)  
                        1983 to 2002: 209.8 million pounds (Key Lake) |
| 2009 production | 13.3 million pounds (Cameco’s share) |
| 2010 forecast production | 13.1 million pounds (Cameco’s share) |
Background
Mining of the McArthur River deposit poses a number of challenges including control of groundwater, stabilizing weak rock formations, and radiation protection from very high grade uranium ores. To address these challenges we use a number of innovative methods and techniques:

Ground freezing
The sandstones that overlay the deposit and basement rocks are water-bearing, with large volumes of water under significant pressure. We use ground freezing to form an impermeable freezewall. This prevents water from entering the mine, and helps stabilize weak rock formations.

Raisebore mining
Raisebore mining is an innovative non-entry approach that we adapted to meet the unique challenges at McArthur River. From a raisebore chamber in waste rock above the ore, we drill a series of overlapping holes through the ore zone and collect the ore using remote-controlled scoop trams at the bottom of the raises. Once each raisebore hole is complete, we fill it with concrete. We have successfully used the raisebore mining method to extract more than 170 million pounds since we began mining in 1999.

McArthur River currently has four zones with delineated mineral reserves (zones 1 to 4). Zones A and B are categorized as inferred mineral resources. Parts of zones 1, 2, 3 and 4 also have mineral resources.

We have mined only zone 2 since the mine started production. To sustain our production levels, we need to move to new mining areas.

Zone 2 is divided into four panels (panels 1, 2, 3 and 5). Panel 5 represents the upper portion of zone 2, overlying a portion of the other panels. Until late 2009, all mine production was from panels 1, 2 and 3, and there are still limited reserves that we will extract from these panels in the next few years. We expect to mine a total of approximately 85 million pounds of uranium from panel 5.

As mining of zone 2 progresses, we are also bringing the lower mining area of zone 4 into production later in 2010.


2009 update

Production on target
Our share of production in 2009 was 13.3 million pounds U3O8 compared to our target of 13.1 million pounds U3O8, and a 15% increase over 2008. Production in 2008 was lower than planned due to operating challenges at the Key Lake mill.

We exceeded our target as a result of strong results at both McArthur River and Key Lake, and the amendment to the Key Lake operating licence (see Licensing below).

New mining areas
Zone 2, panel 5 – We completed a new freezewall around this area, developed the initial raisebore chamber and began production in the fourth quarter. This is the first time development has been accomplished through the unconformity into the Athabasca sandstone.

Lower zone 4 – We completed the raisebore chamber on the 530 metre level, completed all freezehole drilling and began freezing the ground.

Mill revitalization
The Key Lake mill began operating in 1983. We are renewing the mill to help maintain and increase our uranium production capability, and this year focused on three areas:

- operational upgrades
- treatment of effluent
- tailings capacity

Operational upgrades
The Key Lake revitalization plan includes upgrading circuits with new technology to simplify operations, increasing annual production capacity and improving environmental performance. As part of this plan, we are replacing the acid, steam and oxygen plants. We received regulatory approval to proceed with these projects and have begun work.

Treatment of effluent
Our operating licence includes a condition that the Key Lake mill reduce the levels of molybdenum and selenium discharged to the environment. Based on work this year, release of both metals to the environment is now controlled at reduced concentrations.

Tailings capacity
The Key Lake mill deposits the milling tailings in the Deilmann tailings management facility (TMF). This year we received regulatory approval to increase the capacity of the Deilmann TMF. This now gives us approximately six years of capacity at current production rates.

Licensing
The CNSC approved an amendment to our operating licence for Key Lake, giving us flexibility in the annual licensed production limit.

Under certain conditions, the Key Lake mill can produce up to 20.4 million pounds U3O8 per year as long as average annual production does not exceed 18.7 million pounds. If production is lower than 18.7 million pounds in any year, we can produce more in future years (up to 20.4 million pounds) until we recover the shortfall. The amendment allows us to recover shortfalls going back to 2003.

We have applied for regulatory approval for similar production flexibility at the McArthur River mine.

After the mill is revitalized, annual production will depend mainly on mine production. We are continuing to plan for annual production of 18.7 million pounds (100% basis) for the next few years.
**Exploration**
We continued our underground exploration drilling and development this year, focusing on evaluating mineral resources at the south of the mine. We successfully converted 14 million pounds of measured resources in zone 4 to mineral reserves.

Surface drilling on zone B increased inferred mineral resources by 14 million pounds.

**Reserves grade**
The estimated average ore grade of the mineral reserves at McArthur River has declined from 21% U₃O₈ to 19.5% as a result of new reserves in zone 4 that average 10.3% U₃O₈. We do not expect to be producing from this area for a number of years.

**Planning for the future**

**Production**
We expect our share of production to be 13.1 million pounds U₃O₈ in 2010.

**New mining zones**
Zone 2, panel 5 – In 2010, we expect to develop two additional raisebore chambers. This area is planned to account for approximately two-thirds of McArthur River mine production in 2010.

**Lower zone 4**
We began freezing in January 2010. Once the freezewall is in place and development complete, we expect initial production will begin late in 2010.

**Exploration**
In 2010, we plan to initiate a multi-year project, the *McArthur River expansion*, to advance the underground exploration drifts on the 530 metre level to the north and to the south of the existing mine. This work is expected to further delineate zone A and B inferred resources to the north as well as resources to the south. As part of the project, we will also initiate a preliminary assessment to determine the potential options and feasibility for mining these resources.

Surface exploration will focus on historically known but under tested targets south of the mine.

**Managing near-term risks**

**Labour relations**
The collective agreement covering unionized employees at the McArthur River and Key Lake operations expired on December 31, 2009. Negotiations are in progress. There is risk to production if we are unable to reach an agreement and employees go on strike.

**Transition to new mining areas**
Portions of the new production raises for zone 2, panel 5 will intersect with the freezewall originally developed for zone 2, panels 1, 2 and 3. This original freezewall is now redundant. The steel freezepipes from this freezewall are being removed. Timely removal represents the largest remaining schedule risk that could impact production rates.

**Managing ongoing risks**
Production at McArthur River/Key Lake poses many challenges: control of groundwater, weak ground formations, radiation protection, water inflow, mining method uncertainty and changes to productivity, mine transitioning, regulatory approvals, tailings capacity, reliability of facilities at Key Lake, surface and underground fires. Operational experience gained since the start of production has resulted in a significant reduction in risk.

**Water inflow risk**
The greatest risk is production interruption from water inflows. A 2003 water inflow resulted in a three-month suspension of production. We also had a small water inflow in 2008 that did not impact production.

The consequences of another water inflow at McArthur River would depend on its magnitude, location and timing, but could include a significant reduction in production, a material increase in costs and a loss of mineral reserves.

We take the following steps to reduce the risk of inflows, but there is no guarantee that these will be successful:
• **Ground freezing** — Before mining an ore zone, we drill freeze holes and freeze the ground to form an impermeable freewall around the ore zone. Ground freezing reduces but does not eliminate the risk of water inflows.

• **Mine development** — We carry out extensive grouting and careful placement of mine development away from known groundwater sources whenever possible. In addition, we assess all planned mine development for relative risk, and apply extensive additional technical and operating controls for all higher risk development.

• **Pumping capacity and treatment limits** — The total installed pumping capacity from the McArthur River mine is currently more than 1,850 m$^3$/hr. On the surface, we have water treatment capacity of 1,500 m$^3$/hr and approximately 50,000 m$^3$ of surface storage. We have regulatory approval to treat and release 1,500 m$^3$/hr in non-routine circumstances. In our view, this is sufficient capacity to handle an estimated maximum inflow. We review our dewatering system and requirements at least once a year and before beginning work on any new zone.

---

**Key Lake tailings capacity risk**

Tailings from processing McArthur River ore are deposited in the Deilmann TMF. At current production rates, the capacity of the Deilmann TMF is six years, assuming only minor storage capacity losses due to sloughing from pitwalls. Significant sloughing would constrain McArthur River production.

Sloughing of material from the pitwalls has occurred in the past and resulted in the loss of capacity. Technical studies show that stabilizing and reducing water levels in the pit enhances the stability of the pitwalls, thereby reducing the risk of pitwall sloughing. In recent years, we doubled dewatering treatment capacity, allowing us to stabilize the water level in the pit, and have recently begun to reduce this water level.

In 2009, we completed and received regulatory approval for an action plan for the long-term stabilization of the Deilmann TMF pitwalls. We are now carrying out engineering required to implement this action plan. We expect it will take approximately five years to complete the work.

We also completed prefeasibility work to assess options for long-term storage of tailings at Key Lake. We are proceeding with technical studies and environmental assessment work to support an application for regulatory approval to deposit tailings in the Deilmann TMF to a significantly higher elevation. This would provide enough tailings capacity for many years of mill production at Key Lake.

We also manage the risks listed on page 50.
Uranium – operating properties

Rabbit Lake
The Rabbit Lake operation, which opened in 1975, is the longest operating uranium production facility in North America, and the second largest uranium mill in the world.

<table>
<thead>
<tr>
<th>Location</th>
<th>Saskatchewan, Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>100%</td>
</tr>
<tr>
<td>End product</td>
<td>U$_3$O$_8$</td>
</tr>
<tr>
<td>ISO certification</td>
<td>not certified</td>
</tr>
<tr>
<td>Deposit type</td>
<td>underground</td>
</tr>
<tr>
<td>Estimated reserves</td>
<td>21.3 million pounds (proven and probable)</td>
</tr>
<tr>
<td>Average reserve grade</td>
<td>U$_3$O$_8$ - 0.88%</td>
</tr>
<tr>
<td>Estimated resources</td>
<td>10.4 million pounds (measured and indicated)</td>
</tr>
<tr>
<td></td>
<td>0.9 million pounds (inferred)</td>
</tr>
<tr>
<td>Mining method</td>
<td>vertical blast-hole stoping</td>
</tr>
<tr>
<td>Licensed capacity</td>
<td>mill: 16 million pounds per year</td>
</tr>
<tr>
<td>Total production 1975 to 2009</td>
<td>178.7 million pounds</td>
</tr>
<tr>
<td>2009 production</td>
<td>3.8 million pounds</td>
</tr>
<tr>
<td>2010 forecast production</td>
<td>3.6 million pounds</td>
</tr>
</tbody>
</table>

2009 update

Production on target
Rabbit Lake’s production this year was 3.8 million pounds U$_3$O$_8$, just over our target, and 6% higher than 2008. Higher tonnage made up for grades that were lower than expected.

Continued to upgrade the mill and expand the tailings facility
We replaced selected plant equipment and process vessels, and commissioned and began operating the new circuit to reduce concentrations of molybdenum in mill effluent.

We completed the tailings management facility expansion in 2009.

Advanced reclamation planning
The CNSC approved our multi-year site-wide reclamation plan. It will serve as the foundation for future reclamation activities, with area-specific plans to be approved on a case-by-case basis.
Worked to extend the mine life
We added mineral reserves, extending the expected production life by two years to 2015. We are conducting exploration drilling near the mine and have found new mineralization.

Planning for the future

Production
We expect to produce 3.6 million pounds in 2010.

Milling
We expect the mill to have the capacity to handle tailings from milling ore from Rabbit Lake until 2015 (based upon expected ore grades and milling rates). After production at Cigar Lake ramps up to full capacity, we expect to ship a portion of the uranium solution from milling of Cigar Lake ore to the Rabbit Lake mill for processing. To support this level of production, we will be replacing major components of the acid plant and working to increase tailings capacity.

Exploration
We have extended our underground drilling reserve replacement program into 2010. We plan to test and evaluate areas east and northeast of the mine where we have had good results. Drilling will also continue on other parts of the property.

Reclamation
As part of our multi-year site-wide reclamation plan, we expect to spend $5 million in 2010 to reclaim facilities that are no longer in use.

Managing our risks
We manage the risks listed on page 50.
Uranium – operating properties

Smith Ranch-Highland
We operate Smith Ranch and Highland as a combined operation. Each has its own processing facility; however, the Smith Ranch mill processes all the uranium. The Highland mill is currently idle.

Together, they form the largest uranium production facility in the United States.

<table>
<thead>
<tr>
<th>Location</th>
<th>Wyoming, US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>100%</td>
</tr>
<tr>
<td>End product</td>
<td>U₃O₈</td>
</tr>
<tr>
<td>ISO certification</td>
<td>ISO 14001 certified</td>
</tr>
<tr>
<td>Estimated reserves</td>
<td>5.9 million pounds (proven and probable)</td>
</tr>
<tr>
<td>Average reserve grade</td>
<td>U₃O₈ – 0.10%</td>
</tr>
<tr>
<td>Estimated resources</td>
<td>23.0 million pounds (measured and indicated)</td>
</tr>
<tr>
<td></td>
<td>6.6 million pounds (inferred)</td>
</tr>
<tr>
<td>Mining method</td>
<td>in situ recovery (ISR)</td>
</tr>
<tr>
<td>Licensed capacity</td>
<td>mine: 2 million pounds per year</td>
</tr>
<tr>
<td></td>
<td>mill: 4 million pounds per year including Highland mill</td>
</tr>
<tr>
<td>Total production 2002 to 2009</td>
<td>11.8 million pounds</td>
</tr>
<tr>
<td>2009 production</td>
<td>1.8 million pounds</td>
</tr>
<tr>
<td>2010 forecast production</td>
<td>1.8 million pounds</td>
</tr>
</tbody>
</table>

2009 update

Production on target
We produced 1.8 million pounds at Smith Ranch-Highland in 2009, meeting our target for the year.

Upgrades
We built and began operating a selenium removal plant. We also started construction on five deep disposal wells. Construction will continue through 2010. These upgrades will allow us to operate and restore groundwater more efficiently.

Planning for the future

Production
We expect to produce 1.8 million pounds in 2010.

Reynolds Ranch expansion
We are seeking regulatory approval to proceed with our Reynolds Ranch expansion, which is expected in the second half of 2010. Reynolds Ranch is adjacent to the Smith Ranch-Highland property.
Reserves and resources for Reynolds Ranch and Northwest Unit have been included in the totals for Smith Ranch-Highland reserves and resources.

**Exploration**
Additional exploration is under way with the objective of extending the mine life.

**Managing our risks**
The operating environment is becoming more complex as public interest and regulatory oversight increase. This may have a negative impact on our plans to increase production. We also manage the risks listed on page 50.
**Uranium – operating properties**

**Crow Butte**
Crow Butte was discovered in 1980 and began production in 1991. It is the first uranium mine in Nebraska, and is a significant contributor to the economy of northwest Nebraska.

<table>
<thead>
<tr>
<th>Location</th>
<th>Nebraska, US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>100%</td>
</tr>
<tr>
<td>End product</td>
<td>U₃O₈</td>
</tr>
<tr>
<td>ISO certification</td>
<td>ISO 14001 certified</td>
</tr>
<tr>
<td>Estimated reserves</td>
<td>4.1 million pounds (proven and probable)</td>
</tr>
<tr>
<td>Average reserve grade</td>
<td>U₃O₈ – 0.13%</td>
</tr>
<tr>
<td>Estimated resources</td>
<td>10.4 million pounds (measured and indicated)</td>
</tr>
<tr>
<td></td>
<td>6.7 million pounds (inferred)</td>
</tr>
<tr>
<td>Mining method</td>
<td>in situ recovery (ISR)</td>
</tr>
<tr>
<td>Licensed capacity</td>
<td>1 million pounds per year</td>
</tr>
<tr>
<td>(mine and mill)</td>
<td></td>
</tr>
<tr>
<td>Total production 2002 to 2009</td>
<td>6.1 million pounds</td>
</tr>
<tr>
<td>2009 production</td>
<td>0.8 million pounds</td>
</tr>
<tr>
<td>2010 forecast production</td>
<td>0.7 million pounds</td>
</tr>
</tbody>
</table>

**2009 update**

**Production on target**
2009 production was 0.8 million pounds, in line with our forecast.

**Licensing**
The regulators continued their review of our applications to expand and re-license Crow Butte. There will be public hearings once the reviews are completed.

**Planning for the future**

**Production**
In 2010, we expect to produce 0.7 million pounds.

**Managing our risks**
The operating environment is becoming more complex as public interest and regulatory oversight increase. This may have a negative impact on our plans to increase production. We also manage the risks listed on page 50.
Inkai is a very significant uranium deposit, located in Kazakhstan. There are two production areas (blocks 1 and 2) and an exploration area (block 3). The operator is Joint Venture Inkai Limited Liability Partnership, which we jointly own (60%) with Kazatomprom (40%).

**Location**
- central Kazakhstan

**Ownership**
- 60%

**End product**
- U₃O₈

**ISO certification**
- BSI OHSAS 18001
- ISO 14001 certified

**Estimated reserves**
- 80.9 million pounds (proven and probable)

**Average reserve grade**
- U₃O₈ - 0.07%

**Estimated resources**
- 13.1 million pounds (measured and indicated)
- 153.0 million pounds (inferred)

**Mining method**
- In situ recovery (ISR)

**Licensed capacity**
- Approved: 2.6 million pounds per year (Cameco’s share 1.6 million pounds per year)
- Application: 5.2 million pounds per year (Cameco’s share 3.1 million pounds per year)

**2009 production**
- 1.1 million pounds (Cameco’s share)

**2010 forecast production**
- 2.3 million pounds (Cameco’s share)

**2009 update**

**Production**
- Our share of production this year was 1.1 million pounds U₃O₈ or 22% higher than our forecast of 0.9 million pounds.

**Operations**
- We completed commissioning of the main processing plant and began commissioning the first satellite plant in 2009.

**Supply of sulphuric acid**
- Inkai has increased the number of suppliers of sulphuric acid from two to four, but the shortage of sulphuric acid has delayed production in the past and its future availability remains a concern.

**Project funding**
- We have agreed with Kazatomprom, a state-owned entity of the Kazakhstan government, to provide funding, by way of a loan, of up to $370 million (US) for project development. Further funding may be required. As of December 31, 2009, the amount outstanding under the loan, including accrued interest, was $337 million (US). Of the cash available for distribution each year, 80% is used to repay the loan until it is repaid in full.
We have agreed with our partner to provide all funds required by Inkai in connection with work on block 3 until completion of a feasibility study.

We have also invested approximately $4 million (US) over the past several years on sustainable development activities.

Taxes
A new tax code became law on January 1, 2009, and our Resource Use Contract was amended to adopt it. We do not expect the new tax code to have a material impact at this time, but the elimination of tax stabilization under the new tax code could be material in the future. We are also not certain how the Kazakh government will interpret and apply the new code.

Licensing and Resource Use Contract amendments
We received final approval for the block 2 mining licence after the Resource Use Contract was amended. The mining licence for block 1 expires in 2024 and for block 2 expires in 2030.

Block 3 exploration
Regulators extended the term of the block 3 exploration licence to the end of July 2010 after the Resource Use Contract was amended. Under Kazakh law, we have to achieve a commercial discovery to extend our licence beyond July 2010. We spent $3 million (US) (our share) on exploration drilling at block 3 in 2009.

Profits from block 3 production are to be shared on a 50:50 basis with our partner, instead of based on our ownership interests.

Planning for the future

Production
We expect our share of production to be 2.3 million pounds in 2010.

Doubling production
As part of our strategy to double production by 2018, we are working with our partner, Kazatomprom, to implement our 2007 non-binding memorandum of understanding. The memorandum:

- Targets future annual production capacity at 10.4 million pounds (our share 5.7 million pounds). While the existing project ownership would not change, our share of the additional capacity under the memorandum would be 50%.
- Contemplates studying the feasibility of constructing a uranium conversion facility as well as other potential collaborations in uranium conversion.

Both partners approved the production increase at a board meeting in 2008. To implement the increase, we need a binding agreement to finalize the terms of the memorandum, and various government approvals. We are currently in discussions with Kazatomprom regarding these initiatives.

Block 3 exploration
To support a commercial discovery, we are:

- spending $19 million (US) (our share) on exploration drilling in 2010
- preparing an application to file with regulators in the first half of 2010, declaring that we have made a commercial discovery

Technical report
We plan to file our first technical report for this property by the end of the first quarter of 2010.
Managing our risks

Regulatory approvals
Our 2010 production forecast and reserve estimates assume that we will receive regulatory approval to produce 5.2 million pounds per year (our share: 3.1 million pounds). We believe it is reasonably likely we will receive this approval but, if we do not, we will be unable to meet our 2010 production target and will have to recategorize half of Inkai’s mineral reserves as resources. We also need the regulators to approve our application to declare a commercial discovery in order to extend the term of the block 3 exploration licence beyond July 2010.

Supply of sulphuric acid
Although we have increased our sources of supply, availability of sulphuric acid remains a concern and our production may be less than forecast if there is a shortage.

Political risk
Kazakhstan declared itself independent in 1991 after the dissolution of the Soviet Union. Our Inkai investment, and our plans to increase production, are subject to the risks associated with doing business in developing countries, which have significant potential for social, economic, political, legal, and fiscal instability. Kazakh laws and regulations are still developing and their application can be difficult to predict. To maintain and increase Inkai production, we need ongoing support, agreement and co-operation from our partner and the government.

Amendments to the subsoil law in 2007 allow the government to reopen subsoil use agreements in certain circumstances. This may increase its ability to expropriate our properties under certain circumstances. In 2009, we amended the Resource Use Contract to adopt a new tax code, at the request of the Kazakh government, even though the government had agreed to the tax stabilization provisions in the original contract. A new subsoil use law has also been proposed. We do not know if the new law will be adopted or what it will contain. It is premature to make any assessment, but further changes to the subsoil law could increase our risk. These developments are illustrative of increased political risk in Kazakhstan.

We also manage the risks listed on page 50.
Uranium — development project

**Cigar Lake**

Cigar Lake is the world’s second largest high-grade uranium deposit, with grades that are 100 times the world average. We are a 50% owner, and the mine operator, and expect the operation to use available capacity at our Rabbit Lake mill.

<table>
<thead>
<tr>
<th>Location</th>
<th>Saskatchewan, Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>50.025%</td>
</tr>
<tr>
<td>End product</td>
<td>U₃O₈</td>
</tr>
<tr>
<td>Deposit type</td>
<td>underground</td>
</tr>
<tr>
<td>Estimated reserves (Cameco’s share)</td>
<td>104.7 million pounds (proven and probable)</td>
</tr>
<tr>
<td>Average reserve grade</td>
<td>U₃O₈ – 17.0%</td>
</tr>
<tr>
<td>Estimated resources (Cameco’s share)</td>
<td>0.6 million pounds (measured and indicated)</td>
</tr>
<tr>
<td>Mining method</td>
<td>jet boring</td>
</tr>
<tr>
<td>Target production date</td>
<td>mid-2013 (based on current information)</td>
</tr>
<tr>
<td>Target annual production (Cameco’s share)</td>
<td>9 million pounds after rampup</td>
</tr>
</tbody>
</table>

**Background**

**Development**

We began developing the Cigar Lake underground mine in 2005, but development has been delayed due to water inflows (two in 2006 and one in 2008). The first inflow flooded shaft 2, while it was under construction. The second inflow flooded the underground development and we began remediation late in 2006. In 2008, another inflow interrupted the dewatering of the underground development. We sealed the source of that inflow in 2009, and continued remediation and dewatering shafts 1 and 2. In February 2010, we completed dewatering the underground development, and we expect work to secure the underground to be complete before October 2010, depending on the condition of the mine.

**Mining method**

Mining the Cigar Lake deposit poses a number of challenges, including groundwater control, weak rock formations, and protection from radiation from very high-grade uranium ores. Cigar Lake’s mining plan uses several innovative techniques to mitigate these challenges, including bulk freezing and jet boring:

- **Bulk freezing** — The sandstones that overlay the deposit and basement rocks are water-bearing, with large volumes of water under significant pressure. We will freeze the orebody and surrounding rock to prevent water from entering the mine, and to help stabilize weak rock formations.
• **Jet boring**— The jet boring mining method is new to the uranium mining industry. We have conducted an initial test mine program and, overall, the program was a success and met all initial objectives. As we ramp up production, however, there may be some technical challenges.

We are confident we will be able to solve challenges that may arise as we ramp up production, but failure to do so would have a significant impact on our business.

**Milling**
For approximately two years after mining begins, we expect all Cigar Lake ore to be processed at AREVA’s McClean Lake JEB mill. After production ramps up to planned full capacity, the JEB mill is expected to ship a portion of the uranium solution from milling of Cigar Lake ore to the Rabbit Lake mill for processing.

**2009 update**
We remediated the 2008 inflow that forced us to temporarily suspend dewatering of the mine. We remotely placed an inflatable seal between the shaft and the source of the inflow then backfilled and sealed the entire area with concrete and grout.

**Dewatering and mine re-entry**
We completed dewatering shaft 2 in April and remediation of the shaft in May. We resumed dewatering shaft 1 in October and crews entered the shaft in November. Work focused on refurbishing shaft 1 – installing the ladderway, replacing mechanical and electrical components and extending the in-shaft pumping system.

In February 2010, we completed dewatering the underground development. Crews re-entered the main working level of the mine 480 metres below the surface. Safe access to the 480 metre level has been established and work to inspect, assess and secure the underground development has begun. This work will be followed by restoration of underground mine systems and infrastructure in preparation for resumed construction activities.

**Licensing**
Cigar Lake’s construction licence was amended effective January 1, 2010, to extend the term for four years and to cover dewatering, remediation and construction activities, including completion of shaft 2 and surface construction.

**Costs**
As of December 31, 2009, we had:
• invested $470 million in capital to develop Cigar Lake
• expensed $64 million in remediation expenses, including $18 million in 2009

**Planning for the future**
In 2010, we expect to:
• complete work to secure the underground before October 2010, depending on the condition of the mine
• determine if additional remedial work is needed
• file an updated technical report for the Cigar Lake project by the end of the first quarter
• begin to restore the underground mine systems and infrastructure to prepare to resume construction

**Cost update**
The preliminary estimate of our share of the total capital costs to complete the Cigar Lake project is between $450 million and $550 million. This includes completing underground development and surface construction, and completing modifications at Rabbit Lake and McClean Lake mills.

Taking into account the $470 million that had been spent as at December 31, 2009, and assuming our estimate does not change, our share of total capital costs for Cigar Lake is between $920 million and $1.0 billion. Our capital cost estimate has increased primarily as a result of the longer period over which remediation and development will occur, additional costs for inflow abatement, increases in surface capital costs and improvements to the mine plan and water management systems. The technical report we plan to file at the end of the first quarter of 2010 will include our updated capital cost estimate.

**Remediation**
In addition to capital costs, our share of the remaining remediation expenses is now expected to be $29 million. In 2010, we expect to spend $25 million on remediation expenses.
Production
We are now targeting initial production to begin in mid-2013, based on current information.

Reserves and resources
We updated our reserve and resource estimates in 2009 as required by industry standards based on information gathered to the end of the year.

<table>
<thead>
<tr>
<th>Cameco’s share (million lbs)</th>
<th>2009</th>
<th>2008</th>
<th>change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proven reserves</td>
<td>36.9</td>
<td>113.2</td>
<td>(76.3)</td>
</tr>
<tr>
<td>Probable reserves</td>
<td>67.8</td>
<td>-</td>
<td>67.8</td>
</tr>
<tr>
<td>Total</td>
<td>104.7</td>
<td>113.2</td>
<td>(8.5)</td>
</tr>
<tr>
<td>Measured resources</td>
<td>0.2</td>
<td>-</td>
<td>0.2</td>
</tr>
<tr>
<td>Indicated resources</td>
<td>0.4</td>
<td>3.3</td>
<td>(2.9)</td>
</tr>
<tr>
<td>Total</td>
<td>0.6</td>
<td>3.3</td>
<td>(2.7)</td>
</tr>
<tr>
<td>Inferred resources</td>
<td>66.8</td>
<td>59.1</td>
<td>7.7</td>
</tr>
</tbody>
</table>

The changes are mainly from:
- re-interpretation of the mineralized envelopes on the east end of the deposit
- block modelling in 3D (we used a 2D model in 2007)
- revised mine layout and dilution assumptions
- recategorization of the resources and reserves

These factors contributed to the decreases in total contained pounds of U₃O₈ in the reserves and in the estimated average grade.

Our share of reserves went from 113 million pounds in 2008 to 105 million pounds, due to a 12% increase in tonnes of diluted ore and an 18% reduction in average grades. Our review of the mineral resource and reserve classification resulted in 35% of reserves being classified as proven, compared to 100% previously. The classification is based on drill hole spacing, geological continuity, grade continuity, estimation confidence and the anticipated ability to successfully recover all of the ore.
The costs to complete Cigar Lake and our target dates for securing the underground and for initial production are forward-looking information. They are based on the assumptions and subject to the material risks discussed on page 5, and specifically on the assumptions and risks listed here.

**Assumptions**
- natural phenomena or an equipment failure do not cause a material delay or disrupt our plans
- there are no additional water inflows
- the seals used for previous water inflows do not fail
- there are no labour disputes
- we obtain contractors, equipment, operating parts and supplies, and regulatory permits and approvals when we need them

**Material risks**
- an unexpected geological, hydrological or underground condition, such as an additional water inflow, further delays our progress
- we cannot obtain or maintain the necessary regulatory permits or approvals
- natural phenomena, labour disputes, equipment failure, delay in obtaining the required contractors, equipment, operating parts or supplies, or other reasons cause a material delay or disruption in our plans

**Managing our risks**

Cigar Lake is a challenging deposit to develop and mine. These challenges include control of groundwater, weak ground formations, radiation protection, water inflow, mining method uncertainty, regulatory approvals, tailings capacity, surface and underground fires and other mining-related challenges. To reduce this risk, we are applying our operational experience and the lessons we’ve learned about water inflows from McArthur River and Cigar Lake.

The greatest risk to development and production is from water inflows. The 2006 and 2008 water inflows were significant setbacks.

The consequences of another water inflow at Cigar Lake would depend on its magnitude, location and timing, but could include a significant delay in Cigar Lake’s remediation, development or production, a material increase in costs and a loss of mineral reserves. Although we take the following steps to mitigate the risks of water inflow, there can be no guarantee that these will be successful:

**Bulk freezing**
Two of the primary challenges in mining the deposit are control of groundwater and ground support. Bulk freezing reduces but does not eliminate the risk of water inflows.

**Mine development**
Our approach is to carry out extensive grouting and careful placement of mine development away from known groundwater sources whenever possible. In addition, we assess all planned mine development for relative risk, and apply extensive additional technical and operating controls for all higher risk development.

**Pumping capacity and treatment limits**
The total installed pumping capacity from the Cigar Lake mine is currently 1,550 m³/hr. On the surface, we have water treatment capacity of 2,550 m³/hr and approximately 100,000 m³ of surface storage. We have regulatory approval to release 1,100 m³/hr of treated water in non-routine circumstances. In our view, we have sufficient capacity to handle an estimated maximum inflow, and we intend to install additional capacity to assure the long-term success of the project.

In addition to the above, our main risks in 2010 include:
- uncertainty about the condition of the underground development, which we will know once the crews have assessed the underground
- delay or lack of success in implementing our remediation plan

We also manage the risks listed on page 50.
Uranium — projects under evaluation

**Kintyre**

Kintyre, which we acquired with a partner in 2008, adds potential for low-cost production and diversifies our geographic reach and deposit types. We are the operator.

<table>
<thead>
<tr>
<th>Location</th>
<th>Western Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>70%</td>
</tr>
<tr>
<td>End product</td>
<td>U₃O₈</td>
</tr>
<tr>
<td>Deposit type</td>
<td>open pit</td>
</tr>
</tbody>
</table>

**Background**

In August 2008, we paid $346 million (US) to acquire a 70% interest in Kintyre. Mitsubishi Development Pty Ltd. owns the remaining 30%.

**2009 update**

This year we:
- opened an office in Perth to manage the project through the evaluation and prefeasibility stages
- received permits and established a camp to support ongoing diamond drilling
- continued to hire professional and support staff
- began environmental studies and confirmatory drilling
- continued our dialogue with the Martu, the native land title holders for this property

**Planning for the future**

Our plan for 2010 is to keep moving the project towards a production decision. We expect to:
- negotiate a mine development agreement with the Martu
- complete delineation drilling of the deposit
- estimate a resource
- conduct metallurgical testing to define the milling process
- continue the environmental assessment for the environmental impact statement we plan to submit to regulators in 2011
- begin a prefeasibility study
- build a temporary construction camp

**Managing the risks**

To successfully develop this project, we need a positive feasibility study, regulatory approval and an agreement with the Martu. We also manage the risks listed on page 50.
Millennium

Millennium is a uranium deposit in northern Saskatchewan that we expect will use the mill at Key Lake. We are the operator.

<table>
<thead>
<tr>
<th>Location</th>
<th>Saskatchewan, Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>42%</td>
</tr>
<tr>
<td>End product</td>
<td>U₃O₈</td>
</tr>
<tr>
<td>Deposit type</td>
<td>underground</td>
</tr>
<tr>
<td>Estimated resources (Cameco’s share)</td>
<td>19.6 million pounds (indicated)</td>
</tr>
<tr>
<td></td>
<td>4.1 million pounds (inferred)</td>
</tr>
</tbody>
</table>

**Background**

The Millennium deposit was discovered in 2000. The deposit was delineated through geophysical survey and drilling work between 2000 and 2007.

**2009 update**

We submitted our project description for an environmental assessment and we continued consultation activities. The environmental assessment and feasibility study are under way.

**Planning for the future**

Our plan for 2010 is to keep moving the project towards a production decision. We expect to:

- complete the feasibility study
- continue our environmental assessment process
- continue with our community consultation

**Managing the risks**

The English River First Nation (ERFN) has selected surface lands covering the Millennium deposit in a claim for Treaty Land Entitlement (TLE). The Saskatchewan government has rejected the selection, but the ERFN has challenged the government’s decision in the courts. The TLE process does not affect our mineral rights, but it could have an impact on the surface rights and benefits we ultimately negotiate as part of the development of this deposit.

We also manage the risks listed on page 50.
Uranium – exploration

Exploration is key to ensuring our long-term growth, and since 2002 we have more than tripled our annual investment.

2009 update

Brownfield exploration
Brownfield exploration is uranium exploration near our existing operations and on advanced exploration projects where uranium mineralization is being defined.

In 2009, we invested $23 million in six brownfield and advanced exploration projects. The largest investment ($11.2 million) was at Kintyre for delineation drilling. We also carried out significant programs at McArthur River, Rabbit Lake, and the Millennium deposit.

Regional exploration
In 2009, we invested about $31 million in regional exploration programs (including support costs). Saskatchewan was the largest single region, followed by Australia, northern Canada and the rest of the global program.

Plans for 2010

We plan to invest approximately $90 million to $95 million on uranium exploration in 2010 as part of our long-term strategy. This includes approximately $40 million for exploration at Kintyre and Inkai block 3 in Kazakhstan.

Brownfield exploration
Approximately 20% of the uranium exploration budget, about $11 million, will be invested in six brownfield exploration projects in the Athabasca Basin and Australia.

Regional exploration
We expect to allocate the rest of the exploration budget among 48 projects worldwide, the majority of which are at drill target stage. Among the larger investments planned are $5 million on two adjacent projects in Nunavut, a $2 million program on the Dawn Lake project in Saskatchewan, and a $3 million investment on the Wellington Range project in Northern Territory, Australia.
**Blind River refinery**

Blind River is the world’s largest commercial uranium refinery, refining U₃O₈ from mines around the world into UO₃.

<table>
<thead>
<tr>
<th>Location</th>
<th>Ontario, Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>100%</td>
</tr>
<tr>
<td>End product</td>
<td>UO₃</td>
</tr>
<tr>
<td>ISO certification</td>
<td>ISO 14001 certified</td>
</tr>
</tbody>
</table>
| Licensed capacity| approved: 18 million kgU as UO₃ per year  
                 | application: 24 million kgU as UO₃ per year |

**2009 update**

*Production*

Our Blind River refinery produced 12.9 million kgU of UO₃, which is 29% higher than our forecast. This ensured that SFL maintained its contractual inventories and Port Hope met its production requirements.

*Planning for the future*

We expect production in 2010 to be between 11 million and 13 million kgU as UO₃.

Once we receive regulatory approval to produce at 24 million kgU, construction to increase capacity will begin.

*Managing our risks*

We manage the risks listed on page 50.
### Port Hope conversion services

Port Hope is the only uranium conversion facility in Canada, and one of only four in the western world. It is the only commercial supplier of UO$_2$ for Canadian-made Candu reactors. We control 35% of western world UF$_6$ capacity.

<table>
<thead>
<tr>
<th>Location</th>
<th>Ontario, Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>100%</td>
</tr>
<tr>
<td>End product</td>
<td>UF$_6$, UO$_2$</td>
</tr>
<tr>
<td>ISO certification</td>
<td>ISO 14001 certified</td>
</tr>
</tbody>
</table>
| Licensed capacity | 12.5 million kgU as UF$_6$ per year  
                          2.8 million kgU as UO$_2$ per year |

### Cameco Fuel Manufacturing Inc. (CFM)

CFM produces fuel bundles and reactor components for Candu reactors.

<table>
<thead>
<tr>
<th>Location</th>
<th>Ontario, Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>100%</td>
</tr>
<tr>
<td>End product</td>
<td>Candu fuel bundles and components</td>
</tr>
<tr>
<td>ISO certification</td>
<td>ISO 9001 certified</td>
</tr>
<tr>
<td>Licensed capacity</td>
<td>1.2 million kgU as UO$_2$ as finished bundles</td>
</tr>
</tbody>
</table>

### Springfields Fuels Ltd. (SFL)

SFL is the newest conversion facility in the world. We contract almost all of its capacity through a toll-processing agreement to 2016.

<table>
<thead>
<tr>
<th>Location</th>
<th>Lancashire, UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toll-processing agreement</td>
<td>annual conversion of 5 million kgU as UO$_2$ to UF$_6$</td>
</tr>
<tr>
<td>Licensed capacity</td>
<td>6.0 million kgU as UF$_6$ per year</td>
</tr>
</tbody>
</table>
2009 update

Production
Fuel services production was 12.3 million kgU in 2009, in line with our target of 11 million to 13 million kgU.

Production at the UO₂ plant began in mid-January 2009, after it had been shut down for an extended planned maintenance period. We upgraded the floors and in-floor structures, and they now meet the standards of the UF₆ plant.

Production at the UF₆ plant began on June 17, 2009 after being suspended in December 2008 as hydrofluoric acid (HF) was not available on acceptable terms.

HF is a primary feed material for the production of UF₆. We have signed an agreement with our original supplier, and with two additional suppliers, broadening our sources of supply.

Fuel manufacturing
BPLP sales represent a substantial portion of our fuel manufacturing business.

We have an agreement with Bruce Power A Limited Partnership (BALP) to supply fuel bundles that contain slightly enriched uranium (SEU). We received regulatory approval and began construction to modify the plant to produce SEU. At BALP’s request, construction has been suspended. BALP is considering its alternatives.

Port Hope conversion facility cleanup and modernization (Vision 2010)
The federal Minister of the Environment approved the environmental assessment guidelines, and work on the environmental assessment continues.

Collective agreements
Following a strike at CFM, unionized employees ratified a new three-year collective agreement that expires on June 1, 2012.

Community outreach
We continued to strengthen our community outreach program in Port Hope by:
  • holding a series of community forums
  • making presentations to municipal council
  • reaching out using community newsletters, newspaper advertising, public displays, open houses and a website dedicated to the Port Hope community

Public opinion research shows we have a strong level of local support.

Planning for the future

Production
We expect total production to be between 14 million and 16 million kgU in 2010.

Port Hope conversion facility cleanup and modernization (Vision 2010)
We expect to file the environmental assessment for this project in 2010.

Managing our risks
The main risk in 2010 is a potential strike by unionized employees at the Port Hope conversion facility, which would impact production. The collective agreement expires on June 30, 2010.

We also manage the risks listed on page 50.
Electricity

Bruce Power Limited Partnership (BPLP)
BPLP leases and operates four Candu nuclear reactors that have the capacity to provide about 15% of Ontario’s electricity.

<table>
<thead>
<tr>
<th>Location</th>
<th>Ontario, Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>31.6%</td>
</tr>
<tr>
<td>ISO certification</td>
<td>ISO 14001 certified</td>
</tr>
<tr>
<td>Expected reactor life</td>
<td>2017 to 2020</td>
</tr>
<tr>
<td>Term of lease</td>
<td>2018 – right to extend for 25 years</td>
</tr>
<tr>
<td>Generation capacity</td>
<td>3,260 MW</td>
</tr>
<tr>
<td>Average annual fuel supplied by Cameco</td>
<td>1.2 million pounds of U₂O₅, 600 tonnes UO₂ conversion and fuel fabrication</td>
</tr>
</tbody>
</table>

Background
We are the fuel procurement manager for BPLP’s four nuclear reactors and for BALP’s two operating reactors.

We provide 100% of BPLP’s uranium concentrates and have agreed to supply BALP with the majority of its future uranium concentrates. Sales to BPLP and BALP are also a substantial portion of our fuel manufacturing business and an important part of our UO₂ business.

2009 update
Output
BPLP’s adjusted capacity factor was 91% this year, which included 24.6 TWh of actual generation and 1.2 TWh of deemed generation (the market operator reduced power output from the B units during a period of excess baseload generation in Ontario).

Licensing
The operating licence for the four B reactors has been extended to October 31, 2014.

Planning for the future
Output
We expect the capacity factor to be approximately 90% in 2010 and actual output to be about 4% higher than in 2009.

Managing our risks
The collective agreements for the two main unions at Bruce Power will expire in December 2010. Bruce Power is working actively towards new agreements with its union partners.

BPLP manages the unique risks associated with operating Candu reactors. The amount of electricity generated, and the cost of that generation, could vary materially from forecast if planned outages are significantly longer than planned, or there are many unplanned outages, either for maintenance, regulatory requirements, equipment malfunction or due to other causes.

BPLP also manages the risks listed on page 50.